IN THE UNITED STATES DISTRICT COURT

IN AND FOR THE DISTRICT OF DELAWARE

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SEARCH AND SOCIAL MEDIA PARTNERS, LLC, Plaintiff, v. FACEBOOK, INC., INSTAGRAM, INC., and INSTAGRAM, LLC, Defendants.	:	CIVIL ACTION NO. 17-1120-LPS-CJB
LOCATION BASED SERVICES, LLC, Plaintiff, v. SONY ELECTRONICS, INC., Defendant.	:	CIVIL ACTION NO. 18-283-LPS-CJB
MOAEC TECHNOLOGIES, LLC, Plaintiff, v. DEEZER S.A. and DEEZER INC., Defendants.	:	CIVIL ACTION NO. 18-375-LPS-CJB

(Captions continued on page 2)

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Wilmington, Delaware
Friday, February 8, 2019
Section 101 Motion Hearing

- - -

BEFORE: HONORABLE LEONARD P. STARK, Chief Judge
HONORABLE CHRISTOPHER J. BURKE, Magistrate Judge

- - -

MOAEC TECHNOLOGIES, LLC,
: CIVIL ACTION NO.
Plaintiff,
v.
SOUNDCLOUD LIMITED and SOUNDCLOUD, INC.,
: 18-376-LPS-CJB
Defendants.

MOAEC TECHNOLOGIES, LLC,
: CIVIL ACTION NO.
Plaintiff,
v.
SPOTIFY USA, INC.,
: 18-377-LPS-CJB
Defendant.

LOCATION BASED SERVICES, LLC,
: CIVIL ACTION NO.
Plaintiff,
v.
FANTASTIC FOX,
: 18-1424-LPS-CJB
Defendant.

LOCATION BASED SERVICES, LLC,
: CIVIL ACTION NO.
Plaintiff,
v.
MAPILLARY INC.,
: 18-1425-LPS-CJB
Defendant.

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Civil Action No. 18-1425-LPS-CJB

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P R O C E E D I N G S

(REPORTER'S NOTE: The following Section 101 hearing was held in open court, beginning at 10:01 a.m.)

CHIEF JUDGE STARK: Good morning.

(The attorneys respond, "Good morning, Your Honor.")

CHIEF JUDGE STARK: Please have a seat.

We are here in seven different cases. It's really three sets of related cases that we're going to be considering together. I'll have more to say about the ground rules and how we're going to proceed today.

I'm joined on the bench with my colleague, Judge Burke.

Good morning, Judge Burke.

MAGISTRATE JUDGE BURKE: Good morning.

CHIEF JUDGE STARK: Judge Burke will be here with me all day; and I will talk a little bit more about his role as well and the assistance he is providing to me.

But before we go any further, I want to have everyone note their appearances and make sure that we do have somebody here representing the parties in each of the seven cases that are going to be argued.

So, Mr. Farnan, do you want to start us off?

MR. FARNAN: Good morning, Your Honor.

CHIEF JUDGE STARK: Good morning.

MR. FARNAN: Joseph Farnan, Farnan LLC. With me today is Leonard Gail and Christopher May from Massey & Gail. With Your Honor's permission, Mr. May will be arguing.

CHIEF JUDGE STARK: And who are you all representing?

MR. FARNAN: I'm sorry. The MOAEC plaintiffs.

CHIEF JUDGE STARK: The plaintiffs.

MR. STPH-AO: MOAEC Technologies.

CHIEF JUDGE STARK: Is it MO-A-EC (phonetic)? Is that what I should say?

MR. FARNAN: Yes, Your Honor.

CHIEF JUDGE STARK: All right.

MR. FARNAN: Thank you, Your Honor.

CHIEF JUDGE STARK: Thank you.

Good morning to you.

MR. MAY: Good morning.

MR. MOORE: Good morning, Your Honor.

CHIEF JUDGE STARK: Good morning.

MR. MOORE: David Moore from Potter Anderson on behalf of defendant Spotify. With me today from Morrison Foerster are Stefani Shanberg.

CHIEF JUDGE STARK: Good morning.

MR. MOORE: Michael Guo.

CHIEF JUDGE STARK: Good morning.

MR. MOORE: John Douglass.

CHIEF JUDGE STARK: Good morning.

MR. MOORE: And also helping us out today is Mike Pistilli.

CHIEF JUDGE STARK: Good morning to all of you.

Good morning.

MR. RAWNSLEY: Good morning. Jason Rawnsley

of Richards Layton & Finger. I'm joined this morning by R. Scott Roe of Gibson Dunn; and we're representing the SoundCloud defendants in Civil Action No. 18-376.

CHIEF JUDGE STARK: Good morning to you all.

Good morning.

MR. SCHLADWEILER: Good morning, Your Honor. Ben Schladweiler from Greenberg Traurig on behalf of defendant Deezer. I'm joined today by Josh Raskin from our New York office.

CHIEF JUDGE STARK: Good morning to all of you.

MR. RASKIN: Good morning.

CHIEF JUDGE STARK: I do want to make sure and have the appearances on the record for the other two sets of cases, so next is Location Based Services, the LBS cases.

Good morning.

MR. BRAUERMAN: Good morning, Your Honor. Steve Brauerman from Bayard. I am joined by Neil Massand from Ni, Wang & Massand. With Your Honor's permission, Mr. Massand will make the arguments on behalf of Location Based Services in all three of those cases.

CHIEF JUDGE STARK: That's fine. Good morning.

Good morning.

MS. PALAPURA: Good morning, Your Honor. It's Bindu Palapura from Potter Anderson on behalf of the defendant Sony in Civil Action 18-283. With me today is Lew

Popovski and Joshua Stein from Patterson Belknap. Also with us from Sony is Ryan Pullman.

CHIEF JUDGE STARK: Okay. Good morning to all of you.

Good morning.

MR. EGAN: Good morning, Your Honor. It's Brian Egan from Morris Nichols on behalf of Mapillary. With me today are Michael Bonella and Joseph Klinicki, both from Condo Roccia.

MR. BONELLA: Good morning, Your Honor.

CHIEF JUDGE STARK: Good morning.

Good morning.

MS. JACOBS: Good morning, Your Honor. Karen Jacobs and Jeff Lyons from Morris Nichols on behalf of Fantastic Fox and Flicker in the 18-1424 matter. And we have here with us today, Jerry Selinger from Patterson + Sheridan.

MR. SELINGER: Good morning, Your Honor.

CHIEF JUDGE STARK: Good morning to you as well.

I think that leaves our last case, Search and Social Media Partners or SSMP.

Good morning again.

MR. BRAUERMAN: Good morning again, Your Honor. Steve Brauerman from Bayard. I'm joined in the Search and Social Media Partners cases by Seth Ostrow and Sarah

Pfeiffer from Meister Seelig & Fein. With Your Honor's permission, Ms. Pfeiffer will address the Court in those matters.

CHIEF JUDGE STARK: That's fine. Good morning to you.

MR. OSTROW: Good morning.

MS. JACOBS: For Facebook, Your Honor, Karen Jacobs and Jennifer Ying from Morris Nichols. We have here with us today, Phillip Morton and Emily Terrell from Cooley as well as Kathy Duvall from Facebook; and Mr. Morton will handle the argument today.

CHIEF JUDGE STARK: Okay. That's fine.

Good morning again to all of you.

So before we get started with argument in the first case, I have a few things I want to say, and then I will turn to Judge Burke to see if he has anything he wants to say.

So as I noted already, we're here in seven different cases, really three sets of cases when you count the related cases. When I docketed the order scheduling this hearing, there were actually nine cases or five sets of related cases. Two of the cases or at least two sets of the Section 101 motions went away.

This is all, I will admit, something of an experiment. We'll see how it goes.

I was motivated to schedule this experiment when I first noticed, to no one's surprise, I had a lot of Section 101 motions on my docket. Many of them were referred to Judge Burke. I have also noticed, as I'm sure everyone here has, that the Federal Circuit has been somewhat active in the area of Section 101 law, and they have continued to be active, oftentimes even after I have read the briefs, prepared for a hearing, had oral argument, and in the time it takes me to go from oral argument to writing and reviewing and finishing an opinion, oftentimes it happens that there are additional cases that come out from the Federal Circuit, leaving two additional arguments frequently as to how the decision that has already been argued should maybe be changed or altered in some fashion. So I noticed all of that.

I also have noticed from presiding at a lot of 101 arguments, there tends to be a lot of commonalities in the arguments to be heard, a lot of the same cases are discussed, a lot of the same questions are asked.

So it occurred to me that perhaps there may be some efficiencies to be gained by doing something like this experiment and hearing multiple motions in multiple cases on the same day. I'm hopeful that this will turn out to be a successful experiment. Reasonable minds may differ on that, but I will certainly be evaluating that from my own

perspective throughout the day and beyond.

I'll set out some of the ground rules for how the arguments are going to go in just a moment, but I did want to give Judge Burke a chance to say anything else he would like to say.

MAGISTRATE JUDGE BURKE: Welcome, everybody. Thanks to Chief Judge Stark for allowing me to participate.

Just for me, I will just say that I view my role here, obviously as Chief Judge Stark has said and will say, he will be the one who will be resolving the motions before us today. I view my role as providing another set of eyes and ears and another prompter of questions that may help him in making the ultimate decisions as to these motions whenever he does.

So I'm pleased to be here and look forward to it.

CHIEF JUDGE STARK: Great. All right. Thank you.

So in terms of the ground rules, the first set of rules relate to Judge Burke. He is here. He is here at my invitation. He is assisting me. The decisions are in front of me. I will make the decision.

There will be no Reports and Recommendations, but he is not a potted plant. I have encouraged him to ask whatever questions he wants, and I encourage you to answer

his questions just as if they came from me. As you probably know, he has a great depth of experience in Section 101 cases, and so his participation will be of great assistance to me.

As was noted in the order, I am expecting that all of the parties in all of the cases will be represented here throughout the day. The first couple of hours of the proceeding are essentially structured so you know the order in which we're doing the arguments and you know how much time is allocated to you, but we have additional time this morning. That is, we're going to go perhaps until as late as 1:00 o'clock today, and so there will be some time after we finish the three main arguments.

At that point, everyone who has entered an appearance is on the hook. We may have particular questions for any one of you. We may also just throw out some general questions and say anyone here who wants to answer them, we're happy to hear your answers.

So it's important that you be here between now and 1:00, and then come back between 4:00 and 5:00 because, again, you're all on the hook for possibly having a question thrown at you in that time frame as well.

We are creating just one single transcript. This same transcript of the hearing will be docketed in all seven of the cases being argued today. What that means to me is

that the record of the hearing is going to be identical in all seven of the cases, and I feel no need therefore to repeat things throughout the course of the day.

So if I happen to say something, I don't know, about a particular case or my view of the law when talking to the MOAEC parties, I don't feel I need to say it again necessarily when talking to the LBS or SSMP parties. It goes throughout the rest of the day.

Now, that said, I will be, I promise, careful in making my decisions not to attribute if a concession, for instance, is made by an attorney, a concession from one party attributed to a party in a different case. We won't do that. That would be unfair. But the things I say may potentially apply across all of the cases.

Also, because there are a lot of you and a lot of moving parts, please identify yourself and the party that you are appearing on behalf of or sometimes on defendants' side you may be, although you only represent one party, you might be speaking for multiple parties. Please be careful each time you come back to the podium to remind us of that. That will certainly help the court reporter.

That was it for my ground rules.

I guess I will say to the first set of counsel, any questions before I turn on the clock and get started with the arguments?

MR. FARNAN: No, Your Honor. Thank you.

CHIEF JUDGE STARK: No.

MS. SHANBERG: No, Your Honor.

CHIEF JUDGE STARK: Then the first set of cases are what I will try to call the MOAEC cases. We'll hear from the defendants.

MS. SHANBERG: Good morning, Your Honor.

CHIEF JUDGE STARK: Good morning.

MS. SHANBERG: Thank you for having us in today. We're pleased to be a part of your experiment.

I have been saying MO-AEC (phonetic) for about a year now so I don't intend any disrespect but may not be able to change the pronunciation during the course of my discussion today.

CHIEF JUDGE STARK: Understood.

MS. SHANBERG: So I am Stefani Shanberg, and I represent Spotify in this matter, but I'm speaking today on behalf of all of the defendants, that includes Deezer and SoundCloud.

We are here today to discuss a single patent, the '539 patent, that expired last year. I want to start out orienting the Court by talking about the invention story that MOAEC talks about in the complaint that it filed in this action. The invention story says a lot about what we're going to be talking about today.

Mr. Looney, who is the primary named inventor on the patent, was a disc jockey, and he disc jockied for birthday parties and other types of affairs and recognized that he needed a way to more easily access his music collection with a small amount of information.

So what Mr. Looney did, as MOAEC tells us in its complaint, is he came up with a way to organize his music by category. What we will see as we talk about the patent today is that he is very clear that he did that using his personal computer, a personal computer and conventional components.

Everything we're going to discuss today is going to harken back to this '539 patent invention story. Consistent with the story, this is not an invention in a technological field. It doesn't improve the functioning of any computer. It just allows a user to access their music collection by category on commercially available hardware that performs its expected function.

So we're going to quickly get into this *Alice* two-part test. I have about 14 minutes of prepared remarks for Your Honors this morning, but first I want to orient the Court by an overview of the three claims that MOAEC identifies as representative claims in its letter briefing to this Court.

CHIEF JUDGE STARK: Which claims do you think I

need to decide?

MS. SHANBERG: The defendants believe the Court needs to decide all the claims based on the three representative claims identified by MOAEC. I can get into more detail on that.

CHIEF JUDGE STARK: Is it essentially because the plaintiff hasn't told you that they are not suing you on all of the claims?

MS. SHANBERG: That is correct, Your Honor. I have a slide that shows this. I don't think we need to go to it right now.

Their infringement contentions assert 11 claims against each of the three defendants, but they also reserve the right to change the claims, amend the claims, assert more claims. So defendants briefed all the claims in their Section 101 motion.

MOAEC responded briefing essentially claim 1, and there is a couple of sentences about the other claims. I again have a slide on that. I don't think Your Honor needs to see it right now.

I think there is a decent argument that they waived because they didn't actually present argument on all the claims but now that they have identified these three representative claims, they have actually made it quite easy for us to address those three claims today and to resolve

all claims as a result of those.

CHIEF JUDGE STARK: And the three are 1, 6 and 15?

MS. SHANBERG: That's correct, Your Honor. I'm going to walk through those briefly right now.

So what was we see here is we have claim 1 on the screen. It covers a music organizer and entertainment center. That music organizer entertainment center has memory for storage of music by category.

It has a processor for receiving the music based upon those categories. The music is compressed and decompressed. There is a network interface for receiving the music; and the music organizer has a display with buttons for categories.

Finally, you will see an element that was added during reexamination of these patents relating to whether music is owned by the user.

We now turn to the next slide which you will see is claim 15 and claim 6. Claim 15 is the other independent claim. It's the computer readable medium/method claim version of claim 1. There is one difference, and we'll get to that when we talk about inventive concepts.

Claim 6 adds what MOAEC calls the audio playback limitation. It also mentions playlists which is unique from claim 1. We'll talk about that when we get to the inventive

concept as well.

Moving along to the defendants' abstract idea. Accessing music by categories captures the entire heart of this invention. You set aside the elements that are admitted throughout the specification as being just conventional hardware components. What you are left with is it is accessing music by category.

So if you are not taking into account the invention has a memory, and you are not taking into account that it runs on a conventional processor at the heart of the invention, then all you are left with is the ability to access music by category.

That abstract idea at the heart of these claims is reinforced time and time again throughout the specification. Here we have the quote from the abstract, playing music according to a variety of predetermined categories.

On the next page, we have a number of admissions that are very highly relevant to the identification of the thrust of these claims.

The field of the invention reinforced this is the abstract idea of the claim. Then the patent describes that a large amount of music can now be stored on a small device, so the object of the invention, according to the express language of the patent, is to take advantage of existing data

compression storage and processing capabilities to provide the user with the ability to play back music by category.

The specification also gives examples of these categories which just further demonstrates how abstract and conventional they are. It talks about things like song titles, artists, dance speed of the music, whether or not the user owns the music. And it tellingly describes the claims of the patent as directed towards a convenience in music playback.

Moving along to a human user analogy. Now, this isn't a case where we're trying to say it's invalid, Your Honors, because a human can do all of this in their head. This is just an analogy to show Your Honors the abstract idea behind these claims.

Music, of course, has been organized by category whether at a record store or by a disc jockey, on a mix tape, via billboard charts, by category for a very long time.

Here, we illustrate a way that organizing human activity including accessing music by category can be performed by a disc jockey.

CHIEF JUDGE STARK: I don't think you need to run through that again. Talk about copyright infringement and this ownership category flag. The plaintiffs seem to be putting a lot of weight on that.

MS. SHANBERG: Sure.

CHIEF JUDGE STARK: Why are they wrong with that?

MS. SHANBERG: So let's go to slide 36, please.

The reason they're wrong about that is multifold. So, first of all, we should think about how the ownership category flag got into the claims. The ownership category flag wasn't in the original claim. There is nary a mention of it. There is one mention of it in the specification. It is not the heart of the invention. It is an element that was added to overcome prior art during the reexamination proceeding.

So while it might add one specific example of a narrower category, it doesn't change the abstract idea at the heart of the claims. The patent is directed towards accessing music by category. That is Step 1.

Then in terms of this copyright infringement issue, Rule No. 1, there is nothing about it in the claim. You have the element relating to the ownership category flag in claims 1, 15, at the top of your slide 36 here.

All it says is the ownership category flag indicates which music selection from the list of all these music selections are currently resident on the storage device. It doesn't say whether or not a user can playback music. It doesn't say that they can't playback music. It doesn't say what happens if they do or do not own it. It

just says it's going to tell us whether or not it's owned.

I looked to cases relating to user interfaces and displays, I looked at cases relating to filtering, and this is actually far worse than any of those because it's just one category. It's just information.

