Case No. 2018-

In the

United States Court of Appeals

For the

Federal Circuit

IN RE HTC CORPORATION,
Petitioner

On Petition for Writ of Mandamus to the United States District Court for the District of Delaware, Case No. 1:17-cv-00083-LPS-CJB, Honorable Judge Leonard P. Stark.

PETITION FOR WRIT OF MANDAMUS

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FORM 9. Certificate of Interest **Form 9**
Rev. 10/17

UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

3G Licensing, S.A., Orange S.A., and Koninklijke KPN N.V. **v.** HTC Corporation

Case No. _____

CERTIFICATE OF INTEREST

Counsel for the:
■ (petitioner) ☐ (appellant) ☐ (respondent) ☐ (appellee) ☐ (amicus) ☐ (name of party)

HTC Corporation

certifies the following (use "None" if applicable; use extra sheets if necessary):

1. Full Name of Party Represented by me	2. Name of Real Party in interest (Please only include any real party in interest NOT identified in Question 3) represented by me is:	3. Parent corporations and publicly held companies that own 10% or more of stock in the party
HTC Corporation	None	None

4. The names of all law firms and the partners or associates that appeared for the party or amicus now represented by me in the trial court or agency or are expected to appear in this court **(and who have not or will not enter an appearance in this case)** are:

Paul Hastings LLP: Yar R. Chaikovsky; Philip Ou; and Jonas P. Herrell

Shaw Keller LLP: John W. Shaw; Nathan Roger Hoeschen

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Rev. 10/17

5. The title and number of any case known to counsel to be pending in this or any other court or agency that will directly affect or be directly affected by this court's decision in the pending appeal. *See* Fed. Cir. R. 47. 4(a)(5) and 47.5(b). (The parties should attach continuation pages as necessary).

3G Licensing, S.A., Orange S.A., and Koninklijke KPN N.V. v. HTC Corporation, Case No. 1:17-cv-00083-LPS (Del)

2/20/2018
Date

/s/ Yar R. Chaikovsky
Signature of counsel

Please Note: All questions must be answered

Yar R. Chaikovsky
Printed name of counsel

cc: All Counsel of Record via ECF

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RELIEF SOUGHT

HTC Corporation ("HTC Corp." or "Petitioner"), defendant in Case No. 1:17-cv-00083-LPS-CBJ, petitions this Court to issue a writ of mandamus directing the U.S. District Court Judge presiding in this case to vacate the December 18, 2017 Order denying-in-part HTC Corp.'s motion to dismiss for improper venue and to dismiss HTC Corp. for improper venue pursuant to Fed. R. Civ. P. 12(b)(3).

ISSUES PRESENTED

1. Did the district court abuse its discretion by applying the general venue provision, 28 U.S.C. § 1391(c)(3), to the facts in this case to determine that venue is proper in any judicial district (including the District of Delaware) as to HTC Corp. (a foreign corporation) and deny HTC Corp.'s request to dismiss for improper venue?

2. Did the district court abuse its direction by applying the Supreme Court's decision in *Brunette* to the facts in this case after the Supreme Court acknowledged in *TC Heartland* that *Brunette* was interpreting the **then** existing statutory regime and deny HTC Corp.'s request to dismiss for improper venue?

3. Did the district court abuse its discretion by not applying the specific and exclusive patent venue statute 28 U.S.C. § 1400(b) to the facts in this case, especially where a jurisdictional gap can be avoided in this case because venue as

to HTC Corp. should be based on where venue is proper as to its United States subsidiary HTC America, Inc. ("HTC America") in the Western District of Washington, when the patent infringement allegations against HTC Corp. are based on the alleged acts of HTC America?

STATEMENT OF FACTS

I. PLAINTIFFS FILED SUIT IN DELAWARE AND HTC CORP. AND HTC AMERICA CHALLENGE VENUE BASED ON *TC HEARTLAND*

The Plaintiffs 3G Licensing, S.A. ("3G Licensing"), Orange S.A. ("Orange"), and Koninklijke KPN N.V. ("KPN") (collectively, "Plaintiffs" or "Respondents") filed a Complaint against HTC Corp. and its wholly owned U.S. based subsidiary, HTC America, in the District of Delaware alleging infringement of five patents on January 30, 2017. Appx24, Appx27. HTC Corp. is a Taiwanese corporation with its principal place of business in Taiwan. Appx3. HTC America is a Washington corporation with its principal place of business in Seattle, Washington. *Id.* Neither HTC entity is incorporated in Delaware or has a regular and established place of business in Delaware. Appx3, Appx118, Appx 135-136, Appx 138-139.

On May 22, 2017, the Supreme Court issued its decision in *TC Heartland*, reversing the Federal Circuit's interpretation of § 1400(b) that found venue for domestic corporations was proper in any district having personal jurisdiction over

the defendant. *TC Heartland LLC v. Kraft Foods Group Brands LLC*, 137 S. Ct. 1514, 1516-19 (2017). The *TC Heartland* decision is discussed in further detail herein.

