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PATENT LITIGATION IN THE EASTERN DISTRICT OF VIRGINIA

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I. INTRODUCTION

Intellectual property has become a very valuable asset for many companies. Consequently, the need to effectively and efficiently protect that asset has also grown.

Letters patent have a long and distinguished history in this country dating back to the Constitution [n.1] and Thomas Jefferson, who served as one of the first "Commissioners for the promotion of Useful Arts." [n.2] For many years, inventors and corporations pursued protection for their ideas in varying degrees of intensity, and corporate leaders held widely differing views on the economic value and importance of patents to the company. Vigorous enforcement of patents in the courts was rare, partially due to a perceived reluctance by courts to uphold them.

Since the creation of the Federal Circuit in 1982, patents have played an increasingly vital role in the United States' economy. Because the United *362 States has evolved as a leader in "high technology" -- in everything from semiconductors and computer software to biotechnology -- many of the current Fortune 1000 companies now tout their intellectual property as their most important asset. The result is that patent departments are receiving more attention from corporate management than ever before, and many companies are actively creating patent portfolios.

Today, more companies are enforcing their patents due to the growing need to protect core proprietary technology coupled with a more predictable body of law from the Federal Circuit. Empirical data reveals that more intellectual property ("IP") cases were filed in 1993 than in 1990 (Figure 1). Indeed, widely publicized litigation campaigns waged by Texas Instruments and Intel are often cited as examples of aggressive litigation and licensing policies that have paid substantial dividends. [n.3]

FIGURE 1

Intellectual Property Cases Filed Nationwide
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*363 However, during this same period federal courts have become increasingly congested. Individual inventors and large companies alike justifiably complain that resolution of patent disputes takes too long and costs too much. While all civil litigants experience delays and high costs, the resultant harm to a patentee can be catastrophic because of these delays. Unlike most civil litigation, where damages are often the exclusive remedy sought, a patent holder also seeks to obtain a speedy injunction to prevent further infringement and price erosion and to preserve precious market share, which is often never totally regained once it occurs. [n.4]

In short, prompt resolution of disputes at a reasonable cost is both advantageous and necessary to strengthen the value of intellectual property and the patent system as a whole.

II. A TRADITION OF EFFICIENCY

Since at least 1980, one federal district court has stood out in its attempt to speed cases through its docket. The Eastern District of Virginia [n.5] ("Eastern District") has succeeded in making speedy justice a reality, even in the most complicated patent cases. More recently, Congress has begun to respond to the problems posed when there are lengthy delays in the federal court system. The Judicial Improvements Act of 1990 [n.6] is a broad attempt to streamline dockets and cut expenses in the federal courts, giving each district court broad discretion in adopting proposed reform plans. To date, many district courts have adopted comprehensive plans which substantially overhaul their local rules.

However, the Eastern District has consistently been the fastest and most efficient judicial district in the federal court system, even before Congress passed the Judicial Improvements Act. [n.7] As is reflected in Figure 2, the mean time from filing of the complaint to disposition of the case is only four months compared to the national average of eight months. The mean time from filing of an answer to the trial is only seven months, less than half the national average of eighteen months.

*364 FIGURE 2

Civil Case Disposition Speed: Comparison of Eastern District to National Average

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To achieve its speed and efficiency, the Eastern District has relied primarily on the following three case management strategies:

(1) firm docket control by the judges;

(2) streamlined local discovery rules; and

(3) a strict insistence that attorneys appearing before the court comply with local and federal rules of procedure.

These basic principles have reportedly been in place since the early 1960s when Judges Walter E. Hoffman, Oren R. Lewis, and John D. Butzner, Jr. first began to address the rising backlog. [n.8] Over time, the policies have evolved into both written and unwritten rules. These rules are strictly enforced by the bench, and have been the key to the Eastern District's tradition of efficiency.

*365 The compressed time frame faced by litigants in the Eastern District can be frightening, but being armed with knowledge of what is expected makes the entire process manageable and beneficial. First, although the compressed schedule may cause some high monthly bills, experience teaches that overall litigation costs are lower than cases that take three to five years to resolve. Second, for a patent holder a permanent injunction and a damages judgment can be obtained in the time it often takes to secure temporary injunctive relief elsewhere, thus preserving the patentee's precious market share. Third, for defendants asserting a counterclaim of patent invalidity and noninfringment, resolution is prompt, and the uncertainty for defendants attempting to move into new technologies, but accused of infringement, is minimized. In sum, a quick and final resolution for the same or less money than would be spent in a slower district is beneficial to all.

Speed, however, does have its "price." Parties in the Eastern District have to be prepared to comply with the strict letter of the federal and local rules of procedure. The key for plaintiffs is to take every advantage of this speedy choice of forum and always stay a step ahead. Conversely, most defendants often must explore methods of obtaining a transfer or dismissal while simultaneously staffing the case and hiring good local counsel [n.9] so as to be ready to push ahead in this forum.

