

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

**CHRIMAR SYSTEMS, INC. d/b/a  
CMS TECHNOLOGIES AND  
CHRIMAR HOLDING COMPANY,  
LLC,**

**vs.**

**ALCATEL-LUCENT USA, INC. et al.,**

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**Civil No. 6:15-cv-163-JDL**

**MEMORANDUM OPINION AND ORDER**

Before the Court is Defendants Alcatel-Lucent Enterprise USA Inc. (“ALE”) and AMX LLC’s (“AMX”) (collectively “Defendants”) Motion for Summary Judgment of Invalidity. (Doc. No. 207.) Plaintiffs Chrimar Systems, Inc. d/b/a CMS Technologies and Chrimar Holding Company LLC (“Chrimar”) filed a Response (Doc. No. 214). Upon consideration, the Court **DENIES** Defendants’ Motion (Doc. No. 207).

**BACKGROUND**

In this action, Chrimar alleges infringement of U.S. Patent Nos. 8,115,012 (“the ’012 Patent”), 8,902,760 (“the ’760 Patent”), 8,942,107 (“the ’107 Patent”), and 9,019,838 (“the ’838 Patent”) (“patents-in-suit”). On June 27, 2016, Defendants filed the instant motion for summary judgment on the grounds that all of the asserted claims of the patents-in-suit are ineligible for patentability under 35 U.S.C. § 101.

All four of the asserted patents are related; specifically, the ’107 Patent is a continuation of the ’012 Patent, and the ’760 Patent and the ’838 Patent are continuations of the ’107 Patent. The patents-in-suit share a common specification and disclose inventions related to managing devices that connect to a wired network. For example, the ’012 Patent is titled “System and Method for Adapting a Piece of Terminal Equipment,” and relates to tracking of devices that are

connected to a wired network. *See generally* '012 Patent. More specifically, the '012 Patent describes permanently identifying an “asset,” such as a computer, “by attaching an external or internal device to the asset and communicating with that device using existing network wiring or cabling.” '012 Patent at 1:67–2:2. The '012 Patent refers to that device as the “remote module.” *Id.* at 3:22–26. The asset can then be managed, tracked, or identified by using the remote module to communicate a unique identification number, port ID, or wall jack location to the network monitoring equipment, or “central module.” *Id.* at 6:7–13, 8:66–9:4. The '012 Patent further discloses that “asset identification” may be done in a way “that does not use existing network bandwidth.” *Id.* at 3:10–12. Independent claim 31 is the subject of Defendants’ motion and is set forth below:

An adapted piece of Ethernet data terminal equipment comprising:  
an Ethernet connector comprising a plurality of contacts;  
and  
at least one path coupled across selected contacts, the selected contacts comprising at least one of the plurality of contacts of the Ethernet connector and at least another one of the plurality of contacts of the Ethernet connector,  
wherein distinguishing information about the piece of Ethernet data terminal equipment is associated to impedance within the at least one path.

'012 Patent at 18:62–19:5 (Claim 31).

The asserted claims of the remaining patents-in-suit are similar in content and are discussed further herein. The instant motion challenges the validity of all of the claims of each of the patents-in-suit under 35 U.S.C. § 101 as directed to patent-ineligible subject matter.

## **LEGAL STANDARD**

### **A. Motion for Summary Judgment**

Summary judgment should be granted “if the movant shows that there is no genuine dispute as to any material fact and the movant is entitled to judgment as a matter of law.”

Fed. R. Civ. P. 56(a). All evidence must be viewed in the light most favorable to the non-moving party. *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 255 (1986). Summary judgment is proper when there is no genuine issue of material fact. *Celotex v. Catrett*, 477 U.S. 317, 322 (1986). “By its very terms, this standard provides that the mere existence of some alleged factual dispute between the parties will not defeat an otherwise properly supported motion for summary judgment; the requirement is that there be no genuine issue of material fact.” *Anderson*, 477 U.S. at 247–48. The substantive law identifies the material facts. Disputes over facts that are not relevant or unnecessary will not defeat a motion for summary judgment. *Id.* at 248. A dispute about a material fact is “genuine” when the evidence is “such that a reasonable jury could return a verdict for the nonmoving party.” *Id.*

The moving party must identify the basis for granting summary judgment and identify the evidence that demonstrates the absence of a genuine issue of material fact. *Celotex*, 477 U.S. at 323. If the moving party does not have the ultimate burden of persuasion, the party “must either produce evidence negating an essential element of the nonmoving party’s claim or defense or show that the nonmoving party does not have enough evidence of an essential element to carry its ultimate burden of persuasion at trial.” *Nissan Fire & Marine Ins. Co., Ltd. v. Fritz Cos., Inc.*, 210 F.3d 1099, 1102 (9th Cir. 2000).