In terms of the copyright infringement issue identified by plaintiff, the patent talks about, in one place the patent talks about copyright infringement problem. It is not talking about the ownership category flag whatsoever in that section. That is in column 7 of the patent, and it talks about an encryption key that prevents copyright infringement and unauthorized playback. That has absolutely nothing to do with the ownership category flag which the specification mentions exactly one time down in column 14, lines 4 through 13, saying, just like the claims say, that the ownership column is provided to indicate whether music accompanying the title is present in the user's own database.

MAGISTRATE JUDGE BURKE: There is a key part of the plaintiff's answering brief where I think they're making the argument about the purported kind of step forward in terms of addressing the problem of copyright infringement, and they say: whether the patent claims are directed to a problem unique to digitized music, the ability to control the manner in which music can be accessed based in part on

the use of flags, including an ownership category flag, is essential to addressing the very real and important issues of copyright infringement and unauthorized use.

I certainly take your point that the reference in the claim to ownership category flag talks about residency on the device.

If you further make your point to the extent that the claim was attempting to do something like what the plaintiff says it's attempting to do, what would you expect to see in the claim if you don't see it? What kind of language would get to that, that is not there?

MS. SHANBERG: That is a great question. I don't think you can even tie it to any element in the current claims. So it would require an entirely new element that somehow related to whether or not music could be played back based upon encryption and decryption, if you were going to be consistent with the disclosure in the specification.

CHIEF JUDGE STARK: Is the encryption key captured in any of the claims?

MS. SHANBERG: There are a handful of unasserted dependent claims that do mention encryption.

CHIEF JUDGE STARK: And so your contention would be those aren't?

MS. SHANBERG: I mean they're still -- I can go to those claims, Your Honor. Those are also disclosed as

being conventional. And I have a slide regarding dependent claims. When I get there, I will point out to you where the cites are, that the encryption and decryption is also conventional.

But going back to Your Honor Burke's question, I am familiar with that argument in the brief, and it doesn't have an adequate citation. It doesn't have anything to the actual specification or the claims, because when you look at the specification of the claims it's simply not there.

MAGISTRATE JUDGE BURKE: Relatedly, there is an earlier portion of the plaintiff's brief where they note that the Examiner expressly seemed to look to the presence of the ownership category flag to get over at least some aspect of the prior art. There is also a tension to what does a successful argument like that in front of the Examiner perhaps have to do with the element, it is more of a Step 2 element as to conventionality. We're something unconventional. We got over the prior art because we utilize the flag.

Is that an argument in some way to generate a fact question about Step 2? Why is it not in this case?

MS. SHANBERG: So let's flip to slide 5 which isn't a terrible useful slide because it has cites, but it does talks about the juxtaposition of 102 and 103 with 101.

I know Your Honors are familiar with that, but

just because they had to add a narrower limitation to overcome prior art doesn't mean that that narrow limitation is anything that conventional. It doesn't mean that narrow limitation makes the patent claims eligible. Of course, the reexam had to do with Section 101. So in this circumstance, we would maintain it's completely irrelevant.

There is a very good quote in the *BSG* case which comes up in my Step 2 analysis on. I believe we have it -- one moment, Your Honor. Do you guys know what slide that is on?

In any event, *BSG* essentially says just because you narrow an abstract idea doesn't make it any less abstract. And we'll talk about that when we get to ordered combination.

CHIEF JUDGE STARK: All right. Well, I'm going to save some time for you for rebuttal so you only have two more minutes, but let me ask you: On claim construction for this category flag term, that has already been construed; is that right?

MS. SHANBERG: Yes, that is right. Secondly, because MOAEC agreed that the Court could document the *Pandora* court's construction for the purpose of this motion, and that is something defendants have been maintaining all along, there is no dispute as to that claim construction, and that claim construction frankly makes matters worse

because it just says --

CHIEF JUDGE STARK: It doesn't say anything about ownership, does it?

MS. SHANBERG: It just says information essentially. It says information about the category.

Your Honors, if I only have two more minutes, then what I want to orient you to really quickly is a handful of slides that you can certainly, if you feel like it, review on your own that go through and show you where the specification discloses every single element and even combinations of elements, conventional.

So here we have the patent telling us that the invention can be done on a personal computer with conventional components. According to *Alice*, we can practically stop the inquiry here. It is an abstract idea conventional computer with conventional components.

You will see every single element throughout is described as conventional, well known, commercially available in many, many different citations throughout the specification.

The specification should give Your Honors the comfort that we're actually interpreting the patent properly here as not directed to ineligible invention.

The other thing that MOAEC makes significant issue is this idea of the -- let me just show you while

we're here. You can see the three claims that relate to encryption and decryption on slide 28. You can see that at line 7, 12 through 14 of the patent, encryption and decryption as disclosed in the patent are also disclosed as being conventional.

CHIEF JUDGE STARK: Okay. I'm going to stop you there and save five minutes for your rebuttal.

MS. SHANBERG: All right. Thank you, Your Honors.

CHIEF JUDGE STARK: Thank you. We'll hear from MOAEC.

Good morning.

MR. MAY: Good morning, Your Honor. Christopher May from Massey & Gail for the plaintiff MOAEC Technologies.

Before we get started with an analysis of the case, I'd first like to give you an understanding of what this invention is I think is a bit different from what Ms. Shanberg would have you believe this invention is.

Now, for that, we need to go back to the mid-1990s. And in the mid-1990s, if you wanted to have music, there were three basic ways that you could have that music. You could have it on a CD. You can have it on records. You could have it on tape. In each of those instances, if you were going to have that music, you were going to have it in front of you.

Most importantly, you were not going to be able

to know, for lack of a better term, what you did not know. That is, if there was a specific category of music that you were interested in, say, 70s music or rock music. If you had that, if you had those CDs in front of you, you could say, okay, I know that this particular music is 70s music, but you would have no way of knowing what other music there was out there that you could potentially get access to that was also in that category.

That is what Mr. Looney's invention really showed. What Mr. Looney's invention allowed a user to do, through the use of category flags, including an ownership category flag, was to be able to understand and control access to music in a context of where that music was stored. Was that music stored with the user in a storage device or was that music stored remotely?

So having given the Court an understanding of what we believe this invention is directed to, I'd like to actually start in reverse and start with Step 2 of *Alice*, if that is okay with the Court.

CHIEF JUDGE STARK: That's fine.

MR. MAY: So in order for the defendants to meet their burden as to whether or not by clear and convincing evidence not only the limitations but the ordered combination of limitation is well understood, routine and conventional, there are only three things they can rely on. They can rely

on the specification, they can rely on file history, and they can rely on what is in our complaint.

I would submit that none of those things demonstrate by clear and convincing evidence that this is a well understood, routine, conventional combination.

In particular, I'd like to focus on the ownership category flag limitation because I think the defendant is basically attempting to glide over that particular limitation in their analysis.

First, they make a lot of the idea that the ownership category is the heart of the invention or there is some sort of heart of the invention to access music by category, and that is not really what we're looking at here. We're supposed to look at each limitation, determine if there is an abstract idea and then determine if the limitations are well understood, routine and conventional combination.

So with respect to slide 19 -- and if I could have, if you could put slide 19 back up.

So the plaintiffs point to line 14, columns 4 through 13 and say that was shown in the specification to be a conventional system.

I would submit that there is nothing in that section that says that this is at all conventional.

Now, we don't argue that there are certain

things within claim 1 that certainly are conventional and are used in a conventional manner.

CHIEF JUDGE STARK: Let's put it the other way. In Step 2, what is not conventional?

MR. MAY: We would submit that the ownership category flag and specifically the use of the ownership category flag in this context is not a well understood, routine, and conventional item.

CHIEF JUDGE STARK: What is the use of the ownership category flag in the claims, which, by the way, it was not at least expressly in the original claims; correct?

MR. MAY: That's correct. It was added on reexam post-*Alice*.

CHIEF JUDGE STARK: So after the reexam, what is the ownership category flag doing for us in a non-conventional way in the claims?

MR. MAY: What the ownership category flag is doing is it's allowing a user to understand not just what information is present on his storage device, what music files are present on the storage device, but what other information, what other music is accessible to him but is not present on the device?

CHIEF JUDGE STARK: It's some sort of catalog?

MR. MAY: Yes, it can be a catalog. It can be something where the user, for example, if he is connected to

a remote network, as is described in the claims, the user may be able to access the information directly from storage device or the user may be able to access that information remotely through the network interface or if it is disconnected from the network interface, the user can see that information is available to me, but it's not actually on my storage device.

CHIEF JUDGE STARK: Where is, in the record, the limited record we're allowed to look at, emphasize where is there even a factual dispute to indicate that is not conventional --

MR. MAY: If you will look --

CHIEF JUDGE STARK: -- at the time.

MR. MAY: Um-hmm. Again, if you look at columns 14 and 13, there is nothing that says conventional. And I would also point the Court to the reexamination in which the Patent Office itself found not only that the ownership category flag was not well understood, routine, conventional, it actually found that the ownership category flag did not exist in the prior art at all. So I would take issue with the idea from the defendants that we are attempting to do some 102 or 103 analysis.

MAGISTRATE JUDGE BURKE: Is it fair to say, Mr. May, there is nothing in this patent specification that says anything like whether, as to the ownership category flag or

otherwise, this was the problem, this is how this invention is overcoming this problem? This is how the computer technology asserted in the claims is solving the problem that was otherwise difficult to solve vis-à-vis the prior art. It is that kind of language in this kind of patent specification, am I right?

MR. MAY: Could you please repeat? Because I'm not quite sure I understood it.

CHIEF JUDGE STARK: When Judge Stark was asking you where in the patent does it indicate that the utilization of ownership category flags in the claims is an unconventional approach to solving a problem in computer technology, you pointed to column 14, but I think what you ended up saying was it doesn't say it's not and it doesn't say it is.

I guess it just underscored for me, this patent, when you read it, when you read the spec, a lot of patents you might read a spec and say let me tell you what was going on in the art, let me tell you why this was creating problems for folks who were trying to determine what kind of music they had access to and what kind they didn't. Let me tell how this invention overcomes those problems. Let me tell you why this is a step forward to solving the problem in computer technology. I don't see that kind of language anywhere in the spec, but do you?

MR. MAY: I would say no, Your Honor. There is not a specific statement that this product, that this is being used in an unconventional way, but I would say that on this limited record, and with the requirement that defendants prove it by clear and convincing evidence, they have the burden to show that this is well understood, routine, and conventional.

CHIEF JUDGE STARK: But why haven't they met it? They have pages of slides, and it's in their briefing, too, that points to, it seems, every limitation in the claims and says and shows where in the specification it says this is conventional or it was routine essentially.

MR. MAY: I would dispute that particularly with the ownership category flag that that is actually what they show. And I believe that that is a dispute among the parties.

CHIEF JUDGE STARK: Do you say there is a dispute on anything other than the ownership category flag?

MR. MAY: I believe that the other limitations, yes, in particular with claim 1, yes.

CHIEF JUDGE STARK: What else?

MR. MAY: Excuse me?

CHIEF JUDGE STARK: What other limitations or elements do you think the specification doesn't already come right out and admit is conventional or routine?

MR. MAY: I believe that the ownership category flag is the limitation that is not well understood and routine, but I would also submit that is the combination of the elements that that is also not well understood, routine, and conventional, not just the actual ownership category flag itself, but that combination, that particular data structure being used in that particular way.

CHIEF JUDGE STARK: All right. Talk about the prevention of copyright infringement. Does this invention have anything to do with that? And, if so, how?

MR. MAY: Yes, we believe that it does. And what this invention does is with respect to the ownership category flag, the fact the information is not present on the user storage device, and in order to get that information, the user is going to have to meet its not burden, excuse me, but prove that it has some sort of a license to use this information. There is nothing in this particular specification that says that if the ownership category flag is not present that the user has the ability to access or download that information.

So, yes, with respect to the driver, that is how we would say the ownership category flag is to be used.

MAGISTRATE JUDGE BURKE: I'm not sure I understood what you just said. In the claim itself, and I think the spec supports this, says what is the ownership

category flag? What is its function? It is to tell you whether or not the music selection is resident in the storage device, whether it is there. What about that has to do with -- I mean I think you used the word "license" at some point or "authorized use" or "copyright infringement." What about telling you the resident selection that is resident in the storage device has to do with the other concepts?

MR. MAY: For that, I point you back to the specification, particularly the fact that this particular device, and I would point out that this is a particular device, this product was sold. I will concede that is outside the specification but that is something that I think is important. That this particular device was described in the context of music being able to be accessed only after the user had obtained a license to that music.

That was what the ownership category flag was showing. Not just that it was present on the storage device but that the user had access to that music and talks about the encryption key that the user can use in order for the machine to recognize, all right, you have access to this music. It can be downloaded on to a storage device.

MAGISTRATE JUDGE BURKE: I guess the following question is, is there anything that gets to that in the claims?

MR. MAY: If you are asking the claim actually says that there cannot be copyright infringement, no. I concede that.

MAGISTRATE JUDGE BURKE: Or in short of that, is there some term in the claim that you think means that even though it literally doesn't use those words?

MR. MAY: I think that may be a debate between the parties as to what exactly the term "ownership" means. They said for their purposes what they think ownership means, and I would submit ownership was not something that was particularly at issue in the MOAEC Incorporated case from 2008.

CHIEF JUDGE STARK: Is there anything in the specification that links the ownership category flag to copyright issues?

MR. MAY: Again, I will point to that section of the specification where it talks about the fact that in order for the information to get on to the storage device, the user has to be able, through its encryption key, to acknowledge that, yes, you have a license to this music. It can be downloaded. It can be present in the storage device.

CHIEF JUDGE STARK: But I'm concerned that that cuts against you. That seems to be a discussion of the encryption key and not a discussion of the ownership category flag.

If the thing in Step 2 that is going to save this patent is the ownership category flag, don't you need to get the concept of preventing copyright infringement into that element somehow?

MR. MAY: If you are asking is it -- if you are asking is it in the element, again, I would say that may be a dispute between the parties as to what exactly ownership means in that particular respect.

CHIEF JUDGE STARK: Have you identified this as a dispute? Have you proposed a construction? Have you said this motion is not ripe for decision because we haven't construed this?

MR. MAY: I mean we believe that this motion is not ripe for dispute in part because it sounds like there may be a dispute among the parties with respect to definition of category flag. We said for the purposes of this motion that the Court can adopt the construction of the Western District of Wisconsin court. The defendants have not put what their construction is.

CHIEF JUDGE STARK: I think they conceded that for this motion. So as I see it, I think all the Western District of Wisconsin said about category flag, it is an identifier associated with a media data selection where each identifier represents a predetermined characteristic of the selection, such as title, music, style, artist, et cetera.

If I say I'm adopting that construction for purposes of this motion, what is not conventional about your invention?

MR. MAY: Again, to go back, I would say that the ownership category flag is a unique data structure the Patent Office found was not present at all in the prior art. So I would submit to the extent it is not present at all in the prior art, it simply cannot be conventional.

CHIEF JUDGE STARK: What claims do you think I need to address?

MR. MAY: I think you need to address claim 1 and claim 15, although I believe that claim 1 and claim 15, the analysis is basically going to be similar.

CHIEF JUDGE STARK: There is an argument that you heard reference to this morning that you have waived your ability to defend the eligibility of anything other than claim 1. Respond to that because of how your original briefing was.

MR. MAY: Okay. We would submit that with the exception of the fact that claim 15, claim 15 refers to category markers, claim 1 refers to category flags. And claim 15 specifically requires that the category markers be present in a database, claim 1 does not. So the extent that those two things are different, then, yes, we would say that you need to address claim 1 and claim 15 separately.

If the Court believes that those two things are

not relevant, then you very well could address claim 1 and claim 1 alone.

CHIEF JUDGE STARK: Do you agree that it's the claims and not just the specification that have to include the inventive concept?

MR. MAY: We believe that, yes, the claims will need the inventive concept.

If I could?

CHIEF JUDGE STARK: Yes.

MR. MAY: I'd like to turn to the Step 1 analysis right now.

CHIEF JUDGE STARK: Sure.

MR. MAY: First, I'd like to go to defendants' claims that the abstract idea here is accessing music by category or is a graphical user interface with buttons. That is in the defendants' brief.

We would submit that this is the sort of high level abstraction. That is exactly what the Supreme Court warned against in the *Deere* case and in the *Enfish* case.

MAGISTRATE JUDGE BURKE: On that front, on page 9 of your brief, you said the patent is not, as Spotify claims, directed to the abstract idea of accessing music by category which is what I think you are saying now.

MR. MAY: Yes.

MAGISTRATE JUDGE BURKE: On page 11 of your

brief, you say the patent claims is directed to the concrete problem of controlling the manner in which music can be accessed.

MR. MAY: Um-hmm.

MAGISTRATE JUDGE BURKE: I mean it's as if you said it's not directed to this and then it is. But what is it that you were trying to say there that is something more than the concept of accessing music by category?

MR. MAY: We believe that the idea here is, as I said, is the ability to -- excuse me -- is the ability to control a music file specifically in the context of where that music file is stored. That is the idea that we believe is part of this. We believe that, A, that is not an abstract idea, and, B, that this is a very specific way of performing the abstract idea even if the defendants' position that this is nothing but the abstract idea of accessing music by categories is accepted.

CHIEF JUDGE STARK: But that is Step 1. Why is what you just said not an abstract idea, the ability to control a music file in the context of where it is stored. What is not abstract about that?

MR. MAY: What is not abstract about that is the fact that this is being done in a very specific manner. This is being done through the use of, as we said, ownership category flag.

CHIEF JUDGE STARK: Why isn't that Step 2 response? I understand there can be overlap between Step 1 and Step 2, but why shouldn't I take your response to be that, yes, it is abstract but it doesn't fail on Step 2?

MR. MAY: Because we understand that under the abstract idea, that there is also a question of whether or not you have complete and total preemption of the idea. We would submit that this is not a situation where the idea is completely preempted and for that, again, I would go back to the *MOAEC Incorporated* case from 2009 where the court there found that there was a way to practice these claims that did not infringe. So to the extent that they're saying this completely preempts the field as an abstract idea, we would say, no, it's not, and another court has already found that.

