



Hsinchu City, Taiwan—manufactures, uses, sells, offers for sale, distributes or offers for distribution, and imports into the United States certain products (“accused products”) that infringe the Bandspeed patents and are incorporated into products that are sold in the Western District of Texas and throughout the United States.

Realtek moves to dismiss Bandspeed’s amended complaint for lack of personal jurisdiction. Realtek contends it does not have sufficient minimum contacts with the state of Texas, either with respect to its products accused of infringement in this case or otherwise. Specifically, Realtek argues that jurisdiction is improper because it has no subsidiaries, facilities, or operations in Texas; is not authorized, registered, or licensed to do business in Texas; and does not direct any of its activities toward residents of Texas.

Bandspeed responds that Realtek has sufficient contacts with the United States as a whole to confer personal jurisdiction under Rule 4(k)(2) of the Federal Rules of Civil Procedure.<sup>1</sup> Realtek contends that its contacts with the United States are insufficient to confer jurisdiction in any court of general jurisdiction within the United States and that it would be improper for the court to assert jurisdiction using Rule 4(k)(2).

*Realtek’s contacts with the United States*

Bandspeed alleges that Realtek distributes its products in the United States market through WPG Americas, Inc., headquartered in San Diego, California, and Future Electronics, headquartered in Canada. Realtek admits that it directly sells the accused products to these companies, who then sell the accused products to other United States companies Roku Inc.

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<sup>1</sup> Alternatively, Bandspeed asserts that Realtek is subject to jurisdiction in the Western District of Texas because Realtek intentionally places its products into the stream of commerce through a well-established distribution channel that ensures its products are sold in the Western District of Texas. Finding jurisdiction is proper under Rule 4(k)(2), the court need not to address Bandspeed’s alternative argument.

(“Roku”) and PEAG, LLC d/b/a JLab Audio (“JLab”), as well as the U.S. branch of Asustek Computer, Inc. (“Asustek”), to be incorporated into products sold within the U.S. market. Bandspeed claims that one of the products using Realtek’s accused product—the Roku Ultra—is exclusively available to the U.S. market.

The amended complaint alleges that Realtek is a regular participant in the International Consumer Electronics Show (CES) held in Las Vegas, Nevada and has presented and offered for sale in the United States the accused products at this conference.

Bandspeed claims that Realtek is an “adopter member” of and has sought standards approval for accused products by Bluetooth Special Interest Group (“Bluetooth SIG”), a Bluetooth standards organization located in the state of Washington. The complaint alleges that Bluetooth SIG “oversees the development of Bluetooth standards and the licensing of the Bluetooth technologies and trademarks to manufacturers.” The complaint also alleges that Realtek applied to the Federal Communications Commission (“FCC”) for and has received authorization to sell accused products within the United States.

Personal jurisdiction in patent cases is governed by Rule 4 of the Federal Rules of Civil Procedure. *See* FED. R. CIV. P. 4. “Federal Circuit law governs personal jurisdiction where a patent question exists.” *Celegard, LLC v. SK Innovation Co.*, 792 F.3d 1373, 1377 (Fed. Cir. 2015) (internal quotations omitted). When the parties have not conducted jurisdictional discovery, the plaintiff need only make a *prima facie* showing that the defendant is subject to personal jurisdiction. *Silent Drive, Inc. v. Strong Indus., Inc.*, 326 F.3d 1194, 1201 (Fed. Cir. 2003). The court must accept all uncontroverted allegations in the plaintiff’s complaint as true and resolve any factual conflicts in plaintiff’s favor. *Grober*, 686 F.3d at 1345.

The court may exercise personal jurisdiction over a defendant if process has been served and the defendant “is subject to the jurisdiction of a court of general jurisdiction in the state where the district court is located.” FED. R. CIV. P. 4(k)(1)(A). Determining whether the court may exercise personal jurisdiction over an out-of-state defendant involves two inquiries: whether a forum state’s long-arm statute confers personal jurisdiction over the defendant and whether assertion of personal jurisdiction comports with due process. *Autogenomics, Inc. v. Oxford Gene Tech. Ltd.*, 566 F.3d 1012, 1017 (Fed. Cir. 2009). As the Texas long-arm statute has been interpreted to extend “to the limits of federal due process, the two-step inquiry collapses into one federal due process analysis.” *Johnston v. Multidata Sys. Int’l Corp.*, 523 F.3d 602, 609 (5th Cir. 2008); see *Helicopteros Nacionales de Colombia, S.A. v. Hall*, 466 U.S. 408, 413 (1984).

