

## Pleading Direct Infringement After Abrogation Of Rule 84

*Law360, New York (October 17, 2016, 12:29 PM EDT)* -- Effective Dec. 1, 2015, Congress abrogated Federal Rule of Civil Procedure 84, and the litigation forms it invoked, throwing open the question of what must be alleged to adequately plead a claim for direct patent infringement. Much had been written in anticipation of the rule change and its expected impact. As we approach the one-year anniversary of the abrogation of Rule 84, a clear-cut rule is nowhere in sight, but guidance is emerging from the district courts.

### History

Federal Rule of Civil Procedure 8(a)(2) requires only “a short and plain statement of the claim, showing that the pleader is entitled to relief.”<sup>[1]</sup> Prior to December 1, 2015, the specific requirements for a claim for direct patent infringement were set forth in Rule 84 and the forms it referenced. Rule 84 was enacted in 1937 and, despite some small stylistic amendments in 1946 and 2007, provided a fixed model of the proper form and necessary components for certain litigation documents, including complaints for direct patent infringement. In its most recent form, Rule 84 provided: “The forms in the Appendix suffice under these rules and illustrate the simplicity and brevity that these rules contemplate.” One of the referenced forms was Form 18, which, as explained by the Court of Appeals for the Federal Circuit, required only the following to state a claim for direct infringement:

(1) an allegation of jurisdiction; (2) a statement that the plaintiff owns the patent; (3) a statement that the defendant has been infringing the patent “by making, selling and using [the device] embodying the patent; (4) a statement that the plaintiff has given the defendant notice of its infringement; and (5) a demand for an injunction and damages.

*McZeal v. Sprint Nextel Corp.*, 501 F.3d 1354, 1357 (Fed. Cir. 2007). Consistent with Rule 8(a), the form was both short and plain.

Against the backdrop of Rules 8(a) and 84, as well as Form 18, many jurisdictions and/or judges adopted local rules and/or standing orders that require that detailed infringement contentions be made early in the case. See, e.g., N.D. Cal. Civ. L.R. 3-1 (requiring detailed infringement contentions no later than 14 days after the initial case management conference); N.D. Ill. L.P.R. 2.2 (requiring detailed infringement contentions no later than 14 days after initial disclosures under L.P.R. 2.1); E.D. Tex. L.R. 3-1 (requiring



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detailed infringement contentions no later than 10 days after the initial case management conference); C.D. Cal. (standing rules of Hon. J. Guilford, requiring detailed infringement contentions no later than 14 days after the court issues an order setting a scheduling conference); D. Del. (standing order of Hon. S. Robinson, requiring a plaintiff to produce an initial claim chart relating each accused product to the asserted claim each such product allegedly infringes).

The seeming certainty of Rule 84 and Form 18 began to unravel in 2007 and 2009, when the U.S. Supreme Court decided two nonpatent cases, *Bell Atlantic Corp. v. Twombly*, 550 U.S. 544 (2007), regarding antitrust issues, and *Ashcroft v. Iqbal*, 556 U.S. 662 (2009), regarding constitutional rights under the First and Fifth Amendments. These cases held that, to survive a motion to dismiss under Rule 12(b)(6), a complaint must allege “enough factual matter” that, when taken as true, “state[s] a claim to relief that is plausible on its face.” *Twombly*, 550 U.S. at 570. This plausibility standard is met when “the plaintiff pleads factual content that allows the court to draw the reasonable inference that the defendant is liable for the misconduct alleged.” *Iqbal*, 556 U.S. at 678. Threadbare recitals of the elements of a cause of action, supported by mere conclusory statements, do not suffice. *Id.* Although the standard “asks for more than a sheer possibility that a defendant has acted unlawfully,” it is not “akin to a probability requirement.” “Determining whether a complaint states a plausible claim for relief will, as the Court of Appeals observed, be a context specific task that requires the reviewing court to draw on its judicial experience and common sense.” *Id.* at 679.

