

2019–2164

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**UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT**

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TRIMBLE INC., INNOVATIVE SOFTWARE ENGINEERING, LLC,  
*Plaintiffs-Appellants*

v.

PERDIEMCo LLC,  
*Defendant-Appellee*

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Appeal from the United States District Court for the Northern District of California  
in case no. 4:19-cv-00526-JSW, Judge Jeffrey S. White

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**APPELLANTS' OPENING BRIEF**

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September 23, 2019

**CERTIFICATE OF INTEREST**

Counsel for appellants certifies the following:

The full names of all parties I represent are:

Trimble Inc. and Innovative Software Engineering, LLC

The names of all other real parties in interest represented by me are:

none

The names of all parent corporations and any publicly held companies that own 10% or more of the stock of the parties I represent are:

Trimble Inc., parent corporation of Innovative Software Engineering, LLC

The names of all law firms and lawyers that appeared for the parties now represented by me in the district court or are expected to appear in this Court, but have not yet appeared in this Court, are:

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The title and number of any case known to counsel to be pending in this or any other court or agency that will directly affect or be directly affected by this Court's decision in the pending appeal are:

*Trimble Inc. v. PerDiemCo LLC*, No. 1:19-cv-02028 (D.D.C.)

*PerDiemCo LLC v. Trimble Inc.*, No. 2:19-cv-00278 (E.D. Tex.)

*PerDiemCo LLC v. Trimble Inc.*, No. 2:19-cv-00292 (E.D. Tex.)

Dated: September 23, 2019

/s/Amanda Tessar

Amanda Tessar

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## TABLE OF ABBREVIATIONS AND CONVENTIONS

Appellants	appellees Trimble Inc. and Innovative Software Engineering, LLC, collectively
Appx####	joint appendix page ####
GPS	Global Positioning System
IPR	<i>inter partes</i> review
ISE	declaratory judgment plaintiff and appellant Innovative Software Engineering, LLC
PerDiemCo	declaratory judgment defendant and appellee PerDiemCo LLC
Trimble	declaratory judgment plaintiff and appellant Trimble Inc.

### RELATED CASES

No other appeals relating to this district court case have been before this or any other appellate court. This Court's decision in this case may affect the following pending cases:

- *Trimble Inc. v. PerDiemCo LLC*, No. 1:19-cv-02028 (D.D.C.);
- *PerDiemCo LLC v. Trimble Inc.*, No. 2:19-cv-00278 (E.D. Tex.); and
- *PerDiemCo LLC v. Trimble Inc.*, No. 2:19-cv-00292 (E.D. Tex.).

## INTRODUCTION

This appeal requires this Court to revisit its controversial decision in *Red Wing Shoe Co. v. Hockerson-Halberstadt, Inc.*, 148 F.3d 1355 (Fed. Cir. 1998).

The facts are straightforward. PerDiemCo, a one-man patent-assertion entity based in Washington, D.C., repeatedly accused Trimble, a company based in Northern California, of patent infringement. After PerDiemCo threatened to sue Trimble in the Eastern District of Texas, Trimble and one of its subsidiaries filed a declaratory-judgment suit in the Northern District of California to clear the air. The district court dismissed the case, however, concluding that *Red Wing Shoe* dictated that exercising personal jurisdiction over PerDiemCo in California would violate PerDiemCo's due process rights.

Supreme Court precedent contradicts both the district court's method of analysis and its conclusion. Under that precedent, the plaintiff must show that the defendant has "minimum contacts" with the forum—that the defendant has purposefully directed acts toward a forum resident and that the suit arises out of or relates to those actions. Once the plaintiff has done so, however, the burden shifts to the *defendant* to present a "compelling case" that other, overriding factors make it unreasonable for the forum court to exercise personal jurisdiction. Such cases are "rare," and the Supreme Court has insisted on a holistic analysis of multiple factors rather than a "mechanical" or "talismanic" approach looking at just one.

The district court did not follow that precedent. Instead, citing *Red Wing Shoe*, it applied a patent-specific rule that a patent owner's enforcement efforts and assertions against a forum resident can never be enough, by themselves, to justify personal jurisdiction. The district court did not shift the burden despite its finding that PerDiemCo had minimum contacts with the forum, and it did not consider the multiple factors identified in the Supreme Court cases. Moreover, it adopted that approach even though recent cases of this Court, citing recent Supreme Court precedent, have not read *Red Wing Shoe* in such a draconian fashion.

As two members of this Court have already observed, the time has come for this Court to adhere to Supreme Court precedent and stop following the outdated and misguided patent-specific rule suggested in *Red Wing Shoe*. If *Red Wing Shoe* cannot be distinguished, it should be overruled. In any event, the district court's dismissal of this lawsuit should be reversed, and the case should be remanded for the district court to consider the merits.

### **JURISDICTION**

The district court had subject-matter jurisdiction under 28 U.S.C. §§ 1331, 1338, 2201, and 2202 because Appellants sought a declaratory judgment that they do not infringe United States patents owned by PerDiemCo. Whether the district court had personal jurisdiction over PerDiemCo is the subject of this appeal.

This Court has appellate jurisdiction under 28 U.S.C. § 1295(a)(1) because the district court entered a final judgment dismissing Appellants' complaint, Appx1, Appx10-11, and Appellants filed a notice of appeal within thirty days of that judgment, Appx1360-1361.

### STATEMENT OF ISSUES

1. Did the district court err in concluding that it cannot exercise personal jurisdiction over PerDiemCo even though (a) PerDiemCo expressly and repeatedly accused Trimble, a company based in northern California, of infringing PerDiemCo's patents; (b) the district court itself recognized that Appellants had established the minimum contacts necessary for personal jurisdiction; and (c) PerDiemCo failed to establish a "compelling case that the presence of some other considerations would render jurisdiction unreasonable," as required by *Burger King v. Rudzewicz*, 471 U.S. 462 (1985)?

2. Did *Red Wing Shoe* compel the district court's conclusion that it cannot exercise jurisdiction over PerDiemCo, despite the Supreme Court's opinions in *Burger King* and *Bristol-Myers Squibb Co. v. Superior Court*, 137 S. Ct. 1773 (2017), and this Court's recognition of *Red Wing Shoe*'s limits in *Jack Henry & Associates, Inc. v. Plano Encryption Technologies LLC*, 910 F.3d 1199 (Fed. Cir. 2018), and *Genetic Veterinary Sciences, Inc. v. LABOKLIN GmbH*, 933 F.3d 1302 (Fed. Cir. 2019)?

3. If adherence to the *Red Wing Shoe* line of cases would compel affirmance of the district court’s ruling, should this Court overrule those cases as imposing rigid, patent-specific rules that are contrary to controlling Supreme Court law and unwarranted by the public-policy justifications cited in *Red Wing Shoe*?

#### STATEMENT OF THE CASE

##### **A. Appellants And Their Accused Electronic Logging Devices And Geofencing Products**

The plaintiffs in this declaratory judgment action are Trimble Inc. (“Trimble”) and one of Trimble’s wholly-owned subsidiaries, Innovative Software Engineering, LLC (“ISE”). Trimble is headquartered in Sunnyvale, California, within the Northern District of California. Appx2. ISE is headquartered in Iowa. *Id.*

Trimble and ISE provide positioning and navigation products and services that rely on the Global Positioning System (GPS). Among other things, Trimble and ISE supply “electronic logging devices” and related services that log drivers’ hours of service and activities when operating trucks and other commercial vehicles to help employers comply with federal and state safety regulations. Trimble also sells “geofencing” products that set off an alarm when a device or vehicle enters or leaves a prescribed area. Appx2; Appx32-37.

**B. PerDiemCo, Its Patent Portfolio, And Its Previous Patent-Enforcement Campaigns**

PerDiemCo is a patent assertion entity whose sole member, officer, and employee is Robert Babayi, a patent lawyer who lives and works in Washington, D.C. Appx2. PerDiemCo is the assignee of a single family of patents that originally issued to named inventor Darrell Diem and describe a purported invention involving geofencing. Diem and the other previous co-owner of PerDiemCo sold their interests to Babayi in 2018. Appx1209; Appx1249-1250. Babayi prosecuted all of the patents at issue and now serves as PerDiemCo's Chief Executive Officer and managing agent. Appx1259; Appx1012; Appx1261-1271.

PerDiemCo is a Texas limited liability company that purports to have a principal place of business in Marshall, Texas. None of PerDiemCo's current or previous principals have worked or lived in Texas, however. Instead, PerDiemCo began renting office space in Marshall shortly before filing its first wave of infringement lawsuits in the Eastern District of Texas. Investigation confirmed that PerDiemCo's Marshall office is currently unused and unattended, and PerDiemCo's sole employee, Babayi, testified that he has never been there or anywhere else in the Eastern District of Texas. Telephone calls to PerDiemCo are forwarded to Babayi's mobile phone in Washington, D.C., where Babayi conducts the company's business. Appx2-3, Appx11; Appx1209-1210; Appx1235-1251; Appx1253-1254; Appx1256-1259; Appx1301-1304.

PerDiemCo's first wave of infringement lawsuits, filed in 2015, did not fare well. PerDiemCo asserted five patents against various defendants. Several defendants filed petitions for *inter partes review* (IPR). The PTAB instituted review, and all challenged claims were either disclaimed or found unpatentable. Appx37-38.

In 2016, PerDiemCo filed a second wave of complaints, asserting seven newly issued geofencing patents from the same family. Some of those defendants also filed IPR petitions, and the PTAB again instituted review. PerDiemCo disclaimed many of the new claims and settled the second-wave suits for minimal amounts before the PTAB or the district courts ruled on the merits. Appx38-39.

Babayi and PerDiemCo continued to prosecute continuation and divisional applications that issued in 2018 and 2019. The claims of the new patents, however, extend beyond the geofencing functionality described in the specification and claimed in the earlier patents. The new patents are broader in that they purport to cover electronic logging devices, but narrower in that they include various limitations (*e.g.*, administrator and user hierarchies) that Babayi and PerDiemCo inserted to distinguish prior art raised in previous PTO proceedings. Appx39-40.

**C. PerDiemCo's Repeated Assertions Of Infringement And Appellants' Lawsuit Seeking A Declaration Of Noninfringement**

In October 2018, Babayi sent a letter to ISE in Iowa, using PerDiemCo letterhead bearing a Washington, D.C. address. The letter accused certain ISE



electronic logging devices of infringing nine issued PerDiemCo patents and practicing claims of two patent applications that would soon issue. The letter further suggested that all electronic logging devices that comply with the federal laws requiring such devices would infringe PerDiemCo's patents. The letter included a claim chart and a draft infringement complaint to be filed in the Northern District of Iowa. Appx1273-1276; Appx1278-1299.