MAGISTRATE JUDGE BURKE: Step 1, just quickly. If the question is, as to Step 1, what is the thrust of this patent claim? And your assertion is the thrust is more than the asserted idea because of the inclusion of the ownership category flag, I mean how could one say that the thrust of the claim relates to that when that term is used at most once in the entire patent on 14?

I mean how do you make the case that that is the heart of this patent when there is just not the stuff to back it up in the spec?

MR. MAY: This limitation is present in every

single claim. And this limitation, as you noted earlier, it was added on reexamination. So as the Patent Office was looking at this particular invention, it found that there was sufficient information in the specification, in the file, in the other file history, to say that this is part of the invention. It may or may not have been a huge part of the invention but it was part of the invention. If it was not, it could not have met such Section 112 standards.

CHIEF JUDGE STARK: All right. Although your time is up, I know you have a motion for leave to amend. Help me understand what it is about this proposed amended complaint that would alter the analysis, if in fact it would.

MR. MAY: Okay. Your Honor, we would submit that the motion to amend and the motion to dismiss can basically be decided similarly.

If the Court believes that by clear and convincing evidence there is nothing in the specification or file history that would permit us to show that there is a factual dispute here, because anything I can say in the complaint would be contradicted by what is in the specification or file history, then, yes, we would concede that the motion would be futile.

The only thing I would say is I would ask the Court enter the amendment anyway so there is a complete

record before the Federal Circuit. If the Court finds that there is either an issue of fact here which precludes a motion to dismiss or that this is not directed to an abstract idea under Step 1, then we believe the amendment should be entered. There is no real prejudice here. We haven't added a claim. We haven't added a patent.

CHIEF JUDGE STARK: By "entered," do you mean grant the motion to amend?

MR. MAY: Yes.

CHIEF JUDGE STARK: Even if the motion to dismiss is granted?

MR. MAY: Yes, we would ask that the motion to amend would be granted just so the Federal Circuit has a complete record on appeal of what the actual complaint in front of them was.

MAGISTRATE JUDGE BURKE: But it sounds like you are conceding that the additions to that amended complaint don't really change the calculus over and above what your record would otherwise be in a meaningful way. Am I right? In other words, you are not going to argue differently than what you are saying now, which I think is this just really summarizes what you already have in front of you. Is that right?

MR. MAY: Yes. What I would say is in order for the defendants to meet their burden, they would have to

show that anything I plead is contradicted by what is in the specification and file history, in which case it is clear that I can't contradict what is in the specification or file history and issue that to generate a dispute.

So if that is the conclusion that Your Honors has come to, then I would concede in that case the motion to amend would be futile, but in the event that you don't come to that conclusion, then the motion to amend should be granted and the amended complaint should be entered.

CHIEF JUDGE STARK: You would agree any infirmities that any court might find in the current operative complaint are also equally found in the proposed amended complaint?

MR. MAY: I would argue that, yes, if everything that is in -- if things that are in the amended complaint are contradicted by clear and convincing evidence by what is in the spec, yes, there would be.

CHIEF JUDGE STARK: And I should be clear my question is too broad in part because you all know there is essentially an *Iqbal/Twombly* component to the motion to dismiss as well which we're not arguing about today.

MR. MAY: My understanding is the defendants have at least, at least conceded on that portion of the motion. I may be wrong on that, but that is my understanding.

CHIEF JUDGE STARK: All right. We'll try to

clarify that, but in terms of on the 101 question, there is no material difference in your view. You would concede that there is not a material difference in terms of the amended complaint versus the original complaint. If the original complaint doesn't survive this motion to dismiss, then the amended complaint can't either.

MR. MAY: Yes. I would submit that if the defendants have proven their verdict, there can be no complaint that I would plead that would meet my burden.

CHIEF JUDGE STARK: All right.

MR. MAY: Thank you.

CHIEF JUDGE STARK: Thank you very much. We'll get Ms. Shanberg.

Will you just start because I will forget --

MS. SHANBERG: Yes.

CHIEF JUDGE STARK: -- on those two points, are you still pressing the *Iqbal/Twombly* question? And if you to prevail on the 101 question, how do you feel about us granting the motion to amend nonetheless?

MS. SHANBERG: So, Your Honors, with regard to the *Iqbal/Twombly* motion, we still believe that the complaint is futile in its infringement allegations, but at this stage in the case, after we received infringement contentions and an amended complaint, with regard to the *Iqbal/Twombly* type paragraph, we are no longer pursuing

that motion. We don't want Your Honors to spend your time analyzing that issue at this point.

With regard to the amended complaint on what MOAEC is calling a Section 101 amendment, it is essentially two paragraphs, we don't think it changes the calculus at all. I can -- I have a slide that tells you specifically why, but actually we don't have --

CHIEF JUDGE STARK: I can --

MS. SHANBERG: -- concern --

CHIEF JUDGE STARK: Okay.

MR. MAY: -- yes, with you granting the amendment and having that as part of the record if you are going our way on the Section 101 motion.

CHIEF JUDGE STARK: Okay.

MS. SHANBERG: If there was anything in that amendment that changed your mind or concerned you, we obviously want to respond to it, but I don't think it changes anything at all, and I think MOAEC --

CHIEF JUDGE STARK: That was just conceded, I think. Okay. Go ahead.

MS. SHANBERG: In terms of the rest of what you heard from counsel for plaintiff, there is not a lot that I think needs clarification or response, but obviously if Your Honors have any questions for me, I'm happy to answer them.

The one thing I was going to start out pointing

out is that the reexamination only looks at the specific prior art that MOAEC put in front of the Patent Office. So it's an overstatement to say that the reexamination found this ownership category flag never existed before in any prior art. We don't know that. It's not relevant to conventionality regardless. But I think it's important to clarify that the reexamination was only looking at the prior art that MOAEC asks the Patent Office to look at.

Then the other thing that I think is plain from Your Honors' questions and from my colleagues' response is that none of this theory as to what the ownership category flag may or may not accomplish is actually in the claim or supported by the specification.

So while MOAEC certainly didn't raise any kind of a claim construction dispute at all relating to ownership category flag, there is certainly no plausible construction supported by these claims of the specification that would read in all of this functionality that supposedly existed in our product or in the inventor on the patent, intention for this patent. It didn't make it into the papers.

CHIEF JUDGE STARK: So oftentimes on a 101 at this early stage, with respect to claim construction, if the plaintiffs articulate a position, we'll simply say we're going to assume that is the correct construction for purposes of the motion. What I think I just heard you

say, and even if you didn't say it, I'm interested in your answer to it, is there is sort of a plausibility limitation on that. You wouldn't assume that you might adopt an implausible construction. Is that what you are saying? And is that consistent with the law at this very early stage in this case?

MS. SHANBERG: Yes, Your Honor. I can find a case for you during our break. But it is absolutely the case that there is a plausibility limitation as to what you must assume, and what you must accept as fact. You don't have to accept attorney argument as fact. You don't have to accept things that are inconsistent with the specification as fact. You don't have to accept implausible claim construction.

Here, we have the additional situation where counsel for MOAEC didn't actually propose this term for construction during any of the briefing and has to this day never proposed an actual construction of "ownership category flag" that would take into account any of the functionality that they are today trying to tie to that very simple term within the claims.

MAGISTRATE JUDGE BURKE: More specifically, if you were going to say, look, we know from the claim, the last element of the claim that survived the reexam, what an ownership category flag is meant to do and what it does,

this is the way I think Mr. May was trying to import into that term something extra over and above what the claim clearly tells us it does or doesn't do.

MS. SHANBERG: So if I understand your question correctly, the claim limit is pretty clear. This ownership category flag is just a flag that tells you whether or not that music is resident on the user's device.

The specification is consistent with that. There is nothing more in the specification. So anything that Mr. May is trying to import isn't coming from the specification either.

MAGISTRATE JUDGE BURKE: What do you think he is trying to import, that is, the element of copyright infringement licensing? Is there something? What?

MS. SHANBERG: I heard reference to licensing. I heard reference to allow a user to understand what music is accessible and what music it could go out and get from elsewhere. I might be paraphrasing. I heard reference to copyright. But none of that is supported anywhere, nor did Mr. May actually propose a construction rather than just a theory as to what the ownership category flag might do in a different patent.

CHIEF JUDGE STARK: At this early stage, why should we not say that there is at least a factual dispute as to whether the ordered combination of elements including

the ownership category flag was not conventional, routine, and well understood, or to put it differently, that there is at least a dispute as to whether you all will be able to prove by clear and convincing evidence that that whole ordered combination including the ownership category flag was conventional, routine.

MS. SHANBERG: Put up slide 29.

This is our slide to discuss the ordered combination. What you are going to see here is not only does the specification -- I mean this is a gift. The specification aren't usually this explicit as to what was conventional and well known standard to those of ordinary skill.

Obviously, I don't have to spell out every single component, every single combination in great detail, but these are admissions within the specification that the central processing unit, which is the heart of the entertainment center, those are the specification, or it's not my own, can be coupled with well known commercially available hardware and can be interfaced with by one of ordinary skill. So that essentially wipes out the combination of everything in the claim other than this category flag.

Then you have the specification telling us that the association of database identifier of categories to music category objects to song data is also conventional.

So putting the conventional categorization, putting categorized music on conventional hardware in this patent doesn't yield any kind of unexpected result. What this does is exactly what you would expect it to do. It creates a system on commercially available hardware by which a user can access their music by category, which it sounds like we're all pretty much on the same page. It's the idea behind the claim.

CHIEF JUDGE STARK: All right. Your time is up.

Is there anything else, Judge Burke?

(Judge Burke indicates "no.")

CHIEF JUDGE STARK: No.

MS. SHANBERG: All right. Thank you, Your Honors.

CHIEF JUDGE STARK: Thank you very much for the helpful argument. We'll have the second team come up.

(Counsel tables are filled with different counsel.)

CHIEF JUDGE STARK: Everyone all set up and where you want to be?

MR. POPOVSKI: I think so. If Your Honor wants to hear from the defendants first?

CHIEF JUDGE STARK: Yes, we will hear from the defendants first in the Location Based Services and LBS cases.

Good morning.

MR. POPOVSKI: Good morning, Your Honor. Lewis

Popovski on behalf of Sony Electronics and also arguing for my codefendants, Mapillary and Fantastic Fox.

CHIEF JUDGE STARK: Okay.

MR. POPOVSKI: Your Honor, we've been fortunate in our case, the briefing in our case has been particularly helpful to crystallize the issue into one question, one dispositive question. That is, do the claims fairly and primarily, are they directed to an improved data structure?

We believe they are not. We believe that if the claims are read at a reasonable level of granularity, they will point to the fact that they use conventional computer technology to implement an abstract concept. And the focus, of course, is going to be the claims. So if let me see if I can do this right.

This is claim 6. Claim 6 has a number of criteria to it, but the body of the claim really is the focus of it. It tells you what it is about, what it is trying to achieve.

It has some components there: processor, memory, mapping. But it really is trying to use those items to collect, to store, organize, and display images. That is the crux of this claim. That is the entire focus of the specification and this claim.

This is, like many of the cases in 101, that find the concept abstract, it's a use of a conventional

computer system to accomplish a task that it is meant to do. We don't need to look much further than the specification but the first three items:

"A computer system comprising."

That is pretty generic. There is no detailing what this computer comprises other than the processor, and a memory coupled to the processor.

There is certainly no improvement here in these claims. We don't know which kind of processor it is, what kind of processor it is, and the idea here doesn't care as long as it processes.

You don't care how it is connected. It is connected in standard, conventional way of using an ISA bus.

Memory, nothing special about this memory.

If you go to the specification, the specification will tell you very much that this is a general purpose compute r. Those are its words.

Everything in that block 10 is a general purpose computer. You will find the processor -- whoop -- the processing unit here. You will find memory: system memory and non-movable memory. The system memory includes a Box 36, and a non-movable memory includes Disc Drive 41.

The next element, which is the crux of the claim, the specification tells us are found in Box 36 and Box 46. They're just in conventional memory.

It also has the system bus here, and it has a mouse. There is nothing new about this. The claims don't purport to improve this at all.

The claims require a mapping module.

"Mapping module" is a coined term. It is defined by its constituents here, which is a data store that is configurable to collect. That is its function. A data store is an item whose function is to collect and store images. That is a computer memory.

If you go to the specification, it tells you that the data store is something that is referred to as an image catalog. That is what it says. It refers to it as a repository for an image catalog. There is no improvement to the data store. This is just using it in its conventional way to achieve the abstract concept here in the claims.

It is also identified in Figure 3. It is a data store including an image catalog. That is the sum total discussion of "data store" in the specification.

If we go to the next element of the claims, the mapping module includes a table. And this table is, again, its function is to associate metadata with pointers and images in a timeline, in a location.

When we looked at these claims, Your Honor, we looked and said: What is this mapping module doing? Is it

telling us how to collect data? No, it is not. It just says do it. Is it telling you how to store data? It does not. It is telling you just to do it. Is it telling you how the table is associated with anything to accomplish this test? It does not. That level of specificity is absent in these claims. These claims are really about abstract idea and applying computer technology, conventional computer technology to achieve it. There is no specificity whatsoever in anything here in the claims which is the focus of our inquiry that would allow us to do anything else with it.

The table, plaintiffs rely on the table quite a bit for a lot of things, and some of the things relate to *Enfish*, which we will get to.

But the specification calls this table -- it tells you what it does. It says it holds metadata. That is what tables do, they hold data. And they use pointers, links, or other methods to accomplish the association.

Your Honor, this patent doesn't even care enough about the technology to specify it. It says you can use any other method to do it. It's wide open. There is no improvement here. Go ahead and use what is available, anything that is available, and accomplish the task.

The specification actually calls the table an organizational tool. That really distinguishes this case

from any of the cases that find that abstract ideas aren't abstract and are itself patentable. This organizational table is being used as it's intended by this invention, by this claim. It is not being improved by it. It's just being used to accomplish the task.

That is the divining question in many of these 101 cases. We suspect here the answer is that because it is using conventional technology to achieve the results of collecting, storing, and associating data, it is abstract, and it is invalid.

If there is any question that these claims are divorced by technology, it is answered by column 8 in the specification which tells you, hey, you can take our invention and you can implement it individually, collectively by a wide range of hardware/software/firmware, virtually any combination thereof.

What is missing here, Your Honor, is any reference to a specific data structure that is required to accomplish these claims. It says "just do it" -- not to borrow a Nike slogan.

MAGISTRATE JUDGE BURKE: Talk about copyright infringement. (Laughter.)

MR. POPOVSKI: Guilty.

Here again, there are close calls in this type of analysis. This isn't one of those instances. Every

Federal Circuit that encounters claims similar to this, claims that are directed toward manipulation of data that use computer conventional computer hardware and tools to do it have found the claims wanting. In particular, in our three page brief, we put in the *Move* case. That is collecting, organizing information, displaying this information of a digital map that can be manipulated by the user is not patentable subject matter.

We urge the Court to read these cases. We cite them in ours briefs. They're very, very helpful. Quite honestly, they're pretty convincing to us. They're dead on.

CHIEF JUDGE STARK: As I understand it, I think what plaintiffs are going to say is that with this invention, you can have a timeline as well as location display, time and location, and that there is something non-abstract and non-conventional about that.

Why are they wrong?

MR. POPOVSKI: There is nothing in the specification that tells you that the data structure is unconventional. The spec hardly mentions it. The idea of associating, organizing things in time and location, that is as old as Methuselah. That has been done since time immemorial.

Human beings organize things on time. Human beings organize information based on location. You have a

photo album at home. You may have taken it in 1980. It may say 1980, and you may have pictures in your vacation to Cancun or whatever the Court vacations and have those items there. That is nothing more than just organizing information the way human beings have done it since time immortal.

MAGISTRATE JUDGE BURKE: You referenced the prosecution history in which it was said by the patentee that the utilization of images and the relationship between the utilization images and their position on, for example, a timeline was said to be the thing that got over the hump I think with regard to the Examiner's objections. How does that cut against what you just said about how people have been associating images with timelines for a long time?

MR. POPOVSKI: It doesn't, Your Honor. That is a different analysis. The novelty analysis that the Patent Office does it differently from the 101 analysis, which wasn't the query there. In 101, it is a broader query. If you look at the claims, what do they do? Are they primarily directed to an abstract idea or something new and novel?

A timeline is not novel. We used timelines since again Methuselah was in high school. He probably did it on a different device; but timelines are not novel, they're not new. Maybe the Examiner, in viewing the prior art that he had in front of him, in view of the arguments

that were made, decided to let that go because of other elements and maybe the combination wasn't prior art. I can't speak to that.

But I can speak to this analysis. This analysis that focuses on the claim as a whole, the first part, and the second part we'll get to in a moment, doesn't find that organizing in time. Certainly, many of these cases have that available. They organize pictures by time. They organize things by location as well.

In the *Move* case, that was real estate. That was all about location. Time, location, and other parameters. The content we have from the *Electrical Power Grid* case, that will tell you that the content that you use is irrelevant to the abstract inquiry.

MAGISTRATE JUDGE BURKE: The claim doesn't require utilization by time and location and other parameters, just simply one of those optionalities; right?

MR. POPOVSKI: So claim 6 requires any one of those optionalities. Claim 1 has to do with three: image history parameter, location, and time.

MAGISTRATE JUDGE BURKE: It came up in the other case. This may be a question maybe for the next hour, but are you suggesting that an Examiner's decision that a piece of the claim or the invention isn't found in the prior art is irrelevant to the issue as to whether or not the computer

technology is anything more than the conventional application of these various parts? Is it irrelevant to it?

MR. POPOVSKI: So I don't know if I would say it is completely irrelevant, Your Honor. It may be something to consider. I don't think it's something you consider in this case because it is just so pertinent. I mean it's time. There is nothing novel about time. There is nothing insignificant. There is nothing significant about it that adds to the technology. Certainly, doing something, organizing something by time is not, under our analysis, an improvement to a data structure.

MAGISTRATE JUDGE BURKE: You were saying actually the prosecution history wasn't relevant to the question of conventionality. To the extent the plaintiff was arguing the association of metadata with an image to a timeline is the kind of step forward of the unconventional thing here because you were saying, well, look at the prosecution history. They never mention that. It wasn't relevant there to you.

