IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF GEORGIA
ATLANTA DIVISION

TRIDIA CORPORATION,	:	
	:	
	:	
Plaintiff,	:	
	:	
v.	:	
	:	
SAUCE LABS, INC.,	:	CIVIL ACTION NO.
	:	1:15-CV-2284-LMM
	:	
Defendant.	:	

TRIDIA CORPORATION,	:	
	:	
	:	
Plaintiff,	:	
	:	
v.	:	
	:	
STONEWARE, INC.,	:	CIVIL ACTION NO.
	:	1:15-CV-2344-LMM
	:	
Defendant.	:	

ORDER

This case comes before the Court on the Special Master's Amended Report

and Recommendation ("R&R") [56], recommending that the Court grant

Defendants' Motions to Dismiss for Patent Invalidity, 1:15-CV-2284-LMM, Dkt.

No. [13]; 1:15-cv-2344, Dkt. No. [18]. Plaintiff has objected to the Special Master's

Recommendation, arguing that the Special Master's recommendation (1)

impermissibly relied on facts and inferences outside the pleadings; (2) ignored

and/or misapplied recent Federal Circuit precedent; and (3) improperly conflated

patent eligibility under § 101 with novelty and obviousness under §§ 102 and 103.

After a review of the record and due consideration, the Court **ADOPTS, in part**

and **REJECTS, in part** the Special Master's recommendation and **DENIES** the

Defendants' Motions [13, 18] for the reasons stated below.

I.   LEGAL STANDARD

Plaintiff has filed objections to the R&R. Accordingly, "[t]he court must

decide *de novo* all objections to findings of fact or conclusions of law made or

recommended by a master." Fed. R. Civ. P. 53(f)(3)-(4).

Federal Rule of Civil Procedure 8(a)(2) requires that a pleading contain a

"short and plain statement of the claim showing that the pleader is entitled to

relief." FED. R. CIV. P. 8(a)(2). While this pleading standard does not require

"detailed factual allegations," the Supreme Court has held that "labels and

conclusions" or "a formulaic recitation of the elements of a cause of action will

not do." Ashcroft v. Iqbal, 556 U.S. 662, 678 (2009) (quoting Bell Atl. Corp. v.

Twombly, 550 U.S. 544, 555 (2007)).

To withstand a Rule 12(b)(6) motion to dismiss, "a complaint must contain

sufficient factual matter, accepted as true, to 'state a claim to relief that is

plausible on its face.'" Id. (quoting Twombly, 550 U.S. at 570). A complaint is

plausible on its face when the plaintiff pleads factual content necessary for the

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court to draw the reasonable inference that the defendant is liable for the conduct alleged. Id. (citing Twombly, 550 U.S. at 556).

At the motion to dismiss stage, "all well-pleaded facts are accepted as true, and the reasonable inferences therefrom are construed in the light most favorable to the plaintiff." FindWhat Inv'r Grp. v. FindWhat.com, 658 F.3d 1282, 1296 (11th Cir. 2011) (quoting Garfield v. NDC Health Corp., 466 F.3d 1255, 1261 (11th Cir. 2006)). However, this principle does not apply to legal conclusions set forth in the complaint. Iqbal, 556 U.S. at 678.

II.   BACKGROUND

The factual background stated in the Special Master's Report and Recommendation is not disputed and is **ADOPTED** here. Essentially, the relevant facts, construed most favorable to the Plaintiff, are these:

This patent infringement action concerns Plaintiff's 598 patent. The 598 patent is entitled "Method and System for On Demand Downloading of Module to Enable Remote Control of an Application Program over a Network." As suggested by the title, the invention relates to remote execution of computer programs over a network. 598 patent at 1:12-14.

The Background of the Invention explains that software manufacturers found it beneficial to offer demonstration software to prospective customers as a means to fully inform the prospective customer about the features and operability of the manufacturer's software. Id. at 1:40-56. A software manufacturer could

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provide a prospective customer with a disk containing the demonstration software to be installed on the customer's home computer, id. at 1:63-64, or the customer could download the demo software over the Internet and install it on her home computer. Id. at 2:5-11 and 2:47-53. Installation[1] of demo software, however, could be difficult for the customer and potentially unsuccessful. Id. at 2:59-3:6. Delay in installation also increased the risk that the customer's interest in the software would wane before she actually had the opportunity to test it. Id. at 2:15-18 and 3:2-6.

