More Efficient International Service of Process:
To Hague, or not to Hague, that is the question.

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Many nations, including China and the United States, are signatories to the Hague Service Convention on the Service Abroad of Judicial and Extrajudicial Documents in Civil and Commercial Matters, 20 U.S.T. 361 (Nov. 15, 1965) ("the Convention"). Pursuant to the Convention, each member state provides a "central authority" that is responsible for receiving and effecting service from abroad consistent with the member state's domestic policies.

On September 10, 2021, the United States Court of Appeals for the Federal Circuit denied mandamus in *In re OnePlus Tech. (Shenzhen) Co.* ("*OnePlus* Decision"),[1] thereby refusing to dismiss five underlying patent infringement actions against a Chinese company for insufficient service of process and lack of personal jurisdiction—despite the fact that service of process was not even attempted through the Convention.

The *OnePlus* Decision, and the underlying filings in the district court, provide guidance regarding the factual and legal bases for arguably more efficient and expedited service of process on overseas defendants. Nonetheless, sidestepping the Convention may give rise to some hurdles later in the case. This article discusses the *OnePlus* case, and identifies some remaining issues that attorneys should consider before deciding to dispense with the Convention procedures in lieu of alternative methods of service—namely the impact on the enforceability of a U.S. judgment abroad.

THE DISTRICT COURT PROCEEDINGS AND JUDGE ALAN ALBRIGHT'S ORDER ALLOWING ALTERNATE SERVICE

WSOU Investments LLC ("WSOU") filed five related patent infringement actions against OnePlus Technology (Shenzhen) Co., Ltd. ("OnePlus"), a Chinese company. Instead of attempting service on OnePlus through the Convention, WSOU moved for leave under Federal Rule of Civil Procedure ("Rule") 4(f)(3) to use alternative methods to effect service.[2] Judge Alan Albright granted the motion. WSOU then served the complaint and summons on attorneys who had represented OnePlus in the past via email, and on OnePlus's alleged authorized agent for service in California via personal delivery.

The Motion to Dismiss

OnePlus filed a motion to dismiss for insufficient service of process and lack of personal jurisdiction that distinguished the authorities discussed in WSOU's motion to effect alternate service, and cited other authorities to support the rejection of OnePlus's approach to service.[3] In sum, OnePlus argued that: (1) WSOU misreads the Texas long-arm statute, which requires process served on an overseas defendant to be sent abroad, thereby "trigger[ing] the obligation to comply with the Hague Convention and leav[ing] no room for substituted service under Rule 4(f)(3)"; (2) WSOU did not provide any reason why it was necessary to alter the service requirements under the Convention; and (3) "WSOU has shown a pattern and practice of ignoring the Hague Convention and prematurely exploiting a purported loophole in the Federal Rules of Civil Procedure." OnePlus further argued that WSOU's approach "undermines international comity by simply disregarding as a nuisance the Hague Convention and its carefully crafted balancing of interests."[4]

The District Court's Order

In an order dated July 8, 2021, Judge Albright denied OnePlus's motion to dismiss. Citing *Sheets v. Yamaha Motors Corp.,* 891 F.2d 533, 537 (5th Cir. 1990), among other authorities, Judge Albright held that compliance with the Convention for service of process on a foreign defendant is

mandatory only if the method of serving process involves the transmittal of documents abroad. Then also citing *Volkswagenwerk Aktiengesellschaft v. Schlunk*, 486 U.S. 694, 707 (1988), Judge Albright reasoned that the Convention does not preempt methods of service on domestic agents that are valid under state law (such as the Texas long-arm statute, Texas Civil Practice & Remedies Code Ann. §§ 17.043, *et seq.*) or constitutional requirements of due process. He also held that alternative service of process compliant with the Texas long-arm statute reaches "as far as the federal constitutional requirements of due process will allow," and a district court can direct for alternative means of service without violating comity principles because Rule 4(f)(3) gives the district court the discretion to direct alternate service compliant with due process.[5]

All in all, Judge Albright reasoned:

