

patent infringement on October 19, 2020. ECF No. 1 (“Pl.’s. Compl.”). 3Shape filed a mirror-image action seeking declaratory judgment of non-infringement in Delaware approximately two weeks later. Pl.’s Resp. at 6. The parties agree that the suits overlap completely except for 3Shape Inc.’s absence from the Texas action. *Id.* 3Shape concurrently filed a motion seeking to enjoin Align from pursuing this lawsuit in Texas pending resolution of 3Shape’s declaratory judgment action in Delaware. *Id.* The Delaware Court denied 3Shape’s motion and the parties agreed to a stay of the declaratory judgment action. *Id.* at 6-7.

Since 2017, Align has initiated seven infringement suits against 3Shape in the District of Delaware and three infringement suits in the ITC. Def.’s Mot. at 1. In all ten of those actions, 3Shape Inc. was named as a defendant. *Id.* 3Shape Inc. engages in post-sale customer support and is incorporated in Delaware with its principal place of business in New Jersey. Def.’s Mot. at 9-10. 3Shape A/S and 3Shape Trios A/S, on the other hand, manufacture and import the accused scanners, and the entities are incorporated and have their principal place of business in Denmark. Pl.’s Compl. at 1.

3Shape’s motion raises three primary issues. First, whether 3Shape Inc. a necessary party according to Rule 19(a), and if it is, whether is it an indispensable party according to Rule 19(b). Second, whether an exception to the first-filed rule should apply. Third, whether this case should be transferred to the District of Delaware pursuant to 28 U.S.C. § 1404(a).

DISCUSSION

I. 3Shape’s Motion to Dismiss is denied because 3Shape Inc. is not an indispensable party under Rule 19.

A. Legal Standard

A party may move to dismiss under Rule 12(b)(7) for failure to join a required party under Rule 19. FED R. CIV. P 12(b)(7). Rule 19 requires an absent party to be joined if feasible if:

(A) in that [party's] absence, the court cannot accord complete relief among existing parties; or (B) that [party] claims an interest relating to the subject of the action and is so situated that disposing of the action in [party's] absence may: (i) as a practical matter impair or impede the [party's] ability to protect the interest; or (ii) leave an existing party subject to a substantial risk of incurring double, multiple, or otherwise inconsistent obligations because of the interest.

FED. R. CIV. P. 19(a)(1). If an absent party's presence is required and joinder would render venue improper or destroy subject matter jurisdiction, a court must determine whether the party is indispensable, or, "whether, in equity and good conscience, the action should proceed among the existing parties or should be dismissed." FED. R. CIV. P. 19(b). The court must consider:

(1) the extent to which a judgment rendered in the [party's] absence might prejudice that [party] or the existing parties; (2) the extent to which any prejudice could be lessened or avoided by: (A) protective provisions in the judgment; (B) shaping the relief; or (C) other measures; (3) whether a judgment rendered in the [party's] absence would be adequate; and (4) whether the plaintiff would have an adequate remedy if the action were dismissed for nonjoinder.

FED. R. CIV. P. 19(b).

B. Analysis

1. 3Shape Inc. is not a required party because its interests are adequately represented by the named defendants.

a. The Court can accord complete relief among existing parties in 3Shape Inc.'s absence.

The first factor to consider under Rule 19(a) is whether, "in that [party's] absence, the court cannot accord complete relief among existing parties." FED. R. CIV. P. 19. The plaintiff is the master of his own complaint and in this case Align seeks to hold Defendants liable for their own infringing activity. *See August v. Boyd Gaming Corp.*, 135 F. App'x 731, 733-34 (5th Cir. 2005) (citing *Temple v. Synthes Corp.*, 498 U.S. 5, 7-8 (1990)). "A suit for infringement may be analogized to other tort actions. All infringers are jointly and severally liable. Thus, plaintiff may choose whom to sue and is not required to join all infringers in a single action." 7 WRIGHT &

MILLER, FED. PRAC. & PROC. CIV. § 1614 (3d ed.). The fact that 3Shape Inc. may also engage in infringing activity is irrelevant under Rule 19(a) and does not make 3Shape Inc. a necessary party in this action.

b. 3Shape Inc.’s omission from the litigation will not affect or impede its interests because its interests are aligned with the named defendants.

The second factor under Rule 19(a) considers whether omitting the absent party will affect or impede its interests. FED. R. CIV. P. 19. The Fifth Circuit has not spoken on whether an absent, alleged, joint-infringer is a required party when the party’s interests are adequately represented by the existing defendants. Various Circuits hold that where a named party adequately represents the interests of the absent party, the absent party is not a necessary or indispensable party. *Gensetix, Inc. v. Bd. of Regents of Univ. of Texas Sys.*, 966 F.3d 1316 (Fed. Cir. 2020) (applying Fifth Circuit law); *Dainippon Screen Mfg. Co. v. CFMT, Inc.*, 142 F.3d 1266 (Fed. Cir. 1998) (applying Ninth Circuit law); *J.P. Morgan Chase Bank, N.A. v. McDonald*, 760 F.3d 646 (7th Cir. 2014); *Dixon v. Edwards*, 290 F.3d 699 (4th Cir. 2002); *Washington v. Daley*, 173 F.3d 1158 (9th Cir. 1999).

