IN THE UNITED STATES DISTRICT COURT

IN AND FOR THE DISTRICT OF DELAWARE

GAN (UK) LIMITED, ----------Plaintiff, vs. MGM RESORTS INTERNATIONAL, et al., ----------Defendants.	)	Case No. 22-361-CJB
INQUISIENT, INC., ----------Plaintiff, vs. SERVICE NOW, INC., ----------Defendant.	)	Case No. 22-900-CJB
TOPIA TECHNOLOGY, INC., ----------Plaintiff, vs. EGNYTE, INC., ----------Defendant.	)	Case No. 21-1821-MN-CJB

TRANSCRIPT OF MOTIONS TO DISMISS

MOTIONS TO DISMISS had before the Honorable Christopher J. Burke, U.S.M.J., in Courtroom 2A on the 20th of December, 2022.

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THE COURT: All right. As we go on the record, let me welcome you all to our 101 Day hearings today here in three different cases. And I know we have our court reporter with us today, so thank you for your service. And the parties are here with us as well.

Just for the record, I'll say that our first case today is *GAN UK Limited versus MGM Resorts International, et al.* That is Civil Action Number 22-361-CJB. We've been referring to it as GAN, but the plaintiffs can correct me if I'm wrong, if we need to use the initials.

Our second case today is going to be *InQuisient, Inc., versus Service Now Inc.* That is Civil Action 22-900-CJB.

And our third case today is -- we've been calling it Topia, but may be Topia (pronouncing). So again, I'll ask Plaintiff's counsel when we get there to correct me if I'm wrong. *Topia Technology Inc. versus Egnyte Inc.* That is Civil Action Number 21-1821-MN-CJB.

Before we get started, let me go over a couple of ground rules for our hearings today, which should be familiar to the parties, but by

way of reminder, the schedule we'll have today is we'll have argument first in the GAN case and then InQuisient, and then the after the arguments are completed, we'll adjourn for lunch and for time for us to process what's been said by the parties, and then we'll return in the afternoon.

Now, the court reporter, Ms. Warner, has a change of plea hearing at 2:30 which we expect to be over no later than 3:30, so I'll ask all of our participants to return to the courtroom by 3:30, either then or shortly after then. Whenever we're ready, I'll come back out, and the goal will be to provide decisions in many if not all the cases today orally if I can. After providing the decisions, I may have a couple of questions for counsel, if you're able to stick around beyond then.

Secondly, we've told the parties that for each case, we'll allow 25 minutes per side for argument today.

Third, we've received electronic copies of folks' slides, and we've gotten hard copies of some, but if you have hard copies with you that you want to and can hand up, go ahead and

do that before you begin your presentations.

Lastly, in terms of the presentations, as I noted in a prior order, because there's 25 minutes per side, and obviously I have some questions for the parties for which I'd like answers, probably a lot of the time will be focused on me asking those questions. I'll try to let you, of course, be able to make the points you really want to make. I did see some folks have quite a lot of slides, and I'm not sure I'm going to get to all the slides today. I have reviewed the slides, for what it's worth, before today's hearing.

So I think that's the preliminary stuff I just wanted to cover. Let's then, unless there's anything else we need to address beforehand, let's turn to our first case, the GAN or GAN case. Let's have counsel identify themselves for the record who are here for that matter, and we'll start first with counsel on the plaintiff's side and begin there with Delaware counsel.

Mr. Squire.

MR. SQUIRE: Good morning, Your Honor. And it is pronounced, the plaintiff, as

GAN.

My name is Monté Squire on behalf of Plaintiff GAN from the law firm Duane Morris, and I'm joined at counsel table with Diana Sangalli and Thomas Sankey, and Ms. Sangalli is going to be actually arguing the motion, Your Honor.

And behind counsel table is my colleague Gilbert Brooks, and all of us are from Duane Morris.

THE COURT: Okay. Thank you. Be seated.

We'll do the same for counsel for the defendants' side and again begin with Delaware counsel.

MS. FARNAN: Yes. Good morning, Your Honor. Kelly Farnan from Richards, Layton, and Finger on behalf of Defendants MGM Resorts International and MGM. I'm joined by Sara Metzler from my office and for my co-counsel at Arnold and Porter, Evan Rothstein and Patrick Hall. Mr. Rothstein is going to handle the arguments for the Court.

THE COURT: Thank you. Good to see you all. So obviously, it's Defendants'

motion, so I'll call on their counsel first. If you don't tell me otherwise, I'll let you know when you have five minutes left of argument, and I'm sure each side wants to reserve a few minutes of time.

MR. ROTHSTEIN: Your Honor, just one question. I think we had already provided hard copies of the presentation. I wanted to confirm Your Honor had them for this case.

THE COURT: One second. I can tell you we got them from your side. I'm not sure I have the hard copies from the other side. If there are, maybe Defendants' counsel has extra copies.

Okay.

MR. ROTHSTEIN: If I could reserve seven minutes for rebuttal.

THE COURT: We'll let you know.

MR. ROTHSTEIN: Good morning, Your Honor. Again, Evan Rothstein from Arnold and Porter on behalf of Defendants today. We're here today because the asserted patent against my clients, the '296 patent, failed the 101 test from *Alice* and *Mayo* at both steps, and is accordingly invalid, and we ask the Court at

the end of our presentation to dismiss the case with prejudice, given that the plaintiff here has had multiple opportunities to amend, and there is no amendment possible at this stage of the case that would save this patent or save this case under the 101 test, so we ask for dismissal with prejudice.

The first thing the Court must decide on the 101 motions, as Your Honor knows, is what are the claims directed to. Before we get there, there is an issue of representativeness, and, as the Court knows, when a party or when a patentee has not meaningfully challenged representativeness, which we believe to be the case here, the Court can simply align with the defendant's assertion that Claim 1 here is the representative claim.

Now, I have reviewed the slide deck of the plaintiff here, and it appears that we may have some debate about representativeness, but for the purposes of the papers and the plaintiff's answering brief, they didn't meaningfully challenge representativeness. When that happens, the Court, as I said, can side with the defendants.

Now, the representativeness test is when the claims are substantially similar and linked to the same abstract idea. Here, in the answering brief, as GAN argued, the dependent claims, which apparently they now may argue take us out of having Claim 1 be representative, that dependent claims are all linked to the same idea. And I don't mean to use the term "link" as GAN uses it in the directed to definition, but "link" under the test for representativeness.

Now, we posited that Claim 1 is representative of all the claims in the single patent. There's 19 claims. There's three independent claims, Claim 1, Claim 11, and Claim 18. Claim 1 is the method claim. Claim 11 is the method of -- excuse me, the storage medium, and Claim 18 is the system claim, but it's all the same method, and it's essentially all the same steps.

The dependent claims merely add a little bit, and I'm not talking about patentability. I'm talking about certain steps or variations of the independent claims and that, we believe, all fall under the same abstract idea, which we

have identified as this: Coordination of a user's loyalty credits between an online gaming service loyalty account and a casino loyalty account.

THE COURT: And I take it, Mr. Rothstein, you would say when it comes to what it takes to amount to a meaningful argument as to why the dependent claims should be grouped with an allegedly representative claim, you'd say you have to do something more than at least note the number of the dependent claim and point out that it has different words in it. Every dependent claim does have some different words in it. They have to do something more. I guess your argument here is the plaintiff hasn't done in the brief -- they have a paragraph where they know they have dependent claims and they have parentheses where they list some of the words in those claims, but they haven't made certain arguments as to why it's meaningful and why those should be treated differently for purposes of 101 analysis. Is that your point?

MR. ROTHSTEIN: That's correct, Your Honor. We, in the opening brief, alleged that

Claim 1 was representative. Were GAN to challenge that assertion, typically with an answering brief that says something along the lines of what Your Honor is saying, "Claim 1 is net representative for the following reasons," either independent claims add steps or dependent claims add steps, and we would respond and reply. That did not happen here. As Your Honor notes several times and Federal Circuit ordains, when that occurs, it's appropriate for the Court to simply adopt the claim posited by the plaintiff, which is Claim 1 here.

THE COURT: Let me try to cut to some of the issues that I think are going to be most substantial here. In their briefing, when it comes to these three claims that you say are representative, the plaintiff focused quite a lot on two particular limitations, especially at the Step 2 stage, but to some degree overall.

In Claim 1, that's the step of the application server determining the CMS -- that there's not a second account with the CMS, and, if not, creating one. When it comes to Claims

11 and 18, it's what we call PIMS, the Partner Integration Management System, that's represented in the claims and the action it takes to determine what I'll call communication preference of the particular CMS based on the identity of the user.

They also pointed these out. They said they exist in the claims and the limitations. They've also pointed to the fact that the examiner, during reexamination, distinguished a piece of prior art which I gather otherwise is relatively within the realm of the abstract idea at issue, knowing the prior art didn't have the limitations. Obviously, to the extent the examiner was doing that and suggesting that the claim was novel from a Section 102, 103 perspective, that would have relevance to patentability. But wouldn't the fact at least that this piece of prior art -- is it Mishkin?

MR. ROTHSTEIN: Mush kin.

THE COURT: But it is -- you don't deny it's a piece of art that's in this realm that we're talking about. It's a solution to, I gather, to communicating between these two entities with loyalty credits, but it doesn't

have these particular limitations. Can't that be a piece of evidence that helps demonstrate at least that these claims certainly don't preempt the entire field of the abstract idea? And maybe, depending on what it really tells us, might be so non-preemptive, maybe they could survive, say at a Step 2 analysis later on? How come it's not at least a good piece of evidence the plaintiffs can point to for preemption purposes?

MR. ROTHSTEIN: Short answer is it's not a good piece of evidence, and let me explain why. First, the preemption point Your Honor makes is viewed in the entire *Alice* analysis and not necessarily just at Step 2. And I think that preemption for eligibility -- excuse me -- for ineligibility preemption doesn't necessarily mean it doesn't preempt the field; therefore, it's eligible. But if it doesn't preempt the field, then it means it is ineligible.

THE COURT: Wouldn't you say though -- I know all the parties talked about this because I asked about preemption in my letters. On the one hand, we have federal

caselaw that says preemption is an important concept with regard to the eligibility analysis. On the other hand, I could certainly have caselaw that says just because a particular claim doesn't preempt the entire field that's described in the abstract idea, that doesn't mean it's eligible. If the former is right, if preemption has got something to do with the inquiry, then there must be claims that are so particularized, real-world "applicationy" that it's clear that they don't preempt enough of that abstract idea and all the solutions out there within the realm of the abstract idea that the claim could survive. I know total preemption is not the requirement here, but preemption has something to do with that stip in the waiver, doesn't it?

MR. ROTHSTEIN: I agree. I think preemption underpins the analysis, but I don't think it's dispositive here. Let me talk about the two things you mentioned, and we'll skip right ahead to Step 2 to address these questions.

You're right. Claim 1 has an application server that does the discerning step. Claim 11

and Claim 18 change the application server and it's now what you call PIMS or the management system. Neither of those devices or pieces of computer code or software are disclosed or described in any meaningful form in the patent specification.

THE COURT: My guess is if I asked you, "What is the PIMS?" I bet you would say, "It's a black box. It's not some term that has additional, independent limitations to it that are going to add narrowness and specificity." I can't imagine you're going to say the claim is going to say my construction of this term is, and then provide five limitations that have to present for something to be PIMS. Is that your view of it?

MR. ROTHSTEIN: Yes, and the reason I say that is because there's no disclosure or description of any kind in the specification to tell us what it means. So had Plaintiff wanted to challenge that, for example, as a claim construction issue that would prevent the granting of this motion, that is something they could have posited in their answering brief but didn't. So we're left with looking at the

specification.

Obviously, we look at the claims first when we see "application server" and "PIMS," and they pointed out that's the inventive concept, so to speak, that takes these out of Step 2 and makes them inventive. We go to specification for guidance, as Your Honor and the Federal Circuit has told us, and there is no explanation for what it means. So I agree with you, yes, this is a black box piece of equipment or software that is not being infused into the claims to add any inventive concept or change that would take it out of the 101 *Alice* two-step process.

If you look at, as you said, the *Muskin* reference, which we don't have, so we don't know what problem *Muskin* is solving or even the way it was solving it, the challenge from the examiner during the re-exam during *Muskin* was a 102, 103 challenge, so we're dealing with obviousness and anticipation and not novelty.

Under many cases, the *SAP* case, *Take II* case, novelty doesn't equal inventiveness. You can have an argument that you navigated a piece of prior art for the application process, but

you still haven't changed the patent claims in a 101 analysis to make them eligible.

THE COURT: On the second of the two limitations, the PIMS limitation, the limitation describes how the PIMS determined a communication preference of the CMS based on the identity of the user. Do you have a view or understanding of what it means to determine a communication preference of the CMS and how it is that one might do that based on a user's identity?

MR. ROTHSTEIN: I have an understanding of that but not from this patent and not from the claims.

THE COURT: Do you want to tell me what that is?

MR. ROTHSTEIN: What I would argue is the concept that we have said is what the claim is directed to, which is the coordination of loyalty credits from one account to another. If one entity is saying, "I know this user, I identify this user; therefore, I'm changing my communication preference," to me, that's just overlaying another abstract idea of user identification, and there's a slew of Federal

Circuit cases about how user identification is an abstract concept. We cited one in the *Boon Payments* case in our letter to Your Honor that it just layers over another level of abstraction on top of the coordination we have identified which the claims are directed to, which is another abstract idea.

So perhaps using a human analog example here for Your Honor that we have put together that I think may help me, at least, explain it is this, and I will put it up on the screen here. So what's depicted on the screen is an example, essentially, of what we believe the claims cover from a human analog perspective. And I know Your Honor has identified in numerous cases areas or examples where humans could perhaps or may have done something that is now attempting to be patented but may not have actually done. And in those instances, Your Honor typically sides with the patentee and says this really wasn't done by humans. But in this case, I believe this case falls into the category of cases where there are actual examples of the patent occurring in the human space and did happen for a very long

time.

THE COURT: By the way, we were talking about this before yesterday. The whole "human analog" piece of this, why the Courts look at it, I've always had the sense that, well, if the -- what the claim is basically about is something that humans have done for a while, it's a shorthand almost of saying that's likely something that is a broad enough concept that it is probably an abstract idea. But is that right? Why do we even care whether humans have done X before? What does it tell us about Step 1 of the 101 inquiry?

MR. ROTHSTEIN: I think it's the three things that have been identified by the Court as under the purview of things that can't be patented. So the 101 is very broad. Typically, it was easy to pass the 101 test, but then there were certain categories, the abstract concept, natural phenomenon, and said you're adding, in our time, a computer or more recently an internet to things people were doing for a long time. And it goes to the preemption point Your Honor was talking about earlier. You don't want to monopolize an

entire area or entire field by taking something people were doing, whether it's a fundamental economic practice or commerce or a business method, and say now we have a better a way of doing it because we can do it faster with computers. We can do it easier in a communications context because of networking capabilities, and now we've taken that away from what was normally in the public realm and allowing folks to patent it.

THE COURT: It sounds like you're saying that if the claim is to what humans do, it helps you with the whole "is this a do-it-on-a-computer patent." Like, is the computer add really meaningful? If the claim is or sounds like something a human did or could do, that's a piece of evidence suggesting that whatever the computerization of this is, is it meaningful from a Step 1 or Step 2 analysis? Is that's kind of what you're saying?

MR. ROTHSTEIN: That's correct, and I think this patent is done on a computer and a do-it-on-the-internet patent more so than this is something humans have done and now we do it

on the computer. It's humans and then computers were doing it and now we want to do it over a network.

THE COURT: You were going to explain the human analog.

MR. ROTHSTEIN: Before we get to this, let me drill down on this point because the preamble of the claims is a method for communicating. The title of the patent nominally says "A Network Gaming and Casino Management Link." I suppose it's understandable on one level why the plaintiff wants to focus on the link, or what we're now going to hear, based on their deck, that is now a connection mechanism, which is somewhat of a pivot from their answering brief, but there is no connection mechanism or link that's actually in the claims. The claims, I believe, and the specification supports this, is there has already been a connection made between the offline server, the casino management system, and the online server. And then this explains how the communication is going to go between them.

THE COURT: They talked about this

communication mechanism piece quite a lot in their brief. I gather your point in response was if a communication mechanism is literally kind of the physical or software-based structure of communicating between these two entities, the port, the way the data comes through, there isn't much in the claim that seems to relate to that. Is that kind of what you were saying?

MR. ROTHSTEIN: That's correct. Whether it's -- what I struggled with when I walked in here this morning, the HDMI cable that I couldn't find to connect to the iPad to the system or whether it's the handshaking analog I'm going to go through right now or whether it's the software or the API, that connection mechanism, if it's truly what they wanted to invent, isn't claimed in any respect whatsoever.

THE COURT: One of the PIMS limitations talks about a communication preference that's going to be the focus. What do you think a communication preference is? What would be an example of it?

MR. ROTHSTEIN: Again, in my analog,

someone calls one casino to the other and they speak in Spanish, and the guy on the other line or the woman on the other line says, "This person speaks Spanish. I have to get a Spanish speaker. Now I'll be able to communicate."

THE COURT: But in the computerized claims, it might be a particular computer language.

MR. ROTHSTEIN: Or the API, however they want to get their data. If you walked into the saloon or casino with a pit boss 50 years ago and you only spoke Portuguese, you may not be able to communicate with them, but maybe there was someone else at the casino who could.

THE COURT: You're at the seven-minute mark. Is there an extra point you want to make?

MR. ROTHSTEIN: That means I've been speaking too much, so I'm going to reserve my time.

THE COURT: All right. Thank you. Let's hear from Plaintiff's side.

Ms. Sangalli, good morning to you.

MS. SANGALLI: Good morning. May it

please the Court. Defendants today have asked the Court to invalidate 19 claims of this patent based on what they are now saying is a single representative claim that differs significantly from the other 18 that are in this patent. That they have done so reflects the problem with their entire analysis. That analysis rests on a fundamentally incorrect characterization of the subject matter of the 19 claims that they have asked the Court to invalidate. That incorrect characterization of the claims are directed to coordination of a user's loyalty credit is not the focus of the specification or the claim language, and it ignores the inventive features individually and in the ordered composition.

That incorrect analysis -- that incorrect overgeneralization taints their entire analysis. It's why their representative claim analysis is wrong. It's why Step 1 is wrong, and it's why Step 2 is wrong.

THE COURT: Ms. Sangalli, in your briefing, you talked a lot about the Step 1 stage about knowing it wasn't wrong because the claims are not directed to that broad abstrict

idea. Instead, they're directed to a communication mechanism between the online gaming casino and the CMS, the brick-and-mortar casino. If I were to ask you what is the connection mechanism in your view, and using one of our alleged representative claim, whether it's Claim 1 or Claims 11 and 18, what portion of those claims actually get to the substance of what the communication mechanism is in your view?

MS. SANGALLI: And it's different in Claim 1 than it is in Claims 11 and 18. In Claim 1, the way that these two systems are connected together is by this application server that first determines if there is an account in the casino management system to communicate with. If there's not, it creates the account. Once the account is created, it accesses the account, and from then, the communication can proceed to transfer the loyalty credits.

THE COURT: The work that the application server is doing there to determine whether there is a second account, if not, create one, that's key to your view of what the

communication mechanism is?

MS. SANGALLI: Correct. And I think that's supported by the specification, which talks about the account creation as being part of the linking mechanism.

THE COURT: If it was so important in terms of what this claim and the patents are about, why wouldn't there be more discussion about it in the spec or the abstract or the summary of the invention section? Why wouldn't we be talking there a lot about "Let me tell you about the work this application server does, and how we have problems where sometimes these CMSes, they don't have accounts, and we need to find a way to solve it." The patent doesn't give you that, I don't think, to any great degree, nor, I think, does your claim, does it?

MS. SANGALLI: What I would say is if you focus on the correct portions of the patent, that there is some discussion about that. In the very beginning, in both the summary and description of the patent, there is a description that there is an inability of these online gaming systems to be able to

connect to one or more variety of different casino management systems. By putting the application server in between, it solves that problem. Now there's no need for the online system to be aware of anything that's going on in the offline system, and the application server takes care of all those problems for it. It creates the account if it doesn't exist.

Likewise, the Partner Integration Management System also performs that function. By putting that piece in the middle of these two systems, it can now handle the communications between them. It can determine how they should communicate and then implement that communication.

THE COURT: Just to kind of circle back to the point though, in their briefing, Defendants noted that, where you want to look at when a patent should really what is this really about, often you want to go to the background section, the summary of the invention section. What is the problem? What's the solution?

And they noted that a lot of that the last piece of the background section, what it

kinds of seems to say is, "Do you know what's a big problem? This online casino can't communicate with the brick-and-mortar casino. It would be great if they could communicate." If that, at a pretty high level, was the problem and solution, and then you go to the summary section and it's not talking about an application server, it's not talking about the PIMS, it's not talking about the intricacies of figuring out whether a CMS has a new account. It's not talking about communication preferences. In other words, it's not talking about the stuff that I think now and in your briefing you say really is the heart of the patent. I guess, how come it's not doing that?

