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

UNILOC USA, INC. AND UNILOC LUXEMBOURG, S.A.,	§	
Plaintiffs,	§	
v.	§	
ADP, LLC,	§	**CIVIL ACTION NO. 2:16-CV-00741-RWS (LEAD)**
Defendant.	§	
BIG FISH GAMES, INC.,	§	**CIVIL ACTION NO. 2:16-CV-00858-RWS**
Defendant.	§	

MEMORANDUM OPINION AND ORDER

Before the Court are Defendant ADP, LLC ("ADP") and Big Fish Games, Inc.'s ("Big Fish") (collectively, "ADP Defendants") Motions to Dismiss the Complaint for Failure to State a Claim (Docket Nos. 17 and 80, respectively) against Uniloc USA, Inc. and Uniloc Luxembourg, S.A.'s ("Uniloc").[1] Uniloc's case against Big Fish is consolidated with its case against ADP for pretrial purposes, with the exception of venue. Docket No. 25.[2] The motions were originally filed while the cases were pending before Judge Gilstrap. On March 28, 2017, while ADP and Big

[1] Defendant Zendesk, Inc. was dismissed on August 11, 2017, and its motion to dismiss (Docket No. 70) was terminated on August 16, 2017. Defendants Blackboard, Inc. and Box, Inc. were dismissed on August 16, 2017, and their respective motions to dismiss (Docket Nos. 58 and 89) were also terminated on August 16, 2017.

[2] "Docket No." refers to the docket in Lead Case No. 2:16-cv-741 unless otherwise indicated.

Fish's motions were still pending before Judge Gilstrap, this Court ruled on several motions to dismiss in Lead Case No. 2:16-cv-393 ("*AVG*"). *See* Docket No. 129 in *AVG* (the "*AVG* Order").

The *AVG* Order addressed claims 1, 2, 7, 15 and 22 of U.S. Patent No. 6,510,466 ("the '466 Patent") and claims 1, 3, 7, 9, 13 and 15 of U.S. Patent No. 6,728,766 ("the '766 Patent"). *See* Docket No. 129 in *AVG* at 2. Of those claims, the Court held that claims 1, 2 and 7 of the '466 Patent and claims 1 and 3 of the '766 Patent are drawn to ineligible subject matter. *Id.* at 20. The remaining claims the Court considered are means-plus-function claims. The Court held that the defendants had not sufficiently established that the means-plus-function claims are represented by the allegedly representative non-means-plus-function claims and accordingly declined to decide whether the means-plus-function claims are also directed to ineligible subject matter. *Id*. at 7.

After the ADP cases were reassigned to the undersigned (Docket No. 149), the Court ordered the parties in this case to file supplemental briefing on the effects of the *AVG* Order on the pending motions. Docket No. 160. Uniloc, ADP, and Big Fish each filed supplemental briefs (respectively, Docket Nos. 190, 174, and 180).

The claims Uniloc asserts against the ADP Defendants are not limited to the ones that it asserted against the defendants in *AVG*.[3] Specifically, the claims asserted in this case but not asserted in *AVG* include claims 5, 11 and 17 of the '766 Patent and claims 3–5, 8, 9, 13, 16–20, 22–24, 28–33, 35–37, 41 and 42 of the '466 Patent. *See* Compl. against ADP, Docket No. 1; Am. Compl. against Big Fish, Docket No. 57; Uniloc Supp. Br., Docket No. 190 at 2. Uniloc also asserts against the ADP Defendants two additional patents, U.S. Patent Nos. 6,324,578 ("the '578

[3] Uniloc has also asserted infringement of the Asserted Patents in Lead Case No. 2:16-cv-862 against Defendants Netsuite, Inc. and Nutanix, Inc. Nutanix Inc. joins ADP's motion to dismiss (2:16-cv-862, Docket No. 39 at 2). Netsuite filed its own Motion to Dismiss the Amended Complaint for Failure to State a Claim (2:16-cv-862, Docket No. 25).

Patent") and 7,069,293 ("the '293 Patent"), that it did not assert against the defendants in *AVG*. Specifically, Uniloc asserts claims 1–8, 10–39, 41–46 of the '578 Patent, and claims 1, 12 and 17 of the '293 Patent.[4] Docket No. 190 at 2.

The '578 and '293 Patents are related to the '466 and '766 Patents, with the '578 and '766 Patents sharing a common specification and the '466 and '293 Patents also sharing a common specification.[5]

ADP Defendants challenge all claims of the four asserted patents, alleging that they are invalid under 35 U.S.C. § 101. Docket No. 17 at 6.[6] For the reasons that follow, ADP's Motion is **GRANTED-IN-PART** and **DENIED-IN-PART**.

