No. 20-____

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 in case no. 2:19-cv-00090-JRG, Chief Judge J. Rodney Gilstrap

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PETITION FOR A WRIT OF MANDAMUS

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August 4, 2020

CERTIFICATE OF INTEREST

I certify that the following information is accurate and complete to the best of my knowledge.

Dated: August 4, 2020 /s/Dan L. Bagatell
Dan L. Bagatell

1. Represented Entities	2. Real Parties in Interest	3. Parent Corporations and Stockholders
Google LLC	none	XXVI Holdings Inc. Alphabet Inc.

4. Legal Representatives		
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5. Related Cases
Personalized Media Commc'ns, LLC v. Google LLC, No. 2:19-cv-00090-JRG (E.D. Tex.)

6. Organizational Victims and Bankruptcy Cases
not applicable

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TABLE OF ABBREVIATIONS AND CONVENTIONS

Appx___	appendix page ___
CTDI	Communications Test Design, Inc.
Dkt.	docket entry in the district court
Eastern District	Eastern District of Texas
Flower Mound facility	CTDI's facility in Flower Mound, Texas
Google	petitioner Google LLC
ISA	the Inbound Services Agreement between CTDI and Google dated August 15, 2017
PMC	respondent Personalized Media Communications, LLC
Restatement	Restatement (Third) of Agency (2006)
SOW	Statement of Work for CTDI's "Third Party Refurbishment Services in the US," dated May 15, 2018

RELATED CASES

No appeals or other petitions involving this district court case have been before this or any other appellate court. Although this Court's decision here would indirectly affect numerous other cases involving Google and other defendants, Google and its counsel do not know of any case pending in this Court or any other court or agency that will be *directly* affected by this Court's ruling in this case. Google and its counsel also do not know of any case pending in this Court or any other court or agency whose outcome may directly affect this Court's ruling in this case.

RELIEF SOUGHT

Google LLC petitions for a writ of mandamus ordering the Chief Judge of the U.S. District Court for the Eastern District of Texas to vacate his order denying Google's motion to dismiss or transfer this case for improper venue, Appx001-013, and reconsider that motion under the correct legal standards. Google also asks this Court to direct the district court to stay all proceedings in this case pending this Court's ruling and to stay all non-venue-related aspects of the case during the district court's reconsideration of the motion.

INTRODUCTION

This is another case in which a district court in the Eastern District of Texas has misconstrued 28 U.S.C. § 1400(b), accepted a plaintiff's strained venue theory, and failed to dismiss or transfer a case in which venue is improper.

In *TC Heartland LLC v. Kraft Foods Group Brands LLC*, 137 S. Ct. 1514 (2017), the Supreme Court held that for purposes of the first prong of § 1400(b), a corporate defendant "resides" only in a State in which it is incorporated. *TC Heartland* led to a wave of cases addressing the second prong of § 1400(b), under which venue is proper only in a district "where the defendant has committed acts of infringement and has a regular and established place of business."

In the first major post-*TC Heartland* case, the Eastern District of Texas adopted a malleable balancing test for determining where a defendant has a

"regular and established place of business." This Court rejected that standard in *In re Cray, Inc.*, 871 F.3d 1355 (Fed. Cir. 2017), holding that there must be (1) "a physical place in the district" that is (2) "a regular and established place of business" and (3) "the place of the defendant." *Id.* at 1360. In *In re ZTE (USA), Inc.*, 890 F.3d 1008 (Fed. Cir. 2018), this Court again overruled the district court and held that (1) Federal Circuit law governs the venue inquiry and (2) the plaintiff bears the burden of establishing proper venue. Most recently, in *In re Google LLC*, 949 F.3d 1338 (Fed. Cir. 2020), this Court reversed the same court, holding that (1) employees or other agents must be regularly present and conducting the defendant's business at any regular and established place of business"; and (2) Google cache servers housed at internet service providers in the Eastern District did not support venue there because even if the providers were Google's "agents" in maintaining the servers, server maintenance was an ancillary function, not Google's "business."

Here, plaintiff Personalized Media Communications, LLC ("PMC") originally claimed that venue was proper in the Eastern District based on the same cache servers. After *In re Google*, PMC pivoted and primarily argued that venue was proper because a third party, Communications Test Design, Inc. ("CTDI"), refurbishes Google-branded smartphones and smart speakers at a facility in Flower Mound, Texas, just inside the Eastern District line. Google explained that it had no

facilities in the Eastern District and no employees who regularly worked there, that CTDI's facility was irrelevant because CTDI was an independent service provider, and that CTDI's refurbishment business was not Google's business.

Nevertheless, in a ruling last month, the district court denied Google's motion to dismiss and held that venue was proper in the Eastern District. The district court reasoned that CTDI is Google's "agent" for dealing with consumers, making CTDI's "regular and established place of business" in the district Google's "regular and established place of business" as well. The district court rejected Google's argument that CTDI conducts only ancillary repair work similar to the maintenance work in *In re Google*. The district court was equally undisturbed that under its logic and 28 U.S.C. § 1694, plaintiffs could serve CTDI with an infringement complaint against Google even when, as here, CTDI's refurbishment work has nothing to do with the case.

This Court should end this latest improper expansion of § 1400(b) (and its companion statute § 1694) and issue a writ of mandamus reversing the district court's ruling. As detailed below, this case raises important, unresolved issues that are likely to recur frequently, and the district court's ruling is wrong in multiple respects: CTDI is an independent service provider, not Google's agent for dealing with consumers; CTDI's repair business is not Google's business; and CTDI's Flower Mound facility is not a regular and established place of business of Google.

