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PERSPECTIVE

Un-conventional?: Email service on foreign trade secret defendants

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Enforcing trade secret laws against international misappropriators is becoming more and more important, as trade secrets increasingly can be accessed remotely and readily transported across borders. A series of district court cases have now held that the Defend Trade Secrets Act provides jurisdiction over a foreign defendant who commits an act in furtherance of misappropriation in the United States. *See, e.g., Motorola Solutions Inc. v. Hytera Comm'n Corp. Ltd.*, 436 F. Supp. 3d 1150, 1160 (N.D. Ill. 2020). But plaintiffs still face the sometimes daunting issue of serving that foreign defendant.

In the past several years there have been a flurry of cases, in the trade secret context and otherwise, in which plaintiffs have pursued foreign service by email with mixed results. In this article we examine that case law and factors courts have considered in determining whether to allow email service in a particular case.

Plaintiffs contemplating foreign service of process often immediately think of the Hague Convention on the Service Abroad of Judicial and Extrajudicial Documents, because 79 countries are party to the convention, including virtually all of Europe and much of the Americas, South Asia, and East Asia. Service under the Hague Convention satisfies Federal Rule of Civil Procedure 4(f)(1), which permits use of "an internationally agreed means of service that is reasonably calculated to give no tice." Under the Hague Convention, plaintiffs typically must serve through the destination state's Central Authority. But the timing of Central Authority service – and whether a plaintiff can achieve service at all – varies significantly between countries. For example, service in Switzerland may take several months, while service in China can take a year or more. That is a long time in a trade secret case where time is often of the essence.

Given the potential complexities and delay of Hague Convention service, it is not surprising that plaintiffs have pursued email service, with its minimal cost and instant delivery. To be viable, email service must satisfy the requirements of Rule 4(f)(3), which permits service "by other means not prohibited by international agreement, as the court orders." There have been a significant number of decisions on Rule 4(f)(3) email service over the past two years, perhaps due to the pandemic, but appellate authority remains sparse and district courts have yet to reach a consensus approach.

Years ago, in one of the few circuit court decisions on point, the 9th U.S. Circuit Court of Appeals concluded in *Rio Properties, Inc. v. Rio International Interlink*, 284 F.3d 1007, 1015-16 (9th Cir 2002), that exhaustion of other Rule 4 service methods was not required before seeking Rule 4(f)(3) email service. The court further held that email service can satisfy constitutional due process requirements so long as it is "reasonably calculated" to provide a party with notice and provide them with an opportunity to object, while leaving it to district courts to confirm whether this test would be met in any individual case. Id. at 1016-17 (citation omitted). The Rio decision, however, involved a destination state that was not a Hague Convention signatory. Subsequent cases have been split on whether Rule 4(f)(3) permits email service in Hague Convention states.

Recent decisions turn on two primary inflection points. The first is whether, as a matter of law, the Hague Convention precludes email service. The second is whether the plaintiff has made a sufficient showing that email service is appropriate in a particular case.

The first question is complicated by fact that the Hague Convention was adopted in 1965. While Article 10(a) permits service via "postal channels," the convention contains no direct discussion of electronic messaging. Further complicating matters, numerous countries have objected to Article 10(a) service, including, but not limited to, Austria, China, Germany, India, Japan, Korea, Mexico, Russia and Switzerland.

Courts are thus left to grapple with whether email presents a square peg to the convention's round hole. The majority of district courts have held that email service is permissible in signatory countries, even those that have objected to Article 10(a). *See, e.g., Nagravision SA v. Gotech Int'l Tech. Ltd.*, 882 F.3d 494, 498 (5th Cir. 2018) (finding defendant had not established that email service was prohibited by the Hague Convention); *see also Gen. Star Indem. Co. v. First Am. Title Ins. Co. of Napa*, 2020 WL 8614189, at *3 (N.D. Cal. Sept. 25, 2020) (collecting authority). These courts typically emphasize the differences between "postal channel" service and email service, including that "the instantaneous and traceable nature of email cures the concerns with postal service" and that email does not require "physical intrusion" on the member country's territory. *Hangzhou Chich Intelligent Tech. Co. v. Partnerships*, 2021 WL 1222783, at *3 (N.D. Ill. April 1, 2021). Other courts have navigated around this analysis by asking whether the defendant's physical address is unknown such that, under its own terms, the

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Hague Convention does not apply. *See, e.g., The Neck Hammock, Inc. v. Danezen.com*, 2020 WL 6364598, at *3 (D. Utah, Oct. 29, 2020); but *see Elobied v. Baylock*, 299 F.R.D. 105, 107 (E.D. Penn 2014) (observing knowledge of email address may establish knowledge of an "address" for purposes of the Hague Convention).

