

No. 19-126

IN THE
United States Court of Appeals
for the Federal Circuit

IN RE GOOGLE LLC,

Petitioner,

On Petition for a Writ of Mandamus to the
United States District Court for the Eastern District of Texas
Nos. 2:18-cv-00462, -00463 (consolidated)
Chief Judge Rodney Gilstrap

**GOOGLE LLC'S RESPONSE TO COMBINED PETITION
FOR PANEL REHEARING OR REHEARING EN BANC**

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April 29, 2020

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CERTIFICATE OF INTEREST

Counsel for Petitioner Google LLC hereby certifies as follows:

1. The full name of every party represented by me is: **Google LLC.**

2. The real parties in interest are: **Google LLC.**

3. All parent corporations and any publicly held companies that own 10% or more of the stock of the parties I represent are as follows:

Google LLC is a subsidiary of XXVI Holdings Inc., which is a subsidiary of Alphabet Inc., a publicly traded company. No publicly held company owns 10% or more of Alphabet Inc.'s stock.

4. The names of all law firms and the partners or associates that appeared for the parties now represented by me in the trial court or that are expected to appear in this court are:

O'Melveny & Myers LLP: Darin W. Snyder, Luann L. Simmons, David S. Almeling, Mark Liang, Boris Mindzak, and Eric Su.

Mann Tindel Thompson: J. Mark Mann and G. Blake Thompson.

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 appeal: **None.**

Dated: April 29, 2020

/s/ Neal Kumar Katyal
Neal Kumar Katyal

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INTRODUCTION

In *TC Heartland LLC v. Kraft Foods Group Brands LLC*, 137 S. Ct. 1514 (2017), the Supreme Court reversed a broad reading of the patent venue statute that had distorted the distribution of patent cases in the United States. More than a third of all patent litigation was concentrated in the Eastern District of Texas, and nearly a quarter of it proceeded before a single district court.

Only a month after the Supreme Court’s decision, that same district court broadly construed a separate part of the venue statute, which authorizes venue where a defendant has a “regular and established place of business.” 28 U.S.C. § 1400(b); *Raytheon Co. v. Cray, Inc.*, 258 F. Supp. 3d 781 (E.D. Tex. 2017). This Court swiftly reversed by issuing a writ of mandamus, holding that the district court’s interpretation had “impermissibly expand[ed] the statute.” *In re Cray Inc.*, 871 F.3d 1355, 1362 (Fed. Cir. 2017).

In this case, the district court once again adopted a dramatically expansive reading of the venue statute, holding that a computer server in a third-party’s facility—which no employee of Google had ever even seen—qualified as Google’s “regular and established place of business” in the Eastern District of Texas. That ruling openly broke with numerous other district courts around the country. After noting that the issue had been percolating in the lower courts for over two years, this Court again granted mandamus and reversed the district court. It held that the

venue statute “requires the regular, physical presence of an employee or other agent of the defendant conducting the defendant’s business.” ADD13. It thus concluded that “the Eastern District of Texas was not a proper venue” here. ADD17.

SIT’s arguments for rehearing are misguided. SIT first suggests that the panel was wrong to take these issues up through a writ of mandamus at all. Reh’g Pet. 7-10. But as in *Cray*, it was wholly proper for this Court to provide much-needed guidance to lower courts on the scope of the venue statute, and to correct an aberrant interpretation that was causing a colossal waste of resources across many cases. And whether the Court properly exercised its discretion to grant the writ in the particular circumstances presented here does not warrant en banc review.

SIT next accuses the panel of “engrafting a brand-new requirement onto § 1400(b).” Reh’g Pet. 3, 10-16. That is not what happened. In interpreting a statute, “[c]ontext counts.” *Envtl. Def. v. Duke Energy Corp.*, 549 U.S. 561, 576 (2007). The panel read the venue statute in conjunction with the service statute that was originally enacted with the venue statute as part of a single provision on the same day. The panel’s interpretation flowed from a context-sensitive reading of the statutory text—as well as from the Supreme Court’s repeated pronouncements about the scope and purpose of the venue statute. ADD16.

