

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

NETFLIX, INC.,

Plaintiff,

v.

ROVI CORPORATION, et al.,

Defendants.

Case No. 11-cv-6591 PJH

**ORDER GRANTING MOTION FOR
SUMMARY JUDGMENT**

Plaintiff's motion for summary judgment came on for hearing before this court on March 25, 2015. Plaintiff (and counter-defendants) Netflix, Inc. ("plaintiff" or "Netflix") appeared through its counsel, Ashok Ramani, Tina Sessions, Ed Bayley, Michael Kwun, and Sharif Jacob. Defendants (and counter-claimants) Rovi Corporation, Rovi Technologies Corporation, Rovi Guides, Inc., United Video Properties, Aptiv Digital Inc., and Starsight Telecast, Inc. (referred to collectively as "defendants" or "Rovi") appeared through their counsel, Yar Chaikovsky, Hong Lin, and Amol Parikh. Having read the papers filed in conjunction with the motion and carefully considered the arguments and the relevant legal authority, and good cause appearing, the court hereby GRANTS plaintiff's motion as follows.

BACKGROUND

This is a patent case. Plaintiff Netflix originally filed a declaratory judgment action against defendants, seeking declaratory judgments of non-infringement and invalidity of five Rovi patents. Rovi then filed counterclaims asserting infringement of those five patents, as well as three additional patents (for a total of eight patents). Netflix then

1 answered Rovi's counterclaims with additional declaratory judgment counterclaims, for
2 non-infringement and invalidity of the three newly-asserted patents.

3 Three of the patents have since dropped out of the suit, leaving five remaining
4 patents, all of which are at issue on this motion: (1) U.S. Patent No. 6,898,762 ("the '762
5 patent"); (2) No. 7,065,709 ("the '709 patent"); (3) No. 7,103,906 ("the '906 patent"); (4)
6 No. 7,945,929 ("the '929 patent"); and (5) No. 7,974,962 ("the '962 patent"). Four of
7 these patents (the '762, '709, '929, and '962 patents) are related to interactive program
8 guides, while the fifth (the '906 patent) is related to creating bookmarks for resuming
9 playback across different devices.

10 For ease of reference in this order, the court will sometimes refer to the '762 and
11 the '709 patents as the "Viewing History patents," as they relate to storing a user's
12 viewing history and making recommendations based on that history; and will refer to the
13 '929 and the '962 patents as the "Category patents," as they relate to the use of
14 categories to organize programs. The court will refer to the '906 patent as the
15 "Bookmarking patent."

16 Netflix's original complaint was filed on December 21, 2011. In May 2012, the
17 court stayed the case pending the outcome of an International Trade Commission ("ITC")
18 investigation. In July 2014, after the ITC proceedings had concluded, the parties
19 stipulated to lift the stay, and agreed to a schedule for claim construction. Netflix then
20 filed this motion for summary judgment under § 101, intending for it to be heard before
21 claim construction, but the court consolidated the two hearings. Having recently issued a
22 claim construction order, the court now turns to Netflix's motion for summary judgment.

23 **DISCUSSION**

24 **A. Legal Standards**

25 **1. Motions for Summary Judgment**

26 A party may move for summary judgment on a "claim or defense" or "part of . . . a
27 claim or defense." Fed. R. Civ. P. 56(a). Summary judgment is appropriate when there
28 is no genuine dispute as to any material fact and the moving party is entitled to judgment

as a matter of law. Id.

A party seeking summary judgment bears the initial burden of informing the court of the basis for its motion, and of identifying those portions of the pleadings and discovery responses that demonstrate the absence of a genuine issue of material fact. Celotex Corp. v. Catrett, 477 U.S. 317, 323 (1986). Material facts are those that might affect the outcome of the case. Anderson v. Liberty Lobby, Inc., 477 U.S. 242, 248 (1986). A dispute as to a material fact is “genuine” if there is sufficient evidence for a reasonable jury to return a verdict for the nonmoving party. Id.

Where the moving party will have the burden of proof at trial, it must affirmatively demonstrate that no reasonable trier of fact could find other than for the moving party. Soremekun v. Thrifty Payless, Inc., 509 F.3d 978, 984 (9th Cir. 2007). On an issue where the nonmoving party will bear the burden of proof at trial, the moving party may carry its initial burden of production by submitting admissible “evidence negating an essential element of the nonmoving party’s case,” or by showing, “after suitable discovery,” that the “nonmoving party does not have enough evidence of an essential element of its claim or defense to carry its ultimate burden of persuasion at trial.” Nissan Fire & Marine Ins. Co., Ltd. v. Fritz Cos., Inc., 210 F.3d 1099, 1105-06 (9th Cir. 2000); see also Celotex, 477 U.S. at 324-25 (moving party can prevail merely by pointing out to the district court that there is an absence of evidence to support the nonmoving party’s case).

When the moving party has carried its burden, the nonmoving party must respond with specific facts, supported by admissible evidence, showing a genuine issue for trial. Fed. R. Civ. P. 56(c), (e). But allegedly disputed facts must be material – the existence of only “some alleged factual dispute between the parties will not defeat an otherwise properly supported motion for summary judgment.” Anderson, 477 U.S. at 247-48.

When deciding a summary judgment motion, a court must view the evidence in the light most favorable to the nonmoving party and draw all justifiable inferences in its favor. Id. at 255; Hunt v. City of Los Angeles, 638 F.3d 703, 709 (9th Cir. 2011).

2. Invalidity under Section 101

Section 101 of the Patent Act provides that “[w]hoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.” 35 U.S.C. § 101. The Supreme Court has found an important implicit exception to the boundaries of patentability, holding that “laws of nature, natural phenomena, and abstract ideas are not patentable.” Diamond v. Diehr, 450 U.S. 175, 185 (1981).

The line between an unpatentable abstract idea and a patentable invention has not always been a bright one, especially with regard to process patents (also called method patents). Courts have adopted various tests to delineate the boundaries of patentability, and in recent years, the tests have been revisited. The recent line of cases began in 1998, when the Federal Circuit held that a process could be patentable as long as it produced a “useful, concrete, and tangible result.” State Street Bank & Trust Co. v. Signature Financial Group, Inc., 149 F.3d 1368, 1373 (Fed. Cir. 1998).

The “useful, concrete, and tangible result” test persisted until 2008, when an en banc panel of the Federal Circuit rejected it, and instead held that a “claimed process is surely patent-eligible under § 101 if: (1) it is tied to a particular machine or apparatus, or (2) it transforms a particular article into a different state or thing.” In re Bilski, 545 F.3d 943, 954 (Fed. Cir. 2008). The Federal Circuit further held that this “machine-or-transformation” test was “the sole test governing § 101 analyses.” Id. at 955.

The Bilski case then reached the Supreme Court, which took a different view of the “machine-or-transformation” test. Rather than being the “sole test governing § 101 analyses,” the Court held that the test was merely an “important and useful clue” regarding patentability. Bilski v. Kappos, 561 U.S. 593, 603 (2010). Instead of focusing exclusively on the machine-or-transformation test, the Bilski Court looked more broadly at whether the patent-in-suit, covering a method for buyers and sellers of commodities to hedge against the risk of price fluctuations, was an attempt to claim an abstract idea.

1 The Bilski Court ultimately determined that the patent covered “the basic concept
2 of hedging, or protecting against risk,” which was an “unpatentable abstract idea,” and in
3 fact, was a “fundamental economic practice long prevalent in our system of commerce
4 and taught in any introductory finance class.” 561 U.S. at 611. To find the patent valid
5 would “pre-empt the use of this approach in all fields, and would effectively grant a
6 monopoly over an abstract idea.” Id. at 612. The Court then made clear that “limiting an
7 abstract idea to one field of use or adding token postsolution components” would not turn
8 an unpatentable abstract idea into a patentable method, noting that certain of the patent’s
9 claims “attempt to patent the use of the abstract idea of hedging risk in the energy
10 market” (as opposed to all markets) or “instruct the user of well-known random analysis
11 techniques to help establish some of the inputs into the equation,” neither of which was
12 sufficient to make the invention patentable. Id.

