

IN PRACTICE

INTELLECTUAL PROPERTY

Joinder of Unrelated Defendants in Patent Cases

By Roy H. Wepner

Plaintiffs commonly name numerous defendants in a single patent suit. Such defendants and their accused products often have nothing to do with each other and may even be direct competitors. Joining such unrelated defendants can create complications and expenses for the defendants.

A recent development tends to undermine this practice: the “rediscovery” of Fed. R. Civ. P. 20(a)(2). This rule allows joinder of defendants in a single action where: “(A) any right to relief is asserted against them jointly, severally, or in the alternative with respect to or arising out of the same transaction, occurrence, or series of transactions or occurrences; and (B) any question of law or fact common to all defendants will arise in the action.” Several courts have recently found joinder of unrelated defendants to be improper, but some severed parties have ended up “re-joined” through consolidation. On the other hand, a ruling of misjoinder may open the door to an otherwise unlikely

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change of venue.

The Texas Approach

The leading case justifying joinder of multiple defendants is *MyMail, Ltd. v. America Online, Inc.*, 223 F.R.D. 455 (E.D. Tex. 2004). There, the plaintiff sued seven defendants for patent infringement, and three defendants moved to sever the claims under Fed. R. Civ. P. 21. In denying the motion, the court stated:

Transactions or occurrences satisfy the series of transactions or occurrences requirement of Rule 20(a) if there is some connection or logical relationship between the various transactions or occurrences.... A logical relationship exists if there is some nucleus of operative facts or law.... Neither side disputes that questions of law or fact common to all defendants will arise in this case. The legal question as to the ... patent’s scope is common to all the defendants.

Another case that justifies joinder is *Mannatech, Inc. v. Country Life, LLC*, No. 3:10CV5330, 2010 WL 2944574 (N.D. Tex. July 26, 2010). The court in

Mannatech rejected the claim of misjoinder, stating: “All of the defendants’ allegedly infringing products ... allegedly embody the invention disclosed and claimed in [the patent in suit]. Therefore, the Court finds that [all defendants’] alleged infringement arise out of the same transaction or occurrence, satisfying the first requirement of Rule 20(a)(2).”

In addition, in *Alford Safety Services, Inc. v. HotHed, Inc.*, No. 101319, 2010 WL 3418233 (E.D. La. Aug. 24, 2010), the court denied severance, following *MyMail*, which it described as the “majority” view.

The Ninth Circuit Approach

WiAV Networks, LLC v. 3Com Corp., No. 1003448, 2010 WL 3895047 (N.D. Cal. Oct. 1, 2010), was a “sprawling patent infringement action” against 68 mostly “wholly unrelated companies with wholly unrelated products,” where no defendants were alleged to have acted in concert, and many were direct competitors of each other. The court found misjoinder and dismissed all but one defendant:

The mere fact that [multiple] defendants all manufacture, sell, or distribute their own laptop computers does nothing to obviate the bonecrushing burden of individualized methods of proof unique to each product. Again, there is no conspiracy claim. There was no claim that any defendant induced another to infringe. Each defen-

dant had simply been thrown into a mass pit with others to suit plaintiff's convenience.

Thus, the plaintiff was required to prove that each accused product caused an infringement, and each such endeavor would be worthy of its own trial.

The *WiAV* rationale has been followed by courts in the Ninth Circuit, where joinder was denied because there was no connection between the defendants or their products, except for the fact that they were alleged to have infringed the same patent. See, e.g., *Interval Licensing LLC v. AOL, Inc.*, No. 101385, 2011 WL 1655713 (W.D. Wash. Apr. 29, 2011); *San Francisco Technology, Inc. v. The Glad Products Co.*, No. 10CV00966, 2010 WL 2943537 (N.D. Cal. 2010); *Sorensen v. DMS Holdings, Inc.*, No. 08CV559, 2010 WL 4909615 (S.D. Cal. Nov. 24, 2010).

In *Rudd v. Lux Products Corp.*, No. 09CV6957, 2011 WL 148052 (N.D. Ill. Jan. 12, 2011), the court concluded that Texas' *MyMail* approach "eviscerates" the "same transaction or occurrence" requirement, and makes it indistinguishable from the separate requirement that there be a common question of law or fact, calling *MyMail* a "minority" view.

Consequences of Improper Joinder

In *Interval*, the court severed all of the defendants and assigned each defendant a separate case number. But the court then consolidated all 11 cases "for all pretrial proceedings and for trial pursuant to Rule 42(a)," suggesting that the only significant consequence of the misjoinder was that the plaintiff had to pay a \$350 filing fee for each newly opened case. In contrast, in *Rudd*, the court concluded that consolidation would not promote judicial efficiency, and declined to

consolidate discovery.

In *WiAV*, after finding improper joinder, the court indicated that if separate actions were refiled in the same district, the presiding judge would be willing to "coordinate certain claim construction issues (and those issues only) if the parties so stipulate, the assigned judge(s) consent, and the parties make a showing that the same phrases in the same claims require interpretation." The court did something similar in *Sorensen*, stating that it would be amenable to consolidating cases for discovery and claim construction if the plaintiff were to file a separate action against a new party.

Thus, if a defendant in a multidefendant patent case wishes to assert misjoinder simply to separate itself from its competitors, it is unclear whether this objective can be achieved, even in districts receptive to misjoinder arguments. Why, then, should a defendant move to sever? Because, by forcing the breakup of a multidefendant action, the ability to obtain a change of venue may be increased.

Sever Today, Transfer Tomorrow?

In *Rudd*, after severing the claim against defendant Emerson from the unrelated claims against other defendants, the court granted Emerson's motion to transfer the action against it. The plaintiffs had argued that the Northern District of Illinois was "a central location to all the Defendants and was a more convenient forum for both party and potential third-party witnesses located across the country." Presumably the reference to *all* the defendants meant before severance. However, with Emerson severed, the change of venue analysis focused only on the plaintiffs, who had minimal ties to Illinois, and Emerson, whose witnesses and documents were elsewhere. In *San Francisco Technology*, after

granting severance, the court transferred claims to *four* different districts.

Where courts have denied severance, it often follows that companion motions to change venue are also denied. For example, in *MyMail*, after denying a motion to sever, and "[b]ecause of that ruling, the court also denied the motion to transfer without a separate analysis." In another Texas case, *Americans for Fair Patent Use v. Sprint Nextel Corp.*, No. 2:10CV237, 2011 WL 98279 (E.D. Tex. Jan. 12, 2011), defendant Verizon only argued for transfer of the case against it "after it has been severed from the other defendants."

The Outlook

Where a defendant is sued in a patent case in an inconvenient forum along with unrelated companies, the defendant should carefully consider its procedural options. If a defendant simply wishes to be separated from a suit against multiple defendants, a motion to sever may be in order in districts hospitable to such motions. However, even if it succeeds in obtaining severance, it may still need to coordinate with defendants in other cases in some fashion. If a defendant is primarily interested in a change of venue, it may need to file a motion for severance as well as a motion to change venue if severance would favorably alter the "geography" of the litigation.

If the case is brought in a forum that resists severance, none of these options may appear promising — unless one considers the increasing willingness of the Federal Circuit to grant *mandamus* reversing nonfinal procedural rulings. See, e.g., *In re Verizon Network Servs.*, 635 F.3d 559 (Fed. Cir. 2011); *In re BP Lubricants USA, Inc.*, 637 F.3d 1307 (Fed. Cir. 2011). The Federal Circuit might be persuaded to grant *mandamus* if convinced that the *MyMail* view on severance is clearly incorrect. ■