No. 20-144

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
Case No. 2:19-cv-00090-JRG
Hon. Rodney Gilstrap

BRIEF OF ACT / THE APP ASSOCIATION, ACUSHNET COMPANY, CHECK POINT SOFTWARE TECHNOLOGIES, INC., DATASTAX, INC., FITBIT, INC., L BRANDS, INC., NETFLIX, INC., RING CENTRAL, INC., UNIFIED PATENTS, LLC, AND VIZIO, INC., AS AMICI CURIAE IN SUPPORT OF PETITIONER

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UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

CERTIFICATE OF INTEREST

Case Number 20-144

Short Case Caption In re Google LLC

Filing Party/Entity ACT / The App Association, Acushnet Company, Check Point Software Technologies Inc., DataStax, Inc., Fitbit, Inc., Netflix, Inc., Ring Central, Inc., Unified Patents, LLC, Vizio, Inc.

Instructions: Complete each section of the form. In answering items 2 and 3, be specific as to which represented entities the answers apply; lack of specificity may result in non-compliance. **Please enter only one item per box; attach additional pages as needed and check the relevant box**. Counsel must immediately file an amended Certificate of Interest if information changes. Fed. Cir. R. 47.4(b).

I certify the following information and any attached sheets are accurate and complete to the best of my knowledge.

Date: 08/10/2020

Signature: /s/ Clement Roberts

Name: Clement Roberts

1. Represented Entities. Fed. Cir. R. 47.4(a)(1).	**2. Real Party in Interest.** Fed. Cir. R. 47.4(a)(2).	**3. Parent Corporations and Stockholders.** Fed. Cir. R. 47.4(a)(3).
Provide the full names of all entities represented by undersigned counsel in this case.	Provide the full names of all real parties in interest for the entities. Do not list the real parties if they are the same as the entities. ☐ None/Not Applicable	Provide the full names of all parent corporations for the entities and all publicly held companies that own 10% or more stock in the entities. ☐ None/Not Applicable
ACT / The App Association	N/A	None
Acushnet Company	N/A	Acushnet Holdings Corp.
Check Point Software Technologies, Inc.	N/A	Check Point Software Technologies, Ltd.
DataStax, Inc.	N/A	None
Fitbit, Inc.	N/A	None
Netflix, Inc.	N/A	None
Ring Central, Inc.	N/A	None
Vizio, Inc.	N/A	None
Unified Patents, LLC	N/A	Unified Patents Management, LLC
		UP HOLDCO INC.
		Unified Patents Holdings, LLC
		Unified Patents Acquisition, LLC

☐ Additional pages attached

4. Legal Representatives. List all law firms, partners, and associates that (a) appeared for the entities in the originating court or agency or (b) are expected to appear in this court for the entities. Do not include those who have already entered an appearance in this court. Fed. Cir. R. 47.4(a)(4).

☑ None/Not Applicable ☐ Additional pages attached

5. Related Cases. Provide the case titles and numbers of any case known to be pending in this court or any other court or agency that will directly affect or be directly affected by this court's decision in the pending appeal. Do not include the originating case number(s) for this case. Fed. Cir. R. 47.4(a)(5). See also Fed. Cir. R. 47.5(b).

☑ None/Not Applicable ☐ Additional pages attached

6. Organizational Victims and Bankruptcy Cases. Provide any information required under Fed. R. App. P. 26.1(b) (organizational victims in criminal cases) and 26.1(c) (bankruptcy case debtors and trustees). Fed. Cir. R. 47.4(a)(6).

☑ None/Not Applicable ☐ Additional pages attached

UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

CERTIFICATE OF INTEREST

Case Number 20-144

Short Case Caption In re Google LLC

Filing Party/Entity L Brands, Inc.

Instructions: Complete each section of the form. In answering items 2 and 3, be specific as to which represented entities the answers apply; lack of specificity may result in non-compliance. **Please enter only one item per box; attach additional pages as needed and check the relevant box**. Counsel must immediately file an amended Certificate of Interest if information changes. Fed. Cir. R. 47.4(b).

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Date: 08/10/2020

Signature: /s/ Peter Stris

Name: Peter Stris

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L Brands, Inc.		