Lastly, SIT faults (at 15) the panel for “rely[ing] on its view of legislative history to impose a * * * restrictive interpretation” of the venue statute. That is another strawman. The legislative history served only to confirm the panel’s reading of the statutory text. It was “extra icing on a cake already frosted.” *Yates v. United States*, 574 U.S. 528, 557 (2015) (Kagan, J., dissenting).

In short, the panel correctly held that Google is not subject to venue in the Eastern District of Texas, and rehearing is not warranted. Indeed, the district court’s decision was such an outlier, and Google’s connections to the Eastern District of Texas are so minimal, that this would not be a suitable case for the full Court to explore the application of its venue framework to more difficult fact patterns. The petition for rehearing should be denied.

FACTUAL AND PROCEDURAL BACKGROUND

1. Google uses a tiered network to deliver content to its users quickly and reliably. The core of the network is Google’s data centers, which provide computation and backend storage. Appx41. There are a handful of data centers in the United States, but none is in Texas. Appx41, Appx45. The next tier of Google’s network infrastructure consists of “Edge Points of Presence” (“PoPs”), which connect Google’s network to the rest of the Internet. Appx42. Google has no PoPs in the Eastern District of Texas. *Id.*

The most remote tier of the network consists of “Google Global Cache” (“GGC”) servers or “edge nodes.” *Id.* GGC servers are off-the-shelf computers hosted in the facilities of a local Internet Service Provider (“ISP”), almost always at the request of the ISP. *Id.* “If an ISP chooses to host a GGC server, then a copy of certain digital content that is popular with the ISP’s subscribers”—say, a segment of a popular YouTube video—“can be temporarily stored or ‘cached’ on that GGC server.” *Id.* As a result, an ISP can avoid fetching the content from outside its network and using up medium or longhaul capacity to do so. *Id.*

GGC servers, though, are not necessary for the delivery of Google content.¹ Google never saw the GGC servers in the Eastern District of Texas; it does not even know precisely where those servers were installed. Appx42-43. No Google employee ever visited those servers—not one. *Id.* In fact, Google had no right to physically access the spaces in which those GGC servers were stored while the service agreements were in force. *Id.* And Google does not own or lease any real property in the Eastern District of Texas. Appx44-45.

2. SIT nevertheless sued Google for patent infringement in the Eastern District of Texas. Appx20. The complaint alleges that Google’s Pixel smartphones infringe claims of three patents. Appx22-25, 27-30, 32-35. SIT’s

¹ Since this lawsuit was filed, the GGC servers in the District have been taken out of service, so they are no longer serving traffic or cached content. That change did not affect the venue analysis in this case. ADD3 n.1.

sole basis for venue in the Eastern District of Texas was the GGC servers at the third-party ISP sites. Appx21.

The case was assigned to the same district court that, in a prior case, had found that the GGC servers constitute a “regular and established place of business” for venue purposes. *SEVEN Networks, LLC v. Google LLC*, 315 F. Supp. 3d 933, 966-967 (E.D. Tex. 2018). Google petitioned this Court for mandamus to review that decision, but a divided panel denied the petition. *In re Google LLC*, No. 2018-152, 2018 WL 5536478 (Fed. Cir. Oct. 29, 2018) (per curiam) (“*Seven*”), *reh’g denied*, 914 F.3d 1377 (Fed Cir. 2019) (per curiam). Google moved to dismiss SIT’s complaint for improper venue. Dkt. 13. The district court denied the motion. It “s[aw] no reason to depart from its prior decision and f[ound] that venue in this case [wa]s proper for the same reasons outlined in *SEVEN*.” Appx2.

3. Google petitioned this Court for mandamus. After holding oral argument, the Court granted the petition. It first determined that mandamus was warranted because “the district court’s decision involve[d] ‘basic’ and ‘undecided’ legal questions” regarding patent venue. ADD6 (quoting *Schlagenhauf v. Holder*, 379 U.S. 104, 110 (1964)). The Court acknowledged that it had previously declined to review whether the GGC servers constitute a “regular and established place of business.” See ADD6-7. But “three related developments” since that decision “convinced [the Court] that mandamus [wa]s appropriate.” ADD7. First,

“a significant number of district court decisions [had] adopt[ed] conflicting views on the basic legal issues presented in this case”; second, “experience” had “shown that it [wa]s unlikely * * * these issues w[ould] be preserved and presented to this court through the regular appellate process”; and third, further percolation had “crystallized and brought clarity to the issues.” ADD7-8.