The specification explains that one way to overcome these problems was to offer remote control of the software, i.e., to "provide the user with access to the application program without requiring the user to execute the program in her own computer system." Id. at 3:12-15. Remote control of an application on another computer coupled through a network was known in the software support and maintenance environment. Id. at 3:12-18. Communication protocols to enable such remote control were also known. Id. at 3:28-33.

Then-existing remote control software required a component of the remote control program to be resident on both computers before the software could function. Id. at 3:34-39. What was needed, according to the specification, was a remote control program that provided on-demand access to a program without

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[1] "Installation" of software, as explained by Plaintiff, requires reconfiguration of the computer whereas by comparison, a module requires no such reconfiguration. Hearing Tr. at 72.

requiring pre-installation of the remote control program on the user's computer, without requiring the user to download and install the desired application program, as well as a way to use the Internet or other network to transparently provide the application program. Id. at 3:48-56.

The 598 patent offers to overcome these limitations, disclosing a system and method for remotely controlling an application program over a network. The described system allows an application program running on a first computer to be remotely controlled by a user at a second computer. The system described in the Summary of the Invention section includes two software components, an "application interception module" (AIM) and a "remote display module" (RDM). The AIM is located on the same computer as the application program that is to be remotely controlled. The RDM, preferably implemented in an interpretive language such as Java, is transported from the first computer over a network to the user's computer. The RDM can, without installation, be executed by the browser of the user's computer, thereby establishing communication between the RDM on the user's computer with the AIM located on the first computer. Id. at 3:59-4:23 and 5:23-25. The Specification provides that the "on-demand availability of remote control over another computer has been heretofor unknown." Id. at 9:41-43.

The RDM converts input messages from the user at the second computer into a "remote control protocol." The remote control protocol is used to

communicate between the RDM on the remote computer and the AIM on the first

computer. The AIM receives remote control protocol messages from the RDM

and converts them into an I/O protocol that can be understood by the application

program on the first computer. The application program generates output

messages, which are converted by the AIM into the remote control protocol and

transmitted to the RDM on the user's computer. The RDM receives the output

messages and converts them into the I/O protocol used by the user's computer so

that the messages can be understood by the user. In this continuing manner, the

AIM and RDM convert and communicate I/O messages on one computer, over

the network using a remote control protocol, into I/O messages on the other

computer. Id. at 3:59-4:23 and 5:23-25. This system and method, according to

the specification, allows for remote access without requiring a user who is

knowledgeable about his or her own computer's software and hardware. Id. at

2:60-64, 3:48-49, 5:48-51.

The 598 patent originated with 18 claims as U.S. Patent No. 5,909,545 (the

"545 patent"), issuing on June 1, 1999 from an application filed on January 19,

1996. The 545 patent was subsequently subjected to reissue proceedings resulting

in the 598 patent, which issued on September 21, 2004 with the original 18

claims surviving largely intact along with 27 new claims (45 claims total). The

598 patent was further subjected to an ex parte reexamination, resulting in a

Reexamination Certificate dated May 18, 2010. The Reexamination Certificate

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resulted in modification of some claims as well as the addition of 27 new claims,

leaving the 598 patent with a total of 72 claims.

Plaintiff asserts infringement of claims 1-6, 8, 9, 11-14, 18-25, 46-56, 58-65,

67, 69, 70, and 72 in two separate actions against Defendants Sauce Labs, Inc.

and Stoneware, Inc. Defendants in both actions filed Motions to Dismiss, arguing

that the 598 patent's claims constitute an unpatentable idea under 35 U.S.C. §

101. After the benefit of a hearing and supplemental briefing, the Special Master

issued a Report and Recommendation, recommending that Plaintiff's Complaints

be dismissed as the 598 patent is invalid for attempting to patent an abstract

idea.

III.   DISCUSSION

Plaintiff first objects to the Special Master's finding that the patent's claims

are attempts at patenting abstract ideas and are therefore not patentable. The

Patent Act provides protection for those who "discover[] any new and useful

process, machine, manufacture, or composition of matter, or any new and useful

improvement thereof." 35 U.S.C. § 101. This statute has long contained an

important exception: "Laws of nature, natural phenomena, and abstract ideas are

not patentable." Alice Corp. Pty. Ltd. v. CLS Bank Int'l, ___ U.S. ___, 134 S. Ct.