13 Two years later, in Mayo Collaborative Services v. Prometheus Laboratories, Inc.,
14 the Court shed further light on the boundaries of patentability under § 101. 132 S.Ct.
15 1289 (2012). In Mayo, the Court was faced with patents on a process for helping doctors
16 determine whether drug dosages for patients with autoimmune diseases were too low or
17 too high. The key question before the Court was whether the claims covered an
18 unpatentable law of nature (analogous to the Bilski Court’s consideration of whether the
19 claims covered an unpatentable abstract idea).

20 Mayo cited previous Supreme Court precedent warning against “upholding patents
21 that claim processes that too broadly preempt the use of a natural law,” and “insisting that
22 a process that focuses upon the use of a natural law also contain other elements or a
23 combination of elements, sometimes referred to as an ‘inventive concept,’ sufficient to
24 ensure that the patent in practice amounts to significantly more than a patent upon the
25 natural law itself.” 132 S.Ct. at 1294 (internal citations omitted). In essence, the Court
26 asked this question: besides the natural law itself, “[w]hat else is there in the claims
27 before us?” Id. at 1297. In answering that question, the Mayo Court found that “the
28 claims inform a relevant audience about certain laws of nature; any additional steps

1 consist of well-understood, routine, conventional activity already engaged in by the
2 scientific community; and those steps, when viewed as a whole, add nothing significant
3 beyond the sum of their parts taken separately.” Id. at 1298.

4 The Mayo Court emphasized that the refusal to allow patents on laws of nature
5 arose out of a “concern that patent law not inhibit further discovery by improperly tying up
6 the future use of laws of nature.” 132 S.Ct. at 1301. While “rewarding with patents those
7 who discover new laws of nature and the like might well encourage their discovery, those
8 laws and principles, considered generally, are the basic tools of scientific and
9 technological work,” and allowing patents that “tie up their use will inhibit future innovation
10 premised upon them, a danger that becomes acute when a patented process amounts to
11 no more than an instruction to ‘apply the natural law.’” Id.

12 Most recently, in Alice Corp. Pty. Ltd. v. CLS Bank International, the Court made
13 clear that the two-step approach set forth in Mayo applied not only to patents relating to
14 natural laws, but also to patents relating to abstract ideas. Alice, 134 S.Ct. 2347 (2014).
15 The Alice Court described Mayo as setting forth “a framework for distinguishing patents
16 that claim laws of nature, natural phenomena, and abstract ideas from those that claim
17 patent-eligible applications of those concepts,” and described the framework as follows:
18 “First, we determine whether the claims at issue are directed to one of those patent-
19 ineligible concepts. If so, we then ask ‘what else is there in the claims before us?’” Alice,
20 134 S.Ct. at 2355 (internal citations omitted). The Alice Court then explained that “[w]e
21 have described step two of this analysis as the search for an ‘inventive concept’ – i.e., an
22 element or combination of elements that is sufficient to ensure that the patent in practice
23 amounts to significantly more than a patent upon the ineligible concept itself.” Id.
24 (internal citations omitted).

25 The Alice Court then applied that two-part test to the patents before it, which
26 covered a computerized method for mitigating “settlement risk,” described as “the risk
27 that only one party to an agreed-upon financial exchange will satisfy its obligation.”
28 Specifically, the claimed processes were designed to “facilitate the exchange of financial

1 obligations between two parties by using a computer system as a third-party
2 intermediary.” The computer system would track each party’s ability to satisfy its financial
3 obligations, and would ultimately use that data to provide instructions to each party for
4 carrying out the proposed transactions, thus mitigating the risk that only one party would
5 perform the agreed-upon exchange.

6 On the first step of the Mayo test, the Alice Court found that the patents were
7 directed to the idea of intermediated settlement, which was an abstract idea. Thus, the
8 Court moved to the second step of the test, and asked whether the claims contained an
9 “inventive concept” that was “sufficient to transform the claimed abstract idea into a
10 patent-eligible application.”

11 The Alice Court ultimately concluded that the patents’ claims did not contain such
12 an “inventive concept,” and while the opinion did not describe the type of disclosures that
13 would be sufficient to constitute an inventive concept, it did give clear examples of the
14 types of disclosures that were not sufficient.

15 First, Alice followed the Mayo Court in holding that “[s]tating an abstract idea while
16 adding the words ‘apply it’ is not enough for patent eligibility.” 134 S.Ct. at 2358 (internal
17 citation and quotations omitted). Also insufficient is “limiting the use of an abstract idea to
18 a particular technological environment.” Id.

19 Combining those two principles, the Alice Court held that “stating an abstract idea
20 while adding the words ‘apply it with a computer’ simply combines those two steps, with
21 the same deficient result.” 134 S.Ct. at 2358. Thus, “the mere recitation of a generic
22 computer cannot transform a patent-ineligible abstract idea into a patent-eligible
23 invention.” Id. The Court noted that such a conclusion “accords with the preemption
24 concern that undergirds our § 101 jurisprudence.” Id. In other words, simply adding a
25 “wholly generic computer implementation” did not meaningfully limit the scope of a
26 patent, and in practice, would lead to the same result as patenting an abstract idea itself.

27 In reaching its conclusion, the Alice Court demonstrated the shortcomings of the
28 “machine-or-transformation” test. While a computer (even a generic one) is undoubtedly

1 a “machine,” its inclusion in a patent claim cannot be sufficient for § 101 purposes, as it
2 would allow an applicant to “claim any principle of the physical or social sciences by
3 reciting a computer system configured to implement the relevant concept,” thereby
4 “eviscerating the rule that laws of nature, natural phenomena, and abstract ideas are not
5 patentable.” 134 S.Ct. at 2359 (internal citations omitted).

6 In a similar vein, the Alice Court held that the inclusion of “well-understood,
7 routine, conventional activities previously known to the industry” did not suffice as the
8 “inventive concept” necessary for patentability. Just as the addition of a generic
9 computer to an abstract idea would not place meaningful limits on a patent’s scope, the
10 addition of generic computer functions would similarly fail to provide any such limits.

11 In sum, the Alice Court found that the “claims at issue amount to nothing
12 significantly more than an instruction to apply the abstract idea of intermediated
13 settlement using some unspecified, generic computer.” 134 S.Ct. at 2360. Under
14 previous precedent, “that is not ‘enough’ to transform an abstract idea into a patent-
15 eligible invention.” Id. (emphasis in original).

16 By clarifying that the addition of a generic computer was not enough for § 101
17 patentability, Alice has had a significant impact on software patents. In Alice’s wake, the
18 Federal Circuit and numerous district courts have wrestled with the issue of whether
19 various software patents disclose the “inventive concept” required for patentability.
20 Having reviewed the cases cited in the parties’ papers, the court finds two post-Alice
21 Federal Circuit cases particularly useful for discerning the boundaries between a software
22 patent that merely discloses an unpatentable abstract idea and one that discloses a
23 patentable invention.

24 The first of these cases, Ultramercial, Inc. v. Hulu, LLC, involved a patent covering
25 a method for monetizing and distributing copyrighted products over the Internet. 772
26 F.3d 709 (Fed. Cir. 2014). Specifically, the claimed method allowed a user to view
27 copyrighted media (such as a television show) over the Internet, for no charge, in
28 exchange for viewing an advertisement.

The Ultramercial patentee maintained that its patent covered a “specific method of advertising and content distribution that was previously unknown and never employed on the Internet before,” and thus was not the type of “well-known” and “routine” activity rejected in Alice. 772 F.3d at 714. The patentee further argued that its claimed invention “extends beyond generic computer implementation of [an] abstract idea.” Id. In support of its argument, the patentee pointed to the detailed eleven-step process disclosed in the patent:

(1) receiving the copyrighted media from a content provider, (2) selecting an ad, (3) offering the media on the Internet, (4) restricting public access to the media, (5) offering the media to the customer in exchange for watching the selected ad, (6) receiving a request to view the ad from a user, (7) facilitating display of the ad, (8) allowing the consumer to access the media, (9) allowing the consumer access to the media if the ad is interactive, (10) updating the activity log, and (11) receiving payment from the ad sponsor.

Id. at 714-15.

The Ultramercial court agreed that these steps added “a degree of particularity,” but ultimately found that they still described “only the abstract idea of showing an advertisement before delivering free content.” 772 F.3d at 715. Thus, under the first step of Alice, the patent was indeed directed towards an abstract idea.

