No. 07-

IN THE

Supreme Court of the United States

ROSENRUIST-GESTAO E SERVICOS LDA, FORMERLY KNOWN AS ROSENRUIST-GESTAO E SERVICOS SOCIEDADE UNIPESSOAL LDA,

Petitioner,

v.

VIRGIN ENTERPRISES LIMITED,

Respondent.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FOURTH CIRCUIT

PETITION FOR A WRIT OF CERTIORARI

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QUESTIONS PRESENTED

35 U.S.C. § 24 permits a district court to assist the United States Patent and Trademark Office ("PTO") in a contested case by issuing testimonial subpoenas to a witness "residing or being within such district." The First, Third, and Fifth Circuit Courts have held that the authority granted in Section 24 is ancillary and limited and is to be used to compel discovery allowed by the rules and procedures of the PTO. The Tenth Circuit has disagreed, holding that Section 24 authorizes broad discovery independent of any limitation in the PTO's procedures.

In the instant appeal a divided Fourth Circuit held, for the first time, that a foreign applicant for a trademark which lacks any nexus to the district other than the filing of a trademark application based upon a future intent to use the mark is a "witness residing or being within" the Eastern District of Virginia and can be compelled by subpoena issued pursuant to Section 24 to transport witnesses from abroad to be deposed in the district. The rules and procedures of the PTO do not permit in-person testimonial depositions of foreign witnesses, but do provide alternate methods for obtaining such testimony.

The questions presented are:

1. Does 35 U.S.C. § 24 authorize a district court to subpoena foreign witnesses with no contact with the United States other than the filing of a trademark application to appear personally for deposition in Virginia when the rules and procedures of the United

States Patent and Trademark Office do not authorize such depositions but, instead, permit alternate means for obtaining testimony?

2. Is a foreign company with no employees, locations or other business in the United States a "witness residing or being" within the Eastern District of Virginia under 35 U.S.C. § 24 solely because it filed a trademark application with the United States Patent and Trademark Office?

PARTIES TO THE PROCEEDING AND RULE 29.6 STATEMENT

The caption contains the names of all the parties to the proceeding below.

Petitioner, Rosenruist-Gestao E Servicos LDA, has no parent company, and no publicly held company owns 10% or more of its stock.

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PETITION FOR A WRIT OF CERTIORARI

Petitioner Rosenruist-Gestao E Servicos LDA respectfully petitions for a writ of certiorari to review the judgment of the United States Court of Appeals for the Fourth Circuit.

OPINIONS BELOW

The court of appeals' opinion is reported at 511 F.3d 437. App., *infra*, at A. The order of the district court denying respondent's objections to the magistrate judge's order regarding respondent's motion to compel was entered by the district court on May 2, 2006 and is electronically available through the CM/ECF system for the District Court for the Eastern District of Virginia as docket entry No. 52. App., *infra*, at D. The Magistrate Judge's rulings regarding respondent's motion to compel were made from the bench during a hearing conducted April 7, 2006, as noted in an order dated April 7, 2006 and entered in the district court on April 10, 2006 as docket entry No. 33. The magistrate judge's order as well as the transcript of the April 7, 2006 hearing are not available electronically. However, the order and relevant portions of the transcript are included in the attached Appendix. App., *infra*, at E and F.

JURISDICTION

The district court had jurisdiction over the respondent's claims pursuant to 28 U.S.C. §§ 1331 and 1338(a). The court of appeals had jurisdiction over the district court's final judgment pursuant to 28 U.S.C. § 1294(1). The court of appeals filed its opinion on

December 27, 2007. The jurisdiction of this Court is invoked under 28 U.S.C. § 1254(1).

STATUTORY PROVISIONS INVOLVED

Title 35 U.S.C. § 24 provides:

> The clerk of any United States court for the district wherein testimony is to be taken for use in any contested case in the Patent and Trademark Office, shall, upon the application of any party thereto, issue a subpoena for any witness residing or being within such district, commanding him to appear and testify before an officer in such district authorized to take depositions and affidavits, at the time and place stated in the subpoena. The provisions of the Federal Rules of Civil Procedure relating to the attendance of witnesses and to the production of documents and things shall apply to contested cases in the Patent and Trademark Office.
>
> Every witness subpoenaed and in attendance shall be allowed the fees and traveling expenses allowed to witnesses attending the United States district courts.
>
> A judge of a court whose clerk issued a subpoena may enforce obedience to the process or punish disobedience as in other like cases, on proof that a witness, served with such subpoena, neglected or refused to appear or to testify. No witness shall be deemed guilty

of contempt for disobeying such subpoena unless his fees and traveling expenses in going to, and returning from, and one day's attendance at the place of examination, are paid or tendered him at the time of the service of the subpoena; nor for refusing to disclose any secret matter except upon appropriate order of the court which issued the subpoena.

