UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

CIVIL MINUTES - GENERAL

Case No.	CV 20-5539-GW-JPRx	Date	September 9, 2021
Title	*Lonati, S.P.A., et al. v. Soxnet, Inc., et al.*		

Present: The Honorable	GEORGE H. WU, UNITED STATES DISTRICT JUDGE	
Javier Gonzalez	Terri A. Hourigan	
Deputy Clerk	Court Reporter / Recorder	Tape No.

Attorneys Present for Plaintiffs:	Attorneys Present for Defendants:
Fabio E. Marino, by telephone Josh Rayes, by telephone	None Present

PROCEEDINGS: PLAINTIFFS' MOTION FOR ORDER AUTHORIZING SERVICE OF PROCESS BY ALTERNATIVE MEANS [43]

Court confers with Plaintiffs' counsel. The Tentative circulated and attached hereto, is adopted as the Court's Final Ruling. Plaintiffs are to file their supplemental brief by September 14, 2021. The Court continues the motion to September 20, 2021 at 8:30 a.m.

: 01

Initials of Preparer JG

Lonati, S.p.A. et al. v. Soxnet, Inc. et al.; Case No. 2:20-cv-05539-GW-(JPRx)
Tentative Ruling on Plaintiffs' Motion for Order Authorizing Service of Process by Alternative Means

I. Background

Plaintiffs Lonati, S.p.A. and PAM Trading Corporation brought this patent infringement action against Defendants Soxnet, Inc. and Zhejiang Yexiao Knitting Machinery Co., Ltd. for infringing three of Lonati's patents related to specialized knitting machines for socks and hosiery. Lonati accuses Yexiao of copying its patented toe-closing technology, which allows for the production of socks or stockings to take place on one machine. *See* Complaint ("Compl") ¶¶ 33-38, ECF No. 1. Lonati further accuses Yexiao of selling its infringing closed-toe sock knitting machines to Defendant Soxnet[1] and other customers in the United States. *See id.* ¶¶ 39-63.

Defendant Yexiao is a Chinese corporation with its principal place of business at No. 318 Jiangbei Road Datang, Zhuji, China. *Id.* ¶ 4. Plaintiffs attempted to effect service on Yexiao in accordance with the Hague Convention in October 2020 pursuant to Rule 4(f)(1) of the Federal Rules of Civil Procedure. *See* ECF No. 35 at 1-2. Plaintiffs confirm that the Central Authority for China submitted the Yexiao service request to the appropriate Chinese court, so Plaintiffs must now wait for the Chinese courts to complete their process and issue a Certificate of Service. Plaintiffs report that service times through the Hague Convention in China have increased exponentially due to the Covid-19 crisis, and Plaintiffs wish to effect service on Yexiao as soon as possible so that their patent infringement claims can be adjudicated. *Id.*

Before the Court is Plaintiffs' Motion for Order Authorizing Service of Process by Alternative Means ("Mot."), ECF No. 43. As Plaintiffs and Defendant Soxnet have already reached a settlement and Defendant Yexiao has yet to be served, the motion is unopposed.

II. Legal Standard

Under Federal Rule of Civil Procedure 4(h)(2), a plaintiff can serve a foreign corporate defendant "in any manner prescribed by Rule 4(f) for serving an individual, except personal delivery." Fed. R. Civ. P. 4(h)(2). Rule 4(f) states that, "[u]nless federal law provides otherwise, an individual . . . may be served at a place not within any judicial district of the United States:

[1] Defendant Soxnet has since settled with Plaintiffs and a Final Judgment Including Permanent Judgment, *see* ECF No. 31, was entered against Soxnet in December 2020.

(1) by any internationally agreed means of service that is reasonably calculated to give notice, such as those authorized by the Hague Convention or the Service Abroad of Judicial and Extrajudicial Documents; (2) if there is no internationally agreed means, or if an international agreement allows but does not specify other means, by a method that is reasonably calculated to give notice . . . ; (3) by other means not prohibited by international agreement, as the court orders." Fed. R. Civ. P. 4(f). "[T]he only requirements of Rule 4(f)(3) alternative service are that such service is: (1) ordered by the court, (2) not expressly prohibited by an international agreement, and (3) reasonably calculated to give the defendant notice and an opportunity to be heard, to comport with constitutional notions of due process." *Sarieddine v. Vaptio, Inc.*, No. 20-CV-07785-VAP-MRWx, 2020 WL 8024863, at *2 (C.D. Cal. Dec. 2, 2020).

