

# Welcome to our Presentation

## Section 101 Series: Strategies for Early Dismissal in Litigation

July 30, 2020



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# Agenda

- Avenues for Early Dismissal in Litigation
- Assessing Whether a Patent is Vulnerable to an Early § 101 Motion
- Consider If Claim Construction Issues May Be an Obstacle to Early Relief
- Consider If Factual Issues May Bar Early Relief
- Setting Expectations: How Successful are Early Motions?

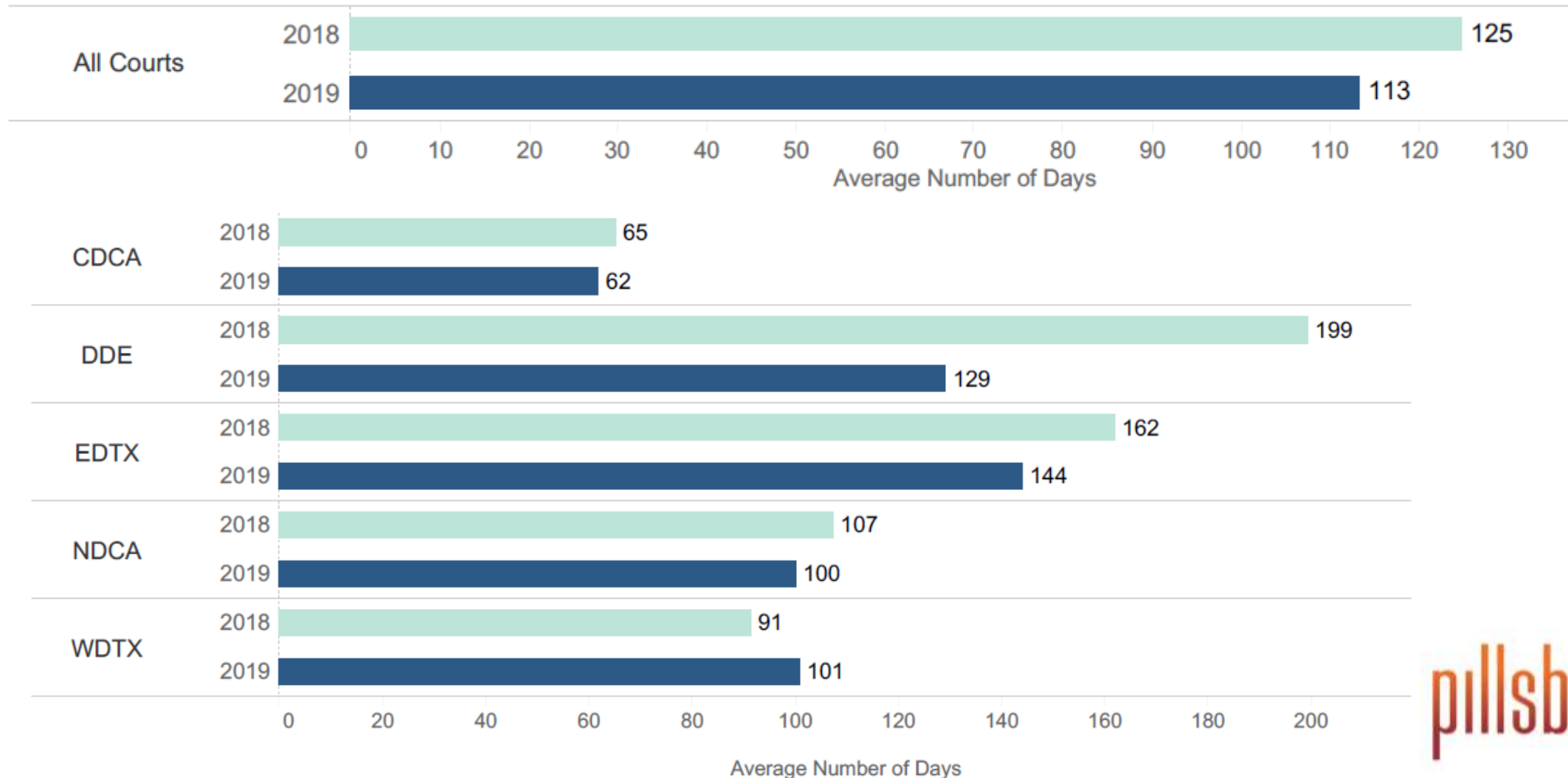
# Avenues for Early Dismissal in Litigation



# Two Primary Means for Early § 101 Attacks

- **Fed. R. Civ. P. 12(b)(6):** failure to state a claim upon which relief can be granted
  - Filed in lieu of answer—timing of motion will depend on when answer is due
- **Fed. R. Civ. P. 12(c):** Motion for Judgment on the Pleadings.
  - After the pleadings are closed—but early enough not to delay trial
- **What Documents Can Be Relied on in an Early Motion?**
  - Pleadings and attachments to the pleadings (e.g., asserted patents, claim charts)
  - Documents incorporated into the complaint by reference or that form the basis for the claims
  - Judicially noticed matters (e.g., prosecution histories, filings/orders in other proceedings)

# How Early is Early? 12(b)(6) Motions as an Example



# Assessing Whether a Patent is Vulnerable to an Early § 101 Motion



# Key Considerations

1. Which asserted claims are directed to a judicial exception?
  - What claims are likely to be asserted?
  - Can certain claims be treated as representative?
  - Are the claims are directed to an abstract idea, law of nature, or natural phenomena
    - Abstract Ideas: mathematical concepts, methods of organizing human activity, or mental processes
  - Assess prior rulings on analogous claims
2. Is claim construction necessary?
3. Are there any factual issues that would preclude an early motion?
4. How amenable is the court to an early motion on § 101?