MR. POPOVSKI: That is exactly right. So we pointed to that for the purpose of saying they didn't mention a data structure there. That wasn't the criteria that they argued, and it shouldn't be the criteria that allows this to escape this rule.

MAGISTRATE JUDGE BURKE: Why is that relevant

about the first point? Why should we look to the prosecution history for that point but not for the issue of whether or not the association to a timeline in this computer context was unconventional?

MR. POPOVSKI: I think the Court can, I think the Court can look to the prosecution history and make up its mind what it says. I think when you look at this case, when you look at the prosecution history, it is clear to us the 101 analysis is not informed by the time as an organizing method.

CHIEF JUDGE STARK: Which claims do I have to make a determination on?

MR. POPOVSKI: Your Honor, we have a complaint that asserts all the claims, one or more claims against us. We put that first page in our brief. We briefed every one of the seven claims, and for the first time, and I must say I would be remiss if I didn't point out that we did not take the Court's order to submit a three page letter as a license to start incorporating new arguments into the issue. There were many incorporated here. We didn't do so.

But the claims, we briefed seven claims. Seven claims are on tap for the Court. Their opposition to our briefing did not mention the fact that only one claim is asserted.

After we got the call, I called plaintiff's

counsel and said, hey, are you willing to give us a covenant not to sue on the other claims? He was willing to give us something less than, something that relies on res judicata which does not give us the certainty.

CHIEF JUDGE STARK: So you do think I have jurisdiction to resolve the eligibility of all seven claims?

MR. POPOVSKI: Yes, sir. They're briefed and ready for decision.

CHIEF JUDGE STARK: Do all the defendants take that position?

MR. POPOVSKI: They don't need to. I think -- I'll let them speak for themselves, but their complaints and their assertions are different than ours. Only claim 6 is being asserted against them, but I will let --

CHIEF JUDGE STARK: Just briefly, because I know you don't have much time.

MR. POPOVSKI: Your Honor, Mike Bonella on behalf of Mapillary.

The complaint says just claim 6. Claim 6 is the claim we're asserting.

CHIEF JUDGE STARK: So that is the only one you moved on then?

MR. POPOVSKI: That is correct. That's the only one.

CHIEF JUDGE STARK: Thank you.

MR. SELINGER: Jerry Selinger from Patterson + Sheridan for Fantastic Fox.

During our conference with Judge Burke, this question specifically came up, Your Honor, and plaintiff conceded that it is asserting only claim 1 -- or claim 6. So while we briefed more than that, I believe the concession ought to be sufficient to limit what the Court needs to decide in our case to claim 6 unless the Court had a different impression.

CHIEF JUDGE STARK: Okay. Thank you. That is very helpful.

So you are the outlier on this one, but it's because of what they told you and what they haven't told you. That is, the plaintiffs.

Let me just ask you, because I do want to save time for you for rebuttal: So the Patent Office, of course, has now issued some guidance directed to Examiners how to work through the 101 analysis. As I noted, there is this concept of Step 2(a), and is there a practical application of the abstract idea?

I don't know if this argument is being made or not, but I could imagine it is being made in this case that the claims here are really a practical application of arguably abstract ideas and, therefore, they would survive an Examiner's analysis under Step 2(a). Do you have a

response to that?

MR. POPOVSKI: Yes, sir, I do. I think the claims, one of the guiding lights of this type of analysis is what courts have done previously. I think if you compare these claims to what courts have done previously, the guidance to the Examiners would be very, very clear.

If an abstract idea, even if it is new and novel, $E=MC^2$ is the famous quote that the court in *Alice* identified is not patentable. And it may be even a good idea. The *Investa* case had, what the Court said, is a very bright idea, but the idea, while helpful, wasn't patentable because it was merely just abstract done on a computer, on a standard computer.

Judge Burke asked in the previous case what would you like to see in these claims if you would find a computer structure? Plaintiff relies heavily on *Enfish*. There is the claim in *Enfish*. This was found to be non-abstract because it identified a very specific improvement to a data structure.

Look what this claim does. It talks, it really sets out what this data structure is. Look at the detail in the claims. It has rows identified. It has columns identified. It has contents of rows and columns identified and the interrelationship which is key between those rows, columns, and the content.

That is completely lacking in this case here. We

have nothing but a table, a data store, a computer with a processor and a memory.

If you take these claims and you want to find claims that are very akin to ours, look no further than the *Niantic* case.

CHIEF JUDGE STARK: I'm familiar with the *Niantic* case. Let me save your last three minutes for rebuttal. We'll hear from the plaintiff.

Good morning.

MR. MASSAND: Good morning. Give me just one second.

Your Honor, Neal Massand on behalf of the plaintiff Location Based Services.

I want to jump into the limitations of claim 6 and I guess focus on some different language than what the defendants have focused on, and that language being the language related to the "data store."

The claim itself states, or requires a data store configurable to store one or more images as a function of a timeline, a location or image history parameter, and that it be configurable to store a table, and that the table be configurable to associate metadata for the one or more images with one or more of the timeline, image history parameter, and the location.

We think that due to this limitation or these

limitations, claim 6 is directed to an improved data structure which allows for integrated storage of image data with metadata and the table. This is discussed in or described in Figure 3 which is depicted below.

We believe that this figure does show the improved data structure. I'll be coming back to this figure in a little bit more to explain how.

I want to talk a little bit about prior art data stores for images.

We have alleged in our complaint that the data structure that I have just described is unconventional. In the prior art, data stores were image catalogs which contain image data or files such as TIFF files. Images could have metadata included within the image file itself stored within the header such as the TIFF header.

What is depicted on the right is from the TIFF standard from 2002. Basically what this is intended to show is that it's a traditional image file, has image data along with various categories of metadata.

In a conventional data store, metadata was stored separately within each individual file within the catalog and within each respective file's header.

As kind of an aside, the Nikon Cool Pix 6000, which we have referred to in the complaint, which was released after the priority date of the '733 patent, was

one of the first commercially available cameras to capture GPS metadata.

CHIEF JUDGE STARK: I was curious about that aside, because that camera comes out three years after your patent's priority date?

MR. MASSAND: Right. This is intended to show how, what the patent is discussing, and the use of the data store that is claimed was unconventional because incorporating location data into the metadata was certainly unconventional as of the date of the patent. The camera, one of the first cameras that was able to use that information only came out three years later.

CHIEF JUDGE STARK: But you are not suggesting that one couldn't practice the invention in 2005; right?

MR. MASSAND: No, I'm just saying that this certainly wasn't conventional, wasn't commonplace. It was kind of what the point was.

CHIEF JUDGE STARK: You are not acknowledging your patent was not enabled; correct?

MR. MASSAND: No.

CHIEF JUDGE STARK: Okay.

MAGISTRATE JUDGE BURKE: On that point, though, I think one of the pages of your answering brief, page 9, you used the phrase "previously unavailable functionality" or the phrase "new functionality" three times.

The question is going to be, if you want Judge Stark to rely on that idea, the idea that there was something about the association of metadata vis-à-vis these images with the timeline, for example, and that was previously unavailable functionality or unconventional use computer technology, et cetera, the other side is going to ask where are the citations? Where does the patent tell you that? Where does anything else tell you that could be cited? What is the answer to that?

MR. MASSAND: First of all, we alleged it; right? In the complaint itself.

Then, second of all --

CHIEF JUDGE STARK: Well, did you allege it and identify what the support was in the patent?

MR. MASSAND: I think we alleged -- in paragraph 10 of the complaint, we allege --

CHIEF JUDGE STARK: Which one is it best to look at? Which complaint?

MR. MASSAND: Probably Mapillary.

CHIEF JUDGE STARK: Okay.

MR. MASSAND: That's the one where I believe it is paragraph 10. I mean we allege tracking some of the claim language and state that that is unconventional, and then we refer the Cool Pix camera.

CHIEF JUDGE STARK: I guess to go to Judge

Burke's point, yes, I have to take as true well pleaded factual allegations, but if it is merely conclusory, if it is inconsistent with what is in the specification, then I don't think I take it as true, do I?

MR. MASSAND: I will get to in a moment where I think it is consistent with the specification.

CHIEF JUDGE STARK: Okay.

MAGISTRATE JUDGE BURKE: But it's fair this patent is not doing a lot of the work that you would hope it would do in terms of -- I mean kind of like in the way we were talking about in the last case, there aren't great parts of the specification that say the things that you want to say in your brief; right? About this unconventionality, about this step forward? Is that fair?

MR. MASSAND: I would not say that is necessarily true. What I'm focusing in on is the data store itself. I mean, granted, the data store does enable instantiation of a timeline, and that, arguably through my claim construction, might be through activation of metadata or something like that. That is stuff -- you know, there isn't a specific way of instantiating the timeline that is described in great detail in the patent, but the data store we think is described.

MAGISTRATE JUDGE BURKE: I mean like you look at a case like *Enfish*, famously I think in that case, the Fed Circuit is pointing to the patent as doing a lot of the work

that a patentee would hope could be done for 101 purposes, talking in detail about not only that there were these specifics in the claim but it's those specifics that really solve the problem and that function differently in conventional database structures. Where is the analog in your patent?

MR. MASSAND: Right. I will get to that as well.

CHIEF JUDGE STARK: Why don't we get there. Yes, let's go there now. If it's the data structure and it's in the specification, I want to see that.

MR. MASSAND: So what the specification talks about, it talks about a problem in the prior art, and that is a result of the conventional file structure that I was just describing earlier.

CHIEF JUDGE STARK: What is the problem you see it articulate?

MR. MASSAND: So here, it talks about a related art map that is describes a prior art, an iconographic map that, by clicking on a link, allows you to open up another web page that shows an image and has some information; right?

Then it describes the embodiment of the invention, saying using the invention rather than opening up a single image on another web page, as was in the prior art, a user can be connected to a catalog of images that is associated -- and an associated timeline that is integrated within a map. And that we think is a direct result of the

data store.

CHIEF JUDGE STARK: So the problem was you could only open one image on the other website. Now you can open an unlimited amount, presumably.

MR. MASSAND: Right. The prior art reference here isn't even talking about activation of metadata. It's just taking entirely different web pages. It is even further removed than opening up a single image from an image catalog that has its metadata itself contained.

CHIEF JUDGE STARK: Okay. What does it tell us how you solve that problem?

MR. MASSAND: So how it solves the problem is by, like the prior art, taking an image catalog, a data store, that would have images as long as their metadata and including, in claim 6, including within the data store which has the image catalog, a table, and the table would take metadata and hold metadata from the images. And, again, it is included within the data store.

This, I did a drawing last night that I think kind of accurately depicts what we're talking about; right?

On the left, you have a conventional data store. You have image files with image data, associated metadata all contained within the respective file, right?

In the inventive or the unconventional data store of claim 6, you have your image files, each again with

their image data and metadata but you also have a table and the table is able to associate the metadata with a timeline and image history and a location. And this is all laid out in the claim. This isn't relying on purely the specification. This is laid out in the claim. This is the data store of claim 6.

CHIEF JUDGE STARK: This is the claim, and this is also the figure, not your own figure but the figure that you just showed us.

MR. MASSAND: Yes, this is the figure with essentially describing in a different way.

CHIEF JUDGE STARK: Are there words, sentences in the specification that also describe that?

MR. MASSAND: Yes, there is a description of figure 3 in column 5 talks about this same thing: the data store having the table, associated metadata.

CHIEF JUDGE STARK: Column 5, you say.

MR. MASSAND: I believe it is column 5. Let me ...

CHIEF JUDGE STARK: Maybe 6. The discussion of Figure 3, is that where it is?

MR. MASSAND: It would be in the discussion of Figure 3.

Sorry, Your Honor. Just give me a moment.

(Pause.)

MR. MASSAND: I think I misplaced my patent. One second.

(Pause.)

MR. MASSAND: So I will turn to the brief. I think I quoted some of the discussion of Figure 3 in the brief.

MAGISTRATE JUDGE BURKE: It's on page 9.

MR. MASSAND: Yes. Like column 6, lines 3 through 16.

This structure that I have drawn out is also discussed. And it refers to, for example, the table with -- let me go back to Figure 3. The table at 314 and 324, and then the catalog being at 312 and 322.

The different functions are described in those lines. Line 3 through 16 of column 6. And I think it may actually go a bit farther down than 3 through 16.

MAGISTRATE JUDGE BURKE: Maybe to get to a potential criticism from the other side. If they were to say, look, there is nothing much different about what the claim says or even what column 6 says, then it would be a great idea if we could take metadata associated with an image, store it in a table that was connected to a timeline, that would be a great idea.

In essence, that is all the claim says, or the patent says. This would be a great idea without explaining

any of whatever words you want to use, specifics, concrete nature, the how, et cetera. What would be your response to that?

MR. MASSAND: I mean I think maybe that sounds like an enablement question, but this particular great idea I think is defined enough to show how it is different than the prior art, is different -- I mean it is a concrete description of what the patent is calling for. And we're arguing that it is unconventional. We pleaded that it is unconventional.

MAGISTRATE JUDGE BURKE: What is your response to the argument that column 6 referenced the metadata to the extent that it can be coupled to a timeline, for example, via any number of ways is kind of an acknowledgment or admission, there is nothing about the coupling of metadata to something like a timeline by this table that is new, a step forward, et cetera?

MR. MASSAND: I mean this claim specifically calls for a table, first of all. The fact that the spec may have different aspects to it, I don't think that is an indication that we're less concrete. This claim calls for a table, and then it does call for instantiation, and there may be a number of ways to accomplish the instantiation, but the claim simply says a data store and within the data store a table and image file as well.

CHIEF JUDGE STARK: What do you do with the cases that the defendant is relying on, for example, the *Move* decision? How are you any different than that?

MR. MASSAND: So in *Move*, a similar data structure is not claimed at all. *Move* is generally about just use a map that has available real estate properties and zooming in and out.

There is no limitation in *Move* that is even close to the data store that has the image files along with the table that associates the metadata.

CHIEF JUDGE STARK: So it really comes down to the data store.

MR. MASSAND: It does come down to the data store.

So basically, I mean this is sort of repetition of some of the stuff we talked about I guess in sum.

The data store containing a table that associates a timeline, image history parameter and/or location with metadata for an image. That association enables the instantiation of time related images at a location to be shown.

This is simply not something that could be done with traditional storage of TIFF files or image files, and that is where we think we are. At the very least, this claim is related to unconventional activity. And I would

say also it's not directed to an abstract idea because it calls for a specific format for the data store.

CHIEF JUDGE STARK: Which claim or claims do you think I need to resolve?

MR. MASSAND: I think you only need to resolve claim 6.

CHIEF JUDGE STARK: So you are agreeing not to ever sue Sony on, what, 1 through 5 and 7?

MR. MASSAND: We offered, or I sent them a letter saying we will not, or my client will not sue them on claims 1 through 5 or 7 for any product that exists as of today and operates substantially the same way.

I don't know that there is any lawsuit that could possibly be filed against another product. I just don't think we should be required to give them a covenant that goes to, says more than that.

We offered to amend the complaint to get rid of the end use language that they were referring to, and they wouldn't take us up on the offer. They wanted to go ahead and have this hearing.

CHIEF JUDGE STARK: But you are -- can I say you are effectively orally moving to amend your complaint to say we only assert claim 6?

MR. MASSAND: We certainly do want to do that. And to the extent that the Court thinks that our allegations

related to unconventional are not enough, we would also request that we be granted leave to amend to essentially beef up those allegations for the Court.

CHIEF JUDGE STARK: What, would the beefing up be anything more than helping us understand what you argued today? It's column 6. It's the data store.

MR. MASSAND: It's the data store potentially talking about the prior art image stores with TIFF files and stuff like that.

CHIEF JUDGE STARK: Anything else?

MAGISTRATE JUDGE BURKE: No.

CHIEF JUDGE STARK: Is there anything else?

MR. MASSAND: No. I can go -- essentially, I've prepared some slides talking about various cases that they relied on. For example, the *Niantic* case where I don't think that there is any similarity between the claims here. I think the similarities begin and end with the inventors.

They don't have anything to do, the *Niantic* claims don't have anything to do with what we have here. An abstract structure related to display of images on a timeline.

Move, we have already kind of discussed.

We don't think that this case is like *BSG*, which the defendants have relied on as well. There, the Court found that a conventional database structure serving a

generic environment is not enough.

Here, we have a specific unconventional data structure.

Again, also there, they found that incorporation of summary comparisons, usage information or relative historical usage information is not enough.

But, again, that is not similar to this case where we have a specified data structure.

Two-Way Media also we believe is also not the same. There, there was no architecture described in the claims. Here, we do have an architecture described in the claims.

We do think we are like *Enfish*. We may not have the same type of tabular limitations, but what we have is not simply any conventional data store that is claimed but a specific unconventional data store that again has additional conventional image files, table that associates metadata so that they can be shown in a timeline or the image can be shown in a time line. If we're not non-abstract, as *Enfish* I think was held to be, then we certainly have an unconventional setup here in the data store being combined with a table, and that would put us similar to *Mapillary*. That puts us similar to *BASCOM*.

Your Honor, I think that is it.

CHIEF JUDGE STARK: If I want to know whether

there is a fact dispute on the conventionality of the data store, I look to column 6; is that right?

MR. MASSAND: Your Honor, I think basically you would have to look at column 6 as well as generally what was available or what was conventional at the time. I don't think that the patent should be required to say what was conventional and what was not.

I don't think that the patent not saying enough to convince you that something is unconventional means that it is unconventional. You don't have to take defendants' word for it.

CHIEF JUDGE STARK: Is there any non-conclusory factual allegation in the complaint about it, the data store not being conventional?

MR. MASSAND: The only allegations we have in the complaint are those in claim 10.

CHIEF JUDGE STARK: Paragraph 10.

MR. MASSAND: I am sorry. Paragraph 10, correct.

MAGISTRATE JUDGE BURKE: I thought you said it was claim 6.

MR. MASSAND: Claim 6, unconventional allegations. Paragraph 10.

CHIEF JUDGE STARK: All right. Is there anything else?

