

After TikTok, Tiptoeing Toward Patent Transfer Alignment

By **Charles Fowler** (February 27, 2024, 4:04 PM EST)

On Oct. 31, 2023, the U.S. Court of Appeals for the Fifth Circuit decided *In re: TikTok Inc.*, promising to clarify the law governing convenience transfers under Title 28 of the U.S. Code, Section 1404(a) in patent cases.[1]

The U.S. Court of Appeals for the Federal Circuit and Texas district courts have now had some chances to apply TikTok. These early decisions help forecast the direction of transfer law in Texas patent cases.

As the U.S. District Court for the Eastern District of Texas retakes the lead for the most new patent cases and the U.S. District Court for the Western District of Texas holds onto second place, the direction of transfer law in Texas patent cases prevails as an important topic

So far, TikTok has caused no sea change in transfer decisions but appears to signal small steps towards aligning the transfer analysis with the practical realities of patent litigation.

Background: Apparent Tensions in Patent Transfer Law

The Federal Circuit hears mandamus petitions in patent cases, including petitions challenging venue-transfer rulings under Title 28 of the U.S. Code, Section 1404(a).

The Federal Circuit applies regional circuit law to venue. So it applies Fifth Circuit venue law to the many patent cases filed in Texas, mostly in the Eastern and Western Districts, which defendants often try to move to the Northern District of California — among other destinations.

Given this robust source of Section 1404(a) motions, the Federal Circuit applies the Fifth Circuit's Section 1404(a) precedents more often than does the Fifth Circuit.

Apparent tensions emerged between the Fifth and Federal Circuits over how the Fifth Circuit's Section 1404(a) law works. In October 2022, the Western District of Texas listed some of these tensions in *Motion Offense LLC v. Google LLC* and observed that they may be outcome-determinative.[2]

Among these, the Fifth Circuit has:

- Applied a 100-mile rule increasing the weight of witness convenience in direct proportion to extra travel distance, while the Federal Circuit has given this factor less weight when a witness



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would have a long trip to either venue — even if the trip to one would be longer than the other;[3]

- Given electronic evidence less weight in assessing access to proof, while the Federal Circuit has at times focused on the locations of document custodians, declining to find electronic evidence equally accessible from both venues;[4]
- Treated witnesses as unwilling, and thus needing compulsory process, only if the record shows they are unwilling, while the Federal Circuit has presumed that nonparties are unwilling;[5]
- Required the movant to prove that evidence is more easily accessible in the transferee district, while the Federal Circuit has at times presumed that most evidence comes from the alleged infringer — typically in the transferee district;[6] and
- Called efficiencies from co-pending cases a "paramount consideration," while the Federal Circuit has called that concern overstated.[7]

TikTok: A Chance for the Fifth Circuit to Weigh In

Since the Federal Circuit reviews transfer decisions in all patent cases, the Fifth Circuit has seldom if ever addressed the common patent fact pattern of a tech defendant seeking transfer to the Northern District of California, where its headquarters are located.

Rather, leading Fifth Circuit transfer precedents have addressed a qui tam case against a healthcare provider,[8] a constitutional challenge to restraints on publishing plans for 3D printing firearms,[9] and a product-liability case against an automaker.[10] Those precedents may provide little guidance on the features unique to patent cases.

The TikTok case let the Fifth Circuit issue a precedential transfer opinion in a nonpatent case with many features of a patent case. Meishe, a Chinese company, sued TikTok, a large Chinese company that operates the popular video-sharing app, in the Western District of Texas for misappropriating intellectual property — including copyrights and trade secrets.[11]

TikTok sought transfer to the Northern District of California, where it has its U.S. headquarters and most of its employees with access to relevant source code.[12] TikTok denied that any relevant events occurred in the Western District of Texas or that it had employees or offices there with access to relevant evidence.[13]

In granting TikTok's mandamus petition and transferring the case to California, the Fifth Circuit recognized that the Federal Circuit reviews many transfer decisions in Texas patent cases "with little guidance from this court." [14] And the Fifth Circuit found that the Federal Circuit had recently "reached conflicting decisions" in patent cases from Texas district courts.[15]

The court believed that its opinion would "improve consistency of outcomes by further instructing when transfer is — or, for that matter, is not — warranted in response to a [Section] 1404(a) motion." [16]

TikTok's Early Impact

Did the Fifth Circuit achieve the improved consistency it sought? Did it eliminate some of the apparent tensions that emerged in how the Fifth and Federal Circuits apply Fifth Circuit transfer law? Some post-

TikTok decisions of the Federal Circuit and Texas district courts offer early clues about the direction of transfer law in Texas patent cases.

