

IN THE
Supreme Court of the United States

RPOST COMMUNICATIONS LIMITED, RMAIL
LIMITED, RPOST INTERNATIONAL LIMITED
AND RPOST HOLDINGS INCORPORATED,

Petitioners,

v.

GODADDY.COM, LLC,

Respondent.

**ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED
STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT**

PETITION FOR A WRIT OF CERTIORARI

LEWIS E. HUDELL, III
Counsel of Record
HUDNELL LAW GROUP P.C.
800 West El Camino Real, Suite 180
Mountain View, California 94040
(650) 564-7720
lewis@hudnelliaw.com

Counsel for Petitioners

276516



COUNSEL PRESS

(800) 274-3321 • (800) 359-6859

QUESTION PRESENTED

In *SCA Hygiene Products Aktiebolag v. First Quality Baby Products, LLC*, 137 S. Ct. 954 (2017), this Court recently examined 35 U.S.C. § 282(b), which enumerates the defenses that may be raised in a patent litigation, and held that laches, which is not recited in § 282(b), is not a defense to patent damages within the statute of limitations set forth in 35 U.S.C. § 286. This case again requires the Court to examine § 282(b) in order to determine whether patent ineligibility under 35 U.S.C. § 101, which, like laches, is not recited in § 282(b), is similarly not a defense that may be raised in a patent litigation.

The question presented is:

1. Is patent ineligibility under 35 U.S.C. § 101, which Congress did not codify in 35 U.S.C. § 282(b), not a cognizable defense in a patent litigation?

RULE 29.6 STATEMENT

RPost Communications has no parent corporation, and no publicly held company owns 10 percent or more of its stock.

RPost Holdings, Inc. is a wholly-owned subsidiary of RPost Communications. No publicly held company owns 10 percent or more of its stock.

RMail Limited has no parent corporation, and no publicly held company owns 10 percent or more of its stock.

RPost International has no parent corporation, and no publicly held company owns 10 percent or more of its stock.

TABLE OF CONTENTS

	<i>Page</i>
QUESTION PRESENTED	i
RULE 29.6 STATEMENT	ii
TABLE OF CONTENTS.....	iii
TABLE OF APPENDICES	vi
TABLE OF ABBREVIATIONS.....	vii
TABLE OF CITED AUTHORITIES	ix
OPINIONS BELOW.....	1
JURISDICTION.....	1
RELEVANT STATUTORY PROVISIONS	1
PRELIMINARY STATEMENT	2
STATEMENT OF THE CASE	3
A. STATUTORY BACKGROUND	3
1. The pre-1952 patent laws	4
2. The 1952 Patent Act and the defenses codified by § 282(b)	6
B. FACTUAL AND PROCEDURAL HISTORY.....	7

Table of Contents

	<i>Page</i>
REASONS FOR GRANTING THE PETITION.....	10
I. THE DISTRICT COURT LACKED JURISDICTION TO INVALIDATE THE PATENTS-IN-SUIT UNDER 35 U.S.C. § 101.....	10
II. THE DECISION BELOW CONFLICTS WITH THIS COURT'S PRECEDENT	14
A. The Decision Below Conflicts With This Court's Precedent In <i>SCA Hygiene</i>	14
B. The Decision Below Conflicts With This Court's Precedent In <i>Graham</i>	16
III. THE DECISION BELOW RROUNEOUSLY RELIED ON THE FEDERAL CIRCUIT'S DECISION IN <i>VERSATA</i>	18
A. <i>Versata</i> Is Not Dispositive And Was Wrongly Decided.....	18
1. This Court's post-1952 Act decisions did not establish ineligibility as a litigation defense.....	20
2. This Court's pre-1952 Act decisions did not establish ineligibility as a litigation defense	21

Table of Contents

	<i>Page</i>
IV. THE COURTS BELOW ERRED IN CONCLUDING THAT THE FEDERAL CIRCUIT HAS HELD THAT INELIGIBILITY IS A LITIGATION DEFENSE.....	24
V. THIS CASE PRESENTS AN ISSUE OF GREAT IMPORTANCE AND IS AN EXCELLENT VEHICLE FOR REVIEW	27
VI. CONCLUSION	31

TABLE OF APPENDICES

	<i>Page</i>
APPENDIX A—JUDGMENT OF THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT, DATED MAY 5, 2017	1a
APPENDIX B — ORDER OF THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF ARIZONA, FILED JUNE 7, 2016	3a
APPENDIX C — PANEL REHEARING AND REHEARING <i>EN BANC</i> FOR UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT, DATED AUGUST 8, 2017	97a

TABLE OF ABBREVIATIONS

ABBREVIATION	TERM
RPost	Petitioners RPost Communications Limited, RPost Holdings, Inc., RMail Limited, and RPost International Limited
RPC	RPost Communications Limited
RPH	RPost Holdings, Inc.
RMail	RMail Limited
RPI	RPost International Limited
GoDaddy	Respondent GoDaddy.com, LLC
The '389 patent	U.S. Patent No. 8,209,389
The '913 patent	U.S. Patent No. 8,224,913
The '104 patent	U.S. Patent No. 8,161,104
The '198 patent	U.S. Patent No. 8,468,198
The '199 patent	U.S. Patent No. 8,468,199
The Tomkow patents	The '389, '913, '104, '198, and '199 patents
The '219 patent	U.S. Patent No. 6,182,219
The '334 patent	U.S. Patent No. 6,571,334
The Feldbau patents	The '219 and '334 patents
The patents-in-suit	The Tomkow patents and the '219 patent.
The '389 claims	Claims 1, 7, 12, 14, and 15 of the '389 patent
The '913 claims	Claims 1 and 2 of the '913 patent

Table of Abbreviations

The '104 claims	Claims 1, 9, 27, and 32 of the '104 patent
The '198 claims	Claims 1, 6, 7, 10, 18, 23, 32, and 35 of the '198 patent
The '199 claims	Claims 1, 2, and 3 of the '199 patent
The '219 claims	Claims 60, 62, 66, and 69 of the '219 patent
PTO	United States Patent and Trademark Office
PTAB	Patent Trial and Appeal Board
PGR	Post Grant Review
CBM	Covered Business Method
AIA	America Invents Act
The <i>Sophos</i> cases	<i>Sophos Inc. v. RPost Holdings, Inc., et al.</i> , 1:13-cv-12856-DJC (D. Mass.); <i>RPost Holdings, Inc., et al. v. Sophos, Inc.</i> , 1:14-cv-13628-DJC (D. Mass.)

TABLE OF CITED AUTHORITIES

	<i>Page</i>
CASES:	
<i>Alice Corp. v. CLS Bank Int'l,</i> 134 S. Ct. 2347 (2014)	20, 27
<i>Amdocs (Isr.) Ltd. v. Openet Telecom, Inc.,</i> 841 F.3d 1288 (Fed. Cir. 2016)	12
<i>Ariosa Diagnostics, Inc. v. Sequenom, Inc.,</i> 809 F.3d 1282 (Fed. Cir. 2015)	27
<i>Aristocrat Techs. Austl. Pty. Ltd. v.</i> <i>Int'l Game Tech.,</i> 543 F.3d 657 (Fed. Cir. 2008)	10, 19, 24, 25
<i>Arizona Christian School Tuition Organization</i> <i>v. Winn,</i> 563 U.S. 125 (2011)	20
<i>Ass'n for Molecular Pathology v.</i> <i>Myriad Genetics, Inc.,</i> 132 S. Ct. 1794 (2012)	20
<i>BASCOM Global Internet Servs. v.</i> <i>AT&T Mobility LLC,</i> 827 F.3d 1341 (Fed. Cir. 2016)	26, 29
<i>Central Bank of Denver, N.A. v.</i> <i>First Interstate Bank of Denver, N.A.,</i> 511 U.S. 164 (1994)	15, 16

Cited Authorities

	<i>Page</i>
<i>CLS Bank Int'l v. Alice Corp.</i> , 717 F.3d 1269 (Fed. Cir. 2013), <i>aff'd by</i> , <i>Alice Corp. Pty. Ltd. v. CLS Bank Int'l.</i> , 134 S. Ct. 2347 (2014)	25
<i>Cuno Engineering Corp. v.</i> <i>Automatic Devices Corp.</i> , 314 U.S. 84 (1941)	23
<i>DealerTrack, Inc. v. Huber</i> , 674 F.3d 1315 (Fed. Cir. 2012)	24, 25, 26
<i>Diamond v. Diehr</i> , 450 U.S. 175 (1981)	11-12, 13, 19, 20
<i>FEC v. NRA Political Victory Fund</i> , 513 U.S. 88 (1994)	20
<i>Funk Bros. Seed. Co. v. Kalo Inoculent Co.</i> , 333 U.S. 127 (1948)	21, 23
<i>Graham v. John Deere Co.</i> , 383 U.S. 1 (1966)	<i>passim</i>
<i>Hagans v. Lavine</i> , 415 U.S. 528 (1974)	21
<i>Intellectual Ventures I LLC v. Erie Indem. Co.</i> , 134 F. Supp. 3d 877 (W.D. Pa. Sep. 25, 2015)	26

	<i>Cited Authorities</i>	<i>Page</i>
<i>Le Roy v. Tatham</i> , 55 U.S. 156 (1853)	21, 22, 23	
<i>Mayo Collaborative Servs. v. Prometheus Labs., Inc.</i> , 132 S. Ct. 1289 (2012)	13, 20	
<i>Microsoft Corp. v. i4i Ltd. P'ship</i> , 564 U.S. 91 (2011)	11	
<i>MySpace, Inc. v. GraphOn Corp.</i> , 672 F.3d 1250 (Fed. Cir. 2012)	11, 17, 25, 26	
<i>Neilson v. Harford</i> , 1 Web. P.C. 295 (1841)	22	
<i>O'Reilly v. Morse</i> , 56 U.S. 62 (1854)	21, 22, 23	
<i>Oil States Energy Sers., LLC v. Greene's Energy Grp., LLC</i> , No. 16-712, 2017 U.S. LEXIS 3727 (U.S. Jun. 12, 2017)	3, 30	
<i>Research Corp. Techs. v. Microsoft Corp.</i> , 627 F.3d 859 (Fed. Cir. 2010)	13, 25	
<i>SCA Hygiene Products Aktiebolag v. First Quality Baby Products, LLC</i> , 137 S. Ct. 954 (2017)	<i>passim</i>	

Cited Authorities

	<i>Page</i>
<i>Sophos Inc. v. RPost Holdings, Inc., et al.,</i> Nos. 13-12856-DJC and 14-13628-DJC, 2016 U.S. Dist. LEXIS 72699 (D. Mass Jun. 3, 2016)	29-30
<i>Std. Oil Co. v. Am. Cyanamid Co.,</i> 774 F.2d 448 (Fed. Cir. 1985)	19
<i>U.S. v. Dubilier Condenser Corp.,</i> 289 U.S. 178 (1933)	17
<i>Versata Dev. Group, Inc. v. SAP Am., Inc.,</i> 793 F.3d 1306 (Fed. Cir. 2015) <i>passim</i>	
<i>Warner-Jenkinson Co. v.</i> <i>Hilton Davis Chemical Co.,</i> 520 U.S. 17 (1997)	12
<i>Webster v. Fall,</i> 266 U.S. 507 (1925)	21
<i>Will v. Mich. Dept. of State Police,</i> 491 U.S. 58 (1989)	20-21
STATUTES & OTHER AUTHORITIES:	
15 U.S.C. § 78t(e)	16
28 U.S.C. § 1254(1)	1
35 U.S.C. § 101 <i>passim</i>	

Cited Authorities

	<i>Page</i>
35 U.S.C. § 102	<i>passim</i>
35 U.S.C. § 103	<i>passim</i>
35 U.S.C. § 282	<i>passim</i>
35 U.S.C. § 282(b).....	<i>passim</i>
35 U.S.C. § 282(b)(1).....	1
35 U.S.C. § 282(b)(2).....	<i>passim</i>
35 U.S.C. § 282(b)(3).....	2
35 U.S.C. § 282(b)(3)(A)	2
35 U.S.C. § 282(b)(3)(B)	2
35 U.S.C. § 282(b)(4).....	2
35 U.S.C. § 286	2
35 U.S.C. § 321(b)	15
Act of February 21, 1793, 1 Stat. 318	4
AIPLA Legislative Report and Proposal on Patent Eligible Subject Matter (May 12, 2017)	28

