KeyCite Yellow Flag - Negative Treatment

Distinguished by Electronics for Imaging, Inc. v. RAH Color Technologies LLC, N.D.Cal., October 24, 2018

848 F.3d 1346 United States Court of Appeals, Federal Circuit.

XILINX, INC., Plaintiff-Appellant,

v.

PAPST LICENSING GMBH & CO. KG, Defendant-Appellee.

2015-1919 | Decided: February 15, 2017

Synopsis

Background: Designer of programmable logic devices found in advanced electronic systems brought action against **patent** owner, a German corporation, seeking declaration of noninfringement and invalidity regarding **patents**-in-suit. The United States District Court for the Northern District of California, Lucy H. Koh, J., 113 F.Supp.3d 1027, granted owner's motion to dismiss for lack of personal jurisdiction. Designer appealed.

Holdings: The Court of Appeals, Dyk, Circuit Judge, held that:

- [1] owner had sufficient minimum contacts with California such that California's exercise of personal jurisdiction comported with due process, and
- [2] exercise of personal jurisdiction over owner by California was reasonable and fair, and thus comported with due process.

Reversed and remanded.

West Headnotes (23)

[1] Federal Courts Particular cases

Appeal by designer of programmable logic devices found in advanced electronic systems of district court's order dismissing designer's declaratory judgment action against **patent** owner was not rendered moot by owner's **patent** infringement action, even though the **patent** infringement action provided designer with another opportunity to seek a declaratory judgment action as a counterclaim, and infringement action was transferred to designer's desired forum; designer had not asserted declaratory judgment counterclaims in the infringement action, and the availability of that unpursued alternative route to relief did not render moot action designer initiated seeking the same relief.

Cases that cite this headnote

[2] Federal Courts - Available and effective relief

A case becomes moot only when it is impossible for a court to grant any effectual relief whatever to the prevailing party.

Cases that cite this headnote

[3] Federal Courts - Personal jurisdiction

Personal jurisdiction is a question of law that Court of Appeals reviews de novo.

Cases that cite this headnote

[4] Courts Particular questions or subject matter

Federal Circuit law is applied to the question of personal jurisdiction in a case involving claims of **patent** noninfringement because the jurisdictional issue is intimately involved with the substance of the **patent** laws.

2 Cases that cite this headnote

[5] Patents Determination of Jurisdiction

Where the district court's disposition as to the personal jurisdiction question in a **patent** matter is based on affidavits and other written materials in the absence of an evidentiary hearing, a plaintiff need only to make a prima facie showing that defendants are subject to personal jurisdiction.

1 Cases that cite this headnote

[6] Patents - Scope, Standard, and Extent of Review

Court of Appeals, when considering the question of personal jurisdiction in a **patent** matter, accepts the uncontroverted allegations in the plaintiff's complaint as true and resolves any factual conflicts in the affidavits in the plaintiff's favor.

Cases that cite this headnote

[7] Constitutional Law - Non-residents in general

Federal Courts - Actions by or Against Nonresidents; 'Long-Arm' Jurisdiction

Federal Courts - Personal jurisdiction

Determining whether personal jurisdiction exists over an out-of-state defendant involves two inquiries: whether a forum state's long-arm statute permits service of process, and whether assertion of personal jurisdiction violates due process. U.S. Const. Amend. 5.

3 Cases that cite this headnote

[8] Process Personal service out of jurisdiction

California's long-arm statute permits service of process to the full extent allowed by the Due Process Clauses of the United States Constitution. U.S. Const. Amends. 5, 14; Cal. Civ. Proc. Code § 410.10.

2 Cases that cite this headnote

[9] Constitutional Law Particular Parties or Circumstances

Federal Courts 🌦 Patents

The due process inquiry when determining whether personal jurisdiction exists in a **patent** matter implicates the Due Process Clause of the Fifth Amendment, not the Fourteenth Amendment, because subject matter jurisdiction over a **patent** action exists by virtue of a federal question, not the diversity of the parties. U.S. Const. Amends. 5, 14.

Cases that cite this headnote

[10] Courts - Actions by or Against Nonresidents, Personal Jurisdiction In; Long-Arm Jurisdiction

Since California's long-arm statute is coextensive with the limits of due process, the test for determining whether a nonresident defendant is subject to personal jurisdiction in California collapses into a single inquiry: whether jurisdiction comports with due process. U.S. Const. Amend. 5; Cal. Civ. Proc. Code § 410.10.

1 Cases that cite this headnote

[11] Constitutional Law - Non-residents in general

"Minimum contacts" prong of the due process inquiry applied in determining whether the exercise of specific personal jurisdiction over a nonresident defendant comports with due process considers whether the defendant has purposefully directed his activities at residents of the forum, and the claim arises out of, or relates to, those activities, while second prong requiring "fair play and substantial justice" gives the defendant an opportunity to present a compelling case that the presence of some other considerations would render jurisdiction unreasonable. U.S. Const. Amend. 5.