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STATEMENT OF INTEREST

Amici Acushnet Company, Check Point Software Technologies Inc., DataStax, Inc. Fitbit, Inc., L Brands, Inc., Netflix, Inc., Ring Central, Inc., and Vizio, Inc. are among the world's leading businesses. Many amici are technology companies, providing services relied on by tens of millions of people and businesses in the United States (and many more around the world). Other amici are manufacturers with nationwide business interests. They ship goods to, have representatives in, or maintain equipment in different venues across the country, but have no regular and established place of business in those venues.[1]

Amicus ACT / The App Association is an international not-for-profit grassroots advocacy and education organization representing more than 5,000 small business software application (app) developers and technology firms.

Unified Patents, LLC is a membership organization dedicated to deterring non-practicing entities, or NPEs, from extracting nuisance

[1] Pursuant to Fed. R. App. P. 29(a)(4)(E), amici state that no party's counsel authored this brief in whole or in part. No party, party's counsel, or any person other than amicus or its counsel contributed money intended to fund preparing or submitting this brief.

settlements based on patents that are likely invalid. Unified's 3,000-plus members are Fortune 500 companies, start-ups, automakers, industry groups, cable companies, banks, credit card companies, technology companies, open source software developers, manufacturers, and others.

Amici have many different interests, but they are united in their interest in having predictable venue rules that are aligned with the text of the venue statute. The approach adopted by the district court below undermines that vital interest. Amici respectfully urge the Court to grant the petition, find that the offices of Communications Test Design Inc. are not Google's place of business, and remand the case for further proceedings.

INTRODUCTION

The patent venue statute—and the requirement of venue more generally—"is specific and unambiguous; it is not one of those vague principles which, in the interest of some overriding policy, is to be given a 'liberal' construction." *Schnell v. Peter Eckrich & Sons, Inc.*, 365 U.S. 260, 264 (1961) (quoting *Olberding v. Ill. Cent. R.R. Co.*, 346 U.S. 338, 340 (1953)); *accord In re BigCommerce, Inc.*, 890 F.3d 978, 985 (Fed.

Cir. 2018). But in yet another follow-on case to *TC Heartland*, the U.S. District Court for the Eastern District of Texas has stretched the Patent Act's venue provision far beyond its proper scope. Mandamus is necessary to correct the district court's clear error and to prevent that error from causing widespread harm and untenable instability.

In cases involving a non-resident defendant, venue is proper under the Patent Act only "where the defendant has committed acts of infringement and has a regular and established place of business." 28 U.S.C. § 1400(b). In *In re Google LLC*, 949 F.3d 1338 (Fed. Cir. 2020), this Court held that there were "three general requirements to establishing that the defendant has a regular and established place of business: (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." *Id.* at 1340 (citation omitted). The Court found that to qualify under these factors a place must have "the regular physical presence of an employee or other agent of the defendant conducting the defendant's business at the alleged 'place of business.'" *Id.* at 1345.

The Court also held that in evaluating whether the relevant employee or agent was conducting the *defendant's* business, courts must

distinguish between the defendant's business on the one hand and activities that are "meaningfully different from—as only ancillary to—…what the business offers." *Id.* at 1346. To that end, the Court 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." *Id.*

In the case below, the district court found that the offices of CTDI—a company with whom Google contracts to repair certain Google products—satisfied the "place of business" requirement because CTDI (a) "acts as Google's agent" and (b) "conduct[s] Google's business at the Flower Mound Facility." Appx005. With respect to the second proposition, the district court held that "[p]art of Google's business is providing hardware, like Pixel phones and Google Home devices to customers." Appx009. It then found that, because CTDI "stores and transports these Google hardware devices" in the course of repairing, refurbishing and returning them to customers, "CTDI conducts Google's business." Appx010.

This holding obliterates the distinction this Court made between the "business of the defendant" and "ancillary" services. In particular,

the district court erred by describing one part of Google's business at a very high level of generality ("providing hardware") and then finding that CTDI was conducing Google's business because CTDI's own business (repairing damaged phones) involved some of the same underlying activities (storing and shipping hardware).