#### **B. Patent-Eligible Subject Matter**

A patent may be obtained for “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 long recognized three specific exceptions to § 101’s broad patentability principles: laws of nature, physical phenomena, and abstract ideas. *Bilski v. Kappos*, 561 U.S. 593, 601 (2010);

*Mayo Collaborative Services v. Prometheus Laboratories, Inc.*, 132 S.Ct. 1289, 1303 (2012); *Ass’n for Molecular Pathology v. Myriad Genetics, Inc.*, 133 S.Ct. 2107, 2116 (2013).

The Supreme Court has set forth a two part test for patent eligibility. *Alice Corp. Pty. v. CLS Bank Int’l*, 134 S.Ct. 2347, 2354 (2014). First, the court must determine “whether the claims at issue are directed to a patent-ineligible concept,” such as an abstract idea. *Id.* at 2355. If so, the court must then “consider 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.” *Id.* (quoting *Mayo*, 132 S.Ct. at 1298, 1297). The Court has described the second step as a search for an “inventive concept”—“an element or combination of elements that is ‘sufficient to ensure that the patent in practice amounts to significantly more than a patent upon the [ineligible concept] itself.’” *Id.* (quoting *Mayo*, 132 S.Ct. at 1298).

The first step of *Mayo* requires a court to determine if the claims are directed to a law of nature, natural phenomenon, or abstract idea. *Alice*, 134 S. Ct. at 2355. “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 must look at what the claims cover. *See Ultramercial*, 772 F.3d at 714 (“We first examine the claims because claims are the definition of what a patent is intended to cover.”); *Accenture Glob. Servs., GmbH v. Guidewire Software, Inc.*, 728 F.3d 1336, 1345 (Fed. Cir. 2013) (“[T]he important inquiry for a § 101 analysis is to look to the claim.”); *Intellectual Ventures I LLC v. Capital One Bank (USA)*, 792 F.3d 1363, 1369 (Fed. Cir. 2015) (“At step one of the *Alice* framework, it is often useful to determine the breadth of the claims in order to determine whether the claims extend to cover a ‘fundamental ... practice long prevalent in our system ....’”) (quoting *Alice*, 134 S. Ct. at 2356).

A court applies the second step of *Mayo* only if it finds in the first step that the claims are directed to a law of nature, natural phenomenon, or abstract idea. *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. *Alice*, 134 S. Ct. at 2355. A claim may become 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 also DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245, 1257 (Fed. Cir. 2014) (“In particular, the ’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.”). A claim, however, remains patent-ineligible if it describes “[p]ost-solution activity’ that is purely ‘conventional or obvious.’” *Mayo*, 132 S. Ct. at 1299.

## DISCUSSION

Defendants argue that the asserted claims of the patents-in-suit are directed to the abstract idea of correlating information about a device based on a measurable electrical property of the device. (Doc. No. 207, at 1.) Defendants contend that the patents-in-suit claim the ability “to measure impedance (claimed in the ’012 patent)” or “a magnitude of direct current (claimed in the ’107, ’838, and ’760 patents)” and “‘distinguish’ or ‘convey information’ about the device based on the measured value.” *Id.* Defendants allege that “[t]he asserted claims do not recite an ‘inventive concept’ beyond the mental task of identifying a measurable circuit property as an informative or differentiating feature” and none “of the other claim elements add ‘significantly

more’ that would transform the basic character of the asserted claims into patent-eligible subject matter.” *Id.* at 2.

