No. 22-153

IN THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

IN RE MONOLITHIC POWER SYSTEMS, INC.,
Petitioner.

On Petition for Writ of Mandamus to the United States District Court for the Western District of Texas, Case No. 6:21-cv-00655-ADA, Judge Alan D. Albright

Corrected Brief of National Retail Federation as *Amicus Curiae* in Support of Rehearing En Banc

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CERTIFICATE OF INTEREST

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: 12/14/2022 Signature: /s/ Joseph Matal

Name: Joseph Matal

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.	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.
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National Retail Federation		

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).

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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).

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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).

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AUTHORITY TO FILE AND AUTHORSHIP

Petitioner and respondent have through their counsel consented to the filing of this *amicus* brief. In addition, the brief is accompanied by a motion seeking leave of the Court to file.

Amicus curiae and its counsel are the sole authors of the brief. No other party or person contributed funding in relation to the brief.

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INTEREST OF AMICUS CURIAE

The National Retail Federation ("NRF") is the world's largest retail trade association. Retail is by far the largest private-sector employer in the United States, supporting one in four U.S. jobs—approximately 52 million American workers—and contributing $3.9 trillion to the annual GDP.

Retailers and other main-street businesses are frequent targets of abusive patent litigation. In many cases, NRF's members are sued simply for selling or using a product or component that is manufactured by another party. In some judicial districts, courts routinely refuse to grant a "customer stay," *see Kerotest Mfg. Co. v. C-O-Two Fire Equipment Co.*, 342 U.S. 180 (1952), to such a retailer even when the manufacturer intervenes to defend its technology. Retailers, like most modern businesses, often employ at-home workers and maintain physical facilities that are only incidental to their business. NRF has a strong interest in the enforcement of statutory limits on patent plaintiff's venue choices, to minimize abusive litigation against its members.

ARGUMENT

Twenty-seven years ago, this Court was asked whether the presence within a district of employees who work from their homes is sufficient to lay venue against their employer under 28 U.S.C. § 1400(b). *See In re Cordis Corp.*, 769 F.2d 733 (Fed. Cir. 1985). The Court declined to answer the question, holding only that a "rational and substantial" argument could be made for such a position and thus mandamus relief was not warranted. *See id.* at 737. In reviewing the proceedings in this case, this Court was again asked this question—and again demurred.

It is past time that this Court established whether and under what conditions the presence of home-based employees creates patent venue. Uncertainty over this question, and the broader issue of whether incidental and non-public facilities make a business amenable to infringement litigation within a district, is affecting the planning decisions of hundreds of businesses and the lives of thousands of their employees. Rehearing of this case by the full Court would be particularly appropriate. It would afford the many and varied businesses that are affected by patent venue an opportunity to file briefs and fully apprise the Court of the relevant precedents and practical circumstances that weigh on this question.

I. General rule: a "regular and established place of business" is place where a substantial portion of the defendant's characteristic activities are performed.

The patent venue statute has remained substantively unchanged since its enactment in 1897. *See TC Heartland LLC v. Kraft Foods Grp. Brands LLC*, 137 S. Ct. 1514 (2017).

The Supreme Court has addressed the meaning of "regular and established place of business" only once. In *W.S. Tyler Co. v. Ludlow-Saylor Wire Co*., the Court held that a business's maintenance of an office for 18 months at which it kept a salesman who was also employed by another business and who only solicited (rather than consummated) sales was insufficient to create venue. 236 U.S. 723, 725 (1915). The opinion's only indication as to the relative importance of these factors is its citation to *Green v. Chicago, B & Q R Co*., 205 U.S. 530 (1907), which states that "solicitation" of sales is "not enough" to "constitute 'doing business.'" *Id.* at 533–34.

A survey of the subsequent century's caselaw interpreting *W.S. Tyler* and applying § 1400(b) reveals inconsistencies in the treatment of specific factors, yet also indicates a general rule.