III. Discussion

Plaintiffs have attempted to effect service on Defendant Yexiao through their international process servers and are waiting for the Chinese courts to complete their process and issue a Certificate of Service. *See* ECF No. 35 at 1-2. Plaintiffs now seek to additionally provide notice through facsimile to Yexiao's fax number provided on its corporate website and through email to: (1) a corporate email address identified on Yexiao's corporate website; (2) an email address provided on Yexiao's Performa Invoice to Plaintiffs; (3) a corporate email address of a Yexiao manager from a profile of Yexiao on a third-party website; and (4) a corporate email address provided in a 2018 textile industry expo catalog. *See* Mot. at 9-10.

Plaintiffs argue that this Court is empowered to order alternative service under Rule 4(f)(3) without first attempting service under an international agreement, like the Hague Convention. *See* Mot. at 5-6; *see also Rio Properties, Inc. v. Rio Int'l Interlink*, 284 F.3d 1007, 1015 (9th Cir. 2002) ("By all indications, court-directed service under Rule 4(f)(3) is as favored as service available under Rule 4(f)(1)"). Further, Plaintiffs submit that the Hague Convention does not prohibit service via facsimile or email, and China has not objected to service by email or facsimile. *See* Mot. at 7-8. Finally, Plaintiffs aver that service by facsimile or email would comport with constitutional notions of due process because they are reasonably calculated, under all circumstances, to apprise Yexiao of the pendency of this action and afford it an opportunity to present objections. *See* Mot. at 8-9.

The Court notes that this issue has been directly addressed by several courts, resulting in a split of authority with respect to the specific question presented here: whether alternative

service under Rule 4(f)(3) by facsimile or email to foreign corporate defendants in China is allowed. *Compare MacLean-Fogg Co. v. Ningbo Fastlink Equip. Co.*, No. 08 CV 2593, 2008 WL 5100414, at *1-*3 (N.D. Ill. Dec. 1, 2008) (allowing service to foreign corporate defendants in China through facsimile and email); *Cisco Sys. v. Wuhan Wolon Commun. Tech. Co*., No. 5:21-cv-04272-EJD, 2021 U.S. Dist. LEXIS 137845 at *33-35 (N.D. Cal. July 23, 2021) (allowing service of process on Chinese corporation by email), *with Facebook, Inc. v. 9 Xiu Network (Shenzhen) Tech. Co.*, 480 F. Supp. 3d. 977, 979-988 (N.D. Cal. Aug. 19, 2020) (service under Rule 4(f)(3) by email on defendants in China is improper unless an exception to the Hague Convention applies). The Ninth Circuit has yet to speak on the specific issue of whether alternative service by facsimile or email to foreign corporate defendants in China is allowed under Rule 4(f)(3). *See Reflex Media, Inc v. Luxy Ltd.*, No. CV 20-00423-RGK-KS, 2020 WL 9073067, at *2 (C.D. Cal. Oct. 26, 2020).

Plaintiffs cite to several cases where district courts have allowed alternative service by facsimile or email to foreign corporate defendants in China. *See, e.g., Maclean-Fogg,* 2008 WL 5100414, at *2 (allowing service by email because the "Hague Convention does not prohibit service by email or facsimile"); *Sulzer Mixpac AG v. Medenstar Indus. Co.*, 312 F.R.D. 329, 331 (S.D.N.Y. 2015) (allowing service by email even though China has objected to service by postal mail under Article 10). These cases generally rely on the reasoning that the Hague Convention does not explicitly prohibit service by email so alternative service is allowed, or that China's objection to service by "postal mail" does not include email. As the Ninth Circuit has not spoken on the issue, however, the Court carefully considered a wide range of persuasive authority, including the authority provided by Defendants, and found the reasoning in *Facebook, Inc. v. 9 Xiu Network (Shenzhen) Tech. Co.*, 480 F. Supp. 3d at 983-87, most detailed.