Because the case continued while Google's venue motion was pending, discovery is now complete, summary judgment and *Daubert* motions have been filed, and the case is heading rapidly toward an October trial date. Given the circumstances, Google also requests a stay of all further proceedings while this Court evaluates this petition and a stay of all non-venue-related proceedings while the district court reevaluates venue under PMC's alternative theories. The case should not proceed until the threshold issue of venue has been properly resolved.

ISSUES PRESENTED

1. The district court found venue proper based on Google's arms-length contract with a third-party service provider under which that company refurbishes Google devices at the provider's own facility in the district. Does that third party's facility qualify as a "regular and established place of business" of Google within the Eastern District?

2. This case proceeded on the merits during the thirteen months while Google's motion to dismiss was pending. As a result, fact and expert discovery are now complete, the district court is now entertaining dispositive motions, and trial is set for October 19. Should this Court stay all district-court proceedings while it considers this petition and stay all non-venue-related matters while the district court reconsiders Google's motion under the proper standards?

FACTS AND PROCEDURAL HISTORY

I. CTDI, its contract with Google, and its product-refurbishment work at its Flower Mound facility

CTDI provides a variety of engineering, repair, and logistics services including testing, repairing, and refurbishing smartphones, tablets, laptops, and other devices made by other companies. *See* www.ctdi.com. It has offices across the United States and around the world, Appx251-253, and it is one of the few contractors capable of repairing electronic devices on a nationwide scale.

Google is best known for providing an internet search engine and a wide variety of software, but it also sells devices such as Pixel® smartphones, Nest® connected-home devices, and Google Home® smart speakers. Despite rigorous quality-control efforts, some of those devices inevitably will require repair or replacement. Like many other companies whose core business is not repairing consumer products, Google contracts out that work. Consumers who have problems with Google devices may contact Google, and Google will send them a return-materials authorization and a pre-paid shipping label addressed to a third-party repair-services provider. The repair-services provider fixes returned devices if it can and ships refurbished devices to consumers. *See* Appx217-219; Appx221.

Google has contracted with CTDI to perform such refurbishment work. In 2017, Google and CTDI entered into an Inbound Services Agreement (ISA). Appx312-340. The ISA sets out general provisions governing the relationship

between the companies. CTDI provides services and deliverables as specified in a Statement of Work (SOW). The ISA makes clear, however, that CTDI "is an independent contractor" and CTDI and its "Personnel are not Google employees." Appx317-318 § 7.1. CTDI alone is responsible for CTDI "Personnel's acts and omissions," "staffing, instructing and managing [CTDI] Personnel performing [contractual] Services," and "determining [CTDI] Personnel's compensation." *Id.* § 7.1(A)-(C).

The Statement of Work (SOW) in effect when this suit was filed calls for CTDI to perform "Third Party Refurbishment Services in the US." Appx136-191. The SOW defines the scope of CTDI's services in detail, Appx142-154, and calls for CTDI to perform those services at facilities in Livermore, California, or Flower Mound, Texas. Appx142 § 6.2. Google sets quality standards and requires CTDI to make certifications and reports regarding its work, Appx143 § 6.4, Appx169-171, but Google does not supervise individual repairs. Appx356. Neither the ISA nor the SOW authorizes CTDI to accept service of process for Google.

CTDI owns and operates the facilities where it repairs Google products. Because CTDI also refurbishes other companies' products at the same sites, Appx423-430, the SOW refers to a "Google Secured Area" at the CTDI sites where CTDI employees handle and warehouse Google products, Appx139, Appx177-178. Despite that label, all repair work is done by CTDI employees.

Google employees have occasionally visited to discuss contract revisions or conduct operational reviews, but only with permission from CTDI. Appx259; Appx266-269; Appx359-361.

Google's marketing materials do not describe the Flower Mound facility as a Google facility; it is simply an address to which consumers may ship their products for repairs. Other than receiving and shipping the devices, CTDI is not authorized to identify itself or communicate with Google customers in any way. *See generally* Appx136-191 (SOW). PMC presented *no* evidence that CTDI can commit Google to business relationships with consumers or other third parties and *no* evidence that CTDI communicates with others on Google's behalf apart from receiving returned products and shipping refurbished ones.

II. This lawsuit and Google's motion to dismiss or transfer

A. PMC's complaint asserted that venue was proper in the Eastern District because Google owned cache servers in the district

PMC filed this lawsuit in March 2019, accusing Google's YouTube video service of infringing six patents involving television broadcasting technology. Appx047-083. PMC elected to file the case in the Eastern District of Texas even though Google is a Delaware-registered limited liability company based in northern California with no offices in the Eastern District. To justify venue, PMC's complaint relied on "Google Global Cache" servers housed at internet service

providers to speed up delivery of files frequently requested by users of Google's internet search engine. Appx048-055.

B. Google moved to dismiss in June 2019, and briefing on that motion was completed in September 2019

In June 2019, Google moved to dismiss the case for improper venue under § 1400(b) or, alternatively, to transfer it to the Northern District of California under 28 U.S.C. § 1406. Appx084-100. Google contended that venue was improper because it had no "regular and established place of business" in the Eastern District when PMC filed its complaint. Google maintained that the district court's ruling that the cache servers were "regular and established places of business" of Google was erroneous, but explained that in any event those servers had been taken out of service before PMC filed suit. Appx091-094.