4 Cases that cite this headnote

[12] Constitutional Law - Non-residents in general

With respect to the minimum contacts portion of analysis to determine whether exercise of specific personal jurisdiction over nonresident defendant comports with due process, it is essential in each case that there be some act by which the defendant purposefully avails itself of the privilege of conducting activities within the forum state, thus invoking the benefits and protections of its laws, in order to be subject to personal jurisdiction there. U.S. Const. Amend. 5.

Cases that cite this headnote

[13] Constitutional Law Pon-residents in general

As part of an analysis of minimum contacts analysis to determine whether exercise of specific personal jurisdiction over nonresident defendant comports with due process, a court must determine whether the suit arises out of, or relates to, the defendant's contacts with the forum. U.S. Const. Amend. 5.

2 Cases that cite this headnote

[14] Constitutional Law Particular Parties or Circumstances

Patents Minimum contacts

In action by designer of programmable logic devices found in advanced electronic systems, seeking declaratory judgment of **patent** noninfringement against **patent** owner, owner, whose principal place of business was

in Germany, had sufficient minimum contacts with California such that California's exercise of personal jurisdiction comported with due process; owner purposefully directed its activities to California when it sent multiple notice letters to designer, and traveled to California to meet with designer to discuss designer's alleged infringement and potential licensing arrangements, and designer's declaratory judgment action related to these contacts in a material way. U.S. Const. Amend. 5.

2 Cases that cite this headnote

[15] Constitutional Law 🌦 Non-residents in general

Physical entry into a state, either by the defendant in person or through an agent, goods, mail, or some other means, is a relevant contact considered by the minimum contacts analysis to determine whether exercise of specific personal jurisdiction over nonresident defendant comports with due process. U.S. Const. Amend. 5.

1 Cases that cite this headnote

[16] Constitutional Law - Particular Parties or Circumstances

Patents • Minimum contacts

Exercise of specific personal jurisdiction over **patent** owner, a German company, by federal court sitting in California was reasonable and fair, and thus comported with due process, in action by designer of programmable logic devices found in advanced electronic systems, seeking declaratory judgment of noninfringement; owner had the required minimum contacts with California to make exercise of personal jurisdiction presumptively reasonable, but did not show a compelling case that jurisdiction was unreasonable, as designer was headquartered in California, and jurisdiction in California did not unduly burden owner, since owner had traveled to California to meet with designer in person to discuss infringement contentions and licensing offer, and owner was a non-practicing **patent** holder, so the nature of its business required it to litigate its **patents** in fora far from its home office, including seven prior **patent** infringement actions it filed in California. U.S. Const. Amend. 5.

1 Cases that cite this headnote

[17] Constitutional Law 🌦 Non-residents in general

Analysis to determine whether the exercise of specific personal jurisdiction over nonresident defendant comports with due process is a two-step process, and the reasonableness prong is separate from the minimum contacts prong. U.S. Const. Amend. 5.

Cases that cite this headnote

[18] Constitutional Law 🌦 Non-residents in general

A court's inquiry when deciding whether the exercise of personal jurisdiction over a nonresident defendant is reasonable and fair, such that the exercise of jurisdiction would comport with due process, is not limited to the specific facts giving rise to, or relating to, the particular litigation. U.S. Const. Amend. 5.

Cases that cite this headnote

[19] Constitutional Law 🌭 Non-residents in general

As a court determines whether exercise of specific personal jurisdiction over nonresident defendant comports with due process, once it has been decided that a defendant purposefully established minimum contacts within

the forum state, these contacts may be considered in light of other factors to determine whether the assertion of personal jurisdiction would comport with fair play and substantial justice. U.S. Const. Amend. 5.

1 Cases that cite this headnote

[20] Constitutional Law - Non-residents in general

The factors a court must consider when determining whether an exercise of jurisdiction is reasonable, in its analysis to determine whether exercise of specific personal jurisdiction over nonresident defendant comports with due process, includes the burden on the defendant, and the plaintiff's interest in obtaining convenient and effective relief, which often cannot be analyzed without looking to circumstances beyond those that give rise or relate to the specific lawsuit. U.S. Const. Amend. 5.

Cases that cite this headnote

[21] Constitutional Law - Non-residents in general

Where a defendant who purposefully has directed his activities at forum residents seeks to defeat forum's specific jurisdiction, in an analysis to determine whether exercise of specific personal jurisdiction over nonresident defendant comports with due process, he must present a compelling case that the presence of some other considerations would render jurisdiction unreasonable. U.S. Const. Amend. 5.

3 Cases that cite this headnote

[22] Constitutional Law - Non-residents in general

In an analysis to determine whether exercise of specific personal jurisdiction over nonresident defendant comports with due process, instances in which the question of whether jurisdiction is reasonable and fair will defeat otherwise constitutional specific personal jurisdiction are limited to the rare situation in which the plaintiff's interest and the state's interest in adjudicating the dispute in the forum are so attenuated that they are clearly outweighed by the burden of subjecting the defendant to litigation within the forum. U.S. Const. Amend. 5.

