

Misc. Docket No. \_\_\_\_\_

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In the United States Court of Appeals  
for the Federal Circuit

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IN RE TRACFONE WIRELESS, INC,

*Petitioner.*

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On Petition for a Writ of Mandamus to the  
U.S. District Court for the Western District of Texas in  
Case No. 6:20-cv-00303-ADA, District Judge Alan Albright

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**PETITION FOR A WRIT OF MANDAMUS WITH APPENDIX IN  
SUPPORT**

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March 22, 2021

**UNITED STATES COURT OF APPEALS  
FOR THE FEDERAL CIRCUIT****CERTIFICATE OF INTEREST****Case Number** \_\_\_\_\_**Short Case Caption** In re TracFone Wireless, Inc.**Filing Party/Entity** TracFone Wireless, Inc.

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Date: 03/22/2021Signature: /s/ Ethan HorwitzName: Ethan Horwitz

<p><b>1. Represented Entities.</b> Fed. Cir. R. 47.4(a)(1).</p>	<p><b>2. Real Party in Interest.</b> Fed. Cir. R. 47.4(a)(2).</p>	<p><b>3. Parent Corporations and Stockholders.</b> Fed. Cir. R. 47.4(a)(3).</p>
<p>Provide the full names of all entities represented by undersigned counsel in this case.</p>	<p>Provide the full names of all real parties in interest for the entities. Do not list the real parties if they are the same as the entities.</p> <p><input checked="" type="checkbox"/> None/Not Applicable</p>	<p>Provide the full names of all parent corporations for the entities and all publicly held companies that own 10% or more stock in the entities.</p> <p><input type="checkbox"/> None/Not Applicable</p>
<p>TracFone Wireless, Inc.</p>		<p>AMX USA Holding S.A. de C.V.</p>
		<p>Sercotel, S.A. de C.V.</p>
		<p>America Movil, S.A.B. de C.V.</p>

Additional pages attached

**4. Legal Representatives.** List all law firms, partners, and associates that (a) appeared for the entities in the originating court or agency or (b) are expected to appear in this court for the entities. Do not include those who have already entered an appearance in this court. Fed. Cir. R. 47.4(a)(4).

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## INTRODUCTION

Petitioner TracFone Wireless, Inc. (“TracFone”) respectfully petitions this Court to issue a writ of mandamus to the United States District Court for the Western District of Texas (“WDTX”) requiring that court to transfer this case to the United States District Court for the Southern District of Florida (“SDFL”).

Precis Group LLC (“Precis”) filed this patent infringement action alleging TracFone infringed four of its patents on April 21, 2020. TracFone then filed a motion that venue was not proper in this district under 28 U.S.C. §1400(b) and that this case be transferred pursuant to 28 U.S.C. § 1404(a) to SDFL. After eight months, TracFone petitioned for mandamus that the district court be ordered to issue a decision and on March 8, 2021, that mandamus was granted. APPX0173-0177. On March 11, 2021, the district court issued its decision that venue was proper and the balance of convenience did not clearly favor transfer. APPX0178-0194.

To find venue proper, the district court ruled that the venue allegations in the Complaint had to be accepted as true; the district court thus ignored TracFone’s declarations contradicting those allegations—

despite the fact that Precis did not submit any declarations to rebut TracFone's declarations.

Arriving at the decision that the balance of convenience did not clearly favor transfer, the district court did not identify even one witness or document in WDTX whereas the court admitted that, in patent cases, the bulk of relevant evidence comes from defendants and TracFone's documents and witnesses were in SDFL.

And, as to third party witnesses, none were in WDTX. Instead, the district court gave dispositive deference to plaintiff's proffer of two witnesses having to travel more total miles to trial in Miami than to Waco, even though Precis did not identify to what they would testify, and Precis did not show that these witnesses were willing to come to trial. The district court found that these two witnesses were closer in "as the crow flies" miles to the Waco courthouse, even though the travel time would be in fact shorter to the Miami courthouse.

### **RELIEF SOUGHT**

TracFone respectfully requests a writ of mandamus compelling the district court to transfer this case to SDFL.

## **ISSUES PRESENTED**

Whether the district court here abused its discretion by accepting as true the venue allegations in the complaint where those allegations were directly contradicted by TracFone's declarations, declarations not rebutted by any declarations of plaintiff.

Whether venue is proper in WDTX where TracFone does not reside and has no place of business, let alone a regular and established place of business.

Whether this case should be transferred to SDFL where TracFone has its offices, relevant witnesses and documents and where WDTX has no witnesses, documents or other connection to the substance of this case.

## **JURISDICTIONAL STATEMENT**

The Federal Circuit has jurisdiction over this case because the underlying case in WDTX is a patent case. *See* 28 § 1295; *id.* §§ 1331, 1338(a). This Court has jurisdiction over this petition under the All Writs Act, 28 U.S.C. § 1651. Mandamus is available “to correct a clear abuse of

discretion or usurpation of judicial power.” See *In re TS Tech. United States Corp.*, 551 F.3d 1315, 1318 (Fed. Cir. 2008).

## STATEMENT OF FACTS

### A. Background

In the underlying action, Plaintiff Precis Group LLC (“Precis”) accuses TracFone of infringing four patents addressed to Secured Pre-Payment for Portable Communication Unit. All four patents emanate from the same ultimate parent filed April 27, 2000 and all are directed to methods or systems for pre-payment of cell phone service. APPX0043, APPX0051, APPX0059, APPX0069.

Plaintiff has not claimed any functioning offices, and certainly not any in WDTX. It has not claimed any witnesses in WDTX nor any documents there.

TracFone is a Delaware corporation, with a principal place of business in Miami, Florida 33178. APPX0100. Any method or system TracFone employs for pre-payment of phone services is located in Miami, Florida. APPX0101-APPX0102.

Precis has not rebutted these facts; Precis did not even request

discovery before its response to the venue motion. Rather, Precis' basis for venue in WDTX, is one store, which displays a sign of one of TracFone's brands, TOTAL WIRELESS. APPX00110-APPX0111. The unrebutted, verified facts are (1) that this store was the store of an independently owned retailer of TracFone products; (2) that TracFone has no ownership or other interest in the store; (3) that TracFone had no relationship with the store owner other than that it was a retailer of TracFone products and services; and (4) that the store closed well before this action began. APPX0101.

## **B. Background of this Litigation**

Precis filed the underlying action asserting TracFone infringed four patents. APPX0007-0041.

All four patents share the same specification, inventors, and the same claimed priority date, April 27, 2000 and have claims that are directed to methods and systems for Secured Pre-payment for Portable Communication Unit. *See* APPX0043-0049, APPX0051-0057, APPX0059-0067, APPX0069-0077.

On June 22, 2020, TracFone filed a motion to dismiss or transfer based on improper venue, pursuant to Fed. R. Civ. 12(b)(3), combined

with a motion to transfer to SDFL pursuant to 28 U.S.C. §1404(a). *See* APPX0080-0094. Precis responded (*see* APPX0103-0122) and this motion was fully briefed with TracFone’s Reply (*see* APPX0123-0129) on July 14, 2020. With no decision emanating from the district court, TracFone filed a mandamus before this Court requesting an order that the district court issue a decision. APPX0137-0172. That mandamus was granted on March 8, 2021. APPX0173-0177.

That decision on venue has now issued and the district court ruled venue was proper and denied transfer because TracFone had not shown SDFL was “clearly more convenient.” APPX0178-0194.

### **REASONS WHY THE WRIT SHOULD ISSUE**

Mandamus relief is appropriate where a petitioner (1) has a “clear and indisputable” right, (2) has “no other adequate means to attain the relief [it] desires,” and (3) demonstrates that “the writ is appropriate under the circumstances.” *In re Apple*, 979 F.3d 1332, 1336 (Fed. Cir. 2020); *see also Cheney v. U.S. Dist. Court for the Dist. of Columbia*, 542 U.S. 367, 381 (2004). In the transfer context, the first factor is the linchpin, because an erroneous transfer decision cannot be remedied in a

future appeal. *See Apple*, 979 F.3d at 1336-1337.

In patent 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. *See* 28 U.S.C. §1400(b).

As for transfer under 28 U.S.C. § 1404(a), under Fifth Circuit precedent,<sup>1</sup> a district court should grant a transfer motion if the movant shows that the transferee venue is clearly more convenient than the transferor venue. *See In re Volkswagen of Am., Inc.*, 545 F.3d 304, 315 (5th Cir. 2008) (en banc) (“*Volkswagen II*”). In making this determination, district courts must assess and balance a number of private and public interest factors. *Id.*

A writ of mandamus is appropriate here because (1) the district court made a clear error—there is no proper basis for venue in WDTX; and (2) under the transfer analysis of 28 U.S.C. § 1404(a), the case—with no connection to WDTX—should be transferred to SDFL where the action could have been brought.

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<sup>1</sup> This Court applies the law of the regional circuit when considering transfer motions. *See, e.g., In re Echostar Corp.*, 388 F. App’x. 994, 995 (Fed. Cir. 2010).

This Court should issue a writ of mandamus compelling the district court to transfer this case to SDFL. TracFone's motion clearly demonstrated that this case should be heard in SDFL, not WDTX. Initially, there is no proper venue because TracFone does not reside in WDTX and has no place of business, let alone a regular and established place of business in WDTX. APPX0101. Additionally, transfer is appropriate because of the "stark contrast in relevance, convenience, and fairness between the two venues." *In re Nintendo Co.*, 589 F.3d 1194, 1198 (Fed. Cir. 2009).

**A. Venue is Not Proper in the Western District of Texas.**

The district court ruled that, in a venue motion, "the court must take as true all facts alleged by the plaintiff." APPX0183. It therefore ignored the unrebutted, verified facts in the declarations of TracFone; TracFone's declarations were not rebutted by plaintiff with any declarations. Those facts show that the store address alleged in the Complaint was not an address of TracFone; it was an address of a retailer of TracFone's TOTAL WIRELESS products. APPX0101. The district court also ignored that this store was out of business since well before the

filing of this action. APPX0101. Precis did *not* rebut the facts in TracFone's sworn declarations with any declarations of its own.

a. The District Court Erred in Using the Wrong Standard for Evaluating Evidence

According to the district court's reasoning, if a complaint asserts a basis for venue, the true facts do not matter, there is proper venue. As the district court found, "[t]aken as true, Precis' allegations [in the complaint] that Total Wireless owns and operates a store in San Antonio, Texas, and that TracFone does business as Total Wireless would be sufficient to establish that TracFone has a regular and established place of business in this district." APPX0183. The district court concluded: "[b]ecause the court must take as true all the facts alleged by the plaintiff and resolve all doubts in its favor, Precis has plead sufficient venue facts to establish venue in WDTX under the patent statute."<sup>2</sup> APPX0185.

The district court cited the Fifth Circuit's unpublished decision in *Braspetro Oil Servs. Co. v. Modec (USA), Inc.*, for the proposition that the allegations in the complaint must be accepted as true in a venue

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<sup>2</sup> As an example, if Coca-Cola was sued for infringement, and venue in the complaint was asserted based on the fact that a local McDonald's advertised that Coca-Cola was served and therefore Coca-Cola had a regular and established place of business at the McDonald's restaurant, this must be taken as true and could not be rebutted by declarations.

determination. APPX0183 (citing 240 F.App’x 612, 615 (5th Cir. 2007) (per curium)). Where the district court went off track, however, was by placing exclusive reliance on *Braspetro*—an unpublished 2007 Fifth Circuit decision—even though in a published 2009 decision, the Fifth Circuit made clear that “under...Rule 12(b)(3), the court is permitted to look at evidence in the record beyond simply those facts alleged in the complaint and its proper attachments.” *Ambraco, Inc. v. Bossclip B.V.*, 570 F.3d 233, 238 (5th Cir. 2009), cert. denied, 558 U.S. 1111 (2010).

In fact, in the twelve years since *Ambraco* was issued, district courts in the Fifth Circuit—including judges in WDTX—have cited *Ambraco* and *Braspetro* in the same paragraph more than a dozen times along these lines:

The court must accept as true all allegations in the complaint and resolve all conflicts in favor of the plaintiff. *Braspetro Oil Servs. Co. v. Modec (USA), Inc.*, 240 F. App’x. 612, 615 (5th Cir. 2007) (citing *Murphy v. Schneider National, Inc.*, 362 F.3d 1133, 1138 (9th Cir. 2004)). Further, in deciding whether venue is proper, “the court is permitted to look at evidence beyond simply those facts alleged in the complaint and its proper attachments.” *Ambraco, Inc. v. Bossclip B.V.*, 570 F.3d 233, 238 (5th Cir. 2009).

*Wilson v. Wilson*, Case No. 5:15-cv-01024-XR, 2016 WL 2889088, at \*5 (W.D. Tex. May 17, 2016).<sup>3</sup>

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<sup>3</sup> Some of the many other Texas district court cases that uses

Likewise, the decision in *Kranos IP Corp. v. Riddell, Inc.* sets out a thorough summary of where the case law stands on this issue around the country:

With respect to the well-pleaded facts in a plaintiff's complaint, in the 12(b)(3) context, the majority of circuit courts, including the Fifth Circuit, accept these facts as true, at least initially. *Braspetro Oil Servs. Co. v. Modec (USA), Inc.*, 240 F. App'x. 612, 615 (5th Cir. 2007); *Deb v. SIRVA, Inc.*, 832 F.3d 800, 809 (7th Cir. 2016); *Estate of Myhra v. Royal Caribbean Cruises, Ltd.*, 695 F.3d 1233, 1239 (11th Cir. 2012); *Bockman v. First Am. Mktg. Corp.*, 459 F. App'x. 157, 158, n.1 (3d Cir. 2012); *Pierce v. Shorty Small's of Branson Inc.*, 137 F.3d 1190, 1192 (10th Cir. 1998). **However, the well-pleaded facts are accepted as true “only to the extent that such facts are uncontroverted by [a] defendant's affidavit.”** *Pierce*, 137 F.3d at 1192 (citing *Home Ins. Co. v. Thomas Indus., Inc.*, 896 F.2d 1352, 1355 (11th Cir. 1990)). See also *Deb*, 832 F.3d at 809 (“Under Rule 12(b)(3), which allows for dismissal for improper venue, the district court assumes the truth of the allegations in the plaintiff's complaint, unless contradicted by the defendant's

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substantively similar—or even identical language—when citing *Braspetro* and *Ambraco* include *Buehler v. Head*, Case No. 1:19-cv-0188-LY, 2019 WL 7816821, at \*1 (W.D. Tex. Aug. 26, 2019), *report and recommendation adopted*, Case No. 1:19-cv-188-LY, 2019 WL 7818762 (W.D. Tex. Sept. 10, 2019); *Nova Nilla Entm't, L.L.C. v. Players Nightclub, LLC*, Case No. SA-18-cv-00596-FB, 2018 WL 4955221, at \*2 (W.D. Tex. Oct. 12, 2018), *report and recommendation adopted*, Case No. SA-18-cv-00596-FB, 2018 WL 6796028 (W.D. Tex. Nov. 6, 2018); *Broadway Nat'l Bank v. Plano Encryption Techs., LLC*, 173 F. Supp. 3d 469, 473 (W.D. Tex. 2016); *Store Master Funding IV, LLC v. Chalak Peak Restaurants, LLC*, Case No. 3:20-cv-01444, 2021 WL 211549, at \*1 (N.D. Tex. Jan. 21, 2021); *J.D. Fields & Co., Inc. v. Shoring Engineers*, 391 F. Supp. 3d 698, 702 (S.D. Tex. 2019).

affidavits.”); *Myhra*, 695 F.3d at 1239; *Bockman*, 459 F. App’x. at 158, n.1.

*Kranos IP Corp. v. Riddell, Inc.*, 2017 WL 3704762, at \*2 (E.D. Tex. Aug. 28, 2017) (emphasis added).<sup>4</sup> Notwithstanding this established consensus, the district court only cited the unpublished *Braspetro* decision and made no mention of the binding *Ambraco* precedent.

Rather, it appears that the district court placed all of the emphasis on the fact that this motion was decided without an evidentiary hearing.

The complete quote from the district court is:

If there is no evidentiary hearing, a plaintiff carries its burden by presenting facts that, taken as true, would establish venue. *Zurich Am. Ins. Co. v. Tejas Concrete & Materials Inc.*, 982 F. Supp. 2d 714, 719 (W.D. Tex. 2013); *Wilson v. Belin*, 20 F.3d 644, 648 (5th Cir. 1994).

APPX0180.

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<sup>4</sup> See also CHARLES ALAN WRIGHT & ARTHUR R. MILLER FED. PRAC. & PROC. CIV. § 1352 (3d ed.) (“Practice on a motion under Rule 12(b)(3) is relatively straight-forward. All well-pleaded allegations in the complaint bearing on the venue question generally are taken as true, unless contradicted by the defendant's affidavits. A district court may examine facts outside the complaint to determine whether its venue is proper. And, as is consistent with practice in other contexts, such as construing the complaint, the court must draw all reasonable inferences and resolve all factual conflicts in favor of the plaintiff.”)

However, this is a grossly incomplete distillation of those cases. *Wilson* involved personal jurisdiction and the premise for the relevant citation in *Wilson* was “[w]hen the facts are not in dispute.” *Wilson*, 20 F.3d at 648.

In *Wilson*, defendant did not dispute plaintiff’s position “that the district court had personal jurisdiction over [the two defendants] because each of them spoke with a Texas newspaper reporter and thus reasonably could foresee that their defamatory comments would be published in Texas and injure [plaintiff’s] reputation in Texas.” *Id.* In essence, the *Wilson* quote was the type of “drive-by jurisdictional ruling” accorded little value. *See, e.g., Arbaugh v. Y&H Corp.*, 546 U.S. 500, 511 (2006); *La. Env’tl Action Network v. City of Baton Rouge*, 677 F.3d 737, 746, n.3 (5th Cir. 2012); *Ford Motor Co. v. United States*, 635 F.3d 550, 554 (Fed. Cir. 2011).

Likewise, the district court here put unwarranted emphasis on the similar “drive-by ruling” in *Zurich* where, again, the facts were also not in dispute. Rather, the “[d]efendants concede[d] that three of the projects at issue were located in counties within the Western District.” *Zurich*,

982 F. Supp. 2d at 722. Thus, just like in *Wilson*, (which it cited) the relevant facts were not contested.

In addition to *Wilson*, the *Zurich* decision cited to *Bigham v. Envirocare of Utah, Inc.*, which makes clear that the type of facts that the court weighs in the plaintiff's favor are "uncontroverted facts." 123 F. Supp. 2d 1046, 1048 (S.D. Tex. 2000). But, here, there are no "conflicts in the parties' affidavits," because Precis did not submit an affidavit (or declaration) to rebut the Lim Declaration (*see* APPX0100-0102).

In addition, even accepting Precis' allegations in the Complaint and in its brief as true does not establish venue; as detailed below, these facts are not inconsistent with TracFone's declarations which showed the address in the Complaint was an unrelated retailer with a sign advertising that it sold TOTAL WIRELESS products. APPX0101. That fact is not rebutted by Precis' unverified showing of a picture of the sign and an Internet reference to that store (*see* APPX0110-0113)—even if Precis had submitted declarations to that effect.

b. The Unrebutted, Verified Evidence Shows TracFone has no Place of Business in the Western District of Texas

The facts—the unrebutted, verified facts—show that venue is not proper in WDTX. Venue in patent cases is controlled by 28 U.S.C.

§1400(b) which states: “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) is the “sole and exclusive provision controlling venue in patent infringement actions.” *TC Heartland LLC v. Kraft Foods Grp. Brands LLC*, 137 S. Ct. 1514, 1519 (2017) (quoting *Fourco Glass Co. v. Transmirra Prod. Corp.*, 353 U.S. 222, 229 (1957)). *See also In re Cray, Inc.*, 871 F.3d 1355, 1361 (Fed. Cir. 2017).

As the district court ruled, for patent venue purposes, a corporate defendant resides in its state of incorporation. *TC Heartland* at 1521. TracFone is incorporated in Delaware (APPX0100) and therefore the district court agreed that residence is not a basis for venue in WDTX. APPX0184.

As to the second factor, in determining whether there is a “regular and established place of business,” this Court explained that the inquiry entails “three general requirements”: “(1) there must be a physical place in the district; (2) it must be a regular and established place of business; and (3) it must be the place of the defendant.” *Cray*, 871 F.3d at 1360. “If

any statutory requirement is not satisfied, venue is improper under §1400(b).” *Id.*

The un rebutted, verified declarations established that TracFone did not (and does not) have any place of business in WDTX. APPX0100-0101. TracFone sells its products and services directly to consumers through its websites. APPX0100. TracFone also sells its products and services through retailers ranging from major retailers such as Walmart to independently owned local stores. *Id.* Some TracFone retailers are exclusive, and some sell other brands. *Id.* All TracFone retailers in WDTX are independently owned; TracFone has *no ownership interest in any of them.* APPX0101.

As to the specific store in the Complaint—the sole basis for venue—TracFone’s un rebutted, verified declarations establish that store was owned by a third party retailer with no connection to TracFone other than selling its products. *Id.* And, the store was out of business well before this action was brought. *Id.*

In response, Precis did not file any declarations but pointed to TracFone’s website showing TOTAL WIRELESS is a brand of TracFone and that there was a store with a sign advertising TOTAL WIRELESS

products at the address in the Complaint. APPX0111-0112. It also pointed to a third party website that stated that a store selling TOTAL WIRELESS products was at the address in the Complaint. *Id.* Precis had also pointed to a sign for the store that has the TOTAL WIRELESS mark prominently displayed. APPX0110-0113.

Armed with only this, Precis claimed the store was a regular and established place of business of *TracFone*. Yet, Precis' facts do not rebut that the store was not owned by, controlled, or operated by TracFone. These facts do not rebut that the store at this address is a third party retailer whose only relation to TracFone is that it sells TracFone's TOTAL WIRELESS products. Precis also did not rebut that the store was closed prior to the beginning of the lawsuit.

The district court did not address any of these unrebutted, verified facts. The district court therefore based its entire venue ruling on the one independent store with a sign showing TracFone's TOTAL WIRELESS brand as establishing a regular and established place of business of TracFone. APPX0184-0185.

However, as the unrebutted, verified evidence demonstrates, the retailer at the address Precis cited was Click Mobile, not TracFone—an

unrebutted, verified fact. APPX0101. TracFone has no ownership interest in and no relationship with Click Mobile other than as a retailer—also an unrebutted, verified fact. Further, the store at that address is out of business and has been since well before this action was brought—another unrebutted, verified fact. *Id.*

The recent post-*TC Heartland* opinion issued in *EMED Technologies Corporation v. Repro-Med Systems, Inc.*, includes a useful survey of the many cases holding that having independent retailers, even distributors, with places of business within a district does not establish venue.<sup>5</sup> Thus, the address in issue is not TracFone’s place of business, let alone a regular and established place of business.

TracFone’s website did list this address as a place where TracFone products may be purchased—in a list with many other TracFone

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<sup>5</sup> The cases cited provide that the following do not constitute a regular and established place of business (1) “a handful of non-employee, independent contractors”; (2) “shipping goods into a District—whether to an individual or for distribution by third parties”; (3) using third-party company to sell products; (4) the mere presence of independent sales representatives; or (5) one or more of “maintaining an exclusive distributorship; establishing and maintaining some control over a chain of exclusive, independent distributors; maintaining an independent business man as a sales representative on a commission basis....”. Case No. 2:17-CV-728-WCB-RSP, 2018 WL 2544564, at \*2 (E.D. Tex. June 4, 2018).

retailers, such as Dollar General. APPX0124. However, TracFone does not list this address as an *address of TracFone*. In addition, TracFone does not store inventory there nor conduct demonstrations there. APPX00101. These are the same factors that caused this Court to hold there was no place of business for the defendant and therefore no proper venue. *See Cray*, 871 F.3d at 1364-66.

With no place of business in WDTX—let alone a regular and established place of business—there is no basis for venue in WDTX. It was clear error by the district court to ignore these unrebutted, verified facts.

**B. Transfer to the Southern District of Florida Is Warranted under Section 1404(a)**

Alternatively, this Court should order this action be transferred to SDFL under 28 U.S.C. §1404(a). Neither Plaintiff Precis nor Defendant TracFone have offices in WDTX, and there are no documents and no witnesses in WDTX. There is no connection between this case and WDTX other than plaintiff filed in that district.

By contrast, TracFone has its corporate headquarters in SDFL which is where its documents and witnesses are located. SDFL is also

where the systems accused of infringement are located and where the methods accused of infringement occur. There could not be a more clear case for transfer.

The district court erred in its analysis of the factors the Fifth Circuit has established for consideration of a venue transfer, but even with those errors, the district court found “that the Southern District of Florida is slightly more convenient, but [did] not reach the level of clearly more convenient justifying transfer.” APPX0186.

Precis did not provide its address either in the Complaint (*see* APPX0007-0041) or Corporate Disclosure Statement (*see* APPX0078-0079). TracFone requested Precis identify any contacts with WDTX and Precis has not identified any. APPX0097; *see also* APPX0103-0122.

TracFone is a Delaware corporation with offices in Miami, in SDFL, where it has over 700 employees. *Id.* APPX0100.

All four patents relate to methods or systems for paying for mobile phone service. *See* APPX0043-0049, APPX0051-0057, APPX0059-0067, APPX0069-0077. TracFone’s employees, methods and systems related to the functions of the patents are in TracFone’s offices in Miami, Florida. APPX0101-102.

In determining whether to transfer under 28 U.S.C. §1404(a), the court below has pointed out the Fifth Circuit factors for determining whether transfer is warranted under 1404(a), citing *In re Volkswagen AG*, 371 F.3d 201, 203 (5th Cir. 2004) (“*Volkswagen I*”) (internal citations omitted). Each factor is discussed below.

The private factors are:

**(1) relative ease of access to sources of proof:** There are no witnesses or documents (paper or electronic) in WDTX; TracFone has none (APPX0100-0101) and Plaintiff could not point to any (*see* APPX0103-0122). By contrast, TracFone’s witnesses and documents are in SDFL. APPX0100-0102.

The district court confirmed that there were no documents in WDTX and that TracFone’s documents were the bulk of the relevant documents and those documents were in SDFL. APPX0188. It nevertheless found this factor weighed “slightly” in favor of transfer. *Id.*

The district court erred in finding that the documents in WDTX (none) versus the documents in SDFL (the bulk of the relevant documents) only weighed “slightly” in favor of transfer. With such a

contrast in the sources of proof, this factor weighs strongly in favor of transfer.

**(2) availability of compulsory process to secure the attendance of witnesses:** There are no third party and no party witnesses Precis identified in WDTX (APPX0116-0119). By contrast, as described above, the relevant TracFone witnesses are in SDFL. APPX0101-0102.

This factor favors transfer.

**(3) cost of attendance for willing witnesses:** The district court found that this factor weighed against transfer. APPX0189.

Initially, while the district court stated that party witnesses were considered in this factor, it did not properly consider those witnesses. And, those witnesses do deserve proper consideration. *In re Morgan Stanley*, 417 F. App'x 947, 948-49 (Fed. Cir. 2011) (transfer favored where “the inventors” and “the defendants’ employees with unique knowledge regarding the accused products reside in or near the transferee venue,” while “no party is headquartered within a hundred miles of the [Western] District of Texas”).

The district court’s ruling is inconsistent with this Court’s<sup>6</sup> ruling in *In re Adobe Inc.*, 823 F. App’x. 929 (Fed. Cir. 2020), that this district court failed to properly weigh this factor where the California defendant “identified a significant number of its own employees as potential witnesses who reside in the Northern District of California.” *Id.* at 931.

Transfer is particularly favored here where a substantial number of witnesses reside in the transferee venue and none resides within WDTX. *See In re TOA Tech.*, 543 F. App’x 1006, 1009 (Fed. Cir. 2013) (even where some party employees resided in Texas, “the potential for inconvenience to witnesses still favor[ed] transfer, because none of those witnesses reside[d] within 100 miles of the Eastern District of Texas and the majority of witnesses would find the [transferee district] less inconvenient and costly to travel for trial”).

TracFone identified witnesses in Miami to testify on relevant issues. The patent relates to methods of payment and TracFone identified Sergio Rivera, VP, Digital Technology on TracFone’s technology issues regarding such payments. APPX0101. The claims include how codes are generated and used, and TracFone identified Jim Zimmerman, Sr.

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<sup>6</sup> This was after the briefing on the venue motion was completed.

Officer, Customer Care & Operations as the person knowledgeable in those codes. APPX0102. This is a case of divided infringement where Precis claims the retailers who sell the TracFone products and banks who process credit cards act under the direction and control of TracFone (APPX0015) and TracFone identified John Lim, Sr. Director, Regional Sales, Indirect Channel regarding some of those relationships (APPX0102). All of these witnesses reside in Southern District of Florida. APPX0101-102.

By contrast, Precis did not identify any witnesses in WDTX. APPX0116-0119.

The district court concentrated its entire analysis on two third-party witnesses in Arizona and Minnesota and found that travel for those witnesses would be more burdensome to Florida than to Texas. APPX0191.

This decision cannot be reconciled with this Court's decision in *In re Apple*,<sup>7</sup> holding that the same district court judge abused discretion

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<sup>7</sup> This Court's *In re Apple* decision issued after venue briefing was completed. However, TracFone cited *In re Apple* in its December 21, 2020 motion seeking a venue ruling prior to the *Markman* hearing. APPX0136.

and “misapplied the law...by too rigidly applying the 100-mile rule.” 979 F.3d at 1342.

Below, the district court relied on Precis’ two witnesses and put dispositive weight on the fact that these two witnesses were located in Arizona and Minnesota, which are, as the crow flies, closer to Waco, Texas than to Miami, Florida. However, Precis merely identified them as one of the inventors and the prosecuting attorney, but (1) made no showing that these two non-party witnesses were willing to be at trial, and (2) made no showing that they had relevant testimony for trial.

Precis’ mere naming of two out-of-state witnesses falls short of what is necessary to show “actual, specific evidence of inconvenience; [a]llegations of hardship unsupported by particulars by way of proof or affidavit cannot be accorded much weight in balancing conveniences.” *Pruitt v. Bruce Oakley, Inc.*, Case No. 18-cv-8621, 2019 WL 2437182, at \*4 (E.D. La. June 11, 2019) (citing *Florida Marine Transporters v. Lawson & Lawson Towing Co., Inc.*, Case No. 00-cv-2602, 2001 WL 1018364, at \*4 (E.D. La. Aug. 31, 2001); *Bon Jour Group, Ltd. v. Elan-Polo, Inc.*, Case No. 96-cv-6705-PKL, 1997 WL 401814, at \*3 (S.D.N.Y. July 16, 1997) (plaintiff “fail[ed] to produce any evidence indicating the

reluctance of non-party witnesses to testify, or to estimate the cost to transport, maintain, and compensate witnesses”); *Hosteller v. Baltimore & Ohio R.R. Co.*, 164 F. Supp. 72, 74 (W.D. Pa. 1958) (allegations of hardship “unsupported by particulars by way of proof or affidavit cannot be accorded much weight in balancing conveniences.”).

The district court’s failure to consider the lack of any showing that these two witnesses were *willing* to come to Waco to testify is also a significant error. As this Court has noted, “when there is no indication that a non-party witness is willing, the witness is presumed to be unwilling...” *In re HP Inc.*, No. 2018-149, 2018 WL 4692486, at \*3, n. 1 (Fed. Cir. Sept. 25, 2018).

But, even assuming these witnesses had relevant testimony and were willing to testify at trial, the district court erred in determining the burden of attendance for these witnesses. The district court relied exclusively on “as the crow flies” distance in miles and did not even consider the time and effort to travel. As other courts have noted in adjudicating § 1404 motions where raw distance is at issue, “people do not travel as the crow flies.” *De Jesus v. Nat’l R.R. Passenger Corp.*, 725 F. Supp. 207, 208–09 (S.D.N.Y. 1989).

In fact, with no direct flights from either witness to Waco, Texas—where trial would occur—the time and effort to travel to trial would actually be greater for these witnesses in Waco than in Miami where the both the witness from Arizona<sup>8</sup> and the witness from Minnesota<sup>9</sup> could fly direct.

There are three circuit court decisions that inform the analysis on this issue: the Fifth Circuit’s decision in *Volkswagen I*, this Court’s decision in *In re Genentech, Inc.*, 566 F.3d 1338 (Fed. Cir. 2009), and this Court’s decision in *Apple*. The district court’s analysis, however, started and stopped with the quotation from *Volkswagen I* stating that “[w]hen the distance between an existing venue for trial of a matter and a proposed venue under § 1404(a) is more than 100 miles, the factor of

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<sup>8</sup> For the witness in Arizona, the flight from Phoenix to Dallas/ Fort Worth (2 hours and 25 minutes) plus drive to Waco (1 hour and 45 minutes) adds up to 4 hours and 20 minutes. This is slightly longer than the flight from Phoenix to Miami (3 hours and 50 Minutes) plus drive to the Miami federal courthouse (15 minutes), which adds up to 4 hours 5 minutes.

<sup>9</sup> For the witness from Minnesota, the flight from Minneapolis to Dallas/ Ft. Worth (2 hours and 40 minutes) plus drive to Waco (1 hour and 45 minutes) adds up to 4 hours and 35 minutes. This is slightly longer than the flight from Minneapolis to Miami (3 hours and 30 Minutes) plus drive to Miami federal courthouse (15 minutes), which adds up to 3 hours 45 minutes.

inconvenience to witnesses increases in direct relationship to the additional distance to be traveled.” APPX0190-0191, citing *Volkswagen I*, 371 F.3d at 204–05.

However, the district court did not discuss how this Court addressed the issue in *Genentech* and *Apple*.<sup>10</sup>

But, as this Court noted in *Apple* and *Genentech*, Fifth Circuit law (*Volkswagen I*) is “that the ‘100-mile’ rule should not be rigidly applied where witnesses will be required to travel a significant distance no matter where they testify.” *Apple*, 979 F.3d at 1341 (citing *Genentech*, 566 F.3d at 1344) (cleaned up). As this Court further noted in *Apple*, this Court “specifically held that witnesses traveling from Europe, Iowa, and the East Coast would be only slightly more inconvenienced by having to travel to California than to Texas.” *Id.* (citing *Genentech* 566 F.3d 1344) (cleaned up).

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<sup>10</sup> In another recent decision, this district court essentially indicated that it disagrees with this Court’s interpretation of *Volkswagen I*, as set out in *Genentech*. See *Kuster v. W. Digital Techs., Inc.*, Case No. 6:20-cv-00563-ADA, 2021 WL 466147, at \*7 (W.D. Tex. Feb. 9, 2021) (Albright, J.) (declining to follow *Genentech*’s holding that a court should consider the impact of witnesses who “required to travel a significant distance no matter where they testify” and instead applying a rote odometer based calculation).

And, as this Court summed up in *Apple*, “[t]his sensible holding stems from the observation that, regardless of the ultimately chosen venue, such witnesses will be required to travel a significant distance, will likely incur meal and lodging expenses, and will likely incur time away from home.” *Id.* (citing *Genentech*, 566 F.3d at 1344) (cleaned up).

And in *Apple*, this Court gave the bottom line: “*Genentech’s* interpretation of the 100-mile rule is consistent with the Fifth Circuit’s reasoning underlying the rule, which forcefully applies to witnesses who reside near one of the two districts [who will travel by car] but not to the circumstances presented here.” *Id.* (citing *Genentech*, 566 F.3d 1344) (cleaned up).

After confirming in *Apple* that its *Genentech* interpretation of *Volkswagen I* remained operative, this Court held that the “district court misapplied the law to the facts of this case by too rigidly applying the 100-mile rule.” *Id.* at 1342. This Court added that “the district court gave too much significance to the fact that the inventors and patent prosecutor live closer to Western District of Texas than NDCA. Although it might be true that these individuals will need to travel a greater distance to reach NDCA than Western District of Texas, and although a flight from

New York to Western District of Texas might take a bit less time than from New York to NDCA, in either instance these individuals will likely have to leave home for an extended period of time and incur travel, lodging, and related costs.” *Id.*

Finally, this Court noted that, as it had “expressed in *Genentech*, the 100-mile rule should not be rigidly applied where witnesses will be required to travel a significant distance no matter where they testify.” *Id.* at 1344.

The district court went astray in this case by skipping over footnote 3 in *Volkswagen I*. The body of the decision in *Volkswagen I* set out detailed calculations for driving distances between different cities in Texas. *Volkswagen I*, 371 F.3d at 204. This focus on driving distances becomes apparent when, in footnote 3, the Fifth Circuit noted that “there are no direct flights between San Antonio and Marshall,” and then went on to show travelling between the two Texas cities by air did not make sense. *Id.*, at 205, fn. 3.

In cases where witnesses would be expected to travel by air, courts typically consider travel time measured by hours spent travelling as opposed to simply counting miles on a map. *See, e.g., Humphries v.*

*Coppercrest Leveraged Mortg. Fund*, Case No. 10-cv-7756, 2012 WL 527528, at \*4 (N.D. Ill. Feb. 15, 2012); *Aurora Corp. of Am. v. Fellowes, Inc.*, Case No. 07-cv-8306-GHK-AJW, 2008 WL 709198, at \*2 (C.D. Cal. Feb. 27, 2008); *Bettcher Indus. v. Suhner Turbo Trim*, Case No. 13-cv-9000, 2014 WL 2937063, at \*4 (N.D. Ill. June 30, 2014).

Here, the Miami-based TracFone witnesses who can testify to the operation of its payment system are critical trial witnesses. APPX0101-102. By contrast, Precis has no witnesses and only two out-of-state non-party witnesses who have not been shown to be willing to travel to trial and have not been shown to be relevant to trial and, in any event, have less of a burden to travel to Miami.

Consistent with numerous decisions from this Court, because numerous witnesses are based in Florida and no known witnesses are based in Texas, this factor strongly favors venue in SDFL. *In re Google Inc.*, No. 17-107, 2017 WL 977038, at \*3 (Fed. Cir. Feb. 23, 2017) (California, not Texas, was the proper venue where “the vast majority of Google’s employees—in particular those responsible for projects relating to the accused products—work and reside in the Northern District”); *In re Nintendo Co., Ltd.*, 589 F.3d 1194, 1199 (Fed. Cir. 2009) (Washington,

not Texas, was the proper venue where “[a]ll of the identified key witnesses in this case are in Washington, Japan, Ohio, and New York” and “[n]o witnesses live in Texas”); *In re Hoffmann-La Roche Inc.*, 587 F.3d 1333, 1336 (Fed. Cir. 2009) (North Carolina, not Texas, was the proper venue where the “accused drug was developed and tested” there and relevant witnesses resided there, and Texas had “no connection” to the case).

The district court ruled that this factor weighs against transfer; that ruling is clear error. This factor weighs strongly in favor of transfer.

**(4) all other practical problems that make trial of a case easy, expeditious and inexpensive:** The parties agreed and the district court found this factor neutral. APPX0191.

The public factors include:

**(1) administrative difficulties flowing from court congestion:** The district court found that this factor weighed “slightly” in favor of transfer. APPX0192. The district court erred in not considering this factor more favorably to transfer; SDFL has a well-known national reputation as one of the foremost “rocket dockets” for civil cases.<sup>11</sup>

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<sup>11</sup> See APPX0132, “Rocket Docket’ Justifies Its Name For 11th Straight

The National Judicial Caseload Profile compiled by the Federal Judiciary shows that SDFL is second fastest in the country in the time for civil cases to go to trial; the time to trial is 15.8 months, which is significantly faster than cases brought in WDTX where the time to trial is 27.9 months. APPX0093.

Despite this showing, the district court relied on *Genentech*, at 1347, to find that this factor was speculative and could not outweigh other factors and as a result found that this factor only weighed “slightly” in favor of transfer. Yet, in *Genentech*, there were conflicting statistics showing that in one district the time to trial was faster and in the other district the time to disposition was faster. This Court pointed out that, in that case, the statistics were speculative and this factor cannot outweigh other factors.

Yet here, there is no conflict in the statistics – plaintiff submitted no statistics to counter the showing that SDFL is significantly faster. Thus, the district court erred in assessing this factor as weighing only slightly in favor of transfer. In fact, as shown below, it weighs strongly in

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Year.” Law 360, June 10, 2019, describing the Southern District of Florida as the recipient of the “silver medal” for speed to trial.

favor of transfer—as *Genentech* holds, it may not be strong enough to outweigh other factors, but in this case, it need not do so because all other factors weigh in favor of transfer or are neutral.

**(2) local interest in having localized interests decided at home:** The district court found that this factor was neutral because it claimed a step in the patented process was performed in Texas. APPX0193. Yet, as shown below, WDTX has no substantial interest in the case whereas SDFL, TracFone’s headquarters where the accused systems reside and where the accused process is performed, clearly has a substantial interest. The district court erred in its evaluation of this factor.

This is a case of divided infringement where plaintiff claims that the retailers who charge customer credit cards and the banks who process the credit card transactions do so under the direction and control of TracFone. The district court found that because some elements of the infringement are in WDTX, WDTX has as much of an interest in the outcome of this case as SDFL where TracFone resides and where its payment systems reside and where it operates any accused process occurs. APPX0193.

This is clear error—as shown below, even under the district court’s theory, WDTX has no greater interest than any other district—TracFone’s retailers sell its products nation-wide and charge customers’ credit cards nationwide and banks process those charges nationwide. By contrast, as discussed below, SDFL has a significant interest in a local company accused of infringement for local methods and systems.

Precis has claimed no connection to WDTX (*see* APPX0007-0041, APPX0078-0079, APPX0103-0122) whereas TracFone’s main office is located in Miami (APPX0100) and TracFone has no contacts with WDTX other than selling into this District in the same manner it sells its products throughout the country (APPX0100-0101).

TracFone’s accused operations (methods) and systems relating to pre-payment are located in SDFL at TracFone’s headquarters where its employees relating to those functions work and where the computer systems relating to those functions operate. APPX0101-0102. *Hoffmann-LaRoche*, 587 F.3d at 1336 (local interests are strong where a “cause of action calls into question the work and reputation of several individuals residing in or near that district and who presumably conduct business in that community”); *Affinity Labs of Texas, LLC v. Samsung Elecs. Co.*,

Case No. 6:13-cv-364, 2014 WL 12570501, at \*3 (W.D. Tex. June 11, 2014) (“The district where a party has its principal place of business typically has a stronger local interest in the adjudication of the case.”). Thus, SDFL has a significant interest in the case whereas WDTX has no local interest in the case.

The district court found that TracFone’s infringement is nationwide and therefore WDTX has an interest in the case. APPX0193. Yet, as this Court made clear, such a fact provides a district with no substantial interest. *Hoffman-La Roche, Inc.*, 587 F.3d at 1338 (“sale of an accused product offered nationwide does not give rise to a substantial interest in any single venue.”).

The district court found this factor to be neutral. Yet, even with the district court’s reasoning, WDTX has no substantial interest in the case whereas SDFL has a significant interest.

This factor strongly favors transfer.

**(3) familiarity of the forum with the law that will govern the case:** The parties did not dispute and the district court found that this factor is neutral. APPX0194.

**(4) avoidance of unnecessary problems of conflict of laws of the application of foreign law:** The parties did not dispute and the district court found that this factor is neutral. APPX0194.

In sum, all factors favor transfer or are neutral. This case should be transferred to SDFL.

Finally, one last overarching point. More abstract than weighing the factors, but just as important, the district court’s opinion “misses the forest for the trees.” *Power Integrations, Inc. v. Fairchild Semiconductor Int’l, Inc.*, 843 F.3d 1315, 1334 (Fed. Cir. 2016).

TracFone runs its business out of its offices in Miami, Florida. APPX0100. Precis has no connection to Texas, and has randomly picked WDTX to sue TracFone. All of TracFone’s evidence and witnesses are in Florida and no evidence or witnesses are in Texas. APPX0101-102. And, there may be two non-party witnesses who, if they agree to voluntarily testify, would have to spend about four or five hours travelling to the trial—regardless of whether trial is in Waco, Texas or Miami, Florida. SDFL has a less back-logged docket than WDTX and has more of an interest in the alleged infringement. The forest—and common sense—tells us that this dispute has nothing to do with Texas.

To harken back to language from a Fifth Circuit case from the middle of last century, “[u]nder these facts, a practical person, the man on the street would be bound to conclude that” Miami, Florida is the appropriate venue for this case, not Waco, Texas. *Texon Oil & Land Co. of Tex. v. U S*, 115 F.2d 647, 649 (5th Cir. 1940).

## CONCLUSION

For the foregoing reasons, the Court should issue a writ of mandamus requiring the district court to grant TracFone's motion and transfer this case to SDFL.

Date: March 22, 2021

Respectfully submitted,

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## CERTIFICATE OF COMPLIANCE

This brief complies with the type-volume limitations of Federal Rule of Appellate Procedure 32(a)(7)(B) and the Rules of this Court, because it contains 7,532 words (as determined by the Microsoft Word word-processing system used to prepare the brief), excluding the parts of the brief exempted by Federal Rule of Appellate Procedure 32(a)(7)(B)(iii).

This brief complies with the typeface requirements of Federal Rule of Appellate Procedure 32(a)(5) and the type-style requirements of Federal Rule of Appellate Procedure 32(a)(6) because it has been prepared in a proportionally spaced typeface using the Microsoft Word word-processing system in 14-point Century Schoolbook font.

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## CERTIFICATE OF SERVICE

I hereby certify that on March 22, 2021, a true and correct copy of the foregoing Petition for a Writ of Mandamus to the U.S. District Court for the Western District of Texas was timely filed with the Clerk of the Court using the appellate CM/ECF system.

I further certify that on March 22, 2021, a true and correct copy of the foregoing Petition for a Writ of Mandamus to the U.S. District Court for the Western District of Texas was served on the following counsel for Precis Group LLC, through U.S. Mail and email/electronic sharing via Box:

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/s/ Ethan Horwitz  
Ethan Horwitz

**U.S. District Court [LIVE]  
Western District of Texas (Waco)  
CIVIL DOCKET FOR CASE #: 6:20-cv-00303-ADA**

Precis Group, LLC v. Tracfone Wireless, Inc.

Assigned to: Judge Alan D Albright

Case in other court: United States Court of Appeals for the Federal  
Cir, 21-00118

Cause: 35:271 Patent Infringement

Date Filed: 04/21/2020

Jury Demand: None

Nature of Suit: 830 Patent

Jurisdiction: Federal Question

**Plaintiff**

**Precis Group, LLC**

represented by **Stevenson Moore**

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V.

