

**IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF TEXAS
MARSHALL DIVISION**

INTERTRUST TECHNOLOGIES
CORPORATION,

Plaintiff,

v.

CINEMARK HOLDINGS, INC.,

AMC ENTERTAINMENT HOLDINGS, INC.,

REGAL ENTERTAINMENT GROUP,

Defendants.

2:19-cv-00266-JRG (LEAD CASE)

2:19-cv-00265-JRG

2:19-cv-00267-JRG

**INTERTRUST'S BRIEF IN OPPOSITION TO DEFENDANTS' MOTION TO
TRANSFER VENUE TO THE NORTHERN DISTRICT OF CALIFORNIA**

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION	1
ARGUMENT	2
I. The Private Interest Factors Do Not Favor Transfer	2
A. The Relative Ease of Access to Sources of Proof Weighs Against Transfer.....	2
1. Defendants Are Either Considerably Closer to, or Headquartered Within, This District	2
2. Defendants' Emphasis on Dolby and Sony Electronics Is Misplaced	4
3. Intertrust's and Some Inventors' California Residency Does Not Weigh in Favor of Transfer.....	6
B. Availability of Compulsory Process Does Not Favor Transfer	7
C. Convenience and Cost for Willing Witnesses Weighs Against Transfer	10
D. Other Practical Factors Do Not Favor Transfer.....	11
II. The Public Interest Factors Do Not Favor Transfer.....	12
A. Court Congestion Weighs Against Transfer	12
B. The Local Interest in Local Disputes Weighs Against Transfer or Is Neutral	13
C. The First-to-File Rule Does Not Apply and Thus Does Not Favor Transfer	13
CONCLUSION.....	15
CERTIFICATE OF SERVICE	17

TABLE OF AUTHORITIES

Page

CASES

<i>AGIS Software Dev. LLC v. Huawei Device USA Inc.</i> , No. 2:17-CV-00513-JRG, 2018 WL 2329752 (E.D. Tex. May 23, 2018)	3, 13
<i>Alacritech Inc. v. CenturyLink, Inc.</i> , No. 2:16-CV-00693-JRG-RSP, 2017 WL 4155236 (E.D. Tex. Sept. 19, 2017)	6
<i>Candela Corporation v. Palomar Med. Techs., Inc.</i> , No. 9:06-CV-277, 2007 WL 738615 (E.D. Tex. Feb. 22, 2007)	7
<i>Core Wireless Licensing S.A.R.L. v. LG Elecs. Inc.</i> , No. 2:14-CV-912-JRG-RSP, 2016 WL 4265034 (E.D. Tex. Aug. 12, 2016)	11
<i>Custom Seal, Inc. v. Duro-Last Roofing, Inc.</i> , No. 6:11-CV-122, 2012 WL 12930886 (E.D. Tex., Sept. 20, 2012)	13
<i>Diem LLC v. BigCommerce, Inc.</i> , No. 6:17-CV-00186-JRG, 2017 WL 6729907 (E.D. Tex. Dec. 28, 2017)	9, 10
<i>Erfindergemeinschaft Uropep GbR v. Eli Lilly & Co.</i> , No. 2:15-CV-1202-WCB, 2016 WL 1643315 (E.D. Tex. Apr. 26, 2016)	15
<i>Ericsson Inc. v. D-Link Corp.</i> , No. 6:10-CV-473, 2011 WL 13098295 (E.D. Tex. Sept. 29, 2011)	5, 8
<i>Fujitsu Ltd. v. Tellabs, Inc.</i> , 639 F. Supp. 2d 761 (E.D. Tex. 2009)	2
<i>In re Genentech, Inc.</i> , 566 F.3d 1338 (Fed. Cir. 2009)	2, 12
<i>In re Volkswagen AG</i> , 371 F.3d 201 (5th Cir. 2004)	2
<i>In re Volkswagen of America</i> , 545 F.3d 304 (5th Cir. 2008)	2
<i>Kahn v. Gen. Motors Corp.</i> , 889 F.2d 1078 (Fed. Cir. 1989)	15
<i>Micron Tech., Inc. v. Mosaid Techs., Inc.</i> , 518 F.3d 897 (Fed. Cir. 2008)	14
<i>Realtime Adaptive Streaming LLC v. Amazon.com, Inc.</i> , No. 6:17-CV-00549-JRG, 2018 WL 4444097 (E.D. Tex. Sept. 5, 2018)	13