2347, 2354 (2014) (citations and quotation marks omitted). The exception exists

because "[l]aws of nature, natural phenomena, and abstract ideas are the basic

tools of scientific and technological work," and "[m]onopolization of those tools

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through the grant of a patent might tend to impede innovation more than it would tend to promote it." Id.

Of course, "too broad an interpretation of this exclusionary principle [might] eviscerate patent law" because "all inventions at some level embody, use, reflect, rest upon, or apply laws of nature . . . or abstract ideas." Mayo Collaborative Servs. v. Prometheus Labs., Inc., ___ U.S. ___, 132 S. Ct. 1289, 1293 (2012).

Striking the proper balance in identifying those "abstract ideas" that are too ephemeral to be patentable is not an easy task, as courts have repeatedly observed. E.g., Bilski v. Kappos, 561 U.S. 593, 621 (2010) (Stevens, J., concurring) (the Supreme Court has yet to "provide[] a satisfying account of what constitutes an unpatentable abstract idea"); DDR Holdings, LLC v. Hotels.com, LP, 773 F.3d 1245, 1255 (Fed. Cir. 2014) ("[d]istinguishing between claims that recite a patent-eligible invention and claims that add too little to a patent-ineligible abstract concept can be difficult, as the line separating the two is not always clear.").

In Alice, the Supreme Court identified a two part test to determine patent eligibility under § 101. First, the Court must determine if the claim is directed to an abstract idea or other patent-ineligible concept. 134 S. Ct. at 2355. The Court looks at the claim elements both individually and in combination in determining whether a patent is aimed at an abstract idea Id. at 2355 n.3; Ultramercial, Inc. v.

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Hulu, LLC, 772 F.3d 709, 715 (Fed. Cir. 2014) (invalidating a patent where "the concept embodied by the majority of the limitations describes only the abstract idea" of showing an advertisement before providing free content).

Next, the Court must determine if the remainder of the claim adds an "inventive concept" that includes an element or combination of elements that is "sufficient to ensure that the patent in practice amounts to significantly more" than the abstract idea itself. Alice, 134 S. Ct. at 2355. "Simply appending conventional steps, specified at a high level of generality," to the abstract idea is not enough to create a patentable invention. Id. at 2357.

A. Abstract Idea

The Court first addresses whether the 598 patent is "directed to" an abstract idea. Id. at 2355. In doing so, the Court "cannot simply ask whether the claims *involve* a patent-ineligible concept" but rather the "'directed to' inquiry applies a stage-one filter to claims, considered in light of the specification, based on whether 'their character as a whole is directed to excluded subject matter.'" Enfish, LLC v. Microsoft Corp., 822 F.3d 1327, 1335 (Fed. Cir. 2016) (emphasis in original) (citations omitted).

That inquiry is best accomplished by comparing the 598 patent's claims to prior cases' claims which courts have already found to be abstract. Id. at 1334 ("[B]oth this court and the Supreme Court have found it sufficient to compare claims at issue to those claims already found to be directed to an abstract idea in

previous cases."). In setting up that spectrum, it is clear that if the claims merely use a computer to implement (1) a law of nature or a natural phenomenon; (2) a "fundamental economic practice"; (3) a "conventional business practice"; or, (4) a "method of organizing human activity" that has long been "prevalent in our system of commerce," then the patent is aimed at an abstract idea. Alice, 134 S. Ct. at 2356; DDR Holdings, 773 F.3d at 1256. But, if the claims instead are directed to "a specific improvement to the way computers operate," then the claims are patentable. Enfish, 822 F.3d at 1336.

For example, in Alice, the Supreme Court found that "a method of exchanging financial obligations between two parties using a third-party intermediary to mitigate settlement risk" (in essence, using a form of escrow) was a fundamental economic practice "long prevalent in our system of commerce," and therefore an abstract idea that was unpatentable under § 101. 134 S. Ct. at 2356. The Court equated the idea of intermediated settlement with the concept of risk-hedging that was found unpatentable in Bilski. Id. The patents in Alice and Bilski both involved methods of organizing economic activity that were "conventional."

