2020-104

UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

IN RE APPLE, INC.,

Petitioner,

On Petition for a Writ of Mandamus to the United States District Court for the Western District of Texas No. 6:18-cv-00372-ADA, Hon. Alan D. Albright

AMICUS CURIAE BRIEF OF ROKU IN SUPPORT OF PETITIONER'S PETITION FOR REHEARING EN BANC

Alexander J. Hadjis
Lisa M. Mandrusiak
Christopher Ricciuti
Michael West
OBLON, MCCLELLAND,
MAIER & NEUSTADT, LLP
1940 Duke Street
Alexandria, VA 22314
ahadjis@oblon.com
(703) 413-3000

Counsel for *Amicus Curiae*

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CERTIFICATE OF INTEREST

Counsel for *amicus curiae* certifies the following:

1. The full name of party represented by me:

Roku, Inc.

2. The name of the real party in interest (please only include any real party in interest NOT identified in Question 3) represented by me is:

Roku, Inc.

3. Parent corporations and publicly held companies that own 10% or more of stock in the party:

No parent corporation or publicly held corporation owns 10% or more of Roku's stock.

4. The names of all law firms and the partners or associates that appeared for the party or amicus now represented by me in the trial court or agency or are expected to appear in this court (and who have not or will not enter an appearance in this case) are:

N/A

5. The title and number of any case known to counsel to be pending in this or any other court or agency that will directly affect or be directly affected by this court's decision in the pending appeals. See Fed. Cir. R. 47.4(a)(5) and 47.5(b):

Fintiv, Inc. v. Apple Inc., No. 6:18-cv-00372 (W.D. Tex.)

Dated: February 7, 2020

/s/ Alexander J. Hadjis
Alexander J. Hadjis

Counsel for *Amicus Curiae*, Roku, Inc.

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STATEMENT OF INTEREST

Roku, Inc. (Roku) is a pioneer of and world leader in streaming technology. Millions of people throughout the United States and around the world rely on Roku's streaming technology on a daily basis. Roku connects users to the content they love, enables content publishers to build and monetize large audiences, and provides advertisers with unique capabilities to engage consumers.

Roku is a company with a diverse geographical footprint, and it has an interest in appropriate and predictable venue outcomes that comport with the venue statutes. Roku's principal place of business is in the Los Gatos region of California. It, like many large companies, also has offices and facilities located around the world. Roku has eight offices in addition to its headquarters, including a facility in Austin, Texas. Austin sits in the Western District of Texas.

Apple originally petitioned the Federal Circuit to determine whether the Western District of Texas's Waco Division clearly abused its discretion in refusing to transfer its case pursuant to 28 U.S.C. § 1404(a) to the Northern District of California. (Dkt. No. 2.) Apple's petition, which primarily pointed to a legal error in the application to

its transfer motion of an evidentiary standard that favors the plaintiff, was denied on December 20, 2019. (Dkt. No. 36.)

On January 21, 2020, Apple petitioned this Court for rehearing *en banc*, arguing that the original panel's tacit acceptance of the district court's evidentiary approach as a mechanism to deny transfer could shut down the availability of § 1404(a) venue transfers altogether. (Dkt. No. 37 at 1-3.) Roku agrees — if the clear error that occurred in Apple's case is not corrected, the Western District of Texas and other district courts may apply the same flawed rule in the future.

Roku also notes that, similar to Apple's transfer motion outcome, a legal error, based on a different misapplication of § 1404(a)'s convenience factors, occurred in the denial of a convenience-based transfer motion Roku filed in the Waco Division. This error involved the disregard of the convenience of the movant's witnesses.

The error in disregarding the convenience of Roku's witnesses led to Roku losing its transfer motion — a motion to move a case filed by a Florida plaintiff with absolutely no Texas ties, let alone any in the Western District, to the Northern District of California, where Roku's relevant personnel are located. Like Apple, Roku wishes to ensure that

§ 1404(a) is given meaningful consideration in the determination of the proper venue in which a litigation will proceed.

As a geographically-diverse company, and a repeat target of patent-infringement suits, Roku has the expectation that complex cases proceed in the clearly more convenient forum when they are initiated in a clearly inconvenient forum. This includes applying evidentiary standards evenhandedly instead of deferentially to favor the plaintiff and its forum selection. It also includes giving appropriate weight to the location of willing witnesses far outside of the district court's jurisdiction.