On the merits, the Court first determined that “leased shelf space or rack space can serve as a ‘place’ under the statute.” ADD10. But the Court further “conclude[d] that 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.’” ADD13. This was “apparent from the service statute for patent cases,” which was enacted along with the venue provision. ADD10. And it was “confirm[ed]” by the legislative history. ADD12 (internal quotation marks omitted). Finally, the Court concluded Google “has no employee or agent regularly conducting its business at its alleged ‘place of business’ within the district.” ADD17.

ARGUMENT

I. The Court Properly Exercised Its Discretion To Issue A Writ Of Mandamus, And Rehearing On That Issue Is Unwarranted.

SIT first argues that the Court should grant rehearing because the panel opinion conflicts with the Court’s prior opinion denying mandamus relief in response to Google’s first petition regarding its GGC servers, *Seven*, 2018 WL

5536478. That conflict is nonexistent. The panel explained in detail how circumstances had changed since the prior petition and why mandamus was now proper. ADD5-9. Indeed, two of the three judges on the panel here voted *against* rehearing the last time around. Even SIT ultimately concedes (at 7) that the panel here “did not disagree with any of the Court’s conclusions in [*Seven*].”²

What SIT really asserts, then, is that the panel should not have exercised its discretion to grant mandamus in the circumstances of this case. That case-specific issue does not warrant the full Court’s attention. But SIT’s arguments are meritless besides.

First, SIT quibbles (at 8-9) about whether there had been sufficient percolation in district courts. But the panel listed “a significant number of district court decisions that adopt[ed] conflicting views on the basic legal issues presented in this case.” ADD7-8 & n.2. Whether that imposing list was sufficient for mandamus is a highly case-specific issue that does not warrant rehearing en banc. *See* Fed. R. App. P. 35(a). Moreover, percolation is not just a question of numbers. In *Seven*, the panel majority stated it was “not known if the district court’s ruling involve[d] * * * broad and fundamental legal questions.” 2018 WL 5536478, at *2. Additional decisions answered that question. Indeed, contrary to SIT’s

² Further, any tension with the *Seven* opinion would not merit rehearing because the Court’s unpublished order in *Seven* is not binding precedent, *see* Fed. Cir. R. 32.1(d), and therefore resolution of any conflict is not “necessary to secure or maintain uniformity of [this Court’s] decisions,” Fed. R. App. P. 35(a)(1).

suggestion, it was *helpful* that one of the intervening cases involved different facts, Reh’g Pet. 8 (citing *Rensselaer Polytechnic Inst. v. Amazon.com, Inc.*, No. 1:18-cv-00549, 2019 WL 3755446 (N.D.N.Y. Aug. 7, 2019)), because the case demonstrated that the underlying *legal* issue is both “broad and fundamental.” ADD6-8 & n.2. SIT also ignores the dozens of cases filed against Google and other companies in the Eastern District of Texas following the Court’s prior denial of mandamus which were then wastefully proceeding under a flawed venue framework, making intervention all the more appropriate. *See Seven*, 914 F.3d at 1381 (Reyna, J., dissenting); *Acushnet et al. Amicus Br.* 12-13 & n.3.

Next, SIT faults (at 9) the panel for failing “to identify any valid reason why appeal is not an adequate remedy.” In fact, the panel identified two such reasons: (1) the unlikelihood that “these issues [would] be preserved and presented to this court through the regular appellate process,” and (2) “the substantial expense to the parties that would result from an erroneous district court decision.” ADD7-8.³ Those factors, combined with the need to provide guidance in numerous pending cases affected by the “basic legal issues presented,” explain why waiting for an appeal was “inadequate.” *Id.* (internal quotation marks omitted).