Cited Authorities

	<i>Page</i>
David Hricik, <i>Are the Courts Correct in Their Assumption that a Patent Issued on Non-patentable Subject Matter is Invalid?</i> , Patently-O (Aug. 27, 2012)	29
David Hricik, <i>My Exhaustive (and Last, Really I Promise!) Post about why 101 is not a Defense, nor Properly Raised in CBM Proceedings</i> , Patently-O (Feb. 27, 2014)	28-29
David Hricik, <i>Why Section 101 is Neither a “Condition of Patentability” nor an Invalidity Defense</i> , Patently-O (Sep. 16, 2013)	29
Eugene Gressman, et al., <i>Supreme Court Practice</i> 4.11 (9 th ed. 2007)	30
Giles S. Rich, <i>Principles of Patentability</i> , 28 Geo. Wash. L. Rev. 393 (1960)	17, 23
H.R. Rep. No. 1923, 82 nd Cong., 2d Sess. 6 (1952)	6, 13
J. Cole & E. Bucklo, <i>A Life Well Lived: An Interview with Justice John Paul Stevens</i> , 32 Litigation 8 (Spring 2006)	30
Jeffrey A. Lefstin, <i>Inventive Application: A History</i> , 67 Fla. L. Rev. 565 (2015)	21, 22
Patent Act of 1790, Ch. 7, 1 Stat. 109-112	4

Cited Authorities

	<i>Page</i>
Patent Act of 1836, Ch. 357, 5 Stat. 117.	5
Patent Act of 1870, Ch. 230, 16 Stat. 198 (Jul. 8, 1870) ..	5
Patent Act of 1952 <i>passim</i>	
Raymond A. Mercado, <i>Resolving Patent Eligibility and Indefiniteness in Proper Context: Applying Alice and Aristocrat</i> , 20 Va. J.L. & Tech. 240 (2016)	26
Rev. Stat. § 4886.....	5, 6
Rev. Stat. § 4920	5, 6
Robert Sachs, <i>Alicestorm: April Update and the Impact of Tc Heartland on Patent Eligibility</i> , Bilski Blog (Jun. 1, 2017)	14, 27
Ryan Davis, <i>Kappos Calls For Abolition Of Section 101 Of Patent Act</i> , Law360 (Apr. 12, 2016).....	29
S. Rep. No. 1979, 82 nd Cong., 2d Sess. (1952)	6, 13, 20
Shine Tu, <i>Funk Brothers-An Exercise in Obviousness</i> , 80 UKMC L. Rev. 637 (2012)....	23

OPINIONS BELOW

The United States Court of Appeals for the Federal Circuit's order denying RPost's combined petition for panel rehearing and *en banc* rehearing is unreported. App. 97a-98a. The Federal Circuit panel opinion is unreported but available at 2017 U.S. App. Lexis 7978. App. 1a-2a. The panel opinion affirmed without opinion, under Federal Circuit Rule 36, a decision issued by the United States District Court for the District of Arizona, which is unreported but available at 2016 U.S. Dist. LEXIS 73921. App. 3a-96a.

JURISDICTION

The Federal Circuit issued its order denying RPost's combined petition for panel rehearing and *en banc* rehearing on August 8, 2017. This Court's jurisdiction is timely invoked under 28 U.S.C. §1254(1).

RELEVANT STATUTORY PROVISIONS

35 U.S.C. § 282 provides in relevant part:

(b) Defenses.—The following shall be defenses in any action involving the validity or infringement of a patent and shall be pleaded:

(1) Noninfringement, absence of liability for infringement or unenforceability.

(2) Invalidity of the patent or any claim in suit on any ground specified in part II as a condition for patentability.

(3) Invalidity of the patent or any claim in suit for failure to comply with—

(A) any requirement of section 112, except that the failure to disclose the best mode shall not be a basis on which any claim of a patent may be canceled or held invalid or otherwise unenforceable; or

(B) any requirement of section 251.

(4) Any other fact or act made a defense by this title.

PRELIMINARY STATEMENT

By affirming the District Court’s flawed decision without opinion, the Federal Circuit improperly perpetuated the use of ineligibility as an uncodified litigation defense without regard for Congress’s will as expressed in 35 U.S.C. § 282. Just last term, this Court rejected laches—a defense not codified in § 282—as a defense to patent damages within the statute of limitations set forth in 35 U.S.C. § 286. *See SCA Hygiene Prods. Aktiebolag v. First Quality Baby Prods., LLC*, 137 S. Ct. 954 (2017). The same type of statutory analysis must be applied here because no word or phrase in § 282(b) codifies ineligibility as a litigation defense.

Rather, the plain language of § 282(b) reveals that Congress never intended ineligibility to be used as an invalidity defense in litigation. Congress prescribed that only certain defenses may be used to invalidate a patent-in-suit, and ineligibility is not one of them. Unfortunately, the courts below overlooked Congress’s intent on this issue.

The case presents the proper vehicle for review of the Federal Circuit’s latest attempt to read into § 282(b) patent-litigation defenses that Congress never authorized. This Court has not hesitated to grant certiorari where the Federal Circuit has affirmed without opinion when the issue at stake is vital to the patent system. *See, e.g., Oil States Energy Sers., LLC v. Greene’s Energy Grp., LLC*, No. 16-712, 2017 U.S. LEXIS 3727 (U.S. Jun. 12, 2017) (granting certiorari in case where Federal Circuit affirmed without opinion). Here, by disregarding the text, structure, and legislative history of the 1952 Patent Act, the District Court, with the Federal Circuit’s blessing, fundamentally altered Congress’s carefully-crafted statutory scheme. This Court must intervene to halt the mass invalidation of issued patents on unauthorized grounds and to restore available patent-litigation defenses to their congressionally delineated limits.

Far more so than laches, limiting the available invalidity defenses to those that the 1952 Act actually provides is critically important to the proper functioning of the patent system as a whole. Absent correction by this Court, district courts will continue to exceed their authority by invalidating patents under § 101, destabilize the U.S. patent system, and discourage investment in U.S. innovations. Thus, RPost respectfully submits that certiorari is warranted.

STATEMENT OF THE CASE

A. STATUTORY BACKGROUND

Section 282, which is titled “Presumption of validity; defenses,” enumerates the defenses that may be raised in

a patent-infringement action in paragraph b. The listing of infringement defenses in the patent statute dates back to the first Patent Act. As described below, at no time in the over 225 year history of the U.S. patent laws has Congress authorized ineligibility as a litigation defense.

1. The pre-1952 patent laws

Section V of the Act of 1790, Ch. 7, 1 Stat. 109-112, authorized district courts to repeal patents if the patent obtained the patent “surreptitiously by, or upon false suggestion” or if the patentee “was not the first and true inventor or discoverer.” Patent Act of 1790, §5. Section VI also allowed patent defendants to obtain a verdict in their favor if the patentee intentionally concealed or mislead the public regarding his invention or discovery. *Id.* at §6.

Due to the administrative burden placed on Patent Board commissioners, Congress replaced the 1790 Patent Act just three years later. Act of February 21, 1793, 1 Stat. 318. The 1793 Act changed the patent examination system to a registration system and left issues of validity to subsequent enforcement in the courts. Section VI of the 1793 Act incorporated the defenses of the 1790 Act into a single section in addition to providing that a court could declare a patent void if it “was not originally discovered by the patentee, but had been in use, or had been described in some public work anterior to the supposed discovery of the patentee.” *See* Patent Act of 1790, §6. The 1793 Act also gave the district courts the power to repeal a patent if “the patentee was not the true inventor or discoverer.” *Id.* at §10.

The lack of an examination system eroded faith in the patent system and led Congress to pass the Patent Act of 1836, which established the Patent Office. The Patent Act of 1836, Ch. 357, 5 Stat. 117, again consolidated the defenses available to defendants into a single section and expanded upon those defenses. Under the 1836 Act, a defendant could also defeat a charge of infringement by showing (1) that the patentee was not the original and first inventor or discoverer of a substantial and material part thereof claimed as new; (2) that it had been described in some public work anterior to the supposed discovery by the patentee; (3) that the patent had been in public use, or on sale, with the consent and allowance of the patentee before his application for a patent; or (4) that the patentee was an alien at the time the patent was granted and failed for 18 months from the date of the patent to put and continue on sale to the public the invention or discovery for which the patent issued. *See Patent Act of 1836, §15.*

Congress next revised the patent laws in 1870. *See Patent Act of 1870, Ch. 230, 16 Stat. 198 (Jul. 8, 1870).* The updated statute enumerated all of the defenses previously contained in the 1836 Act in addition to making it a defense to infringement that the patent “had been in public use or on sale in this country, for more than two years before his application for a patent, or had been abandoned to the public.” *See Rev. Stat. § 4920.* Also for the first time in the history of the Patent Act, the 1870 Act included additional novelty conditions in the same section in which it specified the subject matter for which a patent could be obtained. *See Rev. Stat. § 4886.*

2. The 1952 Patent Act and the defenses codified by § 282(b)

In 1952, Congress revised the patent act to consolidate and codify the patent laws into Title 35 of the United States Code. In the Patent Act of 1952, Congress consolidated the various statutory defenses to patent infringement into a single section, which became 35 U.S.C. § 282. In doing so, Congress divided Rev. Stat. § 4886 into two sections—§ 101 relating to the subject matter for which a patent may be obtained and § 102 defining novelty and other conditions for patentability. *See P.J. Federico, “Commentary on the New Patent Act,”* 35 U.S.C.A. 1 (1954), reprinted at 75 J. Pat. & Trademark Off. Soc’y 161, 175-176 (1993); S. Rep. No. 1979, 82nd Cong., 2d Sess., 5, 6, and 17 (1952); H.R. Rep. No. 1923, 82nd Cong., 2d Sess., 6, 7, and 17 (1952). The 1952 Act also derived the language of what is now § 282(b) from the defenses enumerated in Rev. Stat. § 4920 to state the defenses that may be raised in an action involving the validity or infringement of a patent. *See Federico*, 75 J. Pat. & Trademark Off. Soc’y at 216; S. Rep. No. 1979, 82nd Cong., 2d Sess., 10 and 29 (1952); H.R. Rep. No. 1923, 82nd Cong., 2d Sess., 10 and 29 (1952). Section 4920 did not recite ineligibility as a defense and Congress incorporated the defenses that it did recite into § 102. *See* Rev. Stat. § 4920; *Federico*, 75 J. Pat. & Trademark Off. Soc’y at 216. In fact, as illustrated above, at no time have the U. S. patent laws ever mentioned ineligibility as a patent-litigation defense. Moreover, as this Court recognized in *SCA Hygiene*, Congress has done nothing to alter the meaning of § 282 since it was enacted. *See SCA Hygiene*, 137 S. Ct. at 996-97.

B. FACTUAL AND PROCEDURAL HISTORY

Petitioners are part of the RPost Group of Companies, which is referred to commercially as RPost. RPost, which stands for “Registered Post,” developed and launched its patented Registered Email™ service in 2000. RPost’s founders foresaw that electronic mail could replace regular mail for many business practices. Because a substantial quantity of electronically exchanged information, such as contracts, purchase orders, invoices, monetary orders, notices, legal documents, and marketing materials are of utmost importance, senders want proof of transmission, delivery, and opening of the e-mail and proof that the contents have not been altered.

RPost’s innovative technologies address these longstanding, but unmet needs. RPost introduced a first-of-its-kind service that tracks what e-mail content was sent and received, by whom and to whom, and when, in an innovative and elegant service offering. For example, RPost’s electronic mail tracking and analytics services provide a robust record of all of the transmitting, delivery or non-delivery, opening, forwarding, and time events associated with an electronic message. RPost’s services help RPost’s customers track, record, and prove the content and delivery of an e-mail with less cost, time, paper, and risk. RPost has thousands of customers spanning numerous industries, including legal, insurance, real estate, health care, financial, and government, who use these services daily. RPost has generated millions of dollars in revenue from these services, which use RPost’s patented technology.

RPost holds over 50 patents that have been granted in 22 different countries relating to its technology. RPost also has numerous additional patents pending worldwide. Dr. Terrance Tomkow, an officer of RPost, is the sole inventor of five of the patents-in-suit: the '104, '389, '913, '198, and '199 patents. Appx5720-5754; Appx5682-5718; Appx5644-5680; Appx5571-5605; Appx5607-5642. (All Appx. cites are to the Federal Circuit appendix). The Tomkow patents all stem from the same parent application and address the problem of verifying the transmission, delivery or non-delivery, and/or opening of electronic messages. Ofra and Michael Feldbau are the co-inventors of the sixth patent-in-suit, the '219 patent, and its continuation, the '334 patent, both of which RPost acquired from the Feldbaus. The Feldbau patents address the problem of proving that a sender of a transmission sent it to a particular destination at a particular time and that it had particular content. Appx5976-6001. Registered Email practices both the Tomkow and Feldbau patents.

