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THE UNEVEN APPLICATION OF *TWOMBLY* IN PATENT CASES: AN ARGUMENT FOR LEVELING THE PLAYING FIELD

R. DAVID DONOGHUE

ABSTRACT

The Supreme Court's recent *Twombly* decision has tightened pleading standards by retiring *Conley v. Gibson*'s "no set of facts" language. While *Twombly* has been applied beyond antitrust law, its impact on patent pleadings is not yet settled. Currently, a troubling dichotomy has emerged: lower courts are holding defendants to a heightened pleading standard for affirmative defenses and counterclaims, while allowing plaintiffs to continue the pre-*Twombly* "bare-bones" pleadings practice. This dichotomy is inconsistent with the *Twombly* Court's goal of controlling the ballooning size of and costs of complex civil litigation. Holding patent plaintiffs to a heightened pleading standard would be at most a negligible added burden in light of Rule 11's pre-filing investigation requirement, and level the playing field by allowing defendants to better formulate specific defense theories.

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THE UNEVEN APPLICATION OF *TWOMBLY* IN PATENT CASES: AN ARGUMENT FOR LEVELING THE PLAYING FIELD

R. DAVID DONOGHUE*

INTRODUCTION

For the past several decades, Federal Rule of Civil Procedure 8(a)(2) was understood to require only bare-bones pleading, or “a short and plain statement of the claim[s].”¹ Litigants in patent cases became masters at the art of no-frills pleading.² Plaintiffs asserting patent infringement routinely filed complaints that simply laid out jurisdiction and venue, identified a patent, claimed a sufficient ownership interest in the patent, and claimed that defendant infringed the patent.³ Some complaints identified specific products, but most complaints only listed examples with open-ended language.⁴ In response, defendants typically filed answers that consisted of plain statements of affirmative defenses and counterclaims, without any support or detail.⁵ Sometimes even inequitable conduct was pled without specificity.⁶

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¹ FED. R. CIV. P. 8(a)(2); Edward D. Cavanagh, *Twombly, The Federal Rules of Civil Procedure and the Courts*, 82 ST. JOHN’S L. REV. 877, 877–78 (2008); Richard J.R. Raleigh Jr. & Marcus A. Huff, *Bell Atlantic Corp. v. Twombly: A Review of the “Plausibility” Pleading Standard*, FED. LAW., September 2008, at 32, 32.

² *See* Home & Nature Inc. v. Sherman Specialty Co., 322 F. Supp. 2d 260, 265–66 (E.D.N.Y. 2004).

³ *See, e.g.*, Phonometrics, Inc. v. Hospitality Franchise Sys., Inc., 203 F.3d 790, 792–94 (Fed. Cir. 2000) (reversing district court’s dismissal which required the plaintiff patentee to “express allegations of infringement of each claim element”).

⁴ *See, e.g.*, Cordance Corp. v. Amazon.com, Inc., 521 F. Supp. 2d 340, 344–45 (D. Del. 2007) (rejecting argument that defendant’s counterclaim was deficient for failing to specifically name the plaintiff’s accused product); Yates Foil U.S.A., Inc. v. Iljin Group, No. 05-3902 (RMB), 2007 WL 2746849, at *1–2 (D.N.J. Sept. 18, 2007) (denying accused infringer’s motion to dismiss a patent infringement claim on the basis that the patentee failed to identify allegedly infringing products).

⁵ *See, e.g.*, Sprint Commc’ns Co. v. Theglobe.com, Inc. 233 F.R.D. 615, 618–19 (D. Kan. 2006) (striking affirmative defense and counterclaim from pleading for lack of detail).

⁶ *See, e.g.*, Schwarzkopf Techs. Corp. v. Ingersoll Cutting Tool Co., 820 F. Supp. 150, 154 (D. Del. 1992) (holding that pleadings which specified “the name of the German patent which Schwarzkopf allegedly failed to disclose” satisfied FED. R. CIV. P. 9(b)). “The Federal Circuit has not ruled on whether Rule 8(a) or Rule 9(b) [of the Federal Rules of Civil Procedure] applies to allegations of inequitable conduct.” David Hricik, *Wrong About Everything: The Application of the District Courts of Rule 9(b) to Inequitable Conduct*, 86 MARQ. L. REV. 895, 895 n.1 (2003) (quoting Agere Sys. Guardian Corp. v. Proxim, Inc., 190 F. Supp. 2d 726, 733–34 (D. Del. 2002)).

Thus, for years, both plaintiffs and defendants practiced minimalist pleading in relatively equal measure. As a result, Rule 12(b)(6) motions to dismiss patent claims were virtually nonexistent.⁷ But that practice is changing.

The Supreme Court readjusted the playing field when addressing pleading standards in a complex antitrust case. In *Bell Atlantic Corp. v. Twombly*,⁸ the Court held:

While a complaint attacked by a Rule 12(b)(6) motion to dismiss does not need detailed factual allegations, a plaintiff's obligation to provide the "grounds" of his "entitle[ment] to relief" requires more than labels and conclusions, and a formulaic recitation of the elements of a cause of action will not do. Factual allegations must be enough to raise a right to relief above the speculative level, on the assumption that all the allegations in the complaint are true (even if doubtful in fact).⁹

In the eighteen months since *Twombly* came down, district and appellate courts have applied *Twombly* beyond antitrust law to almost every area of substantive law.¹⁰

The courts are split, however, on the precise impact that *Twombly* has on pleadings in patent cases.¹¹ An unsettling dichotomy has emerged: lower courts are holding defendants to a heightened pleading standard for affirmative defenses and counterclaims, while allowing plaintiffs to continue the pre-*Twombly* "bare-bones" pleadings practice.¹² Whereas the playing field between plaintiffs and defendants was fairly and predictably level before *Twombly*, the uneven application of *Twombly*

⁷ 6 ROBERT A. MATTHEWS, JR., ANNOTATED PATENT DIGEST § 39:32 (2008) ("The motion to dismiss for failure to state a claim is viewed with disfavor and is rarely granted. Granting such a motion 'is a precarious disposition with a high mortality rate.'" (quoting Syntellect Tech. Corp. v. Brooktrout Tech., Inc., No. 3:96CV2789G, 1997 WL 419586, at *1 (N.D. Tex. July 9, 1997))).