This approach directly contravenes this Court's analysis from *In re Google*. Take, for example, the railway or telegraph companies discussed in the legislative history of the venue provision, which this Court used to illustrate the distinction between principle and ancillary activities. *In re Google*, 949 F.3d at 1346. Under the district court's approach, one might just as easily say that those companies were in the business of "providing rail and telegraph lines" and that their maintenance providers "produce," "store" and "transport" rails and wires—*i.e.*, they maintain and deliver inventory on behalf of their counterparties as part of providing maintenance on the rail and telegraph lines.

Put differently, the district court's approach—describing the defendant's business at a high level of abstraction and then looking for a common underlying activity with the agent—vitiates the very

example on which this Court relied to draw the distinction in the first place. It is, *amici* submit, exactly the kind of expansive approach to the venue statute that the Supreme Court has disapproved. *See Schnell,* 365 U.S. at 264.

The problems caused by the district court's approach are of great importance to the many companies that, like the *amici*, contract with third-party vendors for important goods and services. All companies enter into commercial contracts with businesses whose underlying activities have some degree of overlap—especially if "the business" of the companies in question is described at a high enough level of abstraction. The modern economy is not hermetically divided into discrete units where the functional acts involved in conducting each business are unique. That is why this Court, in *In re Google*, grounded its analysis in the distinction between "what the business offers" and "ancillary" activities—*i.e.*, it recognized that it was the overall direction of the companies' business that mattered, not whether they involved common underlying *acts*.

The expansiveness of the district court's approach would create great mischief. First, it would subject many companies, as the price of

contracting with a vendor, to both a year or more of litigation over venue ***and*** potential exposure to patent suits in any location where the vendor has or chooses to establish offices, but the company does not. This will destabilize existing contractual relationships (which, in *amici's* experience, do not attempt to manage this exposure) and impose substantial costs on the formation of new ones. Second, as described in more detail below, the district court's approach will cause problems for the service of patent lawsuits and impose related fiduciary duties on vendors who are not equipped to handle them and who did not agree to take on that responsibility.

Amici urge the Court to grant mandamus, reject the district court's expansive reading of the patent venue statute, and clarify that the putative agent must be engaged in at least one *principal* business of the defendant to establish venue under Section 1400(b).

ARGUMENT

Mandamus is appropriate "when the district court's decision involves 'basic' and 'undecided' legal questions," and the district court has committed "a clear abuse of discretion." *In re Google*, 949 F.3d at 1341 (citation omitted). This Court repeatedly has "found mandamus

necessary to address the effect of the Supreme Court's decision in *TC Heartland*, which itself was yet another improper-venue case." *Id.* (citation and brackets omitted). Here, mandamus should issue because the district court fundamentally misunderstood what it means for an agent to "conduct[] the defendant's business" under Section 1400(b), *id.* at 1345, and that error will cause significant harm to any number of companies operating in today's interconnected economy.

I. The District Court Fundamentally Misunderstood What It Means For An Agent To Conduct The Defendant's Business.

The decision below rests on the finding that CTDI is engaged in the "business of Google" because it stores and transports Google phones in accordance with Google's requirements as part of providing warranty maintenance services. Appx009-010. Even assuming *arguendo* that CTDI is Google's agent, the district court abused its discretion because it effectively ignored the critical question: Does CTDI carry out the business that Google offers, or is its work "only ancillary to" Google's business. *In re Google*, 949 F.3d at 1341, 1345-47. Under *In re Google*, there is only one possible answer to that question: CTDI is precisely the kind of ancillary service provider that cannot be used to establish venue under Section 1400(b).

As *amici* can attest, all companies above a certain size contract with other businesses for important goods and services to be provided according to the purchaser's specifications and requirements. Thus, for example, companies that make consumer electronics contract with suppliers for custom processors, car makers contract with steel suppliers for materials with specified properties, and clothing retailers contract with garment manufactures for clothing with specified construction. Nor are these contracts limited to the supply side. To the contrary, software manufacturers contract with companies that provide training and technical support, media studios contract with movie theaters to show the studios' films in theaters, and food makers contract with grocery stores to display and sell their products to the public.

