UNITED STATES DISTRICT COURT

NORTHERN DISTRICT OF CALIFORNIA

PANASONIC ENTERTAINMENT & COMMUNICATION CO., LTD., Plaintiff, v. OPTIMUM IMAGING TECHNOLOGIES LLC, Defendant.	Case No. 24-cv-02466-TLT **ORDER GRANTING PLAINTIFF'S MOTION TO TRANSFER OR, IN THE ALTERNATIVE, DISMISS** Re: Dkt. No. 21

Plaintiff Panasonic Entertainment & Communication Co., Ltd. ("PEAC"), one of eight affiliates of the broader Panasonic Group, designs and manufacturers audio and visual products, digital cameras, and communication devices. Defendant Optimum Imaging Technologies LLC ("OIT"), owned by Neal Solomon, enforces patents related to digital cameras.

Before the Court is a Motion to Transfer or, in the Alternative, Dismiss, filed by OIT against PEAC. For the reasons stated below, Defendant's Motion to Transfer is **GRANTED** and Defendant's Motion to Dismiss is **MOOT**.

I. PROCEDURAL HISTORY

On October 18, 2023, OIT sued Panasonic Corporation, one of the eight operating companies of the Panasonic Group along with PEAC, in the Eastern District of Texas for patent infringement. ECF 1, Ex. A; *Optimum Imaging Techs. LLC v. Panasonic Corp.*, No. 4:23-cv-00926 (E.D. Tex. Oct. 18, 2023). Panasonic Holdings Corporation, a third Panasonic affiliate, then informed PEAC shortly after the case was filed that OIT had "wrongly sued Panasonic Corporation." ECF 43. On April 25, 2024, PEAC filed a complaint in this Court alleging that OIT sued the wrong entity because PEAC, rather than Panasonic Corporation, designed and sold the accused products. ECF 1, at 7. PEAC requested that the Court issue a judgment declaring that PEAC did not infringe

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OIT's four patents. ECF 1, at 14–15. On June 6, 2024, OIT amended its filing in the Eastern District of Texas to add three more Panasonic entities, including PEAC. ECF 35, at 6–7. In response to PEAC's complaint for declaratory judgment, OIT filed a motion to transfer this case to the Eastern District of Texas, or in the alternative, dismiss plaintiff's complaint for declaratory judgment. ECF 21. PEAC filed a response and OIT filed a reply. ECF 35 (opposition/response); ECF 40 (reply).

II. BACKGROUND

OIT is a Texas limited liability company with its principal place of business in Austin, Texas. ECF 21, at 13. OIT's managing member and sole employee, Neal Solomon, resides in Oakland, California where he has lived for 20 years. *Id.* at 12; ECF 35, at 5. OIT's registered agent for service resides in Austin, Texas. ECF 35, at 5. PEAC is a Japanese company. ECF 1, at 2. Its principal place of business is in Osaka, Japan. *Id.*

OIT filed all of its patent infringement actions in Texas and asserted its patents exclusively in the Eastern District of Texas. ECF 35, at 1. OIT is currently litigating six cases in the Eastern District of Texas involving the same patents at issue in this case. ECF 44, at 2. Five of the six cases involve all four patents at issue in this case and the sixth case involves three of the four patents at issue here. *Id.* at 2-3. OIT previously litigated a case involving two of the patents asserted in this case in the Eastern District of Texas. *Id.* at 3; *see Optimum Imaging Techs. LLC v. Canon Inc.*, No. 2:19-cv-00246 (E.D. Tex. 2019). OIT also has one case in this Court regarding the same patents at issue here. *Fujifilm North Am. Corp. v. Optimum Imaging techs. LLC*, No. 4:24-cv-03297 (N.D. Cal. 2024). Fujifilm, like PEAC, requested declaratory judgment in this Court and OIT moved to transfer the case to the Eastern District of Texas. ECF 44, at 3.