Due process ensures that a federal court may exercise personal jurisdiction over a non-resident defendant only if the defendant has the requisite minimum contacts with the forum state and that notions of fair play and substantial justice are not offended. See *International Shoe Co. v. Washington*, 326 U.S. 310, 319 (1945); see also *Burger King Corp. v. Rudzewicz*, 471 U.S. 462, 474 (1985). In other words, a defendant must purposefully avail itself of the benefits and protections of the forum such that the defendant should reasonably anticipate being haled into the forum state for legal proceedings. *Burger King*, 471 U.S. at 474.

There are two types of minimum contacts: contacts that give rise to general jurisdiction and those that give rise to specific personal jurisdiction. *Wilson v. Belin*, 20 F.3d 644, 647 (5th Cir. 1994). General jurisdiction exists when a non-resident is “essentially at home in the forum state” such that the “corporation’s affiliations with the State in which suit is brought are so constant

and pervasive” to justify the assertion of general personal jurisdiction over a foreign corporation.

*Daimler AG v. Bauman*, 571 U.S. 117, 138–39 (2014).<sup>2</sup>

“Specific jurisdiction arises out of or relates to the cause of action even if those contacts are isolated and sporadic.” *AFTG-TG, LLC v. Nuvoton Tech. Corp.*, 689 F.3d 1358, 1360 (Fed. Cir. 2012) (internal citation and quotation omitted). The Federal Circuit applies a three-prong test to determine whether exercising specific jurisdiction comports with due process:

- (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.

*Xilinx, Inc. v. Papst Licensing GmbH & Co. KG*, 848 F.3d 1346, 1353 (Fed. Cir. 2017) (citing *Inamed Corp. v. Kuzmak*, 249 F.3d 1359, 1360 (Fed. Cir. 2001)). The plaintiff has the burden of proving parts one and two of the test, and the burden shifts to the defendant to prove that personal jurisdiction is unreasonable. *Grober*, 686 F.3d at 1346.

Rule 4(k)(2) permits the exercise of personal jurisdiction over a foreign defendant if process has been served and “(1) the plaintiff’s claim arises under federal law, (2) the defendant is not subject to jurisdiction in any state’s courts of general jurisdiction, and (3) the exercise of jurisdiction comports with due process.” *Synthes (U.S.A.) v. G.M. Dos Reis Jr. Ind. Com. de Equip. Medico*, 563 F.3d 1285, 1293–94 (Fed. Cir. 2009); *see* FED. R. CIV. P. 4(k)(2). “Adopted to provide a forum for federal claims in situations in which a foreign defendant lacks substantial contacts with any single state but has sufficient contacts with the United States as a whole, Rule 4(k)(2) ‘thus

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<sup>2</sup> Bandspeed does not argue that Realtek is subject to general personal jurisdiction in this district. In reviewing the amended complaint, the court finds no allegations that Realtek conducts business to the extent that it is “essentially at home” in Texas; nor does the court find contacts with Texas that are so constant and pervasive as to justify the court’s assertion of general jurisdiction over the foreign defendants.

approximates a federal long-arm statute’ in a situation where the defendant’s contacts with the forum state are insufficient to support personal jurisdiction by a federal court sitting in the forum state.” *Freescale Semiconductor, Inc. v. Amtran Tech. Co.*, 2013 WL 12121034 (W.D. Tex. June 12, 2013), at n.2 (quoting *Merial Ltd. v. Cipla Ltd.*, 681 F.3d 1283, 1293–94 (Fed. Cir. 2012)). Rule 4(k)(2) “would appear to control in cases where a foreign component manufacturer explicitly targets the United States market as a whole, with no particular focus on one state over another.” *Id.* at n.2.

Realtek conducts business with United States companies for the purpose of incorporating its products into products sold in the United States, has sought authorization from the FCC to sell products in the United States, has presented products for sale and distribution within the United States at the CES in Nevada, and has sought approval from Bluetooth SIG to ensure that its products complied with United States standards.

The court finds that Realtek has targeted the United States market and has purposefully availed itself of doing business with the United States.

*Arises under federal law*

Neither party disputes that Bandspeed’s patent-infringement claims arise under federal law. Therefore, the court concludes that the first factor has been satisfied.