⁸ 127 S. Ct. 1955 (2007).

⁹ *Id.* at 1964–65 (emphasis added) (alteration in original) (citations and footnote omitted).

¹⁰ See, e.g., *EEOC v. Concentra Health Servs., Inc.*, 496 F.3d 773, 776–83 (7th Cir. 2007) (Title VII retaliation); *Fastrip, Inc. v. CSX Corp.*, No. 3:07CV-66-S, 2007 WL 2254357, at *1–2 (W.D. Ky. Aug. 2, 2007) (property damage); *Holloway v. Ameristar Casino St. Charles, Inc.*, No. 4:07 CV 218 DDN, 2007 WL 2199566, at *4–5 (E.D. Mo. July 27, 2007) (violations of § 1983); *Motino v. Toys "R" Us, Inc.*, No. 06-370 (SRC), 2007 WL 2123698, at *1–5 (D.N.J. July 19, 2007) (immigration law violations); *Mitan v. Feeney*, 497 F. Supp. 2d 1113, 1122–28 (C.D. Cal. 2007) (intentional or negligent infliction of emotional distress); *Steelman v. Prudential Ins. Co. of Am.*, No. CIV. S-06-2746 LKK/GGH, 2007 WL 2009805, at *4–5 (E.D. Cal. Jul. 6, 2007) (Employee Retirement Income Security Act violations); *Lutz v. United States*, No. 06-1177 (RMC), 2007 WL 1954438, at *2–4 (D.D.C. July 5, 2007) (exhaustion of administrative remedies for tax code violations); *Aktieselskabet AF 21. November 2001 v. Fame Jeans, Inc.*, 511 F. Supp. 2d 1, 15–19 (D.D.C. 2007), *aff'd in part, rev'd in part*, 525 F.3d 8 (D.C. Cir. 2008) (misrepresentation of intention to use trademark in PTO trademark application).

¹¹ Dion Messer, *An Overview of Twombly on Patent Pleading Disputes*, PAT. STRATEGY & MGMT., May 2008, at 1, 1–2, 6.

¹² See, e.g., *Aspex Eyewear, Inc. v. Clariti Eyewear, Inc.*, 531 F. Supp. 2d 620, 621–22 (S.D.N.Y. 2008) (dismissing bare counterclaims and affirmative defenses while allowing patent infringement claims that identify accused products but nothing else).

by lower courts has tilted that playing field decidedly in favor of plaintiffs.¹³ The potential implications for patent litigants and practitioners are significant.

This cannot be right. It certainly is not a good outcome for the legal process or for the interests of justice. Pleading standards are an important and powerful tool for streamlining litigation and litigation costs, as the Supreme Court recognized in *Twombly*.¹⁴ But changing the standards for defendants alone will not significantly reduce litigation size or cost because the scope of the plaintiff's case is the chief driver of the size of litigation.¹⁵ Increasing pleading standards for one side of a litigation while maintaining it for the other side is neither equitable nor sensible.¹⁶ Patent pleadings should be held to the heightened *Twombly* standards, as some courts began doing even before *Twombly*,¹⁷ but the standards must be consistent for both claims and defenses. That is the only way to meet the *Twombly* court's goal of controlling the ballooning size and costs of complex civil litigation.¹⁸

Holding plaintiffs to a heightened pleading standard will not substantially increase a patent plaintiff's pre-filing burden.¹⁹ After all, Rule 11 of the Federal Rules of Civil Procedure already requires plaintiffs to perform a pre-filing investigation that includes a comparison of the accused products to the patent's claims.²⁰ A heightened pleading requirement would require only a marginal additional burden on plaintiffs; a plaintiff would be required to identify the particular claims that they accuse defendant of infringing.²¹ This negligible added burden, which some courts already require,²² would both streamline cases and enable defendants to answer complaints with more detailed factual defenses and counterclaims.²³

Without a precise identification of asserted claims, courts can hardly expect defendants to provide any meaningful detail as to their noninfringement and

¹³ See Yekaterina Korostash, *Pleading Standards in Patent Litigation After Bell Atlantic Corp. v. Twombly*, INTELL. PROP. STRATEGIST, Jan. 2008, at 1, 7–8.

¹⁴ Bell Atl. Corp. v. Twombly, 127 S. Ct. 1955, 1966–67 (2007).

¹⁵ See Alan H. MacPherson, *Discovery and Motion Practice in Patent Litigation*, in PATENT LITIGATION 1992, at 273, 317–21 (PLI Patents, Copyrights, Trademarks, & Literary Prop., Course Handbook Series No. 349, 1992), available at WL 349 PLI/Pat 273.

¹⁶ See, e.g., Matthews, *supra* note 7, § 39:1 (quoting *Dura Pharms., Inc. v. Broudo*, 544 U.S. 336, 347 (2005)).

¹⁷ See, e.g., *id.*

¹⁸ See *Int'l Norcent Tech. v. Koninklijke Philips Elecs. N.V.*, No. CV 07-00043 MMM (SSx), 2007 WL 4976364, at *10 (C.D. Cal. Oct. 29, 2007); Korostash, *supra* note 13, at 7.

¹⁹ See Matthews, *supra* note 7, § 39:1 (citing *Dura Pharms., Inc. v. Broudo*, 544 U.S. at 347).

²⁰ FED. R. CIV. P. 11(b)(3) (requiring a party to conduct a reasonable pre-filing inquiry showing that “the factual contentions have evidentiary support”); *Antonious v. Spalding & Evenflo Cos.*, 275 F.3d 1066, 1073 (Fed. Cir. 2002) (“As applied by this court, Rule 11 requires an attorney who files a patent infringement action to compare the accused device with the construed patent claims.”).