However, Circuits diverge on whether that factor should be considered under Rule 19(a) or Rule 19(b). The Seventh, Fourth, and also Ninth Circuits have considered the adequate representation under Rule 19(a). *J.P. Morgan*, 760 F.3d 646 (absent employees not necessary parties since their interests were identical to and adequately represented by the named employers’ interests); *Dixon*, 290 F.3d at 714 (absent plaintiff not necessary because there is “no substantial risk of inconsistent judgments when potential plaintiffs agree that one of them will litigate and represent the interests of the other”); *Washington*, 173 F.3d at 1167-68 (absent Tribes not necessary because its interests were adequately represented by the government). The Federal Circuit, applying Fifth and Ninth Circuit law, consider adequate representation under Rule 19(b). *Gensetix*, 966 F.3d at 1326; *Dainippon*, 142 F.3d at 1272.

This Court also considers its sister court within this district who relied on instruction from the other Circuits when it held that an absent joint-tortfeasor (“KMA”) was not a necessary party under Rule 19(a) “because [the] Defendant is adequately representing KMA's interests despite its absence.” *Paso Del Norte Motors, LP v. Tri Star Partners, LLC*, No. EP-15-CV-33-PRM, 2015 WL 13778413 at *5 (W.D. Tex. Sept. 3, 2015).

Because the interests of 3Shape Inc. are adequately represented by the existing defendants, the Court finds that 3Shape Inc. is not a required party. To determine whether a third-party’s interests are adequately represented by the existing defendants, this Court follows the Federal Circuit’s guidance from *Gensetix*. 966 F.3d 1316. In *Gensetix*, the patent owner was absent from an infringement case brought by an exclusive licensee. *Id.* at 1324-27. The Federal Circuit, applying Fifth Circuit law, held that any risk of prejudice to the absent party was “minimal, or at least substantially mitigated, because . . . [plaintiff licensee] will adequately protect [absent party’s] interests in the validity of the patents-in-suit.” *Id.* at 1326.

In analogous circumstances, the Federal Circuit has held that the case can proceed when the absent party’s interests are aligned with those of the named defendants. *Dainippon*, 142 F.3d 1266. In *Dainippon*, the Federal Circuit reversed the district court’s holding that the absent patent owner (CFMT) was indispensable because the plaintiff and exclusive licensee (CMT) adequately represented CFMT’s interests: CMT “has manifested its obvious concern over the maintenance of CFMT’s patents,” the two entities “share the common goal of assuring that the [patent] not be held invalid or be infringed[,] . . . have jointly sought legal assistance in furtherance of that goal[,]” and were represented by the same outside counsel. *Id.* at 1272. Thus, “the presence of [the absent party] would not change the course of the action in the slightest degree.” *Id.* Though neither *Dainippon*

nor *Gensetix* address the rights of an absent alleged joint-infringer, this Court is of the opinion that the reasoning reflects Rule 19's practical aims. *Id.*; *Gensetix*, 966 F.3d at 1324-27.

The asserted interests of 3Shape Inc. are identical to the interests of 3Shape A/S and 3Shape Trios A/S. All three of these entities are sister companies which are all jointly owned by the same holding company, 3Shape Holdings A/S. Pl.'s Res. Ex. B. All three have been jointly represented without differentiation in other patent litigation by the same outside counsel that are defending 3Shape in this case. *See, e.g., id.* The entities all share the identical goal of obtaining a judgment that the patents at issue here be declared invalid or that 3Shape's scanners do not infringe them.

The Court holds that 3Shape Inc. is not a required party because 3Shape Inc.'s interests are fully represented here and proceeding with this case will not "impair or impede [3Shape Inc.'s] ability to protect the interest." FED. R. CIV. P. 19(a)(1)(B)(i); *Gensetix*, 966 F.3d at 1324-27; *Dainippon*, 142 F.3d at 1272-73; *Paso Del Norte Motors*, 2015 WL 13778413.

c. Joinder of 3Shape Inc. would render venue improper.

Joinder of 3Shape Inc. is not feasible because joinder would render venue improper. For patent suits against domestic corporations, venue is proper where a corporation is a citizen. 28 U.S.C. § 1400(b). A corporation is a citizen in the state where it is incorporated and "the state where the defendant has committed acts of infringement and has a regular and established place of business." *Id.* 3Shape Inc. is incorporated in Delaware and its headquarters and physical location are located in New Jersey. Therefore, absent waiver, venue would be improper if 3Shape Inc. were joined in this litigation.

2. 3Shape Inc. is not an indispensable party to this litigation because the Rule 19(b) factors weigh against dismissal.

Because the Fifth Circuit has been silent regarding whether an adequately represented defendant is necessary under Rule 19(a), this Court chooses to continue its analysis. If a party is

necessary, and joinder is not feasible, then the Court must weigh the factors listed in Rule 19(b) and considers whether “in equity and good conscience” the action should proceed or be dismissed. This decision is to be made in light of pragmatic considerations at play in the case and there is no prescribed formula for determining whether a party is indispensable or not. *Niles-Bement-Pond Co. v. Iron Moulders' Union*, 254 U.S. 77, 80 (1920).

