IN THE UNITED STATES DISTRICT COURT

FOR THE DISTRICT OF NEBRASKA

PRISM TECHNOLOGIES, LLC, Plaintiff, v. T-MOBILE USA, INC., Defendant.	)	8:12CV124 MEMORANDUM AND ORDER

This matter is before the Court on cross-motions for summary judgment (Filing No. 309 and Filing No. 339) filed pursuant to Federal Rule of Civil Procedure 56. After review of the motions, briefs, submitted evidence, and relevant law, the Court finds as follows.

Background

Plaintiff Prism Technologies, LLC, ("Prism") accuses T-Mobile USA, Inc., ("T-Mobile") and the other carrier defendants of infringing upon its patents, 8,127,345 ("the '345 Patent") and 8,387,155 ("the '155 Patent"). T-Mobile moves this Court for summary judgment of patent ineligibility for the '345 and '155 patents under 35 U.S.C. § 101. In addition, Prism moves this Court for summary judgment of patent eligibility for the same patents.

Law

Summary judgment is appropriate when, viewing the facts and inferences in the light most favorable to the nonmoving party, "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); *see Celotex Corp. v. Catrett*, 477 U.S. 317, 321-23 (1986). "The inquiry performed is the threshold inquiry of determining whether there is the need for a trial -- whether, in other words, there are any genuine factual issues that properly can be resolved only by a finder of fact because they may reasonably be resolved in favor of either party." *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 250 (1986).

The issue of patent-eligibility under 35 U.S.C. § 101 presents a question of law. *Accenture Global Servs., GmbH v. Guidewire Software, Inc.*, 728 F.3d 1336, 1340-41 (Fed.Cir.2013). Under § 101, "[w]hoever 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 therefor, subject to the conditions and requirements of this title." There are three exceptions to § 101's patent eligibility principles, "laws of nature, physical phenomena, and abstract ideas." *Diamond v. Chakrabarty*, 447 U.S. 303, 309, 100 S.Ct. 2204, 65 L.Ed.2d 144 (1980).

In *Mayo Collaborative Servs. v. Prometheus Labs., Inc.,* the Supreme Court established a two-step test to distinguish patents that claim patent-ineligible laws of nature, physical phenomena, and abstract ideas from patent-eligible application of those concepts. ---U.S.---, 132 S.Ct. 1289, 182 L.Ed.2d 321 (2012). First, the court must determine if the claims at issue are directed at a patent-ineligible concept. *See Alice Corp. Pty. Ltd. v. CLS Bank Int'l,* ---U.S.---, 134 S.Ct. 2347, 189 L.Ed.2d 296 (2014). "Phenomena of nature, though just discovered, mental processes, and abstract intellectual concepts are not patentable, as they are the basic tools of scientific and technological work." *Gottschalk v. Benson,* 409 U.S. 63, 67, 93 S.Ct. 253, 34 L.Ed.2d 273 (1972). If the claims are directed at a patent-ineligible concept, the court must look for an "'inventive concept'-- i.e., an element of 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." *Alice*, 134 S.Ct. at 2355.

Analysis

T-Mobile alleges that the claims of the '345 and '155 patents are directed to an abstract idea, and do not contain an inventive concept. As a result, Prim's patents are ineligible under 35 U.S.C. § 101 and the analytical framework set forth in

Mayo and *Alice*. In addition, T-Mobile alleges that the dependant claims also fail to satisfy the subject matter eligibility standard. Prism argues that T-Mobile mischaracterizes Prism's claims as ineligible. Prism alleges that the claims of the '345 and '155 patents are patent eligible.

Claim 1 of the '345 patent includes a method claim, and Claim 1 of the '155 patent includes a system claim. The parties pointed to the above mentioned claims in their briefs to illustrate their arguments. The Court agrees that Claim 1 of the '345 and Claim 1 of the '155 are representative of the asserted method and system claims for the purposes of the § 101 analysis.

I. Step One of the *Mayo* Test

Under step one of the *Mayo* test, the Court must determine whether the Prism's patent claims are directed to an abstract idea. "The 'abstract ideas' category embodies 'the longstanding rule that an idea of itself is not patentable.'" *Alice*, 134 S.Ct. at 2355 (quoting *Gottschalk v. Benson*, 409 U.S. 63, 67, 93 S.Ct. 253, 34 L.Ed.2d 273 (1972)).

