

UNITED STATES DISTRICT COURT
DISTRICT OF CONNECTICUT

DOCUMENT DYNAMICS, LLC, :
 plaintiff, :
 :
v. :
 :
XEROX CORPORATION, :
 defendants. :

RULING ON THE DEFENDANTS' MOTION TO TRANSFER

This is an action for damages and other relief in which the plaintiff, Document Dynamics, alleges that the defendant, Xerox Corporation ("Xerox"), infringed its U.S. Patent No. 7,872,772, entitled Network Printing Tracking System ("`772 patent"), by "incorporating Document Dynamics' proprietary and patent-protected technology in its product offering." This patent action arises under 35 U.S.C. § 1 *et seq.* and the court has jurisdiction pursuant to 28 U.S.C. §§ 1331 and 1338(a).¹

Xerox has filed a motion to transfer venue under 28 U.S.C. § 1404(a)² claiming that Connecticut has no material connection

¹ 28 U.S.C. § 1331 provides that: "The district courts shall have original jurisdiction of all civil actions arising under the Constitution, laws, or treaties of the United States." 28 U.S.C. § 1338 provides in relevant part: "The district courts shall have original jurisdiction of any civil action arising under any Act of Congress relating to patents, plant variety protection, copyrights and trademarks"

² 28 U.S.C. § 1404(a) states that: "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 or to any district or division to which all parties have consented."

to the facts or evidence and arguing that the relevant factors demonstrates that the "interests of justice and the convenience of the parties and witnesses require that this court exercise its discretion and transfer the case to the United States District Court for the Western District of New York."

The issue presented is whether there are factors that weigh heavily in favor of transfer, such that the court should exercise its discretion to transfer the case to the Western District of New York.

For the following reasons, the motion to transfer (document no.72) is GRANTED.

FACTS

The complaint alleges the following facts:

In March 2000, Xerox contracted to purchase a single-use license to Document Dynamics' network printer assessment software. Xerox subsequently purchased additional licenses from Document Dynamics for software upgrades. Despite Xerox's purchase of a single use license to Document Dynamics' printer assessment software, Xerox began to reuse the software on multiple accessions by generating a software license key without paying Document or obtaining permission.

In 2003, the initial relationship between Document Dynamics and Xerox ended.

Document Dynamics continued to develop its network printer assessment software, which eventually became the subject of a patent application. At that time, Document Dynamics informed Xerox of the pending patent application. Through development of its network printer technology, Document Dynamics released a proprietary printer management solution and sought patent protection by filing an additional continuation-in-part application, which further built upon its network printer assessment technology.

In 2008, Document Dynamics began discussions with Xerox regarding its printer management solution. The discussions resulted in a meeting in Rochester N.Y., where Document Dynamics discussed how its printer management solution could overcome Xerox's product architecture deficiencies by obtaining network printing metrics and managing locally attached and solo devices.

On January 18, 2011, the '772 patent, entitled Network Printing Tracking System, was duly and legally issued by the United States Patent and Trademark Office.

Document Dynamics "is the assignee and owner of the right, title and interest in and to the '772 patent, including the right to assert all causes of action arising under said patent and the right to any remedies for infringement of it."

"The inventions of the '722 patent resolve technical problems related to network printer management." Specifically, "the claims of the '722 patent recite one or more inventive concepts that are rooted in computerized network printing management technology, and overcome problems specifically arising in the realm of computerized network printer management technologies." "[T]he invention utilizes printer agent software to monitor and track by user, device, application or document printing events at each client or server PC and at each target output device."

Document Dynamics disclosed to Xerox its patent technology and informed them of the issued and allowed patent claims. However, Xerox made no attempt to license or acquire the printer management solution from Document Dynamics. Subsequently, Xerox incorporated Document Dynamics' proprietary and patent-protected technology in its product offering.