MR. MASSAND: I think that is it.

CHIEF JUDGE STARK: Okay. Thank you very much. We'll have rebuttal.

MR. POPOVSKI: Your Honor, let me, just one comment on the claims that are at issue.

We briefed them the first time we heard that nothing is at issue was in the three-page letter that was sent to the Court.

We asked for a covenant not to sue. Counsel here at the table did not give us the security that we need to know that we would not be sued on these claims for this product. These software products, they get modified all the time. It could be a different product. I don't want to find myself six months from now arguing whether or not some modification is good enough to get out of the claims. We were sued on them.

CHIEF JUDGE STARK: If I amend the complaint to say just claim 6 and only 6 will ever be asserted in this case, do I have jurisdiction over the other claims?

MR. POPOVSKI: You do, Your Honor. We believe they put it in issue. We responded. If we had answered, we would have put in a DJ on those claims as well.

CHIEF JUDGE STARK: You can go ahead.

MR. POPOVSKI: So that there was a question about whether this data store is novel because it identifies, because it allows a plurality of pictures, many pictures

instead of one.

I just want to note that, if I can find it here.

I'm sorry. Can we change this?

(Ms. Palapura adjusts Elmo settings.)

MR. POPOVSKI: Thank you.

Well, I want to point out that claim 6 is identified, that it's to one or more images. So if that was the crux of it, claim 6 shouldn't be directed towards one or more images.

The other thing, just briefly. This is really in answer to Judge Burke's question.

Go to the last page of this. I'll find this. I'm sorry. This is theirs.

CHIEF JUDGE STARK: We have hard copies, if you know where you want.

MR. POPOVSKI: The *Glasswell* case came out in very late December 2018. This tells you really the problem that you have here.

This claim is just way too broad. It doesn't tell you how to do anything. It doesn't tell you how to associate. It doesn't tell you how to store, how to arrange, how to organize. They don't say anything on how you do any of these things. When you have this issue, you have an abstract concept that is being implemented by using conventional technology and outside of 101.

MAGISTRATE JUDGE BURKE: Is another way of what you are saying is in light of what Mr. Massand argued, look, I don't know, maybe the patent does enough to tell you that this idea was previously unavailable but the claim as drafted nevertheless fails because there just isn't enough specificity about exactly how this maybe arguably new way of associating metadata with images and table is actually done? And if that is the argument, why is that more of an enablement argument as Mr. Massand suggested as opposed to a 101?

MR. POPOVSKI: It very well may be an enablement argument. I didn't say the specification tells you how to do it. All I said was the focus on this inquiry is on the claims, and the claims don't tell you how to do it. The claims are directed towards results, their results, and they just use conventional technology to get those results.

It is famous quote from the case that is so famous I can't remember it now. It says: Here is an abstract idea, apply it. That is what we have here.

CHIEF JUDGE STARK: What does the patent say about the data store and whether it is conventional and whether it is an improvement and whether it is a solution to a problem discussed in the patent?

MR. POPOVSKI: So there is no discussion of a problem, of a technical problem in this patent whatsoever.

The concept of a storing one or more images if, you take a look at Figure 3. Figure 3 is not, this is not an embodiment of a data store. This is an illustration of the abstract concept. And this figure can be used to store any amount of images, one image or more.

There is nothing added to a stereotypical storage space in a computer that allows it to store more than one image.

I mean you have some storage perhaps issues of how much you can store, but certainly any computer in 2005 can store multiple pictures.

CHIEF JUDGE STARK: Is the patent silent on the conventionality of the data store that is claimed?

MR. POPOVSKI: So it does not characterize the data store as unconventional. It does not characterize it as conventional. I think a lot --

CHIEF JUDGE STARK: So it is silent.

MR. POPOVSKI: It is silent on it.

But a lot of these cases kind of, when they talk about conventionality, they come through it in a different way. What they really talk about is, hey, this is a problem. This is a technological problem, and they do it in the claims, and they do it in the specification like they did in *Enfish*, and here is our solution. This is how we improve technology. We identify the problem, and here

is our fix for it. None of that is in the '733 patent.

CHIEF JUDGE STARK: So if it is silent on the conventionality of the data store, why isn't it at least a fact dispute at this point, you know, we'll see what the evidence is but how can I decide by clear and convincing evidence now that there is nothing non-conventional in this claim?

MR. POPOVSKI: So what it does say about a data store is that it says it can be used as an image catalog. That is not conventional. That is not a technological problem that it is fixing. It is just storing more pictures in the same place it would have stored the one picture.

CHIEF JUDGE STARK: Anything else?

MAGISTRATE JUDGE BURKE: No.

CHIEF JUDGE STARK: Okay. We're over your time.

MR. POPOVSKI: Thank you.

CHIEF JUDGE STARK: Thank you very much. We'll have the third case come up here.

(Counsel tables filled with different counsel.)

CHIEF JUDGE STARK: Good morning.

So with the third case, it is the plaintiffs that who are the moving party, so we'll hear from the plaintiffs first whenever you are ready.

MS. PFEIFFER: Thank you, Your Honor.

May I approach?

CHIEF JUDGE STARK: Yes, please. Thank you.

(PowerPoint Presentations passed forward.)

CHIEF JUDGE STARK: Good morning again.

MS. PFEIFFER: Good morning, Your Honor.

As the Court just mentioned, we're here on a slightly different procedural posture than some of the other cases, so I do want to briefly talk about that. We're here on SSMP's motion for reconsideration of an order that granted in part and denied in part a motion to dismiss under 101. We're talking about the '828 patent. The '176 patent remains in the case. It is asserted against the same accused technologies that the '828 patent was asserted against when it was in the case.

On a motion for consideration, there are several grounds that are available, and as set forth in our brief, several of these apply in this situation. I'll talk more specifically about the Federal Circuit cases that came out after briefing completed and after the order actually issued that prompted SSMP to file the motion. But there is also some new evidence that exists, and there is also a need to prevent manifest injustice.

CHIEF JUDGE STARK: Now, I think there is only one case you are relying on that came out after the order; is that right?

MS. PFEIFFER: Yes, only one case came out

after the order, but three cases came out after briefing completed.

CHIEF JUDGE STARK: Okay. So what is the relevance of after briefing completed? It's a very common thing that we get a notice of supplemental authority. You could have done that. Here, even in the order talked about two or three of the cases that you are now saying are a basis for reconsideration. You actually talked about them in the order you are asking me to reconsider them. That can't be what is intended by our rules about new evidence, can it?

MS. PFEIFFER: Well, in this particular instance, in the 101 context it is very important. Because there is no bright line test for what qualifies as abstract or not abstract and, in particular, for what qualifies as well understood, conventional or routine. District Courts are required to look at other Districts or other Federal Circuit decisions or District Court decisions analyzing similar claims.

When the Federal Circuit issues an opinion that analyzes claims that are so analogous as they are in this case, it should really be considered as a part of the record for whether or not these claims are themselves abstract.

So that would go to the *Data Engine* and the *Core Wireless* cases, then the other two cases, *Aatrix* and

Berkheimer, which Your Honor did mention in his order really go to the fundamental issue of whether or not questions of fact exist. And the *Data Engine* case also touched upon this, which did --

CHIEF JUDGE STARK: *Data Engine* came out I think a few weeks -- well, maybe a few months actually after we issued the order in your case. But *Core Wireless* was already out. Couldn't you have filed a notice of supplemental authority and said, hey, we know you are looking at our motion. Here is a new opinion that we think is highly relevant to the decision.

MS. PFEIFFER: Your Honor, that is possible, but defendants have cited to no authority that that is a prerequisite to filing the motion for reconsideration, and I think really just considering all four of the cases together really is an important part of the underlying motion for reconsideration.

CHIEF JUDGE STARK: All right. Then let's turn to, if we assume for the moment that that is true, what do you see in one or more of those four cases that I should treat as new and cause me to come out a different way than I already did?

MS. PFEIFFER: So I'm going to start first with one of, some of the less substantive cases that I think will go a little quicker and then focus on the 101 cases.

Quickly, *Data Engine* addressed the fact that it is appropriate for a court to consider public record evidence. And SSMP submitted with its opposition Exhibits A through G which included statements by one of the defendants, that's Facebook, touting the technological innovations of the accused feature. It said that it had never been seen in a social networking world and talked about how great it was and how they faced severe criticism in implementing it.

CHIEF JUDGE STARK: If that is inconsistent with what the patentee told us themselves in the specification, can I credit the defendants' extrinsic evidence over the intrinsic statements of the patentee?

MS. PFEIFFER: If it contradicted it, that would be true, but that is not the case here. The specification does not contradict that and, in fact, the specification, in peculiar, columns 1 through 5 talks about some of the difficulties in navigating a lot of information and getting the information you want quickly in particular in the Internet world and in various different context. So it does not conflict with what the patent said at all and therefore it would be appropriate to consider it.

CHIEF JUDGE STARK: Does the specification even talk about social networks?

MS. PFEIFFER: It does briefly, and it does discuss

the use of real-time news tickers in various embodiments. So it just kind of discusses the deluge of information we're all getting in the Internet world and how many people are taking advantage of things like social networks to, for example, stay in touch with their social friends. So it is addressed in the patents.

And so going back to this evidence, this evidence shows that there is at least a question of fact that precludes judgment at the Rule 12 stage.

MAGISTRATE JUDGE BURKE: Exhibits A through G were attached to your answering brief; right?

MS. PFEIFFER: Yes, the opposition briefing.

MAGISTRATE JUDGE BURKE: You cite *Love Terminal Partners* leads to a proposition that a court may also consider undisputed documents relied on by the plaintiff, but ultimately isn't what that case is citing to are cases that say relied upon by the plaintiff in the complaint? How is it -- I mean it's kind of, no pun intended, 101. What the record can be as to a motion to dismiss, its matters that are attached to the complaint, integral to the complaint or relied on therein. How do you even get to these exhibits?

MS. PFEIFFER: Because courts have held that it is appropriate to rely on public record evidence. Not only do we have those public statements in press releases, but we

have statements to the Patent Office that actually describe some of the very points that we are trying to make.

MAGISTRATE JUDGE BURKE: Wait a second. Wait a second. You have said courts have held it is appropriate to rely on public record statements. Now, I'm not talking about a part of the prosecution history, considered part of the patent, which would be attached to the complaint. I'm talking about a press release.

Are you asserting that any of these cases that you cited suggest that it's okay for a court to take into account a document like a press release that is not referenced in the complaint, not attached to the complaint, it is simply attached to an answering brief?

MS. PFEIFFER: The case law seems to say that, yes, if it's public record evidence. If the Court considers it to be of the public record, it would be appropriate to consider it.

MAGISTRATE JUDGE BURKE: And that's the case law cited in your brief?

MS. PFEIFFER: Yes.

CHIEF JUDGE STARK: Is that *Data Engine* principally that you are relying on now?

MS. PFEIFFER: *Data Engine* is something that enforced this principle and we think offers reconsideration for whether or not the Court should consider these types

of things. For example, in that case, they do cite to, for example, articles from the time, yes, they were in the prosecution history.

CHIEF JUDGE STARK: They were in the prosecution history, right?

MS. PFEIFFER: It is similar, but that leads me to my next point, which is even if the Court doesn't think it was appropriate to consider it on a Rule 12, the appropriate remedy is either a motion for leave to amend or to simply deny this without prejudice and consider that evidence at the summary judgment phase.

The evidence there really shows a large question of fact as to whether this technology was well understood, routine, or conventional. And patents are entitled to a presumption of validity, and defendants are required to show by clear and convincing evidence that they're not.

Defendants here relied on no evidence. They didn't even really cite much to the specification to argue that the specification points, argues that any of the elements are well understood, routine, or conventional.

So I'll talk about this more as we talk about some of the cases in the 101 context, but at this point, the appropriate remedy would be to allow SSMP to at least amend the complaint and attach those materials to the complaint so the Court could consider them properly if the

Court doesn't believe it is appropriate to consider them on Rule 12, or, as I mentioned, deny the motion without prejudice and allow the defendants to bring this at a summary judgment phase.

CHIEF JUDGE STARK: Since you only have two minutes left, I want you to have time for your rebuttal. I'll give you extra five minutes. We'll do that for the defendants, too. So take your time.

MS. PFEIFFER: Great. Now, focusing on the *Data Engine* and *Core Wireless* cases, which, as I mentioned, the *Core Wireless* came out after the briefing was completed. *Data Engine* came out after the order issued, approximately just under two weeks. It was right before we were able to file our motion for reconsideration. And as I noted, earlier District Courts look to these previous decisions to find analogous claims to determine whether or not claims are abstract, and so the importance of these cases is very important on the reconsideration because both of them consistently held that improvement to the user interface are not abstract.

Now, I just want to call attention to some of the language in these two cases where they focus on what, about user interfaces could overcome the abstract barrier. And that was things like displaying selected data, or functions of interest, increasing the speed of the user's

navigation, preventing the need for paging through multiple screens, rapid access, ease of navigation. You can see a common theme here.

Now, if we look at claim 11 of the '828 patent, it is directed to improving the user interface in a social network context.

If we go back to 2003, when this was the patent priority date, and think about the social networks that existed at that time, it was MySpace and maybe the Harvard Facebook existed, but you had to go to your friend's page. If you were curious whether or not Suzy did something new, you had to go to Suzy's page. She may not have updated anything, she may not have posted anything at all, and you would have is wasted your time. You would have to do this for all of your friends. But with the news feed, you get all of the information in one space. And with a real-time news ticker, you are saved a lot of time and navigation.

Similar to a data engine where users were forced to look across multiple spreadsheets to get their data but the claims enabled being able to do that much quicker. We have a similar situation here. Instead of having to navigate to the many different pages, that information is supplied right upfront.

This goes to some of the questions of fact that are at Step 2 as well which goes to the real-time news

ticker component. There are claim construction issues, as SSMP has laid out and the IPR defendants filed which is new evidence that was not available during briefing shows that they proposed a claim construction for real-time there.

So that comes into play a little bit later on, but I do want to point out that there are significant factual questions that remain on Step 2. But as to Step 1, the claim which includes the element of a real-time news ticker component that is configured to display new items pertaining to the first user account when second user account is in use, this is the type of element that takes it out of the preemption world and really puts it into context of the claim and the improvement to navigation.

So the *Core Wireless/Data Engine* cases are just the most directly on point Federal Circuit cases that are similar to our claims. And it's important to consider them and really whether or not it's even appropriate to proceed to Step 2.

MAGISTRATE JUDGE BURKE: To push back on *Core Wireless*, I think what you are saying, *Core Wireless* came out and the decision there was so important to the decision in this case that it could arguably have changed the outcome, but for eight months it existed and you didn't apprise the Court of it. How could it be, on the one hand, so significant, so important that it could arguably change

the outcome of what ended up being the resolution here and yet not important enough for you to provide notice to the Court?

MS. PFEIFFER: Well, even if the Court disregarded *Core Wireless*, *Data Engine* is directly on point and refers to *Core Wireless* and really, just like I said, this comes together when the case law is going in this direction. And what District Courts are unfortunately forced to do is look at how the Federal Circuit has analyzed analogous claims, having two cases that are so similar, and really *Data Engine* is directly on point, and is, we have identified as the most important case makes clear, that at Step 1, these claims are just not abstract.

Then another reason the claims are not abstract is that they are particular to the Internet. But that is not quite the thrust of the motion for reconsideration, so I'll *move* on to some of the factual issues.

CHIEF JUDGE STARK: You have got about three minutes left, so it's up to you if you want to save time for rebuttal.

MS. PFEIFFER: I want to quickly point out that the case that defendants have identified which is *Intellectual Ventures v Capital One* is not at all analogous.

First of all, it occurred at summary judgment after claim construction which is the much more appropriate

time to deal with the claims at issue in this case, particularly since another patent will proceed to that stage.

But also those claims, although the word "interface" appears in them, they are not directed to the user interface but to putting pre-created content and selecting it based on very basic criteria, not the real-time news ticker when a second user is taken into account. You can either just look at the claims and see how sparse the one in *Intellectual Ventures* is compared to what the claim is in this case.

So I'll save the rest of my time for rebuttal. I just wanted to point that out.

CHIEF JUDGE STARK: Okay. Thank you very much. We'll hear from the defendant.

Good morning. I think it's just before noon. I can't quite tell from this angle.

MR. MORTON: Very good, Your Honor. Phillip Morton on behalf of the defendant Facebook.

So the plaintiff here has not met its heavy burden for motion for reconsideration. The fact that they just disagree with the Court's ruling is not sufficient. They haven't identified any intervening change in controlling law. As Your Honor has noted, three of those cases existed for the decision you entered. No attempt was made to bring those to the Court's attention.

With respect to the *Data Engine* case, that is not a change in controlling law. That is just another case applying the same *Alice* two-step test to patent eligibility questions. They're not alleging that there is any availability of new evidence.

There is no clear error of law or fact that needs to be corrected to prevent manifest injustice. The fact that they didn't provide those cases to the Court suggests that there is no manifest injustice here.

One other point on the new law. The Court has -- this Court has actually stated in the *Kaavo* case that three of those four cases that are cited as new controlling law here by the plaintiff do not constitute a change in the law.

With respect to the *Data Engine* case, in that circumstance, the claims that were found to be patent eligible, in that circumstance the Federal Circuit believed could be patent eligible, those recited a specific structure with a particular spreadsheet display, the performance specific function. They were much more detailed about the type of structure that was claimed there.

Then you can see the contrast, that there were other claims, as Your Honor knows, in the *Data Engine* case, the Federal Circuit felt did not have a particular structure to them.

CHIEF JUDGE STARK: So you say these claims here are closer to the ones that were upheld as ineligible in *Data Engine*.

MR. MORTON: That's correct, Your Honor. Yes.

With respect to any factual disputes that may exist, SSMP is alleging that there are factual disputes. They don't really specify what those are. They basically just repeat what they said in their opening or in their papers on the primary motion.

Then the exhibits that were attached to the motion, they don't change the outcome here. Those are statements purportedly by Facebook. Some of them are news articles, some of them are press releases. What Facebook might have said in a patent prosecution in another case has no bearing on the patent eligibility of the claims here.

