No. 2020-144

UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

IN RE: GOOGLE LLC,

Petitioner

On Petition for 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

RESPONSE TO PETITION FOR WRIT OF MANDAMUS

JOSEPH S. GRINSTEIN
Susman Godfrey LLP
1000 Louisiana Street
Suite 5100
Houston, Texas 77002
(713) 651-9366
jgrinstein@susmangodfrey.com

MENG XI
Susman Godfrey LLP
1900 Avenue of the Stars
Suite 1400
Los Angeles, California 90067
(310) 789-3100
mxi@susmangodfrey.com

ARUN SUBRAMANIAN
TAMAR LUSZTIG
GENG CHEN
Susman Godfrey LLP
1301 Avenue of the Americas
32nd Floor
New York, New York 10019
(212) 336-8330
asubramanian@susmangodfrey.com
tlusztig@susmangodfrey.com
gchen@susmangodfrey.com

Attorneys for Respondent Personalized Media Communications LLC

August 12, 2020

CERTIFICATE OF INTEREST

Pursuant to Federal Circuit Rule 47.4(a) and Federal Rule of Appellate Procedure 26.1, counsel for Respondent certifies the following:

1. The full name of every party represented by the undersigned counsel in this matter is Personalized Media Communications, LLC.

2. There are no other real parties in interest represented by the undersigned counsel.

3. There are no parent corporations or any publicly held companies that own 10% or more of the stock of the party represented by the undersigned counsel in this matter.

4. The names of all law firms and the partners or associates that appeared for the party now represented by the undersigned counsel in the trial court are Rachel Black, Geng Chen, Joseph S. Grinstein, Tamar Lusztig, Patrick Redmon, Floyd Short, Arun Subramanian, and Meng Xi, all from Susman Godfrey LLP; Andrey Belenky and Dmitry Kheyfits from Kheyfits Belenky LLP; Sidney Calvin Capshaw, III, and Elizabeth L. DeRieux from Capshaw Derieux LLP; and Timothy R. DeWitt from 24IP Law Group USA, PLLC.

5. *Personalized Media Communications, LLC v. Google LLC*, Case No. 2:19-cv-00090-JRG, currently pending in the U.S. District Court for the Eastern District of Texas, is a related case and will be directly affected by this Court's decision in this matter.

6. This matter does not concern any organizational victims or bankruptcy proceeding.

Dated: August 12, 2020

/s/ *Joseph S. Grinstein*
Joseph S. Grinstein

Counsel for Respondent

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TABLE OF ABBREVIATIONS

Appx___	Appendix page ___
CTDI	Communications Test Design, Inc.
District	Eastern District of Texas
Eastern District	Eastern District of Texas
Flower Mound facility	CTDI's facility in Flower Mound, Texas
FRAP	Federal Rule of Appellate Procedure
Google	Petitioner Google LLC
Google-I	*In re Google LLC*, 2018 WL 5536478 (Fed. Cir. Oct. 29, 2018).
Google-II	*In re Google LLC*, 949 F.3d 1328 (Fed. Cir. 2020)
ISA	Inbound Services Agreement between CTDI and Google dated August 15, 2017
ISP	Internet service provider
PMC	Respondent Personalized Media Communications, LLC
Restatement	Restatement (Third) of Agency (2006)
SOW	Google's Statement of Work for CTDI, dated May 15, 2018
SuppAppx____	Supplemental Appendix page ____

RELATED CASES

No appeals in or from the same civil action in the lower court have previously been before this or any other appellate court.

INTRODUCTION

Just last year, Google asked this Court to exercise its mandamus authority to rescue it from another venue ruling, arguing that a ***different set*** of its contacts in the Eastern District of Texas was not sufficient to give rise to a "regular and established place of business." Google did not then tell this Court about its extensive hardware-servicing arrangements with CTDI, located in Flower Mound, Texas, and Google only grudgingly produced documents about CTDI in this case. Why? The district court's appraisal of Google's conduct before it and this Court was set forth in the order under review: "These recitals raise serious questions about the candor of Google and its counsel with the Circuit Court and serious questions about their good-faith compliance with their discovery and disclosure obligations before the trial court." Appx5 at n.1. Google should not be permitted to invoke this Court's mandamus procedures by applying for review every time a litigant manages to discover another aspect of its wide-ranging business that it previously managed to obscure.

The evidence revealed ***in this case*** demonstrates that venue over Google is unquestionably proper. It shows that Google deliberately

contracted with CTDI to receive, service, store, and send to its customers its devices—core products it offers to customers—at a facility within the District. Google controls ***every*** aspect of CTDI's services, specifying *where* its devices must be serviced (within the district); *how* CTDI must perform the repair, refurbishment, warehousing, and shipping work, which are subject to Google's unilateral changes; and even ***holding CTDI out as Google*** by hiding CTDI's identity on packages shipped to and from CTDI which only bear Google's—not CTDI's—identification. Google even refers to CTDI as "us" on its webpages, seeking to hide CTDI's existence from not only Google's customers, but also litigants.

The district court made a correct and fact-bound determination in finding CTDI to be an "agent of [Google] conducting [Google's] business" in the District, tethered to the unique facts of Google's relationship with CTDI, and applying the standards set forth in *In re Cray, Inc.*, 871 F.3d 1355 (Fed. Cir. 2017) and *In re Google LLC*, 949 F.3d 1328 (Fed. Cir. 2020) ("*Google-II*"). The district court faithfully marched through the factors that this Court has held govern the venue inquiry and found that Google's arrangement with CTDI bears numerous hallmarks of an agency relationship. There is no error, let alone the type of "clear error"

or "abuse of discretion" that Google must show to warrant extraordinary mandamus relief.

Google also seeks a stay pending the Court's resolution of its petition. That request is procedurally and substantively flawed. Google did not file a separate motion, violating Federal Circuit Rule 27(g). And Google is itself responsible for the urgency that it points to. Rather than move for an early stay pending resolution of the venue question, ***Google waited 13 months***—after discovery was closed and trial was three months away—to first seek a stay. Finally, to warrant any stay, Google must make a "strong showing" of a likelihood of success on the merits. It cannot do that here, especially where success is measured against the tremendous burden Google faces in securing mandamus relief.

