IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
NORFOLK DIVISION

VIZIO, INC.,	)	
	)	
Plaintiff,	)	
	)	**Civil Action No.:**
v.	)	**09-00236-RGD-JEB**
	)	
FUNAI ELECTRIC COMPANY, LTD., et al.	)	
	)	
	)	
Defendants.	)	
	)	

VIZIO'S MEMORANDUM IN OPPOSITION TO
FUNAI'S MOTION TO TRANSFER

Funai Corporation, Inc., a New Jersey corporation registered to do business in Virginia, has moved to transfer this patent infringement action to the Southern District of California (San Diego) -- a district in which neither it nor Vizio has any operations. Funai argues that this discretionary transfer to an unrelated district is justified because a third party (Sony Corporation) filed a tactical declaratory judgment action there. The Sony case involves four of the same patents, but different parties and different products. Rather than asserting compulsory counterclaims as required by Fed. R. Civ. P. 13(a)(1), Funai attempted to bootstrap this Motion To Transfer by filing its own tactical declaratory judgment action in San Diego **after** being served with Vizio's Complaint in Virginia.

The factual record reveals the gamesmanship underlying Funai's motion. Funai maintains an office in Richmond, advertises and sells infringing products in retail outlets throughout the Eastern District of Virginia and has imported infringing products through the Port of Norfolk. Funai has even sponsored NASCAR races in Virginia called the "FUNAI 250."

Given its ongoing involvement with the Commonwealth, it is not surprising that Funai has in the past availed itself of this Court's jurisdiction by filing its own patent infringement suits in the Eastern District of Virginia.

The factual record further reveals that the Eastern District of Virginia is as convenient to third parties as any other venue within which to litigate this national dispute. The co-inventor of six of the seven patents-in-suit lives in the Florida Keys. Five of the other seven inventors live outside the San Diego area in locations as diverse as Horsham, Pennsylvania; Phoenix, Arizona and Nevada City, California. The principal attorney who prosecuted the patents-in-suit practices law and lives in Connecticut. Documents related to the inventions likely are located in the Chicago area. The remaining third party witnesses -- four chip manufacturers located in Silicon Valley -- are headquartered over 400 miles from San Diego and thus cannot be compelled to appear there for trial. On this record, the deference normally accorded plaintiff's choice of forum is fully justified, and defendants' tactical arguments provide no basis for disturbing that choice.

FACTUAL BACKGROUND

Plaintiff **Vizio, Inc.** ("Vizio") is an American company that imports flat screen digital televisions. Vizio sells the televisions under its own name through such retail outlets as Costco, BJ's Wholesale, Wal-Mart, Target and Sam's Club. In the seven years that it has been in existence, Vizio has grown dramatically to become the best selling HDTV brand in the United States. (Kelley Decl. ¶ 2 and Exhibits A & B). Vizio is headquartered in Irvine, California, which is located in the Central District of California. It does not have any operations in the Southern District of California. (*Id.* ¶ 3).

Defendant **Funai Electric Company, Ltd.** ("Funai") is a Japanese company that also manufacturers and sells flat screen digital televisions. Funai historically has been a dominant competitor in the United States television industry. Interestingly, Funai does not sell televisions under its own name. Instead, it has licensed the use of such well-known American brand names as Emerson, Sylvania, Symphonic and Magnavox. (*Id.* ¶ 4).

Funai sells its televisions in the United States through its wholly-owned subsidiary, Defendant **Funai Corporation, Inc.** ("FCI"), a New Jersey corporation headquartered in Rutherford, New Jersey. FCI also has offices in Richmond, Virginia and Torrance, California, which is located in the Central District of California (Los Angeles area). It does not have any operations in the Southern District of California (San Diego). (*Id.* ¶ 5).

A. Funai's Prior Attacks on Vizio

Funai became so concerned about Vizio's success in the marketplace that in March 2007, it filed a Section 337 Complaint (patent infringement) with the International Trade Commission ("ITC") in Washington, D.C. seeking an Order barring the importation of Vizio's televisions. *In the Matter of Certain Digital Television and Certain Products Containing Same and Methods of Using Same*, Inv. No. 337-TA-617. (Kelley Decl. ¶ 7 and Exhibit G). Approximately six months earlier, Funai had sued Vizio on the same patents in the United States District Court for the Central District of California. *Funai Electric Co., Ltd. v. Vizio, Inc.*, No. 07-0274-AHM (C.D. Cal. filed March 7, 2007). That action was stayed pursuant to 28 U.S.C. § 1659 pending resolution of the ITC case. (Kelley Decl ¶ 7 and Exhibit H).