Chrimar argues that each of the asserted claims across all of the patents-in-suit recite concrete devices with structures that are configured to perform specific functions. (Doc. No. 214, at 1.) As Chrimar classifies it, the claimed invention “is a particular arrangement of physical structures designed to allow two of those structures—the piece of BaseT Ethernet terminal equipment and the piece of central BaseT Ethernet equipment—to perform specific functions in a novel way.” *Id.* Chrimar argues that the claims are directed to patent-eligible machines and question Defendants first bringing this motion now while the claims have been pending since November 2013. *Id.* Chrimar also argues that Defendants fail to apply the correct two-part test under *Alice*. *Id.* Chrimar contends the patented inventions cover novel ways to detect, identify, manage, control, and communicate with distributed assets in a network, over existing network wires, even when the assets are powered off. *Id.* at 4.

#### **A. Patent Eligibility of the Asserted Claims of the ’012 Patent**

Defendants argue that “[w]ith the asserted claims of the ’012 patent (claims 31, 35, 43, & 60), Chrimar seeks to preempt the abstract idea of using electrical properties (specifically impedance) to distinguish Ethernet equipment.” (Doc. No. 207, at 11.) Defendants argue that “the asserted claims recite no required structure for associating impedance to distinguishing information and thus claim a mental act,” and “the only structure required by the asserted claims consists of conventional prior art electrical equipment and components.” *Id.*

Specifically, with regard to claim 31 of the ’012 Patent, Defendants argue that claim 31 is directed to the abstract idea of associating impedance to distinguish information. (Doc. No. 207, at 12.) Defendants contend “[t]here is no structure required by claim 31 to perform the

association of the impedance within the claimed path to the distinguishing information about the piece of Ethernet data terminal equipment,” and “therefore the claimed association could be performed mentally,” which renders claim 31 abstract. *Id.* Chrimar contends that claim 31 of the ’012 Patent is “able to present distinguishing information about itself based on impedance in the at least one path coupled between selected contacts of the Ethernet connector.” (Doc. No. 214, at 15.) Therefore, Chrimar contends the claim is directed to “a device that includes a path specifically configured between selected contacts of an Ethernet connector to present distinguishing information about the device using existing Ethernet wires,” which is not an abstract idea. *Id.*

In determining patent eligibility under § 101, the court must first determine whether the claims are directed to an abstract idea. *Alice*, 134 S.Ct. at 2355. The Court finds that claim 31 of the ’012 Patent is not directed to an abstract idea. As an initial matter, claim 31 is an apparatus claim that recites “[a]n adapted piece of Ethernet data terminal equipment.” ’012 Patent (Claim 31). This Court has construed the term “Ethernet data terminal equipment” to mean “device at which data transmission can originate or terminate and that is capable of Ethernet communication.” (6:13-cv-880, Doc. No. 99, at 13.) The remainder of the claim recites a path configured in a specific manner across selected contacts of the Ethernet connector to distinguish information about the device. ’012 Patent at 18:62–19:5 (Claim 31). Simply because the claims require distinguishing information associated to impedance within the path does not mean the claim is abstract or could be performed entirely by a mental act. Indeed, the distinguishing information associated to impedance occurs over the claimed Ethernet wire path in the specific manner claimed.

Defendants’ primary argument is that there is no structure recited to perform the association of the impedance within the claimed path. (Doc. No. 207, at 12.) But Defendants fail to explain how this portion of the claim renders the entire claim abstract. Claim 31 recites a specifically adapted piece of Ethernet data terminal equipment that is uniquely configured in a path (as claimed) across Ethernet connectors and selected contacts to present distinguishing information about the Ethernet data terminal equipment associated to impedance within the path. ’012 Patent at 18:62–19:5 (Claim 31). Moreover, the claimed invention is directed to resolving an Ethernet network specific problem—to provide a means for asset identification that does not use existing network bandwidth and therefore allows identification even in the absence of power. ’012 Patent at 3:3–14; *e.g.*, *Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327, 1339 (Fed. Cir. 2016) (finding the asserted claims were unambiguously directed to an improvement in computer capabilities and therefore not directed to an abstract idea.) Thus, contrary to Defendants’ arguments, claim 31 is not directed merely to “the abstract idea of associating impedance to distinguish information.”

For the reasons discussed herein, claim 31 of the ’012 Patent is not directed to an abstract idea and is patent-eligible under § 101. Therefore, the Court need not reach *Mayo* step-two. *See Mortgage Grader, Inc. v. First Choice Loan Servs. Inc.*, No. 2015-1415, 2016 WL 362415, at \*6 (Fed. Cir. Jan. 20, 2016) (“[C]ourts must determine if the claims at issue are directed to a patent-ineligible concept. If not, the inquiry ends, as the claims are patent-eligible.”) (citation omitted).

