TEXASLDPC INC. v. BROADCOM INC., Appeal No. 2025-1074 (Fed. Cir. September 14, 2026). Before Moore, Chen, and Bissoon. Appealed from D. Del. (Judge Bibas).

Background:

Texas A&M and TexasLDPC entered into an agreement that stated TexasLDPC has an exclusive license to a set of patents and copyrights in exchange for granting Texas A&M equity in TexasLDPC along with a percentage of sublicense royalties, and a percentage of any money recovered from enforcing the set of patents and copyrights. Under this agreement, TexasLDPC had the exclusive right to sue for patent and copyright infringement and to collect damages for past, present, and future infringement. Additionally, Texas A&M had the option to terminate the Agreement unless TexasLDPC was exercising commercially reasonable efforts to enforce copyrights or patent rights or seek collections.

TexasLDPC eventually exhausted its capital and was unable to secure any customers or sublicensees. Thus, TexasLDPC shifted its focus entirely to enforcing its rights through litigation. TexasLDPC sued Broadcom (and its parent companies) for patent and copyright infringement. Broadcom later filed a Rule 12(b)(1) motion to dismiss for lack of subject matter jurisdiction, alleging that TexasLDPC's pivot to solely focus on enforcement of patent and copyright rights prompted immediate termination of the agreement between TexasLDPC and Texas A&M. Broadcom also filed a Rule 12(b)(7) motion to dismiss for failure to join Texas A&M, alleging Texas A&M was a necessary party under Rule 19. The district court ruled in favor of Broadcom and dismissed TexasLDPC's claims. TexasLDPC timely appealed the dismissal.

Issues/Holdings:

(1) Did the district court err in holding TexasLDPC's agreement with Texas A&M automatically terminated during the course of litigation when TexasLDPC ceased its business operations? (2) Did the district court err in holding Texas A&M was a necessary party? Yes to both questions and reversed.

Discussion:

The Federal Circuit determined the agreement between TexasLDPC and Texas A&M had not automatically terminated because the agreement lists three types of consideration TexasLDPC provided in exchange for the license: (1) equity in TexasLDPC, (2) a percentage of sublicense royalties, and (3) a portion of any monetary recovery earned through enforcement actions. Thus, the Federal Circuit concluded enforcement is one of TexasLDPC's business operations.

The Federal Circuit additionally determined that the agreement between TexasLDPC and Texas A&M granted TexasLDPC all substantial rights and Texas A&M is not a necessary party. First the Federal Circuit noted that TexasLDPC holds the first and only right to enforce the asserted patents and copyrights against third parties, and it has the exclusive right to collect damages for past, present, and future infringement. Thus, TexasLDPC's right to sue is essentially unfettered, thereby protecting Broadcom from the possibility of facing multiple lawsuits on the same patents and copyrights. The Federal Circuit also concluded the district court could provide complete relief to the existing parties without Texas A&M's participation.