IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF TEXAS
MARSHALL DIVISION

AGIS SOFTWARE DEVELOPMENT, LLC,	§ § §	
	§	**Case No. 2:17-cv-517-JRG**
Plaintiff,	§ §	
	§	**JURY TRIAL DEMANDED**
v.	§ §	
ZTE CORPORATION, ET AL.,	§ §	
	§	
Defendants.	§	

PLAINTIFF AGIS SOFTWARE DEVELOPMENT, LLC'S
MOTION FOR ALTERNATIVE SERVICE OF DEFENDANT
ZTE CORPORATION PURSUANT TO FED. R. CIV. P. 4(f)(3)

Plaintiff AGIS Software Development, LLC ("AGIS") respectfully submits this Motion for Alternative Service of Defendant ZTE Corporation ("ZTE Corp.") pursuant to Fed. R. Civ. P. 4(f)(3). AGIS requests that this Court issue an order permitting it to serve ZTE Corp. with the Summons and Complaint (Dkt. 1) and the First Amended Complaint ("Amended Complaint") (Dkt. 32) by e-mail to its U.S. counsel or, in the alternative, to serve ZTE Corp.'s U.S. wholly-owned subsidiary, ZTE (USA), Inc. with the Summons and Complaint and Amended Complaint in accordance with the Federal Rules of Civil Procedure.

I.   INTRODUCTION

In August 2017, AGIS began the process of serving China-based Defendant ZTE Corp. with the Summons and initial Complaint through the Convention on the Service Abroad of Judicial and Extrajudicial Documents in Civil or Commercial Matters (the "Hague Convention"). The process was expected to take three to six months. Today, more than nine months later, AGIS has still not received a certificate of completed service from the Central Authority of China, and has been informed that the earliest ZTE Corp. will be served is August. Accordingly, in order to mitigate any further delay in the prosecution of this action, AGIS seeks an order from the Court permitting it to serve ZTE Corp. through alternative means—namely, by e-mail to ZTE Corp.'s U.S. counsel or, in the alternative, by serving its U.S. wholly-owned subsidiary, ZTE (USA), Inc., which is a defendant in this action, in accordance with the Federal Rules of Civil Procedure.

Federal Rule of Civil Procedure 4(f)(3) permits alternative service in these circumstances because neither of AGIS's proposed means of alternative service is prohibited by international agreement, and both comport with due process. Moreover, long delays in service under the

Hague Convention, like the one experienced by AGIS, provide additional justification for a court to order alternative service on a foreign defendant.

II.   BACKGROUND

A. Procedural History

On June 21, 2017, AGIS initiated the present action against ZTE Corp., and its subsidiary ZTE (TX), Inc., alleging infringement of certain of AGIS's patents. Dkt. 1 ¶¶ 7-10. Immediately after commencing the action, AGIS began the process of serving ZTE Corp., a Chinese company, through the Hague Convention, a process that was expected to take three to six months. Exs. 1, 2 (correspondences with process server stating service on ZTE Corp. through the Hague Convention would be complete in three to six months). Through its process server, AGIS provided copies and translations of the Summons and Complaint to the Central Authority of China, specifically the Bureau of International Judicial Assistance, Ministry of Justice of the People's Republic of China ("Central Authority"), for service on ZTE Corp. in China. The Central Authority received the Summons and Complaint on August 24, 2017. Ex. 3. The Central Authority, however, did not provide the papers to the local authorities to effectuate the next step of service until December 4, 2017. *Id.* On February 19, 2018, AGIS's process server visited the Central Authority at AGIS's request to obtain an in-person status update. *Id.* The process server was informed by the Main Clerk of the Central Authority that the earliest ZTE Corp. will be served is sometime in August. *Id.* But even this date is uncertain because the Central Authority has a practice of purposefully delaying service of U.S. documents in an attempt to prevent assets from leaving China. *Id.*

On October 17, 2017, AGIS amended the initial Complaint to, *inter alia*, add ZTE

(USA), Inc., another wholly-owned subsidiary of ZTE Corp., as a defendant and add allegations

of infringement as to another AGIS patent. Dkt. 32 ¶¶ 3, 16.

