IN THE UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF TEXAS MARSHALL DIVISION

INNOVA PATENT LICENSING, LLC §

vs. § CIVIL ACTION NO. 2:10-CV-251-DF-CE

ALCATEL-LUCENT HOLDINGS, ET AL. §

REPORT AND RECOMMENDATION

The above-referenced case was referred to the undersigned United States Magistrate Judge for pre-trial purposes in accordance with 28 U.S.C. § 636. On January 21, 2011, the undersigned heard argument on Defendants' motions to dismiss (Dkt. No. 160) on the grounds that the patent was not drawn to eligible subject matter under 35 U.S.C. § 101. On September 7, 2011, the undersigned heard claim construction arguments. After considering the briefs, the law, and the arguments of counsel, the undersigned makes this report and recommendation that the motion to dismiss under § 101 (Dkt. No. 160) be DENIED and that the disputed terms be construed as set forth in this recommendation.

I. TECHNICAL BACKGROUND

The patent in suit, U.S. Pat. No. 6,018,761 (the "'761 patent") claims methods for using a mail processing program to scan electronic messages to obtain more information. The Abstract states:

An apparatus and method is provided for obtaining message context information regardless of whether or not the sender includes context information, such as full name, address, telephone number, etc. The context can be stored separately from a message and retrieved when the message is read by a recipient when requested. The context might be stored in an indexed database or repository using either a key field provided by the sender or using the fields present in the message for other purposes. The latter approach is useful for finding context information in legacy messages and messages where the sender has taken no action to supply context information. If a key field is not provided by the sender, the "From:" and

"Organization:" header fields can be used. In order to populate the database or repository, the domain name portion of the "From:" header field can be used as an index into a "whois" search and the "Organization" name can be passed to a telephone book search engine.

'761 Patent, Abstract.

The patent generally refers to email messages, but other types of electronic messages are mentioned. The patent notes that email messages include a header portion which contains a plurality of header fields and a message body. The header fields contain field names and field values. At a minimum, an email message should include "From:," "To:," "Subject:," and "Date:" fields. '761 Patent, 1:22:33.

Because email messages may be transmitted with only minimal context about the sender, the patent describes a problem with such transmissions. "Since a mail message can be transported with no more context than the e-mail address of the sender and the e-mail address of the receiver, the recipient of the message might not recognize the sender, even where they know each other well. For example, even if Alice Jones and Bob Benson talked frequently, Alice might not recognize a message from "bb1023@smtp.dgrlu.edu." Although the sender's full name might be provided in a header field, the full name might still not be sufficient if Alice did not know Bob. In this situation, the problem might be addressed by including an organization's name. Still further, if a sender cannot control the headers used by a system or the fields used by an administrator, a sender can include a signature block at the end of an email or could attach a v-card to the message. See generally '761 Patent, 1:54-2:44.

One problem with signature blocks and v-cards is that the sender must provide them; otherwise, no context is provided. Moreover, even in situations where they are provided, the extra data and attachments consume more network bandwidth. '761 Patent, 2:45-50. The patent describes a need for a system for obtaining context for a message without requiring the continual

transport of this context information and without requiring that a context-providing action be taken by the sender each time. '761 Patent, 2:50-54.

Generally speaking, the patent describes a method in which additional fields might be provided to refer the recipient to context information stored in remote servers. An email processing program used by the recipient scans the message to see if the header portion of the message includes a "reference" to a sender's context. The "reference" might constitute a pointer to the sender's context information. Alternatively, the message might contain a "hint" to the context. In either case, the program would use the hints or pointer to retrieve the context information directly from an external location. If no additional context-specific fields are provided, the program scans the message and attempts to use other information, such as the domain name in conjunction with the sender's last name, to retrieve additional information about the sender in an indirect manner

