Intellectual Property

Note from the Editors

In this issue of the IP Quarterly Newsletter, we examine current topics involving recent developments in patent law.

- The changing tide of **transfer motions** in the **Eastern District of Texas** favoring defendants
- The proposed **post-grant** and ***inter partes*** procedures featured in the Senate and House patent reform bills
- The overhaul of the "short and plain statement" **standard of Rule 8(a)** of the Federal Rules of Civil Procedure for **pleading requirements** and the applicability to patent litigation
- A **post-*Bilski*** look at the impact of the Supreme Court's "machine-or-transformation" test as the definitive test for **patent eligibility of method claims**

We hope you find the articles interesting and helpful to you and your company.

In This Issue

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Transfer Motions in the Eastern District of Texas Favor Defendants

By Jason A. Crotty and Esther Kim

A series of Federal Circuit decisions since 2008 has turned the tide in favor of defendants seeking to transfer cases out of the Eastern District of Texas. Indeed, a defendant's chances of successfully transferring a case out of the Eastern District are now higher than ever.

Beginning about 2004, the Eastern District of Texas developed a reputation for being a desirable forum for plaintiffs, quickly making it one of the most popular venues in the country for patent litigation. Moreover, because motions to transfer appeared to be routinely denied, defendants found themselves required to litigate in the Eastern District of Texas, even when a case had virtually no connection to East Texas.

The Fifth Circuit's en banc decision in *In re Volkswagen of America, Inc.*, 545 F.3d 304 (5th Cir. 2008), an auto injury case, began a sea change in transfer law. In ordering the case transferred from the Eastern District to the Northern District of Texas, the court held that the district court could not disregard the physical location of evidence simply because modern technology made it easier to transport certain forms of discovery. *Id.* at 316, 322-23. Virtually everything related to the dispute in *Volkswagen* was located in Dallas, including all of the witnesses, documents, and physical evidence. *Id.* at 316-18. The Fifth Circuit concluded that the district court failed to properly consider the actual location of evidence, the availability of compulsory process, and the local venue's interest in deciding the case "at home." *Id.* at 317-18.

Soon thereafter, a patent infringement defendant, TS Tech, filed a petition for a writ of mandamus in the Federal Circuit. *In re TS Tech USA Corp.*, 551 F.3d 1315 (Fed. Cir. 2008). Following Fifth Circuit law, the Federal Circuit held that the district court clearly abused its discretion by: (1) giving too much weight to the plaintiff's choice of venue; (2) ignoring Fifth Circuit precedent requiring an assessment of costs for the attendance of witnesses; (3) marginalizing the factor regarding the relative ease of access to sources of proof; and (4) disregarding Fifth Circuit law regarding the public interest in having localized decisions decided "at home." *Id.* at 1320-21. Accordingly, the Federal Circuit granted TS Tech's writ of petition and ordered the district court to transfer the case. *Id.* at 1322-23.

The Federal Circuit has continued to consider writ petitions regarding transfer, and in doing so has developed a comprehensive body of law. A number of issues have been clarified and several arguments that plaintiffs had raised to avoid transfer have been rejected.

Initial district court rulings following *Volkswagen* and *TS Tech* suggested that more cases would be transferred from the Eastern District of Texas. However, plaintiffs in multi-defendant "decentralized" cases (i.e., cases in which the evidence, witnesses, and parties are located throughout the country) seemed to have a better chance at defeating transfer motions. Indeed, several district court cases supported the notion that "centralized" cases, where the physical evidence was confined to a "limited region," were distinguishable from "decentralized" or "national" cases, where no single venue would be clearly more convenient. This rationale, however, was short-lived. In three 2009 decisions involving decentralized evidence, parties, and witnesses, the Federal Circuit granted writs of mandamus and ordered transfer. *See In re Genentech, Inc.*, 566 F.3d 1338 (Fed. Cir. 2009); *In re Hoffmann-La Roche Inc.*, 587 F.3d 1333 (Fed. Cir. 2009); *In re Nintendo Co.*, 589 F.3d 1194 (Fed. Cir. 2009).

The Federal Circuit has indicated that it is not impressed by arguments that the central location of the Eastern District of Texas in the middle of the country renders it a more convenient venue, particularly when there are no connections to the state and the evidence and witnesses are located elsewhere. The court has rejected this central location argument as to both foreign and domestic plaintiffs. *See, e.g.*, *Genentech*, 566 F.3d at 1342-46, 1348 (German plaintiff); *Hoffmann-La Roche*, 587 F.3d at 1335-36, 1338 (California plaintiff). Plaintiffs must now demonstrate that there is more connection to the venue than the mere fact that the product is sold nationwide; it is not enough that "some allegedly infringing products found their way into the Texas market." *Nintendo*, 589 F.3d at 1198 (fact that accused products were sold nationally did not justify keeping case in Texas); *also Hoffmann-La Roche*, 587 F.3d at 1338 (same).

Even when witnesses and evidence are spread across the country, the court is likely to find that transfer is appropriate when another venue has a greater "local interest" in the case and more significant connections to the events that gave rise to the suit. *See Hoffmann-La Roche*, 587 F.3d at 1338 (finding that transfer to North Carolina was proper because four non-party witnesses and evidence related to development and testing of accused drug were located there and because there was "no relevant factual connection to the Eastern District of Texas"); *Nintendo*, 589 F.3d at 1198-1200 (finding transfer to Washington was proper because some key witnesses and majority of defendant's evidence were located in Washington and neither party had witnesses or evidence in

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Texas). But merely transferring documents to a venue does not create the "local interest" required to establish venue. *Hoffmann-La Roche*, 587 F.3d at 1336-37. Moreover, although not dispositive, the court may consider whether less-congested dockets of other venues favor transfer, as they "may be able to resolve [the] dispute more quickly." *Id.* at 1336. Thus, when the Eastern District of Texas has no meaningful ties to the dispute but key documents and witnesses are located in the proposed transferee venue, the court is likely to find "a stark contrast in relevance, convenience, and fairness between the two venues" and order transfer. *Id.*; *Nintendo*, 589 F.3d at 1198. In these situations, the Federal Circuit has cautioned lower courts against giving "the plaintiff's choice of venue far too much deference." *Nintendo*, 589 F.3d at 1200.

In its most recent decisions, the Federal Circuit continues to reject arguments opposing transfer when there are few or no ties to the Eastern District and another forum appears more appropriate. In addition to rejecting the argument that the Eastern District is a central location for "decentralized" cases, the Federal Circuit has rejected artificial attempts made by plaintiffs seeking to establish venue by setting up an office or incorporating in the Eastern District of Texas in anticipation of litigation. The Federal Circuit also continues to stress the importance of choosing the venue in which there are significant connections between the venue and the events that gave rise to the suit.

In re Zimmer Holdings, Inc.

In *In re Zimmer Holdings, Inc.*, 609 F.3d 1378 (Fed. Cir. 2010), MedIdea LLC brought a patent infringement action against Zimmer Holdings Inc., Zimmer, Inc., and Zimmer U.S. Inc. (collectively, "Zimmer") in the Eastern District of Texas, alleging that Zimmer infringed several patents related to hip and shoulder implants. Zimmer asked the district court to transfer venue to either the Northern District of Indiana or the Eastern District of Michigan, contending that those venues were more convenient forums. *Id.* at 1379. Specifically, (1) Zimmer had its principal place of business in Indiana; (2) MedIdea was incorporated in Michigan; (3) MedIdea's officers, the inventor of the patents-in-suit, and the prosecuting attorney lived in Michigan; (4) the vast majority of the evidence would come from Indiana or Michigan; and (5) eight potential witnesses resided in Indiana. *Id.* at 1379-80. Moreover, Zimmer argued that MedIdea was not registered to do business in Texas and that it was unclear whether MedIdea conducted any relevant business in Texas. *Id.* at 1379. MedIdea claimed, however, that the Eastern District was a proper venue because its principal place of business was in Longview, Texas. *Id.* at 1379.