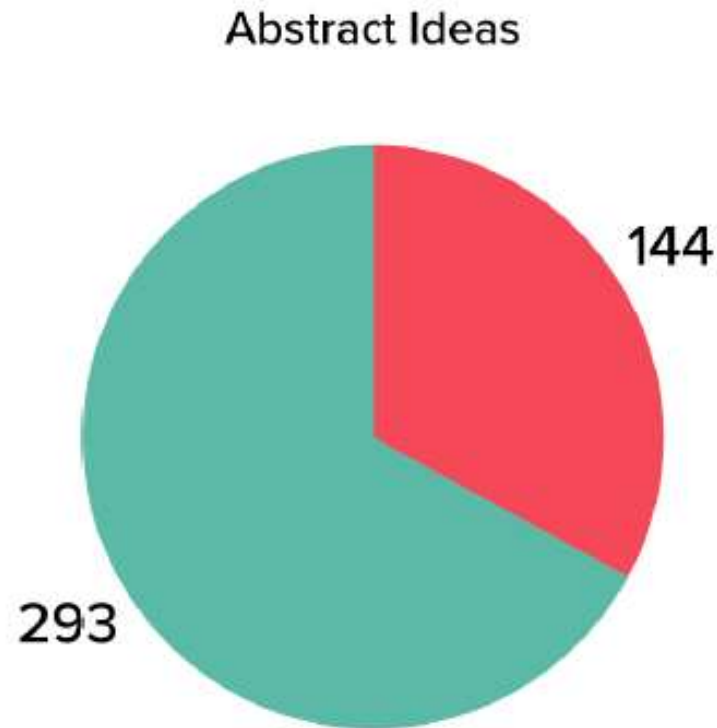


# *Alice/Mayo* Two-Step Test

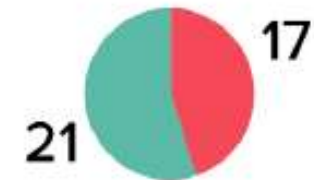
- **Step 1:** Analyze the claim to determine if the claim is directed to a judicial exception, such as an abstract idea. If so, proceed to Step 2
- **Step 2:** Determine whether the claim has additional elements that transform the claim into a patent-eligible application, i.e. whether the additional elements constitute an inventive concept that is significantly more than the ineligible concept itself

# “Abstract Idea” Attacks Are Most Prevalent

Nature of Claimed Ineligible Subject Matter



Products of Nature



# Challenges to Technology Patents Are Most Prevalent

## § 101 Motions by Stage of Litigation and Patent Classification

	Technology		Life Science		Both		Neither	
Motion to Dismiss - Failure to State a Claim (FRCP 12(b)(6))	152	74	11	13	8	5	18	11
Motion for Judgment on the Pleadings (FRCP 12(c))	66	30	9		3	1	8	6

# Prior Court Decisions are Key to Success of “Abstract Idea” Challenges

- *Enfish, LLC v. Microsoft Corp.*, 822 F. 3d 1327, 1334 (Fed. Cir. 2016):
  - No definitive rule to determine what constitutes an “abstract idea”
  - Sufficient to compare claims at issue to those claims already found to be directed to an abstract idea in previous cases
- Strongest arguments based on analogous claims previously held to be patent ineligible subject matter
- Corollary: need to distinguish challenged claim(s) from claims previously held to be patent eligible subject matter

# Abstract Idea Examples: Mathematical Concept & Mental Process

- **Mathematical Concept**

- Claims held invalid because they were directed to the abstract mathematical algorithm of calculating and comparing regions in space
- *Coffelt v. Nvidia Corp.*, Case No. 2017-1119 (Fed. Cir. Mar. 15, 2017)

- **Mental Process**

- Claims held ineligible because they covered a mental process of comparing BRCA sequences, using routine and conventional techniques
- *In re BRCA1- and BRCA2-Based Hereditary Cancer Test Patent Litigation*, 774 F.3d 755 (Fed. Cir. 2014)

# Abstract Idea Examples: Method of Organizing Activity

- Fundamental Economic Principles or Practices
  - Claims held ineligible as directed to the abstract concept of offer-based price optimization
  - *OIP Technologies, Inc. v. Amazon.com, Inc.*, 788 F.3d 1359 (Fed. Cir. 2015)
- Commercial or Legal Interactions
  - Claims held ineligible as directed to the abstract idea of a “transaction performance guaranty”
  - *buySAFE, Inc. v. Google, Inc.*, 765 F.3d 1350 (Fed. Cir. 2014)
- Managing Personal Behavior or Relationships or Interactions
  - Claims held ineligible as directed to the abstract idea of managing/playing a game of bingo
  - *Planet Bingo, LLC v. VKGS, LLC*, 576 F. App’x 1005 (Fed. Cir. 2014) (non-precedential)

# Examples of Additional Elements that Render Claimed Subject Matter Patentable Under Step 2

- *DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245, 1256 (Fed. Cir. 2014):
  - Held that claims were “necessarily rooted in computer technology in order to overcome a problem specifically rising in the realm of computer networks” – i.e., the claimed invention improved the “routine and conventional sequence of events ordinarily triggered by the click of a hyperlink”
- *Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327 (Fed. Cir. 2016)
  - Held that claims were directed to a “specific improvement to the way computers operate, embodied in the self-referential table” for a computer database
- *Thales Visionix Inc. v. United States*, 850 F.3d 1343 (Fed. Cir. 2017)
  - Held that claims “specif[ied] a particular configuration of inertial sensors and a particular method of using the raw data from the sensors ...”

Consider If Claim Construction Issues May Be an Obstacle  
to Early Relief





# Common Claim Construction Considerations

- Anticipate that the patent owner will argue that claim construction is necessary
  - § 101 Analysis May Require Claim Construction: *See, e.g., Bancorp Servs., L.L.C. v. Sun Life Assurance Co. of Can. (U.S.)*, 687 F.3d 1266, 1273 (Fed. Cir. 2012)
    - *See also Luminati Networks, Ltd. V. Teso LT*, Case No. 2:19-CV-00395-JRG (E.D. Tex. July 15, 2020)
  - Claim Construction is Not Always Required: *See, e.g., Content Extraction & Transmission LLC v. Wells Fargo Bank, Nat'l Ass'n*, 776 F.3d 1343, 1349 (Fed. Cir. 2014)
- Need to assess whether your arguments depend upon any specific constructions
- If there is a claim construction dispute: Court may accept Patent Owner's construction or may construe the claims