³ SIT calls the first reason “speculation.” Reh’g Pet. 9. But in the nearly three years since the Supreme Court decided *TC Heartland*, the issue has yet to arise through direct appeal even though numerous cases have been filed on similar theories. *See Acushnet et al. Amicus Br.* 12-13 & n.3.

SIT suggests (at 9) that an appeal is “[in]adequate” only when it is impossible. But this Court has repeatedly granted mandamus to give guidance on the venue statute despite the theoretical possibility of an appeal. *See, e.g., Cray*, 871 F.3d 1355. The very case that SIT cites recognizes that mandamus may be appropriate in “special circumstances.” *Bankers Life & Cas. Co. v. Holland*, 346 U.S. 379, 383-384 (1953); *see also In re HTC Corp.*, 889 F.3d 1349, 1354 (Fed. Cir. 2018). And this Court has long recognized that resolution of “a ‘basic and undecided’ question” that has generated “inconsistent results across the country” falls within the “exceptional circumstances warrant[ing]” mandamus. *In re BP Lubricants USA Inc.*, 637 F.3d 1307, 1313 (Fed. Cir. 2011) (citing *Schlagenhauf*, 379 U.S. at 110). On SIT’s view, mandamus would be unable to perform its supervisory function—an especially important function for this Court, which must guide all district courts nationwide on patent matters.

That same line of precedent shows that SIT misconstrues (at 9-10) the requirement that the right to mandamus be “clear and indisputable.” It is not necessary that the legal issue be free from uncertainty. On the contrary, this Court has repeatedly issued the writ to address “unsettled” and “uncertain[]” issues. *Cray*, 871 F.3d at 1359-60 (internal quotation marks omitted); *see also In re ZTE (USA) Inc.*, 890 F.3d 1008, 1011 (Fed. Cir. 2018) (addressing “two such ‘basic’ and ‘undecided’ issues”); *In re Micron Tech., Inc.*, 875 F.3d 1091, 1094 (Fed. Cir.

2017) (issuing mandamus despite “widespread disagreement” among lower courts on the merits); *In re Queen’s Univ. at Kingston*, 820 F.3d 1287, 1292 (Fed. Cir. 2016) (similar). The panel’s thorough analysis of the merits of the venue question amply explains why Google was entitled to the writ here.

II. The Venue Statute Plainly Requires An Agent Or Employee Present Conducting The Defendant’s Business, And There Is No Reason To Rehear The Panel Decision.

Turning to the merits, SIT accuses the panel of “engrafting a brand-new requirement onto § 1400(b).” Reh’g Pet. 3. That is not what the panel did. The panel interpreted the phrase “place of business” in light of the “fundamental canon of statutory construction that the words of a statute must be read in their context.” *Util. Air Regulatory Grp. v. EPA*, 573 U.S. 302, 320 (2014) (internal quotation marks omitted). “Statutory construction * * * is a holistic endeavor,” and the meaning of a particular “provision” is “often clarified by the remainder of the statutory scheme.” *United Sav. Ass’n of Tex. v. Timbers of Inwood Forest Assocs., Ltd.*, 484 U.S. 365, 371 (1988). That is the case when “the same terminology is used elsewhere in a context that makes its meaning clear.” *Id.*; *Smith v. United States*, 508 U.S. 223, 233-234 (1993).

The panel properly applied this “fundamental canon” here. The patent venue and service statutes were originally enacted as consecutive sentences in a single statute. ADD10-11. The venue statute provided that venue was proper

where a defendant has “a regular and established place of business,” and the service statute provided that, in such a case, service could be made “upon *the* agent or agents engaged in conducting *such* business.” 29 Stat. 695-696 (1897) (emphases added). Thus, “the venue and service provisions were not just enacted together but expressly linked.” ADD11. The panel was right to read them together.

SIT counters (at 11) that “Congress deliberately separated” the 1897 provision “into distinct statutes” in 1948. But the Supreme Court has held that the 1948 amendment “made no substantive change” to the original venue provision, and further observed that “[t]he change of arrangement, which placed portions of what was originally a single section in two separated sections cannot be regarded as altering the scope and purpose of the enactment.” *Fourco Glass Co. v. Transmirra Prods. Corp.*, 353 U.S. 222, 227-228 (1957) (internal quotation marks omitted).