1 Cases that cite this headnote

[23] Patents 🗁 In general; utility

US Patent 6,574,759, US Patent 6,704,891. Cited.

Cases that cite this headnote

*1349 Appeal from the United States District Court for the Northern District of California in No. 5:14–cv–04963–LHK, Judge Lucy H. Koh.

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Before Prost, Chief Judge, Newman, and Dyk, Circuit Judges.

Opinion

Dyk, Circuit Judge.

Xilinx, Inc., ("Xilinx") appeals from a judgment of the United States District Court for the Northern District of California dismissing Xilinx's declaratory judgment action against Papst Licensing GmbH & Co. KG ("Papst") for lack of personal jurisdiction. Because we hold that the district court has specific personal jurisdiction over Papst with respect to Xilinx's declaratory judgment action, we reverse and remand.

BACKGROUND

Xilinx is a Delaware corporation that is headquartered in San Jose, California. Xilinx designs, develops, and markets programmable *1350 logic devices for use in electronics systems. Papst is the assignee of U.S. Patent Nos. 6,574,759 and 6,704,891 (collectively, "the patents-in-suit"), which are directed to methods for generating and verifying memory tests in electronics.

Papst is organized under the laws of Germany and has its principal place of business there. Papst is a nonpracticing entity that is solely in the business of monetizing and licensing intellectual property rights. According to Papst, it "has always been in the business of obtaining and licensing **patents**, it does not manufacture or sell any consumer products, and it has always had fewer than 30 employees." J.A. 1133. Xilinx points to various Papst marketing materials and its website in which Papst describes itself as "a global **patent** licensing and monetization firm specialized in enforcing infringed **patents** with the goal to conclude a license agreement with the infringer." Exhibit 9 at 1, Declaration of Jason M. Gonder, *Xilinx*, *Inc. v. Papst Licensing GmbH & Co. KG*, No. 5:14–cv–04963–LHK, 2015 WL 3400564 (N.D. Cal. Apr. 15, 2015), ECF No. 53–9 ("Exhibit 9").

These materials explain the business model by which Papst acquires and then asserts **patent** rights. "Before agreeing to purchase a **patent**," Papst performs "due diligence" to "identify **patent** infringement by comparing the **patent** claims against the potentially infringing products." J.A. 1733. Papst's due diligence involves "identify[ing] the companies potentially involved in infringements, and the markets they are selling their product in—where they are located, and how large they are, including where the product is made as well as where it is sold." *Id.*

When Papst identifies infringers, it "notif[ies] them that [Papst] believe[s] they are infringing." *Id.* Papst "then travel[s] extensively to visit the infringers." *Id.* "After technical discussions confirming the infringement, the conversation moves towards licensing the **patents** through an agreement." *Id.* "If negotiations fail, [Papst] is prepared to effectively enforce the respective **patents** in courts. Especially in the United States, Germany, and the Netherlands [Papst has] years and years of experience in **patent** litigation." Exhibit 9 at 1. Papst's marketing materials explain that Papst has "been very successful with legal actions. With [Papst's] outside partners including attorneys, [Papst has] been very successful and won many high-profile **patent** cases." J.A. 1733.

Papst has repeatedly filed **patent** infringement suits in California federal courts. The record shows that Papst has filed **patent** infringement lawsuits in California at least seven times between 1994 and 2007 based on other **patents** in Papst's portfolio.

Papst's actions leading up to the filing of this declaratory judgment action are consistent with Papst's business model. Before acquiring the **patents**-in-suit in October 2012, Papst performed its due diligence by investigating potential infringers and targets for licensing of those **patents**. Xilinx describes the investigation as involving twenty-nine target companies, twenty-eight of which are based, or have significant presence, in California. One of the companies that Papst investigated was Xilinx.

In January 2014, Papst sent a patent-infringement notice letter to Xilinx. In the letter, Papst identified several of Xilinx's products that allegedly infringed the patents-in-suit, and stated that "Papst proposes commencing discussions with Xilinx so that Xilinx can consider taking a license to *1351 the Papst Patents." J.A. 1053. After Xilinx did not respond to Papst's first set of letters, in April 2014, Papst sent a second letter, "again encourag[ing] Xilinx to participate in a dialogue regarding taking a license to the" patents-in-suit. J.A. 1056. On October 16, 2014, three representatives of Papst, including Papst's managing director, its senior counsel, and its Texas-based outside counsel, traveled to California to meet with Xilinx. The purpose of the meeting was to discuss Papst's allegations of infringement of the patents-in-suit and Xilinx's potential licensing of these patents. No agreement resulted from these contacts.

