No. 17-_____

In the Supreme Court of the United States

EVOLUTIONARY INTELLIGENCE LLC, PETITIONER,

v.

SPRINT NEXTEL CORPORATION, SPRINT COMMUNICATIONS COMPANY, L.P., SPRINT SPECTRUM L.P., SPRINT SOLUTIONS, INC., APPLE INC., FACEBOOK INC., FOURSQUARE LABS, INC., GROUPON, INC., LIVINGSOCIAL, INC., MILLENNIAL MEDIA, INC., TWITTER, INC., YELP, INC.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

PETITION FOR A WRIT OF CERTIORARI

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QUESTIONS PRESENTED

In *Alice Corp. Pty. Ltd.* v. *CLS Bank Int'l*, 134 S. Ct. 2347 (2014), this Court sought to clarify the proper approach to issues of "abstractness" under Section 101 of the Patent Act, while emphasizing the need to "tread carefully in construing this exclusionary principle lest it swallow all of patent law." *Id.* at 2354. Unfortunately, many district courts—including in this case—have interpreted *Alice* as authorizing invalidation of issued patents on abstractness grounds based solely on the pleadings, even where the invalidation rests on resolution of a disputed issue of fact or of claim construction or scope. Although this overreading of *Alice* has been widely criticized by patent commentators, it has often been abetted, as here, by the Federal Circuit.

The questions presented are:

1. Whether *Alice* authorizes a district court to invalidate a patent solely on the pleadings based on an abstractness argument that depends upon one view of a disputed question of fact—notwithstanding the presumption of patent validity in Section 282 of the Act and settled procedural and Seventh Amendment safeguards that ordinarily prevent the resolution of such questions on the pleadings.

2. Whether *Alice* and its predecessors authorize a court to invalidate a patent on the pleadings based on one view of a disputed question of claim construction or scope—including (in *Alice*'s words) what the claims "are directed to"—notwithstanding the presumption of patent validity and the general principle that, on a motion to dismiss, any legal instrument must be construed in the light most favorable to the non-moving party.

PARTIES TO THE PROCEEDING AND CORPORATE DISCLOSURE STATEMENT

Petitioner Evolutionary Intelligence LLC was the plaintiff-appellant in the United States Court of Appeals for the Federal Circuit, in In Nos. 2016-1188, -1190, -1191, -1192, -1194, -1195, -1197, -1198, and -1199.

Respondents Sprint Nextel Corporation, Sprint Communications Company, L.P., Sprint Spectrum L.P., Sprint Solutions, Inc., Apple Inc., Facebook Inc., Foursquare Labs, Inc., Groupon, Inc., LivingSocial, Inc., Millennial Media, Inc., Twitter, Inc., and Yelp, Inc. were the defendants-appellees in that court.

Evolutionary Intelligence LLC's parent company is Incandescent, Inc. No publicly held company owns 10% or more of Evolutionary Intelligence LLC's stock.

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INTRODUCTION

As this Court explained in *Alice Corp. Pty. Ltd.* v. *CLS Bank Int'l*, 134 S. Ct. 2347 (2014), Section 101 of the Patent Act makes eligible for patenting those inventions that are "new and *useful*," but not those that merely seek a monopoly on, for example, an "abstract idea." *Id.* at 2354. In so holding, however, the Court emphasized the need to "tread carefully in construing this exclusionary principle"—the abstractness exclusion—"lest it swallow all of patent law." *Id*. Quoting its prior decision in *Mayo Collaborative Servs.* v. *Prometheus Labs., Inc.,* 566 U.S. 66 (2012), the Court observed that, "[a]t some level, 'all inventions … embody, use, reflect, rest upon, or apply laws of nature, natural phenomena, or abstract ideas.'" *Id.* (quoting *Mayo,* 566 U.S. at 71) (emphasis added). Hence even if an invention is built on an abstract idea, "'application[s]' of such concepts '*to a new and useful end*' … remain eligible for patent protection." *Id.* (emphasis added) (quoting *Gottschalk* v. *Benson*, 409 U.S. 63, 67 (1972)).

In keeping with this caution, and with the presumption of patent validity embodied in 35 U.S.C. 282, this Court has never sanctioned the resolution of a disputed "abstractness" challenge based solely on the pleadings. Nevertheless, *Alice* and *Mayo* have led inadvertently to an ongoing avalanche of district court decisions that do just that—decisions that have been affirmed in scores of Federal Circuit cases.

These "pleading invalidations" have resulted in the cancellation of hundreds of valuable patents—each one a vested private property right—with no opportunity for fact-finding, claim-construction briefing, or any of the other protections usually afforded in litigation on issued patents. As former Chief Judge Michel

has recently pointed out in congressional testimony, this misunderstanding of *Mayo* and *Alice* has placed virtually every inventor and patent holder at risk, while dramatically reducing the incentives and capital for innovation. And the Federal Circuit has done nothing to clear up the district courts' confusion, but instead has affirmed pleading invalidations more than 90 percent of the time since *Alice*.

This case gives the Court a much-needed opportunity to bring clarity to this important area of the law—an area that, as Judge Michel has emphasized, remains central to the Nation's economic growth and international competitiveness. Specifically, if the Court doesn't fully resolve the Seventh Amendment issue presented in the pending *Oil States* case (No. 16-712), this case gives the Court an opportunity to establish that ordinary legal principles governing fact-finding adjudications—including the Seventh Amendment—also govern "abstractness" determinations in patent litigation. This case also gives the Court an opportunity to clarify the type of analysis of patent claims that should be undertaken to determine what those claims, in *Alice*'s formulation, are "directed to." The Court's resolution of both issues will also bring needed clarity to the proper interplay between Section 101's eligibility requirements and Section 282's presumption of validity.

OPINIONS BELOW

The order denying rehearing and rehearing *en banc*, App.6a-7a, is unreported. The opinion affirming the judgment of the U.S. District Court for the Northern District of California is reported at 677 Fed. Appx. 679 (Fed. Cir. Feb. 17, 2017). App. 1a-5a. The district court's opinion and order dismissing the petitioner's

complaint on the pleadings is reported at 137 F. Supp. 3d 1157 (N.D. Cal. Oct. 6, 2015). App. 10a-42a

JURISDICTION

The court of appeals entered its order denying rehearing on May 24, 2017. An application to extend the time to file a petition for a writ of certiorari was granted on August 16, 2017. An application for a further extension of time was granted on September 15, 2017, making the petition due on or before Saturday, October 21, 2017, and extended to Monday, October 23 under the weekend rule. S. Ct. R. 30.1. The jurisdiction of this Court is invoked under 28 U.S.C. 1254(1).

STATUTORY AND CONSTITUTIONAL PROVISIONS

Section 101 of the Patent Act, 35 U.S.C. 101, provides that:

> "Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title."

Section 282(a) of the Act, 35 U.S.C. 282(a), further provides:

> "A patent shall be presumed valid. Each claim of a patent (whether in independent, dependent, or multiple dependent form) shall be presumed valid independently of the validity of other claims; dependent or multiple dependent claims shall be presumed valid even though dependent upon an invalid claim. The burden of establishing invalidity of a patent or any claim thereof

> shall rest on the party asserting such invalidity."

The Seventh Amendment provides that:

> "In Suits at common law, where the value in controversy shall exceed twenty dollars, the right of trial by jury shall be preserved, and no fact tried by a jury, shall be otherwise re-examined in any Court of the United States, than according to the rules of the common law."

STATEMENT

This is one of many recent cases in which district courts—with the Federal Circuit's blessing—have invalidated patents on abstractness grounds *on the pleadings*. They have done this without the usual hearings to determine the scope or meaning of the challenged patent claims, and without fact-finding or other rigorous analysis to determine whether the invention claims an abstract idea, or if so, as *Alice* put it, properly "appl[ies]" such an idea "to a new and useful end." *Alice*, 134 S. Ct. at 2354 (citation omitted).

1. Petitioner Evolutionary Intelligence LLC ("Evolutionary") applied for patents for its location and search technologies at issue here in 1998, with patents issued in 2006 and 2010.[1] App. 19a. On their face—and

[1] The patents in dispute are U.S. Patent Nos. 7,010,536 ("the '536 patent") and 7,702,682 ("the '682 patent"). Both patents are entitled "System and Method for Creating and Manipulating Information Containers with Dynamic Registers." The '682 patent, which issued on April 20, 2010, is a continuation of the '536 patent, which issued on March 7, 2006. Both patented technologies were invented by Michael De Angelo, are owned by Evolutionary, which he effectively manages, and are the subject of continued

especially when read in light of the statutory presumption of validity—the innovation described in Evolutionary's patents is not an "abstract idea." And even if it were, those patents go well beyond that by explaining *how* to implement a new invention crucial to today's smartphones.

Evolutionary's patents claim a groundbreaking technology that today benefits billions of users—a specific method for using information about a user's precise location and other rapidly-changing information in the outside world to improve search results. App. 30a. The invention is an advanced method of storing the results of *past* internet searches in a digital location called a "container." App. 46a. Those containers then consult with each other to optimize search results and to deliver pertinent notifications. App. 45a–60a.

For example, Evolutionary's invention makes it possible for someone stepping off an airplane in an unfamiliar city to learn about restaurant dinner offers announced only minutes ago within a one-mile radius. These offers may have been encoded into the uniquely identified electronic "container" of a restaurant, zip code, or neighborhood. One container might contain, for example, a list of all businesses within a one-mile radius. A second container might contain a list of all restaurants in the county, and a third container might include a list of all restaurants with dinner offers in a particular time period for that evening.

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efforts at commercialization. The patents claim priority to a provisional application dating to January 30, 1998 (No. 60/073,209). The '536 patent is available at http://bit.ly/Evol536Patent, and the '682 Patent is available at http://bit.ly/Evol682Patent.

Unlike prior art, the patent's innovations permit the three containers to consult with each other electronically so as to govern search results or notifications to meet all three of the search criteria—that is, "within one mile," "restaurants," and "dinner offers," according to present times and locations of users.

Also unlike prior art, the technology then prioritizes the search results based on an indicator of relevance, such as proximity or consumer ratings. For example, to prioritize results by consumer rating (i.e. place the highest rated restaurants at the top of the search results), there might be another container including a list of the highest rated restaurants in the area. Thus, the first three containers would interact with each other to narrow the search results, then interact with additional containers to prioritize the results by their relevance.

This process allows search engines—through dynamic updating—to make more meaningful use of information external to the computer performing the search. Indeed, absent the invention the user could only search one list at a time—for example, the list of highest rated restaurants in the city, or a list of restaurants that have had dinner offers previously. Without additional searches, the user could not easily get the additional list showing which *nearby* restaurants had discounts on that particular night.

Every day, billions of search results are now distributed in precisely this way. While commonplace now, the invention was far from simple: Evolutionary's two patents comprise in their common specification 45 pages of technical description, 31 flowcharts and diagrams, and detailed processes comprising over 700 citations to computer processes, hardware components,

and software elements. Given the importance and complexity of this patent, it is not surprising that it has been cited at the Patent and Trademark office when evaluating later patents assigned to respondent Apple,[2] Microsoft,[3] Hewlett-Packard,[4] IBM,[5] and others.

2. The present dispute arose when Evolutionary brought infringement suits against the respondents. Eventually the nine cases were consolidated, but not before respondents Apple, Facebook, Twitter, and Yelp had brought nine separate petitions for *inter partes* review against Evolutionary's patents before the Patent Trial and Appeal Board (PTAB). The PTAB outright rejected eight of the petitions, thereby upholding the patents' validity.[6] And in the only petition the PTAB elected to hear on the merits, the agency also upheld the patents' validity as against an "anticipation" challenge based on prior art. App. 44a–45a.

In so holding, the PTAB concluded that, contrary to respondents' assertions, the claimed "containers" were not generic. Instead, unique specifications about each container and the way it interacted with other containers and electronic "registers" were crucial to making the invention function. App. 45a–57a.

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[2] U.S. Patent No. 8,667,023, at [56] (filed Aug. 20, 2012).

[3] U.S. Patent No. 7,516,455, at [56] (filed Sep. 5, 2003).

[4] U.S. Patent No. 8,266,272 at [56] (filed Nov. 7, 2005).

[5] U.S. Patent No. 7,383,347 at [56] (filed Jul. 18, 2001).

[6] See, *e.g., Apple* v. *Evolutionary Intelligence*, No. 2014-00080 at 2 (PTAB April 25, 2014) ("[W]e conclude that Petitioner has not established a reasonable likelihood that it would prevail with respect to claims 1-23 of the '682 patent.").

In sustaining the patents' validity, the PTAB also expressed its view of what the invention is "directed to"—an issue known as "step one" of the framework established in *Alice*. The PTAB found that the patent's claims are "directed to developing intelligence in a computer or digital network by creating and manipulating information containers with dynamic interactive registers in a computer network." App. 45a (emphasis added).

3. Shortly after the patents survived these nine attacks in the PTAB, the district court nevertheless invalidated Evolutionary's patents under Section 101—and did so on the pleadings. In so doing, the court simply accepted *respondents'* characterization of the patents—including what the invention is "directed to"—rather than addressing disputed issues of fact and of claim construction or scope in the light most favorable to the non-moving party, i.e., Evolutionary.

Purporting to apply "*Alice* step one," the district court implicitly rejected the PTAB's characterization of the invention. Instead it adopted a broad view of what Evolutionary's claims are "directed to"—that is, merely "searching and processing containerized data." App. 30a. Then, apparently applying "*Alice* step two," the district court held, necessarily as a factual matter, that the invention merely computerizes "age-old forms of information processing," such as those used in "libraries, businesses, and other human enterprises with folders, books, time-cards, ledgers, and so on." App. 30a. The district court similarly found, also as a factual matter, that the claimed invention is no more inventive than the practice of a "local barista or bartender who remembers a particular customer's favorite drink." App. 35a. And once again, the district

court failed to give Evolutionary the benefit of the doubt on any of these matters.

4. The Federal Circuit affirmed. As to *Alice* step one, the Federal Circuit (in a short "non-precedential" opinion) adopted a third and even broader view of what the patent's claims are "directed to"—specifically, the general activity of "selecting and sorting information by user interest or subject matter." Not surprisingly, the court then held that this too was nothing more than an abstract idea. App. 4a. But in so holding, the court ignored the more specific aspects of the patent claims recognized by the PTAB in its narrower articulation of what the claims are "directed to"—that is, the purpose of "*developing* intelligence *in a computer or digital network*," and achieving that purpose by "*creating and manipulating information containers with dynamic interactive registers*." App. 45a (emphasis added).

As to *Alice* step two, the Federal Circuit held that the claims "lack an inventive concept to transform the abstract idea"—as broadened by the court—"into a patent-eligible invention." App. 5a. With no analysis of the claims, the specification, or even the prior art, the court based that holding on its own conclusory factual determination that, "[w]hether analyzed individually or as an ordered combination, the claims recite … conventional elements at too high a level of generality to constitute an inventive concept." App. 5a.

Neither of the Federal Circuit's holdings acknowledged, much less analyzed the impact of, Section 282's presumption of patent validity, even though that point was repeatedly pressed below.

The court of appeals then denied panel rehearing and rehearing *en banc*. App. 6a–7a.

REASONS FOR GRANTING THE PETITION

In the aftermath of *Alice*, district courts—with the Federal Circuit's approval—are routinely committing two basic errors in using "pleading invalidations" to extinguish patent owners' property rights on abstractness grounds. First, as this case illustrates, courts are relying on their *own* views of disputed factual issues, in violation of the ordinary rules governing fact-finding. Second, as this case also illustrates, courts are using arbitrary and overly broad characterizations of what the claims are "directed to," so as to make them *seem* abstract. These "pleading invalidations" have resulted in the wrongful extinguishing of hundreds of valuable patents along with their associated property rights. And, as Judge Michel has recently noted, this has substantially reduced the incentives and capital for innovation throughout the Nation.

I. If it does not resolve the issue in *Oil States*, the Court should grant review to decide whether any tribunal may invalidate a patent based on an argument that depends on one view of a disputed question of fact.

Despite being decided on motions for summary judgment, *Alice* and *Mayo* have been misinterpreted to allow determinations of disputed facts by judges based on the pleadings. As a result, judges now routinely resolve disputed factual issues bearing on patent validity by "looking beyond the allegations in the complaint" and making "historical observations about alleged longstanding commercial practices and deciding whether the claimed invention is analogous to such

practices."[7] As with Congress's decision to lodge fact-finding authority in the PTAB (an issue before this Court in *Oil States*), this shift away from traditional fact-finding processes deprives patentees of their rights under the Federal Rules of Civil Procedure (and the Seventh Amendment) to have factual disputes settled by a jury, and of the statutory presumption of validity. That widespread misinterpretation of this Court's decisions warrants the Court's immediate review.

A. In the wake of *Alice*, many district judges—with the Federal Circuit's blessing—improperly invalidate patents on eligibility grounds based on their own views of disputed factual issues.

As noted, *Alice* mandates a two-step analysis for distinguishing "useful" inventions from abstract ideas. *Alice*, 134 S. Ct. at 2356–2357. Step one asks whether the invention contains (or is based upon) an abstract idea. *Id.* at 2355. If it does, step two determines whether the patent claims contain an "'inventive concept' sufficient to 'transform' the claimed abstract idea into a patent-eligible application"—that is, something that is "useful" within the meaning of Section 101. *Id.* at 2357 (quoting *Mayo*, 566 U.S. at 78). Unfortunately, many district judges—with the blessing of the Federal Circuit—are resolving disputed questions of fact bearing on both steps of the *Alice* inquiry, and are doing so at the pleading stage.

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[7] David Boher, *In a Rush to Invalidate Patents at Pleadings Stage, Are Courts Coloring Outside the Lines?*, Patentlyo (July 1, 2015), https://patentlyo.com/patent/2015/07/invalidatepleadings-coloring.html.

1. Both steps of the *Alice* analysis frequently involve disputed factual issues. Indeed, the ultimate question of "usefulness"—the underlying issue in all abstractness disputes—is a quintessential issue of fact. See *Ultramercial, Inc.* v. *Hulu, LLC*, 722 F.3d 1335, 1339 (Fed. Cir. 2013) ("[T]he analysis under 101, while ultimately a legal determination, is rife with underlying factual issues"), *vacated for consideration in light of* Alice *sub nom. Wildtangent, Inc.* v. *Ultramercial, LLC*, 134 S. Ct. 2870 (2014). This is true whether the overarching issue turns on *Alice* step one—whether a claimed invention is based on an abstract idea—or step two—whether the claimed invention provides a new and useful application of that idea.

Unfortunately, many district judges—with the Federal Circuit's active acquiescence—routinely resolve these factual issues based on the pleadings alone—thereby stripping disputed factual issues from juries and from the usual fact-finding processes specified in the Federal Rules.[8] Moreover, those decisions go far beyond the judicial role contemplated by *Alice* and *Mayo*, where the lower court decisions were reached on summary judgment. *Alice*, 134 S. Ct. at 2253; *Mayo*, 566 U.S. at 76. Yet, since *Alice*, more than half of all motions for dismissal on the pleadings under

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[8] See*, e.g.*, *Appistry, Inc.* v. *Amazon.com, Inc.*, No. C15-311, 2015 U.S. Dist. LEXIS 90004, at *7 (W.D. Wash. July 9, 2015) (granting judgment on the pleadings based on analogy at pleadings stage between computer farming and military processes); *TDE Petroleum Data Solutions, Inc.* v. *AKM Enterprise, Inc.*, No. H-15-1821, 2015 U.S. Dist. LEXIS 121123, at *21 (S.D. Tex. Sep. 11, 2015) (granting motion to dismiss based on factual determination of insufficient connection to a computer), *aff'd*, 657 F. App'x 991 (Fed. Cir. 2016).

Section 101 have succeeded. See Summary of Post-*Alice* Decisions by the Federal Circuit ("Summary"), App. 77a – 90a.[9] This is a new phenomenon: Petitioner has been unable to find *any* district court decision in the two years prior to *Mayo* that granted such relief at the pleading stage.

3. Since *Alice*, moreover, the Federal Circuit has decided ninety-five Section 101 patent cases. See App. 95a (Summary). Eighty-eight of those (92.6 percent) held the patent not eligible. *Ibid.*[10] In fifty-five of those cases (64.0 percent), the district court had invalidated the patents on the pleadings alone. *Ibid.* And in fifty-one of those same cases, the Federal Circuit affirmed without an opinion. *Ibid.* Only seven decisions reversed district court opinions holding the underlying patents ineligible for patenting. *Ibid.*

As these statistics illustrate, since *Alice* the Federal Circuit has routinely affirmed—often without opinion—district court decisions that invalidate patents under Section 101—often on the pleadings alone. This disturbing shift towards a presumption of patent *invalidity* not only flouts Congress's decision to impose

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[9] See Robert R. Sachs, *Alice Brings A Mix of Gifts for the Holidays*, Bilski Blog (Dec. 23, 2016), http://www.bilskiblog.com/blog/2016/12/alice-brings-a-mix-of-gifts-for-2016-holidays.html; Edward Tulin and Leslie Demers, *A Look At Post-Alice Rule 12 Motions Over The Last 2 Years*, Law360 (Jan. 27, 2017), https://www.law360.com/articles/882111/a-look-atpost-alice-rule-12-motions-over-the-last-2-years.