ISE forwarded the letter to Trimble's Chief IP Counsel, who promptly responded and explained that Trimble was ISE's parent company and that he would be responding to PerDiemCo's infringement allegations. Appx1316.

The next day, Babayi replied on behalf of PerDiemCo, asserted that Trimble's own electronic logging device products also infringe, and included a claim chart that purported to illustrate that. Appx1315-1316; *see also* Appx1313 (follow-up email attaching another claim chart and asserting infringement of another patent). A later email from Babayi noted that an additional patent had issued and another patent soon would, and Babayi suggested that PerDiemCo could chart Trimble's infringement of those claims as well. Appx43. Babayi and PerDiemCo separately asserted, with supporting claim charts, that Trimble's geofencing products infringe many of the patents at issue. Appx43-44; Appx52; Appx54; Appx57; Appx1320-1322. In later communications, Babayi confirmed

that PerDiemCo intended to sue Trimble for infringement in the Eastern District of Texas. Appx43; Appx1230; Appx1326; Appx1328.

PerDiemCo's infringement assertions and litigation threats continued for several months. Because those allegations and threats created a real and immediate controversy, Trimble and ISE filed a complaint in Trimble's home district, the Northern District of California, seeking a declaratory judgment that neither of them infringes any of the eleven PerDiemCo patents asserted to that point. Appx25-75.

**D. PerDiemCo's Motion To Transfer To The Eastern District Of Texas And The District Court's Dismissal Of Appellants' Complaint For Lack Of Personal Jurisdiction Over PerDiemCo**

Rather than answering the complaint, PerDiemCo filed a motion to transfer the case to the Eastern District of Texas. Appx738-762. That motion was founded on two alternative theories. First, PerDiemCo contended that the district court lacked personal jurisdiction over it under this Court's *Red Wing Shoe* line of cases and that transfer to the Eastern District of Texas was proper under 28 U.S.C. § 1631 "in the interests of justice." Alternatively, PerDiemCo asked the district court to transfer venue to the Eastern District of Texas under 28 U.S.C. § 1404(a) for "convenience." *Id.*

Appellants opposed both requests. Appx1204-1223. More specifically, Appellants contended that the district court had specific personal jurisdiction over PerDiemCo because (a) PerDiemCo's months-long campaign of infringement

allegations against Trimble, a California-based company, established the constitutionally required “minimum contacts” with the forum and (b) PerDiemCo had not made the necessary “compelling case” that litigating the dispute in California would be unreasonable. Appx1211-1220. Among other things, Appellants argued that this Court’s recent *Jack Henry* decision had adhered to Supreme Court precedent and undermined the supposed bright-line rule of *Red Wing Shoe*. Appx1213-1215; Appx1217-1218. Appellants contended that transfer under Section 1631 was therefore unwarranted, Appx1220-1221, and that neither the interests of justice nor the asserted convenience factors warranted transfer to the Eastern District of Texas in any event, Appx1221-1223.

PerDiemCo filed a reply, Appx1332-1348, and Appellants filed a brief surreply explaining that *Jack Henry* had properly relied on the Supreme Court’s intervening decision in *Bristol-Myers Squibb* when rejecting any blanket rule that infringement assertions aimed at the forum state never suffice, by themselves, to support personal jurisdiction over a patent owner, Appx1354-1355.

The district court denied PerDiemCo’s motions to transfer to the Eastern District of Texas, but it treated PerDiemCo’s Section 1631 motion as including a predicate request for dismissal and, on that basis, dismissed Appellants’ complaint for lack of personal jurisdiction. Appx2-12. The district court framed the issue as “whether, under Federal Circuit law, the sending of cease and desist letters into a

forum state can give rise to specific personal jurisdiction.” Appx6. The court acknowledged “some tension between *Red Wing Shoe*’s holding that cease-and-desist letters do not give rise to constitutional reasonableness, the [reasonableness] prong of the due process analysis, and the long-standing rule that once a plaintiff satisfies minimum contacts analysis, the burden shifts to the defendant to show that being subject to personal jurisdiction in the forum would be unfair and unreasonable.” Appx7-8 n.3. The court further noted that *Red Wing Shoe* “d[id] not address the five factors courts typically examine when ascertaining whether a defendant has met its burden.” *Id.*

Nevertheless, the court felt constrained to follow *Red Wing Shoe* and concluded that it lacked specific personal jurisdiction over PerDiemCo. Appx6-10. The district court concluded that Appellants *had* established the requisite “minimum contacts” between PerDiemCo and California because PerDiemCo’s communications were “purposefully directed at Trimble, a California resident,” Appx9, and “Trimble’s [declaratory-judgment] claim ‘arises out of or relates to’ PerDiemCo’s activities” involving California. Appx10. In so holding, the court rejected PerDiemCo’s arguments that its infringement accusations were not directed toward California because Trimble’s in-house attorney was physically located in Colorado. Appx9-10 n.6. Turning to the third prong of the due-process test, however, the court concluded that exercising personal jurisdiction over

PerDiemCo would be “constitutionally unreasonable.” Appx10. The court concluded that *Jack Henry* did not overrule or limit *Red Wing Shoe* and simply came to a different result on different facts. Appx8-9 (reading *Jack Henry* as turning on general jurisdiction over the patent owner). The court then held that, under *Red Wing Shoe* and its progeny, PerDiemCo’s cease-and-desist letters, emails, and phone calls to Trimble’s counsel were “insufficient to comport with ‘fair play and substantial justice.’” Appx10. In reaching that conclusion, the court did not shift the burden to PerDiemCo and instead held that “*Trimble* cannot meet *its* burden.” *Id.* (emphasis added).

Turning to the transfer issue, the district court rejected PerDiemCo’s request to transfer the case to the Eastern District of Texas because doing so would not serve the interests of justice or efficiency. Appx11. The court observed that PerDiemCo’s infringement assertions emanated from Washington, D.C., where its sole principal, officer, and employee works. *Id.* And it found that “PerDiemCo’s presence in Texas is confined to an unoccupied rental space that amounts to little more than a façade—accomplishing PerDiemCo’s pretextual if not actual presence in the Eastern District.” *Id.* The court concluded that transfer to the Eastern District of Texas would not promote judicial efficiency because the district judge presiding in Marshall (Judge Gilstrap) has a load of 6,500 patent cases and the previous litigation involving this patent family was, “at best, only marginally

useful.” *Id.* (noting that the only litigation involving any of the patents at issue in California had ended well before claim construction). The court also noted that PerDiemCo had failed to show that location of evidence, witnesses, court congestion, or other factors warranted transfer. *Id.* The court denied PerDiemCo’s motion to transfer under Section 1404(a) for similar reasons. *Id.*

As a result, the district court dismissed the case “without prejudice to Trimble’s refile in a proper venue where PerDiemCo is subject to personal jurisdiction.” Appx12. Appellants timely appealed from the resulting judgment of dismissal, Appx1360-1361, and PerDiemCo conditionally cross-appealed from the court’s denial of transfer to the Eastern District of Texas, Appx1362-1364 (appealing only if this Court does not affirm in Appellants’ direct appeal).<sup>1</sup>

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<sup>1</sup> PerDiemCo has also pursued other targets besides Trimble, including one named eRoad, Ltd. which filed its own declaratory-judgment action against PerDiemCo in the Western District of Texas. PerDiemCo moved to transfer that action to the Eastern District of Texas as well, but the district court there likewise refused to transfer that case. The court concluded that venue was proper in the Western District of Texas and, like the court here, found that transfer to the Eastern District of Texas was unwarranted because PerDiemCo has no real connections to that district and the public interest factors also did not favor transfer. *eRoad Ltd. v. PerDiemCo LLC*, No. 6:19-cv-0026-ADA, Dkt. 34 (W.D. Tex. Sept. 19, 2019). Among other things, the court found that PerDiemCo’s Texas office “was established for little or no other reason than to create venue for litigation” and observed that “[c]ourts do not factor offices created as a façade merely for the purpose of creating venue.” *Id.* at 13.

**E. The Parties' Subsequent Lawsuits In Other District Courts**

With the California case dismissed and on appeal, Trimble and ISE filed a declaratory judgment action in the District for the District of Columbia, where PerDiemCo's principal lives and works and from which he asserted that Trimble and ISE have infringed PerDiemCo's patents. *Trimble Inc. v. PerDiemCo LLC*, No. 1:19-cv-02028 (D.D.C. filed July 9, 2019). PerDiemCo responded by filing two suits in the Eastern District of Texas against Trimble only. *PerDiemCo LLC v. Trimble Inc.*, No. 2:19-cv-00278 (E.D. Tex. filed August 13, 2019); *PerDiemCo LLC v. Trimble Inc.*, No. 2:19-cv-00292 (E.D. Tex. filed August 27, 2019) (suing on a newly-issued patent in the same family).

Trimble has contended that the Eastern District of Texas suits should be stayed, dismissed, or transferred because the earlier-filed California or District of Columbia suits take precedence. PerDiemCo has moved to transfer the District of Columbia case to the Eastern District of Texas or, alternatively, to dismiss the District of Columbia action for lack of personal jurisdiction. In any event, all three new cases should be stayed, dismissed, or transferred if this Court reverses the personal-jurisdiction ruling here and holds that this first-filed lawsuit may proceed in the Northern District of California.

### SUMMARY OF ARGUMENT

1. This Court owes no deference to the district court’s jurisdictional ruling because this Court reviews *de novo* and the district court’s ruling applied disputed law to essentially uncontested facts.

2. Under settled Supreme Court precedent, the district court can constitutionally exercise specific personal jurisdiction over PerDiemCo. As the district court itself recognized, PerDiemCo has the required minimum contacts with the forum because it purposefully directed its patent-enforcement activities at Trimble, a forum resident, and this declaratory-judgment lawsuit arose out of and is related to those activities. *PerDiemCo* thus bore the burden of presenting a “compelling case” that other considerations rendered it unreasonable to exercise jurisdiction over it. Such cases are “rare” because the defendant must show that the interests of the plaintiff and the forum are “so attenuated that they are clearly outweighed by the burden” on the defendant, and because defendants who assert that litigating in the forum is too burdensome have another remedy—transfer of venue.

