IN THE UNITED STATES DISTRICT COURT

FOR THE DISTRICT OF DELAWARE

GUIDANT CORPORATION, CARDIAC PACEMAKERS, INC., GUIDANT SALES CORPORATION and MIROWSKI FAMILY VENTURES, L.L.C.,	)	
Plaintiffs,	)	
v.	)	Civ. No. 04-067-SLR
ST. JUDE MEDICAL, INC. and PACESETTER, INC.,	)	
Defendants.	)	

MEMORANDUM ORDER

At Wilmington this 27th day of August, 2004, having reviewed defendants' motion to transfer and the papers submitted in connection therewith;

IT IS ORDERED that said motion to transfer (D.I. 27) is denied, for the reasons that follow:

1. **Introduction.** On February 2, 2004, Guidant Corporation, Cardiac Pacemakers, Inc., Guidant Sales Corporation and Mirowski Family Ventures, L.L.C. (collectively, "plaintiffs"), filed this action for declaratory judgment of patent infringement against St. Jude Medical, Inc. and Pacesetter, Inc. (collectively, "defendants"). (D.I. 1) The patent-in-suit is United States Patent Number RE38,119 ("the '119 patent").[1] This patent is

[1]The '119 patent is the subject of litigation presently before the court in Medtronic v. Guidant, Civ. No. 03-848-SLR (D. Del.). Although both sides expend much energy arguing the relevance of the Medtronic case to the issue of transfer at bar,

"directed to a new way to treat congestive heart failure ("CHF"), which occurs when the heart muscle is too weak to pump blood effectively through the body." (D.I. 34 at p. 3) Plaintiffs allege that defendants infringe the '119 patent by making and selling congestive therapy products that provide cardiac resynchronization therapy ("CRT") to treat CHF.[2] (D.I. 28)

On February 24, 2004, Cardiac Pacemakers, Inc. filed a second patent infringement action in the District of Minnesota against defendants St. Jude Medical, Inc. and Pacesetter, Inc. ("the Minnesota Action"). (D.I. 29, Ex. 5, Cardiac Pacemakers, Inc. v. St. Jude Medical, Inc., C.A. No. 04-1016 JMR/FLN) The patent-in-suit is United States Patent No. 5,755,766 ("the '766 patent").[3] The '766 patent is directed to cardiac leads that travel though veins to the heart. (D.I. 34)

Defendants moved to transfer this case to the United States District Court for the Southern District of Indiana on March 9, 2004. (D.I. 11) Defendants argued that the interests of justice strongly favored having all cases relating to the accused products heard before the United States District Judge David F.

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the court is unimpressed by these considerations.

[2]The accused devices are St. Jude's Epic™ HF implantable cardioverter defibrillator, Atlas™ HF implantable cardioverter defibrillator, and Frontier™ pacemaker device. (D.I. 28)

[3]The accused products are St. Jude's QUICKSITE™ 1056 K pacing lead used with St. Jude's Epic HF, Atlas HF and Frontier devices. (D.I. 28)

Hamilton. Defendants argued that Judge Hamilton was "particularly well-suited to fill that role because he had recently presided over the lengthy trial of a prior suit brought by plaintiff Guidant involving four other patents issued to Dr. Morton Mower, the alleged inventor of the '119 patent in suit."[4] (D.I. 28 at 8)

On April 7, 2004, plaintiffs filed their first amended complaint. (D.I. 22) Defendants' withdrew their motion to transfer to the Southern District of Indiana on April 13, 2004.[5] (D.I. 23) Defendants filed their answer to the amended complaint along with counterclaims on April 21, 2004. (D.I. 25) Defendants filed a second motion to transfer this case to the District of Minnesota on May 6, 2004. (D.I. 27, 28, 29) The matter is fully briefed. (D.I. 34, 35, 36, 38, 39)

2. **Background.** Plaintiff Guidant Corporation ("GC") is an Indiana corporation having its principal place of business in

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[4]According to defendants:

> The judgment of invalidity as to one of the four patents is the subject of an appeal currently pending before the Federal Circuit. With respect to the other three patents, one was voluntarily dismissed before trial, Judge Hamilton's finding as to the invalidity of one has been conceded, and Judge Hamilton's summary judgment holding of invalidity of the third was affirmed by the Federal Circuit.