Both parties must keep in mind that the client's resources (i.e. personnel) will have to be fully committed to succeeding in the fast paced Eastern District. It is counsel's responsibility to completely inform the client of what and who will be needed to respond to discovery, schedule depositions and otherwise prepare the case for trial. Further, while litigating in the Eastern District is less expensive in the long run, counsel must prepare the client early and often for the likely larger than normal monthly outlays of money for costs and fees. [n.10]

*366 III. ORGANIZATION OF THE EASTERN DISTRICT

The Eastern District is divided into four separate divisions, located in Alexandria, Richmond, Norfolk and Newport News. Each of the four division subscribes to the same administrative policies and achieves a comparable level of efficiency.

Local Eastern District Rule 4 is the local venue provision which allocates cases between the four divisions. According to Local Rule 4, patent suits may be instituted in any division where:

(a) any part of the cause of action arose;

(b) any defendant resides;

(c) if no defendant resides in Virginia, then where plaintiff resides;

(d) for a corporate defendant, where it maintains its principal office, resident agent, or where its chief officer resides;

(e) for a foreign corporate defendant, where its statutory or registered agent resides, or where it maintains a place of business or is doing business;

(f) for resident defendants, wherein he may be found and served with process, or may have estate or debts due him.

As shown in Figure 3, the great majority of patent cases are filed in the Alexandria Division under sections (c) and (d) of Local Rule 4. This is because many companies maintain sales offices or employees in the Alexandria/Fairfax/Crystal City area to serve the government, thereby establishing local venue there. [n.11]

*367 FIGURE 3

Breakdown Of Patent Cases Filed In The Eastern District Divisions
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What immediately follows is a discussion of the local rules and practices which keep Eastern District cases moving, along with tips on how a litigant can take advantage of them.

IV. THE LOCAL RULES ARE THE CATALYST FOR SPEED

A. The Scheduling Order

The Eastern District's local rules are designed to keep the usually lengthy pre-trial phase of a case moving along. To begin with, a scheduling order is usually entered within one month of filing the answer (but no more than 120 days from filing the complaint), thereby fixing the cut-off dates for discovery, the final pre-trial conference, and in most cases, the trial. [n.12] These dates may only be changed for good cause, [n.13] but good cause must

be *368 affirmatively demonstrated. It is not recommended to rely on obtaining extensions of time simply because both parties request such extensions.

Specifically, the scheduling order ordinarily provides that: (1) the answer, if not already filed, must be filed within ten days from the date of the order; (2) the final pretrial conference will be held about ten weeks from the date of the order; (3) discovery will be cut-off one week prior to the pre- trial conference (giving the parties only about nine weeks to complete discovery); and (4) all motions will be noticed for hearing prior to the pretrial conference (giving the parties only nine weeks to make any dispositive motions).

At the pretrial conference counsel should bring a list of witnesses proposed to be called, a list of exhibits, notebooks containing the pre-marked exhibits, and objections to exhibits. [n.14] Counsel should meet prior to the conference, exchange the aforementioned lists and copies of the exhibits and counsel should create written stipulations of all uncontested facts. The results of counsel's meeting should be brought to the pretrial conference. Generally, a failure to list witnesses or exhibits may lead to their exclusion, except for impeachment or rebuttal purposes. Moreover, a failure to object to listed exhibits may lead to their admission at trial.

The scheduling order also provides, and thus the parties should expect, that trial will be scheduled at the pre-trial conference to take place within three to eight weeks from the conference. In other words, trial will usually take place within twenty to twenty-five weeks of filing suit.

It should be noted that cases are not assigned to a particular judge until the trial. Thus, it is possible to have one judge for a motions hearing, another for the pre-trial conference, and still another for the trial. As a result, trials are not postponed as they are in other districts because a pre- assigned judge's criminal docket is overloaded. All of the judges of the Eastern District have experience in patent litigation, and review the file before any hearing, and again prior to the trial.

1. Discovery

Since there are only nine weeks for discovery, the local rules also limit the amount and type of discovery available. Both parties are limited to thirty interrogatories [n.15] and five non-party depositions. [n.16] On a showing of good cause, the parties may obtain leave to propound additional discovery. Plaintiff's objections to discovery must be made within fifteen days after *369 receipt of the requests; for the defendant, within forty-five days after the complaint is served. [n.17] Any witness (expert or otherwise) not identified in responses to discovery in time for his or her deposition to be taken prior to the discovery cut-off is not permitted to testify at trial.

2. Discovery Should Be Filed Early

How should the practitioner take advantage of these pre-trial procedures? Plaintiffs' counsel should file discovery requests and party deposition notices with the complaint -- there is not time to wait. Plaintiffs should also have their experts chosen and involved from the beginning of the case.

A defendant must assemble its team as early as possible and prepare discovery requests at the same time it may be evaluating options for dismissing or transferring out of the Eastern District. More often than not, a defendant will not be able to dismiss or transfer a case to another district and, thus, the defendant must use the forum to its best advantage.

For both parties, the availability of experts and other witnesses for trial and deposition should be ascertained and "reserved." The experts' schedules are usually more flexible than the Eastern District's. [n.18]

In short, this intense pre-trial phase translates into long days for the trial team and in-house counsel. Be prepared for it before you file and before you enter your appearance.