III. LEGAL STANDARD

i. First-to-File Rule

Under the "first-to-file rule," the court "which first acquired jurisdiction should try the lawsuit." *Pacesetter Sys., Inc. v. Medtronic, Inc.*, 678 F.2d 93, 95 (9th Cir. 1982). The "second district court has discretion to transfer, stay, or dismiss the second case in the interest of efficiency and judicial economy." *Cedars-Sinai Med. Ctr. V. Shalala*, 125 F.3d 765, 769 (9th Cir. 1997); *see*

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Alltrade Inc. v. Uniweld Prods. Inc., 946 F.2d 622, 623 (9th Cir. 1991) (holding that a "district may transfer, stay, or dismiss an action when a similar complaint has already been filed in another federal court"). This rule is intended to "serve[ ] the purpose of promoting efficiency well and should not be disregarded lightly." *Id*. at 625. "When applying the first-to-file rule, courts should be driven to maximize "economy, consistency, and comity." *Id.* An exception to the first-to-file rule, however, is when the case involves "bad faith, anticipatory suit, and forum shopping." *Alltrade, Inc. v. Uniweld Prods., Inc.*, 946 F.2d 622, 628 (9th Cir. 1991). The first-to-file rule looks only to the time of the filing of the complaint and other matters "such as the time of service" are not considered. 1 Moore's Federal Practice - Civil § 3.02 (2004).

ii. Federal Rule of Civil Procedure 15(c): Relation Back of Amendments

"An action is considered to have been filed first, even if it was not chronologically first, if the claims relate back to an original complaint that was chronologically filed first." *Barnes & Noble, Inc. v. LSI Corp*., 823 F. Supp. 2d 980, 988 (N.D. Cal. 2011). FRCP 15(c) provides the rule for when an amendment to a pleading relates back to the date of the original pleading:

> (1) *When an Amendment Relates Back.* An amendment to a pleading relates back to the date of the original pleading when:
>
> > (A) the law that provides the applicable statute of limitations allows relation back;
> >
> > (B) the amendment asserts a claim or defense that arose out of the conduct, transaction, or occurrence set out – or attempted to be set out—in the original pleading; or
> >
> > (C) the amendment changes the party or the naming of the party against whom a claim is asserted, if Rule 15(c)(1)(B) is satisfied and if, within the period provided by Rule 4(m) for serving the summons and complaint, the party to be brought in by amendment:
> >
> > > (i) received such notice of the action that it will not be prejudiced in defending on the merits; and
> > >
> > > (ii) knew or should have known that the action would have been brought against it, but for a mistake concerning the proper party's identity.

Fed. R. Civ. Pro. 15(c)(1)(C).

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iii. Motion to Transfer

Under 28 U.S.C. section 1404(a), a district court may transfer "any civil action to any other district or division where it may have been brought" for the convenience of the parties and witnesses "in the interest of justice." The motion to transfer "lies within the broad discretion of the district court." *Inherent.com v. Martindale-Hubbell*, 420 F. Supp. 2d 1093, 1098 (N.D. Cal. 2006). "The burden of showing that transfer is appropriate is on the moving party." *Id.*

"District courts use a two-step analysis to determine whether a transfer is proper." *Id.* The threshold question is whether the case could have been brought in the forum to which the transfer is sought. 28 U.S.C § 1404(a). If venue is appropriate in the transferee court, then the court must make an "individualized, case-by-case consideration of convenience and fairness." *Jones v. GNC Franchising, Inc.*, 211 F.3d 495, 498 (9th Cir. 2000). When the venue is improper, the court must "dismiss, or if it in in the interest of justice, transfer such case to any district or division in which it could have been brought." 28 U.S.C § 1406(a).

IV. DISCUSSION

A. The First-to-File Rule

Courts analyze three factors when deciding whether to apply the first-to-file rule: (1) chronology of the lawsuits, (2) similarity of the parties, and (3) similarity of the issues. *Kohn Law Grp., Inc. v. Auto Parts Manufacturing Mississippi, Inc.*, 787 F.3d 1237, 1239 (9th Cir. 2015).