Xerox continues to incorporate and profit from Document Dynamics' technology. Specifically, Xerox "has and continues to directly infringe at least claim 4 of the '772 patent by making, using, selling, importing and/or providing and causing to be used products and services that monitor, track, and manage printer, multifunction peripheral, and other network input/output hardware, which products by way of example include managed print services such as, for example, Xerox

Partner Print Services, Xerox Print Services, and Xerox Enterprise Print Services. . . ." (the "Accused Instrumentalities").

STANDARD

"In determining whether a transfer of venue pursuant to 28 U.S.C. § 1404(a) is appropriate, district courts engage in a two-part inquiry, asking: (1) whether an action might have been brought in the proposed transferee forum, and if so, (2) whether the transfer promotes convenience and justice." Discover Property & Cas. Ins. Co. v. TETCO, Inc., 932 F. Supp. 304, 311 (D. Conn. 2013) (citing Forjone v. California, 425 F. App'x 73, 74 (2d Cir. 2011)). "The party requesting transfer carries the burden of making out a strong case for transfer." NY Marine & Gen. Ins. Co. v. LeFarge N. Am., Inc., 599 F.3d 102, 113-14 (2d Cir. 2010) (citation omitted). As such, courts apply "the clear and convincing evidence standard in determining whether to exercise discretion to grant a transfer motion." Id. at 114. "Section 1404(a) reposes considerable discretion in the district court to adjudicate motions for transfer according to an individualized case-by-case consideration of convenience and fairness." Red Bull Associates v. Best Western Int'l, 862 F.2d 963, 967 (2d Cir. 1988).

DISCUSSION

Xerox argues that Document Dynamics infringement claims could have been brought in the Western District of New York and "the relevant factors demonstrates that the interests of justice and the convenience of the parties and witnesses require that this Court exercise its discretion and transfer this case to the Western District of New York."³ Specifically, Xerox argues that the convenience of the witnesses is the most powerful factor and "New York is significantly more convenient . . . for party witnesses and non-party witnesses." Xerox further argues that the convenience of the parties and the accessibility of sources of proof are all developed and located at Xerox locations in the Western District of New York.

Document Dynamic responds that Xerox "has not met its heavy burden to demonstrate through clear and convincing evidence that another venue is more convenient." Specifically, Document Dynamics responds that "[a]ll of the factors . . . weigh heavily against the transfer of venue or are neutral." Document Dynamic further responds that the court should give "substantial consideration to [its] choice of forum" because "both parties to this matter have [a] substantial, concrete connection to

³ The court notes that Xerox does not argue that this court lacks personal jurisdiction; nor do the parties dispute that Connecticut is a proper forum. Instead, Xerox argues that transfer is warranted, pursuant to 28 U.S.C. § 1404(a).

Connecticut." Document Dynamics also responds that the relative means of the parties is one-sided and weighs heavily against transfer, as does the trial efficiency and justice, given that significant litigation has occurred.

"The objectives of section 1404(a) are "to prevent the waste of time, energy and money and to protect litigants, witnesses and the public against unnecessary inconvenience and expense." MAK Marketing, Inc. v. Kalapos, 620 F. Supp. 2d 295, 298 (D. Conn. 2009) (citing Van Dusen v. Barrack, 376 U.S. 612, 616 (1964) (internal quotations omitted)). Generally, there is a presumption in favor of a plaintiff's choice of forum, especially if it is the plaintiff's home forum. Iragorri v. United Technologies Corp., 274 F.3d 65, 71 (2d Cir. 2001). Thus, courts will not override a plaintiff's choice "unless other factors weigh strongly in favor of transfer." Tross v. Ritz Carlton Hotel Co., 928 F. Supp. 2d 498, 505 (D. Conn. 2013). Such factors include: "(1) the locus of operative facts; (2) access to evidence; (3) the convenience of witnesses; (4) the availability of compulsory process to compel witness testimony; (5) the convenience of the parties; (6) the familiarity of the forum with governing law; (7) trial efficiency; (8) the relative financial means of the parties; and (9) the interests of justice." Id.