(D.I. 28, fn. 2)

[5]Apparently, under the Southern District of Indiana local rules, defendants' case was not considered a related case, thereby assignment to Judge Hamilton was not possible.

Indianapolis, Indiana. GC has an exclusive license to the '119 patent. Plaintiff Cardiac Pacemakers, Inc. ("CPI") is organized under the laws of Minnesota and has a principal place of business in St. Paul, Minnesota. Guidant Sales Corporation ("GSC") is an Indiana corporation with its principal place of business in Indianapolis, Indiana. GS and its subsidiaries CPI and GSC make and sell cardiac rhythm management devices. (D.I. 22) Mirowski Family Ventures, L.L.C. is a Maryland limited liability corporation that has been assigned title to the '119 patent. (Id.)

3. Defendant St. Jude Medical, Inc. ("SJM") is a Minnesota corporation with its principal place of business in St. Paul, Minnesota. Defendant Pacesetter, Inc. ("Pacesetter") is a Delaware corporation with its principal place of business in Sylmar, California. (Id.) Pacesetter is a subsidiary of SJM.

4. **Standard of Review.** Under 28 U.S.C. § 1404(a), a district court may transfer any civil action to any other district where the action might have been brought for the convenience of parties and witnesses and in the interests of justice. Congress intended through § 1404 to place discretion in the district court to adjudicate motions to transfer according to an individualized, case-by-case consideration of convenience and the interests of justice. Stewart Org., Inc. v. Ricoh Corp., 487 U.S. 22, 29 (1988); Affymetrix, Inc. v. Synteni, Inc., 28 F.

Supp.2d 192, 208 (D. Del. 1998).

The burden of establishing the need to transfer rests with the movant "to establish that the balance of convenience of the parties and witnesses strongly favors the defendants." Bergman v. Brainin, 512 F. Supp. 972, 973 (D. Del. 1981) (citing Shutte v. Armco Steel Corp., 431 F.2d 22, 25 (3d Cir. 1970). "Unless the balance is strongly in favor of a transfer, the plaintiff's choice of forum should prevail". ADE Corp. v. KLA-Tencor Corp., 138 F. Supp.2d 565, 567 (D. Del. 2001); Shutte, 431 F.2d at 25.

The deference afforded plaintiff's choice of forum will apply as long as a plaintiff has selected the forum for some legitimate reason. C.R. Bard, Inc. v. Guidant Corp., 997 F. Supp. 556, 562 (D. Del 1998); Cypress Semiconductor Corp. v. Integrated Circuit Systems, Inc., 2001 WL 1617186 (D. Del. Nov. 28, 2001); Continental Cas. Co. v. American Home Assurance Co., 61 F. Supp.2d 128, 131 (D. Del. 1999). Although transfer of an action is usually considered as less inconvenient to a plaintiff if the plaintiff has not chosen its "'home turf' or a forum where the alleged wrongful activity occurred, the plaintiff's choice of forum is still of paramount consideration, and the burden remains at all times on the defendants to show that the balance of convenience and the interests of justice weigh strongly in favor of transfer." In re M.L.-Lee Acquisition Fund II, L.P., 816 F. Supp. 973, 976 (D. Del. 1993).

The Third Circuit Court of Appeals has indicated the analysis for transfer is very broad. Jumara v. State Farm Ins. Co., 55 F.3d 873, 879 (3d Cir. 1995). Although emphasizing that "there is no definitive formula or list of factors to consider," id., the Court has identified potential factors it characterized as either private or public interests. The private interests include: "(1) plaintiff's forum preference as manifested in the original choice; (2) defendant's preference; (3) whether the claim arose elsewhere; (4) the convenience of the parties as indicated by their relative physical and financial condition; (5) the convenience of the witnesses but only to the extent that the witnesses may actually be unavailable for trial in one of the fora; and (6) location of books and records (similarly limited to the extent that the files could not be produced in the alternative forum)." Id. (citations omitted).

The public interests include: "(1) the enforceability of the judgment; (2) practical considerations that could make the trial easy, expeditious or inexpensive; (3) the relative administrative difficulty in the two fora resulting from court congestion; (4) the local interest in deciding local controversies at home; (5) the public policies of the fora; and (6) the familiarity of the trial judge with the applicable state law in diversity cases." Id. (citations omitted).

