

Offensive Venue: The Curious Use of Declaratory Judgment to Forum Shop in Patent Litigation

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ABSTRACT

Forum shopping is widespread in patent litigation because there are clear differences in outcomes among the various federal districts. An accused patent infringer that is sued in a particularly disadvantageous forum can file a motion to transfer to a more convenient forum, but the general consensus is that such motions are difficult to win. Accordingly, accused infringers often file declaratory judgment actions to forum shop. Such actions allow accused infringers to preemptively sue the patent owner in the accused infringer's preferred forum, and are considered by many to be the best way for accused infringers to play the forum shopping game. Indeed, accused infringers file substantial numbers of declaratory judgment actions every year. This Article presents new evidence confirming that declaratory judgment actions are often filed to forum shop. But the data also demonstrate that declaratory judgment actions are 2.4 times more likely to be transferred than nondeclaratory judgment cases. This suggests that declaratory judgment plaintiffs are often unable to hold onto their chosen forum. Indiscriminate use of declaratory judgment actions to forum shop thus increases unpredictability and wasteful litigation, thereby impeding innovation. The new data presented herein regarding forum shopping by patent litigants give a richer context to the debate over forum shopping in general and serves as a basis for further investigation into its effects on judicial norms and efficiency.

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INTRODUCTION

Forum matters in patent litigation. Patentee win rates, the likelihood of getting to trial, and time to case resolution all vary depending on the judicial district in which the case is heard.¹ Scholars have noted

¹ See Mark A. Lemley, *Where to File Your Patent Case*, 38 AIPLA Q.J. 401, 411-15 (2010) (finding that patentee win rates varied from 55.1% in the Northern District of Texas to

that the permissive venue statute governing patent cases allows patent owners to bring their suits “in virtually any district in the country.”² It is no wonder that forum shopping is widespread.³

The choice of forum, however, is not exclusively in the hands of the patent owner. Accused patent infringers can, under certain circumstances, preemptively file an action in their favored forum asking the court for a declaratory judgment that the patent is *not* infringed or invalid.⁴ Indeed, many declaratory judgment actions are filed by accused infringers⁵ to control the forum and timing of suit because they can secure a significant advantage when the cases go to trial.⁶

Moreover, if the forum that is initially selected by the plaintiff⁷ is truly inconvenient for the defendant, the defendant can move for a

11.5% in the Northern District of Georgia; that more cases make it to trial in the District of Delaware, the Eastern District of Texas, the Western District of Wisconsin, and the Eastern District of Virginia; and that the time to case resolution for the average case varies from six months in the Western District of Wisconsin, to about sixteen months in the Eastern District of Pennsylvania).

² Kimberly A. Moore, *Forum Shopping in Patent Cases: Does Geographic Choice Affect Innovation?*, 79 N.C. L. REV. 889, 892 (2001); see Paul M. Janicke, *Patent Venue and Convenience Transfer: New World or Small Shift?*, 11 N.C. J.L. & TECH. ONLINE EDITION 1, 6–8 (2009), <http://www.ncjolt.org/sites/default/files/Janicke.pdf> (noting that, for purposes of determining proper venue, a corporate defendant’s “residence” is “broadly defined as any district where it would have minimum contacts sufficient to support personal jurisdiction”). For a more detailed discussion of the patent venue statute, see *infra* Part II.

³ See Kevin A. Meehan, *Shopping for Expedient, Inexpensive & Predictable Patent Litigation*, B.C. INTEL. PROP. & TECH. F., no. 102,901, 2008, at 2, <http://bciptf.org/wp-content/uploads/2011/07/14-iptf-meehan.pdf> (“There is no question that patent plaintiffs are forum shopping.”); Moore, *supra* note 2, at 892 (“Providing plaintiffs with so many potential venues for bringing suit increases the ability of parties to forum shop.”); see also Jeanne C. Fromer, *Patentography*, 85 N.Y.U. L. REV. 1444, 1462–63 (2010) (discussing “[w]idespread [f]orum [s]hopping in the [d]istrict [c]ourts”).

⁴ 28 U.S.C. § 2201(a) (2006) (amended 2010) (“In a case of actual controversy within its jurisdiction . . . any court of the United States . . . may declare the rights and other legal relations of any interested party seeking such declaration, whether or not further relief is or could be sought.”); see Lemley, *supra* note 1, at 402 (“[A]ccused infringers play much the same game, looking for defense-favorable jurisdictions in which to file declaratory judgment actions.”); Moore, *supra* note 2, at 897 (noting that declaratory judgment actions “level the playing field” for defendants). For more discussion on jurisdictional requirements to file for declaratory relief, see *infra* Part II.

⁵ Fromer, *supra* note 3, at 1464 (noting that in 2005, 15.49% of patent suits filed outside of the Eastern District of Texas were declaratory judgment suits); Moore, *supra* note 2, at 921 (noting that from 1983 to 1999, 14% of all tried cases ending in a decision by the factfinder were declaratory judgment suits).

⁶ See Kimberly A. Moore, *Judges, Juries, and Patent Cases—an Empirical Peek Inside the Black Box*, 99 MICH. L. REV. 365, 368 (2000) (finding that plaintiff patentees won 68% of jury trials, whereas defendant patentees won only 38% of jury trials in declaratory judgment actions).

⁷ In the typical patent infringement case, the plaintiff is the patent owner. See Fromer,

change of venue under 28 U.S.C. § 1404(a).⁸ This allows the court to decide where the case can most conveniently be tried.⁹ Given the impact that the forum has on the ultimate outcome of the case, these motions are frequently filed and hotly contested.¹⁰ As a result, patent litigants spend a considerable amount of time and money choosing, and fighting over, forum.¹¹

The effect of forum shopping on judicial uniformity and efficiency has been extensively debated in the academic literature.¹² But although previous studies have looked at issues of forum shopping in patent cases generally,¹³ no study has focused on forum shopping by accused patent infringers. This omission is problematic given the importance of forum selection in patent litigation.¹⁴

supra note 3, at 1453. In a declaratory judgment case, the plaintiff is the accused infringer. *See id.* at 1454.

⁸ 28 U.S.C. § 1404(a) (2006) (“For the convenience of parties and witnesses, in the interest of justice, a district court may transfer any civil action to any other district or division where it might have been brought.”); *see* David E. Steinberg, *The Motion to Transfer and the Interests of Justice*, 66 NOTRE DAME L. REV. 443, 445 (1990) (“[W]here the plaintiff has chosen a district arbitrarily or to harass a defendant, the defendant may seek a transfer to a more convenient federal district.”). For further discussion of § 1404(a), *see infra* Part I.D.

Although § 1404(a) is “easily the most important of the various federal statutes and rules providing for transfer of a case within the federal system,” there are others. 15 CHARLES ALAN WRIGHT, ARTHUR R. MILLER & EDWARD H. COOPER, *FEDERAL PRACTICE AND PROCEDURE* § 3842 (3d ed. 2011). If suit is filed in an improper venue, the district court may transfer the case to a court of proper venue under § 1406(a). *Id.* Under § 1407, multiple cases pending in different districts involving common questions of fact can be transferred to one court for coordinated or consolidated pretrial proceedings. *Id.*

⁹ 15 WRIGHT, MILLER & COOPER, *supra* note 8, § 3841 (“Section 1404(a) allows the district court to make a particularized determination, under all of the circumstances of an individual case, on where it can most, or at least more, conveniently be tried.”).

¹⁰ Kevin M. Clermont & Theodore Eisenberg, *Exorcising the Evil of Forum-Shopping*, 80 CORNELL L. REV. 1507, 1509 (1995) (“Once in litigation, the parties frequently dispute venue. Litigators deal with nearly as many change-of-venue motions as trials.”).

¹¹ *See* Fromer, *supra* note 3, at 1462 (noting that forum shopping in patent cases is “widespread”); Lemley, *supra* note 1, at 402 (“[P]atent litigants spend a great deal of time and effort worrying about where to file their case.”); *see also* Steinberg, *supra* note 8, at 446 (noting a “deluge of motions to transfer litigated in the lower federal courts”).

¹² *See generally* Clermont & Eisenberg, *supra* note 10, at 1507 (arguing that transfer counters the detriments of forum shopping); Moore, *supra* note 2, at 892–93 (describing the normative evils and economic inefficiency of forum shopping); Steinberg, *supra* note 8, at 447 (arguing that transfer motions are “vehicles for defendant delay” and an increasing burden on courts).

¹³ *See, e.g.,* Scott E. Atkinson et al., *The Economics of a Centralized Judiciary: Uniformity, Forum Shopping, and the Federal Circuit*, 52 J.L. & ECON. 411, 411–13 (2009) (summarizing the outcome of an econometric study on forum shopping); Fromer, *supra* note 3, at 1445 (discussing widespread forum shopping); Moore, *supra* note 2, at 901–20 (empirically analyzing patent enforcement in the district courts); Janicke, *supra* note 2, at 25–26 (studying transfer rates for patent cases in the Eastern District of Texas).

¹⁴ *See, e.g.,* Moore, *supra* note 2, at 892 (“[C]hoice of forum continues to play a critical role

Using a novel dataset derived from the Stanford Intellectual Property Litigation Clearinghouse¹⁵ and drawing on related empirical research, this Article seeks to answer the following questions: (1) are declaratory judgments being used by accused infringers to forum shop?; and if so, (2) how successful is declaratory judgment as a forum shopping tool?

The empirical results presented in this Article demonstrate that accused infringers actively use declaratory judgment actions to forum shop. But accused infringers are relying on a forum shopping tool that is not reliable. The data indicate that declaratory judgment cases are 2.4 times more likely to be transferred than nondeclaratory judgment cases, suggesting that accused infringers are often unable to hold on to their chosen forum.¹⁶ This new information about forum shopping by patent litigants provides a richer context for the debate over forum shopping in general and serves as a basis for further investigation into the effects of forum shopping on judicial norms and efficiency.

This Article also uses this data to question long-held assumptions regarding the use of declaratory judgment and argues for a reevaluation of current patent litigation practices. Although this Article focuses on patent law, its conclusions have implications for attorneys practicing in other fields as well. There may be other well-accepted litigation practices that are not worth their expense. To better inform the practice of law in general, other litigation practices should be empirically tested for cost effectiveness. Only with this data in hand can lawyers properly educate their clients on the true risks and costs of litigation.

This Article proceeds in four parts. Part I provides a primer on patent litigation and forum shopping, and explains why accused infringers rely on declaratory judgment actions to forum shop. Part II outlines the design and methodology of the Study presented in this Article. Part III presents the results of the Study and reports that accused infringers are actively forum shopping via declaratory judgment. Part IV discusses the implications of these results and suggests avenues for future research. The Appendices to this Article present

in the outcome of patent litigation.”); Richard C. Wydick, *Venue in Actions for Patent Infringement*, 25 STAN. L. REV. 551, 551 (1973) (“All too often, patent infringement suits begin with a battle over where the war is to be fought.”); see also *Stewart Org., Inc. v. Ricoh Corp.*, 487 U.S. 22, 39 (1988) (Scalia, J., dissenting) (“Venue is often a vitally important matter, as is shown by the frequency with which parties contractually provide for and litigate the issue.”).

¹⁵ See *infra* Part II.

¹⁶ See *infra* Part III.B.

more details on the methodology used to create the datasets and analyze the data using additional metrics.

I. PATENT LITIGATION, FORUM SHOPPING, AND DECLARATORY JUDGMENTS

The fundamental goal of the American patent system is to encourage innovation by “rewarding inventors with a time-limited exclusive patent right.”¹⁷ In order to obtain a patent, the applicant must prepare a patent application and submit it to the United States Patent and Trademark Office.¹⁸ Once received by the Patent Office, the application is reviewed by a patent examiner to determine if it complies with the statutory requirements of patentability: patentable subject matter,¹⁹ utility,²⁰ novelty,²¹ nonobviousness,²² and adequate disclosure.²³ Once the patent issues, it grants the patentee the right to exclude anyone else from practicing that invention.²⁴ In order to enforce these rights, the patentee can file suit in federal district court if another person “without authority makes, uses, offers to sell, or sells any patented invention, within the United States.”²⁵ Appeals from such suits are heard by the Court of Appeals for the Federal Circuit, which has exclusive appellate jurisdiction over patent cases.²⁶

A. *The High Cost of Patent Litigation*

Patent litigation is exploding.²⁷ The probability that a patent will be involved in one or more lawsuits within four years of its issue date

¹⁷ Fromer, *supra* note 3, at 1450.

¹⁸ JANICE M. MUELLER, *PATENT LAW* 42 (3d ed. 2009).

¹⁹ Patentable subject matter is “any . . . process, machine, manufacture, or composition of matter, or any . . . improvement thereof.” 35 U.S.C. § 101 (2006).

²⁰ Patents are granted only for useful inventions. U.S. CONST. art. I, § 8, cl. 8; 35 U.S.C. § 101.

²¹ Patents are granted only for inventions that are new. 35 U.S.C. § 102.

²² Patents are granted only for inventions that are not obvious improvements on existing knowledge. *Id.* § 103.

²³ Patents must distinctly claim the invention as well as disclose a written description of the invention, the manner and process of making and using the invention (so as to satisfy the enablement requirement), and the best mode of carrying out the invention. *Id.* § 112.

²⁴ *Microsoft Corp. v. i4i Ltd. P’ship*, 131 S. Ct. 2238, 2242 (2011); CRAIG ALLEN NARD, *THE LAW OF PATENTS* 387 (1st ed. 2008) (quoting 35 U.S.C. § 154(a)(1)).

²⁵ 35 U.S.C. § 271(a); *see also* 28 U.S.C. § 1338(a) (2006) (granting federal district courts exclusive and original jurisdiction over patent disputes); NARD, *supra* note 24, at 389.

²⁶ 28 U.S.C. § 1295(a)(1); *see* NARD, *supra* note 24, at 389.

²⁷ *See* JAMES BESSEN & MICHAEL J. MEURER, *PATENT FAILURE: HOW JUDGES, BUREAUCRATS, AND LAWYERS PUT INNOVATORS AT RISK* 127, 128 fig.6.2 (2008) (showing that from 1990 to 2006, patent litigation “exhibit[ed] an unparalleled steady and rapid increase”).

doubled from 1988 to 2000.²⁸ This increase has occurred despite the fact that patent litigation is extremely expensive; legal fees for taking a patent case to trial can easily reach \$2.5 million.²⁹ Viewed in aggregate, patent litigation costs are now so high that they can significantly exceed patent profits.³⁰ This means that, for most industries, patents divert valuable resources away from research and development, thereby constituting “a brake on innovation.”³¹

There are many reasons for the high cost of patent litigation. Patents are often issued with vague terms that cover overly abstract concepts, making it very difficult to determine the boundaries of the patentee’s rights.³² Judicial interpretation of patent claims in litigation is also extremely unpredictable.³³ This makes it challenging to ascertain a patent’s scope *ex ante*, short of litigating it to a nonappealable decision.³⁴ Finally, the loser faces high damages awards³⁵ and crip-

²⁸ *Id.* at 129 fig.6.3.

²⁹ AIPLA, REPORT OF THE ECONOMIC SURVEY 29 (2009) (noting that, for patent cases for which there is between \$1 million and \$25 million at risk, the median litigation cost is \$1.5 million to take the case to the end of discovery and \$2.5 million to take the case to the end of trial). Indeed, given the astronomical price of entry, patent litigation is often referred to as the “sport of kings.” See Colleen V. Chien, *Of Trolls, Davids, Goliaths, and Kings: Narratives and Evidence in the Litigation of High-Tech Patents*, 87 N.C. L. REV. 1571, 1584 (2009).

³⁰ BESSEN & MEURER, *supra* note 27, at 139 fig.6.5; *id.* at 140 (noting that except for the chemical and pharmaceutical industries, litigation costs “clearly exceeded the profits from patents” in the late 1990s).

³¹ *Id.* at 145.

