UNITED STATES DISTRICT COURT

DISTRICT OF NEVADA

RACING OPTICS, INC.,

Plaintiff,

vs.

AEVOE CORP.,

Defendant.

2:15-cv-01774-RCJ-VCF

ORDER

This case arises out of competing patents for lens-protection technology. Pending before the Court is a Motion for Judgment on the Pleadings (ECF No. 66). The Court denies the motion.

I. FACTS AND PROCEDURAL HISTORY

Since 1999, Plaintiff Racing Optics, Inc., through its founders Stephen, Bart, and Seth Wilson (collectively, "the Inventors"), has developed and delivered lens-protection systems, including "tear-off" protectors for high-speed racing consisting of stacks of optically engineered laminated lenses applied to race car windshields, motorcycle goggles, and racing helmet visors. (Compl. ¶ 2, ECF No. 1). Once damaged, the top layer of the lens can be torn off to reveal a new, undamaged layer, providing a clear view. (*Id.*). The technology is also used in the medical, military, consumer, and industrial fields. (*Id.* ¶ 3). Most importantly here, Racing Optics

developed a "bubble-free" screen protector that avoids difficult-to-remove air bubbles created when applying conventional screen protectors by eliminating the full adhesive in the central area of the screen and spacing the protector away from the screen with an "air bearing." (*Id.* ¶ 5).

Racing Optics filed U.S. Patent Application No. 12/780,443 for the bubble-free screen protector technology, titled "Touch Screen Shield," on May 14, 2010. (*Id.* ¶ 6). In mid-2012, after the '443 Application had been published but while it was still pending, Defendant Aevoe Corp.'s President and Executive Director Jon Lin contacted Racing Optics and informed it that Aevoe was the assignee of U.S. Patent No. 8,044,942 for a bubble-free screen protector invented by Lin. (*Id.* ¶ 6–8). The '942 Patent claimed priority to a January 18, 2011 provisional application. (*Id.* ¶ 8). By 2013, Aevoe had filed five patent infringement actions based on the '942 Patent, including three in this District presided over by Chief Judge Navarro. (*Id.* ¶ 8 & n.1). On March 15, 2013, Racing Optics filed a divisional application of the still-pending '443 Application, U.S. Patent Application No. 13/838,311, also titled "Touch Screen Shield." (*See* U.S. Patent No. 8,974,620, at [21, 22, 62], ECF No. 1-3). On January 16, 2015, Racing Optics filed a continuation application of the still-pending '311 Application (itself a divisional application of the still-pending '443 Application), U.S. Patent Application No. 14/599,176, also titled "Touch Screen Shield." (*See* U.S. Patent No. 9,104,256, at [21, 22, 60], ECF No. 1-2). The '311 Application issued as the '620 Patent on March 10, 2015. The '176 Application issued as the '256 Patent on August 11, 2015. The '443 Application issued as the '545 Patent on September 8, 2015.

In summary, Racing Optics is the assignee of U.S. Patents No. 8,974,620; 9,104,256; and 9,128,545 (collectively, "the Patents"), which issued on March 10, 2015; August 11, 2015; and September 8, 2015, respectively. (*Id.* ¶¶ 23–28). Racing Optics sued Aevoe in this Court for

direct, contributory, and inducement infringement of claims 12, 14–16, and 18–20 of the '545 Patent; claims 1–4, 6–7, 9–17, and 19–23 of the '256 Patent; and claims 1–11 and 13–14 of the '620 Patent via the production, use, offer for sale, and/or importation into the United States of screen protectors for electronic devices, including the iVisor AG, iVisor XT, and iVisor Glass (collectively, "the Accused Products"). (*Id.* ¶¶ 30, 42, 53). Aevoe answered and filed counterclaims for non-infringement, invalidity, and unenforceability due to fraud upon or inequitable conduct before the Patent Office. Racing Optics amended to add a claim of infringement of U.S. Patent No. 9,274,625, which issued on March 1, 2016. Aevoe has moved for judgment on the pleadings against the claim for infringement of the '620 Patent. The Court now addresses that motion.

II. LEGAL STANDARDS

"After the pleadings are closed—but early enough not to delay trial—a party may move for judgment on the pleadings." Fed. R. Civ. P. 12(c). The standards governing a Rule 12(c) motion are the same as those governing a Rule 12(b)(6) motion. *See Dworkin v. Hustler Magazine, Inc.*, 867 F.2d 1188, 1192 (9th Cir. 1989) ("The principal difference . . . is the time of filing. . . . [T]he motions are functionally identical . . . .").