PMC took venue-related discovery and responded in mid-August 2019. Appx101-134. In its opposition, PMC continued to rely on the cache servers cited in its complaint but also added two alternative venue theories: one based on CTDI's Flower Mound facility, and one based on a ground not at issue in this petition. Appx106-128.

Google replied in late August 2019, reiterating that the cache servers did not support venue and explaining why PMC's alternative theories were equally flawed. Appx223-249. As to the Flower Mound facility, Google explained that it had merely entered into an arms-length contract for CTDI to refurbish Google devices

and that the facility was not a place of business of Google. Appx241-244. PMC sur-replied in early September 2019. Appx277-288.

C. The district court requested supplemental briefing in February 2020, after this Court's decision in *In re Google*

Briefing on Google's motion was completed in September 2019. The district court did not take any action on the motion in the following months. During that time, this Court considered Google's mandamus petition in another case involving the cache servers housed at internet service providers in the Eastern District. Five months later, in February 2020, this Court issued a precedential decision in that case. *In re Google*, 949 F.3d 1338. This Court granted Google's mandamus petition; held that a "regular and established place of business" requires the regular, physical presence of an employee or other agent conducting the defendant's business at that place; ruled that the internet service providers that hosted the cache servers did *not* qualify as agents conducting Google's business; and directed the district court to dismiss or transfer the case. *Id.* at 1344-47.

The day *In re Google* issued, the district court ordered PMC, Google, and then-codefendant Netflix to file supplemental briefs addressing the effect of that decision on this case. Appx289-290.[1] The parties filed two rounds of supplement-

[1] PMC originally sued Google, Netflix, and Akamai on the same family of patents, and the district court consolidated the cases. Akamai settled, Dkt. 136.
(footnote continued on next page)

al briefs that month. Google stressed that *In re Google* requires an employee or agent to be physically and regularly present at a place of business within the district and that no Google employees or agents were regularly present in the Eastern District. Appx291-310; Appx409-420. Given this Court's rejection of equipment-based venue theories, PMC pivoted and relied primarily on the theory that CTDI's Flower Mound facility houses agents of Google. Appx362-382; Appx401-408. Google reiterated that the CTDI contract was a classic service contract, not an agency agreement, and that CTDI was not conducting Google's business. Appx303-306; Appx413-416.

D. In July, the district court ruled that venue is proper because CTDI's Flower Mound facility is a "regular and established place of business" of Google

Although the supplemental briefing was completed in February of this year, the district court did not rule until July. Concerned about the rapidly approaching pretrial deadlines and the October trial date, Google filed a notice in late May noting that this Court had denied the petition for rehearing en banc in *In re Google* and requesting a prompt ruling on the venue motion in this case. Appx437-439.

After *In re Google*, PMC agreed to dismiss certain claims against Netflix and transfer others to the Southern District of New York. Dkt. 194. Google is the sole remaining defendant.

In late June, the district court set a hearing on Google's motion, and it issued an order denying the motion three days after the hearing. In holding that venue was proper in the Eastern District, the district court relied solely on CTDI's Flower Mound facility and did not address PMC's other venue theories. Appx001-013.

The district court first noted that the Flower Mound facility was a physical "place" within the Eastern District and concluded that the "Google Secured Area" where CTDI repairs Google devices is a "place" attributable to Google. Appx003-004, Appx011. The court then concluded that Google has a "regular and established place of business" there because "CTDI acts as Google's agent conducting Google's business at the Flower Mound Facility." Appx005. According to the court, (1) the CTDI–Google contract allows Google to direct CTDI's actions within the Google Secured Area; (2) Google authorizes CTDI to act on Google's behalf by directing customers to send devices to the facility without advising customers that CTDI is another company; and (3) CTDI has consented to act on Google's behalf by conducting refurbishment and sending devices to Google customers. Appx005-008. The district court distinguished *In re Google* and further concluded that CTDI was conducting Google's business. Appx009-011.[2]

[2] In a footnote, Appx005 n.1, the district court questioned whether Google had complied with its discovery obligations regarding the CTDI facility. In fact, Google fully responded to PMC's discovery requests regarding Google's opera-

(footnote continued on next page)

E. Discovery is complete, dispositive and *Daubert* motions are pending, and the district court has set an October 19 trial date

The case continued while the venue issue remained unresolved. In April of this year, the district court issued a claim-construction order, Dkt. 185, and the parties have now completed fact and expert discovery, *see* Appx432-434 (docket control order). In July, the parties filed summary-judgment and *Daubert* motions and pretrial disclosure statements. *See* Dkts. 227-236. The pretrial conference is set for September 16, and jury selection and trial are set for October 19. Appx432.

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tions in the Eastern District. Google provided venue-related documents and deposition transcripts from three recent Eastern District cases. Those materials included CTDI-related materials. PMC received all the venue discovery it asked for, and it proceeded to file four briefs addressing the Flower Mound facility and two other venue theories.

The district court also suggested there were "questions about the candor of Google and its counsel" at oral argument in *In re Google*. *Id.* But there is no indication that this Court was asking whether there were activities of third parties in the Eastern District not at issue in that case that could be asserted as a basis for venue in some other case. During Google's rebuttal, Judge Wallach asked "what do you do in the Eastern District?" Oral Arg. 51:58-52:01. Judge Wallach had previously asked the respondent essentially the same question, and it responded that Google "locates its [cache] servers there," that "Google personnel access" and "electronically interact with" the "server," and that "the business that's being conducted is the service of ads and video data from that location." *Id*. at 33:00-34:17. When the question was posed to Google, Google responded by saying "what Google 'does' in the Eastern District will depend on what the subject of that verb is," and "when you look at the service statute, the subject of that verb has to be employees or agents in the district." *Id*. at 52:43-53. Google also maintained that "any agency relationship argument ha[d] been waived." *Id.* at 52:21-25. Google was simply making the point that owning equipment and transmitting data over that equipment in the Eastern District is not sufficient to give rise to a regular and established place of business under the patent venue and service statutes.