i. Chronology of the lawsuits

For the chronology of lawsuits to be satisfied, the action in the transferee district court "must have been filed prior to the action in the transferor district court." *Wallerstein v. Dole Fresh Vegetable, Inc.*, 967 F. Supp. 2d 1289, 1293 (N.D. Cal. 2013). For an amended complaint to relate back to the original complaint, "(1) the basic claim must have arisen out of the conduct set forth in the original pleading; (2) the party to be brought in must have received such notice that it will not be prejudiced in maintaining its defense; (3) that party must or should have known that, but for a mistake concerning identity, the action would have been brought against it." *Schiavone v. Fortune*, 477 U.S. 21, 29 (1986) (internal citations omitted). "Additionally, the second and third requirements must have been fulfilled within 120 days after the original complaint is filed, as

prescribed by Federal Rules of Civil Procedure 4(m)." *Butler v. Nat'l Cmty. Renaissance of Cal.*, 766 F.3d 1191, 1202 (9th Cir. 2014). "Rule 15(c)(1)(C)(ii) asks what the prospective *defendant* knew or should have known during the Rule 4(m) period, not what the *plaintiff* knew or should have known at the time of filing her original complaint." *Krupski v. Costa Crociere S. p.A.*, 560 U.S. 538, 548 (2010). The plaintiff's perspective is only relevant if it provides information as to the defendant's understanding of whether the plaintiff made a mistake. *Id.*

Here, the Court finds that OIT's suit in the Eastern district of Texas was filed first because OIT's amended complaint relates back to original filing. OIT filed its original complaint on October 18, 2023, in Texas. ECF 1 ¶ 19. PEAC then filed its complaint for declaratory judgment in this Court on April 25, 2024. ECF 1, at 15. Although OIT initially listed Panasonic Corporation, rather than PEAC, as a defendant, OIT amended its original complaint to add PEAC as a defendant on June 6, 2024. ECF 35, Ex. A.

Under the first factor in determining whether the amended complaint should relate back to the original complaint, neither party disputes that OIT's addition of PEAC arose out of the same conduct as the claim from the original complaint. ECF 35, at 9. For the second factor, PEAC states that it received notice of the Texas suit "shortly" after OIT filed the original complaint in 2023. ECF 43. As a result, PEAC received such notice that it would not be prejudiced in maintaining its defense.

For the third factor, PEAC states that Panasonic Holdings Corporation "in turn notified PEAC that OIT wrongly sued Panasonic Corporation." ECF 43. PEAC's statements indicate that PEAC knew, or at least should have known, that but for a mistake of identify, the action would have been brought against it. This is further illustrated by the fact that PEAC filed a complaint for declaratory judgment in this Court before OIT amended the original complaint to include it, which indicates that PEAC knew a suit would be brought against it. While PEAC argues that there was no "mistake" of identity because OIT chose to sue Panasonic Corporation instead of PEAC, OIT counters that it sued Panasonic Corporation based on documents for "Panasonic-owned patents which list the owner as 'Panasonic Corporation'" and "import data" that identified Panasonic Corporation as the "importing party for accused digital cameras." ECF 40, at 5. OIT, therefore,

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believed that Panasonic Corporation was the correct party to sue. *Id.* at 4. Because OIT thought that Panasonic Corporation was the correct party to sue, OIT made a mistake in naming Panasonic Corporation as a defendant instead of PEAC. *See Krupski*, 560 U.S. at 549 (holding that when a plaintiff knows a prospective defendant exists but misunderstands its status or role in the events "giving rise to the claim at issue," suing a different defendant based on that misunderstanding is a mistake under Rule 15(c)(1)(C)(ii)).

Furthermore, although OIT did not replace Panasonic with PEAC, OIT's action should not preclude relation back to the original complaint. This situation is different from cases in which a plaintiff simply added defendants because OIT did not only add a defendant but corrected an incident of mistaken identity. *Cf. Dawson v. Borges*, No. C 02-00063-JF, 2007 WL 3105076, at *2 (N.D. Cal. Oct. 23, 2007) (finding that the amendment did not apply back to the original complaint because the plaintiff only added a new defendant instead than substituting or correcting of the name of an existing defendant).

Finally, because PEAC states that it received notice of the Texas suit shortly after the case was filed, the second and third requirements appear to have been fulfilled within 120 days of the original complaint. ECF 43.