To stop GoDaddy's unsanctioned use of RPost's patents, RPost approached GoDaddy regarding a potential business arrangement that would give GoDaddy use of RPost's patent portfolio. Instead of agreeing to a business resolution, on January 22, 2014, GoDaddy filed its Original Complaint for declaratory judgment of non-infringement and invalidity of the Tomkow patents (Counts III-XII). Appx68, #1. On May 22, 2014, RPI and RMail moved to dismiss Counts III-XII of the Original Complaint for lack of standing because these entities do not own a legal right to the Tomkow patents. Appx75, #38. GoDaddy, instead of responding to the motion to dismiss, filed a First Amended Complaint. Appx76, #46. The First Amended Complaint added Counts XIII-XVI,

which sought declaratory judgment of non-infringement and invalidity of the Feldbau patents.

On August 26, 2014, RPost moved to dismiss Counts XIII-XVI for lack of subject-matter jurisdiction. Appx81, #72. On September 30, 2014, the District Court ordered that RPost answer Counts XIII-XVI while its motion to dismiss those counts was still pending. Appx84, #86. In its Answer, RPost asserted infringement counterclaims on the Feldbau patents conditioned on the outcome of its motion to dismiss. Appx85, #89. Subsequently, before the deadline to amend pleadings, RPost sought leave to file a First Amended Answer to Counts XIII-XVI. Appx87, #100. In its proposed amendments, RPost again asserted infringement counterclaims on the Feldbau patents conditioned on the outcome of its motion.

On December 9, 2014, the District Court granted RPost's motion to dismiss as to the '334 patent but denied it as to the '219 patent. Appx89, #107. Given that the District Court dismissed the counts relating to the '334 patent, the District Court ordered that RPost file an Amended Answer that responds to the surviving counts. RPost filed an Amended Answer asserting counterclaims on the patents-in-suit. *Id.*, #108. Accordingly, this case proceeded on the Tomkow patents and the '219 patent.

The District Court conducted a claim construction hearing and issued a claim construction order construing several disputed terms of the patents-in-suit. Appx105, #219. After the close of fact discovery, GoDaddy moved for summary judgment asserting, among other things, invalidity under § 101 of the then remaining asserted claims of the patents-in-suit. Appx112, #257. The District

Court granted GoDaddy's motion and invalidated all of the asserted claims under § 101. App. 3a-96a. RPost appealed the District Court's grant of summary judgment to the United States Court of Appeals for the Federal Circuit. Appx132, #364.

On May 3, 2017, the Federal Circuit heard oral argument. On May 5, 2017, the Federal Circuit issued a Rule 36 judgment, affirming the District Court's invalidity ruling. App. 1a-2a. RPost filed a motion for reconsideration *en banc* and a rehearing by the panel, which was denied on August 8, 2017. App. 97a-98a.

REASONS FOR GRANTING THE PETITION

I. THE DISTRICT COURT LACKED JURISDICTION TO INVALIDATE THE PATENTS-IN-SUIT UNDER 35 U.S.C. § 101.

The courts below erroneously determined that the District Court had jurisdiction over GoDaddy's § 101 eligibility challenge because Congress never authorized ineligibility as a defense that can be raised in a patent litigation. Apart from certain well-established equitable defenses, patent-litigation defenses are statutory. *See SCA Hygiene*, 137 S. Ct. at 960-964 (eliminating the defense of laches because it conflicted with the statute of limitations for patent damages, and was not codified by § 282(b)); *Aristocrat Tech. Austl. Pty Ltd. v. Int'l Game Tech.*, 543 F.3d 657, 661-63 (Fed. Cir. 2008) (determining that § 282(b)(2) does not encompass improper revival of a patent). Just as an accused infringer challenging a patent's validity "must contend with the first paragraph of § 282," which places the burden of establishing invalidity

on the party asserting invalidity, so too must the accused infringer contend with the second paragraph of § 282 when reckoning which defenses are available to it. *See Microsoft Corp. v. i4i Ltd. P'ship*, 564 U.S. 91, 97 (2011).

Section 282(b) of the 1952 Act enumerates the defenses that may be raised in a patent infringement action. *See* 35 U.S.C. § 282(b). As the District Court stated, the only paragraph of § 282(b) that is pertinent to this case is § 282(b)(2), which states a defense of “(2) Invalidity of the patent or any claim in suit on any ground specified in part II as a condition for patentability.” *See* 35 U.S.C. § 282(b)(2); App 10a. But the plain language of § 282(b)(2) does not authorize ineligibility as a defense.

Only two sections of part II of title 35 are specified as a “condition for patentability”—§ 102 titled “Conditions for patentability; novelty” and § 103 titled “Conditions for patentability; non-obvious subject matter.” Conversely, § 101 is titled “Inventions patentable.” No other section contained in Part II is specified as or includes the phrase “condition for patentability,” either in the title or in the body. Thus “[t]he two sections of part II that Congress has denominated as ‘conditions of patentability’ are § 102 (‘novelty and loss of right to patent’) and § 103 (‘nonobvious subject matter’).” *See MySpace, Inc. v. GraphOn Corp.*, 672 F.3d 1250, 1260 (Fed. Cir. 2012).

The District Court erred because it only addressed RPost’s argument that the title of § 101 proves that eligibility is not a valid patent litigation defense. App. 15a-16a. The courts below never addressed the evidence in the actual text of § 282(b)(2) that it does not encompass § 101 eligibility. *See Diamond v. Diehr*, 450 U.S. 175, 182

(1981) (“In cases of statutory construction, we begin with the language of the statute.”). First, § 282(b)(2) states “invalidity,” not ineligibility. Invalidity and ineligibility are not the same. *See Amdocs (Isr.) Ltd. v. Openet Telecom, Inc.*, 841 F.3d 1288, 1306 (Fed. Cir. 2016) (“To be clear: ruling these claims to be patent-eligible does not mean that they are valid; they have yet to be tested under the statutory conditions for patentability, e.g., §§ 102 (novelty) 103 (non-obvious subject matter), and the requirements of 112 (written description and enablement).”). Also, § 282(b)(2) states “any grounds specified . . . as a condition for patentability.” The only grounds specified in the 1952 Act as a condition for patentability are §§ 102 and 103, not § 101. Further, the courts below even ignored the commentary by the principal technical drafter of the 1952 Act, upon which this Court has previously relied, e.g., *Warner-Jenkinson Co. v. Hilton Davis Chemical Co.*, 520 U.S. 17, 28 (1997), showing that ineligibility is not one of the invalidity defenses encompassed by § 282(b)(2):

The second item specifies ‘Invalidity of the patent or any claim in suit on any ground specified in Part II of this title as a condition for patentability’; this would include most of the usual defenses such as lack of novelty, prior publication, prior public use, lack of invention.

See Federico, 75 J. Pat. & Trademark Off. Soc'y at 215.

The courts below also ignored evidence in the text of § 101 that eligibility is not a condition of patentability. Section 101 states: “[w]hoever invents or discovers any new and useful process . . . or any new and useful improvement thereof, may obtain a patent therefore, *subject to the*

conditions and requirements of this title.” 35 U.S.C. § 101 (emphasis added). Section 101 expressly distinguishes between the categories of patentable subject matter and the conditions that they are subject to. *See Diehr*, 450 U.S. at 189-91; *Research Corp. Techs. v. Microsoft Corp.*, 627 F.3d 859, 868 (Fed. Cir. 2010) (“The section 101 patent-eligibility inquiry is only a threshold test. *See Bilski*, 130 S. Ct. at 3225. . . . [Section 101] approves the broad categories of subject matter . . . itself directs primary attention to ‘the conditions and requirements of [Title 35].’”). It would be a perverse reading of § 101 to conclude that the categories of eligible subject matter are conditions of the title when they themselves are subject to the conditions of the title. Moreover, Congress plainly did not intend these categories to constitute “conditions” for patentability. Rather, Congress listed the subject matter that can be patented in § 101, hence the title “Inventions patentable,” and specified the conditions for patentability in other sections. *See Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 132 S. Ct. 1289, 1303-04 (2012) (quoting H.R. Rep. No. 1923, 82nd Cong., 2d Sess., 6 (1952) (“A person may have ‘invented’ a machine or a manufacture . . . *but it is not necessarily patentable* under section 101 unless the conditions of the title are fulfilled.”) (emphasis added)); S. Rep. No. 1979, 82nd Cong., 2d Sess., 5 (1952). By failing to consider the meaning and legislative history of § 282(b) and the express directive in § 101, the courts below erroneously concluded that the District Court had authority to decide GoDaddy’s ineligibility challenge.

II. THE DECISION BELOW CONFLICTS WITH THIS COURT'S PRECEDENT.

A. The Decision Below Conflicts With This Court's Precedent In *SCA Hygiene*.

Just last term in *SCA Hygiene Prods. v. First Quality Baby Prods.*, this Court deemed it important enough to consider the meaning and the legislative history of § 282(b) in order to determine whether Congress codified laches as a defense to legal relief. *See SCA Hygiene*, 137 S. Ct. 954. The availability of ineligibility as a litigation defense under § 282(b) has much more far-reaching consequences than the availability of laches. In the past three years, hundreds of patents and tens of thousands of patent claims (each an independent property right) have been subject to ineligibility challenges in litigation, despite the fact that the statute does not authorize such challenges. *See Robert Sachs, AliceStorm: April Update and the Impact of TC Heartland on Patent Eligibility*, Bilski Blog (Jun. 1, 2017), <http://www.bilskiblog.com/blog/2017/06/alicestorm-april-update-and-the-impact-of-tc-heartland.html>. Thus, this case presents an issue of even greater importance than the one decided in *SCA Hygiene*.

In vacating the Federal Circuit's *en banc* decision and holding that laches is not a defense to patent damages within the statute of limitations, the Court cast serious doubts on the reasoning of the courts below. *See SCA Hygiene*, 137 S. Ct. at 959. For example, the Court noted that § 282(b) does not specifically mention laches and criticized the Federal Circuit *en banc* decision for failing to "identif[y] which word or phrase in § 282(b) codifies laches as a defense." *Id.* at 963. In fact, during oral argument,

Justice Ginsburg openly asked where laches is codified in § 282. *See SCA Hygiene*, No. 15-927, Oral Argument Tr. at 25:25-26:2. Neither the courts below nor the Federal Circuit in *Versata Dev. Group, Inc. v. SAP Am., Inc.*, 793 F.3d 1306 (Fed. Cir. 2015), upon which the District Court heavily relied, explained where § 282(b) mentions ineligibility, much less codifies ineligibility as a litigation defense.

SCA Hygiene also expressly stated that “[n]othing that Congress has done since 1952 has altered the meaning of § 282.” *Id.* at 966-67. Thus, contrary to what the courts below held, *Versata*, which relied on the 2011 AIA to conclude that the PTAB may decide eligibility challenges, cannot be viewed as having decided that ineligibility is a litigation defense. Rather, the § 282(b) issue in this case required the courts below to examine Congress’s intent as expressed in the 1952 Act, which *Versata* did not do.

The fact that the AIA tied the bases for PGR and CBM review, which *Versata* held includes ineligibility, to the defenses available in district court is also immaterial. *See* 35 U.S.C. § 321(b). In determining that laches is not a defense, *SCA Hygiene* cited *Central Bank of Denver, N.A. v. First Interstate Bank of Denver, N.A.*, 511 U.S. 164 (1994), which held that congressional acquiescence to judicial interpretation of a statute does not indicate congressional intent. *See SCA Hygiene*, 137 S. Ct. at 967 (citing 511 U.S. at 186). Thus, any congressional acquiescence in the AIA to the judiciary’s false assumption that ineligibility is a litigation defense cannot be viewed as congressional ratification of that view and does not establish that ineligibility is in fact such a defense under the 1952 Act. Under *Central Bank of Denver*, it does

not matter that the courts have overlooked Congress's express intent in § 282(b) for so long. Even a long-term statutory misconstruction does not bar this Court from restoring available patent-litigation defenses to their congressionally mandated limits, just as it did in *SCA Hygiene*. See *Central Bank of Denver*, 511 U.S. at 177, 191 (overruling 60 years of allowance of a statutory cause of action because Congress had not expressly provided for that cause of action), *superseded on other grounds by* 15 USC § 78t(e).

B. The Decision Below Conflicts With This Court's Precedent In *Graham*.

The view of the courts below that this Court unwaveringly considers ineligibility to be a viable patent-litigation defense is also erroneous. App. 16a. This Court has never held that patent eligibility is a “condition of patentability” and therefore a viable litigation defense under § 282(b)(2). At most, this Court suggested in *dictum* that “utility” is a “condition of patentability.” See *Graham v. John Deere Co.*, 383 U.S. 1, 12 (1966). *Graham* did not, however, hold that eligibility is a condition of patentability—*Graham* did not even involve patent eligibility under § 101.