³² See Chester S. Chuang, *Unjust Patents & Bargaining Breakdown: When Is Declaratory Relief Needed?*, 64 SMU L. REV. 895, 908–10 (2011) (discussing vague and ambiguous patents).

³³ The process of determining the meaning and scope of a patent claim in litigation is called claim construction. AMY L. LANDERS, UNDERSTANDING PATENT LAW 257 (2008). The rules governing claim construction are in flux, and their implementation by individual judges is highly variable. See BESSEN & MEURER, *supra* note 27, at 58–61 (noting that the Federal Circuit has not formulated a predictable method of claim interpretation); Dan L. Burk & Mark A. Lemley, *Fence Posts or Sign Posts? Rethinking Patent Claim Construction*, 157 U. PA. L. REV. 1743, 1745 (2009) (“Claim construction is sufficiently uncertain that many parties don’t settle a case until after the court has construed the claims, because there is no baseline for agreement on what the patent might possibly cover.”); Timothy R. Holbrook, *Equivalency and Patent Law’s Possession Paradox*, 23 HARV. J.L. & TECH. 1, 14 (2009) (“On multiple levels, courts struggle to assess the meaning of claim terms and the consequent scope of the right to exclude. The construction of the literal meaning of a claim is rife with uncertainty.”); see also *Enzo Biochem, Inc. v. Applera Corp.*, 605 F.3d 1347, 1349 (Fed. Cir. 2010) (Plager, J., dissenting) (“The court now spends a substantial amount of judicial resources trying to make sense of unclear, overbroad, and sometimes incoherent claim terms.”). But see Jeffrey A. Lefstin, *Claim Construction, Appeal, and the Predictability of Interpretive Regimes*, 61 U. MIAMI L. REV. 1033, 1037–39 (2007) (questioning whether district courts are reversed more frequently on claim construction than on other issues).

³⁴ DAN L. BURK & MARK A. LEMLEY, THE PATENT CRISIS AND HOW THE COURTS CAN SOLVE IT 28 (2009) (“The only way to find out whether a patent covers what you are doing is to go to . . . the appeals court.”).

pling injunctions,³⁶ so the stakes of patent litigation are extremely high. With so much at risk, it is no wonder that parties seek out every possible litigation advantage—in particular, spending “a great deal of time and effort worrying about where to file their case.”³⁷

B. *Forum Shopping and Patent Litigation*

Forum shopping in patent litigation is facilitated by permissive venue rules. Because the federal district courts have exclusive and original jurisdiction over patent cases,³⁸ determining which district can hear a particular case turns on personal jurisdiction and venue.³⁹ The patent venue statute states: “Any civil action for patent infringement may be brought in the judicial district where the defendant resides, or where the defendant has committed acts of infringement and has a regular and established place of business.”⁴⁰ When the defendant is a corporate entity, venue and personal jurisdiction merge into the same inquiry because a corporation resides “in any judicial district in which it is subject to personal jurisdiction at the time the action is commenced.”⁴¹

Personal jurisdiction requires only that the defendant have purposeful minimum contacts with the district in which the case is

³⁵ The patent laws require courts to award, upon a finding of patent infringement, “damages adequate to compensate for the infringement.” 35 U.S.C. § 284, para. 1 (2006). For a recent example, consider the patent infringement suit brought against Microsoft Corporation by a small software company named *i4i Limited*. See *i4i Ltd. P’ship v. Microsoft Corp.*, 598 F.3d 831, 839–40 (Fed. Cir. 2010), *aff’d*, 131 S. Ct. 2238 (2011). The patentee alleged that the custom XML editor feature in Microsoft Word infringed its patent, and, using a royalty rate that valued this feature at more than the price of some versions of Microsoft Word, was awarded \$240 million in damages. *Id.* at 839, 852–54.

³⁶ BURK & LEMLEY, *supra* note 34, at 23, 29 (describing how injunctions can cripple businesses). In *i4i Ltd.*, Microsoft was also permanently enjoined from selling Microsoft Word with the infringing feature. *i4i Ltd.*, 598 F.3d at 861–64.

³⁷ See Lemley, *supra* note 1, at 402 (describing how both patentees and accused infringers forum shop).

³⁸ 28 U.S.C. § 1338(a) (2006) (giving federal district courts exclusive and original jurisdiction over patent disputes).

³⁹ Elizabeth P. Offen-Brown, Note, *Forum Shopping and Venue Transfer in Patent Cases: Marshall’s Response to TS Tech and Genentech*, 25 BERKELEY TECH. L.J. 61, 64–65 (2010).

⁴⁰ 28 U.S.C. § 1400(b). For a review of the history of the patent venue statute, see Fromer, *supra* note 3, at 1452–54.

⁴¹ 28 U.S.C. § 1391(c), amended by Federal Courts Jurisdiction and Venue Clarification Act of 2011, Pub. L. No 112-63, § 202, 125 Stat. 758, 763–64. As a note, “personal jurisdiction and venue requirements for a declaratory judgment plaintiff are governed by the general venue statute.” Moore, *supra* note 2, at 898. “[T]he patent venue statute and the general venue statute are interpreted identically for corporations and turn on whether there is personal jurisdiction over the defendant.” *Id.* at 899.

brought.⁴² This requirement usually is met if the defendant sells, offers to sell, or licenses others to sell products to residents of the forum; thus any company that operates nationwide is likely subject to personal jurisdiction in most judicial districts.⁴³ Because corporate defendants operating nationwide are the most common type of defendants in patent litigation, personal jurisdiction, and therefore venue, is easily satisfied in nearly all judicial districts.⁴⁴ This gives patent plaintiffs “an unfettered choice of where to bring suit.”⁴⁵

The ease with which personal jurisdiction and venue requirements are met in most patent cases has led to rampant forum shopping.⁴⁶ There are many reasons that a party may prefer one judicial district over another: the knowledge and experience of the judges, characteristics and biases of potential jurors, the attorney’s familiarity with the judges of the district and the court’s local rules, and convenience to the parties, witnesses, and counsel.⁴⁷ But the most important reason to forum shop is that the outcome of the case often turns on the choice of forum.⁴⁸ In a study of 21,667 district court patent cases, Professor Mark Lemley found that the jurisdiction in which a case is litigated has a significant impact on its outcome, ranging from a win rate of 45.3% in the District of Delaware to only 21% in the Dis-

42 *Burger King Corp. v. Rudzewicz*, 471 U.S. 462, 474–75 (1985).

43 Moore, *supra* note 2, at 895 (“[A]ny company that operates in national commerce is likely subject to personal jurisdiction in many possible districts.”).

44 Fromer, *supra* note 3, at 1455 (“Because of the broad geographic scope of most defendants’ businesses, those rules give rise to venue in many of the ninety-four federal judicial districts.”); Yan Leychikis, *Of Fire Ants and Claim Construction: An Empirical Study of the Meteoric Rise of the Eastern District of Texas as a Preeminent Forum for Patent Litigation*, 9 *YALE J.L. & TECH.* 193, 197 (2007) (“[M]ost large national corporations may now be sued for patent infringement in virtually any of the ninety-four federal districts.”); Offen-Brown, *supra* note 39, at 65 (“[M]ost large national corporations can be brought into patent infringement actions in almost any of the ninety-four different federal district courts”); Janicke, *supra* note 2, at 6 (“Given the operational scope of most large business entities today, the current corporate venue statute is often easy to satisfy in nearly every district.”).

45 Moore, *supra* note 2, at 901.

46 Fromer, *supra* note 3, at 1463 (“[P]atent litigants have continued to forum shop . . . because plaintiffs still care very much about which district court hears their case.”); Lemley, *supra* note 1, at 402 (“Forum shopping is alive and well in patent law . . . [and] shows no signs of disappearing.”); Meehan, *supra* note 3, at 2 (“There is no question that patent plaintiffs are forum shopping.”). *But see* Atkinson et al., *supra* note 13, at 441 (“[T]here was significant nonuniformity in validity outcomes across U.S. geographical circuits in the pre-[Federal Circuit] era and significant forum shopping. In the [Federal Circuit] era, systematic nonuniformity across circuits remains, but it is much smaller in magnitude. Forum shopping on the basis of validity rates appears to have been mitigated.”).

47 Moore, *supra* note 2, at 899–900.

48 *Clermont & Eisenberg*, *supra* note 10, at 1508 (“Venue is worth fighting over because outcome often turns on forum.”).

trict of New Jersey.⁴⁹ Significant interdistrict variation was also found with respect to such measures as likelihood of getting to trial and time to resolution.⁵⁰ Indeed, by combining various measures into an aggregate ranking, Lemley asserts that the best patent district for plaintiffs is the Middle District of Florida, and that the best district for accused infringers is the Eastern District of Wisconsin.⁵¹ In light of these starkly disparate outcomes, parties that do not forum shop proceed at their own risk.

C. *Declaratory Judgment Actions: Forum Shopping by Accused Infringers*

Patentees are not the only parties that forum shop. Accused infringers can also forum shop by filing an action for declaratory relief under the Declaratory Judgment Act.⁵²

The Declaratory Judgment Act gives parties who are uncertain of their legal rights a way to preemptively seek judicial determination of their rights.⁵³ Declaratory judgments therefore allow parties “to avoid accrual of avoidable damages,” to adjudicate disputes early without waiting for the adversary to bring suit, and “to clarify legal relationships before they have been disturbed or a party’s rights have been violated.”⁵⁴ Although declaratory relief is not limited to patent disputes, it is particularly important to potential patent infringers because it allows them to preemptively challenge the validity of a patent and to affirm that they are not infringing, thus avoiding substantial future damages.⁵⁵

⁴⁹ Lemley, *supra* note 1, at 407–09.

⁵⁰ *See id.* at 411–15.

⁵¹ *See id.* at 419–21.

⁵² 28 U.S.C. § 2201 (2006) (amended 2010); *see* Lemley, *supra* note 1 at 402 (stating that accused infringers also forum shop by “looking for defense-favorable jurisdictions in which to file declaratory judgment actions”); *see also* James Bessen & Michael J. Meurer, *Lessons for Patent Policy from Empirical Research on Patent Litigation*, 9 LEWIS & CLARK L. REV. 1, 25–26 (2005) (“[T]he patent holder might fear an alleged infringer will gain a forum selection advantage by filing a declaratory judgment suit.”). *But see* Atkinson et al., *supra* note 13, at 425 (noting that forum shopping by alleged infringers based on validity rates “was less valuable and thus less likely” from 1953 to 2002).

⁵³ *See* 28 U.S.C. § 2201 (“In a case of actual controversy within its jurisdiction, . . . any court of the United States . . . may declare the rights and other legal relations of any interested party seeking such declaration, whether or not further relief is or could be sought.”).

⁵⁴ Homer Yang-hsien Hsu, Note, *Neutralizing Actual Controversy: How Patent Holders Can Reduce the Risk of Declaratory Judgment in Patent Disputes*, 6 WASH. J.L. TECH. & ARTS 93, 9596 (2010).

⁵⁵ As stated by one of the Declaratory Judgment Act’s supporters during Senate hearings: I assert that I have a right to use a certain patent. You claim that you have a patent. What am I going to do about it? There is no way that I can litigate my

A party that merely “learns of the existence of an adversely held patent” or “[s]imply disagree[s] with the existence of a patent,” however, cannot seek declaratory relief.⁵⁶ In order for a court to have subject matter jurisdiction over a declaratory relief action, the plaintiff must establish the existence of “a case of actual controversy.”⁵⁷ Prior to 2007, the Federal Circuit applied a two-prong test to determine whether an actual controversy existed in suits involving patent infringement.⁵⁸ A declaratory judgment plaintiff was required to (1) demonstrate a reasonable apprehension of being sued by the patentee, and (2) present activity that could constitute infringement or meaningful preparation to conduct potentially infringing activity.⁵⁹

In 2007, the Supreme Court relaxed these requirements in *MedImmune, Inc. v. Genentech, Inc.*⁶⁰ and instructed courts to consider “whether the facts alleged, under all the circumstances, show

right, which I claim, to use that device, except by going ahead and using it, and you [the patent holder] can sit back as long as you please and let me run up just as high a bill of damages as you wish to have me run up, and then you may sue me for the damages, and I am ruined, having acted all the time in good faith and on my best judgment, but having no way in the world to find out whether I had a right to use that device or not.

*Declaratory Judgments: Hearings on H.R. 5623 Before a Subcomm. of the S. Comm. on the Judiciary, 70th Cong. 35 (1928) (statement of E.R. Sunderland); see also Arrowhead Indus. Water, Inc. v. Ecolochem, Inc., 846 F.2d 731, 735 (Fed. Cir. 1988) (“[A] patent owner attempts extrajudicial patent enforcement with scare-the-customer-and-run tactics that infect the competitive environment of the business community with uncertainty and insecurity. Before the Act, competitors victimized by that tactic were rendered helpless and immobile so long as the patent owner refused to grasp the nettle and sue. After the Act, those competitors were no longer restricted to an *in terrorem* choice between the incurrence of a growing potential liability for patent infringement and abandonment of their enterprises; they could clear the air by suing for a judgment that would settle the conflict of interests.” (citation omitted)), abrogated on other grounds by Sony Elecs., Inc. v. Guardian Media Techs., Ltd., 497 F.3d 1271 (Fed. Cir. 2007); Chuang, *supra* note 32, at 900 (noting the importance of declaratory relief to potential infringers because of substantial damages awards); Tejas N. Narechania, Note, *An Offensive Weapon?: An Empirical Analysis of the “Sword” of State Sovereign Immunity in State-Owned Patents*, 110 COLUM. L. REV. 1574, 1590–91 (2010) (noting that declaratory judgment actions serve an important role in the intellectual property system); Marta R. Vanegas, Note, *You Infringed My Patent, Now Wait Until I Sue You: The Federal Circuit’s Decision in Avocent Huntsville Corp. v. Aten International Co.*, 92 J. PAT. & TRADEMARK OFF. SOC’Y 371, 384 (2010) (noting that Congress was “especially mindful of the problems presented in patent, trademark, and copyright infringement cases” when it enacted the Declaratory Judgment Act).*

⁵⁶ *Ass’n for Molecular Pathology v. U.S. Patent and Trademark Office (Myriad)*, 653 F.3d 1329, 1344, 1348 (Fed. Cir. 2011).

⁵⁷ 28 U.S.C. § 2201(a).

⁵⁸ *See Arrowhead*, 846 F.2d at 736 (citing *Goodyear Tire & Rubber Co. v. Releasomers, Inc.*, 824 F.2d 953, 955 (Fed. Cir. 1987)).

⁵⁹ *Id.*

⁶⁰ *MedImmune, Inc. v. Genentech, Inc.*, 549 U.S. 118 (2007).

that there is a substantial controversy, between parties having adverse legal interests, of sufficient immediacy and reality to warrant the issuance of a declaratory judgment.”⁶¹ Following *MedImmune*, a potential patent infringer seeking declaratory judgment “must allege both (1) an affirmative act by the patentee related to the enforcement of his patent rights, and (2) meaningful preparation to conduct potentially infringing activity.”⁶² A case of actual controversy thus arises “where a patentee asserts rights under a patent based on certain identified ongoing or planned activity of another party, and where that party contends that it has the right to engage in the accused activity without license.”⁶³ For a potential patent infringer in this situation, declaratory judgment actions are considered to be a particularly effective way to challenge a patent because the accused infringer can choose the forum of the suit and control its timing, thereby gaining a significant advantage at trial.⁶⁴

These perceived advantages can be so great that they induce potential infringers to file declaratory judgment actions to challenge patents that are already the subject of an extant infringement suit filed by the patentee. Such second-filed declaratory judgment actions commonly result when the potential infringer loses the race to the courthouse,⁶⁵ or when the potential infringer is not named in the patentee’s suit.⁶⁶ For example, the patentee may sue only the customers of a product manufactured by the potential infringer,⁶⁷ the distributor of a

⁶¹ *Id.* at 127 (internal quotation marks omitted).

