

A Guide To West Texas Patent Cases Before Albright: Part 2

By **Greg Lantier, Jeff Soller and George Manley** (August 31, 2020)

Our earlier Law360 **guest article** highlighted the rapid rise in prominence of the Waco Division of the U.S. District Court for the Western District of Texas since U.S. District Judge Alan Albright was appointed to that court nearly two years ago. It also provided an overview of the procedures Judge Albright has set in place to structure patent infringement litigation in his courtroom.

This second article provides an overview of the court's rulings on pre-answer motions under Federal Rule of Civil Procedure 12. As of July 17, Judge Albright had ruled on 54 motions to dismiss under Federal Rule of Civil Procedure 12 in patent infringement cases. He granted about half — 26. However, the grant rate has varied for different types of motions to dismiss.

For example, the court denied both motions it has decided on motions for dismissal based on lack of subject matter under Rule 12(b)(1) and all five motions it has decided for dismissal based on lack of personal jurisdiction under Rule 12(b)(2). It has also denied the sole motion it has decided for dismissal for failure to join an indispensable party under Rule 12(b)(7).

The court has denied five of six motions for dismissal based on improper venue under Federal Rule of Civil Procedure 12(b)(3) and Title 28 of the U.S. Code, Section 1400(b), with the sole exception being the court's recent decision in *Optic153 LLC v. Thorlabs Inc.*[1] It granted one of two motions under Rule 12(b)(5) for insufficient service of process. The court has not yet decided any motions to dismiss for insufficient process under Rule 12(b)(4).

The remaining 38 decisions are on motions filed pursuant to Rule 12(b)(6) and fall into three categories: (1) motions to dismiss based on failure to plead facts supporting infringement, (2) motions to dismiss based on invalidity of the asserted patent(s) under Title 35 of the U.S. Code, Section 101, and (3) motions to dismiss allegations of willful and/or indirect infringement.[2] Each of these categories is presented in greater detail below.

Pleading-Standard 12(b)(6) Motions

To satisfy its burden at the pleading stage under Federal Rule of Civil Procedure 8 and the U.S. Supreme Court decisions in *Bell Atlantic v. Twombly* and *Ashcroft v. Iqbal*, a patent infringement plaintiff must set forth facts supporting at least a reasonable inference that the defendant performs each and every limitation of a valid claim.[3] Judge Albright has granted four of the six motions in patent cases where defendants have argued this bar has not been met for claims of direct infringement.[4]

The court's decision granting the motion to dismiss in *De La Vega v. Microsoft Corporation et al.* is an example. In *De La Vega*, the defendants Microsoft Corp. and Google Inc. moved for dismissal of claims for direct infringement, in part, because "the asserted claims require multiple actors to sustain a claim of infringement" and the plaintiff "failed to



Greg Lantier



Jeff Soller



George Manley

allege joint infringement by the combined acts of multiple parties." [5]

The court agreed and noted that in briefing for the motion, plaintiff "change[d] the focus of his complaint" to allege that the defendants alone performed all steps of the asserted claim, which the court explained was "of great concern." [6]

Beyond the procedural inconsistencies, the court found that the substance of plaintiff's allegations did not meet the pleading standard. First, the court explained that plaintiff's testing-based allegations of infringement failed because they were "part of a long boilerplate sentence of potential infringing actions." [7]

Second, the court noted that the evidence that the plaintiff had cited predated the asserted patent's issue date and offered the plaintiff an opportunity to amend the complaint. [8] The plaintiff, however, declined the offer, stating "'we can't really replead and do any better. We have screen shots in the complaint ... with pictures and text describing [defendants'] product, like perfectly.'" [9]

The court also addressed the defendants' argument regarding specific limitations in the asserted claims, noting that "Plaintiff [did] not provide any written description of how the Accused Instrumentalities perform the [limitation]." [10] The court explained that the plaintiff's presentation of screenshots without "even a short written description of how the accused instrumentalities meet [one of the claim limitations]" failed to meet the standard to state a claim.

