UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF NEW YORK

RENSSELAER POLYTECHNIC INSTITUTE and CF DYNAMIC ADVANCES LLC,

1:18-cv-00549 (BKS/CFH)

Plaintiffs,

v.

AMAZON.COM, INC.,

Defendant.

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Hon. Brenda K. Sannes, United States District Judge:

MEMORANDUM-DECISION AND ORDER

I. INTRODUCTION

Plaintiffs Rensselaer Polytechnic Institute ("RPI") and CF Dynamic Advances LLC ("Dynamic Advances") bring this patent infringement action to enjoin Defendant Amazon.com,

Inc. ("Amazon") from continuing to use natural language processing technology protected under their asserted patent. (Dkt. No. 1). Plaintiffs seek declaratory and permanent injunctive relief, as well as treble damages. (*See id.* at 22–23). Arguing that venue in this District is improper under 28 U.S.C. § 1400(b), Defendant moves to transfer the action to the United States District Court for the Western District of Washington in the interest of justice under 28 U.S.C. § 1406(a). (Dkt. No. 34; Dkt. No. 34-4, at 8–15). Alternatively, if venue is proper in this District, Defendant seeks a transfer for convenience under § 1404(a). (Dkt. No. 34; Dkt. No. 34-4, at 15–19). The Court held oral argument on November 30, 2018 and granted leave for limited venue discovery. (*See* Dkt. No. 63, at 38–39). For the reasons set forth below, Defendant's motion to transfer is denied.

II. FACTUAL BACKGROUND[1]

A. Relevant Facts About the Alleged Patent Infringement

Plaintiff RPI is the nation's oldest technological university; its main campus is located in Troy, New York. (Dkt. No. 1, ¶ 4). RPI "appl[ies] science to the common purposes of life" and "commercializes its patented inventions to the benefit of the general public." (*Id.*). Its "research has led to dramatic innovations in a host of technology areas," as illustrated by the several hundred patents the United States Patent and Trademark Office (the "USPTO") has granted to RPI. (*Id.* ¶ 33).

The patent at issue in this case, U.S. Patent No. 7,177,798, entitled "Natural Language Interface Using Constrained Intermediate Dictionary of Results" (the "Patent"), is in the field of natural language processing, a technology that allows users to input search queries or commands into computers, smart phones, and other devices by using plain or conversational language rather

[1] The following facts are taken from the Complaint and the evidence submitted by the parties. *See Androb Jewelry Serv., Inc. v. Malca-Amit USA, LLC*, No. 16-cv-5171, 2017 WL 4712422, at *1 n.1, 2017 U.S. Dist. LEXIS 168148, at *1 n.1 (S.D.N.Y. Sept. 25, 2017) ("In resolving a motion to transfer, the Court assumes allegations in the Complaint to be true, but may also look to evidence outside of the Complaint.").

than specific terms or syntax. (*Id.* ¶¶ 30–31). The technology claimed in the Patent was invented by RPI professor Cheng Hsu and Veera Boonjing, a doctoral student at RPI at the time of the invention. (*Id.* ¶ 35). The USPTO issued the Patent to Hsu and Boonjing on February 13, 2007, and they assigned it to RPI. (Dkt. No. 1, ¶ 32). RPI "transferred all substantial rights" to the Patent to Plaintiff Dynamic Advances under an exclusive license, "including the exclusive right to sue for infringement and recover damages for all past, present and future infringement." (Dkt. No. 1, ¶ 34). Dynamic Advances "facilitates [RPI's] goal of commercializing its patented inventions to the benefit of the general public and seeks to further [RPI's] mission to apply science to the common purposes of life." (*Id.* ¶ 5).

Before the invention, "then-existing natural language interfaces placed severe restrictions on the syntax with which users could articulate their natural language queries." (*Id.* ¶ 37). Various hurdles impeded the development of "practical natural language systems"; for example, "many systems required exceedingly large collections of linguistic terms, and even then could not assure successful closure of users' natural language queries." (*Id.* ¶ 38). The Patent disclosed new and more efficient ways of "processing a natural language input" so as to permit users to submit queries articulated in "common speech," for example, by "creating permutations of the concepts of the query, and interpreting the query accordingly." (*Id.* ¶ 39). As a result, "the patented technology allows a person to verbally communicate with a computer, including through oral requests, and the computer would learn from that communication and adjust future results." (*Id.* ¶ 40).

According to the Complaint, certain of Defendant's products and services, including its Alexa Voice Software and Alexa-enabled devices, make use of Plaintiff's patented technology. (*Id.* ¶ 2). Defendant allegedly infringes the Patent "by making, using, offering to sell, selling, or

importing . . . technology that processes natural language inputs as claimed" in the Patent. (*Id.* ¶ 54). More specifically, Plaintiffs claim that Defendant's products infringe the Patent "by at least employing a voice-based command system that allows the user to ask questions or provide commands for performing tasks using speech." (*Id.* ¶ 55).

B. Relevant Facts Relating to Patent Venue

1. Whole Foods

Whole Foods Market, Inc., a wholly owned subsidiary of Defendant, (Dkt. No. 39-9, at 8, 13), operates one store in this District located in Albany, New York, (Dkt. No. 39-5-2). Defendant's Form 10-Q for the third quarter of 2017, which presented "consolidated financial statements" for the accounts of Amazon.com, Inc., its wholly owned subsidiaries (including Whole Foods Market, Inc.), and certain other entities in which Amazon.com, Inc. had an interest, shows a revenue category labeled "Physical stores." (Dkt. No. 39-9, at 8, 21). Brian Olsavsky, Defendant's CFO, told investors in an earnings call for the third quarter of 2017 that Defendant's acquisition of Whole Foods in August of that year was visible in the financial results and was "shown actually in the new physical stores revenue component." He explained that "that's where you'll be seeing the Whole Foods revenue showing up." (Dkt. No. 39-20, at 3). Later in the call, he stated: "[T]here will be a lot of work together between Prime Now, AmazonFresh, Whole Foods, Whole Foods products on the Amazon site, Amazon Lockers at the Whole Foods stores. So, there will be a lot of integration, a lot of touch points and a lot of working together as we go forward." (*Id.* at 5). Plaintiffs have submitted photographs and customer receipts from the Whole Foods store in Albany that display Amazon advertising and messaging. (*See* Dkt. No. 39-7).

2. Future Distribution Center

According to a news article and minutes of the Town of Schodack Planning Board, Defendant has plans to set up a distribution center in that locality, (Dkt. Nos. 39-15, 39-16), which is in this District.

3. Amazon Lockers

Amazon's "businesses encompass a large variety of product types, service offerings, and delivery channels." (Dkt. No. 70-2, at 8). Through "innovative world-class technologies," Amazon operates a "global network of [fulfillment centers], delivery stations and customer service teams" to deliver packages directly to customers. (Dkt. No. 70-6, at 2). The company offers various services to ensure "reliable delivery." (Dkt. No. 70-8, at 10). For example, Amazon Prime gives subscribing customers "unlimited express two-day shipping for free." (*Id.*). Fulfillment by Amazon, on the other hand, allows third-party sellers to "warehouse their inventory in [Amazon's] global fulfillment network"; Amazon then "pick[s], pack[s], and ship[s] to the end customer on the sellers' behalf." (*Id.*). And, as relevant here, Amazon's "Locker business" offers customers that "can't always get home delivery . . . an alternate solution." (Dkt. No. 70-4, at 3, 5).

a. Locker Program

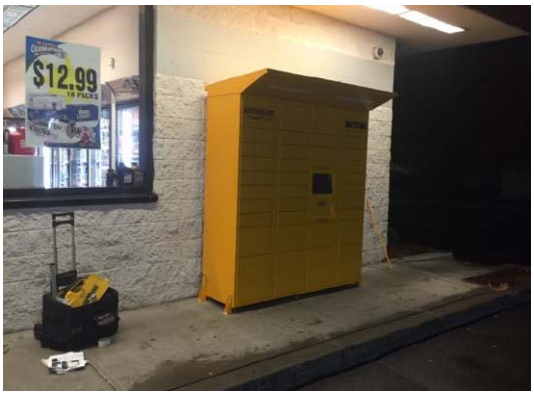
An Amazon Locker is a "fully automated kiosk for picking-up and returning Amazon packages." (Dkt. No. 70-10, at 4). Customers that buy items on Amazon.com can select a Locker location at checkout; when the item is delivered, they receive a text or email and can retrieve the package by going to the Locker location and entering or scanning a pickup code. (*Id.* at 5). It is a "free amenity for all Amazon customers (including non-Prime members)" and provides a "[s]ecure alternative to home delivery," an "[a]lternate shipping address when traveling," "convenience in pickup time," and "[h]assle-free returns." (*Id.* at 4 (emphasis omitted)).