In fact, the decision below conflicts with *Graham*. The only language in § 282(b) that the courts below believed codified ineligibility as a litigation defense is § 282(b)(2), which provides a defense of “[i]nvalidity . . . on any ground specified in part II of this title as a condition for patentability.” See 35 U.S.C. § 282(b)(2); App. 10a. *Graham* stated that the 1952 Act sets out only “*three explicit conditions*” of patentability: utility, novelty, and

non-obviousness. *See Graham*, 383 U.S. at 12 (emphasis added). In order for ineligibility to fall under § 282(b)(2), there would have to be four conditions of patentability, not three. Yet Congress amended, revised, or codified the Patent Act 50 times between 1790 and 1950 and steered clear of any statutory requirements other than novelty and utility until it codified non-obviousness as the third patentability requirement. *See Graham*, 383 U.S. at 10, 15 (“It is undisputed that [§ 103] was, for the first time, a statutory expression of an additional requirement for patentability. . . .”); *see also U.S. v. Dubilier Condenser Corp.*, 289 U.S. 178, 199 (1933) (“We should not read into the patent laws limitations and conditions which the legislature has not expressed.”).

Moreover, in the 1952 Act, Congress named only two sections “conditions for patentability”—§§ 102 and 103. *See MySpace*, 672 F.3d at 1259-60. The District Court’s short shrift of this fact as a “hyper-technical adherence to section headings” also conflicts with *Graham*. App. 15a. *Graham* found it particularly significant that Congress, in drafting the 1952 Act, changed § 103’s heading from “Conditions for patentability, lack of invention” to “Conditions for patentability; non-obvious subject matter” because Congress viewed non-obviousness as a major shift in the operative test for patentability. *See Graham*, 383 U.S. at 14. As such, § 103’s heading is critical evidence of Congress’s intent and informed *Graham*’s conclusion that patentability determinations should be “beamed with greater intensity on the requirements of § 103.” *Id.* at 19; *see also* Giles S. Rich, *Principles of Patentability*, 28 Geo. Wash. L. Rev. 393, 405 (1960) (“Nowhere in the entire act is there any reference to a requirement of ‘invention’ and the drafters did this deliberately in an effort to free the

law and lawyers from bondage to that old and meaningless term.”). In the same way, the heading of § 101 (“Inventions patentable”), which does not contain the term “Conditions for patentability” like §§ 102 and 103, is critical evidence that Congress did not intend to codify ineligibility as a patent-litigation defense. *Cf. Versata*, 793 F.3d at 1330 (agreeing that “a strict adherence to the section titles can support an argument that § 101 is not listed as a ‘condition of patentability,’ . . .”). By invalidating the challenged claims on eligibility grounds—a defense the Patent Act does not even recite—the decision below conflicts with Congress’s intent as properly grasped by *Graham*.

III. THE DECISION BELOW ERRONEOUSLY RELIED ON THE FEDERAL CIRCUIT’S DECISION IN *VERSATA*.

A. *Versata* Is Not Dispositive And Was Wrongly Decided.

When presented with the question raised by this petition, the courts below relied on the Federal Circuit’s holding in *Versata v. SAP* to conclude that the District Court had jurisdiction over GoDaddy’s ineligibility challenge. But, as even the District Court admitted, *Versata* is not dispositive. App. 15a. *Versata* addressed whether the PTAB, not a district court, exceeds its congressionally delineated authority in deciding a § 101 challenge in a CBM review under the AIA. *See Versata*, 793 F.3d at 1330; App. 15a (“Of course . . . the *Versata* court decided a slightly different issue, i.e., the jurisdiction of a court to rule on a § 101 challenge brought under AIA §18.”). *Versata* reached the conclusion that the PTAB

has the authority to consider § 101 eligibility challenges by considering the legislative history of the AIA. *Id.* The legislative history of the 2011 AIA, however, is not the legislative history of the 1952 Act, which enacted § 282(b). The District Court recognized this distinction but inexplicably ignored the 1952 Act’s legislative history that RPost cited showing that Congress did not intend ineligibility to be a litigation defense. App. 15a. The courts below also failed to explain where Congress codified this alleged defense in § 282(b). This case presents the proper vehicle for the Court to squarely address this critically important issue.

Versata also erroneously stated that the Federal Circuit’s and this Court’s opinions have established that § 101 challenges constitute validity and patentability challenges. But *Versata* cited only two Federal Circuit decisions for that proposition: *Aristocrat v. Int’l Game Tech.*, which only stated so in *dictum*, and *Standard Oil v. Am. Cyanamid*, which stated that utility is a condition for patentability, not eligibility. See *Versata*, 793 F.3d at 1330 (citing *Std. Oil Co. v. Am. Cyanamid Co.*, 774 F.2d 448, 453 (Fed. Cir. 1985); *Aristocrat Techs. Austl. Pty Ltd. v. Int’l Game Tech.*, 543 F.3d 657, 661, n.3 (Fed. Cir. 2008)).

This Court’s decisions addressing patent eligibility on the merits, though not addressing whether ineligibility is a litigation defense because they arose from the PTO, actually support the fact that § 101 eligibility is not a condition for patentability. For example, in *Diamond v. Diehr*, the Court expressly distinguished between § 101 eligibility and the conditions for patentability that follow:

Section 101, however, is a general statement of the type of subject matter that is eligible for patent protection “subject to the conditions and requirements of this title.” Specific conditions for patentability follow and § 102 covers in detail the conditions relating to novelty.

See Diehr, 450 U.S. at 189-91 (citing *in accord* S. Rep. No. 1979, 82nd Cong., 2d Sess., 5 (1952)); *see also Bilski*, 561 U.S. at 602 (“The § 101 patent-eligibility inquiry is only a threshold test. . . . the claimed invention must also satisfy ‘the conditions and requirements of this title.’”).

1. This Court’s post-1952 Act decisions did not establish ineligibility as a litigation defense.

Further, since Congress enacted the 1952 Act, this Court has addressed the eligibility of an issued patent in only three cases arising from litigation: *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 132 S. Ct. 1289 (2012); *Ass’n for Molecular Pathology v. Myriad Genetics, Inc.*, 132 S. Ct. 1794 (2012); and *Alice Corp. v. CLS Bank Int’l*, 134 S. Ct. 2347 (2014). These decisions, however, did not address whether a district court has jurisdiction to decide an eligibility challenge, and, therefore, are not binding. *See Arizona Christian School Tuition Organization v. Winn*, 563 U.S. 125, 144 (2011) (“[w]hen a potential jurisdictional defect is neither noted nor discussed in a federal decision, the decision does not stand for the proposition that no defect existed.”); *FEC v. NRA Political Victory Fund*, 513 U.S. 88, 97 (1994) (“The jurisdiction of this [c]ourt was challenged in none of these actions, and therefore the question is an open one before us.”); *Will v. Mich. Dept. of State Police*, 491

U.S. 58, 63 (1989) (citing *Hagans v. Lavine*, 415 U.S. 528, 535 n. 5 (1974)) (“[T]his Court has never considered itself bound by [prior *sub silentio* holdings] when a subsequent case finally brings the jurisdictional issue before us.”). By assuming that the District Court had jurisdiction over GoDaddy’s eligibility challenge simply because this Court has issued eligibility rulings in cases arising from litigation, the courts below erred. *See Webster v. Fall*, 266 U.S. 507, 511 (1925) (“Questions which merely lurk in the record, neither brought to the attention of the court nor ruled upon, are not to be considered as having so decided as to constitute precedents.”).

2. This Court’s pre-1952 Act decisions did not establish ineligibility as a litigation defense.

This Court’s decisions before the 1952 Act also did not establish ineligibility as a litigation defense. Although this Court’s modern eligibility jurisprudence cites to *Le Roy v. Tatham*, *O’Reilly v. Morse*, and *Funk Bros. v. Kalo* for the judicially created exceptions to patent-eligible subject matter, none of these cases were decided on eligibility grounds. First, the Court decided *Le Roy v. Tatham* on claim construction grounds, not eligibility grounds. *See* Jeffrey A. Lefstin, *Inventive Application: A History*, 67 Fla. L. Rev. 565, 594-97 (2015). In *Le Roy*, the patentee discovered an improved way to make wrought pipe by extruding metal through a die. *Le Roy v. Tatham*, 55 U.S. 156, 177-78 (1853) (Nelson, J., dissenting). This Court rejected the trial court’s conclusion that the invention was novel because the patent claims were limited to the combination of machinery used to form the pipes, which was known in the art, and were not directed to a newly

discovered property in the formation of wrought pipes. *Id.* at 177 (“The patentees claimed the combination of the machinery as their invention in part, and no such claim can be sustained without establishing its novelty -- not as to the parts of which it is composed, but as to the combination. The question whether the newly developed property of lead, used in the formation of pipes, might have been patented, if claimed as developed, without the invention of machinery, was not in the case.”).

Second, the Court decided *O'Reilly v. Morse* on enablement grounds, not eligibility grounds. Morse's telegraph patent attempted to claim all uses of electromagnetism for writing at a distance. *See O'Reilly v. Morse*, 56 U.S. 62, 77-78 (1854). The Court rejected Morse's claim because it depended on particular machinery and the patent's specification did not support the claim's full breadth. *Id.* at 119-120 (1854) (“Yet this claim can derive no aid from the specification filed. It is outside of it, and the patentee claims beyond it.”); *see also* Lefstin, 67 Fla. L. Rev. at 594-97. As further evidence that Morse turned on enablement grounds, in reaching its conclusion, the Court distinguished the English Court of Exchequer decision in *Neilson v. Harford*, 1 Web. P.C. 295 (1841) and acknowledged that the invention in *Neilson* was patentable despite the fact that it was not limited in form because it was adequately disclosed. *See Morse*, 56 U.S. at 116 (“But his patent was supported, because he had invented a mechanical apparatus, by which a current of hot air, instead of cold, could be thrown in. And this new method was protected by his patent. The interposition of a heated receptacle, *in any form*, was the novelty he invented.”) (emphasis added).

Third, the Court decided *Funk Bros.* on obviousness grounds, not eligibility grounds. See Shine Tu, *Funk Brothers-An Exercise in Obviousness*, 80 UKMC L. Rev. 637 (2012). In *Funk Bros.*, the Court invalidated claims directed to a combination of non-inhibitive strains of bacteria that increases the nitrogen-fixing ability of leguminous plants because the claims “fell short of invention.” See *Funk Bros. Seed. Co. v. Kalo Inoculent Co.*, 333 U.S. 127, 131 (1948). As the Court recognized in *Graham*, Congress deliberately legislated against the lack of invention standard in passing the 1952 Act and replaced it with the obviousness requirement. See *Graham*, 383 U.S. at 14-17; Rich, 28 Geo. Wash. L. Rev. at 405. Additionally, the only case that *Funk Bros.* cited in its lack of invention analysis was *Cuno Engineering Corp. v. Automatic Devices Corp.*, 314 U.S. 84 (1941). See *Funk Bros.*, 333 U.S. at 131-32. But as the Court also recognized in *Graham*, Congress enacted the obviousness requirement to abolish the patentability test that the Court announced in *Cuno*. See *Graham*, 383 U.S. at 15. Thus, *Funk Bros.*’s reasoning and its explicit reliance on *Cuno* accords with classifying *Funk Bros.* as an obviousness decision.

At bottom, *Le Roy*, *Morse*, and *Funk Bros.* articulate the judicially created limits to the subject matter on which an inventor can get a patent. They did not establish judicially created defenses that an accused infringer can assert in litigation to invalidate an issued patent. Indeed, none of these cases addressed whether a litigant may invalidate an issued patent based on the judicially created limits to statutory subject matter. And even if they did address the issue, which they did not, Congress plainly intended that ineligibility not be used as a litigation defense by not specifying it as such in the 1952 Act.

By misstating this Court’s precedent and ignoring the language of the statute, the courts below erroneously concluded that ineligibility is an established litigation defense.

