

IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF TEXAS
WACO DIVISION

BILLJCO, LLC,
Plaintiff,

v.

APPLE INC.,
Defendant.

6:21-cv-00528-ADA

**ORDER GRANTING-IN-PART AND DENYING-IN-PART DEFENDANT’S
MOTION TO DISMISS PLAINTIFF’S CLAIMS OF WILLFUL
INFRINGEMENT AS TO EACH PATENTS-IN-SUIT AND PLAINTIFF’S CLAIMS
OF INDIRECT INFRINGEMENT AS TO EACH PATENTS-IN-SUIT [ECF No. 16]**

Came on for consideration this date is Defendant Apple’s Motion to Dismiss Plaintiff’s Claims of Willful Infringement as to Each Patent-in-Suit and Plaintiff’s Claims of Indirect Infringement as to Each Patent-in-Suit, filed August 2, 2021. ECF No. 16 (the “Motion”). Plaintiff BillJCo responded on August 16, 2021, ECF No. 23, to which Apple replied on August 23, 2021, ECF No. 24. After careful consideration of the Motion, the Parties’ briefs, and the applicable law, the Court **GRANTS-IN-PART** and **DENIES-IN-PART** Apple’s Motion to Dismiss.

I. BACKGROUND

On May 25, 2021, BillJCo filed suit against Apple, accusing it of infringing six patents (the “Asserted Patents”) directed to Bluetooth Low Energy (“BLE”) beacon technology. *See* ECF No. 1 (the “Complaint”). The Complaint identifies Apple devices allegedly infringing the Asserted Patents by operating in compliance with BLE implementing iOS7 and higher. ECF No. 1 ¶ 36. BillJCo is alleging that Apple at least directly infringes, induces infringement, contributorily infringes, and willfully infringes. *See id.* Apple moves to dismiss the last three counts under Federal Rule of Civil Procedure 12(b)(6). ECF No. 16. That Motion is now ripe for judgment.

II. LEGAL STANDARD

A. Pleading Standards

A motion to dismiss under Federal Rule of Civil Procedure 12(b)(6) for failure to state a claim upon which relief can be granted is “a purely procedural question not pertaining to patent law,” and so the law of the Fifth Circuit controls. *McZeal v. Sprint Nextel Corp.*, 501 F.3d 1354, 1356 (Fed. Cir. 2007). When considering such motions, this Court “accepts all well-pleaded facts as true, views them in the light most favorable to the plaintiff, and draws all reasonable inferences in the plaintiff’s favor.” *Johnson v. BOKF Nat’l Ass’n*, 15 F.4th 356, 361 (5th Cir. 2021).

Rule 12(b)(6) requires that a complaint contain sufficient factual matter to “state a claim to relief that is plausible on its face.” *Ashcroft v. Iqbal*, 556 U.S. 662, 678 (2009) (quoting *Bell Atl. Corp. v. Twombly*, 550 U.S. 544, 570 (2007)). To meet this factual plausibility standard, the plaintiff must plead “factual content that allows the court to draw the reasonable inference that the defendant is liable for the misconduct alleged,” based on “more than a sheer possibility that a defendant has acted unlawfully.” *Id.* “Threadbare recitals of the elements of a cause of action, supported by mere conclusory statements, do not suffice.” *Id.* In resolving a motion to dismiss for failure to state a claim, the question is “not whether [the plaintiff] will ultimately prevail, . . . but whether [the] complaint was sufficient to cross the federal court’s threshold.” *Skinner v. Switzer*, 562 U.S. 521, 530 (2011). “The court’s task is to determine whether the plaintiff has stated a legally cognizable claim that is plausible, not to evaluate the plaintiff’s likelihood of success.” *Lone Star Fund V (U.S.), L.P. v. Barclays Bank PLC*, 594 F.3d 383, 387 (5th Cir. 2010) (citing *Iqbal*, 556 U.S. at 678).

B. Willful Infringement

Section 284 of the Patent Act provides that a court may increase damages for patent infringement “up to three times the amount found or assessed.” 35 U.S.C. § 284. A party seeking

such “enhanced damages” must show that an infringer’s conduct has been “willful,” or “wanton, malicious, bad-faith, deliberate, consciously wrongful, flagrant, or—indeed—characteristic of a pirate.” *Halo Elecs., Inc. v. Pulse Elecs., Inc.*, 579 U.S. 93, 103–04 (2016). Enhanced damages should “generally be reserved for egregious cases typified by willful misconduct.” *Id.* at 106.

To state a claim for relief for willful patent infringement, a plaintiff must allege facts plausibly showing that the accused infringer: “(1) knew of the patent-in-suit; (2) after acquiring that knowledge, it infringed the patent; and (3) in doing so, it knew, or should have known, that its conduct amounted to infringement of the patent.” *Parity Networks, LLC v. Cisco Sys., Inc.*, No. 6:19-CV-00207-ADA, 2019 WL 3940952, at *3 (W.D. Tex. July 26, 2019) (quoting *Välinge Innovation AB v. Halstead New England Corp.*, No. 16-1082-LPS-CJB, 2018 WL 2411218, at *13 (D. Del. May 29, 2018)).

