IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF TEXAS
AUSTIN DIVISION

VLSI TECHNOLOGY LLC,

Plaintiff,

v.

INTEL CORPORATION,

Defendant.

Lead Case: 1:19-cv-977-ADA

(*Consolidated for pretrial purposes only with* Nos. 6:19-cv-254-ADA, 6:19-cv-255-ADA, 6:19-cv-256-ADA)

DEFENDANT INTEL CORPORATION'S RESPONSE TO PLAINTIFF VLSI TECHNOLOGY LLC'S OPPOSED MOTION TO TRANSFER REMAINING CASES BACK TO WACO PURSUANT TO 28 U.S.C. § 1404(a)

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I. INTRODUCTION

Relying on the Court's December 2020 order retransferring VLSI's first-filed case to Waco, VLSI now argues that its second- and third-filed cases are also the extremely rare and "exceptional" cases in which retransfer is warranted under *In re Cragar Industries, Inc.*, 706 F.2d 503 (5th Cir. 1983). They are not. Retransfer is not permitted under *Cragar* because there is no impelling circumstance that requires such transfer. Even if the Austin courthouse will be closed in April, any delay would be short, as the severity of the COVID-19 pandemic is declining and vaccinations should be available to all adults in the U.S. by the end of May. And, as explained below, five of the eight § 1404(a) factors favor Austin and none favors Waco. Moreover, trying a patent case in Waco in April—just a little over a month after the enormous verdict in the first case—would be especially prejudicial to Intel. Due to the publicity in Waco surrounding the first trial and verdict, Intel is unlikely to get a fair trial in Waco so soon after the first verdict. For all of these reasons, VLSI cannot show that Waco is now "clearly more convenient" than Austin for the second and third cases, and neither the April trial nor the June trial should be retransferred.[1]

At the very least, the Court should consider VLSI's motion as to each of the two cases separately and defer ruling on each until it is known whether the Austin courthouse will remain closed in April and June, respectively.

II. BACKGROUND

On April 11, 2019, VLSI filed three patent infringement suits in the Waco Division. The Court consolidated the actions for pre-trial purposes and, on October 7, 2019, granted Intel's motion for intra-district transfer to the Austin Division under 28 U.S.C. § 1404(a), finding that Austin was "clearly more convenient" than Waco because Austin has several connections to

[1] Intel incorporates by reference its previous briefing on these issues. *See* Dkts. 281, 403.

VLSI's three cases and thus has a strong localized interest in deciding them. Dkt. 69; Dkt. 78 at 10. The Court noted in particular that the "convenience to the witnesses" factor "weighs strongly in favor of transfer" because seventeen of the eighteen living inventors, as well as the NXP witnesses, reside in Austin while none resides in Waco. Dkt. 78 at 7-8.

Following the Austin courthouse's temporary closure due to COVID-19 and the Court's retransfer of the first case to Waco for trial, the Federal Circuit explained that a retransfer analysis must be "based on the traditional factors bearing on a § 1404(a) analysis" and must show "that 'unanticipated post-transfer events frustrated the original purpose for transfer' of the case from Waco to Austin" under binding Fifth Circuit law. *In re Intel Corp.*, 2020 WL 7647543, at *3 (Fed. Cir. Dec. 23, 2020) (quoting *In re Cragar Indus., Inc.*, 706 F.2d 503, 505 (5th Cir. 1983)). The Federal Circuit instructed that "[s]uch analysis should take into account the reasons of convenience that caused the earlier transfer to the Austin division." *Id.*

On December 31, 2020, the Court again retransferred the first case to Waco. Dkt. 408. In so ruling, the Court reaffirmed that Austin's localized interest in deciding the case continues to weigh in favor of Austin as a venue for trial (and thus against retransfer). *Id.* at 10. But the Court found that the "convenience to the witnesses" factor was neutral because few of the non-party witnesses were from Austin. *Id.* at 7. Following its retransfer order, the Court deconsolidated the first case from the others and held trial in that case in Waco in February/March 2021. 01/05/2021 Clerk Note; 01/21/2021 Clerk Note.