<i>Rembrandt Wireless Techs., LP v. Apple Inc.,</i> No. 2:19-CV-00025-JRG, 2019 WL 6344470.....	13
<i>Texas Instruments Inc. v. Micron Semiconductor, Inc.,</i> 815 F. Supp. 994 (E.D. Tex. 1993).....	14
<i>VirtualAgility, Inc. v. Salesforce.com, Inc.,</i> No. 2:13-CV-00011-JRG, 2014 WL 459719 (E.D. Tex. Jan. 31, 2014).....	8, 13, 15
<i>Vocalife LLC v. Amazon.com, Inc.,</i> No. 2:19-CV-00123-JRG, 2019 WL 6345191 (E.D. Tex. Nov. 27, 2019).....	3

STATUTES

28 U.S.C. § 1404(a)	2, 3
---------------------------	------

INTRODUCTION

Defendants' motion to transfer this action to the United States District Court for the Northern District of California suffers from three pervasive and fatal flaws that require its denial:

First, Defendants erroneously portray these cases as "customer suits," with their liability rising and falling with Dolby's infringement. In fact, Defendants—three motion picture exhibitors—are accused of directly infringing method and apparatus claims based on their own configuration, installation, maintenance and use of complex systems to exhibit digital content in their theaters. Dolby is only one of several suppliers of some of the components used by Defendants, and many of their systems do not use any Dolby equipment. These cases are *not* about Dolby, and Defendants' effort to shift focus from their own headquarters (within or substantially closer to this District) to Dolby's California headquarters is mere smoke and mirrors.¹

Second, Defendants compound their first pervasive error by arguing that judicial economy and the first-to-file rule favor transfer when, in fact, there is limited similarity between these cases and Dolby's declaratory judgment action. The common features between the *Dolby* case and these cases are limited to the patentee, the patents and, within some of Defendants' systems, the operation of Dolby's equipment. The accused infringers, alleged infringements, and damages bases are not the same. Neither judicial economy nor the first-to-file rule requires transfer when these cases—which are very different from the *Dolby* case—are already proceeding apace in this District.

Finally, stripped of the false narrative that these cases are all about Dolby, Defendants' evidentiary showing in support of their motion is incomplete, unspecific, and speculative. Defendants all but ignore their own evidence's proximity to this District; rely on unidentified witnesses (*e.g.*, unnamed company employees *assumed* to live in or near Defendants' proposed

¹ Even to the extent Dolby is relevant, Defendants fail to disclose that one of the most significant Dolby witnesses, Mr. Doug Darrow, actually resides *in this District*. See Section I.B, *infra*.

transferee forum); and credit the wrong entities as possessing relevant evidence (*e.g.*, Sony Electronics in San Diego in lieu of Sony Corporation in Japan). Defendants' motion falls far short of showing that the proposed transferee forum is "clearly more convenient" and should be denied.

ARGUMENT

"[A] district court may transfer any civil action to any other district or division where it might have been brought." 28 U.S.C. § 1404(a).² But "when the transferee venue is not *clearly more convenient* than the venue chosen by the plaintiff, the plaintiff's choice should be respected." *In re Volkswagen of America*, 545 F.3d 304, 315 (5th Cir. 2008) (emphasis added). In this case, neither the private interest nor the public interest factors courts consider, *In re Volkswagen AG*, 371 F.3d 201, 203 (5th Cir. 2004), favor transfer and Defendants' motion should be denied.

I. The Private Interest Factors Do Not Favor Transfer

A. The Relative Ease of Access to Sources of Proof Weighs Against Transfer

1. Defendants Are Either Considerably Closer to, or Headquartered Within, This District

As Defendants concede, "[a]lmost invariably, [relative ease of access to sources of proof] will turn upon which party will most probably have the greater volume of documents relevant to the litigation and their presumed physical location in relation to the transferee and transferor venues." Mot. at 7 (quoting *Fujitsu Ltd. v. Tellabs, Inc.*, 639 F. Supp. 2d 761, 767 (E.D. Tex. 2009)). "In patent infringement cases, the bulk of the relevant evidence usually comes from the accused infringer." *In re Genentech, Inc.*, 566 F.3d 1338, 1345 (Fed. Cir. 2009).

In these cases, all three Defendants are considerably closer to this District than the Northern District of California, and one Defendant is headquartered *within this District* in Plano, Texas:

² Intertrust does not dispute that this case could have been brought in the Northern District of California. 28 U.S.C. § 1404(a).