[10] One decision even reversed a district court finding of patent *eligibility*, *Smartflash* v. *Apple*, 621 Fed. Appx. 995 (Fed. Cir. 2015). In *Smartflash*, after a jury verdict that the patent was valid and infringed, the Federal Circuit reversed the district court's prior denial of judgment as a matter of law, and held the patent not eligible.

a presumption of validity, but it also threatens the American economy by reducing rewards for innovation. See *infra* Section III.

B. Where material facts are disputed, such "pleading invalidations" violate not only the Seventh Amendment, for reasons explained in *Oil States,* but also the Federal Rules of Civil Procedure and the presumption of validity.

Such "pleading invalidations" are improper whenever they require the resolution—even implicit—of disputed issues of fact. As explained at length in the briefing in *Oil States,* the Seventh Amendment preserves the right to trial by jury on factual questions of the sort that would have been tried to a jury before and during the founding era. And questions of "usefulness"—the core of the whole abstractness inquiry[11]—are among the factual questions that were resolved by juries in the founding era. Thus, contrary to the courts below, the issue of abstractness is properly a jury question. In any event, the Federal Rules of Civil Procedure and the presumption of patent validity compel the same result.

1. This Court has emphasized that the original "thrust of the [Seventh] Amendment was to preserve

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[11] Although the Court has sometimes said that abstractness is an "exception" to the general rule in Section 101 that "useful" inventions are patentable, *e.g., Mayo,* 566 U.S. at 84–87; *Alice*, 134 S. Ct. at 2354, historically "abstractness" was simply one way that a purported invention could flunk the "usefulness" requirement. See, *e.g., Bilski* v. *Kappos*, 561 U.S. 593, 602 (2010); *Le Roy* v. *Tatham*, 55 U.S. (14 How.) 156, 185 (1853). So the inquiry into abstractness is, at bottom, a necessary part of the inquiry into "usefulness."

the right to jury trial as it existed in 1791[.]" *Curtis* v. *Loether*, 415 U.S. 189, 193 (1974). And factual issues related to patent validity have been tried to juries under the common law since early in the 17th Century, including in cases involving patents' usefulness.[12] Several cases following the Seventh Amendment's ratification reaffirm that juries were routinely instructed on usefulness, and therefore that usefulness (and all subsidiary factual questions) was considered a jury issue.[13]

Because patent validity questions were tried to juries in 1791 as part of infringement cases, and the Seventh Amendment protects the right to a jury trial as it existed in 1791, it violates the Seventh Amendment to subject patentees to summary invalidation of their patents in the face of unresolved factual disputes.

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[12] In the 1785 case *Rex* v. *Arkwright*, the prosecution claimed that the invention was of no use. I Decisions on the Law of Patents for Inventions 29, 39 (K.B. 1785) (Buller, J.) (charging jury). The King's Bench instructed the jury that one of the questions to be addressed was whether the invention was in fact useful. *Id.* (Buller, J.); see also *Hill* v. *Thompson*, I Decisions on the Law of Patents for Inventions 299, 301 (Ct. Chancery 1817) (charging jury).

[13] In 1817, Justice Story instructed a patent jury that the plaintiff must show that his invention is "a useful invention." *Lowell* v. *Lewis*, 15 F. Cas. 1018 (C.C. Mass. 1817) (Story, J., Circuit Justice) (charging jury); *see also Earle* v. *Sawyer*, 8 F. Cas. 254, 256 (C.C.D. Mass. 1825) (Story, J., Circuit Justice) (charging jury that an invention "must also be useful, that is, it must not be noxious or mischievous, but capable of being applied to good purposes"). Three years later, Justice Washington gave similar jury instructions on usefulness. *Kneass* v. *Schuylkill Bank*, 14 F. Cas. 746, 748 (C.C.D. Pa. 1820). (Washington, J., Circuit Justice) (charging jury).

Yet, as explained above, both the Federal Circuit and district courts regularly under-enforce patentees' rights to jury trials by making factual findings relevant to "abstractness" without juries. In patent cases, lower courts thus seem to have forgotten that the Seventh Amendment prohibits them from resolving disputed factual issues in those cases just as in any other circumstance. The technical complexity of patent cases is no excuse for resolving them in a way that violates the Constitution.

This issue—whether disputed factual issues relevant to patent validity may be adjudicated without a jury—is squarely presented in the pending *Oil States* case, and may well be resolved there. See, *e.g.*, Brief of Petitioner in No. 16-712, at 50–58; Brief of *Amicus Curiae* Evolutionary Intelligence at 14–17. If the Court holds in *Oil States* that the resolution of factual issues bearing on validity violates the Seventh Amendment, that ruling may effectively resolve the first question presented in this petition.

2. In any event, judicial resolution of such disputed factual questions also violates the Federal Rules of Civil Procedure. On Rule 56 summary judgment motions or even on Rule 12(c) motions to dismiss, all evidence or even allegations on a factual question must be viewed in the "light most favorable" to the nonmoving party. *United States* v. *Diebold, Inc.*, 369 U.S. 654, 655 (1962); *Ashcroft* v. *Iqbal*, 556 U.S. 662, 678 (2009). Equally important, any material factual dispute must be resolved by a jury, not a judge—whether or not the presence of a factual dispute is deemed to convert a motion to dismiss into a motion for summary judgment. *E.g.*, *Amgen Inc.* v. *Conn. Ret. Plans & Tr. Funds*, 568 U.S. 455, 480 (2013); *Anderson* v. *Liberty Lobby,* 477 U.S. 242, 247–48 (1986).

Here, the district court improperly resolved factual disputes against Evolutionary by comparing the claimed invention to "age-old forms of information processing." Pet. App. 3a. And the district court granted the motion to dismiss by determining—necessarily as a *factual* matter—that the patent's methodology was similar to other previous methods and thus not "useful" under the *Alice* framework. Pet. App. 30a, 33a–35a. The court thus relied on factual conclusions that resolved disputed issues that should have been resolved by a jury or, at a minimum, by summary judgment after discovery. The Federal Circuit then accepted the district court's factual assertions and based its affirmance on them. App. 3a.

3. Finally, resolving material factual disputes at the pleading stage also violates the presumption of validity. The Patent Act clearly states that "[a] patent shall be presumed valid." 35 U.S.C. 282(a). It also explains that, for a patent to be held invalid, "[t]he burden of establishing invalidity of a patent or any claim thereof shall rest on the party asserting such invalidity." *Ibid.*

The implications for claims of abstractness like the one in this case are clear. Here the defendants had the burden of demonstrating invalidity. At the motion to dismiss stage, then, they had the burden of demonstrating that the patent was invalid even when resolving all disputed factual issues in favor of Evolutionary. But they did not make such a demonstration. As the plain text of the district court opinion shows, the court violated this presumption by resolving factual disputes in favor of respondents, rather than waiting for respondents to carry their burden. See *supra* 8 –9.

The Federal Circuit appears to be split on whether to apply the presumption of validity to issues of abstractness. Some panels appear to have applied the presumption in abstractness cases—at least before *Alice*. See, *e.g., MySpace* v. *Graphon Corp.*, 672 F.3d 1250, 1258–1259 (Fed. Cir. 2012); *Research Corp. Techs.* v. *Microsoft Corp.*, 627 F.3d 859, 870 (Fed. Cir. 2010). But in 2014—after *Alice*—a concurrence by former Chief Judge Mayer opined that there is no presumption of validity in this context. *Ultramercial, Inc.* v. *Hulu, LLC*, 772 F.3d 709, 720–721 (Fed. Cir. 2014) (Mayer, J., concurring).

Judge Mayer reached that conclusion based, not on an analysis of the text of the Patent Act, but on his own policy views. He opined that, because the Patent Office applies an "insufficiently rigorous subject matter eligibility standard, no presumption of eligibility *should* attach when assessing whether claims meet the demands of section 101." *Id.* at 720–721 (emphasis added). And perhaps for that reason, many decisions under Section 101—including the one below—appear to simply ignore the presumption of validity. This split among Federal Circuit judges is another reason to grant review.

For at least two reasons, moreover, the position articulated by Judge Mayer and apparently followed here is wrong—and must be corrected. First, as Justice Kagan recently explained for the Court, "Congress gets to make policy, not the courts." *Omnicare, Inc.* v. *Laborers Dist. Council Constr. Indus. Pension Fund*, 135 S. Ct. 1318, 1331 (2015). The Federal Circuit's routine disregard of the statute's text in favor of an unsupported stereotype about the Patent Office is therefore plainly incorrect.

Second, in any event, this Court has already held that the same policy considerations compel *adherence* to the presumption of validity. In *Microsoft Corp.* v. *i4i Ltd. P'ship*, this Court held that the presumption of validity must be respected *despite* any failings of the PTO. 564 U.S. 91, 109–110 (2011). Thus, Judge Mayer in *Ultramercial*—and apparently many other judges and panels of the Federal Circuit—have been ignoring this Court's reasoning when they assume that the ordinary presumption of validity does not apply to Section 101 "abstractness" determinations.

In summary on this point: in invalidating the patent on the pleadings based on their own views of the pertinent facts, the courts below failed to properly apply the Federal Rules of Civil Procedure and the statutory presumption of validity, and in so doing violated the Seventh Amendment. All three violations are present both here and in many other cases, making the need for review both substantial and urgent.

II. The Court should also grant review to decide whether a district court may invalidate a patent on the pleadings based on one view of a disputed question of claim construction or scope—including what the claims are "directed to."

Just as they have done as to factual issues, many district courts—including the one here—have declared patents invalid at the pleading stage through ill-considered, one-sided rulings about the proper scope of the patent's claims. This practice violates recent decisions of this Court. It also violates not only the presumption of validity, but also the otherwise-standard rule that, at the pleading stage, disputes about the meaning of a legal document must be construed in the light most favorable to the non-moving party.

A. In the wake of *Alice*, many district courts—with the Federal Circuit's blessing—invalidate patents on the pleadings based on their own view of disputed issues of claim construction and/or scope.

As mentioned above, both *Alice* and *Mayo* were decided on summary judgment motions, and thus do not suggest that disputes regarding a claim's scope or construction should be resolved at the pleading stage. But this is precisely what lower courts are now doing. And the Federal Circuit has "repeatedly affirmed § 101 rejections at the motion to dismiss stage, before claim construction or significant discovery has commenced." *Cleveland Clinic Found.* v. *True Health Diagnostics*

LLC, 859 F.3d 1352, 1360 (Fed. Cir. 2017); *OIP Technologies, Inc.* v. *Amazon.com*, *Inc.*, 788 F.3d 1359, 1362 (Fed. Cir. 2015) (similar). [14]

In this case, for example, the district court rejected at the pleading stage petitioner's (and the PTAB's) narrow framing of what the patent claims are "directed to"—for purposes of *Alice*'s step one. As noted, the PTAB correctly characterized those claims as "directed to developing intelligence in a computer or digital network by creating and manipulating information containers with dynamic interactive registers in a computer network." App. 46a. In contrast, without even acknowledging the PTAB's narrower framing—and rejecting expert testimony on the point—the district court simply asserted that the claims were "directed to" something broader, that is, "searching and processing containerized data." App. 39a, 26a–27a n.5. But this verbal gymnastic simply made the claimed invention *seem* abstract—ensuring that it would fail *Alice* step one automatically.

Not content with the district court's arbitrary construction of the claims' scope, the Federal Circuit adopted an even broader view of what the patent's

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[14] Having the luck to be before the Federal Circuit more than once on the same issue, the *Ultramercial* "pleadings dismissal" was decided by the Federal Circuit both before and after *Alice*. *Ultramercial*, 722 F.3d at 1339. Prior to *Alice*, the Federal Circuit reversed the district court's "pleading dismissal," but after a GVR in view of *Alice*, the Federal Circuit affirmed that same dismissal. *Ultramercial*, 772 F.3d at 709 (Fed. Cir. 2014). Although not justified by *Alice, Ultramercial* appears to have signaled to the district courts that pleading dismissals are now the preferred way to handle abstractness issues. And the Federal Circuit has done nothing since *Ultramercial* to allay that impression.

claims are "directed to"—specifically, "selecting and sorting *information* by user interest or subject matter." App. 4a (emphasis added). This *ipse dixit* broadened the scope of the claims even beyond the computer context, to include the manipulation of "information" in any form. Not surprisingly, the result of this second verbal gymnastic was, once again, to make the claims seem hopelessly abstract and, hence, to be found abstract under *Alice* step one. App. 4a–5a.[15]

Petitioner's experience—having its claims construed to be overly broad and then invalidated as abstract on the pleadings—is far from unique. Rather, in the wake of *Alice,* the majority of district courts appear willing to decide claim such issues on the pleadings—even when the parties dispute the characterization of the claims in a way that is pivotal to whether the claimed invention is found abstract.[16]

For its part, the Federal Circuit has routinely affirmed invalidations under Section 101 based solely on the pleadings, thereby conveying the clear impression

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[15] The lower courts' progressively broadening view of what the claims here are "directed to" is also obviously contrary to the PTAB's view of what constituted the broadest reasonable construction of the pertinent claims. As this Court has noted, "[c]onstruing a patent claim [in the PTO] according to its broadest reasonable construction helps to protect the public." *Cuozzo Speed Techs., LLC* v. *Lee*, 136 S. Ct. 2131, 2144 (2016). However, the decision below has now effectively held that for purposes of the *Alice* inquiry a district court may determine that the claims are "directed to" something even *broader* than the PTAB's broadest reasonable construction.

[16] Kevin J. McNamee, *A View from the Trenches: Section 101 Patent Eligibility Challenges in the Post-Bilski Trial Courts,* NYIPLA Bull., Dec. 2013/Jan. 2014, at 13–14, http://perma.cc/F4RX-U4HQ.

that no more formal claim construction or analysis is necessary in this context. And when—as here—that court has provided its own analysis of the issues, it has routinely found invalidity on the pleadings based on broad, unsupported characterizations of claim scope, which in turn form the basis for the desired findings of abstractness. See App. 77a–90a (Summary).

Surely this Court's choice of the phrase "what the claims are directed to" in *Alice* wasn't intended to give the lower courts an all-purpose weapon for simply invalidating any patent they choose. Yet in the Federal Circuit's hands, that is what that phrase has become.

B. Such actions improperly short-circuit the deliberative claim-construction process established in *Markman* and violate both the "light most favorable" dismissal standard and the presumption of validity.

At least three lines of authority demonstrate that the district court and the Federal Circuit were wrong to decide disputed issues of claim scope in a way that invalidated petitioner's patents as well as the host of other patents that have been or are now being invalidated on similar reasoning. First, two recent decisions by this Court—*Teva Pharmaceuticals USA, Inc.* v. *Sandoz, Inc.* 135 S. Ct. 831 (2015), and *Markman* v. *Westview Instruments, Inc.* 517 U.S. 370 (1996)—suggest that the wording and context of a patent's claims must be taken seriously. Second, like other legal documents, at the dismissal stage patents must be read in the light most favorable to the non-moving party. Third, the statutory presumption of validity requires the same approach.

1. *Teva* and *Markman* both treated the construction of patent claims as a highly deliberative process.

Indeed, *Teva* corrected a Federal Circuit decision that disregarded a district court's efforts at sound deliberation. The district court there had taken expert testimony and made a specific determination concerning the breadth of a claim term, holding it was sufficiently narrow for the overall patent to be valid. *Teva*, 135 S. Ct. at 836. On appeal, the Federal Circuit disregarded that testimony, suggesting instead that the term was broader and that the patent was therefore invalid. *Id.* This Court reversed, explaining that the conclusions drawn by the district court—based upon its greater familiarity with the facts and access to extrinsic evidence—must be given deference.

Markman likewise illustrates the importance of careful deliberation in determining the meaning of patent claims. While concluding that judges must decide issues of claim construction, 517 U.S. at 390–391, *Markman* also anticipated that the construction process would be complicated, with the necessity of weighing dueling expert testimony and carefully construing complex terms. *Id.* at 389–390. Indeed, the term "*Markman* hearing" has come to mean a hearing that is sometimes as long as a jury trial, in which the court hears conflicting expert testimony over a host of different topics. See *Phillips* v. *AWH Corp.*, 415 F.3d 1303, 1332 (Fed. Cir. 2005) (en banc) (Mayer, J., dissenting).

Unlike in *Teva* and *Markman*, in conducting the analysis of claim scope required by *Alice,* district courts are now doing exactly what was condemned in those cases: ignoring deliberative processes such as expert testimony and careful, fair analysis of exactly what the claims are "directed to." Instead, district courts are now deciding that question based solely on the pleadings, without any opportunity for meaningful

analysis, including the presentation of expert testimony or other detailed analysis of claim terms.[17]

2. Pleading invalidations based on disputed issues of claim scope also violate the settled rule that, on a motion to dismiss, legal documents of all kinds must be construed in the light most favorable to the party opposing dismissal. Indeed, the circuit courts that have addressed this issue—the First, Second, Fourth and Seventh Circuits—unanimously hold that ambiguities in a written document must be construed in the light most favorable to the plaintiff at the motion to dismiss stage.[18] And state courts of last resort—including the business-heavy Delaware Supreme Court—apply the same standard under state law.[19]

Ironically, the Federal Circuit also applies that rule in patent cases, but only when construing affidavits

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[17] Indeed, the PTAB decision below exemplifies the value in such a deliberative process. That decision examined carefully how various key parts of the patent operated, Pet. App. 46a–51a, reviewed expert declarations, Pet. App. 56a, and construed the claims, Pet. App. 56a–60a.

[18] See*, e.g.*, *Young* v. *Wells Fargo Bank, N.A.*, 717 F.3d 224, 235-36 (1st Cir. 2013); *Luitpold Pharm., Inc.* v. *Ed. Geistlich Söhne A.G. Für Chemische Industrie*, 784 F.3d 78, 86 (2d Cir. 2015); *Martin Marietta Corp.* v. *Int'l Telecomms. Satelite Org.*, 991 F.2d 94, 97 (4th Cir. 1992); *188 LLC* v. *Trinity Indus.*, 300 F.3d 730, 737 (7th Cir. 2002).

[19] *See, e.g.*, *VLIW Tech., L.L.C.* v. *Hewlett-Packard Co.*, 840 A.2d 606, 615 (Del. 2003) ("In deciding a motion to dismiss, the trial court cannot choose between two differing reasonable interpretations of ambiguous provisions."); *Dorman* v. *Petrol Aspen, Inc.*, 914 P.2d 909, 912 (Colo. 1996); but see *Datel Holdings Ltd.* v. *Microsoft Corp.*, 712 F. Supp. 2d 974, 990 (N.D. Cal. 2010) (relying on state law to read contract in light most favorable to the drafter).

and materials *other than* patents. *E.g.*, *Avocent Huntsville Corp*. v. *Aten Int'l Co*., 552 F.3d 1324, 1329 (Fed. Cir. 2008). But, as this case and many others illustrate, district courts—and the Federal Circuit—frequently defy that rule when construing patent claims, construing them against the patentee in Section 101 cases.[20] Given that the patent is usually the most important legal document in a patent case, this disparity makes no sense.

In this case, in addressing *Alice* step one, the district court and Federal Circuit both went out of their way to construe the patent claims, not in the light most favorable to validity, but in the light most *unfavorable* to validity. See Pet. App. 30a (district court); 4a (Federal Circuit). Indeed, the district court and the Federal Circuit opinions do not even mention whether they evaluated the claims in the light most favorable to validity. See generally Pet. App. 10a–42a (district court); 1a–5a (Federal Circuit). But they obviously had available a construction of claim scope more favorable to the patentee—the one adopted by the PTAB.

The Federal Circuit's refusal to follow the "light most favorable" rule in this important context further illustrates the urgent need for this Court's review.

3. If this were not enough, in addressing what patent claims are "directed to" for purposes of *Alice,* district courts and the Federal Circuit also routinely defy the statutory presumption of validity.

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[20] As one example, the district court refused to consider the declaration of Evolutionary's expert on what the claims "are directed to," holding instead that: "such a declaration is not appropriate for the court to consider on a motion to dismiss or motion for judgment on the pleadings." Pet. App. 26a–27a n.5.

As noted above, Section 282(a) requires courts to presume a patent valid. Logically and as a matter of common sense, this statutory requirement must apply to issues of claim interpretation as much as other validity-related issues: If there are two plausible ways to interpret a claim, or a set of claims, the burden rests on the party challenging the patent. See *id.*

Once again, however, in addressing *Alice* step one, the district court and Federal Circuit in this case contravened the presumption of validity. If they had been complying with that presumption, they would have adopted the PTAB's view of what the claims as a whole are "directed to." But instead, both courts addressed that question in a way that seemed to presume *invalidity*—by adopting a broad and inherently abstract characterization of the claims' purpose and operation. See Pet. App. 39a (district court); 4a–5a. (Federal Circuit). And neither court even acknowledged the presumption of validity—thus appearing to agree with Judge Mayer and, apparently, many of his colleagues that the presumption does not apply to Section 101 eligibility. See *supra* Section I.B.

