

EXHIBIT A

Misc. No. 2014-_____

UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

IN RE ZTE CORPORATION AND ZTE (USA) INC.,

Petitioners.

*On Petition for a Writ of Mandamus to the
United States District Court for the Eastern District of Texas
Case No. 2:13-cv-901
Judge Rodney Gilstrap*

PETITION FOR A WRIT OF MANDAMUS

Alexas D. Skucas
King & Spalding LLP
1185 Avenue of the Americas
New York, NY 10036
Telephone: (212) 556-2100
Facsimile: (212) 556-2222

Daryl L. Joseffer
King & Spalding LLP
1700 Pennsylvania Ave., NW
Washington, DC 20006
Telephone: (202) 737-0500
Facsimile: (202) 626-3737

Steven T. Snyder
Adam M. Conrad
Anup M. Shah
King & Spalding LLP
100 N. Tryon Street, Suite 3900
Charlotte, NC 28202
Telephone: (704) 503-2600
Facsimile: (704) 503-2622

*Attorneys for Petitioners ZTE
Corporation and ZTE (USA) Inc.*

August 22, 2014

CERTIFICATE OF INTEREST

Counsel for Petitioners ZTE Corporation and ZTE (USA) Inc. certifies the following:

1. The full name of the party represented by me is ZTE Corporation and ZTE (USA) Inc.
2. The name of the real party in interest represented by me ZTE Corporation and ZTE (USA) Inc.
3. ZTE (USA) Inc. is a wholly-owned subsidiary of ZTE Corporation. There are no publicly held companies that own 10% or more of ZTE Corporation's stock.
4. The names of all law firms and the partners or associates that appeared for the party now represented by me in the trial court or are expected to appear in this Court are:

King & Spalding LLP: Adam M. Conrad; Daryl L. Joseffer; Anup M. Shah; Alexas D. Skucas; Steven T. Snyder

Law Office of Everett Upshaw, PLLC: Everett McClyde Upshaw

This 22nd day of August, 2014.



Daryl L. Joseffer

TABLE OF CONTENTS

RELIEF SOUGHT 1

ISSUES PRESENTED 1

INTRODUCTION 1

STATEMENT OF RELEVANT FACTS 3

 A. The Parties 3

 B. The Android Operating System Is At Issue In Both The California And Texas Actions..... 3

 C. The Northern District Of California Held That Google’s Suit Takes Precedence, And That Texas Is Not More Convenient. 5

 D. The Texas Court’s Analysis of the Transfer Issues. 7

REASONS WHY THE WRIT SHOULD ISSUE 8

II. NORTHERN CALIFORNIA IS A CLEARLY MORE CONVENIENT FORUM. 9

 A. The District Court Clearly Abused Its Discretion By Ignoring Judge Wilken’s Findings That Google’s Manufacturer Suit Takes Precedence. 9

 B. The District Court Clearly Abused Its Discretion By Crediting Rockstar’s Transparent Efforts To Manipulate Venue. 13

III. THE DISTRICT COURT REACHED A PATENTLY ERRONEOUS RESULT IN DENYING TRANSFER. 15

 A. The Private Interest Factors Clearly Favor Transfer..... 15

 B. The Public Interest Factors Clearly Favor Transfer..... 19

IV. THE TEXAS DISTRICT COURT CLEARLY ABUSED ITS DISCRETION IN REJECTING ZTE’S MOTION TO STAY THE TEXAS ACTION. 20

CONCLUSION 21

CERTIFICATE OF SERVICE

TABLE OF AUTHORITIES

Cases

A.C. Aukerman Co. v. R.L. Chaides Constr. Co.,
960 F.2d 1020 (Fed. Cir. 1992).....13

Hertz Corp. v. Friend,
559 U.S. 77 (2010).....14

In re Acer Am. Corp.,
626 F.3d 1252 (Fed. Cir. 2010).....16

In re Genentech,
566 F.3d 1338 (Fed. Cir. 2009).....9, 16

In re Hoffmann-La Roche Inc.,
587 F.3d 1333 (Fed. Cir. 2009)..... 13, 14, 18, 19

In re Microsoft Corp.,
630 F.3d 1361 (Fed. Cir. 2011) (per curiam)..... 13, 14

In re Nintendo Co.,
589 F.3d 1194 (Fed. Cir. 2009).....9, 15

In re Nintendo,
No. 2014-132, 2014 U.S. App. LEXIS 12707
(Fed. Cir. June 25, 2014)..... 5, 10, 12