Meanwhile, VLSI's second- and third-filed cases are currently pending in Austin and are scheduled for trial on April 12, 2021, and June 7, 2021, respectively. Dkt. 427. And, although the Austin courthouse currently remains closed through the end of March 2021, the senior-most judges in the Austin Division have not yet indicated publicly whether the courthouse will reopen

for April, May, or June trials. *See* Thirteenth Supp. Order Regarding Court Operations Under the Exigent Circumstances Created by the COVID-19 Pandemic (Feb. 2, 2021). Indeed, there appear to be other trials scheduled to take place in Austin in April. *See, e.g.*, *Fedesna v. Canada Life Assurance Co.*, No. 18-cv-00546 (W.D. Tex.); *Ryan Law Firm, LLP v. New York Marine & Gen. Ins. Co*., No. 19-cv-00629 (W.D. Tex.); *TPI Cloud Hosting, Inc. v. Keller Williams Realty, Inc.*, No. 19-cv-00808 (W.D. Tex.); *Rost v. United States*, No. 19-cv-00607 (W.D. Tex.).

III. ARGUMENT

Under Fifth Circuit law, this Court's October 2019 order transferring the case from Waco to Austin should be treated as "the law of the case[.]" *Cragar*, 706 F.2d at 505. Once a transfer is ordered, a court "should not retransfer 'except under the most impelling and unusual circumstances.'" *Id.* More specifically, retransfer is appropriate only when "unanticipatable post-transfer events frustrate the original purpose for transfer[.]" *Id.* Even where *Cragar* is satisfied, retransfer must also promote the private and public interest factors under § 1404(a). *See JTH Tax, Inc. v. Mahmood*, 2010 WL 2175843, at *2 (N.D. Miss. May 27, 2010).

Here, retransfer from Austin to Waco is not appropriate under either *Cragar* or § 1404(a), and this Court should reject VLSI's arguments to the contrary.

A. Retransfer From Austin To Waco Is Impermissible Under *Cragar*.

1. Unanticipatable post-transfer events have not frustrated the original purpose of transferring these cases to Austin.

While the Austin courthouse's temporary closure due to COVID-19 was unanticipatable, it did not frustrate the underlying purpose of this Court's original transfer order because that transfer order was not based on time-to-trial considerations. Instead, this Court's original transfer order was based on the fact that Austin's strong nexus to the case made the "relative ease of access to sources of proof," the "cost of attendance," and the "localized interests" all favor

Austin over Waco. Dkt. 78 at 5-10. This Court found that each of those factors favored Austin over Waco because "Intel has a campus in Austin, but not in Waco," "Intel employs a significant number of people working in Austin," most of the named inventors "reside in Austin while none reside in Waco," and "most of the patents were invented in Austin, by inventors residing in Austin, while working at companies (Freescale and Sigmatel, now NXP) in Austin." *Id.* None of these factors or the key facts underlying them has been affected by the Austin courthouse's temporary closure, and VLSI does not argue otherwise.

2. This Court should reject VLSI's arguments regarding *Cragar*.

Rather than addressing the *Cragar* standard head-on, VLSI continues to argue that it does not apply. Mot. at 5. But the Federal Circuit already stated that *Cragar* ***does*** apply and that retransfer is appropriate only if "'unanticipated post-transfer events frustrated the original purpose for transfer' of the case from Waco to Austin." *Intel*, 2020 WL 7647543, at *3 (quoting *Cragar*, 706 F.2d at 505). VLSI does not attempt to satisfy this standard. *See* Mot. at 5-6. Instead, it argues that the original transfer to Austin will substantially delay the trial date in these cases because the "Austin courthouse [is] closed indefinitely." *Id.* at 5. But this Court did ***not*** rely on any time-to-trial considerations in ordering transfer to Austin, *see* Dkt. 78, and VLSI cites nothing indicating otherwise. Accordingly, a brief delay in the trial date—which for the second and third cases is likely to be only a couple of months at most—will not frustrate the purpose of transferring these cases to Austin in the first place. *See supra* pp. 3-4.[2]

VLSI also once again attempts to distinguish *Cragar* on its facts and asserts that "the concerns discussed in *Cragar* … do not apply here." Mot. at 5. But VLSI cannot evade

[2] While VLSI asserts that Intel "argued that transferring the case to Austin would expedite its resolution," Mot. at 5, this Court did not adopt any such reasoning, *see* Dkt. 78 at 9. Moreover, VLSI mischaracterizes Intel's arguments, which were simply that because Austin is a more convenient forum, transfer could expedite aspects of the case, and that at the time of briefing there was "no reason to believe" trial would proceed more quickly in Waco. Dkt. 56 at 9.