The ITC ultimately found one Funai patent invalid, but ruled that Vizio infringed three claims of U.S. Patent No. 6,115,074 and issued an Exclusion Order. The United States Court of

Appeals for the Federal Circuit temporarily stayed enforcement of the ITC's Order on June 10, 2009. (*Id.* ¶ 9 and Exhibit H).

While the ITC case was pending, the U.S. Patent and Trademark Office reexamined the patents upon which Funai sued in the ITC and has issued a Final Rejection on both patents. Funai has stated its intention to appeal these Rejections to the Board of Patent Appeals. (*Id.* ¶ 10 and Exhibit J).

B. Litigation Between Sony and Funai

Sony Corporation ("Sony") is another dominant competitor in the sale of televisions in the United States. Like Funai, it became so alarmed by Vizio's dramatic growth that it sought to alter the competitive landscape through litigation rather than letting the American consumer decide which products to purchase. On October 10, 2008, Sony sued Vizio for patent infringement in the Central District of California under the style of *Sony Corp. v. Vizio, Inc.*, No. 8:08-cv-03934-RGK-FMO. (*Id.* ¶ 11 and Exhibit K).

In the spring of 2009, as part of its ongoing research and development efforts, Vizio acquired a portfolio of patents related to digital televisions from Motorola, Inc. Vizio discovered that Sony was infringing at least four of those patents. Rather than filing a new lawsuit, Vizio moved on April 21, 2009 to amend its Answer in the existing Central District of California case to assert permissive counterclaims for patent infringement. Sony responded by filing a declaratory judgment action involving the same patents in a different court -- the United States District Court for the Southern District of California. That action, *Sony Corp. v. Vizio, Inc.*, No.09-cv-01043 (S.D. Cal. filed May 13, 2009), is assigned to Judge Larry Alan Burns. (*Id.* ¶ 12 and Exhibit L).

Vizio's Motion To Amend was denied, so it was forced to answer the Sony declaratory judgment action in San Diego and file compulsory counterclaims for patent infringement. Vizio filed its Answer and Counterclaims on June 3, 2009. As part of the filing, Vizio had to comply with the Southern District of California Local Rule 40.1(e), which states that a party must file a notice of related case if (among other things) a newly-filed case and a pending case "[i]nvolve some of the same parties" or "involve the same property." Vizio filed a Notice to comply with this broad rule, but Vizio made clear in the Notice that the Virginia case is very different than the Sony case:

> [w]hile the Funai action involves the same patents at issue in this case, the Funai action, however, involves different parties and products than the current action, and arises from an entirely different set of facts and circumstances. Accordingly, Vizio believes that the assignment of this case and the Funai action to a single district court judge would not likely effect a saving of judicial effort and other economies.

(*Id.* ¶ 13 & Exhibit M).

C. The Motorola Patent Portfolio and Third Party Witnesses

The patent portfolio that Vizio acquired from Motorola relates to digital televisions. The technologies embodied in the seven patents-in-suit were created by the following inventors who now live in the following locations:

Patent No.	Inventor	Location
5,511,082 5,511,096 5,645,522 5,233,629 5,621,761 5,703,887	Heegard, Chris	Sugarloaf, FL
5,511,082 5,396,518	How, Stephen	San Diego, CA
5,511,096	Huang, Zheng	Horsham, PA

Patent No.	Inventor	Location
5,703,887	King, Andrew	Phoenix, AZ
5,703,887	Kolze, Thomas	Phoenix, AZ
5,233,629	Lery, Scott	Nevada City, CA
5,703,887	Lovely, Sydney	Phoenix, AZ
5,233,629	Paik, Woo	Encinitas, CA

(*Id.* ¶ 14). None of these inventors work for Vizio or Funai. Also likely to be a witness is Barry R. Lipsitz, Esquire of Monroe, Connecticut,[1] the attorney who prosecuted the patents. (*Id.*).

