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8 UNITED STATES DISTRICT COURT
9 SOUTHERN DISTRICT OF CALIFORNIA
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11 PALOMAR TECHNOLOGIES, INC.,
12 Plaintiff,
13 v.
14 MRSI SYSTEMS, LLC,
15 Defendant.

Case No.: 15-CV-1484 JLS (KSC)

**ORDER DENYING WITHOUT
PREJUDICE DEFENDANT'S
MOTION TO DISMISS**

(ECF No. 13)

16
17 Presently before the Court is Defendant MRSI Systems, LLC's Motion to Dismiss
18 Complaint Pursuant to FRCP 12(b)(6). (MTD, ECF No. 13.) Also before the Court are
19 Plaintiff Palomar Technologies, Inc.'s Opposition to (ECF No. 17) and Defendant's Reply
20 in Support of (ECF No. 18) the MTD. The Court vacated the hearing and took the matter
21 under submission without oral argument pursuant to Civil Local Rule 7.1(d)(1). (ECF No.
22 19.) Having considered the parties' arguments and the law, the Court **DENIES**
23 **WITHOUT PREJUDICE** Defendant's MTD. (ECF No. 13.)

24 **BACKGROUND**

25 Plaintiff is a "global leader of die-attach solutions, wire bonding equipment,
26 optoelectronic packaging systems and precision assembly devices." (Compl. ¶ 2, ECF No.
27 1.) Plaintiff is both the assignee and owner of United States Patent No. 6,776,327 (the '327
28 Patent), which the United States Patent and Trademark Office issued on August 17, 2004.

1 (*Id.* at ¶ 8; *see also* Decl. of M. Andrew Woodmansee Ex. 1 (the '327 Patent), ECF No.
2 13-3.¹)

3 The '327 Patent generally claims a method for placement of a first workpiece onto
4 a second workpiece. (*See, e.g.*, the '327 Patent Abstract, 1:1:7–9, 1:62–63, 13:15–16,
5 15:42–43, 18:27–28.) The '327 specification explains that the first workpiece “is
6 preferably a die” (*id.* at 2:7–8), while the second workpiece “is preferably a circuit body”
7 (*id.* at 2:8–9). “A die is typically a tiny semiconductor device, for example, a diode (such
8 as a laser diode), a capacitor, or a transistor.” (*Id.* at 5:22–24.) “A circuit body is . . . any
9 structure to which a die is conventionally attached for purposes of assembling a circuit.”
10 (*Id.* at 5:26–28.)

11 The '327 Patent has forty-eight claims, three of which are independent. Claim 1
12 recites:

- 13 1. A method for placement of a first workpiece onto a second workpiece
14 comprising the steps of:
 - 15 a) providing a first workpiece positioned at an origination location
16 different from a target intermediate location;
 - 17 b) providing a second workpiece positioned at a work location and
18 having a target attach location different from said target
19 intermediate location and said origination location;
 - 20 c) performing the first place step to displace said first workpiece
21 from said origination location to an actual intermediate location,
22 wherein said actual intermediate location is different from said
23 origination location and is identical to said target intermediate
24 location or differs from said target intermediate location by an
25 intermediate error deviation; and
 - 26 d) performing a second place step to displace said first workpiece
27 from said actual intermediate location to an actual attach location

28 ¹ Although not attached to the Complaint, the parties do not contest that the Court may consider the '327
Patent for purposes of this Rule 12(b)(6) motion. (*See* MTD Mem. 7–8 n.1, ECF No. 13-1 (citing *Marder*
v. Lopez, 450 F.3d 445, 448 (9th Cir. 2006); Opp'n 6, 11 n.2, ECF No. 17.)

1 on said second workpiece, wherein said actual attach location is
2 different from said origination location and said target
3 intermediate location and is identical to said target attach
4 location or differs from said target attach location by an attach
error deviation.