MS. SANGALLI: And I would agree with you, Your Honor, that the specification is broadly written. It is. It encompasses many different ways of creating the accounts as well as determining the communication preferences. What the patent does do is that it sets up the structure where, again, we have the application server. It has databases that have user account information in there. That's described in the patent. The user account information

that's in that database that describes the various fields that are in there, the patent also --

On my slide eight here, the -- says that these applications that are on the application server can include one or more modules which implement the logic that connects the systems together, and that logic can include accessing that information in the database, which is the user account information, so that it could either modify the information or create new accounts.

Part of that logic also is incorporated in the Partner Integration Management System. And I think that's the name. We've been short-handing it as PIMS, and it kind of glosses over what that particular module is, that Partner Integration Management System. That PIMS enables on online gaming system to communicate with any of a variety of different types of CMSes.

THE COURT: In that regard, as Mr. Rothstein said, in your brief, it's not like you said, "Judge, look. This PIMS is key, and, more particularly, at claim construction

we're going to argue that the construction of that term is blank. And the construction of that term is going to include specificity. A PIMS is not just going to be a black box. It's not going to be any old thing that does what the claim says the PIMS does. It's going to be something more specific, more narrow, more particularized, which in some way is going to lend to our 101 argument because the more specificity, the more requirements that the claims have for what is a PIMS, presumably not every solution in this realm is going to have that."

I guess the question for you is, what is a PIMS? And at claim construction in this case, are you going to argue that PIMS has a narrow construction that's going to help your 101 argument or no?

MS. SANGALLI: No -- that -- yes, we do believe that "PIMS" does raise a claim construction issue and that that would be -- given the functions that are performed that are defined in the specification, that those are going to impact what the scope of a PIMS is.

THE COURT: In what way? In other

words, right now, Claims 11 and 18, they require a PIMS to determine a communication preference of a Casino Management System based on the identity of a user. At claim construction, are going to say PIMS is something that does just that, it determines a communication preference of the CMS using -- based on the identity of the user, or are you going to say not only that, but the PIMS itself has certain requirements; a PIMS is actually a type of software which must utilize X or Y or whatever? Is there going to be any more particularity to what a PIMS is beyond the function that the claims require it to carry out?

MS. SANGALLI: Yes, Your Honor. We would propose a construction of PIMS that would include more structure on that. And I think that's supported by the specification. The specification, again, talks about this idea of this abstracted integration, which is a technical term, but anyway, at the end of the day, what we have here is this middle man in between the online service and the offline services. That middle man includes the Partner

Integration Management System that establishes this connection. In a certain way, it looks up and receives the request from the application server. It looks up account information. It accesses account information. That account information includes information about the user as well as some of the loyalty program information that's associated with that user, and based on the information that that PIMS accesses, it can then establish this connection between any particular CMS based on the identity of the user. So this isn't a system where you're assuming you have a connection and these two pieces already talk to each other. That would be in the *Muskin* reference. Instead, what you have now is this PIMS that sits in between them, that is abstract in integration, that provides functionality such that if the online system doesn't have to know how to talk to the offline system, the PIMS does it for it.

THE COURT: You said the PIMS is going to require more structure. I'm struggling to hear what is this structure. I think you said something about abstracted,

abstraction. I would say it's not something you talk about much in the briefs, and the other side is going to say it's news to us if there's some construction of PIMS that goes beyond the functionality the claims are required to have.

If you were to say, Judge, look, in addition to a PIMS, whatever it is, whatever a PIMS is besides a middle man black box thing, it's got to determine communication preference based on the user at the CMS, beyond that, we're going to say it also requires that a PIMS is blank, how would you fill in that blank?

MS. SANGALLI: And I think at this point, we would need expert testimony on the understanding of how this abstracted integration also functions and what a person of skill in the art at the time would understand that to be.

THE COURT: But it's not something you're prepared to say today, what that testimony is going to be?

MS. SANGALLI: Other than the PIMS is a software module that sits on the application server in between the online system and offline

system that is configured to provide certain functionality. That functionality is to look at account information, determine communication preferences, determine communication types, and then based on that information then send messages to, for example, a web server and tell the web server to communicate according to the preferences.

THE COURT: What's a communication preference that the PIMS would be determining? What's an example of that?

MS. SANGALLI: And the patent describes a description of different types of communication preferences. For example, it could be a VPN. It could be an XML connection. Could be SOAPConnection. Could be synchronous or asynchronous. Different examples in the specification.

THE COURT: Sounds like there could be lots of different communication preferences.

MS. SANGALLI: And the reason there could be many different ones is because these Casino Management Systems traditionally could have proprietary types of software to help how they interface with other types of systems. So

you want to have the flexibility in this online gaming system that GAN invented to be able to communicate with any particular one of those many different types of systems that are out there.

THE COURT: And I guess lastly on this term, it has to do with based on the identity of the user. If the PIMS is saying how does the CMS prefer to communicate, maybe through a VPN, it's also got to make that determination based on the user's identity, how does the user's identity come into play in your view?

MS. SANGALLI: User's identity would be information in the database that provides information about the user account, so looking up the information in the database is also going to give information about what Casino Management Systems that user is affiliated with or associated with, and based on that, based on knowing that that user is associated or has accounts associated with particular types of particular Casino Management Systems, then the Partner Integration Management System can make a determination on communication preference.

THE COURT: It almost seems like the term "based on the identity of the user" part is saying, where is the user's account here? I'm struggling to see how you use the user's identity to help you figure what is the communication preference. What you were describing was two separate steps. First, figure out how does the CMS prefer to talk to the online gaming system? Maybe through XML. And also we want to make sure we find that there's a user account there. Are those two steps related to each other? The claims seem to say they should be.

MS. SANGALLI: Yes, because the claim does talk about accessing the information about the user accounts. And, again, the specification describes user account information being stored in the database, so the user identity could be -- and again, I think this is going to be the subject of expert testimony -- could be used as an index about this other types of information about communication preferences.

THE COURT: If the defendant were to say, Judge, we think the claims are directed to

the abstract idea, basically, of just communicating, communicating writ large, between one system and another, the online gaming system and the CMS. We don't think it's much more than that. If in response, you were to say no because there's this PIMS that's a middle man or this application server, but I'm not going to tell you anything about what those things are or what they do, there just is one, the defendant will say just saying there's a thing that kind of doesn't have any understandable requirements or narrowness or particularity, that can't take you out of the abstract idea that we just asserted, which is just about communication, basically any old way of communicating, with minor tweaks, between these two things.

If you were to say no, I'm not just saying that the thing that takes us out of the abstract idea that these claims are directed to is that there happens to be an application server that does something or a PIMS that does something, it's more than that, it's more specific than that, there's more requirements than that, is there anything more you can say

today about what fills in those blanks? What's the particularity beyond the fact that there happens to exist server or a PIMS that's part of the systems? Do you know what I'm asking?

MS. SANGALLI: Yes, and the claims do have broad language in it, but the claims -- when you're looking at the breadth of the claims, the inquiry would be is it just simply claiming a result. And these claims aren't just simply claiming the result. They're not claiming connecting an online system to another system and allowing communications to go between them. Instead, what the claims include in addition is actually how that connection is implemented. In Claim 1, it is when the application server that accesses information determines that an account does not exist and automatically creates that account for the user. In Claims 11 and 18, that connection is done by a Partner Integration Management System which, yes, it determines communication preferences based on the identity of the user and then it communicates according to that communication preference. There's other limitations in the claims, too, that add

further to that.

THE COURT: Before you move on, the Claim 1 determining step, application server determining if the CMS doesn't have an account for the user and creating one, is there anything more the determining is going to require other than the functionality that's addressed in the claims? In other words, are you going to be saying later at claim construction, what's required there by the determining step, it's going to have to determine in a more particular way, not just any old way, just determine whether there's an account, actually, what the identifier is determining by using a blank or by doing a blank. Will there be any more particularity besides that?

MS. SANGALLI: With respect to the determining stuff, I would say there's already particularity in the claim on that. That's part of accessing the second account information, second account in Claim 1. It's second account when you access second account information comprising determining by the application server that an account doesn't

exist. So the application server is -- part of that step is going to be accessing the information about the user, that there is a second account there. Either the online database associated with the online gaming system, does that indicate that the user has an account in the CMS? Does the database in the CMS, does that indicate there's an account there?

If there is no indication there is a second account for the user, then the application server uses that information to create the account. One way it can create an account, and this is described in the specification, that it can use the information that the user input during the online registration process. So using -- when the user registered for an online account, the user provided information like name, birth date, other type of identifying information that would be important to creating that account. That same information then can be used by the application server to create the account in the CMS.

THE COURT: You've got about five

minutes left. And one other question about these two, I think it's fair to say both in the briefing and here today, if there was something that's key to your 101 argument with regard to these, at least, assertedly representative claims, it's the work the application server is doing in Claim 1 with regard to determining whether the CMS has a second account, and it's the work the PIMS is doing in the other two claims, 11 and 18, to determine the communication preference of the CMS. Is that fair to say?

MS. SANGALLI: That's a fair characterization, Your Honor.

THE COURT: In this regard, as the other side notes, you already had a second amended complaint. You had a bunch of chances to amend. One of the things you could have done -- today you talked a lot about how many of the answers here today relate to expert testimony. One thing you could have done is either attach a declaration from an expert or reference an expert's testimony and say let me explain through the words of this expert why it is that in the realm of the abstract idea that

the other side has put at issue here, that is, simply coordinating loyalty credits between an online gaming service and CMS, let me explain to you why it is that a solution that has a step that requires you to see if the CMS has a second account and, if not, to create it, let me explain why it is that does not unduly preempt the field, why it is that in the field of all the possible solutions in out there in the abstract idea realm, there's only a few that take this step. It's incredibly narrow. And similarly, you could have done that with regard to Claims 11 and 18 talking about PIMS, and you didn't.

Why didn't you? And should that be held against you if I determine that I need some more particularity? Because the other side is going to say, "Don't let them amend. They've had their chances." Why didn't you do that kind of work in the second amended complaint?

MS. SANGALLI: In the second amended complaint, we attached a very important document, which was the R&D tax credit, and I know the defendants will infer that Your Honor hasn't looked at that document. The document

is attached as an exhibit. It doesn't necessarily establish inventiveness or what was routine and conventional, but it certainly raises issues about it.

That document was prepared by GAN for business purposes back in the 2015-2016 time frame, so closer in time to the time of the invention, and indicates what they perceived to be a problem at that time, was this inability of these online systems to be able to communicate with many different types of Casino Management Systems. It also reflected that there was a question -- that there was none of this automatic account creation by these systems.

Seeing that problem, the challenge that they undertook was to create a new system that could do this and do it in a flexible manner. That information is in that description that they provided in the R&D tax claims. The solution that they came up, with which is shown on, I believe, page 11 of the R&D tax claim, is the patented system where there is that application server that sits in between the online system and the Casino Management System.

It includes the Partner Integration Management System there. And importantly, what they wanted to do was they wanted to provide a system that was flexible, that could flexibly accommodate and connect to the many different types of CMSes that would be out there. The Partner Integration Management System does that. They wanted it to be able to automatically create accounts if none existed. This application server does that. They also wanted it to be resilient against unavailability of the Casino Management System. This system, as claimed in some of the dependent claims, does that by queueing information based on unavailability. So --

THE COURT: I'm sorry. I was going to ask you about the tax credit allegation. I guess the big question I had there was, so, you know, in issuing the tax credit, the complaint alleges that the tax authority acknowledged that GAN had -- was developing or attempting to develop work that, as a resolution of scientific or technological uncertainty, that was not routine. Obviously, whatever it is that that tax authority is talking about or the

analysis that they're using, it's not going to neatly overlay. It's not as if they were looking at what does Section 101 law require in terms of unconventionality? It's sort of a blunt instrument in that respect.

And I guess what's the most focused way you could say, "Judge, if you look at what we alleged about what that authority had necessarily determined, the most focused link between what they had to determine and what 101 law requires, say when it comes to Step 2, is blank," what would you say?

MS. SANGALLI: I would say that what they had to determine, that this was a solution that was not -- it's difficult because I don't want to use words that implicate 102 or 103. That's not what they were doing.

THE COURT: Right. That's the question.

MS. SANGALLI: It was a scientific advance over the technology that was then available, and it wasn't just a minor scientific advance. It's just not a simple variation on technology that was already out there. It had to represent more than that in

order for them to issue the tax credit. And that is what the inventors were trying to convey in their description of the problems they were facing and the solution they came up with.

THE COURT: Ms. Sangalli, you're out of time. One thing I'll ask of you, we won't have surrebuttal, but after Mr. Rothstein finishes, of the allegations in the complaint that relate to the tax credit, is there a particular paragraph or paragraphs that you would say, "Judge, I want you to focus on the allegation we made in that paragraph"? I'm not putting you on the spot right now. I'm giving you a chance to say, after they finish, "Judge, please look at paragraph 22 and 23," if you would do that.

MS. SANGALLI: I will do that. Thank you, Your Honor.

THE COURT: We'll have defendants back for seven minutes of rebuttal.

Mr. Rothstein, I'm going to try to let you speak uninterrupted because I didn't let you do that last time.

MR. ROTHSTEIN: That will make me

nervous, Your Honor, but I'll try to go for seven minutes.

I'm going to start here, which is the newest Federal Circuit case on 101 jurisprudence identified by the plaintiff as analogous to this case, and in reality what I think it does is it demonstrates why this case is different and why this patent should die at 101. And it's because of things that Your Honor identified in your questioning of Plaintiff's counsel, which is where is the specificity or the "how" in these claims and this specification? Where is the language such as "the present invention comprises" or "this is the innovation over prior art" or "this is the most important or essential piece of my patent and why I'm applying for it"?

That language doesn't appear in the '296 patent, but it does and did appear in the patent at issue in *Collective*. In *Collective*, that case involved content distribution networks and a new and novel and inventive idea to transmit high amounts of data over a network in a different way. The patentee there said, "Here are the prior art systems and how they

did it typically, but my claims do it differently." And in the *Collective* case, the Federal Circuit found two different pieces of invention, two different inventive concepts, that were so stark and stood out so much that they didn't need to get to the abstract idea.

The judges, and I believe it was Chief Judge Moore, found there was the peer-to-peer networking outside the CDM: Inventive. The trace networking, the trace routing, in that process: Inventive. And those things were described in the specification as inventive and solving a problem that was identified.

Juxtapose that against the patent we have here. This is Figure 1. The patent we have here and the description of the claims here have none of what I just said was in the *Collective* case. Instead, we have what Your Honor identified as black box devices. Standard, off-the-shelf pieces of computing that are talking to one another. The arrows on the screen there, I have big red Xes through them because there are no explanation whatsoever, either in the claims or in the specification, about how any of this is

supposed to happen.

And that's because this is an abstract concept. This is supposed to happen, in the '140 on the right side, the network. This is just the internet connecting two systems. This is a fundamental practice of commerce that's been around for a hundred years, and this is simply a communication style of how this is happening.

Now, if we focused on one of the black boxes, which is the PIMS, which is the question Your Honor had for myself and for opposing counsel first, as well as the application server, first, they're denoted as two different things here in the black box on the left. But if you look at the specification, they aren't described, the PIMS nor the application server, as important in any way. They're not even described at all. They're simply identified as PIMS. "The PIMS may do this" or "the application may do that." And then they're added to the claims that overcame the *Muskin* reference.

I think if I were to step back and say what happened here, the original application

was attempting to claim a method of communication, how one server was going to talk to another, whether it's an online Casino Management System and then an online server, and got an office action rejection or, excuse me, rejection by examiner because of *Muskin*, and then they added the PIMS and to Claims 11 and 18 overcome the 102, 103 rejection. But they didn't describe it or disclose it in any manner in the specification.

THE COURT: It's talked about once or twice in a couple of paragraphs, as you said, often by describing functionally what they do. Column 3 talked about it a little bit.

MR. ROTHSTEIN: Paragraph column 2, it's identified, just identified. And then at column 3, lines 15 through 25, it's identified. But it doesn't say this is the most important part of the invention, here's what it's going to do. And I will say this to Your Honor's question about should they be allowed to amend again -- this is why I started here. At page two of our reply brief --

THE COURT: Mr. Rothstein, before you do that, because it will take you close to the

time, obviously, the Federal Circuit has, at times, criticized district courts for not allowing the patentee every opportunity to make that argument, knowing it's early stage and without a record, it's hard to make, so if you were to explain here why, if I agree with you that at this stage, you have made out your motion, why it is that the claims are patent ineligible, why should the patentee not get one more chance to try to amend?

MR. ROTHSTEIN: That's precisely where I was going, so thank you, Your Honor. Here's why: We're talking about a second amended complaint. They had an original complaint, first amended complaint, and second amended complaint. So this would be the fourth complaint and attempt to plead a plausible case and a case that would survive 101. I don't think there is anything, are any amendments or anything that the patentee can do to create a fact issue that would allow this patent to survive 101.

On August 10th, we filed our reply. On page two, we identified the fact Plaintiff had not raised at all any fact issues, any claim

construction issues, or anything that would take this out of a 101 context. They had the opportunity on the second amended complaint to address that assertion that we made in our reply. They didn't.

Your Honor said, "What happens if you have an expert come in here and say, 'Here's what the PIMS does, and here's why it's so important, and here's why I should consider what this expert says and what the tax credit document says,'" I don't think that the expert can change anything because the claims say what they say, and the specification describes what it describes, and in many cases, including the *cxLoyalty* case, which we identified for Your Honor as most the analogous because it's the abstract concept of loyalty credits, expert testimony and expert ideas may come in and may give you what the POSITA had at the time, but it still can't change what the claims say. And if there's no description in the claims or the specification and they're merely providing their own external, extrinsic thoughts on what it could do, but if the patent is in the abstract realm and they haven't identified

anything inventive, it can't create that issue for them.

THE COURT: Mr. Rothstein, you're out of time. I thank you for your arguments and opposing counsel for their arguments. I'll take them under consideration, and we'll move on.

But I asked Ms. Sangalli if there are particular parts of the complaint that have allegations about the tax credit that she wanted me to focus on as we review things during our break.

Ms. Sangalli.

MS. SANGALLI: Your Honor, thank you. I would direct Your Honor to paragraphs 24 through 28.

THE COURT: All right. Thank you.

All right, counsel. Thank you. Let's ask counsel from our first case if they'll help us make the transition to counsel from our second. While we do that, why don't we take a five-minute break to let folks stretch their legs, transition, go to the restroom if you need to. We'll take a five-minute break and then we'll come back for argument. The Court

will stand in a five-minute recess.

(A recess was taken, after which the following proceedings were had:)

THE COURT: Let's move on to our second case for argument. It's the InQuisient matter. Before we get started, let's have counsel identify themselves for the record. We'll start first with counsel for Plaintiff's side and begin there with Delaware counsel.

MR. SUNDERMEIR: Good morning, Your Honor. Grayson Sundermeir from Fish and Richardson on behalf of Plaintiff InQuisient. Joined with me today is my colleage Jason Wolff from Fish's San Diego office. We also have with us today Mr. Randy Dewolfson who is InQuisient's chief technology officer.

THE COURT: Thank you.

We'll do the same for counsel on Defendant's side. Again, we'll begin with Delaware counsel.

MS. YING: Good morning, Your Honor. Jennifer Ying from Morris, Nichols, Arsht, and Tunnell on behalf of the defendant Service Now. With me at counsel table is Jodie Cheng from Quinn Emmanuel, and we also have a client

representative in the back, Patrick Salceda.

THE COURT: All right. Thank you, Counsel.

It's Defendant's motion, so I'm going to turn to Defendant's counsel to start. I'll have a bunch of questions, but let me do that and begin with Ms. Cheng. Thank you.

MS. CHENG: Good morning, Your Honor. I'd like to reserve five minutes for rebuttal.

THE COURT: Will do. Okay.

MS. CHENG: Today, I'd like to start with the claim language if we could look at slide 14, please. And the claim language here is directed to processing, receiving, and storing data and metadata using generic groupings of metadata, which the claim describes as various modules. For example, you see here a recitation of an attribute module, which, according to the claims, is a grouping and storage of attributes. Similarly, there are also element module and class module.

There's no dispute here that "metadata" is just information or characteristics describing other data, and that's exactly what the patents say.

If we could get slide 15, please.

THE COURT: Ms. Cheng, while you have the slide up, so I get a very base and thousand-foot-view level, the abstract idea that you put forward that the claims, Claim 1 here of the '468 as an example, are said to be directed to is storing, managing, indexing, and retrieving datasets based on metadata or descriptions of the data. If you look at the claim, obviously, quite a lot of it, 80 percent of its real estate, is devoted to these particular modules that are utilized in some way by the data repository or the database structure at issue.

I guess at a stepping-back, fundamental level, one thing the plaintiff is going to say rhetorically is, how can it be that this claim is said to be directed simply to the concept of storing and managing, indexing data or metadata when, look, our whole claim is way more specific than that? It's got all these modules that have all these different requirements about a type of data that they must contain, and they all in some way interrelate to each other, says the plaintiff, because the

different types of modules rely on each other with regard to what they track.

At a fundamental level, how can a claim that looks this specific be really directed to the broad abstract idea that you set out?