Some courts, adhering to *Tyler*, have held that a small office that simply solicits orders is not enough.[1] Others, however, have held that a substantial office that for years solicited orders creates venue.[2] Some courts, emphasizing the requirement of a "place of *business*," have held that warehouses and storage facilities at which employees do not interact with the public are insufficient for venue[3]—while other courts have held that such places can create venue.[4] And many courts have held that the "place" identified in § 1400(b) must be a place of the *employer*,[5] and

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[1] *See, e.g.*, *General Radio Co. v. Superior Elec. Co*., 293 F.2d 949, 950 (1st Cir. 1961); *Johnson & Johnson v. Picard*, 282 F.2d 386 (6th Cir. 1960); *L.D. Schreiber Cheese Co., Inc. v. Clearfield Cheese Co., Inc*., 495 F. Supp. 313, 317–18 (W.D. Pa. 1980); *Elevator Supplies Co. v. Wagner Mfg. Co*., 54 F.2d 937, 938 (S.D.N.Y. 1931).

[2] *See, e.g.*, *Shelton v. Schwartz*, 131 F.2d 805 (7th Cir. 1942); *Urquhart v. American-La France Foamite Corp*., 144 F.2d 542, 543 (D.C. App. 1944).

[3] *See, e.g.*, *In re Google LLC*, 949 F.3d 1338, 1344 (Fed. Cir. 2020) ("[A] 'place of business' generally requires an employee or agent of the defendant to be conducting business at that place."); *CDx Diagnostic, Inc. v. U.S. Endoscopy Grp., Inc*., No. 13-CV-5669 (S.D.N.Y. May 24, 2018); *Peerless Network, Inc. v. Blitz Telecom Consulting, LLC*, No. 17-CV-1725, at *3, 4 (S.D.N.Y. Mar. 26, 2018).

[4] *See, e.g.*, *Smith v. Farbenfabriken of Elberfeld Co*., 203 F. 476 (6th Cir. 1913); *Seven Networks, LLC v. Google LLC*, 315 F. Supp. 3d 933 (E.D. Tex. 2018).

[5] *See, e.g.*, *In re Cray*, 871 F.3d 1355, 1363 (Fed. Cir. 2017) ("'the regular and established place of business' must be 'the place of the defendant'"—"the defendant must establish or ratify the place of business"); *IPCO Hospital Supply Corp. (Whaledent Intern. Division) v. Les Fils D'Auguste Maillefer S.A*., 446 F. Supp. 206, 208 (S.D.N.Y. 1978) (no venue when defendant "does not own, lease or control any place of business or 'physical location' within the [district]"); *Faberge, Inc. v. Schick Elec., Inc*., 312 F. Supp. 559, 561 (D. Del. 1970) (must be a place "over which [the defendant] exercises some measure of control."); *E. H. Sheldon & Co. v. Norbute Corp.*, 228 F. Supp. 245, 247 (E.D. Pa. 1964) ("In order that a defendant have a

thus the homes of employees do not suffice[6]—but other courts have held that a home office can be a basis for venue.[7]

The caselaw nevertheless yields two general rules that are consistent with and can reconcile the bulk of these decisions. First, "regular and established place" and conducting "business" are separate requirements. As one court has stated, "a

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'regular and established place of business' in a district it must have a regular establishment maintained, controlled and paid for by it.") (citing cases); *Brevel Prods. Corp. v. H & B Am. Corp*., 202 F. Supp. 824, 827 (S.D.N.Y. 1962) (the place "must be maintained and paid for by the defendant").

[6] *See, e.g.*, *American Cyanamid Co. v. Nopco Chemical Co*., 388 F.2d 818 (4th Cir. 1968); *University of Ill. Found. v. Channel Master Corp*., 382 F.2d 514 (7th Cir. 1967) ("We hold that we cannot by any stretch of the imagination characterize Nicolau's family bedroom or even his entire home as 'a regular and established place of business'"); *Automated Packaging Sys., Inc. v. Free-Flow Packaging Int'l, Inc*., at *9, No. 5:14–cv–2022 (N.D. Ohio Jan. 12, 2018) ("The servicing of customers by an employee in the district, without a ratification by the employer of the employee's home as a place of business, is not enough to establish that the employee's home constitutes the employer's place of business."); *BillingNetwork Patent, Inc. v. Modernizing Medicine, Inc.*, No. 17 C 5636, at *3 (N.D. Ill. Nov. 6, 2017) ("The statute clearly requires that venue be laid where the defendant has a regular and established place of business, not where the defendant's employee owns a home in which he carries on some of the work that he does for the defendant."); *Herbert v. Diagnostic Prods. Corp*., No. 85 Civ. 0856, at *4 (S.D.N.Y. 1986) (the view that home offices do not qualify "is the older line of authority and apparently the majority rule," and "is most faithful to the language of the statute").