C. Induced Infringement

Section 271(b) of the Patent Act provides that “[w]hoever actively induces infringement of a patent shall be liable as an infringer.” 35 U.S.C. § 271(b). To succeed on such a claim, the patentee must show that the accused infringer (1) knowingly induced direct infringement and (2) possessed “specific intent” to induce that infringement. *See MEMC Electr. Materials, Inc. v. Mitsubishi Materials Silicon Corp.*, 420 F.3d 1369, 1378 (Fed. Cir. 2005). Willful blindness can satisfy the knowledge requirement, *Warsaw Orthopedic, Inc. v. NuVasive, Inc.*, 824 F.3d 1344, 1347 (Fed. Cir. 2016), and circumstantial evidence may suffice to prove specific intent, *MEMC*, 420 F.3d at 1378.

To state a claim for relief for induced patent infringement, “a complaint must plead facts plausibly showing that the accused infringer ‘specifically intended [another party] to infringe [the patent] and knew that the [other party]’s acts constituted infringement.” *Lifetime Indus., Inc. v. Trim-Lok, Inc.*, 869 F.3d 1372, 1376–77 (Fed. Cir. 2017) (quoting *In re Bill of Lading*

Transmission & Processing Sys. Pat. Litig., 681 F.3d 1323, 1336 (Fed. Cir. 2012)). “[T]here can be no inducement or contributory infringement without an underlying act of direct infringement.” *Joao Control & Monitoring Sys., LLC v. Protect Am., Inc.*, No. 1:14-cv-00134-LY, 2015 U.S. Dist. LEXIS 74262, 2015 WL 3513151, at *3 (W.D. Tex. Mar. 24, 2015). “To state a claim for indirect infringement . . . a plaintiff need not identify a specific direct infringer if it pleads facts sufficient to allow an inference that at least one direct infringer exists.” *In re Bill of Lading*, 681 F.3d at 1336.

D. Contributory Infringement

Section 271(c) of the Patent Act provides that:

Whoever offers to sell or sells within the United States or imports into the United States a component of a patented machine, manufacture, combination or composition, or a material or apparatus for use in practicing a patented process, constituting a material part of the invention, knowing the same to be especially made or especially adapted for use in an infringement of such patent, and not a staple article or commodity of commerce suitable for substantial noninfringing use, shall be liable as a contributory infringer.

35 U.S.C. § 271(c). Contributory infringement of a patented device involves the sale, offer to sell, or importing of a component of the device, which is “not itself technically covered by the claims of a product or process patent.” *Hewlett-Packard Co. v. Bausch & Lomb Inc.*, 909 F.2d 1464, 1469 (Fed. Cir. 1990). Unlike induced infringement, contributory infringement requires “only proof of a defendant’s *knowledge*, not *intent*, that his activity cause[s] infringement.” *Hewlett-Packard Co. v. Bausch & Lomb Inc.*, 909 F.2d 1464, 1469 (Fed. Cir. 1990). But “[l]ike induced infringement, contributory infringement requires knowledge of the patent in suit and knowledge of patent infringement.” *Commil USA, LLC v. Cisco Sys., Inc.*, 575 U.S. 632, 639 (2015).

To state a claim for contributory infringement, “a plaintiff must plausibly allege that the accused infringer knew of the asserted patents . . . and must ‘plead facts that allow an inference

that the components sold or offered for sale have no substantial non-infringing uses.” *Artrip v. Ball Corp.*, 735 F. App’x 708, 713 (Fed. Cir. 2018) (first citing *Commil*, 575 U.S. at 639; and then quoting *In re Bill of Lading*, 681 F.3d at 1337).

III. ANALYSIS

A. BillJCo Has Not Sufficiently Pleaded Pre-Suit Willful Infringement

To state a claim for willful infringement, a plaintiff must allege facts plausibly showing that the accused infringer: “(1) knew of the patent-in-suit; (2) after acquiring that knowledge, it infringed the patent; and (3) in doing so, it knew, or should have known, that its conduct amounted to infringement of the patent.” *Parity*, 2019 WL 3940952, at *3. Apple challenges BillJCo’s compliance with the first and third elements in the pre-suit context, succeeding to varying degrees.

1. Knowledge of the Patents

The Complaint recites two allegations to establish Apple’s pre-suit knowledge; Apple challenges the sufficiency of both. ECF No. 16 at 2. First, the Complaint alleges that Apple should have already learned of the Asserted Patents because the USPTO cited them during prosecution of an Apple patent application, U.S. Patent Application No. 13/373,966. *See* ECF No. 16 at 2. Apple asserts that “citation of [a] patent in a patent application is an insufficient notice of infringement and would not allow Apple to have knowledge of a specific infringement claim.” *Id.* at 2–3 (citing *U.S. Philips Corp. v. Iwasaki Elec. Co.*, 505 F.3d 1371, 1375 (Fed. Cir. 2007)). Second, the Complaint alleges that Apple has been aware of its infringement of the Asserted Patents since it received a letter from BillJCo on June 5, 2019 (the “June 2019 Letter”). *See* ECF No. 16 at 3. Apple argues that this is inaccurate on its face because one of the Asserted Patents, U.S. Patent No. 10,477,994 (the “’994 patent”), did not issue until November 19, 2019. ECF No. 16 at 3–4.

BillJCo adequately alleges Apple’s pre-suit knowledge of all the patents but the ’994 patent. The Complaint alleges that Apple learned of the Asserted Patents by June 5, 2019, upon

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