

UNITED STATES DISTRICT COURT FOR THE DISTRICT OF NEVADA

Iron Bird, LLC v. Red Cat Holdings, LLC

Iron Bird · No. 3:25-cv-00103-ART-CLB · Decided January 20, 2026

SUMMARY

The United States District Court for the District of Nevada denies Red Cat Holdings, LLC’s motion to dismiss a patent-infringement action involving U.S. Patent No. 7,400,950. The court defers the patent-eligibility analysis under 35 U.S.C. § 101 because the parties dispute whether the preamble to Claim 13 is limiting, and it determines that claim construction should precede the eligibility analysis.

CASE DETAILS

COURT	United States District Court for the District of Nevada
WRITING FOR THE COURT	Anne R. Traum
JURISDICTION	United States District Court for the District of Nevada
DECIDED	January 20, 2026
DOCKET	3:25-cv-00103-ART-CLB
DISPOSITION	other
PROCEDURAL POSTURE	Defendant moved under Federal Rule of Civil Procedure 12(b)(6) to dismiss patent-infringement claims on the ground that the asserted patent claims patent-ineligible subject matter under 35 U.S.C. § 101. The court denied the motion without prejudice and denied earlier motions to dismiss as moot.
STANDARD OF REVIEW	On a Rule 12(b)(6) motion, the court accepts well-pleaded factual allegations as true and determines whether they plausibly state a claim for relief. Patent eligibility is a question of law that may involve underlying factual questions; it may be resolved at the pleading stage only when no plausible factual disputes remain after drawing reasonable inferences in favor of the nonmovant.
PRECEDENTIAL VALUE	unpublished district court order

TOPICS

- patent eligibility
- patent law
- motions to dismiss
- civil procedure
- commercial litigation

PRACTICE AREAS

QUESTIONS PRESENTED

1. Whether the court could decide the patent-eligibility challenge to Claim 13 under 35 U.S.C. § 101 before resolving the parties' dispute over whether the claim's preamble was limiting and supplied antecedent basis for a limitation in the body of the claim.
2. Whether the motion to dismiss should be denied without prejudice pending claim construction.

HOLDINGS

1. When a material dispute over whether a patent claim's preamble is limiting affects the content of the claim to be analyzed under § 101, the court should resolve the claim-construction dispute before deciding patent eligibility.
2. The motion to dismiss the patent-infringement complaint was denied without prejudice, with leave to refile after claim construction; the earlier motions to dismiss were denied as moot.

KEY QUOTATIONS

“The parties’ dispute over whether limitations exist in the preamble fundamentally changes the patent eligibility analysis, as it will affect exactly what content of Claim 13 the Court will consider.” (at 5)

“The Court therefore finds that a Markman hearing would be the most appropriate place to resolve whether the preamble is limiting and have the proper basis under which to determine patent eligibility.” (at 5)

“DENIED without prejudice, which it can refile after claim construction.” (at 6)

FACTUAL BACKGROUND

Iron Bird is the assignee of U.S. Patent No. 7,400,950, which concerns an optical sensing and stabilization system for airborne objects such as drones and remote-controlled helicopters. The patent uses an optical mouse sensor to measure optical flow and improve the speed and accuracy of aircraft movement and stabilization. Iron Bird alleged that Red Cat's TEAL 2 device directly infringed and induced infringement of Claim 13, while Red Cat argued that the claim was directed to patent-ineligible subject matter.

PROCEDURAL HISTORY

Iron Bird filed an action alleging that Red Cat directly and indirectly infringed U.S. Patent No. 7,400,950 through use of its TEAL 2 device. Red Cat moved to dismiss on patent-eligibility grounds. Because the parties disputed whether the preamble to asserted Claim 13 was limiting and whether it supplied antecedent basis for a claim limitation, the court deferred the § 101 analysis until after claim construction and directed that the issue be addressed at a Markman hearing.

DISPOSITION

other

REMAND INSTRUCTIONS

The court will conduct claim construction, including a Markman hearing addressing whether Claim 13's preamble is limiting, after which the defendant may refile its patent-eligibility motion.