This petition concerns the specific relationship between one defendant and one service provider. The decision finding agency was a "targeted ruling" based on the unique facts of the case—nothing else. Appx12. There is no split of authority or disagreement among district courts regarding "agency" for purposes of patent venue, and there are no far-flung ramifications from the decision because no two contractual relationships are the same. The district court's resolution of the facts—

facts that could have, but were not, raised by Google in its prior mandamus petitions to this Court—was correct, followed this Court's standards, and was eminently reasonable. The petition should be denied.

COUNTERSTATEMENT OF FACTS

I. The Parties and Their Principal-Agency Relationship

In 2017, Google contracted with CTDI to repair, refurbish, warehouse, and ship Google-brand devices for Google and its customers. Appx136-191 (SOW) & Appx162 (Ex. A: Products). Google directed CTDI to provide its services at a physical building located at "700 Lakeside Parkway, Flower Mound TX 75028[,]" and prohibited "[a]ny change to the Location for performance of a Service set out above" unless "agreed to in writing by the parties through an amendment to this SOW." Appx142 §6.2. The SOW further requires CTDI to provide a "Google Secured Area" within the facility with "walls from floor to ceiling" and "video monitoring and recording of all access points, as well as badge access limited solely to [CTDI] employees authorized to work with Google products." *Id.*; Appx 177 (Ex. G) ¶5. CTDI must supply "one or more secured cages" where Google products are stored and ensure that all of its services are "fully separate from other operations and other third-party products[.]" *Id.*

CTDI has continuously provided the repair, refurbishment, warehousing, and shipping services at the Flower Mound facility since the SOW was executed in May 2018. *See* Appx136, Appx207-08. The SOW expires in 2021. *Id.*

Moreover, Google maintains contractual control over the Flower Mound facility, where it (1) pays for certain equipment, Appx195 at 152:10-16; (2) requires CTDI to provide specific security measures such as "metal detectors," "alarms and cameras," and employee screening, Appx177 ¶¶3, 9; Appx208-09, 247:15-48:3; (3) reserves the right to conduct audits, Appx209-10, 250:17-51:4; and (4) regularly sends Google employees for business purposes, *see* Appx196-99.

Google also controls how CTDI performs services under the SOW, including how it receives, diagnoses, repairs, warehouses, packages, and ships the Google-branded devices. That control begins from the moment CTDI "take[s] receipt" of the devices. Appx143 §6.5 ("[CTDI] will report to Google the received number of Returned Products . . . multiple times during the day."). Google prescribes each step of CTDI's services, retaining for itself the right to make numerous changes *unilaterally*. *See* Appx145 §6.6 (part-number changes), §6.7 (data-wipes), §6.8 (testing and

triage); Appx146-47 §6.9 (warranty review and refurbishment); Appx149 §6.10(A) (labeling and packaging); Appx150 §6.11 (warehousing), §6.12 (shipping). The SOW further requires CTDI to "collect data and deliver reports to Google," Appx153 §6.14, including twenty-plus types of reports, some to be delivered to Google "[d]aily." Appx169 (Ex. E). CTDI must also "appoint an account representative to work with Google on all Service-related issues[,]" "conduct a bi-weekly call with Google" regarding "trends in recurring failures[,]" and "dedicate[] [human] resources" for Google. Appx156-58 §9.1; Appx190 (Ex. M.)

Importantly, Google also has the right to give CTDI interim instructions over nearly every aspect of CTDI's work, such as what level of refurbishment CTDI will perform, how to perform functionality testing, and how to apply identifying marks to defective products—down to the information CTDI must include on packaging, which Google may unilaterally "add [to], remove, or amend." *See, e.g.*, Appx139 §5 (Google to "determine" the specifications of the "Google Secured Area," including what measures CTDI takes to "protect the confidentiality" of Google's technology); Appx177 (Ex. G) (Google may "update" "from time to time" any security requirements which CTDI must implement); Appx146

§6.8(A)(ii) (Google to "instruct" CTDI regarding functionality testing), §6.8(F) (Google to "direct" CTDI how to "perform" services for "certain Returned Products"); Appx151 §6.12(D)(iv) (Google "reserves the right to directly engage, from time to time, with freight carriers for the purpose of shipment" of products); Appx155 §8.1(D) ("[A]t [Google's] sole discretion, direct [CTDI] to purchase materials from a third party vendor on Google's Authorized Vendor List[.]"); Appx157 §9.1(C) (Google may "require [CTDI] to install . . . all additional equipment required by Google for the performances of Services."). Google's expansive right to control CTDI's work and to provide interim instructions is perhaps best illustrated by §6.15(A) of the SOW, under which CTDI "shall implement" ***all*** "changes to the Services requested by Google," as long as the changes do not, *inter alia*, "have an adverse effect on [CTDI's] costs in providing the Services." Appx153.

Finally, Google holds out the Flower Mound facility for its own business, telling its customers to send their devices "to us" at that location, *see* Appx217-19, and indicating "Google" is the provider of such repair services, *see* Appx221-22. It also requires CTDI to ship devices to

Google customers in packaging without CTDI's name but with the Google "'G' logo." Appx210-14.

II. Procedural History

After Google moved to dismiss the case for improper venue on June 6, 2019, PMC took venue-related discovery. SuppAppx445-48. Despite PMC's request for "all documents relevant to any other Google operations or server locations in the Eastern District of Texas," SuppAppx447 ¶10, Google initially produced no information relating to CTDI. PMC then conducted an independent tax record search for Google-controlled property, which confirmed that Google failed to produce certain documents regarding other (non-CTDI) Google operations in the District. SuppAppx450-52. PMC requested those documents from Google, and they suggested, for the first time, the existence of CTDI and the Flower Mound facility. SuppAppx454. Google was not forthcoming with any CTDI information until PMC specifically demanded them. SuppAppx456-78. The documents Google produced during the last week of venue discovery finally revealed the nature of Google's Flower Mound presence—which Google never volunteered, despite its discovery obligations. They also showed that Google had been operating in Flower

Mound at the time *Google-II* was being briefed and argued before this Court.[1]

Google did not file a motion to stay when it first filed its venue motion, nor when *Google-II* was decided by this Court. Google waited until July 2, 2020—just 11 days before the scheduled hearing on its motion—to move to stay the case, on the sole basis that it wished to "prevent[] the parties from expending potentially unnecessary and/or duplicative resources." Appx443. PMC filed a response on an expedited basis, SuppAppx479-83, and the district court added that motion to the same July 13 hearing date as the motion to dismiss. SuppAppx488. On July 16, the district court issued its order denying the motion to dismiss and mooting the stay motion. Appx1-13. Since that time, Google has filed no stay motion with the district court.