SIT then faults the panel for using “legislative history” to “override” the “unambiguous text.” Reh’g Pet. 13. That again mischaracterizes the panel opinion. The statutory text favored *Google’s* position. ADD10-11. And the legislative history confirmed that reading. The examples raised by members of Congress as potential places of business all involved an employee or agent present conducting business, and that fact “reinforces the applicability to venue of the

agent requirement of the neighboring service provision.” ADD12. A statutory term must “be interpreted as taking [its] ordinary, contemporary, common meaning.” *Sandifer v. U.S. Steel Corp.*, 571 U.S. 220, 227 (2014) (internal quotation marks omitted). The panel properly looked to the actual usage of the statutory term by members of Congress to buttress its understanding of the “contemporary” and “common meaning” of the term. *Id.*; see *Green v. Bock Laundry Mach. Co.*, 490 U.S. 504, 528 (1989) (Scalia, J., concurring in the judgment) (“The meaning of terms on the statute books ought to be determined” based on what is “most likely to have been understood by the whole Congress which voted on the words of the statute” (emphasis omitted)).

Next SIT claims (at 14) that the panel “overlooked” the 2011 ATM amendment. It did not. The panel explained that the ATM amendment did not speak to the agency question and therefore could not alter its analysis. ADD12-13. At bottom, the ATM amendment clarified that an ATM machine is not sufficient for venue in a certain kind of case. That is perfectly consistent with Congress regarding ATM machines as never sufficient. Congress often takes that sort of belt-and-suspenders approach, “legislating in [a] hyper-vigilant way, to ‘remov[e] any doubt’ as to things not particularly doubtful in the first instance.” *Cyan, Inc. v. Beaver Cty. Emps. Ret. Fund*, 138 S. Ct. 1061, 1074 (2018) (quoting *Marx v. Gen. Revenue Corp.*, 568 U.S. 371, 383-384 (2013)). In any event, Congress did not

amend Section 1400(b) in 2011, and the America Invents Act does not shed light on what Congress meant in 1897 when it passed the venue statute. *See Mackey v. Lanier Collection Agency & Serv., Inc.*, 486 U.S. 825, 839 (1988).

The panel further held that the “venue statute should be read to exclude agents’ activities, such as maintenance, that are merely connected to, but do not themselves constitute, the defendant’s conduct of business.” ADD16. SIT contends “[i]t was * * * erroneous for the panel to rely on its view of the legislative history to impose a more restrictive interpretation of ‘business’ than the unambiguous text requires.” Reh’g Pet. 15. That argument is doubly misguided. First, the panel’s interpretation once again flowed straight from the statutory text, not the legislative history. As the service statute makes clear, the agent or employee present at a defendant’s place of business must be “conducting *such* business”—that is, carrying out the *defendant’s* business. 28 U.S.C. § 1694 (emphasis added). Thus the panel correctly held that agents’ activities “that are merely connected to, but do not themselves constitute, the defendant’s” business are insufficient. ADD16. And the panel was equally right that “[m]aintaining equipment is meaningfully different from—[and] only ancillary to—the actual producing, storing, and furnishing to customers of what the business offers.” ADD15. Otherwise, merely maintaining transmission lines in a district would give rise to venue, a pill that even SIT could not comfortably swallow. *See Oral Arg.*

41:25-44:20 (SIT conceding that transmission lines would be insufficient, then walking back the concession). Indeed, under SIT's theory, a retailer that leased an appliance to a consumer would have a "place of business" in the consumer's home if it agreed to service the appliance regularly.