Because so many judges and panels of the Federal Circuit appear to be flouting the presumption of validity in addressing eligibility under *Alice,* this Court should grant review and hold that the presumption *does* apply in this context, just as it applies to other validity-related inquiries.

III. Resolution of these issues is urgently needed to rescue the American economy from the current patent-eligibility "chaos," and the resulting reduction in returns to innovation, that have resulted from misunderstandings of *Alice*.

The questions presented in this case are crucial not only to Evolutionary, but to all patent holders and the economy at large. Indeed, the Federal Circuit's former chief judge, Paul R. Michel, recently highlighted how these erroneous applications of Section 101 harm the economy. Paul R. Michel, *The Impact of Bad Patents on American Businesses*, Supplemental Testimony, House Judiciary Committee, Subcommittee on Courts, Intellectual Property and the Internet at 18 (Sep. 12, 2017) ("Michel Supplemental Testimony"), http://bit.ly/PMichelTest. Judge Michel explained that courts have yet to precisely define what is an "abstract idea," which leads, of course, to inconsistency. *Id.*[21] And the Federal Circuit has recently issued several decisions on the abstractness question—including the decision in this case—that Judge Michel has called "difficult, if not impossible" to reconcile. *Id.*

This uncertainty harms our economy. When it is the luck of the draw whether a patent is upheld at the Federal Circuit, that uncertainty stifles innovation. As Judge Michel put it, "the law has created unacceptable chaos for inventors, innovators, business, and investors. Legal chaos is the exact opposite of what the U.S.

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[21] See also Paul R. Michel, *The Impact of Bad Patents on American Businesses*, Statement, House Judiciary Committee, Subcommittee on Courts, Intellectual Property and the Internet at 5 (Jul. 13, 2017) (expressing skepticism that the term "abstract idea" has a clear meaning), http://bit.ly/MichelStatement.

economy needs." *Id.* at 18. Such uncertainty means that attorneys can no longer predict whether an inventor's patent will be held valid, thereby severely curtailing the incentives to innovate—and to invest in new companies and technologies.

As explained above, the source of this confusion is a misreading of *Alice* and *Mayo*. True, nowhere do those decisions authorize courts to dismiss complaints on the pleadings based on factual determinations related to abstractness, or on one-sided determinations about claim scope or what the claims are "directed to." As shown above, however, *Alice* and *Mayo* have provided the excuse for disregarding these basic rules of fair process. And this Court is in a far better position than Congress to resolve what Judge Michel has aptly called the "chaos" caused by these misinterpretations of the Court's precedents.

IV. This case is an excellent vehicle for resolving the questions presented.

This case is also an excellent vehicle for resolving the questions presented, especially given (a) the straightforward and obviously "useful" nature of the invention at issue, (b) the presence of a thorough PTAB decision explaining the invention and properly identifying what it is "directed to," and (c) the presence of a Federal Circuit opinion that clearly commits the errors highlighted in this petition—despite that court's manifest reluctance to squarely address or resolve the questions presented.

A. This case presents the questions cleanly, in the context of a straightforward but highly "useful" innovation.

Evolutionary's patent and its importance are easy to comprehend: The patent describes a process for using computerized modules—containers, registers, etc.—to get useful, timely, and location-based search and notification results based on information retrieved from the user as well as external, dynamic data sources. As explained above (at 5–6), this allows the end user to request or obtain more current useful information pertinent to the user's present activity and objectives than was before possible.

The use of the patented technology by respondents Apple and Facebook also illustrates its utility both to the end user and the respondents. For example, a visitor to Facebook's website, scrolling through the user's news feed on the user's iPhone, may see an ad that is targeted based on the user's location. Indeed, Facebook's default setting when it sells advertisements is to have location-based advertisements target "anyone determined to be in that location based on device and

connection information."[22] But this is exactly what petitioner's patent explains *how* to do, using digital containers and registers: combining already-existing larger lists of advertisements with real-time location data from the user to create a list (that is, "search results") of advertisements most tailored to the user.

To be sure, the district court (at App. 35a) compared the claimed invention to a barista memorizing favorite drinks. But that is neither accurate nor fair. Nothing in the *pleadings* discusses how a barista's activity might related to the patented computer technology. And no barista could have a working knowledge of all the restaurants in the state, all businesses near a user, or much less, which ones were offering specials at particular times. No barista could subsequently cross-check these lists to create a new list of restaurants close to a user's immediate location. Yet this is what petitioner's invention allows users to do in fractions of a second. At a minimum, this is an issue of fact subject to the usual constraints on judicial fact-finding.

In short, the obvious utility and comprehensibility of Evolutionary's invention make this an excellent vehicle for resolving both questions presented.

B. The PTAB's analyses of the same patents will facilitate this Court's analysis.

The PTAB's prior analysis of the patents also makes this case an ideal vehicle for resolving those questions. First, the PTAB's lucid analysis will assist the Court in understanding both the relevant field of

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[22] Facebook Business, *About Location Targeting*, https://www.facebook.com/business/help/202297959811696..

invention and the specific invention claimed in the patents.

Second, the PTAB's careful fact-finding with respect to the (different) validity issues presented there contrasts markedly with the lower courts' armchair approach. See, *e.g.,* App. 45a–60a. The PTAB's careful fact-finding also contrasts markedly with the casual approach employed by district courts and affirmed by the Federal Circuit in many other decisions invalidating other patents on the pleadings. See App. 77a–90a.

Third, the PTAB's careful analysis of the patent claims here also contrasts with—and highlights the absurdity of—the lower courts' refusal to engage in such an analysis, especially in their varying conclusions about what the claims are "directed to" for purposes of *Alice* step one. As noted earlier, after careful analysis, the PTAB concluded that the claims are "directed to" something concrete and specific—that is, "developing intelligence in a computer or digital network by creating and manipulating information containers with dynamic interactive registers in a computer network." App. 46a (emphasis added). That is a fair and precise summary of the invention's purpose and how it achieves its purpose. By contrast, both of the (differing) statements of what the claims are "directed to" by the district court and the Federal Circuit appear to have been concocted to make the claims' purposes and operation *appear* as broad as possible and, hence, subject to characterization as "abstract."

The contrast between these approaches illustrates the need for this Court to clarify exactly *how* lower courts are supposed to determine what a patent's claims are "directed to" for purposes of *Alice*'s critical first step. And the presence of the PTAB's careful

analysis of that very issue will assist the Court in resolving that fundamental question.

C. Petitioner raised the issues presented with the Federal Circuit which, although unwilling to address them head-on, at least issued a written opinion making its errors clear.

Despite the importance of the legal issues presented here, the Federal Circuit has declined to address them in any meaningful way, and despite many opportunities to do so. See App. 77a–90a (Summary).

To the contrary, some judges on that court appear to be signaling to district judges that they should *continue* on their current pleading-invalidation path. For example, another former chief judge, Judge Mayer, has acknowledged—even trumpeted—that disputed issues of fact are being resolved at the pleadings stage in cases alleging unpatentability under Section 101. See, *e.g.*, *OIP Technologies* v. *Amazon.com, Inc.*, 788 F.3d 1359, 1364 (Fed. Cir. 2015) (Mayer, J., concurring). And Judge Mayer has sought to justify that trend by claiming that the practice of dismissal on the pleadings is compelled by this Court's statement that "[t]he § 101 patent-eligibility inquiry is … a *threshold* test." *Id.* (quoting *Bilski* v. *Kappos*, 561 U.S. 593 (2010)) (emphasis added). Consistent with that view, as noted earlier, Judge Mayer has likewise claimed that Section 282's presumption of validity doesn't even apply to determinations of patent eligibility under Section 101 because, in his view, the PTO isn't rejecting enough patents on that ground. See *supra* 18–19.

No panel of the Federal Circuit has squarely disagreed with Judge Mayer on either of these points. The closest is a panel opinion that merely "questioned"

whether Judge Mayer was correct about the Section 282 presumption. See *Tranxition, Inc.* v. *Lenovo (United States) Inc.*, 664 Fed. Appx. 968, 972 n.1 (Fed. Cir. 2016).

Moreover, as noted, since 2014 the Federal Circuit has affirmed pleading dismissals in over ninety percent of the cases in which such dismissals have been challenged. See App. 77a–90a. Indeed, unlike this case (which at least generated an opinion), over half of such affirmances have been without any opinion at all. See App. 90a. This practice means that district courts are receiving little guidance on *how* to apply this Court's decisions in *Alice* and *Mayo*—a void only this Court can now fill.

As Judge Michel recently noted, moreover, this very case exemplifies the problems inherent in deciding abstractness issues on the pleadings. In citing the decision below, Judge Michel even noted that the Federal Circuit's holding here is "difficult, if not impossible" to reconcile with other Federal Circuit decisions—by other panels—that have upheld similar patents. Supplemental Testimony, *supra* page 28 at 18.

Evolutionary also raised both of the specific issues presented here—as well as the need to follow Section 282's presumption of validity in addressing Section 101 eligibility—with the Federal Circuit.[23] However, the Federal Circuit—including the *en banc* court—was simply unwilling to address those issues head-on, as it

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[23] See, *e.g.*, Brief of Evolutionary Intelligence in Support of Rehearing en banc, dkt no. 164, at 8–14, No. 16-1188 (Fed. Cir. Apr. 19, 2017); Corrected Opening Brief of Evolutionary Intelligence, dkt no. 94, at 22–31, No. 16-1188 (Fed. Cir. Apr. 19, 2017).

has been unwilling to do in many other cases. See App. 77a–90a.

Still, unlike many cases in which the Federal Circuit has summarily affirmed pleading invalidations under Section 101, the Federal Circuit in this case at least provided an opinion that, as explained above (at 10-23), clearly committed both of the widespread errors described in this petition. That opinion, combined with Evolutionary's diligent efforts to preserve the issues presented here, likewise makes this case a good vehicle for this Court to use in resolving those critical issues.

CONCLUSION

The Court should hold this petition pending its decision in *Oil States* and then, depending on how the issues presented there are resolved, grant a writ of certiorari on Question 2 and, if Question 1 is not effectively resolved in *Oil States,* on that question as well. Such review is essential to ensure that this Court's abstractness analysis in *Mayo* and *Alice* does not, as the Court feared, "swallow all of patent law."

Respectfully Submitted,

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October 23, 2017

APPENDIX

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Note: This disposition is nonprecedential.

United States Court of Appeals for the Federal Circuit

EVOLUTIONARY INTELLIGENCE LLC,
Plaintiff-Appellant

v.

SPRINT NEXTEL CORPORATION, SPRINT COMMUNICATIONS COMPANY, L.P., SPRINT SPECTRUM L.P., SPRINT SOLUTIONS, INC., APPLE INC., FACEBOOK INC., FOURSQUARE LABS, INC., GROUPON, INC., LIVINGSOCIAL, INC., MILLENNIAL MEDIA, INC., TWITTER, INC., YELP, INC.,
Defendants-Appellees

2016-1188, 2016-1190, 2016-1191, 2016-1192, 2016-1194, 2016-1195, 2016-1197, 2016-1198, 2016-1199

Appeals from the United States District Court for the Northern District of California in Nos. 5:13-cv-03587RMW, 5:13-cv-04201-RMW, 5:13-cv-04202-RMW, 5:13-cv04203-RMW, 5:13-cv-04204-RMW, 5:13-cv-04205-RMW, 5:13-cv-04206-RMW, 5:13-cv-04207-RMW, 5:13-cv-04513-RMW, Senior Judge Ronald M. Whyte.

Decided: February 17, 2017

TODD KENNEDY, Gutride Safier LLP, San Francisco, CA, argued for plaintiff-appellant.

HEIDI LYN KEEFE, Cooley LLP, Palo Alto, CA, argued for all defendants-appellees. Defendant-appellee Facebook Inc. also represented by REUBEN HO-YEN CHEN, MARK R. WEINSTEIN.

JAY E. HEIDRICK, Polsinelli PC, Kansas City, MO, for defendants-appellees Sprint Nextel Corporation, Sprint Communications Company, L.P., Sprint Spectrum L.P., Sprint Solutions, Inc. Also represented by KAREN ZELLE MORRIS, St. Louis, MO.

PATRICK E. KING, Simpson Thacher & Bartlett, LLP, Palo Alto, CA, for defendant-appellee Apple Inc. Also represented by ELIZABETH HEATHER WHITE, JEFFREY E. DANLEY, SEED Intellectual Property Law Group, PLLC, Seattle, WA.

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STEVEN MOORE, Kilpatrick Townsend & Stockton LLP, San Francisco, CA, for defendants-appellees Twitter, Inc., Yelp, Inc.

Before LOURIE, MOORE, and TARANTO, *Circuit Judges*.

LOURIE, *Circuit Judge*.

Evolutionary Intelligence, LLC ("EI") appeals from the decision of the United States District Court for the Northern District of California, concluding that all claims of U.S. Patents 7,010,536 ("the '536 patent") and 7,702,682 ("the '682 patent") (collectively, "the asserted patents") are invalid under 35 U.S.C. § 101. *See Evolutionary Intelligence, LLC v. Sprint Nextel Corp.*, 137 F. Supp. 3d 1157 (N.D. Cal. 2015) ("*Decision*").

EI owns the asserted patents, which have the same written description and are directed to systems and methods for allowing computers to process data that are dynamically modified based upon external-to-the-device information, such as location and time. *See*, *e.g.*, '536 patent Abstract.

EI sued Sprint Nextel Corporation and the other Appellees (collectively, "Sprint") for infringement of the asserted patents. The district court granted Sprint's motion to dismiss EI's complaint and for judgment on the pleadings, concluding that all claims of the asserted patents are invalid under § 101 as being directed to the abstract idea of "searching and processing containerized data." The court held that the invention merely computerizes "age-old forms of information processing," such as those used in "libraries, businesses, and other human enterprises with folders, books, time-cards, ledgers, and so on." *Decision*, 137 F. Supp. 3d at 1165.

EI timely appealed to this court. We have jurisdiction pursuant to 28 U.S.C. § 1295(a)(1). On appeal, EI argues that the claims are patent eligible because: (1) they are not directed to an abstract idea, but rather to an improvement in the functioning of the computer itself; and (2) even if they were directed to an abstract idea, they are patent eligible as containing an inventive concept because they recite a specific arrangement of particular structures, operating in a specific way.

We disagree on both accounts. First, the claims at issue here are directed to an abstract idea. We have held that "tailoring of content based on information about the user—such as where the user lives or what time of day the user views the content—is an abstract idea." *Affinity Labs of Texas, LLC v. Amazon.com Inc.*, 838 F.3d 1266, 1271 (Fed. Cir. 2016) (describing *Intellectual Ventures I LLC v. Capital One Bank (USA)*, 792 F.3d 1363, 1369 (Fed. Cir. 2015)); *see Elec. Power Group, LLC v. Alstom S.A.*, 830 F.3d 1350, 1353 (Fed. Cir. 2016) ("collecting information, including when limited to particular content," is "within the realm of abstract ideas"). The claims are unlike those in *Enfish, LLC v. Microsoft Corp.*, where "the plain focus of the claims" was on "an improvement to the computer functionality itself," 822 F.3d 1327, 1336 (Fed. Cir. 2016), *i.e.*, "a specific improvement—a particular database technique—in how computers could carry out one of their basic functions of storage and retrieval of data," regardless of subject matter or the use to which that functionality might be put, *Elec. Power*, 830 F.3d at 1354 (describing *Enfish*). Here, the claims are directed to selecting and sorting information by user interest or subject matter, a longstanding activity of libraries and other human enterprises.

Second, the claims lack an inventive concept to transform the abstract idea into a patent-eligible invention. EI does not dispute that merely using a computer is not enough. Moreover, EI conceded that "containers," "registers," and "gateways" are "conventional and routine" structures. *See Decision*, 137 F. Supp. 3d at 1167. Whether analyzed individually or as an ordered combination, the claims recite those conventional elements at too high a level of generality to constitute an inventive concept. *See*, *e.g.*, *BASCOM Glob. Internet Servs., Inc. v. AT&T Mobility LLC*, 827 F.3d 1341, 1350, 1352 (Fed. Cir. 2016) (finding claims patent eligible where they "recite a specific, discrete implementation of the abstract idea," in contrast to implementing the abstract idea "on generic computer components, without providing a specific technical solution beyond simply using generic computer concepts in a conventional way").

We have considered EI's remaining arguments, but find them to be unpersuasive. For the foregoing reasons, we affirm the judgment of the district court.

AFFIRMED

United States Court of Appeals for the Federal Circuit

EVOLUTIONARY INTELLIGENCE LLC,
Plaintiff-Appellant

v.

SPRINT NEXTEL CORPORATION, SPRINT COMMUNICATIONS COMPANY, L.P., SPRINT SPECTRUM L.P., SPRINT SOLUTIONS, INC., APPLE INC., FACEBOOK INC., FOURSQUARE LABS, INC., GROUPON, INC., LIVINGSOCIAL, INC., MILLENNIAL MEDIA, INC., TWITTER, INC., YELP, INC.,
Defendants-Appellees

2016-1188, -1190, -1191, -1192, -1194, -1195, -1197, -1198, -1199

Appeals from the United States District Court for the Northern District of California in Nos. 5:13-cv-03587-RMW, 5:13-cv-04201-RMW, 5:13-cv-04202-RMW, 5:13-cv-04203-RMW, 5:13-cv-04204-RMW, 5:13-cv-04205-RMW, 5:13-cv-04206-RMW, 5:13-cv-04207-RMW, 5:13-cv-04513-RMW, Senior Judge Ronald M. Whyte.

ON PETITION FOR PANEL REHEARING AND REHEARING EN BANC

Before PROST, *Chief Judge*, NEWMAN, LOURIE, DYK, MOORE, O'MALLEY, REYNA, WALLACH, TARANTO, CHEN, HUGHES, AND STOLL, *Circuit Judges*.

PER CURIAM.

O R D E R

Appellant Evolutionary Intelligence LLC filed a combined petition for panel rehearing and rehearing en banc. The petition was referred to the panel that heard the appeal, and thereafter the petition for rehearing en banc was referred to the circuit judges who are in regular active service.

Upon consideration thereof,

IT IS ORDERED THAT:

The petition for panel rehearing is denied.

The petition for rehearing en banc is denied.

The mandate of the court will issue on May 31, 2017.

FOR THE COURT

May 24, 2017
Date

/s/ Peter R. Marksteiner
Peter R. Marksteiner
Clerk of Court

United States Court of Appeals for the Federal Circuit

EVOLUTIONARY INTELLIGENCE LLC,
Plaintiff-Appellant

v.

SPRINT NEXTEL CORPORATION, SPRINT COMMUNICATIONS COMPANY, L.P., SPRINT SPECTRUM L.P., SPRINT SOLUTIONS, INC., APPLE INC., FACEBOOK INC., FOURSQUARE LABS, INC., GROUPON, INC., LIVINGSOCIAL, INC., MILLENNIAL MEDIA, INC., TWITTER, INC., YELP, INC.,
Defendants-Appellees

2016-1188, 2016-1190, 2016-1191, 2016-1192, 2016-1194, 2016-1195, 2016-1197, 2016-1198, 2016-1199

Appeals from the United States District Court for the Northern District of California in Nos. 5:13-cv-03587RMW, 5:13-cv-04201-RMW, 5:13-cv-04202-RMW, 5:13-cv04203-RMW, 5:13-cv-04204-RMW, 5:13-cv-04205-RMW, 5:13-cv-04206-RMW, 5:13-cv-04207-RMW, 5:13-cv-04513-RMW, Senior Judge Ronald M. Whyte.

MANDATE

In accordance with the judgment of this Court, entered February 17, 2017, and pursuant to Rule 41(a) of the Federal Rules of Appellate Procedure, the formal mandate is hereby issued.

FOR THE COURT
/s/ Peter R. Marksteiner
Peter R. Marksteiner
Clerk of Court

/s/ Peter R. Marksteiner
Peter R. Marksteiner
Clerk of Court

United States District Court for the Northern District of California, San Jose Division

Evolutionary Intelligence, LLC v. Sprint Nextel Corp. et al.

October 6, 2015, Filed

Case No. 13-04513; Case No. 13-04201; Case No. 13-04202; Case No. 13-04203; Case No. 13-04204; Case No. 13-04205; Case No. 13-04206; Case No. 13-04207; Case No. 13-03587

EVOLUTIONARY INTELLIGENCE, LLC, Plaintiff, v. SPRINT NEXTEL CORPORATION, SPRINT COMMUNICATIONS COMPANY L.P., SPRINT SPECTRUM L.P., SPRINT SOLUTIONS INC., Defendants.

EVOLUTIONARY INTELLIGENCE, LLC, Plaintiff, v. APPLE, INC., Defendants.