MS. CHENG: Because these modules are actually not specific. When we look at something, and I use "attribute module" as an example, the claim says that it is configured to define one or more attributes and store the attributes. It is not disclosing or reciting what an attribute is, how it would relate to other types of metadata. Instead, when we look at the specification, the patent is actually saying it's going to leave it up to the user, the human user, to fill in all the gaps. What is an attribute? How does it relate? How do we store or configure it for the module?

The module is essentially a conceptual way of thinking of grouping the metadata which themselves are not specified what that metadata is. If we look at slide 32, please, as an example of the specification from the patent, and here it states that "a user may create the class and its attributes by creating a table."

So here in this implementation, the module supposedly is represented by a table, but if we go to the next slide, please -- sorry 31. The attributes here are what the user decides them to be, and the relationship is also what the user decides them to be.

So this patent is actually -- while it does devote, as Your Honor said, a lot of real estate or a lot of words to different types of modules, those modules aren't specific at all, and there's no actual specific technique recited in the patent claims themselves. In that way, it's claiming only the functional result of using metadata and data and grouping.

THE COURT: But they can be said to be specific in that each type of module has a name and presumably a name that reflects a type of, I guess, metadata that it must store. As you said, element, module class, module attribute module. Presumably an element, an attribute, or an attribute and a class of attributes, for example, those are different types of metadata. Is that right in your understanding? What do you understand those to mean, "element," "attribute," "class," and

"status"?

MS. CHENG: It is -- the description of the patents say it is whatever the user defines them to be or whatever the user of that system finds of interest to describe. So the term "attribute" really is a generic description of just a grouping. It could be said that you could call it metadata type A.

THE COURT: Is what you're saying that actually, like, kind of metaphysically, the construction in your mind of "element" or "class" or "attribute" or "state" is basically all the same. It's all, like, any type of metadata that the user wants it to be. Is that what you're saying it is? Otherwise, couldn't you understand them to at least have some requirements to them, like a state machine module, whatever it is that's going to be the type of data stored in the module, isn't there something inherent in that that's a different kind of data than, say, what's stored in an element module?

MS. CHENG: There can be, but they all relate to data, and all that is different forms of metadata which the patents are not

specifying exactly what kind. If you look at slide 15, we see that the description of "metadata," which is in the patent claims, is data that's used to describe other data. And metadata can have many different layers. It can be data about data about data and so on and so forth.

The patent claims do not specify what layer of metadata is an attribute or what layer of metadata would a status be or an element. Instead, as mentioned, it is leaving it up to whoever is the user of this system to define those things, and the patent claims are, instead, just -- what they claim is the functional result.

So now we already have a system that is supposed to process, retrieve, and store data and metadata, and it goes on to list the different modules, but the modules themselves are recited to be configured to define and store a particular type of metadata that the user would configure. It doesn't tell us how to define an attribute or how to configure the module to store an attribute.

THE COURT: Thinking about *Enfish*,

the case the other side is focused on, the claim there at issue wasn't long, and it recited a data storage and retrieval system that included rows that included an object identification number and it responded to records of information, including columns that intersected those rows to define a bunch of cells. Each column included an object indication number and a means for indexing data stored in the table. And your response to *Enfish* said the claims here are distinguishable because the claimed modules are defined by generic functional language. Unspecified associations is kind of what you're saying now. But I guess as we talk about, the claims at least say what these modules must include and they describe some interrelationship between them. I guess, how is that so different than the type of data structure that was described in *Enfish*? What are the -- again, it's not a long claim. It's not like it had incredible particularity. What is different about the structure of the data structure in *Enfish* versus the one here?

MS. CHENG: So *Enfish*, the *Enfish*

claim, which is slide 26, does disclose a specific type of database structure, a logical table, and it provides how to configure and construct that table. It tells us exactly what should be in each row and how to populate it as well as what should be in each column.

THE COURT: Well, what's the difference between explaining what should be in each row and what should be in each column -- again, it's not like they have 17 requirements up there in *Enfish*. There's few. It could be said that Claim 1 of the '468 tells you what's got to be in this structure, what particular modules, and requires that the content of those modules in some way interrelates to the content of other modules. Why isn't the specificity there, an OID must be required, much different from the specificity here?

Put differently *Enfish*, the benefit of the patent was it described in real detail why it is that particular type of table was a big step forward in terms of way databases work. It did a great job explaining why those adds added something to the art. It seems like that's what the case turned on, not so much --

I'm not seeing, like, why is there so much more specificity in that claim versus the claims here?

MS. CHENG: In the claims here, we don't see a specific database structure. We see a reference to a module, which is a conceptual idea.

THE COURT: That doesn't count as structure? A module is not a piece of structure?

MS. CHENG: We would say the specification certainly does not support that. If we go back to slide 15, which we see how the patent is defining and describing "metadata," the second sentence of that there says, "Examples of metadata include schema, tables, indices, views, column definitions, et cetera." It's an open-ended list of potential formats for metadata, which is in the claim -- patent claims could take, and table is just one of them. So when there's no -- sorry.

THE COURT: I was going to say to your point back at slide 17, if you could, to the *Enfish* claim, I think you said 26. Sorry. You said, well, that's got structure. Is the

structure you're talking about is that it's got rows and columns?

MS. CHENG: It specifies a logical table, and it says that there's a single logical table.

THE COURT: I guess I'm trying to figure out what's enough in your mind to make Claim 17 in *Enfish* about a database structure but that's not present in our claim. There, it makes reference to a logical table that has particular kinds of rows and particular kinds of columns; am I right? That are required?

MS. CHENG: Yes.

THE COURT: Whereas you would say Claim 1 of the '468, although the claim requires a data repository, and that that repository have certain modules, those modules don't count as structure or particularized structure because really this is a way of saying storing data about data, i.e. metadata; is that right?

MS. CHENG: Correct. Those modules are groupings, and that is why the patent specification was before us. There is no definition or no there's no real structure

associated with the term "module."

THE COURT: Do you think modules means just grouping of data?

MS. CHENG: That is what the patent specification would support. It is how, also, Plaintiffs have alleged infringement in the complaint against Service Now.

THE COURT: When you say what the specification supports, is that the prior piece of the specification we were looking at that you showed me, on slide 15?

MS. CHENG: Slide 15, yes, has one example.

THE COURT: That doesn't say the word "modules are." It says "metadata is." It sounds like you're saying "modules" is just a synonym for "pieces of metadata."

MS. CHENG: Correct, and that is how the specification of the patent is written. There are embodiments of modules, but they are also examples taken from possible schema, tables, from this list.

THE COURT: I guess another argument you made in your briefing was that the claimed modules don't save the claims because they

don't specify how to construct a module or database as a whole. Did the claims in *Enfish* specify how to construct the table beyond requiring that it have certain columns and rows that are described?

MS. CHENG: I would posit that that is in *Enfish*, Claim 17, specifying what the rows and columns need to be populated with is constructing the logical table there.

THE COURT: So specifying what the rows and columns need to populated with in Claim 17 in *Enfish* amounts to describing particularized structure, but specifying what these modules need to be populated with doesn't because "module," to you, means grouping of metadata, and you don't think the words "element module" or "class module" add anything to it. Sounds like you're saying that's another word, but that just means any type of metadata that the user wants. Is that what you're saying?

MS. CHENG: Yes, and I would add that in the claims here -- actually, if we could go back to slide 14, put up Claim 1, this module is not only not -- the claims not only fail to

disclose how to construct a module, but it also just claims the functional result. It claims, already, an element -- for example, an attribute module that is already configured to define and store the attributes. So it does not provide that how, and that is what *Enfish*, in contrast, does do. It does tell us how does that table be constructed to represent the data by populating with such-and-such rows and columns here.

THE COURT: By populating with certain kinds of rows and columns, that's the how of how to construct the structure that's present in *Enfish*. It's not like *Enfish* says, "Let me tell you how the make the table. Create software that actually" -- in some more specific way than "we want it to have a row with an identification number and column with identification number." It's not like it went to the next level of how in *Enfish*. The structure is the particular rows and columns the claim calls for; is that right?

MS. CHENG: Correct.

THE COURT: Which you think is distinguishable from the required modules here?

MS. CHENG: Correct, on two levels, Your Honor, because "module" here is not even restricted to a specific structure. It could be a table. It could be schemas, but it appears Plaintiff's slides are going to suggest. And as a second layer, it does not tell us how that module, whatever that structure might be, is configured.

THE COURT: I guess this is a question I'm going to have repeatedly for Plaintiff's counsel, but I'll give you a chance to tell me what you think about it. Obviously, a key point of the inquiry is not just understanding what it is -- what type of structure the claims require, i.e., to have certain modules and understand what those modules are and if they are interrelate or work together, but it's helpful for this process to say, okay, I see what the claim requires. I see what the patent saying in column 1 about what was happening in the art and what problem it's meant to solve, and I can see how it is that the particular modules that are claimed and the way they work together actually solve that problem that's being talked about. I'm

going to be asking Plaintiff a lot of questions like how does that work and how do these modules -- how are they going to solve whatever problem it is that's being described in column 1, which I think is written in pretty inscrutable language, but I'm going to give you a chance to say, what do you think the patent is trying to say about that? Maybe you think it's not saying it well enough. But in what way -- how do you link what's in the claims to what is described as the problem that needs a solution, say, in column 1?

MS. CHENG: We believe that, basically, what the patent is trying to say is that it is actually taking existing database systems and structures and expanding them to incorporate, possibly incorporate, additional types of metadata, but that, we would say, is not any different -- that does not get us out of the abstract idea of essentially what we're doing is organizing data based on grouping its metadata and whether that is the first layer metadata or a tertiary layer of metadata, it's still just information about data.

THE COURT: The last sentence of the

background section which leads into the summary says, "Accordingly, there's a need for systems and methods that store, manage, index interrelated and/or retrieved datasets in a manner independent of the data model." That phrase, "independent of the data model," I think is meant to reflect back a bit on what's been described earlier in the column. What do you understand the phrase "independent of the data model" to be or to mean? What do you understand the patent to be saying this is what was done or this is what we're trying to do different? What do you think that term means.

MS. CHENG: "Independent of the data model" could be what we would interpret to be referring to the storage aspect of this patent because we also have these modules and each are configured to not only -- sorry -- configured not only to define whatever type of metadata is in that module but to store it, and storing is, of course, conventional, and that is acknowledged in the patent itself, that conventional databases would store datasets locally as well as remotely.

THE COURT: So you're saying that you

think it means that we're actually not just going to identify what data needs to be utilized but store it.

Ms. Cheng, you have about five minutes left, and you wanted to save five minutes. Is there any other point you want to make before we turn it over to your colleague on the other side?

MS. CHENG: No, we'll save the rest of the time for rebuttal.

THE COURT: Okay. We'll call up Plaintiff's counsel, Mr. Wolff.

And, Mr. Wolff, maybe as you begin, I have a lot of questions for you, but they really all get to what I just kind of described as kind of my big questions from reading this patent and the briefs, which is in an ideal world, you would have a patent claim that says, "This a type of database structure or data repository. Here are all the claimed requirements. In my patent, I'm going to describe the kinds of structures that existed at certain times. I'm going to tell you stuff that was problematic with them, bad from a user perspective, it didn't allow for efficient

integration of data, and then I'm going to clearly explain how it is that this claimed repository with these particular modules, how it is that that actually solves the problem I'm talking about, because if you see the way these modules store data and the way it relates to each other, it's going to help in the sense that and it solves this problem that's described here."

We've read it a lot of times, and we just really have a difficult time making that connection. Including that last sentence that leads from the background section to the summary section, what the heck does "independent of the data model" mean? How do the modules work in a way that's independent of the data model? Et cetera, et cetera. Maybe a good place to start is helping us navigate through the difficulty we're navigating. The Federal Circuit in *Enfish* didn't have that problem. The patent there made it easy for them.

MR. WOLFF: May I approach?

THE COURT: You may.

MR. WOLFF: How many paper copies?

THE COURT: Two, please.

MR. WOLFF: So the background of the patent talks about conventional database systems. Our client, InQuisient, as well as the defendant in this case make what are called enterprise management systems. They are systems that look at collections of data or collections of databases and tries to build another data structure to manage those collections of data and those collections of database systems. Sometimes, in the briefing, we call them -- in the complaint, it talks about an enterprise management system.

The problem with the conventional database systems is that you have to write a lot of dedicated code to try to manage the data in the database system. You have to write specific kinds of procedural code. You need to write code that triggers different things to happen in the database, and are were built on a very specific data model that was defined at the time the database was written. The problem is that you had to write custom data modules, you had to write custom code to make sure the databases could work. You had to write

dedicated code for specific purposes within -- however the database was running or however the purpose it was being used, and they were not flexible and portable. You couldn't just change something in the database or you couldn't manage the collection of databases more efficiently if you didn't have some code mechanism that you had written to manage this process.

THE COURT: "Specific data model" is a synonym for "dedicated code" or "a model created with dedicated code"?

MR. WOLFF: The data models were specified ahead of time and one of the things you had to do to manage the data model and manage the different things you wanted to do with your database was you had to write specific, dedicated code to do that.

THE COURT: So we have this data system, data structure that's described, say, in Claim 1 of the '468. I see it. I see that it has certain things that require -- certain things called "modules." I see the modules have names and different names, and I can see how the names of the modules in some way

interrelate to each other. What the heck does that have to do with avoiding the problem of a database system that's created through use of a lot of dedicated code?

MR. WOLFF: What it does is it takes the code away, in a sense. It allows the people managing these various collections of databases and datasets to write code that will specify how the data interacts with each other and allow the user who's going to need to get in and access a bunch of heterogeneous databases or different kinds of organization of data, it gives them a tool and resource to go in with this new data structure and pull out the information that was in the database.

It looks around and says, "I've got a table here with this information in it. I've got another table somewhere else with more information in it." These would be datasets in the claims. And then what I do is I've gone out and looked at each one of the tables and said, "I'm going to build a new data dictionary, a new data structure, that's going to allow me to manage across all the different tables and all the data structures in my system

in one place."

THE COURT: Still not solved. In my mind, I'm thinking, okay, old system. Problem: Required a lot of dedicated code. I'm thinking about a computer programmer having to type out code, and that it has to be very specific code that effectuated very specific ways of either storing or comparing data. I'm thinking, okay, this repository that's claimed, Plaintiff's counsel is telling me, it's going to avoid that problem. It's going to avoid the need for as much dedicated code to be used. How is it going to avoid the need for as much dedicated code to be used? Again, still not understanding the answer.

MR. WOLFF: The way it's going to do it is because we created a data structure, this EMR, this data repository, that has these different modules in it, and each one of those modules has specific tasks and specific requirements and relates to the other modules. Once we define that structure, then we can populate data into the structure, and the structure itself with the data in it will reduce the need for the code that was required

in the past that had to be dedicated, procedural-type code.

THE COURT: How? In order for the structure to work to be able to utilize the data or to make comparisons to it, wouldn't code need to be written that allows it to do that?

MR. WOLFF: Code is needed in the sense that you have to, basically, take information out of the data structure, but you don't have to do it for each instantiation of a database that someone's written. You may have a human resources database, that's an example in the patent, and it gives an example of the state machine in the patent that shows kind of how you would populate the different statuses in the state module to build this repository so that once you're running your database and you're using the ERM to manage your various database processes, it can look at the code that's in the database structure itself and say, "I cannot transition from someone who's interviewing position to somebody who's been terminated unless I first require them to be hired."

Could I walk you through the claim a little bit? I think maybe the claim will help a little bit in this respect.

THE COURT: I'm looking at it right now. Even at a base level, we have questions, like, an element module. The other side says there's nothing to that. There's no requirement. I think Ms. Cheng was saying that's another way of saying a module that has metadata in it, any kind of metadata, whatever the user wants, who cares. Is it that?

MR. WOLFF: It's not. It's more specific than that. This claim has a very specific data dictionary. It's got particular structures. The modules that are referred to in the claim, an example that's used in the specification is a table or a portion of a table. A table is a structure that people know how to build. A table is a structure that is known in the art. There's been no evidence that people don't know what a table is or how to build a table that a table may have a column or row or as many rows as someone wants to specify.

And, again, some of the damages here were

that you have the ability to dynamically adjust the data. It's been added an example in the patent specification that if you wanted to add a new column to a table you can do that, or new information or repository, you could do that with the data structure that's been specified in the claim, and here's the claim.

A good example of the claim and how it's implemented is the schema, the structural diagram that's found in Figure 1 of the patent and most of the patent figures. It shows each one of the elements. We color-coded them up with the claim limitations, and it shows that each one of the modules, there's an example in the patent specification. There's, like, a primary key. There's a foreign key. There's arrows that connect the different tables that show what their relationships are, and that's all the kind of stuff that's reflected in the claim itself. If you don't have one of these modules and it doesn't have one of the relationships that's specified in the body of the claim, you're not going to practice the claim.

THE COURT: Sure, but maybe at a base

level, if you were describing there's an element module, what that limitation requires is that this module include elements. There's also an attribute model. That's a part of the model that includes attributes. There's a difference between those things. There are certain kinds of data that cannot be an attribute but can be an element and vice versa.

MR. WOLFF: Right.

THE COURT: Give me an example.

MR. WOLFF: An example is in the element module, there's got to be something that uniquely identifies the plurality of elements. So the element module would be kind of like your primary key for most of the various data structures in here. And then the other modules that kind of hang off of it are things that specify what can you have and what sort of relationships can be stored with respect to the elements that you specified. The element module is probably the single most important module of these claims with respect to its structure because it is the thing that goes in and says, "This is when I want to store my unique identifiers for all my different data

pieces that I'm going to store in my data dictionary." And each one of the other modules is specifying some other class or type of information that would be built into this data structure to help manage the database management systems.

THE COURT: I can see that these modules have some relationship to each other. They interrelate. They -- for example, an element relation model stores relationships between elements which, in turn, relies on the element module to tell you what the elements are. Is there something about the interrelationship of those different types -- stepping back, are elements and attributes, are they all types of metadata?

MR. WOLFF: Yes, they are generally types of metadata.

THE COURT: Is there something about the requirement that there be some interrelationship between the types of metadata that each module stores that gets in some way at this dynamism that you're talking about that's different than the dedicated code piece of the prior art? If so, can you explain it in

language I can understand?

MR. WOLFF: I'll do my best. So there's a difference between those things. The reason the data structure is defined in the claim is to build an organization, build a tool that allows you to improve the way the database itself operates. So instead of having a bunch of procedural code that might say "If such-and-such a relationship in such-and-such a table has a certain value, then I need to go and find some other attribute or class or something else that would help me perform some function." And the example could be as simple as the hiring an employee and then having the various state transitions that are shown in the figures of the patent.

What it's doing is it's enforcing -- with the data structure itself, it's enforcing the constraints to the database, it's enforcing constraints on the ability of people to add data to the database, as well as to help them have a resource to take information out without writing all of this code. There is code that has to be written to do this, and this is why we've got the schema drawn in here and the

various relationship diagrams. These arrows are one to many. If you look at the class attribute module 112, there may be class IDs or attribute IDs and it points out the attribute table. So the attribute tables constrain the ability of some of the classes that you put in the class attribute table to be one of the things found in the table. So you're putting all that logic into the database structure itself and constraining the ability of someone to do it, so what the described modules find.

THE COURT: Is there a place in the patent that you would say best explains -- that does the equivalent of the following: Say, "I told you already the limitations with the prior art, that the database structures referred to therein require tons of dedicated code and that's problematic." Is there a best sentence or sentences that you would say that I should look at this in the break that in effect does the type of following: And so the types of modules that the claims require and their interrelationship with each other solves that problem because they do X or because they allow for Y. What's the best spot in the patent that

spells that out in words?

MR. WOLFF: Two spots in the patent that I think are good are column 4 of the '468 patent beginning at line 22. It goes through a series of explanations that talks about some of the advantages that are obtained by the fact that you have these different data structures or you have this particular type of data structure managing your system.

THE COURT: There were two parts of the patent I wanted to ask about. One was column 4, lines 23 to 25, and the other is columns 8 and 9 lines 61 through 8, so you're on the first one.

MR. WOLFF: And that was the second one I highlighted in here.

THE COURT: Not in your briefs, though; right? As far as I could tell, did you talk about these parts of the patent in your brief?

MR. WOLFF: I thought we did, but I have to check and see.

THE COURT: To step back, as I've said, I think you want these claims and this patent to be seen as analogous to *Enfish,* and a

huge part of *Enfish* was the Court being able to point to the parts of the specification that explain clearly why it is that what is claim solved a problem with prior art databases. They made that link, the link I'm asking you about right now, and I don't know that the briefs did it. They pointed to a couple paragraphs in the complaint that are very hard to understand language, kind of like what's in column 1. I think you're doing it now, but let's see if we understand what it says.

This part of column 4: "Unlike a conventional relational database, the EMR extends the notion of available attribute text beyond the standard string number of data links," and it goes on from there. What does that mean, and how does it get to the answer I've been asking?

MR. WOLFF: Well, what it means is that it allows more flexibility and extensibility to the way that you define your database, and it does it through the data structure itself. So in this particular instance, it's the type definition table 102. And then if you skip down to line 29 through

31, it says, "By using the type of the person's name, the attribute user can declare more than what a normal relational database may store?

THE COURT: What does that mean, "by using the type of the person's name for an attribute, the user can declare more than what a normal relational database may store"? What does that mean?