⁶² *Ass’n for Molecular Pathology v. U.S. Patent and Trademark Office (Myriad)*, 653 F.3d 1329, 1343 (Fed. Cir. 2011) (citations omitted).

⁶³ *Id.* at 1344 (internal quotation marks omitted).

⁶⁴ *See* Megan M. La Belle, *Patent Litigation, Personal Jurisdiction, and the Public Good*, 18 *GEO. MASON L. REV.* 43, 56–57 (2010) (stating that the advantages of pursuing declaratory relief in patent cases are that the accused infringer can choose the forum and control the timing of suit); Moore, *supra* note 6, at 368; *see also* R. Scott Weide, *Patent Enforcement Deterrence: Liberal Assertions of Personal Jurisdiction in Declaratory Judgment Actions*, 65 *UMKC L. REV.* 177, 177 (1996) (“In many instances, the filing of a declaratory judgment action gives the alleged infringer a significant strategic advantage over the patent owner.”); Hsu, *supra* note 54, at 96 (“The advantages of declaratory judgments for alleged patent infringers are many.”).

As a note, “personal jurisdiction and venue requirements for a declaratory judgment plaintiff are governed by the general venue statute.” Moore, *supra* note 2, at 898. “[T]he patent venue statute and the general venue statute are interpreted identically for corporations and turn on whether there is personal jurisdiction over the defendant.” *Id.* at 899.

⁶⁵ *See, e.g., Motorola Inc. v. Research In Motion Ltd.*, No. 08-CV-104-SLR, 2008 WL 3925278, at *2 (D. Del. transferred Aug. 26, 2008); *Research In Motion Ltd. v. Motorola Inc.*, 644 F. Supp. 2d 788, 791–92 (N.D. Tex. 2008).

⁶⁶ *See, e.g., Delphi Corp. v. Auto. Techs. Int’l, Inc.*, No. 08-CV-11048, 2008 WL 2941116, at *1 (E.D. Mich. July 25, 2008).

⁶⁷ *See, e.g., id.*

product manufactured by the potential infringer,⁶⁸ or the patentee may name a corporate entity that is related to, but separate from, the potential infringer.⁶⁹ In these situations, the potential infringer—the party actually responsible for manufacturing the allegedly infringing product—often files a declaratory judgment action against the patentee in the potential infringer’s favored forum.⁷⁰

Because many believe that bringing a declaratory judgment action gives important advantages to accused infringers, such actions are considered to be the primary way that accused infringers can “level[] the playing field.”⁷¹ It should be no surprise that accused infringers file significant numbers of declaratory judgment suits each year.⁷²

D. *Transfer Motions: Additional Forum Shopping Tools*

Once the initial forum selection is made, either by the patent owner or by the accused infringer via declaratory judgment, the forum fight is not over. The defendant has the opportunity to bring a transfer motion to request a change of venue to a more convenient forum under 28 U.S.C. § 1404(a).⁷³ If such a motion is brought, the district court has substantial discretion to decide whether a transfer is warranted.⁷⁴

Although the relevant factors differ by circuit, most courts divide the factors they consider into private and public categories.⁷⁵ “Private factors include the statutory considerations of convenience of the parties and witnesses, but also often include the plaintiff’s forum preference, where the claim arose, and the relative ease of access to sources

⁶⁸ See, e.g., *Alke B.V. v. L.B. White Co.*, No. 3:08-CV88-C, 2008 WL 2447357, at *1–2 (W.D.N.C. June 13, 2008).

⁶⁹ See, e.g., Complaint, *Chase Bank USA N.A. v. Source Inc.*, No. 1:08-CV-00918-SD (D. Del. filed Dec. 8, 2008).

⁷⁰ Antony L. Ryan, *Principles of Forum Selection*, 103 W. VA. L. REV. 167, 186 (2000) (describing this kind of action as a “common patent-law fact pattern”). The data showed that 23.3% of declaratory judgment actions subject to transfer were filed by potential infringer-plaintiffs that were not named in the patentee’s suit. See *infra* Part III.C.1–2.

⁷¹ Moore, *supra* note 2, at 897.

⁷² See *infra* Part III; see also Fromer, *supra* note 3, at 1464; Moore, *supra* note 2, at 921.

⁷³ 28 U.S.C. § 1404(a) (2006). Cases can also be transferred under other transfer statutes, such as 28 U.S.C. §§ 1406–1407. 15 WRIGHT, MILLER & COOPER, *supra* note 8, § 3842. Such transfers are much less common than transfers under § 1404(a), *id.*, so this Part focuses on explaining the procedures for transfer under § 1404(a).

⁷⁴ 15 WRIGHT, MILLER & COOPER, *supra* note 8, § 3847 (describing substantial discretion courts have to consider a wide variety of factors); Moore, *supra* note 2, at 898 (“[T]ransfer is a complicated inquiry very much at the discretion of the district court.”).

⁷⁵ 15 WRIGHT, MILLER & COOPER, *supra* note 8, § 3847.

of proof.”⁷⁶ “Public factors, which encompass the statutory consideration of the interest of justice, focus on judicial economy and often include the district court’s familiarity with the governing law, the local interest in deciding local controversies at home, and the relative congestion of the courts.”⁷⁷ The plaintiff’s initial choice of forum is usually given deference,⁷⁸ but courts have cautioned against giving it “inordinate” weight.⁷⁹ Despite this caveat, the general perception is that transfer motions are infrequently granted because of the deference given to the plaintiff’s choice of forum.⁸⁰

In light of the multiple factors to consider, and the expansive discretion given to the district court, it is difficult to predict the outcome of an individual transfer motion.⁸¹ By looking at an aggregate number of transfer motions, however, we can obtain valuable information about parties’ forum shopping activities. High transfer rates out of any particular forum reflect a judge’s determination that many of the cases filed in the forum have only limited ties to the forum and are evidence of forum shopping activity.⁸² Although other scholars have documented transfer rates among federal cases in general⁸³ and com-

⁷⁶ *Id.*; see, e.g., *In re Genentech, Inc.*, 566 F.3d 1338, 1342 (Fed. Cir. 2009) (“[P]rivate interest factors include (1) the relative ease of access to sources of proof; (2) the availability of compulsory process to secure the attendance of witnesses; (3) the cost of attendance for willing witnesses; and (4) all other practical problems that make a trial easy, expeditious and inexpensive.” (internal quotation marks omitted)).

⁷⁷ 15 WRIGHT, MILLER & COOPER, *supra* note 8, § 3847; see, e.g., *Genentech*, 566 F.3d at 1342 (“[P]ublic interest factors include (1) the administrative difficulties flowing from court congestion; (2) the local interest in having localized interests decided at home; (3) the familiarity of the forum with the law that will govern the case; and (4) the avoidance of unnecessary problems of conflicts of laws [or in] the application of foreign law.” (internal quotation marks omitted)).

⁷⁸ See *Micron Tech., Inc. v. Mosaid Techs., Inc.*, 518 F.3d 897, 904 (Fed. Cir. 2008) (“The general rule favors the forum of the first-filed action, whether or not it is a declaratory judgment action.”).

⁷⁹ *In re TS Tech USA Corp.*, 551 F.3d 1315, 1320 (Fed. Cir. 2008); see also *Micron Tech.*, 518 F.3d at 904 (stating that courts should not give too much deference to the first-filed action, but should consider the convenience factors under § 1404(a)). As stated by the Federal Circuit, for example: “[P]recedent clearly forbids treating the plaintiff’s choice of venue as a distinct factor in the § 1404(a) analysis . . . [because] the plaintiff’s choice of venue corresponds to the burden that a moving party must meet in order to demonstrate that the transferee venue is a clearly more convenient venue.” *TS Tech USA*, 551 F.3d at 1320.

⁸⁰ Moore, *supra* note 2, at 897 (“Transfer motions . . . are not frequently granted, in part because courts give substantial deference to the plaintiff’s choice of forum in determining whether to transfer.”).

⁸¹ 15 WRIGHT, MILLER & COOPER, *supra* note 8, § 3847 (noting that it is difficult to state the circumstances that will require grant or denial of a transfer motion).

⁸² Moore, *supra* note 2, at 915–16.

⁸³ See generally Clermont & Eisenberg, *supra* note 10, at 1513 (comparing plaintiffs’ win rates in transferred and nontransferred cases).

pared transfer rates for patent cases in the Eastern District of Texas⁸⁴ with other popular patent districts,⁸⁵ no study has focused on forum shopping by accused infringers via declaratory judgment actions. Because declaratory judgment actions are the primary means by which accused infringers forum shop,⁸⁶ this is an omission that needs to be addressed. Accordingly, this Article presents new data on declaratory judgment suits filed by accused patent infringers and uses the data to examine the extent to which accused infringers forum shop and their corresponding success rates.

II. STUDY DESIGN AND METHODOLOGY

This Study relies on data collected by the Stanford Intellectual Property Litigation Clearinghouse (“IPLC”).⁸⁷ The IPLC collects data on every patent lawsuit filed in the United States since 2000⁸⁸ by relying on a dataset derived from Public Access to Court Electronic Records (“PACER”), an electronic service that allows users to obtain case and docket information from federal courts.⁸⁹ The IPLC allows users to search through its database using various criteria such as case type, filing date, party name, and case event.⁹⁰

For this Study, data were gathered for all patent infringement suits filed in 2008 by using the IPLC’s predefined search criteria. The year 2008 was selected for two reasons. First, as discussed above, the Supreme Court’s 2007 decision in *MedImmune* created a “more lenient legal standard” that enhanced the availability of declaratory judg-

⁸⁴ A large number of patent cases are filed in the Eastern District of Texas. See Megan Woodhouse, Note, *Shop ‘til You Drop: Implementing Federal Rules of Patent Litigation Procedure to Wear Out Forum Shopping Patent Plaintiffs*, 99 GEO. L.J. 227, 228 (2010). The Eastern District of Texas has been described as a potential “national leader in patent litigation.” Leychkis, *supra* note 44, at 195. For additional discussion, see *infra* Part III.B.4.

⁸⁵ See Mark Liang, *The Aftermath of TS Tech: The End of Forum Shopping in Patent Litigation and Implications for Non-Practicing Entities*, 19 TEX. INTELL. PROP. L.J. 29, 39–43 (2010). See generally Janicke, *supra* note 2, at 1–2.

⁸⁶ See Moore, *supra* note 2, at 920 (“There is a perception that the infringer will achieve an advantage by filing a declaratory judgment action against the patentee, rather than waiting for the patentee to file an infringement suit.”).

⁸⁷ The IPLC is available without charge for academic, government, and nonprofit users, and by subscription for commercial users. See *The Genesis of Lex Machina*, LEX MACHINA, <https://lexmachina.com/about/genesis> (last visited Mar. 6, 2012).

⁸⁸ Lemley, *supra* note 1, at 404.

⁸⁹ Mark A. Lemley & J. H. Walker, *Intellectual Property Litigation Clearinghouse: Data Overview* (Stanford Pub. Law Working Paper No. 1,024,032), available at <http://ssrn.com/abstract=1024032>; see Chien, *supra* note 29, at 1593.

⁹⁰ See *The Genesis of Lex Machina*, *supra* note 87.

ment jurisdiction in patent cases.⁹¹ Accordingly, a dataset consisting of post-*Medimmune* cases would more accurately reflect current practices surrounding the use of declaratory judgment in patent cases. Second, considerable time can pass before a transfer motion is resolved.⁹² Thus, to ensure that every case would have the opportunity to progress to the point where a transfer motion would have been filed and resolved, the dataset did not include the years after 2008.

Each case in the resulting dataset was then checked individually to further split the full dataset into two distinct subsets: cases initiated by the accused infringer via declaratory judgment, and cases initiated by the patentee. By running various searches on these datasets, those cases that were subject to transfer motions were identified and separated.⁹³ Additional data, such as type of party bringing the transfer motion and whether the transfer motion was granted, denied, or unresolved were also collected.⁹⁴

The resulting customized dataset provides a more accurate basis for measuring forum shopping activity by accused patent infringers via declaratory judgment than other available datasets. For example, online databases such as LexisNexis or Westlaw are incomplete because searches on those databases only return published cases.⁹⁵ Relying solely on published cases significantly undercounts the number of both declaratory judgments and transfer motions filed in patent cases.⁹⁶ Likewise, the Federal Court Cases Integrated Database, which reports data for each civil case terminated in a given fiscal year, including transfers, is incomplete.⁹⁷ Although this database includes unpublished cases, it does not indicate whether the plaintiff opposed the transfer, or even instigated it, and does not reflect how many

⁹¹ *Micron Tech., Inc. v. Mosaid Techs., Inc.*, 518 F.3d 897, 902 (Fed. Cir. 2008); *see also* Chuang, *supra* note 32, at 900–02 (discussing *Medimmune* and its aftermath).

⁹² Section 1404(a) sets no limit on the time by which a motion to transfer must be made. 15 WRIGHT, MILLER & COOPER, *supra* note 8, § 3844. Some cases in this dataset that were filed in 2008 were not transferred until 2010. *See, e.g.*, *Motiva LLC v. Nintendo Co.*, No. 6:08-cv-00429-LED (E.D. Tex. Mar. 1, 2010) (case filed on Nov. 10, 2008, and transferred to the Western District of Washington on March 1, 2010).

⁹³ For a detailed explanation of the selection and coding of the dataset, see Appendix A.

⁹⁴ For a detailed explanation of the types of data collected, see Appendix A.

⁹⁵ Christopher A. Whytock, *The Evolving Forum Shopping System*, 96 CORNELL L. REV. 481, 508 n.132 (2011) (noting that Westlaw and LexisNexis “only include decisions that are published in official reporters or otherwise made available by judges for electronic publication”).

⁹⁶ *See* Lee Epstein & Gary King, *The Rules of Inference*, 69 U. CHI. L. REV. 1, 107 n.335 (2002) (noting that many judicial decisions are unpublished).

⁹⁷ *Federal Court Cases: Integrated Data Base, 1970–2000*, INTER-U. CONSORTIUM FOR POL. & SOC. RES., <http://www.icpsr.umich.edu/icpsrweb/ICPSR/studies/08429> (last visited Mar. 6, 2012); *see* Janicke, *supra* note 2, at 14–15 (describing database).

transfers were sought during the years in question, only how many were granted.⁹⁸ Thus, the Federal Court Cases Integrated Database cannot be used to determine the likelihood that a given transfer motion will be granted. The IPLC database, although it allows researchers to determine the number of transfer motions granted and denied by using key word searches,⁹⁹ requires an extensive amount of additional manual coding to obtain an accurate count of declaratory judgment filings.¹⁰⁰ Accordingly, the instant dataset provides a more accurate way to gauge forum shopping activity by accused patent infringers via declaratory judgment.¹⁰¹

III. RESULTS

Using this dataset, this Article seeks to answer the following questions: (1) is declaratory judgment used by accused infringers to forum shop?; and if so, (2) how successful is declaratory judgment as a forum shopping tool? In light of the preceding discussion, one would expect that declaratory judgment actions are often used to forum shop because of the known importance of forum in patent litigation and because of the known advantages that filing such an action provides an accused infringer. One would also expect that a declaratory judgment action is a good strategy for an accused infringer to secure its desired forum, given that courts should afford deference to the declaratory judgment plaintiff's choice of forum.

The evidence does support the proposition that declaratory judgment actions are often used to forum shop, but, unexpectedly, the evidence also indicates that declaratory judgment actions are unreliable forum shopping tools when challenged.

As a preliminary matter, this Study found that 335 patent cases were initiated as declaratory judgment actions in 2008, out of a total of 2412 total patent infringement cases filed that year. Thus, declaratory judgment actions constituted 13.9% of all patent infringement suits filed in 2008, which correlates well with findings by other scholars.¹⁰²

⁹⁸ Janicke, *supra* note 2, at 15 (describing database limitations).

⁹⁹ *Id.* at 19 (describing the ability to determine, from the IPLC, the proportion of transfer motions granted or denied).