B. Motions Practice

Motions practice is equally concise in the Eastern District. Local Rule 11 requires counsel seeking a hearing on a motion (discovery or other non-dispositive motions) to certify to the court that he or she has contacted opposing counsel and has made a good faith effort to resolve the issue. This practice, now common in other districts as well, ensures that the court only gets involved when needed.

Once the court is involved, rulings are made quickly, and timely compliance is expected. For example, if the court grants a motion to compel or for a protective order, the losing party must comply with the court's order within eleven days. [n.19] Discovery disputes, which are usually the culprit in extended pretrial phases are thus dispensed with quickly, and generally are not an impediment to meeting the court's deadlines.

*370 C. Trial Is Short and Sweet

Short, efficient trials are the rule. The most complex patent cases are usually allocated five to ten days of trial, and the court will rigidly adhere to the trial schedule once it is set. Again, the accelerated schedule is made possible by a combination of procedural devices and strict administration by the judges.

At the outset, counsel are told to keep all testimony tight and efficient. Any unnecessary delay or repetition is not tolerated, and the court actively enforces the "cumulative evidence rule." [n.20] Be prepared to have your experts begin their testimony by describing the work they have done and their opinions as succinctly as possible. The Court typically dispenses with testimony regarding the expert's qualifications, preferring

instead to have the resume or curriculum vitae introduced into evidence and given to the jury to read.

Counsel are also advised to keep one witness in the "on-deck circle" at all times. It is no excuse for delaying the trial that prior witnesses finished early. Scheduling problems (which inevitably occur) are resolved by taking witnesses out of turn.

Trials are also kept short because the bench permits little or no freedom of movement, and no theatrics by attorneys in the courtroom. Counsel must remain directly behind the podium. [n.21] Attorneys predictably wander less in their arguments and questioning when they are not permitted to wander around the courtroom.

Counsel should also expect full trial days with few interruptions. [n.22] Any disagreements between counsel are taken up with the judge prior to or after each day's trial. Few sidebars or interruptions are permitted while the jury is seated since this would interfere with the momentum of trial. Arguments on the objections to all exhibits noted in the pre-trial order are typically handled before the jury is seated.

Ultimately, the trial will conclude quickly and on schedule.

*371 V. PERSONAL JURISDICTION AND VENUE IN THE EASTERN DISTRICT

The Eastern District is not only for patent holders -- patent defendants can also benefit from the prompt resolutions of patent disputes. In addition to counterclaims for invalidity and noninfringement, the defendant may have its own patents which it may choose to assert. In other districts a defendant who is faced with a patent infringement suit may have to delay investment or production in new areas while a challenge to its use of the technology is pending. If a preliminary injunction issues against the defendant in a slower jurisdiction, the defendant may have to wait many months to get a full trial on the merits. In both situations, the defendant is losing market share and momentum. Clearly, the Eastern District's speed is not only desired, but may be a reason of the defendant to file there first as a declaratory judgment plaintiff and thereby stay ahead of the patent holder.

For many defendants, however, the speed of the Eastern District is not suitable, Thus, they begin evaluating the feasibility of dismissal based on personal jurisdiction or venue grounds, or transfer for party or witness convenience. What follows is a brief discussion about jurisdiction and venue, how a defendant should approach motions to dismiss or transfer, and how a plaintiff defends against them.

A. Personal Jurisdiction and Venue in Patent Infringement Cases

A federal court must apply the jurisdictional over a defendant, even when the cause of action is purely federal, as with a patent infringement suit. [n.23] In Virginia, a plaintiff may sue a resident of the state, and a corporate defendant resides in Virginia if it is

subject to personal jurisdiction under the state long-arm statute. [n.24] The relevant paragraphs of the Virginia long arm statute are as follows:

A court may exercise personal jurisdiction over a person, who acts directly or by an agent, as to a cause of action arising from the person's:

(1) Transacting any business in this Commonwealth;

*372 (2) Contracting to supply services or things in this Commonwealth;

(3) Causing tortious injury by an act or omission in this Commonwealth;

(4) Causing tortious injury in this Commonwealth by an act or omission outside this Commonwealth if he regularly does or solicits business, or engages in any other persistent course of conduct, or derives substantial revenue from goods used or consumed or services rendered, in this Commonwealth.... [n.25]

Patent infringement is considered to be species of tort for the purpose of Virginia's long-arm statute, therefore, personal jurisdiction in patent infringement cases can be found under sections (3) and (4). [n.26] The situs of the "tort" of patent infringement may be the domicile of the patentee, or where the allegedly infringing sales are made. [n.27]

Due process limitations also apply. In accordance with the Due Process clause of the Fourteenth Amendment, personal jurisdiction can be asserted over non- resident only when they have established certain "minimum contacts" with the forum state such that the assertion of jurisdiction would "not offend traditional notions of fair play and substantial justice." [n.28] Jurisdiction is proper when a defendant has purposefully availed itself of the forum state; has created "continuing obligations" with residents of the forum state; or has otherwise partaken in "significant activities" within the forum state. [n.29] A plaintiff need not be a resident or have "minimum contacts" with Virginia in order for Virginia to have jurisdiction over a non-resident defendant. Plaintiff's lack of residence will not defeat jurisdiction established on the basis of defendant's contacts. [n.30]