CHIEF JUDGE STARK: Well, why -- I mean let's just assume for the moment that those articles or statements say we have looked at the asserted patent here of the plaintiff for whatever reason, and it's novel, it's not conventional, it's not routine, it's fantastic, and we're really glad to have it and we can use it. If that is how one could fairly read those articles, is that irrelevant to the *Alice* test?

MR. MORTON: Well, so those articles don't say that. Those articles do not say anything about SSMP's patent here. They are about Facebook talking about their

own products or third-party sources talking about Facebook's products.

CHIEF JUDGE STARK: Okay. Well, still, if one might imagine a reasonable chain of inferences in which one might take those statements that Facebook made about social networks and say, all right, these claims maybe have to do with social networks and the value of a news ticker, can I really say as a matter of law that they are not -- there is no relevance, it can't possibly impact even the Step 2 *Alice* analysis, what you all were saying at the time about the problem, let's say, that the patent purports to solve?

MR. MORTON: Again, those are not part of the intrinsic record here, they're not part of the patent prosecution history, and they were not part of the complaint. So they're not something that the Court -- yeah.

CHIEF JUDGE STARK: Let's -- I've got to keep pushing, I guess. If I grant the motion to amend, which arguably is now in front of me, and tomorrow they re-file and they put all those exhibits in their complaint, I now can look at them -- right? -- on a Rule 12 motion.

MR. MORTON: They would be part of the record. They would be part.

CHIEF JUDGE STARK: They're not intrinsic to the patent prosecution. I understand that. But they're part of the record on Rule 12 at that point. Would you still be

able to argue that they are per se irrelevant to the *Alice* analysis?

MR. MORTON: If they do not -- if they're not associated with the invention itself, with what the patent team described as their invention, no, they're not relevant.

CHIEF JUDGE STARK: So the patentee is telling me that while the specification doesn't say very much about social networks and even about the news ticker, it says something about them. They're telling me that is at least in part what their patent is about. Don't I have to take that as part of what this patent is about?

MR. MORTON: Well, you take what is in the intrinsic record of the patent. That is what the inventor described and told the Patent Office what their invention was. What Facebook was saying after the fact about the invention is not relevant.

Your Honor, if you have any other questions, I'm happy to address them.

CHIEF JUDGE STARK: They also made this I guess practical argument. I did not find the other patent to be ineligible under Section 101, so you have a case that is presumably going forward.

Why shouldn't I, as a practical matter, particularly there has been new case law, there is now your IPR. You are here in front of me anyway. You are

litigating. There is a lot of 101 decisions. Wouldn't it just make more sense to fight this one out on the merits as well while you are here fighting about the other one anyway?

MR. MORTON: Well, Your Honor already ruled on this, and so we're here on a motion for reconsideration, so they need to meet the test of a motion for reconsideration in this District, and they have not done that.

Furthermore, that doesn't change the fact that these patents are directed to ineligible subject matter.

And they haven't identified any factual disputes that would be changed by claim construction or additional fact discovery.

Your Honor assumed the claim constructions that they had proposed in their motion and still found that this patent was not directed to eligible subject matter.

CHIEF JUDGE STARK: In the claim constructions they're telling me to assume now, they're the same ones we already assumed; right?

MR. MORTON: That's my understanding, yes.

CHIEF JUDGE STARK: Is there anything else?

MR. MORTON: No, Your Honor.

CHIEF JUDGE STARK: All right. We'll hear rebuttal.

Welcome back.

MS. PFEIFFER: Thank you, Your Honor.

All right. So first I want to focus on the defendant's statement that SSMP has not identified factual issues to be resolved.

First of all, the complaint itself alleged various problems that existed in the art and held the patent purported to solve those problems. That is a first factual question that exists.

Second, there are claim construction issues which made underlying relied upon factual questions but also may be important to determining the outcome here especially of Step 2.

CHIEF JUDGE STARK: Are the claim construction issues any different than the ones we already confronted?

MS. PFEIFFER: No. Well, especially because Facebook or defendants have not put forward before this Court any proposed claim constructions. However, in their IPR, which was filed after briefing was complete and pretty close to when we received the order, which could constitute new evidence, they did put forward a construction for the word, for the term "real-time." So there are at least two competing constructions out there.

CHIEF JUDGE STARK: Right. But is their construction that they proposed in the IPR better for you than the one you proposed and that we already assumed?

MS. PFEIFFER: It might -- they might argue

something different here.

CHIEF JUDGE STARK: They might, but I guess can it get any better for you on the real-time news ticker?

MS. PFEIFFER: If you take our construction as the Court did in the order, then, correct, it perhaps does not create a difference on that term, but they have not proposed any other constructions for us to discuss.

Then as noted, there was additional evidence that SSMP attached to the opposition to the motion to dismiss, Exhibits A through G, which in addition to the press releases, all of which touted the skepticism and the taking of that on news feed and discussed how creating a news feed was very controversial and innovative, Facebook has also taken out patents relating to the news feed and has touted again the innovation and inventive steps and fought 101 on that.

While it does not have statements directly related to the patent at issue, logically the claims here are asserted against the news feed. Therefore, statements about the news feed and whether or not it represents an inventive step will certainly be relevant to whether or not the claims are well understood, routine, or conventional.

There is no way to avoid the fact that what if we got to the factual dispute of this, these statements will undeniably be considered as part of the state of the art

and what someone of skill in the art would understand at that time.

Some of the arguments that defendants put forward in their brief, all of which were attorney argument, no evidence that would overcome the burden that they need to meet, especially at the Rule 12 stage, to show that these elements are well understood, routine, or conventional. At this stage, the defendant's burden is to show you where in the specification all of these elements and the ordered combination was well understood, routine, and conventional. The defendants have simply failed to do that, especially in view of the recent decisions that came down that offered a lot of clarity on whether or not these claims are even subject to the Step 2 of the *Alice* test.

So I don't want to take up any more of the Courts's time unless you have questions. But in summary, if the Court is not inclined to find that the claims are patent eligible at Step 1, certainly questions of fact preclude judgment at the Rule 12 stage.

CHIEF JUDGE STARK: Okay. Thank you. Thank you everyone so far for the helpful argument.

So what we're going to do is take a 15 minute or so recess. When we come back, I'd like to have at least those counsel who have argued so far up here near the front and, depending upon what questions we have, if other people

want to answer them, there may be an opportunity for you to do that, but let's at least have all of you who have principally argued up here in the front in about 15 minutes. We will be in recess.

(Recess taken at 12:12 p.m.)

* * *

(Proceedings reconvened at 12:25 p.m.)

CHIEF JUDGE STARK: Have a seat, please.

All right. So we are back, and we have arranged our thoughts. Thank you very much.

I think I have about three case specific questions to specific attorneys; and after that, I think we just have possibly some general questions. So when we get to the general questions, I'll first look to see if any of the folks here in the front want to answer them, and no one is obligated to. Then I'll look more generally to see if there is anyone else in the courtroom that wants to answer the questions. As long as you are willing to come in and tell us who you are on the record, you are free to do so.

The first questions are for Mr. Massand and LBS. Yes, why don't you come to the podium for us.

(Mr. Massand comes to the podium.)

THE COURT: The first question is focused on claim 6. Where does claim 6 require that the "data store" limitation has to be practiced as you depicted in your late

night drawing last night which I take to mean has a separate table? So where is it that claim 6 requires that?

MR. MASSAND: So, Your Honor, claims 6 requires a data store that contains image files, right? And then it also requires a data store that is configurable to store a table; right? And that the table be able to associate metadata in those categories.

So that "configurable to store a table" we believe is a requirement for this.

CHIEF JUDGE STARK: Okay. So I see the limitation in claim 6, "data store configurable to store a table." But does that require that the store, the table look analogous to what you depicted for us or is that just simply one embodiment, one way of doing it?

MR. MASSAND: Well, I would say, Your Honor, that may go to what the construction of what a table is, but what I drew I would say certainly is a table. I think there may be something analogous that would also be considered a table, but I think it would be required to be a table.

Whether in software there is a different data element that could be considered a table, that I think may be the case. But what it does require is a table. It may not have to be specifically like in a drawing.

CHIEF JUDGE STARK: All right. And certainly we'll give defendants a chance to respond, but I have one

other question for you.

So the claim also talks about one or more images. I think this argument came up on rebuttal. That I think means there are embodiments where there is just one image.

In such embodiments, what implication, if at all, does that have for the 101 question if that is what is all, this is all about, but yet I can have an embodiment with just one image? Where are we?

MR. MASSAND: So in an embodiment, if there were, say, for example, a data store that just had a single image file in it and some kind of program that could cause that picture to be viewed, that is possible. That may be the case.

That is not the invention. The invention requires a data store with one or more images and a table. If there is only a single image as well as a table with the associated metadata, then that would read on the claim. But the idea that the one or more -- I don't think the claim is limited to multiple images, but I think it is limited to a data store having one or more images as well as a table.

CHIEF JUDGE STARK: So the fact that we could have an embodiment with just one image, does that have any implications for either Step 1 or Step 2 of *Alice* or is it just an interesting fact but really doesn't have an impact?

MR. MASSAND: I don't think it has an impact because our argument is about the combination of the image file with a table, the one or more image files with a table in the data store.

CHIEF JUDGE STARK: All right. That was our questions for you.

We're happy to hear a response.

MR. POPOVSKI: I'm going to try to do the technology thing again, Your Honor, if I could, and bring up.

CHIEF JUDGE STARK: Are you going to try to bring up your slides?

MR. POPOVSKI: I'll try.

CHIEF JUDGE STARK: Just for the record, Mr. Popovski.

MR. POPOVSKI: Lewis Popovski on behalf of Sony.

CHIEF JUDGE STARK: Thank you.

MR. POPOVSKI: Just actually, if the Court has the handout.

CHIEF JUDGE STARK: I do, yes.

MR. POPOVSKI: Then right on page 8, slide 8.

CHIEF JUDGE STARK: Okay. Right, this is Figure 3.

MR. POPOVSKI: Figure 3, and it's the text above Figure 3. This tells you, really, we're talking about the claim table and data store. Two things on that:

One. If it was so important to the invention, the specification would highlight the necessity of this table but it doesn't. It tells you that it could use anything, truly that is what it says, or other methods illustrated by lines 3, 16. It boils it down to a concept. Take the line, make the association, you are done. It doesn't care what it did. So whether it's a table or whether it is some other means to do it is beside the point. The focus of this claim is really the implementation of the idea, not how you do it.

And, again, on page 10, on slide 10, it tells you that, again, it emphasizes the point. We don't care about technology. It says you can do this by a wide range of hardware, software, firmware or any combination. Again, emphasizing, underscoring the focus of these claims is really the implementation of an idea by use of a general purpose computer system.

And one more thing, Your Honor. If you could go to slide 13.

This is *Niantic*. I want to be ... *Niantic* has a data store. *Niantic*, it has very much the same claim elements as we have here. It has a computer, a processor, a memory coupled to the processor, a map display that itself is again as defined by constituents, which includes a data store for storing and organizing data. And that was

found wanting.

CHIEF JUDGE STARK: A data store configurable to hold data is *Niantic*, and here in our case we have data store configurable to store a table. Those are not different?

MR. POPOVSKI: They are not different because the table stores image metadata, which is data.

CHIEF JUDGE STARK: What is your view of the late night drawing that we saw of Mr. Massand's? Is that one embodiment? Is it the only embodiment?

MR. POPOVSKI: I'll be honest with the Court. You are a wonderful artist. I didn't understand what that meant to the case and I didn't see it before. It's the first time I have seen it. I do know that these claims are so broad as to encompass many, many embodiments that would implement this idea. It really is agnostic to what technology we use.

CHIEF JUDGE STARK: All right. And your point about the embodiment or just one image, anything more to say about that in light of what you've heard?

MR. POPOVSKI: Yes. A data store is a data store. It is a physical memory location. That is how it is defined in the specification and a physical memory location. There is no limitation on it other than its size about whether or not it can store one or more images. That data store is not added to any unconventionality to these

claims. It is just a memory location. And the spec even calls it that. It calls it a repository for an image catalog.

CHIEF JUDGE STARK: All right.

MR. POPOVSKI: Thank you.

CHIEF JUDGE STARK: Thank you. Anything you want to add?

MR. MASSAND: Your Honor, I would add that just that I can't remember which slide it was but the quote that includes table amongst a list of various items, I don't think that the argument that defendants are making related with respect to that is really pertinent to claim 6 where a table is specified. It specifically says table.

But, again, as I indicated earlier, I think a table may not have to look exactly like I drew in my late night drawing, but the claim calls for a table.

CHIEF JUDGE STARK: All right. Thank you.

MR. MASSAND: A table as well as the other aspects of the data store holding the image files.

CHIEF JUDGE STARK: Okay. Thank you.

Then the next question was for Ms. Pfeiffer, do you want to come back, and SSMP.

(Ms. Pfeiffer comes to the podium.)

CHIEF JUDGE STARK: So you told me that the patent which was quite long has some discussion in it of social network. Could you point out to me where I can find

that?

MS. PFEIFFER: Unfortunately, I did not bring the patent up, Your Honor. But I believe Figures 53 to 54. And I believe column, the end of column 30 to the beginning of column 31.

CHIEF JUDGE STARK: Wherever they're discussing 53 and 54, is that where we find it?

MS. PFEIFFER: Yes.

CHIEF JUDGE STARK: All right. That was really the only question.

MS. PFEIFFER: All right. Thank you.

CHIEF JUDGE STARK: Thank you.

Is there anything Facebook wants to say about that?

MR. MORTON: I think the part that she was referring to -- Phillip Norton.

CHIEF JUDGE STARK: Remind us for the record who you are.

MR. MORTON: Yes. Phillip Morton on behalf of Facebook, Your Honor.

CHIEF JUDGE STARK: Thank you.

MR. MORTON: 53 and 54, I think that was referring to the ticker. That was not specific to the social network discussion, I don't believe. Then I think where they've referenced the social network has been in

the title and the abstract.

CHIEF JUDGE STARK: So you don't see it anywhere besides the title and abstract?

MR. MORTON: Not that I have been able to look at, Your Honor.

CHIEF JUDGE STARK: Okay. Thank you.

Do you want to come back?

MS. PFEIFFER: Your Honor, Sarah Pfeiffer.

So as a general matter, I would refer the Court to the claim construction table that we provided with our letter. And I believe in the underlying opposition, there is support identified for the claim construction, and that should help guide the Court as well.

In a more general way, the general UID as a whole is basically what describes the social network system. It really is kind of a combination of different events and different circumstances, and it is kind of described throughout, but I think probably the best reference would be the claim construction table and the references there.

CHIEF JUDGE STARK: All right. So do you want to come back and address that? Because in the underlying decision, and presumably with respect to motion for reconsideration, I have assumed that I will adopt the plaintiff's proposed construction. If I do that, does that mean that this patent is, for purposes of the motion, about a social network?

MR. MORTON: I think for the purposes of the motion, you can assume that because the construction that they proffered has that in it, and the claims have that in it.

But as I said before, the patent doesn't really have any disclosure of that.

CHIEF JUDGE STARK: How, if at all, could I say that that is still relevant to the 101 analysis at either Step 1 or Step 2 if I'm saying, look, for purposes of the motion I'm adopting the plaintiff's claim construction, they're not implausible constructions. That now means the claims are about a social network, but the patent doesn't really talk about that.

Do those two data points have some relevance to the *Alice* analysis at that point?

MR. MORTON: Under the *Alice* analysis, the Court has already found that the patent or this patent is directed to ineligible subject matter. The construction had no impact on that. I don't know if that answers your question, but I don't think that it has any impact.

CHIEF JUDGE STARK: Okay. Is there anything else?

MR. MORTON: No, Your Honor.

CHIEF JUDGE STARK: All right. Ms. Pfeiffer, is there anything you want to add?

MS. PFEIFFER: Just briefly, Your Honor.

Going to the question of the relevance of this patent, the specific support in the specification is starting to sound a lot like a 112 argument which, again, is like something more appropriate at the Rule 12 stage.

That is really all I have to add. Thank you.

CHIEF JUDGE STARK: All right. That was it for the specific questions. Let's throw out some general questions.

I think the first general question is, I know I struggled with the relationship between 101 on the one hand and 102 and 103 on the other hand, and there has been allusion to that in some specific context today. But if first anyone here upfront wants to provide any guidance as to how I think of that, I'm happy to hear it.

Yes. Come on up and remind us who you are, please.

MR. MAY: Christopher May for the plaintiff, MOAEC Technologies.

I would say that with respect to 102 and 103, it is possible for a patent or a patent claim to pass 102, 103, fail 101.

The only point I would make is, to the extent that a limitation is found to be completely absent in the prior art, that by definition it cannot, the defendants cannot meet Step 2 of the *Alice* test because that requires

every element to be found to be well understood, routine, and conventional as well as the combination of the elements to be well understood, routine, and conventional. And if the element is not present in the prior art, by definition, it cannot be conventional.

CHIEF JUDGE STARK: If we knew that someone had looked at all the prior art and couldn't find anywhere this particular limitation in the patent in front of us, then you would say you have to say that the patent in front of us survives *Alice*.

MR. MAY: Yes, I would say that. Now, to the extent that later on the defendants want to bring in additional factual information that says the Patent Office did not have in front of it, that certainly is their right to do, but at that point we're not talking about a Rule 12 motion any more, we're talking about a Rule 56 motion.

MAGISTRATE JUDGE BURKE: It sounds like what you are saying is -- and tell me if this is your view -- that to the extent that the case law about *Alice* Step 2 talks about conventionality and whether or not saying in the context of a computer-related invention, we're talking about a claim that involves anything other than the utilization of conventional computer technology, it sounds like you think that is almost a synonym for novelty.

In other words, because, before the Examiner,

you can point to or the prior art doesn't include this element, the prior art doesn't include it, it's a new element, it's an element that hasn't been associated with it. But is treating conventionality for purposes of Step 2 as to what that means, is it new? Is it not otherwise in the art, is that right? Or is conventionality supposed to get to more about a particularity that matters? Not just do it on a computer but a kind of specificity that makes a difference as opposed novelty. Do you know what I mean?