	Distance in Miles as the Crow Flies ³	
Party (Headquarters)	Marshall, Texas	San Francisco, California
Cinemark (Plano, Texas)	147 miles (Ex. 1) ⁴	1,470 miles (Ex. 2)
AMC (Leawood, Kansas)	441 miles (Ex. 3)	1,499 miles (Ex. 4)
Regal (Knoxville, Tennessee)	642 miles (Ex. 5)	2,117 miles (Ex. 6)

Other than to briefly acknowledge the locations of their corporate headquarters, Mot. at 5, Defendants ignore their proximity to this District and argue instead that their locations are unimportant because the "technical documents and source code" reside with their vendors. But Defendants do not dispute that *other* important categories of evidence, such as damages-related evidence,⁵ reside with Defendants at their corporate headquarters. Moreover, Defendants do not address Intertrust's allegations that Defendants infringe the asserted patent claims by constructing and using digital cinema systems to show films in an infringing manner. *See, e.g.*, Ex. 12 at 3 & Kaericher Decl. at ¶ 13. *Defendants*—not the component manufacturers Defendants single out—are responsible for configuring components from multiple sources to construct the infringing systems and are thus likely to have relevant documents regarding their configuration choices and installation. *See, e.g.*, Ex. 13 at 90, § 9.4.2.1 ("The installation and configuration of equipment that comprises [cinema] suites is an exhibition [*i.e.*, theater chain] management function").⁶

³ *E.g.*, *AGIS Software Dev. LLC v. Huawei Device USA Inc.*, No. 2:17-CV-00513-JRG, 2018 WL 2329752, at *7 (E.D. Tex. May 23, 2018) (although courts may take note of considerations beyond simple distance comparisons, courts' initial consideration is of "distance-as-the-crow-flies").

⁴ Citations to numbered exhibits are to the Declaration of Jordan B. Kaericher, filed concurrently herewith. Citations to lettered exhibits are to the Declaration of Catherine Garza (Dkt. No. 28-1).

⁵ Damages in this case will likely be based largely on Defendants' revenues and cost savings from their infringing configuration, installation, and use of infringing Digital Cinema systems to show films in their theaters and convoked sales. Intertrust is seeking discovery from Defendants on all such revenues, offsetting costs, and savings. Exs. 7-8. Because each Defendant operates *hundreds* of theaters nationwide, this centralized sales evidence is expected to be voluminous. Exs. 9-11.

⁶ "When deciding a motion to transfer under § 1404(a), the court . . . must draw all reasonable inferences and resolve factual conflicts in favor of the non-moving party." *Vocalife LLC v. Amazon.com, Inc.*, No. 2:19-CV-00123-JRG, 2019 WL 6345191, at *2 (E.D. Tex. Nov. 27, 2019).

Likewise, Defendants are most likely to have documents regarding how they use those systems to show films. The proximity of this evidence to this District weighs strongly against transfer.

2. Defendants' Emphasis on Dolby and Sony Electronics Is Misplaced

Defendants' motion relies heavily on Dolby's and Sony Electronics' California headquarters to argue that this case should be transferred. According to Defendants, these companies will have the relevant "technical documents and source code" because they, not Defendants, manufacture the IMBs that Defendants portray as "central to Intertrust's claims." Mot. at 4. Defendants' emphasis on these companies' locations is misplaced for two important reasons:

First, Defendants' portrayal of these cases as solely about IMBs ignores that Intertrust has asserted mostly method claims against Defendants' construction, use, and maintenance of complex digital cinema systems, not apparatus claims reading exclusively on an IMB.⁷ As Intertrust's infringement contentions in these cases make clear, there are other equipment components that can meet numerous limitations of the asserted patent claims. For example, an Outboard Media Block ("OMB") is a separate and distinct component that independently meets most of the same asserted claim limitations as the IMB. Kaericher Decl. at Exs. 24-26, 28-33 (referencing "Media Block(s)"); *see also* Ex. 13 at 82, 86, 91 ("Media Block" includes both IMB and OMB). In addition, several limitations of asserted apparatus claims of U.S. Patent No. 8,191,157, can be met by the link decryptor secure processing block, the screen management system, or theater management system—all of which are also separate and distinct from the IMB. *See* Kaericher Decl. at Ex. 19. The same holds true for many limitations of the asserted method claims. *See*

⁷ Intertrust has asserted 39 method claims in ten patents against Defendants, all of which cover different aspects of protecting, managing, controlling, and/or monitoring the use of electronic content. *See* Kaericher Decl. at ¶ 15 & Exs. 14-23. Only one asserted independent claim and its asserted dependent claims are apparatus claims, and these claims are directed to multipart equipment for controlling the use of electronic content. *Id.* ¶ 16 & Ex. 20.

Kaericher Decl. at Exs. 24, 26, 28-32. Defendants' portrayal of these cases as arising solely from Defendants' use of specific IMBs rather than the configuration, installation and use of complex Digital Cinema systems to exhibit digital content simply has no basis in fact.