[1] Surprisingly, even after footnote one in the district court's order, Appx5, Google excluded from the Appendix four exhibits relating to its discovery resistance that were attached to PMC's opposition to Google's motion to dismiss, which PMC now submits in the Supplemental Appendix. SuppAppx445-78. Google also excludes from the Appendix the transcript of the hearing on Google's motions to dismiss and to stay, from which footnote one excerpted. SuppAppx496-540 at 34:14-24.

ARGUMENT

I. No "Special Circumstances" Exist to Justify Mandamus

Mandamus review is not available unless a petitioner can overcome the heavy burden of demonstrating a lack of "adequate alternative" means to obtain the desired relief. *In re ZTE (USA) Inc.*, 890 F.3d 1008, 1010 (Fed. Cir. 2018) (citing *Mallard v. U.S. Dist. Court for the S. Dist. of Iowa*, 490 U.S. 296, 309 (1989)). In addition, the petitioner must show that "the right to issuance of the writ is clear and indisputable." *Bankers Life & Cas. Co. v. Holland*, 346 U.S. 379, 384 (1953).

In accordance with *Bankers Life*, this Court has made clear that mandamus ordinarily is unavailable for review of rulings on motions under 28 U.S.C. §1406 asserting lack of venue under §1400(b); a post-judgment appeal generally is an adequate remedy. *See In re HTC Corp.*, 889 F.3d 1349, 1352-54 (Fed. Cir. 2018); *In re Google LLC* ("*Google-I*"), 2018 WL 5536478, at *2 (Fed. Cir. Oct. 29, 2018). Absent "special circumstances justifying mandamus review of certain basic, unsettled, recurring legal issues over which there is considerable litigation producing disparate results," the Court must deny Google's petition. *In re Micron Tech., Inc.*, 875 F.3d 1091, 1095 (Fed. Cir. 2017); *ZTE*, 890 F.3d

at 1011; *Cray*, 871 F.3d at 1359-60.

The sole reason Google offers for why an appeal would be inadequate is the expense and effort associated with trial. *See* Pet. at 32. That is not enough; indeed, this Court rejected the same argument in another §1406(a) case. *See HTC*, 889 F.3d at 1354 ("Petitioner's only argument is that it should be able to avoid the inconvenience of litigation by having this issue decided at the outset of its case. This is insufficient, and there is no other indication that Petitioner cannot be afforded adequate relief on appeal.").

The two issues Google has identified as comprising "special circumstances" do not implicate any "basic, unsettled, recurring legal issues" that warrant the Court's immediate attention. Google asks the Court to address "when does an independent third-party service provider qualify as an 'agent' of the defendant." Pet. at 15. That question is not even raised by the petition, given that the district court did not enter any ruling broadly holding service providers are agents, but rather focused on the extensive record demonstrating Google's control of the specific provider, CTDI, in this case. The legal standards applicable to this case are also not in dispute or unsettled, as this Court addressed them just six

months ago, noting that the Restatement should be consulted in patent venue cases concerning the agency relationship. *Google-II*, 949 F.3d at 1345-46. The district court followed this Court's directives, *see* Appx5-11, and its garden-variety application of settled agency law to a factually-intensive inquiry deserves no immediate review and is worlds apart from the type of precedent-setting issues presented in cases like *Cray* and *Google-II*.

Google also asks the Court to clarify when an agent's activities constitute a "business of the defendant" and are not merely ancillary. Pet. at 15. That issue needs no clarification, because the Court also answered that precise question in *Google-II*, 949 F.3d at 1345-47, and Google has not offered evidence of any subsequent confusion among courts. Further, if Google's complaint is its own lack of certainty, then its failure to disclose its contacts with CTDI in its last mandamus petition is the source.

What Google is really asking is for this Court to overturn a case-specific and fact-bound application of this Court's announced standards that is unfavorable to Google. That is outside the purpose of mandamus. *Schlagenhauf v. Holder*, 379 U.S. 104, 112 (1964) ("The writ of

mandamus is not to be used when 'the most that could be claimed is that the district courts have erred in ruling on matters within their jurisdiction.'").

Indeed, for the same reasons stated by this Court in denying yet another mandamus petition by Google, review should be denied here because there is not an "almost-even disagreement [about these issues] among a large number of district courts." *Google-I*, 2018 WL 5536478, at *3. Here, Google does not even attempt to identify any split of authority or disparate results, but rather admits the issues it identifies are prospective only.[2] Pet. at 15.

[2] The CCIA identified four district court cases that purport to wrestle with similar issues. CCIA Br. at 14. Not so for these cases decided ***before*** *Google-II*. In *Zaxcom, Inc. v. Lectrosonics, Inc.*, No. 17-cv-3408, 2019 WL 418860, at *2, *6 (E.D.N.Y. Feb. 1, 2019) and *Tour Tech. Software, Inc. v. RTV, Inc.*, 377 F. Supp. 3d 195, 208 (E.D.N.Y. 2019), no venue was found where the contractors retained significant control over how services were performed, and were free to set their own pricing. *BASF Plant Sci., LP v. Commonwealth Sci. & Indus. Research Org.*, No. 2:17cv503, 2019 WL 2017541 (E.D. Va. May 7, 2019), concerned the "acts of infringement" prong of §1400(b), not at issue here. And *Modern Font Applications v. Peak Rest. Partners*, No. 2:19cv221, 2020 WL 1692744 (D. Utah Apr. 7, 2020), scrutinized the relationship between a company and its subsidiaries.

Nor can Google establish that the district court's ruling is so patently erroneous or clearly an abuse of discretion as to invite an instructional writ. *Google-I*, 2018 WL 5536478, at *2. As in *Google-I*, "the district court [here] focused on many specific details of Google's arrangements and activities, . . . and examined those details under the specific language of the statute and of this court's decision in *Cray*," in *Google-II*, and consulted the Restatement. *Id.* Because the district court "also closely examined a wide range of relevant legal authority" to arrive at a well-reasoned ruling, mandamus review cannot be justified. *Id.* (citation omitted). This is not a case like *In re TS Tech Corp.*, where the district court "ignored" a factor in the relevant venue analysis and "clearly" contravened circuit precedent. 551 F.3d 1315, 1319 (Fed. Cir. 2008).