MR. MAY: I think I understand. If your question is different, let me know. But with respect to 102, remember that all these elements must be found in a particular piece of art. Similarly with 103, all of the elements must be found either in a copy or a combination of art.

So you could easily say in 102, well, all the elements are present in this particular piece of art but it's not well understood, routine, and conventional. But if you have a situation where it's not merely that not all of the elements are in one piece or all of the elements, there is no motivation to combine, for example, between two elements. If you have a situation where the element has been found by the Patent Office to be completely absent, they found nothing in the prior art that is like this element, then, yes, I would say that that's a situation where at minimum

you have a factual dispute on Step 2 of the *Alice* test.

With respect to the other question you are asking as to whether or not you are looking at something more from a what was conventional at the time, I would say that is a question of whether or not a person of ordinary skill in the art would have understood this particular limitation to be a conventional thing. And, again, I think that is more a question of fact that has to be developed on the record during the case.

MAGISTRATE JUDGE BURKE: Why does *Alice* Step 2 care about conventionality? Why does it care about it? Why does it ask about it? Why is that word even in the Supreme Court case law? What is it getting to? Is it getting to something, is it meant to get to something other than novelty, Not novelty but something else, something that sounds more like non-ideaedness, specificity, particularity, concreteness, the other kinds of words you often hear creep up in these briefs from a patentee. Is it one or the other or partly both or what?

MR. MAY: Its sounds a little bit as though there is a combination of a question of enablement in your question, and also a combination of is what is in the limitations something that is only minorly different from what is in the art where maybe it was found to be sufficiently different at the Patent Office but really if you look at it, it's not doing

much different from what was already known.

But, again, I think in that instance, that you got a question of what did a person of ordinary skill in the art actually know? For that, all you can really rely on at this point on a Rule 12 motion is what is in the spec? And what is in the file history?

In our particular case, there is nothing in the file history that says this is operating in a routine conventional manner. In fact, there is nothing in this file history that says this particular structure even existed.

CHIEF JUDGE STARK: Thank you. Anybody else? Ms. Shanberg?

MS. SHANBERG: Your Honors, I'd like to read to you two passages that constitute what I believe the Federal Circuit's most recent guidance on the relationship between Section 101 and Sections 102 and 103. They are short and they come from the *SAP* decision from May of 2018.

The first one says: We may assume that the techniques claimed are ground breaking, innovative, even brilliant, but that is not enough for eligibility.

The second one says: Nor is it enough for subject matter eligibility that claim techniques be novel or nonobvious in light of the prior art passing muster under Section 102 or 103.

The Federal Circuit's current guidance says

these are two completely different tests. Can we dream up a hypothetical scenario in which something that happens in a reexam proceeding could be relevant to the question of conventionality or there could be a statement in a proceeding that is relevant to the question of conventionality? Probably. But that is not what we have seen today. And that is not what you are going to have in a typical case because they are two entirely two different tests.

Something else one of my colleagues pointed out to me during the break. I thought what was an interesting point is that even if an Examiner's decision as to 102 and 103 are later revisited when we're in court, the Examiner didn't make any decisions as to 101, there is no reason to give the Examiner in our PTAB or reexamination proceeding that was initiated by MOAEC or any other reexamination proceeding any deference relating to Section 101 conventionality. It is not even something they look at.

CHIEF JUDGE STARK: Go ahead.

MAGISTRATE JUDGE BURKE: I was going to say probably what you are saying I think is, look, you can have a new abstract idea. It's certainly newness, novelty isn't enough. And so to the extent the Examiner is saying this is new at least in the sense this element, I can't find it in the prior art, the newness of it or the nonexistence of it in the prior art isn't enough to necessarily get you out of

the woods in Section 101. There is something else that when we look at, we're talking about conventionality for Step 2, there is something else more than just newness of an idea that we are focused on.

MS. SHANBERG: Yes.

CHIEF JUDGE STARK: What do you think it is?

MS. SHANBERG: Whether it is more or less, it is just different.

MAGISTRATE JUDGE BURKE: Different.

MS. SHANBERG: What Your Honor just said is exactly what the Federal Circuit said in the *Synopsys* case. The claims bring new abstract ideas to a claim for an abstract idea.

So what do I think conventionality is?

We know conventional isn't the presence or absence of something in the prior art. *Berkheimer* tells me that I can't say something conventional because it existed in the prior art.

Similarly, you can't prove something was non-conventional because it wasn't in a particular group of prior art.

So what does conventionality mean if it doesn't mean those things?

As Your Honor suggested in the prior questioning, it means a -- it is very hard to say what it

means without reference to all of these different cases that seek to, themselves, interpret conventionality. But I think the goal is probably the best way to look at it, which is that the goal of identifying what is and what is not conventional is to make sure that you don't have a patent on an abstract idea itself.

MAGISTRATE JUDGE BURKE: Right. When the Supreme Court says you have an abstract idea, it's not enough just to say abstract idea on a computer. Like the computer part, even though a computer is a non-idea type thing, it is a real world thing, that is not enough.

There is a reason why the Supreme Court was saying it is not enough. It is not enough just to lump a computer on to abstract idea, because it really is still just the abstract idea that is at issue. How come, and to the extent you go beyond just a computer, is it about specificity, narrowness, concreteness, or what?

MS. SHANBERG: I think there are a number of different ways to have an obviously ineligible patent claim. They're going to have specificity as to how things are done. They're not going to be purely functional claims. They are going to have something concrete about them. And if you are really being true to what we're seeing out of the Federal Circuit these days, they are going to actually improve the functionality of a computer or a computer component. That

is the common thread that you see throughout all of the eligible claims. You see that level of specificity, and you see that improvement in the way that computers operate.

CHIEF JUDGE STARK: Assume for the sake of argument, if we knew that a particular claim limitation did not exist in any prior art, not just the prior art in front of an Examiner, but we just know it is not out there, was not out there at the time, doesn't it follow that that limitation can't be found under *Alice* Step 2 to be conventional, routine, well understood?

MS. SHANBERG: I think it depends on what it is. I have a really hard time coming up with that claim element. That concept that would be never before heard of. I mean something we all acknowledge when we're talking about Section 101 is that those things existed in some way, shape, or form before. So just the absence of something in prior art references, I can see that being a compelling point as to conventionality, but I think it is hard to imagine a situation in which it would actually exist.

CHIEF JUDGE STARK: All right. Is there anybody else on this relationship?

MR. BONELLA: Your Honor, Michael Bonella from Condo Roccia for Mapillary.

I want to answer your question, if I could, the best I can, the best I understand the case law that we have

in front of us.

You can have a situation where you have something that is new that is not in the prior art, yet it is conventional. I think that you pointed out that you have computers. Computers operate. We know computers operate. They have memory, they have processors. There are a lot things the computers can do, and they can adapt to new things.

So we see in the case law that if you collect and save data, that is not patentable under Section 101. However, you can think about a lot of scenarios where you might have some data that didn't exist before. What are you going to do? You can put it into a computer, collect it, and save it.

That is not a patentable idea. It's maybe novel because the data didn't exist before, so you can write a claim limitation that says save new data. It's novel, can't find it in the prior art, but there is nothing you did to the computer to improve the functionality. There is nothing that wasn't routine about what they did. They just took the data and inputted it into the computer and saved it.

Just like with the whole Internet world; right? If we go back like 15 years, we didn't have the Internet patents, and you had all these patents that took concepts that were kind of known, if you would, but they weren't

necessarily in the prior art. And when people took known concepts and put them on the Internet, like contracting, right? And you put that on the Internet. When the Patent Examiner does his search, he can't find it because people weren't patenting those things. So it was new in the sense of patent law, but was it anything that wasn't conventional, was it anything that wasn't routine? It wasn't because you were taking known concepts, sticking them on a computer. There wasn't anything that wasn't nonroutine about that. That is something a programmer could do.

So the whole 101 case law in the context of the computer, I think as it was pointed out, looking at, I was reading the cases, trying to make sense of them before I came here today, and if you read through all the Federal Circuit cases, you can really group them into, on the computer areas, two big buckets.

Now, in the one bucket, the computer is just operating like a generic computer, and you are putting, it's either collecting, it's saving, it is not really doing anything different.

And the other bucket, if you really get into the facts of each case, you really dive into it, there is something different about the way the computer is operating. It's changing the functionality of the computer, whether it was like the *Finjan* case where they're changing the way the

security of the computer operated, or if you are looking at the *Visual Memory* case that came out, it changed the way the processor interacted with memory to make it more efficient.

I think you also have the standpoint that you have to look at the evidence. There is like a little bit of a procedural aspect of it because the Supreme Court, the Federal Circuit directed us to kind of, we need to look at the patent. I think you've asked several times today where in the patent is the story about what the problem was and what you invented? Where is that?

That is incumbent upon the patentee to put that there so we know what that is. So we can tell what did you do? What was different? And it is not there. So it is a little bit of a procedural aspect of it, too.

So I hope that helps, Your Honor.

CHIEF JUDGE STARK: Yes.

MAGISTRATE JUDGE BURKE: I guess, can I ask you, before you sit down, you are talking about how you see the cases, the Fed Circuit cases where you have it articulated how the technology, so the computer technology is doing something different. Well, those are the ones that tend to get over the bar.

MR. BONELLA: Correct.

MAGISTRATE JUDGE BURKE: The different part of that, it's not about novelty; right? Because you just said

you can have a new idea, maybe no one happened to be doing hedging on a computer because no one would try, it was new in that sense, but not still seen as an abstract idea.

But the different part is not getting the novelty in your mind, it's getting to what is the different matters in the computer world, not because it's new but because it is sufficiently, what --

MR. BONELLA: Sufficiently --

MAGISTRATE JUDGE BURKE: -- specifically an idea?

MR. BONELLA: Well, there is a specific component to that. Certainly, the Federal Circuit cases are focusing on the how. So specific, so that is a very important part: Is the "how" there? Do you specifically claim? Is it just under a generalization level? Then on the "how," are you improving the functionality of the computer? Is the computer doing something different? Is it operating in a different way? And how is that manifesting itself?

Like what was the *MCR* case, I think it was with the lip syncing, and they had that. There were specific rules in the claim, and that is what the Federal Circuit relied on because it said here is the rules, here is the how. And that is the why.

MAGISTRATE JUDGE BURKE: When I know we're looking for improving the functionality, but why are we

looking for it, vis-à-vis 101, right? Why are we looking for the improvement? We're not looking for the improvement solely for novelty purposes. In 101, which is are we patenting an idea alone, it seems like we're looking for the improvement for another reason.

MR. BONELLA: Right.

MAGISTRATE JUDGE BURKE: The reason is?

MR. BONELLA: The second prong of the test requires us to look for technical improvement beyond the abstract idea; right? So it's saying to us, okay, there is an abstract idea in this claim. Is there anything more in the claim, the claim itself? Does it have a limitation that takes it out of this abstract idea and makes it is more concrete? Is the "how" there? Is the specificity there? Is there something that shows this isn't just routine operation of a computer that we inputted new data into a computer? Is there something more specific there?

So does that answer your question?

MAGISTRATE JUDGE BURKE: Well ... (Laughter.)

CHIEF JUDGE STARK: It's a good try. All right. Thank you.

Mr. May, do you want to respond?

MR. MAY: Yes. I will be extremely brief, Your Honor.

I think the question that we're all trying to

kind of wrap our arms around here is, is the limitation that is completely absent from the prior art a new concept, or a new structure?

If it's a new structure, then I think you cannot get past *Alice* Step 2 at that point because the question is whether or not that new structure is well understood, routine, and conventional. But if we're just talking about a concept, that is something where potentially the Court could say, well, this concept is perfectly conventional and routine, so I think that may be the question that we're all trying to grapple with.

CHIEF JUDGE STARK: Okay. Thank you.

Before we let everyone go for lunch, one more general question.

This new PTO guidance that came up at least once in one of the arguments, does anybody have anything they want to say about whether that is something I should be considering or not? Is it helpful, is it not helpful, or does no one want to address it, which is fine, too.

All right. At least we have at least one taker.

MR. MASSAND: I mean I'll just say, Your Honor.

CHIEF JUDGE STARK: Just for the record.

MR. MASSAND: This is Mr. Massand for Location Based Services.

This is really kind of specific to our case. I

mean I think that with respect to practical applications, and something that sort of came up a little bit earlier about whether or not the patent had, at least in the case I'm arguing, identifies a problem at Figure 2, or not Figure 2, the discussion of Figure 2 at column 5 shows some practical applications. And I would agree not in very, very specific detail, it does have at least a couple of sentences that relate to the prong of prior art.

CHIEF JUDGE STARK: I guess implicitly, you think it's fair for me to consider that at least on your analysis, if an Examiner was applying the PTO's new guidance, you think you would prevail at Step 2(a), I guess.

MR. MASSAND: I think if he is searching for a practical application, that is there.

CHIEF JUDGE STARK: Okay. Do you want to respond at all?

MR. POPOVSKI: Your Honor, Lew Popovski on behalf of Sony.

So I think I answered a little bit of this question earlier, and someone else chimed in and said the Court is the final arbiter of whether a patent is valid or not, so what the Examiner does may influence and may inform the decision but I don't think the answer stops at the Patent Office.

CHIEF JUDGE STARK: Thank you. Anybody else?

You are back.

MR. BONELLA: Thank you, Your Honor. Michael Bonella on behalf of Mapillary.

The one point of the guidelines is they're a little bit interpretation of the law but they can't change the law that guides us here today.

The Federal Circuit has made, at least as it applies to the *LBS* case, that collecting and saving data is not anything new, and that is all that is in the claim is collecting and saving data. So the guidelines I think really have no affect on the outcome of our case.

CHIEF JUDGE STARK: Okay. Do you feel you want to respond to that?

MR. MASSAND: May I?

THE COURT: Sure.

MR. MASSAND: Mr. Bonella raised a few other points that I don't know that I would agree with entirely in his earlier argument, but I think he was indicating about the improvement to a functionality of the computer requiring. You know, the way that he describes it seems to me wouldn't include, for example, the invention in *DDR* which was held to be patent eligible. There, it was simply a software invention, right?

Similarly with the *Enfish*, certain things, new type of data structure, new type of table or something along

those lines can provide you with that inventive -- something that is patentable.

As far as where your original questions about the interplay between 101 and 102 goes, I think that that is really more about kind of whether or not there is an inventive step that gives you that something more, that whether or not that "something more" is something well known or not. That can be a new data structure, a new format of data or something along those lines; and that is what I think we have claimed in claim 6.

CHIEF JUDGE STARK: Thank you. All right. So we are going to take a break now. Everyone is free until 4:00 o'clock. But please do make sure that every party at least is represented at 4:00 o'clock. There may be more questions. There may be more that we have to say. Whatever it is, we plan to be done no later than 5:00. But please be here at 4:00 o'clock, and get some lunch.

We will be in recess. Thank you.

(Recess taken at 1:15 p.m.)

* * *

(Proceedings reconvened at 4:05 p.m.)

CHIEF JUDGE STARK: Have a seat, please.

So you will probably be happy I have no further questions, so you're all off the hook, but you will be less happy when I tell you I have a lot to say.

I'm going to rule on all of the motions that were argued today. I will not be issuing written opinions in any of the cases on the motions that were argued today, but I want to emphasize before I get into the rulings that I hope nobody will make any mistake about this. We have followed, I assure you, a full and thorough process before I made my decisions.

Obviously, there was full briefing on all the motions, then there was the checklist letters which we carefully considered. There was extensive oral argument today. There were two judges that looked at everything. And there were a lot of law clerks over the course of the day. You may have counted, there have been five law clerks that have helped Judge Burke and myself on these motions. And we spent a lot of time together, not just today but leading up to today.

So really the only thing that I haven't done is take the time to write an opinion, but I have taken the time with the assistance of all of these folks to try to organize my thoughts and articulate the basis for my decisions.

So even though I am ruling from the bench and not writing an opinion, I hope it won't be mistakenly thought that we haven't put the time and the effort and the thought into reaching these decisions.

One of the reasons that I am going ahead and

just ruling on these motions is related to one of the points I have tried to make this morning. This is an effort to deal with the fact that because there are so many 101 motions out there, it follows understandably that we're getting so many 101 opinions from the Federal Circuit. My team here did some research and by our rough calculations over the last two years, the Federal Circuit has issued roughly two opinions each month dealing with 101 issues, and that doesn't count Rule 36 affirmances, so that actually understates the amount of authority and guidance we get from the Federal Circuit on 101 issues.

So they're issuing opinions on 101 at a rate of around twice a month. And between Judge Burke and myself, it turns out we're issuing opinions at the rate of about one a month, but it is taking us on average two months after argument to get our opinion out, and we usually do have argument.

So if I did the math correctly, I think that means on average about four new Federal Circuit opinions are coming out in that lag time between argument and written decision, and that is challenging in terms of subsequent authority, et cetera.

So I don't want that to happen on the motions that were argued today. I have decided what to do, and I'm going to just tell you.

I am not going to read into the record my understanding of Section 101 law. I have a legal standard section that I include sometimes with a small amount of modification in essentially all of my Section 101 decisions. I hereby adopt the entirety of that legal standard section I reference specifically. I'm documenting by reference the discussion section of 101 law that can be found in my September 28th 2018 opinion in the *SSMP* case, 2018 WL 4674572, at pages *2 to 5.

All right. Let's get to the cases.

So first is the MOAEC cases. That is what was argued first this morning.

Defendants Deezer, SoundCloud, and Spotify moved under Rule 12(b)(6) to dismiss complaints filed by plaintiff MOAEC.

My ruling today relates only to defendants' contention that the claims of the patent, of the patent-in-suit, it's the '539 patent that they claim patent ineligible subject matter under Section 101.

The defendants had originally challenged the sufficiency of the pleadings under *Iqbal* and *Twombly*, but they have withdrawn that portion of their challenge.

Applying the law as I understand it, and having carefully reviewed the entire record and heard oral argument, I agree with the defendants. The asserted claims

are directed to patent ineligible subject matter, so I will be granting the motions in the MOAEC cases.