Accordingly, because OIT's amendment adding PEAC to the complaint relates back to OIT's original complaint, the first-to-file rule applies here, and the Court finds that OIT's complaint was filed before PEAC's complaint for declaratory judgment.

ii. Similarity of the parties

The first-to-file rule "requires only substantial similarity of parties;" the cases need not have exactly the same parties. *Kohn,* 787 F.3d at 1240. In this case, the California and Texas actions have identical parties because OIT amended its complaint in the Texas case to include PEAC. ECF 40, at 1. Accordingly, the second factor is satisfied.

iii. Similarity of the Issues

For the third factor of the first-to-file rule, "[t]he issues in both cases also need not be identical, only substantially similar." *Kohn*, 787 F.3d at 1240 (internal citations omitted). Where there is "substantial overlap" between the two lawsuits, such that they have the same legal issues

at the "heart" of their disputes, the "similarity of the issues" factor is satisfied. *Id.* Courts generally evaluate this factor based on the "facts and issues raised," rather than the "specific claims pled." *Mehr v. Cap. One Bank USA N.A.*, No. 18-cv-1576-JVS (ADSx), 2019 WL 2428768, at *4 (C.D. Cal. Jan. 14, 2019). A claim asserted in the second-filed lawsuit that is based on the same factual allegations as claims asserted in the first-filed lawsuit does not defeat the similarity factor. *Id.* at *5. Here, the issues are not only the same, but identical: both cases involve the patent infringement of the same four camera and lens patents. Accordingly, the third factor is satisfied.

Because all three factors are satisfied, the first-to-file rule applies.

iv. Dismiss, Stay, or Transfer

If the first-to-file rule applies, courts have discretion to dismiss the case, stay the case pending resolution of the first-filed case, or transfer the case to the district in which the first-filed case is being heard. *Alltrade*, 946 F.2d at 623. Courts exercise this discretion in the way that will best accomplish the first-to-file doctrine's objective of "efficiency and avoiding inconsistent judgment." *Campbell v. Annie's Homegrown, Inc.,* No. 17-cv-6406703-MMA (MDD), 2017 WL 6406703, at *5 (S.D. Cal. Dec. 15, 2017).

Because the first-to-file rule applies here, the Court has the discretion to transfer the case to the Eastern District of Texas. The Court finds that transferring this case to the Eastern District of Texas will serve the purpose of the first-to-file rule by promoting efficiency and judicial economy. Transferring this case will also avoid the possibility of conflicting judgment by avoiding duplicative briefing and oral argument on the same issues. *See Wallerstein v. Dole Fresh Vegetables, Inc.*, 967 F. Supp. 2d 1289, 1297 (N.D. Cal. 2013) (transferring a case under the first-to-file rule to "promot[e] judicial efficiency and avoid[] the possibility of conflicting judgments). OIT alleges that there are six other cases currently pending in the Eastern District of Texas involving at least three of the patents at issue in this case. Furthermore, the Eastern District of Texas has already resolved a 2019 case involving the same patents. *Fujifilm North Am. Corp. v. Optimum Imaging techs. LLC*, No. 4:24-cv-03297 (N.D. Cal. 2024); *Optimum Imaging Techs. LLC v. Canon Inc.*, No. 2:19-cv-00246 (E.D. Tex. 2019). Because the Eastern District of Texas is already familiar with the patents at issue in this case, this Court finds that it is in the interest of

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judicial efficiency for the Eastern District of Texas to litigate this case.[1]

a. Venue is Proper in the Eastern District of Texas

Under 28 U.S.C. section 1404(a), an action may only be transferred to a district where it "might have been brought." The patent venue statute provides that "[a]ny civil action for patent infringement may be brought in the judicial district where the defendant resides, or where the defendant has committed acts of infringement and has a regular and established place of business." 28 U.S.C. § 1400(b). A domestic corporation resides only "in its State of incorporation" for purposes of the patent venue statute. *TC Heartland LLC v. Kraft Foods Group Brand LLC*, 581 U.S. 258, 262 (2017). This does not apply to foreign corporations, which the Supreme Court has held are "wholly outside the operation of all the federal venue laws, general and specific" even regarding the patent venue statute. *Brunette Mach. Works, Limited v. Kockum Indus., Inc.*, 406 U.S. 706, 714 (1972). Instead, venue is proper "in any judicial district" for foreign corporations that are not domiciled in the United States. *See* 28 U.S.C. 1391(b)(3) ("a defendant not resident in the United States may be sued in any judicial district, and the joinder of such a defendant shall be disregarded in determining where the action may be brought with respect to other defendants); *see also Stross v. NetEase, Inc.*, No. 20-cv-00861-AB (PJWx), 2020 WL 5802419, at *10 (C.D. Cal. Aug. 20, 2020) (denying a motion to dismiss for improper venue because defendant was a foreign corporation who could be sued in any judicial district); *Tatung Co., Ltd. V. Shu Tze Hsu*, 43 F. Supp. 3d 1036, 1051 (C.D. Cal. 2014) (finding that 28 U.S.C. 1391(c)(3) precluded a foreign, non-resident defendant from raising improper venue as a defense).