5. **Discussion.** Defendants assert that this case and the

Minnesota Action belong together. Both actions involve cardiac rhythm management (CRM) products used to provide cardiac resynchronization therapy (CRT). According to defendants, judicial resources would be conserved by adjudicating the cases in the same forum. Since both sides have corporate headquarters in Minnesota, it would be convenient to litigate there. Defendants, also, advise that the District of Minnesota is considered to have special expertise in the technology at issue.[6]

6. Plaintiffs argue that defendants are forum shopping and clearly do not wish to be before this court. (D.I. 34) Its first motion was to move this case before a particular judge and, when that was not possible, they withdrew the motion. Plaintiffs assert that defendants have failed to present legitimate reasons to transfer from its choice of forum. Plaintiffs also request that fees and costs associated with the preparation of its

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[6]In support, defendants reference this court's 1996 memorandum order in Pacesetter, Inc. v. Cardiac Pacemakers, Civ. No. 96-232-SLR (D. Del. 1996). In addressing a motion to transfer in the case between some of the same litigants at bar, the court granted the motion:

> The court, however is persuaded that transfer of this case to the District of Minnesota is warranted because of Minnesota's familiarity with the technology at issue through past and pending litigation. It is the court's understanding that the District of Minnesota is in a posture to accept such a complex case without prejudice to plaintiffs' interest in a prompt resolution of the matter. **Under these unusual circumstances**, the court finds that transfer will conserve judicial resources and, therefore, further the interest of justice.

(Id., emphasis added)

response to the motions be awarded.

7. Weighing the arguments against the Jumara balancing test, the court finds that the asserted public and public advantages of moving the case to the District of Minnesota are insufficient. Although two of the parties are headquartered in Minnesota, there is also evidence that all parties conduct business on a nationwide basis and are not restricted in any way from traveling to Delaware. Defendants argue that the public and private factors favor transfer yet offer nothing particularly burdensome or fact specific. Instead, they contend that their concern for conserving judicial resources is the most compelling factor. In the absence of any particular or unusual circumstances, the concern for judicial economy does not warrant a transfer of the case.

Moreover, defendants' concern for judicial economy actually operates against a transfer. Assuming, arguendo, that the technology at issue in the Minnesota and the Delaware actions involve essentially the same parties and patents and involve the same legal theories, under the "first filed rule", this court, where the first case was filed, would not be compelled to transfer the case. Instead, the second filed Minnesota Action would be ripe for transfer to this court.

More than fifty years ago, the Third Circuit adopted the "first-filed rule" where "[i]n all cases of federal concurrent

jurisdiction the court which first had possession of the subject must decide it." Crosley Corp. v. Hazeltine Corp., 122 F.2d 925, 929 (3d Cir. 1941)(quoting Smith v. McIver, 22 U.S. (9 Wheat.) 532 (1824)). Consequently, the second filed action should be stayed or transferred to the court where the first filed action is pending. Peregrine Corp. Peregrine Indus., Inc., 769 F. Supp. 169, 171 (E.D. Pa 1991); Genfoot, Inc. v. Payless Shoesource, Inc., Civ. No. 03-398-SLR, 2003 WL 22953183 (D. Del. 2003). The rule "encourages sound judicial administration and promotes comity among federal courts of equal rank." E.E.O.C. v. University of Pennsylvania, 850 F.2d 969, 971 (3d Cir. 1988). The decision to transfer or stay the second action is within the discretion of the trial court. Id. at 972, 977. While the issue of transfer of the Minnesota Action is obviously not before the court, the caselaw reflects the overwhelming preference toward the first-filed case.

Plaintiffs, however, have not succeeded on all issues. Specifically, plaintiffs have failed to demonstrate to the court's satisfaction that an award of attorney's fees and costs is warranted at this time. Although defendants' strategic filing of motions is suspect, it does not rise to the conduct necessitating a fee award, especially when plaintiffs' own conduct, wherein the Minnesota Action was filed within weeks of this filing, suggests similar posturing.

8. **Conclusion.** For the reasons stated, defendants' motion to transfer (D.I. 27) is denied.

Sue L. Robinson
United States District Judge