¹⁰⁰ A keyword search for "declaratory judgment" among patent cases filed in 2008 returns 516 cases, whereas a manual check confirmed only 335 declaratory judgment patent complaints filed that year. LEX MACHINA, <http://lexmachina.com> (last visited Oct. 14, 2011) (search results on file with author).

¹⁰¹ Of course, there are limitations to the dataset, which are discussed *infra* Part IV.A.

¹⁰² See *supra* note 72 and accompanying text.

A. *Are Declaratory Judgment Actions Used to Forum Shop?*

To determine how often declaratory judgment actions were used by accused infringers to forum shop in patent cases, the number of transfer motions filed in declaratory judgment (“DJ”) patent cases was compared with the number filed in nondeclaratory judgment (“NDJ”) patent cases. High numbers of transfer motions suggest that plaintiffs are actively forum shopping, because defendants would not invest the time and resources required to file a motion to transfer unless the forum selected by a plaintiff was “too favorable to tolerate.”¹⁰³

Table 1 reports the total number of cases in the dataset (n = 2412) and segregates that data by whether the case was a DJ case and whether a motion to transfer was filed in the case.

TABLE 1. CASE TYPE BY TRANSFER MOTION FILED

Case Type	Cases in Which a Transfer Motion Was Filed	Cases in Which No Transfer Motion Was Filed	Total Number of Cases	Percent of Cases Where Transfer Motion Was Filed
DJ	86	249	335	25.7%
NDJ	275	1802	2077	13.2%
Total	361	2051	2412	

The data show that motions to transfer are filed more often in DJ cases (25.7%) than in NDJ cases (13.2%). This difference is statistically significant, and the null hypothesis that filing a transfer motion is not associated with filing for declaratory relief can be rejected.¹⁰⁴ The high prevalence of transfer motions in DJ cases as compared to NDJ cases suggests that declaratory judgment actions are often used by accused infringers to forum shop. Moreover, because motions to transfer are granted infrequently,¹⁰⁵ the high prevalence of motions to transfer in DJ cases suggests that declaratory judgment suits are often used by accused infringers to select particularly favorable fora sufficiently disadvantageous to the defendant to warrant the time and expense of a transfer motion.¹⁰⁶ By comparison, fewer transfer motions are filed in NDJ cases, implying that although patentees also some-

¹⁰³ Clermont & Eisenberg, *supra* note 10, at 1515 (“The plaintiff initially chooses the forum by filing suit. If the choice is too favorable to tolerate, the defendant moves to transfer.”).

¹⁰⁴ The chi-square test used to examine the null hypothesis yielded a p-value of less than 0.0005. “A p-value of less than 0.05 is generally interpreted as an indication that the null hypothesis can be rejected (making it statistically significant), while a value greater than 0.10 is viewed as showing that any differences are not statistically significant.” Chien, *supra* note 29, at 1603–04 n.167.

¹⁰⁵ Moore, *supra* note 2, at 897.

¹⁰⁶ Clermont & Eisenberg, *supra* note 10, at 1515.

times select particularly favorable fora, they are doing so less often than accused infringers. In other words, when it comes to forum shopping, it appears that accused infringers are more aggressive about selecting particularly favorable fora than are patentees.

B. How Successful Is a Declaratory Judgment Action as a Forum Shopping Tool?

Conventional wisdom holds that transfer motions are problematic because the choice of forum is placed in the hands of the judge.¹⁰⁷ Because the judge must consider many different factors,¹⁰⁸ she will generally transfer the case only when the balance of inconveniences is quite lopsided.¹⁰⁹ Moreover, courts tend to defer to a plaintiff's choice of forum.¹¹⁰ Thus, one would expect transfer rates to be low, regardless of whether cases are initiated by the patentee or the accused infringer.¹¹¹ Unexpectedly, the data show a marked difference in transfer rates between DJ and NDJ cases.

Table 2 reports the total number of cases in the dataset ($n = 2412$) and segregates the data by whether the case was a DJ case, and whether the case was transferred. The odds of being transferred were calculated using logistic regression analysis, and are shown in Table 3.

TABLE 2. CASE TYPE BY TRANSFER STATUS (ALL CASES)

Case Type	Number of Cases Transferred	Number of Cases that Stayed in the Plaintiff's Choice of Forum	Total Number of Cases	Percent of Cases Transferred
DJ	45	290	335	13.4%
NDJ	126	1951	2077	6.1%
Total	171	2241	2412	

¹⁰⁷ *Id.* at 1516 (“[T]ransfer does not shift the choice of forum from plaintiff to defendant, but instead from plaintiff to judge.”).

¹⁰⁸ *See supra* Part I.D.

¹⁰⁹ Clermont & Eisenberg, *supra* note 10, at 1515 (“[T]he court will not transfer merely to shift the inconvenience from the defendant to the plaintiff, the court will transfer when the balance of inconveniences is really lopsided.”).

¹¹⁰ *See supra* Part I.D.

¹¹¹ Clermont & Eisenberg, *supra* note 10, at 1516 (“[T]he judge decides to transfer only in rather extreme cases of forum-shopping, normally deferring to the presumption in favor of the selected forum.”).

TABLE 3. ODDS OF BEING TRANSFERRED (ALL CASES)

	Odds Ratio	95% Confidence Limits	P-Value
DJ Filed	2.403	1.673; 3.451	< 0.0001

In 2008, NDJ cases had an overall transfer rate of 6.1%.¹¹² This result compares favorably with data from the Federal Judicial Center, which shows that overall transfer rates in patent cases ranged from 4.1% to 6.0% between fiscal years 2005 and 2008.¹¹³

The overall transfer rate for 2008 DJ cases, on the other hand, was 13.4%.¹¹⁴ Further, a DJ case is 2.4 times more likely to be transferred than an NDJ case. This finding is statistically significant.¹¹⁵

Higher transfer rates are evidence of forum shopping activity.¹¹⁶ The finding that DJ cases have higher transfer rates than NDJ cases, coupled with the previous finding that more transfer motions are filed in DJ cases than in NDJ cases, bolsters the conclusion that declaratory judgment actions are often filed to forum shop.

Furthermore, the higher transfer rate for DJ cases as opposed to NDJ cases indicates that accused infringers are often unable to secure their desired forum via declaratory judgment.¹¹⁷ The lower rate of transfer for NDJ cases suggests that patentee-plaintiffs are more likely to secure their desired forum when compared with accused infringer-plaintiffs using declaratory judgment actions.

Why is the transfer rate for DJ cases so much higher? One explanation is that the selection of DJ cases is not a random or representative subset of all patent infringement disputes.¹¹⁸ That is, it is possible that more declaratory judgment plaintiffs file suit for the purpose of forum shopping, and patentee-defendants file transfer motions more often in such suits, thereby increasing the rate of transfer. Also, accused infringers could be using declaratory judgment actions to forum

¹¹² This includes twenty-five uncontested transfers.

¹¹³ Janicke, *supra* note 2, at 19 (showing overall patent transfer rates for all districts). These data include declaratory judgment actions. *Id.* at 19 n.81. The federal government's fiscal year ends September 30. *Id.* at 24 n.94.

¹¹⁴ This includes two uncontested transfers.

¹¹⁵ See *supra* note 104.

¹¹⁶ Moore, *supra* note 2, at 915–16.

¹¹⁷ Declaratory judgment actions are filed by accused infringers in their desired forum, so when a DJ case is transferred, the accused infringer loses its desired forum.

¹¹⁸ See Moore, *supra* note 2, at 922–23 (explaining the influence of selection effect theory on analysis of patent litigation); David L. Schwartz, *Pre-Markman Reversal Rates*, 43 LOY. L.A. L. REV. 1073, 1101–07 (2010) (explaining selection effect theory with respect to patent litigation).

shop more aggressively than patentees, again resulting in more transfer motions and possibly increasing the transfer rate. This concern should be ameliorated by comparing only the cases in which motions to transfer were filed, contested, and resolved. This subset of cases should have similar forum shopping risks and consequences, i.e., in these cases, a defendant has incurred the time, effort, and expense to litigate a transfer motion.

Accordingly, the dataset was narrowed to examine only DJ and NDJ cases in which a transfer motion was filed, contested, and resolved. Table 4 reports only those cases ($n = 261$) and segregates the data by whether the case was a DJ case and whether the case was transferred. The odds of being transferred were calculated using logistic regression analysis, and are shown in Table 5.

TABLE 4. CASE TYPE BY TRANSFER STATUS
(CONTESTED MOTIONS ONLY)

Case Type	Number of Cases Transferred	Number of Cases that Stayed in the Plaintiff's Choice of Forum	Total Number of Cases	Percentage of Cases Transferred
DJ	43	28	71	60.6%
NDJ	101	89	190	53.2%
Total	144	117	261	

TABLE 5. ODDS OF BEING TRANSFERRED
(CONTESTED MOTIONS ONLY)

	Odds Ratio	95% Confidence Limits	P-Value
DJ Filed	1.353	0.777, 2.357	0.2852

For the contested cases studied, a DJ case was 1.35 times more likely to be transferred than an NDJ case. This result further supports the previous finding that DJ suits are more likely to be transferred than NDJ suits, challenging the assumption that filing a DJ suit is the optimal way for an accused infringer to forum shop. Given the smaller sample size, however, additional research is needed before these findings can be extrapolated generally.¹¹⁹

There is an alternative way to view the data, given that accused infringers seek different transfer outcomes depending on whether they are the plaintiff or the defendant.¹²⁰ On the one hand, bringing a declaratory judgment suit as a plaintiff allows the accused infringer to

¹¹⁹ For a discussion of the limitations of this Study, see *infra* Part IV.A.

¹²⁰ See *supra* Part I.C–I.D.

make the initial forum selection, which can then be challenged by the patentee-defendant.¹²¹ On the other hand, as a defendant, the accused infringer can challenge the patentee-plaintiff's forum selection by filing a transfer motion requesting an alternate forum.¹²² We can compare how often the accused infringer proceeds in its favored forum under these two scenarios. That is, if an accused infringer files for declaratory judgment and its choice of forum is challenged, does the case proceed in the forum that the accused infringer initially selected? Similarly, when the accused infringer files a transfer motion as a defendant, how often is that motion granted? An accused infringer's "forum success" can be calculated for both NDJ cases and DJ cases and compared.

Forum success for accused infringers is defined differently depending on whether the accused infringer is a plaintiff in a DJ case or the defendant in an NDJ case. As a plaintiff in a DJ case, the accused infringer desires to stay in its chosen forum and therefore must successfully oppose the patentee-defendant's transfer motion. As a defendant in an NDJ case, the accused infringer seeks a transfer to another forum and so must successfully win its own transfer motion. Comparing forum success thus requires a comparison of the rate at which transfer motions are *granted* in NDJ cases with the rate at which transfer motions are *denied* in DJ cases. Therefore, the forum success rate reflects the likelihood that the accused infringer will obtain its desired forum when forum is contested.

Table 6 reports only those cases in the dataset in which a transfer motion was filed, contested, and resolved (n = 261), segregates the data by whether the case was a DJ case and whether the case was transferred, and assigns the forum success rate for the accused infringer.

TABLE 6. ACCUSED INFRINGER FORUM SUCCESS RATE
(CONTESTED MOTIONS ONLY)

Case Type	Number of Cases Transferred	Number of Cases that Stayed in the Plaintiff's Choice of Forum	Total Number of Cases	Percent of Cases Transferred	Forum Success Rate (Accused Infringer)
DJ	43	28	71	60.6%	39.4%
NDJ	101	89	190	53.2%	53.2%
Total	144	117	261		

¹²¹ Hsu, *supra* note 54, at 94 (noting that declaratory judgment gives alleged infringers the ability to choose a favorable forum).

¹²² Clermont & Eisenberg, *supra* note 10, at 1515; *see also* Woodhouse, *supra* note 84, at 228 (noting that patentees choose to litigate in fora that substantively favor them).

The data reveal a forum success rate for accused infringers of 53.2% in NDJ cases but only 39.4% in DJ cases. Thus, when forum was contested, an accused infringer was less likely to obtain its desired forum as a declaratory judgment plaintiff. This is a surprising, and counterintuitive, result. Prevailing wisdom holds that declaratory judgment actions are an effective way for accused infringers to go on the offensive by preemptively suing the patentee in the forum of their choice.¹²³ In theory, accused infringers would initiate litigation in this way only in cases they think they should win.¹²⁴ The expected strength of these cases, coupled with the presumption in favor of plaintiff's selected forum,¹²⁵ should give declaratory judgment plaintiffs an advantage in a fight over forum.

C. Possible Explanations

Unexpectedly, when forum was contested, being a declaratory judgment plaintiff did not give accused infringers an advantage. This Section views the data in light of some variables that might explain this surprising result.

1. First-Filed Versus Second-Filed

Courts tend to defer to a plaintiff's choice of forum.¹²⁶ Although the data presented in this Article cast some doubt on this general proposition, the Federal Circuit has stated that "the forum of the first-filed case is favored, unless considerations of judicial and litigant economy, and the just and effective disposition of disputes, require otherwise."¹²⁷ Accordingly, the defendant must provide a "sound reason that would make it unjust or inefficient to continue the first-filed action."¹²⁸

Although declaratory judgment actions are usually preemptive filings, in some cases, the potential infringer is not the first to file because the potential infringer may have lost the race to the court-

¹²³ Moore, *supra* note 2, at 920.

¹²⁴ *See id.*

¹²⁵ Clermont & Eisenberg, *supra* note 10, at 1515 (noting the presumption in favor of plaintiff's choice of forum).

¹²⁶ *See* Offen-Brown, *supra* note 39, at 65 (noting that first-filed suits traditionally receive deference).

¹²⁷ *Genentech, Inc. v. Eli Lilly & Co.*, 998 F.2d 931, 937 (Fed. Cir. 1993), *abrogated in part on other grounds by Wilton v. Seven Falls Co.*, 515 U.S. 277, 289 (1995).

¹²⁸ *Id.* at 938. *But see* *Micron Tech., Inc. v. Mosaid Techs., Inc.*, 518 F.3d 897, 904 (Fed. Cir. 2008) (stating that courts should not automatically go with the first-filed action, but should consider the convenience factors under 28 U.S.C. § 1404(a)).

house¹²⁹ or filed for declaratory judgment only after its customers were sued.¹³⁰ In cases where the declaratory judgment action is filed second, we should expect less deference to the declaratory judgment plaintiff's choice of forum.

Table 7 reports only those DJ cases in the full dataset where a transfer motion was filed ($n = 86$) and segregates the data by whether the DJ case was filed first or second and whether the transfer was granted, denied, or unresolved.

TABLE 7. DJ TRANSFER CASES BY FILING STATUS

Filing Status	Total Number of Cases	Number of Transfers Granted	Number of Transfers Denied	Number of Transfers Unresolved	Forum Success Rate ¹³¹
First-filed	38	16	19	3	54.3%
Second-filed	48	27	9	12	25%
Total	86	43	28	15	

Indeed, when the data are segregated in this way, the forum success rate for second-filed declaratory judgments falls to 25%. But, even when the declaratory judgment suit was filed first, the forum success rate was 54.3%, only slightly greater than the 53.2% forum success rate for transfer motions in NDJ cases. These results support two initial observations. First, accused infringers that file for declaratory judgment after the patentee has already filed its infringement suit rarely get their desired forum if their choice of forum is challenged. Second, even when second-filed declaratory judgment actions are excluded, declaratory judgment plaintiffs were no more successful at securing their desired forum than defendants in NDJ cases when forum was contested. This is true despite the fact that declaratory judgment plaintiffs should be afforded deference in their choice of forum.

2. *Declaratory Judgment Plaintiff Not Named in Infringement Suit*

As discussed above, sometimes patentees do not name the producers of allegedly infringing products in their infringement suits.¹³²

¹²⁹ See *supra* note 65 and accompanying text.

¹³⁰ See, e.g., *Delphi Corp. v. Auto. Techs. Int'l, Inc.*, No. 08-CV-11048, 2008 WL 2941116, at *1 (E.D. Mich. July 25, 2008).