Since Alice, the Federal Circuit has provided further guidance regarding what constitutes an "abstract idea." In Intellectual Ventures I LLC v. Capital One Bank, the Federal Circuit found that a patent for a method of "storing, in a database, a profile keyed to a user identity and containing one or more user-

selected categories to track transactions associated with said user identity . . . and causing communication, over a communication medium and to a receiving device, of transaction summary data in the database for at least one or more user-selected categories" was directed towards the abstract idea of budgeting. 792 F.3d 1363, 1367 (Fed. Cir. 2015) (patent aimed at tracking and storing information was directed to patent-ineligible abstract idea of budgeting). Although the patent claimed to implement budgeting using "the Internet and telephone networks," that limitation did not render the claims any less abstract. Id.;[2] see also Bancorp Servs., L.L.C. v. Sun Life Assurance Co. of Can., 687 F.3d 1266, 1278-79 (Fed. Cir. 2012) (a patent for a method to track, reconcile, and administer life insurance policies was not patent eligible).

In Ultramercial, the Federal Circuit found a patent that recited the process of "receiving copyrighted media, selecting an ad, offering media in exchange for watching the selected ad, displaying the ad, allowing the consumer access to the media, and receiving payment from the sponsor of the ad" all described the "abstract idea of showing an advertisement before delivering free content" which was a long-used conventional business practice and therefore unpatentable. 772 F.3d at 715. The Federal Circuit similarly found in In re TLI Communications that "a method for recording and administering digital images" implemented an

[2] The court also held that a patent for tailoring web content based on a viewer's location or address was unpatentable, as targeted advertising has long been a conventional business practice.

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abstract idea because the invention did not solve an existing problem within the technology, but rather used a generic telephone system "merely [as] a conduit for the abstract idea of classifying an image and storing the image based on its classification." In re TLI Commc'ns LLC Patent Litig., 823 F.3d 607, 612-13 (Fed. Cir. 2016). The patent did not purport to solve an existing problem in the technology—that is, how a cellular device interacted with a camera or how to transmit images via a cellular network—or describe new hardware—a new telephone, server, or physical combination of the two—but rather used technology to implement an organized way to store images. Id.; see also Bascom Glob. Internet Servs., Inc. v. AT&T Mobility LLC, 827 F. 3d 1341, 1348 (Fed. Cir. 2016) ("We agree with the district court that **filtering content** is an abstract idea because it is a longstanding, well-known method of organizing human behavior, similar to concepts previously found to be abstract.") (emphasis added).

On the other side of the spectrum, the Federal Circuit found in Enfish that a self-referential table design did not constitute a mere abstract idea because the table was "a specific type of data structure designed to improve the way a computer stores and retrieves data in memory." 822 F.3d at 1339. The Federal Circuit rejected the district court's characterization that the self-referential table was "directed to the abstract idea of 'storing, organizing, and retrieving memory in a logical table' or, more simply, 'the concept of organizing information using

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tabular formats.'" Id. at 1337. The Circuit noted that "describing the claims at

such a high level of abstraction and untethered from the language of the claims

all but ensures that the exceptions to § 101 swallow the rule." Id. (citing Alice, 134

S. Ct. at 2354). Because the claims were "specifically directed to a *self-referential*"

table, "the district court oversimplified the self-referential component of the

claims and downplayed the invention's benefits." Id. at 1337-38 (emphasis in

original). "Much of the advancement made in computer technology consists of

improvements to software that, by their very nature, may not be defined by

particular physical features but rather by logical structures and processes." Id. at

1339.

In this case, Defendants argued, and the Special Master agreed, that claim

58 of the 598 patent is directed at the abstract idea of "enabling remote control of

a computer program over a network." R&R, Dkt. No. [56] at 15. Claim 58

provides in relevant part:

> 58. A method for providing on demand remote control application
> comprising the steps of:
>
> receiving a demand that a user at a first computer desires remote
> control over an application at a second computer;
>
> in response to the demand, transmitting a remote control module to
> the first computer over a network, and
>
> the remote control module enabling input-output communications
> allowing the first computer to remotely control the application at the
> second computer system without pre-installing remote control
> software at the first computer prior to receiving the remote control
> module;

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wherein the remote control module can be interpreted by a browser.