Consider If Factual Issues May Bar Early Relief



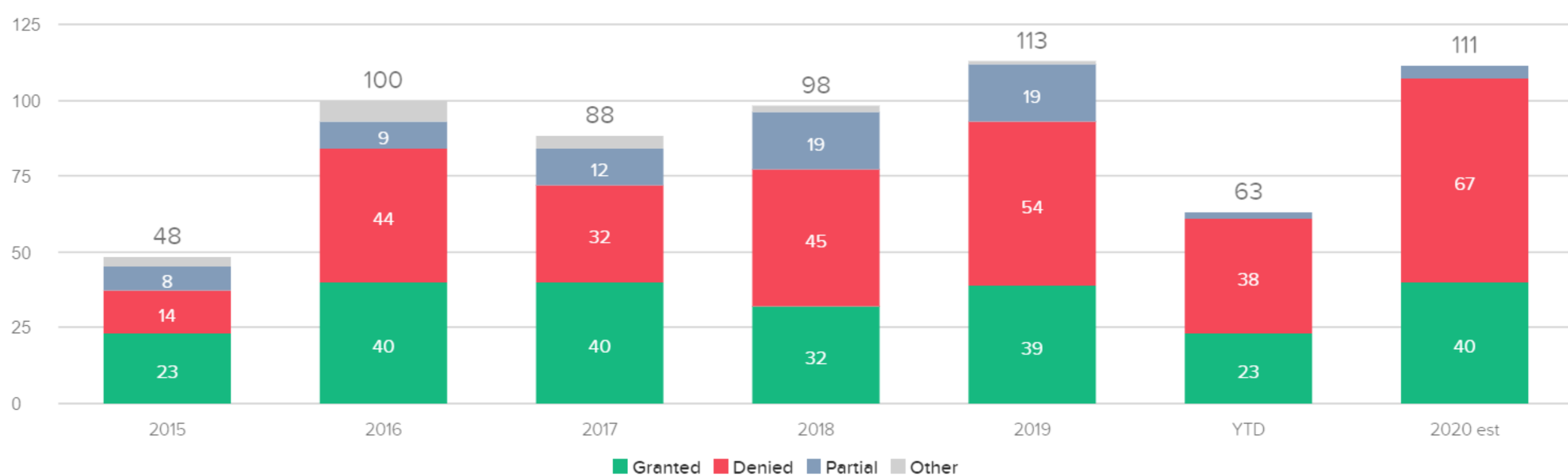
# Fact Questions May Defeat an Early § 101 Motion

- Patent eligible subject matter is a question of law, which may contain underlying facts
  - *Alice's* Step 2 test provides an opportunity for factual disputes
  - Not all § 101 determinations contain genuine disputes over the underlying facts
- Need to evaluate pleadings to see if patent owner raised a factual dispute as to whether the invention was “well-understood, routine, or conventional”
  - *See Berkheimer v. HP Inc.*, 881 F. 3d 1360 (Fed. Cir. 2018)
- Recent Examples:
  - *Ceiva Logic, Inc. v. Amazon.com, Inc.*, CV 19-09129-AB, (C.D. Cal. Jul. 1, 2020)
  - *Peloton Interactive, Inc. v. Echelon Fitness, LLC*, Case No. 19-cv-1903 (D. Del. July 6, 2020)

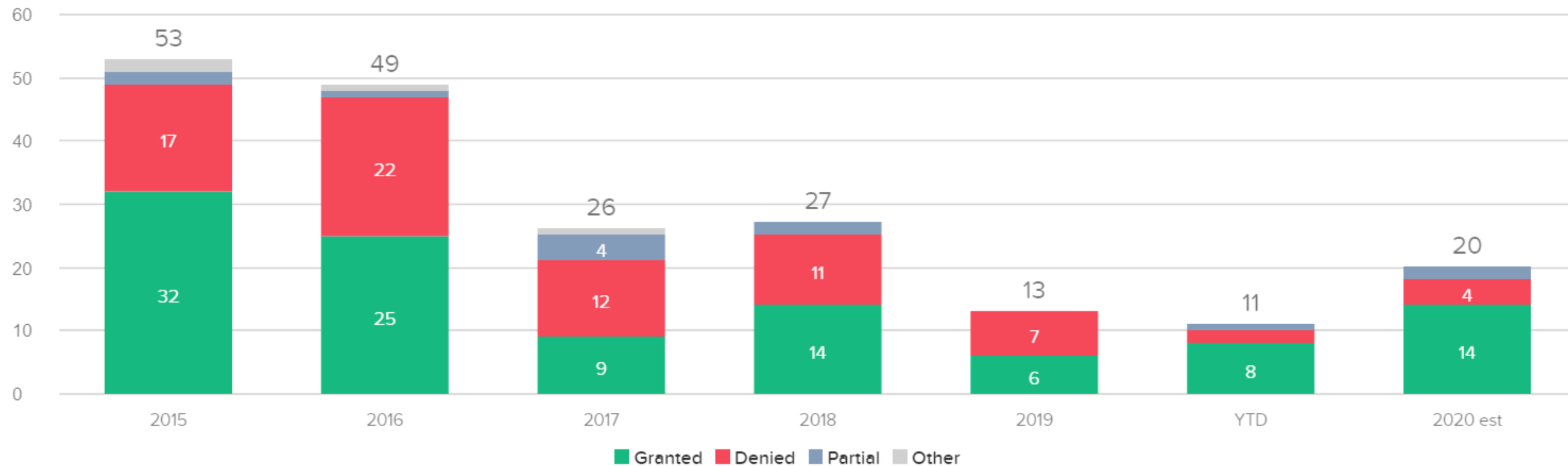
Setting Expectations: How Successful are Early Motions?



# Nationwide Success Rate for 12(b)(6) Motions on §101



# Nationwide Success Rate for 12(c) Motions on §101



# 12(b)(6) Motion on §101 Success Rate (2015 – 2020)



# 12(c) Motions on §101 Success Rate (2015 – 2020)





# W.D. Texas Disfavors Early § 101 Motions

- *Slyce v. Syte*, No. 6:19-cv-257-ADA, 2020 WL 278481 (W.D. Tex. Jan. 10, 2020)
- **General Position:** “[A] patent’s § 101 eligibility is rarely appropriate as a Rule 12(b) motion to dismiss”
- **Cited Factors for Why a 12(b)(6) is Disfavored:**
  - Presumption of validity means “a Rule 12(b) motion to dismiss is a procedurally awkward place for a court resolve a patent's § 101 eligibility”
  - Claim construction means that “it is generally wiser—and more efficient—to wait to determine a patent's § 101 eligibility until after issuing its claim construction order”
  - Potential fact issues mean that “it is wiser and more efficient to wait to determine a patent’s § 101 eligibility until after fact discovery has opened”
  - *Alice* is “is a difficult test to apply and yields inconsistent results”

# W.D. Texas Disfavors Early § 101 Motions (cont.)

- *Aeritas LLC v. Sonic Corp.*, 6:20-CV-00103-ADA (W.D. Tex. Mar. 14, 2020)
  - One-paragraph docket-text order denying early § 101 motion to dismiss stating that the case was not one of those “rare cases where it is appropriate to resolve Section 101 eligibility of the patents-in-suit as a Rule 12(b) motion to dismiss”
  - Any future § 101 motion would need to address all claims, not just representative claims
- *Scanning Techs. Innovations, LLC v. Brightpearl, Inc.*, 6-20-cv-00114 (W.D. Tex. Apr. 11, 2020)
  - Motion denied one day after filing in a half-page text order using similar language as *Aeritas*
- See also:
  - *Broadband iTV, Inc. v. DISH Network LLC*, 6-19-cv-00716 (W.D. Tex. Jul. 25, 2020) (Motion to dismiss denied without prejudice)