In *Facebook*, the court examined and rejected the analysis of other district courts in authorizing service by email on defendants in China. The main line of analysis used to authorize service by email reasons that Rule 4(f)(3) allows alternative service if "not prohibited by international agreement" and the Hague Convention, which was executed in the 60s, does not mention email at all, so service by email is not prohibited by the Hague Convention. *See id.* at 980-82. The *Facebook* court argues that this analysis is incorrect because the Hague Convention's structure and text read together mandate the use of the Hague Convention's enumerated methods for serving documents when "there is occasion to transmit a judicial or

extrajudicial document for service abroad." *See id.* at 983 (citing Art. I). Specifically, the Hague Convention's text demands that the Convention "*shall* apply in all cases, in civil or commercial matters, where there is occasion to transmit a judicial or extrajudicial document for service abroad" and the Convention further enumerates the approved methods for serving documents abroad that must be used. The *Facebook* court concluded that to use "a method of service that is not enumerated in the Convention would be tantamount to not 'applying' the Convention, which is expressly prohibited." *Id.*

The *Facebook* court also reconciles its reasoning with the Ninth Circuit's decision in *Rio Props., Inc v. Rio Int'l Interlink*, 284 F.3d 1007, 1014-16 (9th Cir. 2002)), which held that Rule 4(f) does not require a plaintiff to pursue service under Rule 4(f)(1) or Rule 4(f)(2) before requesting an alternative means of service under Rule 4(f)(3). Many courts took an expansive reading of *Rio*, including several cited by Defendants, to simply mean that "methods of service identified by the [Hague] Convention are optional, and that even if the Convention applies, service by email may be utilized if approved by the court." *Id.* at 985. The *Facebook* court disagreed and argued that *Rio* was only interpreting Rule 4(f), and Rule 4(f) cannot simply override the mandates of a "ratified, self-executing treaty" that is the "supreme law of the land" like the Hauge Convention. *Id.* at 985-86. The *Facebook* court held that when there is tension between a federal rule and a treaty, the two are to be interpreted to avoid conflicts. *Id.* at 985-86. The interpretative solution was to mandate the use of the enumerated methods of service under the Hague Convention unless an exception, which are expressly identified in the Convention or arise when the receiving country does not comply with the Convention, applies. *Id.* at 986. These exceptions include situations where the foreign defendant's address is unknown, Art. I; cases of urgency, Art. 15; and cases where plaintiff moves for judgment after attempting to serve defendant through a central authority and no certificate of any kind is received for six months, Art. 15 ¶ 2. *See id.* at 985-86.

The Court finds the line of reasoning in *Facebook* somewhat persuasive, especially in relation to decisions that rely on only a surface-level analysis that the Hague Convention does not prohibit service by email or facsimile, *see, e.g., MacLean-Fogg Co.*, 2008 WL 5100414, at *2, or conclude that China's objection to postal mail does not cover service by email, *see, e.g., Sulzer* 312 F.R.D. at 332.[2] The Court notes that several decisions after the issuance of the

[2] The Court notes that it also previously approved service by email to a Chinese defendant before it was

Facebook order have also allowed service by email to China, but they did not engage with the reasoning in *Facebook*. *See, e.g., Reflex Media,* 2020 WL 9073067, at *2; *Cisco Sys., Inc.*, 2020 WL 5049762, at *13.

In light of the above, Plaintiffs are to provide supplemental briefing where they consider and argue the reasoning in *Facebook* or are to make a showing that they fall under one of the exceptions enumerated in the Hague Convention. For example, under Article 15, the Hague Convention authorizes provisional or protective measures "in case of urgency" or authorizes a judge to give judgment if no certificate of service or delivery has not been received for six months.

IV. Conclusion

Plaintiffs are to provide supplemental briefing arguing against the reasoning in *Facebook, Inc. v. 9 Xiu Network (Shenzhen) Tech. Co.*, 480 F. Supp. 3d. 977 (N.D. Cal. Aug. 19, 2020), or are to make a showing that they fall under one of the exceptions enumerated in the Hague Convention.

---

persuaded otherwise by the reasoning in *Facebook*. *See Hian v. Does*, No. 19-CV-04412-GW-AGR, 2019 WL 12447339, at *1-*3 (C.D. Cal. July 1, 2019).