IV. THE COURTS BELOW ERRED IN CONCLUDING THAT THE FEDERAL CIRCUIT HAS HELD THAT INELIGIBILITY IS A LITIGATION DEFENSE.

The view of the courts below that the Federal Circuit has long held that § 282’s defenses include ineligibility was also incorrect. App. 16a. To support this view, the District Court cited footnote 3 from the Federal Circuit’s opinions in *DealerTrack, Inc. v. Huber* and *Aristocrat v. International Game Technology*. *Id.* *DealerTrack*, however, did not hold that ineligibility is a litigation defense. Footnote 3 in *DealerTrack* was just *dictum* written in response to the dissent, which opined that it was an error for the district court not to “initially address patent invalidity issues in infringement suits in terms of the defenses provided in the statute: ‘conditions of patentability,’ specifically §§ 102 and 103.” *See DealerTrack, Inc. v. Huber*, 674 F.3d 1315, 1335 (Fed. Cir. 2012) (Plager, J., dissenting). Footnote 3 of *DealerTrack* also relied on *dictum* from *Aristocrat* that in turn relied on *dictum* from *Graham*, which stated that utility under § 101 is a condition for patentability, not eligibility. *See DealerTrack*, 674 F.3d at 1331 n.3; *Aristocrat*, 543 F.3d at 661(citing *Graham*, 383 U.S. at 86). Although footnote 3 of *Aristocrat* stated in *dictum* that “it is beyond question that section 101’s other requirement, that the invention be directed to patentable subject matter, is also a condition for patentability,” *Aristocrat* cited no authority for this statement. *See Aristocrat*, 543 F.3d at 661 n.3; Appx7.

Moreover, the Federal Circuit's more recent cases directly contradict the *dictum* in *DealerTrack* and *Aristocrat*. For example, in *MySpace, Inc. v. GraphOn Corp.*, the Federal Circuit acknowledged that Congress specified the defenses in any action involving the validity of a patent as "any ground specified in part II of this title as a condition of patentability" and named only two Patent Act sections "conditions for patentability"—§§ 102 and 103. *See MySpace*, 672 F.3d at 1260. Similarly, in the Federal Circuit's fractured *en banc* decision in *CLS Bank v. Alice*, former Chief Justice Rader observed that the Patent Act does not provide for an invalidity defense based on § 101. *See CLS Bank Int'l v. Alice Corp.*, 717 F.3d 1269, 1335 (Fed. Cir. 2013) (Rader, J., additional reflections) ("[T]he Supreme Court long ago held that Section 101 is not a 'condition of patentability.' [citing *Diehr*, 450 U.S. at 189-90] . . . Finally, the statute does not list Section 101 among invalidity defenses to infringement. *See* 35 U.S.C. § 282 (while invalidity for failing to meet a 'condition of patentability' is among the authorized defenses, Section 101 is not a 'condition of patentability')"), *aff'd by Alice Corp. Pty. Ltd. v. CLS Bank Int'l.*, 134 S. Ct. 2347 (2014).

In fact, the Federal Circuit has repeatedly questioned the wisdom of determining the fate of litigated patents based on eligibility as opposed to the conditions of patentability. For example, *MySpace* advised that courts could avoid the "murky morass" of § 101 jurisprudence by insisting that "litigants initially address patent invalidity issues in terms of the conditions of patentability defenses as the statute provides, specifically §§ 102, 103, and 112." *See MySpace*, 672 F.3d at 1260; *see also Research Corp.*, 627 F.3d at 868 ("[T]he Supreme Court advised that section 101 eligibility should not become a substitute for

a patentability analysis related to prior art, adequate disclosure, or the other conditions and requirements of Title 35.”). *MySpace* further advised that “[a]dopting this practice would also preclude § 101 claims from becoming the next toss-in for every defendant’s response to a patent infringement suit.” *See MySpace*, 672 F.3d at 1261; *see also DealerTrack*, 674 F.3d at 1335 (Plager, J., dissenting). Because the Federal Circuit has failed to address whether ineligibility is a valid litigation defense, the consequences that *MySpace* predicted have been even worse. *See Intellectual Ventures I LLC v. Erie Indem. Co.*, 134 F.Supp. 3d 877, 895 (W.D. Pa. Sep. 25, 2015) (“In the wake of *Alice* . . . the proverbial motions practice floodgates have opened” and eligibility is “being litigated daily (if not hourly) in federal courts across the country.”); Raymond A. Mercado, *Resolving Patent Eligibility and Indefiniteness in Proper Context: Applying Alice and Aristocrat*, 20 Va. J.L. & Tech. 240, 249 n. 16 (2016) (noting that Federal Circuit Judge Plager has observed that “almost every other case comes in [to the Federal Circuit] on a § 101 [eligibility] basis.”).

After this Court’s *Alice* decision, Judge Newman recognized the Federal Circuit’s drift from Congress’s carefully-crafted statutory framework and has advocated restoring invalidity defenses to their statutory limits. *See BASCOM Global Internet Servs. v. AT&T Mobility LLC*, 827 F.3d 1341, 1353 (Fed. Cir. 2016) (Newman, J., concurring) (“I propose returning to the letter of Section 101, where eligibility is recognized for ‘any new and useful process, machine, manufacture, or composition of matter.’ It follows that if any of these classes is claimed so broadly or vaguely or improperly as to be deemed an ‘abstract idea,’ this could be resolved on application of the

requirements and conditions of patentability.”); *see also Ariosa Diagnostics, Inc. v. Sequenom, Inc.*, 809 F.3d 1282, 1286 (Fed. Cir. 2015) (Lourie, J., concurring) (“[T]he finer filter of § 112 might be better suited to treating these as questions of patentability, rather than reviewing them under the less-defined eligibility rules.”). Thus, contrary to what the courts below believed, the Federal Circuit has been wrestling with the proper role of ineligibility as a litigation defense for years. This petition brings this critically important issue to the forefront and the Court should address it head-on.

V. THIS CASE PRESENTS AN ISSUE OF GREAT IMPORTANCE AND IS AN EXCELLENT VEHICLE FOR REVIEW.

By justifying the District Court exceeding its statutory authority, the courts below plainly disregarded Congress’s will as expressed in the 1952 Act. The courts must apply the prescriptions of Congress, not rewrite them. Yet, the courts below improperly wrote into the law a litigation defense whose statutory basis is nonexistent. This blatant overriding of Congress’s judgment is having a tremendous and immediate impact on the U.S. patent system and the rights of patent owners. Since this Court’s 2014 decision in *Alice v. CLS Bank* through April, 2017, district courts have issued nearly 250 opinions invalidating patents on ineligibility grounds—equating to a nearly 62% invalidation rate. *See* Robert Sachs, *Alicestorm: April Update and the Impact of Tc Heartland on Patent Eligibility*, Bilski Blog, <http://www.bilskiblog.com/blog/2017/06/alicestorm-april-update-and-the-impact-of-tc-heartland.html>. Indeed, the American Intellectual Property Law Association (“AIPLA”) has commented

that the failure of the courts to follow the deliberately-designed structure of the 1952 Act has weakened the U.S. patent system and discouraged investment in U.S. innovation. *See AIPLA Legislative Report and Proposal on Patent Eligible Subject Matter* (May 12, 2017), <http://www.aipla.org/resources2/reports/2017AIPLADirect/Documents/AIPLA%20Report%20on%20101%20Reform-5-19-17-Errata.pdf>. These drastic consequences—ones that Congress never intended—should not be sanctioned without this Court’s plenary review. This Court should grant certiorari in this case to resolve any uncertainty about whether Congress intended ineligibility to be used as a litigation defense and to ensure that the courts are not engaging in the sort of legislative overriding that this Court found the Federal Circuit guilty of in *SCA Hygiene*. *See SCA Hygiene*, 137 S. Ct. at 960. Otherwise, district courts will—with the Federal Circuit’s approval—continue to exercise powers outside their authority.

Because the Federal Circuit hears all cases arising under the patent laws, the opportunity for further percolation does not exist. Having cursorily addressed the issue in *Versata* and then affirmed the District Court’s reliance on *Versata* without opinion in this case, the Federal Circuit is unlikely to revisit the question presented in the near future. In the meantime, district courts will continue to invalidate issued patents on ineligibility grounds without any statutory authority. The issue is so important that 20 inventor organizations signed on to an *amicus* brief in support of RPost’s position below and are expected to support this petition. The *amici* also include a legal scholar. And at least one law professor has also taken a keen interest in the question presented. *See* David Hricik, *My Exhaustive (and Last, Really*

I Promise!) Post about why 101 is not a Defense, nor Properly Raised in CBM Proceedings, Patently-O (Feb. 27, 2014), <https://patentlyo.com/hricik/2014/02/exhaustive-properly-proceedings.html>; David Hricik, *Why Section 101 is Neither a “Condition of Patentability” nor an Invalidity Defense*, Patently-O (Sep. 16, 2013), <https://patentlyo.com/hricik/2013/09/why-section-101-is-neither-a-condition-of-patentability-nor-an-invalidity-defense.html>; David Hricik, *Are the Courts Correct in Their Assumption that a Patent Issued on Non-patentable Subject Matter is Invalid?*, Patently-O (Aug. 27, 2012), <https://patentlyo.com/patent/2012/08/are-the-courts-correct-in-their-assumption-that-a-patent-issued-on-non-patentable-subject-matter-is-invalid.html>. Even David Kappos, the former Commissioner of the PTO and the successful respondent in *Bilski*, has advocated abolishing § 101. See Ryan Davis, *Kappos Calls For Abolition Of Section 101 Of Patent Act*, Law360 (Apr. 12, 2016), <https://www.law360.com/articles/783604/kappos-calls-for-abolition-of-section-101-of-patent-act>. Given the significant interests at stake and the Federal Circuit’s apparent lack of interest in addressing the problem, certiorari is warranted.

Moreover, this case presents an excellent vehicle for review of the question presented. As Judge Newman recently observed, “the emphasis on eligibility has led to erratic implementation by the courts.” See *BASCOM*, 827 F.3d at 1353 (Newman, J., concurring). This case illustrates a textbook example of this problem because just four days before the District Court invalidated the ’913, ’389, and ’199 claims, the court in the *Sophos* cases found the same claims patent eligible. See *Sophos Inc. v. RPost Holdings, Inc., et al.*, Nos. 13-12856-DJC and 14-13628-

DJC, 2016 U.S. Dist. LEXIS 72699, at *32-37 (D. Mass Jun. 3, 2016). Additionally, the PTAB denied petitions to institute CBM reviews of each of the '913, '389, and '104 patents. Appx6313-6324; Appx6326-6336; Appx6338-6348. The PTO also issued an *Ex Parte* Reexamination Certificate for the '219 patent confirming the validity of all of the reexamined claims. Appx5999-6001. Consequently, RPost, which actively sells a product that practices the patents-in-suit, is conclusively precluded from recouping millions of dollars in damages on its investment in patents that have had their validity upheld because the District Court granted GoDaddy relief on a litigation defense that it lacked jurisdiction to decide.

Finally, the Federal Circuit's decision not to issue a reasoned opinion on the question presented should not stop this Court from granting certiorari. “[T]he Court grants certiorari to review unpublished and summary decisions with some frequency.” Eugene Gressman, et al., *Supreme Court Practice* 4.11 (9th ed. 2007) (citing decisions). Indeed, this Court recently granted certiorari in *Oil States* where the Federal Circuit did not issue a written opinion. *See* 2017 U.S. LEXIS 3727. And one former Justice “tend[ed] to vote to grant more on unpublished opinions, on the theory that occasionally judges will use the unpublished opinion as a device to reach a decision that might be a little hard to justify.” J. Cole & E. Bucklo, *A Life Well Lived: An Interview with Justice John Paul Stevens*, 32 *Litigation* 8, 67 (Spring 2006).

Here, the Federal Circuit already examined the PTAB's authority to decide § 101 challenges in *Versata*. Despite the fact that the District Court agreed with RPost that “the *Versata* court decided a slightly different issue,”

the Federal Circuit showed no interest in explaining how *Versata* controls whether a district court has authority to decide eligibility challenges. App. 15a. If the Federal Circuit is content to let *Versata* be its last word on this issue, then this Court has no need to wait for future challenges. The issue has been fully briefed by the parties below, including by *amici* for both parties, and is ripe for review.

VI. CONCLUSION

In conclusion, the District Court exceeded its statutory authority by invalidating the patents-in-suit under 35 U.S.C. § 101 and the Federal Circuit neglected to correct this critical error. Accordingly, RPost respectfully requests that the Court grant its petition for a writ of certiorari to address the important precedent-setting question presented by this petition.

Dated: November 6, 2017 Respectfully submitted,

LEWIS E. HUDELL, III
Counsel of Record
HUDNELL LAW GROUP P.C.
800 West El Camino Real, Suite 180
Mountain View, California 94040
(650) 564-7720
lewis@hudnelllaw.com

Counsel for Petitioners

APPENDIX

**APPENDIX A — JUDGMENT OF THE UNITED
STATES COURT OF APPEALS FOR THE
FEDERAL CIRCUIT, DATED MAY 5, 2017**

UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

2016-2335

GODADDY.COM, LLC,

Plaintiff-Appellee

v.