Pursuant to Fed. R. App. P. 29(a)(4)(e), no counsel for a party to the case underlying the denied petition for *writ of mandamus* or the petition for rehearing *en banc* authored this brief in whole or in part, and no party or party's counsel made a monetary contribution intended to fund the preparation or submission of this brief. No person other than Roku or Roku's counsel made a monetary contribution to fund the preparation or submission of this brief. A Motion for Leave to file this brief is being submitted with the brief.

INTRODUCTION

The Waco Division has been publicized recently as a new hot bed for filing patent cases and as an alternative to the Eastern District of Texas. (D.I. 33, article at pages 25-35, Tommy Witherspoon, *New federal judge, high court ruling could make Waco hotbed for patent lawsuits*, WACO TRIBUNE-HERALD, January 19, 2019 at A1.) In an October 25, 2019, article by Britain Eakin titled, *New West Texas Judge Wants His Patent Suits Fast And Clean*, the author comments that "[s]ince taking the bench last year, [a] Western District of Texas Judge . . . has piled up about 200 patent cases . . . ." (D.I. 33, article at pages 37-38, Eakin Article.)

Based on the recent rulings in Apple's and Roku's cases, and the misapplications of the law pertaining to § 1404(a) convenience transfers on which they are predicated, Waco is not only establishing itself as a busy patent forum, but as a patent forum without a realistic transfer mechanism available to defendants.

Companies are being forced to litigate in Waco even when the witnesses and documents implicated by the lawsuit have no connection to the Western District and all other relevant factors establish that the

case should be litigated in a more convenient venue. Moreover, with the panel's denial of Apple's petition for *writ of mandamus* and its corresponding endorsement of the Western District's erroneous legal approach to § 1404(a) venue-transfer motions, other courts may begin to apply this flawed rule going forward.

This Court should grant Apple's petition for rehearing *en banc* to ensure that § 1404(a)'s convenience factors are properly weighed and applied, as well as to prevent other courts from applying the same flawed *Weatherford* rule that is being applied by the Western District of Texas.

ARGUMENT

I. A Mere Physical Presence in Austin, Coupled with Plaintiff's Unsupported Factual Allegations Regarding Venue, Should Not Preclude Transfer From Waco to a Clearly More Convenient Forum

Congress enacted 28 U.S.C. § 1404(a) to allow for the transfer of a case to a clearly more convenient forum even when the venue in which the case was filed is proper. *E.g., Thurmond v. Compaq Computer Corp.,* 2000 U.S. Dist. LEXIS 23674, at *1028 (E.D. Tex. March 1, 2000). A company's physical presence in Austin, therefore, assuming allegedly infringing goods are sold there as well, 28 U.S.C. § 1400(b),

should not preclude the transfer of a case to another forum when it is mandated by convenience.

The district court's reliance on *Weatherford Tech. Holdings, LLC v. Tesco Corp.*, No. 17-cv-456, 2018 WL 4620636 (E.D. Tex. May 22, 2018) to give the plaintiff's chosen forum deference so long as the plaintiff simply contests the facts underlying the defendant's argument that another forum is clearly more convenient finds no basis in the § 1404(a) inquiry. Thus, Apple's request for rehearing *en banc* should be granted so that this Court can correct the misapplication of law that was endorsed by this Court when Apple's petition for *writ of mandamus* was denied.

A. The Foundational Underpinnings of § 1404(a) are Being Misapplied to Impede the Transfer of Cases From the Waco Division

The foundational underpinnings of § 1404(a) have been incorrectly applied in cases pending before the Waco Division. The denials have been founded in two clear errors of law — (1) the misapplication of the *Weatherford* evidentiary standard that is not meant for transfer motions and (2) the disregard of the convenience of willing witnesses.

1. Evidentiary Standards are Being Misapplied to Ignore Transfer Facts

The district court is incorrectly applying evidentiary standards that are meant for substantive motions on the merits, as opposed to § 1404(a) transfer motions, to conclude that alleged "factual disputes" must be resolved in favor of the non-moving party. As was done in Apple's case, this allows transfer to be denied by inviting the plaintiff/non-movant to negate compelling transfer evidence — introduced through sworn testimony — by manufacturing alleged factual disputes.

For example, in the transfer motion denial underlying Apple's petition for rehearing *en banc*, Fintiv accessed the Internet to find "evidence" linking near-field technology to Apple employees in Austin, even though near-field technology is not an element of the asserted patent claims. *Fintiv, Inc., v. Apple Inc.*, No. 6-18-cv-00372, Dkt. No. 45 at 4-7 (W.D. Tex. Jun. 13, 2019). The evidence was presented by Fintiv to contradict Apple's sworn testimony that these individuals were not involved with the accused product technology.