Figures 2(a), (b), and (c), depict three types of email messages that are relevant to understanding the scope of the claims and whether the patent is drawn to eligible subject matter. Figure 2(a) is a prior art email message. It contains the header fields made mandatory by the Standard for the Format of ARPA Internet Text Messages, published in 1982. ("RFC 822," attached to Defendants' Claim Construction Brief, as Exh. E). One of skill in the art at the time the patent was filed, in 1996, would have been aware of and understood that the prior art message depicted in Figure 2(a) had the header fields made mandatory by RFC 822. '761 Patent, 1:15-20 ("On the Internet, electronic mail messages generally conform to the consensually agreed upon standards. These standards are set out in documents referred to as "Requests for Comments" or RFC's. The RFC's applicable to e-mail messages include RFC 822 and

others."). One of ordinary skill in the art also would have understood that messages depicted in Figures 2(b) and (c) had additional user-defined fields included in them, as the RFC allows. *See* RFC 822 at 25, 39.

Figures 2(b) and (c) show examples of what the patent refers to as "context-aware" messages. A context aware message is described as a message in which the user has included certain user-defined fields (beginning with an X), that also include a pointer or hints to context information about the message or the sender of the message. In Figure 2(b), the field "X-Primary-Context-Source:" has a value of a URL pointing to a file containing the sender's context data. In Figure 2(c), the context-aware message includes user-defined fields of "X-Context-Business-Info:" and "X-Context-User-Info." These refer to the location of the business organization and the name of and city in which the sender is located, respectively.

The flow chart shown in Figures 3-4 incorporates the patented method. The program first checks to see if context information is cached. If it is, then the program retrieves the cached context and does not proceed further. However, if no cached information is found, then "the message is scanned for a context pointer (S3)." '761 Patent, 6:11-12. If a pointer is included, the program obtains the context information using the pointer and displays it to the recipient (S4-5). In the absence of a pointer, the system extracts any hints from the fields (S8) and submits them to a phone book server (S9) to determine whether the recipient can obtain context information from there. This discussion describes the software program's processing of context-aware messages.

The patent states that "[p]referably, all senders will send 'context-aware' messages, but the system described herein can obtain context for context-unaware messages, albeit with a little

RFC 822 states that the minimum required headers are either "Date," "From," and "Bcc," or "Date," "From," and "To." RFC 822 at 39.

more effort." '761 Patent, at 3:39-41. If a message is context-unaware, the patent describes a method for extracting context information from other portions of the message. In Figure 4, the portion beginning at A "is the point usually reached here [sic, should be where] the message is not context-aware (i.e., it has no context pointers or context hints). Thus, even if the message is not context-aware or the context pointers or hints do not help, the recipient might still be able to obtain the context information based on just the information found in the message." '761 Patent, at 6:53-59. Figure 4 and the accompanying description describe a process by which the mail processing program checks the domain name appearing in the "From:" field against a Domain Name Registry ("DNR") server to determine the city and state in which the domain is registered (S15). The program uses the city and state of the domain holder to fetch a record from the phone book server. The program then returns the information to the recipient of the message as context information. In this manner, the method indirectly determines context even if the sender did not make the message context-aware by providing specific user-defined fields intended for that purpose.

The '761 patent includes only one independent claim. Claim 1 provides:

A method of obtaining context information about a sender of an electronic message using a mail processing program comprising the steps of:

scanning the message, using the mail processing program to determine if the message contains a reference in a header portion of the message to at least one feature of the sender's context, wherein the sender's context is information about the sender or the message that is useful to the recipient in understanding more about the context in which the sender sent the message;

if the message contains such reference, using the mail processing program and such reference to obtain the context information from a location external to the message;

if the message does not contain such reference, using the mail processing program and information present in the message to indirectly obtain the context

information using external reference sources to find a reference to the context information.

'761 Patent, Claim 1.

II. CLAIM CONSTRUCTION DISCUSSION

"A claim in a patent provides the metes and bounds of the right which the patent confers on the patentee to exclude others from making, using or selling the protected invention." *Burke, Inc. v. Bruno Indep. Living Aids, Inc.*, 183 F.3d 1334, 1340 (Fed. Cir. 1999). Claim construction is an issue of law for the court to decide. *Markman v. Westview Instruments, Inc.*, 52 F.3d 967, 970-71 (Fed. Cir. 1995) (en banc), *aff'd*, 517 U.S. 370 (1996).