# Takeaways

- Early challenges based on § 101 are worth considering
- Abstract idea challenges are the most common
- Abstract idea challenges depend heavily on analogous precedent
- Claim construction can pose an obstacle to early relief
- Factual issues can also be an obstacle
- Venue plays a large role in success

# Thank you!



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# Supplemental Information

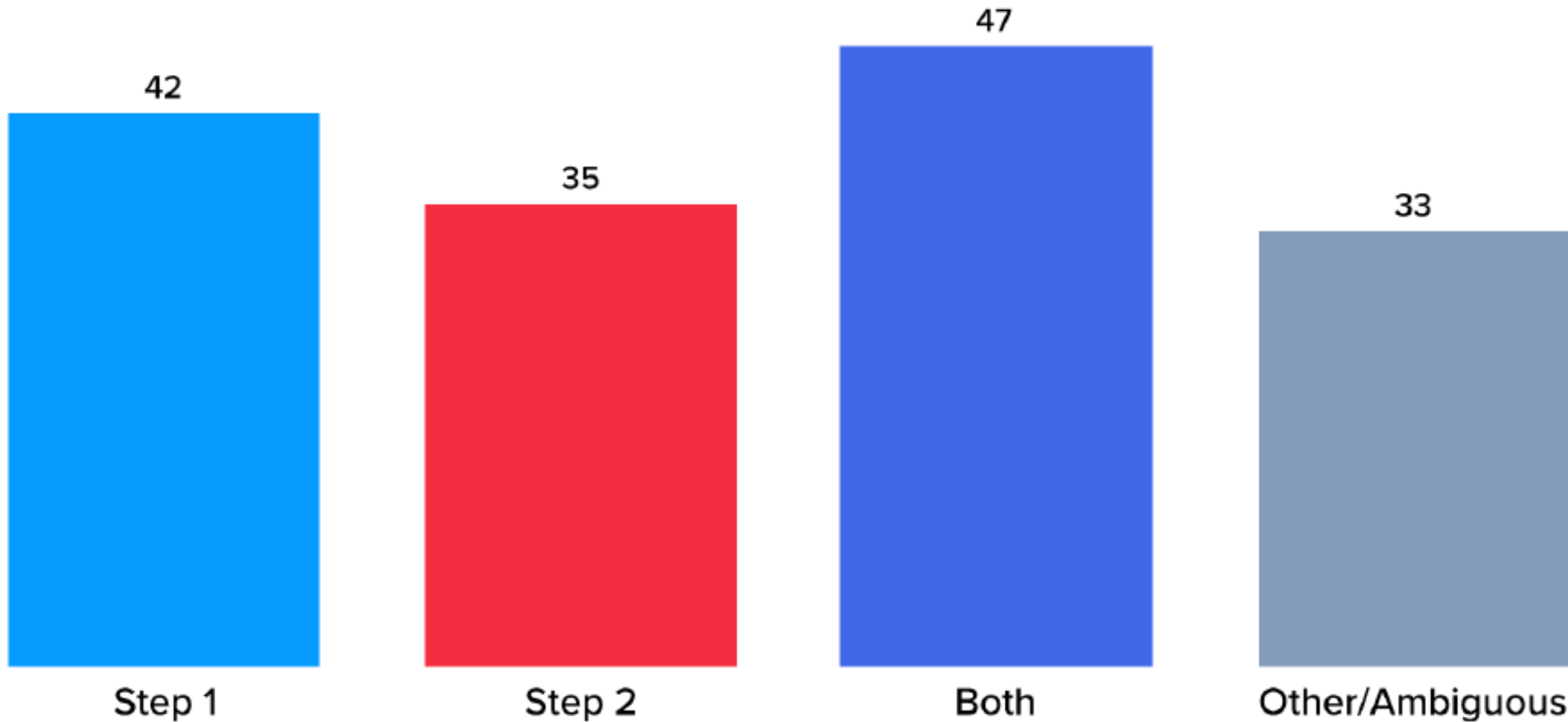
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Consider Potential Venue Impacts on the  
*Alice/Mayo* Analysis