²¹ See, e.g., *Taurus IP, LLC v. Ford Motor Co.*, 539 F. Supp. 2d 1122, 1127 (W.D. Wis. 2008) (applying a heightened pleading standard for patent claims without citation to *Twombly*).

²² See, e.g., Matthews, *supra* note 7, § 39:1.

²³ See, e.g., *SanDisk Corp. v. STMicroelectronics, Inc.*, 480 F.3d 1372, 1375–76 (Fed. Cir. 2007) (illustrating detailed noninfringement and invalidity theories in a declaratory judgment lawsuit resulting from the patentee's detailed disclosure of specific patent claims that were allegedly infringed and thorough reverse engineering reports of the plaintiff's products during failed licensing negotiations).

invalidity defenses, without any idea as to which claims are at issue.²⁴ A defendant cannot effectively argue that a claim is invalid when he does not know which claims are asserted.²⁵ The problem is exacerbated given the short timetable with which defendants are required to answer—under the rules, a defendant must file an answer within twenty days of being served with the complaint, sixty if service is waived.²⁶

Part I of this article surveys the pre-*Twombly* notice pleading standards as applied to patent cases. Part II analyzes the *Twombly* decision and the Court's reasoning. Part III looks at significant Federal Circuit and district court decisions that have applied *Twombly* to raise pleading standards for affirmative defenses while maintaining the status quo for complaints. Part IV argues that the courts should apply *Twombly* in such a way as to restore the balance between plaintiffs' and defendants' pleading burdens by: (1) adopting, as many district courts already have, local rules requiring plaintiffs to disclose their infringement positions early in the case; and (2) requiring a more stringent pleading for patent claims *and* affirmative defenses.

I. PRE-*TWOMBLY* PLEADING HISTORY

Modern pleading standards grew out of the British system.²⁷ In the original American system, as in the British system, common law pleading was a highly technical process that involved multiple rounds of pleadings designed to whittle down a case to a few issues of law or fact.²⁸ The system was designed to narrow the issues and reduce costs, but in practice, it became an “excruciatingly slow, expensive, and unworkable” system.²⁹ Not only was this system slow, but it also tended to reward the more competent technical pleader, regardless of the merits of the underlying action.³⁰

In the mid-nineteenth century, state legislatures began replacing common law pleading with code pleading.³¹ Code pleading, such as New York's “Field Code,” replaced the technical pleading requirement with a requirement to plead operative facts.³² Legal conclusions and evidential facts were not to be pled.³³ As a practical

²⁴ Cf. Korostash, *supra* note 13, at 7 (suggesting that providing only enough detail in a complaint to allow the defendant's answer to meet the notice pleading required to survive a motion to dismiss without disclosing which claims are at issue will not allow the defendant to provide any meaningful detail as to his noninfringement and invalidity defense).

²⁵ *Id.*

²⁶ FED. R. CIV. P. 12(a)(1)(A); see also Ricoh Co. v. Asustek Computer, Inc., 481 F. Supp. 2d 954, 959 (W.D. Wis. 2007) (explaining “plaintiff must provide notice of its claim so that the other side may prepare a defense”).

²⁷ Bell Atl. Corp. v. Twombly, 127 S. Ct. 1955, 1975–76 (2007) (Stevens, J., dissenting) (citing 9 W.S. HOLDSWORTH, A HISTORY OF ENGLISH LAW 324–27 (Little, Brown, & Co. 1926)).

²⁸ See Ettie Ward, *The After-Shocks of Twombly: Will We “Notice” Pleading Changes?*, 82 ST. JOHN'S L. REV. 893, 896 (2008).

²⁹ 5 CHARLES ALAN WRIGHT & ARTHUR R. MILLER, FEDERAL PRACTICE AND PROCEDURE § 1202 (3d ed. 2004).

³⁰ *Id.*

³¹ See, e.g., JAMES GOULD, A TREATISE ON THE PRINCIPLES OF PLEADING IN CIVIL ACTIONS 174 (5th ed. 1887).

³² *Twombly*, 127 S. Ct. at 1976 (Stevens, J., dissenting).

³³ *Id.*

matter, however, the distinction between operative facts, evidential facts, and legal conclusions often was difficult to make.³⁴ As a result, code pleading, just like its common law predecessor, became immensely technical and expensive.³⁵ And just as with common law pleading, code pleading tended to reward the best technical pleader regardless of the merits.³⁶

In the 1930s, Federal Rule of Civil Procedure 8(a) was drafted as a response to the problems of code pleadings. It was intended to restore the parties' and the court's focus to the merits of the case.³⁷ Rule 8(a) deemphasized technical requirements in favor of simplicity.³⁸ In place of the operative fact requirements, Rule 8 required straightforward notice pleading: "a short and plain statement of the claim showing that the pleader is entitled to relief."³⁹ Rule 8(a) was designed to facilitate early resolution of disputes using the discovery system and ultimately trial, as opposed to forcing litigants out of the system through successive pleadings.⁴⁰ The drafters believed—in hindsight, naively—that it would be faster, less expensive, and more efficient for parties to resolve disputes using discovery rather than through several rounds of technical pleading.⁴¹

The Supreme Court solidified the Rule 8 pleading standards in *Conley v. Gibson*.⁴² Until *Twombly*, *Conley* served as the cornerstone of pleading requirements and Rule 12(b)(6) motions to dismiss.⁴³ In *Conley*, the Court held that a motion to dismiss must be denied unless "no set of facts" would entitle plaintiff to relief:

In appraising the sufficiency of the complaint we follow, of course, the accepted rule that a complaint should not be dismissed for failure to state a claim unless it appears beyond doubt that the plaintiff can prove no set of facts in support of his claim which would entitle him to relief.⁴⁴

In the patent context, *Conley* and Rule 8(a) set a low bar for a plaintiff patent holder.⁴⁵ Under the *Conley* and Rule 8(a) framework, a patent holder need only:

1. identify a defendant;
2. plead ownership of a patent or a sufficient interest in the patent;
3. plead infringement of the patent by defendant; and
4. perhaps identify some of the allegedly infringing products or services.⁴⁶

³⁴ *Id.*

³⁵ Morgan Cloud, *The 2000 Amendments to the Federal Discovery Rules and the Future of Adversarial Pretrial Litigation*, 74 TEMP. L. REV. 27, 52 (2001).

