UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF TEXAS
MARSHALL DIVISION

VIAVI SOLUTIONS INC., Plaintiff, v. ZHEJIANG CRYSTAL-OPTECH CO LTD., Defendant.	Case No. 2:21-cv-378 JURY TRIAL DEMANDED

PLAINTIFF'S MOTION FOR LEAVE TO EFFECT ALTERNATIVE SERVICE

On October 7, 2021, Plaintiff Viavi Solutions Inc. ("Viavi") filed this suit, alleging patent infringement against one of its competitors, Defendant Zhejiang Crystal-Optech Co Ltd. ("Crystal China"). *See* Dkt. No. 1. Based in the U.S., Viavi is a pioneer in three-dimensional (3D) sensing technology and the development of low angle shift ("LAS") optical filters. Its innovation led to several patents including asserted U.S. Patent Nos. 9,588,269, 10,222,526, and 11,131,794. Not only was Viavi the first company to offer commercial LAS optical filters for 3D sensing, Viavi is the industry's leading supplier of these filters for high-end mobile phones and tablets, such as those manufactured by companies like Samsung Electronics ("Samsung").

Dating back to 2020, Viavi learned that Crystal China was supplying LAS filters to Samsung for devices sold in the U.S. (as set forth in Viavi's Complaint). For more than a year, Viavi and Crystal China attempted to negotiate a business resolution, but those efforts proved unsuccessful ultimately leading Viavi to file this suit to enforce its patent protections.

After filing its Complaint, Viavi promptly initiated service proceedings on Crystal China through the Hague Convention (in addition to notifying Crystal China of this suit directly as part of the ongoing negotiations). While service proceedings through the Hague Convention

continue, the timeline for completion may extend into late 2022 or beyond. Meanwhile, Crystal China's infringing presence in the U.S. may be expanding. Hence, Viavi files this Motion for Leave to Effect Alternative Service on Crystal China, requesting permission to serve Crystal China through its U.S. subsidiary Crystal-Optech Technology (California) Co., Ltd. ("Crystal USA") or alternatively by email through Crystal China's personnel involved in the pre-suit negotiations. Both forms of alternative service are routinely granted by courts.

I. LEGAL STANDARD

Federal Rule of Civil Procedure 4(h) governs service of process upon a foreign entity. Rule 4(h)(2) authorizes service of process in the same "manner as prescribed by Rule 4(f) for serving an individual, except personal delivery." Fed. R. Civ. P. 4(h)(2). Federal Rule of Civil Procedure 4(f)(3) authorizes service "by other means not prohibited by international agreement, as the court orders." Fed. R. Civ. P. 4(f)(3). Notably, "a plaintiff does not have to attempt to effect service under Rule 4(f)(1) or Rule 4(f)(2) prior to requesting the authorization of an alternative method of service pursuant to Rule 4(f)(3)." *See Affinity Labs of Texas, LLC v. Nissan N. Am. Inc.*, No. 13-cv-369, 2014 WL 11342502, at *1 (W.D. Tex. July 2, 2014). Thus, courts have recognized that "service of process under Rule 4(f)(3) is neither a 'last resort' nor 'extraordinary relief.'" *See id.* (internal citations omitted).

Courts have authorized various alternative means of serving foreign defendants under Rule (4)(f)(3), including service on a foreign corporation's domestic subsidiary or service by email. *See, e.g., Nagravision SA v. Gotech Int'l Tech. Ltd.*, 882 F.3d 494, 498 (5th Cir. 2018), *cert. denied*, 139 S. Ct. 480, 202 L. Ed. 2d 376 (2018) (ruling that "court-ordered email service under Rule 4(f)(3)" was proper to serve a foreign defendant); *Affinity Labs*, 2014 WL 11342502 at *4 (authorizing service of foreign defendant through its domestic subsidiary pursuant to Rule

4(f)(3)). Ultimately, "[t]he purpose of service is to give appropriate notice to allow parties to properly present their substantive arguments and not to create considerable procedural hurdles to delay an action." *In re Chinese-Manufactured Drywall Prods. Liab. Litig.*, No. 09-cv-2047, 2015 WL 13387769, at *7 (E.D. La. Nov. 9, 2015).