According to Courtney Judson, Amazon's program manager for the Locker program, Lockers generate transportation cost savings for Amazon and "provide a better customer experience." (Dkt. No. 70-3, at 15). Amazon promotes the Lockers to retailers as a mutually beneficial arrangement; in exchange for providing "[f]loor space" for the Lockers, vendors receive, among other things, "[i]ncremental revenue (via monthly rent)" and customer traffic. (Dkt. No. 70-10, at 8). Amazon provides "[e]quipment, installation & program management," "24/7 customer service," and "[s]ervice and repair"; in return, it receives "[c]ustomer satisfaction," "[p]hysical presence," "[i]mproved delivery success," and "[s]treamlined logistics." (*Id.*). According to Amazon's "Host Onboarding Kit," retailers that serve as hosts for the Lockers are not to unplug or move them. (Dkt. No. 70-23, at 11). Amazon owns all the Lockers installed at host locations, (Dkt. No. 70-3, at 9, 25, 26, 54).

Currently, Amazon has installed Lockers at three locations in this District: inside a Whole Foods in Albany, (Dkt. No. 70-26), and outside Speedway gas stations in Utica and Ithaca, (Dkt. Nos. 70-27, 70-28). The Lockers at Speedway are six feet long, seven feet high, and 27 inches deep, and they are anchored to the ground with four bolts. (Dkt. Nos. 70-27, 70-28; *see* Dkt. No. 70-23, at 7; Dkt. No. 70-24, at 7). The Locker at Whole Foods is nine feet long, seven feet high, and 27 inches deep. (Dkt. No. 70-26). The Lockers are branded with Amazon's logo, advertisements for Amazon's online marketplace, and an Amazon customer service number. (Dkt. No. 39-7, at 3–24). Their locations are listed on Amazon's website. (Dkt. No. 70-47).

Whole Foods' Albany Location

Speedway's Utica Location



Speedway's Ithaca Location

Whole Foods allows Amazon to install Lockers in its stores for free. (*See* Dkt. 70-3, at 26). With other vendors, an "Amazon-Vendor Location Agreement" governs the terms of the arrangement. (*See* Dkt. No. 70-9). As relevant here, Amazon Fulfillment Services, Inc. and

Speedway entered into a location agreement effective December 10, 2015. (Dkt. No. 70-33, at 10).[2] The agreement describes the Lockers as "a storage unit for deliveries and returns authorized by Amazon" and provides that "Amazon may place Amazon Lockers in a mutually-agreeable location" at Speedway. (*Id.* at 2, § 1). Speedway is to "allow designees of Amazon, including Amazon and its affiliates' carriers, customers, employees, contractors, subcontractors, representatives and agents . . . to access" the Lockers at participating Speedway locations "to deliver, retrieve or return products." (*Id.* § 1(a)). Amazon pays Speedway a monthly "Location Fee" for each hosted Locker. (*Id.* at 4, § 3). In exchange, Speedway grants Amazon a license to: (a) "install, maintain, inspect, repair, and operate" the Lockers; (b) "occupy and use such designated space" at the location; and (c) "remove" the Lockers. (*Id.* at 3, § 2). Additionally, Speedway "allow[s] Amazon to install signage in and around" the location "to direct customers to and advertise the presence of the Amazon Locker, subject to [Speedway's] reasonable approval as to size and location." (*Id.*). The agreement specifies that "Amazon owns each Amazon Locker, and risk of loss or damage to the Amazon Locker is Amazon's." (*Id.* at 2, § 1(d)). Further, Speedway agrees that it "will not modify, move, relocate, unplug, disassemble, or tamper with the Amazon Locker in any way" and that, if Speedway "desires to relocate the Amazon Locker from its then-current placement on either a temporary or permanent basis," it will "provide two weeks' prior written notice to Amazon." (*Id.* at 3, § 1(g)). Under the agreement, "Amazon may install a wall bracket (top of the locker) and/or concrete bolts (base of the locker) to secure installation of an Amazon Locker." (*Id.* § 1(i)).

[2] The Utica and Ithaca locations are not listed in the list of locations attached to the agreement, (*see* Dkt. No. 70-33, at 10–11), but the agreement provides that "Company Locations may be added or removed from time to time by mutual agreement of the parties," (*id.* at 2, § 1(b)).

b. Installation

Before installation, the hosts propose locations where "they're willing to have a Locker installed," and Amazon decides whether it wants Lockers at the proposed locations based, among other things, on "whether or not a location will be a positive or a negative savings." (Dkt. No. 70-3, at 9–10, 16). After Amazon and the hosts have identified mutually acceptable locations, the next step is to "perform a site survey to assess physical viability." (*Id.* at 9). The survey is performed by Amazon's contractors. Specifically, Amazon has a "Master Services Agreement" with Mayflower Transit, LLC, (*see* Dkt. No. 70-38), which subcontracts the logistics, installation, warehousing, and site survey services to Brendamour, Amazon's "third-party installer." (*Id.* at 16–27; Dkt. No. 70-3, at 9, 16–17, 34). Brendamour, in turn, contracts with a "third-party surveyor" to perform the site survey. (*Id.* at 9–10, 42–43, 68). Under the Master Services Agreement, the contractor is to "perform site surveys at potential Locker locations requested by Amazon" and must "follow designated" standard operating procedures ("SOPs"), jointly developed with Amazon, "in completing site surveys." (Dkt. No. 70-38, at 21–22). In referring to the surveying step, Amazon's Host Onboarding Kit states that "Amazon representatives visit individual sites." (Dkt. No. 70-23, at 5). The third-party surveyor makes a recommendation about the viability of the site, and if the site survey is satisfactory to Amazon and the host gives final approval, installation may proceed. (Dkt. No. 70-3, at 9–10, 42).

Brendamour is responsible for installing the Lockers, (*id.* at 17, 34, 43), which entails unloading and unpacking the Locker units, placing and leveling them in the designated location, powering them on, and bolting them together, (*see* Dkt. No. 70-38, at 19). The installation procedure is detailed in the Master Services Agreement. First, an installation ticket is assigned to Mayflower "within Amazon's Remedy system." (Dkt. No. 70-38, at 19). Then, within 21 days of receiving the ticket, Mayflower crews must complete installation. (*Id.*). Here too, Mayflower is

to "follow designated" SOPs "jointly developed by Amazon and [Mayflower] in partnership" when "completing all installation work." (*Id.*). The Master Services Agreement further provides that Mayflower must use "Amazon's ticketing system for tracking all events and will follow the SOP for maintaining tickets." (*Id.* at 23).

c. Maintenance and Operations

After installation, the Lockers come under the scope of another "Master Services Agreement"—one between Amazon and Ricoh USA, Inc. (*See* Dkt. No. 70-39; Dkt. No. 70-3, at 35). A service order entered under this Master Services Agreement, relating specifically to the Lockers, provides that Ricoh is to configure the hardware for the Lockers and perform "break/fix" and regular maintenance. (Dkt. No. 70-40; Dkt. No. 70-3, at 35–36; see Dkt. No. 70-3, at 22 ("Break/fix is the physical visit [by a Ricoh technician] to the hardware to fix something that has caused disruption in service.")). Through this service order, Ricoh commits to "provide on-call field support services for Lockers on a 24x7 basis" and represents that its technicians "will be on-site to respond to a break/fix maintenance ticket" entered by Amazon and assigned to Ricoh's queue within a certain timeframe. (Dkt. No. 70-40, at 4, § 2; *id.* at 6–7, § 5(a)). Ricoh is to "follow designated SOPs" jointly developed with Amazon "in completing all break/fix repair work." (*Id.* at 5, § 2(b)(iii)).

The role of Ricoh technicians is to visit the Lockers and make sure they are operating and "available to the customer." (Dkt. No. 70-3, at 22, 29; *see also id.* at 37 ("[T]he service [Ricoh technicians] provide is necessary.")). In the notes that a Ricoh employee added in May 2018 to an Amazon presentation about scaling up the Locker program, he opined that Ricoh was "now the face of Amazon Locker (i.e. HUB support)[3] – very critical for Ricoh to realize we are an

[3] Amazon Hub is a different program that "launched after Locker." (Dkt. No. 70-3, at 22). A Hub is a "locker designed specifically for apartment buildings"; thanks to this service, "residents can have their packages shipped to a

extension of Amazon."[4] (Dkt. No. 72-2, at 2, 4). Amazon receives weekly reports from Ricoh showing visits to Locker locations and time spent by their technician at the sites. (Dkt. No. 70-3, at 56). Judson testified that people on her team communicate with Ricoh on a weekly basis about Locker installation and service. (*Id.* at 61–62).