In this case, Document Dynamics' choice of forum is Connecticut. Document Dynamics is the licensee of the '722 patent and has its headquarters in Connecticut. Robert Caffary, the sole inventor of the '722 patent was a life-long resident of Connecticut and all of his research and development for the technology took place in Connecticut. His materials and Document Dynamics' documents and physical evidence are in Connecticut.

Xerox maintains, however, that subsequent to Caffary's untimely death, there is little material connection between Connecticut and the facts or issues of the case.⁴ Xerox further maintains that Document Dynamics "is a Connecticut limited liability company with an alleged place of business located at a single-family residential home owned by Rita Caffary, who is not an identified witness."⁵ As such, Xerox argues that the presumption in favor of Document Dynamics choice of forum does not apply.

"Although a plaintiff's choice of forum is generally given significant weight, . . . this presumption does not apply where there is little material connection between the chosen forum and the facts or issues of the case." Anadigics, Inc. v. Raytheon

⁴ Document Dynamics argues, however, that Xerox filed its motion to transfer "over **a year and a half** since Caffary's death." (emphasis in original).

⁵ Xerox cites Town of Griswold, CT property tax information.

Co., 903 F. Supp. 615, 617 (2d Cir. 1995) (citations omitted, internal quotation marks omitted). However, "venue may properly exist in more than one district, and thus the plaintiff is not required to establish that his chosen venue has the most substantial contacts to the dispute; rather it is sufficient that a substantial part of the events occurred [there], even if a greater part of the events occurred elsewhere." Indymac Mortgage Holdings, Inc. v. Reyad, 167 F. Supp. 2d 222, 237 (D. Conn. 2001). It is not clear to this court that Document Dynamics has shown that a substantial part of **the events** occurred in Connecticut. However, even assuming *arguendo* that Document Dynamics is entitled to a presumption in favor of its forum, the court will still override a plaintiff's choice of forum where the other factors weigh strongly in favor of transfer. See Tross, 928 F. Supp. 2d at 505; Garnet Analytics, Inc. v. Diversified Solutions, Inc., No. 3:12cv716(WWE), 2012 WL 5878664, at *5 (D. Conn. Nov. 21, 2012). The presumption may be overcome where there is "clear and convincing evidence that the private and public interest factors favor trial in the alternative forum." Garnet Analytics, Inc., 2012 WL 5878664, at *5.

Convenience of the Witnesses and Parties

As of the date of the motion, the parties identified fifteen witnesses. The only witness identified by Document

Dynamics was Caffary, who is now deceased. Xerox contends that its principle place of business relevant to the claims of patent infringement are in the Rochester New York area, where nine of the 14 witnesses identified are located. Of those nine, six are Xerox employees who have knowledge of the accused technology.⁶ In addition, three of the six non-party witnesses are in the Rochester New York area. As such, Xerox maintains that the Western District of New York is a "significantly more convenient venue for party witnesses and non-party witnesses." The court notes that Document Dynamics' lead counsel is from Delaware and Xerox's lead counsel is from Syracuse, New York.

Document Dynamics argues that it is the convenience of non-party witnesses which is the most important factor. Subsequent to Xerox's filing of the motion to transfer, Document Dynamics identified two witnesses in Connecticut including James Caffary, Robert's brother, and Thomas Love, Robert Caffary's former business partner and co-founder of Document Dynamics. Document Dynamics also identified another witness, John Santos, a resident of New Hampshire. Santos is a "former Connecticut resident who previously consulted with Mr. Caffary, including on the patent in suit." Document Dynamics argues that Santo's location is "little over 100 miles from Connecticut and 371

⁶ The remaining witnesses are in California, Baltimore, Dallas, Cleveland, and the Netherlands.

miles from Rochester" and that half of the witnesses would be inconvenienced, including all its witnesses.