Second, to the extent the IMB manufacturers' locations *are* significant, Defendants have still failed to show that a substantial amount of the "technical documents and source code" is located in California. As to Defendants' reliance on Sony Electronics' Southern California headquarters, Sony Electronics is the U.S. sales, marketing, and service arm of Sony Corporation—not a design/manufacturing entity; publicly-available evidence indicates that Sony-branded IMBs are designed and manufactured in Japan and/or Europe. *See, e.g.*, Exs. 34-35. Indeed, the declaration of a Sony Electronics representative from another action that Defendants submitted in support of their motion—although it concerned different Sony products—states that the "the design, engineering and manufacturing associated with the accused products are primarily performed outside of the United States in Japan"; "most documents and things concerning or relating to the technical aspects of the accused products are primarily maintained outside of the United States in Japan"; and "[i]n the United States there are [Sony Electronics] facilities, employees and/or documents and things that pertain *to the sales and marketing* of the accused products, primarily located in [its] facilities located in San Diego, California." Ex. K at ¶¶ 7-8. Evidence located in Japan or Europe does not weigh in favor of transfer. *See, e.g., Ericsson Inc. v. D-Link Corp.*, No. 6:10-CV-473, 2011 WL 13098295, at *2 (E.D. Tex. Sept. 29, 2011) (where "important technical documentation regarding the accused product is located abroad[,], producing this documentation is inconvenient regardless of venue").

As to Defendants' reliance on Dolby's San Francisco headquarters, Defendants are silent as to what percentage of their IMBs are Dolby- or Doremi-branded. Rather, Defendants claim only

that Dolby and Sony *together* were the source of between 92% and 98% of the IMBs used by Defendants. Exs. P-R at ¶ 6. Thus, the record is completely silent as to what percentage of Defendants' IMBs were actually sourced from Dolby. The record is equally sketchy with respect to whether Dolby has relevant technical documentation and how much of it is located in California rather than abroad. *See* Ex. S at ¶¶ 9, 11, 12 (Dolby's design and development engineering team is located in California, France and Poland; its customer support team is located in California, France, the United Kingdom, and "in several locations in Asia"; and "[t]o the extent" Dolby has hard copy technical documents, those documents are located in California and France). Defendants have failed to establish that significant sources of proof reside in California.

3. Intertrust's and Some Inventors' California Residency Does Not Weigh in Favor of Transfer

Finally, although Intertrust disputes Defendants' contention that it is a significant source of documentary evidence in this case (especially in comparison to Defendants), Intertrust chose to litigate in this District and does not, and will not, contend that making its documents or evidence, or documents or evidence in the possession of its employees, available in this District is inconvenient. *See, e.g., Alacritech Inc. v. CenturyLink, Inc.*, No. 2:16-CV-00693-JRG-RSP, 2017 WL 4155236, at *3 n.4 (E.D. Tex. Sept. 19, 2017) (disregarding location of plaintiff's headquarters where plaintiff waived objections based on inconvenience). Intertrust has already produced more than 2 million pages of documents to Defendants while this case has been venued in this District. *See* Ex. 36. Further, Defendants have failed to describe what significant volume of documents the inventors are expected to have that neither Intertrust nor the prosecuting attorneys—who are principally located in Boston, Massachusetts and Washington, DC (both considerably closer to Marshall than San Francisco), *see* Exs. 37-40—would not also have; accordingly, the location of their documents (if any) should be given little or no weight.

Because (i) Defendants are likely to be the most significant sources of relevant evidence and are all located within or considerably closer to this District, (ii) Defendants have failed to establish that most or all "technical documents and source code" are located in California, and (iii) Intertrust does not contend it is inconvenient to produce evidence and documents in this District, the relative ease of access to sources of proof weighs heavily against transfer.

B. Availability of Compulsory Process Does Not Favor Transfer

Defendants contend "there are critical non-party witnesses within the subpoena power" of the Northern District of California, citing the presence of "[e]leven of the fifteen inventors," "several Intertrust licensees . . . including Apple," and "Dolby's witnesses" in Northern California and "witnesses from Sony and DCI" in Southern California. Mot. at 10. This claim fails.

First, with respect to Defendants' claim that eleven of the fifteen inventors of the asserted patents reside in Northern California, five of the eleven are party employees and, accordingly, their residence should be afforded little, if any, weight because they can be expected to appear for trial in either District. *See, e.g., Candela Corporation v. Palomar Med. Techs., Inc.*, No. 9:06-CV-277, 2007 WL 738615, *4 (E.D. Tex. Feb. 22, 2007) ("The court does not find the fact that there are a number of party witnesses [including inventors] outside of Texas to weigh very heavily in favor of transfer."). A sixth inventor Defendants identify as "residing" in Northern California (Mr. MacKay) is deceased, Ex. 41, and two more (Mr. Hill and Mr. Radcliffe) are inventors on only one of the asserted patents, U.S. Patent No. 8,526,610, which Intertrust did not include in its infringement contentions. Accordingly, only three relevant non-party inventors are subject to compulsory process in the Northern District of California. Finally, Defendants do not explain why they are likely to need these inventors' live testimony at trial given that Defendants have not alleged inequitable conduct or any other defense that depends on inventor testimony. *See, e.g.,* Ex. 42.