*Not subject to jurisdiction in any state’s courts of general jurisdiction*

For the second part of the inquiry—sometimes referred to as the “negation requirement”—the burden shifts from the plaintiff to the defendant to identify “a suitable forum in which the plaintiff could have brought suit.” *Touchcom, Inc. v. Breskin & Parr*, 574 F.3d 1403, 1415 (Fed. Cir. 2009). Realtek asserts that it does not have substantial contacts with the United States as a whole to confer jurisdiction in any state’s courts of general jurisdiction. However, Realtek

alternatively argues that, should the court conclude that Realtek's contacts with the United States generally are sufficient to confer jurisdiction, the Northern District of California would be a more appropriate forum to assert personal jurisdiction based on Realtek's relationships with Roku, JLab, and Asustek, all located in California. Because Realtek identified the Northern District of California as an alternative forum, Realtek argues that the federal long-arm statute defined in Rule 4(k)(2) does not apply. *See id.*; *see also Adams v. Unione Mediterranea Di Sicurta*, 364 F.3d 646, 651 (5th Cir. 2004).

"[A] defendant cannot defeat Rule 4(k)(2) by simply naming another state; the defendant's burden under the negation requirement entails identifying a forum where the plaintiff *could have* brought suit." *Merial*, 681 F.3d at 1294. Realtek offers no additional evidence—beyond its third-party relationship with companies located in the state—supporting personal jurisdiction in the Northern District of California and continues to argue that no United States court could assert jurisdiction over the company. Realtek's identification of the Northern District of California—absent additional evidence supporting its being subject to personal jurisdiction in that forum—is unpersuasive. *See id.* ("Absent some independent basis for jurisdiction, neither forum is manifestly more appropriate than the other in such situations"). If the court were to accept Realtek's argument, a defendant would not be subject to jurisdiction anywhere in the United States for a case arising under federal patent laws.

The court concludes that Realtek has not met its burden of identifying an alternative forum in which Bandspeed could have brought suit in order to defeat application of Rule 4(k)(2).

#### *Comports with federal due process*

The due-process analysis under Rule 4(k)(2) is governed by each defendant's "contacts with the entire United States, as opposed to the state in which the district court sits." *Touchcom*,

574 F.3d at 1416. In determining whether exercising jurisdiction comports with “fair play and substantial justice,” the court considers five factors: “(1) the burden on the defendant, (2) the forum’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 states in furthering fundamental substantive policies.” *Synthes*, 563 F.3d at 1299 (citing *Burger King*, 471 U.S. at 477).

The first factor—the burden on the defendant imposed by litigating in the forum—is not minimal, as it is a Taiwanese corporation and would have to travel to the Western District of Texas to resolve this dispute. However, the Supreme Court has recognized that “progress in communications and transportation has made the defense of a lawsuit in a foreign tribunal less burdensome.” *Hanson v. Denckla*, 357 U.S. 235, 251 (1958). Additionally, the Federal Circuit held that requiring a Brazilian defendant to travel to the United States to defend against a patent-infringement suit was “not unduly burdensome.” *Synthes*, 563 F.3d at 1299. As Realtek has presented no evidence to the effect that litigation in this district would be more burdensome than any other district in the United States and has retained local counsel for purposes of this litigation, the court finds it would not be unduly burdensome to require Realtek to travel to the Western District of Texas to defend against this suit.

The second prong of the fairness inquiry is the forum’s interest in adjudicating the dispute. The United States has a legitimate interest in this suit—not only because the plaintiff is a domestic corporation, but also because Realtek’s accused products are prevalent in products sold in the United States.

The third factor—the plaintiff’s interest in obtaining relief in the chosen forum—is important in this case; if, as Realtek claims, Realtek cannot be subject to personal jurisdiction



anywhere in the United States, Bandspeed will have no opportunity to seek relief for its claims arising under United States law in any federal court.

As to the fourth factor regarding the interstate judicial system's interest in efficient resolutions to controversies, the court finds that the United States is the most efficient forum in which to adjudicate this dispute as the claims arise under federal patent law and Realtek has already retained local counsel.

The court finds that assertion of jurisdiction would likewise not offend the fifth factor—the shared interest of the states in furthering fundamental substantive policies—because the United States has a cognizable interest in protecting the intellectual property of American businesses. In light of the interest of the United States in adjudicating this dispute, the relatively insubstantial burden placed on the defendant to litigate this case in this country, and the availability of relief to Bandspeed, the court finds that exercise of jurisdiction in this case comports with due process.

The court concludes that Bandspeed has made a *prima facie* showing that Realtek is subject to personal jurisdiction by this court under Rule 4(k)(2) of the Federal Rules of Civil Procedure.

