

IN THE UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF TEXAS  
DALLAS DIVISION

MONSTER MOTO, LLC,

Plaintiff,

v.

APT GROUP, INC., *et al.*,

Defendants.

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Civil Action No. 3:14-CV-2625-N

**ORDER**

This Order addresses Defendants APT Group, Inc. d/b/a MotoVox (“MotoVox”) and APT IP Holdings, LLC’s (“APT IP Holdings”) motion to transfer, dismiss, or stay [Doc. 9]. Because the Court finds the first-to-file rule applicable, the Court grants the motion and transfers the case to the United States District Court for the Western District of Missouri.

“The federal courts long have recognized that the principle of comity requires federal district courts—courts of coordinate jurisdiction and equal rank—to exercise care to avoid interference with each other’s affairs.” *W. Gulf Mar. Ass’n v. ILA Deep Sea Local 24, S. Atl. & Gulf Coast Dist. of ILA, AFL-CIO*, 751 F.2d 721, 728 (5th Cir. 1985). “The concern manifestly is to avoid the waste of duplication, to avoid rulings which may trench upon the authority of sister courts, and to avoid piecemeal resolution of issues that call for a uniform result.” *Id.* at 729. The so-called “first-to-file rule” embodies these principles of comity and provides that “when related cases are pending before two federal courts, the court in which the case was last filed may refuse to hear it if the issues raised by the cases substantially

overlap.” *Cadle Co. v. Whataburger of Alice, Inc.*, 174 F.3d 599, 603 (5th Cir. 1999). To determine whether two cases substantially overlap, the Court considers factors such as whether the core issues are the same and whether the proof in both cases would be identical. *Int’l Fid. Ins. Co. v. Sweet Little Mexico Corp.*, 665 F.3d 671, 678 (5th Cir. 2011).

On June 17, 2014, before this case began, MotoVox filed a complaint against Plaintiff Monster Moto in the United States District Court for the Western District of Missouri (the “Missouri litigation”) in which it alleges the following causes of action against Monster Moto: misappropriation of trade secrets, intentional interference with contracts, tortious interference with business expectancies, trade dress infringement, trademark infringement, and common law unfair competition. On June 20, 2014, MotoVox amended its complaint in the Missouri litigation to add APT IP Holdings as a plaintiff and to allege infringement by Monster Moto of a patent held by APT IP Holdings. These claims all generally relate to Monster Moto’s minibike and MotoVox’s and APT IP Holdings’s intellectual property rights. Monster Moto filed this case on July 21, 2014 in which it seeks a declaratory judgment that its bike does not infringe the patent at issue and that the patent is invalid. Monster Moto also asserts various tort claims against Defendants.

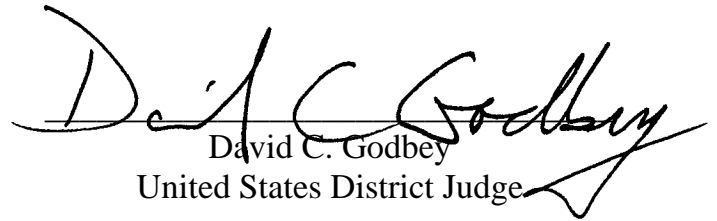
The Court finds there is substantial overlap between these two cases and accordingly declines to hear the case before it under the first-to-file rule. The core issue in both cases is whether Monster Moto infringed on MotoVox’s and APT IP Holdings’s intellectual property rights. Even Monster Moto’s tort claims in this action relate to this issue because they concern allegedly false statements made by MotoVox and APT IP Holdings regarding

Monster Moto's alleged infringement. Additionally, the proof in both cases would be nearly identical because MotoVox and APT IP Holdings would present evidence of the alleged validity of the patent and of Monster Moto's allegedly infringing conduct in both cases.

The Court finds unpersuasive Monster Moto's arguments that the first-to-file rule does not apply because (1) there is no substantial overlap because the claims in the two cases are different and (2) the Missouri litigation involves additional parties. *See Save Power Ltd. v. Syntek Fin. Corp.*, 121 F.3d 947, 950 (5th Cir. 1997) ("The [first-to-file] rule does not [] require that cases be identical."); *id. at 951* ("Complete identity of parties is not required for dismissal or transfer of a case filed subsequently to a substantially related action."). The Court further finds that there are no "compelling circumstances" under which it may disregard the first-to-file rule. *Mann Mfg., Inc. v. Hortex, Inc.*, 439 F.2d 403, 407 (5th Cir. 1971) ("In the absence of compelling circumstances the court initially seized of a controversy should be the one to decide whether it will try the case.").

Accordingly, the Court grants Defendants' motion and orders this case transferred to the United States District Court for the Western District of Missouri.

Signed October 21, 2014.

  
David C. Godbey  
United States District Judge