The district court did not require PerDiemCo to shoulder its burden, and it erred in concluding that asserting jurisdiction over PerDiemCo would be unconstitutional. Appellants and the California forum have strong, legitimate interests in having that forum adjudicate the parties’ dispute, and the district court itself rejected PerDiemCo’s motion to transfer venue.



The district court reasoned that *Red Wing Shoe* compelled it to dismiss the case, but that was incorrect for several reasons. *Red Wing Shoe* could not and did not overturn settled Supreme Court precedent. Even if read broadly, *Red Wing Shoe* is distinguishable because PerDiemCo did more than simply send a cease-and-desist letter and offer to license its patents: it hassled Trimble for months and expressly threatened to sue for patent infringement. Moreover, two recent opinions of this Court (*Jack Henry* and *Genetic Veterinary Sciences*) have made clear that *Red Wing Shoe* could not and did not adopt a bright-line, wooden rule privileging infringement assertions contrary to controlling precedent of the Supreme Court.

3. If this Court concludes that *Red Wing Shoe* controls and would require affirmance, the time has come for the Court to bury *Red Wing Shoe*. The Court can do so at the panel level because the Supreme Court's later decision in *Bristol-Myers Squibb* makes clear that courts must assess a variety of interests in assessing specific personal jurisdiction and must not adopt special tests at odds with Supreme Court precedent. Alternatively, the Court can and should reconsider and overrule *Red Wing Shoe* en banc, as two members of the Court have already suggested. The bright-line, single-factor, patent-specific approach of *Red Wing Shoe* is contrary to settled Supreme Court law. Moreover, *Red Wing Shoe* was based on flawed policy grounds and the mistaken premise that this Court had already adopted such a rigid rule for personal jurisdiction in patent cases.

## ARGUMENT

### **I. This Court Owes No Deference To The District Court’s Ruling That Asserting Personal Jurisdiction Over PerDiemCo Is Unconstitutional**

Whether a district court may exercise personal jurisdiction over a party consistent with the Due Process Clause of the U.S. Constitution is a question of law that this Court reviews *de novo*. *Genetic Veterinary Sciences*, 933 F.3d at 1308-09 (citation omitted). This Court “appl[ies] Federal Circuit law,” rather than regional circuit law, “to questions of personal jurisdiction [in patent cases] because the issue ‘is intimately involved with the substance of the patent laws.’” *Id.* at 1309 (citations omitted). “Where,” as here, “the district court’s disposition as to personal jurisdiction is based on affidavits and other written materials in the absence of an evidentiary hearing, plaintiff[s] need only make a prima facie showing that defendants are subject to personal jurisdiction.” *Id.* At the pleading stage, this Court “‘accept[s] the uncontroverted allegations in the plaintiff’s complaint as true and resolve[s] any factual conflicts in the affidavits in the plaintiff’s favor.’” *Xilinx, Inc. v. Papst Licensing GmbH*, 848 F.3d 1346, 1352 (Fed. Cir. 2017) (citation omitted). Although any underlying factual findings by the district court would be reviewed for clear error, *Genetic Veterinary Sciences*, 933 F.3d at 1309, the district court’s jurisdictional ruling here applied disputed law to largely undisputed facts. *See* Appx5-10.

This Court therefore owes no deference to the district court's jurisdictional ruling, and, for the reasons explained below, it should reverse that ruling. By contrast, the district court's decision not to transfer the case to the Eastern District of Texas *was* based on factual findings regarding PerDiemCo's pretextual presence in that district and the interests of justice, convenience, and efficiency. Appellants will reserve their arguments on those issues, however, until their brief responding to PerDiemCo's cross-appeal.

## **II. Under Settled Supreme Court Precedent, The District Court Can Properly Assert Specific Personal Jurisdiction Over PerDiemCo**

In this case, the district court's authority to exercise personal jurisdiction over PerDiemCo boils down to whether doing so would violate the Due Process Clause of the Constitution. As a matter of settled Supreme Court law, asserting personal jurisdiction over PerDiemCo would *not* be unconstitutional.

### **A. The Sole Issue Is Whether Exercising Personal Jurisdiction Over PerDiemCo Is Consistent With Due Process**

A district court's authority to exercise personal jurisdiction over an out-of-state defendant turns on whether the forum state's long-arm statute permits service of process and whether the assertion of personal jurisdiction would violate the defendant's federal due process rights. *Xilinx*, 848 F.3d at 1352-53. Because California's long-arm statute extends to federal constitutional limits, Cal. Code of

Civ. Proc § 410.10, the inquiry collapses into a single issue: whether exercising personal jurisdiction comports with due process. *Xilinx*, 848 F.3d at 1352-53.

**B. The Supreme Court Has Established Clear Rules For Evaluating Personal Jurisdiction**

Under *International Shoe Co. v. Washington*, 326 U.S. 310 (1945), the due-process standard for personal jurisdiction has two components: (1) the defendant must have had “minimum contacts” with the forum, and (2) exercising personal jurisdiction must not offend “traditional notions of fair play and substantial justice.” *Id.* at 316. In this case, Appellants have argued that the district court has “specific” or “case-linked” personal jurisdiction over PerDiemCo, not “general” or “all-purpose” jurisdiction. *See Bristol-Myers Squibb*, 137 S. Ct. at 1779-80 (distinguishing the two).

The Supreme Court has adopted a three-part test for specific personal jurisdiction. Courts must assess: “(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.” *Genetic Veterinary Sciences*, 933 F.3d at 1309 (citation omitted). The first two factors correspond to the “minimum contacts” requirement, and the third factor corresponds to the “fair play and substantial justice” requirement. *Id.*

A defendant that has “purposefully directed” activities toward a forum is on “fair warning” that it may be haled into court in that forum to respond to a suit that arises out of or relates to those activities. *Burger King*, 471 U.S. at 472-73. “[B]ecause ‘modern transportation and communications have made it much less burdensome for a party sued to defend [it]self in a State where it engages in economic activity,’ it usually will *not* be unfair to subject [it] to the burdens of litigating in another forum for disputes relating to such activity.” *Id.* at 474 (emphasis added; citation omitted). “Jurisdiction ... may not be avoided merely because the defendant did not *physically* enter the forum State” because “it is an inescapable fact of modern commercial life that a substantial amount of business is transacted solely by mail and wire communications across state lines ....” *Id.* at 476.

Once the plaintiff has established the defendant’s minimum contacts with the forum, courts evaluate those contacts “in light of other factors to determine whether the assertion of personal jurisdiction would comport with ‘fair play and substantial justice.’” *Id.* Such considerations may include (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 476-77. In some cases, these considerations may “establish the reasonableness of jurisdiction upon a lesser showing of minimum contacts than would otherwise be required.” *Id.* at 477.

On the other hand, once minimum contacts are established, the burden shifts to the *defendant* to make a “compelling case” that such other considerations would “render jurisdiction unreasonable”:

[W]here a defendant who purposefully has directed [its] activities at forum residents seeks to defeat jurisdiction, [it] must present a *compelling case* that the presence of some other considerations would render jurisdiction unreasonable.

*Id.* at 477 (emphasis added). Furthermore, “[m]ost such considerations usually may be accommodated through means short of finding jurisdiction unconstitutional.” *Id.* For example, “a defendant claiming substantial inconvenience may seek a change of venue” under 28 U.S.C. § 1404(a). *Id.*

As a result, cases in which courts conclude that a defendant has minimum contacts with the forum but exercising personal jurisdiction over it is nevertheless unconstitutional are highly unusual. As this Court has often put it, “[i]n general, these cases 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.” *Beverly Hills Fan Co. v. Royal Sovereign Corp.*, 21 F.3d 1558, 1568 (Fed. Cir. 1994) (emphasis added); *see also Xilinx*, 848 F.3d at 1356 (same).

The Supreme Court’s decision in *Asahi Metal Industry Co. v. Superior Court*, 480 U.S. 102 (1987), illustrates the rare exception that proves the general rule. In *Asahi*, the sole claim at issue was a claim for indemnification by a Taiwanese corporation against a Japanese corporation. The underlying transaction took place in Taiwan, and the components at issue were shipped from Japan to Taiwan. Given the “severe” burden on the Japanese defendant of litigating in Solano County, California, the “slight” interests of the Taiwanese plaintiff and the California forum in asserting jurisdiction over *Asahi*, the fact that the claim was based solely on indemnification, not safety issues, and the uncertainty that California law even applied, the Supreme Court concluded that the state court’s assertion of jurisdiction was unreasonable and unfair. *Id.* at 113-16.

Finally, but significantly here, the Supreme Court has stressed that it “long ago rejected the notion that personal jurisdiction might turn on ‘mechanical’ tests ....” *Burger King*, 471 U.S. at 478. It has “reject[ed] any talismanic jurisdictional formulas” and made clear that “‘the facts of each case must [always] be weighed’ in determining whether personal jurisdiction would comport with ‘fair play and substantial justice.’” *Id.* at 485-86 (citation omitted; second alteration in original).

**C. Exercising Personal Jurisdiction Here Is Fully Consistent With The Due-Process Principles Adopted By The Supreme Court**

The long-settled law just discussed compels reversal of the district court's holding that it lacks personal jurisdiction over PerDiemCo.

**1. As The District Court Concluded, PerDiemCo Had The Necessary Minimum Contacts With California**

The district court held that "Trimble has ... shown that PerDiemCo had the requisite minimum contacts with California." Appx10. That conclusion was correct.

**a. PerDiemCo Purposefully Directed Its Patent-Enforcement Activities At A California Resident**

Because Trimble's headquarters is in the Northern District of California, Trimble undisputedly qualifies as a resident of the forum. Moreover, even though PerDiemCo's initial communication related to Trimble's subsidiary ISE, an Iowa resident, PerDiemCo immediately accused Trimble itself of infringement once Trimble and its in-house counsel took responsibility. Those discussions extended for several months. PerDiemCo not only accused Trimble of infringement (with supporting claim charts) and insisted that Trimble pay for a license; PerDiemCo specifically threatened to sue Trimble several times. Appx43; Appx1230; Appx1326; Appx1328. This Court has consistently recognized that such infringement assertions are "purposefully directed" at the recipient and the forum where it



resides. *See, e.g., Genetic Veterinary Sciences*, 933 F.3d at 1309; *Jack Henry*, 910 F.3d at 1204; *Xilinx*, 848 F.3d at 1354.