MR. WOLFF: It means that you can extend the ability of the database to specify more information or maybe even types of people in your database when the original data model that you agreed on when you built your database didn't specify that. So this is a way to extend the ability of the database to manage and --

THE COURT: It allows for the input of more specific kinds of data about X?

MR. WOLFF: It allows you to further specify the structure of the database so that you can have more information about the different things that you're managing across these different heterogeneous databases.

THE COURT: Once you have the more information, element types, attributes, class

types, whatever, how does the database use that different information to actually make a more efficient table or more efficiently process data? Or what does it do with the specificity once the claim requires that it be there?

MR. WOLFF: Once you have the data dictionary specified, you can use the data dictionary as your entry point to both access and retrieve and analyze data that you can pull out of the database. Instead of going back to the database itself to do it in the first instance, write a bunch of procedural code and write a bunch of specialized user interfaces, because the structure is defined the way it is, we have a way to dynamically generate the user interface that helps people go in and use the data dictionary specified as the key to get into various pieces of information in the database itself.

THE COURT: Let's take a look at the bottom of column 8 starting line 61. I think that's the other place we had a question about and I think you were going to direct me to. It's a place where the patent talks about several drawbacks to conventional systems.

That's how it starts. What is said there that helps me understand how the claimed structure solves the problem?

MR. WOLFF: Well, this actually starts at 50 and it runs to the top of column 9, line 2, but it's describing some of the drawbacks of the prior art and how, if you use the data model in the prior art system, you would have to write a bunch of dedicated code to build the user interface and manage the inputs.

THE COURT: I guess the piece I'm not -- like, the thing I'm not quite understanding is -- I was a liberal arts major in college. I'm not quite understanding how the claimed modules and what they require eliminates the need for lots of dedicated code. There's something about -- I think you're trying to tell me there's something about the nature of these modules and the specificity they require that eliminates the need for lots of dedicated code because there is something that happens with them, and I'm not understanding. What is it that the modules have or do per the claim that eliminates that

need that's said to be bad?

MR. WOLFF: I apologize. I'm not doing a good job of it. An analogy might work, but you can think of the modules -- you can think of the invention, the overall invention, as a machine. And you can think of the modules in the claim as a gear and each of the specificity that's required in the claim as teeth on those gears, saying this is an attribute module, and this is the information -- I'm defining what the attribute module is. And then the relationships that are defined in the claim are like where the teeth for the different gears interconnect. And when you populate the data into the system and you've got this particular organization of data, all the gears are going to turn, and it's going to help the user manage the data in their enterprise management system that could be spread out among many different databases.

THE COURT: How does the way these gears connect and they turn and they interrelate, how does that get to the problem of you don't need a lot of dedicated code?

MR. WOLFF: Because instead of

writing procedural code -- I'm probably not doing a good job of it because the question keeps coming up. Instead of writing procedural code that's analyzing, making condictional logic, or it's defining abstract data types and procedures -- I don't know how familiar you are with those things. We don't have to do all that work because now I know what the structure of the database looks like. I know how the data is organized database, and because I know that structure, I can go in and look at specific things in the structure of the data itself and the way it's organized and I can pull out that information without doing all the thing.

The state module is probably the best example of that. I think it's back on this particular slide. You might have to write a bunch of procedural code to implement a state machine. It would say, if you are in this particular -- you have one particular status. You're allowed to -- this is your state machine transition, so this particular instance, there's a state machine transition table 122. That's shown on the right side of the figure on

slide eight. And it shows -- there's various keys. Primary keys and foreign keys relate to other tables in the deal. What it's basically enforcing as a constraint in the logic of the database and the logical organization structure of it is to say if I have one status and I want to move to a different status, I cannot do that unless my State Machine transition table specifies that that transition is allowed, and I do that by just adding data in the table in the data structure. I don't have to do that by writing some conditional logic that says, "If A, not B. If C, then B."

THE COURT: That kind of "if A, not B" isn't required -- because of what is claimed, it's got to be in the claims. Look at the two limitations in the claim. What words in those claims does the work of "if A, then B"?

MR. WOLFF: The status module would be part of that, and the status module is, in this particular instance, defining what the status was for whatever the state machine that was specified in the prior element. You could have five different state machines specified in

this particular example and there would be a status for each of the state machines that you would specify, and that's going to help you manage these transitions. The state machine transition module is not specifically claimed in this particular example. This is an independent claim.

THE COURT: A couple quick questions. You're just about out of time. More than a few times in your brief, you cited to column 3, lines 37 to 41, which to us looked like a description of Figure 13. It seems important, but we didn't understand why you were citing to that.

MR. WOLFF: I'm sorry. What was the column?

THE COURT: In your briefs two or three times, you cited -- you seemed to emphasize, this is at DI 16 and 5 and 18, that we should look particularity to columns 3, lines 37 to 41 of the '468 patent. When you go there, it looks like it's the lines that describe Figure 13. We felt like you were trying to tell us something about the patent, but we didn't understand what that was meant to

refer to.

MR. WOLFF: I wish I had an answer.

THE COURT: Why don't you take that. Again, like I did in the last case, after I hear from the other side on rebuttal, if there's anything more on that that you want to share, let me know before we conclude.

The last thing I want to ask you was Ms. Cheng, when I asked her what do you think is module is, I think she said it's a grouping of metadata. It's not a structure, she said. She was contrasting it to the structure in *Enfish*. What structure? Well, that database had rows and columns that had particular requirements, inputs. Module is not structure. It's a group of metadata. Is that wrong?

MR. WOLFF: It is a type of structure, and the type of structure is going to be a table or portion of a table. The difference with *Enfish* and our particular claims, and I've got them here on slide 17, *Enfish* dealt with a table or a database structure that improved the operation of a database that has a single table. Our claim has eight different tables or portions of

tables specified in it. In each instance, it's doing the same type of work that *Enfish* did in one table. It's different, but it's looking at the -- it's looking at each of the tables and saying what the relationship is, what needs to be specified in the table, and what the relationships are. The structure is the table. The structure is the table, what the table contains, and how the tables relate to the other tables in the claim.

THE COURT: Okay. Mr. Wolff, you're out of time, but I appreciate your argument. Thank you. Let me turn back to Defendant's counsel who has about five minutes left for rebuttal, and I'll try to give Ms. Cheng a chance to make whatever points she wants to make without asking too many questions.

MS. CHENG: So Plaintiff's counsel used an analogy of a machine and modules are teeth and relationships being gears, but there's no explanation how, how somebody who wants to actually implement or avoid implementing the so-called machine in the database structure would be able to do that.

Plaintiff's counsel said that each of the

modules can only be used for specific types of metadata, that somehow these modules are defined -- that them themselves define and categorize some types of metadata or that the relationships are constrained. That representation is not supported in the specification. We saw in slide 31 and 32 the portions of the '468 patent, I believe, calls for, lines 9 through 22, that dictate that a user creates and defines the class and the attributes, for example, and in the -- in that same excerpt, that the user then may be able to construct that table however he or she wants.

And further, there are other examples of this in the specification. If we look in the '468 patent, column 5 starting at line 66 through column 6, line 8, and just one excerpt of that is "an element stored in element table implies that the user can find similarity between anything that the user would like to discuss, report, store, or manage."

THE COURT: I'm sorry, Ms. Cheng. What column and lines were you at?

MS. CHENG: So that was column 5, lines 66 through column 6, line 8, and the

excerpt I read is specifically column 6, line 1 through 4.

THE COURT: "An element stored in element table 160 implies that the user can find similarity between anything that the user would like to discuss, report, store, or manage." You think that articulation speaks to what the breadth of what an element is?

MS. CHENG: Exactly. Plaintiff's counsel mentioned that an element -- what is an element? The element module is particularly important here, and there was a representation that these modules, in this case, the element module, is constrained to a specific type of metadata. This excerpt as well as the one we show on slide 31 and 32 and in other places throughout the specification indicate that that's not true. These modules are -- and the relationship between the modules are whatever the user determines or decides that they want to use to categorize or group the data.

THE COURT: In terms of whether an element module, a class module, a state module, or an attribute module are required to contain different types of metadata and what the nature

of that difference is, wouldn't the principle of claim construction say that different words in the claim likely have different meanings indicate there is a difference between the types of data that's stored in the modules? Wouldn't that tell us that's right?

MS. CHENG: Sure. So while each module can be used for different metadata, different types of metadata, that specific what type of metadata is not defined in the patent. What we're left with is just the idea of organizing data based on characteristics from the metadata of that data. So there's an illustration that we had put together on slide 17. Well, we can start here.

THE COURT: I saw this in the slides and thought they're never going to get to this because they have 50 slides. You have a few minutes left. Why don't we make your point.

MS. CHENG: Sure. That is processing, retrieving, and storing data based on grouping information or characteristics about these things or data, something people have been doing forever. This is the core concept of organizing.

And in the next slide, we show it's really no surprise that certain things or data may have more than one characteristic or metadata. Here, we've got color and shape and the relationship between these characteristics is that any one item shown there could only have one color and one shape. And as the user, you could choose to organize these items based on whatever buckets you define.

And now the next slide.

The fact these patents --

One more again.

The fact these patents attribute or assign some generic name to each of the buckets does not take it out of the abstract idea of organizing based on characteristics, and that's all we have here.

THE COURT: Okay. Thank you, Ms. Cheng, for your time. I thank Plaintiff's counsel for their argument.

Thinking about these slides, I was once an associate putting together slides for a Markman hearing, spent weeks on it, and we got to the Markman hearing in front of Judge Brown in the District of New Jersey, and the clerk

came out and said, "The judge doesn't like slides." So I'm thinking whoever put this together, we got to it, so that's a good thing. I want you to know I saw it and evaluated it. I do think it was helpful, and I think I understand what the issue here is. Counsel's arguments were helpful.

Let's do the same we did last time. We'll take a five-minute break, come back after that. We'll hear the last argument, and we'll end, take a couple hours for us to process what we said and more instructions about when we come back. Let's take a five-minute recess.

(A recess was taken, after which the following proceedings were had:)

THE COURT: Good morning once again, and we're here for our last case. Is it Topia?

MR. LYTLE: Your Honor, it's Topia.

THE COURT: Sorry about that. Let's have counsel for plaintiff's side first identify themselves for the record, starting with Delaware counsel.

MR. SCHOENBAUM: Your Honor, Griffin Schoenbaum from Richards, Layton, and Finger. I'm here with Kelly Farnan from my office, and

at co-counsel table, from Sughrue Mion, the firm, we have Jay Lytle. We have Janvi Shah. We have Chid Iyer. We have Raja Saliba.

THE COURT: Thank you. We'll do the same for counsel for Defendant's side, again beginning with Delaware counsel.

MR. NEFF: Good morning, Your Honor. Carl Neff from Fisher Broyles, and I'm joined here with Heidi Keefe from the law firm of Cooley, LLP, and Ryan Beard from Fisher Broyles as well, and Ms. Keefe will be taking the presentation for defense.

THE COURT: All right, counsel. It's defense motion again. Let's turn to Defendant's counsel Ms. Keefe so start.

MS. KEEFE: Thank you, Your Honor, and I'd like to reserve seven minutes or so for rebuttal. If Your Honor has more questions, you're the reason I'm here, so I will do that instead of rebuttal. No problem.

This case, actually, in many ways, has some resemblance to the first argument that we heard. This is definitely one of those black box, "do it on the computer" cases. How do we know that? The first way we know that is we

look to the specification to figure out what are the claims directed to? What is the problem that's being solved? And the patent tells us that the problem is, essentially, file management because we all have too many devices. So we want to make sure that the document you have on one device gets updated to match a document that you have on a second device.

I can illustrate that, Your Honor, with something as simple as you have a document. It could be something like, perhaps, a medical record, something that has information that you need to be as current as possible. That medical record has three lines in it. All of a sudden, you want to make sure the doctor is in, say, two different offices, and you visit the doctor in the second office. You want to be sure that if there's a change in those documents, they get that information. So if the doctor adds the prescription, I'll use that as a star, somehow we need to make sure that that document is sent with a "please update it" with a star down to the second document.

It's no more complicated than that, and

this is something that's existed in document usage since documents have been in existence. Once you have more than one copy, you need to make sure that those copies are reconciled or synchronized.

What we have in this case is a patent that tries to simply say, "Do it on a computer." In fact, it talks about the fact that one of the problems in the prior art is that you might be able to do this process manually, where you're updating the record, but that could end up with some potential errors because of human input. Or it might take too long to take a disk drive and walk over and plug it into something else. Now we want to use the computer as a tool to do as quickly as possible, or in other words, synchronize those things, but we are never told how to do that.

THE COURT: The prior art disparaged solutions, as you say, they're described in significant part as manual solutions. I guess in some way they're a combination of manual, that people-focused action and computer action.

MS. KEEFE: That's correct.

THE COURT: I guess the idea would be

the key piece of them, the piece that's being said to be replaced by the automatic updating, is something that involves significant manual work by a human.

MS. KEEFE: That's exactly right, Your Honor, and that's one of the things that's disparaged in column 1 of the specification. And even when they talk about other prior art which they claim are solutions that, therefore, don't preempt the field, that's not true at all. All of those purported problem pieces of prior art were not automatic. They were things where someone had to take a thumb drive and walk over to another place. That's not the automatic updating of the files.

THE COURT: Or one of those doctor's office might say, "I've updated a file. I'm going to e-mail it to someone at Office 2." So that the person at Office 2 would manually open up the file and then save a new version of the file to that office's server.

MS. KEEFE: That's exactly right, Your Honor. Exactly.

What we have instead, here, is we have a patent that claims the simple abstraction of

"update the files." Do it automatically on a computer, but it never, ever tells us how to do it. It's all functional language of make sure the documents get to the right place and make sure they get updated.

What we have is Figure 2 is very helpful. Figure 2 shows us what is the system. Well, the system is two different user devices, 280 and 210, connected through a network common. In fact, we're told in the specification that those devices can be any electronic device, doesn't matter what they are. Columns 3, 4, and 5 give you every single device there could listed and then it says "or others." The network can be any network. We're told that again in column 4. And then we have a server, 230, which, again, can be any hardware that allows for these things to be stored.

Now, what do we know about what happens in the actual claims? So Figure 2, as we know, it set up the two user devices talking to a server and that's how they're going to work together. Figure 3, which is described in column 7, goes on to give us the ultimate black box system, and the specific does nothing

further for the that black box system.

I don't know why, but user devices 270 and 280 got flipped from Figure 2, but they're still the exact same thing. 210 is a user device. That's here on the left. And 280 is a user device on the right. 230 is the server, so 230 is the guy in the middle who's going to make all this happen.

THE COURT: I should say for the record we're using the '561 patent as our exemplary specification for these purposes.

MS. KEEFE: That's correct, Your Honor. And in fact, the specification is identical for all of the patents.

THE COURT: Identical for all to a great degree, but there is some differences. Like, for example, in some of the abstracts and some of the invention sections for a couple of patents.

MS. KEEFE: Very minor, Your Honor, but we don't think to any extent that takes it out of the realm of abstract.

THE COURT: Let me let you continue.

MS. KEEFE: Here, again, this is all about this black box system. What we know from

column 7 and, frankly, the claim itself is that you have a figure in the middle that's configured to accept information from two other guys, these devices, that themselves have received applications. So the application here, we have user device 210 and on user device 210, 310 is described as an application that is sent down by the server, but that's all we know about it. It's just an application, meaning it's some form of programming that should do something to something, but we don't know what it is, and we're never told.

Then that application somehow, magically figures out how to take the document, the file, 370, and magically it figures out when and how to send it over to the centralized server. The centralized server then has on it a synchronization application, 380, which, again, magically, we don't know what it is or how it functions. We have zero programming for it, but that application is going to magically determine whether or how it's going to send or forward that same Document 370 on to the second device.

Meanwhile, the second device has its own

black box application, which is 320, which is used magically for some unknown programming to figure out whether or not to send its own documents back over to 210, and, again, somehow the guy in the middle figures out magically, no explanation given, how that's going to happen.

THE COURT: In the '561, the server itself is a device.

MS. KEEFE: In the '561, it's ambiguous. It calls it a device.

THE COURT: There's three devices referenced.

MS. KEEFE: They call them separately devices, but the specification, all the embodiments in the specification, use that as a server that sits in the middle.

But even if it were something else, say it was another phone, it would still have to have the magic application on it that helps figure out how to send it to these other devices, and we never know how that works or what it does. So what we really have is the abstract concept of synchronizing data, which is just like the *Ameranth* case that we gave you. In that case, you had a situation where

there were handheld devices being used by waiters and then you had centralized reservations and centralized kitchen staff, and they said, "Wow. We really need to make sure there's a way for all these devices to be synchronized because if someone orders a food that's been 86ed by the kitchen, you need to know so you're not offering it." So that patent was held invalid, ineligible rather, because again it never explained how or how any of that happens.

As I was preparing for today --

THE COURT: Before you go on, in your brief, you articulated the abstract slightly differently in different pieces. Sometimes you use the phrase "synchronizing versions of documents. . ." Sometimes you use the phrase "automatically transferring modified documents. . ." Are those meant to get to the same concept?

MS. KEEFE: They absolutely are, Your Honor, and, in fact, that is consistent with the way that the patent itself talks about what is being done and what's intended by the patent. In column 7, lines 47 through 50, the

patent describes itself saying that the problem the invention was solving was allowing a user, not shown, who owns or otherwise controls devices 210, 280 to automatically maintain file synchronization between at least devices 210 and 280.

That language, Your Honor, is also wildly consistent with the language used in the complaint by Plaintiffs at paragraph 12 for the '561 and paragraphs 33, 44, 55, 66 -- 67, rather, and 77 for the remaining patents with only minor modifications that are themselves abstract, such as maybe prioritizing a piece of information over others. That's a rule. *Eccentric* tells us applying rules to data is abstract in and of itself, or the possibility of perhaps displaying a little sticker to say this has been modified, which, again, abstract. And again, we're never told how to do it.

In *Two-Way Media*, we had far more concrete things that were said to be happening. In *Two-Way Media*, you had to control, you had to access, you had to transfer, you had to send, and there were more concrete terms being thrown around and still the Court said you're

never really told how to get the information from the point-cast environment down to the devices because all you're doing is saying functionally get it there. Analyze it and make sure it gets there. That's exactly the same as we have in this case here.

Your Honor also asked about preemption, and preemption, we explained in the letter briefing, is not the essential issue here because once an abstraction is found and there is no inventive addition -- here, absolutely nothing inventive. It's basic hardware, basic software. Columns 4, 5, and 6 reiterate that over and over. As such, total preemption is not the issue, but, truthfully, there still is preemption here of all the ways of automatically synchronizing files.

THE COURT: So if I were to think about it, so the abstract idea is synchronizing multiple words or files across network computers.

MS. KEEFE: Correct.

THE COURT: So from a preemption perspective, one thing I kept think about is, okay. That's this world. There's this world

of synchronizing -- the idea of synchronizing multiple versions of a file across different network computers. There must be a lot of possible solutions that could be within that world, a lot of possible ways to approach that. Presumably, a patent claim that was to that idea, in essence, directed to it, and that soaked up a very, very large percentage of all those possible solutions would be problematic.

The other side says, when it comes to at least the process of modifying versions of files across the network, the patent has a bunch of solutions it describes that involve manual work. This is different. I guess one question I had was, in terms of your articulation of the abstract idea, synchronizing multiple versions of a file across network computers, are those manual solutions? Do they fall within your abstract idea, or is your abstract idea about the automatic ways to do that?

MS. KEEFE: It's the automatic ways to do that, Your Honor. In fact, that's in all the claims, that it has to be automatic. In fact, the whole gist of the patent, what the

claims are directed to, is that automatic notion because the patent says the nonautomatic guys are the problem. They're the ones where you might have it manual, and it takes too long. You might have it manual, and it will introduce some errors. It's been automated. And we also know that simply automating something by putting it on a computer in and of itself is not eligible.

THE COURT: Then we have the world where if you're correct that the abstract idea is an abstract idea and if you're correct that the computer add amounts to little more than doing it automatically, then you would say that it's a claim that's directed to an abstract idea and whatever else there is in the claims doesn't get you out of abstract-idea land. In other words, it's a claim to an abstract idea. That's why preemption doesn't matter, because you end up with a claim to the abstract idea and the only addition, as the law has said, of computerization can't be enough.

MS. KEEFE: That's absolutely correct, Your Honor, and then we have a step further where the specification goes to painful

lengths to tell us that the hardware and the software don't matter. It can be any hardware, and it is a computer running -- general purpose or special purpose computer. It can be anything. We have that in the specification, Your Honor, at column -- getting old is no fun with the glasses, Your Honor.

So we talk all through column 4 about generic computing system environments and how many of those we can use. Column 5 we talk about any software being any program modules that can be used. Column 5, line 31, computer-readable media can be any available media, et cetera, et cetera. So we're not adding anything invented on the computer as well.

THE COURT: You talk about the '561, but of the six patents in suit, four of them in the assertedly representative claims utilize this concept of prioritizing metadata relating to a file and accepting that metadata to a device before the file itself is sent. And as to two of those patents, the '787 and '823, the concept of prioritizing metadata is actually referenced in the title of the patent. It's

actually referenced in the abstract of the patent. It's referenced in summary of the invention section of the patent, yet that concept is, at least to say as to those two patents, for example, for the prioritizing metadata piece of it, it's not specifically referenced in your articulation of the abstract idea. There must be lots of ways to synchronize files where you wouldn't have to prioritize by data, for example. So how does your abstract idea capture what the claims are directed to, say, when the claims that are the '727 and '823 patents?