The only other third party witnesses likely to be involved in the case are the Silicon Valley companies that supply Funai with the integrated circuit chips used in its televisions. Funai identifies those companies as Renesas Technology of San Jose, California and AMD of Sunnyvale, California. (Funai Brief at 7). Vizio's research has identified two additional companies that sell chips used in Funai's televisions. They are Zoran Corporation of Sunnyvale, California and MediaTek of Taiwan. MediaTek's United States headquarters is in San Jose, California. (*Id.* ¶ 16 and Exhibit N).

D. The Virginia Patent Infringement Case

After acquiring the Motorola patent portfolio, Vizio determined that Funai's flat screen digital televisions infringe at least seven of these patents. Vizio carefully investigated Funai's business activities in the United States and determined that Funai conducts regular and systematic activities in the Commonwealth, including maintaining an office in Richmond and registering to conduct business in Virginia. (*Id.* ¶ 6 and Exhibit D). Vizio further learned that

[1] *See* Complaint, Exhibits A-G. Three of the seven patents-in-suit also cite attorney, Ralph Hoppin, Esquire, who now appears to work at the law firm of Vierra Magen Marcus & DeNiro LLP located in San Francisco, California. *See http://www.vmmhd.com/Attorneys/hoppin.htm.* (Kelley Decl. ¶ 14).

Funai has directly marketed to Virginia consumers by staging promotional events in the Richmond metropolitan area, including being the named sponsor of NASCAR races called the "FUNAI 250." (*Id.* ¶ 6 and Exhibit E). Vizio also discovered that Funai has imported infringing products through the Port of Norfolk and sells those infringing televisions in numerous retail outlets throughout the Eastern District of Virginia. (*Id.* ¶ 13 and Exhibits O & F). Vizio, therefore, selected this District as the appropriate venue within which to challenge Funai's nationwide infringing sales.

Funai was served with Vizio's Complaint on May 28, 2009. It responded on June 5, 2009 by filing its own declaratory judgment action in the Southern District of California and by moving to transfer the Virginia action to that newly manufactured forum. Funai's declaratory judgment action was assigned to Judge Janis Sammartino -- a different judge than the one assigned to the Sony declaratory judgment action. (*Id.* ¶ 4 and Exhibit P).

ARGUMENT

In deciding whether to transfer a case pursuant to Section 1404(a), the Court must consider the following factors:

1. Plaintiff's choice of venue, which is entitled to substantial weight;

2. Convenience of the parties and witnesses; and

3. The interests of justice, which is intended to encompass all those factors unrelated to witness and party convenience. This includes "the pendency of a related action, the court's familiarity with the applicable law, docket conditions, access to premises that might have to be viewed, the possibility of unfair trial, the ability to join other parties and the possibility of harassment."

Bd. of Trustees v. Baylor Heating & Air Conditioning, 702 F. Supp. 1253, 1255-61 (E.D. Va. 1988); *see also Lycos, Inc. v. Netflix, Inc.*, 499 F. Supp.2d 685, 691 (E.D. Va. 2007).

As the moving party, FCI bears the burden of establishing that "the deference due plaintiff's choice of venue is 'clearly outweighed' by other factors." *Reynolds Metal Co. v.*

FMALI, Inc., 862 F. Supp. 1496, 1501 (E.D. Va. 1994). The district court's decision is reviewable only as an abuse of discretion. *In Re Ralston Purina Co.*, 726 F.2d 1002, 1005 (4th Cir. 1984).

I. Vizio's Choice Of This Forum Is Entitled To Deference

Funai's motion fails to acknowledge the deference that is owed to Vizio's choice of forum. A plaintiff's choice of forum is accorded substantial weight and "should rarely be disturbed." *Collins v. Straight, Inc.*, 748 F.2d 916, 921 (4th Cir. 1984) (quoting *Gulf Oil v. Gilbert*, 330 U.S. 501, 508 (1946)). Indeed, this Court has held that plaintiff's choice should be abandoned only if Defendant can show that it is "clearly outweighed by other factors." *Baylor*, 702 F. Supp. at 1526 (internal quotation marks omitted)(emphasis added).