Google and amici caution against a parade of horribles that will result if the Court denies review, including the usurpation of consumer-product warranties of "almost every kind," the unfairness of subjecting "a broad range of defendants to suit in far-flung venues," and an erosion of trust in the system for the service of process. Pet. at 16; ACT Br. at 6-7, 15-17; CCIA Br. at 11-15. This ignores the district court's careful

emphasis that its "targeted ruling" is confined to the unique "facts and circumstances" of this case, Appx12, which is focused on an unusual contractual relationship the terms of which are wholly controlled by Google itself.[3] While Google's industry-aligned amici fear that, absent mandamus, "a flood of patent infringement cases filed based on an incorrect understanding of patent venue will flow into the Eastern District," CCIA Br. 16, they cite ***zero*** examples of any of their members' repair facilities in the District (or anywhere else, for that matter), nor do they show their members' contracts are meaningfully similar to the one between Google and CTDI.

II. The District Court Correctly Applied *Cray*, *Google-II*, and Agency Principles

Under §1400(b), "[a]ny civil action for patent infringement may be brought in the judicial district . . . where the defendant has committed acts of infringement and has a regular and established place of business." As for the requirement that "the defendant . . . has a regular and established place of business," this Court's decision in *Cray* held that a

[3] The district court's ruling is unlikely even to have sustained impact on Google, given that its contract with CTDI expires in 2021.

"regular established place of business" under the patent venue statute must be: (1) "a physical place in the district"; (2) "a regular and established place of business"; and (3) "the place of the defendant." 871 F.3d at 1360.

In *Google-II*, this Court recently clarified the first and second *Cray* factors. First, it held that "a physical place in the district" is "not restricted to real property that the defendant must own or lease," but could be "satisfied by any physical place that the defendant could possess or control." 949 F.3d at 1343 (citing *Cray*, 871 F.3d at 1363) (quotation marks omitted). Second, the Court concluded that "a regular and established place of business" requires "the regular, physical presence of an employee or other agent of the defendant conducting the defendant's business at the alleged place of business." *Id.* at 1345.

The district court acknowledged these decisions and principles, and applied them to the facts of this case, concluding that the "Flower Mound Facility is a regular and established place of business of Google" under *Cray* and *Google-II*. Appx3. Contrary to Google's assertion that the district court committed error in "narrow[ly] focus[ing] on details of CTDI's contract with Google," Pet. at 17, the district court properly

undertook a factually intensive analysis of the Google-CTDI relationship in rendering its conclusion.

A. The Flower Mound Facility is "A Physical Place Within the District"

Google does not seriously challenge the district court's finding that the Flower Mound facility satisfies the first *Cray* factor. The Flower Mound facility is a physical location in the Eastern District, and as the district court pointed out, the SOW even specifies a "defined space," called the "Google Secured Area," within the facility where CTDI must conduct its work. Appx3-4. Further, the "Google Secured Area" must "have walls from floor to ceiling," "be fully separate from [CTDI's] other operations," and "cannot be moved outside of the Flower Mound Facility without the express written consent of Google." Appx4.

To manufacture an argument, Google asserts that PMC must prove that Google "owns or operates the Flower Mound facility." Pet. at 18. *Cray* does not require that Google *itself* own or operate the location. Indeed, §1400(b) requires only that "the defendant . . . ***has*** a regular and established place of business . . . in the judicial district" and this Court has clarified that a defendant's "use[] [of] its employees' homes"—which

the defendant does not own, operate, or lease—"to store its 'literature, documents and products' and, in some instances, . . . distribution centers[] storing inventory" can be sufficient. *Cray*, 871 F.3d at 1362 (citing *In re Cordis Corp.*, 769 F.2d 733, 735 (Fed. Cir. 1985)). Similarly, this Court explained in *Google-II* that "any physical place that the defendant could possess or control"—even a "leased shelf space or rack space" from a third-party for its servers—may be a place of business under the statute. 949 F.3d at 1343-44 (citing *Tinnus Enters., LLC v. Telebrands Corp.*, 6:17-cv-170, 2018 WL 4560742, at 4* (E.D. Tex. Mar. 9, 2018), *adopted by*, 2018 WL 4524119 (E.D. Tex. May 1, 2018)).

B. Flower Mound Facility Is "A Regular and Established Place of Business"

Six months ago, this Court held the second *Cray* factor is satisfied by the "regular, physical presence of an employee or other agent of the defendant conducting the defendant's business." *Google-II*, 949 F.3d at 1345. The district court followed this standard and applied it to the unique facts of the case to find: (1) CTDI is Google's agent for purposes of venue, and (2) CTDI's work in repairing, storing, and refurbishing Google's products is part of Google's business, not "tangential" to it. *See*

Pet. at 19-31. Google does not identify any misapplication of the law by the district court; it merely disagrees with the court's factual conclusions.

1. CTDI is Google's Agent

In *Google-II*, the Court enumerated three essential elements of agency: (1) the principal's right to direct or control the agent's actions, (2) the manifestation of consent by the principal to the agent that the agent shall act on his behalf, and (3) the consent by the agent to act. 949 F.3d at 1345. The Court also noted that "[t]he power to give interim instructions distinguishes principals in agency relationships from those who contract to receive services provided by persons who are not agents." *Id.* at 1345-46 (citing Restatement §1.01 cmt. f(1)). Google challenges only the district court's determinations under the first element, and the power to give interim instructions. Pet. at 23-27.

a. Google's Right to Direct, Control, and Give Interim Instructions to CTDI Establishes Agency

Google attacks the district court's finding that "[t]he SOW is replete with provisions affording Google the right to give interim instructions to CTDI." Appx5-8. Google argues that the district court confused the right to give *prospective* directions for the power to exert "immediate and

ongoing" control throughout the duration of the principal-agent relationship. Pet. at 24.

To the contrary, the district court carefully enumerated provisions that grant Google the ability to give new and different orders to CTDI ***at any time after*** the formation of the contract, because they bear the hallmarks of an agency relationship. Appx6-8.