All of these contracts are subject to extensive negotiation and contain numerous restrictions on how the goods or services will be provided, handled or marketed. And all of these businesses involve some degree of overlap in their underlying activities. But it is not correct to say (in line with the district court's reasoning) that a chain of movie theaters is conducting the business of a movie studio because the movie studio's business is "providing movies" and the movie theater

stores and shows those movies. Nor is it correct to say that a convenience store is conducting the business of a maker of potato chips because the latter's business is "providing food items" and the store maintains inventory of and sells those items.

The business *reality* is that—just as movie studios are in the business of producing movies and movie theaters are in the business of distributing them—Google is in the business of making phones, and CTDI is in the business of repairing them. The fact that both lines of businesses involve storing, working with and distributing the same items does not make them the same business.

Those business realities, crucially, inform whether an agent is "conducting the defendant's business" for purposes of Section 1400(b). *In re Google*, 949 F.3d at 1345-47. That is a central lesson of *In re Google*: courts must analyze whether the agent carries out the "actual" business of the defendant, or whether the agent's work is instead "only ancillary to" the defendant's business. *Id.* (evaluating whether a service provider under a contract "suggestive of an agency relationship" carries out an "ancillary" function to Google's business).

This Court already has established one category of activities that are definitively ancillary—"maintenance activities." *Id.* at 1346. This holding was supported by the legislative history, which both (i) showed that Congress was focused on "what the business offers" and (ii) contained "no suggestion" that maintenance functions "constituted 'conducting [the defendant's] business' within the meaning of the statute." *Id.* (citation omitted). And, as Google persuasively explains in its mandamus petition (Pet. 28-30), that holding should have been dispositive here. *Id.* at 1346. If repairing Google's servers is ancillary to Google's business, then so too is repairing Google's phones.

What *amici* want to emphasize is that "maintenance activities" are not the only function that can be ancillary to the defendant's business. Indeed, nothing in *In re Google* suggests that the Court was making a narrow rule for "maintenance" activities as opposed to a more general holding that the venue statute excludes "ancillary" activities and instead requires the putative agent to be engaged in the primary,

main, or principal business of the defendant. *See id.* (noting that the focus is on "what the business offers").[2]

That question cannot be answered without considering the business realities of the defendant's relationship with the agent. Yet that is precisely what the district court ignored here. Instead of looking at the economic reality of the two businesses, the district court simply looked for any area of overlap between Google's business and CTDI's activities. In particular, it asserted that "[p]art of Google's business is providing hardware" and then found that CTDI was conducting Google's business because CTDI "stores and transports these Google hardware devices." Appx009-010. Put differently, the Court described Google's business (as it relates to the relevant devices) at a very high level of abstraction (*i.e.*, using the word "providing" rather than a more narrow word like "producing" or "making") and then compared that with CTDI's activities—which include storing and transporting devices. This was

[2] The words "primary" "main" and "principal" are all antonyms of "ancillary" and therefore appropriate ways to distinguish "ancillary" activities from those that should give rise to venue. *See* https://www.collinsdictionary.com/dictionary/english-thesaurus/ancillary.

error in two ways: (i) it only compared Google's business to CTDI's actions while ignoring the fact that CTDI's own business involves those same actions, and (ii) it chose the broadest possible word to describe Google's business, rather than the word that *best* described Google's business.

In short, the court set aside the reality that Google's business is making phones, and CTDI's business is repairing them. And although there is overlap between what goes into making phones and what goes into repairing them, that overlap does not transform CTDI's business into Google's.

The Court should grant mandamus to clarify this issue—*i.e.*, to clarify that the putative agent must be engaged in at least one *principal* business of the defendant. The Court should also explain that in determining whether the agent is engaged in the defendant's business a court must consider the nature of the agent's own business, not just the agent's activities. That is no more than *In re Google* requires.

II. The Instability Caused By The District Court's Decision Is A Strong Justification For Mandamus.

This Court has long held it appropriate to grant mandamus relief "where doing so is important to 'proper judicial administration.'" *In re*

Micron Tech., Inc., 875 F.3d 1091, 1095 (Fed. Cir. 2017) (quoting *La Buy v. Howes Leather Co.*, 352 U.S. 249, 259-60 (1957)); *see also, e.g.*, *BigCommerce*, 890 F.3d at 981 (mandamus can "further supervisory or instructional goals where issues are unsettled and important"). The Court has also recently noted, in the venue context, that "experience has shown that it is unlikely that … these issues will be preserved and presented to this court through the regular appellate process." *In re Google*, 949 F.3d at 1342.