"The convenience of witnesses factor is principally aimed at weighing the relative convenience of non-party witnesses." MAK Marketing, Inc. v. Kalapos, 620 F. Supp. 2d 295, 309 (2d Cir. 2009) (citation omitted; internal quotation marks omitted). However, "[i]t is not the prospective number of witnesses in each district that determines the appropriateness of a transfer, but, rather, the materiality of their anticipated testimony." Id. In some cases, the most important witnesses may be party witnesses. Id.

In this case, the court questions the timing of the identification of these witnesses. Document Dynamics has not provided the court with any information regarding the purpose or importance of their testimony. However, since Document Dynamics is alleging infringement of its '772 patent by Xerox's incorporation of Document Dynamics' proprietary and patent-protected technology in Xerox's products, the most important witnesses are those with knowledge of the accused technology. Xerox indicated that six current employees and two former employees will be testifying that have knowledge of the relevant facts and the accused technology. All eight live in New York.

Therefore, the court concludes that the convenience of the witnesses and parties weighs heavily toward transfer.

Location of the Evidence

Xerox argues that "the majority of relevant documents and physical devices are at Xerox locations in the Western District of New York." The "Xerox technology is comprised of computer software, all of which is based on source code that is developed and located at Xerox locations in the Western District of New York."

Document Dynamics responds that "[t]he location where the case is pending will have zero impact on the process for collecting and producing documents" because "the documents will be collected electronically, and can be produced anywhere in the world." However, this does not appear to be the case. Xerox's source code is deemed highly confidential business information which is the subject matter of the protective order addressing the production and review of the source code. Xerox maintains that "any form of remote source code inspection inherently fails to ensure both the security and compliance" with the protective order.⁷ Therefore, the location of the source code relevant to the accused technology is clearly New York and weighs heavily toward transfer.

⁷ The court takes judicial notice of and cites to the joint motion for modification of the case schedule. (Doc. No. 80).

Loci of Operative Facts

While Xerox does have its headquarters in Connecticut and maintains other places of businesses in Connecticut with executive management, sales, marketing, and repair activities at these locations, these activities are not unique to Connecticut, as they have these activities in other states, including the Western District of New York.⁸ However, Xerox is a New York Corporation with its largest base of employees in and around Rochester, New York.⁹ Xerox's activities in the Western District of New York include design, development, engineering, manufacture, sales, marketing, and finance management, which are the activities that are relevant to the alleged infringement of the '722 patent.

As such, the loci of operative facts related to the '772 Patent are clearly in New York. Xerox's research and development operations are in Rochester, as are the witnesses with knowledge of the technology allegedly infringing the '772 patent. The meeting where Document Dynamics discussed how its printer management solution could overcome Xerox's product architecture deficiencies by obtaining network printing metrics

⁸ Xerox "maintain[s] foreign registration in all fifty states."

⁹ Xerox employs 3,109 employees in New York and only employs 405 employees in Connecticut. Xerox owns buildings and employs 2,225 employees in Webster New York.

and managing locally attached and solo devices, also took place in Rochester New York. Since Document Dynamics' complaint alleges an infringement claim against Xerox, "[t]he 'center of the gravity' for such a claim is in the district where the alleged infringement occurred." Anadigics, Inc., 903 F. Supp. at 618 (citations omitted).

The court concludes that "center of gravity" for Document Dynamics' claims are in New York, as is most of the evidence, which both weigh heavily toward transfer.

Relative Means of the Parties

While Xerox's argues that both parties are commercial entities and Document Dynamics represents itself "as a sophisticated business capable of researching, developing, and selling its own alleged software products, obtaining patent protection for its alleged innovations, and entering into alleged contractual relations with other businesses," Xerox is clearly a larger entity with significantly more means than Document Dynamics. Therefore, this factor weighs against transfer.

