

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

NATERA, INC.,

Plaintiff/Counter-Defendant,

v.

ARCHERDX, INC.,

Defendant/Counter-Plaintiff.

C.A. No. 20-125-LPS

AMERANTH, INC.,

Plaintiff,

v.

OLO INC.,

Defendant.

C.A. No. 20-518-LPS

VMWARE, INC.,

Plaintiff/Counter-Defendant,

v.

CIRBA INC. (d/b/a/ DENSIFY),

Defendant/Counter-Plaintiff.

C.A. No. 20-272-LPS

MEMORANDUM ORDER

At Wilmington, this 13th day of **October, 2020**:

WHEREAS, defendants in the above-listed cases filed Rule 12 motions to dispose of patent infringement claims on the bases that certain patent claims are invalid under 35 U.S.C. § 101, because they are allegedly directed to unpatentable subject matter;

WHEREAS, the above-listed cases brought by Natera, Inc. (“Natera”), Ameranth, Inc. (“Ameranth”), and VMware, Inc. (“VMware”) are unrelated to each other;

WHEREAS, the Court heard oral argument in all the above-listed cases on September 30, 2020 after considering the parties’ respective briefs and related filings;¹

WHEREAS, the Court continues to find that its experimental procedure of addressing multiple Section 101 motions from separate cases in one hearing is an efficient use of judicial resources and a beneficial tool for resolving the merits of Section 101 motions;

NOW, THEREFORE, IT IS HEREBY ORDERED that, with respect to the above-listed VMware case, Plaintiff’s Rule 12 motion (C.A. No. 20-272 D.I. 79) is **DENIED**;

IT IS FURTHER ORDERED that, with respect to the above-listed Natera case, Defendant’s Rule 12 motion (C.A. No. 20-125 D.I. 23) is **DENIED**; and

IT IS FURTHER ORDERED that, with respect to the above-listed Ameranth case, Defendant’s Rule 12 motion (C.A. No. 20-518 D.I. 8) is **GRANTED**.

¹ Chief Judge Leonard P. Stark and Magistrate Judge Jennifer L. Hall jointly presided throughout the argument. The Court adopts the full bench ruling and includes herein only certain portions of it.

The Court's Order is consistent with the bench ruling announced on a teleconference on October 2, 2020 (*see, e.g.*, C.A. No. 20-125 D.I. 59 ("Tr.") at ; C.A. No. 20-518 D.I. 28; C.A. No. 20-272 D.I. 96 ("Tr.") at 4-36):

For the specifics on the legal standards that I have applied, I hereby adopt and incorporate by reference the legal standards as stated in the following:

The Federal Circuit's decision in *Berkheimer*, 881 F.3d at 1360.^[2] The Federal Circuit's statement of the law in *Aatrix*, 890 F.3d 1354.^[3] And I'm also incorporating by reference my discussion of the law as I recited at length at the end of the July 14th, 2020, 101 day that can be found in the transcript ruling on the docket, for instance, in a case called *Pivotal IP vs. ActiveCampaign*, my Civil Action No. 19-2176-LPS at D.I. 27^[4]

. . . [L]et me turn to the cases in the order that they were argued a couple days ago.

First, the *VMware vs. Cirba* doing business as *Densify* case. The motion here is VMware's Rule 12(c) motion; and for the reasons I'm going to explain, that motion is denied.

VMware's motion is directed to *Densify's* patent number 10,523,492, which I will just call the '492 patent.

On the issue of a representative claim, I do start by noting that the parties in the VMware case have a dispute about whether claim 1 of the '492 patent is representative of all the claims put at issue in VMware's motion.

VMware contends that claim 1 is representative. *Densify* disagrees and would have me consider at least claims 1, 5, and 8.

² *Berkheimer v. HP Inc.*, 881 F.3d 1360 (Fed. Cir. 2018).

³ *Aatrix Software, Inc. v. Green Shades Software, Inc.*, 890 F.3d 1354, 1357-59 (Fed. Cir. 2018).

⁴ *Pivotal IP LLC v. ActiveCampaign, LLC*, C.A. No. 19-2176-LPS D.I. 27 at 151-55.

In this case, the parties agreed that VMware, as the moving party, has [the] burden to show that claim 1 is representative.

I do not actually need to decide who has the burden and whether VMware has proven that claim 1 is representative. Instead, under the circumstances here, and particularly given my merits analysis, it is proper to assume that claim 1 is in fact representative.

As I am finding, as I will explain, that VMware has failed to meet its burden at step 1 with respect to claim 1 and because VMware contends that claim 1 is representative, I conclude that it is appropriate to consider only claim 1 and to deny the motion in full based solely on my evaluation of claim 1.