On June 13, 2017, Plaintiffs filed their Second Amended Complaint, maintaining their allegations against both HTC Corp. and HTC America, notwithstanding confirmation that neither HTC entity had any employees, offices or facilities in Delaware. Appx58-Appx109, Appx141. Plaintiffs specifically amended their venue allegations from broadly alleging "[v]enue is proper under 28 U.S.C. § 1391(b) and (c) and 1400." to "[v]enue is proper at least as to HTC Corporation under 28 U.S.C. §[§] 1391(b) and (c) and 28 U.S.C. § 1400." *Compare* Appx27, ¶ 15; Appx43, ¶ 16; Appx61, ¶ 17.

On June 27, 2017, HTC Corp. and HTC America filed a motion to dismiss for improper venue pursuant to Fed. R. Civ. P. 12(b)(3) or in the alternative, to transfer the case to the Western District of Washington pursuant to either 28 U.S.C. §§ 1404 or 1406. Appx110. The district court held a consolidated hearing with three other cases also having venue challenges post-*TC Heartland* on August 24, 2017. Appx216-217.

On September 11, 2017, the district court issued an opinion in *Boston Scientific v. Cook Medical LLC*, one of the cases consolidated for hearing. *Boston Sci. Corp. v. Cook Group Inc.*, 269 F. Supp. 229 (D. Del. 2017) ("BSC Order").

Therein, the district court recognized that "[v]enue in a patent infringement action is governed solely and exclusively by the patent venue statute, 28 U.S.C. § 1400(b)" and that "[t]he general venue statute, 28 U.S.C. § 1391(c), does not have any application in a patent case." *Id*. at 234.

On the same day, the district court issued an oral order directing the parties to submit letter briefing on how the venue issue should be resolved in light of the district court's BSC Order. Appx327-328. In the requested letter briefing, Plaintiffs effectively conceded that venue was not proper in Delaware as to HTC America. Appx383-385. Rather than have the district court transfer the case to the Western District of Washington where venue would indisputably be proper, Plaintiffs urged the district court to dismiss HTC America and allow Plaintiffs to proceed in Delaware against HTC Corp. only. Appx385, Appx397. Plaintiffs argued that because HTC Corp. was a foreign defendant, under the general venue statute 28 U.S.C. § 1391(c), venue was proper in any judicial district. Appx396-397.

II. DISTRICT COURT FINDS THAT VENUE IS IMPROPER AS TO HTC AMERICA IN DELAWARE, BUT PROPER AS TO HTC CORP.

On December 18, 2017, the district court issued an order granting-in-part and denying-in-part HTC's motion to dismiss. Appx1-7 ("Venue Order"). Specifically, the Court first held that venue was not proper as to HTC America in

Delaware. Appx2-3. However, the Court held that venue was proper as to HTC Corp. in Delaware, relying on 28 U.S.C. § 1391(c) and the Supreme Court's decision in *Brunette*. Appx3-4.

In the Venue Order, the district court permitted Plaintiffs to, in view of the Court's order, amend its complaint to dismiss HTC America and proceed in Delaware against HTC Corp. only. Appx5-6. On December 27, 2017, Plaintiffs voluntarily dismissed HTC America without prejudice and filed its Third Amended Complaint. Appx402-403.

Notably, in the Third Amended Complaint, Plaintiffs clarified what they had already suggested (and failed to deny) in prior briefing—that they were seeking liability from HTC Corp. based on the acts of HTC America, despite dismissing HTC America from the litigation. *See, e.g.,* Appx400. For example, Plaintiffs allege that "at the behest of HTC Corporation and as a direct result of its instigation, control, and direction, acting as its agent HTC America Inc. thus offered for sale and sold in the United States, and imported into the United States, without authorization" HTC devices accused of infringement. Appx418, ¶ 56; Appx426, ¶ 78; Appx433, ¶ 102; and Appx441, ¶ 125.

On January 3, 2018, HTC Corp. filed a motion to transfer to the Western District of Washington pursuant to 28 U.S.C. § 1404(a). Appx453-454. Briefing

completed on February 7, 2018 and the transfer motion is currently pending before the district court.

STANDARD OF REVIEW

The remedy of mandamus is available only in extraordinary situations to correct a clear abuse of direction or usurpation of judicial power. *In re Calmar, Inc.*, 854 F.2d 461, 464 (Fed. Cir. 1988). There are two prerequisites to issuing a writ of mandamus. First, a petitioner must show that he has no other adequate means to attain his desired relief. *Hinkel v. England*, 349 F.3d 162, 164 (3d Cir. 2003) (citations omitted). Second, a petitioner must show that his right to the writ is clear and indisputable. *Id.* Mandamus is an extraordinary remedy that can only be granted where a legal duty "'is positively commanded and so plainly prescribed as to be free from doubt.'" *Harmon Cove Condominium Ass'n, Inc. v. Marsh*, 815 F.2d 949, 951 (3d Cir. 1987) (*quoting Richardson v. United States*, 465 F.2d 844, 849 (3d Cir. 1972) (en banc), *rev'd on other grounds*, 418 U.S. 166, 94 S. Ct. 2940 (1974)).