Amazon's fact sheet about the "Amazon Locker Vendor Program"—a document apparently intended for potential hosts—states that "Amazon provides . . . all aspects of installation, operations and maintenance." (Dkt. No. 70-34, at 2). It explains that "Lockers are electronically connected to Amazon headquarters" and that, if something breaks, "Locker support is automatically dispatched." (*Id.* at 3). According to the fact sheet, "Amazon technicians have access to the slots" upon "service, maintenance, or failure" and that "a local Amazon agent" is dispatched if unauthorized contents (like debris) are placed into the Locker. (*Id.*). Another promotional document—apparently also intended for potential hosts—represents that "Amazon provides . . . [f]ull installation," "[c]omplete management of daily operations," and "24/7 customer service and support." (Dkt. No. 70-43, at 2).

Amazon's organizational chart for the Locker program includes Ricoh employees. (*See, e.g.*, Dkt. No. 70-11, at 5, 8, 12). Judson testified that, while the organization chart "does include individuals who aren't actually Amazon employees" but vendors, Amazon does not consider

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Hub instead of to the front desk, who gets bombarded with packages for their residents constantly." (Dkt. No. 70-4, at 3–4).

[4] Amazon argues that this statement concerns its Hub business, not the Lockers. (*See* Dkt, No. 72, at 11). In her reply declaration, Judson asserts: "That statement was not written by me or anyone employed by Amazon, and was not a part of my original slide deck. I do not consider, nor have I ever considered, Ricoh to be the 'face of Amazon' or an 'extension of Amazon.' They are an independent third party service provider." (Dkt. No. 72-3, ¶ 4). Further, Judson testified: "We've never asked [Ricoh] to operate as an extension of the team or as an Amazon employee. They have . . . created their own SOPs . . . for various issues that they've encountered." (Dkt. No. 70-3, at 41). Asked if there were Amazon individuals that supervised Ricoh employees' performance, she responded: "I wouldn't say they supervise. We aren't that involved in day-to-day Ricoh operations." (*Id.* at 48). She recognized, however, that "if we provide direction not to do something, then Ricoh would not do something." (*Id.* at 42).

them as part of the organizational structure. (Dkt. No. 70-3, at 21). Asked why they appeared in the chart, she stated: "To give access to our remedy or ticketing system, they are included in the org chart. . . . To get access to the ticketing system, they need a[n] Amazon laptop. To have an Amazon laptop, they have to show in here as a vendor." (*Id.*). She added that these individuals were given Amazon email addresses. (*Id.*).

d. Delivery

According to Amazon's Host Onboarding Kit, "Amazon contracts with multiple carriers (UPS, USPS, OnTrac, etc.) to deliver the packages directly to Lockers, and to try to ensure that all delivery agents are fully trained on proper procedures." (Dkt. No. 70-23, at 4). Other Amazon documents apparently intended for potential hosts alternatively refer to the carriers as "Amazon affiliated couriers", (Dkt. No. 70-43, at 2), or "preferred couriers," (Dkt. No. 70-9, at 2).

For delivery to the Lockers in this District, Amazon uses UPS and USPS. (Dkt. No. 70-44, at 11). Amazon pays UPS to "modify UPS delivery center . . . operations and provide training to UPS drivers in order serve to [sic] up to 2,200 [Amazon] lockers installed in the United States." (Dkt. No. 70-45, at 2; *see also* Dkt. No. 70-44, at 8–9). Although Amazon and USPS do not have a formal agreement, "USPS created their own training with the Amazon Locker team." (Dkt. No. 70-44, at 12). For New York, there is a regional point of contact at USPS that communicates with Amazon about delivery defects. (*Id.* at 5). When USPS employees have questions on the use of Amazon Lockers, they contact Amazon, and they communicate about delivery defects on a weekly basis. (*Id.* at 12–13). Amazon has an instruction guide for "third-party carrier[s]" that details how to make deliveries to the Lockers and troubleshoot delivery issues. (Dkt. No. 70-46).

III. STANDARD OF REVIEW

When a defendant challenges venue in a patent case, the plaintiff bears the burden of showing that venue is proper. *In re ZTE (USA) Inc.*, 890 F.3d 1008, 1013 (Fed. Cir. 2018).[5] If the Court relies on pleadings and affidavits instead of holding an evidentiary hearing, "the plaintiff need only make a *prima facie* showing" that venue is proper. *Gulf Ins. Co. v. Glasbrenner*, 417 F.3d 353, 355 (2d Cir. 2005) (quoting *CutCo Indus. v. Naughton*, 806 F.2d 361, 364–65 (2d Cir. 1986)) (extending the prima facie standard applicable to personal jurisdiction challenges under Rule 12(b)(2) to improper venue challenges under Rule 12(b)(3)); *cf. Charles Schwab Corp. v. Bank of Am. Corp.*, 883 F.3d 68, 81 (2d Cir. 2018) (explaining that, in the context of personal jurisdiction challenges, a prima facie "showing entails making legally sufficient allegations of jurisdiction, including an averment of facts that, if credited[,] would suffice to establish jurisdiction over the defendant" (alteration in original) (quoting *Penguin Grp. (USA) Inc. v. Am. Buddha*, 609 F.3d 30, 34–35 (2d Cir. 2010))).[6] "In analyzing whether the plaintiff has made the requisite prima facie showing that venue is proper," the Court must "view all the facts in [the] light most favorable to plaintiff." *Phillips v. Audio Active Ltd.*, 494 F.3d 378, 384 (2d Cir. 2007); *see also Pisani v. Diener*, No. 07-cv-5118, 2009 WL 749893, at *1, 2009 U.S. Dist. LEXIS 21352, at *2 (E.D.N.Y. Mar. 17, 2009) (construing the facts in the complaint "in the light most favorable to plaintiff, the non-moving party," in deciding whether venue is proper under § 1406).

Because the "requirement of venue is specific and unambiguous," the Supreme Court has admonished that "it is not one of those vague principles which, in the interest of some overriding

[5] "Whether venue is proper under § 1400(b) is an issue unique to patent law and is governed by Federal Circuit law." *Id.* at 1012.

[6] There does not appear to be any Federal Circuit guidance on the requisite evidentiary showing for establishing § 1400(b) venue at the pleading stage, and district courts have applied Second Circuit law. *See, e.g.*, *Zaxcom, Inc. v. Lectrosonics, Inc.*, No. 17-cv-3408, 2019 WL 418860, at *3, 2019 U.S. Dist. LEXIS 16975, at *8–10 (E.D.N.Y. Feb. 1, 2019).

policy, is to be given a 'liberal' construction." *Olberding v. Ill. Cent. R. Co.*, 346 U.S. 338, 340 (1953).

IV. DISCUSSION

A. Venue Under § 1400(b)

In patent infringement cases, venue is proper in the judicial district (1) "where the defendant resides" or (2) "where the defendant has committed acts of infringement and has a regular and established place of business." 28 U.S.C. § 1400(b). For purposes of § 1400(b), a defendant corporation "resides" only in its state of incorporation. *TC Heartland LLC v. Kraft Foods Grp. Brands LLC*, 137 S. Ct. 1514, 1517 (2017). There is no dispute that Defendant is incorporated in Delaware and does not reside in New York. (*See* Dkt. No. 1, ¶ 6). Nor does Defendant challenge, for venue purposes, the Complaint's allegations of infringing acts in this District. The only venue question before the Court is whether Plaintiffs have made a prima facie showing that Defendant Amazon had a regular and established place of business in the Northern District of New York. (*See* Dkt. No. 34-4, at 8–15). To answer this question, the parties have addressed the text, structure, history, and purpose of the patent venue statute, and the Court will do so as well. *See Starry Assocs., Inc. v. United States*, 892 F.3d 1372, 1380 (Fed. Cir. 2018) (looking to "the text, structure, purpose, and legislative history" of a federal statute to discern its meaning); *accord Catskill Mountains Chapter of Trout Unlimited, Inc. v. EPA*, 846 F.3d 492, 512 (2d Cir. 2017) ("We examine the statutory text, structure, and purpose as reflected in its legislative history. If the statutory text is ambiguous, we also examine canons of statutory construction." (citation omitted)).