> [T]his Court has held that seeking to avoid unnecessary delay and expense in serving a foreign defendant through the Hague Convention is a valid reason to grant a request for alternative service of process. *Affinity Labs of Tex., LLC v. Nissan N. Am. Inc.*, No. WA:13-CV-369, 2014 U.S. Dist. LEXIS 185740, at *4 (W.D. Tex. July 2, 2014). . . . The Hague Convention does not prohibit service on a foreign corporation through its U.S. counsel, in-house counsel, or a wholly owned U.S. subsidiary. *See STC.UNM v. Taiwan Semiconductor Mfg. Co. Ltd.*, No. 6:19-cv-00261-ADA (W.D. Tex. May 29, 2019). . . . E-mail on the domestic counsel of a foreign defendant complies with constitutional notions of due process, because it is reasonably calculated to apprise interested parties of the pendency of the action and afford them an opportunity to present their objections. *See Terrestrial* [*Commc'ns LLC v. NEC Corp.*], 2020 U.S. Dist. LEXIS 110983 at *11.[6]

Notably, Judge Albright also recognized that, "[a]s a result of seeking service of process through a method that bypasses the Hague Convention, plaintiffs may also discover that their failure to employ the Convention's safe harbor procedures makes enforcement of their judgments abroad more difficult."[7]

THE FEDERAL CIRCUIT'S DECISION
REFUSING TO FIND JUDGE ALBRIGHT ABUSED HIS DISCRETION

The Petition for Writ of Mandamus

OnePlus filed a petition for writ of mandamus directing the district court to dismiss the underlying actions. OnePlus argued the district court did not have personal jurisdiction over it "when process was served domestically pursuant to Rule 4(f)(3) and not pursuant to the Hague Convention, as the Texas long-arm statute requires."[8] Among other things, OnePlus asserted that:

- Under Rule 4(k)(1)(a), the district court only has personal jurisdiction over it if OnePlus is served and subject to the jurisdiction of a court of general jurisdiction in Texas, where the district court is located;
- OnePlus is subject to the jurisdiction of a Texas state court only via the Texas long-arm statute;
- The long-arm statute requires that process documents be sent to the defendant's principal place of business; and
- The Convention requires WSOU to follow certain procedures to send those documents to OnePlus. [9]

Thus, OnePlus argued that the district court abused its discretion because: (1) it did not require WSOU to follow the Convention, thereby violating international comity principles and the requirement to explain what "necessitate[s]" such court intervention: (2) it allowed domestic service even though Rule 4(f)(3) only applies to foreign service; and (3) it found the alternate service sufficient to establish personal jurisdiction in Texas.[10]

OnePlus also argued that WSOU "is a prolific plaintiff, filing 192 district court cases since it began litigating in March 2020", is increasingly "turning to Rule 4(f)(3), having requested permission to effect alternative service in at least 26 of its cases since October 6, 2020", and has requested alternative service not limited to actions against Chinese companies."[11] And, in an amicus brief filed in support of OnePlus, TP-Link Technologies Co., Ltd. ("TP-Link") joined in OnePlus's arguments and provided various examples of, and indeed tables identifying, actions wherein WSOU

and others have attempted alternative service bypassing the Convention, on various overseas defendants.[12]

The Response

In its response to the petition, WSOU argued that Judge Albright's order allowing alternate service and denial of OnePlus's motion to dismiss is not so patently erroneous to warrant the extraordinary and drastic mandamus relief.[13] WSOU argued that the Federal Circuit should deny the petition for essentially three reasons.

First, WSOU argued that OnePlus may get the desired relief by obtaining a meaningful review of Judge Albright's decision after final judgment, and did not show exceptional circumstances to depart from the general rule that mandamus was not available.[14] Second, WSOU argued that OnePlus failed to show issuance of the writ is clear and indisputable. In that regard, WSOU asserted that the Federal Circuit already held that service under the Convention is not mandatory in every case against a non-U.S. defendant, and that district courts have discretionary authority to order alternative service under Rule 4(f)(3) depending on the circumstances (as well as Rule 4(h)), and without violating principles of comity.[15] Third, WSOU argued that OnePlus, the party with the burden of proof, failed to show that mandamus was appropriate where Judge Albright correctly ordered alternative service of process under Rule 4(f)(3) and denied OnePlus's motion for lack of personal jurisdiction.[16]

The Federal Circuit's Decision

In a *per curiam* opinion, the Federal Circuit declined to find, "[o]n the present record", a clear abuse of discretion that would justify issuing the "extraordinary" writ of mandamus directing the district court to dismiss the underlying patent infringement actions for insufficient service of process and lack of personal jurisdiction.[17] Unfortunately, the decision did not necessarily decide who was right, and who was wrong. Rather, it held:

> After studying the complex interaction of rules of state and federal civil procedure implicated by this case, we are not persuaded that the petitioner's right is clear and indisputable. We therefore deny the petition.[18]