To ascertain the meaning of claims, the court looks to three primary sources: the claims, the specification, and the prosecution history. *Markman*, 52 F.3d at 979. The specification must contain a written description of the invention that enables one of ordinary skill in the art to make and use the invention. *Id.* A patent's claims must be read in view of the specification, of which they are a part. *Id.* For claim construction purposes, the description may act as a sort of dictionary, which explains the invention and may define terms used in the claims. *Id.* "One purpose for examining the specification is to determine if the patentee has limited the scope of the claims." *Watts v. XL Sys., Inc.*, 232 F.3d 877, 882 (Fed. Cir. 2000).

Nonetheless, it is the function of the claims, not the specification, to set forth the limits of the patentee's invention. Otherwise, there would be no need for claims. *SRI Int'l v. Matsushita Elec. Corp.*, 775 F.2d 1107, 1121 (Fed. Cir. 1985) (en banc). The patentee is free to be his own lexicographer, but any special definition given to a word must be clearly set forth in the specification. *Intellicall, Inc. v. Phonometrics, Inc.*, 952 F.2d 1384, 1388 (Fed. Cir. 1992). Although the specification may indicate that certain embodiments are preferred, particular embodiments appearing in the specification will not be read into the claims when the claim

language is broader than the embodiments. *Electro Med. Sys., S.A. v. Cooper Life Sciences, Inc.*, 34 F.3d 1048, 1054 (Fed. Cir. 1994).

This court's claim construction decision must be informed by the Federal Circuit's decision in *Phillips v. AWH Corporation*, 415 F.3d 1303 (Fed. Cir. 2005) (en banc). In *Phillips*, the court set forth several guideposts that courts should follow when construing claims. In particular, the court reiterated that "the *claims* of a patent define the invention to which the patentee is entitled the right to exclude." 415 F.3d at 1312 (emphasis added) (*quoting Innova/Pure Water, Inc. v. Safari Water Filtration Systems, Inc.*, 381 F.3d 1111, 1115 (Fed. Cir. 2004)). To that end, the words used in a claim are generally given their ordinary and customary meaning. *Id.* The ordinary and customary meaning of a claim term "is the meaning that the term would have to a person of ordinary skill in the art in question at the time of the invention, i.e., as of the effective filing date of the patent application." *Id.* at 1313. This principle of patent law flows naturally from the recognition that inventors are usually persons who are skilled in the field of the invention and that patents are addressed to and intended to be read by others skilled in the particular art. *Id.*

The primacy of claim terms notwithstanding, *Phillips* made clear that "the person of ordinary skill in the art is deemed to read the claim term not only in the context of the particular claim in which the disputed term appears, but in the context of the entire patent, including the specification." *Id.* Although the claims themselves may provide guidance as to the meaning of particular terms, those terms are part of "a fully integrated written instrument." *Id.* at 1315 (quoting *Markman*, 52 F.3d at 978). Thus, the *Phillips* court emphasized the specification as being the primary basis for construing the claims. *Id.* at 1314-17. As the Supreme Court stated long ago, "in case of doubt or ambiguity it is proper in all cases to refer back to the descriptive

portions of the specification to aid in solving the doubt or in ascertaining the true intent and meaning of the language employed in the claims." *Bates v. Coe*, 98 U.S. 31, 38 (1878). In addressing the role of the specification, the *Phillips* court quoted with approval its earlier observations from *Renishaw PLC v. Marposs Societa' per Azioni*, 158 F.3d 1243, 1250 (Fed. Cir. 1998):

Ultimately, the interpretation to be given a term can only be determined and confirmed with a full understanding of what the inventors actually invented and intended to envelop with the claim. The construction that stays true to the claim language and most naturally aligns with the patent's description of the invention will be, in the end, the correct construction.

Phillips, 415 F.3d at 1316. Consequently, *Phillips* emphasized the important role the specification plays in the claim construction process.