In re Toyota Motor Corp.,
747 F.3d 1338 (Fed. Cir. 2014).....17

In re Volkswagen of Am. Inc.,
545 F.3d 304 (5th Cir. 2008) (en banc)..... 9, 16, 17

In re Zimmer Holdings, Inc.,
609 F.3d 1378 (Fed. Cir. 2010)..... 13, 14

Joy Techs., Inc. v. Flakt, Inc.,
6 F.3d 770 (Fed. Cir. 1993).....12

Katz v. Lear Siegler, Inc.,
909 F.2d 1459 (Fed. Cir. 1990).....10

Seattle Box Co. v. Indus. Crating & Packing,
756 F.2d 1574 (Fed. Cir. 1985).....13

Spread Spectrum Screening LLC v. Eastern Kodak Co.,
657 F.3d 1349 (Fed. Cir. 2011)..... 10, 20

Statutes

28 U.S.C. § 140411

Rules

Fed. R. Civ. P. 4518

RELIEF SOUGHT

Petitioners ZTE Corporation and ZTE (USA) Inc. (collectively, “ZTE”) respectfully petition for a writ of mandamus directing the United States District Court for the Eastern District of Texas to vacate its order denying transfer or stay of this action, and either to transfer this action to the Northern District of California, or stay this action until resolution of the related action filed by Google Inc. in the Northern District of California.

ISSUES PRESENTED

Whether the district court clearly abused its discretion in denying ZTE’s motion to stay or transfer this action to the Northern District of California.

INTRODUCTION

ZTE’s petition raises the same basic issue as petitions filed in related cases by Google, Asustek, HTC, and LG. *See In re Google Inc.*, Misc. No. 2014-147 (Aug. 14, 2014) (“Google Pet.”); *In re HTC*, Misc. No. 14-148 (Aug. 20, 2014); *In re LG Electronics U.S.A. Inc.*, Misc. No. 14-150 (Aug. 22, 2014); *In re Asustek Computer, Inc.*, Misc. No. 14-149 (Aug. 20, 2014) (“ASUS Pet.”). This Court has already called for responses to some of those petitions.

In short, six actions filed by Rockstar Consortium US LP and MobileStar Technologies LLC (collectively, “Rockstar”) are currently pending in the Eastern District of Texas. All of those actions target Google’s Android operating system, which prompted Google (as Android’s manufacturer) to seek a declaratory

judgment against Rockstar in the Northern District of California—Google’s headquarters and the home of Android. As Google has argued, “[t]he only sensible forum” to resolve these disputes “is the Northern District of California—where Google built Android, where the lion’s share of witnesses and documents reside, where the Northern District can compel critical third-party testimony, where there is unique local interest in this action, and where there is already a case involving the same patents and the same issues.” Google Pet. 2.

Google’s arguments equally support mandamus relief in this case because the district court denied ZTE’s motion for transfer largely for the reasons cited in its earlier denial of Google’s motion. PA5. Indeed, in an order denying Rockstar’s motion to dismiss Google’s declaratory judgment action, Chief Judge Wilken of the Northern District of California agreed with every one of Google’s arguments. *See* PA719-46. Accordingly, there is no need for ZTE to belabor the points made by Google and the other defendants in related Rockstar actions, all of which ZTE adopts and incorporates here.

ZTE writes separately, in part, because the district court additionally denied ZTE’s motion in the erroneous belief that ZTE has its U.S. headquarters in the Eastern District of Texas. In fact, it is undisputed that one ZTE entity is based in China and the other in the *Northern* District of Texas. The district court’s puzzling factual error underscores the errors of law that pervade its transfer analysis: the

court gave no precedence to Google's manufacturer suit in California while crediting non-existent contacts with East Texas, including those manufactured by Rockstar for the purpose of establishing venue there. Applying proper legal principles, the district court clearly abused its discretion in denying transfer.

STATEMENT OF RELEVANT FACTS

A. The Parties

Google, in its separate petition for writ of mandamus, sets out the relevant facts surrounding the original ownership of the Asserted Patents by Canada-based Nortel Networks, Rockstar's purchase of the Asserted Patents through a bankruptcy auction, and the transfer of selected Asserted Patents to MobileStar, literally on the eve of Rockstar's Texas lawsuits. Google Pet. 6-8. For the convenience of the Court, ZTE adopts those facts as stated in Google's petition.