EVOLUTIONARY INTELLIGENCE, LLC, Plaintiff, v. FACEBOOK, INC., Defendants.

EVOLUTIONARY INTELLIGENCE, LLC, Plaintiff, v. FOURSQUARE LABS, INC., Defendants.

EVOLUTIONARY INTELLIGENCE, LLC, Plaintiff, v. GROUPON, INC., Defendants.

EVOLUTIONARY INTELLIGENCE, LLC, Plaintiff, v. LIVINGSOCIAL, INC., Defendants.

EVOLUTIONARY INTELLIGENCE, LLC, Plaintiff, v. TWITTER, INC., Defendants.

EVOLUTIONARY INTELLIGENCE, LLC, Plaintiff, v. YELP, INC., Defendants.

EVOLUTIONARY INTELLIGENCE, LLC, Plaintiff, v. MILLENNIAL MEDIA, INC., Defendants.

For Evolutionary Intelligence, LLC, Plaintiff (5:13-cv-03587): Charles Ainsworth, LEAD ATTORNEY, Parker Bunt & Ainsworth, Tyler, TX; Seth A. Safier, Todd Michael Kennedy, LEAD ATTORNEYS, Todd M Kennedy, Marie Ann McCrary, Seth Adam Safier, Gutride Safier LLP, San Francisco, CA; Anthony J Patek, Attorney at Law, San Francisco, CA; Robert Christopher Bunt, Parker, Bunt & Ainsworth, P.C., Tyler, TX.

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For Facebook Inc., 3rd party defendant (5:13-cv-03587): Reuben Ho-Yen Chen, Cooley LLP, Palo Alto, CA.

For Evolutionary Intelligence, LLC, Plaintiff (5:13-cv-04513): Todd M Kennedy, Todd Michael Kennedy, LEAD ATTORNEYS, Anthony J Patek, Marie Ann McCrary, Seth A. Safier, Seth Adam Safier, Gutride Safier LLP, San Francisco, CA.

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For Evolutionary Intelligence, LLC, Plaintiff (5:13-cv-04201): Todd M Kennedy, Todd Michael Kennedy, LEAD ATTORNEYS, Marie Ann McCrary, Seth A. Safier, Seth Adam Safier, Gutride Safier LLP, San Francisco, CA; Anthony J Patek, Attorney at Law, San Francisco, CA; Robert Christopher Bunt, Parker, Bunt & Ainsworth, P.C., Tyler, TX; Charles Ainsworth, Parker Bunt & Ainsworth, Tyler, TX.

For Apple Inc., Defendant (5:13-cv-04201): Patrick E. King, LEAD ATTORNEY, Brandon Cody Martin, Jeffrey E Danley, Simpson Thacher & Barlett LLP, Palo Alto, CA.

For Apple Inc., Counter-claimant (5:13-cv-04201): Patrick E. King, LEAD ATTORNEY, Jeffrey E Danley, Simpson Thacher & Barlett LLP, Palo Alto, CA.

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For Evolutionary Intelligence, LLC, Counter-defendant (5:13-cv-04201): Todd M Kennedy, LEAD ATTORNEY, Seth A. Safier, Gutride Safier LLP, San Francisco, CA; Anthony J Patek, Attorney at Law, San Francisco, CA; Robert Christopher Bunt, Parker, Bunt & Ainsworth, P.C., Tyler, TX; Charles Ainsworth, Parker Bunt & Ainsworth, Tyler, TX.

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For Evolutionary Intelligence, LLC, Plaintiff, Counter-defendant (5:13-cv-04204-RMW): Todd M Kennedy, Todd Michael Kennedy, LEAD ATTORNEYS, Marie Ann McCrary, Seth A. Safier, Seth Adam Safier, Gutride Safier LLP, San Francisco, CA; Anthony J Patek, Attorney at Law, San Francisco, CA; Robert Christopher Bunt, Parker, Bunt & Ainsworth, P.C., Tyler, TX; Charles Ainsworth, Parker Bunt & Ainsworth, Tyler, TX.

For Groupon Inc., Defendant (5:13-cv-04204-RMW): Jeffrey G. Knowles, LEAD ATTORNEY, Julia D. Greer, Coblentz, Patch, Duffy & Bass, San Francisco, CA; Thomas L. Duston, LEAD ATTORNEY, PRO HAC VICE, Marshall, Gerstein & Borun, Chicago, IL; Tron Yue Fu, PRO HAC VICE, Marshall Gerstein and Borun LLP, Chicago, IL.

For Groupon Inc., Counter-claimant (5:13-cv-04204-RMW): Jeffrey G. Knowles, LEAD ATTORNEY, Julia D. Greer, Coblentz, Patch, Duffy & Bass, San Francisco, CA; Thomas L. Duston, LEAD ATTORNEY, Marshall, Gerstein & Borun, Chicago, IL; Tron Yue Fu, Marshall Gerstein and Borun LLP, Chicago, IL.

For Evolutionary Intelligence, LLC, Plaintiff (5:13-cv-04205-RMW): Todd M Kennedy, Todd Michael Kennedy, LEAD ATTORNEYS, Adam Gutride, Marie Ann McCrary, Seth A. Safier, Seth Adam Safier, Gutride Safier LLP, San Francisco, CA;

For LivingSocial, Inc., Defendant (5:13-cv-04205-RMW): Jordan A Sigale, LEAD ATTORNEY, PRO HAC VICE, Loeb & Loeb, LLP - Chicago, Chicago, IL; Jordan Adam Sigale, Dunlap Codding PC, Chicago, IL; Allen Franklin Gardner, Potter Minton PC, Tyler, TX; Christopher M Swickhamer, PRO HAC VICE, Loeb and Loeb, LLP - Chicago, Chicago, IL; John Anthony Cotiguala, Loeb and Loeb LLP, Chicago, IL; Laura Ann Wytsma, Loeb & Loeb LLP, Los Angeles, CA; Michael Edwin Jones, Potter Minton PC, Tyler, TX.

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For Evolutionary Intelligence, LLC, Counter-defendant (5:13-cv-04205-RMW): Seth A. Safier, LEAD ATTORNEY, Todd M Kennedy, Seth Adam Safier, Gutride Safier LLP, San Francisco, CA; Anthony J Patek, Attorney at Law, San Francisco, CA.

For Evolutionary Intelligence, LLC, Plaintiff (5:13-cv-04206-RMW): Todd M Kennedy, Todd Michael Kennedy, LEAD ATTORNEYS, Marie Ann McCrary, Seth A. Safier, Gutride Safier LLP, San Francisco, CA; Anthony J Patek, Attorney at Law, San Francisco, CA.

For Millennial Media Inc., Defendant (5:13-cv-04206-RMW): Christopher Charles Campbell, LEAD ATTORNEY, Christopher Campbell, Nathan Kay Cummings, Cooley LLP, Reston, VA; Matthew J. Brigham, Cooley Godward Kronish LLP, Palo Alto, CA; Nathan K Cummings, Cooley LLP- Reston Va, Reston, Va.

For Millennial Media Inc., Counter-claimant (5:13-cv-04206-RMW): Nathan K Cummings, Cooley LLP- Reston Va, Reston, Va.

For Evolutionary Intelligence, LLC, Counter-defendant (5:13-cv-04206-RMW): Seth A. Safier, Gutride Safier LLP, San Francisco, CA.

For Evolutionary Intelligence, LLC, Plaintiff (5:13-cv-04207-RMW): Todd M Kennedy, Todd Michael Kennedy, LEAD ATTORNEYS, Marie Ann McCrary, Seth A. Safier, Gutride Safier LLP, San Francisco, CA; Anthony J Patek, Attorney at Law, San Francisco, CA.

For Twitter Inc., Defendant (5:13-cv-04207-RMW): Robert John Artuz, LEAD ATTORNEY, Kilpatrick Townsend & Stockton LLP, Menlo Park, CA; Jeffrey Matthew Connor, Kilpatrick Townsend & Stockton LLP, Denver, CO; Matthew Joseph Meyer, Kilpatrick Townsend Stockton LLP, Menlo Park, CA.

ORDER GRANTING MOTION TO DISMISS AND MOTION FOR JUDGMENT ON THE PLEADINGS

Defendants Sprint Nextel Corporation, Sprint Communications Company L.P., Sprint Spectrum L.P., Sprint Solutions Inc., Apple, Inc., Facebook, Inc., Foursquare Labs, Inc., Groupon, Inc., LivingSocial, Inc., Twitter, Inc., Yelp, Inc., and Millennial Media, Inc. (collectively, "defendants") move to dismiss plaintiff Evolutionary Intelligence, LLC's ("EI") complaint, and for judgment on the pleadings. Dkt. No. 188.[1] Defendants argue that all claims of the asserted patents, U.S. Patent Nos. 7,010,536 ("the '536 patent") and 7,702,682 ("the '682 patent"), are invalid for failure to claim patent-eligible subject matter. For the reasons explained below, the court GRANTS the motion.

I. BACKGROUND

EI asserts that defendants each infringe the '536 and '682 patents, both of which are entitled "System

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[1] ECF citations are to the docket in *Evolutionary Intelligence, LLC v. Sprint Nextel Corporation et al.*, Case No. 13-4213, unless otherwise noted.

and Method for Creating and Manipulating Information Containers with Dynamic Registers." The '682 patent issued on April 20, 2010, and is a continuation of the '536 patent, which issued on March 7, 2006. '682 patent at 1; '536 patent at 1. The two patents share the same specification, claim priority to the same provisional application (No. 60/073,209, filed January 30, 1998), identify the same sole inventor (Michael De Angelo), and are both now owned by EI. '682 patent at 1; '536 patent at 1; Dkt. No. 1 ¶¶ 12, 17.

The common specification describes the patents as directed to a "means to create and manipulate information containers." '682 patent, col.1 ll.28.[2] EI previously characterized the patents as containing three broad categories of independent claims: (1) methods of tracking searches; (2) time-based information containers; and (3) location-based information containers. *See Evolutionary Intelligence LLC v. Sprint Nextel Corp.*, Case No. 12-0791, Dkt. No. 167, at 2 (E.D. Tex. Oct. 17, 2012). The specification explains that such containers store information on various types of computer and digital networks, as well as on physical, published, and "other" media. '682 patent, col.3 ll.13-15. The containers include various types of "registers" which perform functions such as identifying the container or contents, providing rules of interaction between containers, and recording the history of the container. *Id.* col.13 ll.4-10. The containers also

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[2] Because the two asserted patents share the same specification, the court adopts defendants' convention of citing the column and line numbers in the '682 patent when referencing the specification. Claim references are of course patent-specific.

have "gateways" to "control[] the interaction of the container with other containers, systems or processes." '536 patent, claims 1, 2, 15, and 16. The patents also state that the patented invention "includes a search interface or browser" which allows a "user to submit, record and access search streams or phrases generated historically by himself, other users, or the system." '682 patent, col.6 ll.10-14.

The specification summarizes the invention in very broad terms as:

[A] system and methods for manufacturing information on, upgrading the utility of, and developing intelligence in, a computer or digital network, local, wide area, public, corporate, or digital-based, supported, or enhanced physical media form or public or published media, or other by offering the means to create and manipulate information containers with dynamic registers.

Id. col.3 ll.10-16.

The specification describes a preferred embodiment configured with "an input device 24, an output device 16, a processor 18, a memory unit 22, a data storage device 20, and a communication device 26 operating on a network 201." *Id.* col.7 ll.35-38, Fig. 1; *see also id.* col.7 l.38—col.8 l.44 (describing components).

A. The '682 Patent

The '682 patent contains seven independent claims (claims 1 and 18-23), and sixteen dependent claims. Independent claim 1 is representative:

> **1**. A computer-implemented method comprising:
>
> receiving a search query;
>
> searching, using the computer, first container registers encapsulated and logically defined in a plurality of containers to identify identified containers responsive to the search query, the container registers having defined therein data comprising historical data associated with interactions of the identified containers with other containers from the plurality of containers, wherein searching the first container registers comprises searching the historical data; encapsulating the identified containers in a new container; updating second container registers of the identified containers with data associated with interactions of the identified containers with the new container;
>
> and providing a list characterizing the identified containers.

'682 patent, col. 29 ll.52-67. Independent claim 19 is identical to claim 1 except that the preamble states "[a] computer program product, tangibly embodied on computer-readable media, comprising instructions operable to cause data processing apparatus to" perform the steps of the method in claim 1. *Id.* col.31 ll.28-30. Likewise, independent claim 21 is identical to claim 1 except that it is an apparatus claim in means-plus-function form. *Id.* col. 32 ll.5-22. Independent claim 23 is identical to claim 1 except for the fact that it claims "search query templates" in the place of "containers" in claim 1. *Id.* col. 32 ll.44-61.

Independent claims 18, 20, and 22 are identical to independent claims 1, 19, and 21 respectively, except they claim "polling" gateways rather than "searching" containers. *See id.* col.31 ll.7-27; col.31 l.47—col.32 l.4; col. 32 ll.23-43. However, the claims make clear that "polling the plurality of gateways comprises searching the historical data," and therefore claims 18, 20, and 22 rise or fall with the other independent claims. *See, e.g., id.* col.31 ll.18-20.

Dependent claims 2-17 depend from claim 1, and add various component and process limitations such as a "data tree having at least one parent-child relationship" (claim 2), *id.* col.30 ll.1-3, and specifying that the "list characterizing the identified containers" "provides a title of each identified container and a short description of its contents" (claim 7), *id.* col.30 ll.25-27.

B. The '536 Patent

The '536 patent contains four independent claims (claims 1, 2, 15, and 16) and twelve dependent claims. Each is an apparatus claim. Independent claim 1 is representative:

> **1**. An apparatus for transmitting, receiving and manipulating information on a computer system, the apparatus including a plurality of containers, each container being a logically defined data enclosure and comprising:
> an information element having information;
> a plurality of registers, the plurality of registers forming part of the container and including

> a first register for storing a unique container identification value,
> a second register having a representation designating time and governing interactions of the container with other containers, systems or processes according to utility of information in the information element relative to an external-to-the-apparatus event time,
> an active time register for identifying times at which the container will act upon other containers, processes, systems or gateways,
> a passive time register for identifying times at which the container can be acted upon by other containers, processes, systems or gateways, and
> a neutral time register for identifying times at which the container may [interact] with other containers, processes, systems or gateways; and
> a gateway attached to and forming part of the container, the gateway controlling the interaction of the container with other containers, systems or processes.

'536 patent, col.30 ll.6-30. Independent claim 2 is identical to claim 1 except that whereas claim 1 is directed to the use of "time" as a means of governing interaction between containers, claim 2 is directed to the use of "space." *Compare id.* col.30 ll.15-27 and ll.40-54. Independent claims 15 and 16 are identical to claims 1 and 2, respectively, except claims 15 and 16 contain an "at least one acquire register" limita-

tion in lieu of the three "active," "passive," and "neutral" "space" or "time" registers in claims 1 and 2. *Id.* col.32, ll.15-18, 39-42.

Dependent claims 3-14 all depend from claims 1 or 2. Dependent claims 3-8 add various additional registers to the "plurality of registers" claimed in claims 1 and 2. *See, e.g., id.* col.30 ll.58-62 ("The apparatus of claim **1** or **2**, wherein the plurality of registers includes at least one container history register for storing information regarding past interaction of the container with other containers, systems or processes, the container history register being modifiable."). Dependent claims 9-12 add various additional means-plus-function limitations to the "gateway" claimed in claims 1 and 2. *See, e.g., id.* col.31 ll.18-22 ("The apparatus of claim **1** or **2**, wherein the gateway includes means for acting upon another container, the means for acting upon another container using the plurality of registers to determine whether and how the container acts upon other containers."). Dependent claim 13 adds an "an expert system" limitation to the "gateway" claimed in claims 1 and 2. *Id.* col.31 ll.38-41. Finally, dependent claim 14 limits the "information element" in claims 1 and 2 to "one from the group of text, graphic images, video, audio, a digital pattern, a process, a nested container, bit, natural number and a system."). *Id.* col.31 ll.42-45.

In October 2012, Evolutionary Intelligence, LLC ("Evolutionary Intelligence") filed complaints alleging infringement of the '536 and '682 patents in the

Eastern District of Texas against nine groups of defendants.[3] From July to September 2013, the nine actions were transferred to this district.

The parties subsequently sought *inter partes* review ("IPR") of the asserted patents at the U.S. Patent and Trademark Office ("PTO"). On April 25, 2014, the Patent Trial and Appeal Board ("PTAB") granted one IPR petition as to claims 2-12, 14, and 16 of the '536 patent, but denied defendants' IPR petitions as to the other claims of the '536 patent and all claims of the '682 patent. *See* '536 patent, IPR2014-00086, Institution of *Inter Partes* Review (P.T.A.B. April 25, 2014) (granting Apple's IPR petition as to claims 2-12, 14, and 16 of the '536 patent). Before the cases were related, all nine defendants brought motions to stay pending IPR in their separate actions, and each motion to stay was granted.

On June 23, 2014, the undersigned ordered that the parties in all cases show cause why the *Evolutionary Intelligence* cases should not be consolidated for all pretrial proceedings through claim construction.

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[3] The nine cases are *Evolutionary Intelligence LLC v. Apple, Inc.*, 12-0783 (E.D. Tex. Oct. 17, 2012); *Evolutionary Intelligence LLC v. Facebook, Inc.*, 12-0784 (E.D. Tex. Oct. 17, 2012); *Evolutionary Intelligence LLC v. Foursquare Labs, Inc.*, 12-0785 (E.D. Tex. Oct. 17, 2012); *Evolutionary Intelligence LLC v. Groupon, Inc.*, 12-0787 (E.D. Tex. Oct. 17, 2012); *Evolutionary Intelligence LLC v. LivingSocial, Inc.*, 12-0789 (E.D. Tex. Oct. 17, 2012); *Evolutionary Intelligence LLC v. Millenial Media, Inc.*, 12-0790 (E.D. Tex. Oct. 17, 2012); *Evolutionary Intelligence LLC v. Sprint Nextel Corp.*, 12-0791 (E.D. Tex. Oct. 17, 2012); *Evolutionary Intelligence LLC v. Twitter, Inc.*, 12-0792 (E.D. Tex. Oct. 17, 2012); *Evolutionary Intelligence LLC v. Yelp, Inc.*, 12-0794 (E.D. Tex. Oct. 17, 2012).

See, e.g., Evolutionary Intelligence LLC v. Sprint Nextel Corp., et al., Case No. 13-04513 (N.D. Cal. June 23, 2014), Dkt. No. 143. Following a hearing and an order assigning the issue of consolidation and relation to the undersigned, *see Evolutionary Intelligence LLC v. Sprint Nextel Corp., et al.*, Case No. 13-04513 (N.D. Cal. July 28, 2014), Dkt. No. 158, the court ordered that the *Evolutionary Intelligence* cases be related, *see Evolutionary Intelligence LLC v. Sprint Nextel Corp., et al.*, Case No. 13-04513 (N.D. Cal. July 28, 2014), Dkt. No. 159. Following consolidation, on October 17, 2014 the court granted a motion to maintain the stay in each case. Dkt. No. 184.

On April 16, 2015 the PTAB issued its final written decision in the IPR proceedings, holding the '536 patent to be valid over the cited prior art. Dkt. No. 185, at 1. Upon the PTAB's issuance of its final written decision, the stay in these cases automatically expired. *See* Dkt. No. 184, at 14.

Defendants filed the instant motion to dismiss and for judgment on the pleadings on June 1, 2015.[4] Dkt. No. 188. EI filed an opposition on June 26, 2015, Dkt. No. 193,[5] and defendants replied on July 14,

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[4] Because they have yet to file an answer, defendants Groupon and Twitter move under Federal Rule of Civil Procedure 12(b)(6) for an order to dismiss for failure to state a claim, while the remaining defendants move under Federal Rule of Civil Procedure 12(c) for an order granting judgment on the pleadings. Dkt. No. 188, at 1. Because, as discussed below, the standard for decision both motions is the same, the court does not distinguish between the two in this order.

[5] EI filed with its opposition an expert declaration from Scott Taylor. Dkt. No. 193-1. In it, Taylor opines on various aspects of

2015, Dkt. No. 200. The court held a hearing on the motion on July 28, 2015.

II. Analysis

A. Legal Standard

A motion to dismiss for failure to state a claim under Rule 12(b)(6) tests the legal sufficiency of a complaint. *Navarro v. Block*, 250 F.3d 729, 732 (9th Cir. 2001). In considering whether the complaint is sufficient to state a claim, the Court must accept as true all of the factual allegations contained in the complaint. *Ashcroft v. Iqbal*, 556 U.S. 662, 678, 129 S. Ct. 1937, 173 L. Ed. 2d 868 (2009). However, the Court need not accept as true "allegations that contradict matters properly subject to judicial notice or by exhibit" or "allegations that are merely conclusory, unwarranted deductions of fact, or unreasonable inferences." *In re Gilead Scis. Sec. Litig.*, 536 F.3d 1049, 1055 (9th Cir. 2008). While a complaint need not allege detailed factual allegations, it "must contain sufficient factual matter, accepted as true, to 'state a claim to relief that is plausible on its face.'" *Iqbal*, 556

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the prior art, and states his opinions regarding the ways in which the asserted patents claim patent-eligible subject matter. *See id.* However, such a declaration is not appropriate for the court to consider on a motion to dismiss or motion for judgment on the pleadings. *See Hal Roach Studios, Inc. v. Richard Feiner & Co.*, 896 F.2d 1542, 1555 n.19 (9th Cir. 1989). On such motions, the court may only consider the complaint, documents incorporated by reference in the complaint, and judicially noticed facts. *See Tellabs, Inc. v. Makor Issues & Rights, Ltd.*, 551 U.S. 308, 322, 127 S. Ct. 2499, 168 L. Ed. 2d 179 (2007). Accordingly, because the Taylor declaration meets none of these criteria, the court does not consider it.