³⁶ *See id.*

³⁷ *Twombly*, 127 S. Ct. at 1976.

³⁸ *Id.* (citing WRIGHT & MILLER, *supra* note 29 § 1216 (3d ed. 2004)).

³⁹ FED. R. CIV. P. 8(a).

⁴⁰ *Twombly*, 127 S. Ct. at 1976 (Stevens, J., dissenting) (citing *Swierkiewicz v. Sorema N. A.*, 534 U. S. 506, 514 (2002)).

⁴¹ *See id.*

⁴² 355 U.S. 41 (1957).

⁴³ Ward, *supra* note 28, at 893–919; *see also Twombly*, 127 S. Ct. at 1969 (stating that *Conley*'s language has "earned its retirement" and is "best forgotten").

⁴⁴ *Conley*, 355 U.S. at 45–46.

⁴⁵ *See Am. Honda Motor Co. v. Motorcycle Info. Network, Inc.*, 390 F. Supp. 2d 1170, 1174–75 (M.D. Fla. 2005).

But as every practitioner knows, a patent case does not take shape based on the complaint. The bare assertion of a patent, with nothing more, sheds little light on what the case is about. The question of patent infringement is determined by comparing the accused products to specific patent claims.⁴⁷ Often, neither party has any insight as to the true scope of the case until discovery is well under way.⁴⁸ This is a problem because discovery quickly can become enormously and prohibitively expensive in a patent case, particularly where one party is a large corporation with a substantial amount of electronically stored information.⁴⁹ And of course once a party is forced to expend significant resources on discovery, settlement becomes much more expensive and unlikely.⁵⁰

The modern reality of increasingly discovery-intensive and expensive civil litigation provides the backdrop for the Supreme Court's *Twombly* decision.⁵¹ *Twombly* naturally focused on the complexity and expense of antitrust litigation.⁵² But patent cases are equally complex and expensive.⁵³ Corporate defendants routinely spend hundreds of thousands of dollars collecting and analyzing documents just to respond to document requests in the beginning of a case.⁵⁴ It is the rare patent case that settles or is otherwise resolved before the corporate defendant must go through this exercise.⁵⁵

II. *TWOMBLY*

In *Twombly*, the Supreme Court considered the Rule 8(a)(2) requirement that a pleading contain “a short and plain statement of the claim showing that the pleader is entitled to relief” in antitrust action.⁵⁶ The Court held that Federal Rule 8 is intended to “give the defendant fair notice of what the . . . claim is and the grounds upon which it rests.”⁵⁷ The Court then found:

⁴⁶ See FED. R. CIV. P. app. form 18 (illustrating a patent infringement complaint).

⁴⁷ *Cybor Corp. v. Fas Techs., Inc.*, 138 F.3d 1448, 1454 (Fed. Cir. 1998).

⁴⁸ See MacPherson, *supra* note 15, at 277–81.

⁴⁹ *Id.*

⁵⁰ Jeffrey T. Zachmann, *Controlling the Cost of Resolving Intellectual Property Disputes: Proactive Strategies to Enforce and Defend Intellectual Property Rights & Contain Litigation Costs*, in 14TH ANNUAL INSTITUTE ON INTELLECTUAL PROPERTY LAW, at 387, 404 (PLI Patents, Copyrights, Trademarks, & Literary Prop., Course Handbook Series No. 947, 2008), available at WL, 947 PLI/Pat 387.

⁵¹ *Twombly*, 127 S. Ct. at 1966–67.

⁵² *Id.* at 1967 (noting that one cannot “forget that proceeding to antitrust discovery can be expensive”).

⁵³ MacPherson, *supra* note 15, at 277–79.

⁵⁴ See Ben Katzenellenbogen, *Trends in Patent Litigation*, in PATENT LAW INSTITUTE 2007: THE IMPACT OF RECENT DEVELOPMENTS ON YOUR PRACTICE, at 275, 281–82 (PLI Patents, Copyrights, Trademarks, & Literary Prop., Course Handbook Series No. 899, 2007), available at WL, 899 PLI/Pat 275.

⁵⁵ See Douglas R. Nemeč & Hope S. Yates, *Discovery Issues in Patent Litigation: Making the Most of the Federal Rules*, in PATENT LITIGATION 2008, at 573, 579 (PLI Patents, Copyrights, Trademarks, & Literary Prop., Course Handbook Series No. 948, 2008), available at WL, 948 PLI/Pat 573.

⁵⁶ *Twombly*, 127 S. Ct. 1955, 1964 (2007).

⁵⁷ *Id.* (omission in original) (quoting *Conley v. Gibson*, 355 U.S. 41, 47 (1957)).

While a complaint attacked by a Rule 12(b)(6) motion to dismiss does not need detailed factual allegations, a plaintiff's obligation to provide the "grounds" of his "entitle[ment] to relief" requires more than labels and conclusions, and a formulaic recitation of the elements of a cause of action will not do. Factual allegations must be enough to raise a right to relief above the speculative level, on the assumption that all the allegations in the complaint are true (even if doubtful in fact).⁵⁸

While, for most types of cases, the Federal Rules eliminated the cumbersome requirement that a claimant "set out in *detail* the facts upon which he bases his claim," Rule 8(a)(2) still requires a "showing," rather than a blanket assertion, of entitlement to relief. Without some factual allegation in the complaint, it is hard to see how a claimant could satisfy the requirement of providing not only "fair notice" of the nature of the claim, but also "grounds" on which the claim rests.⁵⁹

The Court further explained that it was "retir[ing]" the well-worn *Conley* proclamation that a claim would not be dismissed unless the plaintiff could "prove no set of facts" supporting his claims.⁶⁰ The *Twombly* Court specifically rejected this language:

The phrase is best forgotten as an incomplete, negative gloss on an accepted pleading standard: once a claim has been stated adequately, it may be supported by showing any set of facts consistent with the allegations in the complaint.⁶¹

In place of the "no set of facts" standard, the Court held that Rule 8 requires claims stating a "plausible entitlement to relief."⁶² Claims that do not make a "plausible" claim to relief should "be exposed *at the point of minimum expenditure of time and money by the parties and the court.*"⁶³

Twombly involved a section 1 Sherman Act complaint and the Court remained silent as to whether the new standard applied to other areas of law beyond antitrust.⁶⁴ But *Twombly* has grabbed the attention of the federal bench and bar: district and appellate courts have begun to apply *Twombly* across just about all areas of law,⁶⁵ and a variety of commentators are beginning to write about it.⁶⁶

⁵⁸ *Id.* at 1964–65 (citations and footnote omitted).

