

October 11, 2016

Hon. Rodney Gilstrap
United States District Court for the Eastern District of Texas
Sam B. Hall, Jr. Federal Building and United States Courthouse
100 East Houston Street
Marshall, TX 75670

Re: *Uniloc USA, Inc., et al. v. ADP, LLC*, No. 2:16-cv-741

Dear Judge Gilstrap:

Uniloc and ADP submit this joint letter pursuant to the Court's Standing Order Regarding Motions under 35 U.S.C. § 101.

I. Plaintiff's Position: Claim Construction Is Necessary To Inform The Court's § 101 Analysis

ADP filed a motion to dismiss Uniloc's complaint, arguing that all (including unasserted) claims are invalid under 35 U.S.C. § 101. *See* Dkt. No. 17 ("Motion" or "Mot."). Claim construction is necessary to determine whether the Asserted Patents¹ contain patent-eligible subject matter. *See Bancorp Servs., L.L.C. v. Sun Life Assur. Co. of Canada*, 687 F.3d 1266, 1273-74 (Fed. Cir. 2012) ("[claim construction] will ordinarily be desirable – and often necessary – to resolve claim construction disputes prior to a §101 analysis."). The inquiry under *Alice* is whether "the claims at issue" are directed to an abstract idea, and, if so, whether "the elements of each claim both individually and 'as an ordered combination'" transform the nature of the claim into a patent-eligible application. *Alice Corp. v. CLS Bank Int'l*, 134 S. Ct. 2347, 2355 (2014). Conducting that claim-by-claim, element-by-element inquiry would benefit from a fuller record in this case as the claims are specific to problems in application management within networks.²

The Asserted Patents relate to network management and application management when users roam on a computer network from computer to computer. ADP argues that: (1) all of the claims of the Asserted Patents are directed to abstract ideas (Mot. at 9-21), and (2) all claims fail to recite inventive concepts (*id.* at 23-29). ADP's arguments are based on an overly-broad claim construction disregarding the explicit problem of application management for roaming users in computer networks to which the claims are directed. For example, as to the '293 Patent, ADP argues that the claims cover "the abstract idea of providing on-demand distribution of information..." Mot. at 16. However, the asserted claims of the '293 Patent recite elements such as: "network management server," "on-demand server," "a segment configured to initiate registration operations," "application program" and "file packet," that are terms material to the claims and, thus, require construction.

ADP's argument that the above terms merely represent abstract ideas is inapposite, as it reads out inventive concepts to particular problems in network and application management; construction is thus

¹ U.S. Patent Nos. 6,324,578 ("the '578 Patent"), 6,510,466 ("the '466 Patent"), 7,069,293 ("the '293 Patent") and 6,728,766 ("the '766 Patent")

² Courts in this district have routinely denied Rule 12 motions made on §101 grounds as premature. *See, e.g., Phoenix Licensing, LLC, et al. v. Advance America, Cash Advance Centers, Inc.*, 2:15-cv-01375, Dkt. No. 25 (E.D. Tex. Sept. 30, 2016); *Wetro Lan LLC v. Phoenix Contact USA Inc.*, 2016 U.S. Dist. LEXIS 41012 *9-11 (E.D. Tex. Mar. 29, 2016).

required. The foregoing terms must be construed to give the claims proper context and meaning. Interpreting the interaction of these features as an abstract idea is simply unreasonable. *See, Genband USA LLC v. Metaswitch Networks Ltd.*, No. 2:14-cv-33-JRG, Dkt. No. 582 (E.D. Tex. Sep. 29, 2016). In *Genband*, one of the claims was directed to first and second protocol agents working in IP telephony devices to communicate using a third protocol. *Id.* at 73-74. The Court rejected defendants' arguments that the claim covered an abstract idea. *Id.* As in *Genband*, the claims of the '293 Patent reciting the above elements "are not abstract but rather specific components that have a concrete nature and perform specific functions within a network." *Id.* at 76, ¶ 5.

The '293 Patent, as well as the other Asserted Patents, solve particular problems in the computer field, thus rendering them patent eligible. *DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245, 1259 (Fed. Cir. 2014) (upholding a claim as a patent-eligible inventive concept where the claimed solution was "necessarily rooted in computer technology in order to overcome a problem specifically arising in the realm of computer networks" because "it amount[ed] to an inventive concept for resolving this particular Internet-centric problem"). For example, the '293 Patent solves a longstanding problem in the industry for roaming users on networks so as to provide hardware portability by distributing application programs registered at on-demand servers according to client machine characteristics across heterogeneous networks. The solutions of the '293 Patent, as well as the other Asserted Patents, significantly improve mobility and hardware portability of the application programs, specifically in networks with roaming users on different machines.