Title 28 U.S.C. § 1783 provides:

(a) A court of the United States may order the issuance of a subpoena requiring the appearance as a witness before it, or before a person or body designated by it, of a national or resident of the United States who is in a foreign country, or requiring the production of a specified document or other thing by him, if the court finds that particular testimony or the production of the document or other thing by him is necessary in the interest of justice, and, in other than a criminal action or proceeding, if the court finds, in addition, that it is not possible to obtain his testimony in admissible form without his personal appearance or to obtain the production of the document or other thing in any other manner.

(b) The subpoena shall designate the time and place for the appearance or for the production of the document or other thing. Service of the subpoena and any

> order to show cause, rule, judgment, or decree authorized by this section or by section 1784 of this title shall be effected in accordance with the provisions of the Federal Rules of Civil Procedure relating to service of process on a person in a foreign country. The person serving the subpoena shall tender to the person to whom the subpoena is addressed his estimated necessary travel and attendance expenses, the amount of which shall be determined by the court and stated in the order directing the issuance of the subpoena.

STATEMENT OF THE CASE

Rosenruist-Gestao E Servicos LDA ("Rosenruist") is a Portuguese Corporation that conducts no business of any nature in the United States. In December 2002 Rosenruist filed a U.S. trademark application for registration of the trademark VIRGIN GORDA in International Trademark Class 18 for bags and Class 25 for clothing. As permitted by 15 U.S.C. § 1051, the application was based upon Rosenruist's future intent to sell the trademarked products in the United States.

Virgin Enterprises Limited ("VEL"), the parent company of Virgin Atlantic Airways, Ltd., filed an opposition to Rosenruist's application asserting that Rosenruist's application for a VIRGIN GORDA mark for a line of bags, purses, clothing, and footwear would confuse customers of VEL and its affiliates. After the conclusion of the discovery period set by the Trademark

Trial and Appeal Board ("TTAB"), VEL filed a motion to take the testimonial deposition of Rosenruist in Portugal. The TTAB denied the motion, pointing out that TTAB procedures do not provide for such depositions. App., *infra*, at G. The Board referred VEL to the Trademark Trial and Appeal Board Manual of Procedure ("TBMP"), which identifies alternate means of discovery available to secure the testimony of a foreign applicant. *Id.*; *see also* TBMP § 703.01(a), (b), and (f)(1)-(3) (2d ed. rev. 2004).

VEL did not attempt to utilize any of the methods specified by the TTAB. Instead, under the averred authority of 35 U.S.C. § 24, it served a subpoena on an attorney in the Eastern District of Virginia whose firm was listed as Rosenruist's agent for the service of process for the purposes of the trademark application. The subpoena directed Rosenruist to produce witnesses in the Eastern District to testify on Rosenruist's behalf on designated subjects.

Rosenruist moved in the district court for the Eastern District of Virginia to quash the subpoena. The district court held that the subpoena was "facially valid" and denied the motion. App, *infra*, at C. The district court did not specifically address the requirements of the "witness residing or being" language in 35 U.S.C. § 24, but, consciously echoing that language, ordered Rosenruist to produce a witness "residing or being" within the district to be deposed. *Id.* Rosenruist's attorney appeared at the deposition to state that Rosenruist had no such witnesses and VEL then filed a motion to compel.

The district court[1] held that notwithstanding its prior ruling regarding the "facial" validity of the subpoena, the subpoena could not be enforced since it did not meet the "witness residing or being" requirements of Section 24. App., *infra*, at D, E, and F.

VEL appealed to the United States Court of Appeals for the Fourth Circuit. In a divided opinion the majority ruled that the subpoena was valid, and that Rosenruist would be compelled to transport witnesses to the Eastern District of Virginia to be deposed. App., *infra*, at A; *Rosenruist-Gestao E Servicos LDA v. Virgin Enterprises Limited*, 511 F.3d 437, 448 (4th Cir. 2007).

In dissent, Judge Wilkinson concluded that the majority misapplied the "witness residing or being within" requirement of 35 U.S.C. § 24. *Id.* at 449. Based on the text of the statute, established interpretive canons, international relationships, separation of powers concerns, and deference to the PTO's own framework, Judge Wilkinson stated,

> There is thus no question that 35 U.S.C. § 24 does not permit this subpoena to be enforced. The majority - in enforcing the subpoena and in concluding flatly that "Rosenruist's activities in this case were sufficient to qualify it as 'being within [the] district' " – manages astonishingly to say that

[1] The rulings on the motion to quash and motion to compel were made by a United States Magistrate Judge and subsequently were upheld by a United States District Court Judge. App. *infra* at B and D.