⁵⁹ *Id.* at 1965 n.3 (citations omitted).

⁶⁰ *Id.* at 1969.

⁶¹ *Id.*

⁶² *Id.* at 1967.

⁶³ *Id.* at 1966 (emphasis added) (quoting WRIGHT & MILLER, *supra* note 29, § 1216).

⁶⁴ Korostash, *supra* note 13, at 1, 6.

⁶⁵ Kendall W. Hannon, Note, *Much Ado About Twombly? A Study on the Impact of Bell Atlantic Corp. v. Twombly on 12(B)(6) Motions*, 83 NOTRE DAME L. REV. 1811, 1814–15 (2008).

⁶⁶ See, e.g., Ward, *supra* note 28, at 897–98; Amber A. Pelot, Casenote, *Bell Atlantic Corp. v. Twombly: Mere Adjustment or Stringent New Requirement in Pleading?*, 59 MERCER L. REV. 1371 (2008).

Courts have applied *Twombly* to actions as diverse as Title VII, property damages, section 1983 actions, immigration law, common law torts, ERISA, and misrepresentations to the United States Patent and Trademark Office during trademark prosecution.⁶⁷

III. *TWOMBLY* APPLIED TO PATENT CASES

As of the time of this writing, the Federal Circuit has addressed this issue only once.⁶⁸ In *McZeal v. Sprint Nextel Corp.*,⁶⁹ the Federal Circuit held that *Twombly* did not alter the Rule 8 pleading standards for patent infringement claims brought by a pro se plaintiff.⁷⁰ Pro se plaintiff McZeal accused a Sprint Nextel phone of infringing his patent.⁷¹ At the district court's prompting, Sprint Nextel orally moved to dismiss McZeal's complaint for failure to state a claim under Rule 12(b)(6).⁷² The district court granted the motion and refused McZeal's request to file an amended complaint.⁷³ The district court explained that the complaint was irreparable because there were no set of facts to support it.⁷⁴

Before ruling on the sufficiency of McZeal's complaint, the Federal Circuit analyzed the Supreme Court decisions that allow courts to provide pro se litigants leeway in procedural matters.⁷⁵ The Federal Circuit then held that pro se plaintiff McZeal was entitled to such leniency and that he met the Rule 8 pleading standards, even under *Twombly*, because he pled ownership of a patent and he pled that a specific Sprint Nextel telephone infringed that patent.⁷⁶ The Court reasoned that McZeal did not need to plead each element of each claim of the patents.⁷⁷ Despite the *McZeal* decision, it is a relatively small step, and a reasonable one based upon the *Twombly* Court's reasoning, to see that the post-*Twombly* pleading standard should

⁶⁷ See, e.g., *EEOC v. Concentra Health Servs., Inc.*, 496 F.3d 773, 776–83 (7th Cir. 2007) (Title VII retaliation); *Fastrip, Inc. v. CSX Corp.*, No. 3:07CV-66-S, 2007 WL 2254357, at *1–2 (W.D. Ky. Aug. 2, 2007) (property damage); *Holloway v. Ameristar Casino St. Charles, Inc.*, No. 4:07 CV 218 DDN, 2007 WL 2199566, at *4–5 (E.D. Mo. July 27, 2007) (violations of § 1983); *Motino v. Toys "R" Us, Inc.*, No. 06-370 (SRC), 2007 WL 2123698, at *1–5 (D.N.J. July 19, 2007) (immigration law violations); *Mitan v. Feeney*, 497 F. Supp. 2d 1113, 1122–28 (C.D. Cal. 2007) (intentional or negligent infliction of emotional distress); *Steelman v. Prudential Ins. Co. of Am.*, No. CIV. S-06-2746 LKK/GGH, 2007 WL 2009805, at *4–5 (E.D. Cal. Jul. 6, 2007) (Employee Retirement Income Security Act violations); *Lutz v. United States*, No. 06-1177 (RMC), 2007 WL 1954438, at *2–4 (D.D.C. July 5, 2007) (exhaustion of administrative remedies for tax code violations); *Aktieselskabet AF 21. November 2001 v. Fame Jeans, Inc.*, 511 F. Supp. 2d 1, 15–19 (D.D.C. 2007), *aff'd in part, rev'd in part*, 525 F.3d 8 (D.C. Cir. 2008) (misrepresentation of intention to use trademark in PTO trademark application).

⁶⁸ *McZeal v. Sprint Nextel Corp.*, 501 F.3d 1354 (Fed. Cir. 2007) [hereinafter *McZeal II*].

⁶⁹ 501 F.3d 1354 (Fed. Cir. 2007).

⁷⁰ *Id.* at 1356–57, 1356 n.4.

⁷¹ *McZeal v. Sprint Nextel Corp.*, No. H-06-1775, 2006 WL 4792779, at *1 (S.D. Tex. June 20, 2006) [hereinafter *McZeal I*], *vacated*, 501 F.3d 1354 (Fed. Cir. 2007); see *McZeal II*, 501 F.3d at 1357.

⁷² *McZeal I*, 2006 WL 4792779, at *1; see *McZeal II*, 501 F.3d at 1355.

⁷³ *McZeal I*, 2006 WL 4792779, at *1; see *McZeal II*, 501 F.3d at 1355.