PerDiemCo's only counterargument has been that Trimble's in-house counsel sat in Colorado rather than California. But as the district court recognized, Appx9-10 n.6, that is irrelevant. The in-house lawyer was serving as Trimble's representative, and PerDiemCo's infringement accusations were directed at Trimble, not the in-house lawyer personally. This Court has consistently recognized that it is the location of the target company, not the location of the lawyer representing the target company, that counts. *Maxchief Invs. Ltd. v. Wok & Pan, Ind., Inc.*, 909 F.3d 1134, 1139 (Fed. Cir. 2018) (infringement notice letter to plaintiff's lawyer in forum state Tennessee was irrelevant because it was aimed at a Kansas company); *Inamed Corp. v. Kuzmak*, 249 F.3d 1356, 1360 (Fed. Cir. 2001) (letter to target's attorney in New York was still directed at the plaintiff, a resident of California); *Akro Corp. v. Luker*, 45 F.3d 1541, 1546 (Fed. Cir. 1995) (letters directed to plaintiff's counsel in North Carolina were "for purposes of our due process inquiry" directed to the plaintiff in the forum state, Ohio).

**b. Appellants' Lawsuit Arises Out Of Or Relates To PerDiemCo's California-Connected Activities**

PerDiemCo also cannot fairly dispute that this lawsuit arose out of or relates to PerDiemCo's California-targeted patent-enforcement activities. PerDiemCo repeatedly accused Trimble of infringement, and Appellants filed this declaratory

judgment lawsuit in response in order to clear the air and establish noninfringement. *See, e.g., Genetic Veterinary Sciences*, 933 F.3d at 1309; *Jack Henry*, 910 F.3d at 1204; *Xilinx*, 848 F.3d at 1354.

**2. PerDiemCo Did Not Carry Its Burden Of Making A “Rare,” “Compelling” Showing That Other Considerations Make It Unreasonable To Exercise Personal Jurisdiction**

The district court further held that despite PerDiemCo’s extensive contacts with California, “exercising specific personal jurisdiction over PerDiemCo would be constitutionally unreasonable.” Appx10. That conclusion was incorrect. As discussed above, once Appellants established PerDiemCo’s minimum contacts with the California forum, the burden shifted to *PerDiemCo* to make a “compelling” case that this is a rare instance, like *Asahi*, in which exercising jurisdiction would be unreasonable. *See Burger King*, 471 U.S. at 476-77; *Genetic Veterinary Sciences*, 933 F.3d at 1310; *M-I Drilling Fluids UK Ltd. v. Dynamic Air Ltda.*, 890 F.3d 995, 1000-03 (Fed. Cir. 2018). PerDiemCo thus had to show that the interests of Appellants and California are so attenuated that they are “clearly outweighed” by PerDiemCo’s burden of litigating in California. *See Xilinx*, 848 F.3d at 1356; *Akro*, 45 F.3d at 1549; *Beverly Hills Fan*, 21 F.3d at 1568. PerDiemCo did not.

**a. The Interests Of California, Appellants, The Judicial System, And Other States Are All Consistent With Exercising Personal Jurisdiction Over PerDiemCo**

Factors (2) through (5) of the *Burger King* test address:

- “the forum State’s interest in adjudicating the dispute”;
- “the plaintiff’s interest in obtaining convenient and effective relief”;
- “the interstate judicial system’s interest in obtaining the most efficient resolution of controversies”; and
- “the shared interest of the several States in furthering fundamental substantive social policies.”

471 U.S. at 476-77. Each of these factors favors exercising jurisdiction over PerDiemCo or is at least neutral. None compels a conclusion that exercising jurisdiction over PerDiemCo would be unconstitutional.

***California’s interests.*** Trimble is a California-based corporation that develops and markets products in California. As this Court has recognized, “California has ‘definite and well-defined interests in commerce and scientific development,’ ... and ‘California has a substantial interest in protecting its residents from unwarranted claims of patent infringement.’” *Xilinx*, 848 F.3d at 1356 (citations omitted).

***Trimble’s interests.*** Trimble “indisputably has an interest in protecting itself from patent infringement [allegations] by obtaining relief ‘from a nearby federal court’ in its home forum.” *Id.* (citation omitted).

***The judicial system’s interest in efficient resolution.*** The district court for the Northern District of California can efficiently resolve the parties’ dispute. PerDiemCo sought to transfer the case to the Eastern District of Texas on grounds

of judicial economy, but the district court rejected that claim, citing Judge Gilstrap’s huge load of patent cases and noting that the previous litigation involving any of the patents at issue here had “ended well before claim construction.”

Appx10; *see also eRoad*, Dkt. 34 at 14-17.

***Substantive interests of other states.*** The states’ substantive interests do not significantly diverge “because ‘the same body of federal patent law would govern the patent [infringement] claim irrespective of the forum.’” *Xilinx*, 848 F.3d at 1356 (citation omitted).

**b. Any Inconvenience To PerDiemCo Was Adequately Addressed Under The Transfer-Of-Venue Statute**

PerDiemCo’s only significant counterargument falls under the remaining *Burger King* factor: PerDiemCo has argued that it would be unduly burdensome for it to litigate in California because it has no offices or employees in California. There are three answers to that argument.

First, the argument rings hollow because PerDiemCo’s sole employee is in Washington, D.C., yet it has consistently elected to sue elsewhere—and typically far away. PerDiemCo is formally registered in Texas and it has sued in the Eastern District of Texas, but it has no real presence in Texas. *See* Appx10. Whatever PerDiemCo’s reasons for preferring that forum may be, that preference is not a matter of burden because it is easier to fly non-stop from Washington, D.C. to San Francisco than to fly from Washington, D.C. to Dallas, take a second flight to

Longview, and drive to Marshall. In addition, PerDiemCo sent ISE a draft complaint to be filed in the Northern District of Iowa, Appx1278-1299, which is also far away from PerDiemCo's base of operations, and getting to Cedar Rapids is little or no more convenient than getting to San Francisco or Oakland.

Second, even if PerDiemCo had a plausible burden argument, the appropriate vehicle for addressing undue burden was a motion to transfer venue, not dismissal for lack of personal jurisdiction. As the Supreme Court put it in *Burger King*, “to the extent that it is inconvenient for a party who has minimum contacts with a forum to litigate there, such considerations most frequently can be accommodated through a change in venue.” 471 U.S. at 483-84. This is not the exceedingly rare case in which burden issues are of constitutional magnitude. *See Breckenridge Pharm. Inc. v. Metabolite Labs., Inc.*, 444 F.3d 1356, 1367-68 (Fed. Cir. 2006) (upholding personal jurisdiction despite defendant's argument that it was a small company with no sales force in the forum; concluding that defendant's balance-of-convenience arguments were really venue issues and not so substantial as to achieve constitutional magnitude).

Third, PerDiemCo in fact filed a motion to transfer venue under 28 U.S.C. § 1404(a), and the district court properly concluded that transfer to the Eastern District of Texas was not warranted. Appx11. A case in which transfer is inappropriate is certainly not a “rare” case in which the burden on the defendant “clearly

outweigh[s]” the factors supporting personal jurisdiction in the Northern District of California.

**D. The District Court’s Reliance On *Red Wing Shoe* Was Misplaced**

Rather than applying settled Supreme Court law, the district court concluded that this Court’s *Red Wing Shoe* line of cases precluded personal jurisdiction over PerDiemCo. Appx6-10. According to the district court, “PerDiemCo’s only contacts with California are its cease-and-desist letters and emails and phone calls to Trimble’s counsel,” and “[u]der *Red Wing Shoe* and its progeny, without more, this is insufficient to comport with ‘fair play and substantial justice.’” Appx10. The district court was incorrect for several reasons.

First, and most fundamentally, *Red Wing Shoe* could not and did not displace Supreme Court law that was already settled then and remains settled now. The district court candidly acknowledged

some tension between *Red Wing Shoe*’s holding that cease-and-desist letters do not give rise to constitutional reasonableness, the third [“reasonable and fair”] prong of due process analysis, and the long-standing rule that once a plaintiff satisfies minimum contacts analysis, the burden shifts to the defendant to show that being subject to personal jurisdiction in the forum would be unfair and unreasonable.

Appx7-8 n.6. The district court further “note[d] that *Red Wing Shoe* does not address the five factors courts typically examine when ascertaining whether a defendant has met its burden.” *Id.* Yet instead of obeying the Supreme Court and

requiring PerDiemCo to establish unreasonableness under the multi-factor test summarized in *Burger King*, the district court purported to obey a bright-line rule from *Red Wing Shoe* and required *Trimble* to prove that PerDiemCo had *more* than minimum contacts with California. Appx10 (“Accordingly, as *Trimble* cannot meet *its* burden, the Court holds that PerDiemCo is not subject to specific personal jurisdiction in California.”) (emphasis added). The district court should have applied controlling Supreme Court law and required *PerDiemCo* to make a “compelling” case that its burden of litigating in California “clearly outweighs” the interests of the forum and Appellants in asserting personal jurisdiction.

Second, the district court overread *Red Wing Shoe*. *Red Wing Shoe* posited that cease-and-desist letters, without more, cannot satisfy the requirements of due process in declaratory judgment actions. 148 F.3d at 1360. And it added that “an offer for a license within a cease-and-desist letter does not somehow convert that letter into something more than it was already.” *Id.* But even assuming *Red Wing Shoe* requires more than a demand to cease infringement and take license, PerDiemCo did more than that. PerDiemCo specifically and repeatedly threatened to sue Trimble, and a threat to sue goes well beyond merely informing others of one’s patent rights and offering to license those rights. A threat to sue crosses the line into conduct that invites a declaratory judgment suit. Simply put, if a patent

owner hassles a California resident for months on end, it can reasonably expect to face a declaratory judgment suit in California.

Third, the district court ignored the limits of *Red Wing Shoe* as explained in this Court's recent decisions. In *Jack Henry*, this Court expressly rejected a district court's conclusion that "'unique' rules" apply in patent cases such that a "letter charging infringement can never provide specific jurisdiction." 910 F.3d at 1203. Instead, this Court read *Red Wing Shoe* as holding that "the letter contacts *in that case* did not support jurisdiction in the recipient's forum." *Id.* at 1205 (emphasis added). In so doing, *Jack Henry* reiterated the Supreme Court's longstanding recognition that personal jurisdiction "'is not susceptible of mechanical application.'" *Id.* (quoting *Kulko v. Superior Court*, 436 U.S. 84, 92 (1978)). Like PerDiemCo, the patent owner insisted that *Red Wing Shoe* and cases following it created a bright-line rule that "patent enforcement letters can never provide the basis for jurisdiction in a declaratory judgment action," but this Court disagreed, saying those cases "did not create such a rule, and doing so would contradict the [Supreme] Court's [more recent] directive to 'consider a variety of interests' in assessing whether jurisdiction would be fair." *Id.* at 1206 (quoting *Bristol-Myers Squibb*, 137 S. Ct. at 1780).