Section 101 Motions

Judge Albright has decided 11 motions to dismiss for lack of patent-eligible subject matter under Section 101, granting none. [11] To resolve issues regarding Section 101, a court must determine, first, whether the claims at issue are directed to a patent-ineligible concept. [12]

If the claims are directed to a patent-ineligible concept, the court must then "consider the elements of each claim both individually and 'as an ordered combination' to determine whether the additional elements 'transform the nature of the claim' into a patent-eligible application." [13]

In a recent case, the court has also stated its view that "the doctrine of claim preclusion [as part of a motion to dismiss] cannot be readily applied to either step of the Alice two-step test" for purposes of Section 101 patent eligibility. [14]

The court's order in *Slyce Acquisition Inc. v. Syte-Visual Conception Ltd.* provides one example. In *Slyce*, the defendant filed a motion to dismiss under Section 101 regarding a patent directed to a method and system that allows a user to upload an image of an item for which he/she would like to search.

In its analysis, in addition to explaining the legal standard noted above, the court explained that four other factors make "resolving a patent's § 101 eligibility ... rarely appropriate as a Rule 12(b) motion to dismiss": (1) the presumption of validity, (2) lack of claim construction, (3) lack of fact discovery, and (4) lack of predictability in how Section 101 is applied by courts. [15]

Describing the presumption of validity, the court noted that "[t]he presumption of validity complicates a court's § 101 eligibility analysis for a Rule 12(b)" such that "the movant

needs to overcome both a factual deck stacked against it and a heightened burden of proof." [16] The court also explained that a lack of claim construction, fact discovery and predictability in the law made "delaying the determination of a patent's § 101 eligibility is the wisest course of action." [17]

Judge Albright's orders denying motions to dismiss, at least in six cases, have included a note that defendants may refile a motion to dismiss later in the case, benefiting from claim construction and/or fact discovery, at times referencing the U.S. Court of Appeals for the Federal Circuit's precedential decision in *MyMail Ltd. v. ooVoo LLC*. [18] Finally, in at least four cases denying motions to dismiss under Section 101, Judge Albright has held the asserted patent to be directed to patent-eligible subject matter. [19]

Willful and Indirect Infringement Motions

Although they invoke two distinct legal theories, each of Judge Albright's nine orders on motions to dismiss claims for willful infringement, stemming from five decisions, have also addressed concurrent motions to dismiss claims of indirect infringement. The court has granted one of the motions with respect to some of the asserted claims [20] and granted in part four of the motions, doing so without prejudice and explaining that the denial of remedies for willful and indirect infringement is a decision better made after factual discovery begins.

In *Parity Networks LLC v. Cisco Systems Inc.*, the court denied the defendant's motion for dismissal of claims for indirect infringement, noting "at the outset that this question appears to be one for the court to resolve either at the summary judgment stage or at trial." [21] Similarly, the court denied the defendant's motion for dismissal of claims for presuit willful infringement using similar logic, stating that "this case is not at the proof stage." The order in *Parity Networks* did not involve post-suit willfulness issues.

In *Frac Shack Inc. v. Alaska Fuel Distributors Inc.*, which focused more on "the unique facts involved in th[e] case" and the relationship of the parties, the court denied the motion to dismiss claims of indirect infringement for lack of presuit knowledge, explaining that the parties "know each other well in terms of patent litigation. They have been engaged in patent litigation for over five years on a patent that is related to the [asserted patents]." [22]

The court also denied the motion for dismissal of willful infringement, however, noting that "[o]rdinarily the court would dismiss an allegation of willfulness without prejudice absent a specific allegation of pre-suit knowledge of the asserted patents" but elected not to in *Frac Shack* because of "the unique facts of [the] case." [23] Due to those unique facts, the court "accept[ed] the possibility of willful blindness or, at a minimum, an adequate basis to allege willfulness." [24] As in *Parity Networks*, the court's order in *Frac Shack* did not involve post-suit willfulness allegations.