ZTE Corporation is based in China. PA30 ¶ 3; PA73 ¶ 3. ZTE (USA) Inc. is based in Richardson, Texas, which is in the Northern District of Texas. PA30 ¶ 4; PA513 ¶ 2-4. ZTE sells a variety of handheld devices, including certain devices based on the Android operating system manufactured by Google. PA32 ¶ 15.

B. The Android Operating System Is At Issue In Both The California And Texas Actions.

Rockstar filed its Texas complaint on October 31, 2013, accusing ZTE of infringing various patents now owned by Rockstar and MobileStar ("the Texas

action”). The seven patents now include U.S. Patent Nos. 5,838,551; 6,037,937; 6,128,298; 6,333,973; 6,463,131; 6,765,591; and 6,937,572 (“the Asserted Patents”). PA73-75 ¶ 5-14. Rockstar’s Texas complaint defines ZTE’s accused devices as devices “having a version (or adaption [sic] thereof) of Android operating system” infringe the Asserted Patents. PA32 ¶ 15. Rockstar does not allege that any of the non-Android devices offered by ZTE infringe the patents.

Google, the developer and manufacturer of the Android operating system, filed a complaint for declaratory judgment in the Northern District of California on December 23, 2013 (“the California action”). PA706-18. Google’s complaint identifies ZTE as a “customer” that uses the Android platform in its devices, and seeks a declaration that “[not] *any version* of Google’s Android platform” infringes the seven Asserted Patents. PA710 ¶ 17, PA711 ¶ 25 (emphasis added).

The same Android-based ZTE devices are therefore at issue in both the Texas and California cases. For example, in Texas, Rockstar alleges that ZTE devices “with a version (or adaption [sic] thereof) of Android operating system” infringe at least claim 13 of the ’937 patent, and similarly in California, Google requests “a judgment declaring that Google’s Android platform . . . do[es] not directly or indirectly infringe any claim of the ’937 patent.” *Compare* PA713 ¶ 37

with PA36 ¶ 28. Parallel allegations are made in the respective Texas and California complaints for each of the other six Asserted Patents.¹

C. The Northern District Of California Held That Google's Suit Takes Precedence, And That Texas Is Not More Convenient.

In response to Google's declaratory judgment complaint in California, Rockstar moved to dismiss or, in the alternative, transfer the action to Texas. Chief Judge Wilken denied both requests based on established Federal Circuit case law, recently reaffirmed in *In re Nintendo*, No. 2014-132, 2014 U.S. App. LEXIS 12707, at *4-5 (Fed. Cir. June 25, 2014), that a manufacturer's suit takes precedence. With regard to the relationship between Google and its customers, and common issues between the cases, Chief Judge Wilken found that:

- The relationship between Google and the Halloween defendants, including ZTE, is one of *manufacturer and customer*.
- Because the determination of the infringement issues in California *would likely be dispositive of the other cases*, and the manufacturer presumably has

¹ For the '298 patent, compare ¶ 44 of the Texas complaint (PA42) with ¶ 43 of the California complaint (PA714). For the '551 patent, compare ¶ 18 of the Texas complaint (PA33) with ¶ 31 of the California complaint (PA7134). For the '973 patent, compare ¶ 59 of the Texas complaint (PA47) with ¶ 49 of the California complaint (PA715). For the '131 patent, compare ¶ 74 of the Texas complaint (PA524) with ¶ 55 of the California complaint (PA716). For the '591 patent, compare ¶ 89 of the Texas complaint (PA58) with ¶ 61 of the California complaint (PA717). For the '572 patent, compare ¶ 104 of the Texas complaint (PA63-64) with ¶ 67 of the California complaint (PA718).

a greater interest in defending against charges of patent infringement than the customers, *the California suit takes precedence*.

PA742.

Chief Judge Wilken then turned to the convenience factors, and made several key findings with respect to the parties:

- “Google’s Android products, the target of this infringement action, were designed and created [in the Northern District.] Many of the witnesses who can testify to the design and development of the accused Android platform’s features reside near Google’s headquarters in Mountain View, California.”

PA743 (citation omitted).