The Ultramercial court then asked whether the claims “did significantly more than simply describe that abstract method,” i.e., whether the claims disclosed an “inventive concept.” It cited Alice and Mayo’s teaching that a claim that “recites an abstract idea must include additional features to ensure that the claim is more than a drafting effort designed to monopolize the abstract idea,” and that the “additional features” must be “more than well-understood, routine, conventional activity.” 772 F.3d at 715 (internal citations omitted).

Applying those teachings, the Ultramercial court found the patent invalid, as “the claims simply instruct the practitioner to implement the abstract idea with routine, conventional activity.” 772 F.3d at 715. Regardless of whether the eleven recited steps were viewed individually or as a whole, they did not “transform the nature of the claim into patent-eligible subject matter.” Instead, the “claims’ sequence of steps comprises only

1 conventional steps, specified at a high level of generality, which is insufficient to supply
2 an inventive concept.” Id. at 716. While the court acknowledged that “some of the
3 eleven steps were not previously employed in this art,” it held that was “not enough –
4 standing alone – to confer patent eligibility.” Id.

5 In the second Federal Circuit case, DDR Holdings, LLC v. Hotels.com, L.P., the
6 court upheld the patentability of a software patent under Alice. 773 F.3d 1245 (Fed. Cir.
7 2014). The DDR patent sought to solve a problem that arose when website visitors
8 clicked on an advertisement on a “host website.” The user would be automatically
9 transported away from the host website and taken to the advertiser’s website, which
10 meant that the host website lost that website visitor, and that the user’s experience was
11 disrupted, making them less likely to purchase a product from the advertiser. The patent
12 disclosed a method for generating a “hybrid website” – which replicated the “look and
13 feel” of the host website, but contained the relevant product information for the
14 advertiser’s website, and even enabled the web user to purchase products from the
15 advertiser without needing to visit the advertiser’s website.

16 The DDR court did not expressly state that it found that the patent was directed to
17 an abstract idea (though the opinion suggests as much). Regardless, DDR moved to
18 step two of the Alice analysis, and found that there was an inventive concept, as the
19 claims “do not attempt to preempt every application of the idea of increasing sales by
20 making two web pages look the same,” and instead recited a “specific way to automate
21 the creation of a composite web page.” 773 F.3d at 1259. The DDR court expressly
22 distinguished Ultramercial, holding that the DDR patent’s claims were “different enough
23 from those in Ultramercial because they do not broadly and generically claim ‘use of the
24 Internet’ to perform an abstract business practice (with insignificant added activity).” Id.
25 at 1258. Instead, by disclosing a “specific way” to create composite web pages, the
26 patent constituted “more than a drafting effort designed to monopolize the abstract idea,”
27 and thus, contained the required “inventive concept” required for patentability under
28 § 101. Id. at 1259 (citing Alice, 134 S.Ct. at 2357).

1 What stands out from the Alice/Mayo line of cases is the courts' focus on
2 preemption as the key concern underlying section § 101 analyses. This theme of
3 preemption runs throughout Alice and Mayo, and is especially apparent when viewing
4 Ultramercial and DDR together. Notably, though the courts in both Ultramercial and DDR
5 appear to have concluded that the patents at issue were directed towards abstract ideas,
6 the DDR court found that the patent disclosed an "inventive concept," whereas the
7 Ultramercial court found otherwise. In so finding, the DDR court did not focus on the
8 novelty of the disclosed invention, but instead hinged its ruling on the fact that the claims
9 did "not attempt to preempt every application of the idea," and instead covered only one
10 "specific way to automate the creation of a composite web page." 773 F.3d at 1259. In
11 contrast, the patent at issue in Ultramercial appeared to be a "drafting effort designed to
12 monopolize the abstract idea itself." 772 F.3d at 716.

13 In other words, the hallmark of the "inventive concept" test is whether the patentee
14 has added something to the claims to limit their scope, so that they do not monopolize
15 the entire abstract idea to which the claims are directed. This accords with the purpose
16 of section 101's carve-outs for abstract ideas, laws of nature, and physical phenomena,
17 which is to "ensure that the patent in practice amounts to significantly more than a patent
18 upon the ineligible concept itself." Alice, 134 S.Ct. at 2355. In articulating the "inventive
19 concept" requirement, the Mayo Court heeded prior Court cases which "warn us against
20 upholding patents that claim processes that too broadly preempt the use of" an ineligible
21 concept, such as an abstract idea. Mayo, 132 S.Ct. at 1294. In that sense, the search
22 for an "inventive concept" can also be thought of as a search for a "limiting concept" –
23 something that restricts the scope of the claims, ensuring that the patent does not cover
24 the entirety of the abstract idea.

25 This understanding of an "inventive concept" as akin to a "limiting concept" is in
26 line with the courts' rejection of the patents at issue in Mayo and Alice. In Mayo, the
27 Court held that the addition of "well-understood, routine, conventional activity already
28 engaged in by the scientific community" did not serve to provide the required "inventive

1 concept.” 132 S.Ct. at 1298. In other words, by disclosing only run-of-the-mill steps, the
2 claims did not meaningfully restrict the scope of the patent. Similarly, in Alice, the Court
3 held that merely stating an abstract idea and adding the words “apply it with a computer”
4 did not suffice as an “inventive concept,” because a “wholly generic computer
5 implementation is not generally the sort of ‘additional feature’ that provides any practical
6 assurance that the process is more than a drafting effort designed to monopolize the
7 abstract idea itself.” 134 S.Ct. at 2358. If the Alice patentee had added something more
8 to the claims, beyond the mere use of a computer, to ensure that the claims covered a
9 specific application of the abstract idea (rather than the idea itself), it could have been
10 patent-eligible under § 101.

11 Notably, the search for an “inventive concept” places no importance on the novelty
12 of the abstract idea. A novel abstract idea is still an abstract idea, and is therefore
13 unpatentable. Just as “Einstein could not patent his celebrated law that $E=mc^2$,” despite
14 it being a new discovery, an inventor cannot patent any new abstract idea that he
15 discovers. See Diamond, 450 U.S. at 185, 190 (“The question therefore of whether a
16 particular invention is novel is wholly apart from whether the invention falls into a
17 category of statutory subject matter.”).

18 Thus, at the second step of the Alice/Mayo test, after a court has determined that
19 the patent is directed towards an abstract idea, the key question is whether the claims
20 add something to the abstract idea so that the patent covers a specific application of the
21 abstract idea, rather than the idea itself. See, e.g., Accenture Global Services, GmbH v.
22 Guidewire Software, Inc., 728 F.3d 1336, 1341 (Fed. Cir. 2013) (if a patent is directed at
23 an abstract idea, the court must then “determine whether additional substantive
24 limitations narrow, confine, or otherwise tie down the claim so that, in practical terms, it
25 does not cover the full abstract idea itself.”). This understanding of the second
26 Alice/Mayo step is reflected in the DDR decision, which upheld a patented process only
27 after finding that “the claims at issue do not attempt to preempt every application of the
28 idea” embodied in the patents, and instead were limited to “a specific way” of

1 accomplishing the general concept. DDR, 773 F.3d at 1259.

2 Of the district court cases decided post-Alice, the discussion of the “inventive
3 concept” in Caltech v. Hughes Communications is particularly helpful. 59 F.Supp.3d 974
4 (C.D. Cal. 2014). Caltech is also one of the few post-Alice cases to uphold the validity of
5 a software patent, making it especially useful for discerning the boundaries of § 101.

6 Caltech involved patents covering processes for the encoding and decoding of
7 data for error correction. At the first Alice/Mayo step, the court found that the patents
8 were indeed directed to an abstract idea. The court then observed that, if the patent
9 sought to claim those essential concepts, without any limiting principle, it would “threaten
10 to preempt the entire field of error correction.” 59 F.Supp.3d at 993. Thus, as part of the
11 second Alice step, the Caltech court sought to determine whether the claims “contain
12 meaningful limitations that represent sufficiently inventive concepts.” Id. at 994.