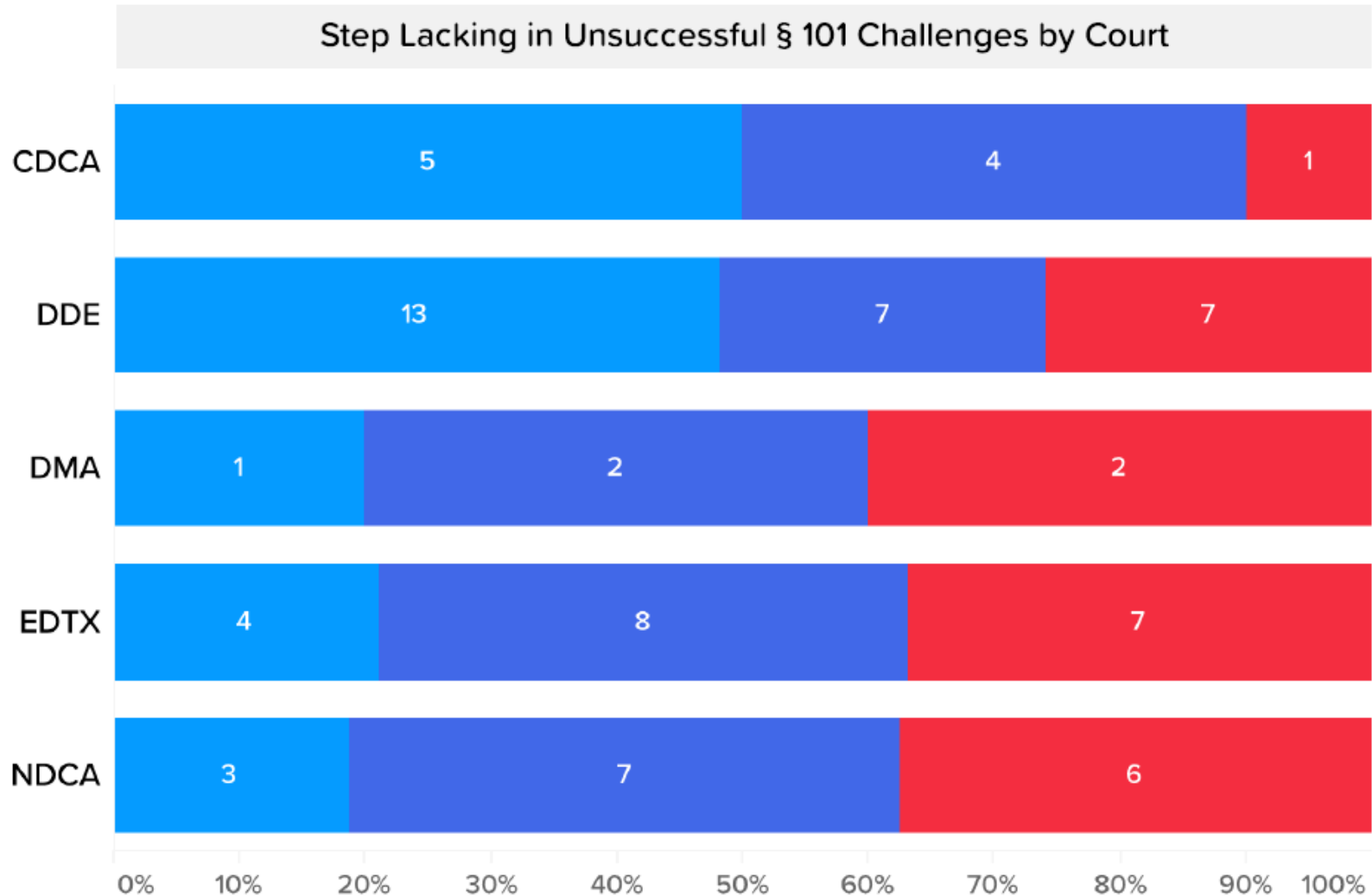


# Alice Shortcomings in § 101 Motions (National)

Step Lacking in Unsuccessful § 101 Challenges

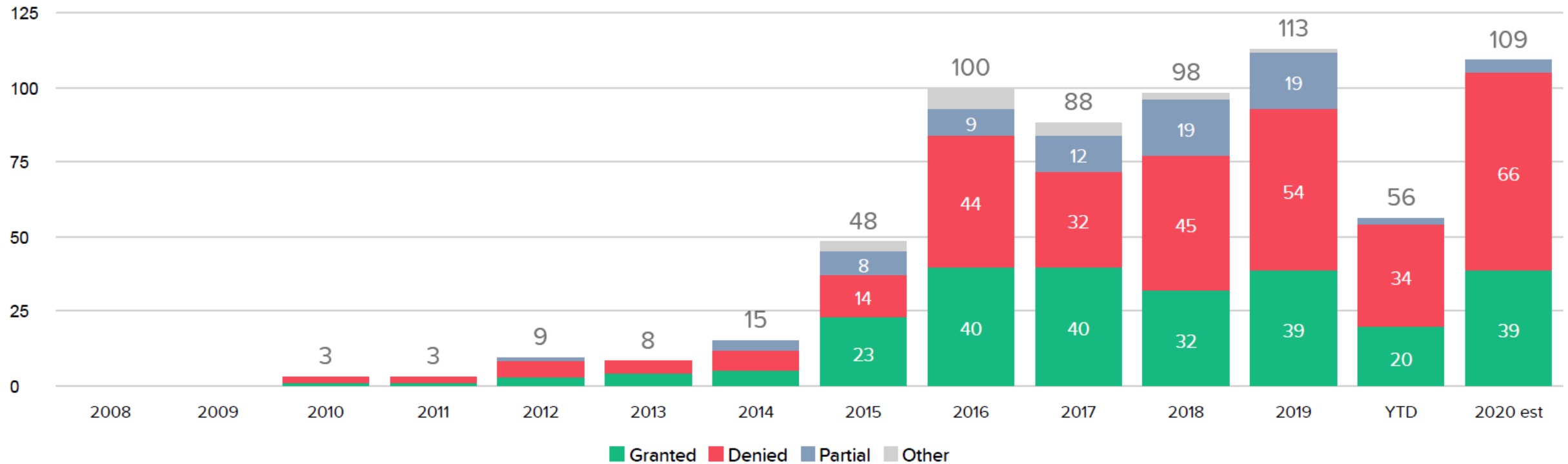


# Alice Shortcomings in § 101 Motions (Courts With Most Unsuccessful Motions)

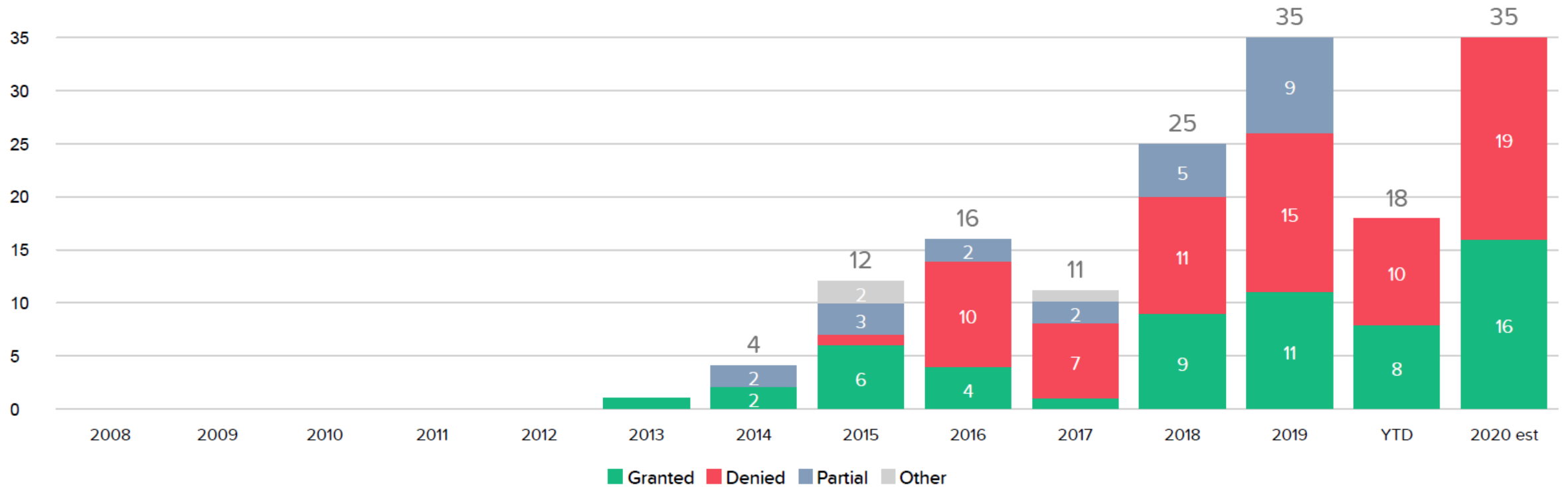