With respect to claim construction, both parties in this case insisted in their briefing and the prehearing checklist letter[s] that there is no claim construction dispute that must be resolved before the Court can resolve VMware's motion, but it's clear to me that the parties actually do have a dispute on a claim term that is material to the Section 101 analysis.

Specifically, the parties do dispute whether the claim term "system" in claim 1 is limited to "computer system" as Densify contends or is not so limited as VMware contends.

In this type of situation, where there is a claim construction dispute and a 101 motion pending, the Federal Circuit has explained at least at the 12(c) stage, the District Court must either adopt the nonmoving party's construction or resolve the dispute to whatever extent is needed to conduct the 101 analysis. That is from the *MyMail* decision of the Federal Circuit, 934 F.3d 1373.⁵

In its briefing, VMware repeatedly contends that, for example, claim 1[s] "systems" are not even limited to "computer system[s]." You can find that, for instance, in their opening brief at page 9, also pages 3 and 4, and again in their reply brief at page 1.

Then . . . at the hearing this week, VMware conceded that for purposes of evaluating the 101 motion, the Court could adopt Densify's implicit proposed claim construction, which is that "systems" in claim 1 is limited to "computer system[s]." So that is what I am doing. That is how I am, I suppose, "resolving for the

⁵ *MyMail, Ltd. v. ooVoo, LLC*, 934 F.3d 1373, 1379 (Fed. Cir. 2019).

purposes of the motion” the claim construction dispute that I do think exist[s] between parties.

I am adopting for purposes of this motion the nonmoving party, that is, Densify’s construction of “system” and therefore I am treating the representative claim as limited to “computer system.”

All of that at least takes me to step 1 for the *Alice* or *Mayo* analysis.⁶ And at step 1, I conclude that . . . , as I have just said I will do for purposes of the motion, by construing “system” as limited to “computing system,” that leads me to conclude that at step 1, claim 1 is directed to improving the functioning of computer technology. That is, the claim is directed to improvement of computers as tools, not to using conventional computers as tools.

Therefore, VMware has failed to show that claim 1 is directed to an abstract idea.

My conclusion[,] I believe[,] is consistent [with] *Enfish*⁷ and *Finjan*⁸ and their progeny. Namely, that claims that are focused on an improvement in computer functionality itself, not on economic or other tasks for which a computer is used in its ordinary capacity, are not abstract.

In other words, the ’492 patent is directed to patent-eligible subject matter because it is directed to an improvement in computer functionality itself. That is, designing an improved computer environment.

The patent claim, the representative claim that is, recites specific steps to accomplish the desired result, that being intelligent placement of source systems on target system[s], and the claims solve the technological problem arising in the computer context.

More specifically, the claims are directed to an improvement in the design of computer environment[s] through improved placement of computer systems, including virtual machines, using compatibility

⁶ *Alice Corp. Pty. Ltd. v. CLS Bank Int’l*, 573 U.S. 208 (2014); *Mayo Collaboration Serv. v. Prometheus Labs., Inc.*, 566 U.S. 66 (2012).

⁷ *Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327 (Fed. Cir. 2016).

⁸ *Finjan, Inc. v. Blue Coat Systems, Inc.*, 2018 WL 341882 (Fed. Cir. Jan. 10, 2018).

Explore Litigation Insights

Docket Alarm provides insights to develop a more informed litigation strategy and the peace of mind of knowing you're on top of things.

Real-Time Litigation Alerts



Keep your litigation team up-to-date with **real-time alerts** and advanced team management tools built for the enterprise, all while greatly reducing PACER spend.

Our comprehensive service means we can handle Federal, State, and Administrative courts across the country.

Advanced Docket Research



With over 230 million records, Docket Alarm's cloud-native docket research platform finds what other services can't. Coverage includes Federal, State, plus PTAB, TTAB, ITC and NLRB decisions, all in one place.

Identify arguments that have been successful in the past with full text, pinpoint searching. Link to case law cited within any court document via Fastcase.

Analytics At Your Fingertips



Learn what happened the last time a particular judge, opposing counsel or company faced cases similar to yours.

Advanced out-of-the-box PTAB and TTAB analytics are always at your fingertips.

API

Docket Alarm offers a powerful API (application programming interface) to developers that want to integrate case filings into their apps.

LAW FIRMS

Build custom dashboards for your attorneys and clients with live data direct from the court.

Automate many repetitive legal tasks like conflict checks, document management, and marketing.

FINANCIAL INSTITUTIONS

Litigation and bankruptcy checks for companies and debtors.

E-DISCOVERY AND LEGAL VENDORS

Sync your system to PACER to automate legal marketing.