The first two factors consider whether the party is prejudiced and whether the prejudice can be mitigated, the third factor considers “whether a judgment entered in the [party’s] absence would be adequate”, and the fourth factor considers “whether the plaintiff would have an adequate remedy if the action were dismissed for nonjoinder.” FED. R. CIV. P. 19(b). The Court is of the opinion that under the Rule 19(b) analysis, the factors weigh against dismissal and even if 3Shape Inc. is a required party, it is not an indispensable party. *Id.*

The first factor under Rule 19(b) requires the Court to consider “the extent to which a judgment rendered in the [party’s] absence might prejudice that [party] or the existing parties.” *Id.* The second factor considers “the extent to which any prejudice could be lessened or avoided by: (A) protective provisions in the judgment; (B) shaping the relief; or (C) other measures.” *Id.*

Align requested an injunction that would extend to the Defendants’ “parents, subsidiaries, affiliates, agents, servants, employees, attorneys, representatives, successors, and assigns, and all others in active concert or participation with them from infringing the asserted patents.” Pl.’s Compl. at 50. Therefore, if granted, Align’s requested injunction could likely prejudice 3Shape Inc. However, the extent that the prejudice against 3Shape Inc. can be mitigated is influential in this case.

The Federal Circuit has stated that a party’s opportunity to intervene can be considered when evaluating the prejudice factors under Rule 19(b). *See Dainippon*, 142 F.3d at 1272. Here,

Defendants argue that 3Shape Inc. is an indispensable party, without whom the litigation cannot continue. However, 3Shape Inc. chooses not to intervene and protect its interests. Though it is 3Shape Inc.'s legal right to not intervene, this Court strongly weighs this factor in the prejudice analysis. Additionally, for the same reasons that 3Shape is not a required party under Rule 19(a)—namely that its interests are adequately represented here—it also will not be prejudiced if the case proceeds without it.

The next factor considers “whether a judgment rendered in the [party’s] absence would be adequate.” 3Shape argues that Align’s ability to reassert the same infringement claims in later litigation renders judgment inadequate. Def. Rep. at 3. Align argues that, “[w]hile it is conceivable that following this litigation in the federal court, a second suit could result,... judicial economy and convenience do not in themselves provide grounds for dismissal” under Rule 19. *See Boone v. Gen. Motors Acceptance Corp.*, 682 F.2d 552, 554 (5th Cir. 1982); *see also Nat’l Cas. Co. v. Gonzalez*, 637 F. App’x 812, 815 (5th Cir. 2016). If Align’s patents are deemed to be valid and 3Shape’s products are found to infringe on the asserted patents, Align has requested a permanent injunction and damages. Pl.’s Compl. at 50. And if Align is unsuccessful on any claim or issue, the doctrines of issue and claim preclusion will be available to the extent they are applicable given the circumstances. This factor weighs toward dismissal, but is ultimately mitigated by the prejudice factors.

The final factor to consider when determining whether a party is indispensable under 19(b) is “whether the plaintiff would have an adequate remedy if the action were dismissed for nonjoinder.” FED. R. CIV. P. 19(b)(4). Here, the plaintiff would have an adequate remedy in the District of Delaware. Weighing all of the factors, the Court is of the opinion that 3Shape Inc. is not an indispensable party according to the meaning of Rule 19(b).

II. The first-to-file rule and 1404 (a) convenience factors preclude 3Shape from transferring this action to Delaware.

A. Legal Standard

1. First-to-file Rule

The first-to-file rule “stands for the common sense proposition that, when two cases are the same or very similar, efficiency concerns dictate that only one court decide both cases.” *In re Telebrands Corp.*, 773 F. App'x 600, 602 (Fed. Cir. 2016) (citing *Save Power Ltd. v. Syntek Fin. Corp.*, 121 F.3d 947, 950 (5th Cir. 1997)). Federal Circuit law controls application of the first-filed rule. *Futurewei Techs., Inc. v. Acacia Research Corp.*, 737 F.3d 704, 708 (Fed. Cir. 2013). The Federal Circuit has established that, “[w]hen two actions that sufficiently overlap are filed in different federal district courts, one for infringement and the other for declaratory relief, the declaratory judgment action, if filed later, generally is to be stayed, dismissed, or transferred to the forum of the infringement action.” *Id.*

A court may find an exception to the first-to-file rule if there is a “sound reason that would make it unjust or inefficient to continue the first-filed action,” or, if “forum shopping alone motivated the choice of sites for the first suit.” *Genentech v. Eli Lilly & Co.*, 998 F.2d 931, 938 (Fed. Cir. 1993); *Kahn v. GMC*, 889 F.2d 1078, 1081 (Fed. Cir. 1989). To determine whether “sound reason” exists, a Court should weigh factors of convenience as normally considered in a transfer motion. *Micron Tech., Inc. v. Mosaid Techs., Inc.*, 518 F.3d 897, 905 (Fed. Cir. 2008). Factors of convenience should also be balanced in light of the first-filed rule. *Kahn*, 889 F.2d at 1082-83. The party requesting a transfer should establish “sound reason” to reject the chosen forum. *Id.* at 1082.