B. ZTE Corp.'s U.S. Counsel

Based on publicly available information, ZTE Corp. is currently represented by counsel

in the United States in connection with a civil litigation and a proceeding before the United

States Patent and Trademark Office's ("USPTO") Patent Trial and Appeal Board ("PTAB").

McDermott Will & Emery LLP currently represents ZTE Corp. in *Fundamental Innovation Sys.*

Int'l, LLC v. ZTE Corp., et al., No. 3:17-cv-1827 (N.D. Tex. Feb. 13, 2017). Exs. 4-10 (notices

of attorney appearances by counsel at McDermott Will & Emery on behalf of ZTE Corp.). The

attorneys appearing on behalf of ZTE Corp. are located at McDermott Will & Emery's Chicago,

Dallas, and Washington D.C. offices. *Id.* ZTE Corp. appointed Pillsbury Winthrop Shaw

Pittman LLP ("Pillsbury") as lead and back-up counsel in connection with ZTE Corp.'s petition

for *inter partes* review of a patent owned by Hitachi Maxell, Ltd. IPR2018-00235. Ex. 11

(power of attorney appointing Pillsbury as counsel for ZTE Corp). These attorneys are located at

Pillsbury's San Diego and Austin offices.[1]

In an attempt to avoid further delay of the prosecution of this action, and prior to filing

this Motion, AGIS sought a waiver from ZTE Corp. permitting informal service of the Summons

and Complaint and the Amended Complaint by electronically serving ZTE Corp.'s U.S. Counsel.

On April 21, 2018, counsel for AGIS reached out to ZTE Corp.'s U.S. Counsel asking if their

client, ZTE Corp., would authorize them to accept service of the Summons and Complaint and

the Amended Complaint via e-mail. Exs. 12, 13 (emails to each counsel re informal service).

Pillsbury refused to accept service. Ex. 13. Despite AGIS's numerous emails to McDermott

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[1] McDermott Will & Emery and Pillsbury are collectively referred to herein as "ZTE Corp.'s U.S. Counsel."

Will & Emery seeking a waiver of formal service, they never responded to AGIS's request. Ex. 12.

C. ZTE Corp.'s Domestic Subsidiary

ZTE (USA), Inc. (referred to as "ZTE Corp.'s Domestic Subsidiary"), a defendant in the instant action and a wholly-owned subsidiary of ZTE Corp., is located in the United States. ZTE (USA), Inc. is a New Jersey corporation with a place of business located in Texas. Dkt. 38 at 4; Dkt. 38-3 ¶¶ 4-5. Numerous employees of ZTE (USA), Inc. are also employees of ZTE Corp., including at least the following high-level executives: (1) Matthew Bell who currently serves as Chief Export Compliance Officer and Legal Counsel of ZTE Corp. and Chief Compliance Officer and Legal Counsel for ZTE (USA), Inc. (Exs. 14, 15), and (2) Lixin Cheng who currently serves as Senior Vice President of ZTE Corp. and Chairman and CEO of ZTE (USA), Inc. (Ex. 16).

III.   LEGAL STANDARD

Service on an entity outside of the United States is governed by Federal Rule of Civil Procedure 4(h)(2), which permits service in any manner permitted by Rule 4(f) for serving an individual in a foreign country. Fed. R. Civ. P. 4(h)(2). Under Rule 4(f)(3), federal courts have discretionary authority to direct service "by other means not prohibited by international agreements." Fed. R. Civ. P. 4(f)(3). A court can order *any* method of service so long as it is "reasonably calculated, under all the circumstances, to apprise interested parties of the pendency of the action and afford them an opportunity to present their objections." *Mullane v. Cent. Hanover Bank & Trust Co.*, 339 U.S. 306, 314 (1950).

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