¹³¹ Unresolved transfer motions were not counted.

¹³² See *supra* Part I.C; see also, e.g., Complaint at 4–5, *Auto Techs. Int'l, Inc. v. Delphi Corp.*, 776 F. Supp. 2d 469 (E.D. Mich. 2010) (No. 2:08-CV-11048); Complaint, *supra* note 69, at 3; Complaint at 1, *Alke B.V. v. L.B. White Co.*, 2008 WL 2447357 (W.D.N.C. June 13, 2008) (No. 3:08-CV88-C).

In such situations, the party that is actually responsible for manufacturing the allegedly infringing product may file a declaratory judgment action against the patentee as a way to initiate litigation.¹³³ Given that these second filers are the real parties of interest, one might expect that these plaintiffs would be more successful at getting their desired forum.

Table 8 reports only those DJ cases in the dataset where a transfer motion was filed and where the DJ case was filed second ($n = 48$), and segregates the data by whether the declaratory judgment plaintiff was named in the patentee suit.

TABLE 8. WAS SECOND-TO-FILE DJ PLAINTIFF NAMED IN PATENT SUIT?

Was Second-to-File DJ Plaintiff Named in Patentee Suit?	Total Number of Cases	Number of Transfers Granted	Number of Transfers Denied	Number of Transfers Unresolved	Forum Success Rate ¹³⁴
Yes	28	16	6	6	27.3%
No	20	11	3	6	21.4%
Total	48				

Even with this unique procedural posture, the forum success rate for these plaintiffs was a very low 21.4%—approximately the same rate as for second-filed declaratory judgments. Thus, among the cases studied, even declaratory judgment plaintiffs that were not named in the patentee’s infringement suit were unable to successfully oppose transfer.

3. *Size and Type of Moving and Opposing Party*

Another variable affecting the results could be the size and type of parties bringing declaratory judgment actions or transfer motions and the size and type of parties opposing such motions. That is, declaratory judgment suits may not be reliable forum shopping tools overall, but they might be very reliable when used by or against certain types of parties. It is possible that large companies are better able than small companies to use declaratory judgment actions and transfer motions to forum shop, given the high costs of initiating a lawsuit and litigating a subsequent motion to transfer.¹³⁵ Small patentees might

¹³³ Ryan, *supra* note 70, at 186 (describing this kind of action as a “common patent-law fact pattern”). The data showed that 23.3% of declaratory judgment actions subject to transfer were filed by plaintiffs that were not named in the parallel action. See *supra* Part III.C.1–2.

¹³⁴ Unresolved transfer motions were not counted.

¹³⁵ See Clermont & Eisenberg, *supra* note 10, at 1517 (“[T]ransferred cases tend to be big

engage in more opportunistic litigation,¹³⁶ triggering a corresponding increase in declaratory judgments and transfer motions filed against small patentees.

To account for party size, this Study placed all parties into one of three categories: Large, Small, and Non-Practicing Entity (“NPE”).¹³⁷ Large is defined as a public company, or a private company with over \$100 million in annual revenue.¹³⁸ NPE refers to a patentee that does not make products or practice its invention, but relies on its patents for licensing revenue only.¹³⁹ It is important to segregate NPEs because these entities use patent litigation for profit.¹⁴⁰ Accordingly, NPEs are often portrayed as forceful and opportunistic instigators of patent litigation.¹⁴¹ Accused infringers might use declaratory judgment actions to aggressively forum shop against NPEs because NPEs are focused only on patent enforcement and not commercializing products. Parties that did not fit into either of the previous two categories, including individuals, nonprofits, and private companies with annual revenues under \$100 million, were coded as Small. If there were multiple coparties to a suit, it was assumed that the largest entity was the real target or promulgator of the action.¹⁴²

a. Moving Party Size

Categorizing the data by moving party size, Table 9 compares the forum success rates for DJ cases where a motion to transfer was filed (n = 86) with NDJ cases where a motion to transfer was filed

and serious disputes between litigious parties.”); *see also* Jean O. Lanjouw & Josh Lerner, *Tilting the Table? The Use of Preliminary Injunctions*, 44 J.L. & ECON. 573, 574 (2001) (noting that small firms face a “particular difficulty of raising external funds to finance litigation”).

¹³⁶ Bessen & Meurer, *supra* note 52, at 14, 17.

¹³⁷ For a more detailed explanation of how parties were categorized and a more detailed breakdown of the types of parties that bring declaratory judgment actions, *see infra* Appendix B.

¹³⁸ *See* Chien, *supra* note 29, at 1597 & n.147 (explaining the \$100 million threshold for the large private company category).

¹³⁹ *Id.* at 1577–79 (describing NPEs). A party was coded as NPE “if the entity was described by a court description, industry code, news article, entity website, or blog post as a non-practicing enforcement/licensing entity, NPE, or troll.” *Id.* at 1596 (describing identification and classification of NPEs); *see also* Liang, *supra* note 85, at 33–36 (describing NPEs).

¹⁴⁰ Liang, *supra* note 85, at 33–35 (describing how NPEs use patent litigation to extract settlements and licensing fees); *see also* Chien, *supra* note 29, at 1579 (“NPEs do not risk disruption to their core business—patent enforcement *is* their core business.” (emphasis added)).

¹⁴¹ Chien, *supra* note 29, at 1577–80 (explaining that NPEs often sue multiple defendants, NPEs cannot be countersued for infringement as they have no products of their own, and NPEs are accused of asserting weak patents).

¹⁴² *See id.* at 1598 (using similar categorization methods).

($n = 275$).¹⁴³ Table 9 starts with all cases in which a transfer motion was filed (as shown in Table 1), but separates all unresolved transfer motions so that only contested cases are used to calculate forum success rate (as shown in Table 6).

TABLE 9. ACCUSED INFRINGER FORUM SUCCESS RATE BY SIZE OF ACCUSED INFRINGER

Case Type	Accused Infringer Size	Number of Transfer Motions Filed	Number of Transfer Motions Granted	Number of Transfer Motions Denied	Number of Transfer Motions Unresolved	Forum Success Rate
DJ	Large	58	27	22	9	44.9%
	Small	28	16	6	6	27.3%
Total		86				
NDJ	Large	143	61	46	36	57%
	Small	132	43	40	49	51.8%
Total		275				

As shown in Table 9, when the data are controlled for accused infringer size, being a declaratory judgment plaintiff did not give the accused infringer an advantage when forum was contested. This is particularly true for Small accused infringers that have a much higher forum success rate as defendants than as declaratory judgment plaintiffs. Even Large corporate accused infringers, that presumably have the resources to successfully procure their desired forum, had better forum success rates as defendants than as declaratory judgment plaintiffs.

b. Opposing Party Size

Categorizing the data by opposing party size, Table 10 compares DJ cases where a transfer motion was filed ($n = 86$) with NDJ cases where a transfer motion was filed ($n = 275$). Only contested cases were used to calculate forum success rate.

¹⁴³ Because forum success rate measures the rate at which an accused infringer successfully obtains the forum of its choice, accused infringer-plaintiffs filing for declaratory judgment must be compared with accused infringer-defendants filing a motion to transfer in an NDJ case.

TABLE 10. ACCUSED INFRINGER FORUM SUCCESS RATE BY SIZE OF PATENTEE

Case Type	Patentee Size	Number of Transfer Motions Filed	Number of Transfer Motions Granted	Number of Transfer Motions Denied	Number of Transfer Motions Unresolved	Forum Success Rate
DJ	Large	33	16	13	4	44.8%
	Small	31	16	6	9	27.3%
	NPE	22	11	9	2	45%
Total		86				
NDJ	Large	69	26	16	27	61.9%
	Small	116	39	42	35	48.1%
	NPE	90	36	31	23	53.7%
Total		275				

As can be seen from Table 10, when forum was contested, an accused infringer's status as a declaratory judgment plaintiff did not help it, regardless of the size and type of the opposing party. Accused infringers were more successful as defendants even when the opposing party was Large and presumably had the resources to vigorously oppose the transfer motion. Being a declaratory judgment plaintiff did not give accused infringers any advantage against an NPE, despite the reputation of NPEs for engaging in aggressive and opportunistic litigation tactics.¹⁴⁴

Given the discrepancy in forum success rates, it appears that accused infringers get no advantage from being a declaratory judgment plaintiff when forum is contested, regardless of moving party size or opposing party size.

4. Judicial District: The Eastern District of Texas

A final variable to consider is the variation in transfer rates among particular districts. It could be, for example, that a particular district rarely grants transfers, and so, if an accused infringer wishes to avoid a particular district, it would be better off filing a declaratory judgment action in its preferred district rather than filing a transfer motion that is doomed to fail.

In patent litigation, the district that matters is the Eastern District of Texas.¹⁴⁵ The Eastern District of Texas is the favored forum for

¹⁴⁴ Chien, *supra* note 29, at 1579–80 (noting that NPEs surprise their targets, sue multiple defendants, and assert weak patents).

¹⁴⁵ See Leychikis, *supra* note 44, at 205–15 (explaining how the Eastern District of Texas has attracted so much patent litigation); Xuan-Thao Nguyen, *Justice Scalia's "Renegade Jurisdiction": Lessons for Patent Law Reform*, 83 TUL. L. REV. 111, 134–42 (2008) (detailing how the Eastern District of Texas actively transformed itself into an accessible and knowledgeable court

patentee plaintiffs,¹⁴⁶ and, in 2008, it was the district with the largest number of patent suit filings in the country.¹⁴⁷ Patent plaintiffs favor the Eastern District of Texas because it has knowledgeable judges experienced in patent cases, special patent procedural rules that result in quick and relatively inexpensive trials, and plaintiff-friendly juries.¹⁴⁸ Defendants, on the other hand, suffer under the district's "pro-patentee bias."¹⁴⁹ The district's judges tend not to grant summary judgment,¹⁵⁰ and, according to some observers, are particularly hostile toward transfer motions.¹⁵¹ With "defendant-hostile juries and scarce opportunities for transfer, stay or summary judgment," the Eastern District of Texas is "about the worst place in the country" to litigate for an accused infringer.¹⁵² Facing such grim odds, perhaps an accused infringer rationally files for declaratory judgment in its desired forum, rather than file and fight a transfer motion that is sure to be denied.

with strong expertise in solving patent disputes); Offen-Brown, *supra* note 39, at 69–72 (showing the rise in patent filings in the Eastern District of Texas between 2000 and 2009).

¹⁴⁶ See Lemley, *supra* note 1, at 404 (noting that patent plaintiffs have flocked "en masse" to the Eastern District of Texas in the last several years); Leychkis, *supra* note 44, at 206 ("Plaintiff patent holders and their attorneys love the Eastern District of Texas.").

¹⁴⁷ Paul M. Janicke, *Venue Transfers From the Eastern District of Texas: Case by Case or an Endemic Problem?*, LANDSLIDE, Mar./Apr. 2010, at 16 (stating that the Eastern District of Texas is the district "with the largest number of patent suit filings in the United States"); see also Lemley, *supra* note 1, at 421 (noting that the Eastern District of Texas is tied for fifth in a ranking of all districts by number of patent cases litigated in the last decade).

¹⁴⁸ Leychkis, *supra* note 44, at 205; see also Janicke, *supra* note 147, at 17 (stating that the Eastern District of Texas "has almost uniformly been seen as more pro-plaintiff and more pro-patent than any other district in the country"). *But see* Lemley, *supra* note 1, at 410, 415 (noting that the Eastern District of Texas is not a top five district for average plaintiff win rate, and that it is "among the slowest jurisdictions" when sorted by time to total resolution).

¹⁴⁹ Leychkis, *supra* note 44, at 216. *But see* Andrei Iancu & Jay Chung, *Real Reasons the Eastern District of Texas Draws Patent Cases—Beyond Lore and Anecdote*, 14 SMU SCI. & TECH. L. REV. 299, 303–08 (2011) (arguing that there are no data to support jury bias in the Eastern District of Texas, and that the appellate affirmance rate of cases from the Eastern District of Texas is higher than in many other popular patent districts).

¹⁵⁰ See Leychkis, *supra* note 44, at 216 (noting that patent holders win seventy-five percent of bench trials in the district, compared to forty-seven percent nationwide, and that the district has the lowest rate of summary judgments in patent cases in the U.S.).

¹⁵¹ See *id.* ("While the national average [transfer rate] is close to 50%[,] . . . the Eastern District of Texas grants only one in every three motions to transfer venue."); Offen-Brown, *supra* note 39, at 72–74 (noting the district's "low" transfer rate of 32.1%); Li Zhu, Note, *Taking Off: Recent Changes to Venue Transfer of Patent Litigation in the Rocket Docket*, 11 MINN. J.L. SCI. & TECH. 901, 905 (2010) (noting that in the past, transfers "were rarely granted" in the Eastern District of Texas). *But see* Janicke, *supra* note 2, at 4–5 (finding that patent cases were transferred out of the Eastern District of Texas at rates higher than the national average in 2005, 2007, and 2008).

¹⁵² Leychkis, *supra* note 44, at 215–17.

To determine the effect that the Eastern District of Texas may have on forum shopping activity, data were gathered on DJ cases where the patentee-defendant filed a motion to transfer to the Eastern District of Texas. Such an approach identifies those cases that would have likely been filed in the Eastern District of Texas to begin with, had the patentee been able to file first.

Table 11 reports all DJ cases in the full dataset where a transfer motion was filed ($n = 86$), categorized by whether the transfer motion requested transfer of the DJ case to the Eastern District of Texas.

TABLE 11. DJ TRANSFER CASES WHERE TRANSFER TO EASTERN DISTRICT OF TEXAS WAS REQUESTED

Did Transfer Motion Filed in DJ Case Request Eastern District of Texas ("EDTX")?	Total Number of Cases	Percent of Motions that Requested Transfer to EDTX
Yes	30	34.9%
No	56	65.1%
Total	86	

Patentee-defendants moving to transfer a DJ case to another district requested the Eastern District of Texas as the transferee forum 34.9% of the time. This suggests that many patentees do in fact prefer to litigate in the Eastern District of Texas.

In order to compare this figure with NDJ cases, all NDJ cases filed in the Eastern District of Texas in which a transfer motion was also filed were collected. Table 12 reports all NDJ cases in the full dataset where a transfer motion was filed ($n = 275$), categorized by whether the NDJ case was filed in the Eastern District of Texas.

TABLE 12. NDJ TRANSFER CASES FILED IN EASTERN DISTRICT OF TEXAS

Was NDJ Transfer Case Filed in EDTX?	Total Number of Cases	Percent of Cases Filed in EDTX
Yes	87	31.6%
No	188	68.4%
Total	275	

The data show that 31.6% of all NDJ cases in the dataset that were subject to a transfer motion were originally filed in the Eastern District of Texas. In other words, one-third of the accused infringers seeking transfer are trying to get out of the Eastern District of Texas.

These results suggest that the Eastern District of Texas has a strong influence on forum shopping activity: Patentees are trying to

get into the Eastern District, and accused infringers are trying to get out. Table 13 compares the forum success rate for accused infringers opposing a transfer to the Eastern District of Texas in a DJ case (n = 30) with those trying to get out of the Eastern District via transfer motion in an NDJ case (n = 87).

TABLE 13. FORUM SUCCESS RATE FOR ACCUSED INFRINGERS
AVOIDING THE EASTERN DISTRICT OF TEXAS

Case Type	Total Number of Cases	Number of Transfers Granted	Number of Transfers Denied	Number of Transfers Unresolved	Forum Success Rate
DJ: Opposing Motion to Transfer to EDTX	30	16	11	4	42.3%
NDJ: Requesting Transfer out of EDTX	87	25	27	35	48%

When forum was contested, accused infringers did not improve their odds of avoiding the Eastern District of Texas by filing a declaratory judgment action. The forum success rate for accused infringers in DJ cases was 42.3%, which means that accused infringers successfully opposed a motion to transfer to the Eastern District, thereby keeping their originally chosen forum, only 42.3% of the time.