13 Ultimately, the Caltech court did find an inventive concept, noting that the patents
14 contained steps that were not “necessary or obvious tools for achieving error correction,”
15 and thus “ensure that the claims do not preempt the field of error correction.” 59
16 F.Supp.3d at 994. By disclosing “unconventional” techniques for error correction that
17 were “narrowly defined,” “tied to a specific error correction process,” and “not necessary
18 or obvious tools for achieving error correction,” the patents did not preempt the field of
19 error correction, as any conventional, well-understood, and routine methods of error
20 correction remained outside of the patents’ boundaries. Id. at 994-996.

21 The determination of whether an asserted claim is invalid for lack of subject matter
22 patentability under § 101 is a question of law. See In re Comiskey, 554 F.3d 967, 975
23 (Fed. Cir. 2009). A patent is presumed to be valid by statute, 35 U.S.C. § 282; therefore,
24 a patent challenger bears the burden of proving invalidity by clear and convincing
25 evidence. See Pfizer, Inc. v. Apotex, Inc., 480 F.3d 1348, 1359 (Fed. Cir. 2007). This
26 standard of proof applies equally at summary judgment. See National Presto Indus. v.
27 West Bend Co., 76 F.3d 1185, 1189 (Fed. Cir. 1996).

B. Legal Analysis

With the above principles in mind, the court must now apply the two-part Alice/Mayo test to the five patents at issue in this suit. As mentioned above, the court finds it helpful to consider the patents as part of three different groups: the Category patents, the Viewing History patents, and the Bookmarking patent. The court will address each group in turn.

1. Category patents ('929 patent and '962 patent)

a. '929 patent

The '929 patent covers the use of "combination categories" to organize various programs – in other words, instead of using only "simple" categories such as "comedy" or "drama" to classify movies, this patent covers categorizing programs using "combination categories," such as "sports dramas," or "romantic comedies," or even "critically-acclaimed foreign animated movies featuring strong female leads and set in the 1950s."

In its motion, Netflix cites claim 11 as representative of the '929 patent, and Rovi's brief primarily discusses claim 11 and claim 14. Claim 11 reads as follows:

A system for locating programs of interest to a user, the system comprising:

a receiver that receives a plurality of program listings, wherein at least one of the program listings is associated with two or more simple categories; and

a processor that generates at least one combination category by:

identifying the two or more simple categories associated with the at least one program listing; and

combining at least a subset of the identified simple categories associated with the at least one program listing into the at least one combination category, wherein the combination category comprises more than one of the identified simple categories.

Claim 14 is dependent on claim 13, which is dependent on claim 12, which is in turn dependent on claim 11. Claims 12, 13, and 14 read as follows:

12. The system of claim 11, wherein the processor is configured to combine at least a subset of the identified simple categories associated with

the at least one program listing into the at least one combination category by:

combining the identified simple categories into groups of two or more of the identified simple categories; and

determining, for each of the groups of simple categories, whether the respective group is contained within a list of supported categories;

wherein the at least one combination category comprises one of the groups of simple categories contained within the list of supported categories.

13. The system of claim 12, wherein the processor is further configured to:

automatically identify a plurality of simple categories that are of high interest to the user; and

generate the list of supported categories from the plurality of simple categories that are of high interest to the user.

14. The system of claim 13, wherein the processor is configured to automatically identify a plurality of simple categories that are of high interest to the user by identifying a first simple category that received more user selections than a second simple category.

Addressing the first Alice/Mayo step, Netflix describes these claims as being directed to the abstract idea of “categorizing shows using combination categories,” and Rovi does not meaningfully challenge this assertion in its opposition, instead arguing that the use of combination categories was unknown in the prior art at the time. See Dkt. 121 at 22 (describing the ’929 patent’s “critical aspect” as “generating ‘combination categories’ from program listings associated with simple categories, a problem which the prior art 17 years ago had not solved.”) (emphasis in original). Rovi further argues that the novelty of combination categories makes the ’929 patent “fundamentally different from the abstract, longstanding business practice” at issue in Alice. Dkt. 121 at 23.

However, the issue of whether combination categories were known in the prior art does not say anything about whether the claims are directed to an abstract idea – and it seems apparent that the idea of using composite categories to define shows is indeed abstract, even if it was wholly novel at the time of filing. The fact that dependent claims

13 and 14 add the element of generating recommendations using those combination categories does not render the claims any less abstract.

Thus, the court moves to step two of the Alice/Mayo test, and asks whether the '929 patent discloses an inventive concept. Rovi analogizes this case to Caltech, in which the court found that the patent disclosed “a unique computing solution that addresses a unique computing problem.” However, Rovi seems to ignore that the Caltech court focused on the narrow nature of the claimed solution in finding it patentable – emphasizing that the claims contained “meaningful limitations,” “ensur[ing] that the claims do not preempt the field of error correction.” Caltech, 59 F.Supp.3d at 994.

Here, the court is unable to find any such “meaningful limitations.” Rovi cites testimony from its expert stating that claim 11 recites the following “unconventional steps,” which purportedly distinguish this case from Alice and Ultramercial:

(1) generating at least one combination category by: identifying the two or more simple categories associated with the at least one program listing, (2) combining at least a subset of the identified simple categories associated with the at least one program listing into the at least one combination category, and (3) wherein the combination category comprises more than one of the identified simple categories.

Dkt. 121 at 24 (citing Dkt. 121-4, ¶ 83).

The court fails to see how these so-called “unconventional” steps – whether considered individually or as part of an ordered combination – are anything more than re-stating the abstract idea with the instruction to “apply it.” Rovi fails to show how its claimed method would be different from a “conventional” method of using combination categories, and instead proceeds on the assumption that offering expert testimony invoking the word “unconventional” is enough. Essentially, Rovi seeks to patent the idea of using combination categories, limited only by the use of a “processor” and a “receiver,” both of which are generic computer components of the type rejected in Alice.

In its opposition, Rovi takes issue with Netflix’s identification of claim 11 as representative, and argues that other dependent claims contain inventive concepts:

For example, claim 12 requires “supported categories,” claim 13 requires “a

plurality of simple categories that are of high interest to the user,” claim 14 requires a “first simple category that received more user selections than a second simple category,” claim 16 requires “associated metadata,” claim 17 requires a combination category assigned to a “program listing,” [and] claims 18, 19, and 20 require specific hardware integral to the claimed method, like presenting the categories “on the display.”

Dkt. 121 at 24.

While these dependent claims may indeed contain additional elements, Rovi has not shown how any of those elements provide meaningful limitations on the abstract idea of using combination categories. At best, claims 18, 19, and 20 require a type of machine, but a “display” is even more generic than the “general purpose computer” rejected in Alice.

The ’929 patent may well disclose an idea that was unconventional at the time of the patent’s filing. However, an unconventional abstract idea is still an unpatentable abstract idea. Rovi must do more than merely show an unconventional idea, it must show an unconventional embodiment of that idea. Otherwise, the patent would preempt all embodiments of the abstract idea – precisely the result that the Alice/Mayo test was designed to safeguard against. In other words, whereas the DDR court found that “the claims at issue do not attempt to preempt every application of the idea” at issue, this court finds that the ’929 patent would indeed preempt every application of the idea of using combination categories to categorize programs. As a result, the court finds that the ’929 patent fails to disclose an inventive concept, and is thus invalid under § 101.

b. ’962 patent

The ’962 patent covers the use of “selectable categories” to allow users to filter their search results when searching for television shows. In other words, rather than just searching for shows by title, users may also use categories to refine their search results. Both parties primarily cite claim 1 as a representative example.¹

¹ In a footnote, Rovi takes issue with the identification of claim 1 as representative, arguing that “each asserted claim requires distinctive features of the claimed search engine application. Dkt. 121 at 19, n. 15. For example, Rovi cites the “on-demand programming” requirement of claims 3 and 16; the “titles of shows” requirement of claims

1 A method for searching for shows comprising:

2 providing a search engine application;

3 receiving one or more characters in said search engine application,
4 wherein said one or more characters are entered in an alpha-
5 numeric input area;

6 matching said characters using said search engine application to one
7 or more database entries;

8 providing results corresponding to said database entries in a results
9 listing, wherein said results comprise one or more show listings and
10 one or more selectable categories of shows;

11 receiving a user selection from said results listing of one of said
12 selectable categories;

13 providing at least one additional show listing corresponding to said
14 selected selectable category in response to the user selection of said
15 selected selectable category; and

16 enabling a user to perform an action by selecting one of said at least
17 one additional show listings.