Funai also fails to acknowledge that the plaintiff's choice of a forum other than the home courthouse remains entitled to substantial deference "*so long as there is a connection between the forum and the plaintiff's claim* that reasonably and logically supports the plaintiff's decision to bring the case in the chosen forum." *Mullins v. Equifax Info. Servs., LLC*, No. 3:05-cv-888, 2006 U.S. Dist. LEXIS 24650, at *17-18 (E.D. Va. Apr. 28, 2006) (emphasis added). Deference to the plaintiff's choice of forum is especially important when, as here, the plaintiff "has not chosen a foreign forum or *one bearing little or no relation to the cause of action.*" *Reynolds Metals Co. v. FMALI, Inc.*, 862 F. Supp. 1496, 1501 (E.D. Va. 1994) (internal quotation marks omitted) (emphasis added). The Eastern District of Virginia relates directly to Vizio's patent claims because Funai actively promotes and sells infringing products in this District. (Kelley Decl. ¶ 6).

That Funai sells infringing televisions nationwide does not diminish Vizio's choice of the Eastern District of Virginia as an appropriate forum. As this Court stated in *Beam Laser Systems, Inc. v. Cox Communications, Inc.*, "[i]f there is no center of infringement activity in a

particular case, then, as long as the plaintiff brings its action in a forum *where the alleged infringement is occurring*, that choice should not be undermined by allegations that activities occur throughout the country." *Beam Laser Systems*, 117 F. Supp. 2d 515, 519 (E.D. Va. 2000).

II. Convenience Factors Favor The Eastern District Of Virginia

A. Convenience To Non-Party Witnesses

The convenience of non-party witnesses is more important than the convenience of the parties, *Mullins v. Equifax Info. Servs., LLC*, 2006 U.S. Dist. Lexis 24650 *14, but it is not always determinative in a transfer analysis. The convenience of non-parties becomes a significant factor *only* when court compulsion is required to get such witnesses to testify at trial. *Semiconductor Energy Co., Ltd. v. Samsung Electronics Co., Ltd.*, 2009 WL 1615528, at *4 (W.D. Wis. 2009); *see Fujitsu Ltd. v. Netgear, Inc.*, 2008 WL 254602 at *3 (W.D. Wis. 2008); *Lycos, Inc.*, 499 F. Supp.2d at 693 ("The witness convenience factor is less important when the appearance of the witnesses can be secured without the necessity of compulsory process."). Assuming compulsion is necessary, "the influence of this factor cannot be assessed in the absence of reliable information identifying the witnesses involved and specifically describing their testimony." *Baylor*, 702 F. Supp. at 1258. Such "particularized information, typically submitted in affidavit form, is necessary to enable the court to ascertain how much weight to give a claim of inconvenience." *Id.*

Funai makes vague references to potential witnesses and then concludes without any evidence or support that "the Southern District of California is more convenient for all of the parties and witnesses, including non-party witnesses." (Funai Brief at 9). It is unclear, however, precisely *who* Funai intends to call as a witness, whether the witnesses are important or marginal and whether the transfer of this case to the Southern District of California would have any

significant impact on witness availability. Funai has presented an insufficient record on which to transfer a case.

While Funai has not identified the likely third party witnesses with specificity, Vizio has. As set forth in the Factual Background section of this memorandum, (*supra* at pp. 5-6), six of the eight inventors are beyond the subpoena power of the Southern District of California. The attorney principally responsible for prosecuting the patents lives in Connecticut. These third party witnesses will have to appear by deposition no matter where the case is tried.

The chip manufacturers are also beyond the subpoena power of the San Diego court. They are located over 400 miles to the north, in Silicon Valley. (Kelley Decl. ¶ 15-16). Whether this case is litigated in Norfolk or San Diego, witnesses who work for these companies will have to appear by deposition and documents can be obtained only through a Rule 45 subpoenae duces tecum. This will not present a logistics problem as both of the law firms representing the parties have Silicon Valley offices.

B. Convenience of the Parties

1. Convenience to Vizio

Funai's principal argument regarding convenience of the parties seems to be that Norfolk is inconvenient to Vizio because Vizio is headquartered in the Central District of California (Irvine) and imports televisions through the Port of Long Beach. This argument misses the mark because it focuses on Vizio's convenience, not Funai's convenience. *American Can Co. v. Crown Cork & Seal Co., Inc.*, 433 F. Supp. 333, 339 (E.D. Wis. 1977) ("The defendant cannot assert plaintiff's inconvenience in support of a motion to transfer."). By filing this action in the Eastern District of Virginia, Vizio has demonstrated its willingness to overlook any inconvenience associated with litigating this case in Norfolk given Funai's sale of infringing products in this District and its importation of infringing products through the Port of Norfolk.