To start, the raw numbers say little about overall propensity to grant or deny transfer. On the one hand, three of the four reported Texas district-court decisions citing TikTok denied transfer — or, in one case, denied reconsideration of a denial.[17]

On the other hand, all three Federal Circuit decisions citing TikTok resulted in transfer.[18] Given the transfer analysis's fact-intensive nature, the sample size remains too small to draw conclusions on whether TikTok makes transfer more or less likely.

As to some of the perceived tensions listed above, first, TikTok may have led to more literal application of the Fifth Circuit's 100-mile rule. TikTok held that inconvenience to party witnesses in China favored transfer because the Northern District of California is closer to China than the Western District of Texas.[19]

It thus appears to have displaced the Federal Circuit's less rigid rule discounting travel distance for witnesses with a long trip to either venue.

The Western District of Texas, in its Nov. 6, 2023, *Trackthings LLC v. Amazon.com Inc.* decision, suggested that it remains "unclear when the 100-mile rule applies" given the tension between the Fifth and Federal Circuits.[20]

But the Eastern District of Texas, in the Dec. 23, 2023, *Athalonz LLC v. Under Armour Inc.* decision, strictly applied the 100-mile rule, carefully comparing witnesses' exact travel distances to each venue even though either venue would require substantial travel.[21]

Second, TikTok may have led to a more practical treatment of electronic evidence, recognizing that it is often accessible from many locations and so giving its physical location less weight. TikTok held that access to proof deserves less weight when "the vast majority of the evidence is electronic, and therefore equally accessible in either forum." [22] District courts have generally followed suit.[23]

But both the Federal Circuit and the Western District of Texas have recognized a caveat suggested by TikTok itself: the "location" of electronic records may matter when security restrictions allegedly bar access by employees in some locations but not others.[24]

We don't know yet if this caveat will swallow the rule for electronic records if defendants can assert — and plaintiffs cannot meaningfully challenge at the venue stage — that only some employees can access key data. This caveat could also push tech defendants to adopt more restrictive security clearances.

Some perceived tensions and open questions remain post-TikTok. For instance, TikTok repeated the Fifth Circuit's holding that compulsory process matters less when the parties do not show that witnesses are unwilling.[25] But in the Jan. 5 *Webroot Inc. v. Kaspersky Lab* decision, U.S. Magistrate Judge Derek T. Gilliland at the Western District of Texas still drew the Federal Circuit's presumption that nonparties are unwilling.[26]

Similarly, some courts have kept applying the Federal Circuit's bar on considering time-to-trial differences when the parties do not compete.[27] The Fifth Circuit has not referenced that bar. In TikTok, the court emphasized "docket efficiency" and the district court's ability to assess it, suggesting

an inquiry that should depend little if any on the parties' relationship.[28]

But since Meishe offers video-processing products in at least the same general field as TikTok's app, the court arguably did not need to address noncompetitors in TikTok.

Conclusion

The Section 1404(a) transfer analysis sometimes seems to pile on layers of artificiality. Courts may seem to weigh arbitrarily selected witnesses and proof bearing little relationship to the parties' eventual trial presentation.

They may seem to ignore the realities of seamless worldwide remote communication and data access. It may be hard to square a holding that one venue would be clearly more convenient than another with the fact that parties carry on most day-to-day litigation with little regard to the courthouse's physical location.

TikTok may produce small steps towards aligning the transfer analysis with the practical realities of patent litigation. So far it appears to have encouraged comparing actual travel distances for likely witnesses, and meaningfully considering whether employees in the competing venues have equal access to electronic records.