U.S. at 678 (quoting *Bell Atl. Corp. v. Twombly*, 550 U.S. 544, 570, 127 S. Ct. 1955, 167 L. Ed. 2d 929 (2007)). A claim is facially plausible when it "allows the court to draw the reasonable inference that the defendant is liable for the misconduct alleged." *Id.* at 678. "Determining whether a complaint states a plausible claim for relief . . . [is] a context-specific task that requires the reviewing court to draw on its judicial experience and common sense." *Id.* at 679.

B. Motion to Dismiss and for Judgment on the Pleadings

Defendants contend that the '536 and '682 patents are invalid for failure to claim patent-eligible subject matter. For the reasons set forth below, the court finds that both patents fail to claim patent-eligible subject matter, and GRANTS defendants' motion to dismiss and for judgment on the pleadings.

Section 101 of the Patent Act describes the types of inventions that are eligible for patent protection: "[w]hoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title." 35 U.S.C. § 101. Section 101 has long contained "an important implicit exception: Laws of nature, natural phenomena, and abstract ideas are not patentable." *Ass'n for Molecular Pathology v. Myriad Genetics, Inc.*, 133 S. Ct. 2107, 2116, 186 L. Ed. 2d 124 (2013) (quoting *Mayo Collaborative Servs. v. Prometheus Labs.*, Inc., 132 S. Ct. 1289, 1293, 182 L. Ed. 2d 321 (2012)). In *Alice Corp. Pty. Ltd. v. CLS Bank Int'l*, the Supreme Court

explained that "the concern that drives this exclusionary principle [is] one of pre-emption." 134 S. Ct. 2347, 2354, 189 L. Ed. 2d 296 (2014). "Monopolization of [laws of nature, natural phenomena, and abstract ideas] through the grant of a patent might tend to impede innovation more than it would tend to promote it, thereby thwarting the primary object of the patent laws." *Id.* (quoting *Mayo*, 132 S. Ct. at 1293). However, the Supreme Court has also recognized the need to "tread carefully in construing this exclusionary principle lest it swallow all of patent law." *Id.* Accordingly, "[a]pplications of [abstract] concepts to a new and useful end . . . remain eligible for patent protection." *Id.* (internal quotations omitted).

The Supreme Court in *Mayo* "set forth a framework for distinguishing patents that claim laws of nature, natural phenomena, and abstract ideas from those that claim patent-eligible applications of those concepts." *Alice*, 134 S. Ct. at 2355. First, a court must "determine whether the claims at issue are directed to one of those patent-ineligible concepts." *Id.* If the court finds that the patent claim recites a patent-ineligible abstract idea, the court then must "consider the elements of each claim both individually and as an ordered combination to determine whether the [elements in addition to the abstract idea] transform the nature of the claim into a patent-eligible application." *Id.* In this step, the court "must examine the elements of the claim to determine whether it contains an inventive concept sufficient to transform the claimed abstract idea into a patent-eligible application." *Id.* at 2357.

1. '682 Patent

The court first looks to whether the '682 patent recites an abstract idea. Defendants argue that the '682 patent claims the abstract idea of "searching historical data." Dkt. No. 188, at 12. EI argues with regard to both the '682 and '536 patents that "the purpose of the claims is to enable computers to process containerized data in a way that results in dynamic modifications in order to improve future processing efforts by computers." Dkt. No. 193, at 15. EI states that the '682 patent "focus[es] on making dynamic modifications when processing computer search queries" in order to make future searches more efficient. *Id.* The court finds that the '682 patent recites the abstract idea of searching and processing containerized data. Updating searchable containers of information based on past search results or based on external time or location resembles age-old forms of information processing such as have previously been employed in libraries, businesses, and other human enterprises with folders, books, time-cards, ledgers, and so on. The '682 patent merely computerizes this abstract idea, taking advantage of the conventional advantages of computers in terms of efficiency and speed.

Because the court finds that the '682 patent claims the abstract idea of searching and processing containerized data, the court proceeds to the second step in the *Mayo* framework. At this step, the court must determine whether the limitations in the '682 patent represent a patent-eligible application of the abstract idea of searching and processing containerized data. *Alice*, 134 S.Ct. at 2357. According to the

Supreme Court, "the mere recitation of a generic computer cannot transform a patent-ineligible abstract idea into a patent-eligible invention." *Id.* at 2358. Rather, to satisfy this requirement, a computer-implemented invention must involve more than performance of "well-understood, routine [and] conventional activities previously known to the industry." *Id.* at 2359 (internal quotation marks and citation omitted). The patent must contain an inventive concept which "transform[s] the nature of the claim[s] into a patent-eligible application." *Id.* at 2355. Ultimately, the patented invention must amount to "significantly more" than a patent on the ineligible abstract idea itself. *Mayo*, 132 S. Ct. at 1294.

The method claimed in the '682 patent comprises the following steps: (1) receiving a search query; (2) searching; (3) encapsulating responsive containers in a new container; (4) updating registers; (5) generating a list. *See* '682 patent, claim 1.[6] The language of the claims describes the use of containers, registers and gateways to perform these steps on a computer. EI concedes that the structures recited in the claims are conventional and routine. *See* Dkt. No. 193, at 17 (Arguing "[a]lthough the *fundamental* structures are containers, registers, and gateways," the claims are

[6] Because EI identifies provides no analysis of how either patent's dependent claims differ from the independent claims (and in particular claim 1), and the court does not credit their conclusory assertion in the opposition that the dependent claims recite "significant limitations," the court finds that the dependent claims for each patent rise and fall with the independent claims. As discussed herein, the court finds that the independent claims fail to claim patent-eligible subject matter, and therefore finds that the dependent claims fail for the same reason.

patent-eligible because they implement the inventive concepts with "specific arrangements" of structures) (emphasis added). Each step individually is also conventional and routine, and EI does not argue otherwise. Instead, EI argues that the claims, viewed in combination, contain an inventive concept sufficient to transform the claimed abstract idea into a patent-eligible application. Specifically, EI emphasizes that the patent was designed to overcome limitations associated with the static information model of computerized data processing, and that the claims are drawn to patent-eligible subject matter because they improve the functioning of computers. Dkt. No. 193, at 14-17. EI relies primarily on *DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245 (Fed. Cir. 2014), in which the Federal Circuit upheld a patent on the basis that it claimed a particular unconventional solution to an internet-specific problem by overriding the conventional behavior of website hyperlinks. However, far from supporting EI's position, the Federal Circuit's decision in *DDR Holdings* demonstrates how the asserted claims here are not patent-eligible.

The patents at issue in *DDR Holdings* disclosed a system to create composite websites for electronic shopping in an effort to address the problem of websites losing visitor traffic when visitors clicked on advertisements. *Id.* at 1248-49. Under the prevailing mode of operation, host websites would direct visitors to external advertiser websites when visitors clicked on advertisements. *Id.* By contrast, the patents at issue in *DDR Holdings* described a system that would generate a composite web page displaying the advertiser's product or other content while retaining the "look and feel" of the host website. *Id.* "Thus, the host

website can display a third-party merchant's products, but retain its visitor traffic by displaying this product information from within a generated web page that gives the viewer of the page the impression that she is viewing pages served by the host's website." *Id.* at 1249 (internal quotation marks omitted). The Federal Circuit observed that "the precise nature of the abstract idea [implemented in the asserted claims was] not as straightforward as in *Alice* or some of our recent cases." *Id.* at 1257. Rather, the claims "address[ed] a business challenge (retaining website visitors), [which was] a challenge particular to the internet." *Id.* The Federal Circuit distinguished cases invalidating patents that "merely recite the performance of some business practice known from the pre-internet world along with the requirement to perform it on the internet" on the basis that the patent in *DDR Holdings* was "necessarily rooted in computer technology in order to overcome a problem specifically arising in the realm of computer networks." *Id.* The court emphasized that the creation of a composite web page, as opposed to re-direction, "overrides the routine and conventional sequence of events ordinarily triggered by the click of a hyperlink," and concluded that the claims survived *Alice* because they "recite an invention that is not merely the routine or conventional use of the internet." *Id.* at 1258-59.

Here, EI argues that the asserted patents "were designed overcome the significant limitations associated with the static information model of computerized data processing," by "enabl[ing] computers to process containerized data in a way that results in dynamic modifications in order to improve future processing efforts by computers." Dkt. No. 193, at 15.

The court in *DDR Holdings* held that asserted claims in that case were patent-eligible because they "specified how . . . to yield a desired result" by "overriding the routine and conventional" operation of the claimed technology. *DDR Holdings*, 773 F.3d at 1258-59. However, unlike in *DDR Holdings*, the problem identified by EI—failure to dynamically update data structures over time and by location, or based on search history—is not unique to computing. Indeed, it is not even a computing problem, but an information organization problem. EI's attempt to provide a concrete example of the patented idea reveals the deficiency of the claims: according to EI, the claimed invention "could enable a computer to provide a user a dynamically changing list of restaurants that depends on the user's location, the time of day, ratings provided by other users, and the user's browsing history," as well as "store historical information to ensure that future processing for that user and other users is handled even more efficiently." Dkt. No. 193, at 4. Implementations of these ideas have long existed outside the realm of computing. As defendants' note, "searching for a nearby place to eat, or for a list of restaurants open at a particular hour, or for those most frequented by others, does not solve a problem unique to any field of computing." Dkt. No. 200, at 4. Restaurant guides have long provided lists of restaurants organized by cuisine, city, neighborhood, and rating. Libraries have long organized their holdings by subject matter and author name, and have employed "dynamic" containers in the form of rotating selections based on staff review, recent release, or other criteria, located in a specific section of the library. Nor is the sort of curation envisaged by EI a

new phenomenon: galleries stage curated exhibitions, video rental stores (when there were video rental stores) had shelves of "customer favorites," and merchants of every kind have long kept track of what is popular, what is new, and presented selections for purchase on these bases. Finally, the idea of "storing historical information to ensure that future processing for that user and other users is handled more efficiently" is practiced by every local barista or bartender who remembers a particular customer's favorite drink. The claims here merely take these age-old ideas and add a computer, which is insufficient to confer patent eligibility. *See Alice*, 134 S. Ct. at 2358; *see also Bascom Research, LLC v. LinkedIn, Inc.*, 77 F. Supp. 3d 940, 2015 WL 149480, at *9-10 (N.D. Cal. 2015) (finding patent-ineligible "claims [that] amount[ed] to instructions to apply an abstract idea—i.e., the concept of establishing relationships between documents and making those relationships accessible to other users.").

EI's insistence that the asserted claims are patent-eligible because they address specific problems in the prior art related to the "static information model" used in computing also confuses the "inventive feature" analysis under Section 101 with the ideas of novelty and nonobviousness under Sections 102 and 103. Dkt. No. 193, at 2-4. To be novel, a patent claim must include an element not present in the prior art. *See* 35 U.S.C. § 102. The "inventive feature" language in Section 101 analysis is similar to language used in discussing anticipation and obviousness under 35 U.S.C. §§ 102 or 103. However, in the context of Section 101, "inventive feature" is better understood as referring to the abstract idea doctrine's

prohibition on patenting fundamental truths, whether or not the fundamental truth was recently discovered. *Alice*, 134 S. Ct. at 2357 ("Because the algorithm was an abstract idea, the claim had to supply a 'new and useful' application of the idea in order to be patent-eligible. But the computer implementation did not supply the necessary inventive concept; the process could be 'carried out in existing computers long in use.'") (quoting *Gottschalk v. Benson*, 409 U.S. 63, 67, 93 S. Ct. 253, 34 L. Ed. 2d 273 (1972)). The inventive feature question under Section 101 concerns whether the patent adds something to the abstract idea that is "integral to the claimed invention . . . ." *Bancorp Servs., LLC v. Sun Life Assur. Co. of Canada (U.S.)*, 687 F.3d 1266, 1278 (Fed. Cir. 2012). It is therefore important to distinguish between claim elements that are integral to the claimed invention from those that are merely integral to the abstract idea embodied in the invention. As discussed above, the application of the idea of searching and processing containerized data in the '682 patent amounts to the use of common, conventional computing components in a way that could be carried out in existing computers long in use. Regardless of whether the concept of "dynamically" updating information containers and registers may have been novel and nonobvious at the time this patent was filed, the claims do nothing to ground this abstract idea in a specific way, other than to implement the idea on a computer.

EI also contends that the asserted claims require "specific arrangements" of "computer-specific" structures, "operating in a specific way." Dkt. No. 193, at 17. EI further argues that the claims are inventive

because they include significant structural limitations such as the specific types of registers that containers must have: "active time registers," "passive time registers," "acquire registers," "identified search query templates," and so forth. *Id.* However, the limitations EI identifies are simply functional descriptions of conventional concepts of data processing, such as using data registers, or labels, to govern the interaction of various data. EI fails to explain how these claimed fundamental elements, either individually or collectively, perform anything other than their normal and expected functions. *See Content Extraction & Transmission LLC v. Wells Fargo Bank, Nat'l Assoc.*, 776 F.3d 1343, 1349 (Fed. Cir. 2014) (rejecting argument that inventive concept could be found because additional claim limitations were "well-known, routine, and conventional functions of scanners and computers"); *see also Internet Patents Corp. v. Active Network, Inc.*, 790 F.3d 1343, 2015 WL 3852975, at *5 (Fed. Cir. 2015). The elements of the '682 patent's claims are directed to employing time, location, and history information in connection with data processing, and encompass nothing more than the conventional and routine activities of searching, updating, and modifying data on a "computer network operating in its normal, expected manner" using conventional computers and computer components. *DDR Holdings*, 773 F.3d at 1258.

Furthermore, the above analysis makes clear that '682 patent claims no more than a computer automation of what "can be performed in the human mind, or by a human using a pen and paper." *CyberSource Corp. v. Retail Decisions, Inc.*, 654 F.3d 1366, 1372 (Fed. Cir. 2011). These methods, "which are the

equivalent of human mental work, are unpatentable abstract ideas." *Id.* at 1371; *see also Bancorp*, 687 F.3d at 1278-79. ("To salvage an otherwise patent-ineligible process, a computer must be integral to the claimed invention, facilitating the process in a way that a person making calculations or computations could not. [Merely] [u]sing a computer to accelerate an ineligible mental process does not make that process patent-eligible."); *Cogent Med., Inc. v. Elsevier Inc.*, 70 F. Supp. 3d 1058, 1060 (N.D. Cal. 2014) (Finding patent-ineligible claims that amounted to no more than a computer automation of what can be performed in the human mind, or by a human using a pen and paper) (internal quotation marks and citation omitted).[7]

Finally, the patent's ineligibility is confirmed by the machine-or-transformation test.[8] Here, the transformation prong is inapplicable and the claimed methods are not tied to any particular machine. The claims require nothing more than a general purpose computer, "the mere recitation of [which] cannot transform a patent-ineligible abstract idea into a patent-eligible invention." *Alice*, 134 S. Ct. at 2358. In-

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[7] The court is also mindful that a patent on the abstract idea of searching and processing containerized data which lacks a specific inventive concept to limit its scope poses a real threat of preemption, and might well "tend to impede innovation more than it would tend to promote it, thereby thwarting the primary object of the patent laws." *Alice*, 134 S. Ct. at 2354.

[8] While "[t]he machine-or-transformation test is not the sole test for deciding whether an invention is a patent-eligible 'process,'" it is still "a useful and important clue." *Bilski v. Kappos*, 561 U.S. 593, 604, 130 S. Ct. 3218, 177 L. Ed. 2d 792 (2010).

stead, to confer patent eligibility on a claim, the computer "must play a significant part in permitting the claimed method to be performed, rather than function solely as an obvious mechanism for permitting a solution to be achieved more quickly . . . ." *SiRF Tech., Inc. v. Int'l Trade Comm'n*, 601 F.3d 1319, 1333 (Fed. Cir. 2010). As was discussed above, the generic computer required by the claims does no more than automate what "can be done mentally." *Benson*, 409 U.S. at 67.

In sum, the '682 patent is directed to the abstract idea of searching and processing containerized data and does not contain an inventive concept sufficient to transform the claimed subject matter into a patent-eligible application. Like the computer elements in *Alice*, the steps of the '682 patent, considered individually or as an ordered combination, add nothing transformative to the patent. Rather, the claims of the '682 patent merely recite routine and conventional computer operations and structures as a means of implementing the abstract idea of searching and processing containerized data.[9] Accordingly, because the '682 patent fails to claim patent-eligible

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[9] *Alice* makes clear that the '682 patent's apparatus and computer product claims rise and fall with the method claims. "[N]one of the hardware recited by the [apparatus or computer component] claims offers a meaningful limitation beyond generally linking the use of the [method] to a particular technological environment, that is, implementation via computers." *Alice*, 134 S. Ct. at 2360 (internal quotations omitted, [method] alteration in original). "Put another way, the [apparatus and computer component] claims are no different from the method claims in substance. The method claims recite the abstract idea implemented on a generic computer; the [apparatus and computer

subject matter, the court GRANTS defendants' motion to dismiss as to the '682 patent.

2. '536 Patent

Defendants contend that the '536 patent claims the abstract idea of "storing information in labeled containers with rules and instructions on how the container or contents may be used." Dkt. No. 188, at 16. EI's position is that the '682 patent "focus[es] on processing constantly changing information corresponding to time and location to make future processing of time and location information by computers more efficient." Dkt. No. 193, at 15. The independent claims of the '536 patent are directed to "containers" comprising: (1) "an information element having information," (2) various "registers," and (3) a "gateway" for controlling interaction of the container with other containers, systems, or processes. The court finds that the '536 patent is also directed to an abstract idea: containerized data storage utilizing rules and instructions. Also like the '682 patent, the '536 patent merely computerizes the underlying abstract idea, taking advantage of the conventional advantages of computers in terms of efficiency and speed.

EI advances no separate arguments regarding the patent eligibility of the '536 patent under the second step of the *Mayo* analysis, and so the court finds

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component claims] claims recite a handful of generic computer components configured to implement the same idea." *Id.* Because the apparatus and computer product claims "add nothing of substance to the underlying abstract idea," they also fail to claim patent-eligible subject matter required by Section 101. *Id.*

that this patent also fails to claim patent-eligible subject matter, for the reasons set forth above. Accordingly, the court GRANTS defendants' motion to dismiss as to the '536 patent.

III. Order

For the foregoing reasons, defendants' motion to dismiss and for judgment on the pleadings is GRANTED.

Dated: October 6, 2015

/s/ Ronald M. Whyte

RONALD M. WHYTE

United States District Judge

Judgment

On October 6, 2015 the court issued an order granting the motion to dismiss and motion for judgment on the pleadings filed by defendants Sprint Nextel Corporation, Sprint Communications Company L.P., Sprint Spectrum L.P., Sprint Solutions Inc., Apple, Inc., Facebook, Inc., Foursquare Labs, Inc., Groupon, Inc., LivingSocial, Inc., Twitter, Inc., Yelp, Inc., and Millennial Media, Inc. (collectively, "defendants"). Case No. 13-4513, Dkt. No. 225. Pursuant to Federal Rule of Civil Procedure 58, the court hereby ENTERS judgment in favor of defendants and against plaintiff. The Clerk of Court shall close the file in this matter.

Dated: October 6, 2015

/s/ Ronald M. Whyte

RONALD M. WHYTE

United States District Judge

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

APPLE INC., TWITTER, INC., AND YELP INC.,
Petitioner,

v.

EVOLUTIONARY INTELLIGENCE, LLC,
Patent Owner.

Case IPR2014-00086
Case IPR2014-00812
Patent 7,010,536 B1

Before KALYAN K. DESHPANDE, BRIAN J. McNAMARA, and GREGG I. ANDERSON, *Administrative Patent Judges*.

ANDERSON, *Administrative Patent Judge*.

FINAL WRITTEN DECISION
35 U.S.C. § 318(a) and 37 C.F.R. § 42.73

INTRODUCTION

On October 22, 2013, Apple, Inc. ("Petitioner")[1] filed a Petition requesting *inter partes* review of claims 2–14 and 16 of U.S. Patent No. 7,010,536 (Ex. 1001, "the '536 patent"). Paper 1 ("Pet."). On April 25, 2014, we granted the Petition and instituted trial for claims 2–12, 14, and 16 of the '536 patent on all of the grounds of unpatentability alleged in the Petition. Paper 8 ("Decision on Institution" or "Dec. Inst.").