However, even if claim 31 of the ’012 Patent is directed to an abstract idea, claim 31, read as a whole, discloses an “inventive concept.” *Mortgage Grader*, 2016 WL 362415, at \*8 (“[T]he next step is to look for an “inventive concept”— i.e., an element or combination of elements that is sufficient to ensure that the patent in practice amounts to significantly more than



a patent upon the [ineligible concept] itself.”) (citation omitted). As discussed above, the second step in determining patent eligibility under § 101 requires the court to consider the elements of the claim both individually and in an ordered combination to determine if they “transform the nature of the claim” into a patent-eligible application. *Alice*, 134 S.Ct. at 2354.

Defendants argue that “Claim 31 merely recites prior art structural elements (e.g., an Ethernet connector) without requiring any meaningful feature that is not already inherent in those structural elements.” (Doc. No. 207, at 13.) Defendants further argue that distinguishing information to be “associated to impedance” within the path may be a purely mental step. *Id.* at 14. Chrimar contends that Defendants are incorrect that the limitations were known in the prior art. (Doc. No. 214, at 17.) Moreover, Chrimar argues that even if a claim’s individual limitations may have been known independently in the art that does not make it unpatentable. *Id.* Chrimar contends this situation is similar to *Bascom*, as Defendants “improperly attempt to bootstrap an incomplete obviousness analysis (incomplete because, among other things, it lacks any consideration of a motivation to combine) into step two of the patent-eligibility inquiry of § 101.” *Id.* at 18 (citing *Bascom Global Internet Servs., Inc. v. AT&T Mobility LLC*, No. 2015-1763, 2016 WL 3514158, at \*7 (Fed. Cir. June 27, 2016).)

In *Bascom*, the Federal Circuit disagreed with the district court’s step two analysis as resembling closely “an obviousness analysis under 35 U.S.C. § 103,” and finding that “the inventive concept inquiry requires more than recognizing that each claim element, by itself, was known in the art.” *Bascom*, 2016 WL 3514158, at \*6. Here, the Court finds Defendants’ arguments akin to those proffered by the Defendant-Appellee in *Bascom*. Defendants recite prior art to suggest that the “Ethernet connectors” with “multiple contacts” were well known in the art and therefore do not provide a transformative element. (Doc. No. 207, at 13.) However, these

individual components of the claim, even if known in the art, are recited in a specific manner for a specifically configured path capable of presenting distinguishing information about the Ethernet data terminal equipment associated to impedance within the path. '012 Patent at 18:62–19:5 (Claim 31). Indeed, Defendants do not cite any prior art to invalidate this claimed configuration. Regardless, §101 analysis is not focused on whether the individual elements of the claims were “known in the art.” To conflate § 101 and § 103 inquires and find the claim lacking an inventive concept because certain individual claim limitations were known in the art would effectively eviscerate the step two inquiry and implicitly make factual findings reserved for the jury.

Here, while the claim recites certain components of an Ethernet data terminal device, the ordered limitations recite a “path coupled across selected contacts” of the “Ethernet connector” to present “distinguishing information about the piece of Ethernet data terminal equipment” associated to impedance within the claimed path. '012 Patent at 18:62–19:5 (Claim 31). This ordered configuration, aimed at the presentation of distinguishing information of the device associated to impedance, is a transformative inventive concept. Therefore, claim 31 of the '012 Patent is directed to patent-eligible subject matter.

The remainder of the asserted claims of the '012 Patent, claims 35, 43, and 60, are dependent claims and the Court therefore similarly finds those claims directed to patent-eligible subject matter.

For the reasons explained herein, the claims of the '012 Patent are not directed toward abstract ideas and therefore do not violate “the longstanding rule that ‘[a]n idea of itself is not patentable.’” *Alice*, 134 S. Ct. at 2355 (quoting *Benson*, 409 U.S. at 67). Even if the claims are directed to abstract ideas, the additional elements of the claims “transform the nature of the

claim” into patent-eligible subject matter. *Alice*, 134 S. Ct. at 2355 (quoting *Mayo*, 132 S. Ct. at 1298).