1. Legal Standard

a. Statutory Text

In relevant part, the patent venue statute provides that an action may be brought in the district where "the defendant . . . has a regular and established place of business." 28 U.S.C. § 1400(b). Considering this text, the Federal Circuit explained that "§ 1400(b) requires that 'a defendant has' a 'place of business' that is 'regular' and 'established,'" noting that "[a]ll of these requirements must be present." *In re Cray Inc.*, 871 F.3d 1355, 1362 (Fed. Cir. 2017) ("We stress that the analysis must be closely tied to the language of the statute."). The Court established a three-part test: the place of business required for § 1400(b) venue purposes must be (1) "a physical place in the district" from which the defendant "actually engage[s] in business"; (2) "regular and established"; and (3) "the place of the defendant." *Id.* at 1360, 1364.

As to the first element, the court in *Cray*, relying on dictionaries from the late 19th century,[7] construed "place of business" to refer to "a physical, geographical location in the district from which the business of the defendant is carried out." *Id.* at 1362; *see Place*, William Dwight Whitney, The Century Dictionary and Cyclopedia 4520 (1895) (hereinafter Century Dictionary) ("5. A building or a part of a building set apart for any purpose; quarters of any kind: as, a *place* of worship; a *place* in the country; a *place* of business."); *Place*, William C. Anderson, A Dictionary of Law 774–75 (1889) ("1. . . . Often denotes a specific place within a city or town at which a person dwells or transacts business; as, in the expressions, 'place of business,' 'usual place of business,' 'usual place of abode,' etc., found in statutes fixing the venue of transitory actions, referring to trustee process, taxation of partnership property, and in provisions for serving writs, notices, etc."). Under this definition, a place of business cannot

[7] As discussed below, the patent venue statute was first enacted in 1897.

"refer merely to a virtual space or to electronic communications from one person to another." 871 F.3d at 1362. But it need not be "a formal office or store." *Id.* (quoting *In re Cordis Corp.*, 769 F.2d 733, 737 (Fed. Cir. 1985)). In some instances, "employees' homes" and "distribution centers" where inventory is stored may constitute places of business. *Id.*

Turning to the second element, the *Cray* court ascertained the meaning of "regular and established" from contemporary dictionary definitions. *Id.* A place of business is regular if it operates in a "steady," uniform," "orderly," or "methodical" manner. *Id.*; *see Regular*, Century Dictionary 5050. "[S]poradic activity cannot create venue." 871 F.3d at 1362; *cf. Business*, Henry Campbell Black, A Dictionary of Law 159 (1st ed. 1891) (hereinafter Black's Law Dictionary) ("The doing of a single act pertaining to a particular business will not be considered engaging in or carrying on the business; yet a series of such acts would be so considered.").[8] The place of business is established if it is "settle[d] certainly, or fix[ed] permanently." 871 F.3d at 1363 (alterations in original) (quoting *Establish*, Black's Law Dictionary 433–34). In other words, it cannot be "transient" or have "only a temporary presence." *Id.* Thus, "while a business can certainly move its location, it must for a meaningful time period be stable." *Id.* ("[I]f an employee can move his or her home out of the district at his or her own instigation, without the approval of the defendant, that would cut against the employee's home being considered a place of business of the defendant.").

The third element requires the place of business to be "of the defendant." *Id.* (emphasis omitted). This means that "the defendant must establish or ratify the place of business." *Id.* The

[8] Black's Law Dictionary defines "business" more generally as "everything about which a person can be employed." *Business*, Black's Law Dictionary 159; *see also Business*, Century Dictionary 732 ("3. . . . that which one does for a livelihood; occupation; employment: as, his *business* was that of a merchant; to carry on the *business* of agriculture. . . . Specifically—4. Mercantile pursuits collectively; employments requiring knowledge of accounts and financial methods; the occupation of conducting trade or monetary transactions of any kind.").

Federal Circuit identified as relevant considerations whether the defendant "owns or leases the place"; "exercises other attributes of possession or control over the place"; "condition[s] employment on an employee's continued residence in the district or the storing of materials at a place in the district"; and "holds out a place for its business" in the district through marketing or advertisements, for example, by "list[ing] the alleged place of business on a website, or in a telephone or other directory" or "plac[ing] its name on a sign associated with or on the building itself." *Id.* at 1363–64; *accord ZTE*, 890 F.3d at 1015 (instructing the district court to inquire on remand whether the defendant "possesses, owns, leases, or rents the office space for the call center or owns any of the equipment located there," "whether any signage on, about, or relating to the call center associates the space as belonging to" the defendant ZTE USA, and "whether the location of the call center was specified by [the defendant] or whether [the defendant's call center contractor] would need permission from [the defendant] to move its call center outside" of the district). A further consideration is "the nature and activity of the alleged place of business of the defendant in the district *in comparison with* that of other places of business of the defendant in other venues," as that "comparison might reveal that the alleged place of business is not really a place of business at all." *Cray*, 871 F.3d at 1364. But the *Cray* court noted that it did not mean to "suggest that district courts must scrutinize the 'nature and activity' of the alleged place of business to make relative value judgments on the different *types of business activity* conducted." *Id.* n.* (emphasis added).

The Federal Circuit has cautioned against "conflat[ing] showings that may be sufficient for other purposes, *e.g.*, personal jurisdiction or the general venue statute, with the necessary showing to establish proper venue in patent cases." *Cray*, 871 F.3d at 1361 (noting that the

"regular and established place of business" test is more stringent than the minimum-contacts and doing-business standards for personal jurisdiction).

b. History, Structure, and Purpose of the Patent Venue Statute

In 1897, "Congress adopted the predecessor to § 1400(b) as a special venue in patent infringement actions to eliminate the 'abuses engendered' by previous venue provisions allowing such suits to be brought in any district in which the defendant could be served." *See Schnell v. Peter Eckrich & Sons, Inc.*, 365 U.S. 260, 262 (1961) (quoting *Stonite Prods. Co. v. Melvin Lloyd Co.*, 315 U.S. 561, 563 (1942)). "The statute's 'main purpose' was to 'give original jurisdiction to the court where a permanent agency transacting the business is located.'" *Cray*, 871 F.3d at 1361 (quoting bill sponsor's statement). "Jurisdiction would not be conferred by '[i]solated cases of infringement' but 'only where a permanent agency is established.'" *Id.* (alteration in original).

As enacted, the patent venue statute was part of a broader act defining jurisdiction, venue, and service in patent cases. It read as follows:

> [I]n suits brought for the infringement of letters patent the circuit courts of the United States shall have jurisdiction, in law or in equity, in the district of which the defendant is an inhabitant, or *in any district in which the defendant*, whether a person, partnership, or corporation, *shall have committed acts of infringement and have a regular and established place of business*. If such suit is brought in a district of which the defendant is not an inhabitant, but in which such defendant has a regular and established place of business, service of process, summons, or subpoena upon the defendant may be made by service *upon the agent or agents engaged in conducting such business in the district* in which suit is brought.

Act of Mar. 3, 1897, ch. 395, 29 Stat. 695 (emphases added).[9]

[9] The act—amended only so as to refer to "district" rather than "circuit" courts—was codified as section 48 of the Judicial Code of 1911, Pub. L. No. 61-475, § 48, 36 Stat. 1087, 1100 (recodified at 28 U.S.C. § 109 (1926)).

In 1948, Congress recodified the Judicial Code, *see* Act of June 25, 1948, ch. 646, 62 Stat. 869,[10] and that exercise split the venue and service provisions. The venue language, newly codified at § 1400(b) and unchanged since, was slightly reworded to refer to "the judicial district where the defendant resides," rather than "the district of which the defendant is an inhabitant," but it kept the alternative requirement that the defendant have "a regular and established place of business" in the district. *Id.*, sec. 1, § 1400(b), 62 Stat. at 936; *see Fourco Glass Co. v. Transmirra Prods. Corp.*, 353 U.S. 222, 226 (1957). The service-of-process language was also slightly modified, *see id.*, sec. 1, § 1694, 62 Stat. at 945, and it remains unchanged to this day. For ease of reference, the two provisions are reproduced one after the other below:

> Any civil action for patent infringement may be brought in the judicial district where the defendant resides, or *where the defendant has committed acts of infringement and has a regular and established place of business*.