- Most fundamentally, "Google may change the levels of refurbishment ***at any time*** with written notice . . . [CTDI] will implement such changes." Appx147 §6.9(B)(i);
- "[CTDI] **will change** the Part Numbers of all the Returned Products (***as directed by Google***)." Appx145 §6.6;
- "Google ***may require*** [CTDI] to add, remove, or amend any of the above information on labelling. [CTDI] will implement all labeling changes notified to it by Google ***within 5 (five) Business Days of such notification***." Appx149 §6.10(B);
- "Google ***may direct*** [CTDI] to warehouse Products at one of its Locations for a specified period of time." Appx150 §6.11(C);
- "The accessories or any other materials which do not form any incoming Returned Product and which do not have any associated RMA will be quarantined by [CTDI] for disposal or reuse, ***as instructed by Google***." Appx143 §6.5(A);
- "[CTDI] may provide Kitting Services . . . ***in accordance with Google's instructions.***" Appx 149 §6.10(D);
- "Google ***may request*** [CTDI] to locate and ship received individual or multiple Product(s) to a specified address." Appx150 §6.11(E);

- "***Upon request***, [CTDI] will report to Google the data wipe outcome . . . . [CTDI] will also store and maintain all data wipe records . . . and produce such records ***for Google upon request***." Appx145 §6.7(B);[4]
- "[CTDI] will install the latest version of the operating system . . . ***as instructed by Google***." Appx145 §6.8(A)(ii);
- "[CTDI] will perform basic functionality testing . . . ***with instructions provided by Google***." Appx146 §6.8(A)(iii); and
- "[CTDI] will mark the Returned Product as IW Product ***in accordance with Google's instructions***[.]" Appx146 §6.9(A)(i).

The foregoing provisions from the SOW plainly include Google's ***right*** to give immediate and ongoing instructions to CTDI "from time to time" as contemplated by the contract and at any time during its duration or the parties' relationship. *See, e.g.*, Appx146 §6.9. Whether or not there is "evidence" that Google in fact exercised that right is irrelevant. *See* Pet. at 25; Restatement §1.01 cmt. c (An agency relationship exists if "the principal has the ***right*** throughout the duration of the relationship to

[4] Google also argues that the provisions requiring CTDI to "send Google regular reports on its activities and performance . . . do not constitute interim instructions or directions by Google." Pet. at 25. That is beside the point. Rather, the regular and continual reporting from CTDI arms Google with the information needed by Google to provide the interim instructions set forth in other parts of the contract. *See* SuppAppx524-26.

control the agent's acts." (emphasis added)). And of course, Google is responsible for the state of the record on this issue given that it avoided disclosing its arrangement with CTDI until the last week of venue discovery.

Next, Google argues that because the ISA includes a boilerplate "No Agency" clause, CTDI cannot be Google's agent. Pet. at 23. The district court properly rejected this argument because parties' own statements in a contract are not dispositive as to the existence of any agency relationship. *Id.*; Appx10 (citing *Pac. Gas & Elec. Co. v. United States*, 838 F.3d 1341, 1359 (Fed. Cir. 2016) ("[I]t is well established that parties' statements in a contract are not dispositive as to the existence of an agency relationship. The key to the existence of an agency relationship is not any characterization in a contract, but rather is set forth in section 1.01 of the Restatement of Agency.")). The district court's decision finds further support in the Restatement, which explains that the presence of agency disclaimers "in an agreement is not determinative and does not

preclude the relevance of other indicia of consent." §1.02 cmt. b.[5] Moreover, the district court correctly found that "the SOW, [which] expressly controls over any conflicting language in the ISA, . . . demonstrates all the essential elements of an agency relationship, including Google's extensive right of interim control." Appx10.

Third, Google suggests that the "quality control standards" and the level of detail in the SOW "typify" those of arms-length contracts that do not create agency relationships. Pet. at 24. But Google did not put any of these purportedly typical contracts into the record, likely because any acute differences between other contracts and the SOW would only highlight the tight control Google exercises over CTDI. Nor does Google (or amici) offer evidence of what *agent* service-provider contracts look like

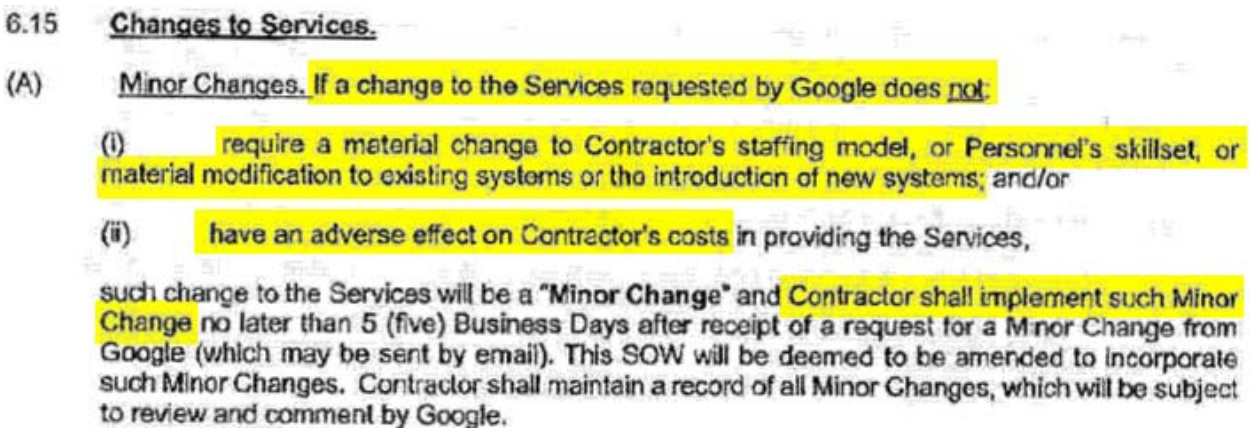
[5] Google and amici make much of the term "independent contractor," but the Restatement ascribes no legal relevance to it, finding "independent contractor" and "agent" to be "equivocal in meaning and confusing in usage because some termed independent contractors are agents while others are nonagent service providers." §1.01 cmt. c. Accordingly, the Restatement has declined to use the term, but notes that the Restatement (Second) Agency §2(3) defined it as "a person who contracts with another to do something for him but who is not controlled by the other nor subject to the other's right to control with respect to his physical conduct in the performance of the undertaking. He ***may or may not be an agent***." *Id.*, Rptr's Note c (emphasis added).

compared to the CTDI contracts.