Second, with respect to the locations of Intertrust's licensees, Defendants make no effort to explain why Intertrust's licensees are "critical" witnesses, Mot. at 10, particularly given that the *only* licensee Defendants specifically identify in their motion—Apple, *see id.*—does not operate in the DCI-compliant digital cinema space.⁸ The licensees that *do* operate in the DCI-compliant digital cinema space—LG and Samsung—both have their principal places of business in New Jersey, beyond the reach of either District's subpoena power. Exs. 43-44. In any event, Defendants do not explain why the live trial testimony of any California-based licensees is needed when these witnesses' testimony can be presented effectively by videotape deposition (if needed at all). *See, e.g., VirtualAgility, Inc. v. Salesforce.com, Inc.*, No. 2:13-CV-00011-JRG, 2014 WL 459719, at *5 (E.D. Tex. Jan. 31, 2014) (noting Fifth Circuit's endorsement of videotape depositions as "an acceptable substitute for live testimony" and finding that although there is "some generic benefit of providing live witnesses at trial, the Court is not convinced that using the non-party witnesses' deposition as opposed to live testimony at trial would seriously inconvenience Defendants").

Third, with respect to Dolby's witnesses, because Defendants are seeking indemnification from Dolby, *see* Ex. 45 at ¶ 28, Dolby is likely to make any witnesses under its control available for trial voluntarily if requested by Defendants. Thus, the availability of subpoena power over Dolby witnesses in California should be given little, if any, weight. *See, e.g., Ericsson Inc. v. D-Link Corp.*, No. 6:10-CV-473, 2011 WL 13098295, at *3-4 (E.D. Tex. 2011) ("[I]t is reasonable to assume that the chipset suppliers subject to defense agreements and potential indemnity obligations have an interest in successfully defending the infringement allegations against Defendants. Thus, subpoena power is likely unnecessary regarding these third-party chipset

⁸ Indeed, except to reference licensees generally, Defendants did not identify Apple or its employees as likely to have knowledge of relevant facts in their disclosures. *See* Ex. 46.

suppliers . . . [that] likely have an obligation or incentive to participate in Defendants' defense.").

Moreover, to the extent subpoena power over Dolby witnesses is given weight, this factor weighs *against* transfer because a critical Dolby witness—Doug Darrow—resides in Plano, Texas, Ex. 47-48, and is subject to compulsory process within this District. Although Defendants and Dolby fail to mention Mr. Darrow in their motion and supporting declaration, respectively, Mr. Darrow is the head of Dolby's Cinema Business Group which "comprises all parts of Dolby's businesses that support the entertainment industry, including . . . Dolby Screen Server and Dolby Integrated Media Block (IMB) products." Ex. 49. Mr. Darrow is "responsible for aligning Dolby's technical expertise and close relationships with . . . exhibitors to deliver artistic and business solutions via audio and video technologies." *Id.* Moreover, Mr. Darrow previously spent 24 years at Texas Instruments ("TI"), where he "helped spearhead the exhibition industry's transition to digital presentation and distribution with the deployment of digital cinema projectors[.]" *See, e.g.,* Ex. 50. Thus, Mr. Darrow's relevance to this case is not limited to his role at Dolby but extends to his participation in the development of digital cinema technology and security architecture related to the DCI specification more broadly. Mr. Darrow's presence in this District outweighs the presence of unidentified Dolby witnesses in Northern California. *See, e.g., Diem LLC v. BigCommerce, Inc.*, No. 6:17-CV-00186-JRG, 2017 WL 6729907, at *3 (E.D. Tex. Dec. 28, 2017) ("The Court gives more weight to those specifically identified witnesses and affords less weight to vague assertions that witnesses are likely located in a particular forum.").