I start with claim 1 of the '539 patent. *Alice* Step 1, I find that claim 1 is directed to the abstract idea of accessing music by category. The crux of claim 1 is the ability to use a graphical user interface or GUI or gooey (phonetic) to display a list of music that matches a certain category. The use of a flag to find music in a certain category, whether by genre, artist, or ownership is an abstract idea.

In this respect, the Court agrees with the defendants' comparison of the present case to the *Affinity Labs v Amazon* case of the Federal Circuit in 2016.

MOAEC's argument that claim 1 satisfies Step 1 because it recites specific hardware lacks merit. The claim that recites hardware may nevertheless be directed to an abstract idea. For example, the claims in *Alice* recited hardware, such as a data processing system, including a data storage unit and a computer.

MOAEC also argues that the claims satisfy Step 1 because it solves a problem that is unique to digitized music, namely, copyright infringement and unauthorized use of music.

MOAEC's argument, though, lacks support in the intrinsic record. The ownership category flag, which seems

to be where the plaintiff finds this concept in the patent, didn't appear in the claims until after the reexamination. The specification says very little about the ownership category flag. The specification states that an ownership category flag allows users to tell which songs are on the user's computer. That is what the term is doing in the claims.

The claim limitation added in the reexam says, "wherein one of the category flags comprises an ownership category flag that indicates which music selections from the list of all music selections are currently resident in the storage device."

The specification does not, however, describe an ownership category flag as providing the sort of access control mechanism MOAEC suggests.

The specification does describe a method for locking songs to prevent unauthorized playback, but this is achieved using a serial number and an encryption key, not an ownership category flag.

It may be that plaintiff thinks that preventing copyright infringement is a benefit of preventing copyright infringement, but that purported benefit of the invention is captured in the claims through the proper construction of some disputed claim term, but plaintiff has not said so neither in the briefs nor in the checklist in which I

specifically asked for the parties to identify any claim terms they thought were in dispute and how those disputes might affect the outcome on the 101 motion. Nor has plaintiff proposed a construction of any claim term that would accomplish what the plaintiff says this claim is about.

I sensed today, maybe the plaintiff is suggesting there is a dispute about what ownership means in the context of the claim, but if so, this is too little/too late. The plaintiff has not even offered a construction of "ownership."

Instead, plaintiff expressly took the view in the checklist response that claim construction is not necessary before resolving the Rule 12 motion and said that to the extent I'm even considering claim construction, I should document the claim construction of "category flag" that was adopted in the earlier *MOAEC Inc.* case, and I hereby do so for purposes of the motion. I have adopted the construction of that other court of "category flag," but that adoption doesn't help the plaintiff.

The term construed there again was "category flag" and that construction doesn't reference ownership or copyright infringement.

I find that the plaintiff has waived the opportunities I have provided to make the claim construction argument it seems belatedly to suggest that it may want to

make.

Moreover, even if they were making that argument, there appears to be a lack of intrinsic support for a construction of the "ownership category flag" term, or even of the "ownership" term that would get the concepts of protection against copyright infringement into the claims.

There is no specification support, and I don't even think there is any prosecution history support even in the reexamination history where this limitation was added to the claims. I don't see any support in any of that for a construction of "ownership" or "ownership category flag" that would bring these concepts, the purported invention into the claims.

I would not, even for purposes of a Rule 12 motion, assume an implausible claim construction. And so we don't even have a proposed construction. If we did, my sense is it would be implausible and would lack intrinsic support.

Moving to Step 2, I find that claim 1 lacks an inventive concept. The patent makes clear that the technical components recited are conventional, well known, and generic. It repeatedly makes that clear. As in *Affinity Labs* that claims functional limitations here, the use of category flags to look up music cannot supply the inventive concept. MOAEC's analogy to the *BASCOM* decision fails because here, unlike

in *BASCOM*, the specification establishes that the recited technical components and their combination are conventional.

Even assuming that the ownership category flag itself is novel, which seems suggested arguably at least by the prosecution history of the reexam, the claim still fails Step 2 because the ownership category flag is directed to the abstract idea, so it can't supply the inventive concept.

The Court further concludes that there is nothing in the combination of the overwhelmingly conventional components that is itself non-conventional or novel and, importantly, nothing in the patent says that the combination is novel.

MOAEC's pleadings do not create a factual issue that would preclude dismissal. Under *Twombly*, *Iqbal*, *Berkheimer* pleadings, as to indefiniteness, the claims are not entitled to the assumption of truth where there are conclusory or contradictory intrinsic evidence.

Once I subtract such elements from the -- I'm sorry. Once I subtract such allegations from the complaint, MOAEC's factual contentions taken as true do not provide an inventive concept for the reasons discussed. Therefore, claim 1 of the '539 patent is invalid because it claims subject matter ineligible under Section 101.

Let me briefly talk about the other claims that are at issue in the motion. MOAEC admits that claims 1, 6,

and 15 of the '539 patent are representative. MOAEC also says I can just address claims 1 and 15. And then MOAEC says, as I'd understand it, that claim 15 can't survive if claim 1 doesn't. And claim 1 has not survived, so it follows that claim 15 and all the rest of the asserted claims do not survive.

Plaintiff never made any articulable argument as to why any claim should survive if claim 1 does not.

For what it is worth, claim 15 is directed to the computer readable medium, but it contains essentially the same limitations as claim 1.

Claim 15 also contains category markers, but I fail to see how this makes a difference, and the plaintiff doesn't argue that it does.

Just briefly, there has been mention of claim 6. It depends from claim 1. It relates to the use of a play list that can be used to play music in a predetermined order. I find that the use of a play list to organize music in the context of this patent is an abstract idea, and nothing in claim 6 remedies the deficiencies I have identified in claim 1.

Having reviewed the rest of the '539 patent claims that are at issue in the motion, including all of the asserted claims, which are 1, 2, 6, 7, 9, 15, 16, 19 to 21, 24, and also having reviewed the non-asserted claims, I find

that none of them are patentable under Section 101.

I further find that plaintiff has waived the opportunity to identify and argue specific additional grounds for finding the eligibility of any claims other than claim 1 by not articulating any such grounds in its briefing or today.

Coming to the motion for leave to amend, I will grant the motion for leave to amend as MOAEC requests because defendants do not oppose it. Both sides agree that for purposes of appeal, which may be coming, it would helpful to have a more complete record by filing the amended complaint. So simply for that purpose alone, I'm granting the motion for leave to file an amended complaint.

Nothing in the amended complaint cures the deficiencies that I identified with respect to Section 101 reasoning that I have just addressed somewhat at length. And plaintiff concedes that the amended complaint does nothing to address those deficiencies.

In fact, in my view, the proposed amendment is futile, and I would deny it but for the fact that the parties have agreed that I should grant it solely for the purposes of completing the record.

I direct that the parties in the MOAEC cases meet and confer and a week from today, file a status report advising me as to what, if anything, there is to do in any

of these cases and of any order that you wish for me to consider entering.

Turning now to the second set of cases that were argued, the Location Based cases or the LBS cases. The defendants here, Sony Electronics, Fantastic Fox, and Mapillary have each moved to dismiss the complaints filed by Location Based Services, LBS, for failure to state a claim under Rule 12(b)(6) on the basis of Section 101.

Having conducted the same thorough and careful analysis that I have already described, I find that I agree with the defendants and hereby find that claim 6 of the '733 patent claims ineligible subject matter. I will grant defendants' motions to dismiss.

My decision concerns only claim 6. Only claim 6 is asserted against defendants Fantastic Fox and Mapillary; and plaintiff made clear today that it is asserting only claim 6 against Sony as well.

I recognize that Sony's motion is directed to all of the claims of the '733 patent and that Sony is asking for essentially a declaratory judgment of non-patentability of the unasserted claims.

It may be that I should or even have to address those additional claims, but I do not have to do so today, and I am not doing so today. I am hopeful that I won't have to do so at all, but with you all as well, I'm ordering that

you meet and confer and submit a joint status report a week from today, and in it address among anything else you wish, whether I do have to go on and resolve the patentability of claims other than claim 6.

With respect to claim 6, turning to Step 1 of *Alice*, I find that the asserted claim is directed to the abstract idea of collection, organization, manipulation, and display of data.

The Court had considered the arguments plaintiff has made against this conclusion both in its briefing and in argument today and none of these arguments has merit.

Claim 6 may be likened to pinning pictures on a map or keeping them in a chronological photo album. Even the claimed metadata is a computerized version of writing the location and/or time on the back of a photograph.

At bottom, the claim is just a collection, organization, manipulation, and display of data, and does not rise above the realm of abstraction.

The claim in this way is comparable to the ones considered in the *Move Inc. v Real Estate Alliance* case by the Federal Circuit. There, the claim was directed to a method of searching real estate property by identifying a region, selecting an inner region, zooming in on the selected region, and cross referencing a real estate database to pictorially display available properties in the region.

The Federal Circuit found there, as I find here, that the focus of the claim is not on any technological advancement but rather on the performance of an abstract idea for which computers are invoked merely as a tool.

Plaintiffs attempts to liken this case to *Enfish* are unpersuasive. In *Enfish*, the invention of a self-referencing data table improved the functioning of the computer itself by enabling faster searching, more efficient storage of data, and better flexibility in configuring the database.

Here, claim 6 merely uses a known table with known table entries to display pictures.

Further, in *Enfish*, the specification contained an explanation about how the claimed table was an improvement on computer technology. There is no similar explanation here, nor is the purported improvement captured in the claims.

At Step 2 of *Alice*, the asserted claim lacks an inventive concept. Plaintiff does not allege that the patent is the first to claim metadata tables or to associate location, time or image history data to digital photographs.

Although plaintiff argued in its briefing that the inventive concept resides in the patents organizing pictures by both location and time, claim 6 is not so limited. It recites organization by location, time, and/or

image history.

The patent repeatedly observes that the purported invention can be implemented with generic computer components. It does not teach any other way. Nor does it teach any non-conventional or novel ordered combination.

Today, at argument, plaintiff emphasized above all that the patent is about the data store configurable to store a table. The specification fails to discuss those specifics that were discussed today in argument. Today's argument neither rises above abstraction, nor amounts to an inventive step.

Essentially I hear, and I think I understand plaintiff's argument, but I find that it is untethered to the patent that is in front of me. The patent itself does not identify the problem that plaintiff's counsel describes, nor does the patent itself describe how that problem is solved. Even at this early stage in this case, I can only find that plaintiff has failed to persuade me that these claims are directed to the improvement of computer functionality.

Based on my conclusions, any amendment would be futile. So I'm denying today's request for leave to amend the complaint. Therefore, I grant the defendants, Sony, Fantastic Fox, and Mapillary's motion to dismiss.

That leaves the third case, Search and Social or

SSMP. Here, the motion is the plaintiff's SSMP's motion for reconsideration.

This motion is denied. The motion is brought pursuant to Local Rule 7.1.5 which indicates that a motion for reconsideration should be granted only sparingly. As is well settled, these types of motions are granted only if the Court has patently misunderstood a party, made a decision outside the adversarial issues presented by the parties or made an error not of reasoning but of apprehension. Generally, a motion for reconsideration is granted only if the movant can show at least one of the following:

That there was has been an intervening change in controlling law, the availability of new evidence not available when the Court made its decision, or a need to correct a clear error of law or fact to prevent manifest injustice.

Plaintiff has failed to persuade me that any of these circumstances are present.

The motion is directed to the portion of my September 28th opinion that granted defendants' motion to dismiss the asserted claims of the '828 patent for lack of patentable subject matter. My memorandum opinion concluded that the asserted claims of the '828 patent are directed to the abstract idea of providing news items to a subscriber who is part of a group. At Step 2 of *Alice*, I concluded

that providing news via a news ticker on a computer, in the context of a social network environment without more, does not amount to patent eligible application of an abstract idea.

The specification, as I've pointed out, acknowledges that the relevant hardware components and software were known at the time of the invention.

In its motion for reconsideration, SSMP first asserts that a recent change in controlling law confirms that the claims covering user interfaces are not directed to abstract ideas. For this contention, SSMP points principally to *Core Wireless* and *Data Engine*, the two decisions from the Federal Circuit.

Initially, I'll note *Core Wireless* was issued many months, I believe eight months before the Court issued a September 28th opinion. Although that opinion, from the Federal Circuit, came out after briefing on the motion in front of me was closed, it was permissible and available for either party to direct the Court's attention to *Core Wireless*, for instance, through a notice of supplemental authority, but the plaintiff notably did not do so.

The availability of *Core Wireless* before the Court ruled on the earlier motion means that *Core Wireless* cannot be a change in the controlling law of the type contemplated by our local rule.

The same goes for *Aatrix* and *Berkheimer* which

are also bases for the motion for reconsideration. Those two decisions were also issued by the Federal Circuit many months before this Court issued its opinion on the earlier motion. Indeed, both *Aatrix* and *Berkheimer* are cited in the decision for which plaintiffs are seeking reconsideration today. So *Aatrix* and *Berkheimer*, too, cannot be a change in the controlling law simply due to their timing.

Moreover, putting aside the timing question, none of the four cases on which the plaintiff relies are actually a change in the law. They do not constitute a change in controlling Section 101 law. *Core Wireless* and *Data Engine* are simply applications of *Alice*. *Aatrix* and *Berkheimer* perhaps place new emphasis on the reality that *Alice* Step 2 can involve factual disputes, but that too is not a change in the law.

I do want to talk just briefly a little more about *Data Engine*. That one does I understand at least have the virtue of coming after this Court's decision was issued on the underlying motion, so it's not untimely in that sense but it's not a change in the controlling law.

Instead, *Data Engine*, like *Core Wireless*, is an application of *Alice*, and both of those cases involved specifications that taught that the claimed inventions were specific solutions to then existing technological problems. And the claims found in those cases to be found patent

eligible recited these specific improvements.

Here, by contrast, the written description does not itself refer to a social network and only briefly discusses a ticker as an optional feature that can be added on to a tool bar. And the claims recite generic components described at a very high level of generality.

I have considered SSMP's remaining argument and find that they, too, lack merit. I don't see a factual dispute that could be resolved in a manner supporting a conclusion that these claims survive *Alice* Step 2.

I say this having looked again at paragraph 13 to 23 of the complaint where plaintiffs say there is a basis for a factual dispute that could be resolved in their favor if we had further proceedings on *Alice* Step 2.

SSMP also contends that I erred in not considering the materials attached to the answering brief on the underlying motion. Those materials, of course, are not incorporated in the complaint, nor cited in it.

Beyond that, I just, I don't think it was error and certainly not clear error leading to manifest injustice for me not to give further consideration to those attachments to the answering brief.

In any case, I have looked again at those materials. Of course, it is undisputed they're all extrinsic. None of those materials directly relate to the patent-in-suit.

And given my analysis of the patent-in-suit, none of this extrinsic evidence I find can cure the deficiencies that are intrinsic to the patent.

SSMP also makes an argument about the recent IPR petition. The IPR petition I'm told does not present an anticipation argument but instead points to multiple references in seeking to invalidate the patent-in-suit. I don't see how this in any way detracts from Court's analysis or creates a meritorious basis for reconsideration of my earlier decision.

Even if it were true that defendants were conceding that the patent-in-suit is not invalid due to anticipation, and I don't understand them to actually be conceding that, but even if they did concede no anticipation, it would not follow that the patent necessarily survives Section 101 scrutiny, nor would it even necessarily follow that the patent survives Step 2 of *Alice*.

Finally, I am denying SSMP's request to file an amended complaint addressing the purported deficiencies relating to the '828 patents. SSMP does not attach any such proposed amended complaint to its motion, and it is not clear to me that allowing SSMP to amend its complaint at this point, and then a motion for reconsideration would be fair or would be timely or not unduly prejudicial, but putting that all aside, it would be futile in light of the

conclusions I reached here. An amendment can not overcome what is lacking in the intrinsic record.

Since SSMP has failed to show that reconsideration is warranted, this motion is denied. There is the other patent in that case, and I know that case is ongoing, but it will be helpful to me for the parties to submit a week from today a joint status report, tell me where that case is and what it is you think should happen next.

So I have spoken for an awful long time. You might now wonder whether I would have been better off writing opinions, but I'll say just a few more things and then see if Judge Burke has anything to add.

As you will have noticed, I did find that all three of the patents that were at issue today turned out to be not patent eligible. And I have done that in all three cases at the Rule 12 stage.

I would caution against reading anything into that. To me, that is the luck of the draw. That is what happened. These were, as I mentioned, and I think you know, originally this hearing had five separate sets of cases and more patents. Two of those cases went away. It turns out that the three cases that got scheduled today happen to involve patents that, when I looked carefully at them, I thought could not survive Rule 101 analysis under current

law.

It absolutely does not follow that you should expect that I am going to invalidate every 101 or every patent I see on a 101 motion. I'm sure the same goes for Judge Burke. We look at each case on its own, applying the law to the facts and circumstances, considering of course all the arguments made and do our very best. That is what I have done. That is what I will continue to do.

It may be that I try to do another 101 day like this. If I do, and if any of you are involved in it, you should not assume that I have made some decision that these patents that I am scheduling for these days are going to be invalidated. That is just the luck of the draw and what was up on my docket for argument at this time. So I would again caution reading against any larger message in any of that.

Judge Burke, is there anything you would like to say?

MAGISTRATE JUDGE BURKE: No, thank you.

CHIEF JUDGE STARK: I do want to turn to counsel here in the front. Any -- not any comments or suggestions, but any questions? Anything particular about the ruling or what I'm looking for in the status report?

MR. MAY: No, Your Honor.

MS. SHANBERG: No, Your Honor. Thank you.

MR. POPOVSKI: No, Your Honor.

CHIEF JUDGE STARK: The record will note that all counsel said no, and that it is almost 5:00 o'clock, and hopefully that makes the weekend for some of you. It does for me.

Thank you all. It's been a very interesting day and helpful for me and Judge Burke. We will be in recess.

(Hearing ends at 4:46 p.m.)

I hereby certify the foregoing is a true and accurate transcript from my stenographic notes in the proceeding.

/s/ Brian P. Gaffigan
Official Court Reporter
U.S. District Court

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