The *Weatherford* principle was then applied by the district court to resolve the factual disputes in favor of the non-movant. This resulted in

the avoidance of considered factual findings in view of the evidence presented by both parties. Thus, the reliance on *Weatherford* amounts to a simple vehicle to ignore well-pled and accurate transfer facts when the opponent to the transfer motion raises questions about those facts. And as correctly noted by Apple, this approach erects an impossible obstacle for defendants seeking a convenience-based transfer to overcome. If all that a plaintiff/non-movant needs to do to defeat a § 1404(a) transfer motion is to allege that there may be likely witnesses in, or other connections to, the forum, convenience-based transfers will cease to exists.

2. The Convenience of Willing Witnesses is Being Ignored

The district court is also ignoring the convenience of willing witnesses in its analysis of § 1404(a)'s private interest factors. "The convenience of the witnesses" is the "the single most important factor in transfer analysis." *In re Genentech, Inc.*, 566 F.3d 1338, 1343 (Fed. Cir. 2009) (internal citation and punctuation omitted).

For example, in denying Roku's transfer motion, the district court erroneously concluded that "the convenience of party witnesses is given little weight." *MV3 Partners LLC v. Roku, Inc.,* No. 6:618-CV-00308,

Dkt. No. 74 (*see* D.I. 33 at pages 40-49) at 7 (W.D. Tex. Jun. 25, 2019). It then reasoned, "Roku's argument regarding [witness convenience] focuses on its own employee witness, its employees' convenience is entitled to little weight . . . ." *Id.*

This error resulted in the complete disregard of the convenience of Roku's witnesses. It led to Roku losing its transfer motion — a motion to transfer a case to the Northern District of California, where Roku's relevant personnel are located, that was filed in Waco by a Florida plaintiff with absolutely no Texas ties.

That same legal error also appears in the district court's denial of Apple's transfer motion and underlies Apple's petition for rehearing *en banc*. There, the district court stated, "[i]n any case, courts give the convenience of party witnesses little weight . . . ." *Fintiv, Inc. v. Apple Inc.,* No. 6:18-cv-00372, Dkt. No. 73 at 13 (W.D. Tex. Sep. 10, 2019). Moreover, as Apple detailed in its Petition, "Apple showed through sworn testimony . . . that virtually all potentially relevant documents and party witnesses and all third-party witnesses for whom compulsory process might be necessary are in the Norther District of California." (Dkt. No. 37 at 5-6.) This sworn testimony was ignored in favor of

unsupported party allegations based upon the district court's misplaced reliance on *Weatherford*.

B. Filing in Waco can Prevent a Convenience Transfer from the Western District of Texas

Austin has become a technology hub, experiencing a technology boom and adding approximately 60,000 new jobs in the technology sector between 2014 and 2017. (D.I. 33 at pages 51-53, Cindy Widner, *Austin's tech boom comes with plenty of cash—for people in the industry*, Apr. 12, 2019, https://austin.curbed.com/2019/4/12/18307251/tech-boom-austin-jobs-affordability.) Numerous technology companies, such as SolarWinds, 3M, Adobe Inc., Apple, AT&T, Amazon, AMD, and Applied Materials now have offices in Austin. (D.I. 33 at pages 55-99, Kelly O'Halloran, *The Top 100 Digital Tech Employers in Austin,* Nov. 2, 2016, https://www.builtinaustin.com/2016/10/01/Austin-top-100.)

Based on this, many companies have opened themselves to suit in any division of the Western District of Texas. For some of the cases brought against these defendants, however, the facts and circumstances surrounding a plaintiff's patent-infringement allegations, including the location of material witnesses, reside far outside the Western District.

Nonetheless, and despite the inconvenience of litigating in the Western District in those instances, plaintiffs have successfully turned to the Waco Division to use a defendant's general presence in Austin to preclude transfer to a more convenient forum.

In Apple's case, Apple is headquartered in Cupertino, California. *In re Apple,* CACF Case No. 20-104, Dkt. No. 2 at 10, 14-16, 34-35 (Fed. Cir. 2019). The alleged infringing technology — the Apple Wallet — was designed and developed near Apple's headquarters in Cupertino. *Id*. Apple markets, manages, and updates the technology from Cupertino. *Id*. Any non-Cupertino team members are located outside of the United States. *Id.*

The Waco Division is clearly an inconvenient forum for Apple to have to litigate its current dispute with Fintiv. Yet, the district court ignored transfer facts by misapplying the *Weatherford* principle to resolve factual disputes in favor of Fintiv. By denying Apple's petition for *writ of mandamus*, the panel endorses this approach and allows other courts to follow suit.