On November 7, 2014, Xilinx filed this declaratory judgment action in the Northern District of California seeking a declaration that Xilinx's products do not infringe the **patents**-in-suit and that the **patents** are invalid. On the same day that Xilinx filed its declaratory judgment action in California, Papst filed an infringement suit against Xilinx in the District of Delaware asserting the same **patents**-in-suit. Papst moved to dismiss the California declaratory judgment action for lack of personal jurisdiction, or in the alternative, transfer the action to the District of Delaware.

On July 9, 2015, the court granted Papst's motion and dismissed the declaratory judgment action for lack of personal jurisdiction. The court first determined that it lacked general jurisdiction over Papst because it "is not at home in California," recognizing that "Papst is not incorporated in California, nor does it have its principal place of business" there. J.A. 8–10.

The court also held that it lacked specific personal jurisdiction over Papst. The court observed that "Papst certainly has many connections to the state of California." J.A. 22–23. However, relying principally on our decisions in *Red Wing Shoe Co. v. Hockerson–Halberstadt, Inc.*, 148 F.3d 1355 (Fed. Cir. 1998), and its progeny, the court recognized that "even if the 'purposefully directed' and 'arises out of' prongs are satisfied by the defendant's enforcement activities" in the forum, "[n]ot all assertions of jurisdiction based on enforcement activities comport with 'fair play and substantial justice.' "J.A. 11 (citing *Avocent Huntsville Corp. v. Aten Int'l Co.*, 552 F.3d 1324, 1333 (Fed. Cir. 2008)). The court determined that Papst's California contacts were "either related solely to Papst's attempts to license the patents, which the Federal Circuit has held insufficient, or according to Federal Circuit law are irrelevant to the parties' instant dispute." J.A. 23. With respect to Papst's prior litigation in California, the court explained that these "enforcement activities regarding other patents are irrelevant to the question at hand: whether this Court can assert specific jurisdiction over Papst based on its efforts to enforce the patents-in-suit." J.A. 22. "The Federal Circuit has 'consistently' made clear that the 'other activities' for purposes of personal jurisdiction must relate to 'the relevant patents.' " *Id.* (quoting *Avocent*, 552 F.3d at 1334). The court concluded that "even when considered as a whole these connections are insufficient to vest this Court with specific jurisdiction over Papst." J.A. 23.

The court declined to allow additional discovery related to Papst's prior enforcement activities in California. The court noted that Papst had already provided some discovery and concluded that additional discovery would be a waste of resources.

Xilinx appeals. We have jurisdiction pursuant to 28 U.S.C. § 1295(a)(1). ¹

*1352 DISCUSSION

I. MOOTNESS

[1] Papst first argues that events post-dating Xilinx's filing of this appeal render the appeal moot. We disagree. "A case becomes moot ... 'only when it is impossible for a court to grant any effectual relief whatever to the prevailing party." "Campbell–Ewald Co. v. Gomez, — U.S. —, 136 S.Ct. 663, 669, 193 L.Ed.2d 571 (2016), as revised (Feb. 9, 2016) (quoting Knox v. Serv. Emps., 567 U.S. 298, 132 S.Ct. 2277, 2287, 183 L.Ed.2d 281 (2012)). Following dismissal of Xilinx's California declaratory judgment action involved in this appeal, on February 23, 2016, the District of Delaware transferred Papst's infringement suit to the Northern District of California—the same court that had dismissed the declaratory judgment action. Papst argues that the transferred action has provided Xilinx another opportunity to bring its declaratory judgment action as a counterclaim in its desired forum, rendering this appeal moot.

However, Xilinx has not asserted declaratory judgment counterclaims in the transferred action. The mere availability of this unpursued alternative route to relief does not render moot Xilinx's action seeking the same relief. *See Campbell–Ewald Co.*, 136 S.Ct. at 672 ("[A]n unaccepted settlement offer or offer of judgment does not moot a plaintiff's case...."). Accordingly, Xilinx's appeal is not moot.

II. PERSONAL JURISDICTION

[3] [4] [5] [6] The central issue in this case is whether the exercise of specific personal jurisdiction over Papst in California is fair and reasonable. "Personal jurisdiction is a question of law that we review *de novo*." *Autogenomics, Inc. v. Oxford Gene Tech. Ltd.*, 566 F.3d 1012, 1016 (Fed. Cir. 2009). Because Xilinx's declaratory judgment appeal involves only claims of **patent** noninfringement, "we apply Federal Circuit law because the jurisdictional issue is intimately involved with the substance of the **patent** laws." *Id.* (internal quotation marks omitted) (quoting *Avocent*, 552 F.3d at 1328). Where, as here, "the district court's disposition as to the personal jurisdictional question is based on affidavits and other written materials in the absence of an evidentiary hearing, a plaintiff need only to make a *prima facie* showing that defendants are subject to personal jurisdiction." *Avocent*, 552 F.3d at 1329 (quoting *Elecs. for Imaging, Inc. v. Coyle*, 340 F.3d 1344, 1349 (Fed. Cir. 2003)). We, like the district court, "accept the uncontroverted allegations in the plaintiff's complaint as true and resolve any factual conflicts in the affidavits in the plaintiff's favor." *Id.*

