

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF TEXAS
MARSHALL DIVISION

NIVAGEN, INC.,

Plaintiff,

v.

SUN PHARMACEUTICALS INDUSTRIES,
INC., et al,

Defendants.

Case No. 2:24-cv-0036-JRG-RSP

MEMORANDUM ORDER

Before the Court is the Motion to Dismiss for Improper Venue or, in the Alternative, Transfer Venue to the District of New Jersey, filed by Defendants. **Dkt. No. 16**. For the reasons discussed below, the alternative relief sought should be **GRANTED** and the case should be **TRANSFERRED** to the District of New Jersey in the interests of justice.

I. BACKGROUND

On January 23, 2024, Plaintiff Nivagen brought suit against Defendants, alleging patent infringement. On June 27, 2024, the Parties stipulated to a dismissal of all defendants except Sun Pharmaceuticals Inc.. Dkt. No. 14.

Later the same day, Defendant filed the instant Motion. Dkt. No. 16.

II. LEGAL STANDARD

The Judicial Code provides that 28 U.S.C. § 1400(b) is the “sole and exclusive provision controlling venue in patent infringement actions” and is not supplemented by the general venue statutes. *TC Heartland LLC v. Kraft Foods Grp. Brands LLC*, 581 U.S. 258, 266 (2017) (citing *Fourco Glass Co. v. Transmirra Prod. Corp.*, 353 U.S. 222, 229 (1957)). Pursuant to 28 U.S.C. §

1400(b), venue lies “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*, 581 U.S. at 267-70.

Three elements must be met in order to establish that a defendant has a regular and established place of business in the district: (1) there must be a physical place in the district; (2) it must be a regular and established place of business; and (3) it must be the place of the defendant. *In re: Cray Inc.*, 871 F.3d 1355, 1360 (Fed. Cir. 2017).

A “physical place” is a “physical, geographical location in the district from which the business of the defendant is carried out.” *Id.* at 1362-1363. “[A] ‘regular and established place of business’ requires the regular, physical presence of an employee or other agent of the defendant conducting the defendant's business at the alleged ‘place of business.’” *In re Google LLC*, 949 F.3d 1338, 1345 (Fed. Cir. 2020); *In re Volkswagen Grp. Am., Inc.*, 28 F.4th 1203, 1208 (Fed. Cir. Mar. 9, 2022). When determining these requirements, the Federal Circuit has emphasized that “each case depends on its own facts,” and “no one fact is controlling.” *Cray*, 871 F.3d at 1362, 1366.

“[U]pon motion by the Defendant challenging venue in a patent case, the Plaintiff bears the burden of establishing proper venue.” *In re ZTE (USA) Inc.*, 890 F.3d 1008, 1013 (Fed. Cir. 2018).

III. ANALYSIS

In the Motion, Sun argues that it is incorporated in Delaware, making it a resident of that state—a point that Nivagen does not dispute. *See* Dkt. No. 16 at 6; *compare* Dkt. No. 21 at 3. Sun further argues that it also not a resident of Texas under the other prong of 1400(b) because it has

no regular and established place of business here.¹ Dkt. No. 16 at 6. Specifically, Sun asserts that “Nivagen’s reliance on employees working from their homes in this district or, in the case of the job postings, potential employees who may work in this district, fails because the Federal Circuit has squarely held that such ‘employee-associated locations are not a regular and established place of business of the defendants under § 1400(b).’” *Id.* (quoting *Celgene Corp. v. Mylan Pharms., Inc.*, 17 F.4th 1111, 1125 (Fed. Cir. 2021)). This is because, Sun explains, “such employee-associated locations fail to satisfy the second and third prongs of the *Cray* test because they are not ‘regular and established places of business,’ nor are they places ‘of the defendant.’” *Id.* (citing *Celgene*, 17 F.4th at 1125).

In response, Nivagen disputes that Sun’s employees fail to establish venue. In support of this, Nivagen asserts that two sales employees reside in this District, Ms. Heintz and Mr. Riley, and that they “attend local and regional congresses, serve as liaison between customers and Sun, interact with key customers, and build and maintain engagement plans with customers.” Dkt. No. 21 at 3-4. Nivagen also asserts that it is possible that they store business-related materials at their homes. *See id.* at 5, 7-8. All of this, contends Nivagen, shows that Ms. Heintz and Mr. Riley’s houses are, at least in part, regular and established places of sales-related business for Sun, thus fulfilling the second and third prongs of the *Cray* test. *Id.* at 7-8 (citing *In re Cordis*, 769 F.2d 733, 735, 737 (Fed. Cir. 1985)).