The Special Master found that Claim 58 "recites only generalized steps on a computer system using conventional computer activity." R&R, Dkt. No. [56] at 15. He stated that "[t]he invention of claim 58 is, in effect, claiming the idea of using known interpretative browser technology to implement known remote control technology. In other words, claim 58 is simply using known, but more recently available, internet-related computer technology to accomplish remote control functions that were already being accomplished over networks using older computer technology." Id. at 16 (citing 598 patent at 3:13-48, 9:30-35) (footnote omitted). In other words, the Special Master concluded that Claim 58 was a mere abstract idea as a matter of law.

Plaintiff objects that the Special Master misapplied Enfish and failed to properly construe the specifications in its favor as required on a motion to dismiss. Plaintiff contends that, as described in the patent, "[t]he claims of the 598 Patent improve computer function by allowing on demand remote control of a remote computer without requiring installation of a remote control program on the remote computer." Pl. Obj., Dkt. No. [57] at 18. "As confirmed in the specification, the remote control was an invention which had not previously existed, and it provided computer capability which had not previously existed." Id. Construing the facts most favorable to it, Plaintiff argues, it is evident that the patent is directed to a new computer capability as opposed to an abstract idea.

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Plaintiff thus suggests that the appropriate characterization of the invention is a "system to facilitate the remote control software program on the computer, through the use of a remote control module, which module was comparatively small, required no installation, and could be transmitted on demand." R&R, Dkt. No. [56] at 14.

Although much of the cited precedent refers to patents where the abstraction issue is clear, the Court finds that, unlike <u>Alice</u>, this is a not a clear case. Plaintiff's patent is not directed to a mathematical algorithm or a longstanding fundamental economic or longstanding business challenge, such that its claims are clearly directed at an abstract idea. <u>See</u> <u>Alice</u>, 134 S. Ct. at 2356; <u>In re TLI</u>, 823 F.3d at 612-13. And taking the facts most favorable to Plaintiff, the specification clearly indicates that there was a problem which needed to be solved which was unique to remote software installation. <u>See, e.g.</u> 598 patent at 3:48-56. But the Court struggles with finding, for many of the reasons the Special Master raised, that Plaintiff's patent is focused on a "specific asserted improvement in computer capabilities" in lieu of "an abstract idea for which computers are invoked merely as a tool" due to the generic components referenced in the patent. <u>Enfish</u>, 822 F.3d at 1336.

However, the Court ultimately does not have to decide whether the 598 patent is directed to an abstract idea under Step I of <u>Alice</u>. Even assuming the 598 patent *is* directed to the abstract idea of "remote control of a computer

program over a network" as Defendants contend, under the Federal Circuit's recent <u>Bascom</u> opinion, the Court finds the 598 patent is a technological advance and therefore Plaintiff can survive Step II under <u>Alice</u> as discussed below. <u>Bascom</u>, 827 F.3d at 1348 ("[I]n other cases involving computer-related claims, there may be close calls about how to characterize what the claims are directed to. In such cases, we noted, an analysis of whether there are arguably concrete improvements in the recited computer technology could take place under step two.") (internal citations and quotations omitted).

B. Inventive Concept

Under <u>Alice</u> Step II, a "claim that recites an abstract idea must include additional features to ensure that the claim is more than a drafting effort designed to monopolize the abstract idea." 134 S. Ct. at 2357 (citations and internal brackets and quotation marks omitted). The introduction of a computer or an attempt to limit the use of the idea to a "particular technological environment" is not enough to save the patentability of an abstract idea. <u>Id.</u> at 2357-58 ("wholly generic computer implementation is not generally the sort of 'additional featur[e]' that provides any 'practical assurance that the process is more than a drafting effort designed to monopolize the [abstract idea] itself.'") (quoting <u>Mayo</u>, 132 S. Ct. at 1297). Otherwise, "an applicant could claim any principle of the physical or social sciences by reciting a computer system configured to implement the relevant concept," which would hollow out the

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prohibition on patenting the fundamental and abstract. <u>Alice</u>, 134 S. Ct. at 2359.