See Semiconductor Energy Laboratory Co., Ltd v. Samsung Electronics Co., Ltd., 2009 WL 1615528, at *4; *VCode Holdings, Inc. v. Cognex Corp.*, 2007 WL 2238054, at *3 (E.D. Tex. Aug. 3, 2007).

2. Convenience to Funai

With respect to Funai's convenience, history shows that Funai is happy to litigate in Virginia when that suits its purposes. In January 2005, Funai filed a patent infringement Complaint against Apex Digital, Inc. and Sichuan Changhong Electric Company, Ltd. in the Eastern District of Virginia, Richmond Division. Approximately six months later, Funai filed another Complaint against these same defendants, again in the Richmond Division of the Eastern District of Virginia.[2] (Kelley Decl. ¶ 19 and Exhibits Q & R).

Funai felt comfortable filing cases in the Eastern District of Virginia because it regularly and systematically does business in the Commonwealth of Virginia. As described in the Factual Background section of this Memorandum, (*supra* at pp. 3, 6-7), Funai has an office in Richmond, stages promotional events in Richmond, imports infringing goods through the Port of Norfolk and sells infringing goods through stores located all over Virginia. Funai Corp.'s assertion that it lacks meaningful ties to the Eastern District of Virginia is belied by the factual record.

That some (unspecified) Funai employee/witnesses may be required to travel from the Central District of California or Japan does not render Norfolk an inconvenient forum. Employees of Funai Corp. are "presumed to be obedient to [Funai Corp.'s] commands," and therefore, Funai Corp., "as a party to this litigation, can ensure their testimony." *Rust v. CommerceFirst Bank*, No. 3:07-cv-00052, 2008 U.S. Dist. LEXIS 39076, at *14 (W.D. Va. May

[2] In addition, this Court has held that the Eastern District of Virginia is a convenient forum for Funai. In *IP Global, Ltd. v. Funai Corp.*, No. 2:01-cv-798-RGD (E.D. Va. 2001), Judge Doumar denied Funai's Motion to Transfer a patent infringement case to New Jersey. (Kelley Decl. ¶ 20 and Exhibit S).

14, 2008); *see also Mullins*, 2006 U.S. Dist. LEXIS 24650, at *24 ("When the appearance of witnesses can be secured regardless of the forum's location through court order or persuasion by an employer who is a party to the action, this factor becomes less important." (internal quotations omitted)). Funai has not shown that any party witnesses would be unwilling to come to Norfolk to testify on its behalf.

Nor would Funai Corp. need to secure the testimony of its experts via compulsory process. "Indeed, experts can, and usually do travel to the forum where the litigation is being conducted to give their testimony." *Taltwell, LLC v. Zonet USA Corp.*, No. 3:07cv543, 2007 U.S. Dist. LEXIS 93465, at *36 (E.D. Va. 2007) (also noting that experts are not inconvenienced by travel "because an expert can be well-compensated for his or her time"). Funai has offered no evidence that any expert witness would be greatly inconvenienced by this forum, nor has it identified any party witness who would not come to trial if needed.

C. Location Of Documents

The location of documents related to this action also does not weigh in favor of transfer. While documents relevant to the patents most likely are located at Motorola in Chicago, (Kelley Decl. ¶ 14) the actual location of documents is a neutral factor in the convenience analysis under Section 1404 given modern technology:

> [t]echnological advancements, such as email, photocopying, scanning and the trend toward creating documents electronically, have made the transportation of evidence in patent infringement suits much easier. As a result, the location of evidence has, in general become a neutral factor in determining the convenience of a forum.

Fujitsu Ltd. v. Netgear, Inc., 2008 WL 2540602, at *1-3 (W.D. Wis. 2008); *accord VCode Holdings*, 2007 WL 2238054, at *3 ("the location of documents is of little consequence sine they will almost certainly be produced electronically."). Funai has provided no reason why such technology does not make documents relevant to this case readily accessible no matter where the

documents may be located. No party needs to travel to remote locations to acquire materials. Today, documents can easily be loaded on a hard drive and shipped via an .ftp site on the internet, requiring no travel. As such, the location of these materials should not influence transfer.