The Court finds that Nivagen has not properly laid venue in this Court. As Sun correctly points out, mere presence of employees (and their homes) in the district in which suit was brought is insufficient to establish venue. *See, e.g., Celgene*, 17 F.4th at 1123-24 (“[I]t is not enough that there exists within the district a physical location where an employee of the defendant carries on

¹ Sun does not dispute that acts of infringement have been sufficiently alleged to have occurred in this District. *See* Dkt. No. 16 at 6.

certain work for his employer.”). Conversely, Nivagen is also correct that there are certain situations in which an employee’s home, *along with other factors*, could constitute a regular and established place of business of the defendant. As discussed above, Nivagen’s core argument with respect to this is that Ms. Heintz and Mr. Riley possibly have business-related materials at their homes.

As the Federal Circuit has made clear, a relevant consideration in the assessment of whether an employee’s home qualifies as a regular and established place of business is the storing of “literature, documents and products” there rather than in a separately leased or owned warehouse of the defendant. *Cordis*, 769 F.2d 733, 735, 737; *see also Rensselaer*, 2019 WL 3755446, at *6, 2019 U.S. Dist. LEXIS 136436, at *20 (“In some instances, ‘employees’ homes’ ... where inventory is stored may constitute places of business.”).

Here, however, there is no evidence that any Sun employees residing in this District store such materials in their homes. The sum of Nivagen’s assertions of fact on this are:

[Defendant’s] Declaration states many things that Sun does not do nor requires its employees to do in this District. For example, while Sun states that the employees are not required to live in the District, the employees conduct their business on behalf of Sun in this District. . . . Moreover, the Declaration states that Sun does not require the employees to not store products or literature, but it is silent about whether the employees do not in fact do so.

Dkt. No. 21 at 4-5 (citing Visosky Decl. at ¶¶ 9-11). This mere possibility that employees store such materials, without more, is not enough.²

Having found venue improper, the only remaining question is whether dismissal or transfer best serves the “interests of justice.” The “interests of justice” warrant transfer, in lieu of dismissal,

² The Court further notes that Plaintiff spends much of its response criticizing Sun’s motion, but spends little time pointing to anything that shows why Nivagen is correct in this matter. *See e.g.* Dkt. No. 21 at 9-10. In effect, Nivagen appears to be placing the burden on Sun, but as discussed in Section II above, it is Nivagen who bears the burden of establishing proper venue.

when “time-consuming and justice defeating technicalities would penalize the plaintiff or prevent the case from being heard on the merits in the proper venue.” *Dubin v. United States*, 380 F.2d 813, 815 (5th Cir. 1967); *see also Valspar Corp. v. PPG Indus. Inc.*, 2017 U.S. Dist. LEXIS 123501, 2017 WL 3382063, at *5 (D. Minn. Aug. 4, 2017) (emphasizing that dismissal “would serve only to delay the progress of justice to require [plaintiff] to start again from square one”). A transfer, rather than dismissal, is also appropriate where the plaintiff is certain to “almost immediately” refile the action in the proper venue and, as here, “discovery has already begun” and the Parties have “already invested a considerable amount of time and money” in the case. *Giroir v. MBank Dallas, N.A.*, 676 F.Supp. 915, 923 (E.D. Ark. 1987).

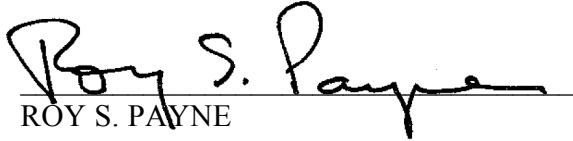
Here, Sun submits that this suit could have been brought in the District of New Jersey, where its principal place of business is, and that if the Court declines to dismiss the case for improper venue, then “Defendants respectfully request that this Court . . . transfer it to the District of New Jersey.” Dkt. No. 16 at 2, 17, 20. Nivagen does not appear to propose an alternative district to which this case should be transferred if venue is improper, arguing only that transfer to the District of New Jersey pursuant to Sections 1404 and 1406 is not warranted. *See generally* Dkt. No. 21; *see also id.* at 1.

The Court finds that this action could have been brought in the District of New Jersey and that transfer to the District of New Jersey serves the interests of justice contemplated under 28 U.S.C. § 1406.

IV. CONCLUSION

For the reasons discussed above, the Motion is **GRANTED** and the case is **TRANSFERRED** to the District of New Jersey in the interests of justice.

SIGNED this 8th day of August, 2025.


ROY S. PAYNE
UNITED STATES MAGISTRATE JUDGE