- “[T]he circumstances here strongly suggest that Rockstar formed MobileStar as a sham entity for the sole purpose of avoiding jurisdiction in all other fora except MobileStar’s state of incorporation (Delaware) and claimed principal place of business (Texas).” PA727.
- Rockstar’s “nerve center,” or the place where its “officers direct, control, and coordinate the corporation’s activities,” thus appears to be in Ottawa, Canada. PA721 n.1 (citation omitted).
- “Although Defendants [Rockstar and MobileStar] claim to have substantial ties to Texas, their headquarters appear to be in Canada.” PA745.

Chief Judge Wilken further made findings regarding third-party witness Apple. The California court described a “direct link” between Apple and Rockstar’s actions against Google and its customers. PA736. Chief Judge Wilken first observed that Apple contributed \$2.6 billion, or a controlling 58% of the \$4.5 billion paid by Rockstar Bidco (a consortium consisting of Apple, Microsoft, RIM, Ericsson, Sony, and EMC) to acquire the Nortel patent portfolio. PA735. The California court noted that Rockstar’s litigation strategy of suing Google’s customers “is consistent with Apple’s particular business interests.” PA737. It noted that Rockstar limited its infringement claims in the Texas action “to Android-operating devices only” and, according to Chief Judge Wilken, “[t]his ‘scare the customer and run’ tactic advances Apple’s interest in interfering with Google’s Android business.” *Id.*

The California court therefore denied Rockstar’s motion to transfer. PA746. And Chief Judge Wilken has further ordered that the customer suits in Texas likely would, if transferred to California, be related and consolidated for pretrial purposes. PA744; PA747-48.

D. The Texas Court’s Analysis of the Transfer Issues.

In sharp contrast, the Texas court did not give preference to the manufacturer suit filed by Google in California. Nor did the Texas court analyze the convenience factors within the context of the precedence to be given Google’s

California action. Indeed, the Texas court cited the principle that “litigation against or brought by the manufacturer of infringing goods takes precedence over a suit by the patent owner against customers of the manufacturer” (PA3), but then never analyzed or applied that principle. In fact, the Texas court never mentioned Chief Judge Wilken’s ruling, which had issued more than three months earlier. *Compare* PA719-46 *with* PA1-16. The Texas Court instead gave credit to Rockstar’s manufactured contacts in Texas and found that every single convenience factor was either neutral or weighed against transfer. In addition, the court erroneously stated that ZTE is headquartered in the Eastern District.

REASONS WHY THE WRIT SHOULD ISSUE

The Court should grant a writ of mandamus for all of the reasons given in Google’s co-pending petition, as well as the petitions filed by related defendants.² The district court disregarded Chief Judge Wilken’s prior findings without explanation, refused to determine whether Google’s manufacturer suit in California satisfied the first-filed rule, and cited Rockstar’s choice to bring multiple actions in the same inconvenient forum as a reason to deny transfer in all of them. Moreover, although MobileStar is “a sham entity” that exists for manipulating jurisdiction (PA727), the court nevertheless credited those contacts in finding a “substantial” amount of evidence in East Texas. PA5. These errors of law infected the court’s

² *See, e.g.*, Google Pet. 15-30.

entire analysis. As a result, “the denial of transfer was a ‘clear’ abuse of discretion such that refusing transfer produced a ‘patently erroneous result.’” *In re Genentech*, 566 F.3d 1338, 1331 (Fed. Cir. 2009) (quoting *In re Volkswagen of Am. Inc.*, 545 F.3d 304, 310 (5th Cir. 2008) (en banc)).

Under correct legal standards, there is no basis for denying transfer to Northern California. As Chief Judge Wilken explained, “Google’s Android products, the target of this infringement action, were designed and created” in Northern California. PA743. Most of the relevant witnesses and evidence are located there. *See id.* No relevant witnesses or evidence are located in East Texas. *See id.* As this Court has repeatedly held, “in a case featuring most witnesses and evidence closer to the transferee venue with few or no convenience factors favoring the venue chosen by the plaintiff, the trial court should grant a motion to transfer.” *In re Nintendo Co.*, 589 F.3d 1194, 1198 (Fed. Cir. 2009).

II. NORTHERN CALIFORNIA IS A CLEARLY MORE CONVENIENT FORUM.

A. The District Court Clearly Abused Its Discretion By Ignoring Judge Wilken’s Findings That Google’s Manufacturer Suit Takes Precedence.