In Roku's case, Roku, a Delaware company, was sued by a Florida plaintiff with no connections to Texas. Roku's headquarters and principal place of business is in the Los Gatos region of California. Roku's personnel involved in the marketing, sales, and distribution of

the accused products, along with its research, design, and development personnel for the relevant features of the accused products, are also located in the Los Gatos region.

Yet, the convenience of these witnesses was ignored by the district court in denying Roku's transfer motion. *MV3 Partners LLC v. Roku, Inc.,* No. 6:18-CV-00308, Dkt. No. 74 (D.I. 33 at pages 40-49) at 7 (W.D. Tex. Jun. 25, 2019). Indeed, all of the convenience factors were determined to be neutral except for the location of sources of proof, which was based on a gratuitous, self-serving representation by MV3 Partners that it would depose Roku personnel in Austin. *Id.* That MV3 Partners would seek to depose irrelevant witnesses cannot convert them into sources of proof nor change the fact that the personnel involved for Roku are located in Northern California.

Other companies with offices in Austin will almost certainly find themselves in a similar situation. Like the Apple and Roku cases, a suit may be filed in the Waco Division, and, other than having an office in Austin, all relevant personnel may reside well outside of the Western District of Texas. Nonetheless, the district court's current treatment of the § 1404(a) convenience and interest-of-justice factors, endorsed by this Court through its denial of Apple's petition for *writ of mandamus,* precludes transfer.

C. Outcome

Companies with diverse geographic footprints, like Apple and Roku, can be structured in a way that demands a convenience transfer under certain circumstances. If Apple's petition is granted so this Court may provide proper guidance and direction to the district court, defendants sued in Waco may be spared from unnecessarily spending additional money and resources to defend themselves in a less convenient forum.

If Apple's petition is not granted, however, and the district court's present treatment of § 1404(a) continues, plaintiffs will be able to avail themselves of the forum without regard to the overall convenience underlying the litigation — all they will have to do is allege a connection to the forum, regardless of the weight of evidence to the contrary. That is, a filing in the Waco Division can be employed to prevent a § 1404(a) transfer from the Western District of Texas even when a plaintiff has no ties to the Western District and the defendant's witnesses reside far away.

CONCLUSION

This Court should clarify the evidentiary legal and willing witness principles upon which the district court has based its venue transfer dispositions and that the panel has endorsed in its denial of Apple's

petition for *writ of mandamus*. Otherwise, the Waco Division may effectively become a venue where a party will be forced to litigate and expend unnecessary resources when even a more appropriate and convenient forum is available.

This not only cuts against § 1404(a), it also runs contrary to the well-established laws and framework set forth by this Court. Accordingly, Apple's petition for rehearing *en banc* should be granted.

February 7, 2020

Respectfully submitted,

/s/ Alexander J. Hadjis

Alexander J. Hadjis
Lisa M. Mandrusiak
Christopher Ricciuti
Michael West
703-413-3000
Oblon, McClelland, Maier & Neustadt, LLP
1940 Duke Street
Alexandria, VA 22314

Counsel for *Amicus Curiae*, Roku, Inc.

UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

In re Apple, Inc., 2020-104

CERTIFICATE OF SERVICE

I, ROBYN COCHO, BEING DULY SWORN ACCORDING TO LAW AND BEING OVER THE AGE OF 18, UPON MY OATH DEPOSE AND SAY THAT:

Counsel Press was retained by OBLON, MCCLELLAND, MAIER & NEUSTADT, LLP, counsel for *Amicus Curiae* to print this document. I am an employee of Counsel Press.

On **February 7, 2020** counsel has authorized me to electronically file the foregoing **CORRECTED *AMICUS CURIAE* BRIEF OF ROKU IN SUPPORT OF PETITIONER** with the Clerk of Court using the CM/ECF System, which will serve via e-mail notice of such filing to all counsel registered as CM/ECF users, including the following:

Jonathan K. Waldrop
Kasowitz Benson Torres LLP
333 Twin Dolphin Drive,
Suite 200
Redwood Shores, CA 94065
650-453-5170
jwaldrop@kasowitz.com
Principal Counsel for Respondent

Melanie L. Bostwick
Orrick, Herrington
& Sutcliffe LLP
1152 15th Street, NW
Washington DC 20005
202-339-8400
mbostwick@orrick.com
Principal Counsel for Petitioner

The required paper copies will be delivered to the Court within the time provided by rule.

February 7, 2020

/s/ Robyn Cocho
Counsel Press

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February 7, 2020

/s/ Alexander J. Hadjis
Alexander J. Hadjis

Counsel for *Amicus Curiae*