REASONS WHY THE WRIT SHOULD ISSUE

Absent mandamus, HTC Corp. will not have an adequate remedy for the district court's failure to dismiss the case for improper venue. HTC Corp. should not be forced to litigate this case in an improper venue through a final judgment before it can contest venue via appeal.

HTC's right to mandamus is also clear and indisputable. First, the district court erred when it held that, 28 U.S.C. § 1391(c), a general venue provision, applies to HTC Corp., a foreign defendant sued in a patent infringement action. The Supreme Court's decision in *TC Heartland* reaffirmed its prior decisions in *Fourco* and *Stonite* that 28 U.S.C. § 1400(b) "is the sole and exclusive provision controlling venue in patent infringement actions, and . . . is not to be supplemented by . . . 1391(c)." *TC Heartland*, 137 S. Ct. at 1519 (internal quotations omitted). The district court acknowledged this holding in its BSC Order, that "[t]he general venue statute, 28 U.S.C. § 1391(c), does not appl[y] in a patent case." *BSC*, 269 F. Supp. at 234. Nevertheless, the district court in its Venue Order relies on the general venue statute 28 U.S.C. § 1391(c) in finding that HTC Corp.—a foreign defendant—may be sued in any judicial district. This was a clear and indisputable error.

The district court further erred by reasoning that the Supreme Court's decision in *Brunette* should determine whether venue as to HTC Corp. is proper in Delaware in this case. Appx3 n.2. The Supreme Court in *TC Heartland* has acknowledged the tension between its recent decision and *Brunette*, declining to address the implication of arguments on foreign corporations or to express any opinion on *Brunette*, noting that the opinion "determin[ed] proper venue for

foreign corporations under **then** existing statutory regime." *TC Heartland*, 137 S. Ct. at 1520 n.2 (emphasis added).

In 1972, the Supreme Court recognized in *Brunette* that the reliance on the "then existing statutory regime" of 28 U.S.C. § 1391(d) to determine that venue for aliens in patent infringement cases contradicted *Fourco* in the same way it now contradicts *TC Heartland.* But to reconcile this tension *Brunette* explained that § 1391(d) was "properly regarded, not as a venue restriction at all, but rather as a declaration of the long-established rule that suits against aliens are wholly outside the operation of all the federal venue laws, general and special." *Brunette Mach. Works, Ltd. v. Kockum Indus., Inc.*, 406 U.S. 706, 714 (1972). The purpose of this principle, as explained in *Brunette*, was to avoid situations where an alien defendant could avoid suit in the United States based on a lack of residence or citizenship in the United States. Nevertheless, the Supreme Court recognized in *TC Heartland* that *Brunette*, interpreting and relying on then § 1391(d), may no longer be applicable because of Congress' 2011 amendments.

In 2011, Congress abrogated *Brunette* by amending the general venue statute to explicitly legislate venue as to aliens. Specifically, Congress amended § 1391(c) into a specific subsection regarding residency pertaining to venue generally, adding the language "**including an alien** lawfully admitted for permanent residence in the United States" to § 1391(c)(1), such that venue as to

aliens would be restricted to only where they are domiciled in the United States. Congress also added to subsection § 1391(c) of the general venue statute the specific provision § 1391(c)(3), which addresses venue generally as to non-resident defendants (including aliens), that the district court erroneously relied on. Congress further removed § 1391(d) ("[a]n alien may be sued in any district") from the general venue statute.

Not only then has § 1391(d), which *Brunette* interpreted, been abrogated, but the reasoning in *Brunette*—that aliens fell outside of the venue laws—is inconsistent with Congress' 2011 amendments. As such, neither *Brunette* interpreting then existing § 1391(d) nor the current general venue provision § 1391(c)(3) should apply to this patent infringement action. By applying them, the district court clearly erred in finding that venue was proper in any judicial district, including in the District of Delaware.

Finally, the district court abused its discretion by not applying the exclusive patent venue statute, 28 U.S.C. § 1400(b), to HTC Corp. The district court has recognized that "[v]enue in a patent infringement action is governed solely and exclusively by the patent venue statute." *BSC*, 269 F. Supp. at 234, *citing TC Heartland*, 137 S. Ct. at 1516. And as discussed above, both the general venue provision § 1391(c) and *Brunette*'s interpretation of an abrogated statute, do not impact § 1400(b)'s application to this case. While petitioner acknowledges that

applying § 1400(b) to foreign defendants may create a jurisdictional gap under certain circumstances, that concern does not exist in this case and others similarly situated. Here, Plaintiffs seek liability from HTC Corp. based on the alleged acts of infringement performed by its U.S. based subsidiary, HTC America, a corporate resident of the state of Washington that also has a regular and established place of business in the Western District of Washington. The briefing and argument before the district court demonstrated that the underlying allegations against HTC Corp. were based on the acts of HTC America, which Plaintiffs confirmed in their Third Amended Complaint. Where Plaintiffs seek liability from HTC Corp. for the acts of HTC America, under this Court's reasoning in *Hoover Grp., Inc. v. Custom Metalcraft, Inc.*, 84 F.3d 1408, 1410 (Fed. Cir. 1996), venue for HTC Corp. may be reasonably based on where venue is proper for HTC America. It was a clear and indisputable error for the district court to not apply § 1400(b) to the facts of this case and, under such application, find that venue was not proper in Delaware, but proper in the Western District of Washington.