Last month, in a nonprecedential decision, the Federal Circuit denied a petition for mandamus alleging that the trial court had erred by permitting email service on a Chinese defendant's U.S. counsel from previous matters and personal service on its U.S. designated agent for service of process. In re OnePlus Technology (Shenzhen) Co., Ltd., 2021 WL 4130643, at *4 (Fed. Cir. Sept. 10, 2021). Citing to the 9th Circuit's decision in Rio, the Federal Circuit explained that service under Rule 4(f)(3) need not occur only as a "last resort" or as a type of "extraordinary relief," and that a plaintiff is not required to attempt service under the Hague Convention before asking the court to allow alternative service. Id. at *3. At the same time, the Federal Circuit expressed some concern that the district court allowed Rule 4(f)(3) service based solely on the "cumbersome" nature of Hague Convention service, noting that Rule 4(f)(3) "was not meant to displace the other rules of service in every instance in which alternative means of service are seen as more convenient." Id. The Federal Circuit ultimately found that the trial court did not clearly abuse its broad discretion in ordering the method of service and denied mandamus. Id. at *4.

A significant minority of other courts, however, have found that the Hague Convention bars email service. Some of these decisions reason that a member state's objection to service via "postal channels" under Article 10(a) effectively constitutes an objection to service by email. Elobied, 299 F.R.D. at 107. Other courts have applied the Supreme Court's decisions in Schlunk and Water Splash on subsidiary service and service by mail, respectively, to conclude that email service is impermissible because it is either "inconsistent with" or not expressly enumerated in the Hague Convention's approved methods of service. *See, e.g., Anova Applied Elec., Inc. v. Hong King Grp. Ltd.*, 334 F.R.D. 465, 472 (D. Mass. 2020).

Even if a court finds that email service is not authorized under the Hague Convention, however, a trade secret plaintiff in an appropriate case might still be able to argue that the "urgency" of the case qualifies as an exception that justifies service under Rule 4(f)(3). *See, e.g., Richmond Techs., Inc. v. Aumtech Bus. Sols.*, 2011 WL 2607158, at *12 (N.D. Cal. July 1, 2011) (citing Advisory Committee Notes and finding email service was warranted in trade secret case seeking emergency relief because Hague Convention process was not sufficiently fast); *Dae Sung Hi Tech Co., Ltd. v. Gthunder*, 2019 WL 12359433, at *3 (C.D. Cal. Apr. 17, 2019) (reaching same holding in case for patent and trademark infringement).

If a court does accept email as a permissible means of service, a plaintiff still must establish that email service is reasonable under the specific circumstances of its case. A key factor is presenting evidence of an operational email address that is likely to reach the defendant. This can be evidence that the defendant routinely uses the address for business, Neck Hammock, 2020 WL 6364598 at *5, that the defendant has used the address to communicate with the plaintiff, Dae Sung, 2019 WL 12359433 at *3, or that the plaintiff has successfully sent "test" emails. *TV Ears, Inc. v. Joyshiya Dev. Ltd.*, 2021 WL 165013, at *5 (S.D. Cal. Jan. 19, 2021). Identifying such an address can be challenging in a trade secret case, since, unlike much other commercial litigation, plaintiffs do not necessarily have established channels of communication with a foreign misappropriator. *See, e.g., Asiacell Commc'n PJSC v. Doe I*, 2018 WL 3496105, at *3 (N.D. Cal. July 20, 2018) (denying motion to serve to 15 email addresses and through social media). A plaintiff may also want to consider pursuing service through the Hague Convention first, since some courts require this, notwithstanding Rio's conclusion that there is no hierarchy of service methods under Rule 4. *See, e.g., Parsons v. Shenzen Fest Tech. Co. Ltd.*, 2021 WL 767620, at *3 (N.D. Ill. Feb. 26, 2021). Several of the courts imposing this requirement have been more willing to allow email service where the plaintiff was unable to effect service through the Central Authority within the six-month period designated by the convention. See id.

Courts are split on whether email service is permitted on foreign defendants, particularly in Hague Convention member states, and the law is still evolving. Where it is accepted, however, email service significantly extends the practical reach of the DTSA over foreign misappropriators.