MS. KEEFE: No problem, Your Honor. The gist of the claim is still automatically synchronizing data. That's just one step to help get you there. Because what it's saying is our end goal is still, the gist of what the claim is and what it's directed to, is the end result of synchronizing data across this network. One of the ways, one of the steps that's used to do that is to say I'll send metadata, which is just information. It's a rule, and that rule says, "Send this first and pay attention to it so you don't use the wrong

piece because at the end we want to make sure you're using the properly synchronized piece."

The way I envision that in the real world would be if we had these medical offices and we knew it would take a little too long to get the other information there, someone would pick up the phone and call and say, "Put a flag on it that there's a new prescription coming." In other words, make sure you wait to see what that update is. That's no different than the rules in *Accenture* or in *IV versus Symantec I*, and in *IV versus Symantec I*, what we had was rules about forwarding documents, e-mails in that case, where the message would come in, someone would read a rule that would be a rule like "send the metadata first," the metadata would over and basically just say, "If anyone grabs this before it's synchronized, just wait."

THE COURT: What if the patent told us that sending the metadata first was actually a real advance in the way computers operate, transfer, or synchronize data? In that regard, one of the problems is in the comment specification, there's very little portion of

it that talks about prioritizing metadata. There is a part of the patent at the bottom of column 8, and I'll ask Plaintiff's counsel about this, that maybe I think is nodding towards this issue. There's a reference there to the relationship between documents and metadata, and then there's a bunch of sentences which appear to be talking about efficiencies gained from the patented invention as compared to prior art strategies.

It's a little hard to understand, is this column telling me how the prior art metadata and sending that metadata and in some cases having metadata update a file representation or some other icon on the computer, is that in some way making the process more efficient or not or what? What do you make of this part of the patent?

MS. KEEFE: Absolutely not, Your Honor. It's not making it more efficient in any way. All it's doing is it's saying that if you had systems with FTPs, there might be latency, and the latency just meant someone might be using the wrong document before it's been synchronized so put a flag on it. It's

almost like using Westlaw and having a yellow flag. Just, caution, you might not want to use this one. That's not making the system work any differently. It's not any tremendous advantage over the prior art other than the abstract notion of putting a tape flag on that says be careful.

It goes on to say that an indicator signifying the document's availability may be prominently displayed adjacent to the document's representation so the customer is aware of the document's availability. That doesn't improve the way anything works. It doesn't make it faster, doesn't make it more efficient. It just shows that the user is now alerted that it might not be as automatic as we thought it was going, so maybe wait a minute. You might want to use the one that comes synchronized after.

Again, Your Honor, we're never told how to do that. There's not explanation of how. There's not explanation of the programming that would be required to make that happen. So we're back into a media land, even if Your Honor were to find that this is something

important, which it's not. It's just another piece of information.

THE COURT: Okay. You have about five minutes left. I know you want to save at least that. Why don't I stop you there and give you time for rebuttal, and we'll hear from Plaintiff's counsel on the motion.

MS. KEEFE: Thank you, Your Honor.

THE COURT: Thank you.

Mr. Lytle.

MR. LYTLE: Good morning, Your Honor. I'm Jay Lytle representing Topia technologies.

THE COURT: Mr. Lytle, I may, as I've done, just to help frame things, jump in to say I do want to spend some time talking about this concept that I was discussing with Ms. Keefe at the end that is how at least certain of the patents utilize, prioritize metadata in a way that may arguably be said to be helpful in the process of updating files across networks and multiple devices. I want to let you start where you want to start, which may be more broadly with the '561 or otherwise, but I do want to make sure we get that.

MR. LYTLE: Okay. And just to give

an overview of the patents, there's six patents in this case and different ones cover different inventive aspects, and there's four inventive aspects here. And we'll talk mostly about the file transfer and the metadata priority, but there are other features as well.

Your Honor, this case really is not about an abstract idea. The other side has posed this as synchronizing multiple files with users. In actuality what these patents are trying to do is go from a device-centric paradigm, which back at the time these patents were written, 2007, 2008, that was kind of the predominant paradigm at the time.

This figure shows a representation of that. In this figure, different users would interact with a computer system, a server, somehow. Maybe sharing a document. Maybe something like counsel mentioned with a medical record. Maybe the doctor posted the patient's report on the server and then the nurse needs to get access to it, so they go to the same device, maybe a server, to get that file.

What the inventors here were doing was changing the paradigm. They were going to

instead of a device-based paradigm to a user-based or user-centric paradigm. In this case, it was really directed to back at the time, 2007, 2008, people were starting to have a proliferation of electronic devices. Maybe you recall Palms and Blackberrys and those kinds of things. And it was a real problem if a user was working on the document, let's say at their office on the office computer and then running to the airport to get on a plane. They would have to, as the patent talks about, put it on a thumb drive or e-mail it to themselves or something, and that's because the document was all on the device. It was device-centric, not user-centric.

What the inventors came up with was a network architecture that allowed this user-centric concept to be able to be implemented.

THE COURT: I guess the defendant might say, if we look at the '561 for example, that someone came up with the idea, "You know what would be great? If a user modifies a document, it would be great if that document was automatically transferred to a bunch of

devices."

And someone said, "How are you going to do that."

"Who cares? Don't worry about it." The idea that once the user modifies a document, let's have it transfer automatically to a bunch of different devices. The defendant would say that's what's happening with the '561, that's the idea of let's automatically get this document to a bunch is places is all the claims claim.

You talk about, no, there's network architecture involved. You use that phrase a lot. In the '561, for example, what's a part of the particularized network architecture that's claimed?

MR. LYTLE: If we go back one slide, this is Figure 3. I annotated it to show different devices that might be there. What the architecture is, is placing an application so that it's executable on three different devices. What I've highlighted in green here are what are claimed are the first, second, and third applications.

THE COURT: Is an application just a

file?

MR. LYTLE: No, an application is a program, like an application program. Maybe on your phone, you might have apps, for example, applications. So this architecture -- and it's claimed this way.

And in the next slide, I'll show how we map the claim to the architecture. By having these different applications executable on the first device, which was shown in the middle, which may be a server, and on the second and third devices, each one of those has an application that's executable. So the second and third devices, maybe that's the user's office computer. Maybe the third one is the -- one is a laptop, one is a cell phone. Maybe one is an office computer, maybe one is a laptop.

By having these applications executable on the devices themselves, that now takes away a lot of the problems that were back in the day. Back in 2007, 2008 networks just were not as reliable, as fast. They were much more intermittent, so to be able to have the file stored centrally somewhere, maybe on a remote

desktop or on a -- what's called in the patent a distributed file server, where the document sits on the host computer, well, if you didn't have a network connection, you couldn't get to the document.

So what the inventors did is they put these applications on the user's devices as well as on the server in the middle. And the application programs, why those are important, is because they are executing on the user's devices, they know what's happening on the user's devices. They can tell through application programming interfaces and other interfaces with the device what's going on with that device. So they can tell, has the user made a change to the document? Yes. Okay, now let's transfer the document, the file, up to the --

THE COURT: But none of the specifics about how they tell are claimed. There just has to be an application on a device that somehow knows that.

MR. LYTLE: So, Your Honor, I would say that patents are written for a person of ordinary skill in the art. A person of

ordinary skill in the art in this case would be some type of computer programmer, somebody who's a network engineer and understands that application programs have these interfaces with the devices that they're executing on.

THE COURT: In our world, is there any kind of electronic computer device that wouldn't have some kind of application on it?

MR. LYTLE: Yeah, many devices would. But in this, the claims don't say any application.

THE COURT: What kind of device would have no applications on it, no groupings of code that tell the device to do something or not do something?

MR. LYTLE: Well, there's different types of programs. There's operating system-type software. That's running the computer the way it runs. And then there's applications, which are doing something using the computer.

THE COURT: I guess my point is, I'm trying to understand. It sounds like what you're saying is the fact that each of these devices has a "application" on it is really

central to the patentability of '561, and one thought I have and question I have is I don't know how you can get too much more ubiquitous than a device or computer or file or, I think, application on a device. I'm just trying to picture a device that doesn't have an application on it such that -- in essence, the worry is the claims would be saying a computer, just about any old computer. I'm trying to understand why that's not what this is.

MR. LYTLE: So I would say if we put up the slide that shows the claim language, what we've tried to do is take Claim 1 of the '561 patent and highlight it with colors to match the previous slide that shows the Figure 3. In this case, we have -- it's not just any application. It's an application that, for example, in step number one, received from a cell connect application that's executable in the second electronic device a copy of the first file automatically transferred from the second application when the user modifies the content of the electronic file. That's not any application. It's an application that can transfer the file when a

user modifies the content of the file. So again, this is -- because the application is executing on that second device, the application can know, was there a change? Did the user modify the file? And with that information can then transfer it back to the first device.

THE COURT: The argument you're making now, that the fact that these devices have an application on them and what these particular applications can do and how it is that what they can do, the applications themselves are really central to understanding why the things are patentable. I know in your briefs that there was the words "application" in the '561 that you would highlight, but did you ever make this argument in this kind of detail? Does your complaint make it? Does a POSITA in the patent or application or anywhere else explain in a record way what you're articulating now?

MR. LYTLE: Certainly, in our response to the motion we describe that.

THE COURT: Other than listing out the elements of, say, the '561 and, like,

underscoring words, in what way did you do that?

MR. LYTLE: So I'm looking at DI 45, which is our answering brief.

THE COURT: On page six, for example, the limitations of Claim 1 of the '561 are listed and the words "first application" and "second application," "third application" are bolded. But beyond doing that, I guess I'm struggling to see how the argument you're making isn't just that, attorney argument, as opposed to something that was articulated more forcefully or specifically in the briefs or in your complaint or in the patent itself.

MR. LYTLE: So I believe it's in our answer in the answering brief, and I can find it in a moment.

THE COURT: Maybe this is one thing, Mr. Lytle, maybe I could ask after we hear rebuttal if you and your colleagues have a chance to look and say, Judge, when you go back, I want to point you to this part of our that will explain what I was saying at oral argument in detail, that would maybe use your time better.

I do want to talk about, obviously, there are different patents here, as you say. Four of the six patents and even the allegedly representative claims utilize the concept of prioritizing metadata over the copied file itself, sending the prioritized metadata to the device before the copy of the file is sent. And as to two of the patents, the sending of the prioritized metadata causes other things to happen on the device in which the metadata is sent to.

I think you talk about that concept a bit in your briefs. There are certain lines where you make reference to the prioritization of metadata, but one thing I'm trying to get a better handle on is, does this use of prioritized metadata and sending the prioritized metadata to a device before the file is sent, it would be great if the patent said, "Let me explain to you how doing that really helps to solve the problem we've been describing in the art because, you see, when the device gets the prioritized metadata, what that does is the device does blank, it makes more efficient the process of et cetera."

I'm having a hard time finding that in the patent or in the briefing. I thought maybe there was a nod to this in column 8, but maybe not. How would you explain, what is the prioritized metadata doing in these claims and where does that tell us the work it's doing?

MR. LYTLE: I think it's in column 8 going into column 9, and again, putting ourselves back at the time of the patent, 2007, 2008, where networks were slower or they were intermittent. There was this problem of latency. "Latency" means you send something and it takes a while to get there. So with this idea of using the metadata, prioritizing the metadata, was metadata is small, whereas computer files can be very large, big picture or video or something, and it might take a while to get through the network, for the file to get through the network.

What the inventors came up with was let's have this priority scheme where we prioritize metadata, and it's got a higher priority than the file. Then we're going to send the metadata first, and that way, it can get through the network and get to the user's

device and then somehow we can notify the user, hey, there's been a change on the file. Don't use it. Wait for the file to get there. And that may appear as a graphical indicator to the user. Some of the patents deal with displaying the graphical indicator. That's the benefit, is --

THE COURT: In some way doing that, the device getting the metadata relating to the file or gets the file, that does what? It then helps, what, the file to be transferred to the device thereafter faster, or does it -- is it something different?

MR. LYTLE: No, it informs the user. It informs the user about what happened in the file.

THE COURT: That there's a new copy?

MR. LYTLE: There's been a change to the file. Don't use it. Wait for the file to get here.

THE COURT: So although, just the informing the user wouldn't itself be an example of having a fully modified file on that device, you just have the metadata first, but you're saying there's a benefit to that, that

the user is now made aware more quickly in a way that latency might have interrupted that there is, in fact, a modified file?

MR. LYTLE: That's right, Your Honor.

THE COURT: One of the confusing things about column 8 is middle of the column in paragraph around lines 61 to 63 talks about this problem with latency. It says, "As alluded earlier, the problem with distributed file systems and FTPs is the latency between a file being put onto a file system and showing up on a remote machine." I get that now. And I know the word "metadata" was used a sentence or two before, but the next sentence says, "To prevent this problem, the embodiment directory is decoupled from the movement of the files." When I'm reading that, I'm thinking it's going to tell me about how we take metadata from this file and send it. It uses a phrase like "embodiment directory." What's an embodiment directory? Is that a reference to the metadata or something else?

MR. LYTLE: So think of like if you're using your computer and you might go to -- I don't know what operating system you

use, maybe Apple. You can find with the directory of the files. That's the kind of directory we're talking about, is being able to transfer in metadata this information about file directories. That's what it's referring to.

THE COURT: So the embodiment directory there is a type of metadata that relates to a file?

MR. LYTLE: Right. That's really what a directory is. It's information about the file.

THE COURT: One question about the utilization of the prioritized metadata and what it accomplishes, there are two patents where the phrase "prioritized metadata" is used in the title and the concept of prioritizing metadata and how it works to help the synchronization process is referenced in the abstract and summary of the invention section. The other four patents, it's not. I think the only reference to this concept is really in the part of the patent we've been talking about.

As to the other two patents, which I think are the -- I think it's the '622 and

'607. So you have two patents where prioritized metadata talked about at it in the title, talked about in the abstract, talked about in the summary of invention section, shows up in the claims, and shows up with a fair amount of specificity. You have two patents, the '561 and '942, where it didn't show up at all. And then you've got the '607 and '622, and in those patents, in the alleged representative claims, the prioritized metadata concept shows up in there. Little less specificity than the latter two. Not really described in the patent except in column 8. I guess as to those two patents, it couldn't be said, could it, that the claims are directed to something that includes the concept of using prioritized metadata? If they were, why would the patent hardly talk about it?

MR. LYTLE: They're using -- again, they're continuation applications, so they would be using the same -- pretty much the same specification other than the abstract and, as you pointed out, summary sections. But I would say what's described in column 8 is enough description to be able to support this priority

concept.

THE COURT: One question there would be like, as to those two patents, for example, you all might see yourself in a bit of a problem. Like, look, on the one hand, we think these claims are directed to something that's different, maybe more specific, than what the defendant says they are. On the other hand, we have a problem that we have patents to work with that really hardly ever talk about the concept. Maybe it's because we're dealing with a continuation application.

One way to deal with that is when you're facing a serious 101 challenge is use your complaint to do that with. Amend it and refer to what a POSITA would know based on your discussions with your expert. You didn't do that here. How come? Is it because you think there's enough in the patent otherwise to make that claim?

MR. LYTLE: Quite honestly, Your Honor, when we filed the complaint, this didn't seem like the type of invention where subject matter eligibility really would come up. This is an improvement to network computers. This

is like *DDR* or this is like the recent Federal Circuit case *Collaborative Entertainment*. It's necessarily rooted in computer technology.

THE COURT: Also going back to the '561, of course, it can be said to be rooted in computer technology because the claims utilize computers, but that's not all *DDR* was about. It wasn't just that computers were being used. It was that it was fairly clear to the Court how the particular utilization of computer technology solved a problem in the computer arts, a particular technology used in the claims. Just the fact that the claims involve computers isn't enough to be rooted in computer technology, is it?

MR. LYTLE: No, but these claims and these patents are -- they're not directed to synchronizing paper document. They're synchronizing or the network is set up to be able to operate on electronic files. They're necessarily electronic files, and that's what this set of patents and the claims is really pretty narrowly focused on, is dealing with electronic files and transferring them between a particular user's electronic device.

That's another point. There's several limitations in these claims, particularly the network architecture claims, that are directed to this whole system, and it's very specifically called out in the claims.

First of all, it's -- all of these devices are associated with a user. It's the same user. It's not like counsel was talking about the doctor putting it on the server such that the nurse can get it. These claims are limited to a user's devices, and they're also talking about transferring a file. They're not talking about transferring pieces of a file or just information. I mean, there's evidence in the file record of -- that was one of the reasons the patent examiner allowed the '561 patent, was the limitations in the claim were different than some other prior art that also was automatically transferring files. I guess to our point of there absolutely no preemption here, there's many other ways to automatically transfer the files.

THE COURT: Does the patent itself talk about those many other ways? It talks about disparaged prior art solutions, but those

seem to be ones involving manual work which these claims are not about. These claims are about automatically doing it.

MR. LYTLE: There are, Your Honor. Yes, they do talk about the problem of manually with thumb drives and e-mailing, but they also talk about two in particular, and they're at column 2. Column 2, line 10, talks about remote desktop software, and this is where the user of the device can have an image of the remote desktop on the server. In these cases, the files reside on the server. This is nothing manual about this.

THE COURT: You say that, but there does need to be a human user who's on the server. I wonder if even this disparaged solution can't be said to be one of those manual solutions in the sense that the reason why remote desktop software as a solution is disparaged is because it requires that the host machine has to be turned on and connected to the internet at all times. One could say a human being has to push that button to make sure the server is on all the time. That's the old manual in part solution here. Not right to

look at it that way?

MR. LYTLE: I don't think so, Your Honor. This patent, a fair reading of it, back at that time, there was issues with communication and latency, whatever, and the problem that's described in the patent is sometimes you wouldn't have a connection to the host computer where your file resided, and that was the problem.

THE COURT: I say that wondering about what's really described in columns 1 and 2 are really what the patent talks about are these manual solutions. The patent sure uses the word "manually" quite a lot. In the lead-in to all those disparaged solutions, the last paragraph of column 1, the customer has to manually move files around. The prior paragraphs. What's the problem here? Well, the problem is the customer has to manually handle many aspects of the connection. With regard to file management, customers must manually move files.

It sure looks like what the patentee is saying is, "I'm going to tell you a whole bunch of prior art solutions out there that require

manual work. Now I'm going to claim something that doesn't do that." Is that wrong?

MR. LYTLE: I would say that's not complete, Your Honor. Yes, in column 1, it's talking about the manual systems. But in column 2, line 4 at the top, problems still -- after talking about the manual solutions, problems still exist with how these newer customer interfaces are implemented and not completely integrated with applications, for one thing, they suffer from performance problems and do not generally work outside the device's local system. There's several other solutions to these problems that are in one way or another inadequate to the task. That's lines 8 and 9 of column 2. And then it starts talking about these other ways that are not really user driven. They are systems for synchronizing the files, and one is the remote desktop. That begins with line 10.

THE COURT: You would say using remote desktop software in the way that the patent describes it is a prior art solution that involves the automatic transfer and synchronization of files across devices. It's

just one that has problems associated with it that the patent claim intends to solve.

MR. LYTLE: That's correct, and the second one would be line 23 called distributed file systems.

THE COURT: Mr. Lytle, you're at your time, and I forgot to say you're getting close. Let me ask, is there an extra point you want to make?

MR. LYTLE: Just one point. When you asked us to submit our cases that are most relevant to it, I point out that counsel's case was an unpublished decision. We were relying on precedential decisions from the Federal Circuit. I'm talking about the *Domino's Pizza* case.

And the last point I'd like to make is there are other ways of doing this automatic sync, over and above what's in the columns in the patent. In the file history, there's a prior art reference to *Walter*, which is another different way of synchronizing files call delta sync where you only transmit the changes to the file, not the file itself.

THE COURT: All right. Thank you.

Let me give Defendant's counsel their five minutes for rebuttal.

MS. KEEFE: Thank you, Your Honor. Let me briefly.

In terms of the concept of this metadata and prioritization, again, we have no how. There's no how that is accomplished. Even if that were to be an important part of the claim, there's literally nothing in the claim that describes how that is accomplished.

THE COURT: I think there, though, one of the tricks with the Federal Circuit caselaw is sometimes it's a question of how many levels of how there are. For example, one could say that a claim just to synchronization of files across networks, that captures X. But if the claim is just to that, there's no how, how are we going to do that, then one could say some of these claims, they provide a next level of how. We're going to do it because here's what we're going to do first. We're going to take a piece of metadata from the file. We're going to send it to the device, and then that metadata is going to do some work for us on that device, and then we're going to send the

file. That's one level of how. Now, of course, there's not a second level of how. How are you going to do that? In a lot of Federal Circuit cases, there is no second level of how. Like, there's no how the sensors are going to get put on an airplane beyond saying they're going to be put in a particular configuration, et cetera. Where does the how stop?