Google files this petition to ensure that this case is decided in a proper venue and to obtain this Court's guidance on when an independent third-party service provider is an agent of the defendant such that the service provider's place of business is the defendant's place of business for purposes of § 1400(b).

REASONS TO GRANT WRIT RELIEF

Mandamus is an appropriate vehicle for this Court to review the district court's interpretation of the patent-venue statute, and on the merits the district court erred in multiple ways.

I. Mandamus is appropriate to decide the important and unsettled question of when, if ever, an independent third-party service provider's facility qualifies as a defendant's "regular and established place of business" under § 1400(b)

This Court may issue a writ of mandamus as "necessary or appropriate in aid of [its] jurisdiction[ ]." 28 U.S.C. § 1651(a). Mandamus "is appropriately issued when there is 'usurpation of judicial power' or a clear abuse of discretion." *Schlagenhauf v. Holder*, 379 U.S. 104, 110 (1964) (citation omitted); *see also In re Micron Tech., Inc.*, 875 F.3d 1091, 1095 (Fed. Cir. 2017) (mandamus proper to confine a lower court to "a lawful exercise of its prescribed jurisdiction") (citation omitted).

Because mandamus is extraordinary relief, courts often assess whether the petitioner has no other adequate means for relief, whether it has a "clear and indisputable" right to relief, and a writ is "appropriate in the circumstances." *Cray*,

871 F.3d at 1358 (citation omitted). But those are not absolute requirements: mandamus is also appropriate to decide "basic, undecided" legal questions and other issues important to "proper judicial administration" whose resolution will further "supervisory or instructional goals." *Schlagenhauf*, 379 U.S. at 110; *Cray*, 871 F.3d at 1358-60; *Micron*, 875 F.3d at 1095; *In re BigCommerce, Inc.*, 890 F.3d 978, 981 (Fed. Cir. 2018); *ZTE*, 890 F.3d at 1011; *In re Google*, 949 F.3d at 1341.

This Court has frequently exercised that supervisory and instructional authority to resolve fundamental issues regarding the scope of proper venue under § 1400(b). Many of those cases have arisen out of the Eastern District of Texas. In *BigCommerce*, this Court invoked its mandamus authority to resolve a debate over where a defendant "resides" when a state has more than one judicial district. 890 F.3d at 982-86. In *Cray*, this Court issued a writ to clarify that a "regular and established place of business" requires (1) a physical place, (2) a regular and established place of business, and (3) a place of business of the defendant. 871 F.3d at 1360-64. In *ZTE*, the Court exercised its mandamus authority to clarify that the plaintiff bears the burden of establishing proper venue and that Federal Circuit law governs the issue. 871 F.3d at 1012-14.

Most recently, this Court granted mandamus and ruled that a "regular and established place of business" of the defendant requires the regular, physical presence of an employee or other agent of the defendant and that the presence of

Google servers at internet service providers' facilities in the Eastern District was not a proper basis for venue in that district. *In re Google*, 949 F.3d at 1343-47. Each decision built upon predecessors to provide much-needed clarity in the wake of *TC Heartland*, which reversed this Court's denial of a mandamus petition and held that a domestic corporation "resides" only in its State of incorporation for purposes of § 1400(b). 137 S. Ct. at 1517-18; *see also Micron*, 875 F.3d at 1093-94 (granting mandamus and holding that petitioner did not waive its venue defense by omitting it from initial motion to dismiss).

This case similarly raises a basic, fundamental issue that is likely to recur. *In re Google* suggested that the regular, physical presence of a non-employee agent may support venue in a district if the agent regularly conducts the defendant's main (non-ancillary) business there. 949 F.3d at 1346. That ruling has spawned further questions, including (1) when does an independent third-party service provider qualify as an "agent" of the defendant? and (2) when do the activities of such an "agent" constitute a "business of the defendant" rather than an ancillary function?

Both questions are important, unresolved, and will frequently recur if not resolved here. This case involves a provider of repair and refurbishment services. Sellers of almost every kind of consumer products—from cellphones to TVs to appliances to automobiles—provide warranties, and many sellers contract with third parties to perform warranty repairs. Moreover, the district court's logic was

not limited to repair contractors: it was a broad interpretation of general concepts of "agency" and the "business of the defendant." Similar logic could apply to a wide variety of other independent contractors, subjecting a broad range of defendants to suit in far-flung venues where they have no facilities or employees. This Court should address these issues now and reject this district court's overbroad construction of "regular and established place of business of the defendant."

The ramifications of the district court's ruling are even more troubling because 28 U.S.C. § 1694 provides that service on a defendant that "is not a resident [of a district] but has a regular and established place of business" there may be made on the defendant's "agent or agents conducting such business." In *In re Google*, the Court noted the patent-venue and service statutes were "not just enacted together but expressly linked" in that "both have always required that the defendant have a 'regular and established place of business.'" 949 F.3d at 1344 (citation omitted). Thus, if a contractor qualifies an "agent" operating a "regular and established place of business" of a defendant, a plaintiff may serve that "agent" rather than the defendant. Under the district court's theory, not only will defendants be sued in districts where they have no employees or facilities, but they may be defaulted if contractors do not timely inform them they have been served. And the contractors may also be liable as a result.

