

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

LUMINATI NETWORKS LTD.,	§	
	§	
<i>Plaintiff,</i>	§	
	§	
v.	§	CIVIL ACTION NO. 2:19-CV-00395-JRG
	§	
TESO LT, UAB, METACLUSTER LT, UAB, OXYSALES, UAB,	§	
	§	
<i>Defendants.</i>	§	
	§	

ORDER

Before the Court is Defendants Teso LT, UAB, Metacluster LT, UAB, and Oxysales, UAB’s (collectively, “Defendants”) Rule 12(B)(6) Motion to Dismiss (the “Motion”). (Dkt. No. 20.) For the reasons stated herein, the Court is of the opinion that the Motion should be and hereby is **DENIED WITHOUT PREJUDICE** as to its 35 U.S.C. § 101 grounds and **DENIED** as to its other grounds.

I. BACKGROUND

Plaintiff Luminati Networks Ltd. (“Luminati”) filed its complaint against Defendants on December 6, 2019 asserting that Defendants’ “residential proxy service” infringes Luminati’s U.S. Patent Nos. 10,469,614; 10,257,319; and 10,484,510 (collectively, the “Asserted Patents”). (Dkt. No. 1 at ¶¶ 14–35, 47–86.) In addition to its patent infringement claims, Luminati also asserts that the Defendants misappropriated Luminati’s trade secrets (*Id.* at ¶¶ 87–93), that Defendants violated 18 U.S.C. § 1030(g) through its unauthorized access of Luminati’s computer system (*Id.* at ¶¶ 94–97), that Defendants have engaged in false advertising against Luminati (*Id.* at ¶¶ 98–104), and that Defendants have tortiously interfered with Luminati’s business relationships (*Id.* at ¶¶ 105–108). Luminati’s non-patent claims are based on the allegations that Defendants have (1)

placed advertisements portraying Luminati as a bully and seeking prior art to invalidate Luminati's patents; (2) placed advertisements portraying Luminati as a "shady" company and including falsehoods about Luminati's products; and (3) acquired Luminati's confidential customer list through the unauthorized access of Luminati's computer system. (*Id.* at ¶¶ 36–46.)

Defendants now file the instant Motion arguing that Luminati's patent claims are invalid under 35 U.S.C. § 101 and that Luminati fails to state a claim regarding its non-patent claims.

II. LEGAL STANDARD

A. Patent Eligibility

Anyone who "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. 35 U.S.C. § 101. Since patent protection does not extend to claims that monopolize the "building blocks of human ingenuity," claims directed to laws of nature, natural phenomena, and abstract ideas are not patent eligible. *Alice Corp. Pty. v. CLS Bank Int'l*, 134 S. Ct. 2347, 2354 (2014). The Supreme Court instructs courts to distinguish between claims that set forth patent ineligible subject matter and those that "integrate the building blocks into something more." *Id.*

First, the court "determine[s] whether the claims at issue are directed to a patent-ineligible concept." *Id.* at 2355. In doing so, the court must be wary not to over generalize the invention, as "all inventions . . . embody, use, reflect, rest upon, or apply laws of nature, natural phenomena, or abstract ideas." *Alice*, 134 S. Ct. at 2354 (omission in original). In other words, the court must distinguish between "ineligible 'abstract-idea-based solution[s] implemented with generic technical components in a conventional way' from the eligible 'technology-based solution' and 'software-based invention[] that improve[s] the performance of the computer system itself.'" *Amdocs (Israel) Ltd. v. Openet Telecom, Inc.*, 841 F.3d 1288, 1299 (Fed. Cir. 2016) (quoting

Bascom Glob. Internet Servs., Inc. v. AT&T Mobility LLC, 827 F.3d 1341, 1351 (Fed. Cir. 2016)) (alteration in original).

If the challenged claims recite a patent-ineligible concept, the court then “consider[s] the elements of each claim both individually and ‘as an ordered combination’ to determine whether the additional elements ‘transform the nature of the claim’ into a patent eligible application.” *Alice*, 134 S. Ct. at 2355 (quoting *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 566 U.S. 66, 78–79 (2012)). This step is satisfied when the claim limitations “involve more than performance of ‘well-understood, routine, [and] conventional activities previously known to the industry.’” *Content Extraction & Transmission LLC v. Wells Fargo Bank, Nat’l Ass’n*, 776 F.3d 1343, 1347–48 (Fed. Cir. 2014) (quoting *Alice*, 134 S. Ct. at 2359). The Federal Circuit has explained that “[w]hile the ultimate determination of eligibility under § 101 is a question of law, like many legal questions, there can be subsidiary fact questions which must be resolved en route to the ultimate legal determination.” *Aatrix Software, Inc. v. Green Shades Software, Inc.*, 882 F.3d 1121, 1128 (Fed. Cir. 2018). As such, “[t]he question of whether a claim element or combination of elements is well-understood, routine and conventional to a skilled artisan in the relevant field is a question of fact” that must be “proven by clear and convincing evidence.” *Berkheimer v. HP Inc.*, 881 F.3d 1360, 1368 (Fed. Cir. 2018).