II. ARGUMENT

A. This Court Has Discretion to Authorize Alternative Service

The Court has "considerable discretion to authorize an alternative means of service" in accordance with Federal Rule of Civil Procedure 4(f)(3). *Affinity Labs*, 2014 WL 11342502 at *1; *see also Fundamental Innovation Sys. Int'l, LLC v. ZTE Corp.*, No. 3:17-CV-01827-N, 2018 WL 3330022, at *5 (N.D. Tex. Mar. 16, 2018) (determining whether alternative service is warranted "is placed squarely within the sound discretion of the district court"); *In re Chinese-Manufactured Drywall*, 2015 WL 13387769 at *4 ("The decision whether to allow alternative methods of serving process under Rule 4(f)(3) is committed to the sound discretion of the district court.").

Upon determining alternative service is appropriate, the Court need only find the method of service (1) is not prohibited by international agreement, and (2) comports with the Constitutional notions of due process. *Lexmark Int'l, Inc. v. Ink Techs. Printer Supplies, LLC,* No. 1:10-CV-564, 2013 WL 12178588, at *2 (S.D. Ohio Aug. 21, 2013); *see also Affinity Labs*, 2014 WL 11342502 at *2-4 (discussing the justifications for the plaintiff requesting an alternative method of service that complied with due process).

This Court has granted alternative service under similar circumstances. *Whirlpool Corp. v. Shenzhen Lujian Tech. Co., Ltd.*, No. 2:21-CV-00397-JRG, 2022 U.S. Dist. LEXIS 19352, at *7 (E.D. Tex. Feb. 2, 2022) (granting motion for alternative service via email); *Stingray IP Sols.*

v. Tp-Link Techs. Co., No. 2:21-CV-00045-JRG, 2021 U.S. Dist. LEXIS 252513, at *12 (E.D. Tex. Nov. 19, 2021) (granting motion for alternative service on defendant's U.S. domestic subsidiary).

B. Alternative Service Through Crystal USA Will Provide Actual Notice of This Lawsuit and is not Prohibited by International Agreement

i. Actual Notice

The Fifth Circuit has recognized that "even if a domestic subsidiary is not explicitly authorized by its foreign parent corporation as an agent for service, the subsidiary might still be capable of receiving such service." *Lisson v. ING Groep N.V.*, 262 F. App'x 567, 570 (5th Cir. 2007). "[A]s long as a foreign corporation exercises such control over the domestic subsidiary that the two entities are essentially one, process can be served on a foreign corporation by serving its domestic subsidiary—without sending documents abroad." *Id.* (quoting *Sheets v. Yamaha Motors Corp.*, U.S.A., 891 F.2d 533, 536 (5th Cir. 1990)). In other words, the subsidiary must be the alter ego of the parent. *Berry v. Lee*, 428 F. Supp. 2d 546, 554 (N.D. Tex. 2006). In determining whether a subsidiary is the alter ego of its parent, courts examine "the totality of the circumstances in which the instrumentalities function." *Id.* (citing *Bridas S.A.P.I.C. v. Gov't of Turkmenistan*, 345 F.3d 347, 359 (5th Cir. 2003)). Courts are more likely to conclude that the companies are a single entity where the following factors exist:

> [1] The companies share common business names, business departments, offices, directors or officers, employees, stock ownership, financing, and accounting. [2] One corporation pays wages to the other corporation's employees. [3] The employees of one corporation render services on behalf the other corporation.

Berry, 428 F. Supp. 2d at 554.