By contrast, when an accused infringer in an NDJ case filed a motion to transfer out of the Eastern District of Texas, the forum success rate was 48%. This number is higher than the transfer rates previously reported by some commentators,¹⁵³ although prior studies may have underreported the transfer grant rate in the Eastern District of Texas by relying only on published cases.¹⁵⁴ The 48% forum success rate for accused infringers filing motions to transfer found in this Study is consistent with a recent study by Professor Paul M. Janicke, which found that the Eastern District's transfer grant rate was 47% for the 2007 fiscal year.¹⁵⁵ Janicke's study did not rely only on published cases, but instead used more complete data from the Federal

¹⁵³ See *supra* note 151 and accompanying text; see also Liang, *supra* note 85, at 53–54.

¹⁵⁴ See, e.g., Liang, *supra* note 85, at 53–54 (using cases reported on Westlaw to calculate a transfer grant rate of 30.6% to 34.1%).

¹⁵⁵ Janicke, *supra* note 2, at 22–23. The success rate was initially calculated as sixty-eight percent, including ten patent infringement suits filed by the same plaintiff. *Id.* If these ten cases were counted as a single dispute, the rate drops to forty-seven percent. *Id.*

Judicial Center and the IPLC.¹⁵⁶ Indeed, Janicke found that the Eastern District of Texas has consistently transferred patent cases at higher rates than other districts,¹⁵⁷ and he argues that the perception that transfers out of the Eastern District are impossible has “little to no ground to support it.”¹⁵⁸

The total number of cases in the instant dataset is too small to definitively conclude that the forum success rate for accused infringers trying to avoid the Eastern District of Texas is in fact lower for DJ cases than for NDJ cases. Additional data will be needed to confirm these transfer rates, and the data reported herein should be considered a starting point for further research. Still, based on these initial findings, if an accused infringer’s goal is to avoid the Eastern District of Texas, declaratory judgment actions do not appear to offer a significant advantage in this regard.

In summary, DJ cases are 2.4 times more likely to be transferred than NDJ cases.¹⁵⁹ When forum is contested, an accused infringer gets no advantage by being a declaratory judgment plaintiff, and, in fact, has lower forum success rates among the cases studied.¹⁶⁰ These lower forum success rates hold steady even when variables such as timing of suit, party size and type, and judicial district are considered.¹⁶¹

IV. DISCUSSION AND DIRECTIONS FOR FUTURE RESEARCH

This Article reports new data on the prevalence of forum shopping by accused infringers. In the majority of cases, forum is not contested, but forum is much more likely to be contested in declaratory judgment cases than in nondeclaratory judgment cases.¹⁶² When forum is contested, accused infringers who filed for declaratory judgment are less likely to litigate in their desired forum.¹⁶³ Before delving too far into the implications of this finding, the limitations of this Study are discussed below.

¹⁵⁶ *Id.* at 19 & n.82 (explaining that data were drawn from the Federal Judicial Center and Stanford’s IP Litigation Clearinghouse (“Lex Machina”).)

¹⁵⁷ *Id.* at 4–5 (noting higher rates of transfer in fiscal years 2005, 2007, and 2008).

¹⁵⁸ Janicke, *supra* note 147, at 19.

¹⁵⁹ *See supra* Part III.B.

¹⁶⁰ *See supra* Part III.B.

¹⁶¹ *See supra* Part III.C.

¹⁶² *See supra* Part III.A.

¹⁶³ *See supra* Part III.B.

A. Study Limitations

It should first be acknowledged that this Article takes no position on whether forum shopping is good or bad. Some commentators argue that forum shopping creates uncertainty and inconsistency in the application of the law, thereby eroding confidence in the law and its enforcement.¹⁶⁴ To the extent that win rates differ across districts, the normative force of patent law suffers.¹⁶⁵ Forum shopping may also create inefficiencies by wasting resources on fights over forum, rather than spending resources on substantive issues.¹⁶⁶

Others argue that fights over forum are worthwhile because transfers yield “considerable savings through the diminution of error costs,”¹⁶⁷ and also that forum shopping is simply “a response to the market demand for faster, cheaper, and more predictable forums for patent litigation.”¹⁶⁸ Regardless of one’s position with respect to forum shopping, however, it is clear that until a plaintiff’s ability to choose a forum is restricted, all parties will forum shop.¹⁶⁹ Because such restrictions are unlikely, this Article focuses on the forum shopping behavior of accused patent infringers to see how they are forum shopping, and whether they are successful, in order to inform the continuing debate over the pros and cons of forum shopping.

Addressing other relevant limitations, this Study observed only those declaratory judgment cases filed in 2008 in association with patent litigation.¹⁷⁰ Accordingly, the discussed implications are not nec-

¹⁶⁴ See Moore, *supra* note 2, at 924; see also Fromer, *supra* note 3, at 1465.

¹⁶⁵ Fromer, *supra* note 3, at 1464–65.

¹⁶⁶ Moore, *supra* note 2, at 924–26.

¹⁶⁷ Clermont & Eisenberg, *supra* note 10, at 1525 (“[T]ransfer removes unjust forum advantage and thereby produces more accurate outcomes.”).

¹⁶⁸ Meehan, *supra* note 3, at 13.

¹⁶⁹ See Lemley, *supra* note 1, at 402 (stating that both plaintiffs and accused infringers forum shop); Janicke, *supra* note 2, at 26 (noting that as long as plaintiffs can make the initial determination of where to sue, forum shopping by plaintiffs will continue, and that defendants who file transfer motions are also forum shopping); see also Atkinson et al., *supra* note 13, at 441 (“Forum shopping is not an ill, in and of itself, but is a symptom of nonuniformity.”); Patrick E. Higginbotham, Judge, U.S. Court of Appeals for the Fifth Circuit, EDTX and Transfer of Venue: Move Over, Federal Circuit—Here is the Fifth Circuit’s Law on Transfer of Venue, Keynote Address at the Southern Methodist University Science and Technology Law Review Symposium: Emerging Intellectual Property Issues: Eastern District of Texas and Patents (Feb. 18, 2011), in 14 SMU SCI. & TECH. L. REV. 191, 197 (2011) (“There is nothing illegal, improper, or unjust about a plaintiff deciding to go to a forum where he thinks a jury is more generous[,] . . . where he thinks the judges are better, or whether he just thinks that is where [he] want[s] to be.” (internal quotation marks omitted)).

¹⁷⁰ Contrast this with a hypothetical experimental study that attempts to ascertain whether judges are more likely to transfer declaratory judgment cases as opposed to nondeclaratory judgment cases.

essarily descriptive inferences about declaratory judgment suits in general.¹⁷¹ Without additional data from several more years, these results cannot be conclusively applied to all patent declaratory judgment suits. But, as explained above, restricting the data to the year 2008 allowed the cases to progress enough so that transfer motions could be made, resolved, and observed.¹⁷² Thus, this Study presents significant initial findings that should be supplemented with further data collection and analysis.

Furthermore, there may be an unknown selection bias inherent in the selection of patent infringement cases filed only in 2008.¹⁷³ Although every declaratory judgment patent case filed in 2008 was analyzed and transfer rates were compared with nondeclaratory judgment patent cases filed that year, it is possible that cases filed in 2008 differ in some significant way from patent cases filed in other years. For example, more declaratory judgment patent cases may have been filed in 2008 than normal, though the numbers found in this Study correlate well with prior studies.¹⁷⁴ The declaratory judgment cases filed in 2008 could also be weaker on the merits when compared with cases filed in prior years, resulting in higher transfer rates. Even if this were true, however, the cases in which transfer motions are filed are most likely to be the cases in which the parties substantially disagree on the appropriate forum.¹⁷⁵ If the circumstances clearly favor one side, economically rational behavior dictates that the parties will agree to a transfer to avoid transaction costs.¹⁷⁶ The cases where a transfer motion is litigated and resolved by the judge are likely to be the closer cases in which the parties disagree on the predicted outcome.¹⁷⁷ Therefore, even if the cases filed in 2008 are weaker than cases filed in other years, examining just those cases where a transfer motion was litigated and resolved should mitigate any unknown selection bias.

It should also be noted that the accused infringer's choice of forum may not be contested, and accused infringers have higher win

¹⁷¹ See Epstein & King, *supra* note 96, at 29–34 (explaining descriptive inferences and their limitations).

¹⁷² Some cases filed in 2008 were not transferred until 2010. See, e.g., *Motiva LLC v. Nintendo Co.*, No. 6:08-cv-00429-LED (E.D. Tex. Mar. 1, 2010) (case filed on Nov. 10, 2008, and transferred to the Western District of Washington on March 1, 2010, as mandated by *In re Nintendo Co.*, 589 F.3d 1194 (Fed. Cir. 2009)).

¹⁷³ See Epstein & King, *supra* note 96, at 111 (noting that data will not yield unbiased inferences if the data systematically differ from the population).

¹⁷⁴ See *supra* Part III.C.

¹⁷⁵ See Moore, *supra* note 2, at 922–23 (explaining selection effect theory).

¹⁷⁶ See *id.* (describing selection effect theory as it related to cases that go to trial).

¹⁷⁷ See *id.*

rates at trial as declaratory judgment plaintiffs than as defendants.¹⁷⁸ Thus, it may be worthwhile for an accused infringer to file a declaratory judgment action even given the likelihood of transfer.¹⁷⁹ Moreover, the discussion that follows focuses on forum selection as if that were the sole reason for an accused infringer to file for a declaratory judgment, which oversimplifies the calculus.¹⁸⁰ There are many other reasons why a declaratory judgment plaintiff might file suit. For example, an accused infringer might file when negotiations between the parties over a potential license have irreparably broken down.¹⁸¹ An accused infringer might also file to improve bargaining position or to intimidate the patentee.¹⁸² Or perhaps a potential infringer might file suit—knowing that the probability of success is low—in order to threaten the patentee’s solvency or to force the patentee out of the market.¹⁸³ These other motivations are worthy of further study. Regardless of the underlying motivation for a declaratory judgment suit, however, the coercive power of the suit derives from the accused infringer’s ability to choose the forum and the time the suit will begin.¹⁸⁴ Accordingly, it is appropriate to look at whether declaratory judgment actions are reliably giving accused infringers their choice of forum, as this Study attempts to do.

B. Implications

With these limitations in mind, the data indicate that declaratory judgment cases are transferred at a much higher rate than

¹⁷⁸ See Moore, *supra* note 6, at 368.

¹⁷⁹ See *supra* Part III.B.

¹⁸⁰ Hsu, *supra* note 54, at 96–97 (listing various advantages of filing a declaratory judgment action).

¹⁸¹ See Chuang, *supra* note 32, at 904 (“[T]he classic scenario that leads to a request for declaratory relief is a failed attempt to license the patent-at-issue.”).

¹⁸² See Mark A. Lemley, *Rational Ignorance at the Patent Office*, 95 NW. U. L. REV. 1495, 1505 (2001) (noting that suits can be used as settlement strategies, “forcing the other side to the bargaining table”); Paul J. LaVanway, Jr., Note, *Patent Licensing and Discretion: Reevaluating the Discretionary Prong of Declaratory Judgment Jurisdiction After MedImmune*, 92 MINN. L. REV. 1966, 1975 & n.65 (2008); see also *Sony Elecs., Inc. v. Guardian Media Techs., Ltd.*, 497 F.3d 1271, 1281 (Fed. Cir. 2007) (citing the district court’s conclusion that the suit was filed as “an intimidation tactic,” but reversing that court’s denial of declaratory judgment jurisdiction).

¹⁸³ See Chien, *supra* note 29, at 1587–89 (discussing “patent predation,” where established companies use patent litigation “to impose distress on financially disadvantaged rivals”); Stuart J.H. Graham et al., *High Technology Entrepreneurs and the Patent System: Results of the 2008 Berkeley Patent Survey*, 24 BERKELEY TECH. L.J. 1255, 1315–16 (2009) (describing “bullying” suits that attempt to put startup companies out of business); Michael J. Meurer, *Controlling Opportunistic and Anti-Competitive Intellectual Property Litigation*, 44 B.C. L. REV. 509, 517–25 (2003) (describing opportunistic and anticompetitive intellectual property lawsuits).

¹⁸⁴ See *supra* note 64 and accompanying text.

nondeclaratory judgment cases, and that when forum is contested, declaratory judgment plaintiffs are not successfully obtaining their desired forum.¹⁸⁵ Thus, continued use of declaratory judgment actions to forum shop has the potential to substantially impact the unpredictability and cost of patent litigation. Accordingly, patent attorneys need to reevaluate their use of declaratory judgment and educate their clients on its risks and costs.

1. *Increased Unpredictability*

Unpredictable and inconsistent application of law is a major concern in patent cases.¹⁸⁶ As stated by now-Judge Kimberly Moore: “If the property owner’s ability to enforce her patent is inefficient or unpredictable, the patent’s value decreases for the patent owner, competitors, and the public thereby stifling innovation and competition.”¹⁸⁷ This could happen in two ways. First, competitors may accord the patent too little respect, decreasing the value of the patent as a means for promoting innovation and increasing transaction costs.¹⁸⁸ Second, competitors could treat the patent as broader than it actually is, thereby reducing their own innovative behavior for fear of infringing and eliminating competition.¹⁸⁹

If accused infringers mistakenly believe that declaratory judgment actions can be used reliably to secure their favored forum, it becomes more difficult for parties to predict outcomes.¹⁹⁰ For example, an accused infringer may determine, after considering win rates and the average time to trial, that the best forum for her case is the District of Delaware. Based on historical data available for similar cases filed in that district, she can make a reasonable forecast of litigation costs and likely outcome.¹⁹¹ But as shown in this Article, if the accused infringer files a declaratory judgment action in the District of Delaware and that forum choice is challenged, the case has a good

¹⁸⁵ See *supra* Part III.B.

¹⁸⁶ See Moore, *supra* note 2, at 927–28 (explaining harmful effects of uncertainty on patent law); see also Meehan, *supra* note 3, at 3–4 (explaining how uncertainty might increase the amount of infringement that occurs.).

¹⁸⁷ Moore, *supra* note 2, at 928.

¹⁸⁸ See *id.* at 928–29 (arguing that when parties do not respect patents, their value decreases); see also Mark A. Lemley, *Ignoring Patents*, 2008 MICH. ST. L. REV. 19, 21–22 (explaining how parties ignore patents).

¹⁸⁹ Moore, *supra* note 2, at 929; see also Woodhouse, *supra* note 84, at 236 (noting that disparate judicial outcomes can cause overcompliance or undercompliance with patent rights).

¹⁹⁰ See Vanegas, *supra* note 55, at 376 (“[T]he accused infringer should receive the benefit of forum selection for incurring the costs of commencing the litigation.”).

¹⁹¹ See generally Lemley, *supra* note 1.

chance of being transferred to another district in which the accused infringer did not anticipate litigating.¹⁹² This makes it difficult for the accused infringer to predict the likely outcome of the case. When parties cannot predict outcomes, they are more likely to litigate.¹⁹³ This diverts resources from research and development to litigation and transaction costs, which is not the intended goal of the patent system.¹⁹⁴

2. Increased Cost

As a forum shopping tool, declaratory judgment actions are also more costly than transfer motions. A declaratory judgment action is usually a preemptive filing, and therefore the accused infringer incurs the cost to file a suit in the forum of her choice without being completely certain that the patentee would have actually filed suit.¹⁹⁵ It is possible that the patentee would never have sued, and that the accused infringer would not have needed to incur this cost at all. If the patentee does subsequently sue, parallel litigation will result, which will require the parties to incur the costs of appearing and litigating in two districts at once, at least until the forum issue is settled.¹⁹⁶ Parallel litigation also imposes extra costs on the judicial system because two

¹⁹² See *supra* Part III.B.