Mandamus is further appropriate in this case because the Supreme Court's decision in *TC Heartland* acknowledged, but left open, the impact of its decision on the application of § 1400(b) to foreign defendants, such as HTC Corp. This open question has led to inconsistent and contradicting interpretations of *TC Heartland*, *Brunette* and what application, if any, the general venue statute §

1391(c) has on foreign defendants sued in patent cases. This inconsistency is exemplified by comparing the district court's order in *BSC* (which acknowledges that § 1391(c) has no application in a patent case) with its Venue Order (relying on § 1391(c) to find that venue is proper for HTC Corp. in any judicial district). District courts continue to rely on *Brunette* to find that venue is proper in any judicial district for a foreign defendant, despite *TC Heartland*'s recognition that *Brunette* was interpreting a now abrogated statute and the reasoning behind *Brunette*'s interpretation of abrogated § 1391(d) now no longer being applicable. By not addressing this inconsistency, a loophole has been created for Plaintiffs to forum shop and manipulate venue by choosing to sue only a foreign defendant for the alleged acts of its U.S. subsidiary (as Plaintiffs have done here) in any judicial district of their choosing. The concern for potential forum shopping is not insignificant—according to patent litigation statistics for 2017, ten of the top thirteen patent litigation defendants (which includes HTC) by number of cases include foreign entities that could be subject to the type of litigation tactics taken by Plaintiffs here.[1]

As the Supreme Court explained in *Brunette*, the policy considerations underlying the interpretation of § 1391(d) as "not a venue restriction at all"

[1] *See* http://www.iam-media.com/blog/Detail.aspx?g=50de4177-1d91-466a-b70c-ea4b45139d40 (last visited February 20, 2018) (Apple, Amazon.com, and Microsoft as the exceptions).

reflected a balance between avoiding gaps in the venue statutes and allocating suits to the most appropriate or convenient federal forum. This Court recognized in *In re Princeton Digital Image Corp.*, that "*Brunette* merely reaffirmed the principle that foreign defendants should not be able to avoid suit in the United States based on a lack of residence or citizenship in this country." 496 Fed. App'x 73, 75 (Fed. Cir. 2012). While this principle may carry through today, it is not applicable in this case where there is at least one venue that is proper for HTC Corp. in the Western District of Washington.

To issue a writ, this Court does not need to overturn *Brunette*, which interpreted a statutory scheme that no longer exists. Here, the Court only needs to find that the district court erred in applying the general venue statute § 1391(c) and *Brunette*'s interpretation of an abrogated statute to the facts of this case. As a result, this Court should order that the case be dismissed as venue is improper in Delaware. The Court may further issue a writ because 28 U.S.C. § 1400(b) should apply, in particular when the concerns of *Brunette* are inapplicable, and venue is not proper in Delaware, but is in the Western District of Washington.

I. HTC CORP. HAS NO OTHER ADEQUATE MEANS OF RELIEF

Absent mandamus, HTC Corp. will not have an adequate remedy for the district court's failure to dismiss this case for improper venue. *See In re TS Tech USA Corp.*, 551 F.3d 1315, 1322-23 (Fed. Cir. 2008) (granting mandamus for

denial of venue motion due to lack of other adequate means of relief). Mandamus is an appropriate vehicle to correct clear errors by the district court. Indeed, the Supreme Court's *TC Heartland* arose through the appellate courts through a petition for mandamus. *See* 137 S. Ct. at 1517. And since, this Court has already addressed one open issue arising out of *TC Heartland*'s decision. *See In re Micron Tech., Inc.*, 875 F.3d 1091 (Fed. Cir. 2017) (granting mandamus for denial of venue motion and resolving the open issue of waiver following *TC Heartland*). HTC Corp.'s right to a proper venue would be rendered meaningless if it were forced to litigate through a final judgment in an improper venue (the District of Delaware) before it could contest venue via appeal. *See Lexecon Inc. v. Milberg Weiss Bershad Hynes & Lerach*, 523 U.S. 26, 41 (1998) (discussing trial in an improper venue requires reversal on appeal). Absent relief, HTC Corp. would lack any effective means to obtain a dismissal for improper venue in this case.

II. THE RIGHT TO A WRIT IS CLEAR AND INDISPUTABLE

HTC Corp. has a clear and indisputable right to relief here. Mandamus may be employed to correct "a clear abuse of discretion or usurpation of judicial power." *In re EMC Corp.*, 677 F.3d 1351, 1354 (Fed. Cir. 2012) (internal quotations omitted). A district court "necessarily abuse[s] its discretion if it based its ruling on an erroneous view of the law." *Cooter & Gell v. Hartmarx Corp.*, 496 U.S. 384, 405 (1990). The district court committed legal error in holding that the

general venue statute, 28 U.S.C. § 1391(c)(3), governs whether venue is proper in the District of Delaware as to HTC Corp. The district court also committed legal error in applying *Brunette* to this case after the Supreme Court acknowledged in *TC Heartland* that *Brunette* was interpreting the "**then** existing statutory regime" that has since been amended by Congress in a manner inconsistent with the reasoning set forth in *Brunette.* Finally, the district court committed legal error in not applying the patent venue statute 28 U.S.C. § 1400(b) to the facts of this patent infringement case, especially where the allegations against HTC Corp. center around the acts of its U.S. based subsidiary HTC America, which has a regular and established place of business in the Western District of Washington, but not in the District of Delaware.