RPOST COMMUNICATIONS LIMITED,
RMAIL LIMITED, RPOST INTERNATIONAL
LIMITED, RPOST HOLDINGS INCORPORATED,

Defendants-Appellants

Appeal from the United States District Court for the
District of Arizona in No. 2:14-cv-00126-JAT, Senior Judge
James A. Teilborg.

JUDGMENT

THIS CAUSE having been heard and considered, it is
ORDERED and ADJUDGED:

PER CURIAM (DYK, BRYSON, and CHEN, *Circuit
Judges*).

2a

Appendix A

AFFIRMED. See Fed. Cir. R. 36.

ENTERED BY ORDER OF THE
COURT

May 5, 2017
Date

/s/ Peter R. Marksteiner
Peter R. Marksteiner
Clerk of Court

**APPENDIX B — ORDER OF THE UNITED
STATES DISTRICT COURT FOR THE DISTRICT
OF ARIZONA, FILED JUNE 7, 2016**

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF ARIZONA

No. CV-14-00126-PHX-JAT

GODADDY.COM LLC,

Plaintiff,

v.

RPOST COMMUNICATIONS LIMITED, *et al.*,

Defendants.

June 7, 2016, Decided
June 7, 2016, Filed

ORDER

Pending before the Court are Plaintiff GoDaddy.com LLC (“GoDaddy”)’s Motion for Summary Judgment, (Doc. 257), and Defendants’¹ Motion for Summary Judgment on Plaintiff’s Count I (Fraudulent Misrepresentation of Patent Ownership), (Doc. 284). The Court now rules on the motions.

1. Defendants are RPost Communications Ltd.; RPost Holdings, Inc.; RPost International Ltd.; and RMail Ltd. Defendants are collectively referred to as “RPost.”

*Appendix B***I. Background**

After multiple rounds of motions to dismiss, briefing for a three-month stay, complete *Markman* review, a *Daubert* motion, and dozens of other motions, the factual background of this case is well-established. In short, GoDaddy filed this Declaratory Judgment Action against RPost, seeking, among other things, damages for fraudulent misrepresentation and declarations of invalidity and non-infringement of various patents (the “Asserted Patents”)² after RPost attempted to enforce those patents against GoDaddy. (Doc. 46 at 38). RPost counterclaimed, alleging that GoDaddy is liable for direct infringement of the Asserted Patents. (Doc. 108 at 20-27).

II. Legal Standard

Summary judgment is appropriate when “the movant shows that there is no genuine issue as to any material

2. The Asserted Patents are (1) U.S. Patent No. 8,224,913 (filed July 17, 2012) (the “913 Patent”); (2) U.S. Patent No. 8,209,389 (filed June 26, 2012) (the “389 Patent”); (3) U.S. Patent No. 8,161,104 (filed April 17, 2012) (the “104 Patent”); (4) U.S. Patent No. 8,468,198 (filed June 18, 2013) (the “198 Patent”); (5) U.S. Patent No. 8,468,199 (filed June 18, 2013) (the “199 Patent”); and (6) U.S. Patent No. 6,182,219 (filed January 30, 2001) (the “219 Patent”). The ’104, ’389, ’913, ’198, and ’199 Patents are referred to herein as the “Tomkow Patents.” The ’219 Patent is referenced as the “Feldbau Patent.”

GoDaddy’s First Amended Complaint (“FAC”) also included Counts for declarations of invalidity and non-infringement of U.S. Patent No. 6,571,334. (Doc. 46 at 33-34, 36-37). In a prior Order, the Court dismissed those Counts due to a lack of justiciable controversy. *See* (Doc. 107 at 9, 14).

Appendix B

fact and that the moving party is entitled to summary judgment as a matter of law.” Fed. R. Civ. P. 56(a). A party asserting that a fact cannot be or is genuinely disputed must support that assertion by “citing to particular parts of materials in the record,” including depositions, affidavits, interrogatory answers or other materials, or by “showing that materials cited do not establish the absence or presence of a genuine dispute, or that an adverse party cannot produce admissible evidence to support the fact.” *Id.* at 56(c)(1). Thus, summary judgment is mandated “against a party who fails to make a showing sufficient to establish the existence of an element essential to that party’s case, and on which that party will bear the burden of proof at trial.” *Celotex Corp. v. Catrett*, 477 U.S. 317, 322, 106 S. Ct. 2548, 91 L. Ed. 2d 265 (1986).

Initially, the movant bears the burden of pointing out to the Court the basis for the motion and the elements of the causes of action upon which the non-movant will be unable to establish a genuine issue of material fact. *Id.* at 323. The burden then shifts to the non-movant to establish the existence of material fact. *Id.* The non-movant “must do more than simply show that there is some metaphysical doubt as to the material facts” by “com[ing] forward with ‘specific facts showing that there is a genuine issue for trial.’” *Matsushita Elec. Indus. Co. v. Zenith Radio Corp.*, 475 U.S. 574, 586-87, 106 S. Ct. 1348, 89 L. Ed. 2d 538 (1986) (quoting Fed. R. Civ. P. 56(e) (1963) (amended 2010)). A dispute about a fact is “genuine” if the evidence is such that a reasonable jury could return a verdict for the nonmoving party. *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 248, 106 S. Ct. 2505, 91 L. Ed. 2d 202 (1986).

Appendix B

The non-movant's bare assertions, standing alone, are insufficient to create a material issue of fact and defeat a motion for summary judgment. *Id.* at 247-48. Further, because “[c]redibility determinations, the weighing of the evidence, and the drawing of legitimate inferences from the facts are jury functions, not those of a judge, . . . [t]he evidence of the nonmovant is to be believed, and all justifiable inferences are to be drawn in his favor” at the summary judgment stage. *Id.* at 255 (citing *Adickes v. S.H. Kress & Co.*, 398 U.S. 144, 158-59, 90 S. Ct. 1598, 26 L. Ed. 2d 142 (1970)); *Harris v. Itzhaki*, 183 F.3d 1043, 1051 (9th Cir. 1999) (“Issues of credibility, including questions of intent, should be left to the jury.” (citations omitted)).

At the summary judgment stage, the trial judge's function is to determine whether there is a genuine issue for trial. There is no issue for trial unless there is sufficient evidence favoring the non-moving party for a jury to return a verdict for that party. *Liberty Lobby, Inc.*, 477 U.S. at 249-50. If the evidence is merely colorable or is not significantly probative, the judge may grant summary judgment. *Id.* Notably, “[i]t is well settled that only admissible evidence may be considered by the trial court in ruling on a motion for summary judgment.” *Beyene v. Coleman Sec. Servs., Inc.*, 854 F.2d 1179, 1181 (9th Cir. 1988).

III. GoDaddy's Motion for Summary Judgment

GoDaddy moves for summary judgment on seven issues. First, GoDaddy argues that “the asserted claims of the RPost Patents claim patent-ineligible abstract ideas

Appendix B

and are invalid under 35 U.S.C. § 101.” (Doc. 257 at 7). Second, GoDaddy contends that the ’913 Patent is invalid as “obvious” under 35 U.S.C. § 103. (*Id.*) Third, GoDaddy maintains that the “earliest priority date claimable for the Tomkow Patents” is December 17, 1999. (*Id.*) Fourth, GoDaddy asserts that it has “intervening rights as to the Feldbau Patent.” (*Id.*) Fifth, GoDaddy contends that the Asserted Products³ do not infringe the asserted claims of the Tomkow Patents that recite a “copy” or “representation” of “the message.” (*Id.*) Sixth, GoDaddy insists that the Asserted Products do not infringe the asserted Feldbau Patent claims. (*Id.*) Finally, GoDaddy moves for summary judgment on the issue of damages. (*Id.*)

A. Eligibility of the Asserted Patents

GoDaddy contends that the Asserted Patents are invalid under 35 U.S.C. § 101 because they claim patent-ineligible subject matter. (Doc. 257 at 9-10). Specifically, GoDaddy argues that the Asserted Patents claim “abstract ideas” lacking “inventive concepts sufficient to transform the claimed abstract idea into a patent-eligible application.” (Doc. 257 at 10-15) (citing *Alice Corp. Pty. Ltd. v. CLS Bank Intern.*, 134 S. Ct. 2347, 2354-55, 189 L. Ed. 2d 296 (2014) (“Alice”)). As to the Feldbau Patent, GoDaddy argues that the claims are drawn to the “abstract idea of collecting and providing information for proving a message was sent to a recipient at a particular time with

3. The “Accused Products” are GoDaddy’s Express Email Marketing (“EEM”), GoDaddy Email Marketing (“GEM”), and the MadMimi email marketing product (“MadMimi”).

Appendix B

particular content” without adding an inventive concept sufficient to confer eligibility. (*Id.* at 18). Regarding the Tomkow Patents, GoDaddy contends that the claims are drawn to the abstract idea of “collecting and providing information for verifying transmission and/or delivery of a message” without including an inventive concept to transform that idea into a patent-eligible application. (*Id.* at 14).

In response, RPost asserts that an eligibility challenge under § 101 is not a statutory defense in patent infringement litigation and therefore the Court lacks jurisdiction over GoDaddy’s argument. (Doc. 299 at 8-13). According to RPost, neither the Supreme Court of the United States nor the Federal Circuit has expressly held that § 101 is a statutory defense. (*Id.*) RPost explains that the section heading of § 101, “Inventions patentable,” takes the statute out of the realm of statutory defenses demarcated in 35 U.S.C § 282(b). (*Id.*) In the alternative, RPost argues that the Asserted Patents are directed to patent-eligible subject matter and recite inventive concepts. (*Id.* at 13-22). Specifically, RPost contends that the Feldbau Claims provide a technical solution to a technical problem using an “authenticator.” (*Id.* at 20-21). RPost further argues that the Feldbau Claims add an “inventive concept” because the invention requires a physical “transform[ation]” of the information. (*Id.* at 21-22) As to the Tomkow Patents, RPost asserts that GoDaddy’s characterization of the patents is a “gross oversimplification.” (*Id.* at 14). Instead, RPost insists that the asserted Tomkow Patent claims “recite specific ways to verify delivery of an electronic message using specific information.” (*Id.*)

*Appendix B***1. Jurisdiction**

Before reaching the merits of GoDaddy's eligibility argument, the Court must first determine whether it has jurisdiction over patent-eligibility challenges brought pursuant to § 101. According to RPost, § 101 eligibility is not an authorized statutory defense because § 101 is not listed or referenced in § 282(b), the statute designating patent litigation defenses. (Doc. 299 at 8-13). GoDaddy, on the other hand, believes that its § 101 eligibility challenge is properly before the Court due to a long litany of Federal Circuit and Supreme Court cases interpreting § 101 in the context of patent litigation. (Doc. 314 at 7-8) (citing cases). Most notably, GoDaddy points to the recent landmark decision in which the Supreme Court further refined the standards applicable to § 101 eligibility challenges in patent litigation, *Alice*. (*Id.*)

a. Legal Background

Section 282(b) of Title 35 of the United States Code provides an exhaustive catalogue of defenses available to an alleged infringer in an action involving the validity or infringement of a patent:

- (1) Noninfringement, absence of liability for infringement or unenforceability,
- (2) Invalidity of the patent or any claim in suit on any ground specified in part II of this title as a condition for patentability,

Appendix B

(3) Invalidity of the patent or any claim in suit for failure to comply with—

(A) any requirement of section 112, except that the failure to disclose the best mode shall not be a basis on which any claim of a patent may be canceled or held invalid or otherwise unenforceable; or

(B) any requirement of section 251.

(4) Any other fact or act made a defense by this title.

§ 282(b). For purposes of this case, the pertinent provision of § 282(b) is the second section, which authorizes defenses based on “invalidity of the patent on or any claim in suit on any ground specified in part II of this title as a condition for patentability.”

Part II of Title 35 encompasses §§ 100-212. Of these sections, three are relevant here: §§ 101, 102, and 103. Section 101 is entitled “Inventions patentable” and states as follows: “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.” § 101. Section 102 is labeled “Conditions of patentability; novelty” while Section 103 is designated “Conditions for patentability; non-obvious subject matter.” See §§ 102, 103.

Appendix B

Fifty years ago, the Supreme Court stated that,

The [Patent] Act sets out the conditions of patentability in three sections. An analysis of the structure of these three sections indicates that patentability is dependent upon three explicit conditions: novelty and utility as articulated and defined in § 101 and § 102, and nonobviousness, the new statutory formulation, as set out in § 103.