The district court denied the motion to transfer, refusing to examine a party's business decisions and determine whether opening an office in a particular location had a legitimate business purpose or was merely a litigation tactic. *Id.* at 1380. The court surmised that MedIdea likely kept the relevant evidence in Texas. *Id.* Moreover, the court noted the significance of another MedIdea patent suit pending in the Eastern District of Texas against a different defendant. *Id.* Zimmer petitioned the Federal Circuit for a writ of mandamus to direct the Texas district court to transfer the case to the Northern District of Indiana. *Id.* at 1379.

The Federal Circuit rejected the district court's decision to deny transfer, finding that "MedIdea's presence in Texas appear[ed] to be recent, ephemeral, and an artifact of litigation." *Id.* at 1381. In anticipation of litigation, MedIdea had transported copies of its patent prosecution files to office space that it shared with another of its counsel's clients. *Id.* However, MedIdea was registered in Michigan, its corporate officers were in Michigan, all of MedIdea's research and development and patent prosecution work occurred in Michigan, and it had no employees in Texas. *Id.* Thus, Indiana would be a more convenient venue for MedIdea because of the forum's close proximity to Michigan. *Id.* at 1382. The court concluded that it was "a classic case where the plaintiff is attempting to game the system by artificially seeking to establish venue by sharing office space with another of the trial counsel's clients." *Id.*

THE FEDERAL CIRCUIT ALSO CONTINUES TO STRESS THE IMPORTANCE OF CHOOSING THE VENUE IN WHICH THERE ARE SIGNIFICANT CONNECTIONS BETWEEN THE VENUE AND THE EVENTS THAT GAVE RISE TO THE SUIT.

The Federal Circuit also found that the "convenience of the witnesses and parties" and "access to evidence" factors weighed in favor of transfer because at least eight witnesses resided in the Northern District of Indiana and Zimmer's principal place of business was located there. *Id.* at 1382. The court gave little weight to the fact that MedIdea had filed suit against another defendant in the Eastern District of Texas because the overlap between the two actions was negligible — there was only a single overlapping patent and no defendant involved in both actions. In light of the substantial convenience of trying the case in Indiana and "because the only connection between this case and the plaintiff's chosen forum is a legal fiction," the Federal Circuit granted the petition and ordered the district court to transfer the action to the Northern District of Indiana.

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In re Microsoft Corp.

In *In re Microsoft Corp.*, Misc. No. 944, 2011 WL 30771 (Fed. Cir. Jan. 5, 2011), the Federal Circuit held that a plaintiff's incorporation in Texas in anticipation of litigation does not constitute a meaningful connection to the forum when the company actually conducts its activities elsewhere. In *Microsoft*, Allvoice Developments U.S., LLC sued Microsoft Corporation in the Eastern District of Texas, alleging that certain features of Microsoft's operating systems infringed Allvoice's patent. *Id.* at *1. Allvoice was a United Kingdom company. *Id.* Although it maintained offices in Tyler, Texas, Allvoice did not employ people at its Texas location, and all requests and inquiries sent to this office were answered from the United Kingdom. *Id.*

Microsoft moved to transfer the case to the Western District of Washington, where its corporate headquarters and a substantial portion of its employees and operations were located. *Id.* Microsoft argued that the evidence and witnesses relating to the relevant products, sales, marketing, and technology were located in Washington. *Id.* The district court denied the motion, finding that there was a local interest in keeping the suit in Texas because Allvoice maintained an office in Texas and was incorporated there. *Id.* Microsoft petitioned for a writ of mandamus.

In granting the writ, the Federal Circuit criticized the district court for accepting "without scrutiny" Allvoice's claim that its principal place of business was in Tyler, Texas, even though Allvoice did not employ anyone in that office, inquiries and requests were answered from the United Kingdom, and the office appeared created solely for litigation and venue purposes. *Id.* at *3. As in *Hoffmann-La Roche* and *Zimmer*, the Federal Circuit found that the office in Texas was "recent, ephemeral, and a construct for litigation and appeared to exist for no other purpose than to manipulate venue." *Id.* (citing *Zimmer*, 609 F.3d at 1381). The Federal Circuit did not find the extra step of incorporating in Texas 16 days before filing suit to be a meaningful event to establish venue. *Id.* at *4. In addition, the Federal Circuit found that the convenience and fairness to the identified witnesses strongly favored transfer. Thus, the Federal Circuit ordered the district court to transfer the case to Washington.[1]

In re Acer America Corp.

The Federal Circuit in *In re Acer America Corp.*, 626 F.3d 1252 (Fed. Cir. 2010), found that transfer was appropriate where multiple parties were headquartered in or near the transferee venue and no party or witness resided in the Eastern District of Texas. In *Acer*, MedioStream, Inc., a DVD software maker headquartered in the Northern District of California, brought suit in the Eastern District of Texas against 12 hardware and software companies, five of which were also headquartered in the Northern District of California, alleging infringement of two patents related to video recording technology. *Id.* at 1254. The defendants moved to transfer to the Northern District of California. *Id.* The district court denied the transfer motion, largely because one defendant, Dell, Inc., was headquartered near the Eastern District of Texas, even though it was outside of the Eastern District and 300 miles from the courthouse. *Id.*

On a petition for a writ of mandamus, the Federal Circuit again stressed the importance of the convenience of the witnesses. *Id.* at 1255. Here, a substantial number of party witnesses, including the inventor and prosecuting attorneys, resided in or near Northern California. *Id.* The court noted the substantial expense that would be incurred for airfare, meals, and lodging, as well as time away from work, if the case were tried in Texas. *Id.* The Federal Circuit acknowledged that the Dell witnesses in Texas would indeed be inconvenienced if the case transferred, but found that the number of Dell witnesses vis-à-vis the other witnesses was insignificant. *Id.* The court found that the subpoena power of the Northern District of California was also an important factor that favored transfer. *Id.*

In addition, the Federal Circuit found that the location of evidence in *Acer* favored transfer, noting that a significant portion of the evidence was located in California. *Id.* at 1256. In contrast, no party had identified any sources of proof in the Eastern District of Texas. Because the convenience of the parties and witnesses, the sources of proof, the local interest, and the compulsory process factors all greatly favored transfer, the Federal Circuit held that it was a clear abuse of discretion for the district court to deny transfer. *Id.* Accordingly, the court granted the writ petition and ordered the district court to transfer the case. *Id.*

Factors That Make Denial of Transfer More Likely

However, the Federal Circuit has indicated that considerations of judicial efficiency and the timeliness of the transfer motion can weigh against granting a transfer.