5 (*Id.* at 13:15–37.) Claim 24 details:

6 24. A method for placement of a first workpiece onto a second workpiece
7 comprising the steps of:

- 8 a) providing a first workpiece positioned at an origination location
9 different from a target intermediate location;
- 10 b) providing a second workpiece having a target attach location
11 different from said origination location;
- 12 c) performing a first place step to displace said first workpiece from
13 said origination location to an actual intermediate location,
14 wherein said actual intermediate location is identical to said
15 target intermediate location or differs from said target
intermediate location by an intermediate error deviation; and
- 16 d) performing a second place step to displace said first workpiece
17 from said actual intermediate location to an actual attach
18 location, wherein said actual attach location is identical to said
19 target attach location or differs from said target attach location
by an attach error deviation.

20 (*Id.* at 15:42–59.) Finally, claim 48 outlines:

21 48. A method for placement of a first workpiece onto a second workpiece
22 comprising the steps of:

- 23 a) providing a first workpiece positioned at an origination location;
- 24 b) providing a second workpiece having an attach location different
25 from said origination location;
- 26 c) performing a first place step to displace said first workpiece from
27 said origination location to an intermediate location different
28 from said origination location and said attach location;

- d) performing a second place step to displace said first workpiece from said intermediate location to said attach location; and
- e) attaching said first workpiece to said second workpiece.

(*Id.* at 18:27–41.)

The forty-five dependent claims provide conceptual limitations to these independent claims, with claims 2 through 23 ultimately dependent on claim 1 (*see id.* at 13:38–15:41), and claims 25 through 47 ultimately dependent on claim 24 (*see id.* at 15:60–18:26). With respect to claim 1, for example, claim 2 introduces the concept of attaching the first workpiece (*id.* at 13:38–39), while claims 3 and 4 advance “place path[s]” (*id.* at 13:40–47). Claims 5 through 10 refer to the use of a “pickup tool” (*id.* at 13:48–67), and claims 11 through 13 designate “error deviations” (*id.* at 14:1–10), some on the scale of microns (*id.* at 14:1–8). Claims 14 through 16 introduce thermal attachment, preheating, and soldering. (*Id.* at 14:11–23.) Claim 17 designates the first workpiece as a die (*id.* at 14:24–25), while claim 18 designates the second workpiece as a circuit body (*id.* at 14:26–27). Claims 19, 20, 22, and 23 introduce the concept of workpiece pairs (*id.* at 14:28–15:3, 15:6–40), and claim 21 introduces a “carrier” on which the workpiece pair is located (*id.* at 15:4-5). Claims 25 through 47 introduce similar limitations with respect to claim 24. (*See id.* at 15:60–18:26.)

On July 6, 2015, Plaintiff filed a complaint alleging infringement of the ’327 Patent. (ECF No. 1.) Defendant filed the instant MTD on August 28, 2015. (ECF No. 13.)

LEGAL STANDARD

Federal Rule of Civil Procedure 12(b)(6) permits a party to raise by motion the defense that the complaint “fail[s] to state a claim upon which relief can be granted,” generally referred to as a motion to dismiss. The Court evaluates whether a complaint states a cognizable legal theory and sufficient facts in light of Federal Rule of Civil Procedure 8(a), which requires a “short and plain statement of the claim showing that the pleader is entitled to relief.” Although Rule 8 “does not require ‘detailed factual allegations,’ . . . it demands more than an unadorned, the-defendant-unlawfully-harmed-

1 me accusation.” *Ashcroft v. Iqbal*, 556 U.S. 662, 678 (2009) (quoting *Bell Atl. Corp. v.*
2 *Twombly*, 550 U.S. 544, 555 (2007)). In other words, “a plaintiff’s obligation to provide
3 the ‘grounds’ of his ‘entitle[ment] to relief’ requires more than labels and conclusions, and
4 a formulaic recitation of a cause of action’s elements will not do.” *Twombly*, 550 U.S. at
5 555 (alteration in original). “Nor does a complaint suffice if it tenders ‘naked assertion[s]’
6 devoid of ‘further factual enhancement.’” *Iqbal*, 556 U.S. at 678 (alteration in original)
7 (quoting *Twombly*, 550 U.S. at 557).