Each of the terms of the '293 Patent, as well as the other Asserted Patents, are intended to place meaningful limits on claims that distinguish the claimed inventions from the prior art and are relevant – at a minimum – to the Court's second-step determination of whether the elements transform the nature of the claim into a patent-eligible application. For example, the claim element "a segment configured to initiate registration operations" of the '293 patent includes "an import data file and a call to an import program executing on a target station." This is a solution to the longstanding problem of roaming users in networks as described above. As the '293 patent describes, "a profile manage import call is included in the distributed file packet along with an import text containing the data required to properly install and register the application program on the on-demand server and make it available to authorized users." The presence of the above language in the '293 specification "is the single best guide to the meaning of the claim terms (*Phillips*, 415 F.3d at 1318). Although some of the above language is recited in an unasserted dependent claim, the scope of the element of the broader independent claim is uncertain. As even ADP is uncertain as to the scope of the broader element, there are clearly factual disputes regarding the proper context and meaning of this and other disputed elements; construction of the asserted claims is thus required.³

For example, as to the '466 Patent, ADP argues that the claims cover "the abstract idea of centralized offering of products." Mot. at 14. The asserted claims of the '466 Patent recite material elements such as: "installing a plurality of application programs at the server," "login request," "user desktop," "plurality of display regions" and "application management information," that require construction. As to the '578 Patent, ADP argues that the claims cover "the abstract idea of providing two-tiered customization..." Mot. at 9. The asserted claims of the '578 Patent again recite material elements such as: "application program," "configurable preferences," "application launcher program," "user set," "executing the application launcher program," "administrator set," "configuration manager program" and

³ There are also numerous means plus function terms found in the Asserted Patents that need to be construed.

“instance,” that require construction. As to the ’766 Patent, ADP argues that the claims cover “the abstract idea of the centralized management of permissions.” Mot. at 19. The asserted claims of the ’766 Patent recite material elements such as: “license management policy,” “license management server,” “administrative policy override definition,” “user policy override definition” and “on-demand server,” that require construction.

The asserted claims are directed to particular methods and apparatuses that represent specific solutions to problems identified in the Asserted Patents. Thus, Uniloc requests that the Court defer deciding the Motion until the completion of claim construction.

II. Defendant’s Position: No Claim Construction Can Render Plaintiff’s Claims Patentable

While the Court’s standing order does not require Uniloc to propose all of its claim constructions at this stage of the action, Uniloc must do more than simply list claim terms for each patent-in-suit and then state without support that each term “requires construction.” Patents whose claims “require construction” are still appropriately invalidated at the pleading stage if the claims would still be directed to ineligible subject matter even if construed as a patentee suggests. *See, e.g., Preservation Wellness v. Allscripts Healthcare*, 2:15-cv-1559-WCB, 2016 WL 2742379, at *6 (E.D. Tex. May 10, 2016); *Rothschild Location Techs. LLC v. Geotab USA, Inc.*, 6:15-cv-682-RWS-JDL, 2016 WL 3584195, at *4 (E.D. Tex. January 4, 2016). Uniloc should (a) identify evidence from the specifications or file histories that shows *why* certain terms need construction, and (b) explain *how* construction of those terms would materially affect the Section 101 analysis. The former allows the Court to test the *bona fides* of plaintiff’s argument that its claim terms warrant construction; the latter enables the Court to assess whether such constructions, even if available, should defer entry of judgment under Section 101. That Uniloc does neither shows that ADP is correct in asserting the invalidity of the patents-in-suit.

Uniloc already received—and declined—two opportunities to identify evidence that its patent terms require construction. In July and August of this year, Uniloc filed opposition and sur-reply briefs in *Uniloc v. BitDefender*, 16-cv-394-RWS (E.D. Tex.) against a motion to dismiss two of the four patents asserted in this action. Uniloc chose not to identify any evidence that its claims require construction, nor even a single construction that would, if adopted, limit the claims to patentable subject matter. Instead, Uniloc relied on the plain language of the claims and on attorney argument to assert patentability. *See* 16-cv-394 (RWS) D.I. 26 at 9–12, D.I. 32 at 8–9. Uniloc’s Opposition Brief in that action discussed many of the same terms identified in this letter as requiring construction (*e.g.* “user desktop interface,” “plurality of display regions,” “policy override definition,” and “on-demand server”), yet Uniloc never argued that those terms required a specialized construction. *See Uniloc v. BitDefender*, 16-cv-394 (RWS), D.I. 26 at 11, 15. Similarly, Uniloc presented no argument to Judge Schroeder that construction of its claims drafted in means-plus-function form was material to the validity of its patents.⁴ As Uniloc chose to rely on the plain meaning of its claim terms to address Section 101 before Judge Schroeder, its claims should rise and fall on those same meanings here.