A

[7] [8] [9] [10] "Determining whether jurisdiction exists over an out-of-state defendant involves two inquiries: whether a forum state's long-arm statute permits service of process and whether assertion of personal jurisdiction violates due process." *1353 Autogenomics, 566 F.3d at 1017 (quoting Genetic Implant Sys., Inc. v. Core-Vent Corp., 123 F.3d 1455, 1458 (Fed. Cir. 1997)). California's long-arm statute permits service of process to the full extent allowed by the due process clauses of the United States Constitution. ² Elecs. for Imaging, 340 F.3d at 1349; see also Cal. Civ. Proc. Code § 410.10 (West). Accordingly, "the two inquiries collapse into a single inquiry: whether jurisdiction comports with due process." Inamed Corp. v. Kuzmak, 249 F.3d 1356, 1360 (Fed. Cir. 2001).

[11] In the case of specific, as opposed to general jurisdiction, we have summarized the Supreme Court's due process jurisprudence in a three-factor test: "(1) whether the defendant 'purposefully directed' its activities at residents of the forum; (2) whether the claim 'arises out of or relates to' the defendant's activities with the forum; and (3) whether assertion of personal jurisdiction is 'reasonable and fair.' "*Inamed*, 249 F.3d at 1360. "The first two factors correspond with the 'minimum contacts' prong of the [*International Shoe Co. v. Washington*, 326 U.S. 310, 66 S.Ct. 154, 90 L.Ed. 95 (1945)] analysis, and the third factor corresponds with the 'fair play and substantial justice' prong of the analysis." *Inamed*, 249 F.3d at 1360.

[12] [13] With respect to the first factor of the minimum contacts portion of specific personal jurisdiction analysis, "it is essential in each case that there be some act by which the defendant purposefully avails itself of the privilege of conducting activities within the forum State, thus invoking the benefits and protections of its laws." *Hanson v. Denckla*, 357 U.S. 235, 253, 78 S.Ct. 1228, 2 L.Ed.2d 1283 (1958). As to the second factor, also part of the minimum contacts analysis, the court must determine whether "the suit 'aris[es] out of or relate[s] to the defendant's contacts with the forum.' "*Goodyear Dunlop Tires Operations, S.A. v. Brown*, 564 U.S. 915, 923–24, 131 S.Ct. 2846, 180 L.Ed.2d 796 (2011) (alterations in original) (quoting *Helicopteros Nacionales de Colom., S.A. v. Hall*, 466 U.S. 408, 414 n.8, 104 S.Ct. 1868, 80 L.Ed.2d 404 (1984)).

Many of our recent cases have been concerned with the two minimum contacts factors of the analysis. We have considered forum-related activities of the patentee with respect to the **patents** in suit that do not necessarily relate to the particular controversy, such as exclusive licensing, though at the same time we have (appropriately) rejected the existence of contacts concerning other **patents** as being pertinent to the minimum contacts analysis. *See Avocent*, 552 F.3d at 1336 (explaining relevant contacts are those that the "defendant patentee purposefully directs ... at the forum which relate in some material way to the enforcement or the defense of the **patent**"); *see also Campbell Pet Co. v. Miale*, 542 F.3d 879, 886 (Fed. Cir. 2008) (extra-judicial **patent** enforcement); *Breckenridge Pharm., Inc. v. Metabolite Labs., Inc.*, 444 F.3d 1356, 1366 (Fed. Cir. 2006) (exclusive license); *Elecs. for Imaging*, 340 F.3d at 1351 (hiring of in-forum attorney to communicate with plaintiff); *Inamed*, 249 F.3d at 1361 (exclusive license); *Akro*, 45 F.3d at 1548–49 (exclusive license).

[14] *1354 Papst makes no argument that its activities directed to Xilinx in California do not satisfy the minimum contacts prong of the specific jurisdiction test. See Papst Br. at 21 ("A cease-and-desist letter to a forum resident may give rise to a declaratory judgment cause of action and satisfy [] the minimum contacts portion of the specific jurisdiction test." (emphasis added)). Indeed, there is no question that Papst has the required minimum contacts with California. Papst purposefully directed its activities to California when it sent multiple notice letters to Xilinx and traveled there to discuss Xilinx's alleged patent infringement and potential licensing arrangements.

Xilinx's declaratory judgment action of noninfringement certainly relates to these contacts. In the context of declaratory judgment actions involving assertions of **patent** noninfringement or invalidity, we have concluded that cease-and-desist letters sent by the patentee defendant into the forum are relevant contacts in the personal jurisdiction analysis. *Red Wing*, 148 F.3d at 1360. Minimum contacts may be established by "the threat of an infringement suit, as communicated in a cease-and-desist letter." *Id.*; *see also id.* (explaining that "cease-and-desist letters alone are often substantially related to the cause of action (thus providing minimum contacts)").

