

Pleading Direct Patent Infringement Without Form 18



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The way plaintiffs plead direct patent infringement may be about to change. Currently, the use of Form 18 suffices to plead a claim of direct patent infringement, despite what many courts and commentators believe is insufficient factual information required by that form. Recognizing that deficiency, the Federal Rules Advisory Committee recently submitted a proposal to the U.S. Supreme Court to abolish Form 18.[1] The Supreme Court adopted that change on April 29, 2015. Absent congressional action, the rule change will go into effect on Dec. 1, 2015.[2] Assuming the end is near for Form 18, what will courts require a plaintiff to plead to survive a motion to dismiss a direct infringement claim in a world without Form 18? This article seeks to answer that question.

Basic Pleading Standards

Under Federal Rule of Civil Procedure 8, a complaint must contain “a short and plain statement showing that the pleader is entitled to relief,” in order to give the defendant fair notice of what the ... claim is and the grounds upon which it rests.”[3] Although “detailed factual allegations” are not required, a complaint must allege “sufficient factual matter, accepted as true, to state a claim that is plausible on its face.”[4] “A claim has facial plausibility when the plaintiff pleads factual content that allows the court to draw the reasonable inference that the defendant is liable for the misconduct alleged.”[5] That determination is a “context-specific task that requires the reviewing court to draw on its judicial experience and common sense.”[6]

The Twombly/Iqbal pleading standard stands in contrast to the limited factual support currently required by Form 18, which requires only the following:

On date, United States Letters Patent No. _____ were issued to the plaintiff for an invention in an electric motor. The plaintiff owned the patent throughout the period of the defendant's infringing acts and still owns the patent. The defendant has infringed and is still infringing the Letters Patent by making, selling, and using electric motors that embody the patented invention, and the defendant will continue to do so unless enjoined by this court.

Form 18 was a product of an era in which a plaintiff's complaint could be dismissed under Rule 12(b)(6) only if there was "no set of facts in support of his claim which would entitled him to relief." [7] The Supreme Court in *Twombly* (and later in *Iqbal*) rejected that standard, explaining that Conley's phrase is "best forgotten as an incomplete, negative gloss on an accepted pleading standard." [8] *Twombly* and *Iqbal* made clear that conclusory allegations that were sufficient to survive motions to dismiss based upon Conley's no set of facts language — such as those in Form 18 — were no longer sufficient

Pleading Direct Infringement

Despite the limited facts required by Form 18, the Federal Circuit has held that the use of Form 18 immunizes a complaint from a motion to dismiss. In *McZeal v. Sprint Nextel Corp.*, the court identified the elements required to plead direct patent infringement based upon Form 16 (the precursor to Form 18) as: "(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." [9] Although the *McZeal* court cited *Twombly*, it did not analyze how the form met the plausibility standard under *Twombly*. In dissent, Judge Timothy Dyk stated that the elements found in Form 16 were "inadequate to provide sufficient notice to an accused infringer" because "[t]he form fails to state which claims are asserted and which features of the accused device are alleged to infringe the limitations of those claims." [10]

In *K-Tech Telecommunications v. Time Warner Cable Inc.*, the Federal Circuit reiterated that Form 18 controls pleading direct infringement, even if there is some discord between *Twombly* and *Iqbal* and Form 18. [11] According to the Federal Circuit, the Supreme Court's decisions cannot alter the requirements of Form 18, only Congress can do that. [12] The court also rejected the idea that Form 18 fails to meet the requirements of *Twombly* and *Iqbal*: "Form 18 in no way relaxed the clear principles of Rule 8." [13]

Where To From Here?

The Federal Circuit has embraced Form 18 as a sufficient basis for pleading direct infringement. But Form 18 will likely cease to exist later this year. That leaves plaintiffs in a pleading quandary: What allegations will suffice to plead direct infringement when judged through the lens of *Twombly* and *Iqbal*?

Since *McZeal*, the Federal Circuit has held that the information contained in Form 18 is enough to allege direct infringement. And Judge Evan Wallach, in his concurrence in *K-Tech*, took the position that Form 18 satisfied the standards from *Twombly* and *Iqbal*: "[Form 18] illustrates the 'simplicity and brevity' adequate to state a plausible claim for relief in cases alleging direct patent infringement." 714 F.3d at 1287 (Wallach, J., concurring). So, perhaps, the substance of Form 18 can continue to guide plaintiffs.

But that is unlikely. It is clear, as the Advisory Committee on the Federal Rules, other members of the Federal Circuit, and district courts have explained, [14] that more factual support will be required. As the Advisory Committee stated in its recommendation to the Supreme Court to abolish Form 18, the forms "illustrate a simplicity of pleading that has not been used in many years." [15] And, as many courts have

noted, the substance of Form 18 is often insufficient to place a defendant on notice of what it must defend. Thus, the policy behind the elimination of Form 18 supports the view that the substance of Form 18 does not comport with *Twombly* and *Iqbal* and will not be sufficient to plead a claim for direct patent infringement in the absence of Form 18.

Assuming that is true, what can be gleaned from the existing case law to guide plaintiffs in pleading direct infringement? Will it be an element-by-element approach, as suggested by some of the congressional proposals?[16] Or will it be a more flexible approach?