The Federal Circuit's decision in Beverly Hills Fan Co. v. Royal Sovereign Corp. [n.31] is both the leading statement of the law of personal jurisdiction in patent suits and a good example of the type of contacts with Virginia a defendant in a patent infringement suit must have for jurisdiction to lie in the Eastern District. In Beverly Hills Fan, the plaintiff, a Delaware corporation with its principal place of business in California, sued two defendants in the Eastern District alleging infringement of a design patent on *373 a ceiling fan. One defendant was a Chinese corporation that manufactured the allegedly infringing fans in Taiwan. The other defendant was a New Jersey corporation that imported the fans into the United States and backed a warranty covering the fans it distributed. The defendants sold the accused fans to Virginia customers through a retail hardware chain's Virginia outlets. Neither defendant had assets or employees in Virginia, but there was evidence that at the time of the suit fifty-two of the accused fans were available for sale in Virginia. The Federal Circuit held that the defendants' acts and contacts coupled with Virginia's long-arm statute subjected them to jurisdiction in Virginia. Therefore, the exercise of personal jurisdiction over these defendants would not violate their due process rights.

The court held that the accused fans arrived in Virginia through defendants' purposeful shipment of fans through an "established distribution channel." [n.32] Furthermore, the court found that the defendants had established an ongoing relationship with the Virginia retailer and its customers. [n.33] The defendants placed the accused fans in the stream of commerce, "knew the likely destination of the products, and their conduct and connections with the forum state were such that they should reasonably have anticipated being brought into court in Virginia ." [n.34] Moreover, the burden on the defendants of litigating in the Eastern District did not outweigh the interests of the plaintiff and the state in adjudicating the dispute there. [n.35] Thus, the exercise of personal jurisdiction over the defendants was constitutionally permissible.

Jurisdiction under Virginia's long-arm statute was appropriate because Virginia was the situs of a tortious injury to the plaintiff's patent rights which resulted from the defendants' infringing sales there. In addition, the defendant derived "substantial revenue" from sales of the fans in Virginia. In analyzing the "substantial revenue" requirement, the court held that the statute does not require that the revenue be substantial in percentage terms, or even that the revenue derived have any connection to the alleged infringement. [n.36] Thus, so long as a defendant derives "substantial" revenue in absolute terms (for example, from $25,000 to several hundred thousand dollars) from any source within Virginia, the requirement will be met.

Venue is proper in the Eastern District in patent infringement actions so long as it is "the judicial district where the defendant resides, or where the defendant has committed acts of infringement and has a regular and *374 established place of business." [n.37] Venue is thus appropriate wherever personal jurisdiction is found since courts interpret the venue "residence" requirement to be the same as the requirements for jurisdiction. [n.38]

B. Personal Jurisdiction and Venue in Declaratory Judgment Cases

As previously noted, some declaratory judgment plaintiffs in patent cases (i.e. accused infringers) do not want the speed of the Eastern District, however, some do. [n.39] Those that want to file there should keep in mind that jurisdictional questions may arise that differ from those confronting a plaintiff in an infringement action. Where a cause of action against a declaratory judgment defendant arises from the defendant's commission of a tort, the analysis of personal jurisdiction is the same as that set forth previously. However, it is more likely that a patent holder will not have committed a tort in the forum and therefore a declaratory judgment plaintiff will need to show that the declaratory judgment action arises from the defendant's transaction of business or contracting to provide things or services in Virginia. [n.40]

In Furmanite America, Inc. v. Durango Associates, Inc., [n.41] the court held that the language of Virginia's long arm statute permitted it to exercise jurisdiction over an out-of-state patentee. The patentee had recently sold and shipped to Virginia machines covered by patents upon which plaintiffs sought a declaratory judgment of invalidity and noninfringement. [n.42] The shipments "coincide d with the basis of the plaintiffs'

substantive claim" of invalidity and noninfringement. The court held that the declaratory judgment action "arose from" defendants' transaction of business within Virginia. [n.43] The court also held that the defendant, through its advertising, delivering, and invoicing products in Virginia, had engaged in "purposeful activity" sufficient to create a "substantial connection" with the state. This activity created constitutionally sufficient "minimum contacts" with Virginia for the court to exercise personal jurisdiction. [n.44] The mere fact that *375 a patentee has sent a cease and desist letter to the forum, standing alone, did not suffice to establish jurisdiction in that forum over the patentee. [n.45] Such a letter is however, a factor to be considered when undertaking a "minimum contacts" analysis. [n.46]

Venue in declaratory judgment actions is governed by 28 U.S.C. § 1391(b). Patent actions may, except as otherwise provided by law, be brought in:

(1) a judicial district where any defendant resides, if all defendants reside in the same State, [or]

(2) in a judicial district in which a substantial part of the events or omissions giving rise to the claim occurred, or a substantial part of property that is the subject of the action is situated, or

(3) a judicial district in which any defendant may be found, if there is no district in which the action may otherwise be brought. [n.47]

Under this venue statute, the residency requirement is satisfied where personal jurisdiction is proper for corporate defendants. [n.48]

VI. GETTING INTO AND OUT OF THE EASTERN DISTRICT

As shown in Figure 4, an increasing number of intellectual property cases are being filed in the Eastern District.