More specifically, the Federal Circuit found that the "problem with OnePlus's jurisdictional argument is that it runs up against this court's decision in *Nuance Communications, Inc. v. Abbyy Software House*, 626 F.3d 1222 (Fed. Cir. 2010). . . . OnePlus's reliance on the service requirements of the Texas long-arm statute ***appears*** contrary to this court's analysis in *Nuance* []."[19] The Court also pointed out that OnePlus discussed no contrary Fifth Circuit precedent on that issue, and that the Ninth Circuit and a number of district courts have construed Rule 4(f)(3) in that manner is sufficient to show that OnePlus's proposed construction is not "clear and indisputable."[20]

Although voicing some concern over the district court's use of Rule 4(f)(3) solely because service under the Convention was more cumbersome, the Court also found that Rule 4(f)(3) was not a "last resort" or type of "extraordinary relief", and that courts have recognized that delay and expense are legitimate factors to consider when deciding a request for alternative service.[21] In other words, although "courts have typically invoked Rule 4(f)(3) only when special circumstances have justified departure from the more conventional means of service", those decisions "'are not akin to an exhaustion requirement.'"[22] Nonetheless, in footnote 2 of its decision, the Court mentioned that "[o]ur order denying mandamus ***does not foreclose*** OnePlus from raising its arguments on appeal from a final judgment against it."[23]

TO HAGUE, OR NOT TO HAGUE

Generally, a U.S. judgment must be recognized by a court in a foreign country before the judgment can be enforced in that country. In the past, practitioners have recognized:

> If the method of service violates the law of the land where service is to be made (or simply is not recognized by the foreign country as valid service) and the defendant's assets are located there (as often will be the case), any judgment issued by a Texas court based upon this service is unlikely to be recognized or enforced by the courts of that country.[24]

Indeed, in a recent post concerning the *OnePlus* Decision by Professor Marketa Trimble, she noted:

> If a foreign defendant has assets in the United States and a U.S. judgment can be enforced in the United States, bypassing The Hague Convention does not matter. But if a foreign defendant has no assets in the United States and a plaintiff must seek enforcement of a U.S. judgment abroad, bypassing the Convention—even if the end run is sanctioned by a U.S. court and is legal under U.S. law—might be for naught. Once a plaintiff requests recognition and enforcement of a U.S. judgment abroad, a foreign court may deny recognition and enforcement of the judgment if a defendant was not served in accordance with The Hague Convention. Avoiding recognition and enforcement abroad is not always possible; the August 2021 decision in *Next Investments, LLC v. Bank of China* shows that seizing a defendant's foreign accounts by using the U.S. branches of Chinese banks might not work.[25]

The enforcement of foreign judgments is a complex area of the law, that may differ based on the jurisdiction. Ultimately, the determination will depend, at least in part, on whether the enforcing country acknowledges that the United States court had the power to reach the overseas defendant. The United States is not a party to any bilateral treaties or multilateral international conventions governing reciprocal recognition and enforcement of judgements.[26] In many foreign countries, the recognition and enforcement of foreign judgments is governed by local domestic law and the principles of comity, reciprocity and res judicata.[27] While the laws of each country vary, generally, foreign courts consider the following in determining whether a U.S. Judgment will be recognized: (1) did the United States have jurisdiction over the defendant; (2) was the defendant properly served; (3) were the proceedings vitiated by fraud; and (4) is the U.S. judgment consistent with the public policy of the foreign country.[28]

TAKEAWAYS

As Judge Albright recognized, seeking service of process through a method that bypasses the Convention may make enforcement of the judgment abroad more difficult. Before deciding to circumvent the Convention's procedures for service, attorneys should consider:

1. Does the foreign defendant have sufficient assets in the U.S. to satisfy a U.S. judgment?
2. Will the foreign court that is asked to recognize a U.S. judgment likely determine such service is proper?
3. Does the foreign country in which enforcement of the U.S. judgment is sought allow the same type of substituted service provided under Rule 4(f)(3)?
4. Will the defendant likely contest the substituted service in the U.S. court, thereby providing proof the defendant had actual knowledge of the proceeding and the ability to defend itself?
5. Since default judgments receive a high degree of scrutiny by foreign courts, is a default judgment likely?
6. Will the statute of limitations likely run by the time the plaintiff obtains a ruling from a foreign court that the U.S. judgment will/will not be recognized and enforced?
7. Will estoppel defenses preclude a subsequent proceeding after a U.S. judgment is not recognized by a foreign court?
8. Whether to consult an attorney in the foreign country that will be asked to recognize the U.S. judgment—prior to seeking substituted service under Rule 4(f)(3)?[29]
9. Whether the disadvantages and costs from the delay in utilizing the Convention's service procedures, outweigh the disadvantages and costs of obtaining a U.S. judgment that may not be enforceable in the foreign country.