28 U.S.C. § 1400(b) (emphasis added).

> In a patent infringement action commenced in a district where the defendant is not a resident but has a regular and established place of business, service of process, summons or subpoena upon such defendant may be made *upon his agent or agents conducting such business*.

28 U.S.C. § 1694 (emphasis added).

2. Application

Plaintiffs contend that venue is proper because the Amazon Lockers, the Whole Foods stores, and the forthcoming distribution center show that Defendant has regular and established places of business in this District. (Dkt. No. 38, at 14–23). Defendant counters that the Lockers

[10] Congress expressly provided that the 1948 recodification did not make any substantive change to existing law. *See* ch. 646, sec. 2(b), 62 Stat. at 985 ("No loss of rights, interruption of jurisdiction, or prejudice to matters pending in any of such courts on the effective date of this Act shall result from its enactment."); *see also id.*, sec. 33, 62 Stat. at 991 ("No inference of a legislative construction is to be drawn by reason of the chapter in Title 28, Judiciary and Judicial Procedure, as set out in section 1 of this Act, in which any . . . section is placed, nor by reason of the catchlines used in such title").

are not places of business and, even if they were, they are not Defendant's. (*See generally* Dkt. No. 68). Defendant also maintains that Whole Foods is a separate company whose stores cannot imputed to Amazon and that venue must be established based on existing, not potential or future, places of business. (Dkt. No. 41, at 10–11). These arguments are examined in turn below.

a. Whole Foods

Plaintiffs maintain that Defendant "has repeatedly ratified its Whole Foods stores" as its own places of business. (Dkt. No. 38, at 21). In support, Plaintiff cites the consolidated financial statements for Amazon.com, Inc. and its subsidiaries, including Whole Foods Market, Inc., related earnings call statements, and photographs and customer receipts showing integrated Amazon–Whole Foods advertising at the Whole Foods store in Albany. (*See* Dkt. No. 39-9, at 8, 21; Dkt. No. 39-20, at 3, 5; Dkt. No. 39-7).

A "subsidiary's presence in the forum cannot be imputed to the parent company so long as they maintain formal corporate separateness," even if "the parent corporation controls [the] subsidiary's operations and the companies share a unitary business purpose." *Symbology Innovations, LLC v. Lego Sys., Inc.*, 282 F. Supp. 3d 916, 932 (E.D. Va. 2017) (citing *Cannon Mfg. Co. v. Cudahy Packing Co.*, 267 U.S. 333, 335 (1925)) (explaining that the *Cannon* rule concerning attribution of contacts for personal-jurisdiction purposes applies in the § 1400(b) context); *see* 14D Charles Alan Wright et al., Federal Practice and Procedure § 3823 (4th ed.) ("So long as a formal separation of the entities is preserved, the courts ordinarily will not treat the place of business of one corporation as the place of business of the other."); *cf. also Jazini v. Nissan Motor Co.*, 148 F.3d 181, 184 (2d Cir. 1998) ("Where, as here, the claim is that the foreign corporation is present in New York state because of the activities there of its subsidiary, the presence of the subsidiary alone does not establish the parent's presence in the state."). Plaintiff, however, has failed to show that Amazon and Whole Foods lack formal corporate

separateness. The record shows that the two corporations are separately incorporated (Amazon in Delaware and Whole Foods in Texas), (Dkt. No. 40-2, at 8–9; Dkt. No. 40-6), are headquartered in different states (Amazon in Washington and Whole Foods in Texas), and have separate executive teams, (*compare* Dkt. No. 40-3, *with* Dkt. No. 40-5). Therefore, Whole Foods' place of business in this District cannot be imputed to Defendant.

b. Future Distribution Center

Plaintiffs argue that venue is proper because Amazon is planning to establish a distribution center in Schodack, New York. (Dkt. No. 38, at 22). But the patent venue statute is phrased in the present tense: the issue is whether the defendant "has"—not will have—a regular and established place in the district. 28 U.S.C. § 1400(b); *cf. Weight Watchers Int'l, Inc. v. Stouffer Corp.*, No. 88-cv-7062, 1989 WL 73292, at *3, 1989 U.S. Dist. LEXIS 7235, at *9 (S.D.N.Y. June 28, 1989) (noting that, under § 1391, "venue is determined at the time the lawsuit was filed"). Therefore, potential or future plans for establishing a place of business in this District cannot satisfy § 1400(b).

c. Amazon Lockers

i. Physical Place

Defendant argues that the Lockers are not places of business under *Cray*'s first requirement because they are not a "physical place," such as a "building" or "quarters"; rather, they are pieces of equipment, "movable objects" that are "installed at physical, geographic locations belonging to third parties (Speedway and Whole Foods)." (Dkt. No. 68, at 6–11). Plaintiffs respond that the Lockers constitute physical places because they are "established locations (with actual addresses)," secured with bolts when placed outside, for which Defendant pays rent and over which Defendant exercises control. (Dkt. No. 70, at 16).

As an initial matter, there can be no dispute that the Lockers occupy physical space and do not "refer merely to a virtual space or to electronic communications from one person to another." *Cray*, 871 F.3d at 1362. Occupying space, however, is not a sufficient condition to qualify as a "place" of business; there must be an established "physical, geographical location" where business is carried out. *Id.*; *see Place of Abode, or Business*, Benjamin Vaughan Abbott, Dictionary of Terms and Phrases Used in American and English Jurisprudence 281 (1879) (stating that the term is often used in a "restricted sense to denote a specific place within a city or town at which a person dwells or transacts business").

Facts uncovered during venue discovery show that Defendant has installed Lockers, which it owns, at three specific locations with addresses in this District, (Dkt. No. 70-47), and pays a monthly "Location Fee"—which Defendant refers to as "monthly rent" in its promotional materials, (Dkt. No. 70-10, at 8)—for two of them. (Dkt. No. 70-33, at 4, §§ 1(d), 3). Speedway has granted Defendant a license to "occupy and use such designated space" at those locations, (*id.* at 3, § 2), and has agreed that it would not "move, relocate, unplug, disassemble, or tamper with the Amazon Locker in any way" without providing "prior written notice to Amazon," (*id.* at 3, § 1(g)). The two Lockers at Speedway are anchored to the ground with concrete bolts. (*See* Dkt. No. 70-23, at 7; Dkt. No. 70-33, at 3, § 1(i)). Under these facts, each of the Lockers undoubtably occupies an established "physical, geographical location"—indeed, they form "part of a building set apart for [a] purpose." *Cray*, 871 F.3d at 1362; *see Place*, Century Dictionary, *supra*, at 4520; *cf. Peerless Network, Inc. v. Blitz Telecom Consulting, LLC*, No. 17-cv-1725, 2018 WL 1478047, at *3, 2018 U.S. Dist. LEXIS 49628, at *8 (S.D.N.Y. Mar. 26, 2018) (rented shelf space on which the defendant's equipment was located constituted a physical place); *CDx Diagnostic, Inc. v. U.S. Endoscopy Grp., Inc.*, No. 13-cv-5669, 2018 WL 2388534, at *3, 2018

U.S. Dist. LEXIS 87999, at *6–7 (S.D.N.Y. May 24, 2018) (storage units accessed by the defendant's customer service representatives likely satisfied physical place requirement).[11]

Defendant cites *Automated Packaging Systems, Inc. v. Free-Flow Packaging International, Inc.*, No. 14-cv-2022, 2018 WL 400326, 2018 U.S. Dist. LEXIS 5910 (N.D. Ohio Jan. 12, 2018), for the proposition that movable equipment cannot serve as a "physical, geographical location." (Dkt. No. 68, at 10). That case involved a defendant packaging manufacturer that "supplie[d] its end use customers with . . . equipment to be used at the customer's facility." *Automated Packing Systems*, 2018 WL 400326, at *9, 2018 U.S. Dist. LEXIS 5910, *26. The defendant retained ownership of the equipment, had to grant permission if the customer wished to move the equipment, and retained the right to access the equipment for maintenance and service. *Id.*, 2018 WL 400326, at *9, 2018 U.S. Dist. LEXIS 5910, *27. The court concluded that the "fact that the equipment is moved onto the customer's property, and may be removed by FPI or relocated by the customer with FPI's permission, precludes any finding that this equipment could serve as a physical, geographical location." *Id.* But the defendant in that case was "servicing a customer at a customer's facility," and the defendant's customers used the equipment to carry out their own work. *Id.*, 2018 WL 400326, at *9–10, 2018 U.S. Dist. LEXIS 5910, *26–28. Here, by contrast, the Lockers are installed at fixed locations, and they are not used by the retailers that host them; instead, they are used by Defendant for its

[11] The Lockers' fixed location at designated public addresses distinguishes the Lockers from equipment found not to qualify as places of business. *See Pers. Audio, LLC v. Google, Inc.*, 280 F. Supp. 3d 922, 934 (E.D. Tex. 2017) (finding that Google servers hosted at internet service providers are not "a building or physical quarters of any kind"). *But see Seven Networks, LLC v. Google LLC*, 315 F. Supp. 3d 933, 956 (E.D. Tex. 2018) (finding that Google's "server, its physical location within this District, the control exerted over both the server and its location under the . . . agreements," and "the other circumstances" present in the case satisfied the physical place requirement).

own business—delivering packages to its customers and accepting returns. *Automated Packaging*, therefore, is not on point.