*376 FIGURE 4

Intellectual Property Cases Filed In The Eastern District Per Year
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Despite some attempts by defendants to dismiss or transfer suits filed against them, Figure 5 demonstrates that relatively few defendants are successful in transferring out of the Eastern District. What follows is a practical discussion of how a plaintiff can establish jurisdiction in the Eastern District, as well as what factors determine whether a defendant can successfully transfer from the Eastern District.

*377 FIGURE 5

Transfer Data: Alexandria Division Patent Cases
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A. Establishing Jurisdiction

Before filing the complaint, a plaintiff must carefully ascertain its ability to plead and subsequently prove the existence of jurisdiction should the defendant move for dismissal or transfer. For instance, it would be a waste of time and money for a plaintiff to bring suit against an alleged infringer in the Eastern District, only to have the case transferred back to the infringer's home state. Consequently, the risk of losing a motion to dismiss or transfer must be minimized. To minimize the risk it is necessary for plaintiff to conduct an exhaustive pretrial investigation before filing the complaint.

The investigation of each corporate defendant should begin with a Dun & Bradstreet (R) report, and should continue as follows:

1. Investigate the corporation's formal Virginia presence, i.e., by registration to conduct business, ownership of state tradenames, registered offices and agents, etc. This may be accomplished at the Virginia Corporation Commission.

*378 2. Completely review all instances of infringing manufacture, sales and use of the infringing device in Virginia. This may include canvassing retail outlets, checking U.S. Customs records, reviewing importation logs at the Port of Norfolk, and other similar activity.

3. Review of the infringer's marketing efforts in Virginia, including solicitations and advertising exposure.

4. To the extent possible, a plaintiff corporation should determine its loss of goodwill and market share attributable to the defendant's infringement in Virginia. This can be essential under the Virginia long-arm statute which initially governs the Eastern District's assertion of jurisdiction.

5. Outline the whereabouts of expected witnesses and documents for both sides.

6. Outline the whereabouts of all design, development, research and production activities with regard to the accused product(s).

Once armed with this information, a patent plaintiff can evaluate its ability to keep a defendant in the Eastern District. If there is an adequate nexus between the defendant or its infringing activities and the Eastern District, filing suit in the Eastern District is prudent. Further, the plaintiff will be well prepared to effectively combat a defendant's motion for dismissal or transfer.

Initially, the complaint should establish the Eastern District's basis for asserting personal jurisdiction over the defendant. This does not mean that plaintiff should allege as many Virginia contacts as possible. The court will pass over unfounded allegations.

Consequently, a plaintiff is always advised to be prepared to establish and corroborate as many contacts as possible by documentary evidence, affidavits or declarations.

Likewise, when sued in the Eastern District, a defendant must immediately begin analyzing whether to file motions to dismiss or transfer while simultaneously putting together its trial team. As previously mentioned, a defendant has a statistically uphill battle getting out of the Eastern District. Thus it is unwise for it to put discovery and other pretrial matters on hold while filing such motions. [n.49]

*379 B. Filing and Opposing Motions to Dismiss or Transfer for Lack of Personal Jurisdiction

A defendant may move to dismiss a suit on any number of grounds, including the court's lack of personal jurisdiction over the defendant. [n.50] To prevail on a motion to dismiss a defendant must show, in accordance with applicable case law, that its contacts with Virginia are insufficient to support jurisdiction under the jurisdictional standards discussed in the previous section. [n.51] The plaintiff has the burden of proving by a preponderance of the evidence that the defendant is subject to personal jurisdiction in the forum. [n.52] Until a full evidentiary hearing or trial is held, however, the plaintiff need only make a prima facie showing that a sufficient basis exists for the court to assert jurisdiction over the defendant. [n.53] In determining whether the plaintiff has met this prima facie burden, the court construes the pleadings, affidavits, and documents filed in support and opposition to the motion in the light most favorable to the plaintiff. [n.54]

C. Transfers for the Convenience of the Parties and Witnesses

The district courts may transfer an action under 28 U.S.C. § 1404(a). [n.55] This section states: " f or the convenience of parties and witnesses, in the *380 interest of justice, a district court may transfer any civil action to any other district or division where it might have been brought." [n.56] The Eastern District's Local Rules mirror 28 U.S.C. § 1404(a), stating that " t he Court may at any time transfer any suit, action or proceeding." [n.57]