18 Netflix argues that the '962 patent is directed to an abstract idea, and again, Rovi
19 does not meaningfully challenge this argument. In fact, Rovi admits that "the claimed
20 steps are directed to the critical feature of enabling users to refine their searches based
21 on selectable categories." Dkt. 121 at 19. While Rovi argues that this "critical feature . . .
22 differ[s] in a fundamental respect from the abstract methods of using a computer merely
23 to calculate a pre-computer age mathematical problem," and instead "recites a
24 technological solution to a problem of refining user searches that arose in the realm of

25 5 and 18; the requirement of selection of characters from entries in an alphanumeric input
26 area of claims 6 and 19; the "keyword search field" requirement of claims 9 and 23; the
27 structural requirements of claim 14, including an "input device," an "output device," a
28 "display of results listings," and a "display of additional show listing;" and claim 27's
requirement of a "computer readable medium . . . having computer readable program
code" of claim 27. These claims are substantially similar to claim 1, with the additional
elements of note being the structures disclosed in claims 14 and 27. However, the
disclosed "input device," "output device," "display[s]," and "computer readable medium"
are no more particular than the "general purpose computer" that was rejected in Alice.

1 interactive program guides,” those arguments, at best, establish the novelty of the
 2 abstract idea. Overall, the court finds that the '962 patent is indeed directed to the
 3 abstract idea of filtering search results using selectable categories.

4 Thus, the court moves to the second Alice/Mayo step, and asks whether the '962
 5 patent discloses an inventive concept. Rovi first argues that its own proposed
 6 construction ties the “search engine application” to “hardware, software, and/or firmware
 7 which receives search requests and interfaces with one or more databases to respond to
 8 search requests.”

9 It appears that Rovi is trying to establish patentability according to the pre-Alice
 10 (and pre-Bilski) “machine or transformation test,” whereby claims were held to be patent-
 11 eligible if they were tied to a particular machine or apparatus (or if they transformed a
 12 particular article into something different). However, as discussed above, the Supreme
 13 Court’s Bilski decision held that the “machine or transformation” test was not the definitive
 14 test for patentability. 561 U.S. at 603. Thus, even if the '962 patent were tied to a
 15 particular machine, that still would not render the claims patentable. Moreover, the court
 16 has not adopted Rovi’s proposed construction, so there is no “machine” disclosed in
 17 claim 1, and the only “machines” disclosed in the other claims (the “input device,” “output
 18 device,” and “display[s]” of claim 14, and the “computer readable medium” of claim 27)
 19 are no more particular than the “general purpose computer” that was rejected in Alice.²

20 Rovi then tries another argument, arguing that the computer-implemented steps
 21 do not operate in a normal, expected manner in the following ways: (1) providing search
 22 results that comprise show listings and selectable categories, (2) providing at least one
 23 additional show corresponding to each selectable category, (3) enabling a user to select
 24 shows, (4) enabling a user to watch selected shows, and (5) enabling a user to obtain
 25 additional information about the shows. See Dkt. 121 at 21. This recitation of steps
 26

27 ² Further, even if the court had adopted Rovi’s proposed construction, “hardware,
 28 software, and/or firmware” is even broader than the “general purpose computer” rejected
 in Alice.

1 strikes the court as similar to that in Ultramercial, where the patentee pointed to its
2 eleven-step process as proof that the claims disclosed “a specific method of advertising
3 and content distribution that was previously unknown and never employed on the Internet
4 before.” 772 F.3d at 714. The Ultramercial court rejected that argument, first finding that
5 “each of those eleven steps merely instructs the practitioner to implement the abstract
6 idea with routine, conventional activities,” and then concluding that although “some of the
7 eleven steps were not previously employed in this art,” that was “not enough – standing
8 alone – to confer patent eligibility upon the claims at issue.” Id. at 716.

9 The court finds that the rationale of Ultramercial applies here with equal force.
10 Rovi’s five-step process represents no more than an instruction to “implement the
11 abstract idea” of using selectable categories to filter search results with “routine,
12 conventional activity.” While the steps add a level of detail, they constitute no more than
13 simply re-stating the abstract idea with the instruction to “apply it.” Whether considered
14 as individual steps or as an ordered combination, the court finds no inventive concept
15 that would prevent Rovi’s patent from preempting the entire abstract idea of using
16 selectable categories to filter search results.

17 Finally, Rovi argues that the claims “transform characters into selectable
18 categories.” Specifically, Rovi argues that the claims disclose the transformation of
19 alpha-numeric categories into “results comprising one or more show listings and one or
20 more selectable categories of shows.” This argument appears to imply that any patent
21 which involves using text to represent any sort of selectable object (a video file, an audio
22 file, a web hyperlink, etc.) involves a “transformation” that brings the patents within §
23 101’s boundaries.

24 Whereas Rovi had previously argued under the “machine” prong of the “machine
25 or transformation” test, it now argues under the “transformation” prong. For support, Rovi
26 relies on a district court case where the invention disclosed the use of a “tag” that was
27 appended to credit card data as part of a verification process. Card Verification
28 Solutions, LLC v. Citigroup, Inc., 2014 WL 4922524 (N.D. Ill. Sept. 29, 2014). Even

1 putting aside the fact that Card Verification is a district court case, and not binding on this
 2 court, there are at least two points of distinction that undercut the opinion's persuasive
 3 value.

4 First, Card Verification was decided on a motion to dismiss, and the court simply
 5 left open the question of whether the claims were patentable under § 101. Second, the
 6 Card Verification court acknowledged that "typically, transforming data from one form to
 7 another does not qualify as the kind of transformation regarded as an important indicator
 8 of patent eligibility," but found that the invention went beyond "manipulating, reorganizing,
 9 or collecting data by actually adding a new subset of numbers or characters to the data,
 10 thereby fundamentally altering the original confidential information." 2014 WL 4922524,
 11 at *5.

12 In contrast, this case involves the mere "reorganization" of data using categories,
 13 there is no "fundamental alteration" to the information itself. Moreover, the Card
 14 Verification invention did not cover all credit card verification systems, and instead was
 15 limited to applications that involved appending a "tag." This finding echoes Caltech,
 16 where the court specifically found that the claimed method "does not capture many
 17 forms" of implementing the abstract idea of error correction, and thus, the claims did "not
 18 preempt the field of error correction but capture[d] only one effective form of error
 19 correction." 59 F.Supp.3d at 996. In contrast, the '962 patent contains no such limiting
 20 principle, and the claims seek to capture all uses of selectable categories to filter search
 21 results.

22 Accordingly, the court finds that the '962 patent fails to disclose an inventive
 23 concept, and thus is invalid under § 101.

24 2. Viewing History patents ('762 patent and '709 patent)

25 a. '762 patent

26 The '762 patent claims a system and method for visually distinguishing watched
 27 programs from unwatched programs and making viewing recommendations based on a
 28

1 user's viewing history. The parties use claim 1 and claim 13 as illustrative examples:³

2 1. A method for use in a client-server interactive television program guide
3 system for tracking a user's viewing history, comprising:

4 tracking a user's viewing history;

5 storing the user's viewing history on a program guide server;

6 finding programs with the program guide server that are consistent
7 with the user's viewing history;

8 determining, with the program guide server, whether the programs
9 found by the program guide server were not previously viewed on
user television equipment; and

10 displaying, with a program guide client implemented on the user
11 television equipment, a display of program titles, wherein the display:

12 includes the programs found by the program guide server, wherein
13 some of the programs have been previously viewed on the user
television equipment and some of the programs have not been
14 previously viewed on the user television equipment; and

15 visually distinguishes the programs determined by the program guide
16 server to have been previously viewed from the programs that have
not been previously viewed.