**Defendant**

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represented by **Aaron Stenzler Weiss**

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Date Filed	#	Docket Text
03/24/2020	<a href="#">5</a>	STANDING ORDER from U.S. District Judge Alan D. Albright regarding scheduled civil hearings. Signed by Judge Alan D Albright. (Attachments: # <a href="#">1</a> Supplemental Standing Order from Chief Judge Garcia re COVID19)(mc5) (Entered: 04/22/2020)
04/21/2020	<a href="#">1</a>	COMPLAINT ( Filing fee \$ 400 receipt number 0542-13484757), filed by Precis Group, LLC. (Attachments: # <a href="#">1</a> Exhibit Exhibit A, # <a href="#">2</a> Exhibit Exhibit B, # <a href="#">3</a> Exhibit Exhibit C, # <a href="#">4</a> Exhibit Exhibit D, # <a href="#">5</a> Civil Cover Sheet Civil Cover Sheet)(Massand, Neal) (Entered: 04/21/2020)
04/21/2020	<a href="#">2</a>	RULE 7 DISCLOSURE STATEMENT filed by Precis Group, LLC. (Massand, Neal) (Entered: 04/21/2020)
04/21/2020	<a href="#">3</a>	Notice of Filing of Patent/Trademark Form (AO 120). AO 120 forwarded to the Director of the U.S. Patent and Trademark Office. (Massand, Neal) (Entered: 04/21/2020)
04/21/2020	<a href="#">4</a>	REQUEST FOR ISSUANCE OF SUMMONS by Precis Group, LLC. (Massand, Neal) (Entered: 04/21/2020)
04/21/2020		Case assigned to Judge Alan D Albright. CM WILL NOW REFLECT THE JUDGE INITIALS AS PART OF THE CASE NUMBER. PLEASE APPEND THESE JUDGE INITIALS TO THE CASE NUMBER ON EACH DOCUMENT THAT YOU FILE IN THIS CASE. (bw) (Entered: 04/22/2020)
04/21/2020	<a href="#">6</a>	Summons Issued as to Tracfone Wireless, Inc.. (bw) (Entered: 04/22/2020)
05/14/2020	<a href="#">7</a>	Unopposed MOTION for Extension of Time to File Answer re <a href="#">1</a> Complaint, by Tracfone Wireless, Inc.. (Attachments: # <a href="#">1</a> Proposed Order)(Weiss, Aaron) (Entered: 05/14/2020)
05/14/2020	<a href="#">8</a>	NOTICE of Attorney Appearance by Aaron Stenzler Weiss on behalf of Tracfone Wireless, Inc.. Attorney Aaron Stenzler Weiss added to party Tracfone Wireless, Inc. (pty:dft) (Weiss, Aaron) (Entered: 05/14/2020)
05/15/2020	<a href="#">9</a>	Certificate of Interested Parties / <i>Corporate Disclosure Statement</i> by Tracfone Wireless, Inc.. (Weiss, Aaron) (Entered: 05/15/2020)
05/15/2020		Text Order GRANTING <a href="#">7</a> Motion for Extension of Time to Answer entered by Judge Alan D Albright. Came on for consideration is Defendant's Motion. Noting that it is unopposed, the Court GRANTS the Motion. Defendant shall have up to and including June 26, 2020 to

		answer or otherwise respond to Plaintiff's Complaint. (This is a text-only entry generated by the court. There is no document associated with this entry.) (jy) (Entered: 05/15/2020)
05/18/2020		Reset Deadlines: Tracfone Wireless, Inc. answer due 6/26/2020. (am) (Entered: 05/18/2020)
05/20/2020	<a href="#">10</a>	SUMMONS Returned Executed by Precis Group, LLC. Precis Group, LLC served on 4/27/2020, answer due 6/26/2020. (Massand, Neal) (Entered: 05/20/2020)
05/27/2020	<a href="#">11</a>	NOTICE of Attorney Appearance by Stevenson Moore on behalf of Precis Group, LLC (Moore, Stevenson) (Entered: 05/27/2020)
06/22/2020	<a href="#">12</a>	MOTION to Dismiss <i>pursuant to 12(b)(3) or transfer pursuant to 28 U.S.C. §1406, based on improper venue</i> , MOTION to Transfer Case to the Southern District of Florida, <i>pursuant to 28 U.S.C. §1404(a)</i> by Tracfone Wireless, Inc.. (Attachments: # <a href="#">1</a> Appendix) (Weiss, Aaron) (Entered: 06/22/2020)
06/30/2020	<a href="#">13</a>	ORDER GOVERNING PROCEEDINGS PATENT CASE, Telephone Conference set for 7/17/2020 09:00 AM before Judge Alan D Albright. Signed by Judge Alan D Albright. (am) (Entered: 06/30/2020)
07/01/2020	<a href="#">14</a>	MOTION to Appear Pro Hac Vice by Aaron Stenzler Weiss ( Filing fee \$ 100 receipt number 0542-13716924) by on behalf of Tracfone Wireless, Inc.. (Attachments: # <a href="#">1</a> Proposed Order)(Weiss, Aaron) (Entered: 07/01/2020)
07/02/2020	<a href="#">15</a>	Agreed MOTION for Extension of Time to File Response/Reply as to <a href="#">12</a> MOTION to Dismiss <i>pursuant to 12(b)(3) or transfer pursuant to 28 U.S.C. §1406, based on improper venue</i> MOTION to Transfer Case to the Southern District of Florida, <i>pursuant to 28 U.S.C. §1404(a)</i> by Precis Group, LLC. (Attachments: # <a href="#">1</a> Proposed Order Proposed Order)(Massand, Neal) (Entered: 07/02/2020)
07/03/2020		Text Order GRANTING <a href="#">14</a> Motion to Appear Pro Hac Vice. Before the Court is the Motion for Admission Pro Hac Vice. The Court, having reviewed the Motion, finds it should be GRANTED and therefore orders as follows: IT IS ORDERED the Motion for Admission Pro Hac Vice is GRANTED. IT IS FURTHER ORDERED that Applicant, if he/she has not already done so, shall immediately tender the amount of \$100.00, made payable to: Clerk, U.S. District Court, in compliance with Local Rule AT-I (f)(2). Pursuant to our Administrative Policies and Procedures for Electronic Filing, the attorney hereby granted to practice pro hac vice in this case must register for electronic filing with our court within 10 days of this order. entered by Judge Alan D Albright. (This is a text-only entry generated by the court. There is no document associated with this entry.) (jy) (Entered: 07/03/2020)
07/03/2020		Text Order GRANTING <a href="#">15</a> Motion for Extension of Time to File Response/Reply entered by Judge Alan D Albright. Before the Court is Plaintiff Precis Group LLC's Agreed Motion for Extension of Time to File Response to Defendant Tracfone Wireless, Inc.'s Motion to Dismiss pursuant to Rule 12(b)(3) or to Transfer pursuant to 28 U.S.C. 1406 based on improper venue. The Court GRANTS the motion. It is therefore ORDERED that the deadline by which Plaintiff must respond to Defendant's Motion be extended up to and including July 10, 2020, and the deadline by which Defendant must reply, be extended up to and including July 17, 2020. (This is a text-only entry generated by the court. There is no document associated with this entry.) (jy) (Entered: 07/03/2020)
07/10/2020	<a href="#">16</a>	Response in Opposition to Motion, filed by Precis Group, LLC, re <a href="#">12</a> MOTION to Dismiss <i>pursuant to 12(b)(3) or transfer pursuant to 28 U.S.C. §1406, based on improper venue</i> MOTION to Transfer Case to the Southern District of Florida, <i>pursuant to 28 U.S.C. §1404(a)</i> filed by Defendant Tracfone Wireless, Inc. (Massand, Neal) (Entered: 07/10/2020)

07/14/2020	<a href="#">17</a>	REPLY to Response to Motion, filed by Tracfone Wireless, Inc., re <a href="#">12</a> MOTION to Dismiss <i>pursuant to 12(b)(3) or transfer pursuant to 28 U.S.C. §1406, based on improper venue</i> MOTION to Transfer Case to the Southern District of Florida, pursuant to 28 U.S.C. §1404(a) filed by Defendant Tracfone Wireless, Inc. (Attachments: # <a href="#">1</a> Appendix) (Weiss, Aaron) (Entered: 07/14/2020)
07/14/2020	<a href="#">18</a>	NOTICE of Attorney Appearance by Ethan Horwitz on behalf of Tracfone Wireless, Inc.. Attorney Ethan Horwitz added to party Tracfone Wireless, Inc.(pty:dft) (Horwitz, Ethan) (Entered: 07/14/2020)
07/15/2020	<a href="#">19</a>	ORDER CANCELLING TELEPHONIC SCHEDULING CONFERENCE. IT IS HEREBY ORDERED that the above entitled and numbered case having been set for TELEPHONIC SCHEDULING CONFERENCE on Friday, July 17, 2020 at 09:00 AM is hereby CANCELLED until further order of the court. Signed by Judge Alan D Albright. (am) (Entered: 07/15/2020)
08/02/2020	<a href="#">20</a>	Proposed Scheduling Order by Precis Group, LLC. (Massand, Neal) (Entered: 08/02/2020)
08/02/2020	<a href="#">21</a>	Amended Proposed Scheduling Order by Precis Group, LLC. (Massand, Neal) Modified on 8/3/2020 (am). (Entered: 08/02/2020)
08/03/2020	<a href="#">22</a>	SCHEDULING ORDER: Joinder of Parties due by 2/17/2021. Amended Pleadings due by 3/31/2021. Markman Hearing set for 1/6/2021 before Judge Alan D Albright. Motions due by 10/18/2021. Pretrial Conference set for 12/22/2021 before Judge Alan D Albright. Jury Selection and Jury Trial set for 1/31/2022 before Judge Alan D Albright. Signed by Judge Alan D Albright. (am) (Entered: 08/04/2020)
08/13/2020	<a href="#">23</a>	Joint MOTION for Protective Order by Precis Group, LLC. (Attachments: # <a href="#">1</a> Proposed Order)(Massand, Neal) (Entered: 08/13/2020)
08/17/2020	<a href="#">24</a>	ORDER GRANTING <a href="#">23</a> Motion for Protective Order. Signed by Judge Alan D Albright. (am) (Entered: 08/17/2020)
10/01/2020	<a href="#">25</a>	Opposed MOTION to Stay Case <i>pending ruling on Motion to Transfer</i> by Tracfone Wireless, Inc.. (Weiss, Aaron) (Entered: 10/01/2020)
10/08/2020	<a href="#">26</a>	Memorandum in Opposition to Motion, filed by Precis Group, LLC, re <a href="#">25</a> Opposed MOTION to Stay Case <i>pending ruling on Motion to Transfer</i> filed by Defendant Tracfone Wireless, Inc. (Massand, Neal) (Entered: 10/08/2020)
10/12/2020	<a href="#">27</a>	REPLY to Response to Motion, filed by Tracfone Wireless, Inc., re <a href="#">25</a> Opposed MOTION to Stay Case <i>pending ruling on Motion to Transfer</i> filed by Defendant Tracfone Wireless, Inc. (Attachments: # <a href="#">1</a> Exhibit 1 - Proposed Order)(Weiss, Aaron) (Entered: 10/12/2020)
10/23/2020	<a href="#">28</a>	BRIEF by Precis Group, LLC. (Attachments: # <a href="#">1</a> Exhibit Exhibit A)(Massand, Neal) (Entered: 10/23/2020)
10/23/2020	<a href="#">29</a>	BRIEF by Tracfone Wireless, Inc.. (Attachments: # <a href="#">1</a> Appendix)(Weiss, Aaron) (Entered: 10/23/2020)
11/09/2020	<a href="#">30</a>	Updated Standing Order Governing Proceedings Patent Cases (Entered: 11/10/2020)
11/13/2020	<a href="#">31</a>	RESPONSE to Plaintiff's Markman Brief to <a href="#">28</a> Brief by Tracfone Wireless, Inc.. (Attachments: # <a href="#">1</a> Appendix)(Weiss, Aaron) (Entered: 11/13/2020)
11/13/2020	<a href="#">32</a>	BRIEF by Precis Group, LLC. (Attachments: # <a href="#">1</a> Exhibit Exhibit 1)(Massand, Neal) (Entered: 11/13/2020)
12/02/2020	<a href="#">33</a>	BRIEF regarding <a href="#">32</a> Brief, <a href="#">29</a> Brief by Tracfone Wireless, Inc.. (Attachments: # <a href="#">1</a> Appendix)(Weiss, Aaron) (Entered: 12/02/2020)

12/02/2020	<a href="#">34</a>	BRIEF regarding <a href="#">28</a> Brief by Precis Group, LLC. (Massand, Neal) (Entered: 12/02/2020)
12/09/2020	<a href="#">35</a>	NOTICE of Joint Claim Construction Statement by Precis Group, LLC (Massand, Neal) (Entered: 12/09/2020)
12/10/2020	<a href="#">36</a>	ORDER RESETTING Markman Hearing for 12/29/2020 12:30 PM before Judge Alan D Albright. Signed by Judge Alan D Albright. (bot2) (Entered: 12/11/2020)
12/16/2020	<a href="#">37</a>	STIPULATION with respect to presentation of witness testimony by declaration only at Markman hearing by Tracfone Wireless, Inc.. (Weiss, Aaron) (Entered: 12/16/2020)
12/21/2020	<a href="#">38</a>	Opposed MOTION to Change Venue - FOR DECISION ON PENDING VENUE MOTION PRIOR TO THE MARKMAN HEARING by Tracfone Wireless, Inc.. (Weiss, Aaron) (Entered: 12/21/2020)
12/29/2020	<a href="#">39</a>	ORDER RESETTING Markman Hearing for 12/29/2020 01:30 PM before Judge Alan D Albright. Signed by Judge Alan D Albright. (bot1) (Entered: 12/29/2020)
12/29/2020	<a href="#">40</a>	Minute Entry for proceedings held before Judge Alan D Albright. Markman Hearing held on 12/29/2020. Case called for Markman Hearing by zoom. The Court heard arguments on disputed claim terms and made ruling on the terms. There is a venue motion that is ripe for a ruling. The Court said he will get with the law clerks to either make a ruling or set another hearing to hear arguments on that motion. The Court set the Jury Trial for March 21, 2022 as there are 4 patents in this case. The Court explained his normal procedures of the magistrate judge handling voir dire the Thursday or Friday before the trial. There will be a 7 person jury and 4 strikes per side. (Minute entry documents are not available electronically.) (Court Reporter Kristie Davis.)(bw) (Entered: 12/30/2020)
12/30/2020	<a href="#">41</a>	CLAIM CONSTRUCTION ORDER. Signed by Judge Alan D Albright. (bw) (Entered: 12/30/2020)
01/08/2021	<a href="#">42</a>	Joint MOTION to Amend/Correct <a href="#">41</a> Order on Claim Constructions by Tracfone Wireless, Inc.. (Attachments: # <a href="#">1</a> Proposed Order)(Weiss, Aaron) (Entered: 01/08/2021)
01/11/2021	<a href="#">43</a>	AMENDED CLAIM CONSTRUCTION ORDER. Signed by Judge Alan D Albright. (bw) (Entered: 01/12/2021)
02/01/2021	<a href="#">44</a>	Transcript filed of Proceedings held on 12-29-20, Proceedings Transcribed: Markman hearing. Court Reporter/Transcriber: Kristie Davis, Telephone number: 254-340-6114. Parties are notified of their duty to review the transcript to ensure compliance with the FRCP 5.2(a)/FRCrP 49.1(a). A copy may be purchased from the court reporter or viewed at the clerk's office public terminal. If redaction is necessary, a Notice of Redaction Request must be filed within 21 days. If no such Notice is filed, the transcript will be made available via PACER without redaction after 90 calendar days. The clerk will mail a copy of this notice to parties not electronically noticed Redaction Request due 2/22/2021, Redacted Transcript Deadline set for 3/4/2021, Release of Transcript Restriction set for 5/3/2021, (kd) (Entered: 02/01/2021)
02/12/2021	<a href="#">45</a>	Standing Order Regarding Filing Documents Under Seal and Redacted Pleadings in Patent Cases. Signed by Judge Alan D Albright. as of 2/12/2021. (bot1) (Entered: 02/24/2021)
03/02/2021	<a href="#">46</a>	United States Court of Appeals for the Federal Circuit new case docketed. Case Number: 21-118 (lad) (Entered: 03/02/2021)
03/08/2021	<a href="#">47</a>	ORDER re <a href="#">46</a> Petition for Writ of Mandamus. IT IS ORDERED THAT: The Petition for Writ of Mandamus is granted and the district court is ordered to issue its ruling on the motion to transfer within 30 days from the issuance of this order, and to provide a reasoned basis for its ruling that is capable of meaningful appellate review. See SK hynix, 835 F. Appx at 601. We also order that all proceedings in the case are stayed until further notice.

		We do not address the merits of TracFones motions, leaving those decisions to be made by the district court in the first instance. But we remind the lower court that any familiarity that it has gained with the underlying litigation due to the progress of the case since the filing of the complaint is irrelevant when considering the transfer motion and should not color its decision.. Signed by Judge Unassigned. (am) (Entered: 03/09/2021)
03/11/2021	<a href="#">48</a>	ORDER DENYING <a href="#">12</a> Motion to Dismiss ; DENYING <a href="#">12</a> Motion to Transfer Case. Signed by Judge Alan D Albright. (am) (Entered: 03/11/2021)

<b>PACER Service Center</b>			
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03/19/2021 05:53:34			
<b>PACER Login:</b>	carltonf:2523222:0	<b>Client Code:</b>	97000-00004-00001
<b>Description:</b>	Docket Report	<b>Search Criteria:</b>	6:20-cv-00303-ADA
<b>Billable Pages:</b>	5	<b>Cost:</b>	0.50

**IN THE UNITED STATES DISTRICT COURT  
FOR THE WESTERN DISTRICT OF TEXAS  
WACO DIVISION**

PRECIS GROUP LLC,

Plaintiff,

v.

TRACFONE WIRELESS, INC.,

Defendant.

Case No. 6:20-cv-0303

**COMPLAINT FOR PATENT  
INFRINGEMENT**

**JURY TRIAL DEMANDED**

**COMPLAINT FOR PATENT INFRINGEMENT**

Plaintiff Precis Group LLC (“Precis” or “Plaintiff”) hereby asserts the following claims for patent infringement against Defendant Tracfone Wireless, Inc., (“Tracfone” or “Defendant”), and alleges as follows:

**SUMMARY**

1. Precis owns United States Patent Nos. 9,813,564, 10,057,432, 10,218,859, and 10,594,873 (the “Patents-in-Suit”).
2. Tracfone infringes the Patents-in-Suit by implementing, without authorization, Precis’ proprietary technologies in its provisioning of prepaid mobile services.
3. By this action, Precis seeks to obtain compensation for the harm Precis has suffered as a result of Tracfone’s infringement of the Patents-in-Suit.

**NATURE OF THE ACTION**

4. This is a civil action for patent infringement arising under the patent laws of the United States, 35 U.S.C. § 1 *et seq.*
5. Tracfone has infringed and continues to infringe, and at least as early as the filing

and/or service of this Complaint, has induced and continues to induce infringement of, and has contributed to and continues to contribute to infringement of, at least one or more claims of each of the Patents-in-Suit at least by making, using, selling, and/or offering to sell its products and services in the United States, including in this District.

6. Precis is the legal owner by assignment of the Patents-in-Suit, which were duly and legally issued by the United States Patent and Trademark Office (“USPTO”). Precis seeks monetary damages for Tracfone’s infringement of the Patents-in-Suit.

#### **THE PARTIES**

7. Plaintiff Precis Group LLC is a Delaware limited liability company. Precis is the owner of intellectual property rights at issue in this action.

8. On information and belief, Defendant Tracfone Wireless, Inc., is Delaware corporation, with a principal place of business at 9700 NW 112th Avenue, Miami, FL 33178. Tracfone may be served through its registered agent, Corporate Creations Network, Inc., at 3411 Silverside Rd Tatnall Building Ste. 104, Wilmington, DE 19810.

9. On information and belief, Tracfone directly and/or indirectly develops, designs, manufactures, distributes, markets, offers to sell and/or sells infringing products and services in the United States, including in the Western District of Texas, and otherwise directs infringing activities to this District in connection with its products and services.

#### **JURISDICTION AND VENUE**

10. As this is a civil action for patent infringement arising under the patent laws of the United States, 35 U.S.C. § 1 *et seq.*, this Court has subject matter jurisdiction over the matters asserted herein under 28 U.S.C. §§ 1331 and 1338(a).

11. This Court has personal jurisdiction over Tracfone, in part because Tracfone does

continuous and systematic business in this District, including by providing infringing products and services to the residents of the Western District of Texas that Tracfone knew would be used within this District, and by soliciting business from the residents of the Western District of Texas. For example, Tracfone is subject to personal jurisdiction in this Court because, *inter alia*, and on information and belief, Tracfone has a regular and established place of business at its offices in the Western District of Texas, including at 1825 SW Military Dr., San Antonio, TX 78221 (and elsewhere in the State of Texas), and directly and through agents regularly does, solicits, and transacts business in the Western District of Texas (and elsewhere in the State of Texas), including, for example, through its [www.tracfone.com](http://www.tracfone.com) website.

12. In particular, Tracfone has committed and continues to commit acts of infringement in violation of 35 U.S.C. § 271, and has made, used, marketed, distributed, offered for sale, sold, and/or imported infringing products in the State of Texas, including in this District, and engaged in infringing conduct within and directed at or from this District. For example, Tracfone has purposefully and voluntarily placed the Accused Products into the stream of commerce with the expectation that the Accused Products will be used in this District. The Accused Products have been and continue to be distributed to and used in this District. Tracfone's acts cause and have caused injury to Precis, including within this District.

13. Venue is proper in this District pursuant to § 1400(b) because Defendant has a regular and established place of business at its offices in the Western District of Texas, including at 1825 SW Military Dr., San Antonio, TX 78221, and certain of the acts complained of herein occurred in this judicial district.

#### **THE PATENTS-IN-SUIT**

14. U.S. Patent No. 9,813,564 (the "564 Patent") is titled "Secured Pre-Payment for

Portable Communication Unit,” and was issued on November 7, 2017. A true and correct copy of the '564 Patent is attached as Exhibit A.

15. The '564 Patent was filed on December 23, 2016 as U.S. Patent Application No. 15/390,325 and is a continuation of an application filed on April 27, 2000.

16. Precis is the owner of all rights, title, and interest in and to the '564 Patent, with the full and exclusive right to bring suit to enforce the '564 Patent, including the right to recover for past infringement.

17. The '564 Patent is valid and enforceable under United States Patent Laws.

18. U.S. Patent No. 10,057,432 (the “'432 Patent”) is titled “Secured Pre-Payment for Portable Communication Unit,” and was issued on August 21, 2018. A true and correct copy of the '432 Patent is attached as Exhibit B.

19. The '432 Patent was filed on November 6, 2017 as U.S. Patent Application No. 15/805,081 and is a continuation of the '564 Patent which is a further continuation of an application filed on April 27, 2000.

20. Precis is the owner of all rights, title, and interest in and to the '432 Patent, with the full and exclusive right to bring suit to enforce the '432 Patent, including the right to recover for past infringement.

21. The '432 Patent is valid and enforceable under United States Patent Laws.

22. U.S. Patent No. 10,218,859 (the “'859 Patent”) is titled “Secured Pre-Payment for Portable Communication Unit,” and issued on February 26, 2019. A true and correct copy of the '859 Patent is attached as Exhibit C.

23. The '859 Patent was filed on August 17, 2018 as U.S. Patent Application No. 15/999,139 and is a continuation of the '432 Patent which is a further continuation of the '564

Patent which is a further continuation of an application filed on April 27, 2000.

24. Precis is the owner of all rights, title, and interest in and to the '859 Patent, with the full and exclusive right to bring suit to enforce the '859 Patent, including the right to recover for past infringement.

25. The '859 Patent is valid and enforceable under United States Patent Laws.

26. U.S. Patent No. 10,594,873 (the "'873 Patent") is titled "Secured Pre-Payment for Portable Communication Unit," and issued on March 17, 2020. A true and correct copy of the '873 Patent is attached as Exhibit D.

27. The '873 Patent was filed on February 26, 2019 as U.S. Patent Application No. 16/285,827 and is a continuation of the '859 Patent which is a further continuation of the '432 Patent which is a further continuation of the '564 Patent which is a further continuation of an application filed on April 27, 2000.

28. Precis is the owner of all rights, title, and interest in and to the '873 Patent, with the full and exclusive right to bring suit to enforce the '873 Patent, including the right to recover for past infringement.

29. The '873 Patent is valid and enforceable under United States Patent Laws.

30. The Patents-in-Suit recognized several problems with existing access to cellular service as a typical cellular service provider which require users to have a good credit history in order to obtain services. Exhibit A at 1:30-40. The Patents-in-Suit recognized that it was also easy for users of cellular phones to use the phones for service beyond the credit capacity of their owners. Exhibit A at 1:35-37.

31. In addition, the Patents-in-Suit recognized that this problem excluded a large segment of the population from cellular services as the existing cellular service providers were

unwilling to assume the risk of a loss, due to theft or overuse. Exhibit A at 1:41-44.

32. To address one or more shortcomings of existing access to cellular service through a traditional service provider, the Patents-in-Suit discloses methods to satisfy the long-felt need of the prior art for a third party (other than the traditional cellular service providers) to “allow[] users with insufficient or poor credit history to purchase service.” Exhibit A at 1:48-52. Furthermore, the solution disclosed by the Patents-in-Suit provide additional advantages by “provid[ing] a system where individuals and entities can maintain tighter cost controls by limiting users to a fixed allocation of service time.” Exhibit A at 1:52-55. Furthermore, the solution disclosed by the Patents-in-Suit created a solution for third party cellular providers to eliminate problems with accounts receivable by “receiv[ing] payment in advance of the actual provisions of services to receive the time-value benefit of the payments.” Exhibit A at 1:56-62

33. Indeed, the inventions of the Patents-in-Suit overcame the limitations of prior systems, by providing a unique portable communication system “configured to provide portable communication services in discrete predetermined blocks of service time.” Exhibit A at 1:66-2:3.

**The Inventions Claimed in the Patents-in-Suit Improved Technology for Increased Access to Cellular Service and Were Not Well-Understood, Routine, or Conventional**

34. Given the state of the art at the time of the inventions of the Patents-in-Suit, including the inability of those without good credit history to access cellular service and the inability of users to prepay for services to be used on multiple providers, the inventive concepts of the Patents-in-Suit cannot be considered to be conventional, well-understood, or routine. *See, e.g.*, Exhibit A at 1:22-2:25. Indeed, there was a long-felt need in the art at the time of the inventions of the Patents-in-Suit that the claimed inventions of the Patents-in-Suit addressed. *See, e.g., id* at 1:48-2:25. In this respect, the Patents-in-Suit disclose, among other things, an unconventional solution to problems arising in the context of providing cellular service, namely that third party

service providers that do not operate cellular networks are able to contract with the then existing cellular service network operators (*e.g.*, Verizon, Sprint fka Nextel, AT&T fka Cingular Wireless, T-Mobile fka Voicestream) to obtain access for users who desired to purchase predetermined blocks of time for use with their respective communication devices. *See, e.g., id.* at 1:63-2:14)

35. The inventions of the Patents-in-Suit offered an unconventional, technological solution to such problems resulting in a “unique portable communication system which comprises, in conjunction, a unique portable communication unit that may be easily configured to provide communication services in discrete predetermined blocks of service time, along with a secure system of prepayment for use of the communication unit and service time. *Id.* at 1:63-2:3.

36. Indeed, it was not well-understood, routine, or conventional at the time of the inventions of the Patents-in-Suit to perform the following functions for a method of prepayment for service on a telecommunications system using a portable communication unit (PCU), alone and/or in combination with one another: (i) receiving a prepayment from a customer at a dealer for service on a telecommunications system using a first telecommunication channel, (ii) receiving transaction order information at a prepaid management center (PMC) from a dealer about the prepayment by the customer to the dealer, the PMC receiving the transaction order information using a second telecommunication channel, (iii) providing a bank the transaction order information using a third telecommunication channel and the PMC, (iv) notifying the dealer using the third telecommunication channel if insufficient funds are determined to be in a dealer account at the bank and providing the dealer an opportunity to replenish the dealer account, (v) if sufficient funds are determined to be in the dealer account, automatically transferring the amount of the transaction from the dealer account to a secure payment system (SPS) account using a fourth telecommunication channel, less a dealer's fee for the transaction; after funds have been transferred

from the dealer account to the SPS account, notifying the PMC of the transfer using a fifth telecommunication channel in response to the funds transfer into the SPS account; in response to the funds transfer into the SPS account, generating codes using the PMC to enable the PCU to provide the service on the telecommunication system, (vi) transferring the codes to the customer using the first telecommunication channel for entry into the PCU by the customer, (vii) processing the codes using the PCU, and (viii) providing the service on the telecommunication system using the result of processing the codes by the PCU. Exhibit B at Claims 1

37. Further, it was not well-understood, routine, or conventional at the time of the inventions of the Patents-in-Suit to perform one or more of the following functions alone and/or in combination with one or more of the unconventional functions set forth above: issuing the codes to the dealer using the PMC and a sixth telecommunication channel. *See, e.g.*, Exhibit B at Claims 2.

38. These are just exemplary reasons why the inventions claimed in the Patents-in-Suit were not well-understood, routine, or conventional at the time of the invention of the Patents-in-Suit.

39. Consistent with the problems addressed by the Patents-in-Suit being rooted in the specific problem surround providing access to a traditional cellular service provider which operates a cellular network, at least because the Patents-in-Suit's claimed inventions address problems rooted in providing access to a cellular service provider's network, these inventions are not merely drawn to longstanding human activities.

**COUNT I: INFRINGEMENT OF U.S. PATENT NO. 9,813,564**

40. Precis incorporates by reference and re-alleges paragraphs 14-39 of this Complaint as if fully set forth herein.

41. Defendant Tracfone has infringed and is infringing, either literally or under the doctrine of equivalents, the '564 Patent in violation of 35 U.S.C. § 271 *et seq.*, directly and/or indirectly, by making, using, offering for sale, or selling in the United States through contracts with its own retail stores (*e.g.*, Total Wireless branded stores) and/or partner stores, which operate under the direction and control of Tracfone, prepaid cellular Airtime phone cards ("Accused Products").

As just one non-limiting example, set forth below (with claim language in bold and italics) is exemplary evidence of infringement of Claim 1 of the '564 Patent in connection with the Accused Products. This description is based on publicly available information. Precis reserves the right to modify this description, including, for example, on the basis of information about the Accused Products that it obtains during discovery. ***1(a): A method of prepayment for service on a telecommunications system using a portable communication unit (PCU), the method comprising:*** Tracfone is a Mobile Virtual Network Operator ("MVNO") which does not operate an cellular network but contracts with its own retail stores, partner stores, cellular service providers which own cellular networks, and financial institution to make, use, sell, and/or offer to sell a device or system that practices the method of prepayment for service on a telecommunications system using a portable communication unit in accordance with Claim 1. For instance, Tracfone is an MVNO that operates by allowing users to add airtime as you need it at 70,000 retail locations nationwide. See [ww2.tracfone.com/pay\\_as\\_you\\_go.jsp](http://ww2.tracfone.com/pay_as_you_go.jsp)

***1(b): a customer prepaying a dealer for service on a telecommunications system;*** To use Tracfone's system, Tracfone users prepay a dealer for a Tracfone airtime card; For instance, a Tracfone user prepays a Total Wireless Retail store or a Tracfone contracted partner retail store for Tracfone airtime card;

***1(c): the dealer forwarding transaction order information about the pre-payment to a prepaid management center (PMC);*** For instance, Tracfone is an MVNO. Upon information and belief, Tracfone controls or directs its retail store or an authorized retailer through contractual agreements, such that the retail store or an authorized retailer forwards information related to a purchased Tracfone airtime card to a Tracfone's prepaid management. *See e.g.,* <http://twexclusive.com/pdf/Retail%20Dealer%20Presentation.pdf>

***1(d): the PMC providing a bank the transaction order information;*** For instance, Tracfone is an MVNO and provides a financial institution associated and contracted with its contracted retail store or authorized retailer order information (individually or in sweeps) related to a purchase of an airtime card.

***1(e): upon receipt of the transaction order information from the PMC, the bank determining whether there are sufficient funds in a dealer account to cover an amount of the transaction;*** For instance, Tracfone is an MVNO. Upon information and belief, a financial institution associated and contracted with the retail store or authorized retailer perform sweeps to determine if sufficient funds are in the account to cover the prepayment of the airtime.

***1(f): if insufficient funds are in the dealer account, the bank notifying the dealer and providing the dealer an opportunity to replenish the account so the transaction may proceed;*** For instance, Tracfone is an MVNO. Upon information and belief, a financial institution associated and contracted with the retail store or authorized retailer notifies the retail store or authorized retailer to replenish the account if insufficient funds are in the account.

***1(g): if sufficient funds are in the dealer account, the bank automatically transferring the amount of the transaction from the dealer account to a secure payment system (SPS) account, less a dealer's fee for the transaction;*** For instance, Tracfone is an MVNO. Upon

information and belief, a financial institution associated and contracted with the retail store or authorized retailer contracted with Tracfone automatically transferring the amount of the transaction from the dealer account to a secure payment system (SPS) account under the direction or control of Tracfone. Upon information and belief, Tracfone maintains an account payable to each of the various cellular network operators it contracts with.

*1(h): after funds have been transferred from the dealer account to the SPS account, notifying the PMC of the transfer;* For instance, Tracfone is an MVNO. Upon information and belief, the SPS account under the direction or control of Tracfone, notifies Tracfone after funds have been transferred.

*1(i): after notification, the PMC generating codes required to enable the PCU to provide the service on the telecommunication system and issuing the codes to the dealer;* For instance, Tracfone is an MVNO. Upon information and belief, after Tracfone is notified of funds received related to a purchase of an airtime card, Tracfone generates codes that enable that relate to an airtime card which enables the PCU to provide service.

*1(j): the dealer transferring the codes to the customer;* The retail store or authorized retailer under the direction or control of Tracfone via a contractual agreement transfers the codes to the customer.

*1(k): the customer entering the codes into the PCU, enabling the PCU to provide the service on the telecommunication system.* For instance, the codes are used by the customer to enable Tracfone to provide service on the cellular network.

42. Additionally, Defendant Tracfone has been and/or currently is an active inducer of infringement of the '564 Patent under 35 U.S.C. § 271(b) and contributory infringer of the '564 Patent under 35 U.S.C. § 271(c).

43. Tracfone knew of the '564 Patent, or at least should have known of the '564 Patent since at least as early as August 23, 2018, but was willfully blind to its existence. Tracfone has had actual knowledge of the '564 Patent since at least as early as August 23, 2018 when claim charts for the '564 Patent were provided to Tracfone.

44. Tracfone has provided the Accused Products to its customers and, on information and belief, instructions to use the Accused Products in an infringing manner while being on notice of (or willfully blind to) the '564 Patent and Tracfone's infringement. Therefore, on information and belief, Tracfone knew or should have known of the '564 Patent and of its own infringing acts, or deliberately took steps to avoid learning of those facts.

45. Tracfone knowingly and intentionally directs or controls are parties to directly infringe the '564 Patent.

46. At least as early as at least as early as August 23, 2018, Tracfone's infringement of the '564 Patent was and continues to be willful and deliberate, entitling Precis to enhanced damages.

47. Additional allegations regarding Tracfone's knowledge of the '564 Patent and willful infringement will likely have additional evidentiary support after a reasonable opportunity for discovery.

48. Tracfone's infringement of the '564 Patent is exceptional and entitles Precis to attorneys' fees and costs incurred in prosecuting this action under 35 U.S.C. § 285.

49. Precis is in compliance with any applicable marking and/or notice provisions of 35 U.S.C. § 287 with respect to the '564 Patent.

50. Precis is entitled to recover from Tracfone all damages that Precis has sustained as a result of Tracfone's infringement of the '564 Patent, including, without limitation, a reasonable

royalty.

**COUNT II: INFRINGEMENT OF U.S. PATENT NO. 10,057,432**

51. Precis incorporates by reference and re-alleges paragraphs 14-39 of this Complaint as if fully set forth herein.

52. Defendant Tracfone has infringed and is infringing, either literally or under the doctrine of equivalents, the '432 Patent in violation of 35 U.S.C. § 271 *et seq.*, directly and/or indirectly, by making, using, offering for sale, or selling in the United States through contracts with its own retail stores (e.g. Total Wireless branded stores) and/or partner stores, which operate the sales under the direction and control of Tracfone, prepaid cellular Airtime phone cards ("Accused Products").

As just one non-limiting example, set forth below (with claim language in bold and italics) is exemplary evidence of infringement of Claim 1 of the '432 Patent in connection with the Accused Products. This description is based on publicly available information. Precis reserves the right to modify this description, including, for example, on the basis of information about the Accused Products that it obtains during discovery.

*1(a): A method of prepayment for service on a telecommunications system using a portable communication unit (PCU), the method comprising:* Tracfone is a Mobile Virtual Network Operator ("MVNO") which does not operate an cellular networks but directs or controls its own retail stores, partner stores, cellular service providers which own cellular networks, and financial institution to make, use, sell, and/or offer to sell a device or system that practices the method of prepayment for service on a telecommunications system using a portable communication unit in accordance with Claim 1. For instance, Tracfone is an MVNO that operates by allowing users to add airtime as you need it at 70,000 retail locations nationwide. *See*

ww2.tracfone.com/pay\_as\_you\_go.jsp

*1(b): receiving a prepayment from a customer at a dealer for service on a telecommunications system using a first telecommunication channel;* To use Tracfone's system, Retail stores or an authorized retailer under the direction or control of Tracfone receive a prepayment from a customer for a Tracfone airtime card using a first telecommunication channel;

*1(c): receiving transaction order information at a prepaid management center (PMC) from a dealer about the prepayment by the customer to the dealer, the PMC receiving the transaction order information using a second telecommunication channel;* For instance, Tracfone is an MVNO. Upon information and belief, Tracfone directs or controls its retail store or an authorized retailer via contractual agreements such that Tracfone receives transaction information from the retail store or an authorized retailer related to a prepayment to the retail store or an authorized retailer using a second telecommunication channel. See e.g., <http://twexclusive.com/pdf/Retail%20Dealer%20Presentation.pdf>

*1(d): providing a bank the transaction order information using a third telecommunication channel and the PMC;* For instance, Tracfone is an MVNO. Upon information and belief, Tracfone directs or controls its retail store or an authorized retailer via contractual agreements to provide the transaction order information related to a purchase of an airtime card. *1(e): notifying the dealer using the third telecommunication channel if insufficient funds are determined to be in a dealer account at the bank and providing the dealer an opportunity to replenish the dealer account;* Upon information and belief, a financial institution associated and contracted with the retail store or authorized retailer notifies the retail store or authorized retailer if insufficient funds are determined and provides an opportunity to replenish the account.

***1(f): if sufficient funds are determined to be in the dealer account, automatically transferring the amount of the transaction from the dealer account to a secure payment system (SPS) account using a fourth telecommunication channel, less a dealer's fee for the transaction;***

Upon information and belief, a financial institution associated and contracted with the retail store or authorized retailer Tracfone automatically transfers the amount of the transaction from the dealer account to a secure payment system (SPS) account under the direction or control of Tracfone using a fourth telecommunication channel, less a dealer's fee

***1(g): after funds have been transferred from the dealer account to the SPS account, notifying the PMC of the transfer using a fifth telecommunication channel in response to the funds transfer into the SPS account;***

Upon information and belief, after funds have been transferred from a financial institution associated and contracted with the retail store or authorized retailer to an account under the direction and control of Tracfone, Tracfone is notified of the transfer. Upon information and belief, Tracfone maintains an account payable to each of the various cellular network operators it contracts with.

***1(h): in response to the funds transfer into the SPS account, generating codes using the PMC to enable the PCU to provide the service on the telecommunication system;***

For instance, Tracfone is an MVNO. Upon information and belief, after Tracfone is notified of funds received related to a purchase of an airtime card; Tracfone generates codes that enable that a cellular phone to use the telecommunication system.

***1(i): transferring the codes to the customer using the first telecommunication channel for entry into the PCU by the customer.*** For instance, the retail store or authorized retailer under the direction or control of Tracfone via contractual agreements, transfers the codes to the customer.

***1(j): processing the codes using the PCU;*** For instance, a Tracfone compatible phone

process the codes.

*1(k): providing the service on the telecommunication system using the result of processing the codes by the PCU.* For instance, once the codes are processed, Tracfone and the contracted carrier provides service on the cellular network.

53. As just one non-limiting example, set forth below (with claim language in bold and italics) is exemplary evidence of infringement of Claim 2 of the '432 Patent in connection with the Accused Products. This description is based on publicly available information. Precis reserves the right to modify this description, including, for example, on the basis of information about the Accused Products that it obtains during discovery. ***2. The method of claim 1, further comprising issuing the codes to the dealer using the PMC and a sixth telecommunication channel:*** For instance, Tracfone is an MVNO. Upon information and believe, Tracfone issues the codes to the retail store or authorized retailer using a telecommunication between Tracfone and the retail store or authorized retailer.

54. As just one non-limiting example, set forth below (with claim language in bold and italics) is exemplary evidence of infringement of Claim 3 of the '432 Patent in connection with the Accused Products. This description is based on publicly available information. Precis reserves the right to modify this description, including, for example, on the basis of information about the Accused Products that it obtains during discovery. ***3. The system of claim 1, wherein the first telecommunication channel, the second telecommunication channel, the third telecommunication channel, the fourth telecommunication channel, the fifth telecommunication channel, and the sixth telecommunication channel are one of a telephone network and the Internet:*** For instance, each of the communication channels are through the Internet.

55. Additionally, Defendant Tracfone has been and/or currently is an active inducer of infringement of the '432 Patent under 35 U.S.C. § 271(b) and contributory infringer of the '432 Patent under 35 U.S.C. § 271(c).

56. Tracfone knew of the '432 Patent, or at least should have known of the '432 Patent since at least as early as August 23, 2018, but was willfully blind to its existence. Tracfone has had actual knowledge of the '432 Patent since at least as early as August 23, 2018 when claim charts for the '432 Patent were provided to Tracfone.

57. Tracfone has provided the Accused Products to its customers and, on information and belief, instructions to use the Accused Products in an infringing manner while being on notice of (or willfully blind to) the Patent and Tracfone's infringement. Therefore, on information and belief, Tracfone knew or should have known of the Patent and of its own infringing acts, or deliberately took steps to avoid learning of those facts.

58. Tracfone knowingly and intentionally directs or controls are parties to directly infringe the '432 Patent.

59. At least at least as early as August 23, 2018, Tracfone's infringement of the '432 Patent was and continues to be willful and deliberate, entitling Precis to enhanced damages.

60. Additional allegations regarding Tracfone's knowledge of the "'432 Patent and willful infringement will likely have evidentiary support after a reasonable opportunity for discovery.

61. Tracfone's infringement of the '432 Patent is exceptional and entitles Precis to attorneys' fees and costs incurred in prosecuting this action under 35 U.S.C. § 285.

62. Precis is in compliance with any applicable marking and/or notice provisions of 35 U.S.C. § 287 with respect to the '564 Patent.

63. Precis is entitled to recover from Tracfone all damages that Precis has sustained as a result of Tracfone's infringement of the '432 Patent, including, without limitation, a reasonable royalty.

**COUNT III: INFRINGEMENT OF U.S. PATENT NO. 10,218,859**

64. Precis incorporates by reference and re-alleges paragraphs 14-39 of this Complaint as if fully set forth herein.

65. Defendant Tracfone has infringed and is infringing, either literally or under the doctrine of equivalents, the '859 Patent in violation of 35 U.S.C. § 271 *et seq.*, directly and/or indirectly, by making, using, offering for sale, or selling in the United States through T contracts with its own retail stores (e.g. Total Wireless branded stores) and/or partner stores, which operate the sales under the direction and control of Tracfone, prepaid cellular Airtime phone cards ("Accused Products").

As just one non-limiting example, set forth below (with claim language in bold and italics) is exemplary evidence of infringement of Claim 1 of the '859 Patent in connection with the Accused Products. This description is based on publicly available information. Precis reserves the right to modify this description, including, for example, on the basis of information about the Accused Products that it obtains during discovery. *1(a): A method of prepayment for service on a telecommunications system using a portable communication unit (PCU), the method comprising:* Tracfone is a Mobile Virtual Network Operator ("MVNO") which does not operate an cellular networks but directs or controls its own retail stores, authorized retailer, partner stores, cellular service providers which own cellular networks, and financial institution via contractual agreements to make, use, sell, and/or offer to sell a device or system that practices the method of prepayment for service on a telecommunications system using a portable communication unit in

accordance with Claim 1. For instance, Tracfone is an MVNO that operates by allowing users to add airtime as you need it at 70,000 retail locations nationwide. See [ww2.tracfone.com/pay\\_as\\_you\\_go.jsp](http://ww2.tracfone.com/pay_as_you_go.jsp).

***1(b): receiving a prepayment from a customer at a dealer for service on a telecommunications system using a first telecommunication channel:*** To use Tracfone's system, Retail stores or an authorized retailer under the direction or control of Tracfone receive a prepayment from a customer for a Tracfone airtime card using a first telecommunication channel;

***1(c): receiving transaction order information at a prepaid management center (PMC) from a dealer about the prepayment by the customer to the dealer, the PMC receiving the transaction order information using a second telecommunication channel:*** For instance, Tracfone is an MVNO. Upon information and belief, Tracfone receives transaction information from the retail store or an authorized retailer related to a prepayment to the retail store or an authorized retailer using a second telecommunication channel. See e.g., <http://twexclusive.com/pdf/Retail%20Dealer%20Presentation.pdf>

***1(d): providing a bank the transaction order information using a third telecommunication channel and the PMC;*** For instance, Tracfone is an MVNO. Upon information and belief, Tracfone directs or controls its retail store or an authorized retailer via contractual agreements to provide the transaction order information related to a purchase of an airtime card.

***1(e): notifying the dealer using the third telecommunication channel if insufficient funds are determined to be in a dealer account at the bank and providing the dealer an opportunity to replenish the dealer account;*** Upon information and belief, a financial institution associated and contracted with the retail store or authorized retailer notifies the retail store or

authorized retailer if insufficient funds are determined and provides an opportunity to replenish the account.

***1(f): if sufficient funds are determined to be in the dealer account, automatically transferring the amount of the transaction from the dealer account to a secure payment system (SPS) account using a fourth telecommunication channel, less a dealer's fee for the transaction;***

Upon information and belief, a financial institution associated and contracted with the retail store or authorized retailer Tracfone automatically transfers the amount of the transaction from the dealer account to a secure payment system (SPS) account under the direction or control of Tracfone using a fourth telecommunication channel, less a dealer's fee.

***1(g): notifying the PMC using a fifth telecommunication channel in response to the funds transfer into the SPS account;*** Upon information and belief, in response to the funds transfer, Tracfone's account notifies Tracfone is notified of the transfer. Upon information and belief, Tracfone maintains an account payable to each of the various cellular network operators it contracts with.

***1(h): generating codes using the PMC to enable the PCU to provide the service on the telecommunication system;*** For instance, Tracfone is an MVNO. Tracfone generates codes that enable that a cellular phone to use the telecommunication system.

***1(i): transferring the codes to the customer using the first telecommunication channel for entry into the PCU by the customer;*** For instance, the retail store or authorized retailer under the direction or control of Tracfone via contractual agreements, transfers codes to the customer.

***1(j): processing the codes using the PCU;*** For instance, a Tracfone compatible phone process the codes.

***1(k): providing the service on the telecommunication system using the result of***

*processing the codes by the PCU*; For instance, once the codes are processed, Tracfone and the contracted carrier provides service on the cellular network.

66. As just one non-limiting example, set forth below (with claim language in bold and italics) is exemplary evidence of infringement of Claim 2 of the '859 Patent in connection with the Accused Products. This description is based on publicly available information. Precis reserves the right to modify this description, including, for example, on the basis of information about the Accused Products that it obtains during discovery. ***2. The method of claim 1, further comprising issuing the codes to the dealer using the PMC and a sixth telecommunication channel.*** For example, a sixth telecommunication channel is used by Tracfone to issue codes to its contracted retail store or authorized retailer.

67. As just one non-limiting example, set forth below (with claim language in bold and italics) is exemplary evidence of infringement of Claim 3 of the '859 Patent in connection with the Accused Products. This description is based on publicly available information. Precis reserves the right to modify this description, including, for example, on the basis of information about the Accused Products that it obtains during discovery. ***3. The [method] of claim 1, wherein the first telecommunication channel, the second telecommunication channel, the third telecommunication channel, the fourth telecommunication channel, the fifth telecommunication channel, and the sixth telecommunication channel are one of a telephone network and the Internet:*** For example, each of the communication channels are through the Internet.