Mandamus review is both necessary and proper.

II. The district court committed clear legal error and abused its discretion in ruling that Google has a "regular and established place of business" in the Eastern District

The district court clearly erred and abused its discretion in determining Google has a "regular and established place of business" in the Eastern District. That error stemmed from the court's narrow focus on details of CTDI's contract with Google and its failure to appreciate the purpose of the venue inquiry.

Under § 1400(b), the question is "where the *defendant* ... has a regular and established place of business" (emphasis added). Agency principles matter only to the extent they bear on whether the *defendant* has regularly conducted business at an established place in the district. For a corporate defendant, the question is whether the corporation has employees or other appointed agents that regularly transact its business at an established place in the district. *In re Google*, 949 F.3d at 1344-45. The legislative history of § 1400(b) refers to "agency," but the point there was to limit venue to places where "'a *permanent* agency transacting the [defendant's] business is located,'" as opposed to a district where mere "'[i]solated cases of infringement'" may have occurred. *Cray*, 871 F.3d at 1361 (emphasis added) (quoting 29 Cong. Rec. 1900 (1897) (statement of Rep. Lacey)); *In re Google*, 949 F.3d at 1345. It does not matter whether another entity is an agent of the defendant for some other legal purpose (e.g., vicarious liability) or in some non-legal sense (e.g., an economic instrument).

Furthermore, this Court has recognized the link between venue and service of process in patent-infringement cases. As *In re Google* explained, although the provisions addressing those issues now appear in two different sections of 28 U.S.C., §§ 1400(b) and 1694, they were enacted together in consecutive sentences of the same statute. 949 F.3d at 1344-45. The service statute, § 1694, provides that process may be served on non-resident defendants through an "agent or agents conducting" the "regular and established business" of the defendant in the district. Accordingly, an "agent" for venue purposes should be a representative who, by virtue of the business it is conducting, can be expected to communicate with the defendant about the suit.

When the issues are analyzed in the proper context, it is clear that Google has no "regular and established place of business" in the Eastern District of Texas.

A. Google does not have a place of business in the Eastern District, and its employees do not regularly conduct Google business there

The district court did not find that Google *itself* operates a place of business in the Eastern District or has employees who regularly conduct Google business there. For good reason: PMC presented no evidence that could support such a finding.

PMC bears the burden of proving that the Eastern District is a proper venue. *See ZTE*, 890 F.3d at 1013-14. PMC did not contend, much less prove, that Google owns or operates the Flower Mound facility. PMC also failed to show that

any Google employees regularly conduct Google business there. Since Google and CTDI entered into their contract, at most five or six Google employees had visited the Flower Mound facility, and those visits had been for occasional business reviews lasting less than a day. Appx266-269; Appx359-361. Short, sporadic visits do not constitute *regular* work at an *established* place of business. *See ZTE*, 890 F.3d at 1015 (presence of two full-time, on-site employees did not necessarily transform call-center contractor's facility into place of business of defendant).

B. CTDI does not serve as Google's agent in dealing with consumers

With no evidence that Google employees regularly work at a Google-operated facility in the Eastern District, the district court relied on the theory that CTDI acts as Google's agent, such that CTDI's "regular and established place of business" is a "regular and established place of business" of Google. Appx005. The district court erred as a matter of law for at least two independent reasons. First, by definition, the role of a non-employee agent is to represent its principal in transactions with third parties, and CTDI does not transact with consumers of Google devices on Google's behalf. Google transacts with consumers directly. Second, the terms of the Google–CTDI contract make clear that CTDI is an independent service provider, not an agent of Google.

1. CTDI does not transact or otherwise interact with consumers on Google's behalf

In assessing whether a third-party contractor is the defendant's agent for purposes of § 1400(b), this Court has looked to the Restatement (Third) of Agency (2006). *In re Google*, 949 F.3d at 1345. Under the Restatement, an agency relationship "'arises when one person (a 'principal') manifests assent to another person (an 'agent') that the agent shall act on the principal's behalf and subject to the principal's control, and the agent manifests assent or otherwise consents to act'" in that capacity. *Id.* (quoting Restatement § 1.01).

Non-employee agency agreements "always 'contemplate[ ] three parts—the principal, the agent, and the third party with whom the agent is to deal.'" Restatement § 1.01 cmt. c (citation omitted). The job of a non-employee agent is to represent the principal in interactions with third parties. *Id.* (distinguishing between agent and service provider that "does not interact with third parties"). For example, homeowners hire real-estate agents to represent them in dealings with buyers, while authors, performers, and athletes hire agents to represent them in dealings with publishers, producers, and team owners. *Id.* But a financial advisor who furnishes financial advice and does not represent a client in dealing with third parties is *not* an agent. *Id.*

By definition, an agent "has the authority to 'alter the legal relations between the principal and third persons.'" *O'Neill v. Dep't of Hous. & Urban Dev.*, 220

F.3d 1354, 1360-63 (Fed. Cir. 2000) (citation omitted); *see also Rotec Indus., Inc. v. Mitsubishi Corp*., 215 F.3d 1246, 1256 (Fed. Cir. 2000) (agents "can affect the legal relationships of the principal") (internal quotation marks omitted). Indeed, "'an *essential characteristic* of an agency is the power of the agent to commit [its] principal to business relationships with third parties[.]'" *United States v. Schalten-brand*, 930 F.2d 1554, 1560 (11th Cir. 1991) (emphasis added; citation omitted); *accord Whisper Soft Mills, Inc. v. NLRB*, 754 F.2d 1381, 1386 (9th Cir. 1984); *Griffin v. United States*, 588 F.2d 521, 528-29 (5th Cir. 1979).