MS. KEEFE: The problem Your Honor made was you said the metadata did some of the work for you on the other end. It does nothing. It's literally just a piece of information coming into a centralized server and then being displayed somewhere else. That's it. It does not say, "Let's get the bed ready for the guy to lay in so it's happy and will be easier for the file to come in." Not at all, Your Honor. All it is, is it says, "Hey, I'm going to write down on a Post-it Note a piece of information and I'm going to send it along that's it and then send it along." That's it. And then that's displayed, which is no different from *Electric Power* or *Content Extraction* that says you receive information, the Post-it; you analyze it, okay, it needs to

go to guy number 2; and it gets displayed.

THE COURT: Mr. Lytle says column 8 tells us that there is a benefit to it. It's a way of attacking the problem of latency by giving the user an early heads-up about modification. Isn't that piece some way that the patent is telling us this add helps make a better process?

MS. KEEFE: No, absolutely not, Your Honor. The *University of Florida* case tells us simply making the enduser's experience different by displaying something is not in and of itself eligible. The whole notion that all you're doing with this prioritization is you're saying "heads up," that's literally just follow the piece of information. There may or may not be a rule that says send it on. But then when it gets there, all it does is display itself. The user now just knows something else is coming. The system hasn't changed at all. We haven't made anything better, and again, there's still no how. If the system is made better, we have to know how that's happening, and we don't.

The problem being solved is simply "I

wish the user knew." And "I wish the user knew" just means send me a piece of information and that's what *Content Extraction* and *Electric Power* say is per se ineligible. That's just information getting from one place to another. Nothing has changed. The information didn't change. The information on the other end didn't change. The file comes over exactly like it was.

THE COURT: The way the information is communicated changed. The process utilized to communicate changed, but that's not enough of a claim?

MS. KEEFE: The claim tells us absolutely zero about that. The claim just says there is a priority. Doesn't say how or doesn't say what. The spec tells us maybe the way we do that is we separate the metadata from the directory structure. The directory structure isn't claimed at all. That's what Your Honor was looking at at column 8. And even if it were, it doesn't tell you how that happens either. So we're simply back in the realm of I've got some information that I'm going to piece out and send over so that

someone learns something new. That in and of itself is abstract. It does nothing to the information. It just grabs it and sends it. It doesn't change the way the computer works. It doesn't change the way the file is perceived. There's a small perception on behalf of the user that's a little bit helpful, and the *University of Florida* case cited in our briefing tells you very emphatically that simply displaying something for the benefit of the user is not in and of itself --

THE COURT: The argument is it doesn't make a big difference, it's not that big a deal, it's not much more.

MS. KEEFE: I say it's nothing.

THE COURT: Is that the kind of thing I should hear from the experts about as opposed to attorney arguing?

MS. KEEFE: Absolutely not, Your Honor. In fact, here, the specification doesn't tell you anything. The *Domino* case tells us that simply having an expert who contradicts the specification -- the specification has no information on this other than this is just information that we're going

to send over. You absolutely don't need an expert for that because there's nothing in the claims that then recites anything about how that functions. It just says prioritize. It doesn't tell you how.

THE COURT: The specs were written, this one particularly, way before *Alice*. No one is thinking about these issues in this way at the time, and the patentee, it doesn't have much to work with by way of a record. It's got its patents that are attached. Now, of course, you could amend your complaint to make more of a record.

MS. KEEFE: It could have. They didn't. They got our motion. They could have moved to amend after they got our motion and saw what the problems were.

THE COURT: But for the judge, you have a very small record, which maybe has a clue or hint about something that may be important. The question is, is it enough of a hint or clue that it creates a fact issue that might make the case not suitable for deciding at a Rule 12 stage? Or not? And who do you fault for the fact there's not much of a

record?

MS. KEEFE: Here, Your Honor, you have to fault the plaintiff because they've done nothing. They've given you no evidence. There's absolutely nothing in this record, and frankly, Your Honor, I think any amendment or any attempt to now bolster it with something else would itself be futile, just like in the *Domino's* case and in the *Ameranth* case where the expert declarations went far beyond any scope of anything that was actually disclosed in the claims or the specification.

Here, Your Honor, the fact that this was done way pre *Alice*, it doesn't change the fact that there is no invention here. There is nothing that takes this idea of automatic synchronization of files out of the realm of the abstract, especially when done with any computer. We even heard that somehow all of the magic was in the application and placing the application on a device, but we have absolutely zero information about those apps, so we're still in the realm of the abstract, Your Honor.

THE COURT: Thank you, Counsel.

You're out of time, and I appreciate your argument as well as Plaintiff's counsel's.

Those are the argument portions of the day. What I'm going to do now is take the information you've given me, consider it in light of the work I've previously done to look at the patents and briefs and the relevant record.

We'll take a break. Folks can grab lunch, do whatever. I'll ask everyone to be back and ready to go by 3:30. If our court reporter is finished with her other hearing and is able to be ready to go by then, we'll get started likely at 3:30. If not, we'll do it whenever as soon as we can. And my hope is to be able to provide decisions on all of these cases orally today and to do so when we return.

One last thing I would say is that I also realize, though, that it's beneficial to me to have had lots of able counsel here today to make good argument on these issues. It's not often I have so many different counsel in one place at one time. So I always like for my own purposes to get the benefit of that, so after I finish giving whatever decisions I have, we'll

go off the record, and I usually ask counsel a question or two about patent litigation.

So just to kind of preview that, what I would probably ask today is, is there something that you would say, I have always thought or we have always thought that patent litigation in federal courts would be much more efficient or smoother if the Courts would entertain the idea of X or do more Y in a way that would be better and more efficient, not just for a defendant or plaintiff or both. If there's anything like that you all think is something the Court should think about, utilize, or obtain that they're not doing, I'm not doing, I'm interested in hearing your thoughts about what that might be and try to take it into account. I'll ask that thought at the end of the day.

With that said, let's take our break. The Court will stand in recess. Thank you.

(A recess was taken, after which the following proceedings were had:)

THE COURT: All right. We have our court reporter back with us. We thank her, and I know we have at least one representative from all the parties, and I think more than that,

who are still with us today, so we'll go on the record. As we go back on the record, let me say for the record that we're here for the continuation of our series of 101 Day hearings in these three cases, which I'll refer to in shorthand as the *GAN* case, the *InQuisient* case and the *Topia* case.

As I begin this afternoon, let me first make a few introductory comments. Today, I'll be providing decisions in these three cases orally here in court. For those decisions that I announce orally today, I also intend, for purposes of clarity and convenience, to shortly issue a written opinion on the docket that simply transcribes what I said here today and that adds relevant citations where needed.

Although I'm issuing decisions orally today, I want to assure the parties that the process I've used to assess these motions has been a rigorous one. I personally spent somewhere between 50 and 100 hours of my time reviewing the briefs, analyzing the case and record citations, and formulating these decisions in these three cases, to say nothing of the time my law clerk spent as well. My

oral decisions today will be quite lengthy, and this is going to take a while, and while length is not always an indicator of rigorous analysis, I hope that you will conclude that in these cases it is.

Additionally, I should also note that I found there to be real efficiencies in holding argument in these various cases in which patent eligibility is challenged at one time, as we have done today. In many of the briefs across the cases, the same Federal Circuit and Supreme Court decisions have been cited, and having the experience of reading those decisions again and again over the span of the last two weeks has been helpful for me. It helps reinforce in my mind what facts of those decisions really are and what aspects of those cases made a difference in their outcomes. It also helps me to see patterns across the various cases, and I've also benefitted by being able to discuss issues regarding Section 101 law here today at oral argument with a large number of excellent representing these various parties. I thank you all for your efforts today.

The Court has often set out the relevant

legal standards for review of the Section 101-related 12(b)(6) motion at the pleading stage, including in *Genedics, LLC, versus Meta Company*, a case in this court. The Court hereby incorporates by reference its discussion in *Genedics* of these legal standards and will follow the standards herein as to all the matters that I will discuss today, unless otherwise noted.

With that, let me move on to our first case.

The first case today is *GAN (UK) Limited versus MGM Resorts International, et al.* Defendants MGM Resorts International and MGM LLC, which I'll refer to as Defendants, have filed a motion to dismiss pursuant to Rule 12(b)(6) arguing that the operative second amended complaint should be dismissed on Section 101-related subject matter eligibility grounds.

Here, the asserted relevant patent in suit is owned by Plaintiffs GAN (UK) Limited, which I'll refer to as Plaintiff. The patent-in-suit in U.S. Patent Number 8,821,296 or the '296 patent. The patent is titled

"Network Gaming System and Casino Management System Link." The '296 patent originally had 20 claims, but the patent went through reexamination, and the United States Patent and Trademark Office ultimately issued a reexamination certificate that canceled three claims, amended five climbs, and added two. Claim 1, a method claim; Claim 11, a computer-readable storage medium claim; and Claim 18, a system claim, were amended, and those three claims are the only independent claims in the patent. They are also the only three claims that Plaintiff references in the count of infringement in its operative complaint.

In light of this, Defendants assert that Claims 1, 11, and 18, three claims that facially contain many similar requirements regarding the communication of loyalty credit information between a person's online gaming account and an account at a casino, are representative of all the claims in the patent for purposes of its Section 101 arguments. To that, Plaintiff does briefly argue that certain of the dependent claims in the patent could

have additional relevance to the Court's Section 101 analysis today. I'll discuss that issue as to the dependent claims later. For now, though, I'll address the eligibility of Claims 1, 11, and 18 together, pointing out their differences where necessary. For ease of reference, I'll refer to these three claims as the asserted claims.

At Step 1, Defendants argue that the asserted claims are directed to the abstract idea of "coordination of a customer's loyalty credits between an online gaming service loyalty account and a casino loyalty account." The plaintiff does not contest in its briefing that the purported abstract idea here is, in fact, an abstract idea, and the Court concludes that it is. A claim to an abstract idea has been described by the United States Court of Appeals for the Federal Circuit as one directed to a disembodied concept, a basic building block of human ingenuity untethered from any real-word application, and Defendant's proffered abstract idea fits that characterization.

Plaintiff does contend at Step 1,

however, that the '296 patent is not actually directed to this abstract idea. Instead, Plaintiff asserts that the claims are directed to "specific technological solutions" that "link a server providing an online gaming service with machines that provide one or more casino management systems, or CMSes, so that if possible, a patron's loyalty credits can be communicated between the online service and offline system and used regardless of whether the patron is gaming online or at a bricks-and-mortar casino."

Plaintiff contends this "targeted way of linking" the online and offline systems which Plaintiffs refer to as the "connection mechanism" is the crux of the claims at issue. The directed-to inquiry applies a Stage 1 filter to claims considered in light of the specification based on whether their character as a whole of their focus is directed to excluded subject matter. As to how that inquiry should proceed, the Federal Circuit has provided some guidance in cases like *Internet Patents Corp. v. Active Network, Inc.* There, in order to ascertain at Step 1 whether the

claims character as a whole was directed to an abstract idea, the *Internet Patents* Court examined the specification of the patent at issue. In doing so, it cited to what the patentee had described in the specification as the innovation over the prior art and the essential, most important aspect of the patent. The Federal Circuit has also stated, however, that reliance on the specification must always yield to the claim language in identifying what a claim is directed to because the concern that drives the judicial exceptions to patentability is one of preemption, and that claim language defines the breadth of each claim.

Thus, the Court begins its analysis by looking at the asserted claims themselves. The asserted claims each include a few common steps or elements. First, they require the accessing of a person's online and casino loyalty accounts.

Second, they require communicating loyalty credit information between those two accounts, which includes first determining whether loyalty credits are transferable from the online account to the casino account and

then transmitting the available credits.

There are also a few differences between these three claims. Claim 1, but not Claims 11 and 18, includes the step wherein an application server determines that the user does not have a casino loyalty account and then creates that account. And Claims 11 and 18, but not Claim 1, include the step wherein a Partner Integration Management System, or PIMS as we referred to it here today, determines a communication preference of the CMS based on an identity of the user.

It's not hard to see, just by looking at these claims, why Defendants assert their focus simply on coordination of a customer's loyalty credits between two types of accounts. After all, to a great degree, the claims utilize broad functional language that seems to relate to accomplishing just this result at a high level. Even the preamble of the asserted claims seems to track this high level of focus on the coordination of loyalty credits itself. The preamble explains the method or medium or system are for "communicating loyalty credit information."

With that said, are the claims instead more specifically focused on a particular type of connection mechanism used to accomplish this coordination, as Plaintiff claims? It's hard to conclude that just from looking at the claims alone. As Defendants note, the concept of coordinating between two entities in order to exchange loyalty credits is necessarily going to involve some type of communication between those two entities. The real question is whether the claims are focused on and directed to the specifics or particulars of that connection mechanism as opposed to the high-level concept of communication per se. And here, the claims themselves suggest that they are directed to the latter, not the former.

For example, there's surely no reference to the claims to a "connection mechanism," and the claims don't contain much in the way of particularity about how such a mechanism is required to work. That is, the claims do not explain much about how information should be communicated from an online gaming service to a CMS or how in Claim 1 the application server

determines whether the user has a CMS account and creates such an account or how in the other two asserted claims that PIMS determines the communication preference of the CMS based on the user's identity or how the claims determine if the first loyalty credits are transferable to the CMS. If there had been additional significant detail in the claims about how the claims accomplish these steps, it might be easier to conclude that the claims are directed to those specific implementation mechanisms as opposed to to the broader concept of coordination of loyalty credits between two gaming platforms, full stop.

Beyond the claim language, the specification also appears to support Defendant's argument at Step 1. Specifically, the patent's background section notes that "casino loyalty programs and online gaming services are two separate entities with no way to communicate with each other." What is "needed," according to the patent, is simply "an approved matter for enjoying a combined online gaming experience and an offline casino loyalty program." That's a broad, non-concrete

articulation of the purported communication-based solution to the problem in the art.

The summary section of the patent comes next, and it summarizes what the invention is. Yet to a great degree, this section discusses only what the invention may include, and it does so at a high level of generality, similar to what's found in the asserted claims. Now, there is one portion of the summary section that does reference the "connection mechanism" that connects the network-based gaming system to the CMS, but all that section simply says is that this mechanism "may be synchronous, such as, for example, via a web service using XML over SOAP, or asynchronous, such as, for example, using a message sender/listener system, such as a system-to-system or S2S."

That description just seems to further underscore that the patent as a whole is not overly concerned with specific, particularized technical requirements that any connection mechanism covered in the claims must have in order for the claimed communication systems, mediums, and methods to do their jobs. In all,

these portions of the specification indicate that the claims are directed to the general concept of coordinating a customer's loyalty credits between an online gaming service and CMS, not to a more specific or particularized means of doing so.

In supporting its position to the contrary, Plaintiff had noted that the term "connection mechanism" does appear in the abstract, and that's true. It does. And that after explaining that the patent describes how an internet-based gaming system and a CMS are connected to each other, the abstract goes on to note that the "connection mechanism" may be used to connect the network. But instead of then further touting the importance of this connection mechanism or further describing some required particularity that the connection mechanism must have in order to do its job, the abstract again just simply notes that the mechanism may either be synchronous or asynchronous, in just the same way that concept is referenced in the summary section of the patent. To the Court, this, again, just underscores that the patent claims are not

directed to some particular dorm of connection. The overall end result of connection in and of itself is what seems to be celebrated instead.

Plaintiff also pointed to the prosecution history of the patent at Step 1. Here, it's not disputed that the Court can consider this prosecution history, which is a public record, in assessing the defendant's motion to dismiss. With regard to the asserted claims, Plaintiff noted that during the reexamination proceeding, it had emphasized, first, that Claim 1 included the step of using an allocation server to create an account with a CMS once it is determined that the user doesn't have one; and second, that Claims 11 and 18 require a step wherein a PIMS determines a communication preference of the CMS based on the identity of a user.

And again today at oral argument, when I asked Plaintiff's counsel what in the claims made up this connection mechanism, counsel again referenced these two claim elements. From here on out, I'll refer to these two limitations as the "creating an account" limitation and the PIMS limitation.

With regard to the former, perhaps it could be said that creating an account with a CMS amounts to something more or different than the abstract idea at issue. But even if it does, can Claim 1 be argued to be directed to that step? It does not seem so. The specification does reference this step a few times in columns 3 to 6, when it notes, for example, that such an account must be created. It can be created using user contact information stored in the online account. But this step is not referenced in the summary or the abstract section of the patent, and nothing that the Court has seen in the patent nor that the plaintiff has cited suggests that the focus of the claim is on the "creating an account" element.

As for the latter element, it's also hard to see how a PIMS, whatever it includes or requires, and its work in determining the communication preference of the CMS amounts to the focus of Claims 11 and 18. The PIMS is also mentioned only a handful of times in the specification in columns 2 and 3. But as was set out earlier, the patent in general seems to

be touting the higher-level concept of communication between two systems writ large. Plaintiff did not provide any further explanation as to why the PIMS' work can be said to be the heart of Claims 11 and 18, and the Court cannot see why that is. Indeed, today at oral argument, Plaintiff's counsel all but acknowledged that the patent specification doesn't really highlight or tout these two claim elements in any great detail.

In sum, Plaintiff has not convinced the Court that the asserted claims are directed to a coordination mechanism of some kind. Instead, for the reasons set out, the Court concludes that these claims are directed to the abstract idea of coordination of a customer's loyalty credits between an online gaming service loyalty account and a casino loyalty account.

I'll now turn to Step 2 of the *Alice* framework. At Step 2, Courts are required to assess what else is in the claim beyond the abstract idea in order to determine whether the additional elements transform the nature of the claim into a patent-eligible application of the

abstract idea.

With respect to computer-functionality-based claims, like those at issue here today, the Federal Circuit has stated that such claims can include an inventive concept where they provide a technological solution to a technological problem. At Step 2, for the role of the computer to be deemed meaningful in the context of the Section 101 analysis, it must involve more than the performance of well-understood, routine, and conventional activities previously known to the industry.

In its answering brief, in the section where it sought to explain why the patent's claims do include an inventive concept, Plaintiff focused exclusively on the two claim limitations that I've already described, the "creating an account" limitation and the PIMS limitation. It did so again today here at oral argument. Plaintiff argued these two limitations, when considered along with the other aspects of the claims, showed how the claims require a "unconventional operation of a computer-based system to link two previously

disparate offline and online systems so that loyalty credit information can be shared to provide a combined offline/online gaming experience for the user."

Ultimately, however, the Court concludes that the record does not contain enough for it to conclude that these two limitations, considered in light of the rest of the asserted claims, could plausibly amount to inventive concepts. In arguing to the contrary, Plaintiff failed to point to sufficient record support for its assertions at Step 2. For example, Plaintiff claimed in its briefing that both of these limitations, when considered along with the remaining claim language, amounted to a "unconventional approach which did not exist prior to GAN's invention," but Plaintiff provided no citation for this statement or further explanation for why precisely a POSITA would understand that the use of these solutions amounts to the unconventional use of computer technology to solve a computer-based problem. Nor did Plaintiff say that certain words in these two claim limitations, if construed, would bolster

its eligibility argument. Today, for example, when asked about what a PIMS requires, Plaintiff's counsel said only that this would be the subject of expert discovery.

Now, Plaintiff could have filled in these gaps by amending its complaint, and, indeed, Plaintiff did file a second amended complaint in an attempt to do so, but like with its briefing, the second amended complaint added little to work with. For example, in paragraph 26 of the second amended complaint, Plaintiff asserted that the "connection mechanism can include a Partner Integration Management System that receives an abstract request from an online application to perform certain actions associated with an online user with respect to a land-based casino management system" and that this was an "unconventional approach." But Plaintiff never pleaded any additional facts explaining why or how the PIMS limitation amounted to an unconventional technological solution, but it could have attached or referenced a declaration from an expert explaining why it is that these limitations, considered in light of the claims, are

unconventional or why a POSITA would understand that their inclusion in the claims did not unduly preempt solutions in the realm of the abstract idea at issue. But Plaintiff did not do that.

Now, Plaintiff did point in support to one piece of evidence in its favor that could possibly be right, the prosecution history. Specifically, the plaintiff noted that during reexamination, the examiners concluded that the "creating the account" and PIMS limitation were not taught by a prior art reference known as *Muskin*. Defendant acknowledges that *Muskin*, like the asserted claims at issue, discloses an online gaming service that coordinates or communicates with a land-based casino provider.

Plaintiff used this portion of the prosecution history to argue that the reexamination panel relied on these two limitations to "find the claims to be inventive over the prior art." But as Defendants note, there's a difference between the concept of novelty and patent eligibility in federal patent law. The Federal Circuit has explained that whether a particular element is novel does

not necessarily go to whether that element is patent eligible. Put differently, "a claim for a new abstract idea is still an abstract idea," as the Federal Circuit said in cases like *Synopsis, Inc., versus Mentor Graphics Corp.* Thus, to the extent what the Patent Office was saying here is that the existence of these two limitations meant that *Muskin* did would not anticipate or render obvious the claims at issue, that would knock it down to the plaintiff's benefit here at the Section 101 analysis stage.

Now, there may be a way that this piece of the prosecution history could meaningfully help Plaintiff at Step 2. As it is, the Court cannot glean enough from the record to make it so. As the Supreme Court has explained, the concern that drives Section 101 law is one of preemption. If Plaintiff had provided more information, such as in its second amended complaint, supporting the decision that the panel's reference to *Muskin* helps show how it is that these claims do not unduly preempt the relevant field or amount to the unconventional use of computer technology to solve a problem

in the computer arts, the outcome here may have been different, but without more, the Court cannot so find.