While lower courts and patent practitioners struggled with harmonizing the apparent conflict between Form 18 and the *Iqbal/Twombly* standard,[2] the Federal Circuit decided *In re Bill of Lading Transmission & Processing System Patent Litigation*, 681 F.3d 1323 (Fed. Cir. 2012), followed by *K-Tech Telecommunications Inc. v. Time Warner Cable Inc.*, 714 F.3d 1277 (Fed. Cir. 2013). In *Bill of Lading*, the court held that, “to the extent the parties argue that *Twombly* and its progeny conflict with the Forms and create differing pleading requirements, the Forms control.” 681 F.3d at 1334. Referencing the advisory committee notes to the 1946 amendment of Rule 84, the court found a clear intent to create a safe harbor. “The language of Rule 84 and the Advisory Committee Notes make ‘clear that a pleading, motion, or other paper that follows one of the Official Forms cannot be successfully attacked.’” *Id.* The *K-Tech* court similarly observed that, in practice, compliance with Form 18 “effectively immunize[d] a claimant from attack regarding the sufficiency of the pleading.” 714 F.3d at 1283. Any changes to the Federal Rules, the *Bill of Lading* court observed, must be obtained by amending the Federal Rules. 681 F.3d at 1334. “While there may be criticism of the text of Form 18, it is not within our power to rewrite it; only an act of Congress can revise the Federal Rules.” *Id.* at 1335 n.7.

The rewriting of the Federal Rules came soon enough, though not by an act of Congress and with less clarity than some would have desired. A sweeping set of amendments to the Federal Rules of Civil Procedure, adopted by the Judicial Conference of the United States, took effect on Dec. 1, 2015. The amendments abrogated Rule 84, and thus Form 18, but the advisory committee injected a note of uncertainty, stating that “[t]he abrogation of Rule 84 does not alter existing pleading standards or otherwise change the requirements of Civil Rule 8.” 2015 Advisory Committee Note to Fed. R. Civ. P. 84.

### **What Now?**

To date, there have been no appellate decisions regarding how to apply the *Iqbal/Twombly* standard to claims for direct patent infringement,[3] and the federal district courts have taken widely varying positions.

At one end of the spectrum, in *Hologram USA Inc. v. Pulse Evolution Corp.*, Case No. 2:14-cv-0772-GMN-

NJK, 2016 U.S. Dist. LEXIS 5426 (D. Nev. Jan. 15, 2016), the District of Nevada cited K-Tech along with the advisory committee notes to the Dec. 1 amendments, concluding that the abrogation didn't change the existing pleading standard. The court denied the defendants' motion to dismiss the complaint, explaining that the complaint, which did not identify the allegedly infringed claims, met the requirements of Form 18. *Id.* at \*3. The court explained that "[t]hrough Form 18 and Rule 84 were abrogated from the Federal Rules of Civil Procedure as of December 1, 2015, the Advisory Committee note associated with this change directly states, 'The abrogation of Rule 84 does not alter existing pleading standards or otherwise change the requirements of Civil Rule 8.'" *Id.* at \*3 n.1.

Very few courts have taken the Hologram court's position that the abrogation of Rule 84 was without consequences. A number of courts have described heightened requirements to state a plausible claim in the patent context, generally holding that the Iqbal/Twombly standard is satisfied by identification of representative claims from each patent, some description of the patented functionality, identification of the accused products, and a description of corresponding functionality in such products. See, e.g., *Uniloc USA Inc. v. Avaya Inc.*, No. 6:15-cv-1168, slip op. at 7 (E.D. Tex. May 13, 2016) (concluding that the plaintiff stated a claim for direct infringement by identifying with specificity representative claims from each patent-in-suit that are allegedly infringed, identifying by name the accused products, describing the accused functionality within such products, and providing descriptive illustrations of these products and the accused functionality); *Iron Gate Security Inc. v. Loew's Cos. Inc.*, Case No. 15-cv-8814 (SAS), 2016 WL 1070853 (S.D.N.Y. Mar. 16, 2016) ("Allegations that plead that 'a specific product allegedly infringes [the] patent by virtue of certain specific characteristics', meet the Iqbal plausibility standard." (citation omitted)), *Incom Corp. v. The Walt Disney Co., et al.*, CV15-3011 PSG (MRWx), 2016 U.S. Dist. LEXIS 71319 (C.D. Cal. Feb. 4, 2016) (holding that the plaintiff stated a plausible claim for direct infringement by specifically identifying the defendants' products and alleging that they perform the same unique function as the plaintiff's patented system); see also *Avago Technologies General IP v. Asustek Computer Inc.*, Case Nos. 15-cv-04525, 15-cv-00451-EMC, 2016 WL 1623920 (N.D. Cal. Apr. 25, 2016) (stating that "nothing about Twombly and Iqbal suggests that a patent infringement complaint that largely tracks the language of the claims to allege infringement is insufficient per se").