Likewise, the analogy to vending machines does not carry Defendant very far. In *Automated Packaging*, the court offered the hypothetical of a vendor placing its own vending machines in a federal courthouse and being granted access to maintain, collect money from, and restock the machines. *Id.* at *9 n.10. In that court's view, the vending machines could not be the vendor's place of business. *Id.* The Amazon Lockers, however, are more than vending machines tucked away inside a courthouse: they are large (6′ by 7′ by 27″ or larger) multiple-locker units installed at fixed locations—and some are anchored to the ground—with addresses advertised on Defendant's website, occupying space for which Defendant pays "rent." In addition, Defendant enjoys significant control over the placement of the Lockers; controls the ongoing operation of the Lockers; trains the carriers who deliver its products to the Lockers; and has engaged service technicians physically located in this District to be available 24/7 to maintain and service the Lockers. *See*, *e.g.*, *Cray*, 871 F.3d at 1362 (citing the use of a "secretarial service physically located in the district" as a factor supporting the existence of a physical location from which business is conducted); *Automated Packaging*, 2018 WL 400326, at * 7 (noting that the defendant "does not employ any company to provide any services—such as secretarial or mail service—in northern Ohio"). Whether or not a vending machine can ever be a place of business,[12] Plaintiffs have met their burden to show that the Lockers satisfy *Cray*'s physical place requirement.

[12] Plaintiffs cite cases in which "courts have found vending machines to be places of business." (Dkt. No. 70, at 23 (citing *State v. Woods*, 5 So. 2d 732 (Ala. 1942); *City of Los Angeles v. Amber Theatres, Inc.*, 176 Cal. Rptr. 850 (Ct. App. 1981); *Hartney Fuel Oil Co. v. Hamer*, 2013 IL 115130, 998 N.E.2d 1227)). But as Defendant correctly observes, those cases "do not relate to venue at all" but to the definition of place of business for regulatory or tax purposes under distinct statutory schemes. (Dkt. No. 72, at 8).

ii. Place *of Business*

(1) Necessity of Agents at the Business

Defendant argues that a place of business "requires the presence of employees or agents of the company to carry out the business" because the venue and the service provisions are structurally connected and service on the defendant may be made under 28 U.S.C. § 1694 "upon his agent or agents conducting such business." (Dkt. No. 68, at 11). Since "no Amazon employee or agent conducts Amazon's business at the NDNY lockers," Defendant contends that the Lockers are not a place of business. (*Id.*). Plaintiffs respond that the venue provision's "plain language" does not include a human presence requirement; that the service provision "simply provides an alternative method of service"; and that recent legislation exempting ATMs from the definition of "regular and established place of business" implies that "ATMs and similar devices would otherwise be regular and established places of business, but for the specific exemption." (Dkt. No. 70, at 24–26).

The Federal Circuit has not decided whether a natural person must conduct business at the location for it to be a "place of business" under § 1400(b). *See In re Google LLC*, 914 F.3d 1377, 1381 (2019) (Reyna, J., dissenting). While Defendant cites cases requiring that some employee or agent of the defendant conduct business at the location, *see Peerless*, 2018 WL 1478047, at *4, 2018 U.S. Dist. LEXIS 49628, at *9–11; *CDx Diagnostic, Inc.*, 2018 WL 2388534, at *3, 2018 U.S. Dist. LEXIS 87999, at *7, Plaintiffs have identified one decision rejecting this approach, *Seven Networks, LLC*, 315 F. Supp. 3d at 961–64.

The Court agrees with Defendant that the venue and service provisions must be read together given their common statutory history and structural connection. *See Dep't of Revenue of Or. v. ACF Indus., Inc.*, 510 U.S. 332, 342 (1994) (employing "the normal rule of statutory construction that identical words used in different parts of the same act are intended to have the

same meaning" (internal quotation marks omitted)). The statute, as originally enacted, specified that service on a nonresident defendant with a regular and established place of business in the district could be made on "*the* agent or agents engaged in conducting such business in the district," Act of Mar. 3, 1897, ch. 395, 29 Stat. 695, 696 (emphasis added); as later amended, the service provision refers to "*his* agent or agents conducting such business," 28 U.S.C. § 1694 (emphasis added). The use of the definite article and possessive determiner suggests that Congress assumed that "a defendant with a 'place of business' in a district will also have 'agents conducting such business' in the district." *Peerless*, 2018 WL 1478047, at *3, 2018 U.S. Dist. LEXIS 49628, at *9 (quoting 28 U.S.C. § 1694); *see Luiken v. Domino's Pizza, LLC*, 705 F.3d 370, 373 (8th Cir. 2013) (analyzing the plain language of a state statute and rule and concluding that "the statute and rule's use of 'the' . . . indicates that they refer to someone specific"). Contrary to Plaintiffs' contention, the service provision's wording does not detract from this conclusion. *See* 28 U.S.C. § 1694 ("service . . . *may* be made upon his agent or agents" (emphasis added)). By employing the permissive "may," Congress simply conveyed that a plaintiff has an alternative means of service beside the general methods of service now specified under Rule 4 of the Federal Rules of Civil Procedure.

Although Congress contemplated that a defendant would have agents in the district conducting the defendant's business, the scope of business conducted by an employee or agent may depend on the nature of the business itself. The Court alluded to this at oral argument. For example, an automated laundromat or car wash may have agents who come and service the equipment on a regular basis but who are generally absent during business hours and do not interact with customers. At oral argument, Defendant's counsel conceded that such a self-service facility could "be a place of business it if has some agent who at least visits the site who could

accept service." (Dkt. No. 63, at 7–8). In their briefing, the parties also address Congress's decision to exempt ATMs, another self-service facility, for purposes of venue under § 1400(b), and they disagree whether that exemption means that a place of business requires an employee or agent. *See* America Invents Act ("AIA"), Pub. L. No. 112-29, § 18(c), 125 Stat. 284, 331 (2011); *Seven Networks, LLC*, 315 F. Supp. 3d at 962–63. But an ATM—like an automated laundromat or car wash—must be regularly serviced by employees or agents; viewed in that light, the ATM exemption does not seem anomalous in the broader statutory scheme. Thus, the relevant question is not whether Defendant's agents are *present at all times* at the Lockers but whether Defendant has agents conducting its business at the Lockers.

(2) Ricoh Employees as Defendant's Agents

Under generally accepted principles of agency law, agency is "the fiduciary relationship that arises when one person (a 'principal') manifests assent to another person (an 'agent') that the agent shall act on the principal's behalf and subject to the principal's control, and the agent manifests assent or otherwise consents so to act." Restatement (Third) of Agency § 1.01 (Am. Law Inst. 2006); *accord Hollingsworth v. Perry*, 570 U.S. 693, 713 (2013) ("An essential element of agency is the principal's right to control the agent's actions." (quoting Restatement (Third) of Agency § 1.01 cmt. f)). "The control necessary to demonstrate an agency relationship requires that 'a principal [have] the right to give interim instructions or directions to the agent once their relationship is established.'" *Pac. Gas & Elec. Co. v. United States*, 838 F.3d 1341, 1360 (Fed. Cir. 2016) (quoting Restatement (Third) of Agency § 1.01 cmt. f). Nevertheless, "a person may be an agent although the principal lacks the right to control the full range of the agent's activities, how the agent uses time, or the agent's exercise of professional judgment." *Applications in Internet Time, LLC v. RPX Corp.*, 897 F.3d 1336, 1357 (Fed. Cir. 2018) (quoting Restatement (Third) of Agency § 1.01 cmt. c).