⁴ In any event, patents with means-plus-function claims can still be invalidated at the pleading stage if a patentee does not identify meaningful limits on those claims in the specification. *See Landmark Tech., LLC v. Assurant, Inc.*, No. 6:15-CV-76-RWS-JDL, 2015 WL 4388311, at *3 (E.D. Tex. July 14, 2015) (“[T]he mere presence of means plus function terms does not require a deferred ruling on validity under § 101.”). In *Landmark*, this Court dismissed a complaint asserting a patent with means-plus-function claims where even the corresponding structures in the specification that most favored

In fact, the intrinsic evidence supports ADP's position that the claims in this suit require no specialized constructions. For example, Uniloc argues in this letter that the '293 Patent's "segment configured to initiate registration operations" includes "an import data file and a call to an import program executing on a target station." But this is not a proffered construction—instead, those limitations are simply borrowed from unasserted dependent claim 3. No claim construction is needed to ascertain that Uniloc's asserted claim 1 is necessarily broader and captures other methods of application management for roaming users, thereby impermissibly pre-empting the abstract idea of on-demand distribution of information as applied on computers. Even in this argument, Uniloc relies on the plain language of the claims to address Section 101; the Court may as well. As a further example, Uniloc also argues that the '293 Patent's term "application program" requires construction, but the specification gives a definition with no limits, stating: "the term 'application program' generally refers to code associated with the underlying program functions." ('293 Patent 14:27-29). As to the '578 Patent, Uniloc argues that terms like "configurable preferences," "user set," and "administrator set" require construction. Yet the specification never defines or limits the term "preference," and in fact explains that "[t]he designation of user versus administrator settable preferences may be established by the software designer providing the configurable application program." ('578 Patent 9:5-29). Thus a user set of preferences is just a set of preferences which a software designer established as "user . . . settable," and an administrator set those which are "administrator settable." Even informed by the specification, this is the sort of "wholly subjective" and "qualitative" distinction which this Court has found unable to salvage an abstract claim. *Intellectual Ventures I LLC v. J. Crew Grp., Inc.*, No. 6:16-CV-196-JRG, 2016 WL 4591794, at *5 (E.D. Tex. Aug. 24, 2016).

More importantly, neither in its letter to this Court nor its briefing before Judge Schroeder does Uniloc explain how a narrow construction, even if adopted, would make its claims any less abstract. *See CyberFone Sys., LLC v. CNN Interactive Group, Inc.*, 558 F. App'x 988 (Fed. Cir. 2014) (affirming district court decision not to engage in claim construction before deciding Section 101 eligibility where patentee did not explain "how the analysis would change" with construction).

Whether Uniloc's claims apply to a generic or specific computer environment, they still use conventional techniques to solve conventional problems. For example, the '766 Patent requires:

- "maintaining license management policy information" at a "license management server,"
- "receiving . . . a request for license availability,"
- "determining the license availability . . . based on the maintained license management policy information," and
- providing either an "availability indication" or an "unavailability indication."

('766 Patent Claim 1). This takes the conventional problem of centralized management of permissions (like library lending rules), and then applies a conventional solution of implementing policies and communicating results. Even if, as Uniloc asserts, the intrinsic evidence *arguendo* limits terms like "license management server" and "license management policy" to particular computers and data structures, the patent is still just an application of a conventional solution to specific machines and data. Likewise, a narrow construction of the claims of the '466 Patent might limit the claimed method to the distribution of particular application programs via a "user desktop interface," *i.e.*, a particular

plaintiff were "generic computer elements." *Id.* at *5; *see also TDE Petroleum Data Sols., Inc. v. AKM Enter., Inc.*, No. CIV.A. H-15-1821, 2015 WL 5311059, at *6, *9 n.2 (S.D. Tex. Sept. 11, 2015).

selection mechanism, but the underlying method, *i.e.*, centralized ordering and delivery of customized products, would remain abstract. “[T]he Federal Circuit has routinely held an abstract idea does not become nonabstract by limiting the invention to a particular field of use or technological environment.” *Rothschild*, 2016 WL 3584195 at *6 (quoting *Intellectual Ventures I LLC v. Capital One Bank*, 792 F.3d 1363, 1367 (Fed. Cir. 2015)) (internal quotation marks omitted).

Uniloc’s claims apply known ideas to computer environments. “No matter what construction the Court adopts the substance of the claims is the same.” *Asghari-Kamrani v. United Servs. Auto. Ass’n*, No. 2:15CV478, 2016 WL 3670804, at *6 (E.D. Va. July 5, 2016). Whether or not plaintiff’s claims are limited to specific computer data structures or network configurations, the claimed methods and solutions are abstract and unpatentable.

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