After institution of *inter partes* review, Twitter, Inc. ("Twitter") and Yelp Inc. ("Yelp") filed a corrected Petition and Motion to Join the *inter partes* review. IPR2014-00812, Papers 4, 8. We granted the motion and joined Apple, Twitter, and Yelp (collectively, "Petitioner") in the *inter partes* review. Paper 16. Evolutionary Intelligence, LLC ("Patent Owner") filed a Patent Owner Response. Paper 20 ("PO Resp."). Petitioner filed a Reply. Paper 28 ("Pet. Reply"). Patent Owner filed a Motion to Exclude. Paper 34 ("PO Mot. Exclude")

An oral hearing was held on January 6, 2015. The transcript of the consolidated hearing has been entered into the record. Paper 41 ("Tr.").

We have jurisdiction under 35 U.S.C. § 6(c). This Final Written Decision is issued pursuant to 35 U.S.C. § 318(a). For the reasons discussed below, we determine that Petitioner has not shown by a preponderance of the evidence that claims 2–12, 14, and 16

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[1] Twitter, Inc. and Yelp Inc. filed a Petition in case IPR2014-00812 against the same patent, which case was joined with this case. Decision Granting Motion for Joinder (Paper 16). Twitter, Inc. and Yelp Inc. are also collectively referred to as "Petitioner" in this case.

of the '536 patent are unpatentable. Patent Owner's Motion to Exclude is denied.

A. Related Proceedings

Petitioner states that on October 23, 2012 it was served with a complaint alleging infringement of the '536 patent in Civil Action No. 6:12- cv-00783-LED in the District of Eastern District of Texas (Ex. 1007), which was transferred to the Northern District of California as Civil Action No. 3:13-cv-4201-WHA. The '536 patent is also the subject of several other lawsuits against third parties. Pet. 2.[2]

B. The '536 Patent

The '536 patent is directed to developing intelligence in a computer or digital network by creating and manipulating information containers with dynamic interactive registers in a computer network. Ex. 1001, 1:11–20; 3:1–5. The system includes an input device, an output device, a processor, a memory unit, a data storage device, and a means of communicating with other computers. *Id.* at 3:6–11. The memory unit includes an information container made interactive with, among other elements, dynamic registers, a search engine, gateways, a data collection

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[2] The Petition does not include page numbers. We have assigned page numbers beginning with page 1 at heading I.A. and concluding with page 31 at heading V. This convention corresponds to the assigned page numbers in the Table of Contents. As Patent Owner did in Patent Owner's Response (PO Resp. 1), all citations to the "Petition" are to the Petition filed by Apple in IPR 2014-00086. The Petition filed by Twitter and Yelp is a virtual copy but the page numbers differ and we will not add those additional citations.

and reporting means, an analysis engine, and an executing engine. *Id.* at 3:15–23.

The '536 patent describes a container as an interactive nestable logical domain, including dynamic interactive evolving registers, which maintain a unique network-wide lifelong identity. *Id.* at 3:29–35. A container, at minimum, includes a logically encapsulated portion of cyberspace, a register, and a gateway. *Id.* at 9:2–4. Registers determine the interaction of that container with other containers, system components, system gateways, events, and processes on the computer network. *Id.* at 3:43–46. Container registers may be values alone or contain code to establish certain parameters in interaction with other containers or gateways. *Id.* at 9:19–22. Gateways are integrated structurally into each container or strategically placed at container transit points. *Id.* at 4:54–57. Gateways govern the interaction of containers encapsulated within their domain by reading and storing register information of containers entering and exiting that container. *Id.* at 4:58–66; 15:46–49.

The system for creating and manipulating information containers is set forth in Figure 2B as follows:

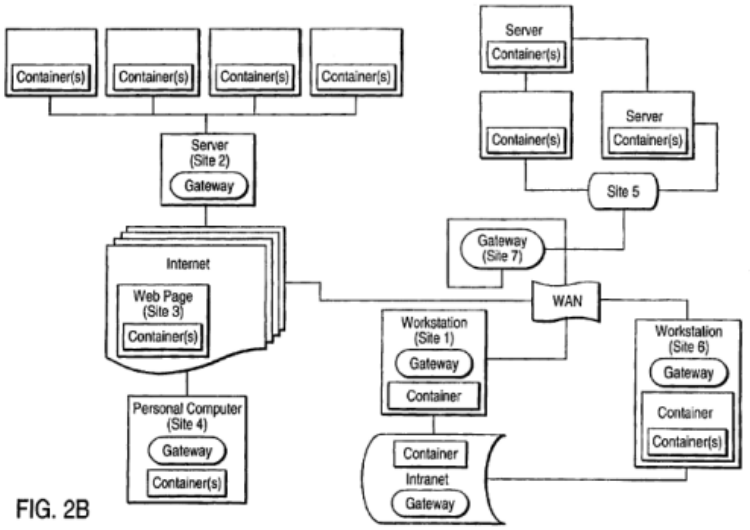

FIG. 2B

Figure 2B illustrates a computer network showing nested containers, computer servers, and gateways at Site 1 through Site 7. *Id.* at 10:59–62.

Any of Sites 1 through 7 may interact dynamically within the system; for example, Site 1 shows a single workstation with a container and gateway connected to an Intranet. *Id.* at 10:64–67. Site 2 shows a server with a gateway in relationship to various containers. *Id.* at 11:2–3. Site 3 shows an Internet web page with a container residing on it. *Id.* at 11:3–4. Site 4 shows a personal computer with containers and a gateway connected to the Internet. *Id.* at 11:4–6. Site 5 shows a configuration of multiple servers and containers on a Wide Area Network. *Id.* at 11:6–7. Site 6 shows a work station with a gateway and containers within a container connected to a Wide Area Network. *Id.* at 11:7–9. Site 7 shows an independent gateway, capable of acting as a data collection and data reporting site as it gathers data from the registers of transiting

containers and as an agent of the execution engine as it alters the registers of transient containers. *Id.* at 11:8–13.

An example of the configuration the containers may have is provided in Figure 4 as follows:

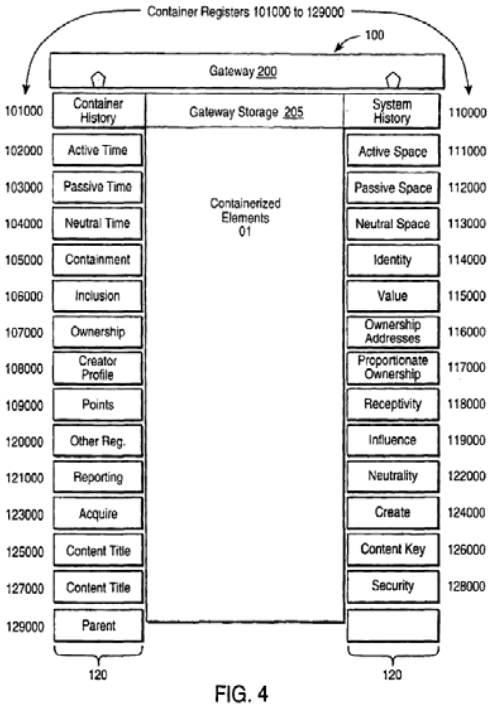

FIG. 4

Figure 4 shows an example of container 100 that includes containerized elements 01, registers 120, and gateway 200. *Id.* at 12:65–67. Registers 120 included in container 100 include, *inter alia*, active time register 102000, passive time register 103000, neutral time register 104000, active space register 111000, passive space register 112000, neutral space register 113000, and acquire register 123000. *Id.* at 14:31–39.

C. Illustrative Claim

Claims 2 and 16 are the two independent claims challenged. Claim 2 is reproduced below:

2. An apparatus for transmitting, receiving and manipulating information on a computer system, the apparatus including a plurality of containers, each container being a logically defined data enclosure and comprising:

an information element having information;

a plurality of registers, the plurality of registers forming part of the container and including

a first register for storing a unique container identification value,

a second register having a representation designating space and governing interactions of the container with other containers, systems or processes according to utility of information in the information element relative to an external-to-the-apparatus three-dimensional space,

an active space register for identifying space in which the container will act upon other containers, processes, systems or gateways,

a passive resister for identifying space in which the container can be acted upon by other containers, processes, systems or gateways,

a neutral space register for identifying space in which the container may interact with other containers, processes, systems, or gateways; and

a gateway attached to and forming part of the container, the gateway controlling the interaction of the container with other containers, systems or processes.

D. Ground Upon Which Trial Was Instituted

Trial was instituted on the ground that claims 2–12, 14, and 16 of the '536 patent were anticipated under 35 U.S.C. § 102(e)[3] by Gibbs.[4] Dec. Inst. 27. Patent Owner does not contend that Gibbs is not prior art.

[3] The '536 patent was filed prior to the effective date of § 102, as amended by the America Invents Act ("AIA")—March 16, 2013— and is governed by the pre-AIA version of § 102(e). *See* AIA § 3(n)(1).

[4] 4 U.S. Patent No. 5,836,529, filed Oct. 31, 1995 ("Gibbs," Ex. 1006

ANALYSIS

A. Claim Construction

In an *inter partes* review, claim terms in an unexpired patent are interpreted according to their broadest reasonable construction in light of the specification of the patent in which they appear. 37 C.F.R. § 42.100(b); *In re Cuozzo Speed Techs., LLC*, 778 F.3d 1271, 1279–83 (Fed. Cir. 2015). If an inventor acts as his or her own lexicographer, the definition must be set forth in the specification with reasonable clarity, deliberateness, and precision. *Renishaw PLC v. Marposs Societa' per Azioni*, 158 F.3d 1243, 1249 (Fed. Cir. 1998). The terms also are given their ordinary and customary meaning as would be understood by one of ordinary skill in the art in the context of the disclosure. *In re Translogic Tech., Inc.*, 504 F.3d 1249, 1257 (Fed. Cir. 2007).

Neither Petitioner nor Patent Owner disputes our constructions in the Decision on Institution. PO Resp. 15, n. 3. Our prior constructions, including the rationale for them, are repeated below.

1. "container"

Independent claims 2 and 16 recite the term "container," as do several of the dependent claims, e.g., claims 5 and 7. The Specification describes a "container" as "a logically defined data enclosure which encapsulates any element or digital segment (text, graphic, photograph, audio, video, or other), or set of digital segments, or referring now to FIG. 3C, any system component or process, or other containers or sets of containers." Ex. 1001, 8:64–9:2.

Thus, we construe "container" to mean "a logically defined data enclosure which encapsulates any element or digital segment (text, graphic, photograph, audio, video, or other), or set of digital elements."

2. "register"

Independent claims 2 and 16 recite "a plurality of registers, the plurality of registers forming part of the container." The Specification of the '536 patent broadly describes "container registers" as follows:

> Container registers 120 are interactive dynamic values appended to the logical enclosure of an information container 100, and serve to govern the interaction of that container 100 with other containers 100, container gateways 200 and the system 10, and to record the historical interaction of that container 100 on the system 10. Container registers 120 may be values alone or contain code to establish certain parameters in interaction with other containers 100 or gateways 200.

Ex. 1001, 9:14–23.

Thus, we determine "register" means a "value or code associated with a container."

3. "active space register"/"passive space register"/"neutral space register"

The terms "active space register," "passive space register," and "neutral space register" appear in independent claim 2.

The Specification of the '536 patent states, at several locations, that registers are "dynamic" and "interactive." *See* Ex. 1001, 7:25–30. As discussed above, registers are user-created and attach to a unique container. *Id.* at 14:23–26. Registers may be of different types, including pre-defined registers. *Id.* at 14:1–3. Pre-defined registers are available immediately for selection by the user, within a given container. *Id.* at 14:3–6. Pre-defined registers may be active, passive, or interactive and may evolve with system use. *Id.* at 14:29–30. In the context of predefined registers, "active space," "passive space," and "neutral space" are part of the system history. *Id.* at 14:30–42, Fig. 4. The Specification does not describe further any of the terms.

The claim 2 elements, "active space register," "passive space register," and "neutral space register" each expressly defines the function of the element in claim 2.

The "active space register" is:

> "for identifying space in which the container *will act upon* other containers, processes, systems or gateways . . ." (emphasis added).

The "passive space register" is:

> "for identifying space in which the container *can be acted upon* by other containers, processes, systems or gateways . . ." (emphasis added).

The "neutral space register" is:

> "for identifying space in which the container *may interact* with other containers, processes, systems, or gateways . . ." (emphasis added).

Patent Owner lists "neutral space register" as a term for further construction. PO Resp. 19–22. Patent Owner's argument is directed toward whether "neutral space register" is a limitation shown in Gibbs and will be addressed in our anticipation analysis section below.

As discussed above, we have construed the term "register" to mean "value or code associated with a container." The modifiers "active," "passive," and "neutral" serve to distinguish the claimed registers that are defined functionally in claim 2. No further construction is required.

4. "acquire register"

The term "acquire register" appears in claims 8, which depends from claim 2, and independent claim 16. The Specification describes the acquire register as "enabling the user to search and utilize other registers residing on the network." Ex. 1001, 15:27–29. This is consistent with the claim language itself. Dec. Inst. 13. No further construction is required.

5. "gateway"

Independent claims 2 and 16 recite "a gateway attached to and forming part of the container, the gateway controlling the interaction of the container with other containers, systems or processes."

The '536 patent describes that:

> [g]ateways gather and store container register information according to system-defined, system-generated, or user determined rules as containers exit and enter one another, governing how containers, system processes or system components interact within the domain of that container, or after exiting and entering that container, and governing how containers, system components and system processes interact with that unique gateway, including how data collection and reporting is managed at that gateway.

Ex. 1001, 4:58–66.

Neither party raises any issue with our preliminary construction (Dec. Inst. 13–14) and thus, based on the Specification, our final construction of "gateway" is "hardware or software that facilitates the transfer of information between containers, systems, and/or processes."

6. means elements

Claims 9–12 each contain means plus function elements. Petitioner contends that there is a lack of structure for certain means plus function elements. We do not reach this issue because, for reasons discussed below, Petitioner has not put forth a sufficient case of unpatentability as to the independent claim from which claims 9–12 depend.

7. "first register having a unique container identification value"

Unlike all the previous terms, "first register having a unique container identification value" was not construed in the Decision on Institution. Patent

Owner contends the term requires construction in light of contentions made by Petitioner's expert, Dr. Henry Houh, in his deposition testimony. PO Resp. 16–19 (citing "Houh Deposition," Ex. 1008). The term appears in claims 2 and 16. Specifically, Patent Owner contends the Houh Deposition asserts that the term "unique container identification value" is for "any container." PO Resp. 16 (citing Ex. 1008, 106:21–109:8) (emphasis omitted). Patent Owner contends this testimony is contrary to the Declaration of Dr. Houh ("Houh Declaration," Ex. 1003, ¶¶ 110–111). *Id.*

Patent Owner cites the language of the claim itself to assert "first register having a unique container identification value" is directed to the container of which the term is an element and not "any" container." PO Resp. 16. Patent Owner argues use of the article "a" is dictated because it is the first reference to the term, which has no antecedent basis. Id.

Patent Owner cites to the Specification as describing "a register with a 'unique network-wide lifelong identity' for the given container." PO Resp. 16–17 (citing Ex. 1001 at 3:29–39) (emphasis omitted). Patent Owner argues the system-defined registers may include "an identity register maintaining a unique network wide identification and access location for a given container." *Id.* at 17 (citing Ex. 1001, 3:57–64) (emphasis omitted).

Patent Owner also references the prosecution of the '536 patent, in which claim 29 recites interacting between first and second information containers, and claim 30, which depends from claim 29, recites "wherein the steps of determining identification in-

formation are performed by reading respective identification registers of the first and second containers." *See id*. at 17 (citing Ex. 1002, 50–51). Patent Owner argues this claim language "make no sense if the 'unique identification value' is construed as identifying containers other than those interacting, because the entire point of the exchange was to compare unique identifiers to see if interaction between the two containers would be allowed." *Id.* Patent Owner thus proposes the term "first register having a unique container identification value" means "a first register having a value that uniquely identifies the given container." *Id.* at 19.

Petitioner argues that absent "reference to any particular container" the term applies to "any" container. Pet. Reply 9. In further support of its position, Petitioner argues the use of the article "a," as opposed to "the," precludes the claim language from being limited to the "the container that includes the register." Id. Petitioner notes all the other registers recited reference "the" container, so "a" must mean any. *Id.* Petitioner contends the "identity register" disclosure is not dispositive and is just "one example" of the first register. *Id.* 9–10 (citing Deposition of Mathew Daniel Green, Ph.D. ("Green Deposition," Ex. 2009, 113:1–22, 107:2–110:22; *see id.* at 66:11–22). The Petitioner alleges the original claims from the prosecution are irrelevant. Id. at 10.

In construing claims we consider the broadest reasonable interpretation consistent with the Specification. *In re Cuozzo*, 778 F.3d at 1278–1282. We start with the claim language. Claim 2 recites "[a]n apparatus . . . including a plurality of containers, *each container* being a logically defined data enclosure and comprising." Ex. 1001, 30, 31–34 (emphasis added).

The claim proceeds to recite "a first register for storing a unique container identification value." From this language, we conclude that the "first register" is a part of "each container." The "first register" claim limitation further includes "a unique container identification value." In the context of this claim, we are not persuaded by Petitioner's argument that the use of "a" before the disputed term broadens the disputed term to "any" container. Pet. Reply 9.

The Specification describes a "container" in some detail, a description which we noted above in construing "container." *See* Ex. 1001, 3:29–35. The Specification describes "container" as follows:

> A container is an interactive nestable logical domain configurable as both subset and superset, including a minimum set of attributes coded into dynamic interactive evolving registers, containing any information component, digital code, file, search string, set, database, network, event or process, and *maintaining a unique network-wide lifelong identity*.

Id. (emphasis added). Among other things, the container "maintain[s] a unique network-wide lifelong identity." *Id.* at 3:34–35. While "first register" appears only in the Abstract and the claims, registers are described and include "an identity register maintaining a unique network wide identification and access location for a given container." PO Resp. 17 (citing Ex. 1001, 3:57–64) (emphasis omitted). The claims do not include an "identity register," but do include the "first register," and the term under consideration, "a unique container identification value." While Petitioner correctly notes that the Green Deposition states the "identity register" is an "example,"

Dr. Green goes on to testify "[h]owever, I think that from the context of the specification, my interpretation is that those descriptions refer to the first register for storing a unique container identification value." Ex. 2009, 113:11–15. Based on the Specification, we conclude the description of "identity register" in the Specification describes the "unique container identification value" of the "first register." There is no other reasonable explanation associating the functionality of the "identity register" with the claimed invention. Petitioner's argument that the "identity register" is an "example" does not persuade us otherwise. Pet. Reply 9. An "example" does not preclude the "first register" claimed from being described as the "identity register," particularly given that "first register" is not otherwise described in the Specification and "identity register" is not part of any claim.

We disagree with Petitioner's argument that claims asserted in the prosecution history are irrelevant to claim construction. Pet. Reply 10. We note that originally filed claim 30 recites, in pertinent part: "steps of determining identification information are performed by reading respective identification registers of the first and second containers." We read this language to support Patent Owner's contention that each container has an "identification register" to determine whether interaction between containers is allowed. Originally filed claim 30 recites in part "reading respective identification registers." Claim 30's language corresponds to the Specification's description of the "identity register" and the claimed "first register for storing a unique container identification value."

Neither party has specifically relied on any extrinsic evidence and our construction is based primarily

on intrinsic evidence. To the extent the Houh and Green Depositions may be considered extrinsic evidence; we have considered the party's citations to them, noting them above.

Thus, we adopt Patent Owner's proposed construction and construe "first register having a unique container identification value" to mean "a first register having a value that uniquely identifies the given container."

B. Anticipation of Claims 2–12, 14 and 16 by Gibbs

Petitioner contends that claims 2–14 and 16 of the '536 patent are anticipated under 35 U.S.C. § 102(e) by Gibbs. Pet. 12–31. To support this position, Petitioner cites the testimony of Henry Houh. The only ground of unpatentability presented is anticipation.[5]

"[U]nless a reference discloses within the four corners of the document not only all of the limitations claimed but also all of the limitations arranged or combined in the same way as recited in the claim, it cannot be said to prove prior invention of the thing claimed and, thus, cannot anticipate under 35 U.S.C. § 102." *Net MoneyIn, Inc. v. VeriSign, Inc.*, 545 F.3d 1359, 1371 (Fed. Cir. 2008). Notwithstanding the preceding, we must analyze prior art references as a skilled artisan would, but this is "not, however, a substitute for determination of patentability in terms of § 103." *Cont'l Can Co. USA v. Monsanto Co.*, 948 F.2d 1264, 1268–69 (Fed. Cir. 1991).

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[5] Patent Owner "reasserts" its objection to the Petition as improperly incorporating by reference the Houh Declaration. PO Resp. 22, n.5 (citing 37 C.F.R. § 42.6 (a)(3)).