This requirement makes particular sense in the patent context given the linkage between the patent venue and service statutes. *See In re Google*, 949 F.3d at 1344 ("[T]he service and venue statutes [should] 'be read together.'") (citation omitted). Congress contemplated that the "agent" whose presence gives rise to venue would also be capable of accepting service on the part of the defendant. *Id*. at 1345. That expectation would make little sense if Congress understood the term "agent" to encompass service providers that lack the authority to represent defend-ants in interactions with third parties.

The repair services that CTDI provides to Google do not include transacting or otherwise interacting with consumers in the Eastern District or anywhere else. CTDI receives shipments of products returned by consumers, but Google handles consumer interactions itself, even providing shipping labels. Appx143-145 § 6.5;

Appx217-219; Appx221. After performing repairs, CTDI ships products out using packaging and labeling prescribed or provided by Google. Appx149-153 §§ 6.10, 6.12. CTDI is detached from customer interaction: it simply mails devices out, and the package a customer receives does not identify it. Appx210-212.

Consider a simpler scenario in which Google handles shipments itself. That is, Google tells consumers to return devices to a Google address; Google then sends the devices to CTDI; CTDI sends refurbished devices back to Google; and Google ships refurbished devices to consumers. In this scenario, CTDI clearly is not Google's agent for dealing with any third parties. Like the non-agent financial advisor discussed in the Restatement, it just provides services to Google.

The situation here is not meaningfully different. Google still handles all communications and legal relationships with consumers. The only difference is that the shipping process is simplified by providing consumers with direct-shipping labels to CTDI and having CTDI mail refurbished products directly to consumers. CTDI's additional mailroom function does not make it Google's agent and representative in transacting with consumers.

The district court pointed to a document that supposedly tells consumers "to send their devices to 'us'—*i.e.*, Google—at the Flower Mound Facility." Appx008. That is an overstatement. The document is entitled "Get your Pixel phone repaired" and explains how consumers can "See your repair options."

Appx217. One option is to "Send your phone for repair (mail-in)" and says that consumers may "Send it to us," i.e. "a repair center" designated by Google, either "with your own packaging" and a Google-provided label or "with our prepaid packaging." Appx217-218. The document nowhere refers to CTDI or the Flower Mound facility, and it confirms that Google, rather than repair-center service providers such as CTDI, deals with consumers. Indeed, the district court itself found that customers "have no idea that CTDI exists," Appx008, underscoring that CTDI does not interact with them and does not act as Google's agent.

2. The language of Google's contract with CTDI confirms that CTDI is not Google's agent for transacting with consumers

The district court further erred in finding that CTDI is Google's agent based on details of the SOW.

The SOW calls for CTDI to provide Google "Third Party Refurbishment Services in the US," Appx136, and the ISA expressly provides that CTDI is *not* Google's agent. CTDI "is an *independent contractor*," Google does not employ CTDI's personnel, and the agreement "*does not create any agency, partnership, or joint venture between the parties*." Appx317-318 § 7.1, Appx324 § 12.12 (emphases added). The contracting parties' own characterization is highly relevant, albeit not dispositive, in determining whether they have an agency relationship. Restatement § 1.02 cmt. b; *Arguello v. Conoco, Inc.*, 207 F.3d 803, 807-08 (5th Cir. 2000) (affirming that Conoco-branded gas stations selling Conoco products were not

agents of Conoco); *Leon v. Caterpillar Indus., Inc.*, 69 F.3d 1326, 1334-36 (7th Cir. 1995) (dealer that sold forklift to plaintiff was not Caterpillar's agent).

In concluding that Google directs or controls CTDI's refurbishment work as a principal would direct an agent, Appx006-008, the district court confused *ex ante* contractual obligations for the interim, immediate, and ongoing control that characterizes the relationship between a true principal and agent. In a principal–agent relationship, the principal "has the right to give interim instructions or directions to the agent once their relationship is established." Restatement § 1.01 cmt. f(1); *see In re Google*, 949 F.3d at 1345-46 ("The power to give interim instructions distinguishes principals in agency relationships from those who contract to receive services provided by persons who are not agents."). An agency relationship exists only if "the principal has the right *throughout the duration of the relationship* to control the agent's acts." Restatement § 1.01 cmt. c (emphasis added).

Service contracts routinely include detailed statements of work the service-provider is to perform. The CTDI–Google contract was no exception, with twenty-six pages of terms and fourteen exhibits. Appx135-191. But such specificity does not indicate agency. To the contrary, arms-length contracts are often highly detailed and specific because they do *not* create agency relationships. Because an agency relationship imposes a fiduciary duty on the agent, "instructions need not be drafted with the detail and specificity that typify the instruments embodying the

terms of many arm's-length commercial and financial relationships." Restatement § 1.01 cmt. e. Moreover, "setting standards in an agreement for acceptable service quality does not of itself create a right of control." Restatement § 1.01 cmt. f(1).

There was no evidence that Google examines returned devices and tells CTDI how to repair them. The district court cited provisions of the Statement of Work, but none demonstrates immediate and ongoing control.