The prosecution history also continues to play an important role in claim interpretation. Like the specification, the prosecution history helps to demonstrate how the inventor and the PTO understood the patent. *Id.* at 1317. Because the file history, however, "represents an ongoing negotiation between the PTO and the applicant," it may lack the clarity of the specification and thus be less useful in claim construction proceedings. *Id.* Nevertheless, the prosecution history is intrinsic evidence that is relevant to the determination of how the inventor understood the invention and whether the inventor limited the invention during prosecution by narrowing the scope of the claims. *Id.*

Phillips rejected any claim construction approach that sacrificed the intrinsic record in favor of extrinsic evidence, such as dictionary definitions or expert testimony. The *en banc* court condemned the suggestion made by *Texas Digital Systems, Inc. v. Telegenix, Inc.*, 308 F.3d 1193 (Fed. Cir. 2002), that a court should discern the ordinary meaning of the claim terms (through dictionaries or otherwise) before resorting to the specification for certain limited purposes.

Phillips, 415 F.3d at 1319-24. The approach suggested by Texas Digital—the assignment of a limited role to the specification—was rejected as inconsistent with decisions holding the specification to be the best guide to the meaning of a disputed term. Id. at 1320-21. According to Phillips, reliance on dictionary definitions at the expense of the specification had the effect of "focus[ing] the inquiry on the abstract meaning of words rather than on the meaning of claim terms within the context of the patent." Id. at 1321. Phillips emphasized that the patent system is based on the proposition that the claims cover only the invented subject matter. Id. What is described in the claims flows from the statutory requirement imposed on the patentee to describe and particularly claim what he or she has invented. Id. The definitions found in dictionaries, however, often flow from the editors' objective of assembling all of the possible definitions for a word. Id. at 1321-22.

Phillips does not preclude all uses of dictionaries in claim construction proceedings. Instead, the court assigned dictionaries a role subordinate to the intrinsic record. In doing so, the court emphasized that claim construction issues are not resolved by any magic formula. The court did not impose any particular sequence of steps for a court to follow when it considers disputed claim language. *Id.* at 1323-25. Rather, *Phillips* held that a court must attach the appropriate weight to the intrinsic sources offered in support of a proposed claim construction, bearing in mind the general rule that the claims measure the scope of the patent grant.

The parties dispute various claim construction terms. Each dispute is addressed below.

A. "Useful"

Step 1(a) recites "wherein the sender's context is information about the sender or the message that is useful to the recipient in understanding more about the context in which the sender sent the message." The defendants maintain this phrase—and in particular its reference to

"useful" information—is insolubly ambiguous. They say that what is useful to one recipient is not necessarily useful to another recipient. For instance, the patent states "[t]he use of full name would be sufficient to provide Alice with a context for the message, since Alice knows Bob, but would not help if Alice didn't know a Bob Smith." '761 Patent, at 1:65-67. Defendants rely on the ambiguity of the word useful, and this statement in the patent, to argue that the usefulness of information about a sender or a message varies from recipient to recipient. *See Datamize, LLC v. Plumtree Software Inc.*, 417 F.3d 1342, 1350 (Fed. Cir. 2005) ("The scope of claim language cannot depend solely on the unrestrained, subjective opinion of a particular individual purportedly practicing the invention.").

The defendants bear the burden to show that the claim language is insolubly ambiguous. See Exxon Research and Engineering Co. v. United States, 265 F.3d 1371, 1375 (Fed. Cir. 2001). Even if the claim construction effort is a tough one, when the meaning of the claim is discernable, the claim is not indefinite. Id. Although the question is close, the undersigned concludes that the language is not indefinite. The patent states that "the context can be any information which is useful to the recipient in understanding more about the sender." '761 Patent at 5:8-10. The examples in the specification show that useful information is additional information about the sender (his or her name and location) or the sender's organization name and geographic location. See also id. at 5:10-12. Read as a whole, the patent refers to useful information as additional data identifying personal or business information about the sender. As such, viewed in light of the specification, the phrase "information about the sender of the message that is useful to the recipient in understanding more about the context in which the sender sent the message" means "additional data identifying personal or business information about the sender of the message."