Motions to transfer for convenience are not uniformly decided. The determination whether or not to transfer is so deeply within the district court's discretion that appellate review is infrequent and reversal is seldom. [n.58] The defendant seeking a transfer under 28 U.S.C. § 1404(a) bears the burden of showing a clear and strong case for a transfer. [n.59] The court will balance the "convenience of the parties and the ends of justice." [n.60] The balance may involve many factors, including: (1) deference owned to plaintiff's choice of forum; (2) residence of the plaintiff; (3) availability of evidence and witnesses and the expenses of procuring their production or attendance; (4) prevention of duplicate trial of subject matter; (5) relative congestion of the dockets as between transferor and transferee districts; (6) convenience of counsel and other individuals as it relates to the expense of litigation; (7) relative ability of the litigants to

bear the expense of trial in any particular forum; (8) the ability to join a third party defendant in the proposed transferee district; (9) the place of the occurrence of the events upon which the action is founded; (10) the necessity of a view of the premises; (11) the distance between the transferor and the transferee courts; and (12) any delay in moving for transfer. [n.61]

The Eastern District focuses on the first factor, and in most cases accords "substantial weight" to plaintiff's choice of forum. [n.62] This is particularly true if the forum and the cause of action has a *381 significant connection to the forum. [n.63] Of course, the other factors will be considered and plaintiff must be prepared to address them.

A detailed review of the pleadings and transcripts filed in the Eastern District has shown that the most recurrent shortcoming in motions to transfer or dismiss is their lack of particularity. Defense attorneys often make bold and sweeping assertions that "all of the witnesses and documents are located elsewhere", and "transfer would be much more convenient to defendant." Such statements are hollow and prone to attack. For example, in pleading inconvenience the defendant must supply, preferably with supporting affidavits, specific names and locations of witnesses, statements as to the materiality of their testimony, and a reasonably detailed description of documents and their location. [n.64] Otherwise, a plaintiff is encouraged to point out that the failure to provide sufficient information deprives the court of any rational basis to ascertain the weight to be given to the claim of inconvenience. [n.65]

The importance of alleging and documenting inconvenience with particularity and of preparing to combat a motion to transfer early is illustrated by Verosol B.V. Hunter Douglas, Inc. [n.66] In Verosol, the defendant moved to transfer from the Eastern District to New Jersey. The defendant's principal place of business was in New Jersey and the defendant filed affidavits stating that the witnesses expected to testify on its behalf resided in or near New Jersey. Moreover, the cause of action had little if any connection to the Eastern District. In contrast, plaintiff's counsel made conclusory statements at oral argument that the only two witnesses that it had identified at that time who would testify on its behalf would be inconvenienced by transfer to New Jersey. As a consequence, the court did not rely on the usual deference to plaintiff's choice of forum, and instead granted the defendant's motion to transfer. [n.67]

To succeed on a 28 U.S.C. § 1404(a) motion to transfer, then, a defendant must present a carefully crafted factual delineation which compels the *382 following conclusions:

(1) defendant has no significant contacts in the Eastern District; and/or

(2) there is little connection between the chosen forum and the cause of action; and/or

(3) a transfer would be far more convenient for third party witnesses and the parties; and/or

(4) the interests of justice weigh in favor of a transfer (i.e., the defense would in some respect be compromised if the suit were to proceed in the Eastern District).

VII. CONCLUSION

The speed and efficiency of the Eastern District has won praise from counsel and parties alike. The Court's streamlined rules and procedures prove conclusively that patent disputes can be resolved fairly, promptly, and at a reasonable cost. In doing so, this District strengthens the patent system and the economy as a whole.

But for the litigants in the Eastern District, time can be a formidable opponent. The entire process is, however, manageable and beneficial provided counsel prepare their cases well, focus on the essential issues to be tried and follow the Court's rules and procedures.

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[n.1]. U.S. Const. art. I, § 8, cl. 8.

[n.2]. Bonito Boats, Inc. v. Thunder Craft Boats, Inc., 489 U.S. 141, 147, 9 U.S.P.Q.2d 1847, 1850-51 (1989).

[n.3]. See F. Warshofsky, The Patent Wars: The Battle to Own the World's Technology, John Wiley & Sons, Inc., 1994.

[n.4]. While this article focuses on enforcing patent rights in the Eastern District, it is equally applicable to enforcing copyright, trademark, trade secret, and chip mask rights where prompt injunctive relief is just as essential.

[n.5]. The expeditious handling of civil litigation has led to the Eastern District sometimes being referred to as the "Rocket Docket."

[n.6]. P.L. 101-650, 104 Stat. 5089 (codified at scattered sections of 2 U.S.C. and 28 U.S.C. (Supp. V 1993)).

[n.7]. See P. Barret, 'Rocket Docket': Federal Courts in Virginia Dispense Speedy Justice, Wall St. J., Dec. 3, 1987 at 33.

[n.8]. See Dayton, Case Management in the Eastern District of Virginia, 26 U.S.F. L. Rev. 445 (1992).

[n.9]. The Eastern District's Local Rules specifically provide that an attorney not admitted to practice before it may only appear in court if accompanied by local counsel, and all pleadings or documents for which an attorney's signature is required must be signed by counsel admitted to practice there. Moreover, local counsel "shall have such authority that the Court can deal with the attorney alone in all matters connected with the case." E.D. Va. R. 7 (D) (emphasis added).