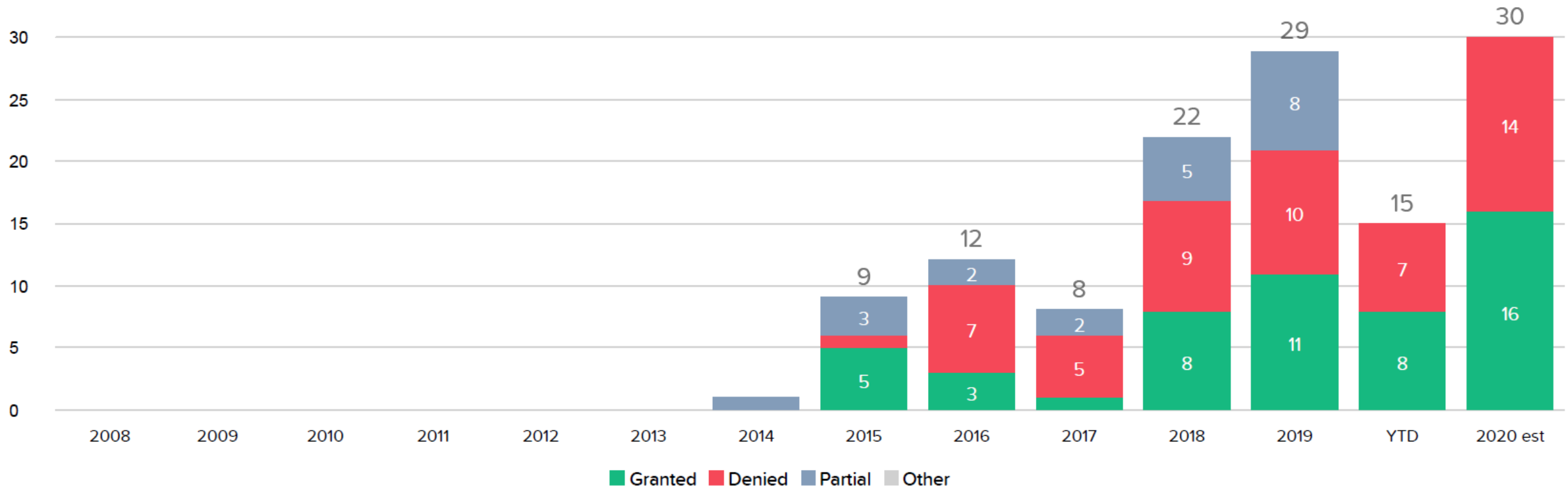
# §101 Motion to Dismiss Success Rate Nationwide



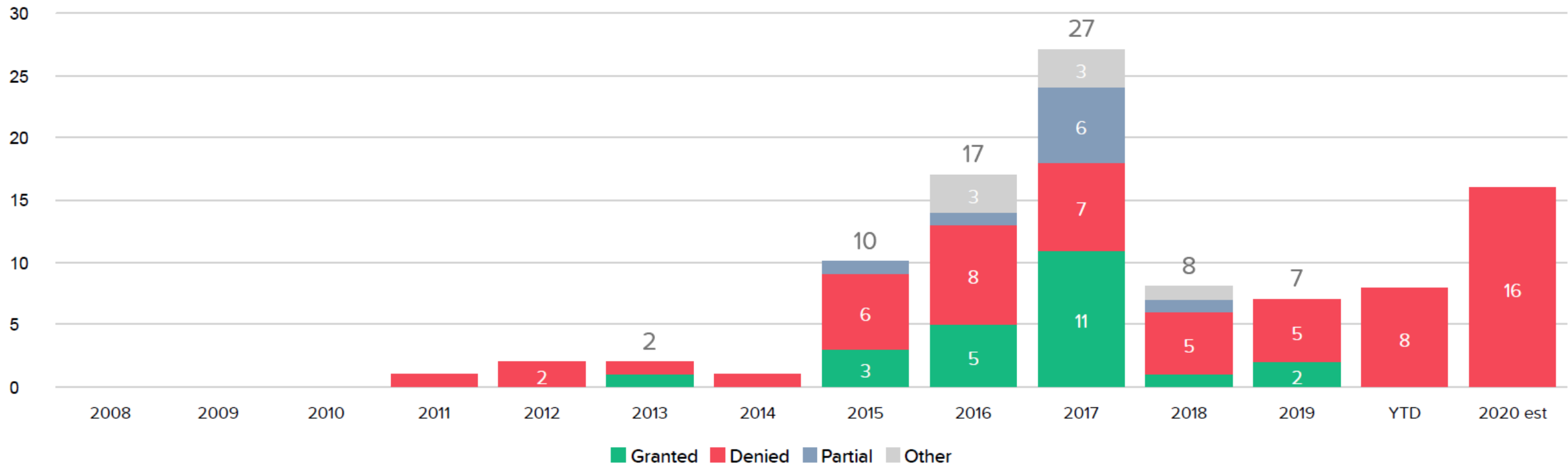
# §101 Motion to Dismiss Success Rate District of Delaware



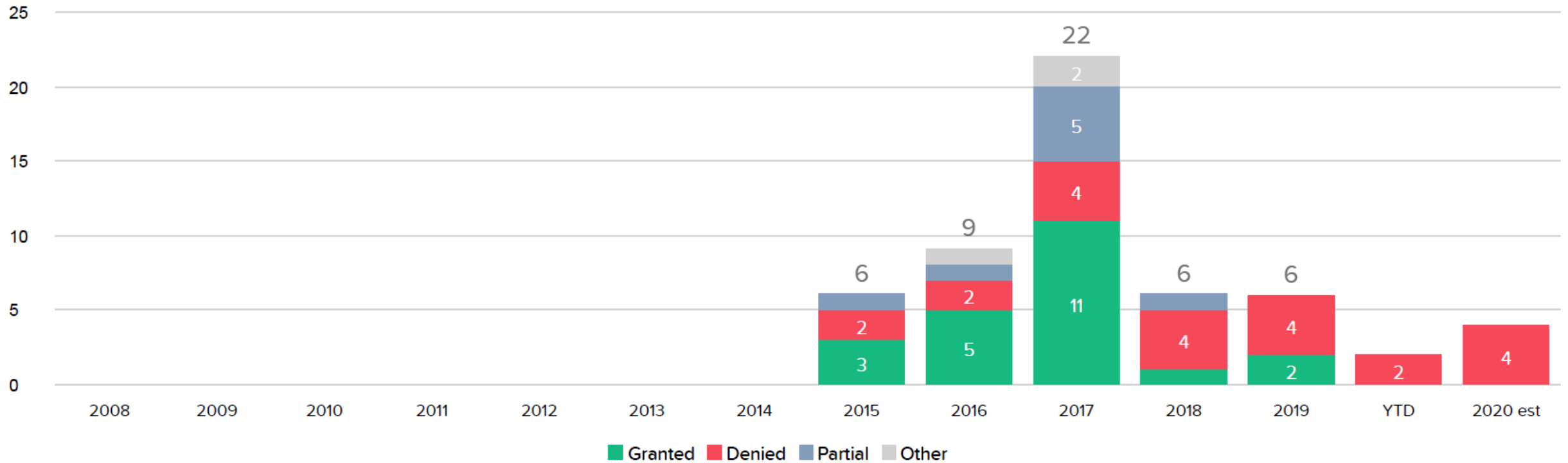
# §101 Motion to Dismiss (Ineligible Subject Matter) Success Rate District of Delaware