D. *Genentech v. Biogen*

Funai attempts to bolster its vague assertions regarding witness convenience by relying on the Federal Circuit's recent decision in *In re Genetech, Inc. and Biogen Idec, Inc.*, Misc. Docket No. 901, 2009 WL 1425474, (Fed. Cir. May 22, 2009).[3] In *Genetech*, the Federal Circuit held that the district court abused its discretion in denying defendant's motion to transfer where at least ten potential material witnesses, including the patent prosecution attorneys, resided in the transferee district and at least four additional potential witnesses were residents of the transferee state, and the petitioner argued that their documents were located in the transferee district or state. *Id.* at *9. This case is far different. Funai has an office and ongoing business operations in Virginia, but neither of the parties have operations in the Southern District of California. Only two of thirteen non-party witnesses live in the Southern District of California. All other witnesses will have to be deposed no matter where the case is tried.

Even if Funai established that the Southern District of California is *as convenient as* the Eastern District of Virginia, it still would *not* be entitled to a transfer. Courts have recognized that when parties are from different states or countries, no one forum will avoid creating inconvenience. *Fujitsu Ltd. v. Netgear, Inc.*, 2008 WL 2540602, at *1-3 (W.D. Wis. 2008).

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[3] As an initial matter, the law of the Fourth Circuit governs this Court's venue analysis. *See Storage Tech Corp. v. Cisco Sys.*, 329 F.3d 823, 836 (Fed. Cir. 2003). Fourth Circuit law differs from that of the Fifth Circuit which was applied in *Genetech*. The Fifth Circuit's factors are: "(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." *Genetech*, at *2 (citing *In re Volkswagen of Am., Inc.*, 545 F.3d 304, 1319 (5th Cir. 2008)).

Thus, "[w]hen the inconvenience of the alternative forum venues is comparable there is no basis for a change of venue; the tie is awarded to the plaintiff." *Id.* at *3.

III. The Interests Of Justice Favor The Eastern District Of Virginia

The interests of justice factor, which includes such circumstances as "the pendency of a related action, the court's familiarity with the applicable law, docket conditions, access to premises that might have to be viewed, the possibility of unfair trial, the ability to join other parties and the possibility of harassment," favors keeping this case in the Eastern District of Virginia. *See Baylor*, 702 F. Supp. at 1260.

1. The Litigation In The Southern District Of California Involves Different Parties and Different Products

Funai builds its transfer motion upon the false premise that this case is intertwined with litigation initiated by Sony in the Southern District of California. (Funai Brief at pp. 1-4). The Sony action, however, involves a different party, different products and a different judge. (Kelley Decl. ¶ 12 and Exhibit L). Thus, the Sony case should not even factor into this Court's transfer analysis.

Numerous courts have rejected Funai's argument that a particular district acquires exclusive domain over a particular patent because one infringement suit was filed there. *In Cisco Systems, Inc. v. GPNE Corp*, 2008 WL 1758866, at *1-3 (D. Del. 2008), GPNE had filed patent infringement suits against numerous companies in the Eastern District of Texas. Cisco Systems was concerned that it might be sued next, so it sought a declaration of non-infringement from the United States District Court for the District of Delaware. GPNE moved to transfer the case to Texas because "[t]he Eastern District of Texas was the first court to obtain possession of the subject matter in dispute in this action--specifically infringement of the '2, 406 patent." *Id.* at *1. Judge Robinson of Delaware denied the motion, stating:

> **I have never before been confronted with a case in which the first-filed rule has been invoked for cases in which neither the parties nor the patents at issue are identical. Indeed, I find remarkable the assertion that a court obtains "possession of the subject matter" of a patent as soon as a single case involving that patent is filed in that jurisdiction. Needless to say, I find these arguments less than compelling.** Also remarkable is the fact that parties are still basing motions to transfer on the "convenience" of the parties, when it is undeniable that national corporations can and do operate their businesses via electronic communications; litigation is not substantially different and should not be treated as such.

Id. at *2 (emphasis added).