For example, in *In re Volkswagon of America, Inc.*, 566 F.3d 1349 (Fed. Cir. 2009),[2] the Federal Circuit denied a petition for a writ of mandamus to direct the district court to transfer the case to the Eastern District of Michigan. In *Volkswagon*, MHL brought two suits on the same patents in the Eastern District of Texas, alleging infringement against 30 foreign and domestic automobile companies. *Id.* at 1350. In addition, one of the defendants filed a declaratory action in the Eastern District of Michigan, though that case was subsequently transferred to the Eastern District of Texas on judicial efficiency grounds. *Id.* at 1351. The defendants moved to transfer one of the infringement

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actions to the Eastern District of Michigan. *Id.* The district court denied the petition, citing the judicial economy of having one court decide all of the related patent issues. *Id.* The Federal Circuit agreed and noted that "the existence of multiple lawsuits involving the same issues is a paramount consideration when determining whether a transfer is in the interest of justice." *Id.* While the Federal Circuit acknowledged that the cases would not involve precisely the same issues, there was significant overlap, such that it would preserve time and resources for one court to decide all the issues. *Id.*

Moreover, even when the convenience factors favor transfer, the Federal Circuit has found instances in which it is proper for a district court to deny transfer based on judicial economy. For example, in *In re Vistaprint Ltd.*, No. 954, 2010 WL 5136034 (Fed. Cir. 2010), ColorQuick, a New Jersey company, brought an action in the Eastern District of Texas against Vistaprint Limited, a foreign corporation with a wholly owned subsidiary in Massachusetts, and OfficeMax Incorporated, a Delaware corporation with its principal place of business in Illinois. *Id.* at *1. Defendants moved to transfer to Massachusetts, where many of Vistaprint's likely witnesses resided and much of its evidence was stored. *Id.* The district court denied the motion, citing the importance of judicial economy—it had had substantial experience with the patent-at-issue in a prior litigation, which had included a hearing and a lengthy claim construction opinion, and it had a co-pending case involving the same patent and technology against another defendant. *Id.* Defendants argued that it was improper to deny transfer based on judicial economy when all the convenience factors clearly favored transfer. *Id.* at *2. The Federal Circuit rejected such a bright-line rule, emphasizing that the analysis was individualized and fact-specific, and noted the importance of judicial economy in the present case. *Id.* at *3. Further, the court found that although some potential witnesses and sources of proof were located in Massachusetts, the presence of parties and witnesses there was not overwhelming. *Id.* at *4. Thus, the Federal Circuit found that the district court did not abuse its discretion in denying transfer. *Id.*

Additionally, the Federal Circuit has found a defendant's failure to promptly move to transfer the action can weigh against transfer because of the resources that have already been expended in the current venue. In *In re VTech Comm'ncs, Inc.*, Misc. No. 909, 2010 WL 46332 (Fed. Cir. Jan. 6, 2010), Motorola, which was based in Illinois, brought an infringement action in the Eastern District of Texas against VTech Communications, an Oregon company with significant operations in Hong Kong and British Columbia. *Id.* at *1. VTech moved to transfer to the District of Oregon, as sources of proof were located there and more witnesses resided in Oregon than in Texas. *Id.* The district court denied the motion, explaining "that transfer would waste the time, energy, and money of the parties and the judicial system because the court had become intimately familiar with the matter by completing claim construction." *Id.*

VTech petitioned for a writ of mandamus, arguing that the district court only became familiar with the case because it failed to rule on the motion to transfer in a timely manner. *Id.* at *2. The Federal Circuit, however, stressed that it "was incumbent upon VTech to actively and promptly pursue its motion to transfer venue before the district court invested considerable time and attention on discovery and completing claim construction." *Id.* The court concluded that "the advanced stage of discovery and the completion of claim construction are proper considerations that weigh against transfer." *Id.* Accordingly, future defendants in the Eastern District of Texas seeking a change in venue should not delay in filing a motion to transfer.[3]

These mandamus decisions indicate that the Federal Circuit continues to be skeptical of plaintiffs that file patent infringement actions in venues that have little or no relationship to the action. Moreover, it appears that the Federal Circuit will not hesitate to find an abuse of discretion when lower courts fail to balance the *Volkswagen* factors in a manner that conforms to its recent decisions.[4] *Genentech*, *Nintendo*, and *Hoffman-La Roche* indicate that transfer is appropriate in decentralized cases if there are no witnesses in the district where the case is filed and a significant number of witnesses would benefit from a change of venue. Moreover, the Federal Circuit has emphasized that litigation-driven attempts to establish venue-related connections, such as setting up an office or incorporating in the state, are insufficient. All of these cases highlight the importance of a connection between the dispute and the district. Even decentralized cases now appear to have a high probability of being transferred if the dispute does not have any meaningful connection to the venue, and an alternate jurisdiction with such a connection exists. However, the Federal Circuit has also indicated that considerations of judicial economy and the timeliness of a transfer motion can warrant denial of transfer of venue.

The Federal Circuit's recent opinions may cause patentees to rethink their strategies regarding choice of forum and reconsider whether they should file in the Eastern District of Texas. A patentee must consider whether a case will be transferred to a defendant's selected venue before filing a patent infringement case in a venue that has little connection to the case. Thus, there may be a continuing decline in the number of patent cases filed in the Eastern District of Texas. And if cases with no connection to the district are nonetheless filed there, recent decisions indicate that the odds of obtaining transfer to a forum with a more significant connection to the case are much better than they were just a year ago.

Inter Partes Reexamination Reinvented?

By Robert A. Saltzberg and Benno M. Guggenheimer

Although *inter partes* reexamination has become an increasingly popular tool for challenging patent validity, the process appears to suffer from growing pains. The PTO is charged with handling reexaminations with "special dispatch." Under the current protocol, however, the average pendency is now more than three years.[5] A typical *inter partes* reexamination involves two Office actions, two corresponding rounds of third-party requester and patent owner responses, and, not infrequently, a flurry of petitions. In what can be perceived as an attempt to streamline the current process, the Senate and the House have proposed two new procedures in the "America Invents Act": a post-grant review for newly filed patents and an *inter partes* review to replace *inter partes* reexamination.[6]

The proposals appear to be a substantial overhaul of *inter partes* reexamination; few aspects of the original procedure remain intact. For example, the proposed *inter partes* review no longer mimics standard prosecution, which is driven by a patent examiner (as part of a three-member Central Reexamination Unit panel) issuing office actions and deciding the merits. Instead, the proposed *inter partes* review would be decided by a newly enacted Patent Trial and Appeal Board (PTAB), with the option of an oral hearing.[7] The Senate and the House have also proposed a one-year time limit for the PTAB to reach a final decision.[8]

In addition, the Senate and the House have proposed a new "post-grant review" procedure for challenging the validity of a recently issued patent based not just on anticipation and obviousness over prior art, but also upon invalidity under §§ 101 and 112.[9] The proposed post-grant and *inter partes* procedures (*see chart below*) are closely related. The chart below and the following discussion highlight some of the key features of both.

Timing

Under the Senate's proposal, post-grant review can be requested by filing a petition within nine months after the grant of the patent.[10] The House version extends the timing to 12 months after grant.[11] A post-grant review would not be granted, however, if the petitioner (or real party in interest) has filed a civil lawsuit challenging the validity of the patent (in, for

"Post-grant Review" Procedure

	Current *Inter Partes* Reexamination	Proposed Post-Grant Review	Proposed *Inter Partes* Review
Timing of Initial Petition	Any time during the life of the patent	Senate: within 9 months after patent issue House: within 12 months after patent issue	Senate and House: any time (during life of the patent) after the later of: the time window for filing a post-grant review petition, or after termination of any post-grant review proceeding
Scope	§§ 102 and 103 using only patents and printed publications	Senate and House: any invalidity ground under §§ 101, 102, 103, or 112	Senate and House: §§ 102 and 103 using only patents and printed publications
Burden of Proof for Grant of Petition	Substantial new question of patentability	Senate and House: more likely than not that at least 1 claim is unpatentable	Senate and House: reasonable likelihood that petitioner would prevail against at least 1 claim

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example, a declaratory judgment action).[12] As a result, a patent challenger would be forced to select a forum early and also may be estopped from challenging claims from the same patent in a subsequent *inter partes* review or civil lawsuit.[13] Practically speaking, the Senate's nine-month (or the House's 12-month) window for post-grant review requires that a potential challenger actively monitor recently issued patents to identify potential threats. This contrasts with *inter partes* reexamination, which allows a potential challenger to wait and see which patents may be asserted. The House has also proposed an automatic stay of litigation if the lawsuit is filed on or after the date of filing a petition for post-grant review.[14]

The other option, *inter partes* review, can be pursued any time (during the life of the patent) after the later of: the time window for filing a post-grant review petition, or after termination of any post-grant review proceeding.[15] Similar to the current estoppel provisions under 35 U.S.C. §§ 314 and 315, a final decision of validity in an *inter partes* review generally may not be challenged in a subsequent *inter partes* review or civil suit.[16] However, unlike current reexamination procedures, *inter partes* review cannot be initiated by a petitioner who has filed a civil suit challenging the validity of the patent (for example, in a declaratory judgment action).[17] Moreover, under the Senate's proposal, a petitioner would be precluded from requesting *inter partes* review more than six months after being served with a complaint for infringement.[18] Similarly, the House proposal precludes petitioning more than nine months after service.[19] (*Markman* claim construction briefing usually takes place after that time.) Thus, the petitioner would only have six (or nine) months in which to find, analyze, and select prior art, and prepare an *inter partes* petition. As a result, the proposed legislation imposes new timing restrictions that would restrict a petitioner's flexibility in instituting a concurrent challenge.