68. As just one non-limiting example, set forth below (with claim language in bold and italics) is exemplary evidence of infringement of Claim 4 of the '859 Patent in connection with the Accused Products. This description is based on publicly available information. Precis reserves

the right to modify this description, including, for example, on the basis of information about the Accused Products that it obtains during discovery. *4(a): A method of prepayment for service on a telecommunications system using a portable communication unit (PCU), the method comprising:* Tracfone is a Mobile Virtual Network Operator (“MVNO”) which does not operate an cellular networks but directs or controls its own retail stores, partner stores, cellular service providers which own cellular networks, and financial institution to make, use, sell, and/or offer to sell a device or system that practices the method of prepayment for service on a telecommunications system using a portable communication unit in accordance with Claim 1. For instance, Tracfone is an MVNO that operates by allowing users to add airtime as you need it at 70,000 retail locations nationwide. *See* [ww2.tracfone.com/pay\\_as\\_you\\_go.jsp](http://ww2.tracfone.com/pay_as_you_go.jsp).

*4(b): using a first telecommunication channel, receiving a prepayment from a customer at a dealer into a dealer account, the prepayment for service on a telecommunications system;* Using a first telecommunication channel, a retail stores or an authorized retailer under the direction or control of Tracfone via a contractual agreement receive a prepayment from a customer for a Tracfone airtime card into an account owned or associated with the retail store or authorized dealer; To use Tracfone’s system, Tracfone users prepay a dealer for a Tracfone airtime card;

*4(c): receiving transaction order information at a prepaid management center (PMC) from a dealer about the prepayment by the customer to the dealer, the PMC receiving the transaction order information using a second telecommunication channel;* For instance, Tracfone is an MVNO. Upon information and belief, Tracfone directs or controls its retail store or an authorized retailer via contractual agreements such that Tracfone receives transaction information from the retail store or an authorized retailer related to a prepayment to the retail store or an authorized retailer using a second telecommunication channel. *See e.g.,*

<http://twexclusive.com/pdf/Retail%20Dealer%20Presentation.pdf>

**4(d): transferring the amount of the prepayment from the dealer account to a secure payment system (SPS) account using a third telecommunication channel, less a dealer's fee for the transaction;** Upon information and belief, a financial institution associated and contracted with the retail store or authorized retailer transfers the amount of the transaction from the dealer account to a secure payment system (SPS) account under the direction or control of Tracfone using a third telecommunication channel, less a dealer's fee

**4(e): notifying the PMC using a fourth telecommunication channel in response to the funds transfer into the SPS account;** Upon information and belief, after funds have been transferred from a financial institution associated and contracted with the retail store or authorized retailer to an account under the direction and control of Tracfone, Tracfone is notified of the transfer. Upon information and belief, Tracfone maintains an account payable to each of the various cellular network operators it contracts with.

**4(f): generating codes using the PMC to enable the PCU to provide the service on the telecommunication system;** For instance, Tracfone is an MVNO. Tracfone generates codes that enable that a cellular phone to use the telecommunication system.

**4(g) transferring the codes to the customer using the first telecommunication channel for entry into the PCU by the customer;** For instance, the retail store or authorized retailer under the direction or control of Tracfone via contractual agreements, transfers the codes to the customer.

**4(h): processing the codes using the PCU; and;** For instance, a Tracfone compatible phone process the codes.

**4(i): providing the service on the telecommunication system using the result of processing the codes by the PCU;** For instance, once the codes are processed, Tracfone and the

contracted carrier provides service on the cellular network.

69. As just one non-limiting example, set forth below (with claim language in bold and italics) is exemplary evidence of infringement of Claim 5 of the '859 Patent in connection with the Accused Products. This description is based on publicly available information. Precis reserves the right to modify this description, including, for example, on the basis of information about the Accused Products that it obtains during discovery. ***5. The method of claim 4, further comprising issuing the codes to the dealer using the PMC and a fifth telecommunication channel.*** For example, a fifth telecommunication channel is used by Tracfone to issue codes to its contracted retail store or authorized retailer.

70. As just one non-limiting example, set forth below (with claim language in bold and italics) is exemplary evidence of infringement of Claim 6 of the '859 Patent in connection with the Accused Products. This description is based on publicly available information. Precis reserves the right to modify this description, including, for example, on the basis of information about the Accused Products that it obtains during discovery. ***6. The [method] of claim 5, wherein the first telecommunication channel, the second telecommunication channel, the third telecommunication channel, the fourth telecommunication channel, and the fifth telecommunication channel are one of a telephone network and the Internet:*** For example, each of the communication channels are through the Internet.

71. As just one non-limiting example, set forth below (with claim language in bold and italics) is exemplary evidence of infringement of Claim 7 of the '859 Patent in connection with the Accused Products. This description is based on publicly available information. Precis reserves the right to modify this description, including, for example, on the basis of information about the Accused Products that it obtains during discovery. ***7(a): A method of prepayment for service on***

*a telecommunications system using a portable communication unit (PCU), the method comprising:* Tracfone is a Mobile Virtual Network Operator (“MVNO”) which does not operate an cellular networks but directs or controls its own retail stores, partner stores, cellular service providers which own cellular networks, and financial institution to make, use, sell, and/or offer to sell a device or system that practices the method of prepayment for service on a telecommunications system using a portable communication unit in accordance with Claim 1. For instance, Tracfone is an MVNO that operates by allowing users to add airtime as you need it at 70,000 retail locations nationwide. See [ww2.tracfone.com/pay\\_as\\_you\\_go.jsp](http://ww2.tracfone.com/pay_as_you_go.jsp).

*7(b): using a first telecommunication channel, receiving a prepayment from a customer at a dealer into a dealer account, the prepayment for service on a telecommunications system;* Using a first telecommunication channel, a retail stores or an authorized retailer under the direction or control of Tracfone via a contractual agreement receive a prepayment from a customer for a Tracfone airtime card into an account owned or associated with the retail store or authorized dealer; To use Tracfone’s system, Tracfone users prepay a dealer for a Tracfone airtime card;

*7(c): receiving transaction order information at a prepaid management center (PMC) from a dealer about the prepayment by the customer to the dealer, the PMC receiving the transaction order information using a second telecommunication channel;* For instance, Tracfone is an MVNO. Upon information and belief, Tracfone directs or controls its retail store or an authorized retailer via contractual agreements such that Tracfone receives transaction information from the retail store or an authorized retailer related to a prepayment to the retail store or an authorized retailer using a second telecommunication channel. See e.g., <http://twexclusive.com/pdf/Retail%20Dealer%20Presentation.pdf>

*7(d): transferring the amount of the credit card prepayment to a secure payment system*

*(SPS) account using a third telecommunication channel;* Upon information and belief, a financial institution associated and contracted with the retail store or authorized retailer Tracfone transfers the amount of the transaction from the dealer account to a secure payment system (SPS) account under the direction or control of Tracfone using a third telecommunication channel.

*7(e): notifying the PMC using a fourth telecommunication channel in response to the funds transfer into the SPS account;* Upon information and belief, in response to the funds transfer, an account under the direction and control of Tracfone notifies Tracfone.. Upon information and belief, Tracfone maintains an account payable to each of the various cellular network operators it contracts with

*7(f): generating codes using the PMC to enable the PCU to provide the service on the telecommunication system;* For instance, Tracfone is an MVNO. Upon information and belief, after Tracfone is notified of funds received related to a purchase of an airtime card; Tracfone generates codes that enable that a cellular phone to use the telecommunication system.

*7(g) transferring the codes to the customer using the first telecommunication channel for entry into the PCU by the customer;* For instance, the retail store or authorized retailer under the direction or control of Tracfone via contractual agreements, transfers the codes to the customer.

*1(h): processing the codes using the PCU; and;* For instance, a Tracfone compatible phone process the codes.

*7(i): providing the service on the telecommunication system using the result of processing the codes by the PCU;* For instance, once the codes are processed, Tracfone and the contracted carrier provides service on the cellular network.

72. As just one non-limiting example, set forth below (with claim language in bold and italics) is exemplary evidence of infringement of Claim 8 of the '859 Patent in connection with the

Accused Products. This description is based on publicly available information. Precis reserves the right to modify this description, including, for example, on the basis of information about the Accused Products that it obtains during discovery. **8. The method of claim 7, issuing the codes to the dealer using the PMC and a fifth telecommunication channel.** For example, a fifth telecommunication channel is used by Tracfone to issue codes to its contracted retail store or authorized retailer.

73. As just one non-limiting example, set forth below (with claim language in bold and italics) is exemplary evidence of infringement of Claim 9 of the '859 Patent in connection with the Accused Products. This description is based on publicly available information. Precis reserves the right to modify this description, including, for example, on the basis of information about the Accused Products that it obtains during discovery. **9. The [method] of claim 8, wherein the first telecommunication channel, the second telecommunication channel, the third telecommunication channel, the fourth telecommunication channel, and the fifth telecommunication channel are one of a telephone network and the Internet:** For example, each of the communication channels are through the Internet.

74. Additionally, Defendant Tracfone has been and/or currently is an active inducer of infringement of the '859 Patent under 35 U.S.C. § 271(b) and contributory infringer of the '859 Patent under 35 U.S.C. § 271(c).

75. Tracfone knew of the '859 Patent, or at least should have known of the '859 Patent, but was willfully blind to its existence. On information and belief, Tracfone has had actual knowledge of the '859 Patent since at least as early as the filing and/or service of this Complaint.

76. Tracfone has provided the Accused Products to its customers and, on information and belief, instructions to use the Accused Products in an infringing manner while being on notice

of (or willfully blind to) the '859 Patent and Tracfone's infringement. Therefore, on information and belief, Tracfone knew or should have known of the '859 Patent and of its own infringing acts, or deliberately took steps to avoid learning of those facts.

77. Tracfone knowingly and intentionally encourages and aids at least its end-user customers to directly infringe the '859 Patent.

78. At least as early as the filing and/or service of this Complaint, Tracfone's infringement of the '859 Patent was and continues to be willful and deliberate, entitling Precis to enhanced damages.

79. Additional allegations regarding Tracfone's knowledge of the '859 Patent and willful infringement will likely have evidentiary support after a reasonable opportunity for discovery.

80. Tracfone's infringement of the '859 Patent is exceptional and entitles Precis to attorneys' fees and costs incurred in prosecuting this action under 35 U.S.C. § 285.

81. Precis is in compliance with any applicable marking and/or notice provisions of 35 U.S.C. § 287 with respect to the '859 Patent.

82. Precis is entitled to recover from Tracfone all damages that Precis has sustained as a result of Tracfone's infringement of the '859 Patent, including, without limitation, a reasonable royalty.

**COUNT IV: INFRINGEMENT OF U.S. PATENT NO. 10,594,873**

83. Precis incorporates by reference and re-alleges paragraphs 14-39 of this Complaint as if fully set forth herein.

84. Defendant Tracfone has infringed and is infringing, either literally or under the doctrine of equivalents, the '873 Patent in violation of 35 U.S.C. § 271 *et seq.*, directly and/or

indirectly, by making, using, offering for sale, or selling in the United States through its own retail stores and/or partner stores, prepaid cellular phone cards thru its Tracfone and various brands (“Accused Products”).

85. As just one non-limiting example, set forth below (with claim language in bold and italics) is exemplary evidence of infringement of Claim 1 of the '873 Patent in connection with the Accused Products. This description is based on publicly available information. Precis reserves the right to modify this description, including, for example, on the basis of information about the Accused Products that it obtains during discovery. *1(a): A method of prepayment for service on a telecommunications system using a portable communication unit (PCU), the method comprising:* Tracfone is a Mobile Virtual Network Operator (“MVNO”) which does not operate an cellular networks but directs or controls its own retail stores, partner stores, cellular service providers which own cellular networks, and financial institution to make, use, sell, and/or offer to sell a device or system that practices the method of prepayment for service on a telecommunications system using a portable communication unit in accordance with Claim 1. For instance, Tracfone is an MVNO that operates by allowing users to add airtime as you need it at 70,000 retail locations nationwide. See [ww2.tracfone.com/pay\\_as\\_you\\_go.jsp](http://ww2.tracfone.com/pay_as_you_go.jsp).

*1(b): receiving a prepayment from a customer at a dealer or at a provider's web site, the prepayment for service on a telecommunications system, the prepayment made using a credit instrument or a debit;* To use Tracfone’s system, Retail stores or an authorized retailer (including their respective websites) under the direction or control of Tracfone receive a prepayment from a customer for a Tracfone airtime card using a first telecommunication channel;

*1(c): receiving information relating to the prepayment at a prepaid management center (PMC) from the dealer or the provider's web site, the PMC receiving the information using a*

***first telecommunication channel***; For instance, Tracfone is an MVNO. Upon information and belief, Tracfone and its associated account receives information related to the prepayment from its retail store or an authorized retailer using a first telecommunication channel. See e.g., <http://twexclusive.com/pdf/Retail%20Dealer%20Presentation.pdf>

***1(d): verifying whether the customer has sufficient credit line on the credit instrument or debit instrument for the prepayment and, if the credit line is sufficient, charging the customer's credit line***; Upon information and belief, a financial institution associated and contracted with the retail store or authorized retailer or Tracfone verifies whether the customer has sufficient credit line, and charging the credit line if sufficient.

***1(e): after charging the customer's credit line, generating one or more codes using the PMC to enable the PCU to access the service on the telecommunication system***; For instance, Tracfone is an MVNO. Upon information and belief, after the customer's credit line is charged, Tracfone generates codes that enable that a cellular phone to use the telecommunication system.

***1(f): transferring the one or more codes to the customer using a second telecommunication channel for entry into the PCU by the customer***; For instance, Tracfone transfers the codes to the customer via a second telecommunication channel.

***1(g): processing the one or more codes using the PCU***; For instance, a Tracfone compatible phone process the codes.

***1(h): providing access to the service on the telecommunication system to the customer using the result of processing the one or more codes by the***; For instance, once the codes are processed, Tracfone and the contracted carrier provides service on the cellular network.

86. As just one non-limiting example, set forth below (with claim language in bold and italics) is exemplary evidence of infringement of Claim 11 of the '873 Patent in connection with

the Accused Products. This description is based on publicly available information. Precis reserves the right to modify this description, including, for example, on the basis of information about the Accused Products that it obtains during discovery. *11(a): A system for providing access to service on a telecommunication system comprising:* Tracfone is a Mobile Virtual Network Operator (“MVNO”) which does not operate an cellular networks but directs or controls its own retail stores, partner stores, cellular service providers which own cellular networks, and financial institution to make, use, sell, and/or offer to sell a device or system that practices the method of prepayment for service on a telecommunications system using a portable communication unit in accordance with Claim 1. For instance, Tracfone is an MVNO that operates by allowing users to add airtime as you need it at 70,000 retail locations nationwide. *See* [ww2.tracfone.com/pay\\_as\\_you\\_go.jsp](http://ww2.tracfone.com/pay_as_you_go.jsp)

*11(b): a prepaid management center (PMC) configured to receive information relating to a prepayment for service on a telecommunications system from a dealer or a provider's website, the dealer or the provider's website coupled with the PMC through a first telecommunication channel, the prepayment made by a customer using a using a credit instrument or a debit instrument, the PMC further configured to verify whether the customer has sufficient credit line on the credit instrument or debit instrument for the prepayment and, if the credit line is sufficient, the PMC further configured to charge the customer's credit line and generate and transfer one or more codes to the customer using a second telecommunication channel coupled to the PMC; and;* Tracfone is configured to receive information related to a prepayment for service made by a credit or debit card on a telecommunication channel from a retail store or an authorized retailer under the direction or control of Tracfone. Tracfone is further configured to verify whether a customer has sufficient credit line, and charging the credit line if the credit line is sufficient. Tracfone also generates and transfers one or mode codes to the customer using a second

telecommunications channel.

*11(c): a portable communication unit (PCU) coupled with the PMC through the second telecommunication channel, the PCU configured to process the one or more codes and provide access to the service on the telecommunication system to the customer using the result of processing the one or more codes by the PCU;* For instance, a Tracfone is an MVNO. A compatible Tracfone device communicates with Tracfone via a second telecommunication channel and is configured to process codes to provide access to the service on the telecommunication system.

87. As just one non-limiting example, set forth below (with claim language in bold and italics) is exemplary evidence of infringement of Claim 12 of the '873 Patent in connection with the Accused Products. This description is based on publicly available information. Precis reserves the right to modify this description, including, for example, on the basis of information about the Accused Products that it obtains during discovery. *12(a): The system of claim 11, wherein the PMC is further configured to one of:* As stated above, the Accused Products meet claim 11. *12(b) provide the one or more codes to the dealer through the second telecommunication channel; or;* The Tracfone system can provide codes to the contracted retailer or authorized reseller through an internet connection; *12(c) provide the one or more codes to the provider's web site through the second telecommunication channel; and;* The Tracfone system can provide one or more codes to the contracted retailer or authorized reseller's website; *12(d): wherein the provider's web site is configured to communicate the one or more codes to the customer;* the contracted retailer or authorized reseller's website can provide the one or more codes to the customer.

88. Additionally, Defendant Tracfone has been and/or currently is an active inducer of

infringement of the '873 Patent under 35 U.S.C. § 271(b) and contributory infringer of the '873 Patent under 35 U.S.C. § 271(c).

89. Tracfone knew of the '873 Patent, or at least should have known of the '873 Patent, but was willfully blind to its existence. On information and belief, Tracfone has had actual knowledge of the '873 Patent since at least as early as the filing and/or service of this Complaint.

90. Tracfone has provided the Accused Products to its customers and, on information and belief, instructions to use the Accused Products in an infringing manner while being on notice of (or willfully blind to) the '873 Patent and Tracfone's infringement. Therefore, on information and belief, Tracfone knew or should have known of the '873 Patent and of its own infringing acts, or deliberately took steps to avoid learning of those facts.

91. Tracfone knowingly and intentionally encourages and aids at least its end-user customers to directly infringe the '873 Patent.

92. At least as early as the filing and/or service of this Complaint, Tracfone's infringement of the '873 Patent was and continues to be willful and deliberate, entitling Precis to enhanced damages.

93. Additional allegations regarding Tracfone's knowledge of the '873 Patent and willful infringement will likely have evidentiary support after a reasonable opportunity for discovery.

94. Tracfone's infringement of the '873 Patent is exceptional and entitles Precis to attorneys' fees and costs incurred in prosecuting this action under 35 U.S.C. § 285.

95. Precis is in compliance with any applicable marking and/or notice provisions of 35 U.S.C. § 287 with respect to the '873 Patent.

96. Precis is entitled to recover from Tracfone all damages that Precis has sustained as

a result of Tracfone's infringement of the '873 Patent, including, without limitation, a reasonable royalty.

**PRAYER FOR RELIEF**

WHEREFORE, Precis respectfully requests:

- A. That Judgment be entered that Tracfone has infringed at least one or more claims of the Patents-in-Suit, directly and/or indirectly, literally and/or under the doctrine of equivalents;
- B. An award of damages sufficient to compensate Precis for Tracfone's infringement under 35 U.S.C. § 284, including an enhancement of damages on account of Tracfone's willful infringement;
- C. That the case be found exceptional under 35 U.S.C. § 285 and that Precis be awarded its reasonable attorneys' fees;
- D. Costs and expenses in this action;
- E. An award of prejudgment and post-judgment interest; and
- F. Such other and further relief as the Court may deem just and proper.

**DEMAND FOR JURY TRIAL**

Pursuant to Rule 38(b) of the Federal Rules of Civil Procedure, Precis respectfully demands a trial by jury on all issues triable by jury.

Dated: April 21, 2020

Respectfully submitted,

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*Attorneys for Plaintiff*  
*Precis Group LLC*

# EXHIBIT A



US009813564B1

(12) **United States Patent**  
**Wendt et al.**

(10) **Patent No.:** **US 9,813,564 B1**  
 (45) **Date of Patent:** **Nov. 7, 2017**

(54) **SECURED PRE-PAYMENT FOR PORTABLE COMMUNICATION UNIT**

(71) Applicant: **Peter D. Wendt**, Peoria, AZ (US)

(72) Inventors: **Peter D. Wendt**, Peoria, AZ (US);  
**Daniel S. Karvonen**, Mankato, MN (US)

(73) Assignee: **Peter D. Wendt**, Peoria, AZ (US)

(\*) Notice: Subject to any disclaimer, the term of this patent is extended or adjusted under 35 U.S.C. 154(b) by 0 days.

(21) Appl. No.: **15/390,325**

(22) Filed: **Dec. 23, 2016**

**Related U.S. Application Data**

(63) Continuation of application No. 09/559,272, filed on Apr. 27, 2000, now abandoned.

(51) **Int. Cl.**  
**H04M 11/00** (2006.01)  
**H04M 17/00** (2006.01)  
**G06Q 20/28** (2012.01)  
**G06Q 20/40** (2012.01)  
**G06Q 20/32** (2012.01)

(52) **U.S. Cl.**  
 CPC ..... **H04M 17/302** (2013.01); **G06Q 20/28** (2013.01); **G06Q 20/3223** (2013.01); **G06Q 20/4037** (2013.01)

(58) **Field of Classification Search**  
 USPC ..... 455/406; 379/114.01, 144.01, 114.16  
 See application file for complete search history.

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			380/228
2003/0026404 A1 *	2/2003	Joyce	G06Q 20/00
			379/144.01

\* cited by examiner

*Primary Examiner* — David Q Nguyen

(74) *Attorney, Agent, or Firm* — IPTechLaw

(57) **ABSTRACT**

In a method of payment for service of a portable communication unit, a customer prepays a dealer for said service, the dealer forwards transaction order information about the pre-payment to a prepaid management center (PMC); and the PMC provides a bank the transaction order information. The bank, upon receipt of the transaction order information from the PMC, determines whether there are sufficient funds in the dealer account to cover the transaction. If there is insufficient cash on hand, the dealer is notified and is provided an opportunity to replenish the account so that the transaction may proceed. If there are adequate funds in the dealer account, the bank automatically transfers the amount of the purchase transaction in the SPS account, less the dealer's fee for the purchase. After funds are transferred from the dealer account, the PMC is notified of the transfer, at which time the PMC generates codes and issues the codes to the dealer. The dealer transfers the codes to the user and the user enters the codes into the unit. On a regular basis the bank electronically transfers funds from the SPS account into accounts held by parties entitled to receive the funds.

**3 Claims, 3 Drawing Sheets**

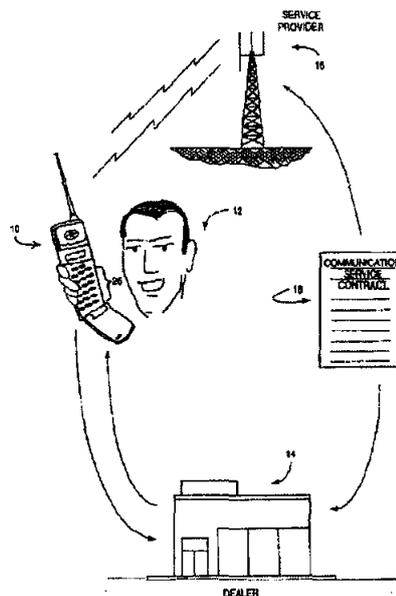
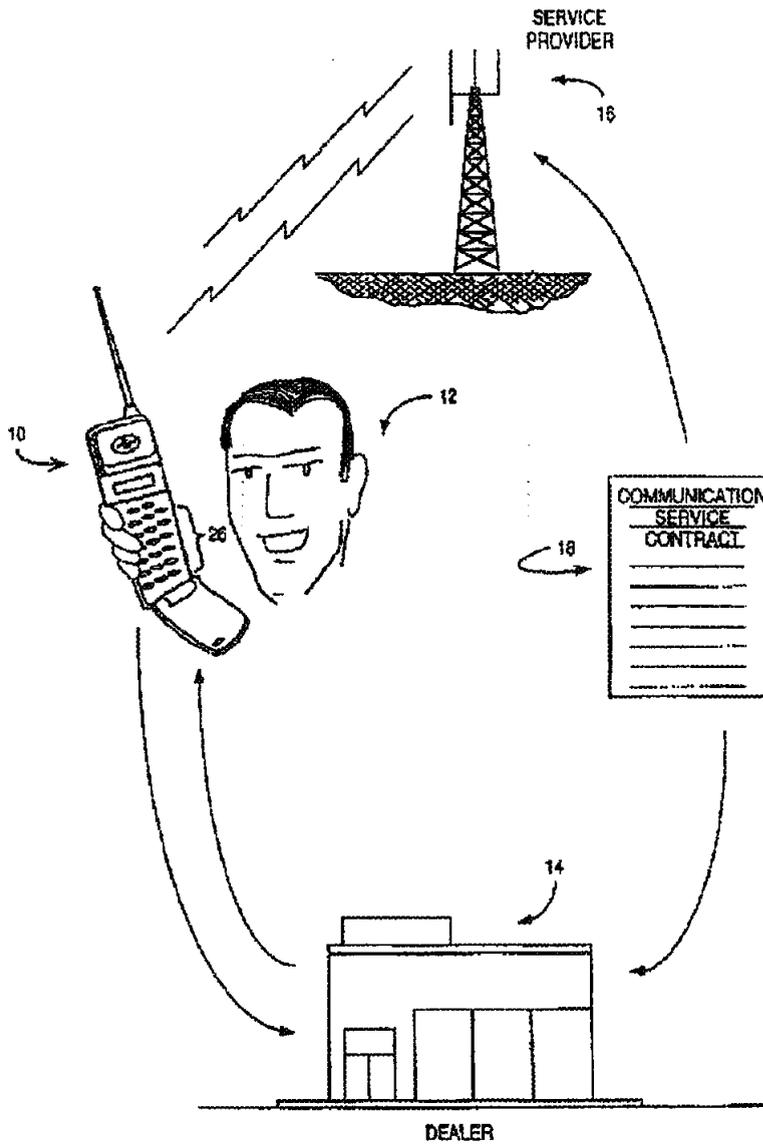


Fig. 1



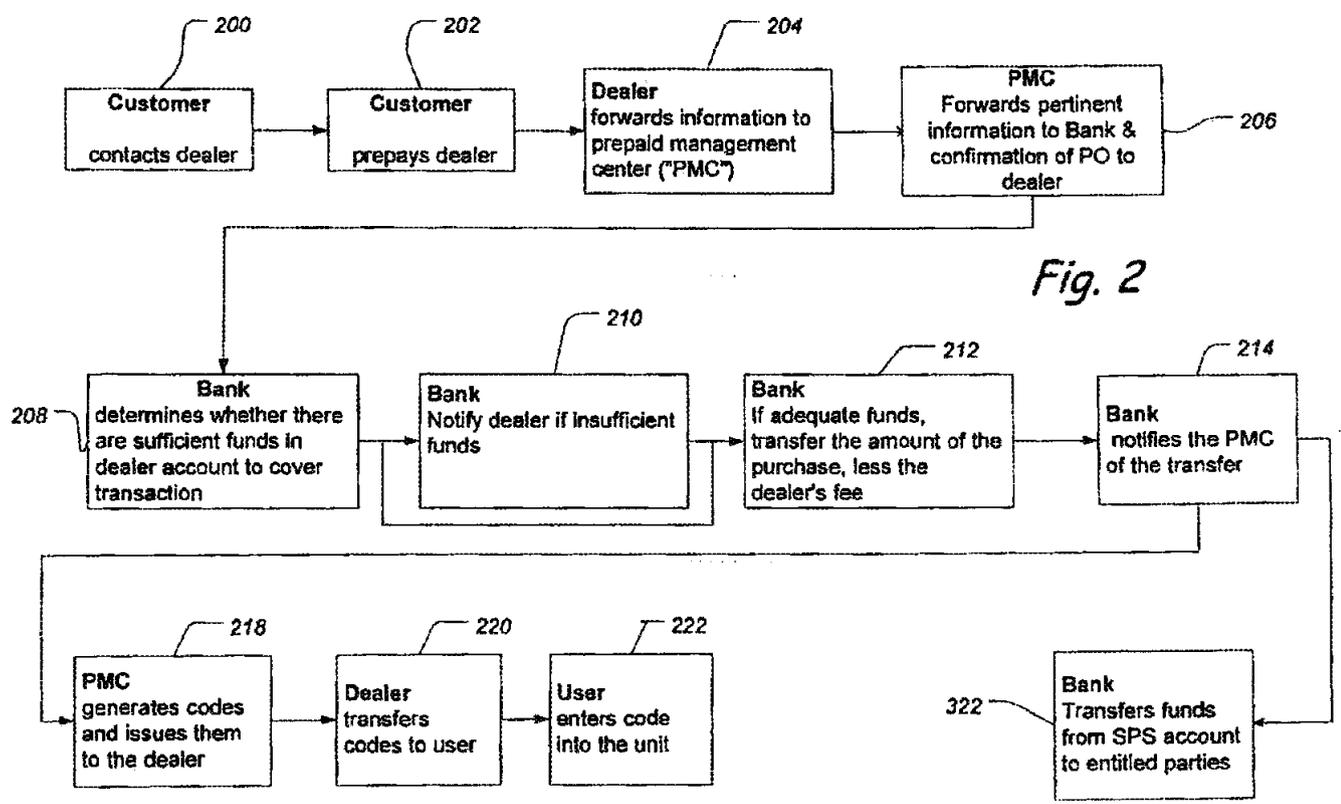


Fig. 2

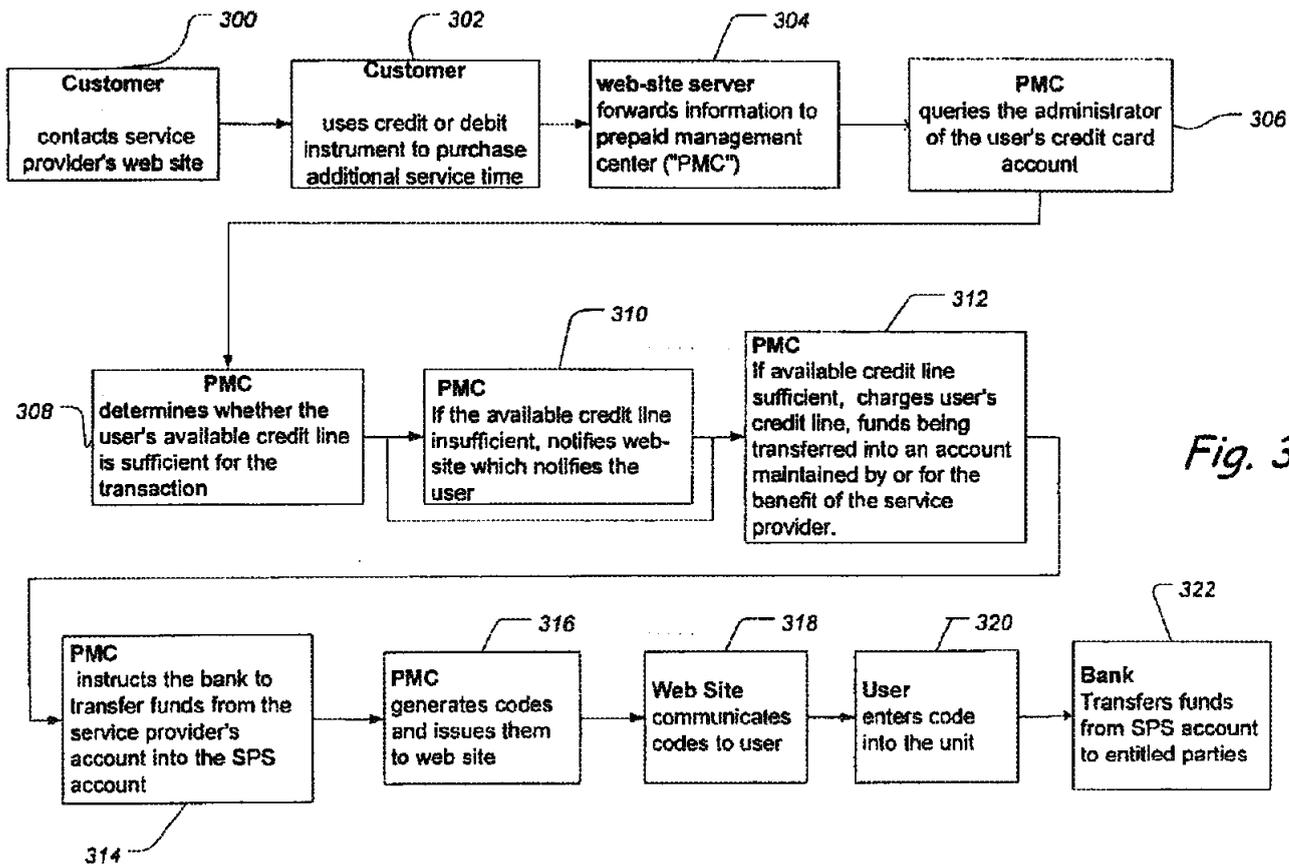


Fig. 3

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## SECURED PRE-PAYMENT FOR PORTABLE COMMUNICATION UNIT

### CROSS REFERENCE TO RELATED APPLICATIONS

This application is a continuation application of the earlier U.S. Utility Patent Application to Peter D. Wendl and Daniel S. Karvonen entitled "Secured pre-payment for communication unit," application Ser. No. 09/559,272, filed Apr. 27, 2000, now abandoned, the disclosure of which is hereby incorporated entirely herein by reference.

### BACKGROUND

#### 1. Technical Field

This invention relates to a payment system, and more particularly, to a secure prepayment system for portable communication units that operate based upon discrete allocable blocks of service time.

#### 2. Background Art

The advent of portable communications devices, including cellular telephones and other hand-held computing devices with wireless capabilities, has vastly increased over the last few years. It is currently estimated that there are over sixty million Americans owning and operating cellular telephones. However, because of the inherent mobility of portable communications devices, it is easy for them to be stolen. Theft of a portable communication service, particularly cellular telephone service, represents a major problem to the telecommunication industry. If a user can establish that service was unauthorized, the service provider loses revenue for the unauthorized service.

It is also easy for cellular telephones, as with regular telephones, to be used beyond the credit capacity of their owners. For this reason, most providers of cellular service require users to have a good credit history in order to obtain services.

Cellular telephone service providers therefore exclude as potential clients a potentially large segment of the population rather than assume a risk of loss, either due to theft or overuse.

### SUMMARY

It is desirable to provide portable communication service to a larger segment of the population than is presently being served. More specifically, it is desirable to provide a portable communication system which allows users with insufficient or poor credit history to purchase service.

In addition, it is desirable to provide a system where individuals and entities can maintain tighter cost controls by limiting users to a fixed allocation of service time.

It is desirable for service providers to receive payment in advance of the actual provision of services to receive the time-value benefit of the payments.

It is desirable for service providers to receive prepayment to eliminate problems with accounts receivable due to failure to pay either by users or by dealers who fail to forward collected funds to the service providers.

This invention addresses and overcomes the limitations of prior systems, by providing a unique portable communication system which comprises, in conjunction, a unique portable communication unit that may be easily configured to provide portable communication services in discrete

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predetermined blocks of service time, along with a secure system of prepayment for use of the communication unit and service time.

In accordance with a preferred embodiment of this system, the user pays before any service time is transferred to the user. Funds representing the prepayment are transferred to a secure fiduciary bank account from which the funds are later disbursed to the parties entitled to receive them. Only after the funds have been transferred to the fiduciary account is the user provided with codes which activate blocks of service time on the user's portable communication unit.

Thus this system of payment insulates the prepaid funds for the benefit of all the parties entitled to receive a share of the funds.

In some preferred embodiments of this invention, a dealer provides authorization in the form of an authorization code which is entered into the unit and which, upon validation by the unit, activates service time. In addition to the above, this system protects the proprietary method of code generation from unnecessary exposure to third parties. At the same time the system also renders the generation of the codes essentially invisible to the user. This strengthens the relationship between the service provider (or dealer) and the user, and minimizes the churning that is a problem in the telecommunication industry.

### BRIEF DESCRIPTION OF THE DRAWINGS

The above and other objects and advantages of the invention will be apparent upon consideration of the following detailed description, taken in conjunction with the accompanying drawings, in which the reference characters refer to like parts throughout and in which:

FIG. 1 illustrates a graphical representation of one general environment for use of the present invention;

FIG. 2 illustrates the flow of the pre-payment system according to an embodiment of the present invention; and

FIG. 3 illustrates the flow of the pre-payment system according to another embodiment of the present invention.

### DESCRIPTION

With reference to FIG. 1, a portable communication unit user/customer 12 may obtain a portable communication unit 10, for example, from a dealer 14 or similar provider of such equipment, such as a telephone service provider, a vending machine, a rental outlet, a manufacturer or a virtual point of sale. Alternatively, the user 12 may separately purchase a portable communication unit 10 and enter into an agreement (e.g., communication service contract 18 for service with a dealer 14 or directly with the service provider 16). The portable communication unit 10 is such as the one described in detail in U.S. Pat. No. 5,983,091 title "Portable Communication Unit with Discrete Allocable Blocks of Airtime," dated Nov. 9, 1999, the contents of which are incorporated herein by reference. The portable communication unit 10 may be a cellular telephone or a digital communication system having voice, audio, data and/or image communication capability, such as a hand-held computing device with wireless capability or a wireless MP3 device.

In some environments, the portable communication service user 12 contacts a dealer 14 that offers the sale or use of a unit 10 in accordance with the present invention. Upon initial purchase or rental of a unit 10 or upon initial activation of portable communication service, the user 12 will be able to use the unit 10 for a predetermined, yet limited amount of service time. For example, the unit 10 may have

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one block of service time available so a user 12 may be able to use the unit 10 for an aggregate of forty-five minutes of service time. After the current block of service time has been used, according to one arrangement, the user 12 may contact the dealer 14 to obtain authorization for another block of service time.

The dealer 14 provides the authorization in the form of an authorization code which is entered into the unit 10 and which, upon validation by the unit 10, activates the newly purchased service time. In preferred embodiments of this invention, the dealer 14 requires the user 12 to prepay for service time before providing the user 12 with authorization codes for additional time. The authorization codes themselves are generated by a prepaid management center ("PMC") which provides the codes to the dealer. In some preferred embodiments, codes are generated in the manner described in U.S. Pat. No. 5,983,091. The secure payment system of a preferred embodiment of this invention operates as follows (with reference to FIGS. 1-2).

When requiring new service or additional service time, the user 12 contacts a dealer 14 to purchase authorization codes for service time (at 200). This contact may be in person, by telephone, or over the Internet. At this time the user 12, either by choice or as required by the user's contract 18 with the dealer 14, prepays the dealer an amount for a block of service time (at 202). Dealers may sell service time in blocks of fixed size, e.g., 30, 60 and 120 minute blocks. In addition, dealers may distinguish between different kinds of service time, e.g., local airtime, domestic roaming airtime and international airtime.

When the user 12 has prepaid the dealer 14 for the service time, the dealer 14 forwards (at 204) to a prepaid management center ("PMC") the information of the service time purchase, including the amount of service time purchased and the Electronic Serial Number ("ESN") or other unique identifier particular to the portable communication unit 10. In some preferred embodiments, the ESN is a serial number which is unique to each portable communication unit 10, such as described in U.S. Pat. No. 5,983,091.

When the PMC receives the information concerning the purchase of service time, the PMC forwards (at 206) pertinent information to a bank or other financial institution capable of maintaining depository accounts. The bank has an account established by the dealer 14, and it also has a secured payment system ("SPS") account. In a preferred embodiment of the invention, the bank also has accounts established by other dealers, by the PMC and by one or more service providers of various types, such as wireless, land line, and long distance. However, these other accounts may be established at financial institutions other than the bank.

Upon receipt of the transaction information from the PMC, the bank, acting as a fiduciary, determines whether there are sufficient funds in the dealer account to cover the purchase transaction (at 208). If there is insufficient cash on hand, the dealer 14 is so notified (at 210) and given an opportunity to replenish the account so that the transaction may proceed. In a preferred embodiment of this invention, each dealer account has a pre-determined minimum balance to prevent inadvertent cash deficiencies.

If the bank determines that there are adequate funds in the dealer account, the bank automatically transfers (at 212) the amount of the purchase transaction in the SPS account less the dealer's fee for the purchase. The bank is aware of the dealer's fee arrangement for each dealer account.

After the funds are transferred from the dealer account, the bank notifies the PMC of the transfer (at 214). The PMC at this time generates codes and issues them to the dealer (at

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218). The dealer 14 then transfers the codes to the user 12 (at 220) and the user enters the code into the unit 10 (at 222), thus increasing the amount of available service time with the device. A preferred manner in which the codes are generated and in which the service time is added to the device is described in detail in U.S. Pat. No. 5,983,091. On a regular basis, e.g., daily, the bank electronically transfers funds from the SPS account into accounts held by parties entitled to receive the funds, which may include the dealer, the PMC, one or more service providers, and sales entities (at 322).

In an alternative embodiment of this invention, e.g., as shown in FIG. 3, the user 12 has a direct relationship with the service provider, and the service provider maintains a web-site devoted to the sale of additional units of service time. To purchase additional service time, the user 12 contacts the web-site (at 300) and uses a credit card or other similar debit or credit instrument to purchase (at 302) additional service time. In this embodiment, the web-site server forwards the transaction information to the PMC (at 304), the PMC queries the administrator of the user's credit card account (at 306) and determines whether the user's available credit line is sufficient for the transaction (at 308). If the available credit line is insufficient, then the PMC so notifies the web-site which in turn notifies the user 12 (at 310). If the available credit line is sufficient, then the PMC, charges the user's credit line (at 312) the appropriate amount with the funds being transferred into an account maintained by or for the benefit of the service provider. The PMC also instructs the bank (at 314) to transfer funds from the service provider's account into the SPS account. The PMC (at 316) then generates the codes and issues them to the web-site server, which in turn communicates the codes (at 318) to the user 12. The user 12 then enters the codes into the unit 10 (at 320). On a regular basis, e.g., daily, the bank electronically transfers funds from the SPS account into accounts held by parties entitled to receive the funds, which may include the dealer, the PMC, one or more service providers, and sales entities (at 322).

This procedure alleviates concerns about future reversals of credit card charges. Alternatively, the funds could be transferred directly from the credit card account into the SPS account.

When a credit card account is used, the account could be charged automatically on a periodic basis, with the new codes being made available to the user 12 by telephone, e-mail or web-site. The procedure would be useful, for example, for parents of a college student who wish to make a pre-determined and limited amount of communication service available to the student.

Each portable communication unit 10 is identified and linked to its home service provider. Thus, when the PMC issues codes to the user 12 via the dealer 14 or the service provider web-site, the PMC also notifies the service provider of the sale of service time. When the user 12 uses the unit 10, the software in the communication unit 10 decrements the amount of service time spent for that communication session. The specific cost for service time, and division of service time between home time, roaming time, international time, etc., is determined by the carrier associated with that particular phone. From the perspective of the carrier, there is little risk of overuse of the phone because the phone is programmed to stop functioning when the prepaid service time has been used up. At regular intervals, e.g., daily, the bank electronically transfers funds from the SPS account into the dealer account, the service provider account, and the PMC account.

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Note that the various transactions described above, including those performed by the bank and/or the PMC are preferably computerized. In addition, the transfer of information can be done with encryption and/or a virtual private network, thus increasing the security of the overall system. Further, the various parties (e.g., the banks, dealers, PCM, and SPS) may produce routine or specialized reports relating to the service. Thus, in some aspects, this invention provides computerized record-keeping systems that track and record transactions of various methods of prepayment for service of portable communication units. In addition, preferably the computerized record-keeping system produces reports of such transactions and of the status of related financial services.

The codes may also be purchased at the same time the communication unit 10 itself is purchased. For example, a customer 12 may purchase a telephone unit from a vending machine with time already loaded into the phone. In that case, the information regarding the sale of the service time will be electronically retrieved from the vending machine on the day of sale of the telephone unit, and funds can be disbursed from the SPS account that same day. If the telephone unit is sold to a dealer 14 with service time pre-loaded, then the funds will be disbursed from the SPS account on the day the telephone is sold or delivered to the dealer 14. In these instances, there will be no need for the PMC to generate and issue codes at the time of sale because the codes will have been previously generated and pre-loaded into the phone.

While the present invention has been described with reference to providing a prepayment system for cellular telephones, the methods, systems and devices of this invention are considered to be general constructs covering other prepayment systems.

In addition, just as the described secure prepayment system allows a user to obtain a code which, through keypad entry, activates discrete allocable blocks of communication service, such as cellular telephone service, the same process allows the purchase of codes to activate other forms of service, such as stock market update service, computer games, utility service, highway toll service, etc.

Thus, are provided methods and systems for secured pre-payment for portable communication units. One skilled in the art will appreciate that the present invention can be practiced by other than the described embodiments, which are presented for purposes of illustration and not limitation, and the present invention is limited only by the claims that follow.

The invention claimed is:

1. A method of prepayment for service on a telecommunications system using a portable communication unit (PCU), the method comprising:

a customer prepaying a dealer for service on a telecommunications system;

the dealer forwarding transaction order information about the pre-payment to a prepaid management center (PMC);

the PMC providing a bank the transaction order information;

upon receipt of the transaction order information from the PMC, the bank determining whether there are sufficient funds in a dealer account to cover an amount of the transaction;

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if insufficient funds are in the dealer account, the bank notifying the dealer and providing the dealer an opportunity to replenish the account so the transaction may proceed;

if sufficient funds are in the dealer account, the bank automatically transferring the amount of the transaction from the dealer account to a secure payment system (SPS) account, less a dealer's fee for the transaction; after funds have been transferred from the dealer account to the SPS account, notifying the PMC of the transfer; after notification, the PMC generating codes required to enable the PCU to provide the service on the telecommunication system and issuing the codes to the dealer; the dealer transferring the codes to the customer; the customer entering the codes into the PCU, enabling the PCU to provide the service on the telecommunication system.

2. A method of prepayment for service on a telecommunications system using a portable communication unit (PCU), the method comprising:

a customer prepaying a dealer for service on a telecommunications system using a first telecommunication channel;

the dealer forwarding transaction order information about the pre-payment to a prepaid management center (PMC) using a second telecommunication channel;

the PMC providing a bank the transaction order information using a third telecommunication channel;

upon receipt of the transaction order information from the PMC from the third telecommunication channel, the bank determining whether there are sufficient funds in a dealer account to cover an amount of the transaction;

if insufficient funds are in the dealer account, the bank notifying the dealer using the third telecommunication channel and providing the dealer an opportunity to replenish the account so the transaction may proceed;

if sufficient funds are in the dealer account, the bank automatically transferring the amount of the transaction from the dealer account to a secure payment system (SPS) account using a fourth telecommunication channel, less a dealer's fee for the transaction;

after funds have been transferred from the dealer account to the SPS account, the telecommunications system notifying the PMC of the transfer using a fifth telecommunication channel in response to the funds transfer into the SPS account;

after notification, the PMC generating codes required to enable the PCU to provide the service on the telecommunication system and issuing the codes to the dealer using a sixth telecommunication channel;

the dealer transferring the codes to the customer using the first telecommunication channel;

the customer entering the codes into the PCU;

the PCU processing the codes; and

the PCU using the result of processing the codes to provide the service on the telecommunication system.

3. The system of claim 2, wherein the first telecommunication channel, the second telecommunication channel, the third telecommunication channel, the fourth telecommunication channel, the fifth telecommunication channel, and the sixth telecommunication channel are one of a telephone network and the Internet.