The district court erred as a matter of law by refusing to determine whether Google’s declaratory judgment action against Rockstar in California favors transfer. Google has already explained why it does favor transfer under the first-filed rule. *See* Google Pet. 15-19. It also supports transfer here because Rockstar’s

action against ZTE is a customer suit. As this Court has repeatedly held, “[w]hen a patent owner files an infringement suit against a manufacturer’s customer and the manufacturer then files an action of noninfringement or patent invalidity, the suit by the manufacturer generally take[s] precedence.” *In re Nintendo of Am., Inc.*, 2014 U.S. App. LEXIS 12707, at *4-5 (citing *Spread Spectrum Screening LLC v. Eastern Kodak Co.*, 657 F.3d 1349, 1357 (Fed. Cir. 2011); *Katz v. Lear Siegler, Inc.*, 909 F.2d 1459, 1464 (Fed. Cir. 1990)).

As Chief Judge Wilken found, there is no question that “the relationship between Google and the Halloween defendants [including ZTE] is one of manufacturer and customer.” PA742. Rockstar’s own complaint makes this plain. It accuses ZTE of infringement based on its implementation of the Android operating system, which Google develops and distributes. PA32 ¶ 15.

Chief Judge Wilken further concluded that Google’s manufacturer suit in California “takes precedence” for two reasons: “the determination of the infringement issues here would likely be dispositive of the other cases”; and “the manufacturer presumably has a greater interest in defending against charges of patent infringement than the customers.” PA742 (emphasis added). Indeed, in its California action, Google seeks a declaration that *no* version of the Android platform infringes *any* of the seven asserted patents that are at issue in Texas. PA65-66. If Google is successful, it will resolve most if not all issues in this case

because Rockstar's infringement contentions for six of the seven patents identify stock Android source code as the basis for infringement. PA395-428. And for the seventh patent, which is directed to hardware, Rockstar accuses only those ZTE devices "having a version (or an adaption [sic] thereof) of *Android operating system*." PA32-33 ¶ 15 (emphasis added). The overlap between the cases is so clear that Chief Judge Wilken ordered that "[i]f the customer suits were transferred to the Northern District of California, th[e] Court would relate them to" Google's manufacturer suit. PA748.

The district court in this case did not disagree with Chief Judge Wilken's findings. It simply ignored them. Expressly putting the first-filed issue to the side, the court instead pointed to the fact that Rockstar had filed a total of six actions in the Eastern District. *See* PA14. But if one suit in an inconvenient forum warrants granting transfer, the existence of five more inconvenient suits is hardly a reason to deny it. If it were otherwise, plaintiffs could always defeat transfer by maximizing the number of defendants and witnesses inconvenienced by an improper venue choice. That is simply not a plausible reading of a statute that authorizes transfer "in the interests of justice." 28 U.S.C. § 1404(a).

In reality, the manufacturer-suit rule and the transfer statute work toward the same goal: ensuring efficient and convenient resolution of a dispute in the proper forum. Chief Judge Wilken's order reflects that reality by giving Google's suit the

precedence demanded by this Court. The district court's order here instead subverts it. By ignoring the issue, the court effectively rejected the precedence of Google's manufacturer suit, skewing the transfer analysis and clearly erring as a result.

The district court further suggested that it "does not expect the current California litigation to dispose of key issues in this case and the other related Rockstar litigations." PA4. Google has already explained why that is demonstrably incorrect. Google Pet. 18-19. But in any event, the district court's reasoning is legally incorrect even if it were factually accurate. This Court has explained that, "although there may be additional issues involving the defendants in the customer action, their prosecution will be advanced if the plaintiff is successful on the major premises being litigated in the manufacturer litigation, and may well be mooted if the plaintiff is unsuccessful." *In re Nintendo*, 2014 U.S. App. LEXIS 12707, at *7 (internal quotation marks omitted).

In short, giving Google's suit precedence facilitates a just, convenient, efficient, and economical resolution of what is, at bottom, a dispute over the Android operating system. The district court clearly abused its discretion by holding otherwise. *Joy Techs., Inc. v. Flakt, Inc.*, 6 F.3d 770, 772 (Fed. Cir. 1993) (citing *A.C. Aukerman Co. v. R.L. Chaides Constr. Co.*, 960 F.2d 1020, 1039 (Fed.

Cir. 1992) and *Seattle Box Co. v. Indus. Crating & Packing*, 756 F.2d 1574, 1581 (Fed. Cir. 1985)).