Similarly, merely reciting "the performance of some business practice known

from the pre-Internet world along with the requirement to perform it on the

Internet" or a computer is insufficient. <u>DDR Holdings</u>, 773 F.3d at 1257. In fact,

even the "addition of merely novel or non-routine components to" a claimed idea

do not "necessarily turn[] an abstraction into something concrete." <u>Ultramercial</u>,

772 F.3d at 715.[3]

    In other words, it is clear that merely implementing an abstract idea on a

computer or in a particular technological environment does not save patents

from ineligibility. For example, <u>Alice</u>'s patent for an intermediated settlement

process involved a "substantial and meaningful role for the computer." 134 S. Ct.

at 2359. Specifically, the claimed method used a computer to "create electronic

records, track multiple transactions, and issue simultaneous instructions." <u>Id.</u> It

was still deemed ineligible: using a computer to create and maintain shadow

accounts was "electronic recordkeeping – one of the most basic functions of a

computer." <u>Id.</u> The claims did not purport to "improve the functioning of the

computer itself" or "effect an improvement in any other technology or technical

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[3] Courts still consider the pre-<u>Alice</u> "machine or transformation" test as a part of <u>Alice</u>'s second step, but it is no longer sufficient by itself to argue that a claimed method is tied to a particular machine to save a patent from invalidity under Section 101. <u>Vehicle Intelligence and Safety, LLC v. Mercedes-Benz USA, LLC</u>, 635 F. App'x 914, 919 (Fed. Cir. Dec. 28, 2015) (abstract idea of testing operators of moving equipment for physical or mental impairment is not patentable, despite use of specific "specialized existing equipment modules.")

field," id., and so was insufficient to transform the abstract to the patentable. And the patent's recitation of terms like "data processing system," "communications controller," and "data storage unit" were no help either, since such hardware was "purely functional and generic." Id. at 2360.

The Court in Intellectual Ventures applied Alice's reasoning to claims for a method for (1) budgeting notifications using "the Internet and telephone networks" and (2) tailoring online advertising content, and rejected both those methods' patentability. 792 F.3d at 1367. The patents included painstaking recitations of just how they would be implemented through technology, but the technology was still considered unpatentable.

And in Ultramercial, the addition of eleven individual steps to a "method of using advertising as an exchange or currency," including "updating an activity log, requiring a request from the consumer to view the ad, restrictions on public access, and use of the internet" were not enough to transform the abstract idea at the heart of the patent to a patentable method. 772 F.3d at 715-16. The Ultramercial court emphasized that attempting to limit the use of an abstract idea to a "particular technological environment" (namely, the internet) was insufficient to preserve patent eligibility. Id. at 716. And the fact that "some of the eleven steps were not previously employed [in that art was] not enough" to confer patent eligibility. Id.

These cases make clear that patents that survive <u>Alice</u>'s Step II solve a specific technical problem, as opposed to merely implementing an abstract idea. In <u>DDR Holdings</u>, the patent at issue involved a method for, in effect, combining websites so that when a user clicked a hyperlink, they were taken to a hybrid page that combined both the original site and the linked-to site. Although this idea was arguably directed at the idea of a "store within a store," which is a conventional business practice, the court found the claims to be limited to addressing particular problems posed by the internet that were not present in the physical world.[4] 773 F.3d at 1258 (finding that the "claimed solution amounts to an inventive concept for resolving this particular Internet-centric problem," but warning that "not all claims purporting to address Internet-centric challenges are eligible for patent").

And more recently in <u>Bascom</u>, the Federal Circuit has made clear that while claim limitations can be generic when viewed individually, that does not mean that the ordered combination of limitations—when viewed in light of the specifications—are *per se* invalid. 827 F.3d at 1350. In <u>Bascom</u>, the patent claimed "installation of a filtering tool at a specific location, remote from the end-users, with customizable filtering features specific to each end user." <u>Id.</u> After first finding filtration was an abstract idea—at least in as much as the court

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[4] In a physical "store within a store," a customer remains within the larger store even after they enter the smaller, contained store. In the web context, clicking a link takes the customer away from the original web page – in essence, forcing the customer to walk outside.

should proceed to Step II—the Federal Circuit considered the district court's

analysis which reasoned that because all of the limitations individually were

"well-known generic computer components" and filtering was "well-known in the

prior art," nothing in the patent was "inventive." Id. at 1349.

The Federal Circuit agreed with the district court that, individually, the

limitations were not inventive, and in fact the specification did not describe them

as such. But, the Circuit disagreed with the district court's ordered combination

analysis.