The district court in this case distinguished *Jack Henry* as having turned on the forum state's *general* jurisdiction over the defendant. Appx9. But although



*Jack Henry* noted in passing that the defendant was “subject to general jurisdiction in the state of Texas and [wa]s registered to do business throughout the state,” 910 F.3d at 1205, *Jack Henry* was *not* a general-jurisdiction case. Because the defendant filed a Rule 12(b)(3) motion arguing improper venue, the *Jack Henry* district court applied 28 U.S.C. § 1391(d) and analyzed whether the defendant had “contacts [with the district] sufficient to subject it to personal jurisdiction if that district were a separate State.” *Jack Henry & Assocs. Inc. v. Plano Encryption Techs., LLC*, No. 3:15-CV-3745-N, 2016 WL 9282411, \*3-\*4 (N.D. Tex. Aug. 26, 2016). General jurisdiction in Texas as a whole was irrelevant. The defendant in that case was based in the Eastern District of Texas, and the district court concluded that its licensing efforts in the Northern District of Texas were insufficient for *specific* jurisdiction in that district. This Court reversed but likewise analyzed the issue under the rubric of *specific* jurisdiction. 910 F.3d at 1203-06 (referring to specific jurisdiction five times). This Court’s passing mention of general jurisdiction in Texas merely supported the point that the defendant “ha[d] not asserted that jurisdiction in the Northern District [wa]s inconvenient or unreasonable or unfair.” *Id.* at 1204-06.

In any event, *Jack Henry* was not this Court’s last word: the Court reached the same conclusion in *Genetic Veterinary Sciences*, another specific-jurisdiction case. The defendant there invoked the *Red Wing Shoe* line of cases, but this Court

rejected the defendant’s claim that “patent enforcement letters cannot provide the basis for [specific personal] jurisdiction” absent other activity in the forum relating to the dispute. 933 F.3d at 1312. Quoting *Jack Henry*, this Court reiterated that “‘*Red Wing Shoe* ... did not create such a [bright-line] rule, and doing so would contradict the [Supreme] Court’s directive to “consider a variety of interests” in assessing whether jurisdiction would be fair.’” *Id.* (first alteration original).

Simply put, there is no bright-line, wooden rule requiring additional connections to the forum in addition to efforts to enforce the patents-in-suit, and the district court erred in demanding more.

### **III. If This Court Concludes That The *Red Wing Shoe* Line of Cases Would Compel Affirmance, It Should Overrule Those Cases And Align Federal Circuit Law With Controlling Supreme Court Precedent**

If this Court nonetheless concludes that adhering to the *Red Wing Shoe* line of cases would require affirming the judgment here, the Court should now overrule those cases—either at the panel level or en banc.

#### **A. The Panel Can And Should Hold That *Red Wing Shoe* Is No Longer Viable**

A panel of this Court can dispense with *Red Wing Shoe* because Supreme Court precedent since *Red Wing Shoe* fatally undermines and thus implicitly overrules the logic of the opinion in that case. *See Troy v. Samson Mfg. Corp.*, 758 F.3d 1322, 1326 (Fed. Cir. 2014). To begin, even if the law were in doubt before, the Supreme Court reemphasized in *Bristol-Myers Squibb* that courts must consi-

der “a *variety* of interests” in assessing specific personal jurisdiction, and it rejected any special tests that are “difficult to square with [Supreme Court] precedents.” 137 S. Ct. at 1780-81 (emphasis added). *Red Wing Shoe* failed to balance multiple interests; it made one interest—the patent owner’s—absolutely paramount and adopted a special rule privileging patent infringement notice letters that had (and still has) no basis in the Supreme Court’s personal-jurisdiction precedents.

Furthermore, this Court has recognized that *Red Wing Shoe* is a patent-specific rule based on “policy considerations unique to the patent context.” *Avocent Huntsville Corp. v. Aten Int’l Co.*, 552 F.3d 1324, 1333 (Fed. Cir. 2008) (citation omitted). Yet, since *Red Wing Shoe*, the Supreme Court has repeatedly rejected this Court’s adoption of patent-specific procedural rules that have no basis in the Patent Act itself. *See, e.g., SCA Hygiene Prods. Aktiebolag v. First Quality Baby Prods., LLC*, 137 S. Ct. 954, 963-64 (2017) (laches); *Teva Pharm. USA, Inc. v. Sandoz, Inc.*, 135 S. Ct. 831, 836-37 (2015) (standard of review of fact-findings during claim construction); *eBay Inc. v. MercExchange, L.L.C.*, 547 U.S. 388, 391-94 (2006) (permanent injunctions); *Dickinson v. Zurko*, 527 U.S. 150 (1999) (standard of review of agency decisionmaking).

**B. If The Panel Does Not Feel Comfortable Overturning *Red Wing Shoe*, The *En Banc* Court Should Overrule It**

Although *Jack Henry* and *Genetic Veterinary Sciences* read *Red Wing Shoe* narrowly and other decisions, such as *Xilinx*, have distinguished the case on

various facts, the district court’s opinion demonstrates the continuing uncertainty over the vitality of the *Red Wing Shoe* doctrine. Moreover, two members of the panel in *Jack Henry* (Judges Stoll and Wallach) expressly called for the Court to “revisit *Red Wing* and its progeny,” citing the “Supreme Court’s repeated warnings against creating special rules for patent cases” and expressing concern that a special rule for patent-enforcement letters is inconsistent with the Supreme Court’s insistence on a comprehensive analysis of all fairness factors. 910 F.3d at 1207.

As explained above, a bright-line, one-factor rule specially privileging patent-enforcement letters is contrary to settled law that the Supreme Court outlined in *Burger King* and reaffirmed in *Bristol-Myers*. The Supreme Court “long ago rejected the notion that personal jurisdiction might turn on ‘mechanical’ tests,” and it has “reject[ed] any talismanic jurisdictional formulas” and made clear that “‘the facts of each case must [always] be weighed’ in determining whether personal jurisdiction would comport with ‘fair play and substantial justice.’” *Burger King*, 471 U.S. at 478, 485-86; *see also Bristol-Myers*, 137 S. Ct. at 1780 (courts must consider a variety of interests” in evaluating reasonableness).

To make matters worse, *Red Wing Shoe* was born from a mistaken premise and relied on flawed policy arguments.

The opinion first suggested that this Court had previously held that cease-and-desist letters alone were not constitutionally sufficient to justify personal

jurisdiction in a declaratory judgment action. 148 F.3d at 1360. But this Court had *not* previously adopted any such rule of law.

The only case *Red Wing Shoe* cited on this point, *Genetic Implant Systems Inc. v. Core-Vent Corp.*, 123 F.3d 1455 (Fed. Cir. 1997), suggested in *dictum* that “[w]e have held that sending infringement letters, without more activity in a forum state, is not sufficient to satisfy the requirements of due process,” before it proceeded to explain why the defendant had done more than that in the forum state. *Id.* at 1458. Following the trail further, the only case *Genetic Implant Systems* cited, *Akro*, 45 F.3d at 1548, also held no such thing. *Akro* noted that the *defendant* had *cited* various *district court* cases for the “proposition that warning letters from and negotiations for a license with an out-of-state patentee cannot, without more, support personal jurisdiction in an action for a declaratory judgment of patent invalidity and noninfringement.” *Id.* (emphasis added). But the *Akro* Court also did not adopt or endorse that view; it held that those cases were “simply inapposite” because those were not the facts there. *Id.*

Second, the *Red Wing Shoe* opinion offered two policy justifications for its patent-specific rule: (1) “Principles 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”; and (2) license offers are “more closely akin to an offer for settlement of a disputed claim than an arms-length negotiation

in anticipation of a long-term continuing relationship,” and Federal Rule of Evidence 408 manifests a policy favoring settlement. 148 F.3d at 1360-61. Neither justification holds water.

Whether it is fair and reasonable to hale a patent owner into court in another jurisdiction when it has merely informed someone in that jurisdiction that it holds certain patent rights may be debatable. But such a debate is academic because merely providing notice that patent coverage exists is unlikely to be enough to create a case and controversy over patent infringement over which declaratory-judgment jurisdiction would lie. *Red Wing Shoe* further asserted that adding an offer to license does not change the calculus, but that too is a red herring. Declaratory judgment cases are ones where there is a real dispute over infringement, and a patent owner that has accused another party of infringement cannot reasonably expect its opponent to sit back and wait to be sued whenever and wherever the patent owner chooses. The Declaratory Judgment Act was designed to enable parties accused of wrongdoing to clear the air rather than let the situation fester, and patent owners have no statutory right to sue in their preferred venue.

*Red Wing Shoe* also suggested that license offers are akin to settlement offers and should be constitutionally protected as a result. Once again, however, we are not dealing with scenarios in which a patent owner simply offers a license; we are dealing with scenarios in which the patent owner has accused the plaintiff

of patent infringement. An assertion of infringement is not a settlement offer. In any event, settlement offers are not constitutionally privileged; indeed, settlements may result in liability. *See FTC v. Actavis, Inc.*, 570 U.S. 136 (2013) (holding that reverse-payment agreements are subject to antitrust scrutiny). *Red Wing Shoe* also cited Federal Rule of Evidence 408, but Rule 408 merely provides that liability cannot be proven by evidence of offers or statements made in compromise negotiations. It is no basis for a *per se* rule that demand letters to a forum resident must be disregarded for purposes of determining personal jurisdiction.

This Court should also bear in mind that times have changed dramatically since 1998. The *Red Wing Shoe* Court may have envisioned and sympathized with small businesses that simply stick up for their exclusive rights to practice their patents. But that paradigm is outdated. Today, patent assertion has become a big business, and a well-funded one. *See, e.g., Commil USA, LLC v. Cisco Sys., Inc.*, 135 S. Ct. 1920, 1930 (2015) (noting that an “‘industry has developed in which firms use patents not as a basis for producing and selling goods but, instead, primarily for obtaining licensing fees’”). The main (and, here, only) business of modern patent-assertion entities is patent enforcement, and they should not receive special jurisdictional solicitude when they conduct that business by sending demand letters, soliciting licenses, and threatening litigation.