A court may depart from the first-filed rule only where there is a “sound reason that would make it unjust or inefficient to continue the first-filed action.” *Genentech*, 998 F.2d at 938. To

determine whether “sound reason” exists, the Federal Circuit has directed courts to examine the convenience factors normally considered when faced with a motion to transfer under 28 U.S.C. § 1404(a). *Micron Tech., Inc. v. Mosaid Techs., Inc.*, 518 F.3d 897, 904 (Fed. Cir. 2008.) One established “sound reason” would be a situation in which “forum shopping was the only motive” for the plaintiff’s choice of venue. *Genentech*, 998 F.2d at 938.

Align’s choice of venue must stand unless Shape meets its burden to show the transferee venue is “clearly more convenient” than the plaintiff’s chosen forum. *In re Volkswagen of Am., Inc.*, 545 F.3d 304, 315 (5th Cir. 2008) (en banc) (hereinafter Volkswagen II). The Court is of the opinion that in this case, no “sound reason” overcomes the first filed rule. The Defendants have not provided sufficient evidence that Delaware would be “clearly more convenient” and the Defendants have likewise not proved, and the Court does not find, that forum shopping was the only motive regarding the Plaintiff’s choice of forum.

2. Motion to Transfer

The Defendants have also filed a Motion to Transfer to Delaware pursuant to 28 U.S.C. § 1404(a). Because the Fifth Circuit has directed courts to analyze exceptions to the First-Filed rule under the same factors as are utilized in a § 1404 analysis, the following analysis applies to both the first-filed rule and the Motion to Transfer.

In patent cases, motions to transfer under § 1404(a) are governed by the law of the regional circuit. *In re TS Tech USA Corp.*, 551 F.3d 1315, 1319 (Fed. Cir. 2008). Under § 1404(a), “[f]or 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.” 28 U.S.C. § 1404(a).

Section 1404(a)'s threshold inquiry is whether the case could initially have been brought in the proposed transferee forum. *In re Volkswagen AG*, 371 F.3d 201, 202–03 (5th Cir. 2004) (hereinafter “Volkswagen I”). If that inquiry is satisfied, the Court determines whether transfer is proper by analyzing and weighing various private and public interest factors. *Humble Oil & Ref. Co. v. Bell Marine Serv.*, 321 F.2d 53, 56 (5th Cir. 1963); *In re Apple Inc.*, 979 F.3d 1332, 1338 (Fed. Cir. 2020) (applying Fifth Circuit law).

B. The Court finds that the first-to-file rule applies, no exception is warranted, and the convenience factors do not clearly weigh in favor of transfer.

1. The first-to-file rule applies.

The Court agrees with Chief Judge Stark of the Delaware Court that the Texas action was filed first, and this Court is the proper court to hear arguments as to the application of the first-filed rule and any exceptions. It is undisputed that 3Shape filed its declaratory judgment action in Delaware two weeks after Align filed its complaint. Because Align's complaint was filed first and no exception applies, the case should proceed in this Court.

2. The “sound reason” exception does not apply because the convenience factors do not clearly weigh in favor of transfer.

The Fifth Circuit has held that “[t]he determination of ‘convenience’ turns on a number of public and private interest factors, none of which can be said to be of dispositive weight.” *Action Indus., Inc. v. US. Fid & Guar. Co.*, 358 F.3d 337, 340 (5th Cir. 2004). The private 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 trial of a case easy, expeditious and inexpensive.” *Volkswagen I*, 371 F.3d at 203 (5th Cir. 2004) (citing to *Piper Aircraft Co. v. Reyno*, 454 U.S. 235, 241 n.6 (1982)). The public 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 conflict of laws of the application of foreign law.” *Id.*

The factors are neither exclusive nor exhaustive, and no one factor is dispositive. *Volkswagen II*, 545 F.3d at 315 (quoting *Volkswagen I*, 371 F.3d at 203). In applying these factors, the court enjoys considerable discretion and assesses the case “on an ‘individualized, case-by-case consideration of convenience and fairness.’” *In re Vistaprint Ltd.*, 628 F.3d 1342, 1346 (Fed. Cir. 2010) (quotation omitted).

The burden to prove that a case should be transferred for convenience falls squarely on the moving party. *See id.* Although the plaintiff’s choice of forum is not a separate factor entitled to special weight, respect for the plaintiff’s choice of forum is encompassed in the movant’s elevated burden to “clearly demonstrate” that the proposed transferee forum is “clearly more convenient” than the forum in which the case was filed. *Id.* at 314–15. While “clearly more convenient” is not necessarily equivalent to “clear and convincing,” the moving party “must show materially more than a mere preponderance of convenience, lest the standard have no real or practical meaning.” *Quest NetTech Corp. v. Apple, Inc.*, No. 2:19-cv-118, 2019 WL 6344267, at *7 (E.D. Tex. Nov. 27, 2019).

a. The relative ease of access to sources of proof weighs slightly toward transfer.

The first private factor, ease of access to sources of proof, considers where “documents and physical evidence” are stored, as opposed to witnesses. *See Volkswagen II*, 545 F.3d at 315. Physical location of such sources of proof remains relevant notwithstanding technological advances in data storage, copying, and transmission. *See Id.* at 316; *Genentech*, 566 F.3d at 1346. Additionally, “in patent infringement cases, the bulk of the relevant evidence usually comes from

the accused infringer. Consequently, the place where the defendant’s documents are kept weighs in favor of transfer to that location.” *In re Apple Inc.*, 979 F.3d 1332, 1340 (Fed. Cir. 2020) (citing *Genentech*, 566 F.3d at 1345.)