Federal Rule of Civil Procedure 8(a)(2) requires only "a short and plain statement of the claim showing that the pleader is entitled to relief" in order to "give the defendant fair notice of what the . . . claim is and the grounds upon which it rests." *Conley v. Gibson*, 355 U.S. 41, 47 (1957). Federal Rule of Civil Procedure 12(b)(6) mandates that a court dismiss a cause of action that fails to state a claim upon which relief can be granted. A motion to dismiss under Rule 12(b)(6) tests the complaint's sufficiency. *See N. Star Int'l v. Ariz. Corp. Comm'n*, 720 F.2d 578, 581 (9th Cir. 1983). When considering a motion to dismiss under Rule 12(b)(6) for

failure to state a claim, dismissal is appropriate only when the complaint does not give the defendant fair notice of a legally cognizable claim and the grounds on which it rests. *See Bell Atl. Corp. v. Twombly*, 550 U.S. 544, 555 (2007). In considering whether the complaint is sufficient to state a claim, the court will take all material allegations as true and construe them in the light most favorable to the plaintiff. *See NL Indus., Inc. v. Kaplan*, 792 F.2d 896, 898 (9th Cir. 1986). The court, however, is not required to accept as true allegations that are merely conclusory, unwarranted deductions of fact, or unreasonable inferences. *See Sprewell v. Golden State Warriors*, 266 F.3d 979, 988 (9th Cir. 2001). A formulaic recitation of a cause of action with conclusory allegations is not sufficient; a plaintiff must plead facts pertaining to his own case making a violation plausible, not just possible. *Ashcroft v. Iqbal*, 556 U.S. 662, 677–79 (2009) (citing *Twombly*, 550 U.S. at 556) ("A claim has facial plausibility when the plaintiff pleads factual content that allows the court to draw the reasonable inference that the defendant is liable for the misconduct alleged."). In other words, under the modern interpretation of Rule 8(a), a plaintiff must not only specify or imply a cognizable legal theory (*Conley* review), but also must plead the facts of his own case so that the court can determine whether the plaintiff has any plausible basis for relief under the legal theory he has specified or implied, assuming the facts are as he alleges (*Twombly-Iqbal* review).

"Generally, a district court may not consider any material beyond the pleadings in ruling on a Rule 12(b)(6) motion. However, material which is properly submitted as part of the complaint may be considered on a motion to dismiss." *Hal Roach Studios, Inc. v. Richard Feiner & Co.*, 896 F.2d 1542, 1555 n.19 (9th Cir. 1990) (citation omitted). Similarly, "documents whose contents are alleged in a complaint and whose authenticity no party questions, but which are not physically attached to the pleading, may be considered in ruling on a Rule 12(b)(6)

motion to dismiss" without converting the motion to dismiss into a motion for summary judgment. *Branch v. Tunnell*, 14 F.3d 449, 454 (9th Cir. 1994). Moreover, under Federal Rule of Evidence 201, a court may take judicial notice of "matters of public record." *Mack v. S. Bay Beer Distribs., Inc.*, 798 F.2d 1279, 1282 (9th Cir. 1986). Otherwise, if the district court considers materials outside of the pleadings, the motion to dismiss is converted into a motion for summary judgment. *See Arpin v. Santa Clara Valley Transp. Agency*, 261 F.3d 912, 925 (9th Cir. 2001).

III. ANALYSIS

Aevoe argues that Racing Optics abandoned the '620 Patent by failing to comply with statutory oath requirements. The parties appear to agree that the '620 Patent issued from the '311 Application, which was filed on March 15, 2013. They also appear to agree that: (1) the '311 Application included a pre-AIA-compliant inventor's oath; (2) on May 3, 2013, the Patent Office issued Racing Optics a notice indicating that an AIA-compliant inventor's oath would be required; (3) on April 2, 2015, after the '620 Patent had issued on March 10, 2015, Racing Optics petitioned the Patent Office for late acceptance of an AIA-compliant inventor's oath, arguing that the failure to previously submit an AIA-compliant oath had been inadvertent, unintentional, and with no deceptive intent; and (4) on October 13, 2015, the Patent Office granted the petition in part, noting that it would enter the corrected oath into the file and that the file "speaks for itself," but declining to issue any statement as to the abandonment issue for lack of jurisdiction because the '620 Patent had been granted. Aevoe argues that the '620 Patent (or the '311 Application) was abandoned as a matter of law when Racing Optics failed to submit the AIA-compliant inventor's oath before paying the issue fee, notwithstanding the Patent Office's grant of the petition for late filing.

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