This case is a good example. PerDiemCo is a patent-assertion entity run by a patent lawyer who bought out the named inventor's rights. It operates out of the lawyer's Washington, D.C., office and, as the district court found, Appx11, it has only "pretextual" connections to East Texas. *See also eRoad*, Dkt. 34 at 13-14. Yet it claims that it is entitled to threaten Trimble and other companies all over the country with no risk of facing a declaratory judgment action anywhere outside its preferred forum in the Eastern District of Texas. It has even asserted that courts in the District of Columbia cannot exercise personal jurisdiction over it, even though it has orchestrated and conducted its patent-assertion business in that district. That makes no sense, *see eRoad*, Dkt. 34 at 10 (recognizing that "[PerDiemCo's] principal place of business is in Washington[, ] D.C."), and the relief afforded by the Declaratory Judgment Act would be hollow if it were available only in a district in which a patent owner has threatened to sue.

Because the logic of *Red Wing Shoe* was ill-conceived in 1998 and clearly conflicts with governing Supreme Court law now, this Court should put it to rest once and for all. Full-fledged rehearing en banc is not necessary: this Court has frequently corrected its errors by having the en banc Court endorse a section of a panel opinion and overrule doctrines recognized to be mistaken or outdated. *See, e.g., Click-to-Call Techs., LP v. Ingenio, Inc.*, 899 F.3d 1321, 1328 n.3 (Fed. Cir. 2018), *cert. granted on other grounds, Thryv, Inc. v. Click-to-Call Techs., LP*,



No. 18-916 (U.S.); *Williamson v. Citrix Online, LLC*, 792 F.3d 1339, 1347-49 (Fed. Cir. 2015); *Zoltek Corp. v. United States*, 672 F.3d 1309, 1317-18 (Fed. Cir. 2012); *Cardiac Pacemakers, Inc. v. St. Jude Med., Inc.*, 576 F.3d 1348, 1359-66 (Fed. Cir. 2009); *Abbott Labs. v. Sandoz, Inc.*, 566 F.3d 1282, 1291-95 (Fed. Cir. 2009); *DSU Med. Corp. v. JMS Co.*, 471 F.3d 1293, 1304-07 (Fed. Cir. 2006); *Fisher v. United States*, 402 F.3d 1167, 1171-73 (Fed. Cir. 2005); *Nobelpharma AB v. Implant Innovations, Inc.*, 141 F.3d 1059, 1068 (Fed. Cir. 1998). If the Court believes en banc action is necessary to overrule *Red Wing Shoe*, it can and should follow the same course here.

#### CONCLUSION

This Court should reverse the district court's ruling that it cannot constitutionally exercise personal jurisdiction over PerDiemCo and remand for the district court to consider the merits of the case.

Respectfully submitted,

PERKINS COIE LLP

/s/Amanda Tessar

Amanda Tessar

/s/Dan L. Bagatell

Dan L. Bagatell

Counsel for Appellants

## **ADDENDA**

UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF CALIFORNIA

TRIMBLE INC., et al.,  
Plaintiffs,

v.

PERDIEMCO, LLC,  
Defendant.

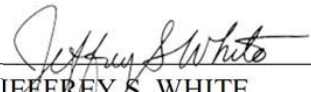
Case No. [19-cv-00526-JSW](#)

**JUDGMENT**

The Court HEREBY ENTERS judgment in this case, pursuant to the Order dismissing the Complaint without prejudice and denying defendant's motion to transfer.

IT IS SO ORDERED AND ADJUDGED.

Dated: JULY 8, 2019

  
\_\_\_\_\_  
JEFFREY S. WHITE  
United States District Judge

United States District Court  
Northern District of California

UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF CALIFORNIA

TRIMBLE INC., et al.,  
Plaintiffs,  
v.  
PERDIEMCO, LLC,  
Defendant.

Case No. [19-cv-00526-JSW](#)

**ORDER RESOLVING DEFENDANT'S  
MOTION TO TRANSFER**

Re: Dkt. No. 26

Now before the Court is the motion to transfer filed by PerDiemCo., LLC (“PerDiemCo”). The Court has considered the parties’ papers, relevant legal authority, and the record in this case, and it finds the motion suitable for disposition without oral argument. *See* Civil L.R. 7-1(b). For the reasons set forth below, the Court HEREBY DISMISSES the complaint and DENIES PerDiemCo’s motion to transfer.

**BACKGROUND**

Trimble, LLC (“Trimble”) and its subsidiaries, including co-plaintiff Innovative Software Engineering, LLC (“ISE”), manufacture and sell positioning and navigation products. (Dkt. No. 1 (Complaint) ¶ 37.) Trimble is incorporated under Delaware law and is headquartered in Sunnydale, California. (*Id.* ¶ 13.) ISE is an Iowa limited liability company with its headquarters and principle place of business in Coralville, Iowa. (*Id.* ¶¶ 13, 16.) ISE is a wholly-owned subsidiary of Trimble. (*Id.* ¶ 16.)

PerDiemCo is a Texas limited liability company. (*Id.* ¶ 18.) PerDiemCo is the assignee of a family of eighteen patents including the patents at issue in the above-captioned lawsuit. (*Id.* ¶ 21.) PerDiemCo’s sole member, officer, and employee is Robert Babayi, who lives and works in Washington, D.C. (Dkt. No. 33-2 (Declaration of Amanda Tessar (“Tessar Decl.”)), Ex. A (Babayi

Deposition) at 5:15-17, 37:10-15, 95:23-25.) PerDiemCo rents office space in Marshall, Texas, but Mr. Babayi has never visited the office or, indeed, the Eastern District of Texas. (*Id.* at 97:4-19.) As of the filing of Trimble’s opposition brief, it did not appear that a PierDiemCo representative had visited the office in quite some time. (Tessar Decl., Ex. F.) PerDiemCo has never employed anyone in the Eastern District of Texas and has never held a corporate meeting there. (Tessar Decl., Ex. A at 7:4-10, 37:16-38:17, 42:15-44:21.) Calls to the number listed on PerDiemCo’s website are received by a mobile phone Mr. Babayi keeps on his person. (*Id.* at 66:15-67:5.)

On October 5, 2018, Mr. Babayi sent a “Notice of Infringement of PerDiemCo Patents” and a draft complaint to ISE in Iowa. (Tessar Decl., Ex. E.) The letter, which was sent from Washington, D.C., states PerDiemCo would like to “engage your company in good faith negotiations that is [sic] conducted on [a] fair, reasonable[,] and nondiscriminatory basis” and proposes a “non-exclusive license under the [PerDiemCo patents] for a lump sum fee in exchange for total patent peace.” (*Id.*)

Trimble’s intellectual property counsel responded, explaining that ISE had forwarded the letter to Trimble, its parent company, and that he would be Mr. Babayi and PierDiemCo’s contact for resolving the issue. (Tessar Decl., Ex. I.) Mr. Babayi responded by email, augmenting his original infringement allegations to include both ISE and Trimble. (Tessar Decl. Ex. I, J.) This email attached a chart purporting to demonstrate that claims of one of PerDiemCo’s patents read on to a Trimble product. (Tessar Decl. Exs. I, J.)

Over the next four months, email correspondence and telephone calls ensued. (Tessar Decl., Exs. I, J, K, L.) Mr. Babayi sent additional claim charts mapping PerDiemCo patents and Trimble products. Mr. Babayi also identified counsel that PerDiemCo was retaining in order to sue Trimble. (Tessar Decl. ¶¶ 2, 3, Exs. J, K, L.) In phone calls between Mr. Babayi and Trimble’s counsel, Mr. Babayi indicated he intended to file his lawsuit in the United States District Court for the Eastern District of Texas. (Tessar Decl. ¶ 3.)

On January 29, 2019, Trimble and ISE filed a declaratory judgment action for non-infringement in the United States District Court for the Northern District of California. On April

5, 2019, PerDiemCo filed a motion to transfer this case to the Eastern District of Texas.

The Court will address additional facts as necessary below.

### ANALYSIS

#### 1. Applicable Legal Standards.

PerDiemCo styles its motion as a motion to transfer, but in effect, and as an aside, PerDiemCo asks this Court first to dismiss the complaint. (*See* Dkt. No. 26 (Motion to Transfer) p. 13.) In a motion to dismiss, the plaintiff bears the burden of making a prima facie showing of general or specific personal jurisdiction over each defendant it has sued. *See Calder v. Jones*, 465 U.S. 783, 790 (1984). Although the plaintiff cannot “simply rest on the bare allegations of its complaint,” *Amba Mktg. Sys., Inc. v. Jobar Int’l, Inc.*, 551 F.2d 784, 787 (9th Cir. 1977), uncontroverted allegations in the complaint must be taken as true. *AT&T v. Compagnie Bruxelles Lambert*, 94 F.3d 586, 588 (9th Cir. 1996). In determining whether a plaintiff has made the requisite showing, the court construes the pleadings (and any affidavits) in the light most favorable to the plaintiff. *Graphic Controls Corp. v. Utah Med. Prods., Inc.*, 149 F.3d 1382, 1383 n.1 (Fed. Cir. 1998).

When considering a motion to transfer under 28 U.S.C. § 1631, a court must determine, first, whether it lacks jurisdiction and, second, whether transfer is in the interest of justice. *Miller v. Hambrick*, 905 F.2d 259, 262 (9th Cir. 1990); *see also Cruz-Aguilera v. I.N.S.*, 245 F.3d 1070, 1074 (9th Cir. 2001) (examining whether: (i) transferring court lacks jurisdiction, (ii) transferee court could have exercised jurisdiction at time action filed, and (iii) transfer in interest of justice). The moving party bears the burden of showing that transfer under § 1631 is appropriate. *See Decker Coal Co. v. Commonwealth Edison Co.*, 805 F.2d 834, 843 (9th Cir. 1986).