In *Berry v. Lee*, the court found multiple companies "BSI, CBPC, BSUSA, and BSC [to be] a single business enterprise" where all company materials reference a single enterprise ("Bao

Sheng Corporation") and one person is president and controlling shareholder of all four businesses. *Berry*, 428 F. Supp. 2d at 555-56. Like *Berry v. Lee*, alternative service on Crystal USA is appropriate because Crystal China and Crystal USA are inextricably linked entities. First, Crystal China (Zhejiang Crystal-Optech Co Ltd.) and Crystal USA (Crystal-Optech Technology (California) Co., Ltd.) share the same name—Crystal-Optech. Hector Decl., Exs. A at 1, B at 3, E. Second, Crystal USA and Crystal China share the same officers. Ex. B at 7, E. Crystal USA's CEO and registered agent is Min Lin, who is also the Chairman of Crystal China. *Id*. Crystal USA's CFO is Ping Zheng, who is also the CFO of Crystal China. *Id*. Third, Crystal USA was formed to render services on behalf of Crystal China. Ex. A at 3. Indeed, Crystal USA is simply Crystal China's U.S. subsidiary, and does nothing more than act on direct behalf of Crystal China in the U.S. *Id*. For example, Crystal USA's only two known U.S.-based employees hold themselves out as Crystal China employees. Exs. C, D. Further, those two employees solely serve as a sales office for Crystal China manufactured products that are sold to a single, specific U.S.-based mobile device customer, which also happens to be Viavi's LAS filter customer. *Id*.

These facts prove that these two companies are indistinguishably connected, and therefore Crystal USA is nothing more than an alter ego of Crystal China.

ii. Service on Crystal USA Comports with International Law

Nor does Viavi's proposed alternative means of service through Crystal USA conflict with international laws or agreements. Serving Crystal USA will adequately provide actual notice of the lawsuit to Crystal China and will not trigger the procedures of the Hague Convention since documents will not need to be transmitted abroad to be delivered to Crystal USA. *See, e.g., Affinity Labs*, 2014 WL 11342502 at *2 (finding service of domestic subsidiary

of foreign defendant would not "require transmittal of service documents abroad"); *see also Nuance Commc'ns, Inc. v. Abbyy Software House*, 626 F.3d 1222, 1240 (Fed. Cir. 2010) (instructing district court on remand to allow service of foreign defendant through substitute service of domestic corporate affiliate pursuant to Rule 4(f)(3)).

Serving Crystal USA also certainly apprises Crystal China of this suit. As demonstrated above, the two companies are one. And even more, as stated above, Viavi has already provided notice to Crystal China when it emailed Mr. Lijian Jin (Vice President and General Manager of Crystal China), Viavi's main contact during the pre-suit negotiations, notifying him that this suit had been filed on the same day it was filed. Hector Decl., Ex. F.

This Court and others have routinely allowed alternative service of foreign defendants (including Chinese companies) via service upon a U.S. subsidiary or affiliated company in similar circumstances. *See Stingray IP*, 2021 U.S. Dist. LEXIS 252513 at *12; *WorldVentures Holdings, LLC v. Mavie*, No. 4:18-cv-393, 2018 WL 6523306, at *14 (E.D. Tex. Dec. 12, 2018); *Affinity Labs*, 2014 WL 11342502 at *1-2; *In re Oneplus Tech. Co.*, No. 2021-165, 2021 U.S. App. LEXIS 27282 at *3; *Nuance*, 626 F.3d at 1239 (acknowledging cases allowing service of foreign entities through domestic subsidiaries and counsel); *In re LDK Solar Secs. Litig.*, 2008 WL 2415186 at *4 (allowing service of six Chinese defendants through California subsidiary).

C. Alternative Service by Email Will Provide Actual Notice of This Lawsuit and is not Prohibited by International Agreement

Courts also routinely permit service of foreign defendants by email under Federal Rule of Civil Procedure 4(f)(3). *See, e.g., Whirlpool*, 2022 U.S. Dist. LEXIS 19352 at *7; *Huawei Techs. USA, Inc. v. Oliveira*, No. 4:19-CV-229-ALM-KPJ, 2019 WL 3253674, at *3 (E.D. Tex. July 19, 2019); *see also, e.g., Gamboa v. Ford Motor Co.*, 414 F. Supp. 3d 1035, 1043 (E.D.

Mich. 2019); *Williams-Sonoma Inc. v. Friendfinder Inc.*, No. C06-06572 JSW, 2007 WL 1140639, at *2 (N.D. Cal. Apr. 17, 2007). Indeed, the Fifth Circuit has found "court-ordered email service under Rule 4(f)(3)" to be proper, and that the Hague Convention "does not displace Rule 4(f)(3)." *Nagravision SA*, 882 F.3d at 498.