¹⁹³ See Leychkis, *supra* note 44, at 232 (arguing that forum shopping reduces overall predictability of the system and leads to more expensive litigation); Moore, *supra* note 2, at 927; Woodhouse, *supra* note 84, at 236–37 (describing the situation where parties may be less willing to settle because of forum, resulting in unnecessary and inefficient litigation costs).

¹⁹⁴ Moore, *supra* note 2, at 928. *But see* Kelly Casey Mullally, *Legal (Un)certainty, Legal Process, and Patent Law*, 43 LOY. L.A. L. REV. 1109, 1142–44 (2010) (stating that lawyers prefer uncertainty because it enhances the value of their services).

¹⁹⁵ The chance of suit by the patentee, however, cannot be merely speculative. See *supra* notes 56–63 and accompanying text. In order for a court to have subject matter jurisdiction, there generally must first be some affirmative act by the patent owner relating to enforcement of its patent rights. See, e.g., *Prasco, LLC v. Medicis Pharm. Corp.*, 537 F.3d 1329, 1338–39 (Fed. Cir. 2008); *SanDisk Corp. v. STMicroelectronics, Inc.*, 480 F.3d 1372, 1380–81 (Fed. Cir. 2007) (“[J]urisdiction generally will not arise merely on the basis that a party learns of the existence of a patent owned by another or even perceives such a patent to pose a risk of infringement, without some affirmative act by the patentee.”). Moreover, “although a party need not have engaged in the actual manufacture or sale of a potentially infringing product to obtain a declaratory judgment of non-infringement, there must be a showing of meaningful preparation for making or using that product.” *Cat Tech LLC v. TubeMaster, Inc.*, 528 F.3d 871, 880–81 (Fed. Cir. 2008) (internal quotation marks omitted) (“[W]hether there has been meaningful preparation to conduct potentially infringing activity remains an important element in the totality of circumstances which must be considered in determining whether a declaratory judgment is appropriate.”).

¹⁹⁶ Ryan, *supra* note 70, at 189–90 (noting that declaratory judgment actions increase the risk of duplicative litigation).

judges, and their respective courts, must work on the same case, resulting in wasteful, duplicative efforts.¹⁹⁷

The appeal of filing a declaratory judgment suit is even more difficult to explain when the accused infringer is the second to file. In such a scenario, the accused infringer is voluntarily initiating parallel litigation in another forum, which is a waste of time and effort from a forum shopping perspective.¹⁹⁸ Yet, despite the dismal success rate, significant numbers of such cases are filed.¹⁹⁹

A transfer motion, on the other hand, is filed by the accused infringer in a case in which she has already incurred the costs to appear; so, the cost of the motion is merely incremental.²⁰⁰ Moreover, there is no risk of parallel litigation because the case will proceed in a different forum only after the transfer motion is granted.²⁰¹ Accordingly, a transfer motion is a less costly way to forum shop when compared with a declaratory judgment action because an accused infringer only incurs the incremental cost to file the transfer motion in a case that she is already defending, and she need only focus on litigating in one forum at a time.

Litigants and courts already expend significant resources on fights over forum.²⁰² Indiscriminate use of declaratory judgment actions to forum shop unnecessarily increases the cost of wasteful litigation over forum because accused infringers that file for declaratory judgment get no advantage if forum is contested.²⁰³ Because most of the cost of patent litigation falls on innovators, these costs constitute a disincentive to innovate because resources spent on wasteful litigation are necessarily diverted from technological innovation.²⁰⁴ Adding

¹⁹⁷ See Linda J. Silberman, *The Impact of Jurisdictional Rules and Recognition Practice on International Business Transactions: The U.S. Regime*, 26 Hous. J. INT'L L. 327, 344 (2004).

¹⁹⁸ The forum success rate for second-filed declaratory judgment actions is twenty-five percent. See *supra* Table 7.

¹⁹⁹ Of eighty-six declaratory judgment cases subject to transfer, forty-eight were filed after the patentee filed a parallel suit. See *supra* Tables 7–8.

²⁰⁰ Defendants are likely to file a transfer motion “almost as a matter of course” when a “colorable argument” exists. Steinberg, *supra* note 8, at 464.

²⁰¹ Professor David Steinberg notes that judges receive the benefit of a less crowded docket when they transfer a case. *Id.* at 471. This is not to suggest that transfer motions are costless. The transferee judge must familiarize herself with the facts of the case, repeating work already done by the transferor judge. *Id.* at 452. New local counsel must also be obtained and will have to familiarize herself with the case. *Id.*

²⁰² See Moore, *supra* note 2, at 926 (“In short, it costs money to fight over forum, and it takes time for the court to handle these transfer motions.”).

²⁰³ See *id.* at 925 (“[F]orum shopping wastes resources by increasing litigation costs as parties dispute forum or pursue the most favorable forum”); *supra* Part III.B.

²⁰⁴ BESSEN & MEURER, *supra* note 27, at 56, 127, 141–42 (“[P]atent litigation is a real prob-

costs onto the already substantial cost of patent litigation will only further impede innovation. Moreover, the parallel litigation that often results when an accused infringer attempts to forum shop via declaratory judgment adversely affects the judicial system as a whole by contributing to already congested dockets.²⁰⁵ Litigants and witnesses must bear costs on two fronts, giving the advantage to large parties with superior resources and increasing the risk of opportunistic behavior.²⁰⁶ Judicial resources are also wasted through duplication.²⁰⁷

3. Possible Solutions

First, requests for declaratory relief in patent litigation should be carefully monitored by the courts. For example, when a declaratory judgment plaintiff files her case with the clear intent to forum shop, courts should carefully consider whether personal jurisdiction over the patentee would be appropriate.²⁰⁸ Furthermore, even when jurisdiction exists, the Declaratory Judgment Act expressly gives courts the discretion to decide whether to take the case.²⁰⁹ Courts can use their discretion to evaluate whether the declaratory judgment action furthers the goal of the Act—to reduce legal uncertainty²¹⁰—and the goal of the patent system—to promote innovation.²¹¹ A declaratory judg-

lem for innovators and it does impose a cost on investment in innovation.”); *see also* Meehan, *supra* note 3, at 3–4 (describing how litigation diverts resources from innovation).

²⁰⁵ *See* Silberman, *supra* note 197, at 344 (describing how judicial resources are wasted by duplication); Steinberg, *supra* note 8, at 470–71 (describing docket pressures faced by judges).

²⁰⁶ Clermont & Eisenberg, *supra* note 10, at 1516 (“Forum-shopping might be in use by the strong against the weak.”); *see also* Lanjouw & Lerner, *supra* note 135, at 575–76 (arguing that preliminary injunctions tend to be used by large firms hoping to impose financial distress on smaller rivals).

²⁰⁷ Silberman, *supra* note 197, at 344.

²⁰⁸ *See* La Belle, *supra* note 64, at 96 (arguing that personal jurisdiction in patent declaratory judgment actions should be evaluated on a case-by-case basis); Weide, *supra* note 64, at 187 (arguing that patent policy is an important consideration when deciding whether personal jurisdiction is warranted).

²⁰⁹ 28 U.S.C. § 2201 (2006) (amended 2010) (stating that “any court of the United States . . . may declare the rights and other legal relations of any interested party” (emphasis added)); *see* Chuang, *supra* note 32, at 903–06 (discussing courts’ discretion with respect to declaratory judgment actions).

²¹⁰ *See* MedImmune, Inc. v. Genentech, Inc., 549 U.S. 118, 129 (2007) (noting that the dilemma of “putting the challenger to the choice between abandoning his rights or risking prosecution . . . is a dilemma that it was the very purpose of the Declaratory Judgment Act to ameliorate” (internal quotation marks omitted)); *see also* Old Republic Ins. Co. v. Sidley & Austin, 702 F. Supp. 207, 210 (N.D. Ill. 1988) (“Declaratory judgments are available to potential defendants who wish to reduce uncertainty created by the ability of potential plaintiffs to dictate when litigation commences.”).

²¹¹ U.S. CONST. art. I, § 8, cl. 8; Chuang, *supra* note 32, at 921.

ment suit filed solely for forum shopping purposes would likely not further either of these goals.

Second, and more important, parties need to be educated about the appropriate use of declaratory judgment actions. Patent attorneys have a duty to provide accurate information to their clients so that declaratory judgment suits are only filed when they align with their client's strategic goals.²¹² Part of this educational process requires dispelling misconceptions that certain judicial districts are "event horizons," i.e., boundaries in space beyond which nothing can escape.²¹³ When faced with a possible suit in one of these event horizon districts, accused infringers irrationally refuse to defend in them for fear that they will never be able to get out.²¹⁴ So, rather than filing a transfer motion in the undesirable forum, accused infringers stay as far away from the district as possible by filing for a declaratory judgment action in their preferred forum. Although this approach has some intuitive appeal, this Study shows that it is flawed, especially if the declaratory judgment action is filed second.²¹⁵ The perception that it is impossible to get a patent infringement case transferred out of the Eastern District of Texas, for example, is wrong.²¹⁶ The data show that accused infringers should not fear filing transfer motions in undesirable fora.²¹⁷ Moreover, using a transfer motion, rather than initiating a parallel proceeding via a declaratory judgment action, incurs lower litigation costs and places less of a burden on the judicial system. It is therefore essential that attorneys discuss the respective forum success rates for declaratory judgment actions and transfer motions with their clients, so that clients can carefully consider their purposes for filing a declaratory judgment suit and make an informed decision.

To be clear, this Article does not advocate abandoning declaratory judgment actions altogether. Instead, this Article challenges

²¹² See MODEL RULES OF PROF'L CONDUCT R. 1.4(b) (2003) ("A lawyer shall explain a matter to the extent reasonably necessary to permit the client to make informed decisions regarding the representation.").

²¹³ See STEPHEN W. HAWKING, *A BRIEF HISTORY OF TIME* 89 (1988); see also Eric E. Johnson, *The Black Hole Case: The Injunction Against the End of the World*, 76 TENN. L. REV. 819, 821 (2009) (discussing event horizons in the context of plaintiffs trying to enjoin the Large Hadron Collider's operation).

²¹⁴ Cf. Higginbotham, *supra* note 169, at 199 (noting that counsel perceive the Eastern District of Texas as "a bad place to be," and think, "[i]t is down in East Texas for heaven's sake, we cannot be there.'").

²¹⁵ See *supra* Part III.B-C.1.

²¹⁶ See *supra* Part III.C.4; see also Janicke, *supra* note 2, at 23 (noting that the perception of impossibility has "little validity.").

²¹⁷ See *supra* Part III.B.

long-standing assumptions with respect to the value of declaratory judgment actions in order to reduce their inefficient use.²¹⁸ Indeed, the implications of this Study can be applied to other areas of law as well. There may be other well-accepted litigation practices that are not cost effective when examined empirically. Lawyers may even promote such practices to maintain demand for their services and justify higher fees.²¹⁹ Attorneys have an ethical duty to learn the true costs, risks, and benefits of their litigation practices and share this knowledge with their clients.²²⁰ Additional studies questioning these inefficient practices are needed so that clients will have the knowledge required to make truly informed decisions about litigation strategy.

CONCLUSION

Everyone in patent litigation is forum shopping. Given the clear differences in outcomes among the various federal districts, it would be irrational *not* to forum shop. Declaratory judgment actions are traditionally assumed to be the best way for accused infringers to play the forum shopping game, but this Article presents new evidence questioning that assumption. Declaratory judgment suits are being transferred at a much higher rate than nondeclaratory judgment suits. Among the cases studied, accused infringers that filed for declaratory judgment did not have an advantage when forum was contested. This result is all the more surprising because transfer motions were thought to be difficult for accused infringer-defendants to win—another perception refuted by the data presented here.

Because there is a paucity of data on the use of declaratory judgment in patent litigation, further research on this topic is warranted. Still, the snapshot presented herein provides new insight into the forum shopping behavior of patent litigants, informing the important debate surrounding forum shopping and our understanding of patent litigation in general. Accused infringers need to reevaluate their use of declaratory judgment actions, especially because declaratory judgment actions are a more costly and burdensome way to forum shop

²¹⁸ See Woodhouse, *supra* note 84, at 237 (“In some situations, even the perception of disparate outcomes or unfair treatment . . . may lead parties to change their behavior in inefficient ways.”).

²¹⁹ See Mullally, *supra* note 194, at 1144–45 (noting that patent lawyers have an incentive to perpetuate uncertainty); see also Steinberg, *supra* note 8, at 524 (arguing that lawyers are the only actors to benefit substantially from complex transfer litigation); Joseph E. Stiglitz, *Economic Foundations of Intellectual Property Rights*, 57 DUKE L.J. 1693, 1706 (2008) (“For lawyers, transaction costs are a benefit, because they are a source of their income.”).

²²⁰ See *supra* note 212 and accompanying text.

than transfer motions. If accused infringers blindly file declaratory judgment suits based on the incorrect perception that it is the best way to forum shop, they are unnecessarily increasing unpredictability and their own litigation costs, thereby reducing the number of resources that can be used for innovation.

APPENDIX A: SELECTION AND CODING OF THE DATASET

This Appendix includes information about how the datasets were selected and coded.

First, data were gathered for all patent infringement suits filed in 2008 by using the IPLC's predefined search criteria. The dataset was then checked manually to eliminate cases that did not bring a patent infringement claim.²²¹ This dataset was then manually divided into two distinct subsets: cases initiated by declaratory judgment actions and cases initiated by the patentee. Finally, the dataset was manually checked to eliminate duplicate entries and those cases that were filed prior to 2008.²²²

To identify those cases subject to a transfer motion, the dataset was searched using the IPLC's prepopulated search criteria by selecting "Case Event" and "Transfer Order."²²³ Two other searches were performed to confirm the initial result. First, a search for "Motion to Transfer Venue" was run on all patent cases filed in 2008 using Docket Navigator, another web service that offers searchable access to a patent litigation database.²²⁴ Second, using the IPLC's open search term capability, two additional search queries were run: "Motion + Transfer" and "Motion + Venue."²²⁵ Any duplicates were eliminated, as were transfers between judges sitting in the same district and

²²¹ PACER contains some inaccuracies as to what is counted as a patent case. See David L. Schwartz, *Practice Makes Perfect? An Empirical Study of Claim Construction Reversal Rates in Patent Cases*, 107 MICH. L. REV. 223, 244 (2008). Some cases coded as patent-related in PACER are not patent cases. See *id.* at 274 n.234. Also, other cases properly coded as patent-related did not involve infringement claims, but involved other patent-related claims, for example, correction of inventorship. See, e.g., *Envtl. Packaging Techs. Ltd. v. Nelson*, No. 4:08-cv-00130 (S.D. Tex. dismissed Oct. 20, 2008) (mem.).

²²² Cases that are transferred are coded as a new case in the transferee court. This can result in a duplicate entry if a case was filed in 2008 and also transferred that year, see, e.g., *Riverbed Tech. Inc. v. Quantum Corp.*, No. 1:08-cv-00016-SLR (D. Del. filed Jan. 9, 2008) (transferred to the Northern District of California on March 7, 2008, resulting in a duplicate entry as No. 3:08-cv-01314-WHA (N.D. Cal. filed March 10, 2008)), or if a case was filed prior to 2008 but transferred in 2008, see, e.g., *New Era Cap Co. v. Prinz Enters. LLC*, No. 1:06-cv-00391-WMS-HBS, 2008 U.S. Dist. LEXIS 15281 (W.D.N.Y. filed June 14, 2006) (transferred to the Eastern District of New York on May 14, 2008, resulting in duplicate entry as No. 2:08-cv-02013-TCP-ARL (E.D.N.Y. filed May 19, 2008) (case dismissed on Aug. 17, 2009)).

²²³ LEX MACHINA, *supra* note 87.

²²⁴ DOCKET NAVIGATOR, <https://www.docketnavigator.com/entry/navigatorTourStart> (last visited Mar. 7, 2012).