⁷⁴ *McZeal I*, 2006 WL 4792779, at *1; see *McZeal II*, 501 F.3d at 1355.

⁷⁵ *McZeal II*, 501 F.3d at 1356–57.

⁷⁶ *Id.* at 1357.

⁷⁷ *Id.*

require a plaintiff to plead infringement of specific patent claims by specific accused products.

Without strong Federal Circuit guidance, district courts have been scattered in their application of *Twombly* to patent cases.⁷⁸ Generally, courts are adopting the Federal Circuit's *McZeal* reasoning, often citing Federal Rule of Civil Procedure Form 18,⁷⁹ and holding that a plaintiff is only required to plead sufficient interest in the patent, the defendant's identity, and that a particular product or service, or category of products or services, infringes the patent.⁸⁰

At least one court has limited *Twombly*'s reach to antitrust cases.⁸¹ In *CBT Flint Partners, LLC v. Goodmail Systems, Inc.*,⁸² the district court reasoned that *Twombly* did not require heightened pleading of patent claims.⁸³ The “new [*Twombly*] standard” was a solution to the high discovery costs in the *complex antitrust litigation* arena, not a broad rewrite of Federal Rule 8:

The Court's “new standard” was merely a specific way to articulate a solution to what it perceived to be a specific pleading problem, in a specific area of law that inflicted a high cost upon antitrust defendants. It was not a broad based new license for federal courts to ramp up pleading requirements.⁸⁴

The *CBT Flint* court reasoned that the problem of expansive, expensive patent discovery was resolved by the United States District Court for the Northern District of Georgia's local patent rules requiring early disclosure of infringement contentions.⁸⁵ The Northern District of Georgia requires plaintiffs to serve detailed infringement contentions, including claim charts, within thirty days of filing a joint Federal Rule of Civil Procedure 26(f) report, a report that is generally filed within months of a complaint being filed, and sometimes before the complaint is answered.⁸⁶ Similarly, the Northern District of Georgia requires defendants to serve noninfringement and invalidity contentions within thirty days after receiving plaintiff's infringement contentions.⁸⁷

⁷⁸ Messer, *supra* note 11, at 6.

⁷⁹ FED. R. CIV. P. app. form 18.

⁸⁰ See, e.g., FotoMedia Techs., LLC v. AOL, LLC, No. 2:07CV255, 2008 WL 4135906, at *1 (E.D. Tex. Aug. 29, 2008); PA Advisors, LLC v. Google Inc., No. 2:07-CV-480 (DF), 2008 WL 4136426, at *6 (E.D. Tex. Aug. 8, 2008); CBT Flint Partners, LLC v. Goodmail Sys., Inc., 529 F. Supp. 2d 1376, 1379–81 (N.D. Ga. 2007).

⁸¹ *CBT Flint*, 529 F. Supp. 2d at 1379.

⁸² 529 F. Supp. 2d 1376 (N.D. Ga. 2007).

⁸³ *Id.* at 1379–80 (“*Twombly* did not alter pleading standards – especially in the patent context . . .”).

⁸⁴ *Id.* at 1379.

⁸⁵ *Id.* at 1380–81; N.D. GA. PATENT L.R. 4.1, 4.4(a), available at <http://www.gand.uscourts.gov/pdf/NDGARulesPatent.pdf>.

⁸⁶ N.D. GA. PATENT L.R. 4.1, 4.4(a), available at <http://www.gand.uscourts.gov/pdf/NDGARulesPatent.pdf>.

⁸⁷ *Id.* at 4.2, 4.3, 4.4(b).

But a disturbing trend is emerging. Some courts are applying *Twombly* to dismiss the once-standard bare recitations of affirmative defenses, and invalidity and noninfringement counterclaims.⁸⁸

All of this suggests a trend of district courts applying *Twombly* to raise the pleading standards for defendants, but not plaintiffs. Plaintiffs continue to be required to meet the old notice pleadings standards—identifying a patent, ownership of sufficient rights in the patent and defendant's accused products to some level of specificity.⁸⁹ But defendants are held to a higher standard, somewhere between the old standard and Rule 9 heightened pleading, for affirmative defenses and counterclaims.⁹⁰ Presumably this is *Twombly's* "plausible" standard.⁹¹

In *Aspex Eyewear, Inc. v. Contour Optik, Inc.*,⁹² for example, the district court held that it was enough for plaintiff to identify defendant's allegedly infringing product, and that plaintiff need not identify the specific asserted claims of the patents in suit.⁹³ But the district court struck defendant's affirmative defenses, including an invalidity defense, because those defenses asserted no facts.⁹⁴ This imbalance leads to a nonsensical result—the defendant must articulate detailed, fact-based defenses asserting that the patent claims are invalid, without even knowing which claims he must invalidate. To meet this burden, a conscientious defendant would be forced to identify prior art against *all* claims in the asserted patents, all within twenty days after receiving the complaint (or sixty days if the defendant waives service).⁹⁵ Not only would this lead to a massive waste of resources, it would give plaintiff an unfair advantage: plaintiff could pick and choose which particular claims to assert based on the strengths and weaknesses of defendant's prior art case against each claim. This cannot be what the Supreme Court had in mind when it sought to streamline litigation and reign in costs.⁹⁶

Plaintiffs should be required at least to identify at the outset of the case the claims that they intend to assert and the products allegedly infringing each asserted claim. Plaintiffs are already required to engage in sufficient pre-filing investigations under Rule 11.⁹⁷ And plaintiffs control the timing of the suit that they file (with the

⁸⁸ *E.g.*, *Aspex Eyewear, Inc. v. Clarity Eyewear, Inc.*, 531 F. Supp. 2d 620, 621–23 (S.D.N.Y. 2008); *Anticancer Inc. v. Xenogen Corp.*, 248 F.R.D. 278, 282 (S.D. Cal. 2007); *Bartronics, Inc. v. Power-One, Inc.*, 245 F.R.D. 532, 537 (S.D. Ala. 2007). *But see* *Boldstar Technical, LLC v. Home Depot, Inc.*, 517 F. Supp. 2d 1283, 1291 (S.D. Fla. 2007). It appears that *Twombly* does not impact inequitable conduct counterclaims because they are subject to Rule 9. *See, e.g.*, *Multimedia Patent Trust v. Microsoft Corp.*, 525 F. Supp. 2d 1200, 1211 (S.D. Cal. 2007); *In re Netflix Antitrust Litig.*, 506 F. Supp. 2d 308, 316–17 (N.D. Cal. 2007). As a result, this discussion excludes inequitable conduct counterclaims.