B. The District Court Clearly Abused Its Discretion By Crediting Rockstar’s Transparent Efforts To Manipulate Venue.

The district court’s denial of transfer rests on a second error of law: it credits connections to Eastern Texas that Rockstar manufactured shortly before filing suit. This Court has rejected that tactic on at least three occasions, and there is no reason to sanction it here. *See In re Hoffmann-La Roche Inc.*, 587 F.3d 1333, 1337 (Fed. Cir. 2009); *In re Zimmer Holdings, Inc.*, 609 F.3d 1378, 1381 (Fed. Cir. 2010); *In re Microsoft Corp.*, 630 F.3d 1361, 1365 (Fed. Cir. 2011) (per curiam).

As Chief Judge Wilken found, “the circumstances here strongly suggest that Rockstar Consortium (a Delaware entity) formed MobileStar (another Delaware entity) as a sham entity for the sole purpose of avoiding jurisdiction in all other fora except MobileStar’s state of incorporation (Delaware) and claimed principal place of business (Texas).” PA727. Indeed, MobileStar was formed *one day* before the Texas complaint was filed. PA727. That is the epitome of the kind of “recent” and “ephemeral” connection that cannot defeat a motion to transfer. *Zimmer Holdings*, 609 F.3d at 1381.

The reality is that Rockstar is neither a Delaware nor a Texas entity. It is a Canadian entity, which is what Rockstar itself told the Texas State tax authority. *See* ASUS Pet. 16. Its officers and board members are “almost all based in

Canada, except one in Colorado.” PA721 n.1. And “Rockstar’s ‘nerve center,’ or the place where its ‘officers direct, control, and coordinate the corporation’s activities,’ thus appears to be in Ottawa, Canada.” *Id.* (citing *Hertz Corp. v. Friend*, 559 U.S. 77, 92-93 (2010)). Given that Rockstar produces no products, and instead ‘operates a “patent licensing business that owns and manages a portfolio of more than 4,000 patents developed by” Nortel,’ (PA721) the fact that its “nerve center” is in Canada confirms that its ties to Texas have nothing to do with business and everything to do with the “anticipation of litigation.” *Microsoft*, 630 F.3d at 1365; *see also id.* at 1364.

Accordingly, “[t]his is a classic case where the plaintiff is attempting to game the system by artificially seeking to establish venue . . .” *Zimmer Holdings*, 609 F.3d at 1381. The mere fact that a plaintiff claims a principal place of business in Texas and moves its documents there is insufficient to defeat transfer as a matter of law. *See id.*; *Hoffmann-La Roche*, 587 F.3d at 1337. When those contacts are a sham, as Chief Judge Wilken found, the plaintiff “has no presence in Texas that should be given weight in the transfer analysis.” *Zimmer Holdings*, 609 F.3d at 1381.

Here, the district court gave “substantial” weight to Rockstar’s artificial presence in Texas. PA11. And it did so virtually without explanation, stating in conclusory fashion that a finding of venue manipulation “is unwarranted given the

evidence presented.” PA11. This type of unreasoned analysis is no basis to distinguish Chief Judge Wilken’s well-supported conclusions, much less this Court’s holdings in *Microsoft* and *Zimmer Holdings*.

III. THE DISTRICT COURT REACHED A PATENTLY ERRONEOUS RESULT IN DENYING TRANSFER.

Stripped of the legally erroneous reasoning discussed above, the district court’s denial of transfer falls apart. Under correct legal principles, all relevant private convenience and public interest factors favor transfer. This Court has held repeatedly “that in a case featuring most witnesses and evidence closer to the transferee venue with few or no convenience factors favoring the venue chosen by the plaintiff, the trial court should grant a motion to transfer.” *In re Nintendo Co.*, 589 F.3d at 1198. That is the case here.

A. The Private Interest Factors Clearly Favor Transfer.

The district court erred in finding that the private interest factors weighed against transfer, or were neutral. As Google’s manufacturer suit shows, the vast majority of relevant witnesses and evidence are in Northern California. By contrast, the only evidence and witnesses purportedly in East Texas are those manufactured by Rockstar to manipulate venue, which deserve no weight at all.

The sources of proof. “In patent infringement cases, the bulk of the relevant evidence usually comes from the accused infringer. Consequently, the place where the defendant’s documents are kept weighs in favor of transfer. *Genentech*, 566

F.3d at 1345. Here, those documents are Google's Android documents. *See* PA743. Indeed, as Google noted in its petition, the district court acknowledged that the "bulk of the relevant evidence in this action will come from Google," yet inexplicably questioned whether those documents were in the Northern District of California. PA11. As discussed above, Rockstar's supposed contacts in East Texas are entitled to no weight. *See* pp. 13-15, *supra*. This factor therefore strongly supports transfer.