Fourth, Google asserts that the provisions relied upon by the district court to find agency are run-of-the-mill "warranty-service contract provisions," which do not constitute interim instructions, but instead reflect an ever-evolving scope of services that CTDI is contracted to provide. Pet. at 25-26. Google references no authority for this contention, and fails to even explain or identify what other contract provisions it is referring to or how they compare. In any event, a contract like the SOW which grants Google the authority to give "constantly evolving" or "ongoing" orders to CTDI is plainly emblematic of agency under *Google-II*. 949 F.3d at 1345-46.

Lastly, Google does an about-face from its previous position that the district court was wrong to "focus on cataloguing Google's [innumerable] prerogatives under the contract." Pet. at 27. It now argues that these cited provisions allowing for only "minor requests" "confirm that Google *lacks* day-to-day control" because it cannot make any "major or material change to CTDI's services [without] a contractual amendment." Pet. at 26-27 (emphasis original). In making this argument, Google plays games with the words "major" and "minor," the latter of which is defined in the

SOW:



6.15 **Changes to Services.**

(A) Minor Changes. If a change to the Services requested by Google does not:

(i) require a material change to Contractor's staffing model, or Personnel's skillset, or material modification to existing systems or the introduction of new systems; and/or

(ii) have an adverse effect on Contractor's costs in providing the Services,

such change to the Services will be a "**Minor Change**" and Contractor shall implement such Minor Change no later than 5 (five) Business Days after receipt of a request for a Minor Change from Google (which may be sent by email). This SOW will be deemed to be amended to incorporate such Minor Changes. Contractor shall maintain a record of all Minor Changes, which will be subject to review and comment by Google.

Appx153 §6.15(A) (highlighting added). Except for a small set of changes that would "adverse[ly] [a]ffect" CTDI's bottom line, ***all*** of Google's change orders and interim instructions "shall [be] implement[ed]" by CTDI within five business days and "will be deemed . . . incorporate[d]" in the contract itself *without contest or input* by CTDI. *Id.* Contrary to Google's suggestion, this provision demonstrates the formidable degree of *control* Google has over CTDI as its principal. As the agent, CTDI has no discretion to refuse *any* direction or instruction—interim or otherwise—from Google *unless* it would negatively affect CTDI's profitability. Google has cited no authority for the incredible suggestion that an agency relationship may only be found if CTDI must agree to

everything Google asks, even if what Google asks would bankrupt CTDI.[6]

b. Agency Law Does Not Require Transacting or Interacting with Third Parties

Google next argues that an agency finding is precluded here because CTDI does not transact business or otherwise interact with consumers in the Eastern District. Pet. at 21. Google contends that the Restatement requires "a non-employee agent to represent the principal in interactions with third parties." *Id.* at 20. Google also insists that "an essential characteristic of an agency is the power of the agent to commit [its] principal to business relationships with third partie[s]." Pet. at 20-21. Google's arguments are wrong both legally and factually, and the record before the district court showed that CTDI did, in fact, interact and transact with Google's customers and legally bind Google to them.

[6] Amicus likewise argues that the profitability clause precludes agency because as a fiduciary, an agent "must put the interest of the beneficiary ahead of its own," and thus should agree to non-minor changes even in the face of financial ruin. CCIA Br. at 7-8. By this faulty logic, counsel for Google should be forced to work for Google for free because, owing a fiduciary duty to Google, they are bound to put Google's interests ahead of their own finances. There is no support in the law for the idea that a fiduciary exists in a form of indentured servitude.

Appx8-10.

First, on the law, Google's argument that third-party interactions are required is wrong. In the same comment from which Google cherry-picked language supporting its contention, the Restatement explains that third-party interactions are *not* required for an agency finding: "[A]gency, however, additionally encompasses . . . employees whom an employer has not designated to contract on its behalf or otherwise to interact with parties external to the employer's organization." §1.01 cmt. c. The Restatement also reins back what Google selectively cites regarding third-party transactions ("It has been said that a relationship of agency always 'contemplates three parties—the principal, the agent, and the third party with whom the agent is to deal.'"), adding that "[i]t is important to define the concept of 'dealing' broadly rather than narrowly," and giving the example that "a principal might employ an agent *who acquires information from third parties on the principal's behalf* but does not 'deal' in the sense of entering into transactions on the principal's account." *Compare* §1.01 cmt. c (emphasis added) *with* Pet. at 20.

Far from requiring third-party interactions and contractual authority, the Restatement recognizes that although "[s]ome industries make frequent use of nonemployee agents to communicate with customers and enter into contracts[,] . . . [a]gents who lack authority to bind their principals to contracts nevertheless often have authority to. . . transmit or receive information on their behalf." *Id. See also 1-800 Contacts, Inc. v. Lens.com, Inc.,* 722 F.3d 1229, 1251 (10th Cir. 2013) ("[O]ne can be an agent of a principal without having authority to bind the principal to a contract with a third party."). Accordingly, Google overstates the "transact or interact" requirement, and the district court's findings in view of CTDI's interactions with Google's customers, *inter alia*, to support agency cannot be clearly erroneous. *See, e.g.*, Appx8-10.

Moreover, CTDI *does* "transact or interact" with customers by taking actions that bind Google with respect to its third-party customers. For example, upon receiving a broken phone, CTDI is required by Google to perform in-warranty service on the phone if, among other things, CTDI determines that the phone has not been subject to CID (Customer Induced Damage). Appx146 §6.9(A)(i); *see* Pet. at 25 ("There was no evidence that Google examines returned devices and tells CTDI how to

repair them."). In other words, CTDI decides whether Google will honor its warranty commitments to third-parties, or whether those third-parties have exempted themselves from coverage by damaging their own phones.[7] CTDI very much binds Google to its customers. *O'Neill v. Dep't of Hous. & Urban Dev.*, 220 F.3d 1354, 1360-65 (Fed. Cir. 2000) (Agents "ha[ve] the authority to alter the legal relations between the principal and third persons.").