The court first noted that CTDI is required to send Google regular reports on its activities and performance and have a bi-weekly call on service-related issues and trends. Appx006; *see*, *e.g.*, Appx153 § 6.14, Appx156-158 § 9.1, Appx169-171. Such reports help Google understand problems with products and ensure that it neither overpays nor underpays CTDI. But they do not constitute interim instructions or directions by Google. *See*, *e.g.*, *Scally v. Hilco Receivables, LLC*, 392 F. Supp. 2d 1036, 1040 (N.D. Ill. 2005) (periodic reports from collection firm to assignee did not give assignee control of collection firm's activities) (cited in Reporter's Notes to Restatement § 1.01 cmt. f(1)).

Other provisions the district court cited are likewise ordinary warranty-service contract provisions. Under § 6.5, CTDI takes receipt of returned products, and under § 6.6 it assigns a part number to track each product using a Google-designated convention. Appx143-145. Under §§ 6.7 and 6.8, CTDI wipes data from returned products and performs a triage assessment. Appx145-146. Section

6.9 sets out the scope of the in-warranty and out-of-warranty services that CTDI must provide and when CTDI should refurbish a product or instead scrap it or return the product unrepaired. Appx146-149. Section 6.10 governs labeling and packaging of refurbished products, § 6.11 governs secured storage of devices in CTDI's possession, and § 6.12 addresses shipments out. Appx149-153.

The district court dissected these provisions and suggested that they call for interim instructions. In reality, they simply reflect that this is a complex, multi-year contract, and the scope of the services that CTDI provides will evolve over time as needs change. For example, CTDI naturally must consult with Google on how to handle parts or accessories received unexpectedly and not addressed in their agreement. Appx143 § 6.5(A). Similarly, the provisions under which Google provides instructions for tasks such as functionality-testing and updating operating systems reflect the fact that Google's products are complex and constantly evolving. *See* Appx145 § 6.8(A), Appx146 § 6.9(A), Appx149 § 6.9(G), Appx149-150 § 6.10(D). Setting in stone every protocol in a multi-year contract would be impractical. The fact that Google supplies supplemental technical guidelines and packaging materials to reflect changes over a multi-year contract does not demonstrate that Google directs and controls CTDI's refurbishment work day-to-day.

Other provisions cited by the district court confirm that Google *lacks* day-to-day control. Any major or material change to CTDI's services requires a *contrac-*

tual amendment. Appx154 § 6.15(B). And minor requests have no immediate effect. *See* Appx147 § 6.9(B) ("Contractor will implement such changes no later than ten (10) Business Days after receipt of such notice from Google."); Appx149 § 6.10(B) (changes to packaging and labeling implemented within five business days); Appx153 § 6.15(A) (same for other minor changes).

If CTDI were Google's agent, the provisions on which the district court relied would be unnecessary because Google could simply convey the request and demand immediate compliance, as it can with its own employees. Google does not have wholesale control over CTDI's services. The parties established the scope of CTDI's services and standards that CTDI must uphold, but it remains up to CTDI to work within those guidelines.

Ultimately, the district court's narrow focus on cataloguing Google's prerogatives under the contract caused it to lose sight of the purpose of the agency analysis: determining whether *Google* regularly conducts business within the district. CTDI does not deal with consumers on Google's behalf, it retains substantial autonomy, and its arms-length service contract does not qualify as an outward-facing agency relationship sufficient to subject Google to suit (and service via CTDI) in the Eastern District.

C. Product refurbishment is not Google's "business," just as server maintenance was not Google's "business" in *In re Google*

Even assuming CTDI is Google's "agent," it does not follow that CTDI's Flower Mound facility is a place of *business of Google* for purposes of § 1400(b). *In re Google* made clear that the presence of an agent within the district is not enough: the agent must be performing the defendant's "business," not some ancillary function related to that business. 949 F.3d at 1346.

In *In re Google*, Google's contracts called for local internet service providers to perform "basic maintenance activities" on Google-owned servers located at sites within the Eastern District. *Id.* The Court assumed that the contractors were acting as Google's agents in performing those activities, but it nonetheless held that venue in the Eastern District was improper because maintaining the servers was not "conducting Google's business within the meaning of the statute." *Id.* "Maintaining equipment," held the Court, "is meaningfully different from—as only ancillary to—the actual producing, storing, and furnishing to customers of what the business offers," which is what the drafters of the venue statute contemplated in 1897. *Id.* (citing 29 Cong. Rec. 1900 (1897) (statement of Rep. Lacey)). There was "no suggestion in the legislative history that maintenance functions that existed at the time, such as the maintenance of railways or telegraph lines, constituted 'conducting [the defendant's] business' within the meaning of the statute." *Id.* (alteration in original; citation omitted).

This Court further noted that the Supreme Court has repeatedly "cautioned against a broad reading of the [patent] venue statute" and recognized "the importance of relatively clear rules, where the statutory text allows, so as to minimize expenditure of resources on threshold, non-merits issues, of which venue is one." *Id.* at 1346-47 (citing cases). The Court thus construed § 1400(b) "to exclude agents' activities ... that are merely connected to, but do not themselves constitute, the defendant's conduct of business in the sense of production, storage, transport, and exchange of goods or services." *Id.* at 1347.

The same logic applies here. Like server maintenance, product refurbishment is an ancillary function, not Google's business. Google's primary business is supplying search results, video content, and related advertisements in response to users' search requests. Google also provides a wide variety of software and sells hardware products such as smartphones and smart speakers. But performing post-sale *repairs* on such devices is incidental to Google's business. Indeed, Google contracts out such refurbishment work because that work is *not* a core part of Google's business and outside service providers can perform it more efficiently.