### **B. Patent Eligibility of the Asserted Claims of the ’107 Patent**

Defendants argue that the asserted claims of the ’107 Patent are directed to the abstract idea of “using a magnitude of DC current to convey information about a piece of Ethernet terminal equipment.” (Doc. No. 207, at 17.) Specifically, Defendants argue that “Claim 1 of the ’107 patent attempts to use that fundamental practice in a computer networking environment to utilize a magnitude of DC current (which is dependent on the voltage applied and impedance in the path measured pursuant to Ohm’s law) to convey information about a piece of Ethernet terminal equipment.” *Id.* at 18. Chrimar contends that Defendants focus on a single limitation—“wherein at least one of the magnitudes of the DC current flow to convey information about the piece of Ethernet terminal equipment”—and ignore the other limitations that require physical objects and structures. (Doc. No. 214, at 11.) Chrimar contends that “the claim is limited to a specific device—a piece of Ethernet terminal equipment—that includes particular structures—an Ethernet connector with first and second pairs of contacts and at least one path—that are configured in a particular way—the path must be coupled across at least one contact of the first pair of contacts and at least one contact of the second pair of contacts.” *Id.* at 12. Chrimar argues that these structural limitations are necessary for achieving one of the patentees’ goals of improving prior-art asset-management systems. *Id.*

Claim 1 of the ’107 Patent is similar to claim 31 of the ’012 Patent and recites:

A piece of Ethernet terminal equipment comprising:  
an Ethernet connector comprising first and second pairs of  
contacts used to carry Ethernet communication signals,  
at least one path for the purpose of drawing DC current,  
the at least one path coupled across at least one of the  
contacts of the first pair of contacts and at least one of the

contacts of the second pair of contacts, the piece of Ethernet terminal equipment to draw different magnitudes of DC current flow via the at least one path, the different magnitudes of DC current flow to result from at least one condition applied to at least one of the contacts of the first and second pairs of contacts, wherein at least one of the magnitudes of the DC current flow to convey information about the piece of Ethernet terminal equipment.

(’107 Patent at 17:11–25 (Claim 1).)

Again, Defendants focus on one aspect of the claim to contend the claim is directed only to the abstract idea of utilizing a magnitude of DC current to communicate information. Looking at the entirety of the claim, it reveals that claim 1 of the ’107 Patent is similarly an apparatus claim that recites “Ethernet terminal equipment,” and claims a “path” coupled across selected “contacts” of the “Ethernet connector.” ’107 Patent at 17:11–25. It is the claimed Ethernet terminal equipment that then must draw the different magnitudes of DC current via the claimed path to convey information about the device. ’107 Patent at 17:11–25. Here again, while the claim results in the conveyance of information via DC current, Defendants ignore the entirety of the claimed path and structures to boil the claim down to a single purported abstract idea. Moreover, as discussed above, because the claimed invention is directed to resolving an Ethernet network specific problem—to provide a means for asset identification that does not use existing network bandwidth and therefore allows identification even in the absence of power—the importance of the claimed path and corresponding structures cannot be ignored and provide more than a mere abstract idea. ’107 Patent at 3:10–21. In other words, the specifically configured path and corresponding structures claimed were not added post-hoc to a fundamental law of nature; rather, these structures provide an Ethernet-specific solution to the conveyance of information in a network. For these reasons, the Court similarly finds that claim 1 of the ’107 Patent is not directed to an abstract idea. Thus, the Court need not reach *Mayo* step-two; however, even if

claim 1 of the '107 Patent is directed to an abstract idea, claim 1, read as whole, discloses an “inventive concept.”