Finally, with respect to Sony and DCI witnesses located in Southern California, Defendants do not identify a single specific witness by name. In the case of Sony, this failure is particularly notable given that, as explained above, Sony Corporation—not San Diego-based Sony Electronics—conducts the engineering, design, and manufacture of Sony DCI-compliant

components. Indeed, even the communications with Sony submitted by Defendants in support of their motion are with Sony Corporation of America in New Jersey, not Sony Electronics. Ex. L. The presence of unnamed DCI and studio witnesses—who Defendants argue will be sources of discovery "related to the development of the standards, other options considered, and the involvement of Sony Pictures and Intertrust in standard promulgation"—in Southern California is outweighed by the availability of compulsory process in this District over *identified* witnesses in this State with knowledge of the development of the DCI standard such as Mr. Darrow in Plano, *see supra* & Exs. 47-48; Tony Adamson of GDC Technology in Dallas-Fort Worth, *see* Ex. 51; Reiner Doetzkies of NEC Display Solutions in Allen, *see* Ex. 52; and Dave Duncan, a former TI employee in Dallas-Fort Worth, *see* Ex. 53.⁹ *Diem LLC*, 2017 WL 6729907, at *3.

Because Defendants have failed to show that the Northern District of California has subpoena power over more specific witnesses for whom subpoena power is even necessary than does this District, this factor weighs against transfer.

C. Convenience and Cost for Willing Witnesses Weighs Against Transfer

With respect to the convenience and cost for willing witnesses, Defendants cite the same witnesses and sources of evidence they rely on for the previous two factors: the "[e]leven of fifteen inventors," Dolby witnesses, and Intertrust witnesses located in Northern California and DCI, Sony Electronics, and "several other vendor and Intertrust licensee witnesses . . . in California." Mot. at 11. For the reasons explained in Sections I.A.2 and I.B, *supra*, Defendants' reliance on these

⁹ On information and belief, Messrs. Darrow, Adamson, Doetzkies, and Duncan are all former TI employees who were involved in the development of the DCI standard and theaters' transition to digital cinema. TI was at the forefront of this transition through its development of Digital Light Processing ("DLP") projectors and thus a key partner in the development of the DCI standard. Mr. Darrow led TI's DLP division and was a primary point of contact for the studios in the development of the DCI standard; Mr. Duncan succeeded Mr. Darrow in that role. Mr. Doetzkies and Mr. Adamson were also points of contact between TI and the studios during this critical period.

witnesses is misplaced. Arguments regarding the convenience of unspecified DCI, Dolby, or Sony Electronics witnesses should be afforded little weight for the additional reasons that they are "speculative and unsubstantiated." *See, e.g., Core Wireless Licensing S.A.R.L. v. LG Elecs. Inc.*, No. 2:14-CV-912-JRG-RSP, 2016 WL 4265034, at *3 (E.D. Tex. Aug. 12, 2016) (arguments based on convenience of company employees that did not identify any specific witnesses were "speculative and unsubstantiated" and "thus, are accorded little weight"). Moreover, Defendants are double- and even triple-counting some of these witnesses by deeming them both willing and unwilling witnesses for purposes of the transfer analysis and by ignoring that five of the inventors are also five of the unspecified "Intertrust witnesses" Defendants purportedly wish to avoid inconveniencing. Finally, although Defendants concede that Defendant Cinemark—because it is headquartered in Plano—"may" have witnesses in this District, Mot. at 10, they again ignore that *all* of the Defendants are *considerably* closer to this District, *see* Section I.A.1, *supra*, and trial in this District will be more convenient and less costly for them. This factor weighs against transfer.

D. Other Practical Factors Do Not Favor Transfer

Defendants contend that judicial economy favors transfer because "the *Dolby* Action and the current cases all involve the same eleven patents and the same core issues—purported infringement by DCI-approved products, claim construction of patent terms, and invalidity of the Intertrust patents." Mot. at 12. This argument is again premised on an erroneous portrayal of these cases as alleging infringement by Dolby's IMB, when in fact these cases allege that the theaters, by installing, configuring, and using DCI-compliant systems—including many systems without a Dolby IMB—to show movies and other content, are infringing Intertrust's mostly method claims, whereas Dolby's allegations in its case address only a single component manufactured by a single manufacturer. Accordingly, the common issues between these cases and the *Dolby* action are

likely to be limited to claim construction issues and, within some of Defendants' systems, the operation of Dolby's IMB. (Contrary to Defendants' claim that invalidity is a common issue, Mot. at 12, Dolby seeks only a declaration of non-infringement and has not asserted an invalidity defense.) Moreover, these cases, despite being filed later, have progressed much further than the *Dolby* case, in which the pleadings are not yet joined, no case schedule is set, and no discovery has occurred. Kaericher Decl. ¶ 59. Any judicial economies achieved by transfer are offset by the delay that would be caused by transferring and relating these cases, which are currently set for trial on January 4, 2021 and well underway, with the *Dolby* action. This factor is neutral.¹⁰

