

NOTE: This order is nonprecedential.

United States Court of Appeals for the Federal Circuit

In re: APPLE INC.,
Petitioner

2022-128

On Petition for Writ of Mandamus to the United States District Court for the Western District of Texas in No. 6:21-cv-00165-ADA, Judge Alan D. Albright.

ON PETITION

Before DYK, REYNA, and CHEN, *Circuit Judges*.
DYK, *Circuit Judge*.

O R D E R

Apple Inc. petitions for a writ of mandamus directing the United States District Court for the Western District of Texas to transfer this case to the United States District Court for the Northern District of California. CPC Patent Technologies PTY Ltd. opposes. Because the district court clearly abused its discretion in evaluating the transfer motion, we grant the petition and direct transfer.

BACKGROUND

CPC filed this suit in the Waco Division of the Western District of Texas, alleging that Apple's mobile phones, tablets, and computing products equipped with Touch ID, Face ID, or Apple Card features infringe three of CPC's patents relating to biometric security. It is undisputed that CPC, an Australian-based investment company, does not have any meaningful connection to the Western District of Texas and that the inventor of the asserted patents also resides outside of the United States.

Apple moved to transfer under 28 U.S.C. § 1404(a) to the Northern District of California. Apple noted that its employees responsible for the design, development, and engineering of the accused functionality reside in the Northern District of California, where Apple maintains its headquarters, or outside of Western Texas, in the Czech Republic and Florida; its employees most knowledgeable about the marketing, licensing, and financial issues relating to the accused products were also located in the Northern District of California; and, to its knowledge, no Apple employee involved in the development of the accused functionality worked from Western Texas.

On February 8, 2022, the district court denied Apple's motion. After finding that the threshold requirement for transfer under § 1404(a) that the action "might have been brought" in the Northern District of California was satisfied, the district court analyzed the private and public interest factors that traditionally govern transfer determinations. The district court determined that the factor concerning the convenience of willing witnesses slightly favored transfer. Conversely, the district court determined that the factor accounting for the availability of compulsory process weighed strongly against transfer and that the court congestion and practical problems factors also weighed against transfer based on its ability to quickly reach trial, Appx15, and CPC having another pending suit

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alleging infringement in the Western District of Texas against a different defendant. The remaining transfer factors, the court found, favored neither forum.

Notably, the district court recognized that Apple had identified seven witnesses in the Northern District of California, but the district court found that inconvenience was mostly counterbalanced by the presence of two Apple employees in Austin that CPC had insisted as having relevant information and an Apple party witness in Florida the court said would “find it about twice as inconvenient to travel to NDCA than to WDTX because Texas sits halfway from Florida to California.” Appx11–12. In addition, the court relied on its ability to compel the third party “Mac Pro manufacturer in Austin to attend trial,” finding that product is “properly accused and its assembly relevant to infringement” and that the product’s manufacturer “is likely to testify about technical information or assembly information that is relevant to infringement and production information that may affect damages.” Appx9–10. It also relied on that manufacturer as a basis for weighing the local interest and sources of proof factors as neutral. Appx17 (“The third-party Mac Pro manufacturer in Austin will want to know if it is making a patented product . . .”); Appx8 (noting the Mac Pro manufacturer “is likely to have electronic documents, such as technical documents needed to assemble the accused product”).

On balance, the court determined that Apple had “failed to meet the burden of proving that NDCA is ‘clearly more convenient’ than WDTX,” and thus, this case should “proceed in WDTX, where Apple employs thousands of people, where Apple is building a 15,000 employee campus, where a third-party manufactures the accused product, where two of Apple’s witnesses reside, where other witnesses find it more convenient to travel to, where the parties can reach trial sooner, and where a related case is pending.” Appx17. For those reasons, the court denied Apple’s transfer motion. This petition followed.

DISCUSSION

Our review is governed by the law of the regional circuit, which in this case is the United States Court of Appeals for the Fifth Circuit. See *In re TS Tech USA Corp.*, 551 F.3d 1315, 1319 (Fed. Cir. 2008). Fifth Circuit law provides that a motion to transfer venue pursuant to section 1404(a) “should be granted if ‘the movant demonstrates that the transferee venue is clearly more convenient.’” *In re Radmax, Ltd.*, 720 F.3d 285, 288 (5th Cir. 2013) (quoting *In re Volkswagen of Am., Inc.*, 545 F.3d 304, 315 (5th Cir. 2008) (en banc)). The Fifth Circuit generally reviews a district court’s decision to deny transfer for an abuse of discretion. See *Volkswagen*, 545 F.3d at 310. A district court abuses its discretion “if it based its ruling on an erroneous view of the law or on a clearly erroneous assessment of the evidence.” *Cooter & Gell v. Hartmarx Corp.*, 496 U.S. 384, 405 (1990). “Errors of judgment in weighing relevant factors are also a ground for finding an abuse of discretion.” *In re Nitro Fluids L.L.C.*, 978 F.3d 1308, 1310 (Fed. Cir. 2020) (citing *TS Tech*, 551 F.3d at 1320). “We may grant mandamus when the denial of transfer was a clear abuse of discretion under governing legal standards.” *Nitro*, 978 F.3d at 1311 (citations omitted). Applying those standards, we agree that Apple has shown clear entitlement to transfer to the Northern District of California here.

The district court noted that “[t]he most important factor in the transfer analysis is the convenience of the witnesses.” Appx10 (citing *In re Genentech, Inc.*, 566 F.3d 1338, 1336, 1342 (Fed. Cir. 2009)). And the court acknowledged that Apple identified a significant number of witnesses residing in Northern California, including an Apple employee who worked at the company that created the Touch ID technology acquired by Apple, Appx127; two employees who work on the research, design, and development of the accused features, Appx127–28; two employees who work on the marketing and promotion of the accused features, Appx129–30; an employee knowledgeable about

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Apple's licensing of intellectual property, Appx130; and an employee knowledgeable about sales and financial information concerning the accused products, *id.*

The court, however, found that this factor tilted only slightly in favor of transfer. We agree with Apple that this conclusion was erroneous. The court relied on two Apple employees in Austin that CPC indicated it may wish to call as potential witnesses. But it is far from clear that either of those employees has relevant or material information. One of the employees identified as being knowledgeable about Touch ID said during his deposition that the internal Apple authentication application he worked on was entirely different from the functionality that appears to be the focus of the infringement allegations. Appx329–30. The other employee was found to be a potential witness only on the basis that he had “knowledge about surveys of customer satisfaction with” Apple Card. Appx3. And even without second guessing the district court's conclusion in these respects, this factor still strongly favors transfer where the transferee venue would be more convenient for the witnesses overall.

The court also pointed to an Apple witness in Florida who the court concluded would find it “about twice as inconvenient” to attend trial in the Northern District of California than in the Western District of Texas. Appx11. The sole basis for the district court's conclusion was that “Texas sits halfway from Florida to California.” Appx11–12. But we have repeatedly rejected the view that “the convenience to the witnesses should be weighed purely on the basis of the distance the witnesses would be required to travel, even though they would have to be away from home for an extended period whether or not the case was transferred.” *In re Pandora Media, LLC*, No. 2021-172, 2021 WL 4772805, at *6 (Fed. Cir. Oct. 13, 2021) (collecting cases); *In re Apple Inc.*, 979 F.3d 1332, 1341–42 (Fed. Cir. 2020). Here too, while trial in Northern California will require the Apple employee in Florida to spend significant time away

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