\* \* \* \* \*

# EXHIBIT B

(12) **United States Patent**  
**Wendt et al.**

(10) **Patent No.:** US 10,057,432 B1  
 (45) **Date of Patent:** \*Aug. 21, 2018

(54) **SECURED PRE-PAYMENT FOR PORTABLE COMMUNICATION UNIT**

(56) **References Cited**

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(\* ) Notice: Subject to any disclaimer, the term of this patent is extended or adjusted under 35 U.S.C. 154(b) by 0 days.  
 This patent is subject to a terminal disclaimer.

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Primary Examiner — David Q Nguyen  
 (74) Attorney, Agent, or Firm — IP TechLaw

(21) Appl. No.: 15/805,081  
 (22) Filed: Nov. 6, 2017

**Related U.S. Application Data**

(63) Continuation of application No. 15/390,325, filed on Dec. 23, 2016, now Pat. No. 9,813,564, which is a continuation of application No. 09/559,272, filed on Apr. 27, 2000, now abandoned.

(51) **Int. Cl.**  
*H04M 11/00* (2006.01)  
*H04M 17/00* (2006.01)  
*G06Q 20/32* (2012.01)  
*G06Q 20/28* (2012.01)  
*G06Q 20/40* (2012.01)  
 (52) **U.S. Cl.**  
 CPC ..... *H04M 17/302* (2013.01); *G06Q 20/28* (2013.01); *G06Q 20/3223* (2013.01); *G06Q 20/4037* (2013.01)

(58) **Field of Classification Search**  
 USPC ..... 455/406; 379/114.01, 144.01  
 See application file for complete search history.

(57) **ABSTRACT**

In a method of payment for service of a portable communication unit, a customer prepays a dealer for said service, the dealer forwards transaction order information about the pre-payment to a prepaid management center (PMC); and the PMC provides a bank the transaction order information. The bank, upon receipt of the transaction order information from the PMC, determines whether there are sufficient funds in the dealer account to cover the transaction. If there is insufficient cash on hand, the dealer is notified and is provided an opportunity to replenish the account so that the transaction may proceed. If there are adequate funds in the dealer account, the bank automatically transfers the amount of the purchase transaction in the SPS account, less the dealer's fee for the purchase. After funds are transferred from the dealer account, the PMC is notified of the transfer, at which time the PMC generates codes and issues the codes to the dealer. The dealer transfers the codes to the user and the user enters the codes into the unit. On a regular basis the bank electronically transfers funds from the SPS account into accounts held by parties entitled to receive the funds.

3 Claims, 3 Drawing Sheets

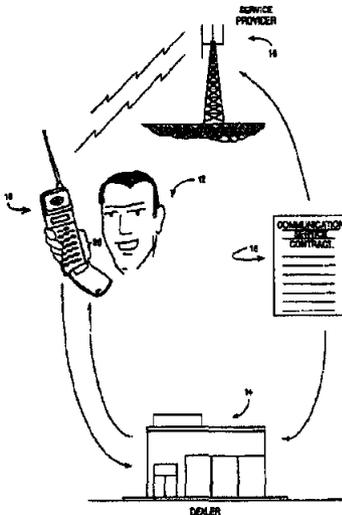
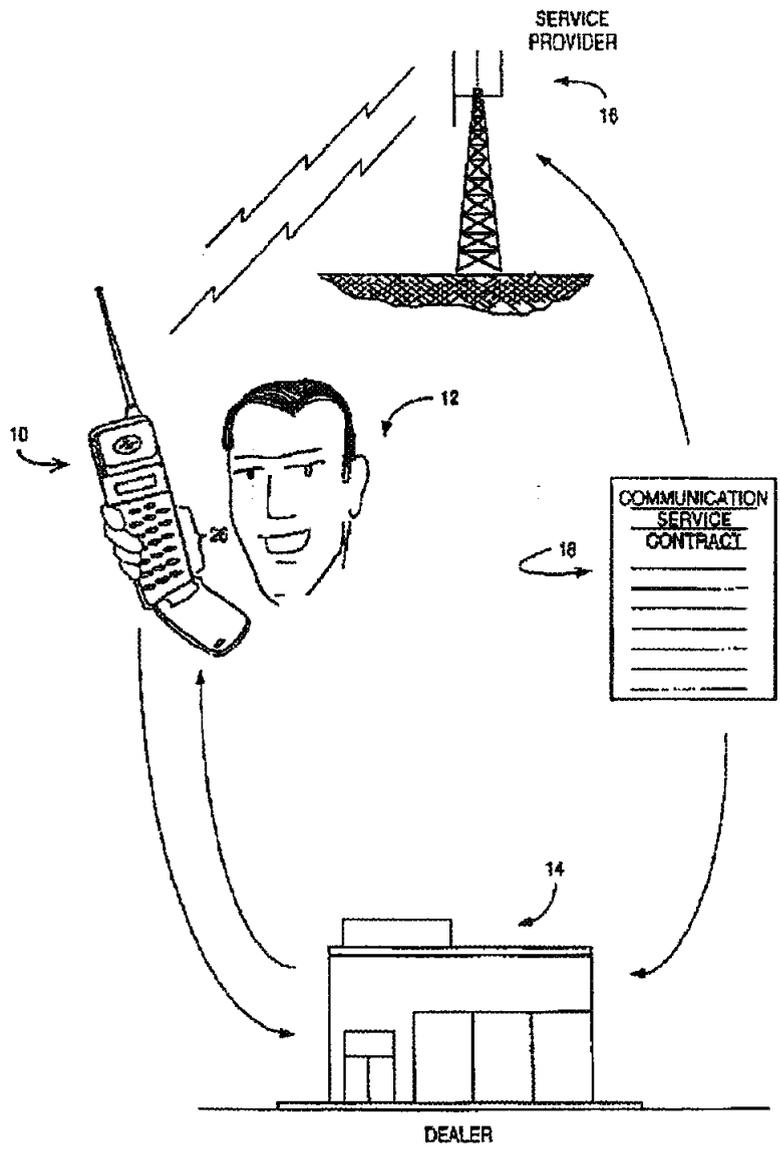
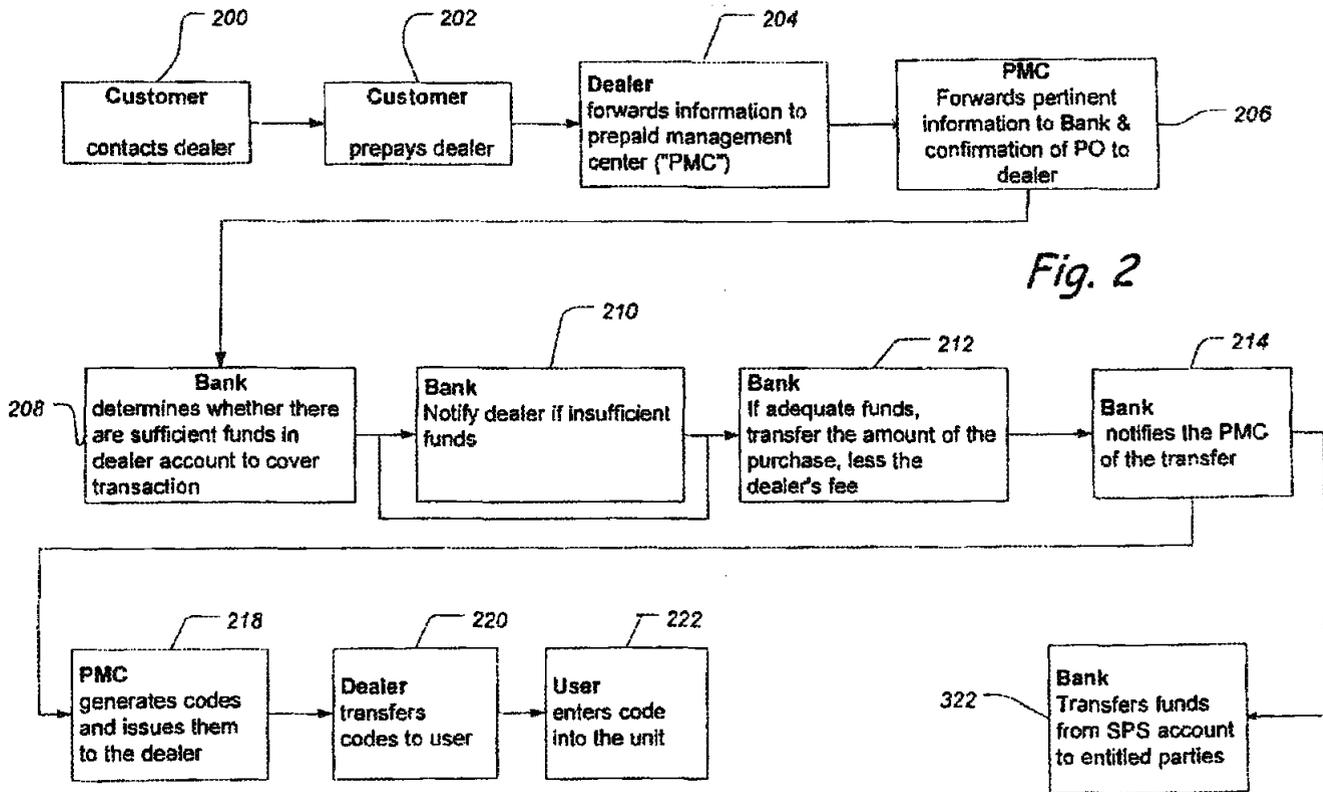
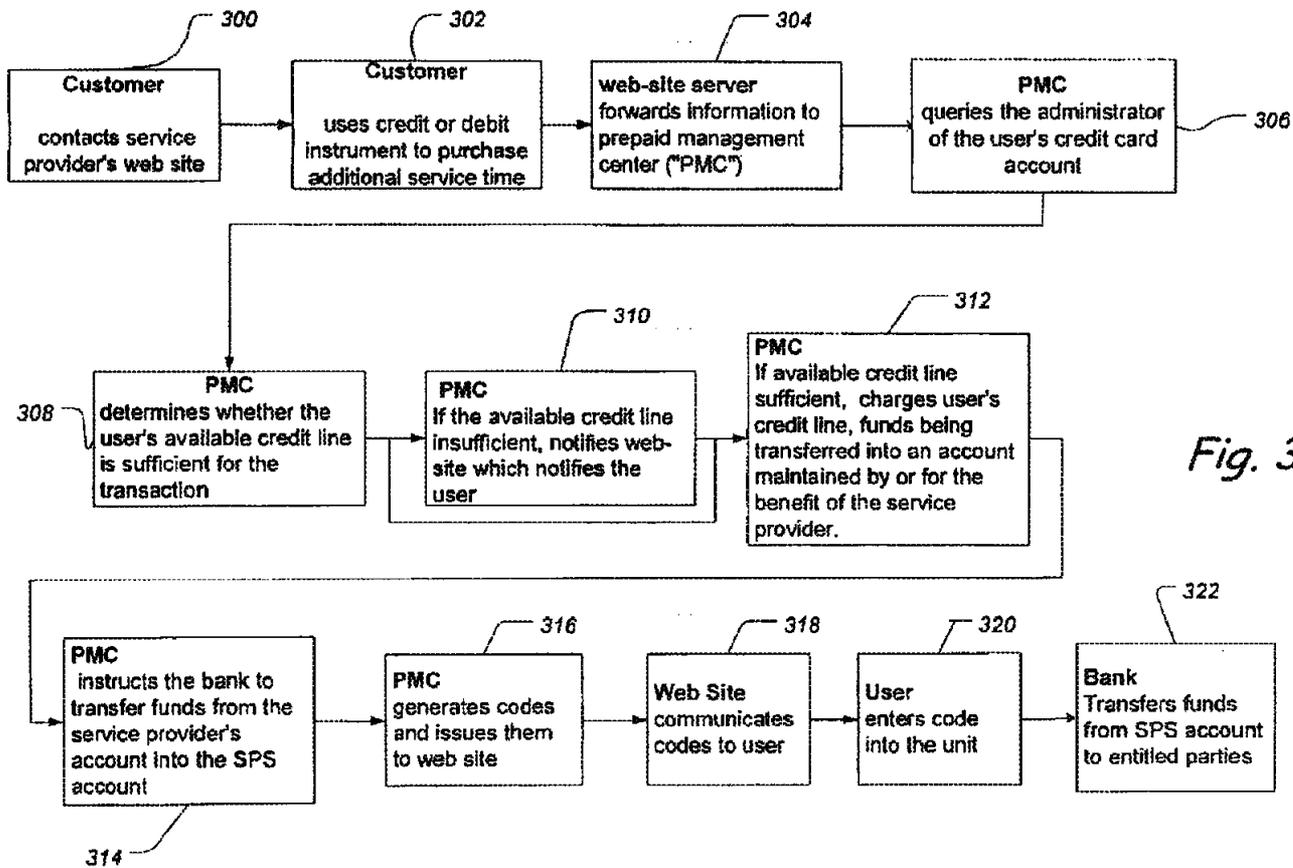


Fig. 1







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**SECURED PRE-PAYMENT FOR PORTABLE  
COMMUNICATION UNIT****CROSS REFERENCE TO RELATED  
APPLICATIONS**

This application is a continuation application of the earlier U.S. Utility Patent Application to Peter D. Wendt and Daniel S. Karvonen entitled "Secured pre-payment for communication unit," application Ser. No. 15/390,325, filed Dec. 23, 2016, now pending, which is a continuation application of the earlier U.S. Utility Patent Application to Peter D. Wendt and Daniel S. Karvonen entitled "Secured pre-payment for communication unit," application Ser. No. 09/559,272, filed Apr. 27, 2000, now abandoned, the disclosure of which is hereby incorporated entirely herein by reference.

**BACKGROUND****1. Technical Field**

This invention relates to a payment system, and more particularly, to a secure prepayment system for portable communication units that operate based upon discrete allocable blocks of service time.

**2. Background Art**

The advent of portable communications devices, including cellular telephones and other hand-held computing devices with wireless capabilities, has vastly increased over the last few years. It is currently estimated that there are over sixty million Americans owning and operating cellular telephones. However, because of the inherent mobility of portable communications devices, it is easy for them to be stolen. Theft of a portable communication service, particularly cellular telephone service, represents a major problem to the telecommunication industry. If a user can establish that service was unauthorized, the service provider loses revenue for the unauthorized service.

It is also easy for cellular telephones, as with regular telephones, to be used beyond the credit capacity of their owners. For this reason, most providers of cellular service require users to have a good credit history in order to obtain services.

Cellular telephone service providers therefore exclude as potential clients a potentially large segment of the population rather than assume a risk of loss, either due to theft or overuse.

**SUMMARY**

It is desirable to provide portable communication service to a larger segment of the population than is presently being served. More specifically, it is desirable to provide a portable communication system which allows users with insufficient or poor credit history to purchase service.

In addition, it is desirable to provide a system where individuals and entities can maintain tighter cost controls by limiting users to a fixed allocation of service time.

It is desirable for service providers to receive payment in advance of the actual provision of services to receive the time-value benefit of the payments.

It is desirable for service providers to receive prepayment to eliminate problems with accounts receivable due to failure to pay either by users or by dealers who fail to forward collected funds to the service providers.

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This invention addresses and overcomes the limitations of prior systems, by providing a unique portable communication system which comprises, in conjunction, a unique portable communication unit that may be easily configured to provide portable communication services in discrete predetermined blocks of service time, along with a secure system of prepayment for use of the communication unit and service time.

In accordance with a preferred embodiment of this system, the user pays before any service time is transferred to the user. Funds representing the prepayment are transferred to a secure fiduciary bank account from which the funds are later disbursed to the parties entitled to receive them. Only after the funds have been transferred to the fiduciary account is the user provided with codes which activate blocks of service time on the user's portable communication unit.

Thus this system of payment insulates the prepaid funds for the benefit of all the parties entitled to receive a share of the funds.

In some preferred embodiments of this invention, a dealer provides authorization in the form of an authorization code which is entered into the unit and which, upon validation by the unit, activates service time. In addition to the above, this system protects the proprietary method of code generation from unnecessary exposure to third parties. At the same time the system also renders the generation of the codes essentially invisible to the user. This strengthens the relationship between the service provider (or dealer) and the user, and minimizes the churning that is a problem in the telecommunication industry.

**BRIEF DESCRIPTION OF THE DRAWINGS**

The above and other objects and advantages of the invention will be apparent upon consideration of the following detailed description, taken in conjunction with the accompanying drawings, in which the reference characters refer to like parts throughout and in which:

FIG. 1 illustrates a graphical representation of one general environment for use of the present invention;

FIG. 2 illustrates the flow of the pre-payment system according to an embodiment of the present invention; and

FIG. 3 illustrates the flow of the pre-payment system according to another embodiment of the present invention.

**DESCRIPTION**

With reference to FIG. 1, a portable communication unit user/customer 12 may obtain a portable communication unit 10, for example, from a dealer 14 or similar provider of such equipment, such as a telephone service provider, a vending machine, a rental outlet, a manufacturer or a virtual point of sale. Alternatively, the user 12 may separately purchase a portable communication unit 10 and enter into an agreement (e.g., communication service contract 18 for service with a dealer 14 or directly with the service provider 16). The portable communication unit 10 is such as the one described in detail in U.S. Pat. No. 5,983,091 title "Portable Communication Unit with Discrete Allocable Blocks of Airtime," dated Nov. 9, 1999, the contents of which are incorporated herein by reference. The portable communication unit 10 may be a cellular telephone or a digital communication system having voice, audio, data and/or image communication capability, such as a hand-held computing device with wireless capability or a wireless MP3 device.

In some environments, the portable communication service user 12 contacts a dealer 14 that offers the sale or use

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of a unit 10 in accordance with the present invention. Upon initial purchase or rental of a unit 10 or upon initial activation of portable communication service, the user 12 will be able to use the unit 10 for a predetermined, yet limited amount of service time. For example, the unit 10 may have one block of service time available so a user 12 may be able to use the unit 10 for an aggregate of forty-five minutes of service time. After the current block of service time has been used, according to one arrangement, the user 12 may contact the dealer 14 to obtain authorization for another block of service time.

The dealer 14 provides the authorization in the form of an authorization code which is entered into the unit 10 and which, upon validation by the unit 10, activates the newly purchased service time. In preferred embodiments of this invention, the dealer 14 requires the user 12 to prepay for service time before providing the user 12 with authorization codes for additional time. The authorization codes themselves are generated by a prepaid management center ("PMC") which provides the codes to the dealer. In some preferred embodiments, codes are generated in the manner described in U.S. Pat. No. 5,983,091. The secure payment system of a preferred embodiment of this invention operates as follows (with reference to FIGS. 1-2).

When requiring new service or additional service time, the user 12 contacts a dealer 14 to purchase authorization codes for service time (at 200). This contact may be in person, by telephone, or over the Internet. At this time the user 12, either by choice or as required by the user's contract 18 with the dealer 14, prepaays the dealer an amount for a block of service time (at 202). Dealers may sell service time in blocks of fixed size, e.g., 30, 60 and 120 minute blocks. In addition, dealers may distinguish between different kinds of service time, e.g., local airtime, domestic roaming airtime and international airtime.

When the user 12 has prepaid the dealer 14 for the service time, the dealer 14 forwards (at 204) to a prepaid management center ("PMC") the information of the service time purchase, including the amount of service time purchased and the Electronic Serial Number ("ESN") or other unique identifier particular to the portable communication unit 10. In some preferred embodiments, the ESN is a serial number which is unique to each portable communication unit 10, such as described in U.S. Pat. No. 5,983,091.

When the PMC receives the information concerning the purchase of service time, the PMC forwards (at 206) pertinent information to a bank or other financial institution capable of maintaining depository accounts. The bank has an account established by the dealer 14, and it also has a secured payment system ("SPS") account. In a preferred embodiment of the invention, the bank also has accounts established by other dealers, by the PMC and by one or more service providers of various types, such as wireless, land line, and long distance. However, these other accounts may be established at financial institutions other than the bank.

Upon receipt of the transaction information from the PMC, the bank, acting as a fiduciary, determines whether there are sufficient funds in the dealer account to cover the purchase transaction (at 208). If there is insufficient cash on hand, the dealer 14 is so notified (at 210) and given an opportunity to replenish the account so that the transaction may proceed. In a preferred embodiment of this invention, each dealer account has a pre-determined minimum balance to prevent inadvertent cash deficiencies.

If the bank determines that there are adequate funds in the dealer account, the bank automatically transfers (at 212) the amount of the purchase transaction in the SPS account less

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the dealer's fee for the purchase. The bank is aware of the dealer's fee arrangement for each dealer account.

After the funds are transferred from the dealer account, the bank notifies the PMC of the transfer (at 214). The PMC at this time generates codes and issues them to the dealer (at 218). The dealer 14 then transfers the codes to the user 12 (at 220) and the user enters the code into the unit 10 (at 222), thus increasing the amount of available service time with the device. A preferred manner in which the codes are generated and in which the service time is added to the device is described in detail in U.S. Pat. No. 5,983,091. On a regular basis, e.g., daily, the bank electronically transfers funds from the SPS account into accounts held by parties entitled to receive the funds, which may include the dealer, the PMC, one or more service providers, and sales entities (at 322).

In an alternative embodiment of this invention, e.g., as shown in FIG. 3, the user 12 has a direct relationship with the service provider, and the service provider maintains a web-site devoted to the sale of additional units of service time. To purchase additional service time, the user 12 contacts the web-site (at 300) and uses a credit card or other similar debit or credit instrument to purchase (at 302) additional service time. In this embodiment, the web-site server forwards the transaction information to the PMC (at 304), the PMC queries the administrator of the user's credit card account (at 306) and determines whether the user's available credit line is sufficient for the transaction (at 308). If the available credit line is insufficient, then the PMC so notifies the web-site which in turn notifies the user 12 (at 310). If the available credit line is sufficient, then the PMC, charges the user's credit line (at 312) the appropriate amount with the funds being transferred into an account maintained by or for the benefit of the service provider. The PMC also instructs the bank (at 314) to transfer funds from the service provider's account into the SPS account. The PMC (at 316) then generates the codes and issues them to the web-site server, which in turn communicates the codes (at 318) to the user 12. The user 12 then enters the codes into the unit 10 (at 320). On a regular basis, e.g., daily, the bank electronically transfers funds from the SPS account into accounts held by parties entitled to receive the funds, which may include the dealer, the PMC, one or more service providers, and sales entities (at 322).

This procedure alleviates concerns about future reversals of credit card charges. Alternatively, the funds could be transferred directly from the credit card account into the SPS account.

When a credit card account is used, the account could be charged automatically on a periodic basis, with the new codes being made available to the user 12 by telephone, e-mail or web-site. The procedure would be useful, for example, for parents of a college student who wish to make a pre-determined and limited amount of communication service available to the student.

Each portable communication unit 10 is identified and linked to its home service provider. Thus, when the PMC issues codes to the user 12 via the dealer 14 or the service provider web-site, the PMC also notifies the service provider of the sale of service time. When the user 12 uses the unit 10, the software in the communication unit 10 decrements the amount of service time spent for that communication session. The specific cost for service time, and division of service time between home time, roaming time, international time, etc., is determined by the carrier associated with that particular phone. From the perspective of the carrier, there is little risk of overuse of the phone because the phone is programmed to stop functioning when the prepaid service

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time has been used up. At regular intervals, e.g., daily, the bank electronically transfers funds from the SPS account into the dealer account, the service provider account, and the PMC account.

Note that the various transactions described above, including those performed by the bank and/or the PMC are preferably computerized. In addition, the transfer of information can be done with encryption and/or a virtual private network, thus increasing the security of the overall system. Further, the various parties (e.g., the banks, dealers, PCM, and SPS) may produce routine or specialized reports relating to the service. Thus, in some aspects, this invention provides computerized record-keeping systems that track and record transactions of various methods of prepayment for service of portable communication units. In addition, preferably the computerized record-keeping system produces reports of such transactions and of the status of related financial services.

The codes may also be purchased at the same time the communication unit 10 itself is purchased. For example, a customer 12 may purchase a telephone unit from a vending machine with time already loaded into the phone. In that case, the information regarding the sale of the service time will be electronically retrieved from the vending machine on the day of sale of the telephone unit, and funds can be disbursed from the SPS account that same day. If the telephone unit is sold to a dealer 14 with service time pre-loaded, then the funds will be disbursed from the SPS account on the day the telephone is sold or delivered to the dealer 14. In these instances, there will be no need for the PMC to generate and issue codes at the time of sale because the codes will have been previously generated and pre-loaded into the phone.

While the present invention has been described with reference to providing a prepayment system for cellular telephones, the methods, systems and devices of this invention are considered to be general constructs covering other prepayment systems.

In addition, just as the described secure prepayment system allows a user to obtain a code which, through keypad entry, activates discrete allocable blocks of communication service, such as cellular telephone service, the same process allows the purchase of codes to activate other forms of service, such as stock market update service, computer games, utility service, highway toll service, etc.

Thus, are provided methods and systems for secured pre-payment for portable communication units. One skilled in the art will appreciate that the present invention can be practiced by other than the described embodiments, which

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are presented for purposes of illustration and not limitation, and the present invention is limited only by the claims that follow.

The invention claimed is:

1. A method of prepayment for service on a telecommunications system using a portable communication unit (PCU), the method comprising:

receiving a prepayment from a customer at a dealer for service on a telecommunications system using a first telecommunication channel;

receiving transaction order information at a prepaid management center (PMC) from a dealer about the prepayment by the customer to the dealer, the PMC receiving the transaction order information using a second telecommunication channel;

providing a bank the transaction order information using a third telecommunication channel and the PMC;

notifying the dealer using the third telecommunication channel if insufficient funds are determined to be in a dealer account at the bank and providing the dealer an opportunity to replenish the dealer account;

if sufficient funds are determined to be in the dealer account, automatically transferring the amount of the transaction from the dealer account to a secure payment system (SPS) account using a fourth telecommunication channel, less a dealer's fee for the transaction;

after funds have been transferred from the dealer account to the SPS account, notifying the PMC of the transfer using a fifth telecommunication channel in response to the funds transfer into the SPS account;

in response to the funds transfer into the SPS account, generating codes using the PMC to enable the PCU to provide the service on the telecommunication system; transferring the codes to the customer using the first telecommunication channel for entry into the PCU by the customer;

processing the codes using the PCU; and providing the service on the telecommunication system using the result of processing the codes by the PCU.

2. The method of claim 1, further comprising issuing the codes to the dealer using the PMC and a sixth telecommunication channel.

3. The system of claim 1, wherein the first telecommunication channel, the second telecommunication channel, the third telecommunication channel, the fourth telecommunication channel, the fifth telecommunication channel, and the sixth telecommunication channel are one of a telephone network and the Internet.

\* \* \* \* \*

# EXHIBIT C

(12) **United States Patent**  
**Wendt et al.**

(10) **Patent No.:** US 10,218,859 B1  
 (45) **Date of Patent:** Feb. 26, 2019

(54) **SECURED PRE-PAYMENT FOR PORTABLE COMMUNICATION UNIT**

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**Daniel S. Karvonen**, Mankato, MN (US)

(72) Inventors: **Peter D. Wendt**, Peoria, AZ (US);  
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(73) Assignee: **Precis Group LLC**, Dover, DE (US)

(\*) Notice: Subject to any disclaimer, the term of this patent is extended or adjusted under 35 U.S.C. 154(b) by 0 days.

(21) Appl. No.: **15/999,139**

(22) Filed: **Aug. 17, 2018**

**Related U.S. Application Data**

(63) Continuation of application No. 15/805,081, filed on Nov. 6, 2017, now Pat. No. 10,057,432, which is a continuation of application No. 15/390,325, filed on Dec. 23, 2016, now Pat. No. 9,813,564, which is a continuation of application No. 09/559,272, filed on Apr. 27, 2000, now abandoned.

(51) **Int. Cl.**  
**H04M 11/00** (2006.01)  
**H04M 17/00** (2006.01)  
**G06Q 20/40** (2012.01)  
**G06Q 20/28** (2012.01)  
**G06Q 20/32** (2012.01)

(52) **U.S. Cl.**  
 CPC ..... **H04M 17/302** (2013.01); **G06Q 20/28** (2013.01); **G06Q 20/3223** (2013.01); **G06Q 20/4037** (2013.01)

(58) **Field of Classification Search**  
 USPC ..... 705/44, 37, 14.7, 36 R; 455/406; 379/114.01  
 See application file for complete search history.

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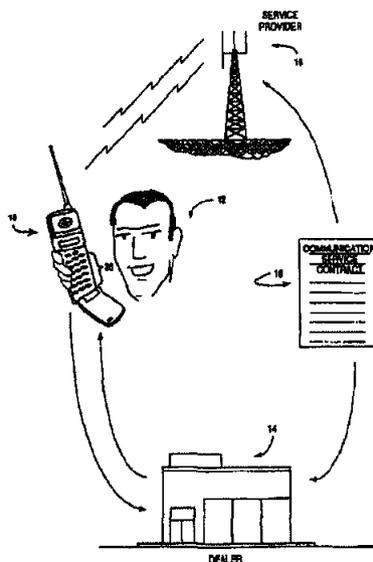
(Continued)

*Primary Examiner* — David Q Nguyen  
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(57) **ABSTRACT**

In a method of payment for service of a portable communication unit, a customer prepays a dealer for said service, the dealer forwards transaction order information about the pre-payment to a prepaid management center (PMC); and the PMC provides a bank the transaction order information. The bank, upon receipt of the transaction order information from the PMC, determines whether there are sufficient funds in the dealer account to cover the transaction. If there is insufficient cash on hand, the dealer is notified and is provided an opportunity to replenish the account so that the transaction may proceed. If there are adequate funds in the dealer account, the bank automatically transfers the amount of the purchase transaction in the SP S account, less the dealer's fee for the purchase. After funds are transferred from the dealer account, the PMC is notified of the transfer, at which time the PMC generates codes and issues the codes to the dealer. The dealer transfers the codes to the user and the user enters the codes into the unit. On a regular basis the bank electronically transfers funds from the SPS account into accounts held by parties entitled to receive the funds.

**9 Claims, 3 Drawing Sheets**



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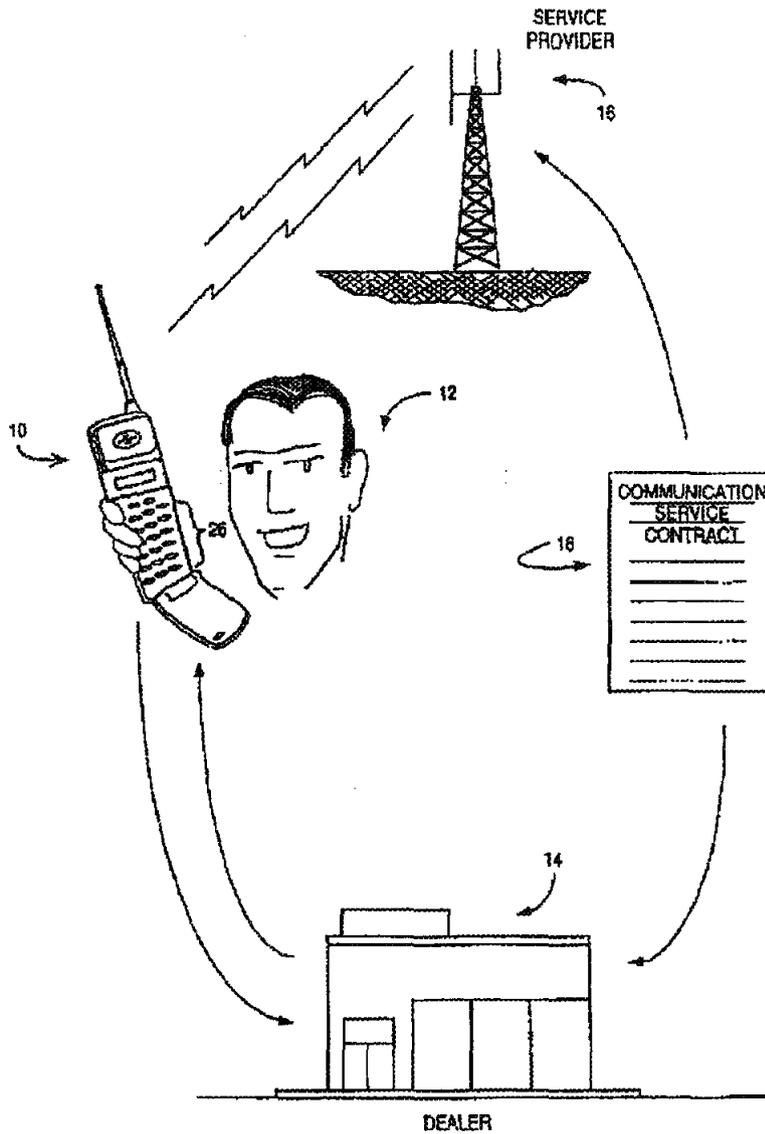
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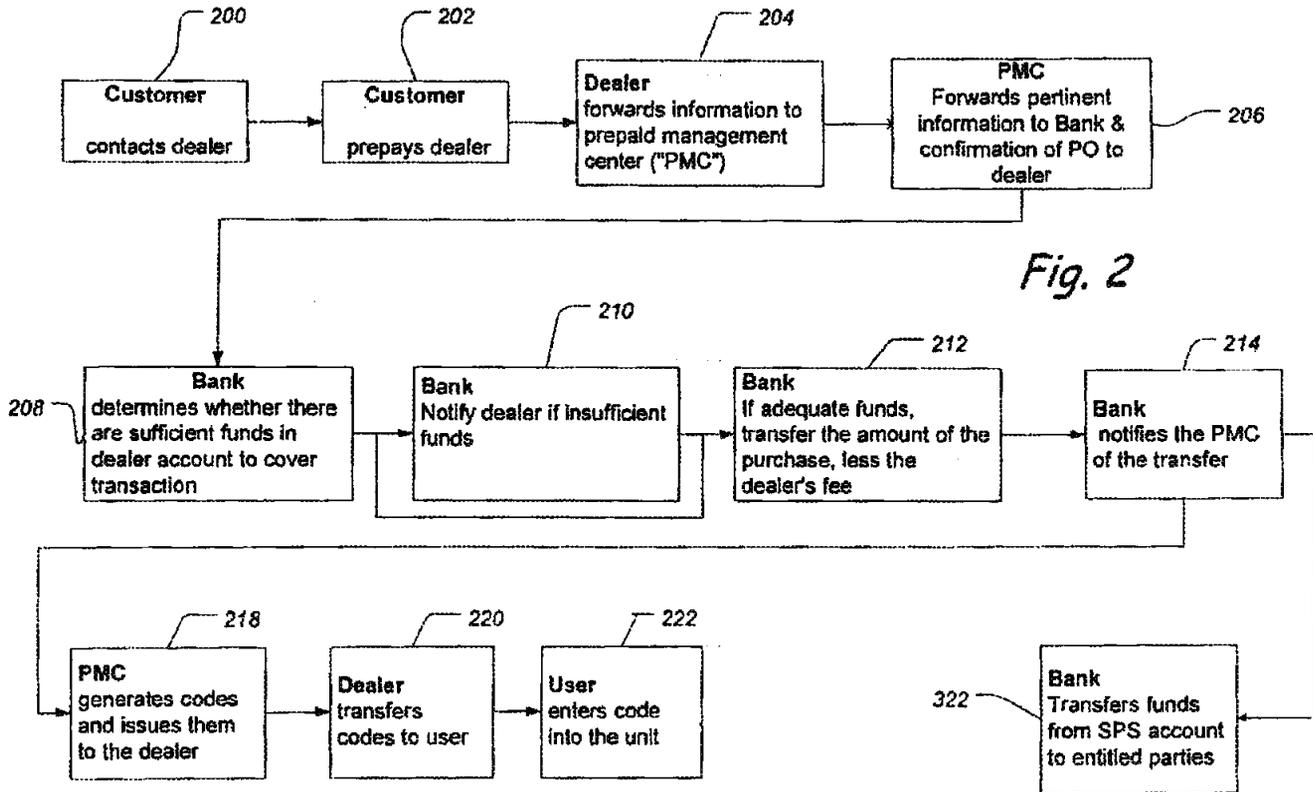
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Fig. 1





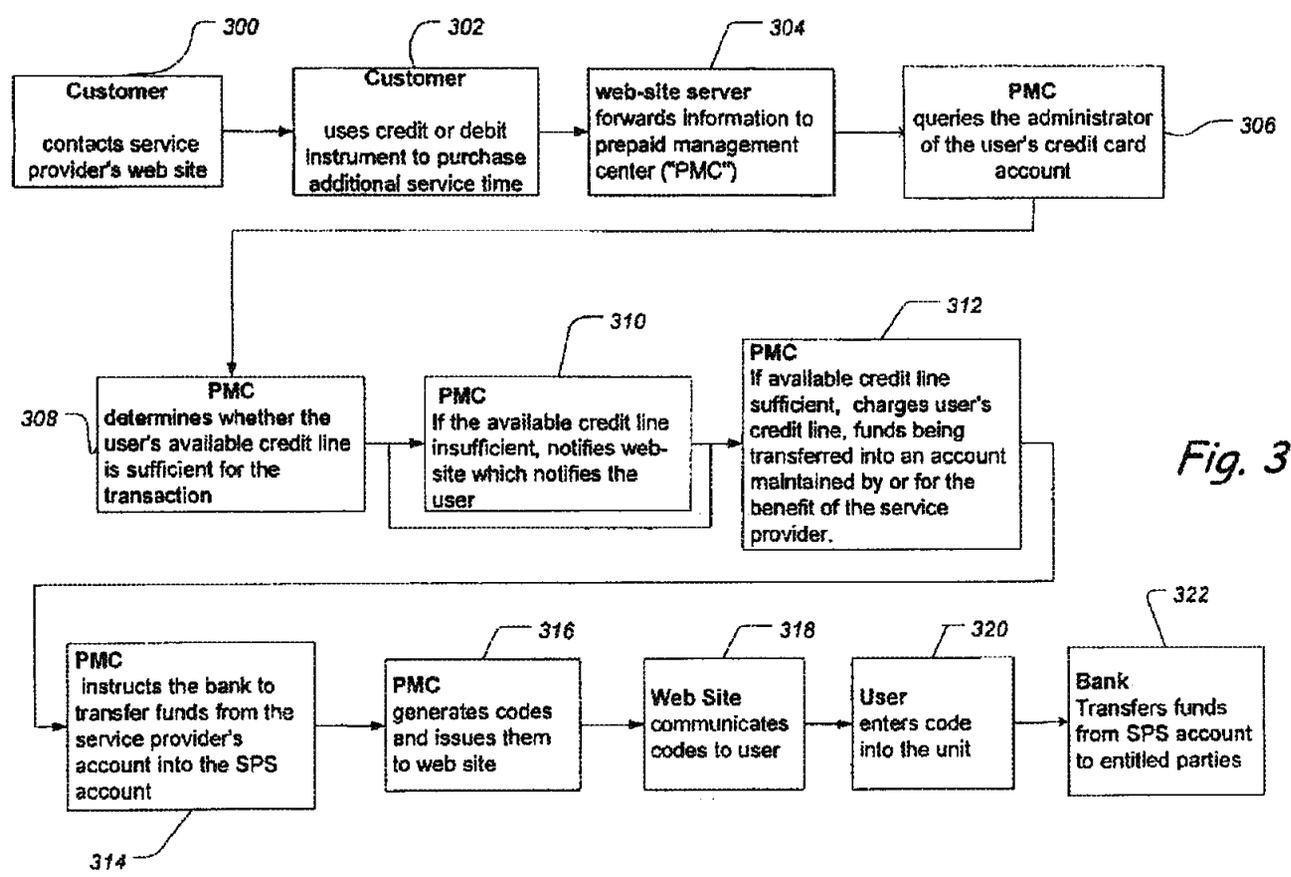


Fig. 3

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**SECURED PRE-PAYMENT FOR PORTABLE  
COMMUNICATION UNIT****CROSS REFERENCE TO RELATED  
APPLICATIONS**

This application is a continuation application of the earlier U.S. Utility Patent Application to Peter D. Wendt and Daniel S. Karvonen entitled "Secured pre-payment for communication unit," application Ser. No. 15/805,081, filed Nov. 6, 2017, now pending; which is a continuation application of the earlier U.S. Utility Patent Application to Peter D. Wendt and Daniel S. Karvonen entitled "Secured pre-payment for communication unit," application Ser. No. 15/390,325, filed Dec. 23, 2016, now pending; which is a continuation application of the earlier U.S. Utility Patent Application to Peter D. Wendt and Daniel S. Karvonen entitled "Secured pre-payment for communication unit," application Ser. No. 09/559,272, filed Apr. 27, 2000, now abandoned, the disclosure of which is hereby incorporated entirely herein by reference.

**BACKGROUND****1. Technical Field**

This invention relates to a payment system, and more particularly, to a secure prepayment system for portable communication units that operate based upon discrete allocable blocks of service time.

**2. Background Art**

The advent of portable communications devices, including cellular telephones and other hand-held computing devices with wireless capabilities, has vastly increased over the last few years. It is currently estimated that there are over sixty million Americans owning and operating cellular telephones. However, because of the inherent mobility of portable communications devices, it is easy for them to be stolen. Theft of a portable communication service, particularly cellular telephone service, represents a major problem to the telecommunication industry. If a user can establish that service was unauthorized, the service provider loses revenue for the unauthorized service.

It is also easy for cellular telephones, as with regular telephones, to be used beyond the credit capacity of their owners. For this reason, most providers of cellular service require users to have a good credit history in order to obtain services.

Cellular telephone service providers therefore exclude as potential clients a potentially large segment of the population rather than assume a risk of loss, either due to theft or overuse.

**SUMMARY**

It is desirable to provide portable communication service to a larger segment of the population than is presently being served. More specifically, it is desirable to provide a portable communication system which allows users with insufficient or poor credit history to purchase service.

In addition, it is desirable to provide a system where individuals and entities can maintain tighter cost controls by limiting users to a fixed allocation of service time.

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It is desirable for service providers to receive payment in advance of the actual provision of services to receive the time-value benefit of the payments.

It is desirable for service providers to receive prepayment to eliminate problems with accounts receivable due to failure to pay either by users or by dealers who fail to forward collected funds to the service providers.

This invention addresses and overcomes the limitations of prior systems, by providing a unique portable communication system which comprises, in conjunction, a unique portable communication unit that may be easily configured to provide portable communication services in discrete predetermined blocks of service time, along with a secure system of prepayment for use of the communication unit and service time.

In accordance with a preferred embodiment of this system, the user pays before any service time is transferred to the user. Funds representing the prepayment are transferred to a secure fiduciary bank account from which the funds are later disbursed to the parties entitled to receive them. Only after the funds have been transferred to the fiduciary account is the user provided with codes which activate blocks of service time on the user's portable communication unit.

Thus this system of payment insulates the prepaid funds for the benefit of all the parties entitled to receive a share of the funds.

In some preferred embodiments of this invention, a dealer provides authorization in the form of an authorization code which is entered into the unit and which, upon validation by the unit, activates service time. In addition to the above, this system protects the proprietary method of code generation from unnecessary exposure to third parties. At the same time the system also renders the generation of the codes essentially invisible to the user. This strengthens the relationship between the service provider (or dealer) and the user, and minimizes the churning that is a problem in the telecommunication industry.

**BRIEF DESCRIPTION OF THE DRAWINGS**

The above and other objects and advantages of the invention will be apparent upon consideration of the following detailed description, taken in conjunction with the accompanying drawings, in which the reference characters refer to like parts throughout and in which:

FIG. 1 illustrates a graphical representation of one general environment for use of the present invention;

FIG. 2 illustrates the flow of the pre-payment system according to an embodiment of the present invention; and

FIG. 3 illustrates the flow of the pre-payment system according to another embodiment of the present invention.

**DESCRIPTION**

With reference to FIG. 1, a portable communication unit user/customer 12 may obtain a portable communication unit 10, for example, from a dealer 14 or similar provider of such equipment, such as a telephone service provider, a vending machine, a rental outlet, a manufacturer or a virtual point of sale. Alternatively, the user 12 may separately purchase a portable communication unit 10 and enter into an agreement (e.g., communication service contract 18 for service with a dealer 14 or directly with the service provider 16). The portable communication unit 10 is such as the one described in detail in U.S. Pat. No. 5,983,091 title "Portable Communication Unit with Discrete Allocable Blocks of Airtime," dated Nov. 9, 1999, the contents of which are incorporated

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herein by reference. The portable communication unit 10 may be a cellular telephone or a digital communication system having voice, audio, data and/or image communication capability, such as a hand-held computing device with wireless capability or a wireless MP3 device.

In some environments, the portable communication service user 12 contacts a dealer 14 that offers the sale or use of a unit 10 in accordance with the present invention. Upon initial purchase or rental of a unit 10 or upon initial activation of portable communication service, the user 12 will be able to use the unit 10 for a predetermined, yet limited amount of service time. For example, the unit 10 may have one block of service time available so a user 12 may be able to use the unit 10 for an aggregate of forty-five minutes of service time. After the current block of service time has been used, according to one arrangement, the user 12 may contact the dealer 14 to obtain authorization for another block of service time.

The dealer 14 provides the authorization in the form of an authorization code which is entered into the unit 10 and which, upon validation by the unit 10, activates the newly purchased service time. In preferred embodiments of this invention, the dealer 14 requires the user 12 to prepay for service time before providing the user 12 with authorization codes for additional time. The authorization codes themselves are generated by a prepaid management center ("PMC") which provides the codes to the dealer. In some preferred embodiments, codes are generated in the manner described in U.S. Pat. No. 5,983,091. The secure payment system of a preferred embodiment of this invention operates as follows (with reference to FIGS. 1-2).

When requiring new service or additional service time, the user 12 contacts a dealer 14 to purchase authorization codes for service time (at 200). This contact may be in person, by telephone, or over the Internet. At this time the user 12, either by choice or as required by the user's contract 18 with the dealer 14, prepays the dealer an amount for a block of service time (at 202). Dealers may sell service time in blocks of fixed size, e.g., 30, 60 and 120 minute blocks. In addition, dealers may distinguish between different kinds of service time, e.g., local airtime, domestic roaming airtime and international airtime.

When the user 12 has prepaid the dealer 14 for the service time, the dealer 14 forwards (at 204) to a prepaid management center ("PMC") the information of the service time purchase, including the amount of service time purchased and the Electronic Serial Number ("ESN") or other unique identifier particular to the portable communication unit 10. In some preferred embodiments, the ESN is a serial number which is unique to each portable communication unit 10, such as described in U.S. Pat. No. 5,983,091.

When the PMC receives the information concerning the purchase of service time, the PMC forwards (at 206) pertinent information to a bank or other financial institution capable of maintaining depository accounts. The bank has an account established by the dealer 14, and it also has a secured payment system ("SPS") account. In a preferred embodiment of the invention, the bank also has accounts established by other dealers, by the PMC and by one or more service providers of various types, such as wireless, land line, and long distance. However, these other accounts may be established at financial institutions other than the bank.

Upon receipt of the transaction information from the PMC, the bank, acting as a fiduciary, determines whether there are sufficient funds in the dealer account to cover the purchase transaction (at 208). If there is insufficient cash on hand, the dealer 14 is so notified (at 210) and given an

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opportunity to replenish the account so that the transaction may proceed. In a preferred embodiment of this invention, each dealer account has a pre-determined minimum balance to prevent inadvertent cash deficiencies.

If the bank determines that there are adequate funds in the dealer account, the bank automatically transfers (at 212) the amount of the purchase transaction in the SPS account less the dealer's fee for the purchase. The bank is aware of the dealer's fee arrangement for each dealer account.