17 13. A client-server interactive television program guide system for tracking
18 a user's viewing history, comprising:

19 user television equipment on which an interactive television program
20 guide client is implemented, wherein the interactive television
program guide client is programmed to provide an individual user's
21 viewing history information to a program guide server over a
communications path, wherein:

22 the program guide server is programmed to find programs based on
23 the individual user's viewing history information, determine whether

24 ³ In a footnote, Rovi argues that claim 1 is not representative of the '762 patent, and
25 argues that the other claims "recite distinctive applications of the claimed client-server
26 architecture." Dkt. 121 at 12, n. 13. Rovi points to the step of "collecting program ratings
27 information" of claims 6 and 17; the "user preference information" of claim 15; and the
28 "additional physical structure" of claim 13, which includes "user television equipment" and
a "communications path." These claims are substantially similar to claim 1, and to the
extent that claim 13 includes additional physical structures, a "communications path" is
no more particular than the "general purpose computer" that was rejected in Alice, and
"user television equipment" is fully addressed above.

1 the programs found by the program guide server have been
2 previously viewed on user television equipment, and to indicate the
3 programs to the interactive television program guide client over the
4 communications path; and

5 the interactive television program guide client is further programmed
6 to display, on the user television equipment, a display of program
7 titles, wherein the display:

8 includes the programs found by the program guide server, wherein
9 some of the programs have been previously viewed on the user
10 television equipment and some of the programs have not been
11 previously viewed on the user television equipment; and

12 visually distinguishes the programs determined by the program guide
13 server to have been previously viewed from the programs that have
14 not been previously viewed.

15 Netflix argues that this patent is directed to an abstract idea, while Rovi argues
16 that the patent is limited to a “unique program guide-program server architecture integral
17 to the claimed invention.” Rovi also emphasizes the fact that the ITC found that the ’762
18 patent (and the ’709 patent, which shares the same specification) does not embody an
19 abstract idea. However, the ITC decision was issued before Alice, and even putting that
20 aside, the decision contains no analysis that the court finds persuasive, and instead just
21 contains a rote recitation that the patents cover more than just abstract ideas. Also, even
22 if the claims were limited to a specific architecture, such a limitation would factor into the
23 second step of Alice, not the first step. Overall, the court does find that the ’762 patent is
24 directed to the abstract idea of using a user’s viewing history to visually distinguish
25 watched programs from unwatched programs and to make recommendations.

26 On the second step of Alice, Rovi again argues that the claims are tied to a
27 particular machine. Interestingly, while the claims do appear to be limited to “user
28 television equipment,” Rovi does not emphasize that limitation. Instead, in its opposition,
Rovi offers the conclusory assertion that the program guide server/client are “unique and
particular,” without explaining how a “program guide server/client” system is any different
from a generic server/client system that happens to be used for displaying program
guides. A generic system component does not become any less generic through the

1 addition of a functional description. As an example, if the claims in Alice had referred to a
2 “settlement risk-mitigating computer,” rather than just a generic computer, it would not
3 make the computer any more “unique” or “particular.”

4 However, while the terms “program guide server” and “program guide client” do
5 not limit the claims to anything more particular than a general purpose computer, the term
6 “user television equipment” presents a distinct question. Interestingly, Rovi’s brief does
7 not discuss the “user television equipment” limitation in any detail, and simply cites to the
8 ITC’s conclusion that “[u]ser television equipment implementing a program guide client is
9 a ‘particular machine’ integral to the client-server system of the ’762 patent.” Dkt. 121 at
10 13 (citing ITC record at ID 129). Because the ITC decision does not present the
11 reasoning behind its conclusion, the court does not consider it particularly persuasive,
12 and rather than relying on the ITC’s conclusion, the court will address the issue anew.

13 Essentially, the question before the court is whether “user television equipment” is
14 closer to the “general purpose computer” of Alice (which was held not to be sufficiently
15 “particular” for § 101 purposes) or closer to the GPS receiver of SiRF Tech., Inc. v. Int’l
16 Trade Commission (which was held to be sufficiently “particular” for § 101 purposes).
17 See Alice, 134 S.Ct. at 2358; SiRF, 601 F.3d 1319, 1332-33 (Fed. Cir. 2010). Although
18 SiRF was decided before both Alice and Mayo, and thus does not address the two-part
19 test, the court still finds SiRF somewhat relevant in light of the Supreme Court’s holding
20 that the “machine or transformation” test can be a “useful and important clue” regarding
21 patentability.

22 As mentioned above, Rovi’s brief does not present any argument equating “user
23 television equipment” to SiRF’s GPS receiver. As a result, at the hearing, the court
24 asked both parties for further argument on the issue. Rovi offered only the conclusory
25 assertion that the claims are “very much like the GPS receiver in SiRF” because “the
26 systems wouldn’t function without the GPS receiver in SiRF” and, similarly, the system
27 here “wouldn’t function without the server and client [and] the user television equipment
28 that exists in the ’762 patent.” Dkt. 151 at 93. However, it cannot be enough to simply

1 show that the system “would not function” without the particular machine. If it were, then
2 the Alice Court would have upheld the patents in that case, because the claimed method
3 would not have functioned without the cited general purpose computer. SiRF, to the
4 extent it remains good law in light of Alice, requires more than just a showing that the
5 claimed method “would not function” without a recited machine.

6 In SiRF, the court held that “[i]n order for the addition of a machine to impose a
7 meaningful limit on the scope of a claim, it must play a significant part in permitting the
8 claimed method to be performed, rather than function solely as an obvious mechanism
9 for permitting a solution to be achieved more quickly.” 601 F.3d at 1333. The court also
10 emphasized that “there is no evidence here that the calculations here can be performed
11 entirely in the human mind,” and thus, “the use of a GPS receiver is essential to the
12 operation of the claimed methods.” Id.

13 In the present case, the human mind is certainly capable of distinguishing between
14 watched and unwatched programs, and making recommendations based on a user’s
15 viewing history. The use of television equipment simply enables those steps to be
16 visually represented, and at best, is “an obvious mechanism for permitting a solution to
17 be achieved more quickly.” In fact, if the user has watched only a few programs, the use
18 of television equipment rather than the human mind may be no quicker at all. Overall, the
19 court finds that “user television equipment” is not analogous to the GPS receiver of SiRF,
20 and thus, is not sufficiently limiting for purposes of section 101.

21 Beyond the “particular machine” argument, Rovi separately argues that the claims
22 “do not operate in a normal, expected manner,” as they include the non-generic steps of:
23 (1) determining on the server whether the programs have been previously viewed, (2)
24 sending a signal to the client indicating the previously-viewed programs, and (3) visually
25 distinguishing the previously-watched programs. See Dkt. 121 at 13-14 (citing Dkt. 121-
26 1, ¶ 103). The court fails to see how these steps – whether considered individually or as
27 an ordered combination – are anything other than the type of routine, conventional, well-
28 understood steps that were rejected in Alice, Mayo, and Ultramercial. Thus, the court

finds that the '762 patent fails to disclose an inventive concept that adds something to the claims other than the abstract idea itself, and thus, is invalid under § 101.

b. '709 patent

The '709 patent, which shares a common specification with the '762 patent, claims a system and method for providing personal recommendations based on a user's viewing history. The parties use claims 13 and 14 as illustrative examples:

13. A method for use in an interactive program guide system for providing a customized viewing experience to a user, comprising:

generating a viewing history database comprising program listings and associated program criteria;

determining at least one of the associated program criteria from the viewing history database that meets a user preference profile;

determining from a program listing database a set of programs not yet watched;

applying the at least one of the associated program criteria to the set of programs not yet watched to generate at least one personal viewing recommendation; and

providing the personal viewing recommendation to a user.

14. The method defined in claim 13 wherein generating a viewing history database comprises storing the program listings and the associated program criteria for at least one of:

programs that the user has watched;

programs for which the user has scheduled reminders;

programs for which the user has scheduled for recording;

programs for which the user has searched; and

programs for which the user has ordered.

Netflix argues that the claims are directed to an abstract idea, and Rovi argues that the concept was novel at the time, as the patent "recited a technological solution to a specific problem arising in interactive television guides of generating personal viewing recommendations based on programs not yet watched regardless of which device the user employs." Again, while Rovi may be correct that the claims are directed to a novel

1 abstract idea, they nonetheless are directed to an abstract idea, namely, the abstract
2 idea of generating viewing recommendations.