For reasons discussed below, Petitioner has not established by a preponderance of the evidence that claims 2–12, 14, and 16 are unpatentable as anticipated by Gibbs.

1. Gibbs Overview

Gibbs describes a system and process for monitoring and managing the operation of a railroad system. Ex. 1006, 3:65–4:10. The railroad management system operates on a computer system and its components are connected via a network. *Id*. at 5:12–14. Figure 1 is reproduced below.

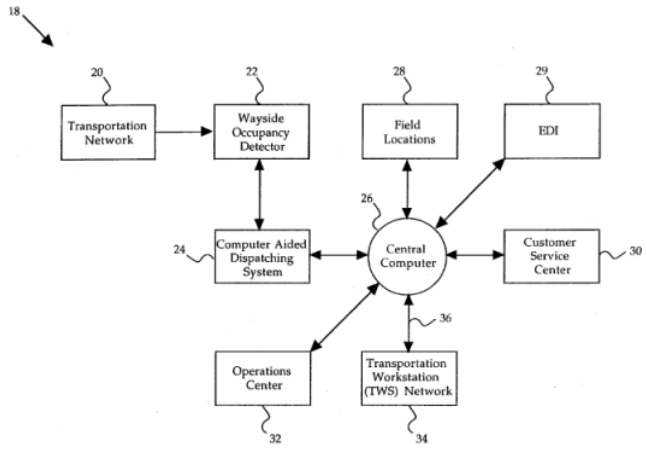

Fig. 1

Figure 1 is an object based railroad transportation network management system. As shown in Figure 1, central computer 26 organizes and stores this railroad system information so that it can later retransmit the information in response to a request from any node 24, 28, 29, 30, 32, or 34. Ex. 1001, 5:28–31.

The system is object oriented and uses objects to represent important aspects of the railroad system such as train object 72, locomotive object 74, crew object 78, car object 80, end-of-train object 82, and computerized train control object 89. *Id*. at 7:5–8. A map object library contains map objects to generate a transportation network map object and to display and transmit information in response to a user request. *Id.* at 8:53–63. A control management object allows the user to activate any object within the map object library. *Id*. at 8:20–31.

Each object in the railroad management system has at least four distinct types of data: locational attributes, labeling attributes, consist attributes, and timing attributes. *Id.* at 9:28–10:4, Fig. 7. These attributes can include information such as a unique ID, the physical location of the object, and object specific data. *Id.* at 10:46–51. Each object contains references to its associated data structure, i.e., the four data types described above, and program instructions. *Id.* at 7:21–27.

2. Whether Gibbs discloses the claimed "container"[6]

In the Petition, Petitioner argued the objects used by Gibbs's railroad management system are examples of logically defined data enclosures. Pet. 13.

The objects are, therefore, the "containers" specified in the preamble of claim 2[7] of the '536 patent. *Id.* (citing Ex. 1003 ¶¶ 107–111). In its Reply, Petitioner contends Gibbs "shows the claimed 'container' via its description of a collection of transport, map, and report objects that are instantiated and used to display maps and reports to users." Pet. Reply 1, 3 (citing Pet. at 15, 18–19, 23; Ex. 1003 ¶¶ 89–90, 94, 96–97; "Houh Supplemental Declaration," Ex. 1009 ¶¶ 5–16). Dr. Houh uses the term "TMR subsystem," i.e., "transport object/map object/report object," as "shorthand for the architecture and objects" described in

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[6] Both independent claims 2 and 16 include the limitation in question.

[7] The preamble forms an antecedent basis for "containers" as used in the claims and will be given weight. *See, Eaton Corp. v. Rockwell Int'l Corp.*, 323 F.3d 1332, 1339 (Fed. Cir. 2003).

Gibbs's collection of objects. Pet. Reply 2. "TMR subsystem" is not a term used in Gibbs.

a. Denial of Petition based on change of theory

Patent Owner argues that Petitioner changed its position from citing Gibbs's objects as meeting the container limitation to now contending the TMR subsystem is the "container." PO Resp. 24 (citing Ex. 1008, 102:19–104:13). Patent Owner characterizes the change as a switch from express anticipation to an inherency argument. *Id.* at 37. Patent Owner contends we should deny the Petitioner because of the change of position. *Id.* at 38.

The Petition asserted that the objects of Gibbs meet the container limitation. Pet. 13 (citing Ex. 1003 ¶¶ 107–111). In particular, on behalf of Petitioner, Dr. Houh asserted that "[T]he objects used by the Gibbs railroad management system are examples of logically defined data enclosures, and exemplify the 'containers' claimed in claim 2 of the '536 patent." Ex. 1003 ¶ 110. Patent Owner notes that Dr. Houh subsequently stated in his deposition that the TMR subsystem "must be" present in Gibbs. PO Resp. 3. Patent Owner argues that this testimony represents an impermissible change in Petitioner's position from express anticipation to inherent anticipation. PO Resp. 3, 24, 37–38. Petitioner denies it is now proceeding on an inherency theory, arguing that Dr. Houh's use of the label "TMR subsystem" during his deposition is a shorthand for the architecture and objects in Gibbs that anticipate the claims, rather than new evidence. Pet. Reply 3. Dr. Houh contends that his position is not new. Ex. 1009 ¶38. Nevertheless, Petitioner argues that anticipation exists when a

claimed limitation is implicit in the relevant reference. *Id.* at 5.

Anticipation by Gibbs remains the sole challenge asserted by Petitioner. Even if Petitioner has altered some of its positions concerning its challenge, in this case we do not find cause to dismiss the Petition on that basis. In view of Petitioner's argument that it has not changed its position, we proceed on the basis that Dr. Houh stands by his testimony that "[T]he objects used by the Gibbs railroad management system are examples of logically defined data enclosures, and exemplify the 'containers' claimed in claim 2 of the '536 patent." Ex. 1003 ¶ 110.

b. Whether the "collection of transport, map and report objects" of Gibbs discloses "a plurality of containers" comprising all the registers of the claims

The objects of Gibbs fall within our construction of "container" as meaning "a logically defined data enclosure which encapsulates any element or digital segment (text, graphic, photograph, audio, video, or other), or set of digital elements." We, however, determine that Gibbs does not disclose a "container" *as claimed*. Claims 2 and 16 recite "each container being a logically defined data enclosure and comprising," among other things, the specified registers. As discussed above, each of the active, passive, and neutral registers of claim 2 "identif[y] space" in which the claimed container "will act," "can be acted upon," and "may interact with other containers, processes, systems, or gateways." Claim 16 recites a second register that "govern[s] interactions of the container with

other containers, systems or processes."[8] Claim 16 also recites an "acquire register" that controls "whether the container adds a register from other containers or adds a container from other containers when interacting with them."

In order to show that the various objects of Gibbs are the necessary registers of the claimed "container," Petitioner argues that the "discrete" entities of Gibbs are within an "object-oriented programming structure" as is conventionally known. Pet. Reply 4 (citing Ex. 1003 ¶¶ 78, 89; Ex. 1006, 7:24–27) (emphasis omitted). Thus, according to Petitioner, Gibbs's system combines the transport, map, and report objects so a user can access data about the train system. *Id.* at 4–5. Petitioner contends this "[c]ompound 'object' created by combining the transport, map, and report objects in varying manners to give users access to real-time data about the train system is plainly a 'container.'" *Id.* (citing Ex. 1009 ¶¶ 33–37, 42–48; *see* Ex. 1001, 3:28–34). Thus, Petitioner contends the "discrete" objects of Gibbs may be combined to disclose the registers of the claimed "container." *See* Pet. 13–18.

Patent Owner disputes Petitioner's contention that Gibbs shows a collection of objects that disclose the claimed "container." PO Resp. 25. Patent Owner argues Gibbs discloses "22 distinct objects" which are "treated by the processing unit 48 as discrete entities." *Id.* (citing Ex. 1006, 7:24–27; 8:20–23; 8:48–52; 9:27–31). In addition, Patent Owner argues that

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[8] Furthermore, each claimed container of claims 2 and 16 has a gateway attached to it. (Ex. 1001, 30:55–57; 32:43–45). Similar to the registers, the gateway "control[s] the interaction of the container with other containers, systems or processes."

Gibbs differentiates between two "genuses of objects," i.e., transport objects and service objects, which do not overlap. *Id.* More specifically, the transport objects are detailed in a transport object library as shown in Figure 5 of Gibbs. *Id.* Details of service objects are shown in Figures 6a, 6b, and 6c. *Id.* at 26.

Because the objects are discrete, Patent Owner argues Gibbs's attributes and other data items belong with a specific object and not every object. PO Resp. 26. In support of its argument, Patent Owner points to the attributes of the transport object data structure, e.g., locational attributes, labelling attributes, consist attributes, and timing attributes, are retrieved to effect maps in the map object library. *Id.* (citing Ex. 1006, Fig. 7, 9:58–67). The attributes described in Gibbs's transport object are not, according to Patent Owner, attributes of any other object. *Id.*

Petitioner further argues what an anticipatory reference teaches must be viewed from the perspective of the person of ordinary skill and what is implicit in the reference. Pet. Reply 5. Thus, Petitioner relies on various disclosures from Gibbs to support its contention that the collection of objects having different functions and attributes, e.g., transport, map, and report objects, would be considered a container to a person of ordinary skill. *Id.* at 5–6.

As discussed above, the Houh Declaration submitted with the Petition contends that the objects of Gibbs "exemplify the 'containers' claimed in claim 2 of the '536 patent." Ex. 1003 ¶ 110. However, the Houh Deposition states that the container is "the thing that comprises the transport object library ob-

jects, the map object library objects, report object library objects that are instantiated and running in the system." Ex. 1008, 73:17–24. The Houh Supplemental Declaration alleges the deposition testimony is consistent with the Houh Declaration. Ex. 1009 ¶ 38. We have reviewed the paragraphs of the Houh Declaration submitted with the Petition (Ex. 1003 ¶¶ 90, 92, 94, 96–97, 104) cited in the Houh Supplemental Declaration at paragraph 38. Other than ¶ 110 of the Houh Declaration, the Houh Supplemental Declaration does not identify any specific object or collection of objects as constituting the "container."

Petitioner also argues that its position in the Petitioner Reply on what constitutes a "container" is supported by the original Houh Declaration. Pet. Reply 3 (citing Ex. 1003 ¶¶ 89–90, 94, 96–97). As discussed above, however, the original Houh Declaration described the various objects of Gibbs in some detail but, other than paragraph 110, did not specify what particular object or group of objects constitutes a "container."

Petitioner argues that what an anticipatory reference teaches must be analyzed from the perspective of one of ordinary skill and that is it proper to take into account not only specific teachings of the references, but also what inferences one of ordinary skill in the art reasonably would be expected to draw. Pet. Reply. 5 (citations omitted). In view of the apparently inconsistent testimony of Dr. Houh, we are not persuaded that the inferences a person of ordinary skill reasonably would be expected to draw from Gibbs would anticipate the claimed "container." The Houh Declaration is not consistent in identifying where the

"container" element is found in Gibbs. The Houh Declaration differs from the Houh Deposition and Houh Supplemental Declaration. We relied on the Houh Declaration in instituting *inter partes* review. Dec. Inst. 17–18. Petitioner now relies on the Houh Deposition testimony and Houh Supplemental Declaration. *See, e.g.*, Pet. Reply 3 (heading A.), 4. As such, Petitioner's evidence is inconsistent and does not specify where the container element is found in Gibbs.

Instead, we credit the testimony of Patent Owner's expert, Dr. Green, who testifies that the transport object library of Gibbs is distinct from the service object library. Ex. 2006 ¶¶ 86–94; *see* Ex. 1006, Fig. 4. Dr. Green concludes:

> Gibbs thus discloses the objects in Figure 4 as falling into two genuses: transport objects and service objects. Gibbs discloses each of these genuses as a library (i.e., "transport object library 64" and service object library 66") that consists of specific types of objects.

Ex. 2006 ¶ 88. This testimony distinguishes the claimed container from the two separate collections of objects, transport and service, in Gibbs. Neither are we persuaded by the extensive description in the Houh Declaration of the various objects of Gibbs. Pet. Reply 3 (citing Ex. 1003 ¶¶ 89–100, 108– 109). We agree with Patent Owner that "Gibbs does not disclose any single," logically defined container that "comprises the instantiation of the transport, map, and object libraries." PO Resp. 39.

Thus, while Gibbs may disclose some objects that function like the claimed registers, Gibbs does not disclose the claimed container. Rather, the "attributes or data items disclosed by Gibbs are each described as belonging to particular objects, not as generically belonging to every object in Gibbs'[s] system." PO Resp. 26.

c. Nesting of containers-inherency

Petitioner states it is not proceeding on principles of inherency, arguing the disclosure is explicit. Pet. Reply 3. Patent Owner noted that, while it is "unclear," Dr. Houh apparently argued the disclosure of Gibbs inherently disclosed the claimed container. PO Resp. 38–40 (citing Ex. 1008, 76:23–78:10, 75:16–76:16).

The argument Patent Owner understood as one of inherency was based on the TMR subsystem "nesting," which also is described in the '536 patent. *Id.* at 39. Patent Owner contends nesting is present only when a container includes "the logical description of another container." *Id.* (citing Ex. 1001 at 9:4–9; 4:46–53). Patent Owner argues Gibbs does not disclose any nestable containers each including the logical description of another container. *Id.* Petitioner responds that nothing in the claim language limits encapsulation of other containers to those including a logical description of another container. Pet. Reply 6–7.

Patent Owner raises nesting only in the context of a perceived inherency argument by Petitioner. PO Resp. 39. Petitioner is not alleging inherency. Pet. Reply 3. Thus, inherency is not before us.

To the extent Petitioner perceives nesting as supporting its argument that Gibbs discloses the claimed container, it is not persuasive. Petitioner argues that Gibbs discloses a unique ID for the transport object within the boundaries of the map. *Id.* at 7. That one object of Gibbs has a unique ID allowing it to interact with another object is insufficient. The '536 discloses that every container includes a logical description of "all containers defined and to be defined in cyberspace." Ex. 1001, 9:8–9. As discussed above, this feature is claimed, for example,[9] in the neutral register of claim 2 which recites that "each container" of the apparatus claimed has a neutral register that "may interact" with other containers. That one transport object of Gibbs has an ID that allows it to be available to one other object does not disclose what is claimed. *See* PO Resp. 28 (arguing transport objects have unique IDs but service objects do not).

d. Conclusion

For the reasons discussed above, we determine Petitioner has not shown by a preponderance of the evidence that Gibbs discloses the claimed container.

3. Whether Gibbs Discloses "first register having a unique container identification value"

Petitioner also contends the railroad management system of Gibbs also discloses the claimed "plurality of registers" because it includes a number of libraries. Pet. 18 (citing Ex. 1003 ¶¶ 77, 82–85, 87, 115–117). Petitioner argues the "first register" of claim 1 is dis-

[9] Claim 2 includes four other registers.

closed in Gibbs because objects in the train management system of Gibbs have unique IDs which correspond to the object. *Id.* (citing Ex. 1003, ¶¶ 82, 118-119).

Specifically, Petitioner relies on the transport object, which is uniquely identified. Pet. Reply 10. Petitioner's position is based on its proposed construction of "a unique container identification value," that "any" one object or container with a unique ID meets the limitation. We construed the term above and found that the term relates to a value that "uniquely identifies the *given container*." Thus, each container claimed must include the first register having a unique identifier. Gibbs is presented by Petitioner as showing only the transport object, i.e., container, with a unique identifier.

For the reasons discussed above, we determine Petitioner has not shown by a preponderance of the evidence that Gibbs discloses "a first register having a unique container identification value."

4. Whether Gibbs Discloses "a neutral space register"

Claim 2 recites a "neutral space register for identifying space in which the container *may interact* with other containers, processes, systems, or gateways." (Emphasis added). Gibbs discloses a train consist report. Ex. 1006, 16:53–17:4. To generate a train consist report a particular train is selected. *Id.* A train report object retrieves data from the train object and car object of the selected train. *Id.* The train report object allows the user to see graphically the positioning of the cars in the selected train. *Id.* Petitioner al-

leges the train object and car object therefore intersect, i.e., interact, in the report object to meet the neutral register limitation. Pet. 18 (citing Ex. 1003 ¶ 98).[10]

Patent Owner argues the fact that the train consist report lists the train object and associated car objects does not show the required interaction with other objects, i.e., containers. PO Resp. 50–51. Patent Owner contends the mere retrieval of data and reporting the data graphically is not the required interaction because each of the train and car objects separately returns the data. *Id.* at 51.

Patent Owner further argues Gibbs does not "identify space" where interaction may occur. PO Resp. 52. Instead, a user of the train management system of Gibbs selects a train. *Id.* Only after the train is selected is locational information in the form of latitude and longitude generated for the selected train. *Id.* Patent Owner contends that the train consist report described in Gibbs is based on train selection, "not the locations of the train and cars." *Id.* (citing Ex. 1006, 16:53–54 ("To generate a train consist report, the train report object 414 prompts the user to select a particular train.")). To the extent train location is identified by latitude and longitude, Patent

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[10] In its Response at page 20, Patent Owner objects to the Decision on Institution stating: "In addition, Petitioner cites the disclosures related to the active and passive space registers, as meeting the neutral space register limitation." Dec. Inst. 20 (citing Pet. 18 (citing Ex. 1003 ¶¶ 138–140)). The Decision on Institution found support for a "neutral space register" based on the map report object generated from the train and car objects. *Id.* The quote above was a restatement of Petitioner's argument, prefaced by "[i]n addition."

Owner argues they are "mere data; they do not identify the space in which the 'interaction' may occur." *Id.* We find both of Patent Owner's substantive arguments relating to Gibbs's train report persuasive.

First, the claim limitation requires "interaction" and the mere collection of separate data does not disclose any interaction. Second, merely because spatial information is generated after another event, i.e., selection of a train object is not "identifying space," it is, at best, identifying space based on another action. The claim language supports both of our conclusions.

Petitioner's Reply fails to address the arguments made by Patent Owner, restating what is shown in Gibbs, and concluding the train reports shows interaction. Pet. Reply 14–15. Similarly, Petitioner conclusorily argues "the location of the transport object" meets the "identifying space" limitation. *Id.* at 15. These arguments are not persuasive because they fail to set forth a factual basis and persuasive rationale for reaching the conclusion.

Thus, we determine Petitioner has not shown by a preponderance of the evidence that Gibbs discloses "neutral space register" as claimed.

5. Whether Gibbs discloses an "active space register," "passive space register," and "acquire register"

Claim 16 is not unpatentable as anticipated by Gibbs because Gibbs does not disclose either the claimed container or the first register. Claim 2 is not anticipated for the additional reason that the neutral

register is not disclosed by Gibbs. Given our conclusions above, we need not address Patent Owner's additional arguments regarding the other claimed registers of claims 2 and 16.

6. Conclusion

Petitioner has not shown by a preponderance of the evidence that independent claims 2 and 16 are anticipated under § 102(e) by Gibbs.

Claims 3–12, and 14 are multiply dependent on claims 1 or 2. By reason of their dependency on claim 2, Petitioner has not shown by a preponderance of the evidence that claims 3–12, and 14 are anticipated under § 102(e) by Gibbs.

B. Patent Owner's Motion to Exclude

Patent Owner filed a Motion to Exclude ("Mot. Exclude," Paper 34) the Houh Supplemental Declaration. The Houh Supplemental Declaration was filed with Petitioner's Reply Brief. Mot. Exclude 2. Petitioner filed an Opposition to Patent Owner's Motion to Exclude. ("Opp. Mot. Exclude," Paper 36). Petitioner alleges principally that the Houh Supplemental Declaration was not objected to prior to filing the Motion to Exclude. Opp. Mot. Exclude 1. Patent Owner did not file a Reply.

Patent Owner must object to the evidence it seeks to exclude. 37 C.F.R. § 42.64(a). Once an objection is filed, a motion to exclude "must be filed to preserve any objection." 37 C.F.R. § 42.64(c). The motion to exclude must identify the objection. *Id.*

There is no record that Patent Owner objected. The Motion to Exclude does not identify any objection, as is required. Accordingly, the Motion to Exclude is denied.

ORDER

ORDERED,

For the reasons given, it is

ORDERED that claims 2–12, 14, and 16 of U.S. Patent No. 7,010,536 have not been shown by a preponderance of the evidence to be unpatentable;

FURTHER ORDERED that Patent Owner's Motion to Exclude is denied; and

FURTHER ORDERED that, because this is a Final Written Decision, parties to the proceeding seeking judicial review of the decision must comply with the notice and service requirements of 37 C.F.R. § 90.2.