This factor weighs slightly toward transfer. The parties agree that the following locations might have relevant evidence: California (where Align is based), Israel (where Align completes scanner R&D and manufacturing), Denmark (where 3Shape A/S and 3Shape Trios A/S are based), and Poland (where 3Shape manufactures the scanners.) California is the only location that is relatively closer to Waco, whereas the other three countries are relatively closer to Delaware.

3Shape alleges that relevant evidence is located in New Jersey, where 3Shape Inc. is based, because Align has previously sought evidence from 3Shape Inc. during the course of the parties’ litigation history. However, Align has not sued 3Shape Inc. and instead focuses this litigation on the manufacture and sale of the infringing scanners by the Danish entities rather than post-sale support by 3Shape Inc., the Court will not weigh New Jersey as a factor.

3Shape further alleges that relevant evidence is located in North Carolina because Align and 3Shape both have facilities in North Carolina. 3Shape does not indicate that the facilities have any relation to the facts of this case, and Align argues that 3Shape’s North Carolina facility does not manufacture the products that Align has accused of infringement in this case. The Court will likewise not weigh North Carolina as a factor.

All of those locations except California are closer to Delaware than Texas. In the three years since litigation between Align and 3Shape began, all production—other than source code, which has been made available for review at counsels’ offices or at third-party escrow sites—has occurred electronically. Pl.’s Resp. at 16. However, this factor does not overcome the fact that Delaware is relatively easier to access than Waco for documents coming from anywhere besides

California. *In re Radmax, Ltd.*, 720 F.3d 285, 290 (Fed. Cir. 2013) (quoting *Volkswagen II*, 545 F.3d at 316). Therefore, in line with Fifth Circuit precedent, this factor weighs slightly in favor of transfer.

b. The “compulsory process” factor is neutral.

“In this factor, the Court considers the availability of compulsory process to secure the attendance of witnesses, particularly non-party witnesses whose attendance may need to be secured by a court order.” *Fintiv, Inc. v. Apple Inc.*, No. 6:18-CV-00372-ADA, 2019 WL 4743678, at *5 (W.D. Tex. Sept. 13, 2019). A court may subpoena a witness to attend trial only (a) “within 100 miles of where the person resides, is employed, or regularly transacts business in person,”; or (b) “within the state where the person resides, is employed, or regularly transacts business in person, if the person . . . is commanded to attend a trial and would not incur substantial expense.” FED. R. CIV. P. 45(c)(1)(A), (B)(ii); *Gemalto S.A. v. CPI Card Grp. Inc.*, No. 15-CA-0910, 2015 WL 10818740, at *4 (W.D. Tex. Dec. 16, 2015). As party witnesses almost invariably attend trial willingly, “[w]hen no party has alleged or shown any witness’s unwillingness, a court should not attach much weight to the compulsory process factor.” *Cloud of Change, LLC v. NCR Corp.*, No. 6-19-cv-00513 (W.D. Tex. Mar. 17, 2020) (citation omitted). Moreover, the ability to compel live trial testimony is crucial for evaluating a witnesses’ testimony. *Aguilar-Ayala v. Ruiz*, 973 F.2d 411, 419 (5th Cir. 1992).

3Shape identified four third-party witnesses who live within 100 miles of the District of Delaware, asserting that these witnesses are “relevant” to this case and that it intends to call one of those witnesses at the upcoming trial in another action (which involves different patent families and features than this case). Def.’s Mot. at 16-17. 3Shape named two former Align Executives, Tim Mack and Chris Pucio, and two former 3Shape Inc. employees, Garret Ogden and Simone

Siandre, as potentially relevant witnesses. 3Shape asserted that “there is no reason to believe [Mr. Mack and Mr. Puco] will attend trial willingly.” Def.’s Rep. at 7. However, absent more convincing proof, the Court does not heavily weigh this claim since the defendants only theorized that some witnesses’ would not attend; a vague email between the parties’ counsel does not satisfy 3Shape’s burden to show that a third-party witness is unwilling to attend.

Align identifies one clear aligner company that partners with 3Shape and two dental practices that use 3Shape products. Pl.’s Resp. at 17. Align asserts that the clear aligner company, ClearCorrect (in Round Rock, Texas), which partners with 3Shape to produce clear aligners made using 3Shape’s scanning technology, will be relevant to Align’s damages. *Id.* In response, 3Shape asserts that “across... multiple suits involving the same patents and patent families asserted here, Align has never subpoenaed nor relied upon any clear aligner company to provide evidence. And at no point... has Align suggested that the specific third parties it now identifies are relevant to the disputes between 3Shape and Align.” Def.’s Rep. at 7. The Court is of the opinion that this connection is tenuous and therefore does not strongly weigh Align’s witnesses.

Absent clear evidence that 3Shape’s third-party witnesses will refuse to attend, and giving little weight to Align’s third-party witnesses, this factor is neutral.

c. The cost of attendance is neutral.

