Pre-Claim Construction 101 Motions: Tips For Both Sides

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Since the U.S. Supreme Court issued its decision in Alice Corp. Pty. v. CLS Bank Int'l on June 19, 2014, there have been a surge of motions filed and granted that have invalidated patent claims for claiming patent-ineligible subject matter under 35 U.S.C. § 101. This trend and the substance of post-Alice orders have been widely reported. However, there has not been as much focus on the procedural aspects, which can be critical to the success or failure of such motions.

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One such procedural aspect is the timing of when to file § 101 motions. This article focuses on the filing of these motions prior to a claim construction procedure known as Markman. First, we provide some background on Alice and the rise of § 101 motions. Second, we discuss § 101 motions, primarily in the context of Rule 12(b)(6) motions to dismiss. Next, we explore some of the advantages and disadvantages patent challengers and owners face with these motions. Then, we discuss procedural lessons from illustrative cases. Finally, we provide practical tips to patent challengers on how to succeed in, as well as to patent owners on how to defeat, these motions.

Alice and the Rise of § 101 Motions

35 U.S.C. § 101 defines patent-eligible subject matter as "any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof." However, the U.S. Supreme Court has created an exception: "[l]aws of nature, natural phenomena, and abstract ideas are not patentable."

The Supreme Court in Alice attempted to apply this exception, finding that patent claims directed to a computer-implemented scheme for mitigating settlement risk in financial transactions covered an abstract idea, and thus were not patentable under § 101. The court set forth the following two-part test to evaluate patent eligibility:

> Question 1: Is the patent claim directed to a patent ineligible concept, namely, a law of nature, natural phenomenon, or an abstract idea?
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> Question 2: If the claim is directed to a patent ineligible concept, does the claim have an "'inventive concept' – i.e., an element or combination of elements that is 'sufficient to ensure that the patent in practice amounts to significantly more than a patent upon the [ineligible concept] itself'"?
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> Answer: A patent claim is unpatentable under § 101 when the answer is "yes" to Question 1 and "no" to Question 2.

Since Alice came down, there has been a surge in § 101 motions filed and granted. From early 2008 until Alice was decided in June 2014, 121 orders were issued, including 42 grants. Since Alice, and up through April 2016, 475 orders were issued, including 189 grants.

§ 101 Motions in the Context of Rule 12(b)(6) Motions to Dismiss

Prior to Markman, § 101 challenges are typically filed as one of three types of motions: Rule 12(b)(6) motions to dismiss, Rule 12(c) motions for judgment on the pleadings, and Rule 56 motions for summary judgment. While the principles discussed in this article generally apply to each of these motions, there are unique issues associated with § 101 challenges brought as Rule 12(b)(6) motions.

For a patent challenger, benefits can flow from the applicable filing requirements — the timing of filing and the record considered. Rule 12(b)(6) motions must be filed no later than the deadline for filing the answer, and rely only on the complaint. Rule 12(c) motions can be filed at any time after the pleadings are closed but early enough not to delay trial, and may rely on both parties' pleadings. Rule 56 motions can be filed at any time until 30 days after the close of all discovery, and rely on actual evidence.

For a patent challenger, Rule 12(b)(6) motions can be a desirable pre-Markman option for several reasons. First, these motions are filed the earliest. If filed early enough (e.g., before the court's scheduling order), they can provide opportunities for delaying discovery pending the court's resolution of the motion. Second, these motions focus only on the patent owner's allegations in the complaint, making them largely immune from evidentiary attacks.

Advantages and Disadvantages to Filing Pre-Markman § 101 Motions

For a patent challenger, there are several advantages to filing a pre-Markman § 101 motion.

First, if you win, you save the time and expense that would have been spent on litigating the case through Markman. Of the § 101 motions decided in 2015, there does not appear to be any meaningful difference in the success rates between "early" and "mature" stage motions. Hence, the sooner you file a motion, the sooner the court may rule on it and end the case.

Second, even if you lose, you will usually get an opportunity to file another § 101 motion if you can point to new pleadings or evidence that would support the new motion. You may also be able to use arguments advanced by the patent owner in its briefing or during the motion hearing, or statements made by the court during the motion hearing or in its order, to help inform your strategy for the case. These arguments or statements may highlight potential strengths and weaknesses of your Markman positions (and consequently, your invalidity and non-infringement positions), which you can use to bolster your defenses and/or counterclaims during discovery and better prepare for Markman and trial.

The main disadvantage to filing a pre-Markman § 101 motion is that if you lose,you presumably waste the time and expense of preparing the motion. However, there are two points worth noting. First, the potential monetary loss from a losing motion (the cost of preparing and arguing the motion) is significantly less than the potential cost savings from a winning motion (the cost of litigating the rest of the case). Second, as discussed above, the advantages of filing even an unsuccessful § 101 motion may outweigh the potential monetary loss of preparing the motion.