8 “To survive a motion to dismiss, a complaint must contain sufficient factual matter,
9 accepted as true, to ‘state a claim to relief that is plausible on its face.’” *Id.* (quoting
10 *Twombly*, 550 U.S. at 570); *see also* Fed. R. Civ. P. 12(b)(6). A claim is facially plausible
11 when the facts pled “allow[] the court to draw the reasonable inference that the defendant
12 is liable for the misconduct alleged.” *Id.* (citing *Twombly*, 550 U.S. at 556). That is not to
13 say that the claim must be probable, but there must be “more than a sheer possibility that a
14 defendant has acted unlawfully.” *Id.* (citing *Twombly*, 550 U.S. at 556). “[F]acts that are
15 ‘merely consistent with’ a defendant’s liability” fall short of a plausible entitlement to
16 relief. *Id.* (quoting *Twombly*, 550 U.S. at 557). Further, the Court need not accept as true
17 “legal conclusions” contained in the complaint. *Id.* at 678–79 (citing *Twombly*, 550 U.S.
18 at 555). This review requires “context-specific” analysis involving the Court’s “judicial
19 experience and common sense.” *Id.* at 679. “[W]here the well-pleaded facts do not permit
20 the court to infer more than the mere possibility of misconduct, the complaint has alleged—
21 but it has not ‘show[n]’—‘that the pleader is entitled to relief.’” *Id.* (quoting Fed. R. Civ.
22 P. 8(a)(2)). The Court will grant leave to amend unless it determines that no modified
23 contention “consistent with the challenged pleading . . . [will] cure the deficiency.” *DeSoto*
24 *v. Yellow Freight Sys., Inc.*, 957 F.2d 655, 658 (9th Cir. 1992) (quoting *Schriber Distrib.*
25 *Co. v. Serv-Well Furniture Co.*, 806 F.2d 1393, 1401 (9th Cir. 1986)).

26 ANALYSIS

27 An invention is patent eligible if it claims “any new and useful process, machine,
28 manufacture, or composition of matter, or any new and useful improvement thereof.” 35

1 U.S.C. § 101 (“Section 101”). The Supreme Court has also established, however, that
2 Section 101 “contains an important implicit exception: Laws of nature, natural
3 phenomena, and abstract ideas are not patentable.” *Alice Corp. Pty. v. CLS Bank Int’l*, 134
4 S. Ct. 2347, 2355 (2014) (quoting *Ass’n for Molecular Pathology v. Myriad Genetics, Inc.*,
5 133 S. Ct. 2107, 2116 (2013)) (internal quotation marks omitted). The purpose of these
6 exceptions is to protect “the basic tools of scientific and technological work that lie beyond
7 the domain of patent protection.” *Myriad*, 133 S. Ct. at 2116 (quoting *Mayo Collaborative*
8 *Servs. v. Prometheus Labs., Inc.*, 132 S. Ct. 1289, 1293 (2012)) (internal quotation marks
9 omitted).

10 *Alice* provides the relevant analytical “framework for distinguishing patents that
11 claim laws of nature, natural phenomena, and abstract ideas from those that claim patent-
12 eligible applications of those concepts.” *Alice*, 134 S. Ct. at 2355. First, the Court must
13 determine whether the claims at issue are directed to one of the patent-ineligible concepts.
14 *Id.* (citing *Mayo*, 132 S. Ct. at 1297). Second, if the claims are directed to a patent-
15 ineligible concept, such as an abstract idea, the Court must “consider the elements of each
16 claim both individually and as an ordered combination to determine whether the additional
17 elements transform the nature of the claim into a patent-eligible application.” *Alice*, 134
18 S. Ct. at 2355 (quoting *Mayo*, 132 S. Ct. at 1297–98) (internal quotation marks omitted).
19 The abstract-ideas exception does not apply if the claimed invention “solve[s] a
20 technological problem in ‘conventional industry practice,’” “improve[s] an existing
21 technological process,” or otherwise “effect[s] an improvement in any other technology or
22 technical field.” *Alice*, 134 S. Ct. at 2358–59 (citing *Diamond v. Diehr*, 450 U.S. 175,
23 177–78 (1981)).

