



Two Companies Having a Close Relationship is Insufficient to Treat Them as Interchangeable for Purposes of Venue

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There was no dispute that neither defendant resides in the Western District of Wisconsin and that Unity adequately pled that both defendants have committed acts of infringement in the district—the issue before the court was whether both defendants have “a regular and established place of business” in the district. Unity argued that the retail store for Lowe’s should qualify as a place of business for LG Sourcing because of the close relationship between the two companies. Unity’s position was that the defendants should be treated the same because (1) both defendants are subsidiaries of Lowe’s Companies, (2) LG Sourcing sources products for Lowe’s Home Stores, (3) the two defendants work together to monitor the supply chain and monitor performance and quality issues, (4) a Lowe’s job announcement shows that the company is seeking an employee for a role within the district, (5) the infringement allegations against both defendants relate to the same patent and the same accused products, (6) LG Sourcing’s vice president also has a position with defendants’ parent company, (7) customers who buy products from www.lowes.com can pick up items at Lowe’s retail stores, (8) LG Sourcing’s website includes Lowe’s logo, and (9) LG Sourcing inspects and tests products before shipment to Lowe’s Home stores.

The court granted defendants’ motion to transfer, concluding that, even if all of the allegations are true, they show only that the defendants are both subsidiaries of the same parent company and that they work closely, but that is insufficient to treat defendants as interchangeable for purposes of venue. The court explained that there must be “an unusually high degree of control” or “the subsidiary’s corporate existence is simply a formality” in order to pierce the corporate veil and exercise venue over the other business.

Although it was not necessary, the court determined that § 1404 would provide an alternative ground for transfer. Unity did not allege that any of the parties had a special connection to Wisconsin. The only connection was that the alleged sales of the accused products occurred in Wisconsin, but that connection can be made for other districts. Unity's main arguments to keep the case in Wisconsin were that Unity's choice of forum is entitled to deference and that cases are resolved faster in the district than in the Western District of North Carolina. The court concluded that, because Unity failed to identify other reasons for litigating the case in the district, the speed of the courts does not justify denying transfer.

Unity Opto Tech. Co. v. Lowe's Home Center, LLC, No. 18-cv-27-JDP (W.D. Wis. May 4, 2018) (Paterson, J.).

Categories

District Court

Patent Infringement

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