

Pleadings After Form 18: How Has the Rubber Hit the Road?

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Introduction

The 2015 amendments to the Federal Rules of Civil Procedure abrogated Rule 84 and the Appendix of Forms, including Form 18, which previously had set the standard for alleging a claim of direct patent infringement. As a result, starting in 2016, there is no longer a distinction between the standard for pleading a claim of direct infringement and the plausibility standard under the Supreme Court's rulings in *Twombly* and *Iqbal* ("*Twiqbal*"). This article will discuss how district courts have approached motions to dismiss for failure to state a claim after a year of pleading direct patent infringement under *Twiqbal*.

Background

Before the 2015 FRCP amendments, patentees alleging direct infringement of a patent largely followed the standard set forth in Form 18. To survive a motion to dismiss under Rule 12(b)(6), a complaint pled under the Form 18 standard had to meet three requirements: (1) identify the number and date of issue for each patent and allege that the claimant had continuously held the asserted patents during the relevant period; (2) allege that the defendant had infringed and continued to infringe the patent (e.g. by making, selling or using a product or invention that embodies the patented invention); and (3) include a prayer for relief.

To survive a Rule 12(b)(6) motion under *Twiqbal*, however, a well-pleaded complaint must include more than conclusory allegations or a mere recitation of the elements of a cause of action. While the complaint does not have to contain detailed factual allegations, the complaint must contain sufficient facts that, when taken as true, state a plausible claim for relief.

12(b)(6) Motion to Dismiss Success Rate Remained Consistent

Given the expectation that *Twiqbal*'s pleading standard would be harder to meet than the standard for pleading claims of direct infringement under the abrogated Form 18, one may have expected to see more Rule 12(b)(6) motions granted during 2016 as courts weeded out weaker cases at an earlier stage in litigation; however, empirical results suggest that this may not be the case.² Between January 1 and December 27, 2016, courts ruled on 54 motions to dismiss for failure to state a claim. Although this represents more than twice the number of motions

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² Results from Docket Navigator.

considered and decided in 2015 (21), the grant and denial rate for such motions remained relatively consistent as compared to the grant and denial rates in 2015 and 2014.

	Grant	Deny
2014	14 (43.8%)	18 (56.2%)
2015	9 (42.9%)	12 (57.1%)
2016	22 (40.7%)	32 (59.3%)

The increase in the overall filing of motions to dismiss in 2016 appears to reflect an increased push by defendants to test the contours of the pleading standard under *Twiqbal*. In other words, defendants may have thought that without Rule 84 and Form 18 to provide a baseline, courts would be more likely to dismiss a claim for direct infringement. The consistent grant rate, however, may indicate that patentees included more factual allegations in their complaints in 2016, likely in anticipation of *Twiqbal*.

Pleading Direct Infringement Under *Twiqbal*

Although the grant rate for motions to dismiss for failure to state a claim remained consistent, courts began to signal what is required to survive a motion to dismiss under *Twiqbal*. While patentees were previously required to identify the asserted patent and allegedly infringing activity or product under Form 18, the new *Twiqbal* requirement raised the level of what must be included in the complaint to pass muster. District courts have taken a number of approaches to determine what constitutes a well-pleaded complaint.

For instance, some courts have adopted a standard that is not unlike the standard under Form 18 and requires at least identifying (1) the asserted patent, the technology it covers and a representative claim; and (2) the allegedly infringing product or activity and its functionality. For instance, in *Uniloc USA, Inc. v. Avaya Inc.*, a court in the Eastern District of Texas found that Uniloc pled a plausible claim of infringement of three of its patents covering “instant message to voice conference initiation” when it identified the patents and claims at issue and specific Avaya products that allegedly performed the function claimed in the patents. The court noted that identifying a specific claim was previously not required under Form 18. The court also explicitly rejected the argument that, under *Twiqbal*, a plaintiff must include element-by-element infringement contentions in the complaint and required only a general statement of the allegedly infringing product’s functionality to put the defendant on notice. The court pointed out that its local rules require more detailed disclosure of infringement contentions—including a claim chart—before the initial case management conference.

In contrast, some courts require the plaintiff to include more information, including element-by-element infringement contentions of at least one representative claim in the complaint under *Twiqbal*. In *e.Digital Corporation v. iBaby Labs, Inc.*, out of the Northern District of California, the court granted a motion to dismiss because the plaintiffs failed to provide support showing that the allegedly infringing product met every element of a representative claim. In another case from the same district, *Windy City Innovations, LLC v.*

Microsoft Corporation, the court denied a motion to dismiss where the plaintiff asserted multiple patents (totaling 830 claims) against the defendant but identified a particular feature from a particular product made by the defendant that allegedly practiced each element of a representative claim.

Other courts have signaled that, while alleging that each element of a cited claim is infringed by a particular product is required, parroting the claim language with respect to the allegedly offending product's functionality was insufficient to meet the standard under *Twiqbal*.³ Yet, a court in a different district found that a plaintiff who claimed that a product infringed by reciting the claim language of its patent met the pleading standard.⁴

Takeaways

Given that courts are taking different approaches to applying *Twiqbal*, plaintiffs should be aware of the particular pleading requirements of the district in which they file their complaints. At minimum, it is clear that plaintiffs should identify the patents and claims asserted as well as the allegedly infringing product itself; and, depending on practice in the district, plaintiffs should also provide facts showing how the allegedly infringing product practices every element of at least one claim.

We would also expect that the uptick in 12(b)(6) motion will begin to subside as the relatively constant grant rate is recognized by practitioners and as courts continue to more clearly define what is required to plausibly state a claim for relief for direct patent infringement.⁵

³ *Atlas IP, LLC v. City of Naperville*, 1-15-cv-10744 (N.D. Ill. July 19, 2016).

⁴ *MAZ Encryption Technologies LLC v. Blackberry Ltd.*, 6-15-cv-01167 (E.D. Tex. June 7, 2016).

⁵ As an additional practical consideration, it can be expected that defendants will in the meantime use 12(b)(6) motions as a mechanism for seeking earlier clarity regarding the scope of cases, notwithstanding a steady grant rate.