[7] *See, e.g.*, *RegenLab USA LLC v. Estar Techs. Ltd*., 335 F. Supp. 3d 526, 549 (S.D.N.Y. 2018); *Minnesota Min. and Mfg. Co. v. Johnson & Johnson Products, Inc*., Civ. 4–86–359 (D. Minn. 1987); *Brunswick Corp. v. Suzuki Motor Co., Ltd*., 575 F. Supp. 1412 (E.D. Wis. 1983); *Shelter-Lite, Inc. v. Reeves Bros., Inc*., 356 F. Supp. 189, 192 (N.D. Ohio 1973).

corporation may conduct business without having an office in the district, and may have an office without conducting business." *Zimmers v. Dodge Bros*., 21 F.2d 152, 155 (N.D. Ill. 1927). Thus, the cases consistently analyze both the nature of the defendant's relationship to a particular parcel of real property and what types of activities are conducted at that property.

Second, a "regular and established place of business" is a place where a substantial portion of the defendant's characteristic activities are performed—*i.e.*, a headquarters or regional office. This rule, articulated in cases across the twentieth century, is not only in harmony with the bulk of the decisions but can reconcile even seemingly inconsistent ones.

Thus, courts have repeatedly held that a qualifying location under § 1400(b) must be a place where the defendant carries on "a substantial part of its ordinary business."[8] As one often-cited case from the early twentieth century elaborates, the activities carried on at the location must be characteristic of the business as a whole:

[8] *L.D. Schreiber Cheese Co., Inc. v. Clearfield Cheese Co., Inc*., 495 F. Supp. 313, 317-18 (W.D. Pa. 1980); *see also Rains v. Cascade Indus., Inc*., 258 F. Supp. 974, 976 (S.D.N.Y. 1976) ("To have a 'regular and established place of business' . . . there must be the carrying on of a substantial part of defendant's business on a permanent basis in a place which defendant controls."); *Mastantuono v. Jacobsen Mfg. Co*., 184 F.Supp. 178, 180 (S.D.N.Y. 1960) ("It must appear that a defendant is regularly engaged in carrying on a substantial part of its ordinary business on a permanent basis in a physical location within the district over which it exercised some measure of control."); *Zimmers v. Dodge Bros*., 21 F.2d 152, 156 (N.D. Ill.

> [A] "regular and established place of business" is a place where the same kind of business, in kind, if not in degree, is carried on as is done at the home office or principal place of business of the person or company involved—a place where the manufacturing or selling or other acts constituting the activities of the business are made or done, respectively, in the usual course, and contracts or deliveries are made to the general public; where orders of customers are received and attended to continuously at a fixed, permanent, "regular," "established" place; in short, a 'branch' of the business.

Winterbottom v. Casey, 283 F. 518, 521 (E.D. Mich. 1922).[9]

Conversely, "[m]erely incidental and collateral activities will not suffice." *Zimmers*, 21 F.2d at 156.[10] Thus activities "relating rather to the internal affairs of the corporation" are not sufficient, *id.*, nor is "maintain[ing] an office in the district to solicit orders, or for maintenance and repair of equipment, [or] the presence of sales representatives or supervisory personnel in the district."[11]

1927) ("The corporation must be engaged in carrying on in a continuous manner a substantial part of its ordinary business, to carry on which it was chartered.").

[9] *See also Zimmers*, 21 F.2d at 156 ("It is the manner, extent and character of the activities of the corporation in the district of suit which is determinative.").