This case meets that standard because the district court's decision gives rise to enormous uncertainty and inefficiency, the effects of which will be greatly compounded by the length of time it will take before this Court has an opportunity to review the "basic" and "undecided" legal questions raised by the petition. *Schlagenjauf v Holder*, 379 U.S. 104, 110 (1964). Indeed, for this reason courts have issued writs of mandamus "'to confine [the district court] to a lawful exercise of its prescribed jurisdiction,'" and to provide clarity about the proper meaning of the patent-venue statute. *Micron*, 875 F.3d at 1095 (quoting *Cheney v. U.S. Dist. Court for D.C.*, 542 U.S. 367, 380 (2004)); *see also id.* at 1096; *BigCommerce*, 890 F.3d at 981; *In re ZTE (USA) Inc.*, 890

F.3d 1008, 1011 (Fed. Cir. 2018); *In re Cray, Inc.*, 871 F.3d 1355, 1359-60 (Fed. Cir. 2017). Providing clarity is particularly appropriate here.

First, the district court's approach is destabilizing. It goes without saying that *amici* and others have entered into contracts with third parties pursuant to which those third parties engage with the companies' goods and services. The district court's expansive approach makes companies subject to venue disputes (and potentially subject to venue) in all of the locations where those third parties have offices, even if the companies do not. Companies generally give great care to where they open offices, and do not generally track (or restrict) where the companies they do business with choose to locate their offices. But, if the district court's approach is allowed to stand, every arms-length vendor contract will need to address: (i) where the parties have offices, (ii) where the parties will be allowed to establish offices during the term of the contract, and (iii) how those rules will be policed – because addressing these issues will be necessary to manage exposure to far-flung patent suits. And because vendor contracts are often many years long, businesses will need to start grappling with these costs and problems immediately.

Second, the district court's approach upends the service schema. As this Court noted in *In re Google*, the patent venue statute and the service statute were originally part of the same statutory section and must be read together and consistently. 949 F.3d at 1344-45. Under 28 U.S.C. § 1694, "[i]n a patent infringement action commenced in a district where the defendant is not a resident but has a regular and established place of business, service of process, summons or subpoena upon such defendant may be made upon his agent or agents conducting such business." Thus, where a location is found to have agents of a non-resident defendant who are conducting the defendants' business, those agents may properly be served under 28 U.S.C. § 1694. This, in turn, means that under the district court's ruling, PMC could (instead of serving Google) have properly served CTDI.

That's completely untenable. Reliably accepting service and providing notice of lawsuits is a task of sufficient difficulty and importance that registered-agent services are a major line of business for sophisticated companies like CSC.[3] Unsurprisingly, most of the

[3] See e.g. https://www.cscglobal.com/service/cls/registered-agent-services/

vendors with whom *amici* do business are not set up to act as agents for service of process, and do not carry liability insurance to cover that obligation. And *amici's* contracts with those vendors are silent on the subject because the parties never contemplated that the vendor would be required to undertake the obligation to act as agent for service of patent suits. Thus, the district court's decision: (i) disrupts innumerable existing contracts, (ii) creates substantial barriers to new contracts, (iii) imposes on vendors the obligation to develop and implement reliable methods for accepting service and providing timely notice, and (iv) imposes actual or potential fiduciary obligations on vendors who did not contemplate or bargain for that responsibility.

CONCLUSION

For the foregoing reasons, and those set forth in the Petition, the Court should issue a writ of mandamus vacating the decision and remanding to the district court for further proceedings.

August 10, 2020

Respectfully submitted,

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CERTIFICATE OF COMPLIANCE

This brief complies with the type-volume limitation of Fed. R. App. P. 32(a) and Fed. Cir. R. 21(e), because this brief contains 3217 words, excluding the parts of the brief exempted by Fed. R. App. P. 32(f) and Fed. Cir. R. 32(b).

This brief complies with the typeface requirements of Fed. R. App. P. 32(a)(5) and the type style requirements of Fed. R. App. P. 32(a)(6) because this brief has been prepared in a proportionally spaced typeface using Microsoft Word 2016 in Century Schoolbook 14-point font.

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