Similar to the '012 Patent, Defendants argue that “the entire claim is directed at Ethernet terminal equipment, which ... was conventional in the art prior to the claimed priority date.” (Doc. No. 207, at 18.) Defendants maintain that the recited “Ethernet connectors” and “pairs of contacts” were known in the art at the time of the invention. *Id.* Defendants further argue that “[t]he magnitude of DC current flow resulting from an electrical condition applied to such a path (e.g., a voltage applied to a circuit) is dictated by Ohm’s law ( $V=IR$ )” and “therefore does nothing more than use a law of nature, which is insufficient to supply an inventive concept.” *Id.* at 19. Similarly, Defendants argue that “the wherein clause— is nothing more than the abstract idea of using the resulting magnitude of DC current flow to convey information about the piece of terminal equipment (e.g., attributing a resulting magnitude of current produced by the applied voltage to some informational aspect about the terminal equipment).” *Id.* at 19. Chrimar contends that Defendants are incorrect that the limitations were known in the prior art, and Defendants cite no prior art that shows “a path configured to make an Ethernet device distinguishable from another Ethernet device, such as by drawing different magnitudes to convey information about the Ethernet device.” (Doc. No. 214, at 17.) Moreover, Chrimar argues that even if a claim’s individual limitations may have been known independently in the art that does not make it unpatentable. *Id.* at 18 (citing *Bascom*, 2016 WL 3514158, at \*7.)

As discussed above, Defendants’ arguments regarding certain claimed structures being known in the art are misplaced. *Bascom*, 2016 WL 3514158, at \*6 (“the inventive concept inquiry requires more than recognizing that each claim element, by itself, was known in the art.”). While the claim recites certain components of Ethernet terminal equipment, the claim

ultimately recites a specifically configured path coupled across certain contacts of the Ethernet connector to “draw different magnitudes of DC current flow” and convey information via the path. ’107 Patent at 3:10–21 (Claim 1). This ordered configuration, aimed at the drawing of magnitudes of DC current to convey information via the path, is a transformative inventive concept. Therefore, Claim 1 of the ’107 Patent is directed to patent-eligible subject matter.

The remainder of the asserted claims of the ’107 Patent, claims 5, 72, and 103, are dependent claims and the Court therefore similarly finds those claims directed to patent-eligible subject matter.

For the reasons explained herein, the claims of the ’107 Patent are not directed toward abstract ideas and therefore do not violate “the longstanding rule that “[a]n idea of itself is not patentable.”” *Alice*, 134 S. Ct. at 2355 (quoting *Benson*, 409 U.S. at 67). Even if the claims are directed to abstract ideas, the additional elements of the claims “transform the nature of the claim” into patent-eligible subject matter. *Alice*, 134 S. Ct. at 2355 (quoting *Mayo*, 132 S. Ct. at 1298).

### **C. Patent Eligibility of the Asserted Claims of the ’838 Patent**

Defendants argue that the asserted claims of the ’838 Patent are directed to “the abstract idea of detecting signals (magnitudes of DC current) between pieces of networked equipment, which is a function of Ohm’s law.” (Doc. No. 207, at 21.) Chrimar contends that claim 1 of the ’838 Patent is directed “to a central piece of network equipment that has structures configured to enable it to (1) detect different magnitudes of DC current via a contact of the Ethernet connector and (2) to control the application of an electrical condition to one of the contacts in response to a magnitude of DC current.” (Doc. No. 214, at 15.)

Claim 1 of the ’838 Patent recites:

A central piece of network equipment comprising:  
at least one Ethernet connector comprising first and second  
pairs of contacts used to carry BaseT Ethernet commu-  
nication signals; and  
the central piece of network equipment to detect different  
magnitudes of DC current flow via at least one of the  
contacts of the first and second pairs of contacts and to  
control application of at least one electrical condition to  
at least one of the contacts of the first and second pairs of  
contacts in response to at least one of the magnitudes of  
the DC current flow.

(’838 Patent at 17:13–23 (Claim 1).)

Again, Defendants focus on one aspect of the claim to contend the claim is directed only to the abstract idea of detecting magnitudes of DC current between pieces of network equipment. Looking at the entirety of the claim, it reveals that claim 1 of the ’838 Patent is similarly an apparatus claim that recites a “central piece of network equipment,” and claims “contacts” of the “Ethernet connector,” configured in the specific manner claimed to detect different magnitudes of DC current via a contact of the Ethernet connector and to control the application of an electrical condition to one of the contacts in response to a magnitude of DC current. ’838 Patent at 17:13–23. Here again, while the claim results in the detection of information magnitudes of DC current, Defendants ignore the entirety of the claimed configuration and structures to boil the claim down to this single purported abstract idea. Moreover, as discussed, because the claimed invention is directed to resolving an Ethernet network specific problem—to provide a means for asset identification that does not use existing network bandwidth and therefore allows identification even in the absence of power—the importance of the claimed configuration and corresponding structures cannot be ignored and provide more than a mere abstract idea. ’838 Patent at 3:10–19. In other words, the claimed configuration and corresponding structures were not added post-hoc to a fundamental law of

nature; rather, these structures provide an Ethernet-specific solution to the conveyance of information in a network. For these reasons, the Court similarly finds that claim 1 of the '838 Patent is not directed to an abstract idea. Thus, the Court need not reach *Mayo* step-two; however, even if claim 1 of the '838 Patent is directed to an abstract idea, claim 1, read as whole, discloses an “inventive concept.”

