

XILINX, INC. v. PAPST LICENSING GMBH & Co. KG, Appeal No. 2015-1919 (Fed. Cir. February 15, 2017). Before Prost, Newman, and Dyk. Appealed from N.D. Cal. (Judge Koh).

Background:

Papst is a German non-practicing entity that is solely in the business of monetizing and licensing intellectual property rights. Papst is the assignee of the patents-in-suit. Papst identified Xilinx, headquartered in San Jose, California, as a potential infringer and target for patent licensing, and sent patent-infringement notice letters to Xilinx on two separate occasions. Papst then traveled to California to meet with Xilinx to discuss Papst's allegations of patent infringement and Xilinx's potential licensing of these patents. No agreement to license the patents was reached.

Instead, Xilinx filed a declaratory judgment action seeking a declaration that Xilinx's products do not infringe the patents-in-suit and that the patents are invalid. Papst moved to dismiss the California declaratory judgment action for lack of personal jurisdiction. The district court granted Papst's motion. Xilinx appeals.

Issue/Holding:

Did the district court err in holding that it lacked personal jurisdiction over Papst with respect to Xilinx's declaratory judgment action? Yes, reversed and remanded.

Discussion:

Papst focused entirely on the "reasonable and fair" prong of the specific jurisdiction test, and argued that the case is controlled by *Red Wing Shoe Co. v. Hockerson-Halberstadt, Inc.*, 148 F.3d 1355 (Fed. Cir. 1998). Specifically, Papst argued that its contacts with Xilinx in California are insufficient to justify the burden of litigating in California and 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."

The Federal Circuit disagreed with Papst that this case is controlled by *Red Wing* as Papst has done more than send letters to Xilinx. That is, Papst physically traveled to California to meet with Xilinx in person to discuss Papst's infringement contentions and licensing offer. The Federal Circuit held that unlike *Red Wing*, where the defendant conducted its affairs in one state and was called to litigate in a distant state rather than its own residence, by the very nature of Papst's business as a non-practicing patent holder residing outside the United States, Papst must necessarily litigate its patents somewhere in the United States away from its home office. The Federal Circuit also found that the lack of significant burden on Papst is also evidenced by Papst's prior litigations in California itself as Papst has filed at least seven patent infringement lawsuits in California.

The Federal Circuit further stated that Papst made no arguments, nor could it have made any convincing arguments, regarding the other four considerations relevant to the reasonableness analysis. In light of the totality of circumstances present in this case, the Federal Circuit held that there is no "compelling case" that personal jurisdiction over Papst is unreasonable.