[15] Even more significant than the notice letters is Papst's visit to Xilinx in California, another activity that certainly "relate[s] in some material way to the enforcement or the defense of the patent." Avocent, 552 F.3d at 1336. As the Supreme Court has explained, "physical entry into the State—either by the defendant in person or through an agent, goods, mail, or some other means—is certainly a relevant contact." Walden v. Fiore, —U.S. ——, 134 S.Ct. 1115, 1122, 188 L.Ed.2d 12 (2014). This court has previously recognized that in-person visits to the forum are significant contacts in the declaratory judgment context. See Elecs. for Imaging, 340 F.3d at 1351; Deprenyl Animal Health, Inc. v. Univ. of Toronto Innovations Found., 297 F.3d 1343, 1352 (Fed. Cir. 2002). Therefore, the minimum contacts prong is satisfied here.

В

[16] In arguing against personal jurisdiction, Papst focuses entirely on the "reasonable and fair" prong and argues that "exercising specific jurisdiction over a patentee based solely on cease-and-desist letters, which contain notice of the sender's **patent** rights, accusations of infringement, and/or licensing offers, does not comport with fair play or substantial justice." Papst Br. at 21–22 (citing *Red Wing*, 148 F.3d at 1360–61).

[17] As the Supreme Court has made clear, the specific jurisdiction analysis is a two-step process, and the reasonableness prong is separate from the minimum contacts prong. The Court noted in *Daimler AG v. Bauman*, —U.S. —, 134 S.Ct. 746, 762 n.20, 187 L.Ed.2d 624 (2014), "[f]irst, a court is to determine whether the connection between the forum and the episode-in-suit could justify the exercise of specific jurisdiction. Then, in a second step, the court is to consider several additional factors to assess the reasonableness of entertaining the case." *See also id.* at 764 (Sotomayor, J., concurring) ("Our personal jurisdiction precedents call for a two-part analysis. The contacts prong asks whether the defendant has sufficient contacts with the forum State to support personal *1355 jurisdiction; the reasonableness prong asks whether the exercise of jurisdiction would be unreasonable under the circumstances."); 4 Charles Alan Wright, Arthur R. Miller & Adam N. Steinman, *Federal Practice and Procedure* § 1067.2 (4th ed. 2015) (explaining that the Supreme Court "case law reflects a two-step approach that requires both (1) that the defendant establish minimum contacts with the forum State, and (2) that the assertion of personal jurisdiction is reasonable and comports with fair play and substantial justice").

[18] [19] [20] The inquiry under the reasonableness prong (step two) is not limited to the specific facts giving rise to, or relating to, the particular litigation. "Once it has been decided that a defendant purposefully established minimum contacts within the forum State, these contacts may be considered in light of *other factors* to determine whether the assertion of personal jurisdiction would comport with 'fair play and substantial justice.' "Burger King Corp. v. Rudzewicz, 471 U.S. 462, 476, 105 S.Ct. 2174, 85 L.Ed.2d 528 (1985) (emphasis added) (quoting Int'l Shoe, 326 U.S. at 320, 66 S.Ct. 154). These *other factors*—the burden on the defendant, the plaintiff's interest in obtaining convenient and effective relief, etc., id. at 477, 105 S.Ct. 2174—often cannot be analyzed without looking to circumstances beyond those that give rise or relate to the specific lawsuit.

In Asahi Metal Industry Co. v. Superior Court of Cal., Solano Cty., 480 U.S. 102, 116, 107 S.Ct. 1026, 94 L.Ed.2d 92 (1987), the one case where the Supreme Court held that the reasonableness requirement was not satisfied, the Court looked beyond minimum contacts to consider other factors. For instance, the Court explained that the distance between Asahi's headquarters in Japan and the California forum, as well as subjecting a foreign company to United States law, would impose a heavy burden on Asahi. Id. at 114, 107 S.Ct. 1026. The Court also explained that the plaintiff, another foreign entity, did not demonstrate that litigating in California would be more convenient than litigating in Taiwan or Japan. Id.

[21] While the reasonableness inquiry is not limited to considering the minimum contacts, the Supreme Court has made clear that the reasonableness prong is typically satisfied by a showing of minimum contacts. "Where a defendant who purposefully has directed his activities at forum residents seeks to defeat jurisdiction, he must present a compelling case that the presence of some other considerations would render jurisdiction unreasonable." *Burger King*, 471 U.S. at 477, 105 S.Ct. 2174; *see also id.* at 476, 105 S.Ct. 2174 (explaining that where a defendant's "activities are shielded by the benefits and protections of the forum's laws it is presumptively not unreasonable to require him to submit to the burdens of litigation in that forum as well" (quotation marks omitted)). The Court identified five considerations relevant to the reasonableness analysis:

[C]ourts in "appropriate case[s]" may evaluate [1] "the burden on the defendant," [2] "the forum State's interest in adjudicating the dispute," [3] "the plaintiff's interest in obtaining convenient and effective relief," [4] "the interstate

judicial system's interest in obtaining the most efficient resolution of controversies," and [5] the "shared interest of the several States in furthering fundamental substantive social policies."