Defendants argue that all of the structure required by claim 1 of the '838 Patent was conventional, including Ethernet connectors with contacts used to carry BaseT Ethernet equipment. (Doc. No. 207, at 22.) Defendants further argue that the functional limitation “to control application of at least one electrical condition...in response to at least one of the magnitudes of the DC current flow” depends on Ohm’s law. *Id.* Defendants cite to the '260 Patent as disclosing “the detection of a magnitude of DC current by central equipment (monitoring the current flow through each current loop to detect removal) and application of an electrical condition (a low current power signal is provided to each current loop).” *Id.* at 23. Therefore, Defendants argue that the admitted prior art shows claim 1 of the '838 Patent does not add any inventive concepts. *Id.* Chrimar contends that Defendants are incorrect that the limitations were known in the prior art, and Defendants cite no prior art that shows “a path configured to make an Ethernet device distinguishable from another Ethernet device, such as by drawing different magnitudes to convey information about the Ethernet device.” (Doc. No. 214, at 17.) Moreover, Chrimar argues that even if a claim’s individual limitations may have been known independently in the art that does not make it unpatentable. *Id.* at 18 (citing *Bascom*, 2016 WL 3514158, at \*7.)

As discussed above, Defendants’ arguments regarding certain claimed structures being known in the art are misplaced. *Bascom*, 2016 WL 3514158, at \*6 (“the inventive concept



inquiry requires more than recognizing that each claim element, by itself, was known in the art.”). Moreover, Defendants’ citation to the admitted prior art as invalidating the functional limitation of the claim does not align to support their argument regarding patent-eligible subject matter. *Id.* While the claim recites certain components of central network equipment, the claim ultimately recites a specific configuration to “detect different magnitudes of DC current flow” via the contacts and to “control application of at least one electrical condition ... in response to at least one of the magnitudes of the DC current flow.” ’838 Patent at 17:13–23 (Claim 1). This ordered configuration, aimed at the detection of DC current to control application of at least one electrical condition, is a transformative inventive concept. Therefore, claim 1 of the ’838 Patent is directed to patent-eligible subject matter.

The remainder of the asserted claims of the ’838 Patent, claims 7 and 26, are dependent claims and the Court therefore similarly finds those claims directed to patent-eligible subject matter.

For the reasons explained herein, the claims of the ’838 Patent are not directed toward abstract ideas and therefore do not violate “the longstanding rule that “[a]n idea of itself is not patentable.”” *Alice*, 134 S. Ct. at 2355 (quoting *Benson*, 409 U.S. at 67). Even if the claims are directed to abstract ideas, the additional elements of the claims “transform the nature of the claim” into patent-eligible subject matter. *Alice*, 134 S. Ct. at 2355 (quoting *Mayo*, 132 S. Ct. at 1298).

#### **D. Patent Eligibility of the Asserted Claims of the ’760 Patent**

Defendants argue that the asserted claims of the ’760 Patent are directed to the abstract idea of “using electrical properties (magnitudes of DC current) as signals for central equipment to apply an electrical condition and thus lack patent-eligible subject matter.” (Doc. No. 207, at

24–25.) Defendants claim this idea is abstract and also a function of Ohm’s law. *Id.* at 25. Chrimar contends that while devices in the system “communicate with each other via different magnitudes of DC current,” “the DC current flows through a loop using at least one defined path coupled across different pairs of contacts to allow the devices to communicate with each and control electrical conditions other over existing Ethernet contacts and wires.” (Doc. No. 214, at 15.)