Cragar's reach by identifying minor factual differences between *Cragar* and these cases. *Ariosa Diagnostics, Inc. v. Sequenom, Inc.*, 809 F.3d 1282, 1288 (Fed. Cir. 2015) (Dyk, J., concurring) (courts may not "confine [controlling precedent] to its facts or otherwise cabin a clear statement" from an appellate court). In any event, VLSI's alleged factual distinctions between *Cragar* and these cases—for example, that "Intel, not VLSI, moved … to transfer [the case] to Austin," and that "this Court … is not being asked to transfer [the cases] to another judge"—simply have no bearing on the substantive analysis. Mot. at 5.

B. The Private And Public Interest Factors Do Not Support Retransfer Under § 1404(a).

Even were VLSI able to meet the *Cragar* standard, retransfer from Austin to Waco would still not be appropriate under § 1404(a). This Court found in its October 2019 transfer order that Austin is "clearly more convenient" than Waco under § 1404(a) because Austin, unlike Waco, has substantial connections to these cases and a strong localized interest in deciding them. Dkt. 78 at 5-10. This determination was correct at the time and remains so today. VLSI's arguments to the contrary should be rejected because they improperly elevate time-to-trial considerations while ignoring critical facts that distinguish these cases from the first case.

First, the Court found in October 2019 that Austin "has a greater localized interest" than Waco, and that remains equally true today. *See* Dkt. 78 at 9-10. It reaffirmed that finding in December 2020. *See* Dkt. 408 at 10. And, as VLSI acknowledges, the facts relating to localized interest "have not changed materially" since those rulings and "supports keeping the trial[s] in Austin." Mot. at 8. Indeed, Intel still has a campus in Austin, the patents-in-suit still originated in Austin at companies based in Austin, nearly all the named inventors still reside in Austin, and Austin still has a localized interest in deciding these cases. *See* Dkt. 78 at 2-3, 9-10. By contrast, Waco has no local interest in the case. *See id.*

Second, consistent with the Court's October 2019 determination, the "cost of attendance" factor strongly favors Austin. *See* Dkt. 78 at 7-9. VLSI refers to the Court's "extensive findings concerning this factor" in its December 2020 ruling, Mot. at 6, but those findings were based on different facts. In that case, only one Austin-based witness (Mr. Bearden) was ultimately called at trial. In these cases, the parties' witness lists identify many more Austin witnesses who may testify, and ***no*** Waco witnesses are expected to do so. In the second case alone, the parties either expect to call or may call ***five*** trial witnesses who live in the Austin area, including two patent inventors (Michael May and Marcus May); VLSI's CTO (Ms. Simpson); and two employees of third-party NXP (Messrs. Chastain and Klein), the company from which the patents originated. And in the third case, the parties will or may call ***seven*** Austin-based witnesses, including four inventors (Messrs. Ehlrich, Gunderson, and Shaw and Ms. Lowe); VLSI's Ms. Simpson; and NXP's Messrs. Chastain and Klein. VLSI ignores the witnesses' substantial ties to Austin.

Instead, VLSI contends that they do not matter because any non-party Austin witness who cannot travel to Waco for trial may testify remotely. Mot. at 7. But that is no substitute for in-person testimony, as this Court itself recognized. Dkt. 352 at 5 n.11 ("[T]he Court does not believe that it is fair and/or appropriate to hold a virtual jury trial."); *see also Solas OLED Ltd. v. Samsung Display Co.*, No. 2:19-cv-00152, Dkt. 302 at 3 n.4 (E.D. Tex. Nov. 20, 2020) (Judge Gilstrap order explaining that "the remote, sterile, and disjointed reality of virtual proceedings cannot at present replicate the totality of human experience embodied in and required by our Sixth and Seventh Amendments"). Nor does VLSI's strategic offer to pay for certain witnesses' travel in an effort to support retransfer, Mot. at 7, alleviate the inconvenience of Waco relative to Austin. Further, VLSI fails to account for out-of-state witnesses, whose convenience is much better served by traveling to Austin for trial rather than to Waco ***by way of*** Austin (or Dallas).

