

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.

OPINION

1 2 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 23 *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 patent eligibility under § 101.” *Int’l Bus. Machines Corp. v. Zillow Grp., Inc.*, 50 F.4th 1371, 1377 (Fed.

Cir. 2022) (citing *Alice Corp.*, 573 U.S. at 217). First, courts must determine whether a patent’s claims are directed to a “patent-ineligible concept,” such as an abstract idea. *Alice Corp.*, 573 U.S. at 217. Abstract ideas may be “preexisting, fundamental truth[s]” such as mathematical equations, and also encompass “method[s] of organizing human activity” or “longstanding commercial practice[s]” like intermediated settlement or risk hedging.

Id. at 220. Second, if the court finds that the patent is directed to an ineligible subject, it asks whether the claim elements, individually and as an ordered combination, “contains an inventive concept sufficient to transform the claims abstract idea into a patent eligible application.” *Emergency Alerts Innovations, LLC v. United States*, 174 Fed.Cl.

485, 495 (2025) (citing *Chewy, Inc. v. Int’l Bus. Machines Corp.*, 94 F.4th 1354, 1365 (Fed. Cir. 2024)). Patent eligibility is a question of law that may involve underlying questions of fact. *Berkheimer v. HP Inc.*, 881 F.3d 1360, 1365 (Fed. Cir. 2018). “Thus, patent eligibility may be resolved at the Rule 12 stage only if there are no plausible factual disputes after drawing all reasonable inferences from the intrinsic and Rule 12 record in favor of the non-movant.” *Coop.*

Ent., Inc. v. Kollektive Tech., Inc., 50 F.4th 127 (Fed. Cir. 2022) (collecting cases). For any claim construction disputes, “the court must proceed by adopting the non-moving party’s constructions or the court must resolve the disputes to whatever extent is needed to conduct the § 101 analysis, which may be less than a full, formal claim construction.” *Aatrix Software, Inc. v. Green Shades Software, Inc.*, 882 F.3d 1121, 1125 (Fed.

Cir. 2018). Claim construction is not required to conduct a determination under § 101 if claims are directed to ineligible subject matter under all plausible constructions. *Sanderling Management Ltd. v. Snap, Inc.*, 65 F.4th 698, 704 (Fed. Cir. 2023). “It will ordinarily be desirable – and often necessary – to resolve claim construction disputes prior to a § 101 analysis,” however.

Bancorp Services, LLC v. Sun Life Assur. Co. of Canada (U.S.), 678 F.3d 1266, 1273 (Fed. Cir. 2012). Deferral may be necessary “when a patentee identifies terms requiring construction and explains how resolution of construction disputes is material to resolving the § 101 challenge.” *Google LLC v. Sonos, Inc.*, 498 F. Supp. 3d 1138 (N.D. Cal. 2020) (internal citation omitted).

26 III. Analysis a. Claim Construction Although claim construction is not required before adjudicating subject matter eligibility, the Court finds it advisable in this case. Defendant argues that the Court should disregard the preamble to Claim 13 as non-limiting and 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 16 17 18 19 20 21 22 23 24 25 26 27 28

