

NEW WORLD INT'L, INC. v. FORD GLOBAL TECHNOLOGIES, LLC., Appeal No. 2016-2097 (Fed. Cir. June 8, 2017). Before Prost, Bryson, and Wallach. Appealed from N.D. Tex. (Judge Lynn). (Personal Jurisdiction)

Background:

Ford Global Technologies, LLC. (FGTL), headquartered in Michigan and incorporated in Delaware, manages and licenses IP for the Ford Motor Company, but does not make or sell automotive products. FGTL provided LKQ, Corp. with an exclusive right to sell aftermarket Ford vehicle products based on Ford design patents as an independent contractor including that FGTL did not have control over LKQ's business operations, LKQ could not reference its relationships to FGTL or Ford in marketing, and LKQ had no rights in the design patents including rights to grant sub-licenses.

Although the agreement provided that "if LKQ learns of potentially infringing conduct by a third party, LKQ must notify FGTL in writing," FGTL retained "the right to determine what action, if any, is to be taken in each such instance, but shall not unreasonably refuse a request by LKQ to enforce the Ford Design Patents against allegedly-infringing use ..."

At LKQ's request, FGTL sent a cease and desist letter accusing New World Int'l. of infringement of the design patents. After multiple subsequent cease and desist letters, FGTL sued New World in the E.D. of Mich. for willful infringement. In response, New World filed a motion for declaratory judgment (DJ suit) of noninfringement and invalidity in the N.D. of Tex. FGTL moved to dismiss the DJ suit for lack of personal jurisdiction.

The N.D. of Tex. noted that FGTL's cease and desist letters sent to New World in Texas were not sufficient to establish jurisdiction over FGTL. Further, the district court held that the license with LKQ did "not impose *continuing obligations* on FGTL to enforce or defend the patents in Texas nor give LKQ an independent right to enforce those patents, and it does not give FGTL control over LKQ's business operations." Therefore, the district court concluded that the license agreement did not provide the court with specific personal jurisdiction over FGTL in the DJ suit, and accordingly dismissed the DJ suit. New World appealed.

Issue/Holding:

Did the district court err in dismissing for lack of personal jurisdiction? No, affirmed.

Discussion:

The dispute centers on whether the license agreement imposes a *continuing obligation* on the patent holder to enforce or defend the patent on behalf of the licensee that is engaged in exploiting the patent right in the forum state. On appeal, New World argued that personal jurisdiction is satisfied because the subject license agreement is similar to the agreement in *Breckenridge Pharmaceutical, Inc. v. Metabolite Laboratories, Inc.*, in which the parties agreed to "discuss in good faith [potential infringement strategies], and to cooperate reasonably in any enforcement actions." However, the Federal Circuit distinguished the facts of *Breckenridge*, in which the patent holder had actually recognized that provision as a *binding obligation* in practice (the parties were jointly represented by counsel, and coordinated sending cease and desist letters). However, in the present appeal FGTL was not jointly represented and did not coordinate the cease and desist letters. Thus, New World had failed to prove a continuing obligation. Accordingly, the Federal Circuit affirmed the dismissal for lack of personal jurisdiction.