The defendant argues that the asserted claims of the '345 and '155 patents are directed to the abstract idea of providing restricted access to resources. The defendant allege that providing restricted access to resources is an age-old practice in modern society. Furthermore, T-Mobile argues that he

addition of generic computer implementation does not turn an abstract idea, such as provided restricted access, into a patent eligible invention.

The plaintiff responds that the defendants mischaracterize Prism's claims as broadly preempting the idea of restricting access to resources. Prism argues that the asserted claims are directed to a concrete, non-abstract idea. Therefore, the asserted claims are not directed to a patent ineligible concept.

The Court finds that the claims are directed toward an abstract idea. By examining the words of the claims, it is apparent that the claims are directed to a providing restricted access to resources. In *Jericho Systems Corp. v. Axiomatics, Inc.*, the district court found that a claim involving a user entering a request for access was an abstract idea. 2015 WL 2165931 (N.D. Tex. May 7, 2015). The court stated, "The abstract idea being that people who meet certain requirements are allowed to do certain things." *Id.* at *4. The underlying ideas behind Prism's claims are similar to abstract idea discussed in *Jericho*. Under step one of the *Mayo* test, the asserted claims of the '345 and '155 patents are directed toward an abstract idea.

II. Step Two of the *Mayo* Test

Under step two of the *Mayo* test, the claims of the asserted patents may still be patent eligible if they include an "inventive concept" sufficient to "ensure that the patent in practice amounts to significantly more" than a patent upon an abstract idea. *Alice*, 134 S.Ct. at 2355. There is no "inventive concept" if a claim recites an abstract idea implemented using generic technology to perform "well-understood, routine, and conventional activities previously known to the industry." *Id.* at 2359 (citing *Mayo*, 132 S.Ct. at 1294). Claims that "broadly and generically claim 'use of the Internet' to perform an abstract business practice" do not satisfy the requirement of an "inventive concept." *DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245, 1258 (Fed.Cir.2014).

T-Mobile alleges that Prism's asserted claims fail to reveal an inventive concept and, therefore, do not satisfy step two of the *Mayo* test. The defendant argues that the claims do not require anything more than generic computer implementation. Prism argues that the asserted claims include concrete limitations and are directed to an inventive concept. During the mid-1990s, the patents addressed an inventive concept that solved the problem of delivering resources over an untrusted network. In addition, Prism presents evidence from its expert,

Dr. Lyon, that the patents' inventive use of identity associated with the client computer to control access to resources over an untrusted network was an improvement over the current technology of that time (Filing No. 340, Exhibit 5).

After reviewing the claims, evidence, and various arguments, the Court finds that asserted claims do include inventive concepts to ensure that patents in practice are more than just patents on restricting access to resources. Prism's patents involve the implementation of the Internet. However, the patents in application do more than "broadly and generically claim 'use of the Internet' to perform an abstract business practice." *DDR Holdings*, 773 F.3d at 1258. The claims modify the way the Internet functions to provide secure access over a protected computer resource. The problems addressed by Prism's claims are ones that "arose uniquely in the context of the Internet, and the solution proposed was a specific method of solving that problem." *Id.* at 1257. As a result, the claims of the '345 and the '155 patents are patent eligible under the *Mayo* and *Alice* analytical framework.

III. Dependant Claims

T-Mobile also alleges that the various dependant claims fail to add any inventive step to the generic computer implementation of restricted access. The defendant argues that

there is not nothing new or inventive about the dependant claims. Prism argues that the dependant claims include limitations and important inventive benefits.

The Court finds that the dependant claims also include inventive concepts under the *Mayo* step two analysis. The dependant claims are patent eligible. Accordingly,

IT IS ORDERED:

1) Defendant's motion for summary judgment (Filing No. 309) of patent ineligibility is denied.

2) Plaintiff's motion for summary judgment (Filing No. 339) of patent eligibility is granted.

3) Request for oral argument is denied as moot.

DATED this 22nd day of September, 2015.

BY THE COURT:

/s/ Lyle E. Strom

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LYLE E. STROM, Senior Judge
United States District Court