IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

Comcast IP Holdings I, LLC,

Plaintiff,

v.

Sprint Communications Company L.P., Sprint Spectrum L.P., and **Nextel Operations, Inc.,**

Defendants.

Civil Action No. 12-205-RGA

MEMORANDUM OPINION

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July 16, 2014

ANDREWS, U.S. District Judge:

Presently before the Court is Sprint's Motion for Partial Summary Judgment that the Asserted Claims of U.S. Patent No. 6,873,694 are Invalid Under 35 U.S.C. § 101 (D.I. 151) and related briefing. (D.I. 152, 190, 208). On May 15, 2014, the Court heard oral argument on this motion. (D.I. 239).

I. BACKGROUND

This is a patent infringement action. Plaintiff Comcast IP Holdings ("Comcast") currently alleges that Defendant Sprint infringes U.S. Patent No. 6,873,694 ("the '694 patent"), U.S. Patent No. 7,012,916 ("the '916 patent"), U.S. Patent No. 8,170,008 ("the '008 patent"), and U.S. Patent No. 8,204,046 ("the '046 patent"). Sprint contends that the asserted claims of the '694 patent are invalid because they are not patentable subject matter under 35 U.S.C. § 101.

II. LEGAL STANDARD

"The court shall grant summary judgment if the movant shows that there is no genuine dispute as to any material fact and the movant is entitled to judgment as a matter of law." FED.R.CIV.P. 56(a). The moving party has the initial burden of proving the absence of a genuinely disputed material fact relative to the claims in question. *Celotex Corp. v. Catrett*, 477 U.S. 317, 330 (1986). Material facts are those "that could affect the outcome" of the proceeding, and "a dispute about a material fact is 'genuine' if the evidence is sufficient to permit a reasonable jury to return a verdict for the nonmoving party." *Lamont v. New Jersey*, 637 F.3d 177, 181 (3d Cir. 2011) (quoting *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 248 (1986)). The burden on the moving party may be discharged by pointing out to the district court that there is an absence of evidence supporting the non-moving party's case. *Celotex*, 477 U.S. at 323.

The burden then shifts to the non-movant to demonstrate the existence of a genuine issue for trial. *Matsushita Elec. Indus. Co. v. Zenith Radio Corp.*, 475 U.S. 574, 586-87 (1986); *Williams v. Borough of West Chester, Pa.*, 891 F.2d 458, 460–61 (3d Cir. 1989). A non-moving party asserting that a fact is genuinely disputed must support such an assertion by: "(A) citing to particular parts of materials in the record, including depositions, documents, electronically stored information, affidavits or declarations, stipulations ..., admissions, interrogatory answers, or other materials; or (B) showing that the materials cited [by the opposing party] do not establish the absence ... of a genuine dispute ...." FED. R. CIV. P. 56(c)(1).[1]

When determining whether a genuine issue of material fact exists, the court must view the evidence in the light most favorable to the nonmoving party and draw all reasonable inferences in that party's favor. *Scott v. Harris*, 550 U.S. 372, 380 (2007); *Wishkin v. Potter*, 476 F.3d 180, 184 (3d Cir. 2007). A dispute is "genuine" only if the evidence is such that a reasonable jury could return a verdict for the non-moving party. *Anderson*, 477 U.S. at 247–49; *see Matsushita Elec. Indus. Co.*, 475 U.S. at 586–87 ("Where the record taken as a whole could not lead a rational trier of fact to find for the non-moving party, there is no 'genuine issue for trial.'"). If the non-moving party fails to make a sufficient showing on an essential element of its case with respect to which it has the burden of proof, the moving party is entitled to judgment as a matter of law. *See Celotex Corp.*, 477 U.S. at 322.

Section 101 provides that, "Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof,

[1] There is an extensive record in this case. To the extent a party does not properly oppose factual assertions, the Court considers the factual assertion to be undisputed and a basis on which to grant summary judgment. FED. R. CIV. P. 56(e)(2) & (3).

may obtain a patent therefor, subject to the conditions and requirements of this title." 35 U.S.C. § 101. However, the Supreme Court "has recognized . . . three narrow categories of subject matter outside the eligibility bounds of § 101—laws of nature, physical phenomena, and abstract ideas." *Ultramercial, Inc. v. Hulu, LLC*, 722 F.3d 1335, 1341 (Fed. Cir. 2013). The purpose of these carve outs are to protect the "basic tools of scientific and technological work." *Mayo Collaborative Servs. v. Prometheus Labs, Inc.*, 132 S. Ct. 1289, 1293 (2012). However, "a process is not unpatentable simply because it contains a law of nature or a mathematical algorithm," but "an application of a law of nature or mathematical formula to a known structure or process may well be deserving of patent protection." *Id.* at 1293-94 (quotation marks and italics omitted). The "[Supreme Court] has. . . made clear [that] to transform an unpatentable law of nature into a patent-eligible application of such a law, one must do more than simply state the law of nature while adding the words 'apply it.'" *Id.* at 1294 (italics omitted).

In determining whether an abstract idea is patent eligible, the Supreme Court has determined that the patent must contain an "inventive concept." *Id.* at 1299. This "inventive concept" must do more than add a "well-understood, routine, conventional activity, previously engaged in by those in the field." *Id.* Furthermore, "the prohibition against patenting abstract ideas cannot be circumvented by attempting to limit the use of the formula to a particular technological environment or adding insignificant postsolution activity." *Bilski v. Kappos*, 130 S. Ct. 3218, 3230 (2010) (internal quotation marks omitted).

The Federal Circuit has identified a two-step approach to determining whether something is patent eligible under § 101. *Accenture Global Servs, GmbH v. Guidewire Software, Inc.*, 728 F.3d 1336, 1341 (Fed. Cir. 2013). "First, the court must identify whether the claimed invention

fits within one of the four statutory classes set out in § 101. Second, one must assess whether any of the judicially recognized exceptions to subject-matter eligibility apply, including whether the claims are to patent-ineligible abstract ideas." *Id.* (internal citations and quotation marks omitted).

If the court determines that the claim embodies an abstract idea, the Federal Circuit has instructed that:

> [T]he court must determine whether the claim poses any risk of preempting an abstract idea. To do so the court must first identify and define whatever fundamental concept appears wrapped up in the claim. Then, proceeding with the preemption analysis, the balance of the claim is evaluated to determine whether additional substantive limitations narrow, confine, or otherwise tie down the claim so that, in practical terms, it does not cover the full abstract idea itself.

Id. at 11 (internal citations and quotation marks omitted).

III. DISCUSSION

Claim 21 is currently the only asserted claim of the '694 patent. (D.I. 228). It claims:

> A telephony network optimization method, comprising:
>
> receiving a request from an application to provide to the application service on a telephony network; and
>
> determining whether a telephony parameter associated with the request requires acceptance of a user prompt to provide to the application access to the telephony network.

(Claim 21 of the '694 patent). The only disputed term in this claim is "telephony parameter." The Court construed the term according to its plain and ordinary meaning. (D.I. 123 at 16). The patent describes the invention as:

> A telephony network optimization system and method comprises receiving a request from an application to provide to the application service on a telephony network. The method also comprises automatically allocating to the application a channel on the telephony network to provide balanced network service in response to telephony parameters.

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