[n.10]. Fees are spread out over one year or less, rather than three years. In total, they are likely to be lower, but on a monthly basis they may be higher. A full explanation to the client of this reality will facilitate budgeting.

[n.11]. A discussion of personal jurisdiction and discretionary transfer of venue are discussed infra.

[n.12]. E.D. Va. R. 12(C).

[n.13]. E.D. Va. R. 12(E).

[n.14]. E.D. Va. R. 13(B).

[n.15]. E.D. Va. R. 11.1 (A.1).

[n.16]. E.D. Va. R. 11.1(B).

[n.17]. E.D. Va. R. 11.1(D).

[n.18]. Frequent practitioners in the Eastern District know that while fact discovery does, as it must, conclude prior to the pre-trial conference, expert depositions may continue right up to the trial because of scheduling and other issues.

[n.19]. E.D. Va. R. 11.1(H).

[n.20]. The cumulative evidence rule is enforced to prevent counsel from presenting several witnesses who testify to the same thing or several exhibits which provide identical information.

[n.21]. E.D. Va. R. 7(J).

[n.22]. In one case, the court allowed the jury (after they were selected but before opening statements) to choose the length of each trial day. The jury was permitted to start no earlier than 8:00 a.m. or later than 9:30 a.m. each day, and endno earlier than 5:00 p.m. or later than 6:30 p.m. Practitioners should not be surprised to learn that most juries seem to prefer to sit for a longer day so that the trial will be over sooner.

[n.23]. Beverly Hills Fan Co. v. Royal Sovereign Corp., 21 F.3d 1558, 30 U.S.P.Q.2d 1001 (Fed. Cir.), cert. dismissed, 115 S. Ct. 18 (1994).

[n.24]. For purposes of this section, the residence of corporate defendants is defined by 28 U.S.C. § 1391(c) as any judicial district in which it is subject to personal jurisdiction at the time the action is commenced. See VE Holding Corp. v. Johnson Gas Appliance Co., 917 F.2d 1574, 16 U.S.P.Q.2d 1614 (Fed. Cir. 1990), cert. denied, 499 U.S. 922 (1991).

[n.25]. Va. Code Ann. § 8.01-328.1 (Michie 1992).

[n.26]. See Marston v. Gant, 351 F. Supp. 1122, 1124-25, 176 U.S.P.Q. 180 (E.D. Va. 1972); see also North Am. Philips Corp. v. American Vending Sales, Inc., 35 F.3d 1576, 1578-79, 32 U.S.P.Q.2d 1203, 1204 (Fed. Cir. 1994); Beverly Hills Fan, 21 F.3d at 1569-71, 30 U.S.P.Q.2d at 1010-12.

[n.27]. North Am. Philips, 35 F.3d at 1578-79, 32 U.S.P.Q.2d at 1204; Beverly Hills Fan, 21 F.3d at 1571, 30 U.S.P.Q.2d at 1011-12.

[n.28]. International Shoe Co. v. Washington, 326 U.S. 310, 316 (1945); see also Burger King Corp. v. Rudzewicz, 471 U.S. 462, 474-75 (1985).

[n.29]. Burger King, 471 U.S. at 476; see also Hanson v. Denckla, 357 U.S. 235, 253 (1958).

[n.30]. Beverly Hills Fan, 21 F.3d at 1567, 30 U.S.P.Q.2d at 1008-09.

[n.31]. F.3d 1558, 30 U.S.P.Q.2d 1001 (Fed. Cir.), cert. dismissed, 115 S. Ct. 18 (1994).

[n.32]. Id. at 1565, 30 U.S.P.Q.2d at 1007.

[n.33]. Id. at 1564, 30 U.S.P.Q.2d at 1005-06.

[n.34]. Id. at 1566, 30 U.S.P.Q.2d at 1008.

[n.35]. Id. at 1568-69, 30 U.S.P.Q.2d at 1009-10.

[n.36]. Id. at 1571-72, 30 U.S.P.Q.2d at 1012.

[n.37]. 28 U.S.C. § 1400(b) (1988).

[n.38]. VE Holding Corp. v. Johnson Gas Appliance Co., 917 F.2d 1574, 16 U.S.P.Q.2d 1614 (Fed. Cir. 1990).

[n.39]. 28 U.S.C. § § 2201 and 2202 permit federal courts to hear and provide relief in declaratory judgment actions.

[n.40]. Va. Code Ann. § 8.01-328.1 (Michie 1992).

[n.41]. 662 F.Supp. 348, 1 U.S.P.Q.2d 1999 (E.D. Va. 1986).

[n.42]. Id. at 349, 1 U.S.P.Q.2d at 2000.

[n.43]. Id.

[n.44]. Id. at 350, 1 U.S.P.Q.2d at 2001.

[n.45]. Id.

[n.46]. Id. See also Akro Corporation v. Luker, Appeal No. 94-1229 (Fed. Cir., January 20, 1995) (holding that jurisdiction was appropriate over a patentee defendant who had sent warning letters to the plaintiff in the forum, and who also had a license agreement with an in-state competitor of the plaintiff concerning the patent-at-issue).