Conclusion


Recognizing that differing facts and goals from individual cases will impact the specific decisions parties make, this article provides a summary of the types of motions that have been brought, the court's analysis and the results in this increasingly popular jurisdiction. Those practicing before the court may benefit from considering these statistics as one additional, and hopefully helpful, consideration to better evaluate potential motions in individual cases.

Greg Lantier is a partner at WilmerHale.





Jeff Soller is a former WilmerHale associate and current judicial law clerk.




George Manley is an associate at the firm.

The opinions expressed are those of the author(s) and do not necessarily reflect the views of the firm, its clients, or Portfolio Media Inc., or any of its or their respective affiliates. This article is for general information purposes and is not intended to be and should not be taken as legal advice.

[1] *Optic153 LLC v. Thorlabs, Inc.* , (6:19-cv-00667) (WDTX June 19, 2020 Order).

[2] We note that the court has denied 12 motions regarding these three categories as moot in light of other case developments.

[3] *Ashcroft v. Iqbal* , 556 U.S. 662, 678 (2009); *Bell Atl. Corp. v. Twombly* , 550 U.S. 544, 570 (2007); *Artrip v. Ball Corp.* , 735 F. App'x 708, 714 (Fed. Cir. 2018), cert. denied, 139 S. Ct. 1177 (2019); *Metricolor LLC v. L'Oreal S.A.* , 791 F. App'x 183, 188 (Fed. Cir. 2019).

[4] See *Smarter Agent, LLC v. Real Estate Webmasters, Inc.* (6:19-cv-00182) (WDTX Feb. 21, 2020); *De La Vega v. Google LLC* , (6:19-cv-00617) (WDTX Feb. 11, 2020 Order); *Parity Networks, LLC v. Cisco Systems, Inc.* , (6:19-cv-00207) (WDTX July 26, 2019 Order); *Frac Shack Inc. v. Alaska Fuel Distributors Inc.* , (7:19-cv-00026) (WDTX June 13, 2019 Order); *Continental Intermodal Group - Trucking LLC v. Sand Revolution LLC et al.* (7:18-cv-00147) (WDTX Apr. 8, 2019 Order); *MV3 Partners LLC v. Roku, Inc.* (6:18-cv-00308) (WDTX Jan. 8, 2019 Order).

[5] *De La Vega v. Google LLC* (6:19-cv-00617) (WDTX Feb. 11, 2020 Order) at 4.

[6] *Id.* at 6-7 ("This change is so substantial that, in the context of what is required for Plaintiff to plead infringement against these Defendants, it calls into question whether or not Plaintiff complied with the requirements of Rule 11 when he filed his Original Complaint.").


[7] *Id.* at 7, fn. 4.

[8] *Id.* at 9.

[9] *Id.* at 10.

[10] *Id.* at 11.

[11] See, e.g., *Slyce Acquisition Inc. v. Syte - Visual Conception Ltd.* (6:19-cv-00257) (WDTX Jan. 10, 2020 Order) (order for motion to reconsider denial of motion to dismiss); *Scanning Technologies Innovations, LLC v. Brightpearl, Inc.* (6:20-cv-00114) (WDTX Apr. 11, 2020 Order) (same); *Aeritas, LLC v. Subway Sandwich Shops Inc.* (6:20-cv-00102) (WDTX Mar. 13, 2020 Order) ("In light of the court's order in *Slyce v. Syte* . . . the court does not believe this is one of the rare cases where it is appropriate to resolve the Section 101 eligibility of the patents-in-suit as a Rule 12(b) motion to dismiss.").

[12] Alice Corp. Pty. Ltd. v. CLS Bank Int'l , 573 U.S. 208, 217-18 (2014).


[13] Id. at 217 (quoting Mayo Collaborative Servs. v. Prometheus Labs, Inc. , 566 U.S. 66, 78-79 (2012)).

[14] VideoShare, LLC v. Google LLC et al (6:19-cv-00663) (WDTX May 4, 2020 Order) at 13-15.

[15] Slyce Acquisition Inc. v. Syte - Visual Conception Ltd. (6:19-cv-00257) (WDTX Jan. 10, 2020 Order) at 8.

[16] Id. at 9-10.