Id. at 477 (second alteration in original) (quoting World-Wide Volkswagen, 444 U.S. at 292, 100 S.Ct. 580).

*1356 Here, as discussed in Part II.A above, Papst has the required minimum contacts with California to make the exercise of personal jurisdiction presumptively reasonable. For the reasons that follow, Papst has failed to meet its burden to show a "compelling case" under *Burger King* that jurisdiction is unreasonable. 471 U.S. at 477, 105 S.Ct. 2174.

Papst makes no argument that factors 2–5 weigh against a finding of personal jurisdiction, *see id.*, nor could it. Xilinx, which is headquartered in California, indisputably has an interest in protecting itself from **patent** infringement by obtaining relief "from a nearby federal court" in its home forum.

Breckenridge*, 444 F.3d at 1367–68 (explaining that one reasonableness factor "requires the court to focus on the convenience and effectiveness of relief from the plaintiff's perspective"). The Supreme Court has recognized the importance of declaratory judgment actions in **patent cases for allowing accused infringers to secure a determination that their products do not infringe the **patent** or that the **patent** is invalid.

**See Medtronic, Inc. v. Mirowski Family Ventures, LLC, — U.S. —, 134 S.Ct. 843, 849, 187 L.Ed.2d 703 (2014);

MedImmune, Inc. v. Genentech, Inc., 549 U.S. 118, 137, 127 S.Ct. 764, 166 L.Ed.2d 604 (2007). Likewise, California has "definite and well-defined interests in commerce and scientific development," Viam Corp. v. Iowa Exp.—Imp. Trading Co., 84 F.3d 424, 430 (Fed. Cir. 1996), and "California has a substantial interest in protecting its residents from unwarranted claims of **patent infringement," Elecs. for Imaging, 340 F.3d at 1352. Jurisdiction over Xilinx's declaratory judgment claims in California would also result in an efficient resolution of the controversy. Finally, there does not appear to be any conflict between the interests of California and any other state, because "the same body of federal patent law would govern the **patent** invalidity claim irrespective of the forum." Id.

[22] This leaves for our consideration the burden on the defendant. With respect to this factor, the Supreme Court has explained, "[w]hen minimum contacts have been established, often the interests of the plaintiff and the forum in the exercise of jurisdiction will justify even the serious burdens placed on the alien defendant." *Asahi*, 480 U.S. at 114, 107 S.Ct. 1026. Thus, instances in which the fairness analysis will defeat "otherwise constitutional personal jurisdiction are limited to the rare situation in which the plaintiff's interest and the state's interest in adjudicating the dispute in the forum are so attenuated that they are clearly outweighed by the burden of subjecting the defendant to litigation within the forum." *Akro*, 45 F.3d at 1549 (quotation marks omitted).

Papst argues that its contacts with Xilinx in California are insufficient to justify the burden of litigating in that forum. Papst focuses on our prior cases holding that because of "policy considerations unique to the **patent** context," *Silent Drive, Inc.*, *Strong Indus.*, *Inc.*, 326 F.3d 1194, 1206 (Fed. Cir. 2003), a patentee's sending of warning letters and offers to license, "without more, ... are not sufficient to satisfy the requirements of Due Process in declaratory judgment actions." *Red Wing*, 148 F.3d at 1360.

*1357 In *Red Wing*, we explained that although warning letters satisfy the requirement of minimum contacts, "such letters cannot satisfy the [fairness] prong of the Due Process inquiry." *Id.* at 1361. We explained the rationale for this rule: "[p]rinciples of fair play and substantial justice afford a patentee sufficient latitude to inform others of its **patent** rights without subjecting itself to jurisdiction in a foreign forum." *Id.* at 1360–61. To require a defendant to answer "in a distant foreign forum when its only contacts with that forum were efforts to give proper notice of its **patent** rights" would place an undue burden on the defendant. ⁴ *Id.* at 1361.

We disagree with Papst that this case is controlled by *Red Wing* and its holding that certain types of contacts, by themselves, are not sufficient to establish the reasonableness of jurisdiction. As we have discussed in the minimum contacts analysis, Papst has done more than just send letters to Xilinx. Representatives from Papst traveled to California to meet with Xilinx in person to discuss Papst's infringement contentions and licensing offer with respect to the patents-in-

suit. ⁵ The Supreme Court noted in *Burger King* that "territorial presence frequently will enhance a potential defendant's affiliation with a State and reinforce the reasonable foreseeability of suit there." 471 U.S. at 476, 105 S.Ct. 2174.