Transfer may also be effected by a motion under 28 U.S.C. § 1404: a court may transfer “any civil action to any other district or division where it might have been brought” “[f]or the convenience of parties and witnesses” and “in the interest of justice.” Under § 1404, the moving party bears the burden of showing that transfer is appropriate. *Eureka Inventions, LLC v. Bestway (USA), Inc.*, No. 15-cv-701-JSW, 2015 WL 3429105, at \*1 (N.D. Cal. May 27, 2015). The court must weigh several factors when making this interpretation, including (i) the plaintiff’s choice of

1 forum, (ii) the convenience of parties and witnesses, (iii) the familiarity of the forum with the  
2 applicable law, (iv) the ease of access to evidence, and (v) the relative court congestion and time  
3 of trial in each forum. *Id.*

4 **2. Personal Jurisdiction.**

5 The law of the Federal Circuit controls personal jurisdiction analysis for patent cases. *See*  
6 *Breckenridge Pharms., Inc. v. Metabolife Labs., Inc.*, 444 F.3d 1356, 1363 (Fed. Cir. 2006)  
7 (citations omitted); *see also ASUSTeK Computer Inc. v. AFTG-TG LLC*, No. 11-cv-192-CJD,  
8 2011 WL 6845791, at \*4 (N.D. Cal. Dec. 29, 2011) (noting that Ninth Circuit and Federal Circuit  
9 personal jurisdiction analysis are both based on *Burger King Corp. v. Rudzewicz*, 471 U.S. 462  
10 (1985)). In analyzing personal jurisdiction, a court must first engage in a two-step inquiry. The  
11 court examines (i) whether the forum state's long-arm statute extends to the defendant and (ii)  
12 whether the assertion of personal jurisdiction would violate due process. *Inamed Corp. v.*  
13 *Kuzmak*, 249 F.3d 1356, 1359 (Fed. Cir. 2001). California's long-arm jurisdiction statute is  
14 "coextensive with the limits of due process." *Id.* at 1360; *see* Cal. Civ. Proc. § 410.10. Therefore,  
15 a California court only need ask whether exercising jurisdiction over an out-of-state defendant  
16 comports with due process. *Id.*

17 Due process requires a defendant have "certain minimum contacts with [California] such  
18 that the maintenance of the suit does not offend 'traditional notions of fair play and substantial  
19 justice.'" *Int'l Shoe Co. v. Washington*, 326 U.S. 310, 316 (1945). Minimum contacts are present  
20 where the defendant "deliberately has engaged in significant activities within the [s]tate, or *has*  
21 *created continuing obligations between himself and residents of the forum.*" *Akro Corp. v. Luker*,  
22 45 F.3d 1541, 1545 (Fed. Cir. 1995) (emphasis in original). Random, fortuitous, or attenuated  
23 connections with the forum state do not meet the minimum contacts threshold. *Burger King*, 471  
24 U.S. at 475.

25 There are two types of personal jurisdiction: general and specific. General personal  
26 jurisdiction exists where a defendant maintains continuous and systematic contacts with the forum  
27 state. Specific personal jurisdiction exists where the cause of action arises out of or relates to a  
28 defendant's contacts with the forum state. Trimble does not argue that California may exercise

1 general personal jurisdiction over PerDiemCo. Accordingly, the Court confines its analysis to  
2 specific personal jurisdiction.

3 A court considers three factors in determining whether the exercise of specific personal  
4 jurisdiction over an out-of-state defendant comports with due process. The court asks whether: (i)  
5 the defendant “purposefully directed” its activities at residents of the forum<sup>1</sup>; (ii) the claim “arises  
6 out of or relates to” the defendant’s activities; and (iii) whether the exercise of jurisdiction is  
7 “reasonable and fair.” *Akro*, 45 F.3d at 1545-46. The first two components of this consideration  
8 concern minimum contacts; the third concerns constitutional reasonableness or “fair play and  
9 substantial justice.” *Inamed*, 249 F.3d at 1360.

10 If the plaintiff succeeds in satisfying each of the first two prongs, the burden shifts to the  
11 defendant to present a compelling case that the exercise of jurisdiction would not be  
12 constitutionally reasonable. *Breckenridge*, 444 F.3d at 1363. The reasonableness prong is  
13 generally, but not always, satisfied by a showing of minimum contacts. *See Burger King*, 471  
14 U.S. at 477. Five considerations are relevant to analysis of constitutional reasonableness: (i) the  
15 burden on the defendant, (ii) the forum state’s interest in adjudicating the dispute, (iii) the  
16 plaintiffs’ interest in obtaining convenient and effective relief, (iv) the judicial system’s interest in  
17 obtaining the most efficient resolution of controversies, and (v) the shared interest of the several  
18 states in furthering fundamental substantive social policies. *Id.* “All considerations must be  
19 weighed, not in isolation, but together, in deciding whether the forum can, and should, entertain  
20 the suit.” *Avocent Huntsville Corp. v. Aten Int’l Co.*, 552 F.3d 1324, 1343-44 (Fed. Cir. 2008).

21 The parties’ principal disagreement is whether, under Federal Circuit law, the sending of  
22 cease and desist letters into a forum state can give rise to specific personal jurisdiction. The  
23 Federal Circuit explicitly addressed the jurisdictional effect of cease-and-desist letters in *Red Wing*  
24

25 <sup>1</sup>Analysis under the first prong differs slightly depending on whether the action involves tortious  
26 conduct or contractual obligations. If tortious conduct is at issue, the court examines a defendant’s  
27 “purposeful direction;” if contractual obligations are at issue, the court examines whether the  
28 defendant has “purposefully availed” itself of the forum. *See Ziegler v. Indian River Country*, 64  
F.3d 470, 473 (9th Cir. 1995). As acts of infringement are more similar to torts than to contractual  
concerns, *see Brown v. McCain*, 612 F. Supp. 2d 1118, 1123 (C.D. Cal. 2009), the Court focuses  
solely on the purposeful direction test.



1 *Shoe Co. Inc. v. Hockerson-Halberstadt Inc.*, 148 F.3d 1355 (Fed. Cir. 1998). In *Red Wing Shoe*,  
 2 defendant Hockerson-Halberstadt, Inc. (“HHI”) was a non-practicing entity that licensed and  
 3 enforced two patents it owned. *Id.* at 1357. HHI, a Louisiana corporation with its principal place  
 4 of business in New Mexico, sent a cease-and-desist letter to Red Wing Shoe Co., Inc. (“RWS”) asserting infringement of one of its patents and offering to negotiate a non-exclusive license. *Id.*  
 5 RWS volleyed back, rebutting the infringement analysis, HHI responded in kind, and the  
 6 correspondence continued until RWS filed an action for declaratory judgment alleging  
 7 noninfringement, invalidity, and unenforceability of the asserted patent. *Id.*

9 HHI moved to dismiss for lack of personal jurisdiction. *Id.* In its opposition, RWS “relied  
 10 heavily” on HHI’s three cease-and-desist letters to show that HHI had sufficient minimum  
 11 contacts with the forum state. *Id.* RWS pointed out that these letters not only sought to inform it  
 12 of infringement, but also solicited business in the forum state because the letters discussed  
 13 licensing and negotiation of the same. *Id.*<sup>2</sup> The district court ruled that it lacked personal  
 14 jurisdiction over HHI, and RWS appealed. *Id.* at 1358.

15 In its opinion affirming the district court’s decision, the Federal Circuit explained that  
 16 infringement notice letters can give rise to a declaratory judgment action because such letters  
 17 create a situation where a plaintiff “may have little recourse other than a declaratory judgment  
 18 action” to halt overzealous or incorrect patentees. *Id.* at 1360. “In those instances,” the court  
 19 wrote, “the cease-and-desist letters *are the cause of the entanglement* and at least partially give  
 20 rise to the plaintiff’s action.” *Id.* (emphasis added).

21 The Federal Circuit noted that it had before held that cease-and-desist letters alone were  
 22 insufficient to satisfy personal jurisdiction due process. *Id.* at 1360 (citing *Genetic Implant Sys.*  
 23 *Inc. v. Core-Vent Corp.*, 123 F.3d 1455, 1458 (Fed. Cir. 1997)).<sup>3</sup> The court then clarified that the

24  
 25 <sup>2</sup> RWS also pointed out that HHI had thirty-four licensees who sold products in the forum state  
 26 and that six of those licensees maintained their own stores in the forum state or were registered to  
 27 do business there. *Id.* at 1357-58. The Federal Circuit did not incorporate these additional  
 28 contacts into its analysis concerning constitutional reasonableness of cease-and-desist letters.

<sup>3</sup> There is some tension between *Red Wing Shoe*’s holding that cease-and-desist letters do not give  
 rise to constitutional reasonableness, the third prong of due process analysis, and the long-standing  
 rule that once a plaintiff satisfies minimum contacts analysis, the burden shifts to the defendant to

1 due process deficiency of relying solely upon cease-and-desist letters was not one of minimum  
 2 contacts, but of constitutional reasonableness. The court explained that “cease-and-desist letters  
 3 alone *are often*<sup>4</sup> substantially related to the cause of action (*thus providing minimum contacts*)”  
 4 but underscored that “[p]rinciples of fair play and substantial justice afford a patentee sufficient  
 5 latitude to inform others of its patent rights without subjecting itself to jurisdiction in a foreign  
 6 forum. . . . Grounding personal jurisdiction on such contacts alone *would not comport with*  
 7 *principles of fairness.*” *Id.* at 1361 (emphasis added). The court emphasized: “[cease-and-desist]  
 8 letters *cannot satisfy* the [constitutional reasonableness] prong of the Due Process inquiry.” *Id.* at  
 9 1361 (emphasis added).

10 Federal Circuit opinions applying *Red Wing Shoe* have done so fairly consistently. *See,*  
 11 *e.g., Breckenridge*, 444 F.3d at 1363 (“ . . . this court’s law [is] that personal jurisdiction may not  
 12 be exercised constitutionally when the defendant’s contact with the forum state is limited to cease  
 13 and desist letters. . . .” (citing *Red Wing Shoe*, 148 F.3d at 1360)). Trimble contends that a  
 14 relatively recent case, *Jack Henry & Assoc. Inc. v. Plano Encryption Techns. LLC*, 910 F.3d 1199  
 15 (Fed. Cir. 2018) upends *Red Wing Shoe* and stands for the proposition that cease-and-desist letters  
 16 alone can give rise to specific personal jurisdiction. The Court disagrees with Trimble’s  
 17 assessment of *Jack Henry*. *Jack Henry* doesn’t overturn *Red Wing Shoe*: rather, *Jack Henry*  
 18 applies *Red Wing Shoe* and comes to a different result based on the facts of the case.

