IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF TEXAS
MARSHALL DIVISION

PERSONALIZED MEDIA COMMUNICATIONS, LLC, Plaintiff, v. SAMSUNG ELECTRONICS AMERICA, INC. & SAMSUNG ELECTRONICS CO., LTD., Defendants.	§ § § § § § § § § § § §	Case No. 2:15-cv-1754-JRG-RSP

REPORT AND RECOMMENDATION

Plaintiff Personalized Media Communications, LLC ("PMC") asserts that Defendants Samsung Electronics America, Inc. and Samsung Electronics Co., Ltd. (collectively, "Samsung") infringe the claims in U.S. Patent No. 7,747,217 (the "'217 patent"), U.S. Patent No. 7,752,649 (the "2'649 patent"), U.S. Patent No. 7,752,650 (the "'650 patent"), U.S. Patent No. 7,856,649 (the "6'649 patent"), U.S. Patent No. 8,675,775 (the "'775 patent"), and U.S. Patent No. 8,711,885 (the "'885 patent"). Samsung contends that this case should be dismissed because all of the claims in these asserted patents are patent-ineligible under § 101. Samsung states that all of the claims are directed to an abstract idea and fail to disclose an inventive concept. The Court finds that Samsung's Rule 12(b)(6) Motion to Dismiss for Failure to State a Claim (Dkt. No. 23) should be **DENIED**.

RULE 12(b)(6) STANDARD

Rule 8(a) requires "a short and plain statement of the claims showing that the pleader is entitled to relief." Fed. R. Civ. P. 8(a)(2). Rule 12(b)(6) permits a party to move to dismiss a claim if the pleader does not meet the conditions of Rule 8(a) and has "fail[ed] to state a claim

upon which relief can be granted." Fed. R. Civ. P. 12(b)(6). When considering a Rule 12(b)(6) motion a court must assume that all well-pled facts are true and view them in the light most favorable to the non-moving party. *See Bowlby v. City of Aberdeen*, 681 F.3d 215, 218 (5th Cir. 2012). The Court must decide whether those facts state a claim for relief that is plausible on its face. *See Bell Atl. Corp. v. Twombly*, 550 U.S. 554, 570 (2007). "A claim has facial plausibility when the pleaded factual content allows the court to draw the reasonable inference that the defendant is liable for the misconduct alleged." *Bowlby*, 681 F.3d at 217 (quoting *Ashcroft v. Iqbal*, 556 U.S. 662, 678 (2009)).

ELIGIBILITY UNDER 35 U.S.C. § 101

Section 101 of the Patent Act lists what is eligible for patent protection. The statute says: "Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title." 35 U.S.C. § 101.

The Supreme Court has held that under § 101 there are three classes of inventions that are patent ineligible. Those classes of inventions are directed to laws of nature, natural phenomena, and abstract ideas. *Bilski v. Kappos*, 561 U.S. 593, 601 (2010). In *Mayo Collaborative Services v. Prometheus Laboratories, Inc.*, 132 S. Ct. 1289, 1296–97 (2012), the Supreme Court set out a two-step test for distinguishing patents that claim patent-ineligible laws of nature, natural phenomena, or abstract ideas from patents that claim patent-eligible applications of those concepts.

The first step of *Mayo* requires a court to determine if the claims are directed to a law of nature, natural phenomena, or abstract idea. *Alice Corp. Pty. Ltd. v. CLS Bank Int'l*, 134 S. Ct. 2347, 2355 (2014). "If not, the claims pass muster under § 101." *Ultramercial, Inc. v. Hulu,*

LLC, 772 F.3d 709, 714 (Fed. Cir. 2014). In making this determination, the court looks at what the claims cover. *See id.* at 714 ("We first examine the claims because claims are the definition of what a patent is intended to cover."). "[T]he 'directed to' inquiry applies a stage-one filter to claims, considered in light of the specification," and asks "whether 'their character as a whole is directed to excluded subject matter.'" *Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327, 1335 (Fed. Cir. 2016) (quoting *Internet Patents Corp. v. Active Network, Inc.*, 790 F.3d 1343, 1346 (Fed. Cir. 2015)); *see McRO, Inc. v. Bandai Namco Games Am.*, Case No. 2015-1080, 2016 WL 4896481, at *7 (Fed. Cir. Sept. 13, 2016) ("Whether at step one or step two of the *Alice* test, in determining the patentability of a method, a court must look to the claims as an ordered combination, without ignoring the requirements of individual steps.").