CASES CITED

- Bell Atlantic Corp. v. Twombly, 550 U.S. 544, 555 (2007)
- Ashcroft v. Iqbal, 556 U.S. 662, 678-79 (2009)
- Alice Corp. Pty. v. CLS Bank International, 573 U.S. 208, 216-17, 217, 220 (2014)
- PersonalWeb Technologies LLC v. Google LLC, 8 F.4th 1310, 1314 (Fed. Cir. 2021)
- Mayo Collaborative Services v. Prometheus Laboratories, Inc., 566 U.S. 66, 71 (2012)
- International Business Machines Corp. v. Zillow Group, Inc., 50 F.4th 1371, 1377 (Fed. Cir. 2022)
- Emergency Alerts Innovations, LLC v. United States, 174 Fed. Cl. 485, 495 (2025)
- Chewy, Inc. v. International Business Machines Corp., 94 F.4th 1354, 1365 (Fed. Cir. 2024)
- Berkheimer v. HP Inc., 881 F.3d 1360, 1365 (Fed. Cir. 2018)
- Cooperative Entertainment, Inc. v. Kollektive Technology, Inc., 50 F.4th 127 (Fed. Cir. 2022)
- Aatrix Software, Inc. v. Green Shades Software, Inc., 882 F.3d 1121, 1125 (Fed. Cir. 2018)
- Sanderling Management Ltd. v. Snap, Inc., 65 F.4th 698, 704 (Fed. Cir. 2023)
- Bancorp Services, LLC v. Sun Life Assurance Co. of Canada (U.S.), 678 F.3d 1266, 1273 (Fed. Cir. 2012)
- Google LLC v. Sonos, Inc., 498 F. Supp. 3d 1138 (N.D. Cal. 2020)
- Data Engine Technologies LLC v. Google LLC, 10 F.4th 1375, 1380 (Fed. Cir. 2021)
- Data Distribution Technologies, LLC v. BRER Affiliates, Inc., No. 12-4878 (JBS/KMW), 2014 WL 4162765, at *6 (D.N.J. Aug. 19, 2014)
- Bell Semiconductor, LLC v. NXP USA, Inc., 653 F. Supp. 3d 767, 775-76 (S.D. Cal. 2023)

OPINION

Iron Bird, LLC v. Red Cat Holdings, LLC

PER CURIAM.

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3 UNITED STATES DISTRICT COURT

4 DISTRICT OF NEVADA

5 IRON BIRD, LLC, Case No. 3:25-cv-00103-ART-CLB 6 Plaintiff, ORDER DENYING
MOTION TO

7 v. DISMISS (ECF No. 30) AND RELATED
MOTIONS (ECF Nos. 17, 18, 29)

8 RED CAT HOLDINGS, LLC,

9 Defendant. 10

Iron Bird, LLC (“Plaintiff”) is the assignee of all right, title, and interest in 11 United States Patent No. 7,400,950 (the “950 Patent”), which discloses an 12 “optical sensing system and system for

stabilizing machine-controllable vehicles,” 13 issued on July 15, 2008. (ECF No. 28 at 2.) Plaintiff alleges that Red Cat Holdings, 14 LLC, (“Defendant”) directly infringed and induced infringement of the ‘950 Patent 15 with its TEAL 2 device. (ECF No. 28-2.) Defendant moves to dismiss the complaint 16 based on its position that the ‘950 Patent claims patent-ineligible subject matter. 17 (ECF No. 30.) 18 I. Factual Background 19 The ‘950 Patent discloses “an imaging optical system” and “an optoelectronic 20 shift sensor chip” for airborne objects like remote-controlled helicopters or drones 21 that allows for a more accurate system of measuring and controlling aircraft 22 movement. (See generally ECF Nos. 28 at 3, 28-1.) The system relies on an 23 inventive use of a shift sensor that is normally found in a computer mouse, called 24 an optical mouse sensor. (ECF No. 28-1, Patent Abstract.) This sensor allows 25 “infinite objects” to be focused, allowing for precise measurements of aircraft 26 movements and positionality. (Id.) Plaintiff claims that its system improves on the 27 speed and accuracy of prior art methods, which did not rely on optical sensor 28 1 technology, and were therefore less efficient and lacked the ability to effectively 2 stabilize flight. (ECF No. 28 at 3.) 3 The current action focuses on Claim 13 of the ‘950 Patent, which discloses 4 a: 5 System for controlling at least a roll attitude for stabilizing hovering flight 6 of an airborne object, wherein an optoelectronic sensing means is provided for obtaining an optical flow measurement signal from a section 7 of ground image, the system comprising an electronic circuit adapted for 8 generating from the optical flow signal of at least a lateral movement direction, at least in part, a control signal in the manner of a negative 9 feedback loop, the generated control signal being adapted for driving an 10 actuating element affecting roll movements of the airborne object. 11 (ECF No. 28-1, Claim 13.) Plaintiff argues that Claim 13 requires the specific 12 technological implementation that solved the prior art’s speed and precision 13 limitations. (ECF No. 28 at 5.) 14 II. Legal Standard 15 a. Motion to Dismiss 16 A court may dismiss a complaint for “failure to state a claim upon which 17 relief can be granted.” Fed. R. Civ. P. 12(b)(6). A properly pleaded complaint must 18 provide “a short and plain statement of the claim showing that the pleader is 19 entitled to relief.” Fed. R. Civ. P. 8(a)(2); *Bell Atlantic Corp. v. Twombly*, 550 U.S. 20 544, 555 (2007). While Rule 8 does not require detailed factual allegations, it 21 demands more than “labels and conclusions” or a “formulaic recitation of the 22 elements of a cause of action.” *Ashcroft v. Iqbal*, 556 U.S. 662, 678 (2009) (citing *Twombly*, 550 U.S. at 555). “Factual allegations must be enough to rise above the 24 speculative level.” *Twombly*, 550 U.S. at 555. A complaint must contain sufficient 25 factual matter to “state a claim to relief that is plausible on its face.” *Iqbal*, 556 26 U.S. at 678 (quoting *Twombly*, 550 U.S. at 570). Under this standard, a district 27 court must accept as true all well-pleaded factual allegations in the complaint 28 and determine whether those factual allegations state a plausible claim for relief.