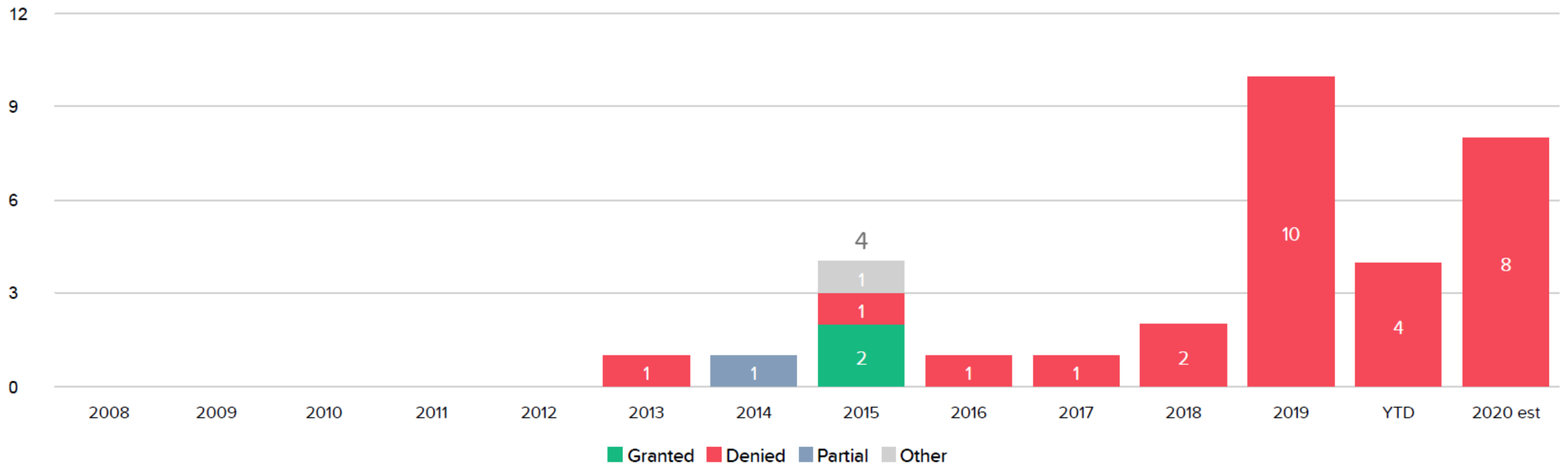
# §101 Motion to Dismiss Success Rate Eastern District of Texas



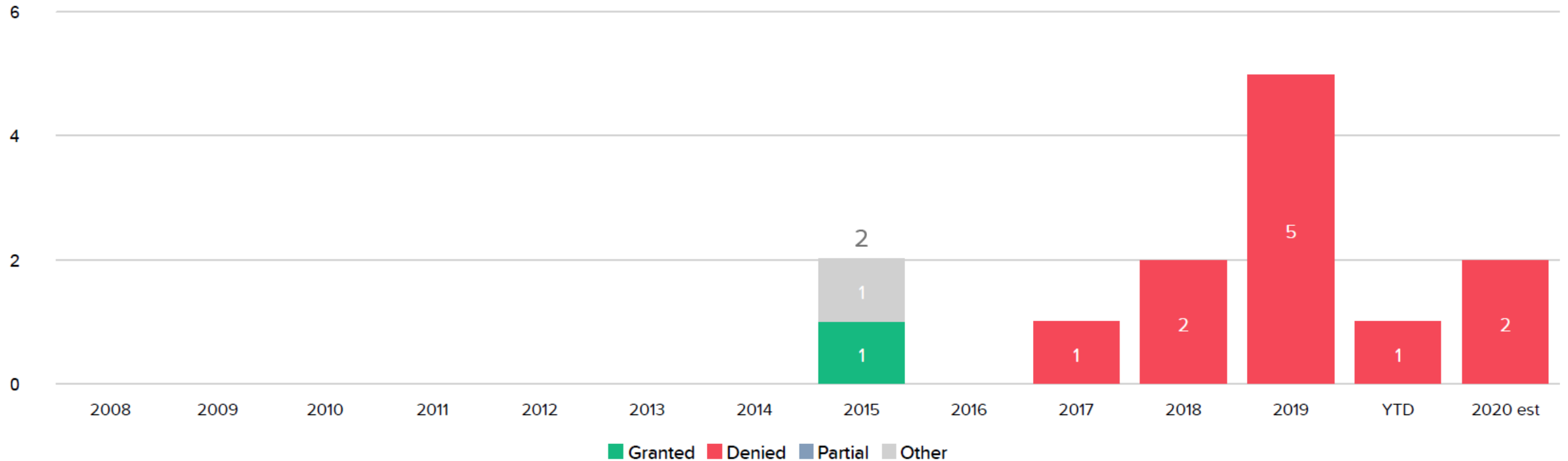
# §101 Motion to Dismiss (Ineligible Subject Matter) Success Rate Eastern District of Texas