The district court further erred by finding that ZTE is located in the Eastern District of Texas. It is not. ZTE (USA) Inc. is located in the Northern District of Texas, while ZTE Corp. is located in China. *See* p. 3, *supra*. The only evidence of record confirms these facts, and Rockstar no longer disputes it. *See* PA513-14 ¶ 2-4; PA720. The district court's contrary statement is clearly wrong and cannot support its decision. *See Volkswagen*, 545 F.3d at 310 ("A district court abuses its discretion if it . . . relies on clearly erroneous factual findings." (internal quotation marks omitted)). Moreover, ZTE's presence in the *Northern* District of Texas cannot support venue in the *Eastern* District because the vast majority of evidence is in Google's possession in Northern California. *See In re Acer Am. Corp.*, 626 F.3d 1252, 1255 (Fed. Cir. 2010) (granting mandamus where Dell's presence in Texas outweighed by fact that "allegation of infringement against Dell is largely

based on integrated software of other defendants with headquarters outside of Texas”).

The witnesses. The convenience and availability of witnesses is “probably the single most important factor” in the transfer analysis. *In re Genentech*, 566 F.3d at 1343. As Judge Wilken found, “[m]any of the witnesses who can testify to the design and development of the accused Android platform’s features reside near Google’s headquarters in Mountain View, California.” PA743. Google’s petition explains that Northern California is a far more convenient venue for its witnesses. *See* Google Pet. 24-25. Other potential witnesses, including prior art witnesses, live in and around the Northern District of California. *See* PA128-29 & n.4. Especially given that many of these witnesses, including Google’s potential witnesses, are third-party witnesses in ZTE’s case, this factor strongly weighs in favor transfer. *See In re Toyota Motor Corp.*, 747 F.3d 1338, 1340 (Fed. Cir. 2014) (finding that, where no non-party witnesses reside in East Texas and many witnesses residing in transferee forum have potentially relevant knowledge, this factor weighs in favor of transfer).

The district court’s opposite conclusion was a clear abuse of discretion for two reasons. First, the court factored in ZTE’s “likely witnesses” in the Eastern District of Texas, even though ZTE is not located in that district. *See Volkswagen*, 545 F.3d at 310. And second, it improperly credited Rockstar’s Texas witnesses.

The district court clearly erred by determining that this factor weighed against transfer on these bases.

Compulsory process. The Northern District of California holds compulsory process authority over the overwhelming majority of third-party witnesses, including as many as *several hundred* Android engineers identified by Google in the San Francisco Bay Area. Google Pet. 24-25. ZTE further identified at least one named inventor and forty-five prior art inventors residing in the Northern District of California, along with employees from Apple who will likely be unwilling trial witnesses. PA128-29 & n.4. None of these witnesses are subject to “absolute subpoena” power in East Texas. *See* Fed. R. Civ. P. 45(c). The district court clearly abused its discretion in holding that this factor was neutral on the basis of four witnesses (two prosecuting attorneys and two former Nortel employees) Rockstar identified in or near the Eastern District of Texas. *See Hoffmann-La Roche*, 587 F.3d at 1337-38.

Other practical problems. The district court found that this factor, based entirely on judicial economy, weighed heavily against transfer. This was clear error. Judicial economy *favors* transfer precisely because Google’s manufacturer suit takes precedence over this customer suit against ZTE. *See* pp. 9-13, *supra*.

The district court contradicted itself to hold otherwise. It first noted that these actions “present common issues of claim construction and damages, and

(most likely) validity” before concluding that Google’s California action would not “dispose of key issues in this case and the related Rockstar cases.” PA14-15. To the contrary, not only would Google’s manufacturer suit dispose of key issues, it “would likely be *dispositive* of the” cases currently (and inconveniently) pending in Texas. PA742 (emphasis added). Chief Judge Wilken has made clear that, “[i]f the customer suits were transferred to the Northern District of California, this Court would relate them to the above-entitled case.” PA748. Accordingly, transfer would likely promote judicial economy; at a minimum, there is no evidence that transfer would undermine it.