3 Rovi argues that the claims are tied to particular machines, but unlike the '762
4 patent, there is not even a limitation to "television equipment" here, only a "viewing
5 history database" and a "program listing database."⁴ A "database" is no different from a
6 generic computer, and as before, the addition of functional descriptors does not turn a
7 generic database into something more particular. While the ITC concluded that the
8 "database in the interactive program guide system is a particular type of machine," given
9 the intervening Alice opinion, the court finds the ITC's conclusion of limited value.
10 Accordingly, the court finds that the '709 patent claims fail to tie the method to a particular
11 machine that would sufficiently limit to the scope of the patent to something narrower
12 than an abstract idea.

13 Rovi then argues that the claimed steps "do not operate in a normal, expected
14 manner," and cites to expert testimony stating that the step of "determining at least one of
15 the associated program criteria from the viewing history database that meets a user
16 preference profile" is not a routine or conventional activity for a computer database. Dkt.
17 121 at 17 (citing Dkt. 121-1, ¶ 126). Rovi also cites to a district court case from the
18 District of Delaware, where "tailoring the delivery of information to a specific user" was
19 found patentable under Alice. Intellectual Ventures v. Traders Trust, 2014 WL 7215193
20 (D. Del. 2014).

21 In Intellectual Ventures, the patents were based on the idea of "providing a
22 customized web page with content based on the user's profile and website navigation
23

24 ⁴ Rovi also cites, in a footnote, other claims that purportedly recite "distinctive applications
25 of the program guide-program server architecture to generate personal viewing
26 recommendations." See Dkt. 121 at 16, n. 14. These purported "distinctive applications"
27 are substantially similar to the methods of claims 13 and 14, with the additional elements
28 of note being the "additional physical structure" in claim 17. However, the disclosed "user
equipment on which an interactive program guide client is implemented," "program guide
server," "first database," "second database," "processing circuitry," and "communications
path" are no more particular than the "general purpose computer" that was rejected in
Alice.

history.” 2014 WL 7215193 at *9. The court followed the Federal Circuit’s decision in DDR (mentioned above) and found the invention patentable, but specifically pointed out that the claims “do not preempt all applications of providing customized web pages, as they recite a specific method of customizing web pages based on user data.” Id.

In contrast to Intellectual Ventures, the ’709 patent in this case does not disclose a “specific method” of generating viewing recommendations, as the claims seek to capture virtually all methods of generating recommendations. Neither the claims themselves nor Rovi’s brief contain any meaningful disclosure of how the recommendations are generated – based on what programs viewers with similar preferences have liked, or based on the content providers’ own determination of what programs are similar, etc. In short, unlike Intellectual Ventures, and unlike Caltech, these claims do seek to preempt all applications of the abstract idea. Moreover, the court finds that the claimed steps – whether considered individually or as part of an ordered combination – do not go beyond routine, conventional means of generating viewing recommendations. Thus, the court finds that no inventive concept is disclosed, and that the ’709 patent is invalid under § 101.

3. Bookmarking patent (the ’906 patent)

The ’906 patent claims a method of creating a “bookmark” to allow users to start watching a program on one device, then resume the program at the same point on a different type of device. Rovi’s brief primarily cites claims 1 and 6 as illustrative of the claims.⁵ Claim 1 reads as follows:

A method for providing configurable access to media in a media-on-demand system comprising the steps of:

⁵ In a footnote, Rovi cites other claims that purportedly “recite[] distinctive applications” of the claimed method. Rovi points to the step of “identifying device properties . . . prior to commencing delivery of the media” in claim 2; the requirement of storing the media and delivering it to one or a plurality of media-on-demand servers in claims 3, 6, and 8; and the step of “interrupting said delivery of said media” in claims 10 and 11. Dkt. 121 at 7, n. 9. The court finds these claims to be substantially similar to claims 1 and 6, and linked to the same abstract idea.

1 delivering the media to a first client device through a first communications
2 link, wherein the media is configured in a format compatible with identified
3 device properties of said first client device and said first client device is
4 associated with a first user;

5 recording a bookmark specifying a position in the media; and

6 delivering the media to a second client device through a second
7 communications link, said delivery to said second client device beginning at
8 said position specified by said recorded bookmark, wherein the media is
9 configured in a format compatible with identified device properties of said
10 second client device and said second client device also is associated with
11 said first user.

12 Claim 6 is dependent on claim 3, which is dependent on claim 2, which is in turn
13 dependent on claim 1. Claims 2, 3, and 6 read as follows:

14 2. The method according to claim 1, further comprising the steps of:

15 identifying device properties for each of said first and second client
16 devices, device properties of said first client device being identified
17 prior to commencing delivery of the media to said first client device
18 and device properties of said second client device being identified
19 prior to commencing delivery of the media to said second client
20 device.

21 3. The method according to claim 2, wherein the media is stored in a
22 media-on-demand server (MODS) and delivered to said first and said
23 second client devices via said first and said second communications link
24 respectively.

25 6. The method according claim 3, further comprising:

26 storing the media in selected ones of a plurality of media-on-demand
27 servers, each MODS in said plurality of media-on-demand servers
28 storing the media in at least one format compatible with a selected
device type;

selecting a MODS for delivering the media to said first client device,
said selected MODS having stored thereon the media in a format
compatible with said first client device; and

delivering from said selected MODS the media in a format
compatible with said first client device.

Netflix argues that the '906 patent claims are directed to the abstract idea of
bookmarking across devices, while Rovi focuses on the fact that the process was novel

1 at the time of invention. As discussed above, whether the process was novel does not
2 factor in the “abstract” analysis. A novel abstract idea is still an abstract idea.

3 When discussing the '906 patent at the hearing, the court specifically asked Rovi's
4 counsel: “What makes it not abstract?” Dkt. 151 at 64. Counsel responded by pointing to
5 the “media-on-demand server system” and the “client-server architecture,” but as the
6 Alice Court held, the mere presence of a computer does not preclude a finding that the
7 patent is directed to an abstract idea. Just as the Alice Court found that the claims were
8 directed to “the abstract idea of intermediated settlement,” despite the presence of a
9 computer, the court finds that the '906 patent claims are directed to the abstract idea of
10 bookmarking media files across devices, despite the presence of a server and a client.

11 Moving to the second step's search for an inventive concept, Rovi's primary
12 arguments are based on the machine or transformation test – arguing both that the
13 claims are limited to particular machines, and that the addition of a bookmark effects a
14 transformation of the media file. First, regarding the “machine” argument, Rovi points to
15 two claim limitations – the use of a “media-on-demand system,” and the use of “client
16 devices.”

17 As an initial matter, the court finds that a “client device” is no more particular than
18 a generic “general purpose computer,” and thus must be rejected as a “particular
19 machine” for the same reason articulated by the Alice Court. However, the analysis for
20 the “media-on-demand system” (also referred to as a “media-on-demand server” in the
21 parties' papers) presents a distinct question.

22 The “particular machine” analysis with respect to the “media-on-demand system”
23 is similar to the one above, in the context of the '762 patent's disclosure of “user
24 television equipment.” And as above, the key question for the court is whether the
25 disclosed “media-on-demand system” is more similar to the “generic computer” of Alice or
26 the GPS receiver of SiRF.

27 Netflix argues that, in practice, a media-on-demand server is no different from a
28 generic server, and thus, should be rejected for the same reason that the Alice Court

1 rejected a general purpose computer as enough to establish patentability. Rovi responds
2 by arguing that SiRF directly applies, as the '906 patent discloses machines that “play a
3 significant part in permitting the claimed method to be performed.” 601 F.3d at 1332-33.
4 Rovi argues that the “media-on-demand system” – made up of a “media-on-demand
5 server,” a “first client device,” and a “second client device” – “provide[] users with the
6 ability to receive delivered media (such as a movie) across a network in a client device
7 through a communications link to a media-on-demand server.” Rovi’s expert opines that
8 “without the [media-on-demand server], the media could not be configured in a format
9 compatible with identified device properties of the first and second client devices and
10 delivered in those different formats to the first and second client devices.” Dkt. 121 at 8.
11 Rovi further argues that the media-on-demand server is necessary for recording a
12 specified position in the media, and for pausing and resuming media across different
13 devices with different formats. Dkt. 121 at 8-9.