Further, Google's attempt to minimize CTDI's visibility to consumers and to reduce CTDI's role merely to "receiving and shipping" Google devices fails to foreclose a finding of agency. Pet. at 7, 21-23. Google admits that its customers "have no idea that CTDI exists," *id.* at 23, no doubt due to Google's "providing shipping labels," "using packaging and labeling" so that any "package a customer receives [from CTDI] does not identify" CTDI, *id.* at 21-22, and directing consumers to "[s]end your

[7] Google suggests an alternative scenario where CTDI does not receive or ship devices directly to customers, but through "a Google address" as the middleman. Pet. at 22. But under that scenario, too, CTDI is Google's agent when CTDI makes a warranty determination which alters Google's legal rights with respect to its customers.

phone for repair (mail-in) . . . to us" on a Google website, even though the devices are being sent to CTDI at Flower Mound, *id.* at 23. The district court found these admitted facts show that Google "keeps CTDI secret from Google's customers" so as to give the impression that Google and CTDI are both Google. Appx8. Under the doctrine of agency denial estoppel, Google should be estopped from disavowing an agency relationship here, where it has deliberately hidden CTDI's identity from consumers and intentionally caused consumers to believe that their devices are being serviced by, shipped to, and sent from Google. *See* Restatement §2.05 cmt. c ("The [estoppel] doctrine is applicable when the person against whom estoppel is asserted . . . is responsible for the third party's belief that an actor is an agent[.]"); Appx8 ("In short, Google authorizes CTDI to act on its behalf, keeps CTDI secret from Google's customers, and causes CTDI to hold itself out as Google as part of its interactions with those customers.");

2. CTDI Performs Google's Business

Google next complains that the district court erred in finding that CTDI is "performing [Google's] business," rather than an ancillary function tangentially related to Google's business. Pet. at 28. Google

seizes on the word "maintenance" from the *Google-II* opinion in an attempt to diminish the work CTDI does. *See id.* at 28-30. But unlike the ISPs in *Google-II*—who did not handle any Google product or offering—CTDI receives, stores, repairs, refurbishes, and then ships the very products that Google sells its customers. CTDI plays a critical and direct role in customers' use of Google's core products, and does so under the name of "Google," under Google's authority and directives, and while in close communication with Google.

Google admits that selling hardware devices is part of its core business. Pet. at 5, 29; *see* Appx162 at Ex. A (identifying phones, Pixelbooks, tablets, WiFi devices, home devices, speakers, and cameras as devices CTDI services); *see* https://store.google.com/magazine/refurbished_devices (last visited Aug. 12, 2020) (offering refurbished Pixelbooks and WiFi devices for sale). Google cannot dispute that it contracts with CTDI to "refurbish," "warehouse," "repair," and "ship" (among many other services) the devices identified in Exhibit A of the SOW. *Id.*; Appx137-42 §§5-6.1; *see* Appx6-9.

These CTDI services are further distinguishable from the "basic maintenance services" ISPs perform on servers that the Court held to be

"ancillary." *See Google-II*, 949 F.3d at 1346. CTDI's services cannot be reduced to "maintaining equipment" at the back-end of Google's search engine business, where there is no possibility of customer interaction; CTDI's services include the "actual producing, storing, and furnishing to customers of what [devices] the business offers." *Id.*

With respect to "producing," CTDI repairs and refurbishes Google devices, and "furnishes" or ships the finished product to either the customer or to Google for re-sale, *e.g.*, on its "refurbished devices" website. Providing post-sale repairs and refurbishments is not incidental to Google's business because these services involve "manufacturing" a product for resale and providing "customer service" to Google's customers—both considered "traditional business functions." *Id*. Beyond that, CTDI also stores, transports, and exchanges the fruits of its labor (*i.e.*, the repaired and refurbished Google devices) with customers. *Id.* at 1347 (distinguishing maintenance work from the "conduct of business in the sense of production, storage, transport, and exchange of goods or services"). In other words, CTDI repairs and refurbishes the very products that Google sells to consumers; whereas the ISPs in *Google-II* "maintained" back-end equipment that was removed from consumers.

See also Cray, 871 F.3d at 1362 (noting that "storing inventory" is a typical business function) (citing *Cordis*, 769 F.2d at 735).

In arguing that "warranty-repair" work is ancillary to Google's hardware sales, Pet. at 29-30, Google misdescribes the nature of its own business, even though it recognizes that its "devices *inevitably* will require repair or replacement." *Id.* at 5 (emphasis added). For example, wrapped up in every sale of a Pixel phone is a warranty guaranteeing repair. Appx217-19. One can imagine how ravaged Google would be in the press if it were to sell its Pixel phones "as is," with no guarantee of operability. Google must stand behind its products to make them viable in the marketplace. Hardly "ancillary," aftermarket warranty-repair is essential to Google's hardware devices business. It is entirely different than the server maintenance work which ISPs performed at Google's request, which involved no products, no exchange of goods, and was not customer-facing. *Google-II*, 949 F.3d at 1346 (ISPs' maintenance work was "merely connected to . . . [Google's] conduct of business").

3. Service Under §1694 Is Not An Issue

Google and amici suggest that "Congress contemplated that the agent whose presence gives rise to [patent] venue would also be capable

of accepting service on the part of the defendant" under §1694. Pet. at 21, 18; *see* CCIA Br. at 4-5.

In *Google-II*, the question raised by the Court in connection with §1694 was whether a "machine" could qualify as an agent of a defendant under §1400(b) if it would be required to be amenable to service as an agent under §1694. 949 F.3d at 1347. That question is not present in this case. Under normal agency principles, CTDI is nonetheless capable of accepting service for Google under §1694—in fact, that is what §1694 authorizes. But even if §1694 did not exist, service on CTDI would be appropriate under both federal and state law. *See, e.g.*, Fed.R.Civ.P. 4(a); Tex.R.Civ.P. 106(b) (permitting process to be left with "anyone over sixteen years of age"—not even an agent—"at the location . . . of the defendant's usual place of business").

To the extent Google's argument is that this would be a strange or absurd outcome, that is not the case. Google exercises close oversight and control over CTDI in myriad ways as described above, including daily reports and bi-weekly meetings, so Google is already fully in control of how service issues can and should be handled. On these facts, "by virtue of the business it is conducting, [CTDI] can be expected to communicate

with [Google] about [process]," *see* Pet. at 18, considering that it is already communicating daily with Google about nearly everything else.