II. The Public Interest Factors Do Not Favor Transfer

A. Court Congestion Weighs Against Transfer

Citing statistics for civil cases generally that show mean times to disposition and trial are slightly shorter in the Northern District of California, Defendants contend that court congestion is a neutral factor. Mot. at 12. In fact, for *patent* cases filed since 2016, this District's mean times to important benchmarks (particularly as to trial) is considerably faster:

Milestone	Time from Filing (Mean)	
	Eastern District of Texas	Northern District of California
Claim Construction	1.36 years	1.76 years
Trial	2.48 years	4.08 years
Disposition	1.1 years	1.6 years

Ex. 54 & Kaericher Decl. at ¶ 57. Further, "the time expended here could not be easily recaptured as the transfer of this case will likely cause it to fall in line with newly filed cases" in the transferee

¹⁰ Defendants note that Intertrust has previously pursued cases against Microsoft in 2001 and Apple in 2014 in the Northern District of California. Mot. at 3. But the Federal Circuit has held that it is clear error to give prior litigation weight in the transfer analysis absent a showing that it involved the same parties, witnesses, evidence, and facts. *In re Genentech*, 566 F.3d at 1346.

court, such that transfer is likely to cause substantial delays. *Realtime Adaptive Streaming LLC v. Amazon.com, Inc.*, No. 6:17-CV-00549-JRG, 2018 WL 4444097, at *7 (E.D. Tex. Sept. 5, 2018). Accordingly, relative court congestion weighs against transfer. *See, e.g., Rembrandt Wireless Techs., LP v. Apple Inc.*, No. 2:19-CV-00025-JRG, 2019 WL 6344470, at *3 (that mean time to trial was 174 days longer in proposed transferee forum weighed against transfer).

B. The Local Interest in Local Disputes Weighs Against Transfer or Is Neutral

Defendants contend that the Northern District of California has the stronger localized interest in these cases because of Intertrust's presence there. Mot. at 13. But they ignore that this District has a strong local interest in adjudicating allegations of infringement against a corporation headquartered within its boundaries. *See, e.g., Custom Seal, Inc. v. Duro-Last Roofing, Inc.*, No. 6:11-CV-122, 2012 WL 12930886, at *10 (E.D. Tex., Sept. 20, 2012) (*cited in* Mot. at 13) (venue had "significant localized interest in the action" where defendant and its employee witnesses were located there); *VirtualAgility*, 2014 WL 459719, at *6 (districts where defendants were headquartered had interest in dispute). This factor weighs against transfer or, at most, is neutral.¹¹

C. The First-to-File Rule Does Not Apply and Thus Does Not Favor Transfer

Finally, Defendants contend these cases should be transferred because they are "duplicative" of the earlier-filed *Dolby* action and "the public interest underlying the first-to-file rule favors transfer." Mot. at 13. The first-to-file rule, which applies only if "the two pending

¹¹ Defendants also contend that the Northern District of California has an interest in this action because "Dolby . . . is a long time resident" and because "[t]he accused DCI products are sold and marketed throughout the United States from California." Mot. at 13. But "the presence of non-parties in a transferee district is not properly considered under this factor." *AGIS Software Dev.*, 2018 WL 2329752, at *9. Moreover, Intertrust's allegations are directed to Defendants' use of systems comprising components made and sold by manufacturers around the world. *See, e.g.*, Mot. at 4 & Ex. M (identifying suppliers in Belgium, Southern California, and Canada). Although Defendants submitted a record listing an executive office for supplier Barco in San Francisco, it refers to a real estate business. The relevant Barco entity is headquartered in Belgium. Ex. 55.

actions [are] so duplicative or involve substantially similar issues that one court should decide the subject matter of both actions," *Texas Instruments Inc. v. Micron Semiconductor, Inc.*, 815 F. Supp. 994, 997 (E.D. Tex. 1993), does not apply here. These cases and the *Dolby* case do not involve substantial similarity;¹² neither the parties nor the alleged infringement is the same. Intertrust did not "simply . . . accus[e] additional parties," Mot. at 14, but rather named completely different defendants; there is *no* overlap among them. There is no privity between Dolby and Defendants. The *only* relationship between Dolby and the Defendants is that Dolby (like other suppliers) has sold Defendants some unknown percentage of IMBs used in some of their accused systems.¹³ Defendants are accused of infringing mainly method claims by their configuration, installation, use, and maintenance of complex digital cinema systems comprising components sourced from multiple suppliers to exhibit movies and other digital content; Dolby's declaratory judgment action addresses Dolby's liability for making and selling specific components used in only some of Defendants' systems. Intertrust did not simply add a few asserted patent claims to make the scope of this case broader, *cf. Micron Tech., Inc. v. Mosaid Techs., Inc.*, 518 F.3d 897, 903 (Fed. Cir. 2008) (noting possibility of "artificially broader" later-filed suit); it is accusing fundamentally different activity and seeking damages on entirely different revenues. Were the limited similarity in this case sufficient to invoke the first-to-file rule, one eager declaratory judgment plaintiff could dictate the venue for a patentee's entire enforcement campaign, which cannot be the law.