24 “[A]ll issued patent claims receive a statutory presumption of validity,” *CLS Bank*
25 *Int’l v. Alice Corp. Pty.*, 717 F.3d 1269, 1284 (Fed. Cir. 2013) (citing 35 U.S.C. § 282;
26 *Microsoft Corp. v. i4i Ltd. P’ship*, 131 S. Ct. 2238 (2011)), *aff’d* 134 S. Ct. 2347 (2014),
27 and “that presumption applies when § 101 is raised as a basis for invalidity in district court
28 proceedings,” *id.* “A party seeking to establish that particular claims are invalid must

1 overcome the presumption of validity in 35 U.S.C. § 282 by clear and convincing
2 evidence.” *State Contracting & Eng’g Corp. v. Condotte Am., Inc.*, 346 F.3d 1057, 1067
3 (Fed. Cir. 2003) (citing *Beckson Marine, Inc. v. NFM, Inc.*, 292 F.3d 718, 725 (Fed. Cir.
4 2002)).

5 Though formal claim construction is often required to resolve factual disputes
6 involving a § 101 analysis, the Court may instead require Defendants “to
7 establish that the only plausible construction was one that, by clear and
8 convincing evidence rendered the subject matter ineligible (with no factual
9 inquiries), or [the Court may] adopt[] a construction most favorable to the
patentee.”

10 *Clear with Computers, LLC v. Dick’s Sporting Goods, Inc.*, 21 F. Supp. 3d 758, 764 (E.D.
11 Tex. 2014) (alterations in original) (quoting *Ultramercial, Inc. v. Hulu, LLC*, 722 F.3d
12 1335, 1349 (Fed. Cir. 2013)).

13 Defendant contends that the ’327 Patent is patent ineligible under Section 101
14 because its claims are directed to an abstract concept and lack any additional elements that
15 would transform those claims into a patent-eligible application. (MTD Mem. 26,² ECF
16 No. 13-1.) Consequently, Defendant argues, Plaintiff’s complaint should be dismissed.
17 (*Id.*) Plaintiff counters that “the claims are directed to precise movements of machines that
18 physically pick up electronic components, place them onto circuit bodies with accuracy to
19 one micron, and attach them to create electronic circuits or devices.” (Opp’n 13, ECF No.
20 17.) Additionally, Plaintiff asserts that even if the ’327 Patent’s claims are directed to an
21 abstract idea, “the ’327 [P]atent describes the claimed method as solving a specific problem
22 in the electronics assembly industry,” and is therefore directed to an inventive concept. (*Id.*
23 at 23.)

24 Although Defendant is correct in noting that “[c]ourts may properly decide the
25 question of patent eligibility at the pleading stage and without first construing the claim
26 terms” (MTD Mem. 12, ECF No. 13-1 (quoting *Wireless Media Innovations, LLC v. Maher*
27

28 ² Citations to docketed materials refer to the CM/ECF page number stamped at the top of the page.

1 *Terminals, LLC*, No. 14-7004, 2015 WL 1810378, at *4 (D.N.J. Apr. 20, 2015))), the
2 Federal Circuit has cautioned that “claim construction . . . will ordinarily be desirable—
3 and often necessary—to resolve claim construction disputes prior to a § 101 analysis, for
4 the determination of patent eligibility requires a full understanding of the basic character
5 of the claimed subject matter,” *Bancorp Servs., L.L.C. v. Sun Life Assur. Co. of Can. (U.S.)*,
6 687 F.3d 1266, 1273–74 (Fed. Cir. 2013). Consequently, “some courts decline to dismiss
7 prior to claim construction if it is possible to read the claims as stated to cover patent-
8 eligible subject matter, or if the parties dispute key terms of a patent.” *Boar’s Head Corp.*
9 *v. DirectApps, Inc.*, No. 2:14-CV-01927-KJM, 2015 WL 4530596, at *5 (E.D. Cal. July
10 28, 2015) (citing *Data Distrib. Techs., LLC v. BRER Affiliates, Inc.*, No. CIV. 12-4878,
11 2014 WL 4162765, at *6 (D.N.J. Aug. 19, 2014); *Modern Telecom Sys. LLC v. Earthlink,*
12 *Inc.*, No. SA CV 14-0347, 2015 WL 1239992, at *9 (C.D. Cal. Mar. 17, 2015)). “Courts
13 also have denied motions to dismiss where the factual record is not yet sufficiently
14 developed, such that the general character of a patent and its limitations are unclear.”
15 *Boar’s Head*, 2015 WL 4530596, at *5 (citing *StoneEagle Servs., Inc. v. Pay-Plus*
16 *Solutions, Inc.*, No. 8:13-CV-2240-T-33MAP, 2015 WL 518852, at *4 (M.D. Fla. Feb. 9,
17 2015)).