B. Mail Processing Program/Alternative Steps

The preamble of claim 1 states: "[a] method of obtaining context information about a sender of an electronic message using a mail processing program comprising the steps of"

The plaintiff argues the phrase "mail processing program" should be construed to mean "a software program configured to perform each step in the claimed method." The defendants maintain the term means "a program that processes mail." For essentially the reasons outlined below, the undersigned concludes that the defendants' construction is appropriate.

The claim requires scanning of an electronic message to determine whether it has at least one reference to a feature of the sender's context. However, the claim continues:

if the message contains such reference, using the mail processing program and such reference to obtain the context information from a location external to the message;

if the message does not contain such reference, using the mail processing program and information present in the message to indirectly obtain the context information using external reference sources to find a reference to the context information.

The undersigned agrees with the defendants that, as drafted, elements 1(b) and (c) are written as alternatives. Thus, if either portion is satisfied, the claim is infringed. Likewise, if prior art performs either alternative, the claim is invalid. As written, the claim language does not require software "configured to perform every step of the method." The claim is analogous to the one rejected in *Ex parte Harris*, 2010 WL 3065978 (BPAI Aug. 4, 2010). There, the claim language recited:

A method for operating a postage meter and a removable storage medium for storing data coupled to the postage meter, the method comprising:

determining if the storage medium is assigned to the postage meter;

if the storage medium is assigned to the postage meter, performing an initialization of the storage medium and the postage meter and using the storage medium to store data generated by the postage meter;

if the storage medium is not assigned to the postage meter, determining if operational parameters set for the storage medium are compatible with operational parameters set for the postage meter;

The Board rejected the claim over prior art that performed only one of the alternative steps, reasoning that "in a method claim, as long as the prior art meets one of the 'if' conditions (in this case, a storage medium assigned to a postage meter), the other 'if' iterations are conditional and therefore 'optional' and thus do not need to be met for art to read on the claims." *Id.* at *2. The Board is not alone in this view. Various Federal Circuit cases are consistent with this rule. *Schumer v. Lab. Computer Sys., Inc.*, 308 F.3d 1304, 1311-12 (Fed. Cir. 2002); *Brown v. 3M*, 265 F.3d 1349, 1353 (Fed. Cir. 2001).

Schumer suggested that an exception to this rule would apply "if this process patent were tied to a particular machine or apparatus." Plaintiff argues that the method in this case is tied to a specific machine—a mail processing program running on a computer. According to Plaintiff, the mail processing program should be construed as having the capability to perform all of the steps of the method. That argument should be rejected. The very claim at issue in Schumer had a preamble that was a more specific software application than the "mail processing program" in the preamble of claim 1. And the preamble in Harris called out a postage machine and a storage medium. The defendants' construction is proper on this issue, and it should be adopted. The term "mail processing program" is simply a program that processes mail, and the claim is infringed if either step 1(b) or (c) is performed.

C. A Reference in a Header Portion of the Message

The next dispute concerns the phrase "a reference in a header portion of the message." Claim 1(a) provides: "scanning the message, using the mail processing program to determine if the message contains a reference in a header portion of the message to at least one feature of the sender's context, wherein the sender's context is information about the sender or the message that is useful to the recipient in understanding more about the context in which the sender sent the message." The plaintiff argues that the relevant phrase means "[a] value in the header portion of the message that is linked to, connected to, or refers the mail processing program to sender context information." The defendants argue that this portion of the claim describes the situation in which a message has been made context-aware by the sender. Accordingly, the defendants argue that this term means "a header field value, other than the email address of the sender, included by the sender to direct the mail processing program to an external location."

The undersigned agrees generally with the defendants' view of the claim language when it is read in light of the specification. Their construction, however, should be modified (as they suggest in their brief), to exclude required header fields. The email message shown in Figure 2(a) is shown as the prior art. It contains the required header fields. To allow Plaintiff to claim that the required fields make the message "context aware" would be inconsistent with the specification. Plaintiff's argument that retrieving cached context information invokes the steps of the claimed method is also incorrect. The claimed method beings by scanning the message to determine whether a user has inserted context fields into a message. '761 Patent at Step 1(a) ("scanning the message . . . to determine if the message contains a reference in a header portion of the message to at least one feature of the sender's context..."). The specification strongly

suggests that any caching determination occurs before the message is scanned to determine whether it contains a reference to the senders context information. *Id.* at 6:11-12.