Warranty-repair contracts are commonplace for companies that sell consumer products. As the Court reasoned regarding maintenance contracts in *In re Google*, 949 F.3d at 1346-47, treating repair contracts as the "business" of the original seller would massively expand § 1400(b) with no support in the legislative

history and contrary to the Supreme Court's admonition against a broad reading of the statute. Congress may have had insurance agents and railway sales agents in mind as "agents" to be served with process, but it was not contemplating product-repair contractors.

The district court distinguished *In re Google* on grounds that the cache servers in that case were used to supply online services, with "the online services (not the servers themselves) being Google's business." Appx009 & n.4. But *In re Google* did not turn on a distinction between products and services; it focused on whether an activity *constitutes* a defendant's business or is merely *ancillary* to it. 949 F.3d at 1346-47. Aftermarket product care is just as ancillary to designing, producing, and selling hardware products as server maintenance is to providing online services.

The district court also suggested that Google stores products at a warehouse at the Flower Mound facility. Appx010. Not so. There is no evidence that CTDI stores anything unrelated to its repair activities. CTDI stores spare parts it needs for repairs, along with unrepaired devices and refurbished devices that are waiting to be sent back out. Appx150 § 6.11, Appx165-166. But that is a far cry from Google's business of designing, producing, and selling devices in the first place. The refurbishment function is secondary and ancillary to the business of designing, producing, and selling new devices. Thus, even assuming CTDI is an agent of

Google for refurbishing devices, those activities are tangential to Google's business and cannot support venue in the Eastern District.

III. This Court should stay the district-court proceedings pending resolution of Google's motion to dismiss under the correct standard

Given the advanced stage of this case and the imminent trial date, Google requests that this Court stay all merits proceedings until Google's motion to dismiss or transfer has been finally and properly resolved. That request has two components: a stay now pending this Court's decision on this writ petition, and a stay later if this Court grants the petition and requires the district to reevaluate whether venue is proper.

Google asks this Court to stay the district-court proceedings while it rules on this petition because the parties are now rushing head-long toward trial in a court that should not be hearing the case at all. Google moved to dismiss or transfer the case in June 2019, but the district court did not rule until over a year later. District courts are supposed to "first address whether it is a proper and convenient venue before addressing any substantive portion of the case." *In re Nintendo Co.*, 544 F. App'x 934, 941 (2013); *accord In re EMC Corp.*, 501 F. App'x 973, 975 (Fed. Cir. 2013) (stressing "the importance of addressing motions to transfer at the outset of litigation"). To be sure, PMC's primary venue theory matched the theory at issue in *In re Google*, but the district court did not rule for over five more months after that decision even though Google and Netflix both filed requests for ruling.

Dkt. 179, Appx437-439. Google ultimately moved for a stay pending resolution of the venue issue, Appx440-443, but the district court denied that motion, Appx012.

Meanwhile, the parties had to proceed on a rapid schedule under which discovery and claim construction are now complete and the parties have filed summary judgment and *Daubert* motions. *See* Appx432-434. Under the current schedule, the pretrial conference will be September 16, and jury selection and trial will begin October 19. Appx432.

Google has promptly filed this writ petition, but it recognizes that, as in *In re Google*, this Court may need time to issue its decision. It would be tremendously wasteful to continue pretrial proceedings and conduct a trial in October with the district court's authority to preside still in grave doubt. The Court should therefore stay all district-court proceedings pending resolution of this writ petition.

As discussed above, this Court should grant writ relief and reverse the district court's ruling that venue in the Eastern District is proper based on CTDI's Flower Mound facility. That will not completely resolve Google's motion, however, because PMC also asserted two other venue theories on which the district court declined to rule. *See* Appx003. Those theories are weaker and untenable under *In re Google*, but PMC may wish to pursue them nonetheless. This Court should therefore direct the district court to focus solely on Google's motion to dismiss or transfer and stay all other proceedings until that motion is finally

resolved. The district court should not rule on substantive issues, much less hold a trial, while its authority to hear the case at all remains unresolved.

CONCLUSION

The petition should be granted, the Court should issue a writ vacating the district court's ruling, and the case should be stayed as discussed above.

Respectfully submitted,

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Counsel for Petitioner Google LLC

CERTIFICATE OF COMPLIANCE WITH WORD COUNT AND FONT REQUIREMENTS

1. This petition complies with the type-volume limitation of Federal Rule of Appellate Procedure 21(d)(1). The body of the petition contains 7,730 words, excluding the portions exempted by rule.

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

Dated: August 4, 2020 /s/Dan L. Bagatell

Dan L. Bagatell

CERTIFICATE OF AUTHORITY

I certify that I have the authority of my co-counsel Charles K. Verhoeven to file this document with his electronic signature.

Dated: August 4, 2020 /s/Dan L. Bagatell

Dan L. Bagatell

PROOF OF SERVICE

I certify that on August 4, 2020, I caused a paper copy of this document to be sent by an express carrier to lead counsel for respondent Personalized Media Communications at the following address:

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I further certify that I caused courtesy electronic copies of this document to be sent to each counsel above and to the following additional counsel of record for Personalized Media Communications, LLC in the district court:

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I further certify that I caused a paper copy of this document to be sent by an express carrier to the presiding district judge at the following address:

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I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

Dated: August 4, 2020.

/s/Dan L. Bagatell
Dan L. Bagatell