I. BACKGROUND

The background of the '466 and '766 Patents is addressed in the *AVG* Order. *See* Docket No. 129 in *AVG*, at 2–4. Like the '466 and '766 Patents, the '578 and '293 Patents address aspects of application management in the client-server environment.

The '578 Patent is directed to obtaining user and administrator sets of configuration preferences for applications and then executing the applications using both sets of obtained preferences. *See* '578 Patent, col. 3:40–45. Claim 1 of the '578 Patent provides:

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[4] In its supplemental briefing, Uniloc does not include claim 22 of the '466 Patent and claim 12 of the '578 Patent in its chart of asserted claims against ADP. As Uniloc has not indicated to the Court that it intended to drop these two claims, the Court considers these two claims in this Order.

[5] "[T]he Asserted Patents are all part of a family of patents drawn toward addressing the inefficiencies in application management in client-server environment. Accordingly, they share similar specifications." Docket No. 64 at 5–6. "The '293 Patent is a divisional of the '466 Patent and shares its specification. The '578 Patent is a Parent to the '766 Patent and shares its specification. Further, each pair of Patents incorporates by reference the other pair's specification." Docket No. 174 at 2 n.3.

[6] ADP and Big Fish's motions to dismiss for failure to state a valid claim are nearly identical with the exception that Big Fish's Motion does not address the '766 Patent, as Uniloc has not asserted infringement of this patent against Big Fish. *See* Am. Compl. against Big Fish, Docket No. 57. The Court primarily discusses and cites to ADP's motion (the "Motion," Docket No. 17).

> **1.** A method for management of configurable application programs on a network comprising the steps of:
>
> installing an application program having a plurality of configurable preferences and a plurality of authorized users on a server coupled to the network;
>
> distributing an application launcher program associated with the application program to a client coupled to the network;
>
> obtaining a user set of the plurality of configurable preferences associated with one of the plurality of authorized users executing the application launcher program;
>
> obtaining an administrator set of the plurality of configurable preferences from an administrator; and
>
> executing the application program using the obtained user set and the obtained administrator set of the plurality of configurable preferences responsive to a request from the one of the plurality of authorized users.

The '293 Patent describes distributing applications to on-demand servers from a centralized network management server. *See* '293 Patent at col. 50–53. For example, Claim 1 of the '293 Patent provides:

> **1.** A method for distribution of application programs to a target on-demand server on a network comprising the following executed on a centralized network management server coupled to the network:
>
> providing an application program to be distributed to the network management server;
>
> specifying a source directory and a target directory for distribution of the application program;
>
> preparing a file packet associated with the application program and including a segment configured to initiate registration operations for the application program at the target on-demand server; and
>
> distributing the file packet to the target on-demand server to make the application program available for use by a user at a client.

II. LEGAL STANDARD

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

Under Federal Rule of Civil Procedure 12(b)(6), the Court must dismiss a complaint that does not state a claim for relief that is "plausible on its face." *Ashcroft v. Iqbal*, 556 U.S. 662, 678 (2009) (quoting *Bell Atl. Corp. v. Twombly*, 550 U.S. 544, 570 (2007)). To state a plausible claim,

Plaintiffs must plead facts sufficient to allow the Court to draw a reasonable inference that Defendants are liable for the alleged patent infringement. *See id.* (citing *Twombly*, 550 U.S. at 556). At this stage, the Court accepts all well-pleaded facts as true and views those facts in the light most favorable to the Plaintiffs. *Bustos v. Martini Club, Inc.*, 599 F.3d 458, 461 (5th Cir. 2010).

Eligibility Under 35 U.S.C. § 101

In determining whether a claim is patent-ineligible, the Court must "first determine whether the claims at issue are directed to a patent-ineligible concept." *Alice Corp. Pty. v. CLS Bank Int'l*, 134 S. Ct. 2347, 2355, (2014). Claims directed to software inventions do not automatically satisfy this first step of the inquiry. *Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327, 1335 (Fed. Cir. 2016). Rather, "the first step in the *Alice* inquiry . . . asks whether the focus of the claims is on [a] specific asserted improvement in computer capabilities . . . or, instead, on . . . an 'abstract idea' for which computers are invoked merely as a tool." *Id.* at 1335–36.

If the Court determines that the claims are directed to an abstract idea, it then determines whether the claims contain an inventive concept sufficient to transform the claimed abstract idea into a patent-eligible application. *Alice*, 134 S. Ct. at 2357. An inventive concept is "some element or combination of elements sufficient to ensure that the claim in practice amounts to 'significantly more' than a patent on an ineligible concept." *DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245, 1255 (Fed. Cir. 2014). The Court "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 (internal quotation omitted). Even if each claim element, by itself, was known in the art, "an inventive concept can

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