After the funds are transferred from the dealer account, the bank notifies the PMC of the transfer (at 214). The PMC at this time generates codes and issues them to the dealer (at 218). The dealer 14 then transfers the codes to the user 12 (at 220) and the user enters the code into the unit 10 (at 222), thus increasing the amount of available service time with the device. A preferred manner in which the codes are generated and in which the service time is added to the device is described in detail in U.S. Pat. No. 5,983,091. On a regular basis, e.g., daily, the bank electronically transfers funds from the SPS account into accounts held by parties entitled to receive the funds, which may include the dealer, the PMC, one or more service providers, and sales entities (at 322).

In an alternative embodiment of this invention, e.g., as shown in FIG. 3, the user 12 has a direct relationship with the service provider, and the service provider maintains a web-site devoted to the sale of additional units of service time. To purchase additional service time, the user 12 contacts the web-site (at 300) and uses a credit card or other similar debit or credit instrument to purchase (at 302) additional service time. In this embodiment, the web-site server forwards the transaction information to the PMC (at 304), the PMC queries the administrator of the user's credit card account (at 306) and determines whether the user's available credit line is sufficient for the transaction (at 308). If the available credit line is insufficient, then the PMC so notifies the web-site which in turn notifies the user 12 (at 310). If the available credit line is sufficient, then the PMC, charges the user's credit line (at 312) the appropriate amount with the funds being transferred into an account maintained by or for the benefit of the service provider. The PMC also instructs the bank (at 314) to transfer funds from the service provider's account into the SPS account. The PMC (at 316) then generates the codes and issues them to the web-site server, which in turn communicates the codes (at 318) to the user 12. The user 12 then enters the codes into the unit 10 (at 320). On a regular basis, e.g., daily, the bank electronically transfers funds from the SPS account into accounts held by parties entitled to receive the funds, which may include the dealer, the PMC, one or more service providers, and sales entities (at 322).

This procedure alleviates concerns about future reversals of credit card charges. Alternatively, the funds could be transferred directly from the credit card account into the SPS account.

When a credit card account is used, the account could be charged automatically on a periodic basis, with the new codes being made available to the user 12 by telephone, e-mail or web-site. The procedure would be useful, for example, for parents of a college student who wish to make a pre-determined and limited amount of communication service available to the student.

Each portable communication unit 10 is identified and linked to its home service provider. Thus, when the PMC issues codes to the user 12 via the dealer 14 or the service provider web-site, the PMC also notifies the service provider of the sale of service time. When the user 12 uses the unit 10, the software in the communication unit 10 decrements

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the amount of service time spent for that communication session. The specific cost for service time, and division of service time between home time, roaming time, international time, etc., is determined by the carrier associated with that particular phone. From the perspective of the carrier, there is little risk of overuse of the phone because the phone is programmed to stop functioning when the prepaid service time has been used up. At regular intervals, e.g., daily, the bank electronically transfers funds from the SPS account into the dealer account, the service provider account, and the PMC account.

Note that the various transactions described above, including those performed by the bank and/or the PMC are preferably computerized. In addition, the transfer of information can be done with encryption and/or a virtual private network, thus increasing the security of the overall system. Further, the various parties (e.g., the banks, dealers, PCM, and SPS) may produce routine or specialized reports relating to the service. Thus, in some aspects, this invention provides computerized record-keeping systems that track and record transactions of various methods of prepayment for service of portable communication units. In addition, preferably the computerized record-keeping system produces reports of such transactions and of the status of related financial services.

The codes may also be purchased at the same time the communication unit 10 itself is purchased. For example, a customer 12 may purchase a telephone unit from a vending machine with time already loaded into the phone. In that case, the information regarding the sale of the service time will be electronically retrieved from the vending machine on the day of sale of the telephone unit, and funds can be disbursed from the SPS account that same day. If the telephone unit is sold to a dealer 14 with service time pre-loaded, then the funds will be disbursed from the SPS account on the day the telephone is sold or delivered to the dealer 14. In these instances, there will be no need for the PMC to generate and issue codes at the time of sale because the codes will have been previously generated and pre-loaded into the phone.

While the present invention has been described with reference to providing a prepayment system for cellular telephones, the methods, systems and devices of this invention are considered to be general constructs covering other prepayment systems.

In addition, just as the described secure prepayment system allows a user to obtain a code which, through keypad entry, activates discrete allocable blocks of communication service, such as cellular telephone service, the same process allows the purchase of codes to activate other forms of service, such as stock market update service, computer games, utility service, highway toll service, etc.

Thus, are provided methods and systems for secured pre-payment for portable communication units. One skilled in the art will appreciate that the present invention can be practiced by other than the described embodiments, which are presented for purposes of illustration and not limitation, and the present invention is limited only by the claims that follow.

The invention claimed is:

1. A method of prepayment for service on a telecommunication system using a portable communication unit (PCU), the method comprising:

receiving a prepayment from a customer at a dealer for service on a telecommunication system using a first telecommunication channel;

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receiving transaction order information at a prepaid management center (PMC) from a dealer about the prepayment by the customer to the dealer, the PMC receiving the transaction order information using a second telecommunication channel;

providing a bank the transaction order information using a third telecommunication channel and the PMC; notifying the dealer using the third telecommunication channel if insufficient funds are determined to be in a dealer account at the bank and providing the dealer an opportunity to replenish the dealer account;

if sufficient funds are determined to be in the dealer account, automatically transferring the amount of the transaction from the dealer account to a secure payment system (SPS) account using a fourth telecommunication channel, less a dealer's fee for the transaction; notifying the PMC using a fifth telecommunication channel in response to the funds transfer into the SPS account;

generating codes using the PMC to enable the PCU to provide the service on the telecommunication system; transferring the codes to the customer using the first telecommunication channel for entry into the PCU by the customer;

processing the codes using the PCU; and providing the service on the telecommunication system using the result of processing the codes by the PCU.

2. The method of claim 1, further comprising issuing the codes to the dealer using the PMC and a sixth telecommunication channel.

3. The system of claim 1, wherein the first telecommunication channel, the second telecommunication channel, the third telecommunication channel, the fourth telecommunication channel, the fifth telecommunication channel, and the sixth telecommunication channel are one of a telephone network and the Internet.

4. A method of prepayment for service on a telecommunication system using a portable communication unit (PCU), the method comprising:

using a first telecommunication channel, receiving a prepayment from a customer at a dealer into a dealer account, the prepayment for service on a telecommunication system;

receiving transaction order information at a prepaid management center (PMC) from a dealer about the prepayment by the customer to the dealer, the PMC receiving the transaction order information using a second telecommunication channel;

transferring the amount of the prepayment from the dealer account to a secure payment system (SPS) account using a third telecommunication channel, less a dealer's fee for the transaction;

notifying the PMC using a fourth telecommunication channel in response to the funds transfer into the SPS account;

generating codes using the PMC to enable the PCU to provide the service on the telecommunication system; transferring the codes to the customer using the first telecommunication channel for entry into the PCU by the customer;

processing the codes using the PCU; and providing the service on the telecommunication system using the result of processing the codes by the PCU.

5. The method of claim 4, further comprising issuing the codes to the dealer using the PMC and a fifth telecommunication channel.

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6. The system of claim 5, wherein the first telecommunication channel, the second telecommunication channel, the third telecommunication channel, the fourth telecommunication channel, and the fifth telecommunication channel are one of a telephone network and the Internet.

7. A method of prepayment for service on a telecommunications system using a portable communication unit (PCU), the method comprising:

using a first telecommunication channel, receiving a prepayment from a customer at a dealer, the prepayment for service on a telecommunications system;

receiving transaction order information at a prepaid management center (PMC) from a dealer about the prepayment by the customer at the dealer, the PMC receiving the transaction order information using a second telecommunication channel;

transferring the amount of the credit card prepayment to a secure payment system (SPS) account using a third telecommunication channel;

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notifying the PMC using a fourth telecommunication channel in response to the funds transfer into the SPS account;

generating codes using the PMC to enable the PCU to provide the service on the telecommunication system; transferring the codes to the customer using the first telecommunication channel for entry into the PCU by the customer;

processing the codes using the PCU; and providing the service on the telecommunication system using the result of processing the codes by the PCU.

8. The method of claim 7, further comprising issuing the codes to the dealer using the PMC and a fifth telecommunication channel.

9. The system of claim 8, wherein the first telecommunication channel, the second telecommunication channel, the third telecommunication channel, the fourth telecommunication channel, and the fifth telecommunication channel are one of a telephone network and the Internet.

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# EXHIBIT D



US010594873B1

(12) **United States Patent**  
Wendt et al.

(10) **Patent No.:** US 10,594,873 B1  
(45) **Date of Patent:** \*Mar. 17, 2020

(54) **SECURED PRE-PAYMENT FOR PORTABLE COMMUNICATION UNIT**

(58) **Field of Classification Search**  
USPC ..... 455/406, 414.1; 379/114.01, 144.01, 379/114.16; 705/44, 41, 21, 30  
See application file for complete search history.

(71) Applicant: **Precis Group LLC**, Dover, DE (US)

(72) Inventors: **Peter D. Wendt**, Peoria, AZ (US);  
**Daniel S. Karvonen**, Mankato, MN (US)

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(73) Assignee: **Precis Group LLC**, Dover, DE (US)

(\* ) Notice: Subject to any disclaimer, the term of this patent is extended or adjusted under 35 U.S.C. 154(b) by 0 days.

This patent is subject to a terminal disclaimer.

*Primary Examiner* — David Q Nguyen  
(74) *Attorney, Agent, or Firm* — Adam R. Stephenson, Ltd.

(21) Appl. No.: **16/285,827**

(57) **ABSTRACT**

(22) Filed: **Feb. 26, 2019**

**Related U.S. Application Data**

(63) Continuation of application No. 15/999,139, filed on Aug. 17, 2018, now Pat. No. 10,218,859, which is a continuation of application No. 15/805,081, filed on Nov. 6, 2017, now Pat. No. 10,057,432, which is a continuation of application No. 15/390,325, filed on Dec. 23, 2016, now Pat. No. 9,813,564, which is a

(Continued)

In a method of payment for service of a portable communication unit, a customer prepays a dealer for said service, the dealer forwards transaction order information about the pre-payment to a prepaid management center (PMC); and the PMC provides a bank the transaction order information. The bank, upon receipt of the transaction order information from the PMC, determines whether there are sufficient funds in the dealer account to cover the transaction. If there is insufficient cash on hand, the dealer is notified and is provided an opportunity to replenish the account so that the transaction may proceed. If there are adequate funds in the dealer account, the bank automatically transfers the amount of the purchase transaction in the SPS account, less the dealer's fee for the purchase. After funds are transferred from the dealer account, the PMC is notified of the transfer, at which time the PMC generates codes and issues the codes to the dealer. The dealer transfers the codes to the user and the user enters the codes into the unit. On a regular basis the bank electronically transfers funds from the SPS account into accounts held by parties entitled to receive the funds.

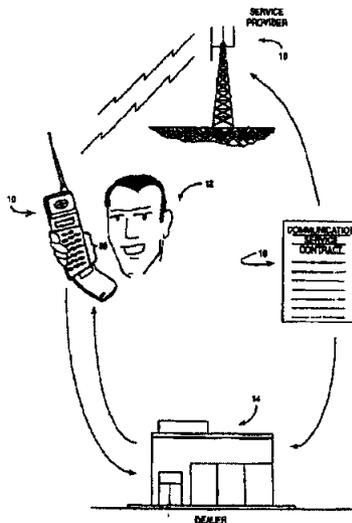
(51) **Int. Cl.**

*H04M 11/00* (2006.01)  
*H04M 17/00* (2006.01)  
*H04W 4/24* (2018.01)  
*G06Q 20/28* (2012.01)  
*G06Q 20/32* (2012.01)  
*G06Q 20/40* (2012.01)

(52) **U.S. Cl.**

CPC ..... *H04M 17/302* (2013.01); *G06Q 20/28* (2013.01); *G06Q 20/3223* (2013.01); *G06Q 20/4037* (2013.01); *H04W 4/24* (2013.01)

**15 Claims, 3 Drawing Sheets**



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continuation of application No. 09/559,272, filed on  
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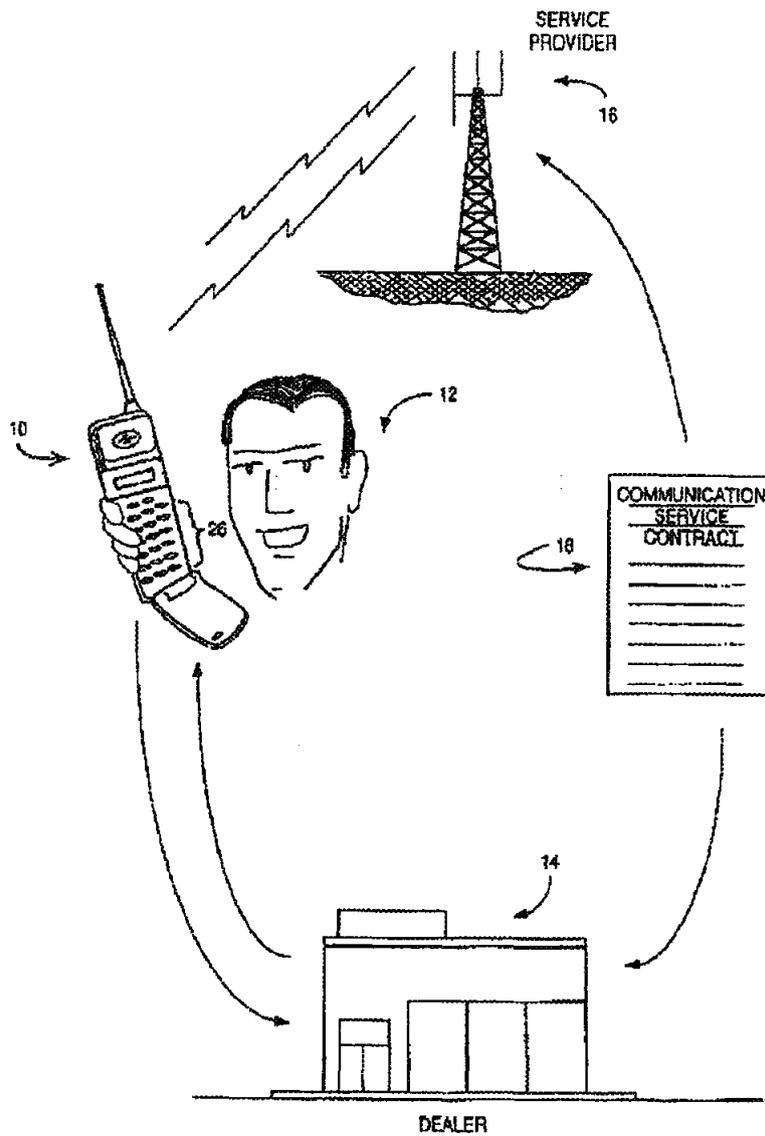
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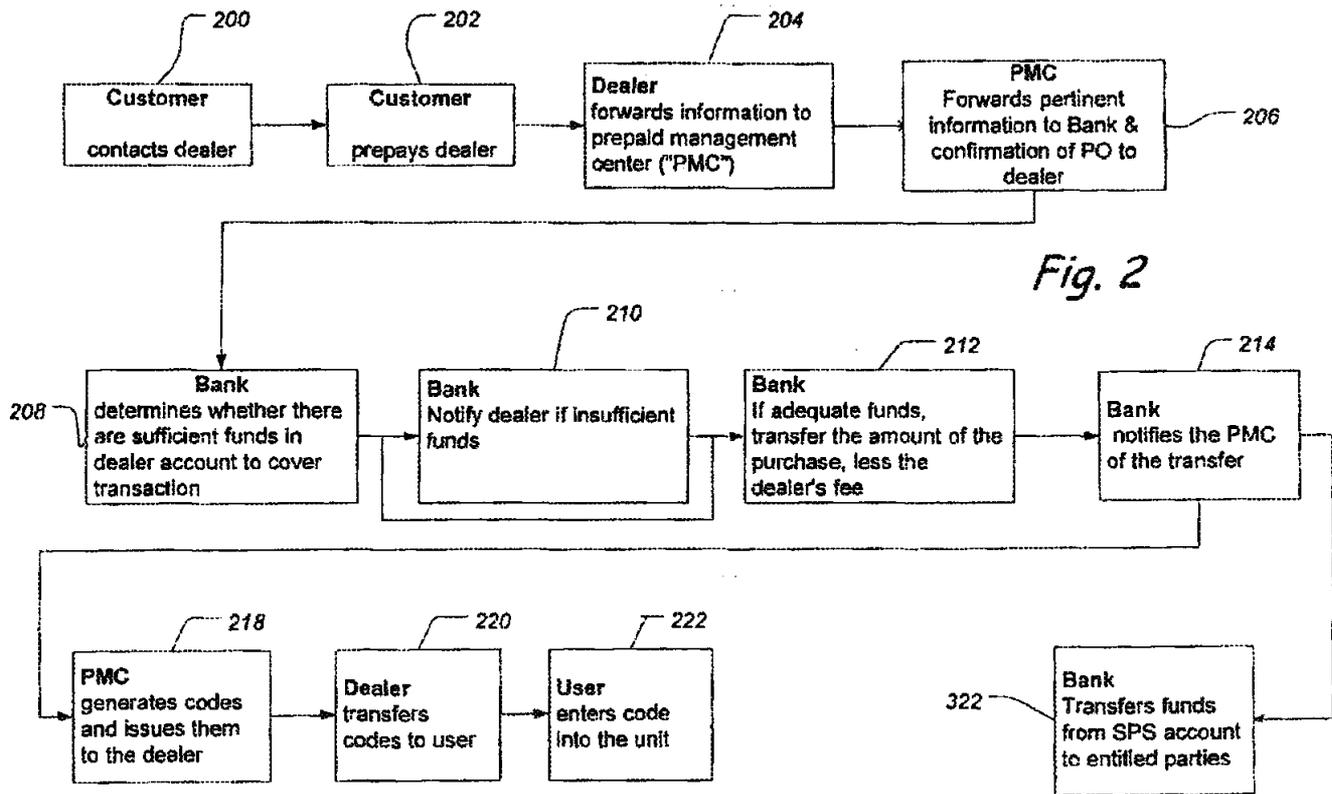
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Fig. 1





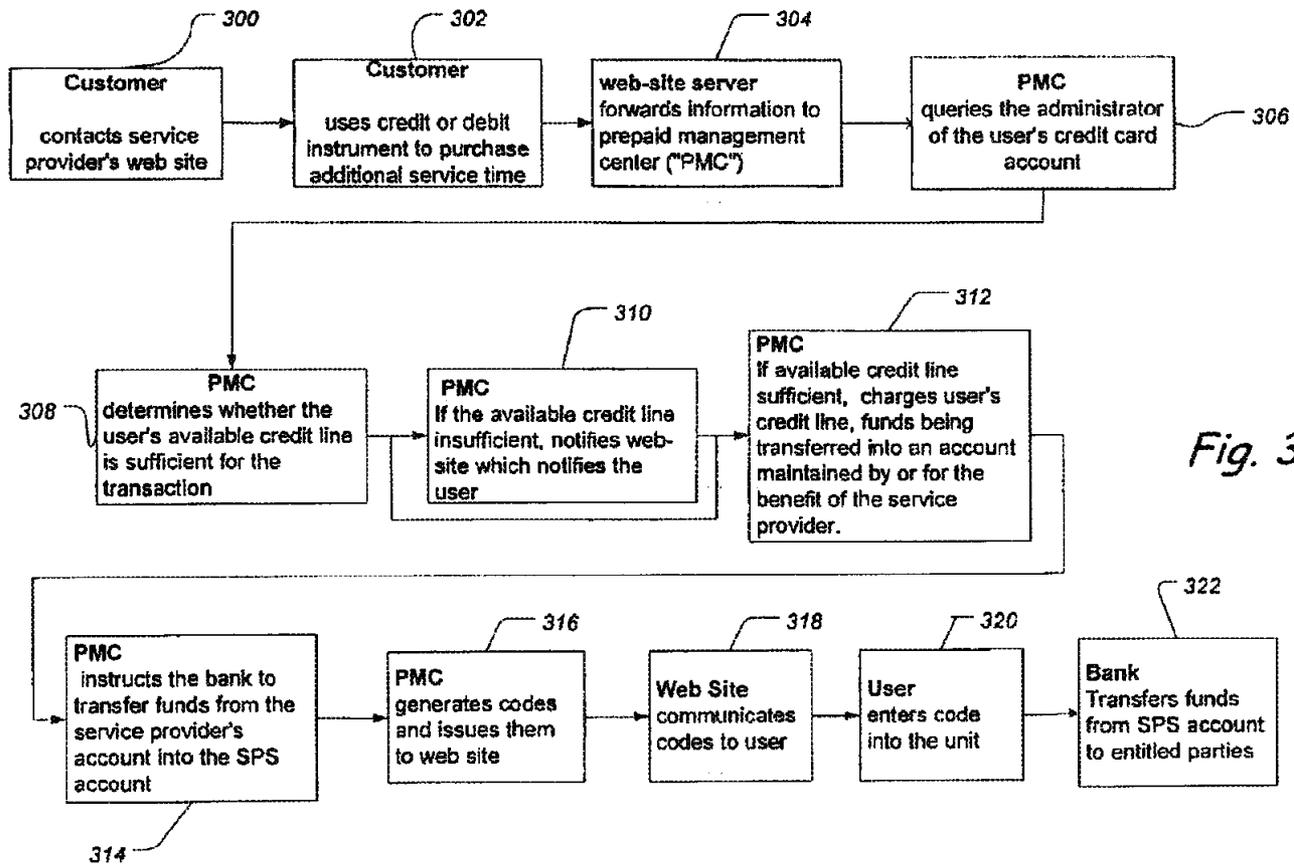


Fig. 3

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**SECURED PRE-PAYMENT FOR PORTABLE  
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APPLICATIONS**

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It is also easy for cellular telephones, as with regular telephones, to be used beyond the credit capacity of their owners. For this reason, most providers of cellular service require users to have a good credit history in order to obtain services.

Cellular telephone service providers therefore exclude as potential clients a potentially large segment of the population rather than assume a risk of loss, either due to theft or overuse.

**SUMMARY**

It is desirable to provide portable communication service to a larger segment of the population than is presently being served. More specifically, it is desirable to provide a portable communication system which allows users with insufficient or poor credit history to purchase service.

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In addition, it is desirable to provide a system where individuals and entities can maintain tighter cost controls by limiting users to a fixed allocation of service time.

It is desirable for service providers to receive payment in advance of the actual provision of services to receive the time-value benefit of the payments.

It is desirable for service providers to receive prepayment to eliminate problems with accounts receivable due to failure to pay either by users or by dealers who fail to forward collected funds to the service providers.

This invention addresses and overcomes the limitations of prior systems, by providing a unique portable communication system which comprises, in conjunction, a unique portable communication unit that may be easily configured to provide portable communication services in discrete predetermined blocks of service time, along with a secure system of prepayment for use of the communication unit and service time.

In accordance with a preferred embodiment of this system, the user pays before any service time is transferred to the user. Funds representing the prepayment are transferred to a secure fiduciary bank account from which the funds are later disbursed to the parties entitled to receive them. Only after the funds have been transferred to the fiduciary account is the user provided with codes which activate blocks of service time on the user's portable communication unit.

Thus this system of payment insulates the prepaid funds for the benefit of all the parties entitled to receive a share of the funds.

In some preferred embodiments of this invention, a dealer provides authorization in the form of an authorization code which is entered into the unit and which, upon validation by the unit, activates service time. In addition to the above, this system protects the proprietary method of code generation from unnecessary exposure to third parties. At the same time the system also renders the generation of the codes essentially invisible to the user. This strengthens the relationship between the service provider (or dealer) and the user, and minimizes the churning that is a problem in the telecommunication industry.

**BRIEF DESCRIPTION OF THE DRAWINGS**

The above and other objects and advantages of the invention will be apparent upon consideration of the following detailed description, taken in conjunction with the accompanying drawings, in which the reference characters refer to like parts throughout and in which:

FIG. 1 illustrates a graphical representation of one general environment for use of the present invention;

FIG. 2 illustrates the flow of the pre-payment system according to an embodiment of the present invention; and

FIG. 3 illustrates the flow of the pre-payment system according to another embodiment of the present invention.

**DESCRIPTION**

With reference to FIG. 1, a portable communication unit user/customer 12 may obtain a portable communication unit 10, for example, from a dealer 14 or similar provider of such equipment, such as a telephone service provider, a vending machine, a rental outlet, a manufacturer or a virtual point of sale. Alternatively, the user 12 may separately purchase a portable communication unit 10 and enter into an agreement (e.g., communication service contract 18 for service with a dealer 14 or directly with the service provider 16). The portable communication unit 10 is such as the one described

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in detail in U.S. Pat. No. 5,983,091 title "Portable Communication Unit with Discrete Allocable Blocks of Airtime," dated Nov. 9, 1999, the contents of which are incorporated herein by reference. The portable communication unit 10 may be a cellular telephone or a digital communication system having voice, audio, data and/or image communication capability, such as a hand-held computing device with wireless capability or a wireless MP3 device.

In some environments, the portable communication service user 12 contacts a dealer 14 that offers the sale or use of a unit 10 in accordance with the present invention. Upon initial purchase or rental of a unit 10 or upon initial activation of portable communication service, the user 12 will be able to use the unit 10 for a predetermined, yet limited amount of service time. For example, the unit 10 may have one block of service time available so a user 12 may be able to use the unit 10 for an aggregate of forty-five minutes of service time. After the current block of service time has been used, according to one arrangement, the user 12 may contact the dealer 14 to obtain authorization for another block of service time.

The dealer 14 provides the authorization in the form of an authorization code which is entered into the unit 10 and which, upon validation by the unit 10, activates the newly purchased service time. In preferred embodiments of this invention, the dealer 14 requires the user 12 to prepay for service time before providing the user 12 with authorization codes for additional time. The authorization codes themselves are generated by a prepaid management center ("PMC") which provides the codes to the dealer. In some preferred embodiments, codes are generated in the manner described in U.S. Pat. No. 5,983,091. The secure payment system of a preferred embodiment of this invention operates as follows (with reference to FIGS. 1-2).

When requiring new service or additional service time, the user 12 contacts a dealer 14 to purchase authorization codes for service time (at 200). This contact may be in person, by telephone, or over the Internet. At this time the user 12, either by choice or as required by the user's contract 18 with the dealer 14, prepays the dealer an amount for a block of service time (at 202). Dealers may sell service time in blocks of fixed size, e.g., 30, 60 and 120 minute blocks. In addition, dealers may distinguish between different kinds of service time, e.g., local airtime, domestic roaming airtime and international airtime.

When the user 12 has prepaid the dealer 14 for the service time, the dealer 14 forwards (at 204) to a prepaid management center ("PMC") the information of the service time purchase, including the amount of service time purchased and the Electronic Serial Number ("ESN") or other unique identifier particular to the portable communication unit 10. In some preferred embodiments, the ESN is a serial number which is unique to each portable communication unit 10, such as described in U.S. Pat. No. 5,983,091.

When the PMC receives the information concerning the purchase of service time, the PMC forwards (at 206) pertinent information to a bank or other financial institution capable of maintaining depository accounts. The bank has an account established by the dealer 14, and it also has a secured payment system ("SPS") account. In a preferred embodiment of the invention, the bank also has accounts established by other dealers, by the PMC and by one or more service providers of various types, such as wireless, land line, and long distance. However, these other accounts may be established at financial institutions other than the bank.

Upon receipt of the transaction information from the PMC, the bank, acting as a fiduciary, determines whether

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there are sufficient funds in the dealer account to cover the purchase transaction (at 208). If there is insufficient cash on hand, the dealer 14 is so notified (at 210) and given an opportunity to replenish the account so that the transaction may proceed. In a preferred embodiment of this invention, each dealer account has a pre-determined minimum balance to prevent inadvertent cash deficiencies.

If the bank determines that there are adequate funds in the dealer account, the bank automatically transfers (at 212) the amount of the purchase transaction in the SPS account less the dealer's fee for the purchase. The bank is aware of the dealer's fee arrangement for each dealer account.

After the funds are transferred from the dealer account, the bank notifies the PMC of the transfer (at 214). The PMC at this time generates codes and issues them to the dealer (at 218). The dealer 14 then transfers the codes to the user 12 (at 220) and the user enters the code into the unit 10 (at 222), thus increasing the amount of available service time with the device. A preferred manner in which the codes are generated and in which the service time is added to the device is described in detail in U.S. Pat. No. 5,983,091. On a regular basis, e.g., daily, the bank electronically transfers funds from the SPS account into accounts held by parties entitled to receive the funds, which may include the dealer, the PMC, one or more service providers, and sales entities (at 322).

In an alternative embodiment of this invention, e.g., as shown in FIG. 3, the user 12 has a direct relationship with the service provider, and the service provider maintains a web-site devoted to the sale of additional units of service time. To purchase additional service time, the user 12 contacts the web-site (at 300) and uses a credit card or other similar debit or credit instrument to purchase (at 302) additional service time. In this embodiment, the web-site server forwards the transaction information to the PMC (at 304), the PMC queries the administrator of the user's credit card account (at 306) and determines whether the user's available credit line is sufficient for the transaction (at 308). If the available credit line is insufficient, then the PMC so notifies the web-site which in turn notifies the user 12 (at 310). If the available credit line is sufficient, then the PMC, charges the user's credit line (at 312) the appropriate amount with the funds being transferred into an account maintained by or for the benefit of the service provider. The PMC also instructs the bank (at 314) to transfer funds from the service provider's account into the SPS account. The PMC (at 316) then generates the codes and issues them to the web-site server, which in turn communicates the codes (at 318) to the user 12. The user 12 then enters the codes into the unit 10 (at 320). On a regular basis, e.g., daily, the bank electronically transfers funds from the SPS account into accounts held by parties entitled to receive the funds, which may include the dealer, the PMC, one or more service providers, and sales entities (at 322).

This procedure alleviates concerns about future reversals of credit card charges. Alternatively, the funds could be transferred directly from the credit card account into the SPS account.

When a credit card account is used, the account could be charged automatically on a periodic basis, with the new codes being made available to the user 12 by telephone, e-mail or web-site. The procedure would be useful, for example, for parents of a college student who wish to make a pre-determined and limited amount of communication service available to the student.

Each portable communication unit 10 is identified and linked to its home service provider. Thus, when the PMC issues codes to the user 12 via the dealer 14 or the service

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provider web-site, the PMC also notifies the service provider of the sale of service time. When the user 12 uses the unit 10, the software in the communication unit 10 decrements the amount of service time spent for that communication session. The specific cost for service time, and division of service time between home time, roaming time, international time, etc., is determined by the carrier associated with that particular phone. From the perspective of the carrier, there is little risk of overuse of the phone because the phone is programmed to stop functioning when the prepaid service time has been used up. At regular intervals, e.g., daily, the bank electronically transfers funds from the SPS account into the dealer account, the service provider account, and the PMC account.

Note that the various transactions described above, including those performed by the bank and/or the PMC are preferably computerized. In addition, the transfer of information can be done with encryption and/or a virtual private network, thus increasing the security of the overall system. Further, the various parties (e.g., the banks, dealers, PCM, and SPS) may produce routine or specialized reports relating to the service. Thus, in some aspects, this invention provides computerized record-keeping systems that track and record transactions of various methods of prepayment for service of portable communication units. In addition, preferably the computerized record-keeping system produces reports of such transactions and of the status of related financial services.

The codes may also be purchased at the same time the communication unit 10 itself is purchased. For example, a customer 12 may purchase a telephone unit from a vending machine with time already loaded into the phone. In that case, the information regarding the sale of the service time will be electronically retrieved from the vending machine on the day of sale of the telephone unit, and funds can be disbursed from the SPS account that same day. If the telephone unit is sold to a dealer 14 with service time pre-loaded, then the funds will be disbursed from the SPS account on the day the telephone is sold or delivered to the dealer 14. In these instances, there will be no need for the PMC to generate and issue codes at the time of sale because the codes will have been previously generated and pre-loaded into the phone.

While the present invention has been described with reference to providing a prepayment system for cellular telephones, the methods, systems and devices of this invention are considered to be general constructs covering other prepayment systems.

In addition, just as the described secure prepayment system allows a user to obtain a code which, through keypad entry, activates discrete allocable blocks of communication service, such as cellular telephone service, the same process allows the purchase of codes to activate other forms of service, such as stock market update service, computer games, utility service, highway toll service, etc.

Thus, are provided methods and systems for secured pre-payment for portable communication units. One skilled in the art will appreciate that the present invention can be practiced by other than the described embodiments, which are presented for purposes of illustration and not limitation, and the present invention is limited only by the claims that follow.

The invention claimed is:

1. A method of prepayment for service on a telecommunications system using a portable communication unit (PCU), the method comprising:

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receiving a prepayment from a customer at a dealer or at a provider's web site, the prepayment for service on a telecommunications system, the prepayment made using a credit instrument or a debit instrument;  
 receiving information relating to the prepayment at a prepaid management center (PMC) from the dealer or the provider's web site, the PMC receiving the information using a first telecommunication channel;  
 verifying whether the customer has sufficient credit line on the credit instrument or debit instrument for the prepayment and, if the credit line is sufficient, charging the customer's credit line;  
 after charging the customer's credit line, generating one or more codes using the PMC to enable the PCU to access the service on the telecommunication system;  
 transferring the one or more codes to the customer using a second telecommunication channel for entry into the PCU by the customer;  
 processing the one or more codes using the PCU; and  
 providing access to the service on the telecommunication system to the customer using the result of processing the one or more codes by the PCU.

2. The method of claim 1, wherein transferring the one or more codes to the customer further comprises one of providing the one or more codes to the dealer using the PMC and the second telecommunication channel or providing the one or more codes to the provider's web site using the PMC via the second telecommunication channel and communicating the one or more codes to the customer using the provider's web site.

3. The method of claim 1, wherein transferring the one or more codes to the customer further comprises communicating the one or more codes by telephone, e-mail, or the provider's web site.

4. The method of claim 1, further comprising:  
 transferring funds from the prepayment into a secure payment system (SPS) account; and  
 regularly transferring funds from the SPS account into a dealer account, a service provider account, and a PMC account.

5. The method of claim 1, further comprising transferring the prepayment directly from the credit line into a secure payment system (SPS) account.

6. A method of prepayment for service on a telecommunications system using a portable communication unit (PCU), the method comprising:

receiving a first prepayment from a customer at a dealer or at a provider's web site, the first prepayment for service on a telecommunications system, the first prepayment made using a credit instrument or a debit instrument;  
 receiving information relating to the first prepayment at a prepaid management center (PMC) from the dealer or the provider's web site, the PMC receiving the information using a first telecommunication channel;  
 verifying whether the customer has sufficient credit line on the credit instrument or debit instrument for the first prepayment and, if the credit line is sufficient, charging the customer's credit line;  
 after charging the customer's credit line, generating one or more first codes using the PMC to enable the PCU to access the service on the telecommunication system;  
 transferring the one or more first codes to the customer using a second telecommunication channel for entry into the PCU by the customer;  
 processing the one or more first codes using the PCU;

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providing access to the service on the telecommunication system to the customer using the result of processing the one or more first codes by the PCU;  
 receiving a second prepayment from the customer at the dealer or at the provider's web site, the second prepayment for service on the telecommunications system, the second prepayment made using the credit instrument or the debit instrument;  
 receiving information relating to the second prepayment at the PMC from the dealer or the provider's web site, the PMC receiving the information using the first telecommunication channel;  
 verifying whether the customer has sufficient credit line on the credit instrument or debit instrument for the second prepayment and, if the credit line is sufficient, charging the customer's credit line;  
 after charging the customer's credit line, generating one or more second codes using the PMC to enable the PCU to access the service on the telecommunication system; transferring the one or more second codes to the customer using the second telecommunication channel for entry into the PCU by the customer;  
 processing the one or more second codes using the PCU; and  
 providing access to the service on the telecommunication system to the customer using the result of processing the one or more second codes by the PCU.

7. The method of claim 6, wherein transferring the one or more first codes to the customer and transferring the one or more second codes to the customer each further comprise one of:

- providing the one or more first codes or the one or more second codes to the dealer using the PMC and the second telecommunication channel; or
- providing the one or more first codes or the one or more second codes to the provider's web site using the PMC via the second telecommunication channel and communicating the one or more first codes or the one or more second codes to the customer using the provider's web site.

8. The method of claim 6, wherein transferring the one or more first codes or transferring the one or more second codes to the customer each further comprise communicating the one or more first codes or the one or more second codes by telephone, e-mail, or the provider's web site.

9. The method of claim 6, further comprising:  
 transferring funds from the first prepayment, the second prepayment, or both the first prepayment and the second prepayment into a secure payment system (SPS) account; and  
 regularly transferring funds from the SPS account into a dealer account, a service provider account, and a PMC account.

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10. The method of claim 6, further comprising transferring the first prepayment, the second prepayment, or both the first prepayment and the second prepayment directly from the credit line into a secure payment system (SPS) account.

11. A system for providing access to service on a telecommunications system comprising:

- a prepaid management center (PMC) configured to receive information relating to a prepayment for service on a telecommunications system from a dealer or a provider's website, the dealer or the provider's website coupled with the PMC through a first telecommunication channel, the prepayment made by a customer using a using a credit instrument or a debit instrument, the PMC further configured to verify whether the customer has sufficient credit line on the credit instrument or debit instrument for the prepayment and, if the credit line is sufficient, the PMC further configured to charge the customer's credit line and generate and transfer one or more codes to the customer using a second telecommunication channel coupled to the PMC; and
- a portable communication unit (PCU) coupled with the PMC through the second telecommunication channel, the PCU configured to process the one or more codes and provide access to the service on the telecommunication system to the customer using the result of processing the one or more codes by the PCU.

12. The system of claim 11, wherein the PMC is further configured to one of:

- provide the one or more codes to the dealer through the second telecommunication channel; or
- provide the one or more codes to the provider's web site through the second telecommunication channel; and  
 wherein the provider's web site is configured to communicate the one or more codes to the customer.

13. The system of claim 11, wherein the PMC is configured to communicate the one or more codes by telephone, e-mail, or the provider's web site.

14. The system of claim 11, further comprising:  
 a secure payment system (SPS) account, a dealer account, a service provider account, and a PMC account all operatively coupled with the PMC wherein the PMC is configured to transfer funds from the prepayment into the SPS account; and

wherein the SPS account is configured to regularly transfer funds from the SPS account into the dealer account, the service provider account, and the PMC account.

15. The method of claim 11, wherein the PMC is configured to transfer the prepayment directly from the credit line into a secure payment system (SPS) account.

\* \* \* \* \*

APR 27 2020

**IN THE UNITED STATES DISTRICT COURT  
FOR THE WESTERN DISTRICT OF TEXAS  
WACO DIVISION**

PRECIS GROUP LLC,

Plaintiff,

v.

TRACFONE WIRELESS, INC.,

Defendant.

Case No. 6:20-cv-0303

**CORPORATE DISCLOSURE STATEMENT**

**CORPORATE DISCLOSURE STATEMENT**

Plaintiff Precis Group LLC (“Plaintiff”) is a limited liability company organized and existing under the laws of the state of Delaware. Plaintiff has no parent corporation, and no publicly held company owns 10% or more of its stock.

Dated: April 21, 2020

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*Precis Group LLC*

**CERTIFICATE OF SERVICE**

I hereby certify that on the 21th day of April, 2020, I electronically filed the foregoing document with the clerk of the court for the U.S. District Court, Western District of Texas, Waco Division, using the electronic case filing system of the court. The electronic case filing system sent a “Notice of Electronic Filing” to the attorneys of record who have consented in writing to accept this Notice as service of this document by electronic means.

/s/ Neal Massand  
Neal Massand

UNITED STATES DISTRICT COURT  
WESTERN DISTRICT OF TEXAS  
WACO DIVISION

Case No.: 6:20-cv-0303-ADA

PRECIS GROUP LLC,

*Plaintiff,*

v.

TRACFONE WIRELESS, INC.,

*Defendant.*

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**DEFENDANT TRACFONE'S MOTION TO DISMISS FOR IMPROPER  
VENUE OR TO TRANSFER TO THE SOUTHERN DISTRICT OF FLORIDA**

Defendant TracFone Wireless, Inc. ("TracFone") moves, pursuant to Fed. R. Civ. P. 12(b)(3), for entry of an order dismissing this case or transferring it the Southern District of Florida pursuant to 28 U.S.C. §1406, based on lack of proper venue in the Western District of Texas (the "District"), or in the alternative, if venue is found in this District, for an order pursuant to 28 U.S.C. §1404(a), transferring this action to the Southern District of Florida, where there is proper venue and where venue is more convenient.<sup>1</sup>

Plaintiff Precis Group LLC ("Precis" or "Plaintiff") has brought a Complaint with four Counts, each of which is for patent infringement against TracFone. [ECF No. 1]. In patent 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. *See* 28 U.S.C. §1400(b).

As to the first alternative, for patent venue purposes, a corporate defendant resides in its state of incorporation, TracFone is a Delaware corporation whose principal

<sup>1</sup> While courts ordinarily first conduct the Fed. R. Civ. P. 12(b)(3) analysis to determine if venue is improper, TracFone is not opposed to the Court skipping ahead to the §1404 request.

place of business is in the Southern District of Florida. As to the second alternative, TracFone has no place of business, let alone a regular and established place of business, in this District. Therefore, without venue in this District, the case should be dismissed or in the alternative transferred to the Southern District of Florida where venue is proper and the relevant witnesses and documents reside.

In the alternative, even if this Court finds venue proper, it should nonetheless be transferred to the Southern District of Florida, pursuant to 28 U.S.C. §1404(a).

Pursuant to W.D. Tex. L.R. CV-7i, Plaintiff has been consulted with respect to this motion and has not consented to the relief requested. Further, TracFone requested Plaintiff to identify what contacts it has with this District and Plaintiff failed to identify any. See **Exhibit 1** to Appendix (correspondence between counsel for TracFone and counsel for the Plaintiff).

#### **BACKGROUND**

When a defendant challenges venue in a patent infringement action pursuant to Fed. R. Civ. P. 12(b)(3), the plaintiff bears the burden of showing that venue is proper. *In re ZTE (USA) Inc.*, 890 F.3d 1008, 1012-14 (Fed. Cir. 2018). “When deciding a Rule 12(b)(3) motion to dismiss for lack of venue, the court may consider extrinsic evidence.” *Brewer v. United States*, 2017 WL 6398637, at \*1 (S.D. Tex. June 19, 2017) (Rosenthal, C.J.) (citing several cases, including *Argueta v. Banco Mexicano, S.A.*, 87 F.3d 320, 324 (9th Cir. 1996); see also, *Sucampo Pharms., Inc. v. Astellas Pharma, Inc.*, 471 F.3d 544, 549–50 (4th Cir. 2006) and *Liles v. Ginn-La W. End, Ltd.*, 631 F.3d 1242, 1244, n. 5 (11th Cir. 2011).

Venue in patent cases is controlled by 28 U.S.C. §1400(b) which states: “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) is the “sole and exclusive provision controlling venue in patent infringement actions.” *TC Heartland LLC v. Kraft Foods Grp. Brands LLC*, 137 S. Ct. 1514, 1519 (2017) (quoting *Fourco Glass Co. v. Transmirra Prod. Corp.*, 353 U.S. 222, 229 (1957)).

In considering venue under 28 U.S.C. §1400(b), courts must be mindful that “patent venue is narrower than general venue—and intentionally so.” *Peerless Network, Inc. v. Blitz Telecom Consulting, LLC*, 2018 WL 1478047, at \*2 (S.D.N.Y. Mar. 26, 2018) (Oetken, J.). “Congress adopted the predecessor to §1400(b) as a special venue statute 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.” *Id.* “The statute’s ‘main purpose’ was to ‘give original jurisdiction to the court where a permanent agency transacting the business is located.’” *In re Cray Inc.*, 871 F.3d 1355, 1361 (Fed. Cir. 2017) (quoting 29 Cong. Rec. 1900 (1897) (statement of Rep. Lacey)). “Jurisdiction would not be conferred by ‘[i]solated cases of infringement’ but ‘only where a permanent agency is established.’” *Id.*

In light of the legislative history, courts have cautioned that “the provisions of §1400(b) are not to be liberally construed.” *In re Cordis Corp.*, 769 F.2d 733, 736 (Fed. Cir. 1985). Indeed, “[t]he requirement of venue is specific and unambiguous; it is not one of those vague principles which, in the interests of some overriding policy, is to be given a ‘liberal’ construction.” *Schnell*, 365 U.S. at 262 (quoting *Olberding v. Illinois Cent. R. Co.*, 346 U.S. 338, 340 (1953)) (internal quotation marks omitted). Courts must therefore be careful not to “conflate showings that may be sufficient for other purposes, *e.g.*,

personal jurisdiction or the [doing business standard of the] general venue statute, with the necessary showing to establish proper venue in patent cases.” *Cray*, 871 F.3d at 1361.

For patent venue purposes, a corporate defendant resides in its state of incorporation, *TC Heartland*, 137 S. Ct. at 1521, and in a state with multiple judicial districts, defendant resides in the single judicial district within that state where it maintains a principal place of business, or its registered office. *In re BigCommerce, Inc.*, 890 F.3d 978, 986 (Fed. Cir. 2018).

In determining whether there is a “regular and established place of business,” the Federal Circuit explained that the inquiry entails “three general requirements”: “(1) there must be a physical place in the district; (2) it must be a regular and established place of business; and (3) it must be the place of the defendant.” *Cray*, 871 F.3d at 1360. “If any statutory requirement is not satisfied, venue is improper under §1400(b).” *Id.*

When venue is improper, under 28 U.S.C. §1406(a), the court must decide whether to dismiss the action, or whether to transfer the action to a venue in which it could have been brought. *NetSoc, LLC v. Chegg Inc.*, 2019 WL 4857340, at \*5 (S.D.N.Y. Oct. 2, 2019) (Abrams, J.) (quoting *Blakely v. Lew*, 607 F. App’x 15, 18 (2d Cir. 2015)).

#### ARGUMENT

##### 1. **TracFone Does Not Reside in This District**

For patent venue purposes, a corporate defendant resides in its state of incorporation. *TC Heartland*, 137 S. Ct. at 1521. Plaintiff correctly states in the Complaint that “Defendant Tracfone Wireless, Inc., is Delaware corporation, with a principal place of business at 9700 NW 112th Avenue, Miami, FL 33178.” *See* ECF No. 1, ¶8; *see also* Declaration of John Lim, executed June 19, 2020 (the “Lim Decl.,” which is attached as **Exhibit 2** to Appendix), ¶2. The Complaint does not even allege venue in

this District based on TracFone residing in this District. Thus, venue is not proper in this District under this prong of 28 U.S.C. §1400(b).

**2. TracFone Does Not Have a Regular and Established Place of Business in This District**

TracFone does not have any place of business in this District. The Complaint alleges that venue is proper in this District because TracFone “has a regular and established place of business at its offices in the Western District of Texas, including at 1825 SW Military Dr., San Antonio, TX 78221.” (ECF No. 1, ¶13). That statement is not correct. TracFone has no places of business in this District (Lim Decl., ¶7). Rather, the address cited in the Complaint was the store of an independently owned retailer of TracFone products. And in fact, that store is out of business and has been out of business since well before this action was filed. (*Id.*, ¶6).

TracFone sells its products and services directly to consumers through its websites. TracFone also sells its products and services through retailers ranging from major retailers such as Walmart to independently owned local stores. Some of TracFone’s retailers are exclusive and some also sell other brands. (*Id.*, ¶3)

All retailers of TracFone products and services in this judicial District are independently owned; TracFone has no ownership interest in any of them. (*Id.*, ¶4). The specific retailer at the address cited by Plaintiff in the complaint was named Click Mobile; TracFone has no ownership interest in or other relationship with Click Mobile other than as a retailer, and the store at that address is out of business and has been since well before this action was brought. (*Id.*, ¶6).