Scope of Review

Post-grant review can be initiated under nearly any invalidity defense, namely 35 U.S.C. §§ 101, 102, 103, or 112.[20] In contrast, the proposed *inter partes* procedures limit invalidity challenges to §§ 102 and 103, based only on patents or printed publications.[21] This is similar to the current scope of restrictions on *inter partes* reexamination.[22] Thus, post-grant review expands a challenger's opportunity to attack patent validity with arguments that were previously off-limits, including evidence of prior sale, prior use, and public knowledge under 35 U.S.C. § 102.

UNDER BOTH THE SENATE AND THE HOUSE PROPOSALS, A PETITION FOR POST-GRANT REVIEW MAY BE GRANTED IF THE EVIDENCE DEMONSTRATES THAT "IT IS MORE LIKELY THAN NOT THAT AT LEAST 1 OF THE CLAIMS CHALLENGED IN THE PETITION IS UNPATENTABLE."

Burden of Proof

Under both the Senate and the House proposals, a petition for post-grant review may be granted if the evidence demonstrates that "it is more likely than not that at least 1 of the claims challenged in the petition is unpatentable."[23]

Both the Senate and the House propose a similar preponderance of the evidence standard for *inter partes* review. Specifically, *inter partes* review may be initiated if "there is a reasonable likelihood that the petitioner would prevail with respect to at least one of the claims challenged in the petition."[24]

These similar standards would impose a significantly higher burden than the current standard, which only requires that the submitted evidence raise a substantial new question of patentability, i.e., one that is important to the patentability of at least one claim.[25] The increased burden of proof could have a dramatic impact on the 95% request grant rate currently enjoyed by third-party requesters.[26]

In order to invalidate a patent claim under either the Senate or the House version of post-grant review and *inter partes* review, the petitioner has the burden of proving unpatentability by a preponderance of the evidence.[27] This standard is the same as under current reexamination procedures, and is generally more favorable to the petitioner than the "clear and convincing" burden-of-proof standard used in the courts.

Proceedings and Patent Owner Opportunity to Amend

The proceedings for post-grant and *inter partes* review are closely related under both the Senate and House proposals. Under both post-grant and *inter partes* review, each party would have a somewhat limited opportunity to present its case. Under the House and Senate versions of post-grant and *inter partes* review, the petitioner would have one opportunity to submit arguments and supporting evidence when filing the initial petition.[28] The Senate's proposal is silent

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regarding whether the petitioner would have a statutory right to submit comments each time a patent owner provides a substantive response. However, the House version of *inter partes* review includes a provision that provides the petitioner at least one opportunity to file written comments.[29] Both the Senate and House versions of post-grant and *inter partes* review authorize the Director to establish procedures to allow for the submission of supplemental information.[30] These provisions might enable the Director to establish a procedure allowing the petitioner to reply to new claims or arguments raised in the patent owner's response.

THE PROPOSED LEGISLATION PROVIDES A MIXED BAG OF ADVANTAGES AND DISADVANTAGES FOR PRACTITIONERS. THE PROPOSED POST-GRANT REVIEW EXPANDS THE SCOPE OF THE VALIDITY CHALLENGE TO INCLUDE GROUNDS PREVIOUSLY UNAVAILABLE DURING REEXAMINATION.

Both the Senate and House versions of post-grant and *inter partes* review allow the patent owner one motion either to amend the patent, cancel a challenged claim, or propose a "reasonable number" of substitute claims.[31] The proposals are a significant departure from the current *inter partes* reexamination procedure, which allows for at least two patent owner responses and places no explicit limit on the number of claims that the patent owner can add by amendment.

As with the current *inter partes* reexamination, the proposed legislation does not provide for interviews or other *ex parte* communications in either post-grant or *inter partes* review. However, both the Senate and House versions of post-grant and *inter partes* review grant either party the right to an oral hearing.[32] The proposed procedures also allow the Director to join as a party any person who has filed a petition warranting review.[33] This could be used to force multiple petitioners to participate in a single proceeding. It is not clear from the proposed legislation how a multiparty procedure would be conducted to enable each party to present its case.

Additional Provisions

Unlike the current *inter partes* procedure, both the Senate and House versions of post-grant and *inter partes* review account for settlement between the parties.[34] A proceeding can be terminated with a joint request from both parties, as long as the Office has not decided the merits of the case.[35] If the proceedings are terminated, the petitioner would not be estopped from bringing a subsequent invalidity challenge.[36]

Appeal

The proposed legislation eliminates the ability to appeal *inter partes* decisions to the Board of Patent Appeals and Interferences. Instead, final decisions in post-grant and *inter partes* reviews would be appealed from the PTAB directly to the Federal Circuit.[37]

Closing

In sum, the proposed legislation provides a mixed bag of advantages and disadvantages for practitioners. The proposed post-grant review expands the scope of the validity challenge to include grounds previously unavailable during reexamination. For both types of review, the proposals appear to reduce the number of rounds of substantive filings and allow for an oral hearing, presumably expediting the proceedings. In the same vein, the proposals also set a time limit for the PTO to complete the review. To the petitioner's disadvantage, the proposals raise the standard for initiation of a review proceeding, and impose strict time limits on when petitions can be filed.

As a next step, the House and the Senate presumably need to fashion a compromise. The bills include provisions concerning issues relating not only to post-grant review, but also to more controversial topics such as first-to-file. Competing interests will no doubt lobby Congress heavily. Thus, passage of the bill, in whatever form, is not guaranteed. Assuming a bill is enacted, its full effect would not be known, of course, until the Director issues corresponding regulations.

Pleading Requirements for Patent Infringement after *Twombly* and *Iqbal*: An Uncertain Landscape

By Matthew I. Kreeger and Parisa Jorjani

Not long ago, a plaintiff could initiate a patent infringement action by simply filing a bare-bones complaint that listed a patent and asserted that a defendant "infringes, contributorily infringes and induces infringement" of that patent. The complaint did not even have to name the particular devices being accused of infringement or describe how the infringement was taking place. Such a complaint was deemed to meet the standard of Rule 8(a) of the Federal Rules of Civil Procedure, which requires that a complaint contain a "short and plain statement of the claim showing that the pleader is entitled to relief." For over 50 years, this "short and plain statement" requirement was interpreted liberally, and complaints were not to be dismissed unless it appeared beyond doubt that the plaintiff could "prove no set of facts in support of his claim which would entitle him to relief."[38]

This type of patent infringement complaint was quite advantageous for the patent plaintiff, who could broadly accuse the defendant of infringement without revealing any infringement theories. Absent local patent rules requiring early disclosure of infringement contentions, the plaintiff could hold on to its theories until fairly late in the case, while at the same time demanding broad and expensive discovery to come up with further infringement theories. While a number of district courts attempted to even the playing field by enacting patent local rules requiring early disclosure of infringement theories, the majority of district courts do not have such rules. Thus, a patent plaintiff has been able to yield significant power early on in the case.