1 Id. at 678–79.

2 b. Patent Ineligibility, 35 U.S.C. § 101

3 Section 101 of the Patent Act defines patent-eligible subject matter as “any

4 new and useful process, machine, manufacture, or composition of matter, or any 5 new and useful improvement thereof.” 35 U.S.C. § 101. Courts, however, “have 6 long held that this provision contains an important explicit exception: Laws of 7 nature, natural phenomenon, and abstract ideas are not patentable.” *Alice Corp. 8 Pty. v. CLS Bank Int’l*, 573 U.S. 208, 216-217 (2014) (internal citation omitted). 9 “This exception reflects the concern that patent law not inhibit further discovery 10 by improperly tying up the future use of these building blocks of human 11 ingenuity.” *PersonalWeb Techs. LLC v. Google LLC*, 8 F.4th 1310, 1314 (Fed. Cir. 12 2021) (internal quotation marks omitted) (quoting *Alice Corp.*, 573 U.S. at 216). 13 This concern is balanced against the fact that “all inventions at some level 14 embody, use, reflect, rest upon, or apply laws of nature, natural phenomena, or 15 abstract ideas.” *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 566 U.S. 66, 16 71 (2012). Thus, where an invention moves beyond an abstract idea by applying 17 it “to a new and useful end,” the invention will meet the § 101 standard. *Alice 18 Corp.*, 573 U.S. at 217. 19 “The Supreme Court has established a two-step framework for evaluating 20 patent eligibility under § 101.” *Int’l Bus. Machines Corp. v. Zillow Grp., Inc.*, 50 21 F.4th 1371, 1377 (Fed. Cir. 2022) (citing *Alice Corp.*, 573 U.S. at 217). First, 22 courts must determine whether a patent’s claims are directed to a “patent- 23 ineligible concept,” such as an abstract idea. *Alice Corp.*, 573 U.S. at 217. 24 Abstract ideas may be “preexisting, fundamental truth[s]” such as mathematical 25 equations, and also encompass “method[s] of organizing human activity” or 26 “longstanding commercial practice[s]” like intermediated settlement or risk 27 hedging. *Id.* at 220. 28 Second, if the court finds that the patent is directed to an ineligible subject, 1 it asks whether the claim elements, individually and as an ordered combination, 2 “contains an inventive concept sufficient to transform the claims abstract idea 3 into a patent eligible application.” *Emergency Alerts Innovations, LLC v. United 4 States*, 174 Fed.Cl. 485, 495 (2025) (citing *Chewy, Inc. v. Int’l Bus. Machines 5 Corp.*, 94 F.4th 1354, 1365 (Fed. Cir. 2024)). 6 Patent eligibility is a question of law that may involve underlying questions 7 of fact. *Berkheimer v. HP Inc.*, 881 F.3d 1360, 1365 (Fed. Cir. 2018). “Thus, patent 8 eligibility may be resolved at the Rule 12 stage only if there are no plausible 9 factual disputes after drawing all reasonable inferences from the intrinsic and 10 Rule 12 record in favor of the non-movant.” *Coop. Ent., Inc. v. Kollektive Tech., 11 Inc.*, 50 F.4th 127 (Fed. Cir. 2022) (collecting cases). 12 For any claim construction disputes, “the court must proceed by adopting 13 the non-moving party’s constructions or the court must resolve the disputes to 14 whatever extent is needed to conduct the § 101 analysis, which may be less than 15 a full, formal claim construction.” *Aatrix Software, Inc. v. Green Shades Software, 16 Inc.*, 882 F.3d 1121, 1125 (Fed. Cir. 2018). Claim construction is not required to 17 conduct a determination under § 101 if claims are directed to ineligible subject 18 matter under all plausible constructions. *Sanderling Management Ltd. v. Snap, 19 Inc.*, 65 F.4th 698, 704 (Fed. Cir. 2023). “It will ordinarily be desirable – and often 20 necessary – to resolve claim construction disputes prior to a § 101 analysis,” 21 however. *Bancorp Services, LLC v. Sun Life Assur. Co. of Canada*