²²⁵ The dataset thus includes transfer motions filed under §§ 1404(a), 1406, and 1407, and motions to dismiss on jurisdictional grounds, if the motion to dismiss requested transfer as an alternative remedy. In all of these scenarios, the plaintiff chose a particularly advantageous forum, and the defendant is challenging that selection and presenting an alternative. Thus, the motion was counted to capture the full spectrum of forum shopping behavior.

cases in which a general scheduling order was entered giving the parties a deadline by which to file a transfer motion but where a transfer motion was never filed.

Relying on these datasets, three separate datasets were created: (1) All Patent DJ Cases Filed in 2008; (2) All Patent DJ Cases Filed in 2008 Subject to Transfer, and (3) All Patent Infringement Cases (NDJ) Filed in 2008 Subject to Transfer. For all three datasets, the following data were collected: (1) party names and docket number, (2) filing date, (3) court in which the case was filed, (4) plaintiff type,²²⁶ (5) defendant type,²²⁷ (6) suit type,²²⁸ and (7) copy of complaint.

For the All Patent DJ Cases Filed in 2008 Subject to Transfer dataset, the following additional data were collected: (1) whether the declaratory judgment action was filed first; (2) whether the case was transferred, stayed in the original forum, or the transfer was unresolved; and (3) if there was a motion to transfer, whether the motion requested transfer to the Eastern District of Texas.

For the All Patent Infringement Cases (NDJ) Filed in 2008 Subject to Transfer dataset, the following additional data were collected: whether the case was transferred, stayed in the original forum, or the transfer was unresolved. To determine whether a case was transferred, stayed in the original forum, or the transfer was unresolved, human coders read each motion and order.

Unresolved cases include stipulated transfers, joint motions to transfer, and cases that are voluntarily dismissed prior to motion resolution by the party bringing the transfer motion, even if the party seeking the transfer then proceeded in the parallel case.

Six declaratory judgment cases were coded as Contested Transferred Out despite the fact that the transfer motion was denied as moot because the case was dismissed for lack of jurisdiction, and the accused infringer-plaintiff subsequently appeared in the case filed by the patentee.²²⁹ For example, in *Contour Products, Inc. v. Albecker*,²³⁰

²²⁶ See *infra* Appendix B for an explanation of “plaintiff type” categories.

²²⁷ See *infra* Appendix B for an explanation of “defendant type” categories.

²²⁸ See *infra* Appendix B for an explanation of “suit type” categories.

²²⁹ See *Adams Golf, Inc. v. Anthony J. Antonious Irrevocable Trust*, No. 2:08-cv-00517, 2010 WL 2382596 (S.D. Ohio June 11, 2010); *SAP AG v. OZRO, Inc.*, No. 1:08-cv-10623-WGY (D. Mass. June 11, 2010); *Avante Int’l Tech., Inc. v. Hart InterCivic, Inc.*, No. 08-832-GPM, 2009 WL 2431993 (S.D. Ill. July 31, 2009); *Contour Prods., Inc. v. Albecker*, No. 0:08-cv-60575-WPD (S.D. Fla. June 1, 2009); *Trophy Taker, Inc. v. Piersons*, No. 9:08-CV-00128-DWM (D. Mont. Dec. 5, 2008); *Emine Tech. Co v. Aten Int’l Co.*, No. C 08-3122-PJH, 2008 WL 5000526 (N.D. Cal. Nov. 21, 2008).

accused infringer Contour Products filed a complaint for declaratory relief on April 22, 2008, against patentee Albecker in the Southern District of Florida.²³¹ On October 17, 2008, Albecker filed a motion to dismiss for lack of personal jurisdiction, or in the alternative, to transfer the case to the Northern District of Illinois.²³² On January 30, 2009, Albecker filed an infringement suit against Contour in the Northern District of Illinois.²³³ On June 1, 2009, the Florida case was dismissed for lack of personal jurisdiction over Albecker, and Albecker's motion to transfer was denied as moot.²³⁴ On July 17, 2009, Contour filed an answer in the Illinois case.²³⁵ These DJ cases were considered Contested Transferred Out because the transfer motion was opposed, the court considered the motion and dismissed the DJ case based on a determination that it was not the proper forum to hear the case, and the accused infringer then proceeded in the patentee's forum.

One NDJ case, *Vygon v. Rymed Technologies Inc.*,²³⁶ was coded as Contested Transferred Out where patentee Vygon filed an infringement action in Delaware five months after accused infringer Rymed filed a declaratory judgment case against Vygon in the Middle District of Tennessee.²³⁷ The court denied Vygon's motion to transfer the case to Delaware under § 1404(a).²³⁸ The Delaware court acknowledged the Tennessee court's order and dismissed its case so that the Tennessee case could proceed.²³⁹ This case was considered Contested Transferred Out because the transfer motion in Delaware was opposed, the Delaware court considered the motion and dismissed the NDJ case based on a determination that it was not the proper forum to hear the case, and the accused infringer then proceeded in patentee's forum.

²³⁰ *Contour Prods., Inc. v. Albecker*, No. 0:08-cv-60575-WPD (S.D. Fla June 1, 2009).

²³¹ Plaintiff's Complaint for Declaratory Relief at 1, *Contour Prods.*, No. 0:08-cv-60575-WPD.

²³² *Contour Prods.*, No. 0:08-cv-60575-WPD, slip. op. at 2.

²³³ *Albecker v. Contour Prods., Inc.*, No. 09 C 0631, 2010, 2010 WL 1839803, at *2 (N.D. Ill. filed May 3, 2010).

²³⁴ *Contour Prods.*, No. 0:08-cv-60575-WPD, slip. op. at 12.

²³⁵ Answer and Counterclaims, *Albecker*, No. 1:09-cv-00631.

²³⁶ *Vygon v. RyMmed Techs., Inc.*, No. 08-172-GMS, 2009 WL 856469 (D. Del. Mar. 31, 2009) (case filed Mar. 26, 2008).

²³⁷ *Id.* ¶ 2.

²³⁸ *Id.* ¶¶ 11–12.

²³⁹ *Id.* ¶¶ 14–15.

Another NDJ case, *Dimension-Polyant, Inc. v. Contender US, Inc.*,²⁴⁰ was coded as Contested Stay despite the fact that the motion to transfer was denied as moot. On May 27, 2008, the accused infringer Contender brought a declaratory judgment action in Massachusetts against the patentee Dimension.²⁴¹ Dimension then filed an infringement case against Contender on June 24, 2008, in Connecticut and also filed a motion to transfer the Massachusetts case to Connecticut.²⁴² The Massachusetts court granted Dimension's transfer motion.²⁴³ The Connecticut court then denied Contender's competing motion to transfer to Massachusetts as moot.²⁴⁴ This NDJ case was considered Contested Stay because the transfer motion out of Connecticut was opposed, the Connecticut court considered the motion, and it denied the motion based on a determination that it was the proper forum to hear the case.²⁴⁵

²⁴⁰ *Dimension-Polyant, Inc. v. Contender US, Inc.*, No. 3:08-cv-00949-VLB (D. Conn. dismissed Feb. 23, 2009) (mem.).

²⁴¹ *Contender US, Inc. v. Dimension-Polyant, Inc.*, No. 1:08-cv-10887-WGY (D. Mass. Aug. 28, 2008) (mem.) (case filed May 27, 2008).

²⁴² *Dimension-Polyant, Inc. v. Contender US, Inc.*, No. 3:08-cv-00949-VLB; Motion to Dismiss or Transfer to the District Court of Connecticut, *Contender US, Inc. v. Dimension-Polyant, Inc.*, No. 1:08-cv-10887-WGY.

²⁴³ *Contender US, Inc. v. Dimension-Polyant, Inc.*, No. 1:08-cv-10887-WGY.

²⁴⁴ *Dimension-Polyant, Inc. v. Contender US, Inc.*, No. 3:08-cv-00949-VLB.

²⁴⁵ *Id.*

APPENDIX B: PARTY CATEGORIES, DEFINITIONS, AND
METHODS OF IDENTIFICATION

A. *Party Size and Type*

For DJ cases, the size and type of party filing for declaratory judgment and opposing declaratory judgment was recorded. For NDJ cases, in those cases where a transfer motion was filed, the size and type of party filing the motion and opposing the motion was recorded.

Parties were divided into three categories: Large, Small, and NPE. Publicly traded companies and private companies with annual revenues over \$100 million were categorized as Large. Subsidiaries of such companies were also categorized as Large. These parties were identified using company websites and websites that track public company status.²⁴⁶ Private company status was confirmed via company websites and estimated revenue was confirmed using websites that contain business profile data.²⁴⁷

NPE was defined as a corporate patent enforcement entity that neither practices nor seeks to develop its inventions. A party was coded NPE if the entity was described as a nonpracticing enforcement or licensing entity, NPE, or troll by the entity's website, court pleading or order, SEC disclosure or description, Manta description, press account, or blog.²⁴⁸

All other parties were categorized as Small, including individuals, nonprofits, and private companies whose revenue could not be verified.

B. *Additional Information Regarding Size and Type of Party*

To give additional context to the data presented in this Article, it is helpful to know more about who files for declaratory judgment, and, in particular, who uses declaratory judgment actions to forum shop. These data may serve as a starting point for future research.

A further examination of the data presented in Tables 9 and 10 reveals that Large plaintiffs are more likely to use declaratory judgment actions to forum shop and that declaratory judgment actions are often used to forum shop against NPEs. Using the data presented in Tables 9 and 10, Table 14 compares the categories of plaintiffs that file

²⁴⁶ See, e.g., MANTA, <http://www.manta.com> (last visited Mar. 6, 2012); SEC. & EXCHANGE COMMISSION, <http://www.sec.gov> (last visited Mar. 6, 2012); YAHOO! FINANCE, <http://www.finance.yahoo.com> (last visited Mar. 6, 2012).

²⁴⁷ See, e.g., MANTA, *supra* note 246; see also Chien, *supra* note 29, at 1612–14 (describing similar identification methods).

²⁴⁸ See *id.*

for declaratory judgment in general (n = 335) with the categories that file for declaratory judgment subject to transfer motions (n = 86).

TABLE 14. DJ PLAINTIFF TYPE BY TRANSFER MOTION FILED

DJ Plaintiff Type ²⁴⁹	Number of Cases Filed	Percent of All Declaratory Judgment Actions	Number of Transfer Motions Filed	Percent of all Declaratory Judgment Actions Subject to Transfer
Large	160	47.8%	58	67.4%
Small	175	52.2%	28	32.6%
Total	335		86	

As can be seen from Table 14, Large and Small plaintiffs file for declaratory judgment at approximately the same rate, but Large plaintiffs are significantly overrepresented in declaratory judgment cases that are subject to transfer.²⁵⁰ This suggests that when Large plaintiffs choose a forum using a declaratory judgment action, they are more likely to aggressively forum shop for a forum that is particularly advantageous to them or disadvantageous to the defendant. There are at least two possible reasons for this result. First, Large plaintiffs could be forum shopping against weaker, smaller opponents.²⁵¹ Second, cases where transfer is an issue could involve high stakes, serious disputes between well-funded litigious parties.²⁵²

By including data on defendants, a clearer picture emerges. Table 15 presents the number of declaratory judgment actions filed by Large plaintiffs (n = 160), separated by defendant type: Large plaintiff v. Small defendant, Large plaintiff v. NPE, and Large plaintiff v. Large defendant. These data are then compared to the corresponding number of declaratory judgment suits filed by Large plaintiffs subject to transfer (n = 58) to see if Large plaintiffs' forum shopping activities are targeted at specific opponents.

²⁴⁹ NPEs are never plaintiffs in declaratory judgment cases because, by definition, they do not make any product that could be accused of infringing another's patent. *Id.* at 1577-79.

²⁵⁰ This result is statistically significant with a p-value of less than 0.0005. *See id.* at 1603-04 n.167.

²⁵¹ Clermont & Eisenberg, *supra* note 10, at 1516 ("Forum-shopping might be in use by the strong against the weak."); *see also* Lanjouw & Lerner, *supra* note 135, at 575-76 (arguing that preliminary injunctions tend to be used by large firms hoping to impose financial distress on smaller rivals).

²⁵² Clermont & Eisenberg, *supra* note 10, at 1517 & n.22 ("The data confirm that transferred cases generally have a higher mean amount demanded and take longer to litigate.").

TABLE 15. DJ CASE PAIR BY TRANSFER MOTION FILED

DJ Case Pair	Number of Cases Filed	Percent of All Declaratory Judgment Actions Brought by Large Plaintiffs	Number of Transfer Motions Filed	Percent of all Declaratory Judgment Actions Subject to Transfer Brought by Large Plaintiffs
Large v. Small	36	22.5%	12	20.7%
Large v. NPE	35	21.9%	19	32.8%
Large v. Large	89	55.6%	27	46.5%
Total	160		58	

A number of observations can be made from Table 15. First, Large plaintiffs are primarily filing for declaratory relief against other Large companies. Large plaintiffs are also primarily using declaratory judgment actions to forum shop against other Large companies. Both of these findings correlate well with other studies finding that, in patent litigation, large companies tend to sue other large companies.²⁵³ The data thus suggest that cases in which transfer is an issue tend to be high stakes disputes between large, well-funded parties. Second, given that the percentage of Large v. Small cases stays approximately the same from all declaratory judgment actions to declaratory judgment actions subject to transfer, it does not appear that Large plaintiffs are forum shopping disproportionately more against smaller, weaker defendants than other entities. Third, Large plaintiffs may be forum shopping disproportionately more against NPEs than other entities. Large plaintiffs may feel emboldened to engage in aggressive forum shopping tactics because of a belief that NPEs are especially likely to abuse the patent system²⁵⁴ or because, as a licensing entity, an NPE's residence for jurisdiction and venue purposes could plausibly be in multiple jurisdictions.²⁵⁵ However, because the number of cases in the dataset is small, the data are inconclusive and additional research is needed to state conclusively that Large plaintiffs are more

²⁵³ See Chien, *supra* note 29, at 1603 (examining who initiates high-tech patent suits).

²⁵⁴ Bessen & Meurer, *supra* note 52, at 13 (“[T]here is concern that independent inventors and licensing shops are especially likely to abuse the patent system by seeking licenses for weak or invalid patents.”).

²⁵⁵ See *supra* Part I.B–C.3. Because NPEs do not make or sell any products, they do not have traditional manufacturing plants or sales offices to tie them to particular jurisdictions. See *supra* notes 44, 139–41 and accompanying text.

likely to use declaratory judgment actions to forum shop against NPEs.²⁵⁶

We can, however, find statistically significant results when the data are aggregated by defendant type only. When the data are examined from the defendants' perspective, they show that, no matter what type of plaintiff brings suit, declaratory judgment actions are often used to forum shop against an NPE. Table 16 compares the types of defendants defending declaratory judgment actions in general (n = 335) with those defending declaratory judgment actions that are subject to transfer motions (n = 86).

TABLE 16. DJ DEFENDANT TYPE BY TRANSFER MOTION FILED

DJ Defendant Type	Number of Cases Filed	Percent of All Declaratory Judgment Actions	Number of Transfer Motions Filed	Percent of Declaratory Judgment Actions Subject to Transfer
Large	120	35.8%	33	38.4%
Small	174	51.9%	31	36%
NPE	41	12.2%	22	25.6%
Total	335		86	

Table 16 shows that although NPEs defend 12.2% of declaratory judgment suits overall, they are significantly overrepresented (25.6%) in declaratory judgment actions that are subject to transfer.²⁵⁷ Declaratory judgment plaintiffs may feel emboldened to engage in aggressive litigation tactics against NPEs because of a belief that NPEs are especially likely to abuse the patent system or because, as a licensing entity, they could plausibly be in multiple jurisdictions.²⁵⁸

The data presented here provide further insight into who files for declaratory judgment and who uses declaratory judgment actions to forum shop. Additional research should be performed to confirm and elaborate upon the findings herein.

²⁵⁶ The result is not statistically significant, as the p-value is less than 0.15. See Chien, *supra* note 29, at 1603–04 n.167.

²⁵⁷ This result is statistically significant. See *id.*

²⁵⁸ See *supra* note 255.