19 In *Jack Henry*, the defendant (“PET”) was a company established and registered to do  
 20 business in Plano, located in the Eastern District of Texas. 910 F.3d at 1201. The plaintiffs  
 21 (collectively, “JHS”) all had principal offices, branches, or customers in the Northern District of  
 22 Texas. *Id.* PET was a non-practicing entity that generated profit by “enforce[ing] its intellectual  
 23 property.” *Id.* Accordingly, when PET believed JHS were infringing its patents, PET sent cease-

24 \_\_\_\_\_  
 25 show that being subject to personal jurisdiction in the forum would be unfair and unreasonable.  
 26 The Court notes that *Red Wing Shoe* does not address the five factors courts typically examine  
 when ascertaining whether a defendant has met its burden. *See Burger King*, 471 U.S. at 477.

27 <sup>4</sup> *Red Wing Shoe* does not go as far as Trimble would have it: the opinion stops short of saying that  
 28 cease-and-desist letters always satisfy minimum contacts. *Id.* at 1360 (letters “are often”  
 substantially related to claim and provide minimum contacts).

1 and-desist letters to individual plaintiffs, accusing each of infringement, and offering to enter into  
2 non-exclusive licenses with each plaintiff. *Id.* at 1201-03. After some correspondence between  
3 PET and JHS, JHS filed a declaratory judgment action in the United States District Court for the  
4 Northern District of Texas. *Id.* at 1203. PET moved to dismiss based on improper venue, and the  
5 district court granted PET’s motion for dismissal. *Id.*

6 Observing that venue is “dominated” by the same due process considerations at issue in  
7 determining whether personal jurisdiction exists, and noting that the parties agreed that the cease-  
8 and-desist letters PET sent JHS satisfied minimum contacts<sup>5</sup>, the Federal Circuit concluded that  
9 PET had not met its burden to show that jurisdiction in the Northern District was “inconvenient,  
10 unreasonable, or unfair.” *Id.* at 1204-05. Of particular note to the Federal Circuit was the fact that  
11 PET was subject to general personal jurisdiction in Texas because it was registered to do business  
12 and operated there. *Id.* at 1205.

13 Asking whether it is constitutionally unreasonable to subject a defendant to the jurisdiction  
14 of a venue in a state *where it is subject to general personal jurisdiction* is quite a different  
15 question from asking whether it is constitutionally unreasonable to subject a defendant to personal  
16 jurisdiction in a forum state where his sole contact is through cease-and-desist letters and related  
17 communications. In the instance of the former, this Court has difficulty imagining a circumstance  
18 where it would conclude that exercising personal jurisdiction over such a defendant would be  
19 inconvenient, unfair, or unreasonable, or offend notions of fair play and substantial justice. In the  
20 instance of the latter, the Court has clear Federal Circuit precedent to apply.

21 The Court holds that PerDiemCo’s cease-and-desist letters and subsequent  
22 communications were purposefully directed at Trimble, a California resident because PerDiemCo  
23 addressed its letters and communications to one of Trimble’s subsidiaries, then to Trimble’s  
24 intellectual property counsel.<sup>6</sup> *See Inamed*, 249 F.3d at 1362 (minimum contacts satisfied by

25 \_\_\_\_\_  
26 <sup>5</sup>Further, under 28 U.S.C. § 1391, corporate defendants are deemed to reside in any district in a  
27 state “within which its contacts would be sufficient to subject it to personal jurisdiction if that  
district were a separate State.”

28 <sup>6</sup> To the extent PerDiemCo suggests that because Trimble’s counsel was located in Colorado,  
correspondence PerDiemCo sent to Trimble was not directed to a California resident, PerDiem is

1 cease-and-desist letter and negotiation efforts culminating in a license). Trimble’s declaratory  
 2 judgment action of non-infringement was in response to PerDiemCo’s communications to it and  
 3 PerDiemCo’s insistence upon a licensing program or a lawsuit. Trimble did not believe its  
 4 products infringed PerDiemCo’s patents, leading Trimble to file the above-captioned lawsuit. *See*  
 5 *Inamed*, 249 F.3d at 1362 (“The central purpose of a declaratory action is often to ‘clear the air of  
 6 infringement charges.’” (quoting *Red Wing*, 158 F.3d at 1360)). Therefore, the Court also holds  
 7 that Trimble’s claim “arises out of or relates to” PerDiemCo’s activities. *See Avocent*, 552 F.3d at  
 8 1336 (observing that declaratory judgment claim arises out of patentee contact with forum if  
 9 contacts “relate in some material way to the enforcement or the defense of the patent”). Trimble  
 10 has therefore shown that PerDiemCo had the requisite minimum contacts with California.

11 However, the Court holds that exercising specific personal jurisdiction over PerDiemCo  
 12 would be constitutionally unreasonable. PerDiemCo’s only contacts with California are its cease-  
 13 and-desist letters and emails and phone calls to Trimble’s counsel. Under *Red Wing Shoe* and its  
 14 progeny, without more, this is insufficient to comport with “fair play and substantial justice.” *Red*  
 15 *Wing Shoe*, 148 F.3d at 1361; *e.g.*, *Xilinx, Inc. v. Papst Licensing GmbH & Co. KG*, 848 F.3d  
 16 1346, 1354 (Fed. Cir. 2017) (holding personal jurisdiction existed where defendant sent cease-  
 17 and-desist letters, traveled to the forum state to negotiate a license, and engaged in prior in-forum  
 18 litigation); *Hildebrand v. Steck Mfg. Co.*, 279 F.3d 1351, 1356 (Fed. Cir. 2002) (holding no  
 19 personal jurisdiction where only in-forum acts were cease-and-desist letters and attempt to  
 20 negotiate license agreement: “[a]ll of the contacts were for the purpose of warning against  
 21 infringement or negotiating license agreements, and [defendant] lacked a binding obligation in the  
 22 forum.”). Accordingly, as Trimble cannot meet its burden, the Court holds that PerDiemCo is not  
 23 subject to specific personal jurisdiction in California.

24  
 25 \_\_\_\_\_  
 26 incorrect. *See Akro*, 45 F.3d at 1546 (location of attorney irrelevant for purposes of minimum  
 27 contacts); *see also Elecs. for Imaging, Inc. v. RAH Color Techs. LLC*, No. 18-CV-01612-WHO,  
 28 2018 WL 5304838, at \*5–8 (N.D. Cal. Oct. 24, 2018) (“... the happenstance location of Xerox’s  
 counsel (in California) cannot be pinned to an affirmative choice by RAH to conduct business in  
 California or benefit from California law.”).

1     **2.     Transfer.**

2             Nonetheless, PerDiemCo fails to show that transferring this matter to the Eastern District  
3 of Texas is in the interest of justice. PerDiemCo’s cease-and-desist letters were sent from  
4 Washington, D.C. where Mr. Babyi, the patent prosecutor, CEO, and sole employee of  
5 PerDiemCo, evidently works. Trimble has submitted evidence that demonstrates that  
6 PerDiemCo’s presence in Texas is confined to an unoccupied rental space that amounts to little  
7 more than a façade—accomplishing PerDiemCo’s pretextual if not actual presence in the Eastern  
8 District. *See In re Microsoft Corp.*, 620 F.3d 1361, 1364-65 (Fed. Cir. 2011) (offices that “staffed  
9 no employees, were recent, ephemeral, and a construct for litigation and appeared to exist for no  
10 other purpose than to manipulate venue” does not factor into transfer analysis).

11             Further, the Court is not persuaded that transferring to the Eastern District of Texas is in  
12 the interest of judicial efficiency. As Trimble correctly notes, Judge Gilstrap’s load of patent  
13 cases (over 6500) suggests that the historical litigation for this patent family is, at best, only  
14 marginally useful. (*See Tassar Decl., Ex. M.*) Moreover, while some litigation involving related  
15 patents progressed through expert reports and claim construction only to settle on the eve of trial,  
16 litigation involving the specific three patents at issue here ended well before claim construction.  
17 Finally, PerDiemCo has not shown any affirmative reason based on location of evidence,  
18 witnesses, court congestion, or similar factors to justify transferring this case to the Eastern  
19 District of Texas. *See In re Genentech*, 566 F.3d 1338, 1345 (Fed. Cir. 2009) (“In patent  
20 infringement cases, the bulk of the relevant evidence usually comes from the accused infringer.”  
21 (citation omitted).) For similar reasons, PerDiemCo also fails to meet its burden for a motion to  
22 transfer under § 1404.

23                             **CONCLUSION**

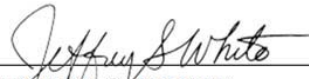
24             For the foregoing reasons, the Court hereby GRANTS PerDiemCo’s motion to dismiss for  
25 lack of personal jurisdiction and DENIES PerDiemCo’s motion to transfer. The Court does not  
26 afford Trimble leave to file an amended complaint, because, in light of the nature of the  
27 allegations, Trimble’s arguments, and the additional evidence Trimble submitted in support of its  
28 opposition to the motion to transfer, the Court concludes no additional factual allegations could

1 rectify the jurisdictional deficits identified above. *See* Fed. R. Civ. P. 15(a)(2). The Court  
2 therefore dismisses the Complaint without prejudice to Trimble's refile in a proper venue where  
3 PerDiemCo is subject to personal jurisdiction.

4 The Court will enter a separate judgment, and the Clerk shall close this file.

5 **IS SO ORDERED**

6 Dated: July 8, 2019

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8 JEFFREY S. WHITE  
9 United States District Judge  
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United States District Court  
Northern District of California

### **CERTIFICATE OF COMPLIANCE**

1. This brief complies with the type-volume limitation of Federal Circuit Rule 32(a). The brief contains 8,774 words, excluding the portions exempted by Federal Rule of Appellate Procedure 32(f) and Federal Circuit Rule 32(b).

2. This brief complies with the typeface requirements of Federal Rule of Appellate Procedure 32(a)(5) and the type style requirements of Federal Rule of Appellate Procedure 32(a)(6). The brief has been prepared in a proportionally spaced typeface using Microsoft® Word 365 and 14-point Times New Roman type.

Dated: September 23, 2019

/s/Dan L. Bagatell

Dan L. Bagatell

**CERTIFICATE OF AUTHORITY AND PROOF OF SERVICE**

I certify that I have the authority of my co-counsel Amanda Tessar to file this document with her electronic signature.

In accordance with Federal Rule of Appellate Procedure 25 and Federal Circuit Rule 25, I further certify that I caused this brief to be served via the Federal Circuit's CM/ECF system on counsel of record for all parties.

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

Dated: September 23, 2019.

/s/Dan L. Bagatell

Dan L. Bagatell