Moreover, there are other facts that, under the *Burger King* analysis, confirm the view that the burden on the defendant is not undue. For instance, the burden on Papst is mitigated by Papst's status as a non-practicing **patent** holder residing outside the United States. This is not a case like *Red Wing*, where the defendant conducts its affairs in one state and is called to litigate in a distant state rather than its own residence. *See* 148 F.3d at 1357. By the very nature of its business, Papst must litigate its **patents** in the United States in fora far from its home office. In this context the burden on Papst to litigate in California appears not undue. ⁶

The lack of significant burden on Papst is also evidenced by Papst's prior litigations in California itself. Papst has repeatedly availed itself of the California federal court system—at least seven times—by filing **patent** infringement lawsuits there. In this respect, this case is similar to *Viam*. In *Viam*, we held that requiring an Italian **patent** owner and its Iowa exclusive agent to litigate a declaratory judgment action in California was not unduly burdensome where those entities *1358 had initiated a suit enforcing the same **patent** in the same district in California against other parties. 84 F.3d at 430. Our reasoning that personal jurisdiction was fair rested in relevant part on the fact that the suit demonstrated that the **patent** owner "has found a way to shoulder successfully the burden of litigating in California." *Id.*

Our decision in *Acorda Therapeutics Inc. v. Mylan Pharmaceuticals Inc.*, 817 F.3d 755, 764 (Fed. Cir. 2016), makes clear the relevance of a defendant's litigations in the forum. There we explained that the burden on an accused infringer answering an infringement lawsuit "will be at most modest, as [the accused infringer], a large generic manufacturer, has litigated many ... lawsuits in [the forum], including some that it initiated." *Id.*

Finally, Papst has not made any demonstration that it would be unduly burdensome to litigate in California. For all of these reasons, therefore, we hold that Papst would not be subject to undue burdens if forced to defend its **patents** in California.

In light of the totality of circumstances present in this case, this is not "one of the 'rare' situations in which sufficient minimum contacts exist but where the exercise of jurisdiction would be unreasonable." *Elecs. for Imaging*, 340 F.3d at 1352. In other words, there is simply no "compelling case" here that personal jurisdiction over Papst is unreasonable. *Burger King*, 471 U.S. at 477, 105 S.Ct. 2174.

CONCLUSION

We hold that Xilinx has established that personal jurisdiction over Papst is proper in California. We need not address Xilinx's additional arguments regarding the district court's denial of jurisdictional discovery. Accordingly, we reverse the district court's dismissal of Xilinx's declaratory judgment complaint with respect to its noninfringement claims and remand for further proceedings consistent with this opinion.

REVERSED AND REMANDED

COSTS

Costs to Xilinx.

All Citations

848 F.3d 1346, 121 U.S.P.Q.2d 1657

Footnotes

- Altera Corporation ("Altera") was also a party to this appeal. Like Xilinx, it filed a declaratory judgment action in the Northern District of California, and Papst filed an infringement suit in the District of Delaware. The Northern District of California also dismissed Altera's declaratory judgment action for lack of personal jurisdiction. We subsequently granted Altera's unopposed motion for a determination that its appeal was moot based on Altera's filing of declaratory judgment counterclaims in Papst's California patent infringement action after it was transferred from Delaware.
- As we explained in *Akro Corp. v. Luker*, 45 F.3d 1541 (Fed. Cir. 1995), the due process inquiry implicates the Due Process Clause of the Fifth Amendment, not the Fourteenth Amendment, because subject matter jurisdiction over a **patent** action exists by virtue of a federal question, not the diversity of the parties. *Id.* at 1544–45. Nonetheless, we have applied the Supreme Court's jurisprudence of personal jurisdiction regarding the demands of the Fourteenth Amendment's Due Process Clause to this context. *Id.*
- Absent an ability to litigate its declaratory judgment action in California, Xilinx would be remitted to litigating on the opposite side of the country in the United States District Court for the Eastern District of Virginia, the statutory venue for actions against patentees not residing in the United States. See 35 U.S.C. § 293.
- The court further held that the inclusion of offers to license the patents "within a cease-and-desist letter does not somehow convert that letter into something more than it was already." *Id.* The court explained that "[a]n offer to license is more closely akin to an offer for settlement of a disputed claim rather than an arms-length negotiation in anticipation of a long-term continuing business relationship" and that the policy favoring settlement "squarely invokes one of the considerations enumerated by the Supreme Court for the second prong of a proper Due Process analysis, namely, 'the interstate judicial system's interest in obtaining the most efficient resolution of controversies.' "*Id.* (quoting *World–Wide Volkswagen Corp. v. Woodson*, 444 U.S. 286, 292, 100 S.Ct. 580, 62 L.Ed.2d 490 (1980)).
- We note that Papst also traveled twice to California to meet with Altera for the same purpose.
- We do not suggest that the foreign location of a defendant itself supports personal jurisdiction. *See Avocent*, 552 F.3d at 1339. Rather, we note that Papst, as a non-practicing **patent** owner, necessarily must litigate its **patents** somewhere in the United States.

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