1. The district court abused its discretion by applying 28 U.S.C. § 1391(c) in holding that HTC Corp. may be sued in any judicial district

The district court's Venue Order held that "HTC Corp. is a Foreign Defendant and May be Sued in Any Judicial District" Appx3. In doing so, the district court relied on the general venue provision: "Pursuant to § 1391, a foreign defendant may be sued in any judicial district. *See* 28 U.S.C. § 1391(c)(3)." *Id.* This was a clear error, as the Supreme Court has, as recently as in *TC Heartland*, reaffirmed that the general venue provision of § 1391(c) does not apply to patent cases.

TC Heartland explained that Congress enacted a patent specific venue statute in 1897 that "placed patent infringement cases in a class by themselves, outside the scope of general venue legislation." 137 S. Ct. at 1518 (citing *Brunette*, 406 U.S. at 713). Thereafter, the Supreme Court's 1942 decision in *Stonite* addressed the scope of the patent venue statute. As explained in *TC Heartland*: "[i]n the Court's view, the patent venue statute 'was adopted to define the exact jurisdiction of the federal courts in actions to enforce patent rights,' a purpose that would be undermined by interpreting it 'to dovetail with the general provisions relating to the venue of civil suits.' The Court thus held that the patent venue statute 'alone should control venue in patent infringement proceedings.'" *Id.* (internal citations omitted).

Then in *Fourco*, the Supreme Court reviewed a Second Circuit decision holding that then § 1391(c) defined "residence" for purposes of § 1400(b), "just as that definition is properly . . . incorporated into other sections of the venue chapter." *Transmirra Prods. Corp. v. Fourco Glass Co.*, 233 F.2d 885, 886 (2d Cir. 1956). The Supreme Court rejected this interpretation, reaffirming *Stonite*'s holding that § 1400(b) "is the sole and exclusive provision controlling venue in patent infringement actions, and . . . is not to be supplemented by . . . § 1391(c). The Court observed that Congress enacted § 1400(b) as a standalone venue statute

and nothing in the 1948 recodification evidenced an intent to alter that status." *TC Heartland*, 137 S. Ct. at 1519 (internal quotations omitted).

Finally, last year in *TC Heartland*, the Supreme Court considered whether the current version of § 1391(c), as amended in 2011, applied to § 1400(b). The Court held that it did not. Specifically, respondents in that case argued that "§ 1391(c) is clear and unambiguous and that its terms include all actions—including patent infringement actions"—but this was the argument that the Supreme Court rejected in *Fourco* and rejected again in *TC Heartland*. *Id.* at 1520-21.

Supreme Court precedent makes clear that the general venue statute, § 1391(c), has no applicability to patent cases. This clear directive was already recognized by the district court in *BSC*, recognizing that "[t]he general venue statute, 28 U.S.C. § 1391(c), does not have any application in a patent case." *BSC*, 269 F. Supp. at 234. And the inconsistent application by the district court in this case demonstrates the error and need for this Court to issue a writ. The district court's application of § 1391(c)(3)—that "a defendant not resident in the United States may be sued in any judicial district"—to HTC Corp. in this patent case was clear and indisputable error.

2. The district court abused its discretion by applying *Brunette*'s interpretation of an abrogated statute 28 U.S.C. § 1391(d) in denying HTC Corp.'s motion

The district court further erred by not dismissing HTC Corp. in view of the Supreme Court's decision in *Brunette*. Appx3. "The Court, however, understands *Brunette* to remain binding precedent, which determines the outcome here." *Id.* at n.2.

While the Supreme Court declined to address the applicability of § 1400(b) to foreign defendants or to "express any opinion on" its holding in *Brunette*, the *TC Heartland* opinion expressly noted that *Brunette* "determin[ed] proper venue for foreign corporation[s] under **then** existing statutory regime." *TC Heartland*, 137 S. Ct. at 1520 n.2 (emphasis added). Petitioner submits that the Supreme Court recognized tension between its prior decision in *Brunette* and both the 2011 amendments to the general venue provisions and its *TC Heartland* decision, but declined to address the issue because the specific question presented in *TC Heartland* was limited to "where proper venue lies for a patent infringement lawsuit brought against a domestic corporation." *Id.* at 1516.

The Supreme Court in *Brunette* was asked to decide "which provision of Title 28 governs venue of an action for patent infringement against an alien defendant." *Brunette*, 406 U.S. at 707. In recognition of its prior decisions in *Fourco* and *Stonite* finding that § 1400(b) was the "the sole and exclusive

provision controlling venue in patent infringement actions," the Supreme Court reasoned that "Section 1391(d) reflects, rather, the longstanding rule that suits against alien defendants are outside those statutes." *Id.* at 711, 713. At the time in 1972, 28 U.S.C. §§ 1391(c) and (d) read:

> (c) A corporation may be sued in any judicial district in which it is incorporated or licensed to do business or is doing business, and such judicial district shall be regarded as the residence of such corporation for venue purposes.
>
> (d) An alien may be sued in any district.