⁸⁹ *Aspex Eyewear*, 531 F. Supp. 2d at 623; *see also* FED. R. CIV. P. app. form 18 (illustrating a patent infringement complaint).

⁹⁰ *Anticancer*, 248 F.R.D. at 282.

⁹¹ *Bell Atl. Corp. v. Twombly*, 127 S. Ct. 1955, 1967 (2007).

⁹² 531 F. Supp. 2d 620 (S.D.N.Y. 2008).

⁹³ *Id.* at 622.

⁹⁴ *Id.* at 622–23.

⁹⁵ FED. R. CIV. P. 12(a)(1)(A).

⁹⁶ *Twombly*, 127 S. Ct. at 1966–67.

⁹⁷ FED. R. CIV. P. 11(b); *Antonious v. Spalding & Evenflo Cos.*, 275 F.3d 1066, 1073–74 (Fed. Cir. 2002).

exception, of course, of declaratory judgment actions).⁹⁸ So at least theoretically, plaintiffs should be able to take the time to think through their strategy before filing suit. After all, the clock does not start ticking until the plaintiff decides to start it by filing suit. Plaintiffs can send potential defendants a notice letter and then have as long as six years to perform their Rule 11 pre-filing investigation, while defendants are given either twenty days (with normal service) or sixty days (if they waive service) to answer a complaint.⁹⁹

IV. EQUALIZING THE EFFECTS OF *TWOMBLY*

The Supreme Court cannot have intended this inequitable result. Requiring defendants to plead defenses with greater detail than plaintiffs' claims is counter to *Twombly's* goals of streamlining complex litigation and reducing unnecessary costs.¹⁰⁰ The better course is to apply the *Twombly* "plausible" standards equally to all parties. The costs will be relatively low, but the benefits will be substantial, including: (1) increased certainty about the merits, leading to a better ability to quantify outcomes and therefore negotiate settlements; (2) reduced litigation costs; and (3) a reduction in frivolous cases, or at least in the continued viability of frivolous cases. These benefits already can be seen in the district courts that have set their own heightened pleading standards or that have local rules requiring the parties to submit binding contentions early in the case.¹⁰¹ Cases in these courts tend to proceed in an orderly and predictable fashion, which not only reduces costs, but also leads to greater certainty and more meaningful settlement discussions.

The United States District Court for the Western District of Wisconsin, for example, requires plaintiffs to identify the specific claims that they assert are infringed and which products allegedly infringe them.¹⁰² This relatively minor additional pleading requirement significantly streamlines cases from their inception at a relatively low cost to plaintiffs because in order to comply with Rule 11 pre-filing obligations, plaintiffs should already have done the work of comparing the accused products to the patent claims.¹⁰³ And identifying the claims infringed by each

⁹⁸ FED. R. CIV. P. 3 ("A civil action is commenced by filing a complaint with the court."). *But see* 28 U.S.C. § 2201(a) (2006) (providing the United States district courts with declaratory judgment jurisdiction).

⁹⁹ FED. R. CIV. P. 12(a)(1)(A).

¹⁰⁰ *Twombly*, 127 S. Ct. at 1967 ("[I]t is self-evident that the problem of discovery abuse cannot be solved by 'careful scrutiny of evidence at the summary judgment stage,' much less 'lucid instructions to juries;' the threat of discovery expense will push cost-conscious defendants to settle even anemic cases before reaching those proceedings." (citation omitted)).

¹⁰¹ *See, e.g.*, *Cingular Wireless v. Freedom Wireless, Inc.*, No. CV06-1935 PHX JAT, 2007 WL 1876377, at *6 n.3 (D. Ariz. June 27, 2007) ("While any United States District Court, including this one, can afford all parties the timeliness, fairness, justice and competence required to resolve their patent disputes, *the Court is persuaded that the Eastern District of Texas' special rules will most efficiently promote sound judicial administration.*").

¹⁰² *Taurus IP, LLC v. Ford Motor Co.*, 539 F. Supp. 2d 1122, 1127 (W.D. Wis. 2008) (explaining that even with "liberal" Rule 8 standards, "a plaintiff must provide notice of its claim so that the other side may prepare a defense" (quoting *Ricoh Co. v. Asustek Computer, Inc.*, 481 F. Supp. 2d. 954, 959 (W.D. Wis. 2007))).

¹⁰³ *Antonious v. Spalding & Evenflo Cos.*, 275 F.3d 1066, 1073–74 (Fed. Cir. 2002).

accused product is equivalent to the heightened pleading standards courts are adopting for defendants' affirmative defenses based upon *Twombly*.¹⁰⁴

Other courts have streamlined discovery using Local Patent Rules requiring early, detailed, and binding disclosures of infringement contentions, followed by corresponding noninfringement and invalidity contentions in short order.¹⁰⁵

The most well-known of the Local Patent Rules are those in the United States District Court for the Eastern District of Texas.¹⁰⁶ The Eastern District of Texas requires plaintiffs to serve detailed infringement claim charts for each accused product and claim within ten days of the initial case conference.¹⁰⁷ Defendants then must serve equivalent invalidity charts within forty-five days of receiving plaintiff's infringement contentions.¹⁰⁸ These charts become final, unless they are updated based upon claim construction or with leave of court.¹⁰⁹

Local Rules such as these and similar ones in, for example, the Northern District of Georgia and the Northern District of California narrow cases even more effectively than *Twombly's* heightened pleading requirements.¹¹⁰ But the *Twombly* pleading requirements remain a significant and important part of streamlining patent cases, particularly in those districts that have not adopted local patent rules.