B. The Public Interest Factors Clearly Favor Transfer.

The district court erred by treating the Northern District of California’s local interest in this case as neutral. As Chief Judge Wilken found (citing this Court’s precedents), “[t]he Northern District of California has the greater interest in this litigation because the claims here will ‘call into question the work and reputation of several individuals residing in or conducting business in this community.’” PA745 (quoting *Hoffman-LaRoche*, 587 F.3d at 1336).

The district court here dismissed that conclusion (again without discussing it) by finding that any interest in resolving cases involving intellectual property developed within a particular jurisdiction “amounts to a bias in its jury pool” and a “predisposition toward one party, independent of the merits of the case.” PA16.

Pointing fingers at any forum's potential jury bias is, at most, a two-way street. And in any event, any local interest in "the work and reputation" of individuals residing in the forum is not a mark of favoritism; it is due regard for having that reputation evaluated by a jury of one's peers. *Hoffmann-La Roche*, 587 F.3d at 1336.³

IV. THE TEXAS DISTRICT COURT CLEARLY ABUSED ITS DISCRETION IN REJECTING ZTE'S MOTION TO STAY THE TEXAS ACTION.

This Court has recognized that a manufacturer suit "need only have the potential to resolve the 'major issues' concerning the claims against the customer—not every issue—in order to justify a stay of the customer suits." *Spread Spectrum*, 657 F.3d at 1358. Chief Judge Wilken explained why that is the case here. Google is the manufacturer of Android, the remaining Texas defendants are its customers, and the California case will resolve "major issues" involved in the six other customer suits. PA742. As noted above, the district court here acknowledged the overlapping issues. Thus, at a minimum, the court should have stayed this action, and its refusal to do so confirms the need to transfer all of the cases to a single forum so they can be handled in an efficient manner—exactly as Chief Judge Wilken has proposed to do. *See* PA748.

³ The remaining public interest factors—administrative difficulties flowing from court congestion; familiarity of the forum with the law that will govern the case; and avoidance of unnecessary problems of conflict of laws—are neutral.


CONCLUSION

ZTE respectfully requests that this Court issue a writ of mandamus directing the District Court for the Eastern District of Texas to vacate its order denying transfer or stay of this action, and to transfer this action to the Northern District of California or, in the alternative, to stay this action until resolution of Google's manufacturer suit in the Northern District of California.

Respectfully submitted,

DATED: August 22, 2014

By



Daryl L. Joseffer
King & Spalding LLP
1700 Pennsylvania Ave., NW
Washington, DC 20006

Alexas D. Skucas
King & Spalding LLP
1185 Avenue of the Americas
New York, NY 10036

Steven T. Snyder
Adam M. Conrad
Anup M. Shah
King & Spalding LLP
100 N. Tryon Street, Suite 3900
Charlotte, NC 28211

*Attorneys for Petitioners ZTE Corporation
and ZTE (USA) Inc.*

CERTIFICATE OF SERVICE

This is to certify that I have this day served the foregoing via first class postage paid U.S. Mail to each party as follows:

Mike McKool
mmckool@McKoolSmith.com
Douglas A. Cawley
dcawley@McKoolSmith.com
Ted Stevenson III
tstevenson@mckoolsmith.com
David Sochia
dsochia@McKoolSmith.com
Ryan Hargrave
rhargrave@McKoolSmith.com
Nicholas M. Mathews
nmathews@McKoolSmith.com
MCKOOL SMITH, P.C.
300 Crescent Court, Suite 1500
Dallas, TX 75201
Telephone: (214) 978-4000
Facsimile: (214) 978-4044

Jennifer Leigh Truelove
jtruelove@McKoolSmith.com
Samuel Franklin Baxter
sbaxter@McKoolSmith.com
MCKOOL SMITH, P.C.
104 East Houston St., Suite 300
Marshall, TX 75670
Telephone: (903) 923-9000
Facsimile: (903) 923-9099

Joshua W. Budwin
jbudwin@mckoolsmith.com
MCKOOL SMITH, P.C.
300 W. 6th Street, Suite 1700
Austin, TX 78701
Telephone: (512) 692-8700
Facsimile: (512) 692-8744

Additionally, a copy will be sent to:

Hon. Rodney Gilstrap, Judge
U.S. District Court for the Eastern District Of Texas
Sam B. Hall, Jr. Federal Building and United States Courthouse
100 East Houston Street
Marshall, Texas 75670
Telephone: (903) 935-3868
Facsimile: (903) 935-2295

August 22, 2014