Brunette reconciled the application of § 1391(d) to the specific facts of that case, mainly that the defendant in *Brunette* was a foreign defendant that under 28 U.S.C. § 1400(b) would not be subject to venue anywhere in the United States, by explaining that § 1391(d) was "properly regarded, not as a venue restriction at all, but rather as a declaration of the long-established rule that suits against aliens are wholly outside the operation of all the federal venue laws, general and special." *Brunette*, 406 U.S. at 714.

In 2011, however, Congress amended § 1391, specifically § 1391(c) to:

> (c) **Residency**. For all venue purposes –
>
> > (1) a natural person, **including an alien** lawfully admitted for permanent residence in the United States, shall be deemed to reside in the judicial district in which that person is domiciled;
> >
> > (2) an entity with the capacity to sue and be sued in its common name under applicable law, whether or not incorporated, shall be deemed to reside, if a defendant, in any judicial district in

> which such defendant is subject to the court's personal jurisdiction with respect to the civil action in question and, if a plaintiff, only in the judicial district in which it maintains its principal place of business; and
>
> (3) **a defendant not resident in the United States may be sued in any judicial district**, and the joinder of such a defendant shall be disregarded in determining where the action may be brought with respect to other defendants.
>
> 28 U.S.C. § 1391(c) (emphasis added).

Congress's 2011 amendments are notable for at least the following three reasons.

First, the amendments and corresponding House Judiciary Committee report further support separation between the specialized venue statutes (*e.g.,* 28 U.S.C. § 1400(b)) and the general venue statute. New paragraph § 1391(a)(1), "Applicability of Section" states "except as otherwise provided by law—(1) this section shall govern the venue of all civil actions brought in district courts of the United States". The House Judiciary Committee report noted that this new paragraph "would follow current law in providing the general requirements for venue choices, **but would not displace the special venue rules that govern under particular Federal statutes**." H.R. Rep. No. 112-10, 18 (emphasis added). Footnote 8 to that statement further added "[t]he ALI notes that there are over 200 specialized venue statutes in the United States Code. These specialized statutes would continue to govern within their respective fields, and the general venue

statute would govern diversity and Federal question litigation outside these special areas." *Id*. at n.8.

"When Congress acts to amend a statute, we presume it intends its amendment to have real and substantial effect." *Babbitt v. Sweet Home Ch. of Cmtys. for a Great Or.*, 515 U.S. 687, 701 (1995) (quoting *Stone v. INS*, 514 U.S. 386, 397 (1995)). Notably absent from the House Judiciary Committee report is any discussion or even mention of patent cases such as *Fourco* or *Brunette* and the interplay between those decisions and the amendments to the general venue statute. It is not unreasonable to interpret Congress' amendments, in addition to the commentary in the House Judiciary Committee report, as clearly separating any application of the general venue provisions from the specialized venue statutes, such as 28 U.S.C. § 1400(b). *See Davis v. Bombardier Transp. Holdings (USA) Inc.*, 794 F.3d 266, 271 (2d Cir. 2015) (citing *Lorillard v. Pons*, 434 U.S. 575, 581 (1978) ("where . . . Congress adopts a new law incorporating sections of a prior law, Congress normally can be presumed to have had knowledge of the interpretation given to the incorporated law, at least insofar as it affects the new statute.")).

Second, contrary to what Respondent argued in briefing to the district court—mainly that Congress merely "re-codified the rule when it amended 28 U.S.C. § 1391(c)(3) rather than § 1391(d)—simply moving it one subsection

higher such that it now resides at § 1391(c)(3) rather than § 1391(d)"—the statute as amended is substantially different. Unlike now abrogated § 1391(d), § 1391(c)(3) is part of the general venue statute's section defining where an entity resides for general venue purposes. § 1391(c) also shifts the prior focus of § 1391(d) from "aliens" to "defendants" and subsection (c)(3) defines proper venue for defendants who are found not to have a residence within the United States, after application of subsections (c)(1) and (2).[2] In addition, Congress added a second clause to § 1391(c)(3) that makes clear that courts should disregard non-resident defendants in determining the appropriate place for bringing an action as to other resident defendants. Congress' amendments were not simply a 'movement to a higher subsection of a statutory provision'. Moreover, and notably, the Supreme Court in *TC Heartland* rejected Respondent's arguments that the residency definitions of § 1391(c), specifically there subsection (c)(2), applied to the specific patent venue statute § 1400(b)—it would be inconsistent and contrary to Supreme Court precedent to apply § 1391(c) to patent cases, as discussed *infra* at Section II.1.