The three requirements for a regular and established place of business discussed above are not met in this District; they are: “(1) there must be a physical place in the

district; (2) it must be a regular and established place of business; and (3) it must be the place of the defendant.” *Cray*, 871 F.3d at 1360. TracFone does not have a physical place in this District, it is certainly not regular and established, and no place in this District is the place of business of TracFone.

Initially, the sale of products through a website does not establish a place of business within this District, let alone a regular and established place of business. *Seven Networks, LLC v. Google LLC*, 315 F. Supp. 3d 933, 951 (E.D. Tex. 2018) (Gilstrap, J.) (finding that 28 U.S.C. §1400(b) “cannot be read to refer merely to a virtual space.”).

Further, having a retailer with a place of business in this District, who sells TracFone products and services does not establish a regular and established place of business in this District. The recent post-*TC Heartland* opinion issued in *EMED Technologies Corporation v. Repro-Med Systems, Inc.* includes a useful survey of the many cases holding that having independent retailers, even distributors, with places of business within a district does not establish venue. 2018 WL 2544564, at \*2 (E.D. Tex. June 4, 2018) (Bryson, J.). Some of the cases cited in *EMED* are:

- *Talak Res. Inc. v. Evernote Corp.*, 2017 WL 4269004, at \*4 (N.D. Ill. Sept. 26, 2017) (Durkin, J.) (“The Federal Circuit’s decision in *Cray* leaves no room for Plaintiff to argue that the handful of non-employee, independent contractors present in this District constitute a ‘regular and established place of business’ for Defendant within the meaning of §1400(b).”);
- *Bristol-Myers Squibb Co. v. Mylan Pharms. Inc.*, 2017 WL 3980155, at \*17 (D. Del. Sept. 11, 2017) (Stark, J.) (“[A] regular and established place of business does not arise solely from a defendant simply shipping goods into a District—whether to an individual or for distribution by third parties.”);
- *Free-Flow Packaging Int’l, Inc. v. Automated Packaging Sys., Inc.*, 2017 WL 4155347, at \*7 (N.D. Cal. Aug. 29, 2017) (Kim, M.J.) (using third-party company to sell products is insufficient);

- *OptoLum, Inc. v. Cree, Inc.*, 2017 WL 3130642, at \*6 (D. Ariz. July 24, 2017) (Rayes, J.) (selling infringing products at Home Depot stores in the district does not establish a place of business for the manufacturer);
- *LoganTree LP v. Garmin Int'l, Inc.*, 2017 WL 2842870, at \*2 (W.D. Tex. June 22, 2017) (Biery, J.) (“It is well settled that the mere presence of independent sales representatives does not constitute a ‘regular and established place of business’ for purposes of Section 1400(b).” (quoting *Kabb, Inc. v. Sutura*, 1992 WL 245546, at \*2 (N.D. Tex. Sept. 4, 1992));
- *Dual Mfg. & Eng’g, Inc. v. Burriss Indus., Inc.*, 531 F.2d 1382, 1387 (7th Cir. 1976) (“In these cases we found venue improper in the subject District even though defendant’s activities in the District included one or more of the following: maintaining an exclusive distributorship; establishing and maintaining some control over a chain of exclusive, independent distributors; maintaining an independent business man as a sales representative on a commission basis....”

While TracFone has one employee in this District who works out of his home, TracFone does not own, lease or rent any portion of that home, did not play any part in selecting that home and does not condition employment on a residence in this District; TracFone’s employee in this District is free to live where he pleases. (Lim Decl., ¶7)

TracFone does not list this address as an address of TracFone, it does not store inventory there nor conduct demonstrations there. (*Id.*, ¶7). These are the same factors that the Federal Circuit held as showing there was no place of business for the defendant who had an employee with a home office in the district and therefore no proper venue. *Cray*, 871 F.3d at 1364-66. With no place of business in this District, let alone a regular and established place of business, there is no basis for venue in this District.

**3. The Case Should be Dismissed or Transferred to the Southern District of Florida Pursuant to 28 U.S.C. §1406(a)**

Without proper venue in this District, the action should be dismissed or transferred to a venue where it could have been brought. *See* 28 U.S.C. §1406(a).

Thus, if the Court finds that dismissal is not warranted, the action should be transferred to the Southern District of Florida, where TracFone has its principal place of business. This action could have been brought where TracFone is incorporated (“resides”), the District of Delaware, or where TracFone has its primary place of business, the Southern District of Florida.

The Southern District of Florida is the most convenient forum for this action to be litigated. While TracFone is incorporated in Delaware it has no offices or employees there. (Lim Decl., ¶2). Rather, as discussed in more detail below, almost all of the likely fact witnesses and documents and computer systems are located in the Southern District of Florida. (*Id.*, ¶¶8-9). As a result, if the case is not dismissed, it should be transferred to the Southern District of Florida.

**4. The Case Should be Transferred to the Southern District of Florida for the Convenience of the Parties Pursuant to 28 U.S.C. §1404(a)**

Even if venue is proper in this District, this action should be transferred to the Southern District of Florida under 28 U.S.C. §1404(a); this case has no relationship to this forum and significant relationships to the Southern District of Florida.

Plaintiff has failed to provide its address either in the Complaint (ECF No. 1) or in its Corporate Disclosure Statement (ECF No. 2). TracFone has investigated and can find no address for Plaintiff in this District. TracFone requested Plaintiff to identify any contacts it has with this District and Plaintiff has not done so. *See* Exhibit 1.

TracFone is a Delaware corporation with no offices in Delaware. TracFone’s offices are in Miami, in the Southern District of Florida where it has over 700 employees.

The specification for all four patents of the Complaint are virtually identical and state in their Abstract that patents in the case involve a method of paying for mobile

phone service. TracFone's employees related to the functions of the patents are located TracFone's offices in Miami. (Lim Decl., ¶¶8-9).

The individuals at TracFone knowledgeable about the methods for payments include Sergio Rivera, VP, Digital Technology (technology issues regarding such payments). The alleged infringing actions by TracFone that Plaintiff describes in the Complaint include generation of codes (*See e.g.* Complaint ¶41 Section 1(i)). The individuals at TracFone knowledgeable about the generation of codes include Jim Zimmerman, Sr. Officer, Customer Care & Operations. The alleged infringing actions by TracFone that Plaintiff complains of include obligating retail stores to perform certain functions. (*See e.g.*, Complaint ¶41 Section 1(c)). The individuals at TracFone knowledgeable about its relationships with retailers include John Lim, Sr. Director, Regional Sales, Indirect Channel. All such TracFone witnesses are located at TracFone's headquarters in Miami. (Lim Decl., ¶8).

In addition, the servers containing TracFone's computer and financial systems are in Miami; relatedly, the IT personnel responsible for maintaining TracFone's servers, and who would be responsible for gathering any electronic data relevant to this action, also work in Miami. (*Id.*, ¶9).

With respect to transfer for the convenience of the parties, in determining whether to transfer under 28 U.S.C. §1404(a), recently, this Court recounted the factors to be considered and noted that in the

Fifth Circuit, the '[t]he determination of 'convenience' turns on a number of public and private interest factors, none of which can be said to be of dispositive weight.' *Action Indus., Inc. v. U.S. Fid. & Guar. Co.*, 358 F.3d 337, 340 (5th Cir. 2004). The private factors include: '(1) the relative ease of access to sources of proof; (2) the availability of compulsory process to secure the attendance of witnesses; (3) the cost of attendance for willing

witnesses; and (4) all other practical problems that make trial of a case easy, expeditious and inexpensive. The public factors include: ‘(1) the administrative difficulties flowing from court congestion; (2) the local interest in having localized interests decided at home; (3) the familiarity of the forum with the law that will govern the case; and (4) the avoidance of unnecessary problems of conflict of laws of the application of foreign law.’ *Id.* Courts evaluate these factors based on “the situation which existed when suit was instituted.” *Hoffman v. Blaski*, 363 U.S. 335, 343 (1960).”

*Synkcloud Technologies, LLC, v. Dropbox, Inc.*, 2020 WL 2528545 (W.D. Tex. May 18, 2020). (Albright, J.) (some internal citations omitted).

Initially, “[w]hile a plaintiff has the privilege of filing his claims in any judicial division appropriate under the general venue statute, §1404(a) tempers the effects of the exercise of this privilege.” *Wet Sounds, Inc. v. Audio Formz, LLC*, 2017 WL 4547916, at \*2 (W.D. Tex. Oct. 11, 2017) (Austin, M.J.), *report and recommendation adopted*, 2018 WL 1219248 (W.D. Tex. Jan. 22, 2018) (Yeakel, J.). Indeed, as is the case here, “[w]hen a plaintiff is not a resident of the chosen forum, or the operative facts underlying the case did not occur in the chosen forum, the court will not give as much deference to a plaintiff’s choice.” *Wet Sounds*, 2017 WL 4547916, at \*2 (internal citation omitted.); *Gemalto S.A. v. CPI Card Group Inc.*, 2015 WL 10818740, at \*5 (W.D. Tex. Dec. 16, 2015) (Yeakel, J.) (granting §1404(a) transfer of a patent case filed by a non-forum resident plaintiff against a non-forum resident plaintiff and noting that “[c]ourts have repeatedly rejected the plaintiff’s choice of venue where the causes of action had little connection with the forum.”); *Airbus S.A.S. v. Aviation Partners, Inc.*, 2012 WL 2515414, at \*4 (W.D. Tex. June 29, 2012) (Yeakel, J.) (same analysis and result).

Texas federal courts have noted that while some deference to plaintiff’s chosen forum is given, “it is neither conclusive nor determinative and close scrutiny is given to plaintiff’s choice of forum when the plaintiff does not live in the judicial district in which

plaintiff has filed suit.” *Amini Innovation Corp. v. Bank & Estate Liquidators, Inc.*, 512 F. Supp. 2d 1039, 1045 (S.D. Tex. 2007) (Werlein, J.) (internal citations omitted) *Loeb-Defever v. Strategic Constr., Ltd.*, 2020 WL 2496883, at \*7 (E.D. Tex. May 14, 2020) (Mazzant, J.) (granting §1404(a) transfer motion in a patent case where the Plaintiffs’ choice of venue “has little to no factual nexus to the present case, thereby making Plaintiffs’ choice less significant. *Minka Lighting, Inc. v. Trans Globe Imports, Inc.*, 2003 WL 21251684, at \*3 (N.D. Tex. May 23, 2003) (Fish, C.J.) (granting motion to transfer in patent infringement suit where nonresident plaintiff sued defendant in district where limited sales activity occurred; plaintiff’s choice of forum was entitled to “diminished importance due to this district’s lack of ties to the dispute and to the parties”).

That is the case here. It does not appear that Plaintiff has any relationship to this District. TracFone could not find any address in this District for Plaintiff, and Plaintiff did not identify any after being requested to do so. In addition, TracFone has no relationship to this District other than its products are sold here through various third-party retailers and over the internet, just as they are throughout the country

The private factors for a determination of a 28 U.S.C. §1404(a) transfer are:

**(a) relative ease of access to sources of proof:** There are no witnesses or documents (paper or electronic) TracFone can identify in this District; TracFone has none and apparently neither does Plaintiff. By contrast, TracFone’s witnesses and documents are in the Southern District of Florida. Even if Plaintiff has an office in this District, “[i]n patent infringement cases, the bulk of the relevant evidence usually comes from the accused infringer. Consequently, the place where the defendant’s documents are kept weighs in favor of transfer to that location.” *In re Genentech*, 566 F.3d 1338, 1345 (Fed.

Cir. 2009) (reviewing a decision from the Eastern District of Texas and applying the Fifth Circuit's §1404(a) standards).

While it may be anachronistic, as this Court noted in *SynKloud*, “under current Fifth Circuit precedent, the physical location of [an] electronic document does affect the outcome of this factor.” *SynKloud*, at \*4, n.2. Based on this Court's reasoning in *SynKloud*, this factor weighs in favor of transfer.

**(b) availability of compulsory process to secure the attendance of witnesses:** As far as TracFone is aware, no third party and no party witnesses are in this District. By contrast, as described above, all of the relevant TracFone witnesses are in the Southern District of Florida. This factor favors transfer.

**(c) cost of attendance for willing witnesses:** “The convenience of the witnesses is probably the single most important factor in [a venue] transfer analysis.” *Genentech*, 566 F.3d at 1342 (Fed. Cir. 2009) (reviewing case from the Eastern District of Texas and applying the Fifth Circuit's §1404(a) standards). In considering this factor, the court also includes the party's witnesses. *See In re Volkswagen AG*, 371 F.3d 201, 204 (5th Cir. 2004). The number of witnesses who would have to travel from the Southern District of Florida would be significant if the case is in this District. By contrast, there are no identifiable witnesses in this District who must travel if the case is in the Southern District of Florida. As stated above, in patent cases, the bulk of the witnesses come from the Defendant; thus, even if Plaintiff had an office in this district, the bulk of the witnesses are in the Southern District of Florida.

On this factor, the facts here are much different than those before the Court in *SynKloud*. While Dropbox, the defendant in *SynKloud*, had witnesses “in both NDCA and

WDTX, as well as outside either District” (*SynKloud*, at \*5), in this case, the only known witnesses are in the Southern District of Florida.

Even where there is a mere 80 mile difference from one district to another, the court held that that was sufficient to weigh in favor of transfer, especially because there was often heavy traffic. *Mimedx Group, Inc., v. Texas Human Biologics, Ltd.*, 2014 WL 12479284, (W.D. Tex., Aug. 12, 2014) (Yeakel, J.). Here the distance is far greater and the difficulty in travel is far more significant than mere traffic. With no direct commercial flight between Waco and Miami, these witnesses would have to drive nearly two hours from DFW Airport. This means that between the nearly two hour drive and nearly three hour flight between MIA Airport and DFW Airport, any TracFone employee and any third party witnesses would likely have to spend three days away from Miami to testify in this action.<sup>2</sup> Thus, based on this Court’s reasoning in *SynKloud*, this factor weighs in favor of transfer.

**(d) all other practical problems that make trial of a case easy, expeditious and inexpensive:** There are no other factors which make this District more convenient. And, because this case is in its very early stages with no scheduling order having been entered, there is no bar to transfer. TracFone also notes that, unlike in *SynKloud*, there is no parallel litigation in this or any other forum.

<sup>2</sup> See *In re Volkswagen AG*, 371 F.3d at 204–05 (5th Cir. 2004) (evaluating § 1404 factors and noting that “[a]dditional distance means additional travel time; additional travel time increases the probability for meal and lodging expenses; and additional travel time with overnight stays increases the time which these fact witnesses must be away from their regular employment. Furthermore, the task of scheduling fact witnesses so as to minimize the time when they are removed from their regular work or home responsibilities gets increasingly difficult and complicated when the travel time from their home or work site to the court facility is five or six hours one-way as opposed to 30 minutes or an hour.”).

Also as stated above, the public factors include:

**(e) administrative difficulties flowing from court congestion:** The National Judicial Caseload Profile compiled by the Federal Judiciary<sup>3</sup> shows that the Southern District of Florida is second fastest in the country in the time for civil cases to go to trial; the time to trial is 15.8 months, which is significantly faster than cases brought in this District where the time to trial is 27.9 months.

Further, even if the Court assumes the shorter 21 month period from filing to trial for a patent case discussed in *SynKloud*, the expected time to trial in the Southern District of Florida would still be nearly a half a year sooner. Thus, based on this Court's reasoning in *SynKloud*, this factor weighs in favor of transfer. In fact, even a three month difference has been found in this District to weigh in favor of transfer. *National Oilwell Varco, L.P v Pason Systems USA Corp.*, 2016 WL 6909479, at \*4 (W.D. Tex., Jan. 28., 2016) (Manske, M.J.).

**(f) local interest in having localized interests decided at home:** As best can be determined, Plaintiff does not have any contacts to this forum whereas TracFone's main office is located in Miami and TracFone has no contacts with this District other than selling into this District. Thus, the Southern District of Florida has a significant interest in the case whereas this District has no local interest in the case. Once again these are very different facts than those before the court in *SynKloud*, where it was suggested that "Dropbox['s] large presence and expansion efforts within the District" were a factor in favor of this District having a localized interest in the outcome of the

<sup>3</sup> See [https://www.uscourts.gov/sites/default/files/data\\_tables/fcms\\_na\\_distprofile1231.2019.pdf](https://www.uscourts.gov/sites/default/files/data_tables/fcms_na_distprofile1231.2019.pdf).

case. *SynKloud*, at \*7. Thus, based on this Court's reasoning in *SynKloud*, this factor weighs in favor of transfer.

**(g) familiarity of the forum with the law that will govern the case:** This factor is not relevant because the patent laws are national and therefore the same in all districts. Thus, based on this Court's reasoning in *SynKloud*, this is a neutral factor.

**(h) avoidance of unnecessary problems of conflict of laws of the application of foreign law:** This is not a relevant factor in this case. Thus, based on this Court's reasoning in *SynKloud*, this is a neutral factor.

As a result, all factors either weigh in favor of transfer or are neutral and this case should be transferred to the Southern District of Florida.

#### CONCLUSION

Venue is not proper in this District for the reasons stated above. Thus, this case should be dismissed for lack of venue, or in the alternative transferred to the Southern District of Florida where it could have been brought.

Even if venue is proper, this case should be transferred to the Southern District of Florida for reasons of convenience.

Dated: June 22, 2020

By: 

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UNITED STATES DISTRICT COURT  
WESTERN DISTRICT OF TEXAS  
WACO DIVISION

Case No.: 6:20-cv-0303-ADA

PRECIS GROUP LLC,

*Plaintiff,*

v.

TRACFONE WIRELESS, INC.,

*Defendant.*

\_\_\_\_\_ /

APPENDIX TO DEFENDANT TRACFONE'S  
MOTION TO DISMISS FOR IMPROPER VENUE OR TO  
TRANSFER TO THE SOUTHERN DISTRICT OF FLORIDA

- Exhibit 1:** Correspondence between counsel for TracFone and counsel for Plaintiff  
Appendix Pages 3-4
- Exhibit 2:** Declaration of John Lim, executed June 19, 2020  
Appendix Pages 6-8

# **Exhibit 1**

**From:** Neal Massand <nmassand@nilawfirm.com>  
**Sent:** Wednesday, June 17, 2020 4:53 PM  
**To:** Horwitz, Ethan <EHorwitz@carltonfields.com>  
**Cc:** Luaces, Amparo A. <aluaces@carltonfields.com>  
**Subject:** RE: Precis v TracFone

Ethan,

We do not consent to moving to SD FL.

Neal

**From:** Horwitz, Ethan <[EHorwitz@carltonfields.com](mailto:EHorwitz@carltonfields.com)>  
**Sent:** Wednesday, June 17, 2020 3:51 PM  
**To:** Neal Massand <[nmassand@nilawfirm.com](mailto:nmassand@nilawfirm.com)>  
**Cc:** Luaces, Amparo A. <[aluaces@carltonfields.com](mailto:aluaces@carltonfields.com)>  
**Subject:** Precis v TracFone

Neal

When we spoke last week, you stated that you would get back to me as to whether your client will consent to move the venue of this case to the Southern District of Florida. Pls advise if it will consent.

I also asked you if your client had any relationship to the Western District of Texas. You stated that you were unaware of any, but would look into it. Pls advise.



**Ethan Horwitz**  
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# **Exhibit 2**

UNITED STATES DISTRICT COURT  
WESTERN DISTRICT OF TEXAS  
WACO DIVISION

Case No.: 6:20-cv-0303-ADA

PRECIS GROUP LLC,

*Plaintiff,*

v.

TRACFONE WIRELESS, INC.,

*Defendant.*

\_\_\_\_\_ /

**DECLARATION OF JOHN LIM IN SUPPORT OF TRACFONE'S MOTION DISMISS  
OR TRANSFER THIS CASE**

I, John Lim, pursuant to 28 U.S.C. § 1746, hereby declare as follows:

1. I am the Senior Director, Regional Sales for TracFone Wireless, Inc.

("TracFone"). I make all statements in this declaration either on personal knowledge or based on the books and records of TracFone.

2. Defendant TracFone Wireless, Inc. is a Delaware corporation, with a principal place of business at 9700 NW 112th Avenue, Miami, FL 33178 where it employs over 700 people. While TracFone is incorporated in Delaware, it has no offices or employees there; it only has a registered agent for service.

3. TracFone sells its products and services directly to consumers primarily through its website. TracFone also sells its products and services through nationwide retailers, such as Walmart and Target, and through independent retailers, both exclusive and non-exclusive retailers.

4. TracFone products and services are sold in this District by unaffiliated third-party retailers. All such retailers in this judicial district are independently owned; TracFone has no ownership interest in any of them and no relationship with them other than that they sell TracFone products and services. In fact, while TracFone engages directly with major retailers, it uses a third party independent distributor – not located in this District – to engage its local retailers.

5. I understand that Plaintiff in this case has alleged that TracFone has places of business in this judicial district, including at 1825 SW Military Dr., San Antonio, TX 78221.

6. This address identified by plaintiff was the store of an independently owned TracFone seller, Click Mobile; TracFone has no ownership or other interest in Click Mobile and no relationship with it other than its rights to sell TracFone products and services. And in fact, that store is out of business and has been out of business since well before this action was filed.

7. TracFone has no place of business at all in this judicial district. TracFone has one employee in this district who works out of his home in Austin. TracFone does not own, lease, or rent any portion of the employee's home and TracFone does not condition employment for that employee on maintaining a location in this district. TracFone did not select the location for the home, does not store inventory there nor does it conduct demonstrations there, and TracFone does not list the address as a TracFone address.

8. I understand that the patents in the case involve methods of paying for mobile phone service. TracFone's employees related to those functions are located TracFone's headquarters are in Miami. Some of the persons at TracFone and at third parties knowledgeable about the methods for payments by customers include Sergio Rivera, VP, Digital Technology (technology issues regarding such payments). Some of the

persons knowledgeable in the generation of codes include Jim Zimmerman, Sr. Officer, Customer Care & Operations. Some of the persons knowledgeable in relationships with retailers include myself as Sr. Director, Regional Sales, Indirect Channel.

9. In addition, the servers containing TracFone's computer and financial systems are located in Miami. In addition to the relevant electronic information being located in Miami, the IT personnel responsible for maintaining TracFone's servers, and who would be responsible for gathering any electronic data relevant to this action, also work in Miami.

10. Thus, the likely fact witnesses, computer systems and documents of TracFone relating to the function of how payments are processed are located in Miami as are the TracFone personnel who can gather that information.

I declare under the penalty of perjury that the foregoing is true and correct.

Executed on the 19 of June, 2020.



JOHN LIM

**IN THE UNITED STATES DISTRICT COURT  
FOR THE WESTERN DISTRICT OF TEXAS  
WACO DIVISION**

PRECIS GROUP LLC,

Plaintiff,

v.

TRACFONE WIRELESS, INC.,

Defendant.

Case No. 6:20-cv-0303

**RESPONSE TO MOTION TO DISMISS FOR  
IMPROPER VENUE OR TO TRANSFER TO  
THE SOUTHERN DISTRICT OF FLORIDA**

**JURY TRIAL DEMANDED**

**RESPONSE IN OPPOSITION TO DEFENDANT TRACFONE'S  
MOTION TO DISMISS FOR IMPROPER VENUE OR TO TRANSFER TO THE  
SOUTHERN DISTRICT OF FLORIDA**

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Precis Group LLC (“Plaintiff”) respectfully submits this response in opposition to Defendant Tracfone Wireless, Inc.’s (“Defendant”) Motion to Dismiss for Improper Venue or to Transfer Venue to the Southern District of Florida filed on June 22, 2020 (Dkt. No. 12) (“Motion”).

## **I. INTRODUCTION**

Defendant’s Motion, as it pertains to alleged improper venue, should be denied because Defendant has committed acts of infringement in this District and Defendant clearly has a regular and established place of business in this District pursuant to 28 U.S.C. §1400(b). Additionally, Defendant’s request to transfer venue to the Southern District Court of Florida (“SDFL”) should be denied for falling short of meeting the heavy burden of proving that SDFL is a *clearly* more convenient venue than this District. The Fifth Circuit has stated that a movant seeking a transfer of venue must carry a “significant burden” to show that the transferee venue is a “clearly more convenient” venue for the case. *In re Volkswagen of Am. Inc.*, 545 F.3d 304, 314, n.10, 315 (Fed. Cir. 2008) (“*In re Volkswagen IP*”) (cert. denied) (although a plaintiff’s choice of venue is not a distinct factor in the venue transfer analysis, it is nonetheless taken into account as it places a significant burden on the movant to show good cause for the transfer). Defendant has fallen short of meeting this significant burden because, in the present case, the SDFL is not a clearly more convenient location than this Court.

## **II. PROCEDURAL AND FACTUAL BACKGROUND**

1. Peter Wendt is a pioneer in the prepaid wireless industry and has worked in the industry for decades. He resides in Peoria, Arizona, and is a named inventor on United States Patent Nos. 9,813,564, 10,057,432, 10,218,859, and 10,594,873 (the “Patents-in-Suit”). Doc. No. 1 at Ex. A.

2. Daniel S. Karvonen is another named inventor on the Patents-in-Suit. Mr. Karvonen resides in Mankato, Minnesota. *Id.*

3. The Patents-in-Suit are assigned to Plaintiff, and Plaintiff filed its Complaint against Defendant in this matter on April 21, 2020, alleging, among other things, that Defendant has committed acts of infringement in this District.

4. Defendant is a Delaware corporation which operates under many brand names including the name “Total Wireless.” <https://www.totalwireless.com/termsandconditions>.

5. Defendant maintains a Total Wireless location in this District at 1825 SW Military Dr., San Antonio, TX 78221. <https://locations.totalwireless.com/tx/san-antonio.html>.

6. Despite this, on June 22, 2020, Defendant filed its Motion seeking transfer to the SDFL.

### **III. ARGUMENT AND AUTHORITIES**

#### **A. Legal Standard Governing Venue in Patent Infringement Actions**

Venue in a patent infringement action is governed solely and exclusively by 28 U.S.C. §1400(b) — the patent venue statute. *See TC Heartland LLC v. Kraft Foods Grp. Brands LLC*, 137 S. Ct. 1514, 1519 (2017). Under 28 U.S.C. §1400(b), “[a]ny 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.” Under the first prong of §1400(b), a domestic corporation “resides” only in its state of incorporation.” *TC Heartland LLC*, 137 S. Ct at 1521. Under the second prong of §1400(b), to establish a defendant’s “regular and established place of business,” the following three requirements must be met: “(1) there must be a physical place in the district; (2) it must be a regular and establish place of business; and (3) it must be the place of the defendant.” *In re Clay Inc.*, 871

F.3d 1355, 1360 (Fed Cir. 2017). “If any statutory requirement is not satisfied, venue is improper[.]” *Id.*

**1. Venue is Proper Pursuant to 28 U.S.C. §1400(b)**

As previously stated above, 28 U.S.C. §1400(b) provides that in an action for patent infringement, venue is proper only 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.” In the present case, Defendant meets the second of these criteria. It is undisputed by the parties that Defendant is incorporated in Delaware, and thus, does not “reside” in this District under §1400(b). However, contrary to the false impression Defendant attempts to create, Defendant has committed acts of infringement in this District and Defendant clearly maintains a regular and established place of business in this District. Accordingly, this Court has venue over Plaintiff’s claims pursuant to 28 U.S.C. § 1400(b); and, therefore, Defendant’s Motion to dismiss pursuant to the patent venue statute should be denied.

**a. Defendant Has a Regular and Established Place of Business in This District**

To have a “regular and established place of business” in a district, a defendant must have “a physical and geographical location in the district from which the business of the defendant is carried out.” *In re Clay Inc.*, 871 F.3d at 1362. The place of business must be both “regular” — i.e., it must operate in a “steady[,] uniform[,] orderly[, and] methodical manner” — and “established” — i.e., it must not be transient, but instead, “settle[d] certainly, or fix[ed] permanently.” *Id.* at 1362-63 (citations omitted). Finally, the place of business must be “a place of the defendant, not solely the place of the defendant’s employee” — i.e., the defendant must be the one to “establish or ratify the business.” *Id.* at 63. For purposes of this analysis, “[r]elevant considerations include whether the defendant owns or leases the place, ... exercises other attributes

of possession or control over the place[,]” or stores materials “at a place in the district so that they can be distributed or sold from that place.” *Id.*

Here, Defendant maintains several places of business in the state of Texas; specifically, Defendant has a regular and established place of business in this Judicial District, located at 1825 SW Military Dr., San Antonio, TX 78221. Defendant attempts to deceive the Court by falsely asserting that it has “no places of business at all in this judicial district.” Lim Decl. at ¶ 7; Motion at 5. Defendant contends that the address identified by Plaintiff “was the store of an independently owned Tracfone seller, Click Mobile; [and that] Tracfone has no ownership or other interest in Click Mobile and no relationship with it other than its rights to sell Tracfone products and services.” Lim Decl. at ¶ 6. However, what Defendant fails to bring to this Court’s attention is that *Total Wireless*, the current business located at 1825 SW Military Dr., San Antonio, TX 78221, is actually Defendant’s corporation, doing business under an assumed business name — *i.e.*, Tracfone Wireless, Inc., d/b/a Total Wireless. The following screenshots are taken from Defendant’s Total Wireless website: <sup>1</sup>

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<sup>1</sup> See <https://locations.totalwireless.com/tx/san-antonio/1825-sw-military-dr.html>;  
<https://locations.totalwireless.com/tx/san-antonio.html>;

**total wireless store**  
**san antonio**  
 open now closes at 7:00 pm

[get directions](#) [see plans](#)

**contact**  
 1825 sw military dr  
 san antonio, texas 78221  
 (210) 369-9339

**hours**

tue	10:00 am - 7:00 pm
wed	10:00 am - 7:00 pm
thu	10:00 am - 7:00 pm
fri	10:00 am - 7:00 pm
sat	10:00 am - 7:00 pm
sun	12:00 pm - 5:00 pm
mon	10:00 am - 7:00 pm

holiday hours may vary



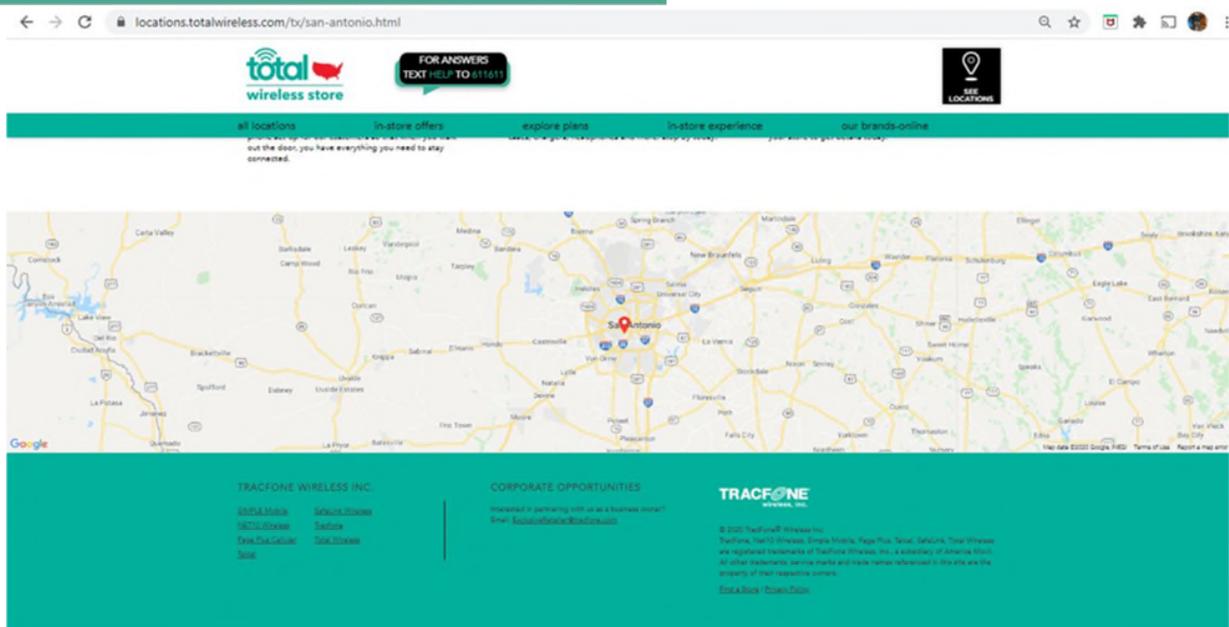
**total wireless, san antonio**

1825 sw military dr  
 san antonio, tx 78221

[get directions](#) >

[view website](#) >

locations.totalwireless.com/tx/san-antonio.html



**total wireless store** FOR ANSWERS TEXT HELP TO 611611 SEE LOCATIONS

all locations in-store offers explore plans in-store experience our brands-online

TRACFONE WIRELESS INC. CORPORATE OPPORTUNITIES TRACFONE

“[T]o impute the presence of one corporate entity based on the presence of another, the entities must lack formal corporate separateness.” *Emed Techs. Corp. v. Repro-Med Sys.*, No. 2:17-CV-728-WCB-RSP, 2018 U.S. Dist. LEXIS 93658, at \*5 (E.D. Tex. June 4, 2018) (citing *Soverain IP, LLC v. AT&T, Inc.*, 2017 WL 5126158, at \*1 (E.D. Tex. Oct. 31, 2017)). When “corporations disregard their separateness and act as a single enterprise, they may be treated as one, for purposes of venue.” *Soverain IP*, 2017 WL 5126158, at \*1. Corporations operating under an assumed business name always exist as a single legal enterprise. *See Matice Enters. v. Gibson*, No. 01-04-00913-CV, 2005 Tex. App. LEXIS 6124, at \*14 (Tex. App.—Houston [1st Dist.] Aug. 4, 2005) (stating that “adding ‘d/b/a’ to a name does not constitute the creation of a separate legal capacity[.]”) “The designation ‘doing business as’ or ‘d/b/a’ is merely a descriptive indication of

a person or corporation that does business under some alternative name.” *Thiesen v. Royal Neighbors of America*, 2010 WL 11556549, at \*4 (E.D. Tex. Nov. 23, 2010) (also citing *Snowden v. Checkpoint Check Cashing*, 290 F.3d 631, 635 n. 2 (4th Cir.2002) to indicate that “[i]t appears well settled that the use of a fictitious or assumed business name does not create a separate legal entity and that the designation d/b/a is merely descriptive of the person or corporation who does business under some other name.” (citations omitted)).

Here, Defendant Tracfone Wireless, Inc., and Total Wireless are clearly a single legal entity. According to Defendant’s Total Wireless website, Total Wireless is merely “a brand of [Defendant,] Tracfone Wireless Inc., d/b/a Total Wireless.” <https://www.totalwireless.com/termsandconditions>. Accordingly, all Total Wireless employees are employees of the Defendant. In fact, in Total Wireless’ Terms and Conditions, Defendant refers to its employees only as “**Tracfone** representative[s], officer[s], employee[s], [or] agent[s.]” *See* Total Wireless Terms and Conditions. Furthermore, the Total Wireless Privacy Policy and Code of Conduct — which are publicly made available on Total Wireless’s website — are entitled “Tracfone Wireless, Inc. Privacy Policy” and “Tracfone Wireless, Inc. Code of Conduct,” respectively, and neither document ever once references Defendant’s d/b/a/ name, Total Wireless. <https://www.totalwireless.com/termsandconditions>; [https://media.tracfone.com/wps/wcm/connect/00c753be-2ab3-485b-af74-a4ce996bed38/Code\\_of\\_Conduct.pdf?MOD=AJPERES](https://media.tracfone.com/wps/wcm/connect/00c753be-2ab3-485b-af74-a4ce996bed38/Code_of_Conduct.pdf?MOD=AJPERES). Additionally, Defendant retains intellectual property rights over the Total Wireless brand. Specifically, Defendant Tracfone Inc., is the owner of the Total Wireless Trademark, which is registered with the United States Patent and Trademark Office; and thus, Defendant retains sole discretion to enforce the rights in the Total Wireless Mark in the United States. *See*, e.g., <https://locations.totalwireless.com/>.

Accordingly, in light of the information above, Defendant clearly maintains a regular and established place of business in this Judicial District, at 1825 SW Military Dr., San Antonio, TX 78221, under its assumed business name Total Wireless — or Tracfone Wireless, Inc., d/b/a Total Wireless. Defendant, as the owner of Tracfone Wireless, Inc., d/b/a Total Wireless, indisputably ratified the Total Wireless business that is located in this District, from which it continues to carry out its business activities. Defendant further endorses its place of business in this District by displaying its Total Wireless logo in large letters across the front of its building. Moreover, Defendant maintains regular employees in this District, and continues to store, advertise, and sell its products out of its place of business in this District. As such, because Defendant has a regular and established place of business in San Antonio, venue in this case is proper, pursuant to 28 U.S.C. § 1400(b). Thus, Defendant’s motion to dismiss on the basis of improper venue should be denied.<sup>2</sup>

**b. Defendant Has Committed Acts of Infringement**

In assessing whether a defendant has committed an act of infringement within a particular district, “an allegation of infringement—even if contested—is sufficient to establish venue is proper.” *Intellectual Property Ventures II LLC v. FedEx Corp.*, 2017 WL 5630023, at \*8 (Nov. 22, 2017) (citations omitted). “An ‘act of infringement’ includes making, using, offering to sell, or selling a patented invention.” *Id.* (citing 35 U.S.C. § 271).

In its Complaint, Plaintiff alleges that Defendant “has made, used, marketed, distributed, offered for sale, sold, and/or imported infringing products in the State of Texas, including in this District, and engaged in infringing conduct within and directed at or from this District.” Complaint

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<sup>2</sup> To the extent any of the aforementioned assertions are disputed, Plaintiff should at least be permitted to conduct limited discovery related to venue and to supplement its briefing prior to the Court ruling on the Motion.

at ¶ 12. With respect to acts of infringement, such an allegation, even if contested, is sufficient to establish venue pursuant to 28 U.S.C. § 1400(b). Thus, Plaintiff has met its burden of showing Defendant has committed acts of infringement in this District.

Accordingly, because Defendant clearly has a regular and established place of business in this District and has committed acts of infringement in this District pursuant to 28 U.S.C. § 1400(b), Venue in this case is proper. As such, Defendant's Motion to dismiss for improper venue should be denied in its entirety.

**B. Legal Standard Governing Transfer Under 28 U.S.C. § 1404(a)**

Defendant bears “a significant burden . . . to show good cause” to support its motion to transfer. *Volkswagen II*, 545 F.3d at 314 n.10; *see also Texas Data Co., L.L.C. v. Target Brands, Inc.*, 771 F. Supp. 2d 630, 638-39 (E.D. Tex. Jan. 12, 2011) (“the Court ... recognizes the significance of the burden and does not take it lightly”). It must “satisfy the statutory requirements and *clearly* demonstrate that a transfer is ‘[f]or the convenience of parties and witnesses, in the interest of justice.’” *Volkswagen II*, 545 F.3d at 315.

The determination of whether Defendant has met its burden involves consideration of various private and public interest factors. *Volkswagen II*, 545 F.3d at 315. The private interest factors are: (1) relative ease of access to sources of proof; (2) the availability of compulsory process to secure the attendance of witnesses; (3) the cost of attendance for willing witnesses; and (4) all other practical problems that make trial of a case easy, expeditious and inexpensive. *Id.* The public interest factors are: (1) the administrative difficulties flowing from court congestion; (2) the local interest in having localized interests decided at home; (3) the familiarity of the forum with the law that will govern the case; and (4) the avoidance of unnecessary problems of conflict of laws. *Id.* The factors are not exhaustive or exclusive, and no one factor “can be said to be of dispositive

weight.” *Id.* Plaintiff sets herein a discussion of each of the aforementioned factors, which, when taken together, show that Defendant’s Motion should be denied because Defendant has not met its heavy burden of showing that transfer in this case is warranted.

**1. The Private Interest Factors Weigh Against Transfer**

**a. The Relative Ease of Access to Sources of Proof Weighs Against Transfer**

In determining the relative ease of access to sources of proof, courts examine the distance that documents and other evidence must be transported from their original location to the venue chosen. *Volkswagen II*, 545 F.3d at 316. However, “[d]ue to increasing technological advances, access to some sources of proof presents a lesser inconvenience than it once did ...” *Comcast Cable Comm’s, LLC et al. v. British Telecommunications PLC et al.*, No. 3:12-CV-1712-M, 2012 U.S. Dist. LEXIS 18004, at \*9 (N.D. Tex. Dec. 20, 2012) (Lynn, J.). Because “[t]he transmission of documents by electronic means is now instantaneous, inexpensive, and ubiquitous[,]” the distinction between courts — with respect to documentary evidence — is largely negligible. *Doe v. Kanakuk Ministries*, 2012 WL 715980 at \*3 (N.D. Tex. 2012). Accordingly, where, as here, the parties are exchanging documents rather than physical objects, “the burden ... is comparatively slight.” *AT&T Intellectual Property I, L.P. v. Airbiquity Inc.*, No. 3:08-cv-1637, 2009 U.S. Dist LEXIS 25100, \*10 (N.D. Tex. March 24, 2009) (Lynn, J.) (denying motion to transfer even where no relevant documents were located in the Northern District of Texas).

In the instant case, the location of Defendant’s records, with respect to transfer, is largely immaterial. Defendant argues that transfer of this action from this District to SDFL is clearly more convenient, in part because the servers containing Defendant’s computers and financial systems are located in Miami. Contrary to the false impression Defendant attempts to create, the physical location of Defendant’s servers has little significance here. As Defendant has indicated, any

documentary evidence pertinent to this action is being stored electronically. *Defendant's Motion* pp. 9. As such, Defendant completely ignores the fact that electronic documents can be transmitted across state lines with relative ease. In fact, apart from naming the physical location of its servers, Defendant does not give a single reason for why transferring its electronic records from Miami to this District would be burdensome. Thus, Defendant has not met its burden of proving SDFL is a *clearly* more convenient venue as to the relative ease of access to sources of proof. Accordingly, this factor does not weigh in favor of transfer.

**b. The Availability of Compulsory Process to Secure the Attendance of Witnesses Favors Denying Transfer**

While the location of party witnesses may factor into transfer analysis, it's the location of key, *non-party* witnesses that should dominate the analysis. *See Frederick v. Advanced Financial Solutions, Inc.*, 558 F.Supp.2d 699, 704 (E.D. Texas 2007) (emphasis added); *Mohamed v. Mazda Motor Corp.*, 90 F.Supp.2d 757, 775 (E.D. Texas 2000). *See also Texas Data Co. LLC v. Target Brands, Inc.*, 771 F.Supp.2d 630, 641 (E.D. Tex. 2011) (noting that “[t]his factor will weigh more heavily in favor of transfer when non-party witnesses reside within the transferee venue.”). Moreover, the availability and convenience of party-witnesses is generally insignificant because a transfer based on this factor would only shift the inconvenience from movant to nonmovant. *Frederick*, 558 F.Supp.2d at 704. Additionally, this factor is also based on the willingness of non-party witnesses to voluntarily appear for trial. *See Texas Data Co. LLC*, 771 F.Supp.2d at 642 n. 11. Thus, for purposes of this analysis, the defendant bears the burden of identifying unwilling non-party witnesses that would benefit from the transfer. *See Texas Data Co. LLC v. Target Brands, Inc.*, 771 F.Supp.2d 630, 643 n. 14 (E.D. Tex. 2011).

Here, Defendant fails to mention a single non-party witness, let alone any *unwilling non-party* witnesses that would benefit from a transfer to SDFL. Instead, Defendant focuses entirely

on the attendance of four party witnesses, who are all current executives or employees of Defendant. Motion at 9. Defendant's identified party witnesses include Sergio Rivera, VP, Digital Technology; Jim Zimmerman, Sr. Officer, Customer Care & Operations; John Lim, Sr. Director, Regional Sales, Indirect Channel; and an unnamed IT personnel responsible for maintaining Defendant's servers. *Id.*

While Defendant's identified party witnesses may reside in South Florida, which makes transfer to SDFL more convenient for Defendant, the convenience of the Defendant's party witnesses is of less concern here. As noted above, when analyzing this factor, the Court's concern is not on where the witnesses reside, but rather, how *unwilling* the witnesses (specifically, non-party witnesses) will be to testify in a particular district if needed. Thus, the analysis for this factor should necessarily look to the potential key non-party witnesses expected to participate in the instant case, such as the inventors, Peter Wendt, who resides in Peoria, Arizona, and Daniel Karvonen, who resides in Mankato, Minnesota.

In making its argument for transfer as to this factor, Defendant only identifies witnesses who are current executives or employees of Defendant. As such, Defendant can compel their testimonies in this District, which for all practical purposes, makes them willing party witnesses. Therefore, because Defendant fails to identify any non-party witnesses — either willing or unwilling — expect to participate in this case, this factor strongly weighs against transfer.

**c. The Cost of Attendance for Willing Witnesses Favors Denying Transfer**

This factor, similar to the one discussed immediately above, also does not weigh in favor of transfer. In addressing the cost of attendance of willing witnesses, all parties and witnesses must be considered in the analysis of this factor. *See In re Volkswagen AG*, 371 F.3d 201, 467 (Fed. Cir. 2004). The convenience of *non-party* witnesses is usually given greater weight than

that of party witnesses. *Stragent LLC v. Audi AG*, No. 6:10-cv-00227 2011, U.S. Dist. LEXIS 79688, \*7 (E.D. Tex. July 18, 2011) (emphasis added); *NovelPoint Learning LLC v. LeapFrog Enters.*, Case No. 6:10-cv-00229, 2010 U.S. Dist. LEXIS 128906, \*6 (E.D. Tex. Dec. 6, 2010). “The convenience of the witnesses *who are employees of the party* seeking transfer is entitled to less weight because that party will be able to compel their testimony at trial.” *Comcast Cable*, 2012 U.S. Dist. LEXIS 18004, \*11-12 (emphasis added). Nevertheless, in analyzing this factor, Defendant again focused entirely on the travel inconveniences of its own party witnesses. Motion at 9.

Regarding the cost of attendance of potential witnesses, Defendant focuses on four party witnesses, all executives and employees of Defendant, who are located in Miami. Defendant discusses at length the burdensome travel associated with getting its party witnesses to this District. In trying to persuade the Court to transfer this case, Defendant specifically harps on the fact that in order to get to this District, its four party witnesses will have to take a three-hour flight from Miami to Dallas, and then inconveniently drive an additional two hours from Dallas to Waco. Motion at 13. While travel for Defendant’s few witnesses may be slightly burdensome, this is the case for any party involved in a case outside of its home forum or state. Therefore, it is the convenience of non-party witnesses that is afforded the most weight by the Court. However, Defendant fails to mention the non-party witnesses that should factor into this transfer analysis.

Key non-party witnesses relevant to this action are spread across the country. For example, the attorney who prosecuted the Patents-in-Suit, Adam Stephenson, resides in Arizona. <https://www.iptech.law/>. The second inventor, Daniel Karvonen, resides in Mankato, Minnesota. Doc. No. 1 at Ex. A. Accordingly, with non-party witnesses located on opposite sides of the United States, a centrally located forum would mitigate the risk of one non-party witness bearing a

significant travel burden over another. Unlike SDFL, this Court is “centrally located” to these non-party witnesses, *AT&T Intellectual Property I*, 2009 U.S. Dist. LEXIS 25100, \*15, and is thus the more convenient forum. *See id.* at \*16 (finding this factor disfavored transfer where “the added convenience for some witnesses would be offset by relatively equal inconvenience to a greater number of others”). Both Scottsdale, Arizona and Mankato, Minnesota are substantially closer to this Court than to any court in the SDFL. Accordingly, this factor does not weigh in favor of transfer, and Defendant fallen short of meeting its heavy burden of proving that SDFL is a *clearly* more convenient venue than this District.