Google's service statute argument actually underscores why CTDI is an agent of Google in ways that the ISPs in *Google-II* were not. Unlike an ISP, which interacts with no customers on Google's behalf, CTDI actually receives, stores, repairs, refurbishes, and sends customers' devices on behalf of Google, all the while being in daily communication with Google. Google also tells customers to send devices for repair "to us" at CTDI's Flower Mound facility—so it would be natural for a disgruntled customer to serve Google there. These differences are crucial not only for venue, but also for service. Service on CTDI under these circumstances would not offend common sense or law (although Google does not point to any). On the other hand, service on an ISP technician, who does not interact with customers and perform maintenance on Google's servers only at Google's occasional request, would be more aggressive. *See Google-II*, 949 F.3d at 1346-47.

C. The Flower Mound Facility is a Place of Business Of Google

Google does not contend that the third *Cray* factor requiring that a

place of business be *of the defendant* is wrongly decided. And for good reason—the court cited abundant evidence that Google holds CTDI out to be a Google repair facility. Amici complain that the district court's ruling could open their members up to patent venue because of where their third-party repair facilities are located, but they have not said anything to suggest that their members exercise the kind of control over service providers that Google does, or pretend like Google to operate their third-party facilities themselves.

III. The Court Should Deny Google's Request for a Stay

A. Google's Motion for Stay Violates This Court's Rules

Google's motion for stay, disguised as a "request[]" for stay, Pet. at 31-33, is procedurally flawed and should be stricken pursuant to Federal Circuit Rule 27(c). *ESN, LLC v. Cisco Sys., Inc.*, 338 Fed. App'x. 987 (Fed. Cir. 2010). Not only did Google fail to comply with Federal Circuit Rule 27(g), which requires the filing of a separate motion for stay requests, Google also failed to include, under Rule 27(a)(2), a statement certifying that it had discussed the motion with PMC. Google altogether failed to notify PMC of its intention to move for a stay, in further violation of both Rule 8(b) and FRAP 8(a)(2)(C).

In addition, "[a] party must ordinarily move first in the district court for a stay of the judgment or order of a district court." Fed.R.App.P. 8(a)(1). Google did not file a post-issuance motion for stay with the district court; as a result, Google is additionally in violation of both FRAP 8(a)(2)(A) and Federal Circuit Rule 8(c), which require Google to explain why it was impracticable to do so.

B. Alternatively, the Court Should Deny Google's Motion on the Merits

Google fails to cite, let alone meet, the required "strong showing" to warrant a stay, specifically, that (1) it is likely to succeed on the merits; (2) it will be irreparably injured absent a stay; (3) issuance of the stay will not substantially injure the other parties interested in the proceeding; and (4) the public interest favors a stay. *Beard v. United States*, 451 F. App'x 920, 921 (Fed. Cir. 2011) (*citing Hilton v. Braunskill*, 481 U.S. 770, 776 (1987)).

Google cannot demonstrate that a writ is likely to issue. For the reasons discussed above, the district court's well-reasoned decision finding an agency relationship under these facts does not constitute a "clear abuse of discretion" for which mandamus relief is the only

adequate remedy. *Schlagenhauf*, 379 U.S. at 110.

Google also fails to provide any evidence that it would suffer irreparable harm absent a stay. The only thing even approaching "harm" Google musters is the expense of trying the case. Pet. at 32. But, as this Court has found, "the financial harm and inconveniences associated with forcing" a party "to litigate in Texas" is not a reason to grant an extraordinary remedy and the associated stay. *In re TCT Mobile Int'l Ltd*, 783 Fed. Appx. 1028, 1029 (Fed. Cir. 2019).

A stay—even a short one—would also substantially injure PMC, whose harm accrues daily with Google's continuing infringement of PMC's patents. A stay would not only disrupt the district court's and various witnesses' schedules for trial, the result would further delay PMC's hard-fought day in court.

The equities also strongly support no stay. Google now faults the district court for not ruling on the motion to dismiss sooner, yet Google waited ***13 months*** to seek to either expedite a ruling or stay the proceedings in the trial court. The emergency nature of Google's application and the attendant request for a stay is entirely its own creation.

Finally, there exists a public interest in ensuring that parties who infringe another's patents are brought to court in a timely manner, and that parties who game time-to-trial do not benefit from a delay they themselves welcomed in a lower court. The Court should protect that interest.

Alternatively, the Court may do nothing with Google's stay motion. Given that the Court has already ordered expedited briefing, and given the known speed at which the Court resolves improper extraordinary writs, the stay request is likely to be mooted in short order.

CONCLUSION

This Court should deny Google's petition for a writ of mandamus.

Dated: August 12, 2020

Respectfully submitted,

/s/ *Joseph S. Grinstein*
Joseph S. Grinstein

SUSMAN GODFREY L.L.P.

Attorneys for Respondent Personalized Media Communications, LLC

CERTIFICATE OF COMPLIANCE

In accordance with Federal Rule of Appellate Procedure 32(a)(7)(C), the undersigned certifies that this brief complies with the applicable type-volume limitations. Exclusive of the portions exempted by Federal Rule of Appellate Procedure 32(a)(7)(B)(iii) and Federal Circuit Rule 32(b), this brief contains 7,744 words. This certificate was prepared in reliance on the word count tool of Microsoft Word.

The undersigned further certifies that this brief complies with the typeface and type style requirements of Federal Rule of Appellate Procedure 32(a)(5) and (a)(6) because it has been prepared in a proportionally spaced typeface using Microsoft Word in 14-point Century Schoolbook font.

Dated: August 12, 2020

/s/ *Meng Xi*
Meng Xi

CERTIFICATE OF SERVICE

I hereby certify that on the 12th day of August, 2020, I electronically filed the foregoing document using the Court's CM/ECF System, which will send notice of electronic filing to all counsel of record.

I further certify that this Response to Petition for Writ of Mandamus will be served via courier service to:

Chief Judge J. Rodney Gilstrap
United States District Court for the Eastern District of Texas
Sam B. Hall, Jr. Federal Building and United States Courthouse
100 E. Houston Street
Marshall, Texas 75670

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

Dated: August 12, 2020 /s/ *Meng Xi*
Meng Xi