Here, Plaintiffs have made a prima facie showing that Ricoh employees serve as Defendant's agents. Under the service order relating to Locker services, Ricoh employees have to configure the Lockers' hardware and perform "break/fix" and regular maintenance. (Dkt. No. 70-40; Dkt. No. 70-3, at 35–36). They are on call to provide field support service 24/7 and must be on site to respond to a break/fix request within a short timeframe. (Dkt. No. 70-40, at 4, § 2; *id.* at 6–7, § 5(a)). Further, Ricoh employees must follow SOPs jointly developed with Defendant. (*Id.* at 5, § 2(b)(iii)). At her deposition, Amazon's program manager for the Locker program recognized that "if we provide direction not to do something, then Ricoh would not do something." (Dkt. No. 70-3, at 42). Thus, Defendant exercises significant control over Ricoh employees through this contractual arrangement. The statement by a Ricoh employee that Ricoh was "now the face of Amazon Locker" and "an extension of Amazon," (Dkt. No. 72-2, at 2, 4)—albeit not dispositive, especially since it may relate to a different business of Amazon's—suggests that Ricoh understood its role as acting on behalf of Defendant. That understanding was apparently shared by Defendant, who listed Ricoh employees in its organizational charts, provided them with Amazon laptops, and gave them Amazon email addresses. (*See, e.g.*, Dkt. No. 70-11, at 5, 8, 12; Dkt. No. 70-3, at 21). In its promotional materials to potential hosts, Defendant further represented to third parties that "Amazon provides . . . all aspects of installation, operations and maintenance," that Amazon technicians have access to the slots" upon "service, maintenance, or failure," and that "a local Amazon agent" is dispatched if unauthorized contents (like debris) are placed into the Locker. (Dkt. No. 70-34, at 2, 3; *see also* Dkt. No. 70-43, at 2). Lastly, Defendant places undue reliance on the contracts' disclaimer of an agency relationship, (*see* Dkt. No. 72, at 10 (citing Dkt. No. 70-39, at 17, § 11.1)); such

disclaimers "are not dispositive as to the existence of an agency relationship," *Pacific Gas*, 838 F.3d at 1359.

(3) Business Conducted at the Lockers

According to Defendant, the Ricoh employees are not "conducting Amazon's business" when they service the Lockers because the Ricoh "maintenance technicians are not employed by Amazon, do not interact with the locker users on Amazon's behalf, do not accept orders, and have no role—other than ensuring that the lockers are functional—in Amazon's business." (Dkt. No. 68, at 15). Defendant also argues that no business at all is conducted at the Lockers "because no transaction occurs there." (*Id.* at 15). Neither argument survives scrutiny.

Nowhere does the text of the patent venue provision state that a sale "transaction" must occur at a location for that location to constitute a place of business. It suffices that "business" is conducted there. *See* 28 U.S.C. § 1400(b). Branch offices, manufacturing facilities, and warehouses indisputably qualify as places of business, *see Brevel Prod. Corp. v. H & B Am. Corp.*, 202 F. Supp. 824, 827 (S.D.N.Y. 1962) ("This 'place of business' can be a branch office, a sales-showroom, or a warehouse o[r] distribution center." (citations omitted)); *Fed. Elec. Prod. Co. v. Frank Adam Elec. Co.*, 100 F. Supp. 8, 10 (S.D.N.Y. 1951) (finding that the defendant's "reshipping centers" were places of business), whether or not sale transactions occur there. Indeed, a court need not "make relative value judgments on the different types of business activity conducted." *Cray*, 871 F.3d at 1364 n.*.

Defendant's business is to facilitate the delivery of packages to customers reliably and efficiently, (*see* Dkt. No. 70-6, at 2; Dkt. No. 70-8, at 10), and the Lockers are a means of carrying out that objective, (*see* Dkt. No. 70-4, at 3, 5). In fact, a transaction involving delivery to a Locker is not complete until the customer retrieves the package from the Locker. A brick-and-mortar facility operated by Amazon employees providing just this service would clearly be

engaged in business. That Defendant delivers its products utilizing Lockers electronically connected to Amazon headquarters does not make the Lockers any less of a business. And on-site service is necessary for the business: Ricoh is automatically dispatched when something breaks. By maintaining and servicing the Lockers upon dispatch on a 24/7 basis, Ricoh employees are integral to the package distribution operation of Defendant's business. *See In re McCrary's Farm Supply, Inc.*, 705 F.2d 330, 334 (8th Cir. 1983) ("Central Terminal, in contributing to the storage and distribution of merchandise, performed an integral part of McCrary's sales activity and business."). Therefore, the Court concludes that Plaintiffs have met their burden of showing that Ricoh employees conduct Defendant's business at the Lockers.[13]

iii. Place *of the Defendant*

Defendant maintains that the Lockers are not its places of business but merely "objects located at the places—the 'buildings' and 'geographical locations'—of others," namely Speedway and Whole Foods. (Dkt. No. 72, at 13; *see also* Dkt. No. 68, at 22). The facts before the Court do not support Defendant's position. To determine whether a place of business is Defendant's, this Court should consider, among relevant factors, whether Defendant owns or leases the place, exercises control over it, and holds out the place as its own through advertisements or signage. *See Cray*, 871 F.3d at 1363. There is no dispute that Defendant owns the Lockers. (Dkt. No. 70-3, at 9, 25, 26, 54; Dkt. No. 70-33, at 2, § 1(d)). Further, Defendant

[13] Defendant cites *CDx Diagnostic*, which found that "storage units" were not places of business because there was no evidence that Defendant actually engaged in business from those units. 2018 WL 2388534, at *3. That case is factually distinguishable. There, the defendant's customers service reps merely used the units to keep materials that they later retrieved before visiting customers within the district. *Id.* By contrast, the Lockers here are customer facing and form an integral part of the overall transaction. They are not just a piece of equipment on which Amazon relies to conduct its business. *Cf. Personal Audio*, 280 F. Supp. 3d at 934 (finding that Google's reliance on servers hosted at third-party internet service providers did "not amount to Google's business being carried out from them"); *Peerless*, 2018 WL 1478047, at *4 (finding that the defendant's employees could "direct telecommunications traffic *through* New York" using the defendant's telecommunication equipment placed on a shelf at a third party's facility, but "they do not engage in business *from* the shelf itself").

rents the space for the Lockers at Speedway by paying a monthly "Location Fee" per Locker. (Dkt. No. 70-33, at 4, § 3). Having a "[p]hysical presence" at retailer locations is one of the benefits Defendant receives from placing Lockers there. (Dkt. No. 70-10, at 8). With retailers' approval, Defendant chooses sites it finds satisfactory for its Lockers and installs the Lockers. (*See* Dkt. No. 70-3, at 9–10). Additionally, under its location agreement with Speedway, Defendant and its agents have access to the Lockers for installation, maintenance, and operations, and Defendant may install signage at the location to direct customers to the Lockers. (Dkt. No. 70-33, at 3, § 2). The Lockers are branded with Amazon's logo, advertisements for Amazon's online marketplace, and an Amazon customer service number.[14] (Dkt. No. 39-7, at 3–24). Amazon also lists its Locker locations on its website. (Dkt. No. 70-47). Based on these facts, the Court concludes that Plaintiffs have met their burden of establishing that the Lockers are the places of business of Defendant.

Defendant makes one final argument, asserting that the Lockers are "not really a place of business at all," *Cray*, 871 F.3d at 1364, when compared to its places of business outside the District—its headquarters in Seattle, where "[m]uch of Amazon's corporate operations, software development, marketing, and design work occurs"; its offices in Seattle, California, and Massachusetts, where the "Amazon products at issue in this case were designed and developed"; its "brick-and-mortar bookstores"; and its fulfillment centers throughout the country. (Dkt. No. 68, at 18–20). In contrast to these places, "no employees are present, no decisions are made, no business is conducted, no transaction occurs, no goods are sold, no software or hardware

[14] Defendant analogizes the Lockers to P.O. boxes, (*see* Dkt. No. 72, at 8), but P.O. boxes, unlike the Lockers, do not bear any signage or advertisements and are not customer facing.

development is done, and no records are kept" at the Lockers. (*Id.* at 20). This argument reflects a misunderstanding of the comparison suggested by the Federal Circuit in *Cray*.