In this case, PEAC is a foreign corporation with its principal place of business in Japan. Pursuant to 28 U.S.C. 1391(b)(3), it can be sued in any district. Accordingly, because PEAC can be sued in the Eastern District of Texas, venue is proper there.

b. Transfer is appropriate under 28 U.S.C. § 1404(a)

To determine convenience and fairness under 1404(a), this Court analyzes the following

[1]While this Court acknowledges there are concerns about service in the Eastern District of Texas, the Court determines that this is an issue for that court because PEAC had notice of the suit against it. ECF 43. OIT also filed a summons issued to PEAC after the first amended complaint and has alleged that it initiated service via the Hague convention. ECF 44, at 3.

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factors:

> (1) the plaintiff's choice of forum; (2) convenience of the parties; (3) convenience of the witnesses; (4) ease of access to evidence; (5) familiarity of each forum with the applicable law; (6) feasibility of consolidation of other claims; (7) any local interest in the controversy, and (8) the relative court congestion and time of trial in each forum.

Williams v. Bowman, 157 F. Supp. 2d 1103, 1106 (N.D. Cal. 2001). "These factors are non-exhaustive and the Court ultimately has discretion in deciding which factors to consider and whether they weigh in favor of transfer." *Id*. "The defendant must make a strong showing of inconvenience to warrant upsetting the plaintiff's choice of forum." *Decker Coal Co. v. Commonwealth Edison Co.*, 805 F.2d 834, 843 (9th Cir. 1986). However, "the degree to which courts defer to the plaintiff's chosen venue is substantially reduced when the plaintiff's choice is not its residence or where the forum lacks a significant connection to the activities alleged in the complaint." *Inherent.com v. Martindale-Hubbell*, 420 F. Supp. 2d 1093, 1100 (N.D. Cal. 2006).

Here, the relevant factors all weigh toward granting the motion to transfer. PEAC's choice of forum was the Northern District of California. While OIT's sole managing member resides in Northern California, its principal place of business and incorporation are both in Texas, and none of the filings in the infringement suit took place in California. This Court gives less deference to PEAC's choice of forum because the events of the case did not occur in this district. For the second factor, OIT is litigating six cases involving the same patents in the Eastern District of Texas. It would therefore be convenient for OIT to litigate in Texas. It is also easier for one court to litigate all the cases together. Furthermore, PEAC does not allege that it has significant contacts with California, as it is a Japanese corporation. As a result, it is does not appear that this Court is necessarily more convenient for PEAC than the Eastern District of Texas. Because the third and fourth factors do not apply here, the Court turns to the fifth factor. Both districts are familiar with patent law as both frequently rule on patent claims. The Eastern District of Texas, however, is more familiar with these patent claims because it has resolved one case already with the same patents. It is also currently litigating four other cases involving these exact same patents. Accordingly, the Court finds that convenience and fairness allow the Court to transfer this case to the Eastern District of Texas.

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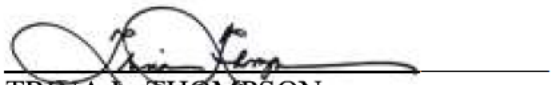
V. CONCLUSION

After review and consideration of the motion and briefing, Defendant's Motion to Transfer is **GRANTED.** Because the Court finds that it may transfer the case, it need not reach the issues in the motion to dismiss and Defendant's Motion to Dismiss is **MOOT**.

This Order terminates ECF 21.

IT IS SO ORDERED.

Dated: September 23, 2024



TRINA L. THOMPSON
United States District Judge

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