Similarly, the plaintiff also sought to support its position by including a few allegations in the second amended complaint about a November 2016 research and development tax credit for what I'll call the R&D credit that it submitted to a United Kingdom tax advisor. The plaintiff asserted that the authority provides an R&D tax credit where the R&D "directly contributes to achieving an advance in the overall knowledge or capability in a field of science or technology through the resolution of scientific or technological uncertainty." In the complaint, Plaintiff relied on the grant of the tax credit as a recognition that its work was a "resolution of scientific or technological uncertainty that was not routine or that could not be readily resolved by a professional in the field at the time."

Again here, though, this bare citation to the R&D claim is not sufficient to demonstrate a plausible inventive concept at Step 2. That

the UK tax authority extended a tax credit to plaintiff because its research on the subject matter of the patent was not "routine" does not speak directly to the concept of patent eligibility under U.S. patent laws. Again, had this context been melded with declarations from an expert which helped explain why the tax authority's conclusions shed light on eligibility issues and not novelty issues, the Court's decision might have been different. Therefore, at Step 2, the Court finds that Defendants have met their burden to demonstrate that the claims do not include an inventive concept.

The Court will now make brief mention of the dependent claims in the patent. After Defendant articulated why the asserted claims were representative of the other claims in the patent, Plaintiff did make reference to those dependent claims in one paragraph of its answering brief, but it did not make a "meaningful argument" as to why the content of those claims was material for Section 101 purposes. Instead, all it did was note the claim numbers for those claims and reproduce a

few words in those claims, nothing more. That cannot be enough to put these dependent claims distinctly at issue for purposes of this motion. For all these reasons, the Court grants Defendant's motion.

In its briefing, Plaintiff did not expressly request the opportunity to amend, and it has already done so two times, as defense counsel noted. In light of this, the Court will not automatically allow Plaintiff the chance to further amend. However, the Court is also cognizant of the Federal Circuit's admonition, as discussed in cases like *Realtime Data, LLC, versus Reduxio Systems, Inc.*, that when it comes to the issue of resolving the difficult question of patent eligibility, a district court should freely grant leave to amend the complaint if it's possible that additional allegations might change the calculus of such an inquiry.

Mindful of that, and in light of the fact that this is the first time the Court has found a relevant complaint wanting on Section 101 grounds at the motion to dismiss stage, I will order that if Plaintiff believes that it can

amend in such a way to address the Court's concerns as articulated today, then no later than 21 days from today's date, Plaintiff shall submit a motion for leave to amend along with a letter brief of no more than four single-spaced pages in support in addition to the proposed further amended complaint. The Court will then set a further limited letter briefing schedule on any such a motion. If no such motion is filed, the Court will consider the case to need to be closed.

Additionally, pursuant to my comments in my October 3, 2022 oral order, the Court orders that this case is now stayed in the interim.

I'll now move on to the second case, *InQuisient, Inc., versus Service Now, Inc.,* Civil Action Number 22-900-CJB. In this case, we again have Defendant's Rule 12(b)(6) motion. Most, though not all, of the motion is premised on the grounds that the operative complaint should be dismissed on Section 101 eligibility grounds. I will address only those grounds now, and for reasons I'll explain, I will deny the motion as it relates to Section 101 for the reasons I will now set out today.

Plaintiff asserts in its complaint that Defendant infringes at least Claim 1 of each of three patents, United States Patent Number 7,979,468, which I'll refer to as the '468; United States Patent Number 8,219,585, which I'll refer to as the '585 patent; and United States Patent Number 8,224,855, which I'll refer the as the '855 patent. The three asserted patents share the same title, "Database Data Dictionary." The '585 patent and the '855 patent are continuations of the '468 patent, and the three patents share the same written description.

Defendant asserts that Claim 1 of each of the asserted patents are representative of the remainder of the claims in each patent, and Plaintiff does not contest there. Therefore, the Court will analyze only Claim 1 of each asserted patent, and because the Court will deny the motion respect to Claim 1 of each of those patents, the Court will also deny the motion with respect to all claims in the asserted patents.

I'll now turn to the *Alice* analysis at Step 1. Defendant says the representative

claims are directed to the abstract idea of "storing, managing, indexing, and retrieving datasets based on metadata or descriptions of the data." The Court agrees that this is an abstract idea. Indeed, Plaintiff does not really dispute this. And the Federal Circuit has held, in cases like *Content Extraction and Transmission, LLC, versus Wells Fargo Bank, National Association*, that the concept of "data collection, recognition, and storage," a similar concept, was an abstract idea.

Plaintiff, for its part, argues that the claims, though, are not directed to this abstract idea and that Defendant has over-generalized the claims. According to the plaintiff, the claims of the asserted patents are directed to a "data repository with a specific set of interrelated data structures, the modules, defining how that structure is implemented." Thus, Plaintiff's argument goes with the claims purportedly reciting "new data structures that improve the operation and efficiency of a database system," the claims are not abstract but instead are directed toward a technological improvement in database

management.

In cases like *CardioNet, LLC, versus Infobionic, Inc.*, the Federal Circuit has instructed Courts to be careful to avoid oversimplifying a claim by looking at it generally and failing to account for its specific requirements in Step 1. For the reasons I'll discuss now, I think the defendant has oversimplified what the focus of the claims is. For that reason, the Court finds that Plaintiff has the better of the arguments at Step 1.

Looking first to the claim language itself, Claim 1 of each of the asserted patents generally claims a computerized system for manipulating datasets comprised of a processer and a data repository that processes, retrieves, and stores data contained in the datasets and one or more layers of metadata of the data in the datasets. Stopping here, that does sound a lot like Defendant's asserted abstract idea. That is, storing, managing, indexing, and retrieving datasets based on metadata or descriptions in the data.

But importantly, the claims do not stop

there. They go on to recite what it is that makes up the claimed data repositories. That is, several different modules that are configured to store, identify, define, generate, and/or transmit various types of information. These claimed modules constitute the bulk of the claims, and, as Plaintiff points out, the modules are configured such that they have relationships to one another.

For example, looking to Claim 1 of the '467 patent, the claimed data repository contains eight modules. First, an element module that's configured to store and uniquely identify a plurality of elements.

Second, an element relation module configured to store one or more relationships between the element and the element module.

Third, a class module configured to define at least one class of the elements and store the class.

Fourth, an attribute module configured to define and store one or more attributes.

Fifth, a class attribute module configured to define and store one or more class attribute associations between at least

one of the attributes in the class.

Sixth, a type definition module configured to define and store one or more types of the class, the attributes related to the class, and the relationships between the elements.

Seventh, a state machine module configured to store one or more state machine types associated with at least one of the elements.

And eighth, a status module configured to store one or more statuses of each state machine.

So sure, the claims certainly involve the concept of storing, managing, indexing, and retrieving datasets based on metadata or descriptions of the data, but Defendant's articulation of what the claims are directed to seems to skim over the modules themselves. That is, what appears to be the key aspect of the claims.

For example, on page eight of its opening brief, Defendant stated that the various recited modules "merely describe groupings of metadata." In that regard, it might be that

Defendant intended the "based on metadata" aspect of its articulation of the abstract idea to appropriately capture the utilization and presence of these various modules. But if so, Defendant's description of what the claims are about still seems to be selling the claim short.

Just simply based on the modules' prominence in the claims and the somewhat intricate way in which the modules must interrelate to one another, it seems that the particular nature of the metadata in these modules is not an afterthought in the claims, which is what it sounds like in Defendant's articulation of the abstract idea. Instead, it's the star of the claims. In other words, the claim language suggests that the claims are directed to a data repository that, as Plaintiff points out on page 18 of its answering brief, is "composed of multiple substructures configured to hold particular information which are tied to other claimed structures in a specified manner."

Defendant also argued at page three of its reply brief that although Plaintiff claims

that the "definitions and interrelationships" of the modules are key to the improvements to computer technology advanced by the claims, that, in fact, the patents are "silent" on what the relationships are among the claimed modules.

But in the Court's view, that's not true. The claim limitations, on their face, do not seem to be silent about what are the relationships between the modules. Instead, the claims tell us how certain modules are related to one another. For example, the state machine module is configured to store state machine types associated with at least one of the elements, elements that are stored by the element module.

The Court notes that today at oral argument, the parties appeared to have different views about what these claimed modules really are or consist of. Defendant, on the one hand, seemed to be suggesting that although the modules facially are required to contain different types of data, like elements or attributes or state machine types, in reality, they all simply require groupings of

merely any type of metadata, and Defendants suggested that these modules were not actually part of the data structure, just grouping of data themselves.

But Plaintiff's counsel argued that the modules, as their names would appear to suggest, do require utilization of different types of metadata and that a module is a portion of a data table or a data table itself. That is, a structure or type of structure. At this stage of the case, without claim construction having occurred, Plaintiff's arguments as to what the claimed modules are seem plausible, so I must credit them.

At page two of its reply brief, Plaintiff also suggested that the fact that each module is defined by functional language means that the claims amount simply to instructions that apply it with a computer in order to carry out the claimed functions. While it is true that the claims dictate that the modules are configured to store and identify or define certain information, Defendant's argument ignores that the claims themselves, particularly if Plaintiff is correct about the

previously referenced claim construction issue as to module, would be directed to a new system for manipulating datasets that includes particular modules that must store, identify, and/or define particular information and that have certain relationships to one another. The claims, therefore, would not simply amount to instructions to store, manage, index, and/or retrieve data based on metadata or descriptions of the data on a computer, full stop. Rather, they would recite specific data structures for doing so.

Now, the patent specification, though not a model of clarity, also sheds some light on the "directed to" Step 1 inquiry. For example, the abstract explains that the patents claim a computerized system for "storing, managing, indexing, interrelating, and/or retrieving datasets in a manner independent of the data model." This suggests that the patents will be claiming a new system for managing, indexing, interrelating, and/or retrieving datasets. That is, one that is independent of the data model.

The abstract then goes on to note how the

patent does this. That is by claiming a system that includes an element module that's configured to store uniquely identified elements and an element relation module configured to show relationships between the elements and the element module and then by further containing various additional types of modules. These concepts are, in turn, captured by the claims.

Turning to the written description of the asserted patents, column 1's background information section explains that at the time of the invention, a conventional data storage system would implement its own data model according to the system's user interface and business role specification. These prior art systems depended on a specific data model, one that the system's developers create by writing dedicated code. However, these systems were said to lack flexibility and portability. The section ends with the patent stating that there is a "need for systems and method that store, manage, index, interrelate, and/or retrieve datasets in a manner independent of the data model."

Then in the summary of the invention section, the patent describes the claimed systems and methods that are said to address this problem in some way. In doing so, the summary section pointedly notes that these systems and methods are ones containing various modules of the types that are found in the asserted representative claims at issue.

Now, candidly, the patent does not, in the Court's view, understandably articulate how it is that a claimed system, like those in the purportedly representative claims, actually solve the problems in the prior art that are called out in the background information section of the patent. Nor, in the Court's view, was that answer particularly clear after reading Plaintiff's briefing or its current operative complaint. And despite many questions here today at oral argument, the Court was left wondering about this connection between what is claimed on the one hand and how what is claimed solves the types of computer-based problems described by the patent on the other hand. This lack of clarity, if it continues, may well be harmful to the

plaintiff's case at some point in the future, but it does not affect my Step 1 decision here today. That's because all I'm doing at Step 1 today is asking myself, first, what is the focus of these claims, and, second, is that concept captured in the abstract idea put forward by the defendant?

For the reasons that I've explained here today, it is not. The claim language itself and the patent specification tell us repeatedly that the focus of these patent claims is on the particular nature of the data structure at issue, including its use of particular modules that store different types of metadata that are interrelated in a particular way. Defendant's abstract idea was simply too broad. It oversimplifies the claims, so it doesn't capture this important concept.

Finally, the caselaw that the parties highlight as similar to the claims at issue also helps, at least in part, to demonstrate that Plaintiff's position appears to be the right one. For its part, Defendant asserted that the claims here were most analogous to those found to be patent eligible in *BSG Tech*

LLC versus Buyseasons, Inc., a Federal Circuit case. The plaintiff says that its claims were more similar to the claims found to be patent eligible in *Enfish*, *LLC, versus Microsoft Corp.*, another Federal Circuit case. The Court finds that the claims are more like those in *Enfish* than those in *BSG Tech.,* which is another reason why the defendant's motion must be denied at Step 1.

In *BSG Tech.*, the Federal Circuit affirmed the district court's determination that the patents at issue were not patent eligible. Notably, there, the district court's decision was issued after the Court accepted the plaintiff's proposed claim constructions and converted the defense motion to dismiss into a motion for summary judgment. The claims at issue in that case recited methods and systems for indexing and retrieving data being posted by a plurality of users to a wide area network that entailed, as the claimed advanced over the prior art, providing the users with summary comparison usage information corresponding to previously used parameters and values for use in posting the data. The

Federal Circuit found that these claims were directed to the abstract idea of "considering historical usage information while inputting data." The Court noted that the patentee did not purport to have invented a new database structure. Rather, the focus of the claims was guiding users by presenting summary comparison information to them before they inputted data in order to achieve more consistent item descriptions. The Federal Circuit reiterated throughout the opinion that the claimed databases themselves were well known at the time of the invention. While the focus of the claims would improve the quality of the information added to the database, this is not the same as improving the database's functionality. Indeed, the database would serve in its ordinary capacity of storing the resulting information, and thus the claims were unrelated to how databases function.

One claimed issue in *BSG Tech* recited a database system, and the patentee pointed to a limitation requiring that users can add additional parameters without modifying the predefined structure of the database as

constituting an improvement in computer functionality. However, the Court explained that the specification said nothing about how to construct such a database structure, which suggested that this feature of the claimed system was not the focus of the claim. Moreover, the patent did not suggest that conventional databases required structural modifications to add new paramaters. At Step 2 of the *Alice* test, the *BSG* Court explained that the only alleged unconventional feature of the claims was the requirement that the user be guided by the summary comparison usage information, which, again, simply restated the abstract idea at issue. As to patentee's argument there that the claims supplied an inventive concept because they required a specific database structure that did not preempt consideration of usage information while inputting data into other types of databases, the Court again explained that the claimed specific database structures were well understood and conventional, and accordingly did not supply an inventive concept.

So while in *BSG Tech* the claimed advance

in the patents was simply having users consider certain information while inputting information into the index, here in contrast the focus of the claims seems to be on a data repository that includes particular data structures that have relationships among one another. That is, the particular claimed database structures are the focus of the claims. And unlike *BSG Tech.*, it's not clear that the recited structures were well understood and conventional. As the Court has previously noted, the patent itself seems to say they were not. Indeed, the fact that the patentee obtained a patent on these claims would appear to indicate that they were not.

For this reason, the Court agrees with the plaintiff that the claims seem more similar to those found to be patent eligible in *Enfish*, which, again, not for nothing, was the case where the Section 101 issue was not decided until a more full record was made on summary judgment. In *Enfish*, the Federal Circuit deemed the claims at issue to be patent eligible because they recited "nonabstract improvements to the computer technology." The Court explained that "much of the advancement

made in computer technology consist of improvements to software, that, by their very nature, may not be defined by particular physical features, but rather by logical structures and processes."

The patent at issue in *Enfish* claimed a particular type of logical model for a computer database described as a "self-referential" table. Finding that the focus of the claims was on the specific improvement to the way computers operate, the Court emphasized that the claims did not broadly cover any form of storing tabular data, but rather specifically taught the claim's self-referential data for a computer database. This specificity was reflected in the claim language, which described in some detail the table's attributes, and also in the teaching of the specification. There, the specification emphasized how the self-referential table improved upon conventional database structures, such as by providing increased flexibility, faster search times, and smaller memory requirements. In light of what this demonstrated about the plain focus of the

claims, that is, that the focus was on an improvement to computer functionality itself, the *Enfish* Court found the claims passed *Alice's* Step 1 test.

As in *Enfish*, the claims here are directed to data repositories that appear to include specific sets of data structures, that is, modules, that are configured to store particular kinds of information and that have relationships with one another. For these reasons, the Court finds that the claims at issue are not directed to the abstract idea put forward by Defendant. Therefore, Defendant's motion must be denied.

Defendant's motion also moves to dismiss Plaintiff's claims for indirect and willful infringement. The Court will take that portion of the motion under advisement without argument and will issue a forthcoming order on that portion of the motion soon.

That brings us to our last case today, *Topia Technology, Inc., versus Egnyte, Inc.* It's Civil Action Number 21-1821-CJB.

Defendant Egnyte, Inc., which I'll refer to as Defendant, has filed a motion for

judgment on the pleadings pursuant to Federal Rule of Civil Procedure 12(c), which I'll refer to as the motion. With the motion, Defendant is asserting that the complaint should be dismissed because the patents-in-suit are subject-matter ineligible pursuant to Section 101. At the outset, the Court will address a few procedural issues.

First, there are six patents-in-suit at issue in this case, which are all relevant to the motion. For ease of reference here today, I'll refer to each of the patents by the last three numbers of their respective Patent Numbers.

Second, although the motion is brought here pursuant to Rule 12(c), the nature of the Court's analysis of that motion will not differ as compared to its analysis of the other motions it addressed today. That is because although those other motions were brought pursuant to Rule 12(b)(6), not Rule 12(c), the standard of review for a Rule 12(c) for judgment on the pleadings is the same as that for deciding Rule 12(b)(6) motions.

Third, Defendants asserted that Claim 1

in each of the representative patents -- I'm sorry -- of each of the respective patents is representative of all the other claims of those patents for purposes of Section 101 analysis at issue here.

In its answering brief, Plaintiff Topia Technology, Inc., which I'll refer to as Plaintiff, never really contests that assertion. Although at one point in its briefing, Plaintiff makes a quick reference to the content of two dependent claims, that is, Claim 5 of the '942 patent and Claim 4 of the '607 patent, it does so only to show why the content of those claims are similar in kind to the content of Claim 1 of those respective patents.

The Federal Circuit has held, as I've noted, that Courts may treat a claim as representative if the patentee does not present any meaningful argument for the distinctive significance of any claim limitations not found in the representative claim. In light of this, herein, the Court will primarily only address Claim 1 of each of the respective patents-in-suit, understanding for our purposes

here that Claim 1 of the patent is representative of all the claims of that same patent.

Fourth, because each of the six patents are related, they largely share the same specification with only a few differences. Today, when I make reference to the specification, unless indicate otherwise, I'll be referring to the specification of the '561 patent. When I do so, it should be understood that the specifications of all five other patents are the same in the respect, again unless I advise specifically to the contrary.

And fifth, for reasons that will become clearer shortly, I'm going to address the patents-in-suit in four distinct groupings, as the Court's decisions regarding the *Alice* test will differ depending on which grouping of patents is at issue.

The first grouping I'll address is actually a grouping of one, the '561 patent. The patent is titled "Architecture for Management of Digital Files Across a Distributed Network." In Step 1, Defendant argues that this patent, and indeed all six

patents-in-suit today, are directed to an abstract idea that Defendant refers to in similar, if slightly different terms, throughout the briefing. Defendant alternatively refers to this abstract idea as "storing and synchronizing versions of documents and other files" or "synchronizing multiple versions of a file across network computers" or "synchronizing document versions" or "automatically transferring modified files and information across multiple generic computer systems" or "automatically transferring modified electronic files to network devices." I understand Defendant to treat each of these slightly different articulations of the abstract idea as carrying the same basic meaning. So for ease of reference, I'll utilize "synchronizing multiple versions of the file across network computers" as the shorthand for the abstract idea at issue here.

Plaintiff, for its part, doesn't dispute that synchronizing multiple versions of a file across network computers is an abstract idea, and the Court agrees that it is. Again, in the

parlance of the Federal Circuit, it appears to be a disembodied concept or a basic building block of human ingenuity untethered from any real-world application. Plaintiff contends at Step 1, however, that the claims of the '561 patent are directed not to the abstract idea but, instead, are "directed to a specific computer network architecture for a useful and improved file management system that includes a dedicated software system configured to automatically provide the user with the most recent version of the file to be accessed from any of the user's devices." Plaintiff contends that the claims of all the patents are directed to that more specific concept.

Plaintiff goes on to address what each patent is individually directed to more specifically in light of the specification. As I noted earlier today, in order to determine what a claim really is directed to, the Federal Circuit explained that the Court should consult both the claim language and the specification. In doing so, it becomes clear that Claim 1 of the '561 patent is directed to the abstract idea at issue.

Turning first to the text of Claim 1, it does seem that the focus of that claim is on a high-level concept of synchronizing multiple versions of a file across network computers. Nearly the entirety of the claim's text could be said to be devoted to this general concept. The claim explains that, first, the system requires the use of a first electronic device, a second electronic device, and a third electronic device, each associated with a user. Each of those three devices must contain an application.

The claim then explains how the second device's application automatically transfers a copy of the first electronic file from the second device to the first device at the point where the user modified the content of that first file and how it does so upon determining that a save operation has been performed on the file.

Next, the claim explains that the first device is also configured to automatically receive a copy of a second electronic file from a third device's application at the point when the user modifies the content of that file.

