

**UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF TENNESSEE
WESTERN DIVISION**

B.E. TECHNOLOGY, L.L.C.,)
)
 Plaintiff/Counter-Defendant,)
)
 v.)
)
 BARNES & NOBLE, INC.,)
)
 Defendant/Counterclaimant.)
)
 _____)

Case No. 2:12-CV-02823 JPM tmp
JURY DEMAND

**PLAINTIFF B.E. TECHNOLOGY, L.L.C.’S REPLY IN SUPPORT OF ITS
MOTION TO DISMISS UNDER FED. R. CIV. P. 12(b)(6)**

Dated: August 9, 2013

Richard M. Carter (TN B.P.R. #7285)
Adam C. Simpson (TN B.P.R. #24705)
MARTIN, TATE, MORROW & MARSTON, P.C.
6410 Poplar Avenue, Suite 1000
Memphis, TN 38119-4839
Telephone: (901) 522-9000

Robert E. Freitas (CA Bar No. 80948)
Craig R. Kaufman (CA Bar No. 159458)
Daniel J. Weinberg (CA Bar No. 227159)
Qudus B. Olaniran (CA Bar No. 267838)
FREITAS TSENG & KAUFMAN LLP
100 Marine Parkway, Suite 200
Redwood Shores, CA 94065
Telephone: (650) 593-6300

Attorneys for Plaintiff
B.E. Technology, L.L.C.

Defendant Barnes & Noble, Inc. (“Barnes & Noble”) presents no legally sufficient response to the points and authorities presented in plaintiff B.E. Technology, L.L.C.’s (“B.E.”) motion to dismiss Barnes & Noble’s counterclaims.¹ The sufficiency of Barnes & Noble’s pleading is not measured against Official Form 18 of the Appendix to the Federal Rules of Civil Procedure. The standard against which Barnes & Noble’s counterclaims must be measured is the Supreme Court’s *Twombly* and *Iqbal* standard and Barnes & Noble’s declaratory judgment counterclaims do not measure up. For that reason, the Court should grant B.E.’s motion to dismiss.

I. BARNES & NOBLE’S CLAIMS FOR DECLARATORY JUDGMENT OF NON-INFRINGEMENT AND INVALIDITY SHOULD BE DISMISSED.

A. The *Twombly/Iqbal* Standard Governs Barnes & Noble’s Counterclaims.

As discussed in B.E.’s opening brief,² declaratory judgment counterclaims must satisfy the standard set forth by the Supreme Court in *Ashcroft v. Iqbal*, 556 U.S. 662 (2009) and *Bell Atl. Corp. v. Twombly*, 550 U.S. 544 (2007). Barnes & Noble does not approach the requirements of that standard and its counterclaims are devoid of factual allegations sufficient to permit an inference that B.E.’s patents are not infringed or invalid. *Compare* D.E. 26 at 7 with *Groupon, Inc. v. MobGob LLC*, 2011 WL 2111986, at *5 (N.D. Ill. May 25, 2011) (the

¹ B.E. simultaneously moved to dismiss Barnes & Noble’s counterclaims and strike certain affirmative defenses. *See* D.E. 33. A party moving for relief under Fed. R. Civ. P. 12(b) has a right to file a reply memorandum without leave of court, Civil L.R. 12.1(c), while no such right exists for a party seeking relief under Fed. R. Civ. P. 12(f). Civil L.R. 7.2(c). To avoid further burdening the Court’s already heavy docket, B.E. files only a reply in support of its Rule 12(b) motion and rests on its moving papers to support its Rule 12(f) motion.

² Barnes & Noble complains that B.E. filed its motion to dismiss “without even attempting to confer with Barnes & Noble’s counsel.” D.E. 50 at 2. Civil Local Rule 7.2(a)(1)(B) does not require prior consultation of counsel for motions made pursuant to Fed. R. Civ. P. 12, 56, 59, and 60. Since B.E.’s motions were made pursuant to Fed. R. Civ. P. 12(b)(6) and 12(f), B.E. was not required “to confer with Barnes & Noble’s counsel.”

counterclaim “provides the Court with no basis for making a reasonable inference in [defendant’s] favor”).

Barnes & Noble wrongly argues that its counterclaims are adequate because they meet the requirements of Official Forms 18 and 30 of the Federal Rules of Civil Procedure. D.E. 50 at 2 (“Barnes & Noble’s counterclaims for declaratory judgment are pleaded in accordance with Forms 18 and 30 of the Federal Rules of Civil Procedure.”). A complaint for direct patent infringement is measured against Official Form 18. *In re Bill of Lading Transmission and Processing Sys. Patent Litig.*, 681 F.3d 1323, 1334 (Fed. Cir. 2012). There is no Official Form for pleading declaratory judgment claims or counterclaims. *See Memory Control Enter., LLC v. Edmunds.com, Inc.*, 2012 WL 681765, at *3 (C.D. Cal. Feb. 8, 2012) (“[W]hile the Appendix of the Federal Rules of Civil Procedure includes a form for patent infringement, it includes no such form for patent invalidity. Until such a form is included, defendants must meet the pleading standard the Supreme Court announced in *Twombly* and *Iqbal*.”).

