

## District Court Split on Pleading Standards to be Resolved?

*Sonos, Inc. v. Google LLC*, 2022 WL 799367 (N.D. Cal. Mar. 16, 2022)

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The United States District Court for the Northern District of California (“the Court”) recently granted Google’s motion to dismiss Sonos’ claims for willful and indirect infringement for insufficient pleading. In doing so, the Court made the unusual move of *sua sponte* certifying its decision for interlocutory review.

Regarding willful and indirect infringement, district courts have disagreed as to what needs to be pled. Here, the Court recognized that a claim for both willful and indirect infringement must plead the alleged infringer’s knowledge of the patent, knowledge of infringement, and specific intent to infringe. The Court then held that pleading willful infringement does not require any further showing, such as egregious behavior. While egregious behavior, which some district courts have required for willful infringement, is a requirement for enhanced damages, that determination is made at the end of the case and may include consideration of litigation conduct. The question of adequate pleading of willful infringement occurs at the outset of the case so it would not be appropriate to consider egregiousness.

Using that standard, the Court analyzed the willful and indirect infringement claims and found them insufficient. In doing so, the Court acknowledged another dispute between district courts as to whether the complaint can provide notice of the patents and of the infringement. In general, this Court agreed with the district courts that have found a complaint cannot provide adequate notice of the patent and the infringement to support a claim of willful and indirect infringement. Furthermore, any pre-suit notice must allow enough time for a party to evaluate the claims and cease any activity and/or seek a license. Twenty-four-hour notice, as provided here, was not sufficient time and, hence, the Court dismissed the claims of willful and indirect infringement without prejudice. The Court, however, did note that it would allow discovery into Google’s pre-suit knowledge of the patents and infringement and would allow Sonos leave to file an amended claim adding willful and indirect infringement if it discovered sufficient pre-suit knowledge of the patent and of the infringement.

Interestingly, there was also an accompanying declaratory judgment action. For a declaratory judgment action, the Court was of the view that the complaint should provide adequate notice because the declarant must have had knowledge of the patent and considered infringement before filing such an action. Therefore, in the declaratory judgment action, Sonos would be able to file a counterclaim of willful and indirect infringement.

And in a rare move, the Court *sua sponte* certified its order for an interlocutory appeal noting “that reasonable minds may differ as to the ground rules set forth above for pleading willfulness and [the knowledge requirement for] indirect infringement ... and recognizing the vast amount of resources being consumed in the district courts over such pleading issues.” While the Federal Circuit recently reversed a district court that overruled a jury verdict of willful infringement because there was no egregious behavior, the Federal Circuit has yet to address the proper pleading standards for willful and indirect infringement, and in particular, whether a complaint can provide adequate notice to support such a claim. The split between district courts regarding this issue is well known. Hopefully, the Court’s certification of its order for an interlocutory appeal will finally prompt the Federal Circuit to resolve this split and provide clarity on the proper standard for pleading willful and indirect infringement.