These courts generally have not required element-by-element infringement contentions. See *Uniloc*, slip op. at 5 ("Avaya is asserting that Uniloc must include element-by-element infringement contentions within the original complaint to properly state a claim for direct infringement. The Court declines to infuse Federal Rule of Civil Procedure 8(a)'s well-established pleading standard with such a heightened burden at the initial pleading stage."). Nor have they required a plaintiff to list in its complaint which of the claims have been infringed. See *Iron Gate*, 2016 WL 1070853, at \*3. Several of the courts have noted that their local rules have not required detailed infringement theories until the time that infringement contentions are served. See, e.g., *Uniloc*, slip op. at 6 ("The Court recognizes that defendants in patent cases need infringement contentions at an early stage in the litigation in order to assess claims and develop effective defense theories. The Court has well-established local rules that facilitate such disclosures."); *Avago Technologies*, 2016 WL 1623920, at \*4 ("[T]his District generally has not required detailed infringement theories until the time that infringement contentions are served, which is typically several months after a complaint has been filed.").

Moving toward the other end of the spectrum, a number of district courts have held that the Iqbal/Twombly standard can be satisfied only by alleging infringement on an element-by-element basis. See, e.g., *Atlas IP LLC v. Exelon Corp., et al.*, Case No. 15-C-10746, 2016 WL 2866134 (N.D. Ill. May 17, 2016) (dismissing the second amended complaint and the action, despite the fact that the complaint included a table asserting how specifically identified products allegedly practiced each of Claim 1's limitations); *Nalco Co. v. Chem-Mod LLC, et al.*, Case No. 14-cv-2510, 2016 WL 1594966 (N.D. Ill. Apr. 20,

2016) (granting a motion to dismiss on the ground that the accused coal additive system differed from the patent-in-suit in the location and method of application of gases into coal combustion flue gas); *Asghari-Kamrani, et al. v. United Services Automobile Ass'n*, Civil No. 2:15cv478, 2016 U.S. Dist. LEXIS (E.D. Va. Mar. 22, 2016) (finding the plaintiff's complaint to be deficient in several respects, including failing to specify which features of the defendant's website correspond to features identified in the patent, failing to identify with particularity how each allegedly infringing feature of the website infringes the patent, and failing to identify each of the claims alleged to have been infringed and details as to how each claim is infringed);<sup>[4]</sup> *Atlas IP LLC v. Pacific Gas & Electric Co.*, Case No. 15-cv-05469, 2016 U.S. Dist. LEXIS 60211 (N.D. Cal. Mar. 9, 2016) (dismissing a complaint that recited only some of the elements of the sole asserted claim, and provided only a "threadbare" description of the alleged abilities of the accused device); *RainDance Technologies Inc. v. 10X Genomics Inc.*, Civil Action No. 15-152-RGA, 2016 U.S. Dist. LEXIS 33875 (D. Del. Mar. 4, 2016) (finding that, notwithstanding the plaintiff's failure to relate its factual allegations with the asserted claims, a 35-page complaint was subject to dismissal based on an element-by-element analysis undertaken by the court).

In at least two of the foregoing cases, in deciding to dismiss complaints the courts explicitly engaged in claim construction. See *Atlas v. Exelon*, 2016 WL 2866134, at \*5 (stating that, because claim construction is a question of law, "Atlas is therefore entirely incorrect in stating that claim construction cannot be engaged in at all at the motion to dismiss stage, at least when it is based on facts alleged in or reasonably inferable from the complaint"); *Nalco*, 2016 WL 1594966, at \*3 (stating that "where the facts of record at the pleading stage will so clearly and explicitly indicate that an 'undivided' claim of direct infringement cannot stand — in a manner that could not plausibly be challenged at a later claim construction hearing — that dismissal will be appropriate" (quoting *Pragmatus AV LLC v. Yahoo! Inc.*, Civil Action 11-902-LPS, 2012 WL 6044793, at \*8 (D. Del. Nov. 13, 2012))).