Those days may be over, at least for certain types of patent complaints. Two recent Supreme Court cases, decided within two years of each other, overhauled the lenient "short and plain statement" standard. In 2007, the Court articulated a new pleading standard in *Bell Atlantic v. Twombly*,[39] dismissing *Conley*'s "no set of facts" standard as having "been questioned, criticized, and explained away long enough." Under *Twombly*, a pleading must contain sufficient factual matter, accepted as true, "to state a claim to relief that is plausible on its face." *Id.* at 570. A plaintiff's obligation requires more than labels and conclusions: "a formulaic recitation of the elements of a cause of action will not do."[40]

"THE PLAUSIBILITY STANDARD IS NOT . . . A PROBABILITY REQUIREMENT, BUT IT ASKS FOR MORE THAN SHEER POSSIBILITY THAT A DEFENDANT HAS ACTED UNLAWFULLY."

In 2009, the Court clarified the *Twombly* standard in *Ashcroft v. Iqbal*,[41] and set forth a two-pronged framework for evaluating the sufficiency of a complaint under Rule 8. First, the court must distinguish factual allegations (which must be taken as true) from "legal conclusion[s] couched as a factual allegation[s]," which the court "is not bound to accept as true."[42] Second, the court must evaluate whether the factual allegations present a "plausible claim for relief."[43] "The plausibility standard is not . . . a probability requirement, but it asks for more than sheer possibility that a defendant has acted unlawfully."[44] The Court defined facial plausibility as "factual content that allows the court to draw the reasonable inference that the defendant is liable."[45] Further, the Court rejected the argument that *Twombly* applies only in the limited context of antitrust disputes, holding that it applies to all civil actions.[46]

Applicability of *Twombly* and *Iqbal* to Patent Litigation

How the *Twombly* standard applies to the pleading requirements in patent infringement cases has been the subject of much debate. In *McZeal v. Sprint Nextel Corporation*, its only published case on the subject since *Twombly*, the Federal Circuit held that the pleading requirements of Rule 8(a) remain unchanged.[47] According to *McZeal*, "a patentee need only plead facts sufficient to place the alleged infringer on notice as to what he must defend."[48]

The *McZeal* court relied on the form complaint for patent infringement actions provided in the Federal Rules of Civil Procedure, which appears to require merely the type of "short and plain statement" rejected by *Twombly*. Federal Rule of Civil Procedure Form 18 (formerly Form 16) requires only (1) an allegation of jurisdiction, (2) a statement of patent ownership by the plaintiff, (3) a statement that the defendant has been infringing the patent by "making, selling, and using" the accused device, (4) a statement that the

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plaintiff has given the defendant notice of its infringement, and (5) a demand for an injunction and damages. And Rule 84 states that the form "suffice[s] under these rules and illustrate[s] the simplicity and brevity that these rules contemplate." Under *McZeal*, complaints that fit within the framework of FRCP Form 18 will survive a motion to dismiss.[49]

Several district courts have followed *McZeal* to hold that meeting the standard of Form 18 is sufficient to plead direct infringement. While acknowledging that "[i]t is not easy to reconcile Form 18 with the guidance of the Supreme Court in *Twombly* and *Iqbal*,"[50] many courts have found that Form 18 is sufficient "[a]bsent an explicit abrogation" by the Supreme Court.[51] Thus, district courts including those in California, Texas, Delaware, New Jersey, and Washington have held that a complaint alleging direct infringement that meets the requirements of Form 18 is sufficient to state a claim that is plausible on its face, and will therefore withstand a motion to dismiss.[52]

As *McZeal* and the district courts following it have made clear, general allegations regarding the patent and the accused devices are sufficient to meet the standard of Form 18. For example, the complaint is not required to name any specific devices accused of infringement. It is sufficient to allege infringement by a general category of products.[53] It is also not required to plead the specific claims believed to have been infringed,[54] nor is it required to describe how the claims are infringed.[55] Moreover, while *McZeal* involved a pro se plaintiff, district courts applying it have extended it to all litigants, regardless of their representation status.

At the same time, some district courts have distinguished *McZeal*, questioning its applicability post-*Iqbal* and limiting its application to pro se litigants. In *Technology Licensing Corp. v. Technicolor*, the Eastern District of California found that *McZeal* was "not controlling because it was decided after *Twombly* but before *Iqbal* and involved a pro se litigant."[56] Similarly, in *Bender v. LG Electronics*, the Northern District of California found *McZeal* to be "unhelpful" because it, *inter alia*, "was decided after *Twombly* but before *Iqbal*."[57] These courts hold the plaintiff to a higher pleading standard, including requiring an identification of the specific products accused of infringement.[58]

WHILE THE PRECISE LEVEL OF DETAIL REQUIRED TO ASSERT AN INFRINGEMENT CLAIM OTHER THAN DIRECT INFRINGEMENT REMAINS UNCLEAR, SEVERAL COURTS HAVE REQUIRED DETAIL BEYOND THE GENERAL ALLEGATIONS THAT ARE FOUND SUFFICIENT FOR DIRECT INFRINGEMENT.

Indirect and Joint Infringement

Even courts applying *McZeal*, however, have not extended its reach beyond allegations of direct infringement. Form 18, which was a major basis for the holding of *McZeal*, appears to apply only to allegations of direct infringement, and the *McZeal* court did not address other types of infringement such as indirect infringement and joint infringement. Free of the constraints of Form 18, district courts have adopted different pleading standards for infringement claims other than direct infringement, even where direct infringement is also asserted in the same case.[59]

While the precise level of detail required to assert an infringement claim other than direct infringement remains unclear, several courts have required detail beyond the general allegations that are found sufficient for direct infringement. For example, some courts have required an identification of a direct infringer in reference to the indirect infringement claims, an identification of which claims are indirectly infringed and which methods or systems indirectly infringe, and the requisite knowledge or intent.[60] Other courts have held that specific identification of which claims are infringed is not required even for indirect infringement.[61] And in joint infringement cases, some courts have required that the plaintiff must allege facts sufficient to show "that any single defendant performed all of the steps of the method or that any defendant was the 'mastermind' behind the operation."[62]

Conclusion

Over three years have passed since *Twombly*, but the pleading standards for patent infringement are still far from clear. While the Federal Circuit has weighed in on the application of *Twombly* in the context of direct infringement, it has yet to shed light on the effect, if any, of *Iqbal* and the standards for pleading indirect and joint infringement. These standards are likely to remain unclear until further clarification from the Federal Circuit, or in the alternative, a revision of Form 18. Given this uncertain landscape, plaintiffs should err on the side of including more, rather than less, specificity in their pleadings, especially if they include allegations of infringement other than direct infringement. At the same time, defendants should consider filing a Rule 12(b)(6) motion, especially in districts that do not have patent local rules that require early disclosure of infringement contentions.

Machine or Transformation: Now that the Supreme Court has spoken, has the momentum swung in favor of eligibility?

By Marc J. Pernick

For many years, a serious Section 101 attack in response to an assertion of patent infringement was a rarity. That changed dramatically on October 30, 2008, with the Federal Circuit's en banc *Bilski* decision and its adoption of the "machine-or-transformation" (MoT) test as the definitive test for patent eligibility of method claims.

At least until mid-2010, the defense had teeth. The strict application of the Federal Circuit's MoT test led to the invalidation of several patents in district court (and to the rejection of scores of applications in the PTO). But then the Supreme Court stepped in. On June 28, 2010, the Supreme Court held that the CAFC's interpretation of Section 101 had been unduly narrow, and that the MoT test was *not* the sole test for patent eligibility.