[n.47]. 28 U.S.C. § 1391(b) (Supp. V 1993).

[n.48]. 28 U.S.C. § 1391(c) (Supp. V 1993).

[n.49]. While filing a Fed. R. Civ. P. 12(b)(2) motion to dismiss usually will justify a stay of discovery pending its outcome, see, e.g., Commercial Equip. Co., Inc. v. Barclay Furniture Co., 738 F. Supp. 974, 980 (W.D.N.C. 1990), it will not extend the discovery time period. Unless confident of prevailing, a defendant should keep working on both discovery requests and responses.

[n.50]. Fed. R. Civ. P. 12(b)(2). A defendant may also move to dismiss based on improper venue, Fed. R. Civ. P. 12(b)(3), but as discussed supra, venue will be proper in patent infringement and declaratory judgment actions in any district in which personal jurisdiction is found.

[n.51]. Combs v. Bakker, 886 F.2d 673, 676 (4th Cir. 1989).

[n.52]. Combs, 886 F.2d at 676; Abel v. Montgomery Ward Co., Inc., 798 F. Supp. 322, 324 (E.D. Va. 1992).

[n.53]. Combs, 886 F.2d at 676.

[n.54]. Verosol B.V. v. Hunter Douglas, Inc., 806 F. Supp. 582 (E.D. Va. 1992); see also Combs, 886 F.2d at 676; Abel, 798 F. Supp. at 324.

[n.55]. Alternatively, a transfer under 28 U.S.C. § 1406 may also be available. Even if a court may permissibly dismiss a suit for lack of personal jurisdiction, it has the option available to transfer the case to another district in which the suit could have been brought originally. Under 28 U.S.C. § 1406(a), a district court may transfer an action in which venue is improper to any district or division in which it could have been brought if such transfer is in the interest of justice. The Fourth Circuit views this provision as authorizing a transfer when there would be an "impediment" to a decision on the merits in the transferor district, but no impediment in the transferee district. Porter v. Groat, 840 F.2d 255, 258 (4th Cir. 1988). For example, a transfer under 28 U.S.C. § 1406 is warranted to conserve judicial resources and to serve the interests of the parties when the transfer would eliminate uncertainties regarding jurisdiction or venue. Verosol B.V., 806 F. Supp. at 594. Datasouth Computer, Corp. v. Three-Dimensional Technologies, Inc., 719 F. Supp. 446, 452-53 (W.D.N.C. 1989).

[n.56]. 28 U.S.C. § 1404(a) (1988).

[n.57]. E.D. Va. R. 5.

[n.58]. See Nichols v. G.D. Searle & Co., 991 F.2d 1195, 1200 (4th Cir. 1993); In re Ralston Purina Co., 726 F.2d 1002, 1005 (4th Cir. 1984). For this reason, the authors have researched both the reported and unreported decisions in the Eastern District on motions to transfer to provide a more comprehensive guide to what the court looks for and considers when faced with a 28 U.S.C. § 1404 transfer.

[n.59]. See, e.g., Nossen v. Hoy, 750 F. Supp. 740, 742, 18 U.S.P.Q.2d 1237, 1238 (E.D. Va. 1990); Medicenters of Am., Inc. v. T & V Realty & Equip. Corp., 371 F. Supp. 1180 (E.D. Va. 1974).

[n.60]. Koster v. Lumbermens Mut. Casualty Co., 330 U.S. 518, 527 (1947).

[n.61]. See General Foam Plastics Corp. v. Kraemer Export Corp., 806 F. Supp. 88, 89 (E.D. Va. 1992); Board of Trustees, Sheet Metal Workers Nat. Fund v. Baylor Heat & Air Conditioning, Inc., 702 F. Supp. 1253, 1260 (E.D. Va. 1988); Datasouth Computer, 719 F. Supp. at 446, 450-51.

[n.62]. See, e.g., Baylor Heat, 702 F. Supp. at 1256.

[n.63]. See, e.g., General Foam Plastics, 806 F. Supp. at 89; see also Kirschner Bros. Oil, Inc. v. Pannill, 697 F. Supp. 804, 806 (D. Del. 1988) (plaintiff's "home turf" is that closest to plaintiff's home in which plaintiff could effect personal service over principal defendant). Even if the forum is not the plaintiff's home forum, deference to plaintiff's choice is especially appropriate in patent cases because the establishment of the Federal Circuit has eliminated forum shopping in patent cases. See C.R. Bard, Inc. v. Schwartz, 716 F.2d 874, 878, 219 U.S.P.Q. 197, 200 (Fed. Cir. 1983).

[n.64]. Compare Datasouth Computer, 719 F. Supp. at 451 with Baylor Heat, 702 F. Supp. at 1258.

[n.65]. See Baylor Heat, 702 F. Supp. at 1258.

[n.66]. 806 F. Supp. 582 (E.D. Va. 1992).

[n.67]. Id. at 592-93.