TikTok has not changed — but if anything has reinforced — the transfer analysis's intensely factual focus. The best advocacy still requires a particularized evidentiary showing, and the most secure transfer orders still turn on the district court's underlying fact-findings about relevant people and records.[29]

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[1] In re TikTok, Inc., 85 F.4th 352, 358 (5th Cir. 2023).

[2] Motion Offense, LLC v. Google LLC, No. 6:21-CV-00514-ADA, 2022 WL 5027730 (W.D. Tex. Oct. 4, 2022).

[3] Id. at *8 — 9.

[4] Id. at *6 — 7.

[5] Id. at *4 — 5.

[6] Id. at *6.

[7] Id. at *9 — 10.

[8] In re Planned Parenthood Fed'n of Am., Inc., 52 F.4th 625, 631 (5th Cir. 2022).

[9] Def. Distributed v. Bruck, 30 F.4th 414, 434 (5th Cir. 2022).

[10] In re Volkswagen of Am., Inc., 545 F.3d 304, 309 (5th Cir. 2008) (en banc).

[11] TikTok, 85 F.4th at 356 — 57.

[12] Id. at 357.

[13] Id.

[14] Id. at 367.

[15] Id.

[16] Id. (quotation marks omitted).

[17] Webroot, Inc. v. AO Kaspersky Lab, No. W22CV00239ADADTG, 2024 WL 171705 (W.D. Tex. Jan. 16, 2024) (denying reconsideration of a transfer denial); Athalonz LLC v. Under Armour, Inc., No. 2:23-CV-00193-JRG, 2023 WL 8809293 (E.D. Tex. Dec. 20, 2023) (denying transfer); Mobile Data Techs. LLC v. Meta Platforms, Inc., No. 722CV00244ADADTG, 2023 WL 9051280 (W.D. Tex. Dec. 18, 2023) (granting transfer); TrackThings LLC v. Amazon.com Servs. LLC, No. W-23-CV-00133-ADA, 2023 WL 7930080 (W.D. Tex. Nov. 16, 2023) (denying transfer).

[18] In re Honeywell Int'l Inc., No. 2023-152, 2024 WL 302397, at *2 (Fed. Cir. Jan. 26, 2024) (granting mandamus and ordering transfer); In re Samsung Elecs. Co., Ltd., No. 2023-146, 2023 WL 8642711, at *3 (Fed. Cir. Dec. 14, 2023) (same); In re DoDots Licensing Sols. LLC, No. 2024-100, 2023 WL 8642716, at *2 (Fed. Cir. Dec. 14, 2023) (denying mandamus and upholding order granting transfer).

[19] 85 F.4th at 361 — 62.

[20] TrackThings, 2023 WL 7930080, at *4.

[21] Athalonz, 2023 WL 8809293, at *8.

[22] 85 F.4th at 358 (brackets omitted).

[23] Webroot, 2024 WL 171705, at *2, *13; Athalonz, 2023 WL 8809293, at *8; TrackThings, 2023 WL 7930080, at *7 — 8.

[24] TikTok, 85 F.4th at 359 (holding that access to source code mattered when TikTok had "placed it behind a security clearance," and the record showed that only employees in China and California had access); see DoDots, 2023 WL 8642716, at *2 (accepting Apple's argument that "only Apple employees in NDCA are credentialed to access [certain] information"); Mobile Data, 2023 WL 9051280, at *2 (accepting Meta's argument that only its "Source Control team" outside Texas could collect source code).

[25] 85 F.4th at 360.

[26] Webroot, 2024 WL 171705, at *5.

[27] Samsung, 2023 WL 8642711, at *3; Mobile Data, 2023 WL 9051280, at *3.

[28] 85 F.4th at 363.

[29] See, e.g., DoDots, 2023 WL 8642716, at *1 ("The district court's determination that the willing witness factor weighed in favor of transfer, based on its evaluation of the specific record in this case regarding which individuals have relevant and material information, was not error, let alone, a clear abuse of discretion.").