The Supreme Court stated that, while the MoT test "is a useful and important clue, an investigative tool, for determining whether some claimed inventions are processes under §101," the Patent Act must not be read so narrowly, especially in the "Information Age." *Bilski v. Kappos*, 130 S. Ct. 3218, 3227 (2010). Based on its precedents, the Court held that there are only "three specific exceptions to § 101's broad patent-eligibility principles: 'laws of nature, physical phenomena, and abstract ideas.'" *Bilski*, 130 S. Ct. at 3225. Methods that do not claim these types of subject matter are eligible for patenting.

After *Bilski*: We are now beginning to see the impact of the Supreme Court's decision. There have been two significant post-*Bilski* Federal Circuit decisions, and both are more patent-friendly than the en banc *Bilski* majority opinion from 2008. Both upheld method claims on summary judgment.

In early December 2010, the CAFC decided *Research Corp. Techs. v. Microsoft Corp.*, (December 8, 2010) ("*RCT*"). The claims at issue in *RCT* were directed to methods for digital image "halftoning." Halftoning is a technology that allows computer monitors and printers to display images that seem to include a wide spectrum of colors, even though the devices only have a limited number of primary colors at their disposal. The district court had held on summary judgment that the asserted claims were invalid under Section 101.

The Federal Circuit saw it differently. On appeal, the CAFC heeded the Supreme Court's instructions. The court did not address the MoT test at all; it instead went back to basic principles. "The Supreme Court has articulated only three exceptions to the Patent Act's broad patent-eligibility principles: 'laws of nature, physical phenomena, and abstract ideas…'" (Slip Op. at 13.)

The court then focused on whether the claims were so abstract that they should be ineligible for patenting under Supreme Court precedent. In doing so, the CAFC employed a tone that stood in sharp contrast to the en banc *Bilski* majority opinion.

The *RCT* panel emphasized that "[t]he section 101 patent-eligibility inquiry is only a threshold test" that "should not become a substitute for a patentability analysis related to prior art, adequate disclosure, or the other conditions and requirements of Title 35." (*Id.*) The court referred to Section 101 as a "coarse eligibility filter," and stated that a patent claiming eligible subject matter "may nonetheless be invalid [because its claims are] indefinite… [or because its] written description does not enable a person of ordinary skill in the art to replicate the process." (*Id.* at 14.)

The court declined to provide any "rigid formula or definition" by which to measure "abstractness." It underscored, however, "that this disqualifying characteristic s*hould exhibit itself so manifestly* as to override the broad statutory categories of eligible subject matter and the statutory context that directs primary attention on the patentability criteria of the rest of the Patent Act." (*Id.* (emphasis added).) Under that standard, the CAFC found that the halftoning method claims before it easily passed muster. They were not nearly so "manifestly abstract" as to be patent ineligible.

> The invention presents functional and palpable applications in the field of computer technology. These inventions address "a need in the art for a method of and apparatus for the halftone rendering of gray scale images in which a digital data processor is utilized in a simple and precise manner to accomplish the halftone rendering…" Indeed, this court notes that inventions with specific applications or improvements to technologies in the marketplace are not likely to be so abstract that they override the statutory language and framework of the Patent Act.

The CAFC applied *Bilski* in a very different setting less than two weeks later. In *Prometheus Laboratories, Inc. v. Mayo Collaborative Services*, No. 2008-1403 (December 17, 2010), the claims related to methods of optimizing the efficacy of the treatment of gastrointestinal disorders by a process of: (i) administering a drug to a patient, (ii) determining the level of a metabolite of the drug in the patient, and (iii) comparing the level of the metabolite to threshold values to determine whether an adjustment was needed.

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Machine

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The CAFC had already considered these claims in 2009, and held that they satisfied the MoT test. But, when it decided *Bilski*, the Supreme Court remanded *Prometheus* so that the Federal Circuit could reconsider the case. On remand, the CAFC asked "whether Prometheus's asserted claims are drawn to a natural phenomenon, the patenting of which would entirely preempt its use…, or whether the claims are drawn only to a particular application of that phenomenon…" (Slip Op. at 12-13.)

The court concluded that the claims did not preempt the use of any natural phenomenon, and that they were therefore patent eligible. According to the Federal Circuit, although the claims related to "naturally occurring correlations between metabolite levels and efficacy or toxicity," "the claims recite specific treatment steps, not just the correlations themselves." As such, the claims were directed to "a patent-eligible application of [these] naturally occurring correlations." (*Id*. at 15.) The CAFC pointed out that the claims "involve a *particular* application of the natural correlations: the treatment of a *specific* disease by administering *specific* drugs and measuring *specific* metabolites." (*Id*. (emphasis added).) Given that particularity, "the claims do not preempt all uses of the natural correlations; they [instead] utilize them in a series of specific steps." (*Id*.)

The CAFC went on to also consider whether the claims met the MoT test. The court reaffirmed that they did.

The Federal Circuit explained that the claims involve a transformation "of the human body and of its components following the administration of a specific class of drugs and the various chemical and physical changes of the drugs' metabolites that enable their concentrations to be determined." (*Id*. at 16.) The court emphasized that "methods of treatment… are always transformative when one of a defined group of drugs is administered to the body to ameliorate the effects of an undesired condition." (*Id*. at 17.) Broad language like that bodes well for life sciences entities seeking patents on methods of treatment.

ALTHOUGH THEY ARE ONLY THE FIRST DECISIONS POST-*BILSKI*, *RCT* AND *PROMETHEUS* OFFER SIGNS OF OPTIMISM FOR THOSE WHO FAVOR BROAD PATENT ELIGIBILITY.

Additionally, the Federal Circuit held that the claims at issue that did not have an "administering" step—and that only required "determining" the level of certain metabolites in a subject—also contained a transformation that made them patent eligible. (*Id*. at 18-19.) The court reasoned that "[d]etermining the levels of 6-TG or 6-MMP in a subject necessarily involves a transformation [because] [s]ome form of manipulation… is necessary to extract the metabolites from a bodily sample and determine their concentration." (*Id*.)

What Do the New Cases Signal? Although they are only the first decisions post-*Bilski*, *RCT* and *Prometheus* offer signs of optimism for those who favor broad patent eligibility. Do these precedents signal that we have returned to a climate in which Section 101 attacks are not nearly as potent as obviousness, anticipation, enablement, and written description? Maybe. But it is too early to tell.

For one thing, we probably should not read too much into the relatively lenient standard applied in *RCT*. The three-judge panel in that case included Chief Judge Rader and Judge Newman, both of whom dissented from the en banc decision in *Bilski*. The views expressed in *RCT* and *Prometheus* thus may not be representative of the entire Federal Circuit or even a majority of the current judges.

One thing we do know is that there is a relative dearth of precedent—especially modern precedent—in this area of the law. A host of procedural and substantive questions remain open.

When are claims too "abstract?"

One substantive question in need of clarification concerns how to assess whether a claim is too "abstract" to get past the "coarse eligibility filter" of Section 101. Absent more clarity on this issue, it will be difficult to determine the eligibility of patents that are close to the Section 101 line.

Indeed, in the wake of *Bilski*, many complained that the Supreme Court's decision did not provide enough guidance as to when a patent impermissibly sought to claim "laws of nature, physical phenomena, [or] abstract ideas." Some likened the Court's formulation to Justice Potter Stewart's famous dictum from *Jacobellis v. Ohio*, 378 U.S. 184 (1964), about how to recognize obscenity: "I know it when I see it."

After *RCT* and *Prometheus*, it is natural to ask whether the CAFC has now provided meaningful guidance. The answer is, "not that much."