VLSI's remaining arguments on this score are likewise unavailing. VLSI cites this Court's statement that Austin hotel costs are generally more than Waco hotel costs. *Id.* at 6-7 (citing Dkt. 78 at 8). But this Court also found that "from a traffic point-of-view, Austin is more convenient," including because the federal courthouse is less than 30 minutes from Austin-Bergstrom International Airport. Dkt. 78 at 8. VLSI also asserts that the parties and Court "have invested significant resources in developing and implementing additional COVID-19 safety protocols" in Waco, and that "[m]uch of that investment would be lost" if the second and third cases remain in Austin. Mot. at 7, 8. This is incorrect. Those costs—e.g., paying to erect plexiglass around the witness stand—are negligible and borne by both parties, and VLSI articulates no reason why the very same protocols cannot be implemented in Austin with minimal additional cost. Indeed, the majority of the COVID-19 protocols (masking, social distancing, air filters, and testing) can be implemented in either courthouse.

Third, the "relative ease of access to sources of proof" factor continues to favor Austin. As the Court found in October 2019, "given that Intel has a campus in Austin, but not in Waco, it is easier to access Intel's electronic documents from Austin than from Waco." Dkt. 78 at 5. And documents from third parties (including NXP) "are relatively more accessible from Austin than Waco." *Id.* Intel acknowledges that document discovery has concluded, but this factor applies to any document disputes that may arise before, during, or after trial. The Court discounted this factor in its December 2020 retransfer order because "no Intel employee from Austin[] … is expected to be a witness in the upcoming trial." Dkt. 408 at 7. That may have been true for the first case, but now two of the named inventors in the third case (Ms. Lowe and Mr. Ehrlich) are Intel employees based in Austin. Thus, this factor favors Austin over Waco.

Fourth, the factors concerning "all other practical problems that make trial of a case easy,

expeditious and inexpensive" and "administrative difficulties flowing from court congestion" are neutral or favor keeping the case in Austin. *See* Dkt. 78 at 9-10. While VLSI contends that these factors favor retransfer because "the Austin courthouse remains closed indefinitely," the Austin courthouse is currently closed only through March 2021, as VLSI itself concedes. Mot. at 7-8. Thus, there is no basis to assume that the courthouse will be closed in April when the second case is scheduled for trial. There is even less basis to assume that the Austin courthouse will be closed three months from now, in June—especially now that COVID-19 infection rates have subsided in Austin, vaccination efforts are well under way, and it is expected that every U.S. adult will be able to receive a vaccine by the end of May.[3] At the very least, any delay in the Austin courthouse reopening will necessarily be shorter in duration than when the Court addressed this issue back in December 2020.[4]

VLSI's arguments are also improperly based solely on time-to-trial considerations. The Federal Circuit has made clear that the "perceived ability to more quickly schedule a trial" in one forum over another cannot receive undue weight. *In re Adobe Inc.*, 823 F. App'x 929, 932 (Fed. Cir. 2020); *In re Apple Inc.*, 979 F.3d 1332, 1344 & n.5 (Fed. Cir. 2020).

VLSI cannot claim any prejudice from a brief delay because it can be fully compensated by money damages (if infringement is found) regardless of when trial occurs. By contrast, Intel would be unfairly prejudiced if this Court retransferred the case back to Waco because Intel has relied on the Court's original transfer ruling in preparing its case for trial in Austin. *See Odem v.*

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[3] Liptak, Zeleny, & Harwood, *Biden Now Says US Will Have Enough Vaccine for Every Adult by the End of May*, CNN, Mar. 2, 2021, https://www.cnn.com/2021/03/02/politics/biden-merck-johnson--johnson-vaccine/index.html (visited Mar. 4, 2021).

[4] VLSI claims it will lose certain "nonrefundable economic investment" if the trial does not go forward in Waco. Mot. at 3. VLSI does not explain how transferring to Waco could save "nonrefundable economic investment" when the trial is currently scheduled for Austin. In any event, any amounts VLSI claims will be lost would be insignificant to VLSI, NXP, and Fortress.