18 “In this case, the parties dispute the basic character of the claimed subject matter.”
19 *StoneEagle Servs.*, 2015 WL 518852, at *4; *see also Data Distrib. Techs.*, 2014 WL
20 4162765, at *13 (“[T]he determination of patent eligibility requires a full understanding
21 of the basic character of the claimed subject matter.’ . . . Absent claim construction, . . .
22 that ‘full understanding’ is lacking here.”) (quoting *Bancorp*, 687 F.3d at 1273–74)).
23 Consequently, even construing the claims in Plaintiff’s favor (*see* Opp’n Mem. 14–18), as
24 the Court must at this stage, *Content Extraction & Transmission LLC v. Wells Fargo Bank,*
25 *N.A.*, 776 F.3d 1343, 1349 (Fed. Cir. 2014), the Court is unable to identify the purpose of
26 the ’327 Patent, a necessary step in determining whether the ’327 Patent’s claims are
27 directed toward an abstract idea, *see Enfish, LLC v. Microsoft Corp.*, 56 F. Supp. 3d 1167,
28 1173 (C.D. Cal. 2014); *see also Cal. Inst. of Tech. v. Hughes Commc’ns Inc.*, 59 F. Supp.

1 3d 974, 993 (C.D. Cal. 2014). Perhaps because the Supreme Court has declined “to delimit
2 the precise contours of the ‘abstract ideas’ category,” *Alice*, 134 S. Ct. at 2357, the Court
3 simply does not yet “know it when [it] see[s] it,” *McRO, Inc. v. Activision Pub., Inc.*, No.
4 CV 14-336-GW FFMX, 2014 WL 4759953, at *5 (C.D. Cal. Sept. 22, 2014) (quoting
5 *Jacobellis v. Ohio*, 378 U.S. 184, 197 (1964) (Stewart, J. concurring)). Accordingly, the
6 Court treads lightly, particularly given the Supreme Court’s admonition that the
7 “exclusionary principle” of patent-ineligible subject matter must be construed carefully
8 “lest it swallow all of patent law.” *Alice*, 134 S. Ct. at 2354 (citing *Mayo*, 132 S. Ct. at
9 1301).

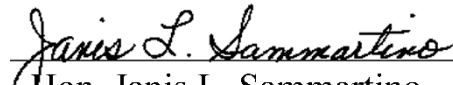
10 The Court therefore concludes that “claim construction will aid the Court’s Section
11 101 analysis in a number of respects,” *see Cave Consulting Grp., Inc. v. Truven Health*
12 *Analytics Inc.*, No. 15-CV-02177-SI, 2016 WL 283478, at *3 (N.D. Cal. Jan. 25, 2016),
13 and **DENIES WITHOUT PREJUDICE** Defendant’s MTD (ECF No. 13). Defendant
14 will be free to raise this issue again following claim construction. The Court also notes
15 that the parties have not agreed upon representative claims. Although the Court may
16 determine which claims are representative, *see, e.g., Bascom Research, LLC v. LinkedIn,*
17 *Inc.*, 77 F. Supp. 3d 940, 952 n.7 (N.D. Cal. 2015), “to narrow the issues, and to conserve
18 both the Court’s and the parties’ resources, the parties are encouraged to stipulate to
19 representative claims,” *StoneEagle Servs.*, 2015 WL 518852, at *5.

20 CONCLUSION

21 In light of the foregoing, the Court **DENIES WITHOUT PREJUDICE**
22 Defendant’s MTD. (ECF No. 13.)

23 **IT IS SO ORDERED.**

24
25 Dated: March 11, 2016


26 Hon. Janis L. Sammartino
27 United States District Judge
28