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IP CASE OF THE WEEK

Can You Sell a Patented Method? Perhaps… But Not Today

F45 Training Pty Ltd. v. Body Fit Training USA Inc., 2022 WL 17177621 (D. Del. Nov. 17, 2022)

By: Ifti Zaim & Nick Wheeler | December 28, 2022

On November 17, 2022, the District of Delaware adjudicated a perfect storm of international patent enforcement: a method claim infringement dispute between an Australian patent owner (F45) and the U.S. subsidiary (BFT) of another foreign company (BFT Australia) where some steps were performed in Australia, and others by BFT's U.S. franchisees. The Court held the asserted patent invalid under 35 U.S.C. § 101. This allowed the Court to bypass the case's complex infringement posture. But Judge Bryson, serving as a Visiting Judge in the District of Delaware, was not one to skip a station.

F45 Training Pty Ltd. ("F45") owns U.S. Patent No. 10,143,890 (the '890 Patent). Simplified, the '890 Patent calls for a library of workout programs tailored to a given fitness studio to be stored on a server and provided to the studio, and for each program to contain both instructions to the studio specifying how workout equipment should be rearranged for that session, and instructions to be played on screens on the workout equipment to coach gym goers through the session. In classic Internet-enabled patent fashion, claims 1-2 covered the server-side of the system, and claims 3,4, and 6 covered the studio-side.

The '890 Patent escaped invalidation at the pleadings stage where then-District Court Judge Leonard Stark found that the claims were directed to an abstract idea but could not then determine whether the claims individually or as an ordered combination contained an "inventive concept." Thus, on summary judgment, Alice was the Court's first port of call, and it agreed that "providing directions for exercises and varying exercise program" were "clearly abstract ideas." For Step Two, F45 argued that varying workouts to create a "surprise element" for gym-goers was unconventional and provided the inventive concept. However, the claim covered any variation in the exercise programs and not just surprising variations. The claimed "fitness library" of pre-programmed exercise routines also did not provide an inventive concept because it merely replaced a fitness instructor. Thus, the Court held the '890 Patent invalid under § 101.

And then things got interesting. As to claims 1 and 2, which implicated the interaction between the US-based studios and BFT's Australia-based server and staff, BFT argued that it did not infringe the claimed method because some steps were performed outside the United States. F45 argued that BFT could still infringe because it "sold" or "offered to sell" the method in the United States to its franchisees. To support this theory, F45 relied upon NTP, Inc. v. Research in Motion, Ltd., 418 F.3d 1282 (Fed. Cir. 2005) to argue that the Federal Circuit had left open the question of whether a method patent could be infringed by "sale" or an "offer for sale" under 35 U.S.C. § 271(a). However, as the Court observed, although NTP did not categorically foreclose infringing a patented method via "sale", it held that RIM's performance of steps of a patented method as a service for its customers could not be a sale or offer for sale. Finding BFT's actions factually analogous to RIM's in NTP, the Court found no infringement of the server claims.

As to the studio-focused claims, contributory infringement was a non-starter because it required "sale of a product of some sort," and the provision by BFT to franchisees of staple articles like computer and networking components did not suffice. But, as to inducement, there were factual issues regarding direct infringement, intent, and aiding and abetting that created a genuine issue of material fact.