“The convenience of witnesses is the single most important factor in the transfer analysis.” *Fintiv*, 2019 WL 4743678, at *6. The Court should consider all potential material and relevant witnesses. See *Alacritech Inc. v. CenturyLink, Inc.*, No. 2:16-cv-693, 2017 WL 4155236, at *5 (E.D. Tex. Sept. 19, 2017). The Fifth Circuit’s 100-mile rule states that “[w]hen the distance between an existing venue for trial of a matter and a proposed venue § 1404(a) is more than 100 miles, the factor of inconvenience of witnesses increases in direct relationship to the additional

distance to be traveled.” *In re TS Tech USA Corp.*, 551 F.3d 1315, 1320 (Fed. Cir. 2008) (quoting *Volkswagen I*, 371 F.3d at 204–05). “Courts properly give more weight to the convenience of non-party witnesses than to party witnesses.” *Netlist*, No. 6:20-cv-00194-ADA at 13; see *Moskowitz Family LLC v. Globus Med., Inc.*, No. 6:19-cv-00672-ADA, 2020 WL 4577710, at *4 (W.D. Tex. Jul. 2, 2020).

3Shape and Align allege that the party witnesses most likely to testify at trial reside primarily in Denmark (the Defendants’ headquarters), Poland (3Shape’s scanner manufacturing location), Israel (Align’s scanner manufacturing location), and California (Align’s headquarters). Def.’s Mot. at 17; Pl.’s Mot. at 17-18; Def.’s Reply Mot. at 6. The Fifth Circuit’s 100-mile rule states that inconvenience increases in direct relationship to the additional distance traveled more than 100 miles. *In re Radmax, Ltd.*, 720 F.3d 285, 288 (5th Cir. 2013); *Volkswagen I*, 371 F.3d at 204–05. However, according to the Federal Circuit, a marginal difference in the duration of an already long flight is not a meaningful inconvenience. See *Genentech*, 566 F.3d at 1344 (citing cases holding witnesses traveling from overseas are no more inconvenienced traveling to one U.S. state than another). In accordance with Federal Circuit precedent, the Court finds that the party witness factor is neutral.

The next factor to consider is the cost of attendance for non-party witnesses. As mentioned above, Align has named potential non-party witnesses all located in Texas, in the form of: dental offices using a 3Shape scanner, a dental lab equipped with 3Shape technology, and a 3Shape partner who produces clear aligners. Pl.’s Resp. at 17. Align alleges that these witnesses are relevant to 3Shape’s indirect infringement and to damages. *Id.* Thus, Texas is a more convenient trial location for Align’s named non-party witnesses.

3Shape has named the following non-party witnesses: current 3Shape Inc. employees, two former 3Shape Inc. employees, and two former Align executives. Def.'s Rep. at 6-7. 3Shape asserts that Delaware is more convenient for current 3Shape Inc. employees who work within 100 miles of the District of Delaware, but 3Shape does not provide any reasons that they are relevant to this case besides asserting that Align has previously deposed 3Shape Inc. employees on issues that are also relevant to this case. *Id.* at 6.

As to the former Align executives: 3Shape alleges that Mr. Mack and Mr. Puco are knowledgeable regarding the parties' past business relationship and the relevant Align and 3Shape intraoral scanner products. *Id.* at 6-7. 3Shape does not make any claim as to the cost of these witnesses' attendance, but asserts that both live within 100 miles of the District of Delaware and are therefore relatively further away from the Western District of Texas. *Id.* at 6.

Finally, 3Shape asserts that the former 3Shape Inc. employees were deposed by Align in previous litigation and are relevant to provide evidence with respect to 3Shape Inc. as a company. *Id.* at 6-7. However, Align has not sued 3Shape Inc., and 3Shape failed to make any connection between 3Shape Inc. and the current litigation.

Weighing the non-party and party witnesses, the Court finds that the cost of witness attendance factor is neutral. The party witness factor is neutral, Align's non-party witnesses weigh against transfer, and 3Shape's non-party witnesses weigh in favor of transfer. The Court is not persuaded that 3Shape's non-party witnesses move the needle much. 3Shape did not provide articulable reasons that current or former 3Shape employees will be relevant witnesses in this litigation. On balance, this factor is neutral.

d. All other practical problems that make trial of a case easy, expeditious and inexpensive is neutral.

When examining practical problems, this Court considers problems such as those rationally based on judicial economy which will weigh heavily in favor of or against transfer. *In re Volkswagen of Am., Inc.*, 566 F.3d 1349, 1351 (Fed. Cir. 2009) (*Volkswagen III*). 3Shape argues that the District of Delaware is the proper court to handle this litigation in light of the co-pending actions there and the Delaware Court's familiarity with the parties, facts, and issues. Def.'s Mot. at 17. Align counters that any cases still pending in Delaware involve different patents, inventions, and patent families, and that no meaningful efficiency would occur through transfer. Pl.'s Resp. at 18.