[2] Such defendants would include, for example, United States citizens living abroad and having no domicile in the United States (*see, e.g.,* H.R. Rep. No. 112-10, 22) and defendants not subject to personal jurisdiction in any judicial district but which are subject to personal jurisdiction within the United States as a whole. *See* Fed. R. Civ. P. 4(k)(2)

Finally, contrary to the reasoning in *Brunette* that "aliens are wholly outside the operation of all the federal venue laws, general and special" (406 U.S. at 714), Congress specifically included "**alien[s]** lawfully admitted for permanent residence in the United States" into § 1391(c)(1) in the 2011 amendments—bringing aliens within the operation of the general venue statute. Congress likewise brought alien entities subject to personal jurisdiction in a judicial district within the general venue statute in § 1391(c)(2). § 1391(c)(3) further addresses venue generally as to non-resident defendants, including aliens. Thus, not only is the statute that *Brunette* was interpreting (§ 1391(d)) no longer in existence, but the reasoning underlying its interpretation and application of § 1391(d) to patent cases—that "aliens are wholly outside the operation of all the federal venue laws, general and special"—is no longer consistent with the venue laws as amended.

In sum, in 2011 Congress changed its treatment of aliens and brought aliens within the general venue statute. *Brunette* thus interpreted a statutory provision that no longer exists, and at best for Respondents, that provision has been substantially amended in a way that is now inconsistent with the reasoning behind its interpretation and application to the facts of *Brunette.* The district court erred by concluding that *Brunette* should determine the outcome of HTC Corp.'s motion to dismiss.

3. The district court abused its discretion by not applying the specific patent venue statute, 28 U.S.C. § 1400(b), to this case

The district court further erred by not applying the specific patent venue statute, 28 U.S.C. § 1400(b) to the specific facts of this case. As discussed, the district court recognized that "[v]enue in a patent infringement action is governed solely and exclusively by the patent venue statute, 28 U.S.C. § 1400(b)" and that "[t]he general venue statute, 28 U.S.C. § 1391(c), does not have any application in a patent case." *BSC*, 269 F. Supp. at 234.

Accordingly, the patent venue statute should apply in this case—a patent infringement action. Under § 1400(b), HTC Corp. is neither incorporated in the state of Delaware nor has a regular and established place of business in Delaware. These facts are undisputed, nor is the conclusion that if the district court applied § 1400(b) to HTC Corp., venue in Delaware would not be proper. HTC Corp. maintains a U.S. subsidiary, HTC America, that is headquartered in the Western District of Washington and incorporated in the state of Washington. The district court properly held that venue was not proper in Delaware as to HTC America, but was proper in the Western District of Washington. Plaintiffs thereafter dismissed HTC America, but have made clear in its subsequent Third Amended Complaint that its allegations against HTC Corp. are based on the alleged acts of infringement by HTC America. *See infra* at 4.

In this case, where Plaintiffs seek liability from HTC Corp. for the acts of HTC America, venue for HTC Corp. may be reasonably based on where venue is proper for HTC America. *See Hoover*, 84 F.3d at 1410. In *Hoover*, this Court addressed the issue of whether venue was proper for a defendant corporate officer/owner charged with personal liability for patent infringement and inducement by the corporation. This Court held that "venue for personal liability of a corporate officer/owner for acts of infringement by the corporation, whether or not the facts support piercing the corporate veil, may reasonably be based on the venue provisions for the corporation." *Id.* Analogous facts exist here, as Respondents have charged HTC Corp. with liability for patent infringement and inducement by HTC America. *See, e.g.,* Appx418, ¶ 56. Under *Hoover*, and at least in view of Respondents' allegations against HTC Corp. for liability for the alleged infringement by HTC America, venue should be proper in the Western District of Washington for HTC Corp.

The district court did not address *Hoover* and specifically whether, under these circumstances, venue as to HTC Corp. may be reasonably based on where venue is proper for HTC America. Rather, the district court relied on § 1391(c)(3) and *Brunette*'s interpretation of abrogated § 1391(d) to find that HTC Corp. may be sued in any judicial district. As discussed, the district court erred in doing so.

But moreover, even if the reasoning in *Brunette* were still applicable, the district court erred in its application to this particular case.

The Supreme Court's decision in *Brunette* was unique to a situation where under the "then existing statutory regime", no venue would have been proper because the defendant in *Brunette* was a foreign corporation without any U.S. presence. The Court explained the long-standing policy of avoiding jurisdictional gaps: " . . . perhaps more important, to hold the venue statutes applicable to suits against aliens would be in effect to oust the federal courts of jurisdiction in most cases, because the general venue provisions were framed with reference to the defendant's place of residence or citizenship, and an alien defendant is by definition a citizenship of no district." *Brunette*, 406 U.S. at 709. This Court recognized in *In re Princeton*, that "*Brunette* merely reaffirmed the principle that foreign defendants should not be able to avoid suit in the United States based on a lack of residence or citizenship in this country." 496 Fed. App'x at 75. While such a concern was paramount in *Brunette* (and may be in other cases where a foreign defendant in a patent infringement action is not subject to proper venue anywhere in the United States under § 1400(b)), no such jurisdictional gap would result in this case because proper venue may be found in at least one venue—the Western District of Washington.