> the issue of the subpoena's enforcement pursuant to 35 U.S.C. § 24 is somehow not before the court. This is too clever by half. The district court's ultimate judgment was that Rosenruist could not be compelled to give an in-person deposition because the conditions of 35 U.S.C. § 24 had not been met. The majority, however, discusses who may be a "witness" under 35 U.S.C. § 24 and then re-labels the "residing or being" requirement of § 24 as a question bearing upon the "validity" of the subpoena, as though that will somehow make the statute go away. But courts cannot interpret one word in a prepositional phrase and ignore another. By picking only selective portions of § 24 to interpret, the majority manages to enforce the subpoena, in violation of the explicit standard Congress has given us to apply.

Id. at 452 (internal citations removed).

REASONS FOR GRANTING THE PETITION

For the first time, a United States court has ruled that a foreign company with no ties to the United States other than the filing of a trademark application may be required by 35 U.S.C. § 24 to produce witnesses for deposition in the Eastern District of Virginia. This ruling misconstrues the plain language of the statute, which applies only to witnesses "residing or being within" the district.

The effect of this over-extension of the statute is inconsistent with established principles of comity and statutory construction, *Hoffmann-La Roche Ltd. v. Empagran S.A.*, 542 U.S. 155, 156 (2004), *Blackmer v. United States*, 284 U.S. 421 (1932), and will have the highly probable effect of subjecting U.S. companies to similar demands that they produce witnesses in numerous foreign locations merely because they filed an application for a trademark or a patent.

The ruling disregards that 35 U.S.C. § 24 was enacted to assist the PTO in enforcing its own rules, and was not intended to grant the district courts original power to order depositions or document productions independently of the PTO's rules and procedures. With respect to foreign witnesses, the PTO has long-standing procedures to obtain relevant information and has expressed no dissatisfaction with its ability under these procedures to obtain evidence necessary for its decision making process. Neither the language of the statute nor the interpretation of "residing or being" utilized by the PTO itself remotely suggests that a statute whose sole purpose is to assist the PTO should be used to confer expansive new powers which risk retributive action by other countries.

There is a split among the circuit courts regarding the scope and interpretation of Section 24. The First, Third, and Fifth Circuits construe Section 24 as ancillary authority to obtain testimony or documents available under the PTO's rules. The Tenth Circuit, and now the Fourth Circuit, construe Section 24 to permit independent discovery proceedings under the Federal Rules of Civil Procedure.

The dissent in the Fourth Circuit and the decision of the First Circuit Court of Appeals in *Sheehan v. Doyle* have noted the different interpretations of Section 24 by the circuits as well as the discord with principles of comity and accepted norms of international law presented by the attempted use of Section 24 to compel foreign trademark and patent applicants to appear in the United States. *Rosenruist* at 453-54 and 460; *Sheehan*, 529 F.2d 38, 39 (1st Cir. 1976). They have suggested that the conflicting application of 35 U.S.C. § 24 among the circuits deserves the attention of this Court. *Id.*

I. The Majority's View Of 35 U.S.C. § 24 Conflicts With The Prevailing Construction By Other Circuits

The First, Third, and Fifth Circuits have held that Section 24 authorizes district courts to issue subpoenas for evidence only when the PTO's rules and procedures also authorized the parties to obtain the evidence in question. *Brown v. Braddick*, 595 F.2d 961, 966 (5th Cir. 1979); *Sheehan v. Doyle*, 529 F.2d 38, 39 (1st Cir. 1976) ("Doyle II"); *Sheehan v. Doyle*, 513 F.2d 895 (1st Cir. 1975) ("Doyle I"); *Frilette v. Kimberlin*, 508 F.2d 205 (3rd Cir. 1974) (en banc). Under the holdings of these circuits, PTO litigants cannot obtain discovery under Section 24 that exceeds the scope of discovery contemplated by the PTO's own procedures. The rules and procedures of the PTO do not authorize depositions of non-resident foreign applicants in Virginia. Instead, the PTO rules affirmatively propose alternate methods of discovery in recognition that foreign witnesses may not be compelled to journey to the United States. *See* 37 C.F.R. §§ 2.123(2) and 2.124; TBMP § 703.01(f)(3).