Something is not necessarily well-understood, routine, and conventional simply because it is disclosed in a prior art reference. *Exergen Corp. v. KAZ USA, Inc.*, 725 Fed. App’x. 959, 965 (Fed. Cir. 2018). There are many obscure references that may qualify as prior art but are insufficient to establish something is “well-understood, routine, and conventional activit[ies] previously engaged in by scientists who work in the field.” *Mayo*, 566 U.S. at 79. Additionally, specific improvements described in a patent specification, “to the extent they are captured in the

claims, create a factual dispute regarding whether the invention describes well-understood, routine, and conventional activities.” *Berkheimer*, 881 F.3d at 1369. However, “[w]hen there is no genuine issue of material fact regarding whether the claim element or claimed combination is well-understood, routine, conventional to a skilled artisan in the relevant field, [patent eligibility] can be decided on summary judgment as a matter of law.” *Berkheimer*, 881 F.3d at 1368.

B. Federal Rule of Civil Procedure 12(b)(6)

By written motion, a party may move to dismiss a complaint for failure to state a claim upon which relief can be granted. Fed. R. Civ. P. 12(b)(6). When reviewing a motion to dismiss, courts look only to the allegations in the complaint to determine whether they are sufficient to survive dismissal. *Baker v. Putnal*, 75 F.3d 190, 196 (5th Cir. 1996) (citing *McCartney v. First City Bank*, 970 F.2d 45, 47 (5th Cir. 1992)).

The Supreme Court has held that a complaint does not need detailed factual allegations to survive a Rule 12(b)(6) motion to dismiss, but the pleader’s obligation to state the grounds of entitlement to relief requires “more than labels and conclusions.” *Bell Atl. Corp. v. Twombly*, 550 U.S. 544, 555 (2007). The well-pleaded facts must permit the court to infer more than just the mere possibility of misconduct. *Ashcroft v. Iqbal*, 556 U.S. 662, 679 (2009). In the Fifth Circuit, motions to dismiss under Rule 12(b)(6) are viewed with disfavor and rarely granted. *Lormand v. US Unwired, Inc.*, 565 F.3d 228, 232 (5th Cir. 2009); *Lowrey v. Texas A&M Univ. Sys.*, 117 F.3d 242, 247 (5th Cir. 1997).

There are two guiding principles in determining whether a complaint can survive a motion to dismiss. *Iqbal*, 556 U.S. at 678–79. “First, the tenet that a court must accept as true all of the allegations contained in a complaint is inapplicable to legal conclusions.” *Id.* at 678. “Threadbare recitals of the elements of a cause of action, supported by mere conclusory statements, do not

suffice.” *Id.* Second, a complaint must state a plausible claim in order to survive a motion to dismiss. *Id.* at 678–79. This second determination is a “context-specific task that requires the reviewing court to draw on its judicial experience and common sense.” *Id.* at 679. “But where the well-pleaded facts do not permit the court to infer more than the mere possibility of misconduct, the complaint has alleged — but is has not ‘show[n]’ — ‘that the pleader is entitled to relief.’” *Id.* (quoting Fed. R. Civ. P. 8(a)(2)).

III. ANALYSIS

A. Eligibility of the Asserted Patents

Defendants claim that Luminati’s patent infringement claims should be dismissed under Rule 12(b)(6) because the Asserted Patents are directed to patent-ineligible subject matter, and as such, Luminati has failed to state a claim. (Dkt. No. 20 at 4–21.) Luminati responds that the Asserted Patents are patent-eligible. (Dkt. No. 28 at 14–25.) Luminati also contends that claim construction is necessary before the eligibility issues can be ruled on because Defendants’ Motion overgeneralizes and misconstrues terms to make the Asserted Patents appear abstract when they are not. (*Id.* at 12–13; Dkt. No. 24 at 3–4.)

The Court is persuaded that claim construction could be of benefit in addressing this issue as it is presented in this case. Accordingly, the Court **DENIES** the Motion as to its § 101 grounds without prejudice to its refiling. Defendants may refile their § 101 challenge after the Court issues its claim construction order if Defendants elect to do so.¹

The Court notes that should Defendants elect to refile their § 101 motion after claim construction, they must either address the eligibility of each asserted claim or make an adequate

¹ See *MyMail, Ltd. v. ooVoo, LLC*, 934 F.3d 1373 (Fed. Cir. 2019) (finding that the “district court erred by failing to address the parties’ claim construction dispute before” determining patent eligibility).

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