For example, in *Bilski*, the Supreme Court found patent-ineligible "[c]laims 1 and 4 in petitioners' application" because the claims merely "explain[ed] the basic concept of hedging, or protecting against risk." *Bilski*, 561 U.S. at 611. Similarly, in *Ultramercial*, the Federal Circuit held patent-ineligible a claim describing the abstract idea of "displaying an advertisement in exchange for access to copyrighted media." *Ultramercial*, 772 F.3d at 714. Conversely, in *Enfish*, the Federal Circuit found patent-eligible, a claim that did not describe an abstract idea but described a "data structure designed to improve the way a computer stores and retrieves data in memory." *Enfish*, 822 F.3d at 1339; *see McRO*, 2016 WL 4896481, at *8 ("As the specification confirms, the [] improvement is allowing computers to produce accurate and realistic lip synchronization and facial expressions in animated characters that previously could only be produced by human animators." (quotation omitted)).

A court applies the second step of *Mayo* only when it finds that the claims are directed to a law of nature, natural phenomena, or abstract idea in the first step. *Alice*, 134 S. Ct. at 2355.

The second step requires the court to determine if the elements of the claim individually, or as an ordered combination, "transform the nature of the claim" into a patent-eligible application. *Id*. In determining if the claim is transformed, "[t]he cases most directly on point are *Diehr* and *Flook*, two cases in which the [Supreme] Court reached opposite conclusions about the patent eligibility of processes that embodied the equivalent of natural laws." *Mayo*, 132 S. Ct. at 1298; *see Alice*, 134 S. Ct. at 2355 ("We have described step two of this analysis as a search for an 'inventive concept.'").

In *Diehr*, the Court "found [that an] overall process [was] patent eligible because of the way the additional steps of the process integrated [an] equation into the process as a whole." *Mayo*, 132 S. Ct. at 1298 (citing *Diamond v. Diehr*, 450 U.S. 175, 187 (1918)); *see Mayo*, 132 S. Ct. at 1299 ("It nowhere suggested that all these steps, or at least the combination of those steps, were in context obvious, already in use, or purely conventional."). In *Flook*, the Court found that a process was patent-ineligible because the additional steps amounted to nothing more than "insignificant post-solution activity." *Diehr*, 450 U.S. at 191–92 (citing *Parker v. Flook*, 437 U.S. 584, 590 (1978)).

In sum, a claim may be patent-eligible when the "claimed process include[s] not only a law of nature but also several unconventional steps . . . that confine[] the claims to a particular, useful application of the principle." *Mayo*, 132 S. Ct. at 1300; *see DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245, 1257 (Fed. Cir. 2014) ("[T]he '399 patent's claims address the problem of retaining website visitors that, if adhering to the routine, conventional functioning of Internet hyperlink protocol, would be instantly transported away from a host's website after 'clicking' on an advertisement and activating a hyperlink."); *Bascom Glob. Internet Servs. v. AT&T Mobility LLC*, Case No. 2015-1763, 2016 WL 3514158, at *7 (Fed. Cir. Jun. 27, 2016)

("Filtering content on the Internet was already a known concept, and the patent describes how its particular arrangement of elements is a technical improvement over prior art ways of filtering such content."). However, a claim remains patent-ineligible if the claim only describes "'[p]ost-solution activity' that is purely 'conventional or obvious.'" *Mayo*, 132 S. Ct. at 1299.

ANALYSIS

A. The '217 patent

Samsung contends that claim 38 represents all of the claims in the '217 patent. Samsung says that claim 38 is directed to the "abstract idea of creating a coordinated presentation of information from different media." (Dkt. No. 23 at 8.) Samsung asserts that some elements of the claim are directed to "identifying information from two media." The other elements, Samsung contends, are directed to "combining that information for display in a coordinated presentation." (Dkt. No. 23 at 9.)

Furthermore, Samsung states that the elements of claim 38, when viewed together, do not transform the nature of the claims into a patent-eligible invention. (Dkt. No. 23 at 9.) Samsung asserts that claim 38 "effects the display of a 'coordinated presentation' using nothing more than 'well-understood, routine, and conventional activities commonly used in the industry.'" (Dkt. No. 23 at 10.) Samsung notes that claim 38 only has elements covering "intangible information," "generic computer operations," and "physical components" that are functional or generic. (Dkt. No. 23 at 10.)

Claim 38 states as follows:

> 38. A multimedia presentation apparatus comprising:
> a receiver that receives a subset of a plurality of signals from an external source, each signal of said subset of said plurality of signals including an identifier, wherein said plurality of signals including includes a first medium and a second medium of a multimedia presentation

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