14 While SiRF may remain good law even in light of Alice, it seems apparent that a
15 machine must do more than simply “play a significant part in permitting the claimed
16 method to be performed” in order to supply the required inventive concept. Given Alice’s
17 rejection of a “general purpose computer” as sufficient to establish patentability, a
18 patentee must show that the machine itself is a particular machine, and not just that a
19 generic machine is being used for a particular purpose. As discussed above, if
20 identifying a particular function of a machine were enough to establish patentability under
21 the “machine or transformation” test, then any patentee could evade invalidity by using
22 specific-sounding language to describe a general purpose computer. For instance, the
23 Alice patentee could describe the recited general purpose computer as a “settlement risk-
24 mitigating computer,” without which the claimed method could not be performed. To
25 allow a patentee’s creative description of his claimed computer to govern patent eligibility
26 would be to turn the § 101 analysis into a draftman’s art. Such an approach directly
27 contradicts the purpose underlying § 101.

28 In this case, the court has no basis on which to find that the recited “media-on-

1 demand system” is anything other than a generic server/client system, nor that the
2 “media-on-demand server” is anything other than a generic server. Simply adding the
3 term “media-on-demand” does not make a generic computer component any more
4 particular.

5 Aside from the “machine” argument, Rovi separately argues that the
6 “bookmarking” step “transforms the media file,” and thus “meaningfully limits the '906
7 patent claims.” For support, Rovi relies on the above-mentioned Card Verification case,
8 a post-Alice district court case involving a credit card verification method in which a “tag”
9 was appended to the credit card information. Card Verification, 2014 WL 4922524.

10 After first finding that the patent was directed to the abstract idea of verifying credit
11 card information, the Card Verification court then applied the second Alice/Mayo step,
12 ultimately concluding that the “claims may be sufficiently limited by the transformation
13 that occurs when the randomly-generated tag is added to the confidential information.”
14 2014 WL 4922524 at *5. Although the court noted that “typically, transforming data from
15 one form to another does not qualify as the kind of transformation regarded as an
16 important indicator of patent eligibility,” it nonetheless found that “the claimed invention
17 goes beyond manipulating, reorganizing, or collecting data by actually adding a new
18 subset of numbers or characters to the data, thereby fundamentally altering the original
19 confidential information.” Id.

20 While the court finds that Rovi’s “transformation” argument is stronger than its
21 “machine” argument, there are still several problems with it. First, and most simply, as
22 mentioned above, the Card Verification court had before it a motion to dismiss rather than
23 a motion for summary judgment, and was thus “bound to make all reasonable inferences”
24 in favor of the patentee. 2014 WL 4922524 at *4. Specifically, the court considered the
25 question of whether the claimed process might be one that “can be performed by a
26 human mind with nothing more than pen and paper,” but because such a question was a
27 “factual question inappropriate at the motion to dismiss stage,” it denied the motion to
28 dismiss. Because the present case involves a motion for summary judgment with the

1 benefit of a full record of discovery, this court is in a different position than was the Card
2 Verification court.

3 Second, also as mentioned above, while the Card Verification court did find
4 sufficient possibility of a “transformation,” it cited a Federal Circuit case for the proposition
5 that “the mere manipulation or reorganization of data . . . does not satisfy the
6 transformation prong.” Card Verification, 2014 WL 4922524 at *5 (citing CyberSource
7 Corp. v. Retail Decisions, Inc., 654 F.3d 1366, 1375 (Fed. Cir. 2011)). CyberSource
8 involved a computerized process for detecting credit card fraud by creating a “map” of
9 credit card numbers and the IP addresses from which those cards were used to complete
10 transactions. The court agreed that the process “manipulates data to organize it in a
11 logical way such that additional fraud tests may be performed,” but ultimately held that
12 the “mere manipulation or reorganization of data, however, does not satisfy the
13 transformation prong.” 654 F.3d at 1375.

14 To determine whether to apply CyberSource or Card Verification, the court must
15 decide whether the addition of a bookmark constitutes mere “manipulation” or
16 “reorganization” of data, or whether it “fundamentally alters” the data. Overall, the court
17 finds that the addition of a bookmark falls short of the “fundamental alteration” of data
18 recognized by the Card Verification court. To start, the court fails to see how a bookmark
19 can “fundamentally alter” a file when it is replaced with a new bookmark whenever the
20 user watches a part of the video. Moreover, the only actual change to the data is an
21 update to a video’s starting point to account for any viewing activity from a different
22 device, and such a change is more of a “manipulation” or “reorganization” than a
23 “fundamental alteration.” Thus, the court finds that the claimed process fails to
24 sufficiently “transform” the media file for purposes of the “machine or transformation” test.

25 Independent of the “machine or transformation” test, Rovi separately argues that
26 the “computer-implemented steps do not operate in a normal, expected manner,” and
27 thus are “not broadly and generically claimed.” Rovi asserts that the claims require the
28 media-on-demand server to perform the following “special functions”:

1 (1) delivering the media to first and second client devices through
2 respective first and second communications links, (2) configuring the media
3 in a format compatible with identified device properties of said first and
4 second client devices, (3) recording a bookmark specifying a position in the
5 media, and (4) delivering the media in a position specified by said recorded
6 bookmark.

7 Dkt. 121 at 9 (citing '906 patent, claims 1, 6, 8).

8 The court fails to see how these functions – whether considered individually or as
9 part of an ordered combination – are anything other than the “routine,” “conventional”
10 activity that was expressly rejected in Alice, Mayo, and Ultramercial. The four steps
11 enumerated by Rovi do nothing to limit the scope of the claims, and instead, cover all
12 applications of bookmarking media files to allow playback on different devices. Unlike
13 DDR, where the court found that the “claims at issue do not attempt to preempt every
14 application” of the abstract idea, and instead “recite a specific way to automate the
15 creation of a composite web page,” the claims here do indeed preempt every application
16 of the abstract idea. The steps recounted above – delivering the media to the devices in
17 a compatible format, and recording a bookmark to allow playback to begin at that
18 bookmark – are described at such a high degree of abstraction that it is impossible to
19 conclude that they “recite a specific way” to record bookmarks for playback across
20 different devices. The claims do little more than describe the abstract idea of
21 bookmarking across devices with an instruction to “apply it.”

22 Rovi also cites to testimony from its expert, who opines that “the required first and
23 second communications links are not a generic or conventional arrangement,” but are
24 instead “a particular arrangement that enables the media-on-demand server to perform
25 the specialized function of delivering media to different types of devices depending on the
26 media format the device is capable of receiving.” Dkt. 121 at 10 (citing Dkt. 121-1, ¶ 33).
27 However, the court finds these opinions to be wholly conclusory, as Dr. Shamos invokes
28 the words “particular” and “specialized” without explaining how the claimed method differs
from a conventional method for recording bookmarks for multiple-device playback. While
the very idea of allowing multiple-device playback may have been novel at the time of the

1 invention, the second step of the Alice/Mayo test requires more than a novel idea – it
2 requires a specific application of that idea, to ensure that all embodiments of the idea
3 (even if novel) are not preempted.

4 In sum, while Rovi repeatedly asserts that the '906 patent does “not wholly
5 preempt all practical applications of delivering media to different devices with different
6 capabilities,” there court finds no basis to support that assertion. As a result, the court
7 finds that the '906 patent fails to disclose an inventive concept under the second step of
8 Alice/Mayo’s test, and thus, is invalid under § 101.

9 **CONCLUSION**

10 For the foregoing reasons, the court finds that the '929 patent, the '962 patent, the
11 '762 patent, the '709 patent, and the '906 patent are invalid under section 101.
12 Accordingly, Netflix’s motion for summary judgment is GRANTED.

13 Because the court’s judgment of invalidity “necessarily moots the issue of
14 infringement,” Netflix’s declaratory judgment claims for non-infringement and Rovi’s
15 counter-claims for infringement are dismissed as moot. See TypeRight Keyboard Corp.
16 v. Microsoft Corp., 374 F.3d 1151, 1157 (Fed. Cir. 2004).

17
18 **IT IS SO ORDERED.**

19 Dated: July 15, 2015



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21 PHYLLIS J. HAMILTON
22 United States District Judge
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