To truly address the concerns the Supreme Court raised in *Twombly*, it is critical that district courts, and eventually the Federal Circuit, normalize the effects of *Twombly* for plaintiffs and defendants by requiring plaintiffs to identify asserted claims and accused products in their complaints. As the law stands now, defendants will be in a twenty or sixty day sprint, depending upon whether they waived service, from receiving a complaint to answering.¹¹¹ This time frame is unrealistic in the vast majority of patent cases. During those three to eight weeks, a defendant must digest the complaint, hire counsel, analyze the patent and the alleged infringement, and at least sketch out a "plausible" set of noninfringement and invalidity defenses, all while continuing to meet the obligations of defendant's business. That Herculean

¹⁰⁴ See *Aspex Eyewear, Inc. v. Clariti Eyewear, Inc.*, 531 F. Supp. 2d 622, 623 (S.D.N.Y. 2008) (holding that the plaintiff's complaint that identified a product, claimed ownership of two patents that the product infringed, and stated that the defendant did not have the right to manufacture or sell the product was a sufficient pleading for infringement while finding the defendant's similarly pled counterclaims and affirmative defenses such as obviousness and anticipation to be deficient under the *Twombly* standard).

¹⁰⁵ See, e.g., E.D. TEX. P.R. 3-1, 3-3, available at <http://www.txed.uscourts.gov/Rules/LocalRules/Documents/Appendix%20M.pdf>; N.D. GA. PATENT L.R. 4.1–4.4, available at <http://www.gand.uscourts.gov/pdf/NDGARulesPatent.pdf>; N.D. CAL. PATENT L.R. 3-1, 3-3, available at <http://www.cand.uscourts.gov/> (follow "Local Rules" hyperlink; then follow "Patent Local Rules 3/1/2008" hyperlink; then download "Pat3-08.pdf").

¹⁰⁶ E.D. TEX. P.R., General Order 05–8, available at <http://www.txed.uscourts.gov/Rules/GeneralOrders/2005/05-8.pdf>.

¹⁰⁷ *Id.* at 3-1.

¹⁰⁸ *Id.* at 3-3.

¹⁰⁹ *Id.* at 3-6, 3-7.

¹¹⁰ E.D. TEX. P.R. 3-1, 3-3, available at <http://www.txed.uscourts.gov/Rules/LocalRules/Documents/Appendix%20M.pdf>; N.D. GA. PATENT L.R. 4.1–4.4, available at <http://www.gand.uscourts.gov/pdf/NDGARulesPatent.pdf>; N.D. CAL. PATENT L.R. 3-1, 3-3, available at <http://www.cand.uscourts.gov/> (follow "Local Rules" hyperlink; then follow "Patent Local Rules 3/1/2008" hyperlink; then download "Pat3-08.pdf"); see, e.g., *CBT Flint Partners, LLC v. Goodmail Sys., Inc.*, 529 F. Supp. 2d 1376, 1380–81 (N.D. Ga. 2007).

¹¹¹ FED. R. CIV. P. 12(a)(1)(A).

burden is laughable when compared to plaintiff's freedom to leisurely explore its potential infringement claims, constrained only by the six year statute of limitations.¹¹² That hardly seems equitable.

Additionally, disparate standards will significantly burden the district courts—district courts will face a marked increase in motions to dismiss counterclaims and motions to strike affirmative defenses. Until accused infringers understand the new, tilted playing field they are on, plaintiffs will frequently file motions to dismiss defendants' bare counterclaims and motions to strike bare affirmative defenses. Such motions to dismiss are fairly rare in patent cases now. The additional drain on judicial resources and the parties' resources as a result of this increased motion practice will be substantial and unnecessary.¹¹³

Given the uncertainty of the post-*Twombly* landscape, litigants and their counsel should review the pleadings in current cases to make sure they have sufficiently detailed affirmative defenses and counterclaims on file. For cases that have already progressed beyond discovery, this may not be an issue.¹¹⁴ Courts generally will not dismiss counterclaims or affirmative defenses that have been factually supported through typical discovery vehicles such as responses to contention interrogatories.¹¹⁵ So, it is advisable for those practitioners to double-check the pleadings to ensure that their noninfringement and invalidity contention interrogatories responses are sufficiently detailed and thorough, with ample factual support.

Changing the standards for defendants alone will not significantly reduce litigation size or cost, because the scope of the plaintiff's case is the chief driver of the size of litigation.¹¹⁶ And increasing pleading standards for one side of a litigation while maintaining it for the other side is neither equitable nor sensible. Patent pleadings should be held to the heightened *Twombly* standards, as some courts began doing even before *Twombly*, but the standards must be consistent for both claims and defenses. That is the only way to meet the *Twombly* court's goal of controlling the ballooning size and costs of complex civil litigation within the patent field.¹¹⁷

¹¹² 35 U.S.C. § 286 (2006).

¹¹³ See 6 WILLIAM F. PATRY, PATRY ON COPYRIGHT § 19:2 (2008).

¹¹⁴ See *Flsmidth A/S v. Jeffco*, No. 08-CV-0215-CVE-SAJ, 2008 WL 4426992, at *7 (N.D. Okla. Sept. 25, 2008).

¹¹⁵ See, e.g., *Hynix Semiconductor Inc. v. Rambus Inc.*, No. CV-00-20905 RMW, 2007 WL 4062845, at *8–9 (N.D. Cal. Nov. 15, 2007) (allowing bare affirmative defenses because it was less than three months before trial and the defenses had been sufficiently updated during discovery).

¹¹⁶ See MacPherson, *supra* note 15.

¹¹⁷ *Int'l Norcent Tech. v. Koninklijke Philips Elecs. N.V.*, No. CV 07-00043 MMM (SSx), 2007 WL 4976364, at *10 (C.D. Cal. Oct. 29, 2007); Korostash, *supra* note 13, at 7.