



Think Twice Before You Send a Cease and Desist Letter

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With its recent decision in *Trimble Inc. v. PerDiemCo LLC*, the Federal Circuit further clarified the meaning of “sufficient minimum contacts” in the context of cease and desist letters sent by patentees to out-of-state infringers. See No. 2019-2164, 2021 WL 1898127 (Fed. Cir. May 12, 2021).

More than 20 years ago, in *Red Wing Shoe Co. v Hockerson-Halberstadt, Inc.*, 148 F.3d 1355 (Fed. Cir. 1998), the Federal Circuit held that “[a] patentee should not subject itself to personal jurisdiction in a forum solely by informing a party who happens to be located there of suspected infringement.” There, the patentee sent three “warning letters” to Red Wing in Minnesota, accusing it of infringement and offering to negotiate a license. The Federal Circuit affirmed the District Court of Minnesota’s dismissal for lack of personal jurisdiction because sending cease and desist letters into a jurisdiction should not result in the exercise of personal jurisdiction over a patentee. See *id.* at 1361. Not only does this not comport with fair play and substantial justice, but the court reasoned it discourages settlement efforts. *Id.*

In the years since *Red Wing*, the Federal Circuit has gradually walked back from this hardline rule. For example, in *Jack Henry & Associates, Inc. v. Plano Encryption Technologies LLC*, 910 F.3d 1199 (Fed. Cir. 2018), the court expressly rejected the patentee’s argument that the court in *Red Wing* held patent enforcement letters can never provide a basis for jurisdiction, finding the 11 letters sent to parties within the forum sufficient to establish personal jurisdiction.

Despite the Federal Circuit’s holding in *Jack Henry*, courts have continued to read *Red Wing* as foreclosing the possibility of exercising personal jurisdiction over a patentee whose contacts with a forum consist only of enforcement letters. Most recently, in *Trimble*, the Federal Circuit reaffirmed that the exercise of personal jurisdiction based upon enforcement letters sent to the jurisdiction may be proper. In *Trimble*, the out-of-state patentee communicated with the alleged infringer at least 22 times via letter, email, and telephone. See *Trimble* at *2. Such extensive contacts, the court concluded, are “more akin to an arms-length negotiation in anticipation of a long-term continuing business relationship” and not merely informing a party of suspected infringement as contemplated in *Red Wing*. See *id.* at *7.

The *Trimble* decision could unwittingly expose companies seeking to enforce their intellectual property rights to personal jurisdiction in other states, so rights holders should exercise care in sending communications to suspected infringers. Where the courts will draw the line in the future is unclear.

Additional Information

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