In conflict with these circuit court rulings, the Tenth Circuit has held that the full scope of discovery available under the Federal Rules of Civil Procedure is available under Section 24 to a party to a contested proceeding at the PTO. *Natta v. Hogan*, 392 F.2d 686, 690 (10th Cir. 1968). The discovery said to be available is not inhibited by the PTO's own rules and views.

Accordingly, there is a split among the circuit on the scope and limitations of Section 24. This split applies directly to the present holding that Section 24 may be used to compel attendance in Virginia of foreign witnesses even though the PTO's own rules and procedures do not authorize such discovery but provide alternate means for obtaining testimony from foreign witnesses which do not transact business in the United States.

As noted in the *Doyle II* opinion, "[t]he Supreme Court may think it desirable to terminate the divergent interpretations that now exist." 529 F.2d at 39.

II. By Its Express Terms 35 U.S.C. § 24 Limits the Subpoenaed Person Or Entity To A "Witness Being or Residing in [the] District"

35 U.S.C. § 24 authorizes a court to issue a subpoena commanding "any witness residing or being within" its district to appear. The statute does not extend to all potential witnesses in a contested case in the PTO; rather it is qualified by the words "residing or being within." These words are a limitation on the word "witness" and the statute may not be parsed to ignore them.

The phrase "residing or being within" has not been the subject of prior judicial construction. *Rosenruist* at 450, n.1. In the context of 35 U.S.C. § 24, there are numerous reasons to construe "residing or being" as not covering Rosenruist.

Rosenruist has no employees or facilities in the Untied States, and no contact with the United States other than its intent-to-use application for registration of VIRGIN GORDA, and cannot be said to be "residing" or "being" within the district under any ordinary meaning of these terms. Accordingly, the plain language of the statute appears to preclude its application to Rosenruist.

In addition, rules of construction emphasized repeatedly by this Court require that judges "ordinarily construe[ ] ambiguous statutes to avoid unreasonable interference with the sovereign authority of other nations" and to assume that "that legislators take account of the legitimate sovereign interests of other nations when they write American laws." *Hoffmann-La Roche Ltd.*, 542 U.S. at 156.

Expanding "residing or being within" to foreign entities lacking nexus to the district also is inconsistent with TTAB's own interpretation of "residing or being within." The TTAB's manual of procedure states that a district in which a domestic witness is "residing" or "being" is a district "where the witness resides or is regularly employed." TBMP § 703.01(f)(2). It would violate principles of comity and fairness to impose a different and discriminatory standard on foreign PTO applicants.

Neither does Rosenruist's designation of an agent for process of service imply that Rosenruist is present within the district. Courts of appeals have consistently refused to find that a registered agent for service of process is sufficient to establish jurisdiction over a corporation. *Consolidated Development Corp. v. Sherritt, Inc.*, 216 F.3d 1286, 1293 (11th Cir. 2000); *Wenche Siemer v. Learjet Acquisition Corp.*, 966 F.2d 179, 183 (5th Cir. 1992); *Ratliff v. Cooper Laboratories, Inc.*, 444 F.2d 745, 748 (4th Cir. 1971). Both the majority and the dissent in the opinion below appear to agree with these holdings. *Rosenruist* at 446 and 451.

Similarly, the mere prosecution of an intent-to-use application associated with the designation, without more, cannot constitute presence within the district sufficient for the "residing or being" requirement of Section 24. To anchor the jurisdictional basis for a subpoena requiring foreign witnesses to travel to and appear in the district on such a minimal contact would not comport with due process principles repeatedly enunciated by this Court.

III. The Majority Decision Inexorably Intrudes Upon the Interest of Other Nations

The majority opinion of the Fourth Circuit effectively creates a national standard under which citizens of other nations will be compelled to travel to the United States to give deposition testimony if a trademark application is contested. This standard conflicts with this Court's views regarding the law of foreign relations and the

application of statutes with foreign implications. As reasoned in the dissenting opinion:

> It hardly respects the legitimate interests of other nations, *see Hoffmann-La Roche*, 542 U.S. at 164, 124 S.Ct. 2359, to allow litigants to compel in-person testimony in the Eastern District from representatives of foreign companies whose only act within our borders has been the filing of a trademark application. In giving regard to other nations' interests, the Supreme Court has held that judges "must assume" Congress ordinarily seeks to follow the Restatement of Foreign Relations Law in determining whether a U.S. statute applies. *Id.* at 164, 124 S.Ct. 2359. The Restatement provides that a nation will not exercise its jurisdiction "when the exercise of such jurisdiction is unreasonable," Rest. (Third) Foreign Rels. Law § 403(1) (2006), and that a foreign person or company's "connections, such as nationality, residence, or economic activity" to the state are one relevant consideration, *id.* § 403(2)(b). To make the price of a simple trademark application an overseas trip by a company officer or officers to answer a deposition is to impose a substantial burden from a minimal connection.