As an alternative to service through Crystal USA, service could be affected via email through the same Crystal China employee (Mr. Jin) that was involved in the pre-suit negotiations between Viavi and Crystal China. Specifically, Viavi could email Mr. Jin copies of the court-issued summons and an as-filed copy of the Complaint (including the accompanying exhibits). Courts have routinely endorsed this method of service. *See, e.g., Gamboa*, 414 F. Supp. 3d at 1043 (granting order permitting service of German defendant through email address listed on defendant's website); *Huawei Techs.*, 2019 WL 3253674 at *3 (granting alternative service by email and noting that "Defendant has provided his business email address on a publicly available website, indicating he can be reached via email").[1]

D. The Requested Methods of Alternative Service Comport with Due Process

Courts routinely find each of Viavi's requested methods of service to comport with due process. More specifically, service through Crystal USA satisfies due process. *See, e.g., Affinity Labs*, 2014 WL 11342502 at *4 (finding service of foreign defendant through domestic subsidiary "meets the constitutional threshold of due process"); *Volkswagenwerk Aktiengesellschaft v. Schlunk*, 486 U.S. 694, 707 (1988) ("service on a domestic agent is valid and complete under both state law and the Due Process Clause"). And service by email through

[1] Viavi also intends to serve a copy of this motion on Crystal USA.

Mr. Jin satisfies due process because it is reasonably calculated to provide Crystal China with notice. *See, e.g., Gamboa*, 414 F. Supp. 3d at 1043 ("Serving [German defendant] through the listed email comports with due process"); *see also Williams-Sonoma*, 2007 WL 1140639 at *2 (finding alternative service on certain email accounts "would serve the purposes of ensuring the defendants receive adequate notice of this action and an opportunity to be heard").

E. The Requested Methods of Alternative Service are Justified to Avoid Further Delay and Expense

The delay and expense of Hague Convention service is not necessarily a factor that must be considered to grant Viavi's Motion; but alternative service will provide an effective means of preventing further delay and further expense associated with service under the Hague Convention. *See Affinity Labs*, 2014 WL 11342502 at *4 ("[C]ourts have frequently cited delays in service under the Hague Convention as supporting an order of alternative service under Rule 4(f)(3)") (citation omitted) (collecting cases); *see also Prod. & Ventures Int'l v. Axus Stationary (Shanghai) Ltd.*, No. 16-CV-00669-YGR, 2017 WL 1378532, at *2 (N.D. Cal. Apr. 11, 2017) ("[C]ourts have allowed service 'upon a foreign defendant's United States-based counsel' to prevent further delays in litigation" (citation omitted)); *Baker Hughes Inc. v. Homa*, No. H-11-3757, 2012 WL 1551727, at *16- 17 (S.D. Tex., Apr. 30, 2012) (holding that avoiding additional cost is a sufficient justification for seeking an alternative method of service); *In re Oneplus Tech.*, 2021 U.S. App. LEXIS 27282 at *3.

While Viavi initiated Hague Convention service procedures months ago, it is possible that service may not be completed until late 2022, perhaps later. Viavi should not be forced to wait. Viavi should be permitted to serve Crystal USA or Crystal China through email to alleviate the Hague Convention process, which has proved to be unduly burdensome and to

cause unnecessary delay – the type of delay that is more than sufficient to justify the Court's discretion in allowing service via other, more efficient means.

III. CONCLUSION

Viavi respectfully requests that the Court permit alternative service of process on Crystal China, as proper under Rule 4(f)(3) and (h)(2), through its U.S. subsidiary Crystal USA, or alternatively through email via the Crystal employee that was party to the negotiations between the two companies prior to Viavi filing this suit.

Dated: March 7, 2022

VENABLE LLP

By: */s/ Frank C. Cimino, Jr. by permission Wesley Hill*

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CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing document was filed electronically in compliance with Local Rule CV-5(a). Therefore, this document was served on all counsel who are deemed to have consented to electronic service on this the 7th day of March, 2022.

/s/ Wesley Hill