Centex Homes, Inc., 2010 WL 2382305, at *2 (N.D. Tex. May 19, 2010) (refusing to retransfer and finding that the defendant "would be prejudiced by retransfer at this late stage of the proceedings"), *adopted*, 2010 WL 2367332 (N.D. Tex. June 8, 2010).

Indeed, Intel would be especially prejudiced if this case were transferred to Waco for a trial in April—just a little over a month after the enormous verdict in the first case—because of the publicity in Waco surrounding the first trial and verdict.[5] It is well established that "[t]here is a constitutional right to a fair trial in a civil case." *Latiolais v. Whitley*, 93 F.3d 205, 207 (5th Cir. 1996). In light of the large verdict in the first case—which was widely reported in the Waco area—Intel is unlikely to get a fair trial in Waco at another trial following so soon after the first trial. *See Haase v. Gilboy*, 246 F. Supp. 594, 595-596 (E.D. Wis. 1965) (finding that totality of the circumstances, including "unfavorable publicity … render the Northern District of Illinois a more appropriate forum").

Finally, even if it were appropriate to give significant weight to time-to-trial considerations in a § 1404(a) analysis, those considerations cannot outweigh the other factors that favor Austin over Waco. *See supra* pp. 5-9. Nor can they outweigh the public interest in trying the case in the safer forum: Austin. Even though COVID-19 infection rates are dropping in both jurisdictions, COVID-19 risks are still worse in Waco than in Austin.[6] It would

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[5] *See, e.g.*, Witherspoon, *Waco Jury: Intel Must Pay $2 Billion for Patent Infringement*, Waco Tribune-Herald, Mar. 2, 2021, https://wacotrib.com/news/local/waco-jury-intel-must-pay-2-billion-for-patent-infringement/article_be0fe13a-7b76-11eb-8208-af99881d1ff6.html (visited Mar. 4, 2021) (appearing as a top front-page headline the morning after the verdict); Gately, *Local Jury Awards $2.175 Billion in Patent Infringement Suit*, KWTX, Mar. 2, 2021, https://www.kwtx.com/2021/03/02/local-jury-awards-2175-billion-in-patent-infringement-suit/ (visited Mar. 4, 2021).

[6] *See Waco-McLennan County COVID-19 Statistics*, http://covidwaco.com/county (visited Mar. 4, 2021); *Texas COVID-19 Data, New Confirmed Cases over Time by County*, https://dshs.texas.gov/coronavirus/additionaldata.aspx (visited Mar. 4, 2021); *Texas COVID-19 Data, Estimated Active Cases over Time by County*, https://dshs.texas.gov/coronavirus/

contravene the public interest to have Waco jurors decide a case that this Court previously—and correctly—found implicates Austin issues. It would be particularly detrimental to the public interest to require Waco jurors to risk their health and safety in order to do so during a public health crisis. *See In re Volkswagen AG*, 371 F.3d 201, 206 (5th Cir. 2004) ("[J]ury duty is a burden that ought not to be imposed upon the people of a community which has no relation to the litigation."); *cf. Asbury v. Germania Bank*, 752 F. Supp. 503, 505 (D.D.C. 1990) (retaining in D.C. case involving "Illinois parties, Illinois witnesses, Illinois facts, and Illinois law … borders on a violation of due process"). This is especially true where nothing in these cases is so time-sensitive as to require an earlier trial in Waco than in the proper forum when the Austin courthouse reopens.

VLSI concedes that the remaining § 1404(a) factors are neutral. Mot. at 6, 9. Thus, in total, five of the eight § 1404(a) factors favor Austin and none favors Waco. Moreover, the publicity in Waco surrounding the first trial and verdict makes it unlikely that Intel can receive a fair trial in Waco so soon after the first trial. For all these reasons, VLSI cannot show that Waco is a "clearly more convenient forum" than Austin for the second and third cases.

IV. CONCLUSION

The Court should deny VLSI's motion to retransfer these cases from Austin to Waco.

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Dated: March 5, 2021

Respectfully submitted,

/s/ J. Stephen Ravel

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CERTIFICATE OF SERVICE

I hereby certify that all counsel of record who are deemed to have consented to electronic service are being served with a copy of the foregoing document via the Court's CM/ECF system on March 5, 2021.

/s/ J. Stephen Ravel
J. Stephen Ravel