

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

LUMINATI NETWORKS LTD.,

Plaintiff,

v.

TESO LT, UAB, METACLUSTER LT,
UAB, OXYSALES, UAB,

Defendants.

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CIVIL ACTION NO. 2:19-CV-00395-JRG

MEMORANDUM OPINION AND ORDER

Before the Court is Defendants Teso LT, UAB, Metacluster LT, UAB, and Oxysales, UAB's (collectively, "Teso") Motion for Judgment on the Pleadings Under Fed. R. Civ. P. 12(c) and 35 U.S.C. § 101 (the "Motion"). (Dkt. No. 210). On February 4, 2021, the Court held a hearing on the Motion. Having considered the Motion, the parties' arguments, related briefing, and relevant authority, the Court finds that the Motion should be **DENIED**.

I. BACKGROUND

Plaintiff Luminati Networks Ltd. ("Luminati") alleges infringement of U.S. Patent Nos. 10,257,319 (the "'319 Patent"), 10,484,510 (the "'510 Patent"), and 10,469,614 (the "'614 Patent") (collectively, the "Patents-in-Suit"). (Dkt. No. 1). Luminati accuses Teso of infringing: Claims 1, 2, 14, 15, 17, 18, 21, 22, 24-27 of the '319 Patent; Claims 1, 2, 8-11, 13, 15, 16, 18-20, 22, and 23 of the '510 Patent; and Claims 1, 2, 4-6, 9-12, 15-20, 22, 23, 25, 26, and 29 of the '614 Patent (collectively, the "Asserted Claims"). (Dkt. No. 224 at 2).

Previously, Teso filed a Rule 12(b)(6) Motion to Dismiss (the "Motion to Dismiss") contending that the Asserted Claims were unpatentable under 35 U.S.C. § 101. (Dkt. No. 20 at 2—

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21). Noting that “claim construction could be of benefit in addressing this issue as it is presented in this case,” the Court denied Teso’s Motion to Dismiss. (Dkt. No. 85 at 5). On December 7, 2020, Magistrate Judge Payne entered a Claim Construction Opinion and Order in this case. (Dkt. No. 191). On December 30, 2020, Teso filed the instant Motion, re-raising the issue of patent-eligibility of the Patents-in-Suit under 35 U.S.C. § 101. (Dkt. No. 210).

II. LEGAL STANDARD

A. Rule 12(c)

After the pleadings are closed, but early enough not to delay trial, a party may move for judgment on the pleadings. Fed. R. Civ. P. 12(c). “The standard for deciding a Rule 12(c) motion is the same as a Rule 12(b)(6) motion to dismiss . . . [t]he plaintiff must plead ‘enough facts to state a claim for relief that is plausible on its face.’” *Guidry v. American Public Life Ins. Co.*, 512 F.3d 177, 180 (5th Cir. 2007) (quoting *Bell Atl. Corp. v. Twombly*, 550 U.S. 544 (2007)). In a patent case, the Federal Circuit reviews procedural aspects of motions for judgment on the pleadings using regional circuit law. *RecogniCorp, LLC v. Nintendo Co., Ltd.*, 855 F.3d 1322, 1325–26 (Fed. Cir. 2017).

B. 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 a “well-understood, routine, and conventional activity 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.

III. DISCUSSION

A. Representativeness

The Court first notes that Teso bears the burden of either addressing the eligibility of each Asserted Claim or making a showing of the representativeness of any claims asserted to be representative. *See PPS Data, LLC v. Jack Henry & Assocs., Inc.*, 404 F. Supp. 3d 1021 (E.D. Tex. 2019). Teso addresses each Asserted Claim in its Motion. (*See* Dkt. No. 210). The parties focused their argument at the hearing on the independent claims asserted from the Patents-in-Suit. (*See* Dkt. No. 293 at 6:6–23). Accordingly, the Court’s analysis is likewise focused on Claim 1 of each Patent-in-Suit.

B. The Patents-in-Suit

Claim 1 of the '319 Patent, the only independent claim asserted from the '319 Patent, recites:

A method for use with a first client device, for use with a first server that comprises a web server that is a Hypertext Transfer Protocol (HTTP) server that responds to HTTP requests, the first server stores a first content identified by a first content identifier, and for use with a second server, the method by the first client device comprising:

- receiving, from the second server, the first content identifier;
- sending, to the first server over the Internet, a Hypertext Transfer Protocol (HTTP) request that comprises the first content identifier;
- receiving, the first content from the first server over the Internet in response to the sending of the first content identifier; and
- sending, the first content by the first client device to the second server, in response to the receiving of the first content identifier.

(Dkt. No. 1-2 at 19:16–32). **Claim 1 of the '510 Patent**, the only independent claim asserted from the '510 Patent, recites:

A method for use with a web server that responds to Hypertext Transfer Protocol (HTTP) requests and stores a first content identified by a first content identifier, the method by a first client device comprising:

- establishing a Transmission Control Protocol (TCP) connection with a second server;
- sending, to the web server over an Internet, the first content identifier;
- receiving, the first content from the web server over the Internet in response to the sending of the first content identifier; and
- sending the received first content, to the second server over the established TCP connection, in response to the receiving of the first content identifier.

(Dkt. No. 1-3 at 19:18–31). In the Claim Construction Order, the term “client device” in the '319 and '510 Patents is construed as “communication device that is operating in the role of a client.”

(Dkt. No. 191 at 10–12). The term “second server” is construed as “server that is not the client device.” (*Id.* at 13–14). **Claim 1 of the '614 Patent**, the only independent claim asserted from the '614 Patent, recites:

A method for use with a resource associated with a criterion in a client device that communicates with a first server over the Internet, the client device is

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