Graham v. John Deere Co., 383 U.S. 1, 12, 86 S. Ct. 684, 15 L. Ed. 2d 545 (1966). Fifteen years after *Graham*, the Supreme Court observed that “Section 101 sets forth the subject matter that can be patented, ‘subject to the conditions and requirements of this title.’ The conditions under which a patent may be obtained follow [§ 101].” *Diamond v. Diehr*, 450 U.S. 175, 190, 101 S. Ct. 1048, 67 L. Ed. 2d 155 (1981) (citing S. Rep. No. 1979, 82d Cong., 2d Sess., 5 (1952); U.S. Code Cong. & Admin. News, 1952, p. 2399). More recently, the Supreme Court explained that,

The § 101 patent-eligibility inquiry is only a threshold test. Even if an invention qualifies as a process, machine, manufacture, or composition of matter, in order to receive the Patent Act’s protection the claimed invention must also satisfy “the conditions and requirements of this title.” § 101. Those requirements include that the invention be novel, *see* § 102, nonobvious, *see* § 103, and fully and particularly described, *see* § 112.

Appendix B

Bilski v. Kappos, 561 U.S. 593, 602, 130 S. Ct. 3218, 177 L. Ed. 2d 792 (2010). Two years later, the Supreme Court identified a two-part analysis for determining § 101 eligibility in patent litigation. *See Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 566 U.S. 66, 132 S. Ct. 1289, 1296-97, 182 L. Ed. 2d 321 (2012). Finally, in *Alice*, the Supreme Court further developed and refined the *Mayo* two-step inquiry. *See* 134 S. Ct. at 2354-55.

Similarly, although the Federal Circuit has recognized that only §§ 102 and 103 are textually “denominated” as “conditions of patentability,” *MySpace, Inc. v. GraphOn Corp.*, 672 F.3d 1250, 1259-60 (Fed. Cir. 2012), it has long held that § 282’s defenses “include not only the ‘conditions of patentability’ in §§ 102 and 103, but also those in § 101,” *DealerTrack, Inc. v. Huber*, 674 F.3d 1315, 1330 n.3 (Fed. Cir. 2012); *see Aristocrat Techs. Austl. Pty Ltd. v. Int’l Game Tech.*, 543 F.3d 657, 661, 661 n.3 (Fed. Cir. 2008) (observing that “it is beyond question that section 101’s other requirement, that the invention be directed to patentable subject matter, is also a condition for patentability” but noting that “sections 102 and 103,” unlike § 101, “are explicitly entitled conditions for patentability”). In other words, the Federal Circuit uniformly holds that § 101 can be raised as a defense in patent infringement litigation. *See, e.g., MySpace*, 672 F.3d at 1261 (recognizing the benefits of shifting invalidity challenges towards §§ 102 and 103 but acknowledging that “Does this mean that § 101 can never be raised initially in a patent infringement suit? No.”).

*Appendix B***b. Analysis**

Notwithstanding the complexity of RPost's argument, the Court finds that it has jurisdiction over GoDaddy's § 101 eligibility challenge. In a slightly different context, the Federal Circuit recently addressed this precise question. In *Versata Development Group, Inc. v. SAP America, Inc.*, the Federal Circuit summarized the patentee's argument as follows:

[Covered Business Method ("CBM")] post-grant review must be limited to a ground that could be raised under paragraph (2) or (3) of section 282(b). [Patentee] then reasons that § 282(b)(2) authorizes defenses on any ground 'specified in part II as a condition for patentability,' and that the part II reference includes under the headings in the compiled statutes only 'conditions for patentability,' i.e., §§ 102 and 103, but not § 101. Based on the headings in part II of the statutes, [Patentee] draws a distinction between the heading under which § 101 appears, 'inventions patentable,' and 'conditions of patentability' under which §§ 102 and 103 are listed.

793 F.3d 1306, 1329-30 (Fed. Cir. 2015). Ultimately, the Federal Circuit held that jurisdiction over the alleged infringer's § 101 eligibility challenge was proper for the following reasons:

Appendix B

[Patentee] is correct that a strict adherence to the section titles can support an argument that § 101 is not listed as a ‘condition of patentability,’ but rather has the heading of ‘inventions patentable.’ However, as noted by the [United States Patent and Trademark Office (“USPTO”)], both our opinions and the Supreme Court’s opinions over the years have established that § 101 challenges constitute validity and patentability challenges. *See also Standard Oil Co. v. Am. Cyanamid Co.*, 774 F.2d 448, 453 (Fed. Cir. 1985); *Aristocrat*, 543 F.3d at 661 n.3.

It would require a hyper-technical adherence to form rather than an understanding of substance to arrive at a conclusion that § 101 is not a ground available to test patents under either the [Post Grant Review] or § 18 processes. Section 101 validity challenges today are a major industry, and they appear in case after case in our court and in Supreme Court cases, not to mention now in final written decisions in reviews under the [America Invents Act (“AIA”)]. The numerous cases in our court and in the Supreme Court need no citation

It is often said, whether accurate or not, that Congress is presumed to know the background against which it is legislating. Excluding § 101 considerations from the ameliorative processes in the AIA would be a substantial change

Appendix B

in the law as it is understood, and requires something more than some inconsistent section headings in a statute's codification. We agree with the USPTO and SAP and we so hold that, looking at the entirety of the statutory framework and considering the basic purpose of CBM reviews, the [Patent Trial and Appeal Board ("PTAB")] acted within the scope of its authority delineated by Congress in permitting a § 101 challenge under AIA § 18.

Id. at 1330. Of course, as RPost emphasizes, the *Versata* court decided a slightly different issue, i.e., the jurisdiction of a court to rule on a § 101 challenge brought under AIA § 18. *See id.* To that end, RPost contends that the statutory history of the AIA is different than that of the Patent Act, and thus argues that Congress did not specify § 101 as a "condition of patentability" for purposes of § 282 in *infringement* litigation. *See* (Doc. 299 at 8-13).

Similar to the Federal Circuit in *Versata*, the Court finds that a "hyper-technical adherence" to the section heading of § 101 is not enough to overcome decades of interpreting § 101 as a valid defense in patent infringement litigation. *See Lewis v. Hegstrom*, 767 F.2d 1371, 1376 (9th Cir. 1985) (noting that courts must not hinge "interpretation of a statute upon a single word or phrase but rather look to the statute as a whole, as well as its object and policies"); *see also Pa. Dep't of Corrs. v. Yeskey*, 524 U.S. 206, 212, 118 S. Ct. 1952, 141 L. Ed. 2d 215 (1998) ("The title of a statute . . . cannot limit the plain meaning of the text. For interpretive purposes,

Appendix B

it is of use only when it sheds light on some ambiguous word or phrase.” (quotation omitted)). This is not a case where a mere sprinkling of district courts has incorrectly interpreted an infrequently-invoked statute or where a sharp divide exists in the judicial system. Indeed, the Supreme Court and Federal Circuit unwaveringly consider § 101 to be a viable and robust defense in the context of patent infringement litigation.⁴ Whether couched as a “threshold test,” *see Bilski*, 561 U.S. at 602, or a “condition of patentability,” *see Aristocrat*, 543 F.3d at 661 n.3, it is firmly decided that the Court has jurisdiction to determine whether the Asserted Patents claim eligible subject matter under § 101, and RPost’s reliance on § 101’s section heading is not enough to create a “substantial change in the law as it is understood,” *Versata*, 793 F.3d at 1330.

c. Conclusion

For the foregoing reasons, the Court concludes that it has jurisdiction to consider whether the Asserted Patents claim patent-eligible subject matter as required by § 101. Accordingly, the Court now turns to the merits of GoDaddy’s § 101 argument.

4. In fact, during the pendency of these motions, the Federal Circuit has decided multiple cases where a party accused of patent infringement has invoked § 101 as a defense. *See, e.g., In re TLI Commc’ns LLC Patent Litig.*, F.3d , 823 F.3d 607, 2016 U.S. App. LEXIS 8970, 2016 WL 2865693, at *3 (Fed. Cir. May 17, 2016); *Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327, 2016 U.S. App. LEXIS 8699, 2016 WL 2756255, at *4 (Fed. Cir. May 12, 2016).

*Appendix B***2. Legal Standard for § 101 Eligibility**

As quoted above, § 101 of the Patent Act defines the subject matter eligible for patent protection as follows: “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.” § 101. “Issues of patent-eligible subject matter are questions of law” reserved exclusively to the Court. *CyberSource Corp. v. Retail Decisions, Inc.*, 654 F.3d 1366, 1369 (Fed. Cir. 2011).

The Supreme Court, as noted above, has identified a two-part test for § 101 patent-eligibility in infringement litigation. *See Alice*, 134 S. Ct. at 2355 (citing *Mayo*, 132 S. Ct. at 1296-97). First, the Court must determine whether the claims at issue are directed to a patent-ineligible concept, i.e., “Laws of nature, natural phenomena, and abstract ideas.” *Id.* (quoting *Ass’n for Molecular Pathology v. Myriad Genetics, Inc.*, 133 S. Ct. 2107, 2116, 186 L. Ed. 2d 124 (2013)). The term “abstract idea” embodies “the longstanding rule that an idea of itself is not patentable.” *Id.* (citing *Gottschalk v. Benson*, 409 U.S. 63, 67, 93 S. Ct. 253, 34 L. Ed. 2d 273 (1972)). Not surprisingly, “precision has been elusive in defining an all-purpose boundary between the abstract and the concrete.” *Internet Patents Corp. v. Active Network, Inc.*, 790 F.3d 1343, 1345 (Fed. Cir. 2015); *see Versata*, 793 F.3d at 1331 (noting that the abstract ideas exception “is more of a problem, a problem

Appendix B

inherent in the search for a definition of an ‘abstract idea’ that is not itself abstract”).⁵

Nonetheless, several guiding principles emerge from Supreme Court and Federal Circuit precedent. For example, if the heart of the patent is a “fundamental economic practice,” “conventional business practices,” or a “method of organizing human activity” that has long been “prevalent in our system of commerce,” then the patent is directed to an abstract idea. *Alice*, 134 S. Ct. at 2356; *see DDR Holdings LLC v. Hotels.com, L.P.*, 773 F.3d 1245, 1256 (Fed. Cir. 2014) (same). Moreover, concepts involving processes humans can perform without the aid of a computer, such as processes that can be done mentally or using pen and paper, are generally directed to abstract ideas. *See, e.g., Content Extraction & Transmission LLC v. Wells Fargo Bank, N.A.*, 776 F.3d 1343, 1347 (Fed. Cir. 2014) (noting that “humans have always performed” the functions of collecting, recognizing, and storing data); *CyberSource*, 654 F.3d at 1373 (“[A] method that can be performed by human thought alone is merely an abstract idea and is not patent-eligible under § 101.”); *Gottschalk*, 409 U.S. at 67 (observing that the conversion of binary numerals can be done mentally using a mathematical table). Notably, method patents, like the ones at issue in this case, present “special problems in terms of vagueness and suspect validity.” *Bilski*, 561 U.S. at 608.

5. The Federal Circuit has strained for years to develop a coherent and consistent test for ascertaining what is or is not an “abstract idea.” *See MySpace*, 672 F.3d at 1259 (“This effort to descriptively cabin § 101 jurisprudence is reminiscent of the oenologists trying to describe a new wine.”).

Appendix B

If the claims at issue are directed to a patent-ineligible concept, the Court must then consider “what else” encompasses the claims to determine whether an “inventive concept,” i.e., “an element or combination of elements that is ‘sufficient to ensure that the patent in practice amounts to significantly more than a patent upon the [ineligible concept] itself,’” exists. *Alice*, 134 S. Ct. at 2360 (quoting *Mayo*, 132 S. Ct. at 1298). The Supreme Court has recognized that “[a]t some level, all inventions embody, use, reflect, rest upon, or apply laws of nature, natural phenomenon, or abstract ideas.” *Id.* at 2354 (citing *Diamond*, 450 U.S. at 187). Thus, only if an invention applies a patent-ineligible concept towards a “new and useful end” will it remain eligible for patent protection. *Id.* (citing *Gottschalk*, 409 U.S. at 67). To perform this analysis, the Court reviews “the elements of each claim both individually and as an ordered combination to determine whether the additional elements transform the nature of the claim into a patent-eligible application.” *Id.* (internal quotations omitted). Ultimately, the Court must “distinguish between patents that claim the building blocks of human ingenuity and those that integrate the building blocks into something more, thereby transforming them into a patent-eligible invention.” *Id.* (citing *Mayo*, 132 S. Ct. at 1303).