Rosenruist at 454. The majority decision ignores the effect upon comity and commerce among nations and indisputably is at odds with the requirement that a nation's jurisdiction may not be exercised when it would be unreasonable to do so.

The majority opinion also to conflicts with the spirit and intent of the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks. The Madrid Protocol, to which the United States is a party, provides a mechanism through which an applicant can obtain registration of trademarks through a single unified filing designating the various countries in which protection is being sought. To be sure, the Protocol does permit a national trademark office in a country where recognition is sought to refuse protection on the same grounds which would apply to an application made directly to that office, but it seems apparent that the necessity of personal testimonial appearances in many countries where protection is sought would defeat the very purpose of the Protocol.

As noted in the dissenting opinion, "The majority's disregard of these cautionary canons of construction invites retaliation actions of all sorts." *Rosenruist* at 456. Construing "residing or being within" a district to embrace foreign trademark applicants with no other presence within the United States would be disruptive of the functioning of the trademark system throughout the world. The probable harmful effect upon U.S. citizens and companies further reinforces the wisdom of confining 35 U.S.C. 24 to its plain language.

IV. Non-Resident Aliens Ordinarily Are Not Subject To The Subpoena Power Of A U.S. Court

A principle of international law recognized by courts in the United States is that non-resident aliens may not be compelled to appear in a foreign country to give deposition testimony. This principle was recognized by

the Court as early as *Blackmer v. United States*, 284 U.S. 421 (1932), and finds reinforcement in subsequently enacted versions of 28 U.S.C. § 1783. This statute authorizes U.S. courts, upon a demonstration of "particular" need "in the interest of justice," to compel the testimony of a *U.S.* citizen located abroad. 28 U.S.C. § 1783.

The *Blackmer* decision emphasized the distinction for subpoena purposes between a U.S. citizen residing abroad and a non-U.S. citizen residing in the same country. Blackmer was a U.S. citizen who refused to appear as a witness on behalf of the United States at a criminal trial in the District of Columbia. A unanimous Court held that, because he was a United States citizen, Mr. Blackmer was subject to the subpoena power of the United States courts. However, the Court explained that it was because he was a U.S. citizen that a U.S. court had the power to subpoena him from his residence in a foreign nation. *Blackmer* at 436-38.

> With respect to such an exercise of authority [subpoena of a U.S. citizen], there is no question of international law, but solely of the purport of the municipal law which establishes the duties of the citizen in relation to his own government. *While the legislation of the Congress, unless the contrary intent appears, is construed to apply only within the territorial jurisdiction of the United States*, the question of its application, so far as citizens of the United States in foreign countries are

> concerned, is one of construction, not of legislative power.

Id. at 437 (emphasis added).

The Supreme Court's decision in *Blackmer* confirmed the ability of a U.S. court to subpoena U.S. citizens residing abroad in criminal cases. Congress subsequently extended this subpoena power to apply in non-criminal cases by amending Section 1783. However, the amendments imposed significant limitations on the assertion of the subpoena power over non-resident U.S. citizens in civil actions. As noted in the legislative history of the 1964 amendments:

> A subpena [sic] to be served abroad in other than criminal proceedings may be issued *only* if the court finds that its issuance is in the interest of justice, and *in addition*, that the testimony or evidence sought cannot be obtained in another manner. The purpose of the different language used with respect to noncriminal cases is to restrict still further the extraordinary subpena [sic] power in such cases.

S. Rep. No. 88-1580, at 10 (1964), *reprinted in* 1964 U.S.C.C.A.N. 3782, 3790-91 (emphasis added).

VEL cannot meet the test of unavailability of the testimony through other means. The Rules of the PTO specifically contemplate that testimony of a non-resident alien be taken by deposition on written questions. *See* 37 C.F.R. §§ 2.123(a)(2) and 2.124. The PTO's

procedures further specify that a party may seek testimony under either the letters rogatory procedure or pursuant to The Hague Convention letter of requests procedure. TBMP 703.01(f)(3). VEL's attempt to subpoena a non-resident alien to appear in the United States is in clear disregard of both Section 1783 and the rules and procedures of the U.S. Patent and Trademark Office.

CONCLUSION

This petition presents an important issue of apparent first impression as to the meaning of "residing or being with such district" as used in 35 U.S.C. § 24, and it presents a conflict among the circuits as to the intended scope of this statute.

Rosenruist's petition for a writ of certiorari should be granted.

Respectfully submitted,

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