Summary of Post-*Alice* Decisions by the Federal Circuit

The following chart summarizes the Section 101 patent-eligibility decisions from the Federal Circuit since 2014. Decisions in which patents were held ineligible are listed first. Within that category, decisions in which the Federal Circuit did not provide an opinion are listed first

Case Name	*Outcome at District Court*	*Outcome at Federal Circuit*	*Eligibility result*
American Needle v. *Zazzle*, 670 F. App'x 717 (Fed. Cir. 2016)	Motion to dismiss granted	Affirmed without opinion	Ineligible
Appistry v. *Amazon.com* 676 F. App'x 1007 (Fed. Cir. 2017)	Motion to dismiss granted	Affirmed without opinion	Ineligible
Appistry v. *Amazon.com* 676 F. App'x 1008 (Fed. Cir. 2017)	Motion to dismiss granted	Affirmed without opinion	Ineligible
Becton, Dickinson & Co. v. *Baxter Int'l Inc.*, 639 F. App'x 652 (Fed. Cir. 2016)	Summary judgment granted	Affirmed without opinion	Ineligible
Broadband iTV, Inc. v. *Hawaiian Telcom, Inc.*, 669 F. App'x 555 (Fed. Cir. 2016)	Summary judgment granted	Affirmed without opinion	Ineligible
CallWave Commc'ns LLC v. *AT & T Mobility LLC*, 672 F. App'x 995 (Fed. Cir. 2017)	Motion to dismiss granted	Affirmed without opinion	Ineligible
CertusView Techs., LLC v. *S&N Locating Servs., LLC*, 695 F. App'x 574 (Fed. Cir. 2017)	Motion to dismiss granted	Affirmed without opinion	Ineligible
Clear with Computers LLC v. *Altec Indus. Inc.*, 636 F. App'x 1015 (Fed. Cir. 2016)	Motion to dismiss granted	Affirmed without opinion	Ineligible

Case Name	*Outcome at District Court*	*Outcome at Federal Circuit*	*Eligibility result*
CMG Fin. Servs., Inc. v. *Pac. Tr. Bank*, 616 F. App'x 420 (Fed. Cir. 2015)	Summary judgment granted	Affirmed without opinion	Ineligible
Concaten, Inc. v. *AmeriTrak Fleet Sols., LLC*, 669 F. App'x 571 (Fed. Cir. 2016)	Motion to dismiss granted	Affirmed without opinion	Ineligible
DietGoal Innovations LLC v. *Bravo Media LLC*, 599 F. App'x 956 (Fed. Cir. 2015)	Summary judgment granted	Affirmed without opinion	Ineligible
East Coast Sheet Metal Fab. Corp. v. *Autodesk, Inc.*, 645 F. App'x 992 (Fed. Cir. 2016)	Summary judgment granted	Affirmed without opinion	Ineligible
EResearchTechnology, Inc. v. *CRF, Inc.*, 681 F. App'x 964 (Fed. Cir. 2017)	Motion to dismiss granted	Affirmed without opinion	Ineligible
Exergen Corp. v. *Sanomedics Int'l Holdings, Inc.*, 653 F. App'x 760 (Fed. Cir. 2016)	Summary judgment granted	Affirmed without opinion	Ineligible
FairWarning IP, LLC v. *CynergisTek, Inc.*, 669 F. App'x 570 (Fed. Cir. 2016)	Motion to dismiss granted	Affirmed without opinion	Ineligible
Front Row Techs. LLC v. *MLB Advanced Media, L.P.*, 2017 WL 4127880 (Fed. Cir. 2017)	Motion to dismiss granted	Affirmed without opinion	Ineligible
Glob. Check Servs., Inc. v. *Elec. Payment Sys., LLC*, 2017 WL 4461127 (Fed. Cir. 2017)	Motion to dismiss granted	Affirmed without opinion	Ineligible

Case Name	*Outcome at District Court*	*Outcome at Federal Circuit*	*Eligibility result*
GoDaddy.com, LLC v. *RPost Commc'ns Ltd.*, 685 F. App'x 992 (Fed. Cir. 2017)	Summary judgment granted	Affirmed without opinion	Ineligible
Gonzalez v. *New Life Ventures, Inc.*, 2017 WL 3587862 (Fed. Cir. 2017)	Summary judgment granted	Affirmed without opinion	Ineligible
GT Nexus, Inc. v. *INTTRA, Inc.*, 669 F. App'x 562 (Fed. Cir. 2016)	Motion to dismiss granted	Affirmed without opinion	Ineligible
Hemopet v. *Hill's Pet Nutrition, Inc.*, 617 F. App'x 997 (Fed. Cir. 2015)	Summary judgment granted	Affirmed without opinion	Ineligible
Inventor Holdings, LLC v. *Bed Bath & Beyond, Inc.*, 643 F. App'x 1014 (Fed. Cir. 2016)	Motion to dismiss granted	Affirmed without opinion	Ineligible
IPLearn-Focus, LLC v. *Microsoft Corp.*, 667 F. App'x 773 (Fed. Cir. 2016)	Summary judgment granted	Affirmed without opinion	Ineligible
Joao Bock Trans. Sys., LLC v. *Jack Henry & Assocs., Inc.*, 803 F.3d 667 (Fed. Cir. 2015)	Summary judgment granted	Affirmed without opinion	Ineligible
Jericho Sys. Corp. v. *Axiomatics Inc.*, 642 F. App'x 979 (Fed. Cir. 2016)	Motion to dismiss granted	Affirmed without opinion	Ineligible
Kickstarter, Inc. v. *Fan Funded, LLC*, 654 F. App'x 481 (Fed. Cir. 2016)	Summary judgment granted	Affirmed without opinion	Ineligible

Case Name	*Outcome at District Court*	*Outcome at Federal Circuit*	*Eligibility result*
Kombea Corp. v. *Noguar L.C.*, 656 F. App'x 1022 (Fed. Cir. 2016)	Summary judgment granted	Affirmed without opinion	Ineligible
Kroy IP Holdings, LLC v. *Safeway, Inc.*, 639 F. App'x 637 (Fed. Cir. 2016)	Summary judgment granted	Affirmed without opinion	Ineligible
Macropoint, LLC v. *Fourkites, Inc.*, 671 F. App'x 780 (Fed. Cir. 2016)	Motion to dismiss granted	Affirmed without opinion	Ineligible
Morales v. *Square, Inc.*, 621 F. App'x 660 (Fed. Cir. 2015)	Motion to dismiss granted	Affirmed without opinion	Ineligible
Morsa v. *Facebook, Inc.*, 622 F. App'x 915 (Fed. Cir. 2015)	Motion to dismiss granted	Affirmed without opinion	Ineligible
Multimedia Plus, Inc. v. *PlayerLync LLC*, 695 F. App'x 577 (Fed. Cir. 2017)	Motion to dismiss granted	Affirmed without opinion	Ineligible
Netflix, Inc. v. *Rovi Corp.*, 670 F. App'x 704 (Fed. Cir. 2016)	Summary judgment granted	Affirmed without opinion	Ineligible
Nextpoint, Inc. v. *Hewlett-Packard Co.*, 680 F. App'x 1009 (Fed. Cir. 2017)	Motion to dismiss granted	Affirmed without opinion	Ineligible
NexusCard, Inc. v. *Kroger Co.*, 688 F. App'x 916 (Fed. Cir. 2017)	Motion to dismiss granted	Affirmed without opinion	Ineligible

Case Name	*Outcome at District Court*	*Outcome at Federal Circuit*	*Eligibility result*
NICE Sys. Ltd. v. *ClickFox Inc.*, 2017 WL 4534822 (Fed. Cir. 2017)	Motion to dismiss granted	Affirmed without opinion	Ineligible
Novo Transforma Techs. LLC v. *Sprint Spectrum, L.P.*, 669 F. App'x 555 (Fed. Cir. 2016)	Motion to dismiss granted	Affirmed without opinion	Ineligible
Open Parking, LLC v. *ParkMe, Inc.*, 683 F. App'x 932 (Fed. Cir. 2017)	Motion to dismiss granted	Affirmed without opinion	Ineligible
Papst Licensing GmbH & Co. KG v. *Xilinx, Inc.*, 684 F. App'x 971 (Fed. Cir. 2017)	Motion to dismiss granted	Affirmed without opinion	Ineligible
Parus Holdings Inc. v. *Sallie Mae Bank*, 677 F. App'x 682 (Fed. Cir. 2017)	Motion to dismiss granted	Affirmed without opinion	Ineligible
Personalized Media Commc'ns, L.L.C. v. Amazon.com., 671 F. App'x 777 (Fed. Cir. 2016)	Motion to dismiss granted	Affirmed without opinion	Ineligible
Pres. Wellness Techs. LLC v. *Allscripts Healthcare Sols.*, 684 F. App'x 970 (Fed. Cir. 2017)	Motion to dismiss granted	Affirmed without opinion	Ineligible
Priceplay.com, Inc. v. *AOL Advert., Inc.*, 627 F. App'x 925 (Fed. Cir. 2016)	Motion to dismiss granted	Affirmed without opinion	Ineligible

Case Name	*Outcome at District Court*	*Outcome at Federal Circuit*	*Eligibility result*
RaceTech, LLC v. *Kentucky Downs, LLC*, 676 F. App'x 1009 (Fed. Cir. 2017)	Motion to dismiss granted	Affirmed without opinion	Ineligible
SkillSurvey, Inc. v. *Checkster LLC*, 683 F. App'x 930 (Fed. Cir. 2017)	Motion to dismiss granted	Affirmed without opinion	Ineligible
VideoShare, LLC v. *Google Inc.*, 695 F. App'x 577 (Fed. Cir. 2017)	Motion to dismiss granted	Affirmed without opinion	Ineligible
Voxathon LLC v. *FCA US LLC*, 671 F. App'x 793 (Fed. Cir. 2016)	Motion to dismiss granted	Affirmed without opinion	Ineligible
White Knuckle Gaming, LLC v. *Elec. Arts, Inc.*, 683 F. App'x 931 (Fed. Cir. 2017)	Motion to dismiss granted	Affirmed without opinion	Ineligible
Whitepages, Inc. v. *Isaacs*, 2017 WL 4534820 (Fed. Cir. 2017)	Motion to dismiss granted	Affirmed without opinion	Ineligible
Wireless Media Innovations, LLC v. *Maher Terminals*, 636 F. App'x 1014 (Fed. Cir. 2016)	Motion to dismiss granted	Affirmed without opinion	Ineligible
Williamson v. *Citrix Online, LLC*, 683 Fed. App'x. 956 (Fed. Cir. 2017)	Motion to dismiss granted	Affirmed without opinion	Ineligible
Allvoice Developments US, LLC v. *Microsoft Corp.*, 612 F. App'x 1009 (Fed. Cir. 2015)	Summary judgment granted	Affirmed in unpublished opn.	Ineligible

Case Name	*Outcome at District Court*	*Outcome at Federal Circuit*	*Eligibility result*
Clarilogic, Inc. v. *FormFree Holdings Corp.*, 681 F. App'x 950 (Fed. Cir. 2017)	Summary judgment granted	Affirmed in unpublished opn.	Ineligible
Coffelt v. *NVIDIA Corp.*, 680 F. App'x 1010 (Fed. Cir. 2017)	Motion to dismiss granted	Affirmed in unpublished opn.	Ineligible
Content Extraction & Trans. LLC v. *Wells Fargo Bank*, 776 F.3d 1343 (Fed. Cir. 2014)	Motion to dismiss granted	Affirmed in unpublished opn.	Ineligible
Cyberfone Sys., LLC v. *CNN Interactive Grp., Inc.*, 558 F. App'x 988 (Fed. Cir. 2014)	Motion to dismiss granted	Affirmed in unpublished opn.	Ineligible
EasyWeb Innovations, LLC v. *Twitter, Inc.*, 689 F. App'x 969 (Fed. Cir. 2017)	Summary judgment granted	Affirmed in unpublished opn	Ineligible
Evolutionary Intelligence LLC v. *Sprint Nextel Corp.*, 677 F. App'x 679 (Fed. Cir. 2017)	Motion to dismiss granted	Affirmed in unpublished opn.	Ineligible
Planet Bingo, LLC v. *VKGS LLC*, 576 F. App'x 1005 (Fed. Cir. 2014)	Summary judgment granted	Affirmed in unpublished opn.	Ineligible
Shortridge v. *Found. Constr. Payroll Serv., LLC*, 655 F. App'x 848 (Fed. Cir. 2016)	Motion to dismiss granted	Affirmed in unpublished opn.	Ineligible

Case Name	*Outcome at District Court*	*Outcome at Federal Circuit*	*Eligibility result*
Smartflash LLC v. *Apple Inc.*, 680 F. App'x 977 (Fed. Cir. 2017)	Judgment as a matter of law after trial	Reversed in unpublished opn.	Ineligible
TDE Petroleum Data Sols., Inc., v. *AKM Enter., Inc.*, 657 F. App'x 991 (Fed. Cir. 2016)	Motion to dismiss granted	Affirmed in unpublished opn.	Ineligible
Tranxition, Inc. v. *Lenovo (United States) Inc.*, 664 F. App'x 968 (Fed. Cir. 2016)	Summary judgment granted	Affirmed in unpublished opn.	Ineligible
Vehicle Intelligence & Safety LLC v. *Mercedes-Benz USA*, 635 F.App'x 914 (Fed. Cir. 2015)	Motion to dismiss granted	Affirmed in unpublished opn.	Ineligible
Affinity Labs of Texas, LLC v. *Amazon.com Inc.*, 838 F.3d 1266 (Fed. Cir. 2016)	Summary judgment granted	Affirmed in published opn.	Ineligible
Ariosa Diagnostics, Inc. v. *Sequenom, Inc.*, 788 F.3d 1371 (Fed. Cir. 2015)	Summary judgment granted	Affirmed in published opn.	Ineligible
buySAFE, Inc. v. *Google, Inc.*, 765 F.3d 1350 (Fed. Cir. 2014)	Motion to dismiss granted	Affirmed in published opn.	Ineligible
Cleveland Clinic Found. v. *True Health Diagnostics LLC*, 859 F.3d 1352 (Fed. Cir. 2017)	Motion to dismiss granted	Affirmed in published opn.	Ineligible

Case Name	*Outcome at District Court*	*Outcome at Federal Circuit*	*Eligibility result*
Digitech Image Techs., LLC v. *Elecs. for Imaging, Inc.*, 758 F.3d 1344 (Fed. Cir. 2014)	Summary judgment granted	Affirmed in published opn.	Ineligible
Elec. Power Grp., LLC v. *Alstom S.A.*, 830 F.3d 1350 (Fed. Cir. 2016)	Summary judgment granted	Affirmed in published opn.	Ineligible
FairWarning IP, LLC v. *Iatric Sys., Inc.*, 839 F.3d 1089 (Fed. Cir. 2016)	Motion to dismiss granted	Affirmed in published op.	Ineligible
Genetic Techs. Ltd. v. *Merial L.L.C.*, 818 F.3d 1369 (Fed. Cir. 2016)	Motion to dismiss granted	Affirmed in published opn.	Ineligible
Intellectual Ventures I LLC v. *Erie Indem. Co.*, 850 F.3d 1315 (Fed. Cir. 2017)	Motion to dismiss granted	Affirmed in published opn.	Ineligible
Intellectual Ventures I LLC v. *Symantec Corp.*, 838 F.3d 1307 (Fed. Cir. 2016)	Summary judgment granted	Affirmed in published opn.	Ineligible
Intellectual Ventures I LLC v. *Capital One Fin. Corp.*, 850 F.3d 1332 (Fed. Cir. 2017)	Summary judgment granted	Affirmed in published opn.	Ineligible
Intellectual Ventures I LLC v. Capital One Bank (USA), 792 F.3d 1363 (Fed. Cir. 2015)	Summary judgment granted	Affirmed in published opn.	Ineligible
Internet Patents Corp. v. *Active Network, Inc.*, 790 F.3d 1343 (Fed. Cir. 2015)	Motion to dismiss granted	Affirmed in published opn.	Ineligible

Case Name	*Outcome at District Court*	*Outcome at Federal Circuit*	*Eligibility result*
LendingTree, LLC v. *Zillow, Inc.*, 656 F. App'x 991 (Fed. Cir. 2016)	Summary judgment granted	Affirmed in published opn.	Ineligible
Mortg. Grader, Inc. v. *First Choice Loan Servs. Inc.*, 811 F.3d 1314 (Fed. Cir. 2016)	Summary judgment granted	Affirmed in published opn.	Ineligible
OIP Techs., Inc. v. *Amazon.com, Inc.*, 788 F.3d 1359 (Fed. Cir. 2015)	Motion to dismiss granted	Affirmed in published opn.	Ineligible
RecogniCorp, LLC v. *Nintendo Co.*, 855 F.3d 1322 (Fed. Cir. 2017)	Motion to dismiss granted	Affirmed in published opn.	Ineligible
Secured Mail Sols. LLC v. *Universal Wilde, Inc.*, 2017 WL 4582737 (Fed. Cir. 2017)	Motion to dismiss granted	Affirmed in published opn.	Ineligible
Smart Sys. Innovations v. *Chicago Transit Auth.*, 2017 WL 4654964 (Fed. Cir. 2017)	Motion to dismiss granted	Affirmed in published opn.	Ineligible
Synopsys, Inc. v. *Mentor Graphics Corp.*, 839 F.3d 1138 (Fed. Cir. 2016)	Summary judgment granted	Affirmed in published opn.	Ineligible
In re TLI Commc'ns LLC Patent Litig., 823 F.3d 607 (Fed. Cir. 2016)	Motion to dismiss granted	Affirmed in published opinion	Ineligible

Case Name	*Outcome at District Court*	*Outcome at Federal Circuit*	*Eligibility result*
Ultramercial, Inc. v. *Hulu, LLC*, 772 F.3d 709 (Fed. Cir. 2014)	Motion to dismiss granted	Affirmed in published opn.	Ineligible
In re BRCA1- & BRCA2-Based Hereditary Cancer Test Patent Litig., 774 F.3d 755 (Fed. Cir. 2014)	Denial of Preliminary injunction	Affirmed in published opn.	Ineligible
W. View Research, LLC v. *Audi AG*, 685 F. App'x 923 (Fed. Cir. 2017)	Motion to dismiss granted	Affirmed in published opn.	Ineligible
Amdocs (Israel) Ltd. v. *Openet Telecom, Inc.*, 841 F.3d 1288 (Fed. Cir. 2016)	Motion to dismiss granted	Reversed in published opn.	Eligible
Bascom Glob. Internet Servs., Inc. v. *AT&T Mobility LLC*, 827 F.3d 1341 (Fed. Cir. 2016)	Motion to dismiss granted	Reversed in published opn.	Eligible
Enfish, LLC v. *Microsoft Corp.*, 822 F.3d 1327 (Fed. Cir. 2016)	Summary judgment granted	Reversed in published opn.	Eligible
McRO, Inc. v. *Bandai Namco Games Am. Inc.*, 837 F.3d 1299 (Fed. Cir. 2016)	Motion to dismiss granted	Reversed in published opn.	Eligible
Rapid Litig. Mgmt. Ltd. v. *CellzDirect, Inc.*, 827 F.3d 1042 (Fed. Cir. 2016)	Summary judgment granted	Reversed in published opn.	Eligible

Case Name	*Outcome at District Court*	*Outcome at Federal Circuit*	*Eligibility result*
Thales Visionix Inc. v. *United States*, 850 F.3d 1343 (Fed. Cir. 2017)	Motion to dismiss granted	Reversed in published opn.	Eligible
Visual Memory LLC v. *NVIDIA Corp.*, 867 F.3d 1253 (Fed. Cir. 2017)	Motion to dismiss granted	Reversed in published opn.	Eligible
DDR Holdings, LLC v. *Hotels.com L.C.*, 773 F.3d 1245 (Fed. Cir. 2014).	JMOL denied	Affirmed in published opn.	Eligible
Trading Techs Int'l, Inc. v. *CQG, Inc.*, 675 F. App'x 101 (Fed. Cir. 2017)	JMOL denied	Affirmed in nonprecedential opn.	Eligible
Sociedad Espanola De Electromedicina Y Calidad v. *Blue Ridge X-Ray Co.*, 62 F. App'x 644 (Fed. Cir. 2015)	Summary judgment granted	Vacated & remanded on claim construction	Not Reached

In summary:

- Of 94 Section 101 appeals of lower court patent ineligibility rulings, the Federal Circuit upheld patent ineligibility in 87 cases.
- In one additional case, the Federal Circuit reversed a district court decision that the patent was eligible, making 88 total Federal Circuit decisions holding patents ineligible.
- Of these 88 Federal Circuit decisions holding patents ineligible, 51 were affirmances without opinion.
- Of the 87 Federal Circuit affirmances of ineligibility, in 55 the district court invalidated the patents on the pleadings alone.
- Of the 55 Federal Circuit affirmances of ineligibility, 35 decisions affirmed without an opinion the district court's pleadings invalidation.
- Only seven decisions—out of 94 total appeals of patent ineligibility—reversed district court opinions holding the underlying patents ineligible.
- Two cases were appeals of a district court decision denying a JMOL of patent invalidity, which the Federal Circuit affirmed, upholding eligibility.
- One district court ruling of patent ineligibility was reversed on claim construction, therefore not reaching the ineligibility holding.