## **2. The Public Interest Factors Weigh Against Transfer**

### **a. Court Congestion Weighs Against Transfer**

In the § 1404(a) analysis, the Court may consider how quickly a case will come to trial and be resolved. *In re Genentech, Inc.*, 566 F.3d 1338, 1347 (Fed. Cir. 2009). The Federal Circuit has stated that “this factor appears to be the most speculative...and case-disposition statistics may not always tell the whole story.” *Id.* at 1346. Reliance on general statistics provides the Court with “little guidance with respect to the speed with which patent cases reach trial.” *Motion Games, LLC v. Nintendo Co.*, No. 6:12-cv-878-LED-JDL, 2014 U.S. Dist. LEXIS 188044, at \*29 (E.D. Tex. Mar. 28, 2014).

Defendant contends that transferring this case to the SDFL may allow the dispute to be resolved sooner because the U.S. District Court judicial caseload profiles suggest favorable time to trial in that district. Motion at 14. These speculative statistics, however, do not provide a reasonable basis for concluding that the matter would be resolved more quickly in the SDFL. First, this Court has substantial expertise and special standing orders and scheduling guidelines for patent litigation which speed such cases to trial when, in other courts, complex patent suits might otherwise get bogged down. Second, the median times cited by Defendant would not begin to run

until the time of transfer. Plaintiff will have served preliminary infringement contentions and a scheduling conference will have occurred well before the Motion is ruled upon. Accordingly, the Court should find that this factor does not weigh in favor or transfer.

**b. The SDFL Has No Greater Interest**

Defendant argues that the SDFL has a greater interest in this case than this Court because its “main office” is located in the District. Motion at 14. It also incorrectly states that it has “no contacts with this District other than selling into the District.” *Id.* Courts in this district have rejected arguments that a defendant’s mere presence in a proposed transferee district creates a strong local interest, “as they amount to arguments that the Court should transfer the case because jurors in the transferee district will be more sympathetic to a particular party.” *Geotag, Inc. v. Ontargetjobs, Inc.*, Case No. 2:13-cv-0064-JRG, 2014 U.S. Dist. LEXIS 204655 at \*8 (E.D. Tex. March 7, 2014). Defendant performs the accused infringement nationwide, not just in Florida. *In re Hoffman-La Roche*, the Federal Circuit explained that “the sale of an accused product offered nationwide does not give rise to a substantial interest in any single venue.” *In re Hoffman-La Roche, Inc.*, 587 F.3d 1333, 1338 (Fed. Cir. 2009). This factor only weighs in favor of transfer “if there are significant connections between a particular venue and the events that gave rise to a suit.” *Id.* That is not the case here, because Defendant’s alleged infringement occurs all over this country.

Defendant is also incorrect when it states that this District has no local interest in the case. Motion at 14. As shown above, Defendant maintains a physical presence in the District where it conducts infringing activities. Defendant also uses many retailers to conduct infringing activities in the District. This is a legitimate presence in the District, and the Court should consider it in its analysis. Where, as here, the infringing products are sold nationally, the mere fact that a defendant is in a certain state does not give that state a greater interest. Instead, where accused products are sold nationally, the local interest in having localized interests decided at home is generally not

weighed either for or against transfer. *Kilbourne v. Apple, Inc.*, No. CV H-17-3283, 2018 WL 3954862, at \*1 (S.D. Tex. June 4, 2018) (citing *In re Acer America Corp.*, 626 F.3d 1252, 1256 (Fed. Cir. 2010) (“the sale of an accused product offered nationwide does not give rise to a substantial interest in any single venue”); *Salazar v. HTC Corp.*, No. 2:16-CV-01096-JRG-RSP, 2017 WL 8943155 \*7 (E.D. Tex. Oct. 19, 2017)).

**c. The Remaining Factors Do Not Favor Transfer**

The remaining factors, the familiarity of the forum with the governing law and the avoidance of conflicts of law, are neutral. Defendant admits this in its Motion. Motion at 15. Accordingly, they do not weigh in favor of transfer.

**IV. CONCLUSION**

Here, venue is proper because the Defendant maintains a physical presence in the district and conducts acts of infringement in the district. Furthermore, Defendant has fallen well short of meeting its burden to show that transfer under 28 U.S.C. § 1404(a) is appropriate. Defendant’s Motion should, therefore, be denied.

DATED July 10, 2020.

Respectfully submitted,

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**ATTORNEY FOR PLAINTIFF  
PRECIS GROUP LLC**

**CERTIFICATE OF SERVICE**

I hereby certify that on the 10th day of July, 2020, I electronically filed the foregoing document with the clerk of the court for the U.S. District Court, Western District of Texas, Waco Division, using the electronic case filing system of the court. The electronic case filing system sent a “Notice of Electronic Filing” to the attorneys of record who have consented in writing to accept this Notice as service of this document by electronic means.

/s/ Neal G. Massand

Neal G. Massand

**UNITED STATES DISTRICT COURT  
WESTERN DISTRICT OF TEXAS  
WACO DIVISION  
Case No.: 6:20-cv-0303-ADA**

PRECIS GROUP LLC,

*Plaintiff,*

v.

TRACFONE WIRELESS, INC.,

*Defendant.*

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**DEFENDANT TRACFONE'S REPLY IN FURTHER  
SUPPORT OF ITS VENUE MOTION [ECF NO. 12]**

Dated: July 14, 2020

By: s/ Aaron S. Weiss

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Defendant TracFone Wireless, Inc. (“TracFone”) files this Reply in further support of its venue motion (ECF No. 12) and opposition to the response of Plaintiff Precis Group LLC (“Precis”) (ECF No. 16).

**VENUE IS NOT PROPER IN THIS DISTRICT**

In arguing venue is proper, Precis creates an argument never made by TracFone and then attempts to refute that argument instead of the real argument. Precis accuses TracFone of deceiving the Court by hiding the fact that Total Wireless is a TracFone brand and incorrectly stating that a store in San Antonio is actually owned and operated by Total Wireless and therefore by TracFone. Yet, it is Precis who attempts to deceive the Court by raising an irrelevant issue; whether or not Total Wireless is a TracFone brand is irrelevant. What is relevant is that this store is—or rather was—the store of a local retailer, Click Mobile, and whether or not Click Mobile uses the d/b/a Total Wireless, it is unrefuted that “TracFone has no ownership or other interest in Click Mobile and no relationship with it other than its rights to sell TracFone products and services.” Lim Decl. at ¶ 6. [ECF No. 12-1].

Precis’ only “proof” of its claim is that (1) Total Wireless lists the address on its website; and (2) pictures show the use of the Total Wireless mark on the store. ECF No. 16, at 4-5. Yet, using “Find a Store” feature of the Total Wireless website and searching for stores near San Antonio shows a number of stores such as Dollar General, 7-Eleven, Family Dollar, and other stores, chains and local retailers. See <https://www.totalwireless.com/findastore>. All Precis has shown is that Click Mobile’s store is—or was—an address at which a Total Wireless brand products could be purchased, not that this store is owned or operated by TracFone.

The pictures show the same thing—this store exclusively sold Total Wireless products and accordingly used that mark. Examples of “independently owned and operated” stores using a

product's trademark are too numerous to mention. As cited in TracFone's opening brief, there are numerous post *TC Heartland* cases finding that merely having a distributor, with an address in the particular district, does not create a place of business. See ECF No. 12 at 6-7. Precis makes no attempt to engage with these case laws, let alone try to distinguish them.

The use of the d/b/a Total Wireless by Click Mobile does not turn Click Mobile into TracFone, the store is still owned and operated by Click Mobile; the use of the mark is merely descriptive of the corporation who does business under that mark, Click Mobile. Precis confirms this when it quotes “[i]t appears well settled that the use of a fictitious or assumed business name does not create a separate legal entity and that the designation d/b/a is merely descriptive of the person or corporation who does business under some other name.” *Thiesen v. Royal Neighbors of America*, 2010 WL 11556549, at \*4 (E.D. Tex. Nov. 23, 2010) (Schneider, J.). (ECF No. 16 at 5-6.). This use of a d/b/a by Click Mobile does not turn Click Mobile into TracFone; this is Click Mobile's address, not TracFone's.

Precis' Response is devoted to showing how Total Wireless is TracFone, but that is irrelevant. The relevant issue is whether Click Mobile—the owner and operator of the store—is TracFone. Precis does not even contest that it is not. Merely using a d/b/a of TracFone's trademark Total Wireless does not turn Click Mobile into TracFone. The address is a Click Mobile address, not a TracFone address; TracFone has no address in this District. There is no proper venue.

#### **VENUE SHOULD BE TRANSFERRED**

Precis' Response is most striking for what it is missing—any relationship between this case and this District. Precis does not point to any witness, any document, or any computer program in this District. In fact, Precis' only reference to the relationship between this District and the case is that TracFone has sold allegedly infringing products in this District and so it committed infringing

acts in this District. (ECF No. 16 at 7 – 8). Yet, as shown below, the patents in issue relate to a payment method and system – there are no sales of that system anywhere, let alone in this District. The Complaint alleges only TracFone’s use of its payment system - in Miami. (ECF No. 1).

Precis describes the “heavy burden” to overcome its choice of forum. (ECF No. 16 at 8). Yet, it ignores the case law in TracFone’s opening brief (ECF No. 12 at 10 – 11) that a plaintiff’s choice is given little deference where, as here, plaintiff has no relationship with the District. As stated in Precis’ Brief, the relevant factors relating to transfer are:<sup>1</sup>

**Ease of access to sources of proof:** Precis goes to great length to discuss how the advent of electronic documents make documents moveable and thus this factor has no significant effect on venue. Yet, with all this discussion, Precis avoids this Court’s statement that “under current Fifth Circuit precedent, the physical location of [an] electronic document does affect the outcome of this factor.” *Synkloud Technologies, LLC, v. Dropbox, Inc.*, 2020 WL 2528545 at \*4, n.2 (W.D. Tex. May 18, 2020). (Albright, J.). TracFone cited this case in its moving brief (at 12), but Precis pointedly ignores it.

**Availability of compulsory process:** Precis claims this factor applies more for third party witnesses because each jurisdiction favors different parties – so changing the venue “would only shift the inconvenience from movant to nonmovant.” ECF No. 16 at 10 – 11 quoting from *Frederick v. Advanced Financial Solutions, Inc.*, 558 F. Supp. 2d 699, 704 (E.D. Texas 2007). Yet, in this case, there is no such shift—Precis has no witnesses in this District to inconvenience and there are a number of TracFone witnesses in Miami.

**Cost of attendance for willing witnesses:** Precis’ argument is that third party witnesses

<sup>1</sup> The factors of other practical problems, familiarity of the forum with the law that will govern the case and avoidance of unnecessary problems of conflict of laws are agreed to be neutral or are not discussed by Precis.

are more critical than party witnesses and travel for the two third party witnesses it identifies are more burdensome from Arizona and Minnesota to Florida than to Texas. Initially, there is no indication that these two witnesses will be at trial and no indication they will have relevant testimony or that they are willing to testify. As the Court noted in *Solas*, it is “live” witnesses that this factor relates. *Solas OLED Ltd. v. Apple Inc.*, 2020 WL 3440956, at \*6, fn. 3 (W.D. Tex. June 23, 2020) (Albright, J.). Here, the Miami-based TracFone witnesses who can testify to the operation of its payment system are critical trial witnesses. By contrast, Precis has no witnesses and only two out-of-state non-party witnesses who will possibly be deposed and are not likely to testify live at trial.

And while non-party witnesses are given more weight, as this Court has stated, party witnesses are to be considered, especially where there are not a significant number of non-party witnesses. *Id.* This case presents a textbook example of the type of situation envisioned by the Court in its clarifying footnote in *Solas*: few (or no) non-party witnesses and a number of out-of-state witnesses for the defendant.

**Administrative difficulties from court congestion:** Here Precis argues that caseload statistics are speculative and the case will move faster in this District with its specialized patent procedures. (ECF No. 16 at 13-14). Yet, analyzing caseload statistics is the tried and true method to evaluate docket congestion and this Court adheres to that process.<sup>2</sup> See ECF No. 12, at 14. And the Southern District of Florida (“SDFL”) has a well-known national reputation as one of the foremost “rocket dockets” for civil cases.<sup>3</sup> Moreover, patent cases are not treated differently

<sup>2</sup> Precis argues that this factor does not provide the entire story, citing *In re Genentech, Inc.*, 566 F.3d 1338, 1347 (Fed. Cir. 2009). Yet, Precis does not even try to give any other side to the story.

<sup>3</sup> See “‘Rocket Docket’ Justifies Its Name For 11th Straight Year.” Law 360, June 10, 2019, describing SDFL as the recipient of the “silver medal” for speed to trial, attached as **App. Exh. 1**.

in SDFL<sup>4</sup> so Precis's suggestion that general case management statistics are not appropriate is just wrong. Precis also tries to build in the extra time for this transfer motion, but, not surprisingly, it can cite no case law in support: measuring the time trial *after* transfer would always stack the deck against a defendant seeking transfer. That is not how the process works.

**Local interest:** Precis claims TracFone's infringement is nationwide and therefore both Districts have an interest in the case," citing *In re Hoffman-La Roche, Inc.*, 587 F.3d 1333, 1338 (Fed. Cir. 2009). ("sale of an accused product offered nationwide does not give rise to a substantial interest in any single venue.") ECF No. 12 at 13. This ignores the facts of this case and misreads the law.

There is no allegation here of the sale of any infringing products. (ECF No.1). The patents in issue all relate to methods or systems of processing payments. See Abstracts (ECF No. 1). Precis alleges TracFone uses those methods and systems; there is no allegation of any sale anywhere, let alone in this District. TracFone operates its payment system at its headquarters where its computer and financial systems are located (Lim Decl ¶ 9) and so any TracFone use of any payment method or system is in Miami. *NTP, Inc. v. Research in Motion, Ltd.*, 418 F.3d 1282, 1318 (Fed. Cir. 2005).

#### CONCLUSION

TracFone has no address in this District and venue is not proper. Further, all factors are either neutral or favor transfer, especially where this District has no relationship to either party or the controversy.

<sup>4</sup> The SDFL had a patent pilot program from 2011-2014, but then "determined that the administration of justice would best be served in this District by terminating the pilot project and allowing patent cases in the future to remain assigned at random to the Judges to whom they are initially assigned." See S.D. Fla. A.O. 2014-58, attached as **App. Exh. 2**. Patent cases are treated like any other civil cases in the SDFL.

Dated: July 14, 2020

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UNITED STATES DISTRICT COURT  
WESTERN DISTRICT OF TEXAS  
WACO DIVISION

Case No.: 6:20-cv-0303-ADA

PRECIS GROUP LLC,

*Plaintiff,*

v.

TRACFONE WIRELESS, INC.,

*Defendant.*

---

APPENDIX TO DEFENDANT TRACFONE'S REPLY  
IN FURTHER SUPPORT OF ITS VENUE MOTION

- Exhibit 1:** "‘Rocket Docket’ Justifies Its Name For 11th Straight Year." Law 360, June 10, 2019.
- Exhibit 2:** *Southern District of Florida Administrative Order 2014-58*, dated June 11, 2014.

# **Exhibit 1**

## 'Rocket Docket' Justifies Its Name For 11th Straight Year

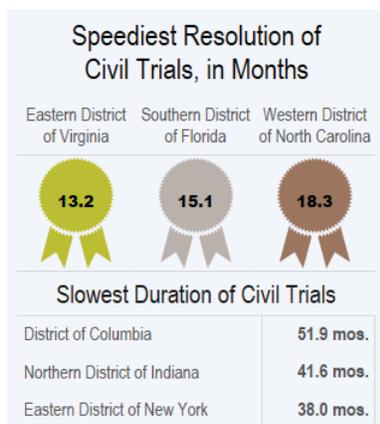
By Robert Tata (June 10, 2019, 4:45 PM EDT)

For the 11th year in a row, the U.S. District Court for the Eastern District of Virginia "rocket docket" is the fastest federal civil trial court in the country. This year, the EDVA rocket docket (Alexandria, Richmond, Newport News and Norfolk) won the "gold medal" with a median time to trial of 13.2 months. [1] The U.S. District Court for the Southern District of Florida took the "silver" with 15.1 months. And the U.S. District Court for the Western District of North Carolina took the "bronze" with 18.3 months.

The slowest-pokes included the U.S. District Court for the Eastern District of New York (38 months), the U.S. District Court for the Northern District of Indiana (41.6 months) and, lagging behind in dead-last 94th place, the U.S. District Court for the District of Columbia (51.9 months).



Robert Tata



This is our seventh year of **writing** for Law360 regarding the Eastern District "rocket docket." In the past, in addition to reporting on the speed-to-trial, we have highlighted the EDVA local rules (**2013**), the EDVA "patent wheel," which rotates patent cases filed in other divisions throughout the district (**2014**), the U.S. Court of Appeals for the Fourth Circuit appellate time intervals (**2015**), patent and class action cases (**2016**), what continues to fuel the "rocket docket" (**2017**), and more about the local practice in the district (**2018**). For the last few years, we have interviewed one or more of the district judges, sometimes several. We have now interviewed judges in all of the divisions.

The United States Courts' "Caseload Statistics Data Tables" page allows access to a treasure trove of data. As stated on the webpage: "This section of uscourts.gov provides statistical data on the business of the federal [j]udiciary. Specific publications address the work of the appellate, district, and bankruptcy courts; the probation and pretrial services data; and other components of the U.S. courts."

We focus here on Data Table C-5, which deals exclusively with civil cases. It includes total numbers of cases, method of disposition and time intervals to disposition. It breaks down statistics by circuit and district court. The busiest civil circuit court in 2018 was the U.S. Court of Appeals for the Fourth Circuit with its district courts handling 47,551 cases. The busiest individual district court was the Southern District of West Virginia, handling 36,423 civil cases in 2018. This is an anomaly. A large volume of the West Virginia filings, likewise contributing to the Fourth Circuit totals, are cases resulting from West Virginia's pelvic mesh multidistrict litigation. The busiest district court aside from West Virginia was the Central District of California with 12,151 civil suits in 2018.

Last year, generally, courts in the Northeast were slow to trial while courts in the South were much faster. The U.S. Court of Appeals for the First Circuit courts (Maine, Massachusetts, New Hampshire, Rhode Island, Puerto Rico) had a 35-month median interval to trial. And the U.S. Court of Appeals for the Second Circuit (Connecticut, New York, Vermont) had a 35.2-month median interval. Meanwhile, more southern circuits such as the U.S. Court of Appeals for the Fourth Circuit (Maryland, North Carolina, South Carolina, Virginia, West Virginia), Fifth Circuit (Louisiana, Mississippi, Texas) and Eleventh Circuit (Alabama, Florida, Georgia) had median intervals to trial of 21.7 months, 23.9 months and 20.9 months, respectively.

Based on our recent discussion with one EDVA judge, four factors are contributing to the efficient docket: (1) prompt, short scheduling orders; (2) a reticence to continue cases; (3) active and engaged senior and magistrate judges; and (4) dedication to duty and a pride in efficient docket management.

No doubt, some recent trends are exerting pressure on the trial times in the EDVA. In 2013, the average time-to-trial was 11.9 months, which slid to 13.2 months for the most recent reporting year of 2018. Complex patent suits are simply more time consuming. Many of these are filed in the Alexandria Division (right outside the District of Columbia). To help the Alexandria Division not get overwhelmed, patent cases are rotated through the divisions pursuant to the "patent wheel," where such cases are randomly assigned to other divisions. Nonetheless, some judges build more time into the pretrial schedule at the front end to handle a Markman hearing, which contributes to longer times to resolution at trial.[2] There is also a sense that the district may be seeing more complex white-collar fraud cases, which could also add to the median time to trial for civil cases.

### Conclusion

Year after year, the Eastern District of Virginia "rocket docket" has been the fastest civil trial court in the land with a median time in months to trial of 13.2 months. Other courts are sometimes referred to as "rocket dockets" — such as the U.S. District Court for the Eastern District of Texas (27.7 months), the Northern District of California (27.7 months), the Central District of California (21.4 months), the Northern District of Georgia (23.3 months) and the Western District of Wisconsin (20 months). The EDVA resolves civil trial at almost twice the speed of these other "rocket dockets" and it is currently on a remarkable run, clocking in as the absolute fastest civil trial court in the country for 11 years straight.

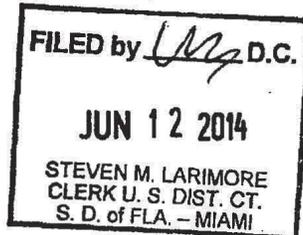
Robert M. Tata is a partner at Hunton Andrews Kurth LLP and managing partner of the firm's Norfolk, Virginia, office.

The opinions expressed are those of the author(s) and do not necessarily reflect the views of the firm, its clients, or Portfolio Media Inc., or any of its or their respective affiliates. This article is for general information purposes and is not intended to be and should not be taken as legal advice.

[1] We obtain the data for our annual article from Table C-5 of the annual caseload statistics. [www.uscourts.gov/statistics-reports/caseload-statistics-data-tables](http://www.uscourts.gov/statistics-reports/caseload-statistics-data-tables). Traditionally, we have used the tables that are published in March for September of the prior year, but this year we have been able to move to a calendar year calculation ending in December of the prior year.

[2] However, if lead counsel quibble too long over scheduling a Markman hearing, at least one local judge has been known to set a trial a few months out from the initial conference with no provision for a Markman hearing at all.

# **Exhibit 2**



UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF FLORIDA

ADMINISTRATIVE ORDER 2014-58

**IN RE: TERMINATION OF PILOT PROJECT  
FOR ASSIGNMENT OF PATENT CASES**

On June 30, 2011, this Court entered Administrative Order 2011-53 regarding the assignment of patent and plant protection variety cases [collectively "patent" cases] in the Southern District of Florida, in accordance with the Southern District of Florida's designation as a pilot court authorized by Public Law 111-349 and pursuant to the memorandum from the Administrative Office of the United States Courts, titled Patent Pilot Project, dated June 7, 2011. After three (3) years of experience with this pilot program and after conferring with the Judges of this District, the Court has determined that the administration of justice would best be served in this District by terminating the pilot project and allowing patent cases in the future to remain assigned at random to the Judges to whom they are initially assigned. Accordingly, it is hereby

**ORDERED** that effective July 7, 2014, the Southern District of Florida will no longer participate in the pilot patent project established by Administrative Order 2011-53 and all newly filed patent cases will be randomly assigned to District Judges consistent with the general case assignment protocol in the Southern District of Florida.

**DONE AND ORDERED** in Chambers in Miami, Miami-Dade County, Florida this 12<sup>th</sup> day of June, 2014.

  
\_\_\_\_\_  
FEDERICO A. MORENO  
CHIEF UNITED STATES DISTRICT JUDGE

Copies furnished as follows:

All Southern District Judges and Magistrate Judges  
Wifredo Ferrer, United States Attorney  
Steven M. Larimore, Court Administrator • Clerk of Court  
Ed Sieber, Statistical Analyst  
Library

UNITED STATES DISTRICT COURT  
WESTERN DISTRICT OF TEXAS  
WACO DIVISION  
Case No.: 6:20-cv-0303-ADA

PRECIS GROUP LLC,

*Plaintiff,*

v.

TRACFONE WIRELESS, INC.,

*Defendant.*

---

**DEFENDANT TRACFONE'S OPPOSED MOTION FOR DECISION ON  
ITS PENDING VENUE MOTION PRIOR TO THE *MARKMAN* HEARING**

Defendant TracFone Wireless, Inc. (“TracFone”) moves for a decision on its pending Motion to Dismiss For Improper Venue or to Transfer to the Southern District of Florida (the “Venue Motion”) [ECF No.12] prior to the *Markman* hearing, which is scheduled to be conducted via Zoom videoconference on December 29, 2020. [ECF No. 36].

Plaintiff opposes this motion, with the position that it “think[s] the Court should take up the motion to transfer as it sees fit.”

TracFone filed the Venue Motion on June 22, 2020 and it has been is fully briefed and ready for decision since July 14, 2020. [ECF No. 17]. TracFone also moved to stay the case pending resolution of the Venue Motion. [ECF No. 25] and [ECF No. 27]. TracFone also noted its position that the Venue Motion should be resolved before the *Markman* proceeding in its initial *Markman* brief. [ECF No. 29, p. 1, fn. 2].

The Federal Circuit has repeatedly instructed that resolution of a venue motion should take priority over substantive portions of the case. *In re Nintendo Co.*, 544 F. App'x 934, 941 (Fed. Cir. 2013) (“a trial court *must* first address whether it is a proper and convenient venue before addressing any substantive portion of the case”) (emphasis added) (citing *In re Horseshoe Entm't*, 337 F.3d 429, 433 (5th Cir.2003) (“[The] motion [to

transfer] should have taken a top priority in the handling of this case by the...District Court.”) (bracketed text and ellipsis in original); *In re EMC Corp.*, 501 F. App’x 973, 975 (Fed. Cir. 2013) (acknowledging the “importance of addressing motions to transfer at the outset of litigation”).

And just last month, in a published opinion the Federal Circuit held that “[a]lthough district courts have discretion as to how to handle their dockets, once a party files a transfer motion, disposing of that motion *should unquestionably* take top priority.” *In re Apple Inc.*, 979 F.3d 1332, 1337 (Fed. Cir. 2020) (emphasis added) (citing *In re Nintendo* and *In re EMC*); accord *Enplanar, Inc. v. Marsh*, 11 F.3d 1284, 1291 (5th Cir. 1994) (affirming the district court’s decision to deny merits-related discovery pending ruling on a motion for change of venue); *Klein v. Silversea Cruises, Ltd.*, 2014 WL 7174299, at \*2 (N.D. Tex. Dec. 16, 2014) (Horan, J.) (citing *Enplanar* and staying consideration of merits aspects of case pending resolution of venue challenge.).

TracFone therefore respectfully requests that the decision on the venue motion be issued prior to addressing the *Markman* aspect of the case.

Dated: December 21, 2020

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*Attorneys for Defendant TracFone*

Misc. Docket No. \_\_\_\_\_

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**In the United States Court of Appeals  
for the Federal Circuit**

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IN RE TRACFONE WIRELESS, INC,

*Petitioner.*

---

On Petition for a Writ of Mandamus to the  
U.S. District Court for the Western District of Texas in  
Case No. 6:20-cv-00303-ADA, District Judge Alan Albright

---

**PETITION FOR A WRIT OF MANDAMUS WITH APPENDIX IN  
SUPPORT**

---

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March 1, 2021

FORM 9. Certificate of Interest

Form 9 (p. 1)  
July 2020

**UNITED STATES COURT OF APPEALS  
FOR THE FEDERAL CIRCUIT**

**CERTIFICATE OF INTEREST**

**Case Number** \_\_\_\_\_

**Short Case Caption** In re TracFone Wireless, Inc.

**Filing Party/Entity** TracFone Wireless, Inc.

**Instructions:** Complete each section of the form. In answering items 2 and 3, be specific as to which represented entities the answers apply; lack of specificity may result in non-compliance. **Please enter only one item per box; attach additional pages as needed and check the relevant box.** Counsel must immediately file an amended Certificate of Interest if information changes. Fed. Cir. R. 47.4(b).

I certify the following information and any attached sheets are accurate and complete to the best of my knowledge.

Date: 03/01/2021

Signature: /s/ Ethan Horwitz

Name: Ethan Horwitz

FORM 9. Certificate of Interest

Form 9 (p. 2)  
July 2020

<b>1. Represented Entities.</b> Fed. Cir. R. 47.4(a)(1).	<b>2. Real Party in Interest.</b> Fed. Cir. R. 47.4(a)(2).	<b>3. Parent Corporations and Stockholders.</b> Fed. Cir. R. 47.4(a)(3).
Provide the full names of all entities represented by undersigned counsel in this case.	Provide the full names of all real parties in interest for the entities. Do not list the real parties if they are the same as the entities.  <input checked="" type="checkbox"/> None/Not Applicable	Provide the full names of all parent corporations for the entities and all publicly held companies that own 10% or more stock in the entities.  <input type="checkbox"/> None/Not Applicable
TracFone Wireless, Inc.		AMX USA Holding S.A. de C.V.
		Sercotel, S.A. de C.V.
		America Movil, S.A.B. de C.V.

Additional pages attached

FORM 9. Certificate of Interest

Form 9 (p. 3)  
July 2020

**4. Legal Representatives.** List all law firms, partners, and associates that (a) appeared for the entities in the originating court or agency or (b) are expected to appear in this court for the entities. Do not include those who have already entered an appearance in this court. Fed. Cir. R. 47.4(a)(4).

 None/Not Applicable Additional pages attached

Aaron S. Weiss, Carlton Fields, P.A. Miami, FL		

**5. Related Cases.** Provide the case titles and numbers of any case known to be pending in this court or any other court or agency that will directly affect or be directly affected by this court's decision in the pending appeal. Do not include the originating case number(s) for this case. Fed. Cir. R. 47.4(a)(5). See also Fed. Cir. R. 47.5(b).

 None/Not Applicable Additional pages attached


**6. Organizational Victims and Bankruptcy Cases.** Provide any information required under Fed. R. App. P. 26.1(b) (organizational victims in criminal cases) and 26.1(c) (bankruptcy case debtors and trustees). Fed. Cir. R. 47.4(a)(6).

 None/Not Applicable Additional pages attached


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## INTRODUCTION

Petitioner TracFone Wireless, Inc. (“TracFone”) respectfully petitions this Court to issue a writ of mandamus to the United States District Court for the Western District of Texas requiring that court to transfer this case to the United States District Court for the Southern District of Florida. Eight months ago, TracFone filed a motion that venue was not proper in this district under 28 U.S.C. §1400(b) or that this case be transferred pursuant to 28 U.S.C. § 1404(a) to the Southern District of Florida. That motion has yet to be decided and the case is proceeding.

This Court’s binding precedent is clear: “once a party files a transfer motion, disposing of that motion should unquestionably take priority.” *In re Apple, Inc.*, 979 F.3d 1332, 1337 (Fed. Cir. 2020). District courts certainly have some degree of “discretion as to how to handle their dockets,” *id.*, but the district court’s delay here has far surpassed any reasonable amount of discretion.

Because the lack of venue is clear and the basis for transfer are overwhelming, this Court should issue a writ of mandamus compelling the Western District of Texas to transfer this case to the Southern District of Florida. At a minimum, however, mandamus is warranted to

compel the district court to decide the pending motion to transfer before proceeding with the substantive proceedings in this case.

### **RELIEF SOUGHT**

TracFone respectfully requests a writ of mandamus compelling the district court to transfer this case to the Southern District of Florida, or, in the alternative, staying the case in the Western District of Texas and directing the district court to rule on TracFone's motion to transfer.

### **ISSUES PRESENTED**

Whether the district court here abused its discretion by failing to rule on a venue motion filed eight months ago which has been fully briefed and ready for decision for over seven months.

Whether a stay should be granted until the decision on a venue motion is rendered where that motion has been pending for eight months and has been fully briefed and ready for decision for over seven months.

Whether venue is proper in the Western District of Texas where TracFone does not reside and has no regular and established place of business.

Whether this case should be transferred to the Southern District of Florida where TracFone has its offices, relevant witnesses and

documents and where the Western District of Texas has no witnesses, documents or other connection to the substance of this case.

## **JURISDICTIONAL STATEMENT**

The Federal Circuit has jurisdiction over this petition because the underlying case in the Western District of Texas is a patent case. *See* 28 § 1295; *id.* §§ 1331, 1338(a). Mandamus is available “to correct a clear abuse of discretion or usurpation of judicial power.” *See In re TS Tech. United States Corp.*, 551 F.3d 1315, 1318 (Fed. Cir. 2008). As this Court held earlier this month, failure to timely rule on a motion to transfer warrants mandamus. *In re SK hynix Inc.*, No. 2021-113, ---F. App’x---, 2021 WL 321071, at \*2 (Fed. Cir. Feb. 1, 2021).

## **STATEMENT OF FACTS**

### **A. Background**

In the underlying action here, Plaintiff Precis Group LLC (“Precis”) accuses TracFone of infringing four patents addressed to Secured Pre-Payment for Portable Communication Unit; specifically, Patent Nos. 9,813,564, 10,057,432, 10,218,859 and 10,594,873. All four patents emanate from the same ultimate parent and all are directed to methods or systems for pre-payment of cell phone service. APPX0042,

APPX0050, APPX0058, APPX0068.

Plaintiff Precis has not claimed it has any functioning offices, and certainly not any in the Western District of Texas. It has not claimed any witnesses in the Western District of Texas nor any documents there.

Defendant TracFone is a Delaware corporation, with a principal place of business at 9700 NW 112th Avenue, Miami, Florida 33178. APPX0099. Any TracFone method for pre-payment of its phone services is operated in Miami, Florida and any systems TracFone employs for pre-payment of phone services are also located in Miami, Florida. APPX0100-APPX0101.

Precis has not disputed these facts; in fact, Precis did not even request discovery on these issues before its response to the venue motion. Rather, for its basis for venue in the Western District of Texas, Precis relies solely on one store which displays a sign of one of TracFone's brands, TOTAL WIRELESS. APPX0109-APPX0110. The unrefuted facts are that this store – which closed before this action began – was the store of an independently owned retailer of TracFone products and that TracFone has no ownership interest in the store and

no relationship with its owner other than that it was a distributor of TracFone products and services.<sup>1</sup> APPX0100.

## **B. Background of this Litigation**

Precis filed the underlying action asserting infringement against TracFone of the four patents on April 21, 2020. APPX0006-0040.

All four patents emanate from the same ultimate parent, Application No. 09/559,272, which is now abandoned. APPX0042, APPX0050, APPX0058, APPX0068. All four patents share the same specification, inventors, and claimed priority dates. *See* APPX0042-0048, APPX0050-0056, APPX0058-0060, APPX0068-0076. All four patents have claims that are directed to methods and systems for Secured Pre-payment for Portable Communication Unit, namely for cell phones. APPX0048, APPX000056, APPX0065-0066, APPX0075-0076.

In response to the Complaint, on June 22, 2020 – eight months

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<sup>1</sup> TracFone also has one employee in the Western District of Texas who works out of his home. APPX00100. Precis has not claimed that this employee is relevant to venue. TracFone does not own, lease, or rent any portion of the employee's home and TracFone does not condition employment for that employee on maintaining a location in this district. *Id.* TracFone did not select the location for the home, does not store inventory there nor does it conduct demonstrations there, and TracFone does not list the address as a TracFone address. *Id.*

ago – TracFone filed a motion to dismiss based on improper venue, pursuant to Fed. R. Civ. 12(b)(3), or to transfer pursuant to 28 U.S.C. §1406, based on improper venue combined with a motion to transfer to the Southern District of Florida pursuant to 28 U.S.C. §1404(a). *See* APPX0079-0093. Precis filed its Response on July 10, 2020 (*see* APPX0102-0121) and this motion was fully briefed when TracFone filed its Reply (*see* APPX0122-0128) on July 14, 2020, over seven months ago.

On August 3, 2020, the Court set a Scheduling Order with a *Markman* hearing on January 6, 2021 and set a trial date of January 31, 2022. *See* APPX0134-0137. On October 1, 2020, TracFone filed a request for a stay of proceedings pending resolution of the venue motion; no decision has issued on that motion. *See* APPX0138-0142. The *Markman* hearing was reset for December 29, 2020 (*see* APPX0143) and on December 21, 2020, TracFone filed a motion requesting a decision on the pending venue motion (*see* APPX0144-0145). The *Markman* hearing occurred on December 29, 2020 and a decision issued December 30, 2020.<sup>2</sup> *See* APPX0146-0147.

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<sup>2</sup> An amended claim construction Order issued January 8, 2021 to clarify

The Scheduling Order in the case opened discovery on January 13, 2021 and a deadline of March 3, 2021 to serve Final Infringement and Invalidity Contentions – less than ten days from now. *See* APPX0135-136. Much of the prior art on which TracFone will need to rely for its invalidity contentions is in the hands of third parties and there is not enough time to take proper discovery of those third parties.

In addition, Precis has served extensive discovery requests and it is expected that intervention of the court will be required to properly tailor those requests. TracFone believes that the proper court should address these issues.

### **REASONS WHY THE WRIT SHOULD ISSUE**

Mandamus relief is appropriate where a petitioner (1) has a “clear and indisputable” right, (2) has “no other adequate means to attain the relief [it] desires,” and (3) demonstrates that “the writ is appropriate under the circumstances.” *In re Apple*, 979 F.3d at 1336; *see also Cheney v. U.S. Dist. Court for the Dist. of Columbia*, 542 U.S. 367, 381 (2004). In the transfer context, the first factor is the linchpin, because an erroneous

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some issues. APPX0148-0150.

transfer decision cannot be remedied in a future appeal. *See In re Apple*, 979 F.3d at 1336-1337.

Under this Court's binding precedent, district courts should prioritize the resolution of venue motions, and failure to do so in a timely fashion warrants mandamus relief. *In re Apple*, 979 F.3d at 1337 (holding that while "district courts have discretion as to how to handle their dockets, once a party files a transfer motion, disposing of that motion should unquestionably take top priority."); *In re SK hynix.*, 2021 WL 321071, at \*1 (holding the same, citing *In re Apple*).

In patent 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. *See* 28 U.S.C. §1400(b).

As for transfer under 28 U.S.C. § 1404(a), under Fifth Circuit precedent, a district court should grant a transfer motion if the movant shows that the transferee venue is clearly more convenient than the transferor venue. *See In re Volkswagen of Am., Inc.*, 545 F.3d 304, 315 (5th Cir. 2008) (en banc).<sup>3</sup> In making this determination, district courts

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<sup>3</sup> This Court applies the law of the regional circuit when considering

must assess and balance a number of private and public interest factors.

*See id.*

Issuing a writ of mandamus is appropriate here in light of (1) the district court's delays; (2) the fact that there is no proper basis for venue in the Western District of Texas; and (3) under the transfer analysis of 28 U.S.C. § 1404(a), the case should be transferred to the Southern District of Florida. It is respectfully requested that this Court issue a writ compelling the district court to effect this transfer.

**I. Venue Requirements and Transfer Factors Warrant Issuance of the Writ.**

The Court should issue a writ of mandamus compelling the district court to transfer this case to the Southern District of Florida. TracFone's venue and transfer motion clearly demonstrated that this case should be heard in the Southern District of Florida – not the Western District of Texas. Initially, there is no proper venue because TracFone does not reside in the Western District of Texas and has no place of business, let alone a regular and established place of business in the Western District of Texas. APPX0100.

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transfer motions. *See, e.g., In re Echostar Corp.*, 388 F. App'x. 994, 995 (Fed. Cir. 2010).

Additionally, transfer is appropriate because of the “stark contrast in relevance, convenience, and fairness between the two venues.” *In re Nintendo Co.*, 589 F.3d 1194, 1198 (Fed. Cir. 2009). As explained below, the district court erred by failing to rule on TracFone’s motion and continuing with the substantive progress of the case.

**A. Venue is not Proper in the Western District of Texas.**

Venue in patent cases is controlled by 28 U.S.C. §1400(b) which states: “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) is the “sole and exclusive provision controlling venue in patent infringement actions.” *TC Heartland LLC v. Kraft Foods Grp. Brands LLC*, 137 S. Ct. 1514, 1519 (2017) (quoting *Fourco Glass Co. v. Transmirra Prod. Corp.*, 353 U.S. 222, 229 (1957)).

In light of the legislative history, this Court has cautioned that “the provisions of §1400(b) are not to be liberally construed.” *In re Cordis Corp.*, 769 F.2d 733, 736 (Fed. Cir. 1985). Indeed, “[t]he requirement of venue is specific and unambiguous; it is not one of those vague principles which, in the interests of some overriding policy, is to be given a ‘liberal’

construction.” *Schnell v. Peter Eckrich & Sons, Inc.*, 365 U.S. 260, 264 (1961) (quoting *Olberding v. Illinois Cent. R. Co.*, 346 U.S. 338, 340 (1953)) (internal quotation marks omitted). Courts must therefore be careful not to “conflate showings that may be sufficient for other purposes, e.g., personal jurisdiction or the [doing business standard of the] general venue statute, with the necessary showing to establish proper venue in patent cases.” *In re Cray, Inc.*, 871 F.3d 1355, 1361 (Fed. Cir. 2017).

For patent venue purposes, a corporate defendant resides in its state of incorporation, *TC Heartland*, 137 S. Ct. at 1521. Here, TracFone is incorporated in Delaware (APPX0099), not Texas, and so residence is not a basis for venue in the Western District of Texas.

As to the second factor, in determining whether there is a “regular and established place of business,” this Court explained that the inquiry entails “three general requirements”: “(1) there must be a physical place in the district; (2) it must be a regular and established place of business; and (3) it must be the place of the defendant.” *Cray*, 871 F.3d at 1360. “If any statutory requirement is not satisfied, venue is improper under §1400(b).” *Id.*

TracFone maintains its headquarters in Miami, Florida and does not have any place of business in the Western District of Texas. APPX0099-0100. TracFone sells its products and services directly to consumers through its websites. APPX0099. TracFone also sells its products and services through retailers ranging from major retailers such as Walmart to independently owned local stores. *Id.* Some of TracFone's retailers are exclusive, and some also sell other brands. *Id.* All retailers of TracFone products and services in the Western District of Texas are independently owned; TracFone has no ownership interest in any of them. APPX0100.

Precis bases its entire venue position on one store which sells TracFone products under TracFone's TOTAL WIRELESS brand. Specifically, Precis alleges that venue is proper in the Western District of Texas because TracFone has a regular and established place of business at 1825 SW Military Dr., San Antonio, Texas 78221.

APPX0109. Precis's sole basis for claiming this store is a TracFone place of business is a sign for the store that has the TOTAL WIRELESS mark prominently displayed. APPX0109-0112.

However, as the uncontroverted evidence demonstrates, the

retailer at the address Precis cited was Click Mobile; TracFone has no ownership interest in and no relationship with Click Mobile other than as a retailer, and the store at that address is out of business and has been since well before this action was brought. APPX0100. The recent post-*TC Heartland* opinion issued in *EMED Technologies Corporation v. Repro-Med Systems, Inc.* includes a useful survey of the many cases holding that having independent retailers, even distributors, with places of business within a district does not establish venue.<sup>4</sup> No. 2:17-CV-728-WCB-RSP, 2018 WL 2544564, at \*2 (E.D. Tex. June 4, 2018) (Bryson, J.). Thus, the address in issue is not TracFone’s place of business, let alone a regular and established place of business.

TracFone does not list this address as an address of TracFone<sup>5</sup>, it

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<sup>4</sup> The cases cited provide that the following do not constitute a regular and established place of business (1) “a handful of non-employee, independent contractors”; (2) “shipping goods into a District—whether to an individual or for distribution by third parties”; (3) using third-party company to sell products; (4) the mere presence of independent sales representatives; or (5) one or more of “maintaining an exclusive distributorship; establishing and maintaining some control over a chain of exclusive, independent distributors; maintaining an independent business man as a sales representative on a commission basis....”.

<sup>5</sup> TracFone’s website did list it as a place where TracFone products and services may be purchased, along with many other retailers who sell TracFone products, such as Dollar General. APPX0123.

does not store inventory there nor conduct demonstrations there.

APPX00100. These are the same factors that this Court held as showing there was no place of business for the defendant and therefore no proper venue. *Cray*, 871 F.3d at 1364-66. With no place of business in the Western District of Texas, let alone a regular and established place of business, there is no basis for venue in the Western District of Texas.

When venue is improper, the court must decide under 28 U.S.C. §1406(a), whether to dismiss the action, or whether to transfer the action to a venue in which it could have been brought.

This action should be transferred to the Southern District of Florida which has the most contacts as discussed below. In view of the long delay, and in view of the lack of any real basis for venue in the Western District of Texas, this Court should rule that the case be transferred to the Southern District of Florida.

**B. Transfer to the Southern District of Florida Is Warranted under Section 1404(a)**

Alternatively, this action should be transferred to the Southern District of Florida under 28 U.S.C. §1404(a).

Precis did not provide its address either in the Complaint (*see* APPX0006-0040 or in its Corporate Disclosure Statement (*see*

APPX0077-0078). TracFone has investigated and can find no address for Precis in the Western District of Texas. TracFone requested Precis to identify any contacts it has with the Western District of Texas and Precis has not identified any. APPX0096; *see also* APPX0102-0121.

TracFone is a Delaware corporation, though it has no offices in Delaware. APPX0099. TracFone's offices are in Miami, in the Southern District of Florida, where it has over 700 employees. *Id.*

The specification for all four patents of the Complaint are virtually identical and claims all relate to a method or a system of paying for mobile phone service. *See* APPX0042-0048, APPX0050-0056, APPX0058-0066, APPX0068-0076. TracFone's employees, methods and systems related to the functions of the patents are located in TracFone's offices in Miami, Florida. APPX0100-101.

In determining whether to transfer under 28 U.S.C. §1404(a), the court below has pointed out the Fifth Circuit factors for determining whether transfer is warranted under 1404(a):

[T]he determination of 'convenience' turns on a number of public and private interest factors, none of which can be said to be of dispositive weight.' *Action Indus., Inc. v. U.S. Fid. & Guar. Co.*, 358 F.3d 337, 340 (5th Cir. 2004). The private factors include: '(1) the relative ease of access to sources of proof; (2) the availability of compulsory process to secure the

attendance of witnesses; (3) the cost of attendance for willing witnesses; and (4) all other practical problems that make trial of a case easy, expeditious and inexpensive.’ *In re Volkswagen AG*, 371 F.3d 201, 203 (5th Cir. 2004)...(citing to *Piper Aircraft Co. v. Reyno*, 454 U.S. 235, 241 n.6 (1982)). The public factors include: ‘(1) the administrative difficulties flowing from court congestion; (2) the local interest in having localized interests decided at home; (3) the familiarity of the forum with the law that will govern the case; and (4) the avoidance of unnecessary problems of conflict of laws of the application of foreign law.’ *Id.* Courts evaluate these factors based on ‘the situation which existed when suit was instituted.’ *Hoffman v. Blaski*, 363 U.S. 335, 343 (1960).

*Synkloud Technologies, LLC, v. Dropbox, Inc.*, No. 6:19-CV-00526-ADA, 2020 WL 2528545 (W.D. Tex. May 18, 2020). (Albright, J.). Each factor is discussed below.

The private factors for a determination of a 28 U.S.C. §1404(a) transfer are:

**(1) relative ease of access to sources of proof:** There are no witnesses and no documents (paper or electronic) TracFone or Plaintiff can identify in this District; TracFone has none (APPX0099-0100) and Plaintiff could not point to any (*see* APPX0102-0121). By contrast, TracFone’s witnesses and documents are in the Southern District of Florida. APPX0099-0101.

While it may be anachronistic, the lower court here, in another

case, correctly noted that “under current Fifth Circuit precedent, the physical location of [an] electronic document does affect the outcome of this factor.” *SynKloud*, 2020 WL 2528545 at \*4, n.2.

This factor weighs in favor of transfer.