(U.S.), 678 F.3d 22 1266, 1273 (Fed. Cir. 2012). Deferral may be necessary “when a patentee 23 identifies terms requiring construction and explains how resolution of 24 construction disputes is material to resolving the § 101 challenge.” Google LLC v. 25 Sonos, Inc., 498 F. Supp. 3d 1138 (N.D. Cal. 2020) (internal citation omitted). 26 III. Analysis 27 a. Claim Construction 28 Although claim construction is not required before adjudicating subject 1 matter eligibility, the Court finds it advisable in this case. Defendant argues that 2 the Court should disregard the preamble to Claim 13 as non-limiting and 3 therefore unnecessary to construing the eligibility of the claim. Whether a 4 preamble is limiting is a classic issue of claim construction. Data Engine 5 Technologies LLC v. Google LLC, 10 F.4th 1375, 1380 (Fed. Cir. 2021). Plaintiff 6 disputes this construction and argues that the preamble provides an antecedent 7 basis for the limitation “an optical flow measurement signal” that appears in the 8 body of the claim. See Data Distribution Technologies, LLC v. BRER Affiliates, Inc.,

9 No. 12-4878 (JBS/KMW), 2014 WL 4162765, *6 (D. N.J. Aug. 19, 2014) (finding 10 that adjudication of the patent’s eligibility should be postponed until after claim 11 construction where the parties disputed the plausible construction); Sanderling 12 Management Ltd., 65 F.4th at 704 (foregoing claim construction analysis only 13 because parties failed to explain why constructions were not frivolous or make a 14 difference to Alice analysis). At the hearing, Plaintiff argued that the entirety of

15 Claim 13 is necessary to determine patent eligibility, because it would not be 16 challenging to define “optical flow measurement signal” without its antecedent 17 basis in the preamble. Defendant, on the other hand, argues that the antecedent 18 basis is irrelevant because it applies to a term of prior art, and spends most of its 19 briefing analyzing the Alice steps only as they apply to the body of the claim. 20 The parties’ dispute over whether limitations exist in the preamble 21 fundamentally changes the patent eligibility analysis, as it will affect exactly what 22 content of Claim 13 the Court will consider. Defendant also conceded at oral 23 argument that its arguments around claim construction would be better suited 24 towards a dedicated hearing and rested on its Motion. The Court therefore finds 25 that a Markman hearing would be the most appropriate place to resolve whether 26 the preamble is limiting and have the proper basis under which to determine 27 patent eligibility. See Bell Semiconductor, LLC v. NXP USA, Inc., 653 F. Supp. 3d 28 767, 775-76 (S.D. Cal. 2023) (holding that the parties presented a clear claim 1 || construction issue and therefore deferring the issue of eligibility until after claim 2 || construction). For the foregoing reasons, the Court will not walk through the Alice 3 || two-step analysis briefed by the parties and will reserve its analysis for after the 4 || hearing on claim construction. 5 IV. Conclusion 6 It is therefore ordered that Defendant’s Motion to Dismiss (ECF No. 30) is 7 || DENIED without prejudice, which it can refile after claim construction. 8 It is further ordered that Defendant’s previous Motions to Dismiss are 9 || DENIED as moot. (ECF Nos. 17, 18, and 29.) 10 11 Dated this 20 day of January, 2026. 12 13 Ars padi

14 ANNE R. TRAUM

15 UNITED STATES DISTRICT JUDGE
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