It is true, as Plaintiff argues, that one passage in the specification suggests that required field values might contain a reference to the sender's context. See id. at 6:38-40. That passage is discussing the flow diagram in Figures 3 and 4 and references certain data submitted to the phone book server. It states that "[t]he data submitted to the phone book server can either be information extracted from the message in fields unintended for that use, or the information could be extracted from 'hint' fields included for this purpose, such as the 'X-Context-User-Info' header field shown in the message in FIG. 2(c)." Plaintiff submits that this passage indicates that the "reference in the header portion" might refer to fields required by RFC 822. This view is incorrect. The passage on which Plaintiff relies immediately follows the statement that "[i]f the organization and state are not available for business context, the process continues as indicated by 'AA' [sic] (see FIG. 4)." Figure 4 depicts the process that uses the DNR server to fetch a DNR record and then use the information to obtain a record from a phone book server. The information sent to the DNR server is retrieved from the sender's address - it is not data extracted from the message in a field "included for this [context] purpose." The passage relied on by Plaintiff means that the phone book server may eventually be used to retrieve context information regardless of whether the header contains a reference to context information in a user-defined field. In short, the undersigned agrees with the defendants that the specification, read as a whole, suggests that the reference in the header portion refers to a user-defined context field intended to provide a direct reference to the sender's context information. See Phillips, 415 F.3d 1315-16 (the construction that "most naturally aligns with the patent's description of the invention will be, in the end, the correct construction."). The court construes this term to mean

"a header field value, other than one in a required header field, that is included by the sender as a direct reference to context information."

D. A Reference to the Context Information

Step (c) of Claim 1 requires "if the message does not contain such reference, using the mail processing program and information present in the message to indirectly obtain the context information using external reference sources to find a reference to the context information." The term in dispute is "a reference to the context information." Plaintiff argues that this phrase means "a value that is linked to, connected to, or refers the mail processing program to sender context information." Defendants argue the term means "a pointer that directs the mail processing program to a location containing the sender's context information."

Read in light of the specification, step (c) deals with the situation where the message is "context-unaware." In other words, the sender did not include context-specific user-defined fields. The patent describes a process of using the sender's address or other information from the message to retrieve context information indirectly from, for example, a DNR server and a phone book server. The specification explains that the program checks the domain name included in the sender's address against a DNR server to determine the geographic location where the domain is registered. From there, the program might use the sender's last name if available to check phone book servers to return context information. In view of the description of the invention, a "reference" in this step is "a value that refers to a location containing the sender's context information."

E. Recipient

The question presented by this term is whether a recipient means a machine or a person, or whether it is limited to a machine. Under this specification, it includes both persons and

machines. Although one passage of the preferred embodiment states: "[f]or simplicity, the 'sender' and 'recipient' of a message are machines controlled by humans or programs," '761 Patent, at 3:66-67, this portion of the specification is intended to simplify the description of the preferred embodiment of the invention. It does not narrowly limit the claim language as the plaintiff suggests. Other portions of the specification make clear that a recipient or a sender can include either a human or a machine. In fact, the entire passage relied on by Plaintiff states:

Also, sender 14 could either be a human sending mail messages at a keyboard and monitor or a machine sending messages according to the machine's programming and inputs. Recipient 18 could also be either a human or a machine. For simplicity, the "sender" and "recipient" of a message are machines and it will be assumed that the senders and recipients are either machines controlled by humans or by programs.

'761 Patent, 3:62-4:2 (as corrected by Certificate of Correction dated 1/14/2003).

In view of the language of the specification, the undersigned recommends that "recipient" be construed as "the person or computer that receives the electronic message." The defendants' position that the recipient has to be the person to whom the message is addressed should be rejected. Rather, the language of the claim refers to a "recipient," which may or may not necessarily be the addressee.

III. Section 101 Discussion

The defendants challenge the validity of the '761 patent on the grounds that it does not claim eligible subject matter under 35 U.S.C. § 101. Because the '761 patent claims a "process" within the language of the statute, the court should deny the motion to dismiss (Dkt. No. 160).