[10] *See also Elevator Supplies Co. v. Wagner Mfg. Co*., 54 F.2d 937, 938 (S.D.N.Y. 1931) ("[S]oliciting business and doing things incidental to procuring orders for goods manufactured and sold by such corporation in another jurisdiction, does not constitute the maintenance of a regular and established place of business.").

[11] *L.D. Schreiber*, 495 F. Supp. at 317 (citing cases); *see also Zimmers*, 2 F.2d at 157 ("Advertising, good will operations, maintenance of an office, listing its name in the telephone directory, or having its name on a door, while material, do not necessarily constitute 'doing business.'").

The cases also particularly compare the defendant's activities in the target district to its overall business activities. Thus the *Zimmers* court asked whether, "if the district representative in the case at bar should be removed from this district," would "the established business of the defendant . . . be appreciably or substantially affected." 21 F.2d at 157. Another court, in declining to find venue, emphasized that the defendant "maintained a number of other branch offices in different states, but not in" the district where the action was filed. *Johnson & Johnson v. Picard*, 282 F.2d 386, 388 (6th Cir. 1960). And yet another rejected as apparent forum shopping an effort to lay venue against salesmen in the court's district when both the defendant and plaintiff were headquartered in another state.[12]

In sum, when suit is filed in a district other than where the defendant is headquartered or based, courts historically have looked to whether a fixed place at the district performs a substantial portion of the work that is characteristic of the business. In other words, is the local facility the equivalent of a branch office?

[12] *See Cutler-Hammer Mfg. Co. v. Curtis & Carhart*, 296 F. 117, 119 (2nd Cir. 1924) ("The inference is irresistible that plaintiff, whose patent has been sustained by this court, preferred this circuit for further vindication of rights, against even trivial alleged offenders, rather than proceeding against the admitted maker and seller next door. This effort must fail.").

II. Specific rule: a home is not a "regular and established place of business" when a company principally operates from physical offices.

The general rule that the target location must represent "a substantial part of [the defendant's] ordinary business," *Zimmers*, 21 F.2d at 156, yields a straightforward result in this case. Monolithic Power, which makes and sells power circuits, has regional headquarters in California, Washington, and Michigan, but only a handful of home-based employees in the Western District of Texas. It thus lacks a regular and established place of business in the latter district.

This general rule is also consistent with the holdings of some courts that have allowed a home office to create venue. It accords with the Southern District of New York's decision in *RegenLab*, which found venue because "all [the defendant's] employees work from home," and thus "home offices constitute a primary physical location for [the defendant's] business." 335 F. Supp. at 549. It also accords with the many decisions declining to create venue out of home offices.[13] Similarly, such a rule is consistent with the many decisions declining to create venue based on a warehouse or equipment facility,[14] but is consistent with the Sixth Circuit's venue-affirming decision in *Farbenfabriken*, in which a non-public warehouse was the defendant's *only* physical facility. *See* 203 F. 476 at 476.

[13] *See supra* n. 6.

[14] *See supra* n. 3.

III. This court should rehear more patent cases en banc.

Finally, it can hardly escape the patent community's notice that no patent case has had full rehearing en banc at this Court since *Aqua Prods., Inc. v. Matal*, 872 F.3d 1290 (Fed. Cir. 2017). This is a loss to patent law. Indeed, even if a case is ultimately decided by the Supreme Court, it would benefit from the full consideration and views of the court that is uniquely familiar with patent cases. And as one district court addressing home-office venue has noted, "[t]he new court was designed, in part, to iron out doctrinal inconsistencies"—and "[t]he patent venue statute involved here demonstrates just such a need for nationwide uniformity." *Brunswick*, 575 F. Supp. at 1424 n.5.

Respectfully Submitted,

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1. This brief complies with the type-volume limitation of Fed. Cir. R. 35(g)(3) because:

■ this brief contains **2,557** words, excluding the parts of the brief exempted by Fed. R. App. P. 32(f) and Fed. Cir. R. 32(b)(2).

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/s/ Joseph Matal
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