Similarly, in *Sony Electronics, Inc. v. Orion IP, LLC*, 2006 WL 680657, at *1-3 (D. Del. 2006), Sony sought a declaratory judgment that it and related entities did not infringe certain patents owned by Orion IP. Orion had previously filed suit in the Eastern District of Texas against other companies for infringing those same patents. Orion moved to transfer the Delaware action to Texas for reasons of "judicial economy." Judge Sleet of the District of Delaware wrote the following analysis in the course of denying Orion's motion:

> Orion also argues that because litigation involving the same patents is already underway in Texas, judicial resources will be saved granting a transfer. Although there may be some efficiency to be gained by consolidating certain aspects of discovery, **Orion ignores the possibility that collateral issues specific to any one of the many unrelated parties involved in both cases may create inefficiencies that would not arise if the proceedings remained separate.** *See Codex Corp. v. Milgo Elec. Corp.*, 553 F.2d 735, 739 (1st Cir. 1977) ("Nor are we fully convinced of the propriety of using another customer suit of another manufacturer, which, incidentally, may have very different collateral issues, as a magnet to draw a suit to a jurisdiction where it otherwise should not be."). **Moreover, simply because Orion initiated an action in Texas involving one set of parties, it should not be able to "bootstrap itself into staying there" when subsequent litigation arises involving a different set of parties.**

Id. at *2. (emphasis added).

Indeed, Funai itself has rejected the notion that a particular district should have dominion over all suits involving the same patent. In *IP Global, Ltd. v. Funai Corp.*, No. 2:01-cv-798-

RGD (E.D. Va. 2001), Funai moved to transfer a patent infringement case to the District of New Jersey despite other pending cases in the Eastern District of Virginia (Norfolk Division) that involved the *same* patents. There, Funai told this Court the exact opposite of its claim here that one court should own all litigation relating to certain patents.

> Litigating this case in this Court would not necessarily facilitate judicial economy for a number of reasons. First, the fact that plaintiffs sued different defendants in several different actions at different times in Norfolk shows that plaintiffs do not care much for judicial economy. Second, even if the same patents are asserted in different actions involving different defendants, plaintiffs do not assert that the accused products in each of the different actions are the same. Finally, whatever judicial economy realized from the Court's familiarity with previous lawsuits would be minimal.

(Kelley Decl. ¶ 20 and Exhibit T). Funai concluded its argument by stating that "[r]ather because 'parties are entitled to *de novo*, impartial consideration,' such prior judicial experience may be a reason to have a new court, such as the District of New Jersey preside over the case." *Id.* That Funai would take a different position now demonstrates the gamesmanship inherent in its Motion to Transfer.

2. Funai's Later Filed Declaratory Judgment Action In The Southern District Of California Does Not Determine The Appropriate Forum

Under the first-to-file rule, where "identical actions are pending concurrently in two federal courts, the first-filed action is generally preferred." *Holmes, Inc. v. Hamilton/ Beach Proctor Silex, Inc.*, 249 F. Supp. 2d 12, 15 (D. Mass. 2002); *see Ellicot Mach. Corp. v. Modern Welding Co., Inc.*, 502 F.2d 178, 180, n.2 (4th Cir. 1974) (recognizing first-to-file rule). This is particularly true where, as here, the two suits involve the same patents. *Pacesetter Systems, Inc. v. Medtronic, Inc.*, 678 F.2d 93, 94 (9th Cir.1982)(affirming district court's application of the rule to dismiss a second-filed declaratory judgment action); *Intuitive Surgical, Inc. v. Calif. Inst. of Tech.*, 2007 WL 1150787, at *3 (N.D.Cal. Apr.18, 2007) (finding the first-to-file rule applicable, despite the near simultaneous filings of the two patent suits).

In this case, there are no extenuating circumstances for disregarding the first-to-file rule. Funai filed its action in the Southern District of California seven days *after* Vizio served the Virginia suit. Funai should have brought its declaratory judgment claims as counterclaims in the Virginia action instead of filing them as a separate suit in California. Indeed, it was obligated to do so by Fed. R. Civ. P. 13(a)(1) which governs compulsory counterclaims. That Funai chose to ignore Fed. R. Civ. P. 13(a)(1) and instead open a second front in a district where it has no operations demonstrates a lack of respect for this Court's jurisdiction.

CONCLUSION

For the reasons stated above, Vizio respectfully requests that this Court deny Funai's Motion to Transfer and keep this action on the docket of the United States District Court for the Eastern District of Virginia.

Dated: June 16, 2009

Respectfully submitted,

/s/ Walter D. Kelley, Jr.

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CERTIFICATE OF SERVICE

I certify that on June 16, 2009 a copy of VIZIO'S MEMORANDUM IN OPPOSITION TO FUNAI'S MOTION TO TRANSFER was filed electronically with the Clerk of Court using the ECF system which will send notification to the following ECF participants:

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