> In light of Mayo and Alice, it is of course now standard for a § 101
> inquiry to consider whether various claim elements simply recite
> "well-understood, routine, conventional activit[ies]." Alice, 134 S.Ct.
> at 2359. The district court's analysis in this case, however, looks
> similar to an obviousness analysis under 35 U.S.C. § 103, except
> lacking an explanation of a reason to combine the limitations as
> claimed. The inventive concept inquiry requires more than
> recognizing that each claim element, by itself, was known in the art.
> As is the case here, an inventive concept can be found in the non-
> conventional and non-generic arrangement of known, conventional
> pieces.

Bascom, 827 F.3d at 1350. The Bascom court held that, taking the facts most

favorable to the plaintiff as it was required to on a motion to dismiss, the patent

"describes how its particular arrangement of elements is a technical improvement

over prior art ways of filtering such content." Id.

Like Bascom, the Court agrees with Plaintiff that—at least in this

procedural posture—its patent can survive § 101. Taking the facts most favorable

to Plaintiff, the patent describes a system and method which overcomes a flaw in

existing technology—the inability to remotely install software on-demand without pre-installation. Claim 58 describes a small, remote control module which does not require pre-installation which solves the prior art problems of requiring the user to employ computer savvy, *inter alia*. 598 Patent at 9:41-43 ("on-demand availability of remote control over another computer has been heretofore unknown."). In other words, the 598 patent is a technological advance that improves the remote control field. See Alice, 134 S.Ct. at 2359. The Court therefore cannot say as a matter of law at this stage that the patent does not describe an inventive concept. [5] See Bascom, 827 F.3d at 1351 (finding that "a technical way to satisfy an existing problem for website hosts and viewers" was inventive in DDR).

The Court recognizes that the distinction between determining whether the current invention improves an existing technological process and whether it is otherwise found in or made obvious by the prior art can be a challenging distinction. But the Court finds that here—at least when construing the facts as it is required to on a motion to dismiss—the 598 patent improves remote access software in that it does not require pre-installation of software and can be

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[5] The Court is concerned that finding otherwise would convert this motion into a novelty or obviousness analysis under §§ 102 and 103, as the Federal Circuit cautioned against in Bascom. The Court does not find that the Special Master's concerns in this vein are entirely unfounded. Rather, this is not the correct procedural posture for such a conclusion.

completed on demand. Such a system and method solved a problem in the technology itself and thus is an inventive concept.

Although summary judgment may reveal otherwise, the Court is also not concerned at this time with preemption of the entire remote access software field. See R&R, Dkt. No. [56] at 21 (citing Alice, 134 S. Ct. at 2354 (expressing the concern that patenting an abstract idea would grant a monopoly over the idea)). Claim 58 describes a remote control module that can be installed on-demand without pre-installation—so the Court does not find, construing the facts most favorable to Plaintiff, that the entire field of remote installation would be preempted. See Bascom, 827 F.3d at 1352 (stating that by carving out a specific location for the filtration system, the court could not find as a matter of law on a motion to dismiss that the entire filtering field was preempted). For instance, pre-installed remote-access software which was known in the prior art   would clearly be outside the 598 patent's ambit.

Accordingly, the Special Master's Report and Recommendation is **REJECTED, in part** as to the § 101 analysis and Plaintiff's Objections are **SUSTAINED**. Defendants' Motions to Dismiss [13, 18] are **DENIED**.[6]

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[6] Plaintiff also objects to the Special Master's consideration of any claims beyond Claim 58 and failure to conduct claim construction prior to considering these Motions. Plaintiff argues since Defendants only addressed Claim 58 as a representative claim in their Motions, the remaining claims were not properly briefed by the parties and were not 'in issue.' Because the Court finds that Defendants have not met their burden with respect to Claim 58, the Court does

IV. Conclusion

For the foregoing reasons, the Special Master's Report and Recommendation [56] is **ADOPTED, in part** and **REJECTED, in part**. Plaintiff's Objections are **SUSTAINED**. The Defendants' Motions to Dismiss [13, 18] are **DENIED**.

IT IS SO ORDERED this 28th day of September, 2016.

LEIGH MARTIN MAY
UNITED STATES DISTRICT JUDGE

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not need to address (1) the Special Master's finding as to the other claims; or (2) the Special Master's decision to delay claim construction.