Claim 1 of the ’760 Patent recites:

A BaseT Ethernet system comprising:  
a piece of central BaseT Ethernet equipment;  
a piece of BaseT Ethernet terminal equipment;  
data signaling pairs of conductors comprising first and second pairs used to carry BaseT Ethernet communication signals between the piece of central BaseT Ethernet equipment and the piece of BaseT Ethernet terminal equipment, the first and second pairs physically connect between the piece of BaseT Ethernet terminal equipment and the piece of central Base T Ethernet equipment, the piece of central BaseT Ethernet equipment having at least one DC supply, the piece of BaseT Ethernet terminal equipment having at least one path to draw different magnitudes of current flow from the at least one DC supply through a loop formed over at least one of the conductors of the first pair and at least one of the conductors of the second pair, the piece of central BaseT Ethernet equipment to detect at least two different magnitudes of the current flow through the loop and to control the application of at least one electrical condition to at least two of the conductors.

(’760 Patent at 17:15–36 (Claim 1).)

Claim 1 of the ’760 Patent is a system claim that combines the “central equipment” and “terminal equipment” elements discussed in connection with the ’012, ’107, and ’838 Patents, configured to detect magnitudes of current flow and control application of electrical conditions. ’760 Patent at 17:15–36. For the reasons explained with respect to those patents and the

corresponding asserted claims, the Court similarly finds that claim 1 of the '760 Patent is not directed to an abstract idea. Thus, the Court need not reach *Mayo* step-two; however, even if claim 1 of the '760 Patent is directed to an abstract idea, claim 1, read as whole, discloses an “inventive concept.”

Defendants again argue that the claim elements, such as BaseT Ethernet equipment, twisted pair wiring, and DC supplies, were known in the prior art and therefore do not add any inventive concepts. *Id.* at 26. Defendants argue that the remainder of the limitations are similar to those recited in the '107 Patent and '838 Patent, and are not transformative for the same reasons discussed with respect to those patents. *Id.* at 27. Chrimar contends that Defendants are incorrect that the limitations were known in the prior art. (Doc. No. 214, at 17.) Moreover, Chrimar argues that even if a claim’s individual limitations may have been known independently in the art that does not make it unpatentable. *Id.* at 18 (citing *Bascom*, 2016 WL 3514158, at \*7.)

As discussed above, Defendants’ arguments regarding certain claimed structures being known in the art are misplaced. *Bascom*, 2016 WL 3514158, at \*6 (“the inventive concept inquiry requires more than recognizing that each claim element, by itself, was known in the art.”). While the claim recites certain components such as BaseT Ethernet equipment, DC supply, and conductors, the claim ultimately recites a specific configuration to “detect at least two different magnitudes of the current flow” and to “to control the application of at least one electrical condition to at least two of the conductors.” '760 Patent at 17:15–36 (Claim 1). This ordered configuration, aimed at the detection of DC current to control application of at least one electrical condition, is a transformative inventive concept. Therefore, claim 1 of the '760 Patent is directed to patent-eligible subject matter.

The remainder of the asserted claims of the '760 Patent, claims 59, 69, 72, and 145<sup>1</sup>, are dependent claims and the Court therefore similarly finds those claims directed to patent-eligible subject matter.

For the reasons explained herein, the claims of the '760 Patent are not directed toward abstract ideas and therefore do not violate “the longstanding rule that “[a]n idea of itself is not patentable.”” *Alice*, 134 S. Ct. at 2355 (quoting *Benson*, 409 U.S. at 67). Even if the claims are directed to abstract ideas, the additional elements of the claims “transform the nature of the claim” into patent-eligible subject matter. *Alice*, 134 S. Ct. at 2355 (quoting *Mayo*, 132 S. Ct. at 1298).

### CONCLUSION

For the reasons discussed herein, the asserted claims of the '012, '107, '838, and '760 Patents are directed to patent-eligible subject matter. Accordingly, the Court **DENIES** Defendants' Motion for summary judgment (Doc. No. 207).

**So ORDERED and SIGNED this 29th day of July, 2016.**

  
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JOHN D. LOVE  
UNITED STATES MAGISTRATE JUDGE

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<sup>1</sup> While claim 145 depends from claim 73, claim 73 is substantially similar to claim 1, and the Court therefore finds that claim 73 is similarly directed to patent-eligible subject matter. '760 Patent at 21:37–52 (Claim 73).