Under the patent laws, certain broad categories of subject matter are eligible for patent protection. "Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title." 35 U.S.C. § 101. In *Bilski v*.

Kappos, the Supreme Court stated that "[i]n choosing such expansive terms modified by the comprehensive 'any,' Congress plainly contemplated that the patent laws would be given wide scope." 130 S. Ct. 3218, 3225 (2010) (quoting *Diamond v. Chakrabarty*, 447 U.S. 303, 308 (1980)). Because subject matter eligibility is only a threshold check, subject to the conditions and requirements of Title 35, the Federal Circuit has stated that the categories of patent-eligible subject matter are no more than a "coarse eligibility filter." *Research Corp. Techs., Inc. v. Microsoft Corp.*, 627 F.3d 859, 869 (Fed. Cir. 2010).

Recently, the Federal Circuit addressed the issue of subject matter eligibility in Ultramercial, LLC v. Hulu, LLC, 2010-1544 (Fed. Cir. September 15, 2011). The court observed that the statute describes broadly permissible subject matter, and that judicial case law has created only three categories of subject matter outside the bounds of § 101 – that is, laws of nature, physical phenomena, and abstract ideas. *Id.* (citing *Bilski*, 130 S.Ct. at 3225). The court noted that laws of nature and physical phenomena cannot be invented, but abstractness has presented a different set of problems for the § 101 "process" category. Ultramercial, slip op. at 6. The patent laws expansively define "process" as a "process, art or method, and includes a new use of a known process, machine, manufacture, composition of matter, or material." 35 U.S.C. § 100(b). Although the Federal Circuit had adopted the machine-or-transformation test as the metric for assessing the subject matter eligibility of processes, given the broad definition of "process," the Supreme Court rejected that test. The Supreme Court concluded that the test might serve as a tool for determining whether some inventions are patentable processes under § 101, but it was not the sole test for deciding whether an invention is patent-eligible. Ultramercial, slip op. at 7. Given advances in technology, the Supreme Court suggested that applying such a physical test "risk[s] obscuring the larger object of securing patents for valuable

inventions without transgressing the public domain." *Bilski*, 130 S.Ct. at 3228. In *Ultramercial*, the Federal Circuit emphasized that it did "not presume to define 'abstract' beyond the recognition that this disqualifying characteristic should exhibit itself so manifestly as to override the broad statutory categories of eligible subject matter and the statutory context that directs primary attention on the patentability criteria of the rest of the Patent Act." *Ultramercial*, slip op. at 9 (quoting *Research Corp. Techs., Inc. v. Microsoft Corp.*, 627 F.3d 859, 868 (Fed. Cir. 2010)).

The Federal Circuit has decided three cases that bear particularly on the issue before the court. The most recent, *Ultramercial*, considered whether a patented method for monetizing and distributing copyrighted products over the Internet claimed patentable subject matter. The court concluded that "[a]s a method, it satisfies § 100's definition of 'process' and thus falls within a § 101 category of patent-eligible subject matter." Ultramercial, at 9. The court focused its analysis on the question of abstractness. The court observed that the claimed invention sought to remedy problems with prior art banner advertising by introducing a method of product distribution that forced consumers to view and possibly interact with advertisements before permitting access to the desired media product. Because an invention that improves a technology already in the market is not likely to be so abstract that it overrides the language of the Patent Act, the court suggested that this fact weighed in favor of patentability. *Ultramercial*, slip op. at 10. Although the mere idea that advertising could be used as currency is abstract, the patent did not simply claim that idea. It claimed a practical application of that idea. The court recounted the steps required of the method at issue and observed it would likely require complex computer programming. Likewise, the method involved the use of the Internet and a cybermarket environment. These facts weighed in favor of subject matter eligibility under § 101.

Finally, the patent at issue did not claim a mathematical algorithm, a series of purely mental steps, or any similarly abstract concept. The court emphasized that the eligibility exclusion for purely mental steps is "particularly narrow." In all, the court concluded that the patent claimed eligible subject matter under § 101.

