

IP LITIGATION NEWSLETTER

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Merely Alleging Inventiveness Without Tying Those Allegations to the Patent Is Insufficient to Survive a Rule 12 Motion on Ineligibility



U.S. Patent No. 6,778,193

In a nonprecedential opinion, the Federal Circuit found that “[s]imply including allegations of inventiveness in a complaint, detached from what is claimed or discussed in the patent, does not ensure that the complaint will survive the pleading stage.” *Int’l Business Machines Corp. v. Zillow Group, Inc.*, No. 2022-1861, 2024 WL 89642 (Fed. Cir. Jan. 9, 2024). In affirming that the asserted patents are directed to ineligible subject matter under 35 U.S.C. § 101, the Federal Circuit rejected the inventor declaration attached to the complaint as insufficient to show inventiveness. The allegations of inventiveness in the declaration were not tied to the claims or the specification, as the claims and the specification did not include the information alleged in the declaration.

Attorney-Client Privilege Applies to Workers Who Are “Functionally Equivalent” to Employees

Although the Third Circuit has not yet settled whether the privilege doctrine should be applied to workers who are “functionally equivalent” to employees, the court held that “functional equivalence engenders the same protections as formal, direct employment.” *Torvent LLC v. Techtronic Indus. Co.*, No. 21-cv-00853-JPM, Dkt. 208 (D. Del. Jan. 11, 2024) (McCalla, J.). The court found that “[e]xtending privilege to ‘functionally equivalent’ independent contractors is especially important in start-up environments like the one at issue here, where the business lacks permanent employees and depends on independent contractors to substantiate the founder’s business plans.” The court noted that “[w]hile the precise definition of a ‘functionally equivalent’ individual may create uncertainty in privilege law—especially in the jurisprudence distinguishing independent contractors and employees—the question of whether the individuals in question are ‘functionally equivalent’ is not currently before this Court.”

Patent Litigation Trends

Notable Court Decisions



Wednesday, February 28, 2024
Noon – 1:00 p.m. EST ([CLE Webinar](#))

BakerHostetler Partners Jason F. Hoffman and Stephanie M. Hatzikyriakou are returning to again prove that absorbing all that patent law wisdom in just 60 minutes is not only possible but also enjoyable. These legal maestros are set to guide you through the key cases from the Federal Circuit and the Supreme Court over the past year. With their fast-moving presentation style, packed with smart analysis, practical tips and just the right touch of humor, you will be a patent law aficionado in the blink of an eye.

Case Should Be Dismissed, Not Transferred, for Improper Venue

Design Ideas, Ltd. v. YBM Home, Inc., No. 23-cv-1165, Dkt. 28 (C.D. Ill. Jan. 23, 2024) (Bruce, J.)

The court rejected the plaintiff’s request to transfer the case brought in an improper venue under 28 U.S.C. § 1400(b). Following the Seventh Circuit precedent, the court held that dismissal, rather than transfer, was “proper” where the plaintiff’s error in venue selection “was an obvious mistake made by a sophisticated party with representation.” Here, a single reference to Section 1400(b) would have informed the plaintiff that there was improper venue because the defendant neither was a resident nor had any regular and established place of business in the district.

Any Alleged Violation of Attorney’s Duty of Candor Better Addressed Through Motions for Sanctions Rather Than Disqualification

Upstream Holdings, LLC v. Brekunitch, No. 22-cv-03513-MCS-RAO, Dkt. 207 (C.D. Cal. Jan. 29, 2024) (Scarsi, J.)

The court denied a motion for disqualification of an attorney for allegedly violating his duty of candor to the court under California Rule of Professional Conduct 3.3. “[C]ourts address these types of violations through motions for sanctions. ... The Court is not aware of any authority in which a court disqualified an attorney due to a violation of Rule 3.3 alone.” The court also noted that motions to disqualify are “often tactically motivated” and can disrupt the litigation process. Thus, “courts heavily disfavor motions to disqualify and impose disqualification ‘only when absolutely necessary.’”