Trial Efficiency and Interests of Justice

Finally, the court considers trial efficiency and the interests of justice. Xerox failed to provide any strong

argument that that these factors favor transfer.¹⁰ Instead, Xerox focused on the fact that Document Dynamics' choice of forum should be given little weight because Document Dynamics' has "little connection to Connecticut."

Document Dynamics argues that Xerox "does not and cannot provide any argument for how greater trial efficiency would be achieved by transferring this case after two years since filing." Specifically, Document Dynamics argues that trial efficiency would be "greatly undermined" since "significant litigation" has already occurred in this district and Xerox's motion is untimely because it "did not raise the issue of venue or *forum non conveniens* in any of its dispositive motions or its answer." Document Dynamics states that Xerox failed to file its motion to transfer venue for almost two years after the filing of the complaint, after a failed motion to dismiss, a failed motion for summary judgment, a scheduled trial for September 2020, and stipulated protective and e-discovery orders. Document Dynamics further states that "[a]ny transfer of this case to the Western District of New York would likely cause

¹⁰ Xerox argues that "the costs of litigation in the Western District of New York is neutral, at worst, and may even favor transfer, given the fact that there would be no additional costs to Document Dynamics litigating (with Delaware counsel) in the Western District of New York." Xerox further argues that "judicial economy favors neither district as there are no other cases between the parties."

significant delay in any trial scheduling" which "cannot be said to be in the interests of justice."

The court notes, however, that it did not deny Xerox's motion for summary judgment on the merits. Instead the court dismissed the motion for summary judgment without prejudice to refiling after the close of discovery. Discovery is still not complete.

The court further notes that the parties filed a May 26, 2020 joint motion for the modification of the case schedule, where the parties request a modification to the scheduling order due to the COVID-19 pandemic and its effect on the review of the source code and the ability to conduct fact depositions of the party witnesses. (Doc. No. 80). The parties also reported that disputes regarding the scope of discovery requests have arisen and the parties "now believe claim construction and expert testimony in the form of reports and depositions will be necessary to resolve various discovery disputes and provide clarity with respect to the parties' respective claims and defenses." The parties have requested a trial ready date of 240 days after the claim construction order.

Because discovery is still in progress and claim construction and expert testimony is now required, the court disagrees with Document Dynamics assertion that significant litigation has occurred, and that transfer would greatly

undermine trial efficiency. Nor does the court agree that a transfer would cause a significant delay in the proceedings.

The remaining factors, including the familiarity with the governing law and the availability of process to compel witness testimony¹¹ are either neutral or insignificant.

Based on the facts in this case, the court concludes that the convenience of the parties and witnesses, the availability of the evidence, and the locus of the operative facts, all favoring venue in the Western District of New York, outweigh the Document Dynamics' choice of forum. The court concludes that, given the parties' joint motion for modification of the scheduling order (Doc. No. 80), transfer to the Western District of New York does not negatively impact the trial efficiency or the interests of justice. Given that Xerox's research and development operations are in Rochester, as are the witnesses with knowledge of the technology allegedly infringing the '772 patent, trial efficiency and the interests of justice will benefit from a transfer to the Western District of New York.

Therefore, the court concludes that Document Dynamics has met its burden of demonstrating that the pertinent "factors weigh strongly in favor of transfer." Tross v. Ritz Carlton Hotel Co., 928 F. Supp. 2d 498, 505 (D. Conn. 2013).

¹¹ The court is unpersuaded by the defendant's argument that they would be prejudiced by their inability to compel the attendance of the six nonparty witnesses if Connecticut remained the venue.

CONCLUSION

Based upon the foregoing, the court concludes that the interests of justice strongly favor the transfer of this action to the District Court for the Western District of New York. The defendant's motion to transfer venue to the Western District of New York (Doc. No. 72) is GRANTED. The clerk shall transfer this action to the District Court for Western District of New York.

It is SO ORDERED, this 2nd day of July 2020, at Hartford, Connecticut.

_____/s/_____

Alfred V. Covello,
United States District Judge