Plaintiffs may find that after an arduous battle over substituted service in a U.S. court, they might once again face various hurdles and defenses by a foreign defendant regarding the enforcement of a judgment—only this time the fight will be in the defendant's home country.

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[1] *In re OnePlus Tech. (Shenzhen) Co., Ltd.*, No. 2021-165, 2021 WL 4130643 (Fed. Cir. Sept. 10, 2021) (*per curiam*, designated as nonprecedential).

[2] Plaintiff's Motion For Leave To Effect Alternative Service On Defendant, *WSOU Investments LLC d/b/a Brazos Licensing and Development v OnePlus Technology (Shenzhen) Co., Ltd.*, No. 6:20-cv-00952-ADA, Document 8 (W.D. Tex. Dec. 3, 2020).

[3] Motion To Dismiss For Insufficient Service Of Process And Lack Of Personal Jurisdiction, *WSOU Investments LLC d/b/a Brazos Licensing and Development v OnePlus Technology (Shenzhen) Co., Ltd.*, No. 6:20-cv-00952-ADA, Document 21 (W.D. Tex. Feb. 26, 2021).

[4] *Id.* at 1-2; *see id.* at 3-10; *see also* Defendant's Reply In Support Of Motion To Dismiss For Insufficient Service Of Process And Lack Of Personal Jurisdiction at 3, *WSOU Investments LLC d/b/a Brazos Licensing and Development v OnePlus Technology (Shenzhen) Co., Ltd.,* No. 6:20-cv-00952-ADA, Document 24 at 3 (W.D. Tex. Mar. 19, 2021).

[5] *WSOU Invs. LLC v. OnePlus Tech. (Shenzhen) Co.*, No. 6-20-CV-00952-ADA, 2021 WL 2870679, at *2-3 (W.D. Tex. July 8, 2021). Judge Albright reasoned: "However, China has not expressly objected to e-mail service of process to Chinese corporations under the Hague Convention. *Id.* Additionally, the Hague Convention is not implicated when a Chinese corporation has a domestic subsidiary or a local agent for service of process. *See* 20 U.S.T. 361." *Id.* at *4.

[6] *Id.* at *4-5.

[7] *Id.* at *5.

[8] *In re OnePlus Tech. (Shenzhen) Co.,* Case 21-165, Document 2-1 at 2 (Fed. Cir. July 30, 2021); *see id.* at 4, 22-31 (discussing bases for mandamus).

[9] *Id.* at 3.

[10] *See id.* at 3, 6-21.

[11] *Id.* at 5; *see id.* at 20.

[12] Brief Of *Amicus Curiae* TP-Link Technologies Co., Ltd. In Support Of Petitioner, *In re OnePlus Tech. (Shenzhen) Co.,* No. 21-165, Document 21 at 3-11 (Fed. Cir. Sept. 10, 2021).

[13] Response To Petition For A Writ Of Mandamus, *In re OnePlus Tech. (Shenzhen) Co.*, No. 21-165, Document 10-1 at 1 (Fed. Cir. Aug. 9, 2021).

[14] *Id.* at 2; *see id.* at 10-13, 29-30.

[15] *Id.* at 2-5; *see id.* at 14-28.

[16] *Id.* at 5; *see id.* at 15-28.

[17] *In re OnePlus Tech. (Shenzhen) Co., Ltd.*, 2021-165, 2021 WL 4130643, at *4 (Fed. Cir. Sept. 10, 2021) (*per curiam*, designated as nonprecedential).

[18] *Id.* at *1.

[19] *Id.* at *2 (emphasis added).

[20] *Id.* at *2-3; *see id.* at *2 n.1.

[21] *Id.* at *3. Of note, on November 18, 2021, Judge Albright quoted from the *OnePlus* Decision and used his discretion to deny a motion to effect alternative service. *The Trustees Of Purdue University v. STMicroelectronics N.V., et al.,* 6:21-CV-00727-ADA, 2021 WL 5393711, at *1–2 (W.D. Tex. Nov. 18, 2021) ("The Court will not permit alternative service ***here*** where Purdue has not shown that it has at least made some effort to serve ST-INTL through the Hague Convention, to which the Netherlands is a signatory. . . . Purdue urges that alternative service is warranted because 'the Federal Circuit recently denied a mandamus challenge to the Court's exercise of discretion under Rule 4(f)(3), again finding that "courts have recognized that delay and expense are factors that legitimately bear on whether to issue an order for alternative service."' . . . Yet the Federal Circuit also cautioned this Court that alternative service is not appropriate whenever 'more conventional means of service would be merely inconvenient.'") (citations omitted) (emphasis added).