Tellingly, SIT is unable to point to a single instance in either the legislative history or nearly 125 years of case law of someone deeming maintenance activities sufficient to ground venue in patent litigation. The closest SIT comes is an old district-court decision, *Anderson v. Scandrett*, 19 F. Supp. 681, 684 (D. Minn. 1937), and that case is no help. It was undisputed there that the defendants had a regular and established place of business in the district. *Id.* at 684. And the "local freight agent" of the defendant railroad had duties well beyond basic maintenance: "[H]is duties ha[d] to do with the receipt and shipment of freight and delivery of freight, and the matter of collecting freight charges at the freight depot operated by [defendants]." *Id.*⁴

⁴ Amicus U.S. Inventor Inc. asks the Court to revisit *Cray*'s holding that the patent venue statute requires a "physical place." 871 F.3d at 1360. That is not a viable option here: SIT, the only party here, long since forfeited the issue by accepting that *Cray*'s physical-place requirement governs. *See* Pet. 11; SIT Response Br. 19-20; *United States v. Ford Motor Co.*, 463 F.3d 1267, 1276-77 (Fed. Cir. 2006) (arguments not raised in brief are forfeited).

III. Rehearing Is Not Warranted On The Narrow Question Whether The Panel Should Have Remanded This Case.

Finally, SIT suggests (at 16-17) that this Court should have remanded the agency question back to the district court. The Court's disposition was proper.

In a mandamus posture, it is entirely appropriate for the Court to apply a newly clarified legal test to the facts of the case before it. *See Cray*, 871 F.3d at 1364 (including a section entitled "Application of the Venue Statute to This Case"); *cf. SmithKline Diagnostics, Inc. v. Helena Labs. Corp.*, 859 F.2d 878, 886 n.4 (Fed. Cir. 1988). One function of mandamus is "to further supervisory or instructional goals where issues are unsettled and important." *In re Queen's Univ.*, 820 F.3d at 1291 (internal quotation marks omitted). Often those "supervisory or instructional goals" will be best served by demonstrating how a legal standard applies in practice.

This is a case in point: The Court's application of the agency standard supplied much-needed guidance on the meaning of the venue statute. Given the uncertainty in this area of law and the need for guidance, "a halfway-decision" like SIT requests "would fail to fulfill [the Court's] responsibility to both parties and courts." *Maslenjak v. United States*, 137 S. Ct. 1918, 1927 n.4 (2017). And the Court properly determined, based on the record, that it was beyond dispute that Google had no "agents" in the District within the meaning of the venue statute. *See Cray*, 871 F.3d at 1366-67 (concluding that "the facts here do not show that

[the defendant] maintains a regular and established place of business in the Eastern District of Texas,” and ordering the district court to transfer the case).

Moreover, SIT has never asserted that the ISPs were Google’s agents in the district court, and does not now identify what facts it would develop on remand. All it mentions is “the scope and frequency of ISP employees’ interactions with Google and its servers.” Reh’g Pet. 17. Under the Court’s legal analysis, the *frequency* of the interactions is irrelevant because the *kind* of work the ISP employees performed was not the business of Google. ADD13-15.⁵ In any event, a claim that the panel should have remanded an issue is highly circumstance-dependent, not the sort of recurring and important question that would warrant rehearing. *See* Fed. R. App. P. 35(a).

⁵ *Platt v. Minnesota Mining & Manufacturing Co.*, 376 U.S. 240 (1964), is not inconsistent. There, the lower court had considered an inappropriate factor in a discretionary transfer decision. The Supreme Court held a remand was warranted because “[t]he weight that [the district judge] gave this [improper] factor is a matter so peculiarly within his own knowledge that it seems more appropriate to have him resolve it.” *Id.* at 244. This case involves no similar question.

CONCLUSION

The petition for rehearing should be denied.

Respectfully submitted,

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CERTIFICATE OF COMPLIANCE

1. This reply complies with the type-volume limitations of Federal Circuit Rule 35(e)(4) because it contains 3,888 words.

2. This brief complies with the typeface requirements of Federal Rule of Appellate Procedure 32(a)(5) and the typestyle requirements of Federal Rule of Appellate Procedure 32(a)(6) because it has been prepared in a proportionally spaced typeface using Microsoft Office Word in Times New Roman 14-point font.

/s/ Neal Kumar Katyal

CERTIFICATE OF SERVICE

I certify that on April 29, 2020, I caused a copy of the foregoing document to be served by electronic means via the Court's CM/ECF system on all counsel registered to receive electronic notices.

/s/ Neal Kumar Katyal