The question in *Cray* was whether the homes of the defendant's employees constituted places of business of the defendant. *See* 871 F.3d at 1364. The court explained that one of the considerations for determining if the homes were places of business "of the defendant" was "the nature and activity of the alleged place of business of the defendant in the district *in comparison with* that of other places of business of the defendant in other venues." *Id.* Such "relative comparison of the nature and activity may reveal, for example, that a defendant has a business model whereby many employees' homes are used by the business as a place of business of the defendant." *Id.* at 1364 n*. But Cray made clear that district courts need not "make relative value judgments on the different types of business activity conducted therein." *Id.* Here, Defendant is not comparing the "nature and activity" of the Lockers—for example, their commercial versus noncommercial character—with those of other places of business. Instead, Defendant is improperly comparing the type of business activities conducted at the Lockers (package deposit and delivery) with other types of business activities (administration, research and development, marketing, warehousing, sales) conducted at other places of business. The Court rejects this argument.

At this stage of the litigation, where Plaintiffs only need establish a prima facie case for venue, the Court finds that Plaintiffs have met their burden under § 1400(b).

B. Transfer Under § 1404(a)

A court may transfer a case "[f]or the convenience of parties and witnesses, in the interest of justice, . . . to any other district or division where it might have been brought." 28 U.S.C. § 1404(a). "District courts have broad discretion in making determinations of convenience under Section 1404(a) and notions of convenience and fairness are considered on a case-by-case basis."

D.H. Blair & Co., Inc. v. Gottdiener, 462 F.3d 95, 106 (2d Cir. 2006).[15] In determining whether to transfer for convenience, a court is to consider several factors, including:

> (1) the plaintiff's choice of forum, (2) the convenience of witnesses, (3) the location of relevant documents and relative ease of access to sources of proof, (4) the convenience of parties, (5) the locus of operative facts, (6) the availability of process to compel the attendance of unwilling witnesses, and (7) the relative means of the parties.

N.Y. Marine & Gen. Ins. Co. v. Lafarge N. Am., Inc., 599 F.3d 102, 112 (2d Cir. 2010) (quoting *D.H. Blair*, 462 F.3d at 106–07). The first factor—the plaintiff's choice of forum—"is given great weight," *D.H. Blair*, 462 F.3d at 107, and "is presumptively entitled to substantial deference," *Gross v. British Broad. Corp.*, 386 F.3d 224, 230 (2d Cir. 2004); *see also Piper Aircraft Co. v. Reyno*, 454 U.S. 235, 241 (1981) ("[A] plaintiff's choice of forum should rarely be disturbed."). Deference is especially strong where the plaintiff has chosen its home forum, as "it is reasonable to assume that this choice is convenient." *Piper*, 454 U.S. at 255–56. Ultimately, the party requesting transfer bears the burden of establishing the propriety of transfer by a clear and convincing showing. *See N.Y. Marine*, 599 F.3d at 114; *Ward v. Stewart*, 133 F. Supp. 3d 455, 461 (N.D.N.Y. 2015).

1. Plaintiff's Choice of Forum

According to Defendant, Plaintiffs' choice of forum is entitled to little weight in this case because "the operative facts have little or no connection" to this District. (*See* Dkt. No. 34-4, at 15). Defendant asserts that the District's only "connection to this case appears to consist of two individuals"—one of whom "no longer resides in this district"—"who applied for the patent-in-suit while employed" by RPI. (*Id.* at 15–16). In response, Plaintiffs point out that RPI is based in

[15] Because the choice to dismiss or transfer under § 1404(a) is not unique to patent law, the Court assesses that decision under its regional circuit procedural law. *See ZTE*, 890 F.3d at 1013; *Winner Int'l Royalty Corp. v. Wang*, 202 F.3d 1340, 1352 (Fed. Cir. 2000).

this District and that the two inventors were working at RPI when they patented the technology at issue in this case. (Dkt. No. 38, at 24–25; *see* Dkt. No. 1, ¶ 35). The Court agrees that these facts entitle Plaintiff's choice of forum to great deference. *See Defenshield Inc. v. First Choice Armor & Equip.*, No. 10-cv-1140, 2012 WL 1069088, at *15, 2012 U.S. Dist. LEXIS 44276, at *45 (N.D.N.Y. Mar. 29, 2012) (deferring to the plaintiff's choice of forum and denying transfer where the plaintiff was "a resident of this forum," the invention was "designed in the Northern District of New York," and the inventor "reside[d] in this forum").

2. Convenience of Witnesses

Defendant maintains that the convenience of the witnesses weighs in favor of transfer because the key witnesses in this patent infringement suit are the "Amazon employees involved in the design and development of the Accused Products" and those employees are "primarily located in Seattle, California, and Massachusetts." (Dkt. No. 34-4, at 16; *see* Dkt. No. 34-1, ¶ 3). Defendant contends that Plaintiff RPI, on the other hand, has "only two potential witnesses relevant to the development of its patented technology"—its two inventors, only one of whom resides in this District—and that Plaintiff Dynamic Advances is "a professional patent assertion entity with no operations other than litigation and licensing." (*Id.* at 16–17).

Plaintiffs counter that they anticipate seeking discovery from Amazon employees "residing in or near this District," including "executives, managers, scientists, engineers, salespeople, and other employees . . . responsible for developing, testing, marketing, and distributing the infringing Alexa products throughout New York." (Dkt. No. 38, at 26; *see* Dkt. No. 39-21, at 3, 17, 31, 59). Additionally, Plaintiff notes that two nonparty witnesses who "were involved with the market analysis of the patented invention" reside in this District. (*Id.*; *see* Dkt. Nos. 39-1, -2). Lastly, Plaintiffs fault Defendant for failing to specify which witnesses would be inconvenienced by this forum, (Dkt. No. 38, at 26–27); *see Breeden v. Tricom Bus. Sys., Inc.*,

244 F. Supp. 2d 5, 10 (N.D.N.Y. 2003) ("To succeed on a transfer motion, however, the moving party . . . must provide the court with a specific list of who will be inconvenienced by the present forum witnesses and general statements of what their testimony will cover."), a point that Defendant acknowledges in its reply, (Dkt. No. 41, at 13).

Even if the Court accepts Defendant's assertion that many of the Amazon employees responsible for designing and developing the allegedly infringing products do not reside in this District, it is still the case that Defendant's Massachusetts employees live closer to this District than Defendant's suggested forum, the Western District of Washington. Further, Plaintiffs have identified relevant witnesses residing in or near this District, including managers and engineers working on Defendant's Alexa technology in New York City. In these circumstances, and given Defendant's lack of specificity, the Court is not persuaded that Defendant's claimed inconvenience overcomes Plaintiffs' choice of forum.

3. Locus of Operative Facts

Defendant asserts that the locus of operative facts is outside this District because the allegedly infringing products were "designed and developed in Seattle, California and Massachusetts." (Dkt. No. 34-4, at 17–18). But as Plaintiffs note, "in patent cases, the locus of operative facts usually lies where *either* the patent-in-suit *or* the allegedly infringing product was designed, developed, and produced." *Children's Network, LLC v. PixFusion LLC*, 722 F. Supp. 2d 404, 413 (S.D.N.Y. 2010) (emphases added). Since Plaintiffs' inventors developed the patented invention in this District, this factor does not favor transfer.

4. Remaining Factors

Defendant asserts that there are additional factors that militate against transfer, but none moves the needle so as to displace Plaintiff's choice of forum. Regarding the interest of justice, Defendant states that the median time from filing to trial is longer in this District than in the

Western District of Washington. (Dkt. No. 34-4, at 18–19). But as Plaintiffs note, Defendant's figures are not specific to patent cases. In any event, this Court is able to adjudicate the dispute efficiently, as indicated by the resolution of other cases involving the same patent. *See Dynamic Advances, LLC v. Apple Inc.*, No. 12-cv-01579 (N.D.N.Y. closed Jul. 22, 2013); *Rensselaer Polytechnic Inst. v. Apple, Inc.*, No. 13-cv-633 (N.D.N.Y. closed May 2, 2016). Finally, Defendant does not dispute that the remaining factors are neutral. (*Compare* Dkt. No. 34-4, at 19 (arguing that the location of documents, the convenience of the parties, the availability of process to compel attendance of witnesses, the relative means of the parties, and familiarity with the governing law are neutral factors), *with* Dkt. No. 38, at 31 n.11 (arguing that the location of relevant documents and familiarity with the governing law are neutral)). The Court concludes that the § 1404 factors do not weigh in favor of transferring this action to the Western District of Washington.

V. CONCLUSION

For these reasons, it is hereby

ORDERED that Defendant's motion to transfer (Dkt. No. 34) is **DENIED**.

IT IS SO ORDERED.

Dated: August 7, 2019
Syracuse, New York

Brenda K. Sannes
U.S. District Judge