For a patent owner, having to defend against a § 101 motion may allow you to get a preview of the challenger's claim construction positions and may force the challenger to take certain positions advantageous to your case.

Procedural Lessons From Illustrative Cases

Courts typically resolve pre-Markman § 101 motions by granting the motion, denying the motion on the merits or denying the motion as procedurally premature. Since Alice, more than 15 motions were denied as procedurally premature.

Patent challengers and owners must therefore focus their briefing not only on the substantive question of patent eligibility, but also on whether the motion is procedurally ripe before Markman. Two decisions addressing ripeness provide helpful guidance for both parties.

In Boar's Head Corp. v. DirectApps, Inc. (E.D. Cal. 2015), the court granted the Rule 12(b)(6) motion, finding the motion ripe for review and that the patent claimed an abstract idea. In determining ripeness, the court made the following observations:

> • When determining whether Markman is required to determine patent eligibility, courts have considered whether there are genuine disputes of fact, whether such disputes can be resolved through assuming the construction most favorable to patent owner, and the extent to which extrinsic evidence may be helpful to construe relevant terms.
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> • To convince the court that the motion is procedurally unripe, the patent owner must present some factual dispute that requires Markman.
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> • Courts have found Markman necessary in cases where it found at least one reasonable construction of key claim terms that could render the claims patent ineligible or that the general character of a patent was unclear from its face.

The court found Markman unnecessary because the patent owner did not point to any extrinsic evidence that could aid in construing any relevant claim term and because the record before the court (namely, the patent specification) was short and simple. The court also found that the patent, directed to a challenged emergency call system, claimed the abstract idea of organizing phone call data and covered only a generic computer implementation of this idea.

In Intellectual Ventures I LLC v. Erie Indemnity Co. (W.D. Pa. 2015), the court also granted the Rule 12(b)(6) motion, finding the motion ripe for review and that the patents claimed an abstract idea.

The court found ripeness based on several underlying findings. First, the basic character of the patent was clear from its face. Second, the patent itself sufficiently defined the relevant claim terms. Third, the patent owners failed to identify any claim term to be construed, did not propose any constructions, and did not explain the relevance of any proposed constructions to patent eligibility.

The court also found that the patents each were drawn to very broad abstract ideas — "gathering, storing, and acting on data," "creating an index," and "remotely accessing user specific information" — and covered only generic computer implementations of these ideas.

Tips For Patent Challengers: Succeeding in Pre-Markman § 101 Motions

Patent challengers seeking to file a successful pre-Markman § 101 motion should follow the court's guidance and consider the following:

Address Ripeness

- Support your characterizations of the basic character of the patent and any relevant limitations with intrinsic evidence, namely from the patent specification and file history.

- If the patent owner does not, in its opposition briefing, offer any terms for construction or proposed constructions, highlight this and argue in your response that the motion is procedurally ripe because the patent owner has not identified any relevant claim construction dispute.

- If the patent owner does offer terms or constructions, argue (if applicable) that the patent owner has not offered sufficient evidence supporting its constructions, has not sufficiently explained how its constructions would affect the court's patent-eligibility analysis, and has not demonstrated that under its constructions the patent claims cover patent-eligible subject matter.

Address the Merits

- Argue with specificity why the patent is invalid under § 101 generally and also under the patent owner's proposed constructions (if offered) using the two-part Alice analysis.

- Argue with support from the intrinsic evidence that the patent claims an abstract idea that can be performed by a human and/or on a generic computer, and does not claim an inventive concept.

Tips for Patent Owners: Defeating Pre-Markman § 101 Motions

Patent owners seeking to defeat (or postpone) review of a pre-Markman § 101 motion should also follow the court's guidance and consider the following:

Counter the Ripeness

- Argue with specificity that the factual record is not yet sufficiently developed or that there are genuine factual disputes that render the general character of the patent unclear prior to Markman.

- Identify as many terms that you think the court should construe prior to ruling on the motion and dispute as many of your opponent's key apparent constructions.

- Propose constructions for each relevant term, including providing extensive intrinsic and extrinsic evidence support for those constructions.

Counter the Merits

- Explain how your proposed constructions would affect the court's two-step Alice analysis and how the patent claims eligible subject matter under those constructions.

- Argue with support from the intrinsic evidence that the patent does not claim an abstract idea that can be performed by a human or on a generic computer (but instead, requires a specialized computer), and that the patent claims an inventive concept.

By carefully considering these procedural issues and arguments, attorneys representing patent challengers and owners can craft tailored strategies for successfully handling § 101 motions.

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DISCLOSURE: WilmerHale represents both patent owners and challengers in litigations, and represented the defendants in the Intellectual Ventures case discussed in this article.