Citing *Iqbal*, the *Uniloc* court pointed out that determining whether a complaint states a claim for infringement is a very "context specific task." Slip op. at 7 (citing *Iqbal*, 556 U.S. at 679). "Cases involving tangible inventions and relatively straightforward claims may require less detail to state a claim and provide fair notice to the accused infringer. In contrast, 'cases involving more nebulous, less tangible inventions such as computer software methods may require a higher degree of specificity to provide proper notice to the defendant.'" *Id.* (quoting *Patent Harbor, LLC v. DreamWorks Animation SkG, Inc.*, No. 6:11-cv-229, 2012 U.S. Dist. LEXIS 114199, at \*13 (E.D. Tex. July 27, 2012)).

## **Conclusion**

No single standard has emerged following the abrogation of Rule 84 and Form 18. Despite some outlying cases, however, it seems safe to say that the days of conclusory allegations of infringement that do not identify specific claims and specific products are likely gone. In light of the variety of standards being applied, practitioners pleading direct infringement should, at a minimum, identify at least representative claims from each patent, describe the patented functionality, identify the accused products, and describe the corresponding functionality in such products. Keep in mind the "context-specific" standard likely to be applied, meaning that a more complicated case, involving more claims and products, will need a greater level of detail than a simpler case.

While the abrogation of Form 18 has garnered a lot of attention, it may have a limited impact. After all, Rule 84 and Form 18 applied only to direct infringement and never applied the often-related claims of indirect infringement, contributory infringement, willfulness, declaratory counterclaims, or affirmative defenses. Moreover, pursuant to Rule 11, practitioners always were required to investigate their claims, certifying by signature that, based on "an inquiry reasonable under the circumstances," "the claims,

defenses, and other legal contentions are warranted by existing law ... [and that] the factual contentions have evidentiary support or, if specifically so identified, will likely have evidentiary support after a reasonable opportunity for further investigation or discovery.” Fed. R. Civ. P. 11. Last but not least, local rules and standing orders often required disclosure of detailed infringement contentions shortly after filing a case.

We anticipate that the requirements for pleading direct patent infringement will continue to develop, particularly as additional courts weigh in. In the meanwhile, practitioners should review the most current caselaw in their jurisdictions, keeping in mind that the plausibility standard is context specific.

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[1] Rule 8 in its entirety provides: “A pleading that states a claim for relief must contain: (1) a short and plain statement of the grounds for the court’s jurisdiction, unless the court already has jurisdiction and the claim needs no new jurisdictional support; (2) a short and plain statement of the claim showing that the pleader is entitled to relief; and (3) a demand for the relief sought, which may include relief in the alternative or different types of relief.”

[2] Compare *Bender v. Nokia Inc.*, No. C-09-1247-MMC., 2009 U.S. Dist. LEXIS 92482 (N.D. Cal. Oct. 2, 2009) (finding complaint to be pled “in conformity with the Federal Rules of Civil Procedure Appendix of Forms,” Form 18, and thus sufficient to provide defendant notice of the claim), with *Bender v. LG Electronics U.S.A., Inc.*, No. C 09-02114 JF (PVT), 2010 WL 889541 (E.D. Tex. Mar. 11, 2010) (stating in a case involving a similar complaint by the same plaintiff, “While the Court recognizes the lack of complete uniformity in recent district court authority it finds persuasive those decisions requiring enough specificity to give the defendant notice of what products or aspects of products allegedly infringe, and respectfully disagrees with the analysis of the court in *Bender v. Nokia Inc.*, which did not discuss the sufficiency of the factual allegations in light of *Twombly* and *Iqbal*.”).

[3] Because it raises a purely procedural issue, an appeal from an order granting a motion to dismiss for failure to state a claim upon which relief can be granted is reviewed under the applicable law of the regional circuit. *Bill of Lading*, 681 F.3d at 1331; *McZeal*, 501 F.3d at 1355-56.

[4] But see *Atlas v. Pacific Gas*, 2016 U.S. Dist. LEXIS 60211, at \*15 (rejecting the defendant’s argument that the complaint as pled deprived it of fair notice because the complaint did not precisely specify which patent claims it was asserting, reasoning that “*Iqbal* and *Twombly* only require Plaintiff to state a plausible claim for relief, which can be satisfied by adequately pleading infringement of one claim, so the level of detail sought by PG&E does not appear to be mandatory, even if desirable”).