The court's holding in *Research Corp*. was consistent. There, the claimed method was for rendering a halftone image of a digital image by comparing, pixel by pixel, the digital image against a blue noise mask. 627 F.3d 859, 868. The court easily concluded that the method claimed a "process" under the statute and presented "functional and palpable" applications in the field of computer technology. *Id.* Like the patent in *Ultramercial*, the one at issue in *Research Corp*. involved an improvement to existing technologies and used algorithms and formulas that controlled the masks and halftoning. According to the court, [t]hese algorithms and formulas, even though admittedly a significant part of the claimed combination, do not bring this invention *even close* to abstractness that would override the statutory categories and context." *Id.* at 869 (emphasis added). Consequently, the court reversed the district court's decision to the contrary.

On the other side of the divide is *CyberSource Corp. v. Retail Decisions, Inc.*, No. 2009-1358, 2011 WL 3584472, at *3 (Fed. Cir. Aug. 16, 2011). Two claims of that patent flunked § 101 eligibility. The first claim that failed did so because it recited a series of steps that could be performed entirely in the human mind. In particular, claim 3 of the patent-in-suit addressed a method for verifying the validity of a credit card transaction over the Internet. It recited the steps of (a) obtaining information about other transactions that have utilized an Internet address that is identified with the [] credit card transaction; (b) constructing a map of credit card numbers based upon the other transactions; and (c) utilizing the map of credit card numbers to determine if the credit card transaction is valid. The patentee conceded that the Internet address could be an

email address or an IP address, and that the map could be a list of credit card transactions tied to a particular IP address. The third step was not limited to any particular fraud detection formula. That method claim was invalidated under § 101. The second claim at issue was a *Beauregard* claim. It recited essentially the same steps performed by computer program instructions stored on a computer readable medium. The court also invalidated that claim. A series of mental steps that were otherwise ineligible for patent protection did not become eligible simply because they were performed by a computer. *Id.* at **8-9 ("While claim 2 contains somewhat redundant language, it is clear from the emphasized text that claim 2 recites nothing more than a computer readable medium containing program instructions for executing the method of claim 3.").

The present case is closer to *Ultramercial* and *Research Corp*. than to *CyberSource*. Here, the claims recite a method performed using a mail processing program. It is therefore a process within the definition of the Patent Act, and the question is whether it is so abstract to be ineligible. The specification describes an invention that is a useful improvement to an existing technology – email messaging. The method is performed using a mail processing program. The scanning of the message and retrieval of context information from locations external to the message connote the presence of computer hardware. These facts weigh in favor of patentability. Moreover, even viewing the steps as alternatives as the court has construed them, the use of the mail processing program to scan incoming messages, determine whether the messages are context-aware, and, if so, to retrieve the context information from one or more external locations will require programming. The programming might not be as complex as the algorithms involved in *Research Corp*. or *Ultramercial*, but the software would not be so simple as to involve purely mental steps in which the computer's use was merely incidental. The claimed method has application in an Internet environment. Bearing in mind that the Federal

Circuit has narrowly construed the exclusion for purely mental steps, it is the undersigned's view

that the '761 patent claims eligible subject matter under 35 U.S.C. § 101. The motion to dismiss

(Dkt. No. 160) should be denied.

IV. CONCLUSION

For the foregoing reasons, the undersigned recommends that the court adopt the

constructions for the disputed terms of the '761 patent as set forth herein. The motion to dismiss

(Dkt. No. 160) should be DENIED.

A party's failure to file written objections to the findings, conclusions, and

recommendations contained in this report within fourteen days after being served with a copy

shall bar that party from de novo review by the district judge of those findings, conclusions, and

recommendations and, except on grounds of plain error, from appellate review of unobjected-to

factual findings, and legal conclusions accepted and adopted by the district court. FED. R. CIV. P.

72(b)(2); see Douglass v. United Servs. Auto. Ass'n, 79 F.3d 1415, 1430 (5th Cir. 1996) (en

banc).

SIGNED this 22nd day of September, 2011.

Charles Everinghamiv

UNITED STATES MAGISTRATE JUDGE

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