[22] *Id.* (quoting *In re BRF S.A. Sec. Litig.*, No. 18-cv-2213, 2019 WL 257971, at *2 (S.D.N.Y. Jan. 18, 2019) (citing cases)).

[23] *Id.* at *4 n.2.

[24] Bishop, R. Doak, *International Litigation in Texas: Service of Process and Jurisdiction*, 35 SW L.J. 1013, 1024 (1981); *see, e.g.,* Kane, Mary Kay, *The Exercise of Jurisdiction over and Enforcement of Judgments Against Alien Defendants*, 39 Hastings L.J. 799, 844–45 (1988) (similar); Brenscheidt, Michael, *The Recognition and Enforcement of Foreign Money Judgments in the Federal Republic of Germany*, 11 INT'L LAW. 261, 266 (1977) (similar).

[25] Trimble, Marketa, *Guest Post by Prof. Trimble: The False Sense of Victory in Bypassing The Hague Convention on Service of Process*, PATENTLY-O (Sept. 30, 2021), https://patentlyo.com/patent/2021/09/bypassing-convention-process.html (last accessed 10/31/21) (italics added); *see also Facebook, Inc. v. 9 Xiu Network (Shenzhen) Technology*, 480 F.Supp.3d 977 (N.D. Cal. 2020) (After denying Facebook's Rule 4(f)(3) for substituted service on a Chinese defendant, the Court noted "In the long run, the Convention's rules may benefit Facebook. As the Supreme Court has noted, 'parties that comply with the Convention ultimately may find it easier to enforce their judgments abroad." Citing *Schlunk*, 486 U.S. at 706).

[26] *Enforcement of Judgments*, U.S. DEP'T OF STATE, https://travel.state.gov/content/travel/en/legal/travel-legal-considerations/internl-judicial-asst/Enforcement-of-Judges.html (last accessed 10/31/21) ("*Enforcement of Judgments*"); *see also*, *e.g.*, *In re Alstom SA Sec. Litig.*, 253 F.R.D. 266, 283 (S.D.N.Y. 2008) ("France and the United States are not party to any bilateral or multilateral convention regarding recognition and enforcement of judgments rendered in the United States"); *Empresa Lineas Maritimas Argentinas, S.A. v. Stork-Werkspoor Diesel, B.V.*, No. CIV. A. 90-1294, 1991 WL 17272, at *5 (E.D. La. Feb. 5, 1991) (similar but concerning "the Netherlands and the United States"), aff'd sub nom. *Empresa Lineas Maritimas Argentinas, S.A. v. Schichau-Unterweser*, A.G., 955 F.2d 368 (5th Cir. 1992).

[27] *Enforcement of Judgments*; *see also* Domke, Martin, et al., *Information provided by the U.S. State Department*, 2 Domke on Com. Arb. § 51:2 (June 2021) ("In many foreign countries, as in most jurisdictions in the United States, the recognition and enforcement of foreign judgments is governed by local domestic law and the principles of comity, reciprocity and res judicata.").

[28] *See Enforcement of Judgments*; *see*, *e.g.*, Eto *v. Muranaka*, 57 P.3d 413, 424 (Haw. 2002) (citing *Enforcement of Judgments*); *see also* Wagener, Dr. Martin & Barb Dawson, *Risk Factors for the Away Team in US Litigation*, ACC DOCKET (Dec. 2010), at 24, 38.

[29] *See, e.g.,* Guojian, Xu, Boss & Young, *ICLG.com>Practice Areas>Enforcement of Foreign Judgments>China*, published 6/4/21, https://iclg.com/practice-areas/enforcement-of-foreign-judgments-laws-and-regulations/china (last accessed 10/31/21); Champagne, Sébastien & Vanessa Foncke, Jones Day, *ICLG.com>Practice Areas>Enforcement of Foreign Judgments>China*, published 6/4/21, https://iclg.com/practice-areas/enforcement-of-foreign-judgments-laws-and-regulations/2-european-union (last accessed 10/31/21).