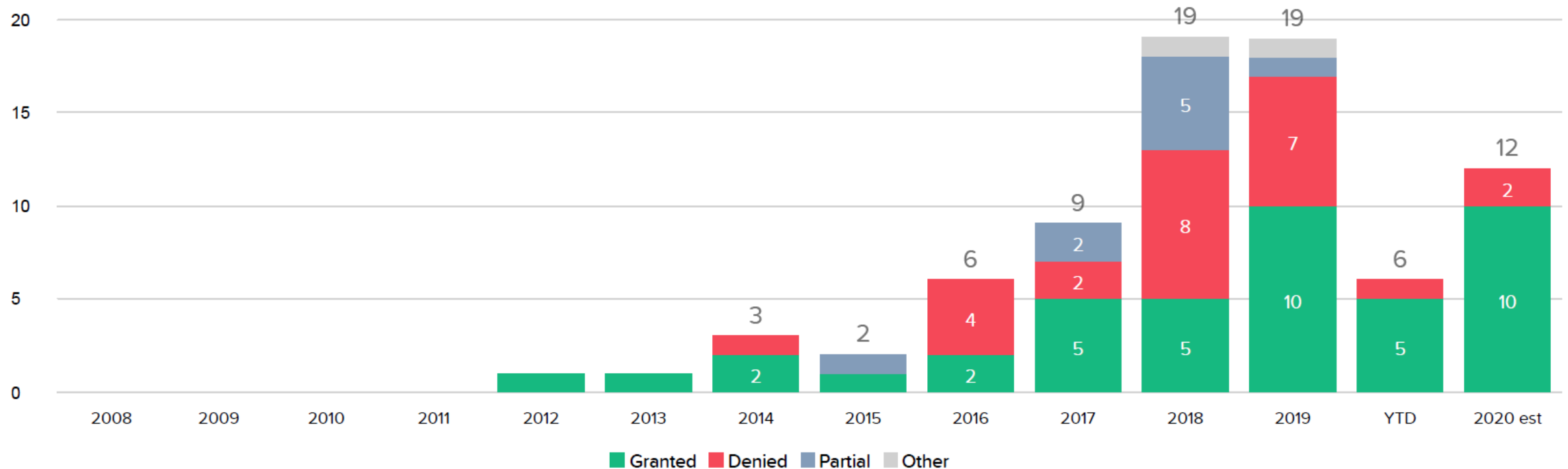
# §101 Motion to Dismiss Success Rate Western District of Texas



# §101 Motion to Dismiss (Ineligible Subject Matter) Success Rate Western District of Texas

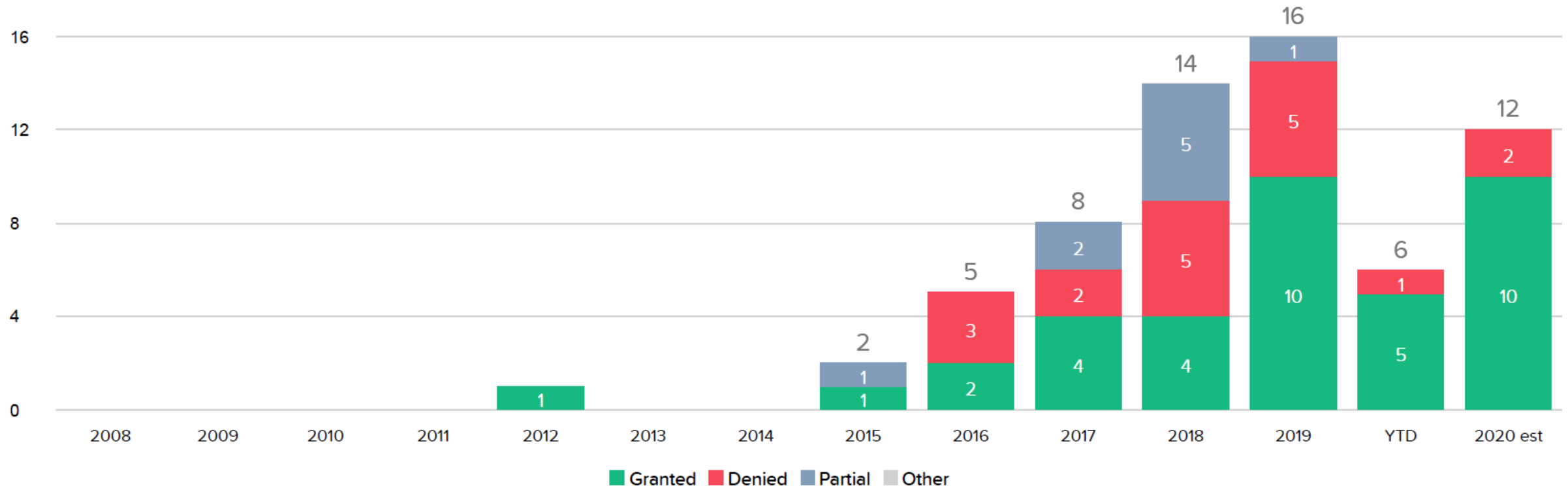


# §101 Motion to Dismiss Success Rate Northern District of California

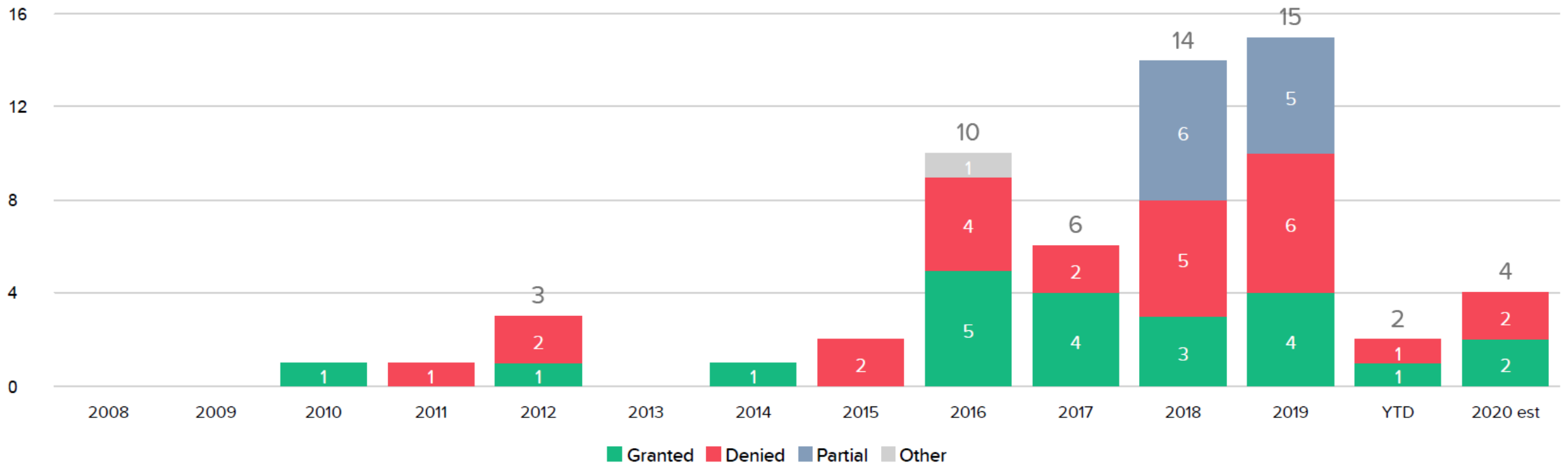




# §101 Motion to Dismiss (Ineligible Subject Matter) Success Rate Northern District of California



# §101 Motion to Dismiss Success Rate Central District of California



# §101 Motion to Dismiss (Ineligible Subject Matter) Success Rate Central District of California