III. ISSUANCE OF A WRIT IS APPROPRIATE TO ADDRESS AN UNSETTLED AND IMPORTANT QUESTION

In addition to correcting clear error, issuance of a writ in this case would be appropriate as it will provide "further supervisory or instructional goals" regarding "issues [that] are unsettled and important." *In re Queen's Univ. at Kingston*, 820 F.3d 1287, 1291 (Fed. Cir. 2016) (internal citation omitted); *see also In re Sims*, 534 F.3d 117, 129 (2d Cir. 2008) (writ appropriate where case required "extension of an established principle to an entirely new context") (quotation omitted). The Supreme Court in *TC Heartland* received significant briefing and argument on the potential impact of its decision on venue as to foreign corporations. *See, e.g.,* Brief for the Respondent at 12-13. *TC Heartland v. Kraft Foods Group Brand*, No. 16-341, 2017 WL 818321, at *13 (Mar. 1, 2017). In declining to address the issue, the Supreme Court recognized that its decision in *Brunette* "determin[ed] proper venue for foreign corporations under **then** existing statutory regime." *TC Heartland*, 137 S. Ct. at 1520, n.2. But the result of the Supreme Court's declination has been an improper application of § 1391(c) and *Brunette* to patent cases involving foreign defendants in not only this case, but many others in the wake of the *TC Heartland* decision. *See, e.g., See, e.g., Fundamental Innovations Sys. Int'l LLC v. LG Elecs., Inc.*,No. 16-cv-1425, 2017 WL 4571813, at *n.3 (E.D. Tex. June 9, 2017) ("Because LGEKR is a South Korean corporation, its location does not affect the fact that D.N.J. is a proper venue for this case. 28 U.S.C. § 1391(c)(3)); *Red.com,*

Inc. v. Jinni Tech. Ltd., No. 17-382, 2017 WL 4877414, at *7 (C.D. Cal. Oct. 11, 2017) ("the general venue provision of § 1391 applies to foreign entities and persons sued for patent infringement"); *Sharp Corp. v. Hisense Electric, Co. Ltd.*, No. 17-cv-5404 (CM), slip op. at 5 (S.D.N.Y. Dec. 22, 2017) (reasoning that Brunette had held that the patent venue statute "did not control the question of venue over an alien corporation" and "although that venue statute was amended subsequent to that decision, the Federal Circuit has held that the decision in Brunette still governs."), *citing In re Princeton,* 496 Fed. App'x at 75.

This case presents the proper vehicle to resolve the important question of how venue should be determined for foreign defendants in patent cases. Petitioner submits that "[v]enue in a patent infringement action is governed solely and exclusively by the patent venue statute, 28 U.S.C. § 1400(b)" and here, the district court erred by not dismissing HTC Corp. where venue is clearly not proper in the District of Delaware, but would be proper in another venue, the Western District of Washington. Further, § 1391 has no application in patent cases, as the Supreme Court has consistently held in *Fourco* and reaffirmed in *TC Heartland*. The result of this open question being unaddressed is the opportunity for Plaintiffs to abuse the venue laws which, as *Brunette* recognized, are intended to allocate suits to the most appropriate or convenient federal forum. The risk of forum shopping and venue manipulation is not insignificant, as many of the most-often sued companies

in patent infringement cases include foreign entities. *See, infra* at 12, n. 1. And that is precisely what has occurred in this case, where Plaintiffs originally sued both HTC Corp. and HTC America, but to avoid transfer to the Western District of Washington where venue would indisputably proper. Now, Plaintiffs have dismissed HTC America and seek to continue litigating in an inconvenient and improper forum (Delaware) against HTC Corp., while still maintaining allegations against HTC America. Curbing this type of venue manipulation and forum shopping provides an additional reason for this Court to issue a writ.

Petitioner recognizes that Plaintiffs may point to the potential creation of jurisdictional gaps for certain foreign defendants in patent cases if these arguments are adopted. But Petitioner submits that the policies recognized by the Supreme Court in *Brunette* of avoiding jurisdictional gaps may still be applicable when a foreign defendant fails to meet § 1400(b) in any venue, but that is not the case here. Moreover, regardless of whether those situations are to be addressed by Congress, under the current venue statutes and the Supreme Court's interpretation of them, writ in this case is appropriate and warranted.

CONCLUSION

For the foregoing reasons, HTC Corp. requests that this Court issue a writ of mandamus directing the district court to vacate its order denying HTC's Motion to Dismiss for improper venue and to dismiss this action.

Respectfully submitted,

Dated: February 20, 2018

s/ Yar R. Chaikovsky

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CERTIFICATE OF SERVICE

I hereby certify that on February 20, 2018, I electronically transmitted this Petition through the Court's CM/ECF system. I further certify that the following counsel of record for Respondent are being served with a copy of this Petition via Federal Express:

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CERTIFICATE OF COMPLIANCE

Counsel for Petitioner hereby certifies that this brief complies with the type-volume limitation of Federal Rule of Appellate Procedure 21(d)(1). The brief contains 6,642 words as counted by the word processing program used to prepare the brief, excluding the parts of the brief exempted by Federal Rule of Appellate Procedure 32(a)(7)(B)(iii) and Federal Circuit Rule 32(b).

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