## **II. FAILURE TO PROSECUTE AND UNDUE DELAY ARGUMENTS**

Bandspeed served Realtek through the Texas Secretary of State, in accordance with the Texas Rules of Civil Procedure, on July 24, 2020, four days after Bandspeed filed the original complaint on July 20, 2020. On August 27, 2020, Bandspeed sent a waiver-of-service request to Realtek's counsel in Taiwan. Bandspeed claims that Realtek's counsel insisted on service through Letters Rogatory, and that Realtek would not answer the complaint until served in this manner. Bandspeed then moved for an Issuance of Request for International Judicial Assistance, which was granted on September 17, 2020.

On November 5, 2020, Bandspeed asserts that it sent the requisite Letters Rogatory package to the United States State Department. Bandspeed provided a statement from the State Department's website indicating that the Letters Rogatory process can typically take a year or more; coupled with complications due to the COVID-19 pandemic, this process could take even longer.

On January 14, 2022, Bandspeed filed a Motion for Leave to Effect Alternative Service, which the court granted on February 7, 2022. On March 24, 2022, a representative from the State Department sent an email to Bandspeed's counsel that read: "I have recently been asked to assist with eliminating our backlog of Letters Rogatory that was created by logistical issues during the COVID-19 pandemic. I am contacting you today because I have found a Letters Rogatory request from your firm that LexisNexis recently has listed as an 'open' case." Realtek moved to dismiss for undue delay and failure to prosecute on March 28, 2022.

*Lack of due diligence*

Realtek claims that Bandspeed's inaction in ensuring that the Letters Rogatory reached Realtek during the nearly 14 months between initiating the process with the State Department in November 2020 and filing a motion for alternative service in January 2022 shows that Bandspeed did not exercise due diligence in serving Realtek. Although Rule 4(f)—which governs service of process on foreign defendants—carries no fixed deadline for service, it "authorizes a without-prejudicial dismissal when the court determines in its discretion that the plaintiff has not demonstrated reasonable diligence in attempting service." *See* FED. R. CIV. P. 4(f); *Lozano v. Bosdet*, 693 F.3d 485, 489 (5th Cir. 2012). The Fifth Circuit has adopted a flexible due-diligence standard to determine whether service should be excused. *Lozano*, 693 F.3d at 488–89. Considering Bandspeed's efforts to serve Realtek through the Texas Secretary of State, the waiver

of service request, Letters Rogatory, and ultimately alternative service, the court finds that Bandspeed exercised reasonable diligence in attempting service through a lengthy diplomatic process amidst a pandemic.

*Failure to prosecute*

Realtek also asserts that Bandspeed's inaction in effecting service between November 2020 and January 2022 constitutes a failure to prosecute and asks the court to dismiss the suit with prejudice under Rule 41(b). Realtek argues that the delay "was entirely due to Bandspeed's inaction." Realtek insists that Bandspeed could have determined that the Letters Rogatory had not reached Taiwan by inquiring via email or phone call. According to Realtek, had Bandspeed taken this simple step, Bandspeed could have acted to push the Letters Rogatory forward or obtain alternative service much earlier. Realtek argues that Bandspeed's failure to do so amounts to a failure to prosecute the case.

Under Rule 41(b), the court may dismiss a case with prejudice when "there is a clear record of delay or contumacious conduct by the plaintiff" and "lesser sanctions would not serve the best interests of justice." *Sealed Appellant v. Sealed Appellee*, 453 F.3d 415, 418 (5th Cir. 2006). The State Department's website states that the Letters Rogatory service process can typically take a year or more; the court acknowledges that this process likely took longer amidst the COVID-19 pandemic. The evidence indicates that Bandspeed had little reason to think that the delay was abnormal given the circumstances. Further, there is no evidence that, had Bandspeed inquired into the status of the Letters Rogatory during the period of inaction, Bandspeed would have had any ability to expedite the process. The court finds the delay to be reasonable given the COVID-19 pandemic and rejects Realtek's argument that such delay amounts to a failure to prosecute by Bandspeed.

**CONCLUSION**

Having concluded that the court can assert personal jurisdiction over Realtek and that Bandspeed's delay in service does not warrant dismissal,

**IT IS ORDERED** that Defendant Realtek Semiconductor Corporation's Renewed Rule 12 Motion to Dismiss filed March 28, 2022 (Doc. #27) is **DENIED**.

SIGNED this 13<sup>th</sup> day of October, 2022.

  
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LEE YEAKEL  
UNITED STATES DISTRICT JUDGE