[17] Id. at 16 ("Based on the court's review of the original briefing and the reconsideration briefing, the court does not believe that the §101 eligibility of the patent-in-suit is one of those cases that can be accurately resolved pursuant to a Rule 12(b) motion to dismiss.").

[18] MyMail, Ltd. v. ooVoo, LLC , 934 F.3d 1373 (Fed. Cir. 2019); see also, e.g., Slyce Acquisition Inc. v. Syte - Visual Conception Ltd. et al (6:19-cv-00257) (WDTX Jan. 10, 2020 Order) at 11-12 ("[B]ecause claim construction can affect—and perhaps, in most cases, will affect—a court's § 101 eligibility analysis, the court believes that it is generally wiser—and more efficient—to wait to determine a patent's § 101 eligibility until after issuing its claim construction order. ... [b]ecause resolving § 101 eligibility of all asserted claims almost certainly requires fact discovery and because fact discovery does not begin until after claim construction under the court's default Order Governing Proceedings, the court believes it is wiser and more efficient to wait to determine a patent's § 101 eligibility until after fact discovery has opened."); Aeritas, LLC v. Sonic Corp. (6:20-cv-00102) (WDTX Mar. 13, 2020 Order) (denying motion to dismiss under § 101, but noting that "Defendants may refile their motion after the opening of fact discovery. Should Defendants elect to refile their motion at that time, the court orders Defendants to brief the patent ineligibility of each asserted claim, i.e., not just representative claims."); Freshub, Inc. et al v. Amazon.com, Inc. et al (6:19-cv-00388) (WDTX Sep. 06, 2019 Order); Hammond Development International, Inc. v. Google LLC (6:19-cv-00356) (WDTX Sep. 03, 2019).

[19] See eCeipt LLC v. HomeGoods, Inc. (6:19-cv-00032) (WDTX May 20, 2019 Order) at 12 ("[T]he [patent] claims provide a specific technological way of processing receipts ... [and] finds that the [patent] contains 'specific technologic modifications to solve a problem or improve the functioning of a known system,' and therefore produces patent-eligible subject matter."); ESW Holdings, Inc. v. Roku, Inc. (6:19-cv-00044) (WDTX May 13, 2019 Order) at 9 ("[C]laim 1 adequately recites a specific computer processor configured to have elements used for creating iTV applications. The [patent] describes the problems associated with the prior art, and the claims describe an approach that accomplishes a specific, practical, and useful improvement to the processes that existed at the time of the invention."); Multimedia Content Management LLC v. DISH Network LLC (6:18-cv-00207) (WDTX Jan. 10, 2019 Order) at 10 (finding claims directed to an abstract idea, however, also finding "that the Patents claim a centralized controller can generate different controller instructions for different gateway units, each of which will selectively transmit requests in accordance with their received controller instructions, to be sufficient under the second prong of the Alice analysis"); Match Group, LLC v. Bumble Trading Inc. (6:18-cv-00080) (WDTX Dec. 18, 2018 Order) at 9 ("[T]he claims here are directed to a new user interface – in this case, for a dating application. The application is characterized by a 'stack of cards,' that are 'graphical representations of [] online dating profile[s],' and user preferences regarding those cards are detected by virtue of a 'gesture,' where the 'positive preference'

gesture is determined by 'detecting a right swiping direction.' . . . These innovations improve existing interface technology.").

[20] Parus Holdings Inc. v. Apple Inc. (6:19-cv-00432) (WDTX Jan. 31, 2020 Order).

[21] Parity Networks, LLC v. Cisco Systems, Inc. (6:19-cv-00207) (WDTX Jul. 26, 2019 Order) at 3-4; see also Parity Networks, LLC v. Cisco Systems, Inc. (6:19-cv-00209) (WDTX Jul. 26, 2019 Order) (same).

[22] Frac Shack Inc. v. Alaska Fuel Distributors Inc. (7:19-cv-00026) (WDTX Jun. 13, 2019 Order) at 8-9.

[23] *Id.* at 9.

[24] *Id.* at 9-10.