Barnes & Noble cites no authority establishing that Official Form 18 governs the pleading of declaratory judgment claims. Instead, Barnes & Noble acknowledges that the form governs the pleading of a claim of direct patent infringement. D.E. 50 at 3 (“Form 18 sets forth an example of a sufficient complaint for patent infringement”); *id.* (“[T]he forms remain the standard against which **claims for direct infringement** are to be measured.”); *id.* at 4 (“Several district courts have followed the Federal Circuit’s decision in *In re Bill of Lading*, holding that **claims related to direct infringement** are sufficient if they reflect the degree of particularity demonstrated by Form 18.”) (emphasis added). The *Twombly/Iqbal* standard, a standard based on Federal Rule of Civil Procedure 8 that is generally applicable to cases filed in federal court, therefore governs the pleading of a declaratory judgment claim. *See Iqbal*, 556 U.S. at 684

(“Our decision in *Twombly* expounded the pleading standard for ‘all civil actions,’ and it applies to antitrust and discrimination suits alike.”).

B. Under the Governing Rules, Barnes & Noble’s Burden to Allege Non-Infringement and Invalidity Is Different from B.E.’s Burden to Allege Direct Infringement.

Barnes & Noble argues there is no basis for different pleading standards for plaintiffs and counterclaimants³ and such differences result in an incongruity. D.E. 50 at 7. If there is an incongruity, it is the direct result of Rule 8, *Twombly* and *Iqbal*, and the decisions that were made in the adoption of the Official Forms. B.E. submits that the true “incongruity” would result if the Court were to recognize an exception, benefiting patent infringement defendants, but not other defendants, to the *Twombly/Iqbal* standard governing “all civil actions.”

Barnes & Noble also argues that pleading standards for patent declaratory judgment counterclaims can be lowered because of the existence of unique local rules governing patent cases. D.E. 50 at 6 (“Barnes & Noble provides a short and plain statement that . . . should be considered in the context of the Local Patent Rules’ requirement for the early detailed disclosure of a defendant’s non-infringement theory.”); *id.* (“[I]t is not necessary to subject Barnes & Noble’s counterclaims to a heightened standard at the pleading stage,” because the LPR “require defendants to serve detailed non-infringement contentions within twenty-eight days of a plaintiff’s service of infringement contentions” and “invalidity and unenforceability contentions [are] to be served within ninety days after a responsive pleading is filed.”). The adoption of local rules does not “alter a defendant’s pleading obligations” and does not create an exception to a defendant’s pleading obligations under *Twombly* and *Iqbal*. See *Tyco Fire Prods. LP v. Victaulic*

³ The actual distinction in the law is between infringement claimants and counterclaimants on the one hand, and declaratory judgment claimants and counterclaimants, on the other. A counterclaimant alleging direct patent infringement may rely on Official Form 18. A plaintiff asserting a declaratory judgment claim must satisfy the *Twombly/Iqbal* standard because there is no official form for declaratory judgment claims and counterclaims.

Co., 777 F. Supp. 2d 893, 904 (E.D. Pa. 2011); *see also GE Lighting Solutions, LLC v. Lights of Am., Inc.*, 2013 WL 1874855, at *2 (N.D. Ohio May 3, 2013) (“[I]t would undermine Rule 8 to permit a threadbare assertion of a claim on the promise that discovery will unveil the claim’s factual basis.”). Moreover, under Federal Rule of Civil Procedure 83(a)(1), a local rule cannot modify the pleading requirements of Rule 8, as they have been determined by the Supreme Court. *See Fed. R. Civ. P. 83(a)(1)* (“A local rule must be consistent with—but not duplicate—federal statutes and rules adopted under 28 U.S.C. §§ 2072 and 2075, . . .”).

In *Tyco Fire*, the district court explained that the difference in pleading standards cannot be remedied by allowing a counterclaimant to evade the Supreme Court’s rulings. 777 F. Supp. 2d at 904 (“Two wrongs do not make a right.”). If there is a problem requiring a solution, the appropriate remedy is to modify or eliminate the Rule 84 forms or to update the official forms to comply with the otherwise existing requirements of current law. *Id.* at 905. Until then, defendants asserting counterclaims must do so in the manner required by *Twombly* and *Iqbal*, which requires more than what Barnes & Noble has done here. *Compare PPS Data, LLC v. Allscripts Healthcare Solutions, Inc.*, 2012 WL 243346, at *4 (M.D. Fla. Jan. 25, 2012) (“A fleeting reference to all (or most) of these [invalidity] defenses does not rise to the level of ‘a short and plain statement of the claim showing that the pleader is entitled to relief.’”) (quoting Fed. R. Civ. P. 8(a)(2)) *with D.E. 50* at 7 (“Barnes & Noble names the statutory bases for invalidity and further narrows the allegations by pointing to specific sections.”); *see also Duramed Pharms, Inc. v. Watson Labs, Inc.*, 2008 WL 5232908, at *4 (D. Nev. Dec. 12, 2008) (granting motion to dismiss counterclaims); *Sprint Commc’ns. Co. v. Theglobe.com, Inc.*, 233 F.R.D. 615, 619 (D. Kansas 2006) (striking counterclaim); *PB Farradyne, Inc. v. Peterson*, 2006 WL 132182, at *3 (N.D. Cal. Jan 17, 2006) (dismissing counterclaim).

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