**(2) availability of compulsory process to secure the attendance of witnesses:** As far as TracFone is aware, no third party and no party witnesses are in the Western District of Texas (*see* APPX0090, APPX0100-0101) and Precis could not identify any such witnesses located in the Western District of Texas (APPX0115-0118). By contrast, as described above, the relevant TracFone witnesses are in the Southern District of Florida. APPX0100-0101

Transfer is particularly favored here where a substantial number of witnesses reside in the transferee venue and none resides within the Western District of Texas. *See In re TOA Tech.*, 543 F. App’x 1006, 1009 (Fed. Cir. 2013) (even where some party employees resided in Texas, “the potential for inconvenience to witnesses still favor[ed] transfer, because none of those witnesses reside[d] within 100 miles of the Eastern District of Texas and the majority of witnesses would find the [transferee district] less inconvenient and costly to travel for trial”); *see also In re Morgan*

*Stanley*, 417 F. App'x 947, 948-49 (Fed. Cir. 2011) (transfer favored where “the inventors” and “the defendants’ employees with unique knowledge regarding the accused products reside in or near the transferee venue,” while “no party is headquartered within a hundred miles of the [Western] District of Texas”).

This factor weighs in favor of transfer.

**(3) cost of attendance for willing witnesses:** “The convenience of the witnesses is probably the single most important factor in [a venue] transfer analysis.” *In re Genentech, Inc.*, 566 F.3d 1338, 1342 (Fed. Cir. 2009) (reviewing case from the Eastern District of Texas and applying the Fifth Circuit’s §1404(a) standards). In considering this factor, the court also includes the party’s witnesses. *See In re Volkswagen AG*, 371 F.3d 201, 204 (5th Cir. 2004). The number of witnesses who would have to travel from the Southern District of Florida would be significant if the case remained in the Western District of Texas. APPX0100-0101.

By contrast, *Precis* did not identify any witnesses in the Western District of Texas who must travel if the case is in the Southern District of Florida. APPX0115-0118.

*Precis*’ argument below was that there are two third party

witnesses in Arizona and Minnesota and travel for those two third party witnesses is more burdensome from Arizona and Minnesota to Florida than to Texas. APPX0116-0118. Initially, there is no indication that these two witnesses will be at trial and no indication they will have relevant testimony or that they are willing to testify. As the lower court noted in *Solas*, it is “live” witnesses that this factor relates. *Solas OLED Ltd. v. Apple Inc.*, No. 6:19-CV-00537-ADA, 2020 WL 3440956, at \*6, fn. 3 (W.D. Tex. June 23, 2020) (Albright, J.). In addition, Precis did not present any evidence showing a significant difference in the time or cost to travel. APPX0116-0118.

Here, the Miami-based TracFone witnesses who can testify to the operation of its payment system are critical trial witnesses. APPX0100-101. By contrast, Precis has no witnesses and only two out-of-state non-party witnesses (APPX0116-118) who will possibly be deposed and are not likely to testify live at trial.

This factor weighs in favor of transfer.

**(4) all other practical problems that make trial of a case easy, expeditious and inexpensive:** Precis did not dispute below that there are no other factors which make the Western District of Texas more

convenient. *See* APPX0102-0121.

As stated above, the public factors include:

**(1) administrative difficulties flowing from court**

**congestion:** The National Judicial Caseload Profile compiled by the Federal Judiciary shows that the Southern District of Florida is second fastest in the country in the time for civil cases to go to trial; the time to trial is 15.8 months, which is significantly faster than cases brought in the Western District of Texas where the time to trial is 27.9 months.

APPX0092.

In fact, the Southern District of Florida has a well-known national reputation as one of the foremost “rocket dockets” for civil cases.<sup>6</sup>

This factor weighs in favor of transfer.

**(2) local interest in having localized interests decided at**

**home:** Plaintiff has claimed no connection to the Western District of Texas. *See* APPX0006-0040, APPX0077-0078, APPX0102-0121.

TracFone’s main office is located in Miami (APPX0099) and TracFone has no contacts with the Western District of Texas other than selling into

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<sup>6</sup> *See* APPX0131-0132, “Rocket Docket’ Justifies Its Name For 11th Straight Year.” Law 360, June 10, 2019, describing the Southern District of Florida as the recipient of the “silver medal” for speed to trial.

this District in the same manner it sells its products throughout the country (APPX0099-0100).

Further, as stated above, these patents relate to methods and systems for pre-payment of cell phone service. *See* APPX0042-0048, APPX0050-0056, APPX0058-0066, APPX0068-0076. TracFone's operations (methods) and its systems relating to that pre-payment are located in the Southern District of Florida at TracFone's headquarters where its employees relating to those functions work and where the computer systems relating to those functions operate. APPX0100-0101. *In re Hoffmann-LaRoche Inc.*, 587 F.3d 1333, 1336 (Fed. Cir. 2009) (local interests are strong where a "cause of action calls into question the work and reputation of several individuals residing in or near that district and who presumably conduct business in that community"); *Affinity Labs of Texas, LLC v. Samsung Elecs. Co.*, No. 6:13-CV-364, 2014 WL 12570501, at \*3 (W.D. Tex. June 11, 2014) ("The district where a party has its principal place of business typically has a stronger local interest in the adjudication of the case."). Thus, the Southern District of Florida has a significant interest in the case whereas the Western District of Texas has no local interest in the case.

Precis claims TracFone's infringement is nationwide and therefore both districts have an interest in the case, citing *In re Hoffman-La Roche, Inc.*, 587 F.3d 1333, 1338 (Fed. Cir. 2009). ("sale of an accused product offered nationwide does not give rise to a substantial interest in any single venue."). APPX0119. This ignores the facts of this case and misreads the law.

There is no issue here of the sale of any infringing products. The patents in issue all relate to methods or systems of processing payments. *See* APPX0042-0048, APPX0050-0056, APPX0058-0066, APPX0068-0076. Precis alleges TracFone uses those methods and systems to sell cell phone service (*see* APPX0006-0040); there is no real issue that TracFone sells those methods or systems, let alone selling them into the Western District of Texas. TracFone operates its payment system at its headquarters where its computer and financial systems are located (APPX0100-101) and so any TracFone use of any payment method or system is in Miami. *NTP, Inc. v. Research in Motion, Ltd.*, 418 F.3d 1282, 1318 (Fed. Cir. 2005).

This factor weighs in favor of transfer.

**(3) familiarity of the forum with the law that will govern the**

**case:** Precis did not dispute below that this factor is not relevant because the patent laws are national and therefore the same in all districts. *See* APPX0102-0121.

**(4) avoidance of unnecessary problems of conflict of laws of the application of foreign law:** Precis did not dispute below that this is not a relevant factor. *See* APPX0102-0121.

In sum, all factors favor transfer or are neutral. This case should be transferred to the Southern District of Florida.

## **II. Mandamus Is Proper Because the District Court Has Failed To Timely Address the Transfer Motion.**

This Court should compel the district court to transfer this case to the Southern District of Florida. There is no real issue that venue is improper in the Western District of Texas. There is also no real issue that, under 28 U.S.C. § 1404(a), this case should be transferred to the Southern District of Florida. TracFone's venue motion has languished long enough below and the case should be transferred by this Court without any more delay. This Court should order the District Court to transfer the case to the Southern District of Florida.

However, mandamus is at least warranted to stay the case below and compel the district court to address TracFone's venue and transfer

motion and to reset the deadlines in the Scheduling Order to account for the delay in addressing the venue motion.

This Court has repeatedly emphasized that a district court should prioritize and resolve a party's transfer motion before it addresses other substantive issues in a case. *See, e.g., In re Apple*, 979 F.3d at 1337 (“Although district courts have discretion as to how to handle their dockets, once a party files a transfer motion, disposing of that motion should unquestionably take top priority.”) (applying Fifth Circuit law); *In re SK hynix*, 2021 WL 321071, at \*1 (holding same and citing *In re Apple*); *In re Nintendo Co., Ltd.*, 544 F. App'x 934, 941 (Fed. Cir. 2013) (applying Fifth Circuit law in holding that “a trial court must first address whether it is a proper and convenient venue before addressing any substantive portion of the case”).

This is because “[a]t times, a lengthy delay in ruling on a request for relief can amount to a denial of the right to have that request meaningfully considered.” *In re Google, Inc.*, No. 2015-138, 2015 WL 5294800, at \*1 (Fed. Cir. 2015).

And, this Court has recognized that such a constructive denial “[i]n the context of transfer of venue motions” can “frustrate 28 U.S.C. § 1404's

intent...when defendants are forced to expend resources litigating substantive matters in an inconvenient venue while a motion to transfer lingers unnecessarily on the docket.” *Id.* (citing *Van Dusen v. Barrack*, 376 U.S. 612, 616 (1964)).

Accordingly, in *Google*, this Court granted mandamus where a district court had let a transfer motion linger for eight months and where Google “made a compelling case” that the trial court “arbitrarily refused to consider the merits of its transfer motion.” *Id.* at \*2; see also *In re TS Tech*, 551 F.3d at 1318 (“The writ of mandamus is available in extraordinary situations to correct a clear abuse of discretion or usurpation of judicial power.”). Likewise, this Court held, on a similar timeline, that the “district court’s handling of the transfer motion up until this point in the case has amounted to egregious delay and blatant disregard for precedent.” *In re SK hynix*, 2021 WL 321071, at \*1.

The Court’s decisions in *Google* and *In re SK hynix* control here. TracFone filed its transfer motion on June 22, 2020 (see APPX0079-0093) and briefing was completed and the motion was ripe for decision by July 14, 2020 (see APPX0102-0121, APPX0122-0128). After months with no decision from the district court, and with the briefing for *Markman* soon

to begin, on October 1, 2020 TracFone moved to stay the case pending a decision on the venue motion. *See* APPX0138-0142. On December 21, 2020 with the *Markman* hearing a week away, TracFone moved for a decision on the pending venue motion. *See* APPX0144-0145. Even after the stay motion, and even after the motion for a decision, the district court has not acted on the transfer motion filed eight months ago.

Instead of prioritizing the transfer motion, the district court has proceeded with *Markman* briefing, hearing and decision, and is allowing the case to proceed with discovery and other deadlines. The district court's extreme delay and its refusal to heed the instruction to resolve transfer motions before proceeding to other substantive aspects of the case warrant the sort of "supervisory" intervention that justifies the writ of mandamus. *See In re Nintendo*, 544 F. App'x at 936. Thus, as in *Google* and *In re SK hynix*, mandamus is warranted, and the Court, at a minimum, should order the Western District of Texas to issue a timely ruling on the venue and transfer motion.

## CONCLUSION

For the foregoing reasons, the Court should issue a writ of mandamus requiring the district court to grant TracFone's motion for lack of venue and for a transfer of this case and requiring a transfer to the Southern District of Florida. Alternatively, the Court should issue a writ of mandamus staying this case and requiring the district court to rule on TracFone's motion within 30 days.

Date: March 1, 2021

Respectfully submitted,

/s/ Ethan Horwitz

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## CERTIFICATE OF COMPLIANCE

This brief complies with the type-volume limitations of Federal Rule of Appellate Procedure 32(a)(7)(B) and the Rules of this Court, because it contains 5,291 words (as determined by the Microsoft Word word-processing system used to prepare the brief), excluding the parts of the brief exempted by Federal Rule of Appellate Procedure 32(a)(7)(B)(iii).

This brief complies with the typeface requirements of Federal Rule of Appellate Procedure 32(a)(5) and the type-style requirements of Federal Rule of Appellate Procedure 32(a)(6) because it has been prepared in a proportionally spaced typeface using the Microsoft Word word-processing system in 14-point Century Schoolbook font.

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Inc.*

NOTE: This order is nonprecedential.

**United States Court of Appeals  
for the Federal Circuit**

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**In re: TRACFONE WIRELESS, INC.,**  
*Petitioner*

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2021-118

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On Petition for Writ of Mandamus to the United States District Court for the Western District of Texas in No. 6:20-cv-00303-ADA, Judge Alan D. Albright.

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**ON PETITION**

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Before REYNA, CHEN, and HUGHES, *Circuit Judges*.

PER CURIAM.

**O R D E R**

TracFone Wireless, Inc. petitions for a writ of mandamus directing the United States District Court for the Western District of Texas to transfer this case to the United States District Court for the Southern District of Florida, or in the alternative, to direct the district court to stay proceedings until such time the district court rules on TracFone's motion to transfer. Precis Group LLC responds and takes "no position regarding the relief requested."

We apply the law of the United States Court of Appeals for the Fifth Circuit in cases arising from district courts in

that circuit. We therefore review a district court's decision on a motion to transfer on a clear abuse of discretion standard. In this regard, we have granted mandamus to stay proceedings and order prompt action on a long-pending motion to transfer where the district court has refused to take action. *See, e.g., In re SK hynix Inc.*, 835 F. App'x 600 (Fed. Cir. 2021); *In re Google*, No. 2015-138, 2015 WL 5294800 (Fed. Cir. Jul. 16, 2015); *cf. In re TS Tech USA Corp.*, 551 F.3d 1315, 1319 (Fed. Cir. 2008).

Precis filed this patent infringement suit against TracFone on April 21, 2020. On June 22, 2020, TracFone moved to dismiss the case based on improper venue or alternatively to transfer the case to the United States District Court for the Southern District of Florida pursuant to both 28 U.S.C. § 1404(a) and 28 U.S.C. § 1406. The motion was fully briefed by July 14, 2020. Shortly thereafter, the district court issued a scheduling order for discovery, a Markman hearing, and the start of trial.

On October 1, 2020, TracFone moved the district court to stay all proceedings pending resolution of its venue motion. Not having heard from the court on either the motion to dismiss or the motion to transfer by December 21, 2020, TracFone moved for a decision on its motion to transfer before the Markman hearing scheduled for December 29, 2020. The district court also did not rule on that request. Instead, the district court conducted the Markman hearing as scheduled and issued a claim construction order the following day. Having still received no ruling from the district court on any of its requests, TracFone filed this petition for writ of mandamus on March 2, 2020.

We addressed strikingly similar circumstances from the same district court last month in *SK hynix*. There, as here, the petitioners sought mandamus relief from this court after waiting nearly eight months for a ruling on a motion to transfer that was fully briefed. We agreed with the petitioner that "the district court's handling of the

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transfer motion up until this point in the case has amounted to egregious delay and blatant disregard for precedent.” 835 F. App’x at 600–01. We did not compel further action because the district court scheduled a hearing while the petition was pending before this court, but we directed the district court to stay proceedings, including the upcoming Markman hearing, until the district court ruled on the motion. We explained that mandamus was appropriate because “precedent compels entitlement to such relief and the district court’s continued refusal to give priority to deciding the transfer issues demonstrates that SK hynix has no alternative means by which to obtain it.” *Id.* at 601.

In *Google*, we explained that lengthy delays in resolving transfer motions can frustrate the intent of § 1404(a) by forcing defendants “to expend resources litigating substantive matters in an inconvenient venue while a motion to transfer lingers unnecessarily on the docket.” 2015 WL 5294800 at \*1. We concluded that a trial court’s failure to act on a fully briefed transfer motion that had been pending for approximately eight months while pressing forward with discovery and claim construction issues amounted to an arbitrary refusal to consider the merits of the transfer motion. *Id.* at \*1–2. We therefore directed the district court to promptly rule and to stay all proceedings pending completion of the motion. *Id.* at \*2.

Our decisions in *Google* and *SK hynix* rest on a principle well-established in Fifth Circuit law: That district courts must give promptly filed transfer motions “top priority” before resolving the substantive issues in the case. *In re Horseshoe Entm’t*, 337 F.3d 429, 433 (5th Cir. 2003) (“[I]n our view disposition of that [transfer] motion should have taken a top priority in the handling of this case by the . . . District Court.”); *see also In re Apple, Inc.*, 979 F.3d 1332, 1337 (Fed. Cir. 2020 (explaining that “once a party files a transfer motion, disposing of that motion should unquestionably take top priority.”); *In re Nintendo Co., Ltd.*,

544 F. App'x 934, 941 (Fed. Cir. 2013) (“[A] trial court must first address whether it is a proper and convenient venue before addressing any substantive portion of the case.”).

We agree with TracFone that the circumstances here are comparable to those in *Google*. As in *Google*, the facts here establish that the district court has clearly abused its discretion. And, unlike in *SK hynix*, the court to date has taken no action to suggest it is proceeding towards quick resolution of the motion.

We order the district court to stay all proceedings until such time that it issues a ruling on the motion to transfer that provides a basis for its decision that is capable of meaningful appellate review. See *SK hynix*, 835 F. App'x at 601. We do not here address TracFone's motions, leaving those decisions to be made by the district court in the first instance. But we remind the lower court that any familiarity that it has gained with the underlying litigation due to the progress of the case since the filing of the complaint is irrelevant when considering the transfer motion and should not color its decision. See *Google*, 2015 WL 5294800 at \*2.

Accordingly,

IT IS ORDERED THAT:

The Petition for Writ of Mandamus is granted and the district court is ordered to issue its ruling on the motion to transfer within 30 days from the issuance of this order, and to provide a reasoned basis for its ruling that is capable of meaningful appellate review. See *SK hynix*, 835 F. App'x at 601. We also order that all proceedings in the case are stayed until further notice. We do not address the merits of TracFone's motions, leaving those decisions to be made by the district court in the first instance. But we remind the lower court that any familiarity that it has gained with the underlying litigation due to the progress of the case since the filing of the complaint is irrelevant when

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considering the transfer motion and should not color its decision. *See Google*, 2015 WL 5294800 at \*2.

FOR THE COURT

March 08, 2021  
Date

/s/ Peter R. Marksteiner  
Peter R. Marksteiner  
Clerk of Court

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**IN THE UNITED STATES DISTRICT COURT  
FOR THE WESTERN DISTRICT OF TEXAS  
WACO DIVISION**

**PRECIS GROUP, LLC,**  
*Plaintiff,*

v.

**TRACFONE WIRELESS, INC.,**  
*Defendant.*

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**6-20-CV-00303-ADA**

**ORDER DENYING TRACFONE’S MOTION TO DISMISS OR TRANSFER**

Before the Court is Defendant TracFone Wireless, Inc.’s Motion to Dismiss pursuant to Federal Rule of Civil Procedure 12(b)(3) or 28 U.S.C. § 1406 and Motion to Transfer pursuant to 28 U.S.C. § 1404 filed on June 22, 2020. Def.’s Mot., ECF. No. 12. After careful consideration of the Motions, the Parties’ briefs, and the applicable law, the Court **DENIES** Defendant TracFone’s Motion to Dismiss and Motion to Transfer.

**I. BACKGROUND**

Plaintiff Precis Group, LLC filed a patent infringement complaint against Defendant TracFone Wireless, Inc. on April 21, 2020. Pl.’s Compl., ECF No. 1. Defendant filed a Motion to Dismiss or Transfer venue on June 22, 2020. Def’s Mot., ECF No. 12. Precis and TracFone filed an Agreed Motion for Extension of Time to File Response/Reply on July 3, 2020. ECF No. 15. Plaintiff filed a response in opposition to the Motion to Transfer or Dismiss on July 10, 2020. Pl.’s Resp., ECF. No. 16. Defendant filed a reply to the response on July 14, 2020. Def.’s Reply, ECF No. 17.

TracFone is a Delaware corporation with its principal place of business in Miami, Florida, where it employs over 700 individuals. Def.’s Mot., Ex. 2 at ¶2. TracFone asserts it has no offices or employees in the state of Delaware. *Id.* TracFone’s primary business is conducted through its website. *Id.* at ¶3. Aside from its website, TracFone claims it uses unaffiliated,

independently owned, third-party retailers to sell TracFone's product and services. *Id.* at ¶4. TracFone asserts that it only has one employee in the Western District of Texas who resides in Austin, Texas. *Id.* at ¶7.

This patent infringement suit arises from TracFone's alleged implantation of Precis's patented provisioning of prepaid mobile services. Pl.'s Compl. at ¶2. Precis alleges that TracFone has made, used, marketed, distributed, offered for sale, sold, and/or imported infringing products in the Western District of Texas. Pl.'s Compl. at 1–2. TracFone alleges that all of its employees knowledgeable about payment for mobile phone services are located at its headquarters in Miami, Florida. Def.'s Mot., Ex. 2 at ¶8. Additionally, TracFone asserts that the servers containing TracFone's computer and financial systems are located in Miami. *Id.*

Precis seeks to establish venue in the Western District of Texas under the patent venue statute by alleging that TracFone has a regular and established place of business in San Antonio, Texas. Pl.'s Compl. at ¶13. Precis also claims that TracFone's alleged infringement occurred at this San Antonio location in the Western District. *Id.*

Precis alleges that TracFone operates under the brand name "Total Wireless," located in San Antonio. Pl.'s Resp. at 2, 4. In other words, Precis alleges that Total Wireless is Defendant TracFone, Inc., d/b/a Total Wireless. *Id.* at 4. To support its allegations, Precis points to Total Wireless's website, which states that Total Wireless is merely "a brand of Tracfone Wireless Inc., d/b/a Total Wireless." *Id.* at 6. Additionally, Total Wireless's Terms and Conditions refers to its employees only as "Tracfone representative[s], officer[s], employee[s], [or] agent[s]." Finally, Precis alleges that TracFone owns the Total Wireless trademark, which is also stated on Total Wireless's website. *Id.*

## II. LEGAL STANDARD

### A. Federal Rule of Civil Procedure 12(b)(3)

A party may move to dismiss based on improper venue pursuant to Rule 12(b)(3). Fed. R. Civ. P. 12(b)(3). Once a defendant challenges venue, the burden of proof is on the plaintiff to establish that venue is proper in the district. *Slyce Acquisitions Inc. v. Syte – Visual Conceptions Ltd.*, 422 F. Supp. 3d 1191, 1198 (W.D. Tex. 2019) (Albright, J). If venue is improper, the Court has broad discretion to dismiss the case, or in the interest of justice, transfer the case to any district where venue is proper. 28 U.S.C. § 1406(a); *Caldwell v. Palmetto State Savs. Bank of S.C.*, 811 F.2d 916, 919 (5th Cir. 1987).

If there is no evidentiary hearing, a plaintiff carries its burden by presenting facts that, taken as true, would establish venue. *Zurich Am. Ins. Co. v. Tejas Concrete & Materials Inc.*, 982 F. Supp. 2d 714, 719 (W.D. Tex. 2013); *Wilson v. Belin*, 20 F.3d 644, 648 (5th Cir. 1994). Plaintiff need only make a prima facie showing of jurisdiction. *Johnston v. Multidata Sys. Int’l Corp.*, 523 F.3d 602, 609 (5th Cir. 2008). “On a Rule 12(b)(3) motion to dismiss for improper venue, the court must accept as true all allegations in the complaint and resolve all conflicts in favor of the plaintiff.” *Braspetro Oil Servs. Co. v. Modec (USA), Inc.*, 240 F.App’x 612, 615 (5th Cir. 2007) (per curiam) (citations omitted).

### B. 28 U.S.C. § 1400(b)

The patent venue statute, 28 U.S.C. § 1400(b), is the “sole and exclusive provision controlling venue in patent infringement actions.” *TC Heartland LLC v. Kraft Foods Grp. Brands LLC*, 137 S. Ct. 1514, 1519 (2017). Under 28 U.S.C. § 1400(b), there are two possible venues for a patent infringement action. Either: “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).

In order to have a “regular and established place of business,” there must be: (1) a physical place in the district; (2) it must be a regular and established place of business; and, (3) it must be the place of the defendant. *In re Cray Inc.*, 871 F.3d 1355, 1360 (Fed. Cir. 2017). The regular and established place of business standard requires more than the minimum contacts necessary for establishing personal jurisdiction, or for satisfying the doing-business standard of the general venue statute. *Id.* at 1361. In determining whether the defendant has an established place of business, each case depends on its own facts. *Id.* at 1362.

A “place” requires “[a] building or a part of a building set apart for any purpose” or “quarters of any kind” from which business is conducted. *Id.* A “regular” place of business is one that operates in a “steady[,] uniform[,] orderly[, and] methodical” manner.” *Id.* An “established” place of business is one that is “settle[d] certainly, or fix[ed] permanently.” *Id.* Finally, the regular and established place of business must be a place of the defendant. *Id.* Relevant inquiries include whether the defendant lists the alleged place of business on a website or in a telephone or other directory; or whether the defendant places its name on a sign associated with or on the building itself. *Id.* at 1363–64. “However, the fact that defendant has advertised that it has a place of business or has even set up an office is not sufficient; the defendant must actually engage in business from that location.” *Id.* at 1364.

### **C. 28 U.S.C. § 1406**

When venue is improper, a district court “shall dismiss, or if it be in the interest of justice, transfer such case to any district or division in which it could have been brought.” 28 U.S.C. § 1406(a). Section 1406 only permits dismissal when the venue is “wrong” or “improper”

in the forum in which it was brought. *Atlantic Marine Const. Co., Inc. v. U.S. Dist. Ct. for the Western Dist. of Tex.*, 571 U.S. 49, 56 (2013).

#### **D. 28 U.S.C. § 1404(a)**

Under 28 U.S.C. § 1404(a) for the convenience of parties and witnesses, a district court may transfer any civil action to any other district or division where it might have been brought or to any district or division to which all parties have consented. 28 U.S.C. § 1404(a). “Section 1404(a) is intended to place discretion in the district court to adjudicate motions for transfer according to an ‘individualized, case-by-case consideration of convenience and fairness.’” *Stewart Org., Inc. v. Ricoh Corp.*, 487 U.S. 22, 29 (1988) (quoting *Van Dusen v. Barrack*, 376 U.S. 612, 622 (1964)). The party moving for transfer carries the burden of showing good cause. *See Humble Oil & Ref. Co. v. Bell Marine Service, Inc.*, 321 F.2d 53, 56 (5th Cir. 1963); *see also In re Volkswagen of Am., Inc.*, 545 F.3d 304, 314 (5th Cir. 2008) (hereinafter “*Volkswagen II*”). To show good cause means that a moving party in order to support its claim for a transfer, must clearly demonstrate that a transfer is “[f]or the convenience of parties and witnesses, in the interest of justice.” *Id.* (quoting 28 U.S.C. § 1404(a)).

“The preliminary question under § 1404(a) is whether a civil action ‘might have been brought’ in the destination venue.” *Volkswagen II*, 545 F.3d at 312. If this requirement is met, the Fifth Circuit Court of Appeals has held that “[t]he determination of ‘convenience’ turns on a number of public and private interest factors, none of which can be said to be of dispositive weight.” *Action Indus., Inc. v. U.S. Fid. & Guar. Co.*, 358 F.3d 337, 340 (5th Cir. 2004). The private factors include “(1) the relative ease of access to sources of proof; (2) the availability of compulsory process to secure the attendance of witnesses; (3) the cost of attendance for willing

witnesses; and (4) all other practical problems that make trial of a case easy, expeditious and inexpensive.” *In re Volkswagen AG*, 371 F.3d 201, 203 (5th Cir. 2004) (hereinafter “*Volkswagen I*”) (citing to *Piper Aircraft Co. v. Reyno*, 454 U.S. 235, 241 n.6 (1982)). The public factors include: “(1) the administrative difficulties flowing from court congestion; (2) the local interest in having localized interests decided at home; (3) the familiarity of the forum with the law that will govern the case; and (4) the avoidance of unnecessary problems of conflict of laws of the application of foreign law.” *Id.*

A plaintiff’s selection of venue is entitled to deference. *Vasquez v. El Paso II Enterprises, LLC*, 912 F. Supp. 2d 445, 447 (W.D. Tex. 2012) (citing *Volkswagen II*, 545 F.3d at 315 (“Thus, when the transferee venue is not clearly more convenient than the venue chosen by the plaintiff, the plaintiff’s choice should be respected.”)); *Stagecoach Puttters, LLC v. Taylor Made Golf Co., Inc.*, 2015 WL 11622483, at \*2 (W.D. Tex. Jan. 26, 2015) (plaintiff’s choice of forum is given “great deference”).

Though given deference, courts must not give inordinate weight to a plaintiff’s choice of venue. *Volkswagen II*, 545 F.3d at 314 n.10, 315 (“[W]hile a plaintiff has the privilege of filing his claims in any judicial division appropriate under the general venue statute, § 1404(a) tempers the effects of the exercise of this privilege.”). However, “when the transferee venue is not clearly more convenient than the venue chosen by the plaintiff, the plaintiff’s choice should be respected.” *Id.* at 315.

### **III. ANALYSIS**

Here, the threshold determination for the Court is whether venue is proper in the Western District of Texas. If venue is proper, the Court must then determine whether the Southern District of Florida is a more convenient venue such that the Court should transfer this case from the Western District of Texas.

### **A. Motions to Dismiss for Improper Venue**

Precis does not dispute that the first prong of the patent venue statute is inapplicable. Pl.’s Resp. at 3. Thus, the Court’s initial consideration is whether Precis has established proper venue under the second prong of 28 U.S.C. § 1400(b). Based on the reasoning below, the Court finds that Precis has pleaded sufficient venue facts to establish the Western District of Texas as a proper venue under the patent venue statute.

#### ***i. 28 U.S.C. § 1400(b)***

Venue is proper under 28 U.S.C. § 1400(b) in either: (1) the judicial district where the defendant resides; or, (2) the judicial district where the defendant has committed acts of infringement and has a regular and established place of business. 28 U.S.C. § 1400(b). Precis seeks to establish venue under the second prong by showing that TracFone has committed acts of infringement and has a regular and established place of business in the Western District of Texas. Pl.’s Resp. at 3.

Here, Precis alleges that TracFone has a regular and established place of business at 1825 SW Military Dr., San Antonio, TX 78221. *Id.* at 4. While TracFone disputes its ownership of the property, Precis alleges that the store belongs to TracFone’s corporation, doing business under the assumed business name “Total Wireless.” *Id.* at 4–5. Additionally, Total Wireless’s terms and conditions agreement states that: “Total Wireless is a brand of TracFone Wireless, Inc. d/b/a Total Wireless.” *Id.* at 6. Total Wireless holds itself out as a being owned by and essentially one and the same as TracFone. *Id.* Furthermore, TracFone is the owner of the Total Wireless

trademark. *Id.* Taken as true, Precis’s allegations that Total Wireless owns and operates a store in San Antonio, Texas, and that TracFone does business as Total Wireless would be sufficient to establish that TracFone has a regular and established place of business in this district.

As Plaintiff argued, an allegation of infringement, even if contested, is sufficient to establish venue is proper. *Intellectual Ventures II LLC v. FedEx Corp.*, 2017 WL 5630023, at \*8 (E.D. Tex. 2017); *See also In re Cordis Corp.*, 769 F.2d 733, 737 (Fed. Cir. 1985) (“The issue of infringement is not reached on the merits in considering venue requirements.”). Plaintiff alleges in its Complaint that Defendant “has made, used, marketed, distributed, offered for sale, sold, and/or imported infringing products in the State of Texas, including in this District, and engaged in infringing conduct within and directed at or from this District.” Pl.’s Compl. at ¶ 12. With respect to acts of infringement, such an allegation, even if contested, is sufficient to establish venue pursuant to 28 U.S.C. § 1400(b). Thus, Plaintiff has met its burden of showing Defendant has committed acts of infringement in this District.

Because the court must take as true all the facts alleged by the plaintiff and resolve all doubts in its favor, Precis has pled sufficient venue facts to establish venue in the Western District of Texas under the patent venue statute. *See Braspetro*, 240 F.App’x at 615.

## **B. Motion to Transfer**

The party seeking transfer bears the burden to show that transfer under § 1404(a). *Volkswagen II*, 545 F.3d at 314 (holding that the district court erred in requiring Volkswagen to show that the factors must “substantially outweigh” the plaintiff’s choice of venue.). “He who seeks transfer must show good cause.” *Id.* at 315. Good cause requires the party seeking transfer to satisfy the statutory requirements and clearly demonstrate that a transfer is for the convenience of the parties and witnesses and in the interest of justice. *Id.* When the transferee venue is not

“clearly” more convenient than the venue chosen by the plaintiff, the plaintiff’s choice should be respected. *Id.*

The question before the Court then, is whether the Southern District of Florida is clearly more convenient for the witnesses and the parties than the Western District of Texas such that, in the interest of justice, this Court ought to transfer this case. Based on the reasoning below, the Court is of the opinion that the Southern District of Florida is slightly more convenient, but not reach the level of clearly more convenient justifying transfer. Therefore, the Court denies TracFone’s motion to transfer under 28 U.S.C. § 1404(a).

***i. The Relative Ease of Access to Sources of Proof***

“In considering the relative ease of access to proof, a court looks to where documentary evidence, such as documents and physical evidence, is stored.” *Fintiv Inc. v. Apple Inc.*, 2019 WL 4743678, at \*2. “[T]he question is *relative* ease of access, not *absolute* ease of access.” *In re Radmax*, 720 F.3d 285, 288 (5th Cir. 2013) (emphases in original). “In patent infringement cases, the bulk of the relevant evidence usually comes from the accused infringer. Consequently, the place where the defendant’s documents are kept weighs in favor of transfer to that location.” *In re Apple Inc.*, 979 F.3d 1332, 1340 (Fed. Cir. 2020) (citing *In re Genentech*, 566 F.3d at 1345). The Court finds that this factor weighs slightly in favor of transfer.

***1. Witnesses Are Not Sources of Proof***

First, TracFone states that its witnesses and documents are located in the Southern District of Florida. Def.’s Mot. at 11. This Court, in following Federal Circuit precedent, has made clear that witnesses are not sources of proof to be analyzed under this factor. Under this factor, the Court considers only documents and physical evidence. *Kuster v. Western*, No. 6:20-cv-00563-ADA (W.D.T.X. February 9, 2021) (“witnesses are not sources of proof to be analyzed

under this factor.”); *Netlist, Inc. v. SK hynix Inc. et al*, No. 6:20-cv-00194-ADA (W.D.T.X. February 2, 2021) (“The first private factor, ease of access to sources of proof, considers ‘documents and physical evidence’ *as opposed to witnesses.*”) (emphasis added); *In Re Apple Inc.*, No. 2020-135, 2020 WL 6554063, at \*4 (Fed. Cir. Nov. 9, 2020) (“[t]his factor relates to the ease of access to non-witness evidence, such as documents and other physical evidence”); *Volkswagen II*, 545 F.3d at 315 (“All of the documents and physical evidence relating to the accident are located in the Dallas Division”). Accordingly, while *Precis* does not specifically identify any witnesses, witnesses are more appropriately assessed under the second or third private factors and not under this factor.

## *2. Location of Documents*

Second, the Parties’ arguments regarding location of documents center around electronic documents. *See* Def.’s Mot at 11–12; *see also* Pl.’s Resp. at 9–10. Any documentary evidence pertinent to this action is being stored electronically. Pl.’s Resp. at 9–10. The servers containing Defendant’s computers and financial systems are located in Miami. Pl.’s Resp. at 9. Under current Fifth Circuit precedent, the physical location of electronic documents does affect the outcome of this factor. *See Volkswagen II*, 545 F.3d at 316.

*Precis* argues that the physical location of TracFone’s servers has little significance as electronic documents can be “transmitted across state lines with relative ease.” Pl.’s Resp. at 9. In several previous orders, this Court has lamented this factor as out of touch with modern patent litigation. *Fintiv*, 2019 WL 4743678, at \*8; *Uniloc 2017 LLC v. Apple Inc.*, 6-19-CV-00532-ADA, 2020 WL 3415880, at \*9 (W.D. Tex. June 22, 2020). In those cases, the Court acknowledged that “all (or nearly all) produced documents exist as electronic documents on a party’s server. Then, with a click of a mouse or a few keystrokes, the party produces these

documents.” *Id.* There is no realistic difference in the relative ease of access to these electronic documents from the transferor district as compared to the transferee district since the documents are easily accessible electronically. Nevertheless, until the Fifth Circuit addresses the reality previously discussed, trial courts must continue to apply this factor consistent with current precedent. Fifth Circuit precedent establishes that TracFone, as the accused infringer, will likely have the bulk of the documents that are relevant in this case. *See, e.g., In re Genentech, Inc.*, 566 F.3d 1338, 1345 (Fed. Cir. 2009) (“In patent infringement cases, the bulk of the relevant evidence usually comes from the accused infringer. Consequently, the place where the defendant’s documents are kept weighs in favor of transfer to that location.”). While *Genentech* does not provide an accused infringer with a “built-in factor weighing in its favor,” TracFone’s servers are located in the Southern District of Florida with no data centers in this District. *See Uniloc USA, Inc. et al v. Apple Inc*, No. 2:17-cv-258, ECF No. 104, at 12 (E.D. Tex. Dec. 22, 2017). Therefore, the physical location of TracFone’s electronic documents is the Southern District of Florida. As such, this factor weighs in favor of transfer.

As TracFone is the accused infringer, TracFone likely possesses the bulk of the relevant documents for this case. *See Solas OLED Ltd. v. Apple Inc.*, 2020 WL 3440956 at \*3 (W.D. Tex. June 23, 2020) (Albright, J.). Consequently, the place where TracFone’s documents are kept weighs in favor of transfer to that location. *See In re Genentech, Inc.*, 566 F.3d at 1345. TracFone alleges that its documents are kept in the Southern District of Florida. Def.’s Mot., Ex. 2. Therefore, this factor weighs slightly in favor of transfer.

***ii. The Availability of Compulsory Process to Secure the Attendance of Witnesses***

“In this factor, the Court considers the availability of compulsory process to secure the attendance of witnesses, particularly non-party witnesses whose attendance may need to be

secured by a court order.” *Fintiv*, 2019 WL 4743678, at \*5 (citing *Volkswagen II*, 545 F.3d at 316); *Uniloc*, 2020 WL 3415880, at \*10. This factor “weigh[s] heavily in favor of transfer when more third-party witnesses reside within the transferee venue than reside in the transferor venue.” *In re Apple, Inc.*, 581 F.App’x. 886, 889 (Fed. Cir. 2014). A court may subpoena a witness to attend trial only (a) “within 100 miles of where the person resides, is employed, or regularly transacts business in person,”; or (b) “within the state where the person resides, is employed, or regularly transacts business in person, if the person . . . is commanded to attend a trial and would not incur substantial expense.” Fed. R. Civ. P. 45(c)(1)(A), (B)(ii); *Gemalto S.A. v. CPI Card Grp. Inc.*, No. 15-CA-0910, 2015 WL 10818740, at \*4 (W.D. Tex. Dec. 16, 2015). As party witnesses almost invariably attend trial willingly, “[w]hen no party has alleged or shown any witness’s unwillingness, a court should not attach much weight to the compulsory process factor.” *CloudofChange, LLC v. NCR Corp.*, No. 6-19-cv-00513 (W.D. Tex. Mar. 17, 2020) (citation omitted). Moreover, the ability to compel live trial testimony is crucial for evaluating a witnesses’ testimony. *Aguilar-Ayala v. Ruiz*, 973 F.2d 411, 419 (5th Cir. 1992).

“When no party has alleged or shown any witness’s unwillingness, a court should not attach much weight to the compulsory process factor.” *Duha v. Agrium, Inc.*, 448 F.3d 867, 877 (6th Cir. 2006). Here, neither party has alleged any unwilling witnesses. However, *Precis* has pointed out several non-party witnesses, including: (1) the attorney who prosecuted the disputed patents, who resides in Scottsdale, Arizona; and, (2) the inventor of the patents, who resides in Mankato, Minnesota. Pl.’s Resp. at 12.

Here, both the Western District of Texas and the Southern District of Florida are more than 100 miles from Arizona and Minnesota. Because the two non-party witnesses asserted by

Precis are not subject to the subpoena power of this Court or the Southern District of Florida, this factor is neutral.

***iii. The Cost of Attendance for Willing Witnesses***

The convenience of witnesses is the single most important factor in the transfer analysis. *In re Genentech*, 566 F.3d at 1342. The court considers *all* potential material and relevant witnesses. *Solas*, 2020 WL 3440956, at \*6. The convenience of party witnesses is given relatively little weight compared to non-party witnesses. *Id.* The inconvenience of party witnesses may have little weight, but the court will consider party witnesses. *Id.* Venue need not be convenient for all witnesses. *In re Genentech, Inc.*, 566 F.3d 1338, 1345 (Fed. Cir. 2009).

Here, TracFone's employees with knowledge of the alleged infringement all work at TracFone's headquarters in Miami. Def.'s Mot, Ex. 2 at ¶8. TracFone asserts that the majority of the trial witnesses will come from TracFone but focuses on four party witnesses. Def's Mot. at 12. This Court assumes that no more than a few party witnesses will testify, and long lists of potential party witnesses do not impact its analysis. *Kuster v. Western*, No. 6:20-cv-00563-ADA (W.D.T.X. February 9, 2021); *STC.UNM v. Apple Inc.*, No. 6:19-cv-428-ADA, 2020 WL 4559706, at \*6 (W.D. Tex. Apr. 1, 2020).

On the other hand, Precis has identified two non-party witnesses: the prosecuting attorney for the patents-in-suit, and a named inventor of the patents-in-suit. Pl.'s Resp. at 12. Although the TracFone's party witnesses reside in Florida, there are highly relevant non-party witnesses who reside outside both Districts. The Court must give more weight to the convenience of these non-party witnesses. *See Solas*, 2020 WL 3440956 at \*6.

“When the distance between an existing venue for trial of a matter and a proposed venue under § 1404(a) is more than 100 miles, the factor of inconvenience to witnesses increases in

direct relationship to the additional distance to be traveled.” *Volkswagen I*, 371 F.3d at 204–05. Precis identified non-party witnesses who would have to travel from Scottsdale, Arizona and Mankato, Minnesota. Pl.’s. Resp. at 12. If this Court were to transfer this case to the Southern District of Florida, the distance that the non-party witness from Arizona would have to travel would more than double and the distance that the non-party witness from Minnesota would have to travel would nearly double. In applying the Fifth Circuit’s 100-mile rule, doubling the distance traveled would double the inconvenience to the non-party witnesses.

The Court gives significantly more weight to the inconvenience of non-party witnesses, and because the inconvenience posed to the non-party witnesses in traveling to the Southern District of Florida is twice that of traveling to the Western District of Texas, the cost of attendance for willing witnesses factor weighs against transfer.

***iv. All Other Practical Problems That Make Trial of a Case Easy, Expeditious and Inexpensive***

TracFone asserts that there are no other factors that make this District more convenient than the Southern District of Florida. Def.’s Mot. at 13. However, TracFone also do not point to any factors that make the Southern District of Florida more convenient. *Id.* Precis fails to address this factor in its briefings. Pl.’s Resp. As such, the Court finds this factor neutral.

***v. Administrative Difficulties Flowing From Court Congestion***

The Court may consider how quickly a case will come to trial and be resolved when applying the transfer for convenience analysis. *Genentech*, 566 F.3d at 1347. However, this factor is the most speculative, and cannot outweigh other factors. *Id.*

Precis argues that this factor does not favor transfer because this Court has substantial expertise and special guidelines for patent litigation which speed such cases to trial. Pl.’s Resp. at

13. TracFone alleges that this factor favors transfer because the Southern District of Florida's time to trial is 15.8 months while this District's time to trial is 27.9 months. Def.'s Mot. at 14.

Precis responds to TracFone's argument with its assertion that reliance upon general statistics provides the Court with "little guidance with respect to the speed with which patent cases reach trial. Pl.'s Resp. at 13; *Motion Games LLC v. Nintendo Co.*, No. 6:12-cv-878-LED-JDL, 2014 U.S. Dist. Lexis 188044, at \*29 (E.D. Tex. Mar. 28, 2014). In *Motion Games*, the Eastern District found this factor to be neutral even though statistically the transferee Court was 3.2 months faster. *Id.*

TracFone incorrectly cites to *Auto-Dril, Inc. v. National Oilwell Varco, L.P.*, stating "even a three month difference has been found in this District to *weigh in favor of transfer.*" Def.'s Mot. at 14 (emphasis added). In *Auto-Dril*, this Court found that the administrative difficulties factor weighed slightly *against transfer* because the transferee court had more cases pending and filed and a longer time to trial than this Court. *Auto-Dril, Inc. v. National Oilwell Varco, L.P.*, 2016 WL 6909479, at \*4 (W.D. Tex. Jan. 28, 2016) (Manske, M.J.). However, this Court did take note that even a time period as short as three-months can have an effect on the disposition of this factor. *Id.*

While this time difference is not insignificant, this factor is the most speculative and will generally not outweigh the other factors. *See Motion Games*, 2014 U.S. Dist. Lexis 188044, at \*29; *Genentech*, 566 F.3d at 1347. The Court finds that this factor weighs slightly in favor of transfer.

***vi. Local Interest in Having Localized Interests Decided at Home***

The Court must also consider the local interest in the litigation because "[j]ury duty is a burden that ought not to be imposed upon the people of a community which has no relation to the

litigation.” *Volkswagen I*, 371 F.3d at 206. The location of the alleged injury is an important consideration in determining how to weigh this factor. *Frito-Lay N. Am., Inc., v. Medallion Foods, Inc.*, 867 F. Supp. 2d at 859, 872 (E.D. Tex. 2012) (citing *In re TS Tech USA Corp.*, 551 F.3d 1315, 1321 (Fed. Cir. 2008)).

Precis argues that the local interest is neutral because, when an allegedly infringing product is offered nationwide, no venue can claim a substantial interest. *In re Hoffmann-La Roche Inc.*, 587 F.3d 1333, 1338 (Fed. Cir. 2009); Pl.’s Resp. at 14. TracFone responds that Precis has accused it of infringing on a process, that is, provisioning of prepaid mobile services, rather than a product and that TracFone uses its payment method or system in Miami. *See* Def.’s Reply at 5.

TracFone relies on *NTP, Inc. v. Research in Motion, Ltd.*, where the Federal Circuit held that “a patent for a method or process is not infringed unless all steps or stages of the claimed process are utilized” and that a process “cannot be used within [a place] unless each of the steps is performed within [that place].” 418 F.3d 1282, 1317–18. While this statement is generally true to establish actual infringement of a patent for a method or process, in the context of venue, all steps of a method or process need not have occurred within the forum. *See e.g., Seven Networks, LLC v. Google LLC*, 315 F. Supp. 3d 933, 943 (E.D. Tex. 2018); *Blackbird Tech LLC v. Cloudflare, Inc.*, 2017 WL 4543783, at \*4 (D. Del. 2017) (mem. op.). Courts have found that if at least one step of the alleged infringement was performed in the district that is sufficient to establish venue. *Seven Networks*, 315 F. Supp. 3d at 944–45. Therefore, the holding of *NTP* impacts the venue determination and whether to transfer due to a local interest of the forum. Because TracFone utilizes the allegedly infringing process throughout the nation, the Court finds that the local interest factor is neutral.

*vii. Familiarity of the Forum With the Law That will Govern the Case*

The parties agree this factor is neutral. Def.'s Mot. at 15; Pl.'s Resp. at 15.

*viii. Avoidance of Unnecessary Problems of Conflict of Laws or in the Application of Foreign Law*

The parties agree this factor is neutral. Def.'s Mot. at 15; Pl.'s Resp. at 15.

**V. CONCLUSION**

Based on the foregoing, venue is proper in the Western District of Texas. Therefore, the Court **DENIES** TracFone's Motion to Dismiss.

The Court finds that the ease of access to relevant sources of proof and the court congestion factors weigh slightly in favor of transfer, the cost of attendance of willing witnesses weighs against transfer, and all other factors are neutral. The Court notes that the convenience of witnesses is the single most important factor in the transfer analysis and that the court congestion factor is the most speculative and cannot outweigh the other factors. *In re Genentech*, 566 F.3d at 1342, 1347. As such, the Court finds that TracFone has not met its significant burden to demonstrate that the Southern District of Florida is "clearly more convenient." *See Volkswagen II*, 545 F.3d at 314 n.10, *QR Spex*, 507 F.Supp.2d at 664. Therefore, the Court **DENIES** TracFone's Motion to Transfer.

SIGNED this 11th day of March, 2021.



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ALAN D ALBRIGHT  
UNITED STATES DISTRICT JUDGE