3Shape and Align have an extensive litigation history in Delaware regarding the same products at issue in this case, namely, Align's iTero scanners and 3Shape's Trios scanners and Dental System. Though the patents and patent families are not pending in Delaware, there is related technology at issue. The Color Scanner Patents asserted in this case concern the same accused functionality – the Trios optical system – as the asserted patents in the 1648 and 1949 Actions in Delaware. Def.'s Rep. at 8. Additionally, the District of Delaware held *Markman* hearings where certain claim terms at issue here were discussed at some length. *Id.* 3Shape has also asserted various affirmative defenses and counterclaims related to its business relationship with Align. *Id.*

Align further argues that when it decided to file a new lawsuit against 3Shape in this Court based on newly-issued patents, it pared back its existing Delaware cases against 3Shape. For example, three newly-issued Color Scanning Patents ('519, '151, and '152) asserted in this case are in the same family as two patents previously asserted in the 1649 and 1950 Actions. *See* Pl.'s Resp. at 4. Align dismissed without prejudice the 1649 and 1950 Actions, so that the patents within the color scanning family would be litigated exclusively in Texas. *See id.* The Delaware Court has

made no substantive rulings on any of these patents, as both cases were stayed before 3Shape filed a responsive pleading. *See id.*

Though the District of Delaware has adjudicated the parties' previous claims and is currently presiding over certain actions, this Court is of the opinion that this factor is neutral. The Delaware Court would still need to hold a *Markman* Hearing and construct claim terms, and no cases currently pending in Delaware are in the same patent family. 3Shape has not shown that familiarity with some of the technology at issue would result in a significantly more efficient, easy, or cheap trial.

e. The administrative difficulties flowing from court congestion weighs against transfer.

The relevant inquiry under this factor is “[t]he speed with which a case can come to trial and be resolved[.]” *Genentech*, 566 F.3d at 1347 (Fed. Cir. 2009). This factor weighs strongly against transferring the case. The proposed transferee court, the Delaware Court, has observed on multiple occasions that it has limited resources to devote to the many lawsuits between Align and 3Shape, particularly in light of the challenges posed by the pandemic. *See* Pl.’s Resp. Ex. C (“Given the uncertainties created by the ongoing pandemic, and given the many other trials the Court is attempting to reschedule, the Court has determined that it is not reasonable at this time to decide what will happen in Align and 3Shape’s many lawsuits until after their first trial is done.”); Pl.’s Resp. Ex. D (“[A]ny number of previously unforeseen and now unpredictable circumstances may well result in the Court being unable to devote its scarce resources to conducting five separate trials between these same parties over the next 19 months or so.”); *see also* Pl.’s Resp. Ex. E at 2-3; *Guardant Health v. Foundation Medicine*, C.A. No. 17-1616-LPS-CJB (D. Del.) (“There are at least 200 civil jury trials scheduled for 2021 in the District of Delaware . . . and due to current restrictions only one jury trial can proceed at a time.”).

In addition to the Delaware Court's statements, this Court's time to trial rate is persuasive. The median time to trial for civil cases in this District has been considerably faster than the District of Delaware in each of the last six years, by an average of 7.35 months and by up to 13.3 months. *See* Pl.'s Resp. at 19. More specifically, Judge Stark's median time to trial in 106 civil cases has been 919 days, whereas this Court's median time to trial for 15 civil cases has been 596 days. *Id.* This factor weighs heavily against transfer. *See, e.g., VLSI*, 2019 WL 4254065, at *7.

f. The local interest in having localized interests decided at home is neutral.

Under this factor, the Court must evaluate whether there is a local interest in deciding local issues at home. *Volkswagen II*, 545 F.3d at 317. "A local interest is demonstrated by a relevant factual connection between the events and the venue." *Word to Info, Inc. v. Facebook, Inc.*, No. 3:14-cv-04387-K, 2015 WL 13870507, at *4 (N.D. Tex. Jul. 23, 2015). Align is incorporated in Delaware and its principal place of business is in San Jose, California. The two Defendants here are Danish corporations with principal places of business in Copenhagen, Denmark. Align argues that this factor is neutral because in "a patent infringement case, the local interest factor will rarely weigh in favor of transfer." *See Levitation Arts, Inc. v. Fascinations Toys & Gifts, Inc.*, No. A-07-CA-990-SS, 2008 WL 11334125, at *3 (W.D. Tex. Jan. 28, 2008).

3Shape countered with *In re Nintendo*, a 2009 Federal Circuit mandamus appeal from a Fifth Circuit court's § 1404 transfer decision. *In re Nintendo Co., Ltd.*, 589 F.3d 1194, 1198 (Fed. Cir. 2009). The Federal Circuit held that where a party is incorporated and has its principal place of business in the transferee forum and no party has any material connection to the transferor forum, this factor weighs in favor of transfer. *Id.*; *See* Def. R. Mot. at 10. *In re Nintendo* is not totally analogous to the facts of this case. In this case, the party whose state of incorporation is in the proposed transferee forum is the Plaintiff, instead of the Defendant. Additionally, the Federal

Circuit highlighted that the proposed transferee forum was home to the defendant's state of incorporation *and* its principal place of business, instead of just its state of incorporation, as is true in this case. This Court is of the opinion that Delaware's local interest in litigating this case is minimal.

The Western District of Texas likewise has no interest in litigating this case, as neither party is incorporated nor has its principal place of business anywhere in the state of Texas. The Court weighs this factor as neutral.

g. The familiarity of the forum with the law that will govern the case; and the avoidance of unnecessary problems of conflict of laws of the application of foreign law.