As explained above, the CAFC in *RCT* declined to provide a definition of "abstract, beyond the recognition that this disqualifying characteristic should exhibit itself … manifestly[.]" (Slip Op. at 14.) While this tells us that the "abstractness" that violates Section 101 should jump out at us, it is not a standard that lends itself to ready application.

A closer read of *RCT*, however, does suggest something about how the CAFC views this issue. The court stressed that "[t]he invention presents functional and palpable applications in the field of computer technology," and that those

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applications "address 'a need in the art for a method of and apparatus for the halftone rendering of gray scale images in which a digital data processor is utilized in a simple and precise manner to accomplish the halftone rendering.'" (*Id*. at 15.) The CAFC went out of its way to "note[ ] that inventions with specific applications or improvements to technologies in the marketplace are not likely to be so abstract that they override the statutory language and framework of the Patent Act." (*Id*. at 15.)

This suggests that the key may lie in whether method claims have true applications that are observable or tangible—not theoretical. Claims that address "a need," rather than being academic, may also have an edge. All in all, the Federal Circuit's post-*Bilski* approach to "abstractness" may lie in the extent to which a claim has practical applications—especially in technologies that have some degree of maturity.[63] Patent owners and applicants facing Section 101 challenges should consider focusing on these themes.

Can plaintiffs avoid summary judgment and get their case to a jury?

On the procedural side, one unresolved question concerns the interplay between patentable subject matter and summary judgment.

The ability for a defendant to knock a case out on summary judgment can have a dramatic impact on litigation costs, and the speed to resolution. In terms of outcome, *who* decides an issue—the judge on summary judgment, or the jury at trial—can also make a big difference.

There is no doubt that the ultimate decision of whether a claim is directed to patentable subject matter is a question of law for the judge. But there is some uncertainty about whether there might be factual questions underlying this determination that require resolution by a jury.

For example, in *Arrhythmia Research Tech., Inc. v. Corazonix Corp*., 958 F.2d 1053, 1056 (Fed. Cir. 1992), the CAFC reversed a grant of summary judgment of invalidity, and held that claims were directed to patentable subject matter. The court stated that "[w]hether a claim is directed to statutory subject matter is a question of law." But the CAFC also said that "determination of this question may require findings of underlying facts specific to the particular subject matter and its mode of claiming…" Ultimately, the panel held that, "in this case, there were no disputed facts material to the issue." It therefore disposed of the Section 101 issue as a matter of law.

Likewise, in *State Street*, 149 F.3d 1368, 1370 (Fed. Cir. 1998), the Federal Circuit reversed a summary judgment of invalidity, and held that the claims before it were patent eligible. But, as part of its analysis, the court noted that "[t]he following facts pertinent to the statutory subject matter issue are either undisputed or represent the version alleged by the nonmovant" *Id*.

These statements hint that there could be factual disputes on a Section 101 attack that would preclude summary judgment. Presumably, these underlying questions of fact would have to be resolved by the jury, and, only then, after the jury made its findings, could the judge decide the ultimate legal question of patent eligibility. *See also In re Comiskey*, 554 F.3d 967, 975 (Fed. Cir. 2009) ("there may be cases in which the legal question as to patentable subject matter may turn on subsidiary factual issues").

This approach would not be unheard of. For example, this is generally how obviousness is treated by courts. Even though obviousness is ultimately a question of law, there are underlying factual issues subsumed within it. When those are in dispute, summary judgment is inappropriate.

But the more recent Section 101 cases are not trending this way. In *RCT* and *Prometheus*, the Federal Circuit outright reversed district court grants of summary judgment of invalidity. And, the CAFC did not vacate these decisions and remand. Instead, it held as a substantive matter that the claims were patent eligible.

And the CAFC in both cases did not say anything to suggest there could be underlying factual issues that had any ability to render summary judgment inappropriate. There was no acknowledgement that factual disputes might, under different circumstances, require denying summary judgment. In *RCT*, the court simply said, "[t]his court… reviews questions about patent-eligible subject matter under 35 U.S.C. § 101 without deference." (Slip Op. at 11-12.) In *Prometheus*, the CAFC again just stated that "[w]hether a patent claim is directed to statutory subject matter is a question of law that we review de novo." (Slip Op. at 11.)

But plaintiff patent owners who want to avoid summary judgment ought to consider whether *Arrhythmia*, *State Street*, and *Comiskey* still mandate that district courts deny motions for summary judgment if there are genuine factual disputes about patent eligibility. Potential issues that can theoretically be "disputed" abound. For example, plaintiffs trying to avoid summary judgment could develop evidence about the state of the art in which the claims operate, and whether there are other solutions that exist in the field to solve the same problem. Further, as discussed above, a patent owner might garner evidence concerning the extent to which its inventions solve practical problems in the field. On all of these issues, expert testimony, prior art, and other evidence about the relevant industry might be probative. These are all clearly areas in which there could be factual disputes.