Absent a new statute enacted by Congress specifying what a complaint must contain, courts will likely take a more flexible approach in light of the context-specific analysis required by *Twombly* and *Iqbal*. It is certainly possible that, in some cases, the limited allegations contained in Form 18 will suffice to place a defendant on notice of what it must defend. The patent and technology involved would need to be basic, and the claims clear as to how they might read on the allegedly infringing products.

Conversely, in a more complex case, it is possible that a court might require element-by-element allegations of how the accused product infringes the asserted claims to provide the defendant with sufficient notice of what it must defend. For example, in a case where an accused product has many parts, and the patent could only possibly read on a small subset of parts, the notice function of Rule 8 and the plausibility standard of *Twombly* and *Iqbal* is unlikely to be met by a plaintiff just pointing to a product and asserting certain claims.

One possible approach that may satisfy the notice function of Rule 8 and the plausibility standard of *Twombly* and *Iqbal* is the approach to which Judge Dyk alluded in *McZeal*. At a minimum, a plaintiff must allege which claims of the patent are asserted to be infringed, and by which features in the accused products.[17] In most cases, such detail should put a defendant on sufficient notice of what it must defend.

Conclusion

It appears that Form 18 will be eliminated later this year. Courts will need to forge a new standard for pleading direct patent infringement. Pleading additional facts, such as the claims alleged to be infringed and the aspect of the accused product alleged to infringe, will likely satisfy the plausibility standard from *Twombly* and *Iqbal*.

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[1] See Memo From Judge Jeffrey Sutton, Proposed Amendments to the Federal Rules of Civil Procedure, at 19 (June 14, 2014) (stating that forms “illustrate a simplicity of pleading that has not been used in many years”).

[2] In addition, there have been legislative proposals to either abolish Form 18 or prescribe the details required in a complaint to survive a motion to dismiss. See, e.g., Goodlatte Innovation Act, H.R. 3309 § 3 (requiring pleading of an element-by-element analysis of how accused product infringes patent); § 6

(directing Supreme Court to eliminate Form 18); PATENT Act, S. 1137 § 3 (abolishing Form 18 and requiring pleading provide each claim infringed and each accused product, as well as describing infringement).

[3] *Bell Atl. Corp. v. Twombly*, 550 U.S. 544, 555 (2007) (omission in original) (quoting Fed. R. Civ. P. 8(a)).

[4] *Ashcroft v. Iqbal*, 556 U.S. 662, 678 (2009) (internal quotation marks omitted).

[5] *Id.* (citing *Twombly*, 550 U.S. at 556).

[6] *Id.* at 679.

[7] *Coney v. Gibson*, 355 U.S. 41, 45-46 (1957).

[8] *Twombly*, 550 U.S. at 563.

[9] 501 F.3d 1354 (Fed. Cir. 2007).

[10] *Id.* at 1360 (Dyk, J., concurring in part and dissenting in part).

[11] 714 F.3d 1277, 1283 (Fed. Cir. 2013).

[12] *Id.* In so holding, the K-Tech court relied on *In re Bill of Lading Transmission & Processing System Patent Litigation*, 681 F.3d 1323 (Fed. Cir. 2012), and held that its hands were tied with respect to Form 18. In that case, the Federal Circuit relied upon the following language from Rule 84: “the forms contained in the Appendix of Forms are sufficient to withstand attack under the rules under which they are drawn, and that the practitioner using them may rely on them to that extent.” *Id.* at 1334. The court held that if a plaintiff uses Form 18 to plead direct infringement, its claims are unassailable on a motion to dismiss. *Id.* at 1335.

[13] *Id.*

[14] A number of district courts have addressed the tension between Form 18 and *Twombly/Iqbal*. See, e.g., *Macronix Int’l Co. v. Spansion Inc.*, 4 F. Supp. 3d 797, 801-03 (E.D. Va. 2014) (rejecting Federal Circuit’s reliance on Form 18 and stating that Supreme Court “made clear that the more rigorous application of Rule 8(a) was needed to assure that the parties would not embark on expensive litigation unless the plaintiff had made in the complaint a plausible case”); *Faryniarz v. Ramirez*, No. 13-1064, 2014 WL 6746819, at *13 (D. Conn. Dec. 1, 2014) (“Compared to the somewhat closer degree of scrutiny directed under *Iqbal* and *Twombly*, the Form 18 requirements suggest a more forgiving standard.”); *Tyco Fire Prods. LP v. Victaulic Co.*, 777 F. Supp. 2d 893, 905 (E.D. Pa. 2011) (urging Congress to update forms to comply with *Twombly* and *Iqbal* or eliminate them); *Elan Microelectronics Corp. v. Apple, Inc.*, No. 09-1531, 2009 WL 2972374, at *2 (N.D. Cal. Sept. 14, 2009) (stating that it is “not easy to reconcile Form 18 with the guidance of the Supreme Court in *Twombly* and *Iqbal*”).

[15] See *supra* note 1.

[16] For a thoughtful discussion of how a plaintiff might comply with an element-by-element pleading standard, see Nathan Greenblatt, *Changes Are Coming to Pleading Rules in Patent Cases*, http://www.law360.com/ip/articles/604220?nl_pk=cc8ec45b-e20a-46d0-8665-587b0108f769&utm_source=newsletter&utm_medium=email&utm_campaign=ip.

[17] See *McZeal*, 501 F.3d at 1360 (Dyk, J., concurring in part and dissenting in part) (commenting on Form 16's failure "to state which claims are asserted and which features of the accused device are alleged to infringe the limitations of those claims").

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