Nor do the principles behind the customer suit exception apply to favor transfer, as Defendants alternatively argue. Mot. at 15. Courts routinely decline to apply the customer suit

¹² Contrary to Defendants' claim, Judge Chen has *not* "recogniz[ed] the substantial similarity between the *Dolby* Action and these subsequent cases." Mot. at 1. Judge Chen acknowledged only that the same patents are asserted in the *Dolby* case and these cases. Ex. B at 6-7.

¹³ Dolby has alleged that Defendants have sought indemnity but has not conceded any indemnification obligation exists. *See* Ex. 45 at ¶ 28.

exception where, as here, the issue of infringement is not entirely common to the manufacturer and customer, *i.e.*, where the determination regarding induced or contributory infringement by the manufacturer does not conclusively resolve the customer's liability, and the customer is not a "mere reseller." *See, e.g., Kahn v. Gen. Motors Corp.*, 889 F.2d 1078, 1081 (Fed. Cir. 1989) ("[I]n those cases in which a customer suit exception has been held to favor the forum of the [manufacturer] action, [that] action would resolve all charges against the customers in the [customer] suit, including liability for damages."); *Erfindergemeinschaft Uropep GbR v. Eli Lilly & Co.*, No. 2:15-CV-1202-WCB, 2016 WL 1643315, at *3 (E.D. Tex. Apr. 26, 2016). A Dolby IMB is not essential to Defendants' infringement; there is no dispute that Defendants have incorporated other IMBs into some of their digital cinema systems. Moreover, as noted above, Intertrust alleges that numerous limitations of the asserted claims in this case can be met by components *other than* the IMB; the *Dolby* action will shed no light on whether those limitations can be met by these other components. The customer-suit exception does not support transfer.¹⁴

CONCLUSION

Three private interest factors (relative ease of access to sources of proof; availability of compulsory process; and convenience and cost for willing witnesses) weigh against transfer and a fourth (other practical factors) is neutral. At least one public interest factor (court congestion) weighs against transfer and the remaining factors are neutral or weigh against transfer. Taken together, "[t]he balance of the private and public factors demonstrate that Defendants have fallen short of establishing that the Northern District of California is 'a clearly more convenient forum.' Defendants having failed to do so, Plaintiff's choice of venue must remain undisturbed," *VirtualAgility*, 2014 WL 459719, at *6, and Defendants' motion should be denied.

¹⁴ Intertrust agrees that familiarity with the law and avoidance of conflicts of law are neutral as between the two districts, Mot. at § IV.C.3, and therefore do not support transfer.

DATED: January 6, 2020

/s/ Harold A. Barza /permission Claire Abernathy Henry

Harold A. Barza

California State Bar No. 80888

E-mail: halbarza@quinnemanuel.com

Tigran Guledjian

California State Bar No. 207613

E-mail: tigranguledjian@quinnemanuel.com

Valerie Roddy

California State Bar No. 235163

E-mail: valerieroddy@quinnemanuel.com

Bruce R. Zisser

California State Bar No. 180607

E-mail: brucezisser@quinnemanuel.com

Jordan B. Kaericher

California State Bar No. 265953

E-mail: jordankaericher@quinnemanuel.com

**QUINN EMANUEL URQUHART &
SULLIVAN, LLP**

865 S. Figueroa St., 10th Floor

Los Angeles, CA 90017

Phone: (213) 443-3000

Fax: (213) 443-3100

Of Counsel:

T. John Ward, Jr.

Texas State Bar No. 00794818

E-mail: jw@wsfirm.com

Claire Abernathy Henry

Texas State Bar No. 24053063

E-mail: claire@wsfirm.com

Andrea L. Fair

State Bar No. 24078488

Email: andrea@wsfirm.com

WARD, SMITH & HILL, PLLC

PO Box 1231

Longview, Texas 75606-1231

(903) 757-6400 (telephone)

(903) 757-2323 (facsimile)

Counsel for Plaintiff Intertrust Technologies Corporation

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing document was filed electronically in compliance with Local Rule CV-5(a). Therefore, this document was served on all counsel who are deemed to have consented to electronic service on January 6, 2020.

/s/ Claire Abernathy Henry
Claire Abernathy Henry