Noting that this case implicates federal patent law under Title 35 of the United States Code, the Court finds that both factors are neutral for the transfer analysis.

h. Conclusion

Weighing the factors: the ease of access to sources of proof factor weighs slightly toward transfer, the court congestion factor weighs heavily against transfer, and the compulsory process, cost of witness attendance, local interest, the judicial efficiency factor, familiarity of the forum with governing law, and avoidance of conflict of law factors are neutral. The two most important factors—the availability of compulsory process and convenience of willing witnesses—are neutral. On balance, the Court finds that 3Shape did not meet its burden to find that the forum is “clearly more convenient.” *See Volkswagen II*, 545 F.3d at 314 n.10.

The factors do not support departing from the first-filed rule and the factors likewise do not support a transfer to the District of Delaware.

3. 3Shape has not proved that the forum-shopping exception to the first-filed rule is implicated in this case.

The Federal Circuit has recognized another exception to the first-filed rule where “forum shopping alone motivated the choice of sites for the first suit.” *Kahn v. Gen. Motors Corp.*, 889 F.2d 1078, 1081 (Fed. Cir. 1989)). The Court finds that Align did not engage in forum shopping.

As this Court has clearly held, filing suit based on a court’s relative lack of congestion is not forum shopping. *VLSI Tech., LLC v. Intel Corp.*, No. 6:19-CV-000254-ADA, 2019 WL 4254065, at *4 (W.D. Tex. Aug. 6, 2019). A proper forum shopping analysis considers: the chosen venue’s contacts with this case, the alternative district’s contacts with this case, the procedural history of the case, and other considerations relating to gamesmanship. *Id* at *3-4.

3Shape asserts that Align has engaged in forum shopping because Align’s previous lawsuits have included 3Shape Inc., and this lawsuit does not. 3Shape also asserts that seeking a faster result is not a legitimate reason for a choice of venue. First, “[p]laintiffs are ordinarily allowed to select whatever forum they consider most advantageous (consistent with jurisdictional and venue limitations), [and the Supreme Court has] termed their selection ‘the plaintiffs venue privilege.’” *Content Guard Holdings, Inc. v. Amazon.com, Inc.*, No. 2:13-CV-1112-JRG, 2015 WL 11089745, at *2 (E.D. Tex. 2015) (quoting *Atl. Marine Const. Co. v. U.S. Dist. Court for W. Dist. of Tex.*, 571 U.S. 49, 63 (2013)). Further, consistent with nationwide law, it is well-settled here that:

The existence of [forum choices] not only permits but indeed invites counsel in an adversary system, seeking to serve in his client's interests, to select the forum that he considers most receptive to his cause. The motive of the suitor in making this choice is ordinarily of no moment: a court may be selected because its docket moves rapidly, its discovery procedures are liberal, its jurors are generous, the rules of law applied are more favorable, or the judge who presides in that forum is thought more likely to rule in the litigant's favor.

In re Triton Ltd. Securities Litig., 70 F. Supp. 2d 678, 689 (E.D. Tex. 1999) (quoting *McCuin v. Tex. Power & Light Co.*, 714 F.2d 1255, 1261–62 (5th Cir. 1983)).

When evaluating the merits of 3Shape’s forum shopping claim, the Court examines the contacts that this venue, and the alternative district, have with the case. The Western District of Texas has limited contacts with this case. Neither party is a citizen of Texas and only a limited number of witnesses named by Align reside in the District. However, the District of Delaware’s contacts with this case are not much more significant. Align is incorporated in Delaware, and the parties have engaged in litigation in Delaware, but 3Shape points out no other contacts in Delaware between Align and 3Shape A/S and 3Shape Trios A/S.

A forum shopping analysis should not only consider the venue’s contacts with the case, but should engage in a broader analysis to determine whether gamesmanship is present. *VLSI*, 2019 WL 4254065, at *4. Here, the procedural history and Delaware court congestion weigh heavily against a finding of gamesmanship. As recounted above, the Delaware Courts have explicitly stated that court congestion will prevent the parties’ numerous suits from being litigated soon. Align dismissed without prejudice the 1649 and 1950 Actions, so that the patents within the color scanning family would be litigated exclusively in Texas. The Court disagrees with 3Shape’s characterization of Align’s actions, and does not find that Align’s dismissal of selective actions in Delaware is indicative of an effort to circumvent the judgments of a Delaware court, but, instead was an attempt to funnel litigation of the same patent families into one jurisdiction. *See* Def.’s Mot. The Court holds that the forum shopping exception to the first-filed rule does not apply in this case.

CONCLUSION

The Court is of the opinion that 3Shape Inc. is not an indispensable party to this litigation. It is undisputed that 3Shape filed its declaratory judgment action in Delaware two weeks after Align filed its complaint. Align's complaint was filed first, no exception applies, and the Defendants have likewise not provided sufficient evidence that Delaware is "clearly more convenient" than this Court. Therefore, 3Shape's Motion to Dismiss is **DENIED** and 3Shape's Motion to Transfer is **DENIED**.

SIGNED this 2nd day of July, 2021.



ALAN D ALBRIGHT
UNITED STATES DISTRICT JUDGE