1. *Cf. In re Apple Inc.*, 374 F. App'x 997 (Fed. Cir. 2010) (unpublished) (refusing to give significant weight to plaintiff's status as Texas corporation because it was recent and ephemeral and because plaintiff had no Texas employees; but denying transfer because defendants did not show that Massachusetts was a more convenient venue).
2. *See also In re EchoStar Corp.*, 388 F. App'x 994 (Fed. Cir. 2010) (unpublished) (denying writ of mandamus to transfer case to Delaware even though related suit involving same patents was pending in Delaware because only four of 36 patent claims overlapped). Morrison & Foerster represented EchoStar in this matter and also represented MHL in the *Volkswagen* case.
3. *See also In re Wyeth*, Misc. No. 959, 2010 WL 5376518, at *1-2 (Fed. Cir. Dec. 20, 2010) (unpublished) (holding that district court did not err in denying transfer to Northern District of California because defendant failed to promptly seek transfer and waited 17 months until after discovery was conducted, protective orders were issued, individual disclosures were submitted, and invalidity contentions were exchanged, even though many witnesses were located in California).
4. *See also In re Oracle Corp.*, Misc. No. 951, 2010 WL 4286372, at *1-2 (Fed. Cir. Nov. 1, 2010) (unpublished) (finding abuse of discretion in district court's transfer analysis where no parties, witnesses, or documents were in the Eastern District of Texas and ordering court to weigh convenience factors, notwithstanding agreement between parties).
5. http://www.uspto.gov/patents/stats/IP_quarterly_report_Dec_2010.pdf.
6. America Invents Act, S.23, 112th Cong. (1st Sess. 2011), Chapters 31 and 32, hereinafter "Senate Act," and America Invents Act, H.R. 1249, 112th Cong. (1st Sess. 2011), Chapters 31 and 32, hereinafter "House Bill."
7. Senate Act at §§ 316(c), 316(a)(11), 326(c), 326(a)(10); House Bill at §§ 316(c), 316(a)(11), 326(c), 326(a)(10).
8. Senate Act at §§ 316(a)(12), 326(a)(11); House Bill at §§ 316(a)(12), 326(a)(11).
9. Senate Act at Chapter 32; §321(b); House Bill at Chapter 32; §321(b).
10. Senate Act at § 321(c).
11. House Bill at § 321(c).
12. Senate Act at § 325(a); House Bill at § 325(a).
13. *See, e.g.*, Senate Act at § 325(e).
14. House Bill at § 325(a)(2).
15. Senate Act at § 311(c); House Bill at § 311(c).
16. Senate Act at § 315(e); House Bill at § 315(e).
17. Senate Act at § 315(a); House Bill at § 315(a).
18. Senate Act at § 315(b).
19. House Bill at § 315(b).
20. Senate Act at § 321(b); House Bill at § 321(b).
21. 37 C.F.R. § 1.906.
22. 35 U.S.C. § 312; MPEP 2616.
23. Senate Act at § 324(a); House Bill at § 324(a).
24. Senate Act at § 314(a); House Bill at § 314(a).
25. 35 U.S.C. §§ 312, 313; MPEP 2642.
26. http://www.uspto.gov/patents/stats/IP_quarterly_report_Dec_2010.pdf.
27. Senate Act at §§ 316(e), 326(e); House Bill at §§ 316(e), 326(e).
28. Senate Act at §§ 312, 322; House Bill at §§ 312, 322.
29. House Bill at § 316(f).
30. Senate Act at §§ 316(a)(3), 326(a)(3); House Bill at §§ 316(a)(3), 326(a)(3).
31. Senate Act at §§ 316(a)(9)-(10), 326(a)(8)-(9); House Bill at §§ 316(a)(9)-(10), 326(a)(8)-(9).
32. Senate Act at §§ 316(a)(11), 326(a)(10); House Bill at §§ 316(a)(11), 326(a)(10).
33. Senate Act at §§ 315(c), 325(c); House Bill at §§ 315(c), 325(c).
34. Senate Act at §§ 317, 327; House Bill at §§ 317, 327.
35. Senate Act at §§ 317(a), 327(a); House Bill at §§ 317(a), 327(a).
36. Senate Act at §§ 317(a), 327(a); House Bill at §§ 317(a), 327(a).
37. Senate Act at § 141; House Bill at § 141.
38. *Conley v. Gibson*, 355 U.S. 41, 46-47 (1957).
39. 550 U.S. 544, 562 (2007).
40. *Id.* at 555.
41. 129 S. Ct. 1937 (2009).
42. *Iqbal*, 129 S. Ct. at 1949-50 (internal quotation & citation omitted).
43. *Id.*
44. *Id.* at 1949 (internal quotation omitted).
45. *Id.*
46. *Id.* at 1953.
47. *McZeal v. Sprint Nextel Corp.*, 501 F.3d 1354, 1357 n.4 (Fed. Cir. 2007).
48. *Id.* at 1357.
49. *Id.* at 1356-1357.
50. *Elan Microelectronics Corp. v. Apple, Inc.*, 2009 U.S. Dist. LEXIS 83715, at *6-7 (N.D. Cal. Sept. 14, 2009).
51. *Mark IV Indus. Corp. v. Transcore, L.P.*, 2009 U.S. Dist LEXIS 112069, at *9-10 (D. Del. Dec. 2, 2009).
52. *See, e.g., Ardente, Inc. v. Shanley*, 2010 U.S. Dist LEXIS 11674, at *14-18 (N.D. Cal. Feb. 9, 2010); *Kilopass Tech. Inc. v. Sidense Corp.*, 2010 U.S. Dist. LEXIS 136345, at *8-11 (N.D. Cal. Dec. 13, 2010); *Sorenson v. Dorman Prods., Inc.*, 2009 U.S. Dist. LEXIS 109706, at *3-5 (S.D. Cal. Nov. 24, 2009); *Vellata, LLC v. Best Buy Co., Inc.*, 2011 U.S. Dist. LEXIS 3248, at *8-11 (C.D. Cal. Jan. 7, 2011); *Eolas Tech., Inc. v. Adobe Sys., Inc.*, 2010 U.S. Dist. LEXIS 58291, at *12-16 (E. D. Tex. May 6, 2010); *Clear With Computers, LLC v. Bergdorft Goodman, Inc.*, 2010 U.S. Dist. LEXIS 92079, at *3-11 (E.D. Tex. March 29, 2010); *Charles Hill & Assocs., Inc. v. ABT Elecs., Inc.*, 2010 U.S. Dist. LEXIS 99264, at *5-8 (E.D. Tex. Aug. 31, 2010); *Mark IV Indus. Corp. v. Transcore, L.P.*, 2009 U.S. Dist LEXIS 112069, at *6-10 (D. Del. Dec. 2, 2009); *Eidos Comm'ns, LLC v. Skype Techs. SA*, 2010 U.S. Dist LEXIS 118774, at *3-7 (D. Del. Nov. 9, 2010); *Elan Pharma Int'l LTD v. Lupin Limited.*, 2010 U.S. Dist. LEXIS 32306, at *10-13 (D.N.J. March 31, 2010); *Sharafabadi v. Pac. Nw Farmers Coop.*, 2010 U.S. Dist. LEXIS 2936, at *4-7 (D. Wa. Jan. 14, 2010).
53. *Charles E. Hill & Assocs.*, 2010 U.S. Dist. LEXIS 99264, at *7-8; *Eidos*, 2010 U.S. Dist. LEXIS 118774, at *8; *Xpoint Techs., Inc. v. Microsoft Corp.*, 2010 U.S. Dist. LEXIS 82013, at *8-9 (D. Del. Aug. 12, 2010).
54. *McZeal*, 501 F.3d at 1358; *Ardente*, 2010 U.S. Dist. LEXIS 11674, at *17 n.6; *Mark IV*, 2009 U.S. Dist LEXIS 112069, at *8-9; *Vellata*, 2011 U.S. Dist. LEXIS 3248, at *11-12.
55. *McZeal,* 501 F.3d at 1358; *Eolas*, 2010 U.S. Dist. LEXIS 58291, at *15; *Mark IV*, 2009 U.S. Dist LEXIS 112069, at *8-9; *Vellata*, 2011 U.S. Dist. LEXIS 3248, at *11-12.
56. *Tech. Licensing Corp. v. Technicolor USA, Inc.*, 2010 U.S. Dist. LEXIS 113292, at *9 n. 4 (E.D. Cal. Oct. 18, 2010); *see also Elan Microelectronics Corp. v. Apple, Inc.*, 2009 U.S. Dist. LEXIS 83715, at *6-8 (N.D. Cal. Sept. 14, 2009).
57. *Bender v. LG Elecs. U.S.A., Inc.*, 2010 U.S. Dist. LEXIS 33075, at *9 (N.D. Cal. March. 11, 2010).
58. *Bender*, 2010 U.S. Dist. LEXIS 33075, at *11-16; *Elan*, 2009 U.S. Dist. LEXIS 83715, at *6-8.
59. *Eolas*, 2010 U.S. Dist. LEXIS 58291, at *15-17; *Clear with Computers*, 2010 U.S. Dist. LEXIS 92079, at *11-12; *Realtime Data v. Morgan Stanley*, 721 F. Supp. 2d 538 (E. D. Tex. 2010); *Sharafabadi v. Univ. of Idaho*, 2009 U.S. Dist. LEXIS 110904, at *11-15 (D. Wa. Nov. 27, 2009); *Elan Microelectronics*, 2009 U.S. Dist. LEXIS 83715, at *7-8; *Mallinckrodt, Inc. v. E-Z-EM, Inc.*, 670 F. Supp. 2d 349, 354 (D. Del. 2009).
60. *Realtime* 721 F. Supp. 2d at 539-540; *Eolas*, 2010 U.S. Dist. LEXIS 58291, at *16; *Clear with Computers*, 2010 U.S. Dist. LEXIS 92079, at *11-12; *Sharafabadi v. Univ. of Idaho*, 2009 U.S. Dist. LEXIS 110904, at *13-14; *Mallinckrodt* 670 F. Supp. 2d at 354.
61. *Kilopass*, 2010 U.S. Dist. LEXIS 136345, at *9-11.
62. *Friday Group v. Ticketmaster*, 2008 U.S. Dist. LEXIS 100529, at *9-10 (E.D. Mo. Dec. 12, 2008); *see also Desenberg v. Google, Inc.*, 2009 U.S. Dist. LEXIS 66122 (S.D.N.Y. July 30, 2009) (quoting *Friday Group*).
63. In that regard, *RCT* is more reminiscent of the CAFC's *State Street* test (whether a claim produces a "useful, concrete, and tangible result") than it is of the *Bilski* MoT standard.

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