Then the claim notes that the first device's application is configured to automatically transfer the modified version of the copy of the first file to the third device in order to replace an older version of that file. And the claim also states that the fist device automatically transfers a copy of the second file to the second device in order to replace an older version of that file.

Simply by laying out how Claim 1 describes the claimed system, one can see that the focus of nearly the entire claim is on the concept of automatically transferring computer files from one electronic device to another so that the respective three devices all contain the same modified and updated versions of those files. Put differently, the claim reads as if it is all about the abstract idea at issue, synchronizing multiple versions of a file across network computers, and not on some more specific or particularized real-world application of that idea.

As Defendant notes, the claims uses "highly generalized, result-oriented terms." Its focus seems to be not on explaining in any

detail how these file transfers are to be accomplished, but instead simply conveying the "aspirational result of automatically transferring updated versions" of the file in the first place.

The specification only further supports this conclusion. The abstract and the summary of the invention section of the patent describe what the patent is said to be all about. In doing so, those sections simply parrot back the content of Claim 1, nothing more. The content and background of the invention section also supports Defendant's position. Therein, the patentee explained the problems in the prior art that the patent needs to solve. Here, the patent notes that conventional computing systems allow for users' various devices to be easily connected, but that such systems had drawbacks in that "they do not provide the customer a seamless environment" in that "the customer must manually handle many aspects of that connection." And then as to file management, customers must "manually move files between their devices" using various protocols. The patent further expounds on these problems,

which include the proliferation of redundant file copies, the proliferation of an error-prone environment, and unnecessary complexity.

The patent then describes a number of possible solutions in the art to this problem that, for one reason or another, are not satisfactory. These include remote desktop software, which is problematic because it does not use the utilize the local resources of a client database; distributed file systems, which have drawbacks, including that the customer always had to be connected to the system and that accessing files in the system tended to be a slow process; FTP, which in addition to sharing some of the same problems as distributed file systems also had the problem that the customer was required to manually use client software to perform the operations of a distributed file system as a separate task; e-mail, which was "even worse than FTP because the process is even more manual" and then among other reasons the customer has a find an e-mail message containing a file before it can access the

file; and flash drives or external disk drives which had the downside that they had to be "physically connected to the computer on which the files would be accessed."

In other words, in this portion of the specification, the patentee seems to be explaining that the claims are meant to allow for automatically transferring computer files between devices, which was an improvement over the art because at least certain of these prior art options heavily require the user to perform a solution manually in a more burdensome way.

However, the Federal Circuit has made clear that the mere automation of otherwise manual processes using generic computers does not constitute a patentable improvement in computer technology. In *The University of Florida Research Foundation, Inc., versus General Electric, Inc.,* for example, the Federal Circuit noted that when a patent's claims simply seek to automate an otherwise manual methodology in order to conserve human resources and minimize errors, this demonstrates that the patent is a "quintessential 'do it on a computer' patent."

These claims are directed to an abstract idea.

Moreover, it would seem hard for the plaintiff to contest that Claim 1 of the '561 patent is directed to merely automatically synchronizing multiple versions of the file across network computers because in its complaint, Plaintiff essentially said as much. There, Plaintiff stated that the '561 patent is "generally directed to systems and methods for sharing electronic files between multiple devices, for even when a user modifies an electronic file on a device, a copy of the modified electronic file is automatically transferred to at least one other device." The Court is hard-pressed to see much daylight between that description and Defendant's articulation of the abstract idea at issue here.

I now turn to Step 2 of the *Alice* framework. As I noted earlier, at Step 2 the Court is required to assess what else is in the claim beyond the abstract idea and whether those additional elements can amount to an inventive concept, such that they transform the nature of the claim into a patent-eligible

application of the abstract idea.

Here, however, it's hard to see what more there is in Claim 1 of this patent beyond those things that relate to the abstract idea itself. All or nearly all of the claim's language seems to be focused on the general concept of automatically transferring modified electronic files between network devices, and Plaintiff did not add allegations to its complaint that addresses the 101 question at Step 2 in a manner that might suggest otherwise.

Nor is there anything about any hardware, such as the respective devices referenced by Claim 1 or the nature of the computer system itself, or any software, such as the claimed files or applications in the claims, that appear to amount to the inventive concept here. The patent, as Defendant noted, makes clear that exemplary systems for implementing the invention simply include a "general purpose computing device" and that "embodiments of the invention are operational with numerous other general purpose or special purpose computing system environments or configurations."

In support of its argument for patent

eligibility, Plaintiff argued in part that the claim does not preempt the field of synchronizing electronic files across multiple systems because the patent, as I've already discussed, distinguishes between the system in Claim 1 and other conventional approaches, at least some of which tended to rely on the user's manual work in order to update the respective files. Since there remain available alternatives, according to the plaintiff, the "claims do not preempt every application of the alleged abstract idea."

The problem, however, for Plaintiff here as it relates to the '561 patent particularly is that in order to survive at Step 2, a plaintiff cannot simply rely on generic computer elements to carry out an abstract idea automatically. If a claim's only inventive concept is the application of an abstract idea using conventional and well-understood techniques, the claim has simply not been transformed into a patent-eligible application of an abstract idea. As the Federal Circuit has noted, where a patent's claims are deemed only to disclose patent-ineligible subject

matter under the *Alice* frame work, as they are as to this patent, preemptions concerns are fully addressed and made moot.

Plaintiff additionally argues in Step 2 that prior to 2007, there "was no computer network architecture using a server between different user devices to perform automatic file synchronization whenever a user modifies a file on a device associated with a file management system." But in the Court's view, that's simply another way of saying the claimed system was new in the relevant time frame. As the Federal Circuit has noted, eligibility and novelty are separate inquiries. Simply because the claimed system may have been novel does not mean that it will survive *Alice's* test.

Finally, the Court takes a moment to address some of the cases cited by both sides. First, the Court agrees with Defendant that the '561 patent is similar to the claims at issue in *Ameranth, Inc., versus Domino's Pizza,* a Federal Circuit case, a case the defendant called out as the most similar to the challenged conduct here. In that case, the Federal Circuit found that claims which were

directed to configuring and transmitting hospitality-menu-related information using a system that's capable of synchronous communications and automatic format were directed to an abstract idea at Step 1, in part because the claims provided only result-focused and functional language without setting out the specifics of a particular conception that it actually carried out the concept. At Step 2, the Federal Circuit concluded that the claims did not include an inventive concept because they did no more than "instruct the practitioner to implement the abstract idea, which was routine, conventional activity." As I've just described, the representative claim of the '561 patent seems just like the representative claims in *Ameranth*. It relies on routine computer elements of users to simply carry out the abstract idea at issue.

Plaintiff, in identifying what it thought was the most analogous case in the supplemental letter brief, actually picked the case that it had not cited in its briefing and instead cited after the briefing closed, *Cooperative Entertainment, Inc., versus Collective*

Technology, Inc., another Federal Circuit case. Ironically, the Court concludes that this case is, in fact, as to the '561 patent, more helpful for Defendant than it is for Plaintiff.

In *Cooperative Entertainment*, the district court had ruled that the claims in the patent at issue were directed to the abstract idea of the preparation and transmission of content to peers through a computer network. The Federal Circuit reversed, concluding at Step 2 that the claims could contain inventive concepts. This is because the claims did more than merely implement the abstract idea with generic computer components using conventional technology.

Importantly, unlike as to the '561 patent here, there was evidence in the record in *Cooperative Entertainment* to support that conclusion. The *Cooperative Entertainment* Court found there were at least two limitations in the claims, one that required a dynamic peer-to-peer network wherein multiple nodes consume the same content and were configured to communicate outside the content distribution networks, and another that required the use of

trace routes in content segmentation that potentially amounted to inventive concepts, and the Court explained how the specification and the operative complaint discussed these limitations in significant detail, articulating how their inclusion of the claims amounted to an improvement to the computer technology that was in the prior art.

Here, while the specification does discuss how the claimed invention amounts to an improvement over the prior to art, the claimed content issue involves only the use of generic and conventional conventional computer components, it seems, to effectuate the abstract idea contained in the claims. There's no showing here in the patent or in the operative complaint that anything in Claim 1 amounts to the representative inventive concept.

For all these reasons, the Court finds that the motion should be granted as to the claims relating to the '561 patent.

The Court now turns to the second grouping, again a grouping of one, the '942 patent. The '942 patent, whose title is the

same as the '561 patent, is otherwise also very similar to the '561 patent. The only identified key difference between the two as described by Plaintiff in the answering brief on pages 4 and 11 is the fact that Claim 1 of the '942 patent additionally requires that the claimed systems determines whether the respective devices are in communication with each other before sending an electronic file from one device to the other. Claim 5, which ultimately depends from Claim 1, relatedly requires that the modified first file is stored on a memory device associated with the first electronic device responsive to a determination that the first electronic device is not in communication with the third electronic device. For ease of reference, I'll refer to these claim limitations as the determining steps for elements.

Claim 1 of the '942 patent does not appear materially different to the Court from a Section 101 perspective as compared to Claim 1 of the '561 patent. Indeed, I note that on page 17 of Plaintiff's answering brief, Plaintiff lumped together these two patents for

purposes of its eligibility analysis. Plaintiff nevertheless argues that the determining steps are features that are "additional nonabstract improvements" as they "are necessarily rooted in computer technology because they focus on addressing computer-network-centric issues related to the network unavailability." The reminder of Plaintiff's Step 1 argument, however, simply restates the wording of the elements recited in Claims 1 and 5 that I've just described.

While the claim determining steps in the '942 patent do involve the use of computer technology, that bare fact alone does not require that the outcome of the eligibility analysis be any different. At Step 1, plaintiff has pointed to nothing in the '942 patent suggesting that these determining steps are actually what the claims are directed to. The '942 patent specification, including the abstract and the summary of the invention section, are essentially the same as that of the '561 patent. And while the abstract and summary of the invention section of the patent do note that the devices in the claimed

invention are "in communication" with each other, they never suggest the step of determining whether such communication exists is central to the focus of the patent or its claims.

Moreover, the concept that two devices actually must be in communication with each other before one transfers an electronic file to the other appears to the Court to be one that is fairly considered to be part of the abstract idea itself. After all, one cannot synchronize multiple versions of a file across network computers if those computers aren't in communication with each other in the first place.

As for Step 2, Plaintiff did not make any arguments there that were specific to the '942 patent's determining steps. There's nothing in the record to suggest that the inclusion of the steps would transform Claim 1 into one amounting to the unconventional use of technology to solve a problem in the computer arts such that the steps would help make up an inventive concept. Thus, for the same reasons as the '561 patent, the Court concludes that

the '942 patent is also directed to patent-ineligible subject matter. The motion should be granted as to the claims relating to that patent as well.

The next grouping of patents I'll discuss are the '787 and '823 patents. Claim 1 of these patents is similar to Claim 1 of the '561 patent in the sense that all are claims to systems that automatically transfer files between multiple devices after a user modifies those files, but the respective claims also have some differences which, in the Court's view, will turn out to be material.

Specifically, Claim 1 of the '787 patent additionally requires that after a user modifies an electronic file on a device, the first metadata associated with that file must be assigned a first priority that is greater than a second priority assigned to the copy of the file itself. And the claim requires that, based on the fact that this metadata has a higher priority than a copy of the file itself, the metadata is automatically transferred from a first device to a second device before the copy of that file is transferred to the second

device.

Moreover, the claim requires that when this metadata is transferred to the second device, this causes a file representation of the file on that second device to be updated based on that metadata. And it requires that this now-updated file representation represents the updated version of the file stored on the first device that is not currently stored on the second device.

As for Claim 1 of the '823 patent, it has similar language to Claim 1 of the '787 patent except that the transfer of the metadata to the second device causes a graphical availability indication of the updated version of the file to be presented on the second device based on that metadata and that this graphical availability indication is presented proximate to the file icon representing that file. And the claim requires that the graphical availability indication indicates that the updated version of the file is available to be downloaded to the second device.

At Step 1, the Court does think it's correct as a legal matter to conclude that

these two patents are directed simply to the bare abstract idea that Defendant has put forward. The Court so concludes for a few reasons.

First, Defendant's proposed abstract idea, again, synchronizing multiple versions of the file across network computers, does not include a concept that seems key to these patents, that is, that certain metadata related to the file must get transferred to the device before the copy of the electronic file gets transferred to the device. A significant portion of Claim 1 of both the patents discuss this requirement and how this transferred metadata and this prioritization over the file copy itself otherwise impacts the synchronization process. Surely one could synchronize multiple versions of a file across network computers without utilizing this type of prioritized metadata process. So this metadata-related aspect of the claims has to be viewed as something narrower and really distinct from the broad abstract idea itself.

Moreover, these two patents provide a number of other clues that whatever the claims

are directed to, that concept has to include reference to the system's utilization of prioritized metadata. For one thing, look at the patent titles. The title of the '787 patent is "Pre File Transfer Update Based on Prioritized Metadata." And the title of the '823 patent is "Pre File Transfer Availability Indication Based on Prioritized Metadata." It is permissible to look at a patent's title in assessing what a claim is directed to, and here the titles emphasize that you simply can't articulate what these patents are all about without including some reference to the claimed system and method's use of prioritized metadata. Despite this, Defendant's abstract idea does not mention this concept.

Additionally, the abstract and summary of the invention sections of these two patents also support Plaintiff's position at Step 1. Unlike with the other four patents-in-suit, these key sections of the '787 and '823 patents make prominent reference to the importance of the use of prioritized metadata in file synchronization. As the Court will note in a moment, what these patents and other

patents-in-suit are a little less clear about is exactly how it is that the use of the prioritized metadata actually helps to improve computer functionality. There is some discussion of that, as I'll explain, though not a lot. Nevertheless, the Step 1 inquiry asks what is the focus of these claims. Given that it's clear that these two patents are focused in significant part on transferring metadata prior to the transfer of electronic files, the Court cannot conclude that the claims are simply directed to the much broader abstract idea of synchronization of multiple versions of the file across network devices. So for that reason, the Court will deny Defendant's motion at Step 1 as to the '787 and '823 patents.

Finally, the Court turns to the last patent grouping, the '607 and '622 patents. These patents, which share the same title as the '561 patent, seem to fall somewhere between the '561 patent on the one hand and the '787 and '823 patents on the other as it relates to the Section 101 calculus.

Like the '787 and '823 patents, the '607 and '622 patents do include in their respective

Claim 1s, among other things, the concept that metadata about a file must be transferred to a location prior to the transfer of the electronic file itself. For example, Claim 1 of the '607 is a system claim that requires after a user modifies an electronic file on a device first metadata is generated relating to the file. The system automatically transfers that metadata to a second device prior to the copy of the file being transferred to that same device. And Claim 1 of the '622 patent has a similar requirement.

Unlike the '787 and '823 patents, however, the title of the patent did not make reference to the claim's use of prioritized metadata with respect to file transmitting. Nor did the patent's abstract or summary of the invention section discuss this concept. Instead, the content of the '607 and '622 patent specification is essentially the same as the content of the '561 patent specification. So at Alice Step 1, although the claims of the '607 and '622 patents do seem to make some prominent use of prioritized metadata, it's much more difficult to say here than it was as

to the '787 and '823 patents that these claims are directed to a system that must include this concept.

In such a circumstance, where there's a close call as to what a claim is directed to at Step 1, the Federal Circuit noted in *Enfish* that an analysis of whether there are arguably concrete improvements in the recited computer technology may better take places at Step 2, so the Court will go that route here as to these two patents.

At Step 2, however, the Court believes there is just enough in the record to suggest a plausible factual dispute about whether these patents in fact contain an inventive concept. Therefore, for that reason, the Court will deny Defendant's motion as to the '607 and '622 patents. More specifically, there is at least one portion of the patents' common specification that appears to discuss how this use of metadata can play a helpful role in solving the problems relating to file synchronization that are discussed in the patent.

According to the specification, a common

problem experienced by distributed file systems and FTP for example, two prior art options that the patent derides, was a "latency" problem. That is, the delay "between a file being put onto a file system and its showing up on a remote machine." In explaining how the patent helps solve this problem, the specification notes that "in an embodiment the user interfaces may include a list of the customer's documents and related metadata as well as any one-to-one or one-to-many relationships between the documents and metadata" and it describes how, for example, an "embodiment directory," which the Court understands from Plaintiff's counsel's statements at oral argument to be a particular type of metadata, can be "decoupled from the user files" such that the "directory update system updates at a higher priority than the documents can be synchronized."

Although the patent's language here is far from complete, the Court thinks it can see how the patent here is describing how the prioritization of metadata over the file copy itself and the sending of that metadata to a device before the file copy is said to help

overcome latency issues. Plaintiff's counsel explained today that one way that it does so is by alerting the user to a modification of a file more quickly prior to the file copy itself being received by the device.

Additionally, as I noted, at column 1 and 2, the patent describes negatively certain prior art file synchronization options. As I noted, among those are remote desktop software and distributed file systems. Today, Plaintiff's counsel argued that it may be correct to view those solutions as a type of automated or synchronized method of updating files across network devices. In other words, that those two solutions are other unclaimed approaches that can be taken in the realm of the abstract idea at issue. I can't say that Plaintiff is wrong to characterize these solutions as automated solutions in this way, so this could be some evidence that the claimed solution does not significantly preempt the field of the abstract idea, which would also relevant evidence at Step 2.

Now, the Court acknowledges that the patent says little more about how the

prioritization of metadata and the file synchronization process can amount to an inventive concept in the computer space, but this is the pleading stage. And in the Court's view, this record information is just sufficient to at least create a fact issue as to whether the '607 and '622 patents can meet Step 2's requirement by way of their reliance on prioritized metadata in the claimed file transfer process.

Thus, for all the reasons that I've set out, the Court finds the '561 and '942 patents are directed to patent-ineligible subject matter based on the record before me and will grant the motion based on those patents. The Court will otherwise deny the motion as to remainder of the patents in suit. In its briefing, Plaintiff did not specifically seek the ability to further amend its complaint to attempt to address eligibility issues were the motion granted in some way. Though the Court has some doubt that the plaintiff can do so successfully with regard to the '561 and '942 patents, to the extent plaintiff believes it can, and can properly amend its complaint to

demonstrate how these two patents are patent eligible, then for the reasons I stated in our first case today, no later than 21 days from today's date, Plaintiff shall submit a motion for leave to amend along with a letter brief of no more than four single-spaced pages in support. The Court will then set a further limited letter briefing schedule if necessary. Absent the filing of such motion or other court order, the Court will consider those two patents no longer to be a part of this case.

So nearly one and a half hours later, the Court has now set out its decisions with regard to the three motions at issue on the record. Before we conclude our record presentation today, I'll just give any party the chance, understanding the Court's decision, if it believes that I've been unclear in any way by way of process about the decision or the process from here, to ask for further clarification.

MR. SQUIRE: Yes, Your Honor. This is Monté Squire on behalf of the plaintiff, GAN, in the first case, Your Honor. We understand Your Honor's decision, and we look

forward to an opportunity to file a motion for leave to amend to provide some of the evidence that Your Honor had mentioned both this morning and in the decision this afternoon. However, in light of the holidays and actually trying to gather that information, we respectfully request instead of 21 days, could that time be extended to 30 days?

THE COURT: That seems very reasonable, especially in light of the holidays, and so I'll grant that request, and I'll grant it, as well, in the other matter in which I've allowed the potential for such a motion. So thank you for raising that.

MR. SQUIRE: Thank you, Your Honor.

THE COURT: Okay. Yes.

MR. LYTLE: Counsel for Topia. I think you just said we also may take --

THE COURT: You may. And although I do want to finally resolve, if there is to be any further argument about these 101 issues as to the aspects of the motions that I granted today, that's why I do want to set this requirement to be a quick one, and I'm only going to have very truncated letter briefing

about it. I understand that we are right on the cusp of the holiday season now, so the request for 30 days seems appropriate.

All right. With that said, the Court's decisions today, as I said, are reflected in the transcript, and I will issue written opinions that transcribe the content of today's oral decisions and provide appropriate citations where necessary.

With all that said, we'll end our hearing today, go off the record, allow our court reporter to end her day, and we hit 5:00.

(Thereupon, a discussion was held off the record.)

C E R T I F I C A T E

STATE OF DELAWARE)
) ss:
COUNTY OF NEW CASTLE)

I, Deanna L. Warner, a Certified Shorthand Reporter, do hereby certify that as such Certified Shorthand Reporter, I was present at and reported in Stenotype shorthand the above and foregoing proceedings in Case Number 22-361-CJB, *GAN (UK) LIMITED vs. MGM RESORTS INTERNATIONAL, et al.*; Case Number 22-900-CJB, *InQuisient, Inc., vs. Service Now, Inc.,* and Case Number 21-1821-MN-CJB, *Topia Tech, Inc., vs. Egnyte, Inc.,* heard on December 20, 2022.

I further certify that a transcript of my shorthand notes was typed and that the foregoing transcript, consisting of 225 typewritten pages, is a true copy of said **MOTIONS TO DISMISS**.

SIGNED, **OFFICIALLY SEALED**, and **FILED** with the Clerk of the District Court, NEW CASTLE County, Delaware, this 3rd day of January, 2023.

Deanna L. Warner, CSR, #1687
Speedbudget Enterprises, LLC

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