Notably, “[m]erely requiring a generic computer implementation fails to transform [an] abstract idea into a patent-eligible invention.” *Id.* at 2352; *see, e.g., buysSAFE, Inc. v. Google, Inc.*, 765 F.3d 1350, 1354-55 (Fed. Cir. 2014) (noting that *Alice* “made clear that a claim directed to an abstract idea does not move into § 101 eligibility territory

Appendix B

by merely requiring generic computer implementation” (quotation omitted)); *Ultramercial, Inc. v. Hulu, LLC*, 772 F.3d 709, 717 (Fed. Cir. 2014) (“[A]dding a computer to otherwise conventional steps does not make an invention patent-eligible.”). If the claim purports to solve a problem arising only in the Internet context, the claim must be innovative enough to “override[] the routine and conventional” use of the computer. *DDR Holdings*, 773 F.3d at 1258-59.

3. Burden of Proof

By statute, issued patents are “presumed valid.” § 282(a). As the party challenging the validity of the Asserted Patents, GoDaddy bears the burden of proof. *See Microsoft Corp. v. i4i Ltd. P’ship*, 564 U.S. 91, 131 S. Ct. 2238, 2242, 180 L. Ed. 2d 131 (2011). RPost argues that GoDaddy must meet this burden by setting forth “clear and convincing evidence” of patent ineligibility. (Doc. 299 at 14). GoDaddy, however, contends that “the usual presumption of validity does not apply” to issues of patent-eligibility. (Doc. 257 at 8).

While district courts have varied in their approaches when ruling on a validity challenge based on patent-eligibility, *see, e.g.*, *Broadband iTV, Inc. v. Oceanic Time Warner Cable, LLC*, 135 F. Supp. 3d 1175, 1180 (D. Haw. 2015) (declining to apply the presumption of validity but requiring clear and convincing evidence to prove underlying questions of fact); *Tranxition, Inc. v. Lenovo (U.S.) Inc.*, 2015 U.S. Dist. LEXIS 89593, 2015 WL 4203469, at *5 (D. Or. July 9, 2015) (“[T]he Court fails to

Appendix B

see how the ‘clear and convincing’ standard applies to the validity analysis under Section 101 in this case.”), and at least one Federal Circuit judge believes that “applying a presumption of eligibility is particularly unwarranted,” *Ultramercial*, 772 F.3d at 720 (Mayer, J., concurring), neither the Supreme Court nor the Federal Circuit has issued a controlling decision designating which standard applies. Nonetheless, the Court finds it unnecessary to resolve this issue because even if the clear and convincing standard applied and the Asserted Patents were presumed eligible, the result of this case would be no different than if the preponderance of the evidence standard applied without a presumption of validity.

4. Feldbau Patent⁶

The Feldbau Claims disclose a “method of authenticating” that a sender of a “dispatch” “electrically transmitted” it to a particular destination at a particular time and that it had a particular content. ’219 Patent, col. 2 ll. 56—col. 3 ll. 14 (amended version).⁷ The Feldbau Claims accomplish this objective by having the sender of the transmission “electrically transmit” the contents

6. The asserted claims of the Feldbau Patent are Claim Nos. 60, 62, 66, and 69. *See* (Docs. 258 at 12; 271-5 at 2; 300 at 10). These claims will be referenced herein as the “Feldbau Claims.”

7. In 2012, the Feldbau Patent underwent an Ex Parte Reexamination by the USPTO. *See* (Doc. 271-16 at 25). Several claims—including two of the claims asserted against GoDaddy in this case—were amended upon Reexamination. *See* (*id.* at 26). When citing to the reexamined patent, the Court will refer to it as the “amended version.”

Appendix B

to a non-interested third party, i.e., “an authenticator.” *Id.* at col. 2 ll. 63-67. The authenticator then “associates” information such as the time of the successful transmission and the dispatch’s contents to “generate” data that “authenticate[s] the dispatch and the contents of the dispatch,” i.e., “authentication data.” *Id.* at col. 3 ll. 1-7. The authenticator must also “secure” the authentication data “against tampering.” *Id.* at col. 3 ll. 8-10. In full, the Feldbau Claims recite as follows:

60. A method of authenticating a dispatch and contents of the dispatch successfully transmitted from a sender to a recipient, comprising the steps of:

receiving content data representative of the contents of the dispatch originated from the sender and being electrically transmitted to said recipient, and a destination of the dispatch;

providing an indicia [relating to] of a time of *successful* transmission of the dispatch *to the recipient*, said time related indicia being *recorded by an authenticator and* provided in a manner resistant to or indicative of tampering by either of the sender and the recipient;

associating, by [an] *the* authenticator functioning as a noninterested third party with respect to the sender and the recipient, the content data with dispatch record data which includes at least said time related indicia and an indicia related

Appendix B

to the destination of the dispatch, to generate authentication data which authenticate the dispatch and the contents of the dispatch; and

securing by said authenticator at least part of the authentication data against tampering of the sender and the recipient;

wherein at least one of the steps of associating and securing utilizes mathematical association methods for a selected portion of a combination of the content data and the dispatched record data.

Id. at col. 2 ll. 56—col. 3 ll. 14 (amendments by Ex Parte Reexamination Certificate are shown in italics; deletions in bolded square brackets).

62. A method according to claim **60**, further including the step of providing an output of at least part of the authentication data.

'219 Patent, col. 24 ll. 32-34.

66. A method according to claim **60**, wherein the step of providing the time [related] indicia includes generating the time [related] indicia.

'219 Patent, col. 3 ll. 17-19 (amended version) (amendments by Ex Parte Reexamination Certificate are shown in italics; deletions in bolded square brackets).

Appendix B

69. A method according to claim **60**, wherein the authentication data further includes a delivery indicia relating to said dispatch.

'219 Patent, col. 24 ll. 52-54.

To begin, the Court must determine whether the Feldbau Claims are drawn to a patent-ineligible concept, i.e., law of nature, natural phenomena, or abstract idea. *See Alice*, 134 S. Ct. at 2355. If so, the Court will then consider whether the claims add an “inventive concept” such that the ineligible concept transforms into a patent-eligible application. *Id.*

a. Step One: Patent-Ineligible Concept

GoDaddy argues that the Feldbau Claims are directed to the abstract idea of collecting and providing information about a dispatch and its contents using a third party intermediary. (Doc. 257 at 18). GoDaddy contends that the asserted claims simply apply “pure math” to accomplish its goals. (*Id.*) In response, RPost insists that the Feldbau Claims “address[] the specific technical problem of proving that specific information has been electronically sent at a specific time to a specific receiving party” by having an “authenticator [] generate authentication data which authenticate[s] the dispatch and the contents of the dispatch.” (Doc. 299 at 20). RPost explains that the Feldbau Claims do not use “pure math” but apply “specific functions” performed by the authenticator. (*Id.*)

Appendix B

Although RPost's application of the Feldbau Claims may be phrased in its narrow, flowery rhetoric, the claim language is not nearly as particularized. Rather, the Feldbau Claims are directed to a general method of collecting and providing information about a dispatch using a third party intermediary. This is an abstract idea that has an extensive history dating back decades, if not centuries. For example, the Fedlbau Patent's specification posits that “[p]ost, courier, forwarding and other mail services, which enable people to exchange documents and data, have been widely used both in the past and at the present time.” '219 Patent, col. 1 ll. 23-29. The specification further describes how third party intermediaries collect and provide certain information about a message in the modern world,

Proof of delivery of non-electronic documents is provided, for example, by Registered Mail and courier services. It is commonly used to authenticate the delivery of materials at a certain time to a certain party, and serves as admissible proof of delivery in a court of law. However, no proof is provided as to the information contents of the specific dispatch.

E-mail and other electronic messages forwarding services are commonly used today. The sender sends a message to the dispatching service which, in turn, forwards the message to the destination and provides the sender with a delivery report which typically includes the date and time of the dispatch, the recipient's

Appendix B

address, the transmission completion status, and sometimes even the transmitted data, the number of pages delivered, the recipient's identification information, and so on. The provided delivery report mainly serves for accounting purposes and for notifying the sender of the dispatch and/or its contents. . . .

Id. at col. 2 ll. 26-44. Thus, the specification's own language details how the general concept at the heart of the Feldbau Claims is one that has been implemented for years.

Moreover, despite the possibility for a narrow application, the Court finds that the claimed idea is comparable to claims that the Supreme Court and Federal Circuit have determined to be drawn to abstract ideas. *See, e.g., Gottschalk*, 409 U.S. at 71 (holding abstract and ineligible patent claims involving an algorithm for converting binary-coded decimal numerals into pure binary form); *Parker v. Flook*, 437 U.S. 584, 594-95, 98 S. Ct. 2522, 57 L. Ed. 2d 451 (1978) (holding abstract and ineligible a mathematical formula for computing "alarm limits" in a catalytic conversion process); *Alice*, 134 S. Ct. at 2360 (holding abstract and ineligible a generalized computer method of intermediated settlement whereby two parties using a third-party intermediary exchange financial obligations); *Bilski*, 561 U.S. at 609 (finding that the concept of "hedging or protecting against risk" was drawn to an abstract idea); *buySAFE*, 765 F.3d at 1353, 1355 (finding that "transaction performance guaranty" was an abstract idea because the "narrowing of such long-familiar commercial transactions [to particular

Appendix B

relationships] does not make the idea non-abstract for section 101 purposes"); *Digitech Image Techs. LLC v. Elecs. for Imaging, Inc.*, 758 F.3d 1344, 1348-51 (Fed. Cir. 2014) (holding that claims directed to digital image processing using math to combine data into a device profile were too abstract despite narrow application); *Intellectual Ventures I LLC v. Capital One Bank*, 792 F.3d 1363, 1367 (Fed. Cir. 2015) (holding that a method patent aimed at "tracking" and "storing" information was directed to patent-ineligible abstract idea of budgeting); *Bancorp Servs., L.L.C. v. Sun Life Assur. Co. of Canada (U.S.)*, 687 F.3d 1266, 1278 (Fed. Cir. 2012) (holding that a method patent to track, reconcile, and administer life insurance policies was not drawn to patent eligible subject matter); *In re TLI Commc'ns*, 2016 U.S. App. LEXIS 8970 2016 WL 2865693, at *3 (concluding that claims directed to "classifying and storing digital images in an organized manner" were abstract and ineligible); *Content Extraction*, 776 F.3d at 1347 (finding that claims directed to collecting, recognizing, and storing data were abstract and ineligible); *Cyberfone Sys., LLC v. CNN Interactive Grp., Inc.*, 558 F. App'x. 988, 991-92 (Fed. Cir. 2014) (concluding that concept of "using categories to organize, store, and transmit information" is an abstract idea).

Moreover, the Feldbau Claims are not directed to a specific improvement in computer functionality but simply recite conventional and generic technology to perform "generalized steps" in a well-known computer environment. *Enfish*, 2016 U.S. App. LEXIS 8699, 2016 WL 2756255, at *4-5; see *In re TLI Commc'ns*, 2016 U.S. App. LEXIS 8970, 2016 WL 2865693, at *3 (same). RPost's argument

Appendix B

that the Feldbau Claims do not solely rely on “pure math” to “associat[e]” information is belied by a cursory review of the claim language. Particularly, the claims designate only one possible “association” or “securing” method: “mathematical association.” ’219 Patent, col. 3 ll. 11-14 (amended version). Beyond “mathematical association,” the claims do not recite any other method for how the undefined “authenticator” is to associate or secure the data or detail what “mathematical association” method is to be applied. Even if the claim language did so, the claims would still be drawn to an abstract idea. *See Ultramercial*, 772 F.3d at 715 (“Although certain additional limitations, such as consulting an activity log, add a degree of particularity, the concept embodied by the majority of the limitations describes only the abstract idea[.]”).

Furthermore, the method outlined in the Feldbau Claims is directed to a patent-ineligible “mental” process. The claimed “associating” and “securing” functions, “while ‘primarily useful for computerized [applications],’ could still be made [using a] pencil and paper.” *Parker*, 437 U.S. at 586 (citations omitted). In fact, the Feldbau Claims are not even limited to an electronic embodiment. The only language plausibly requiring electronic implementation is “receiving content data representative of the contents of the dispatch originated from the sender and being electrically transmitted to said recipient, and a destination of the dispatch.” ’219 Patent, col. 2 ll. 59-62. However, whether the “sender” or “recipient”⁸

8. The Court construed “sender” and “recipient” as requiring “computerized devices.” (Doc. 219 at 101-03). Nonetheless, whether the “sender” and “recipient” require computerized devices has no

Appendix B

“electrically transmit” a dispatch has no bearing on whether the *authenticator*’s claimed functionality is restricted to an electronic embodiment.⁹ To be sure, the specification teaches that the claimed authenticator-implemented functions of “associating” and “securing” can be performed *manually*. Particularly, Figure 1 illustrates as follows:

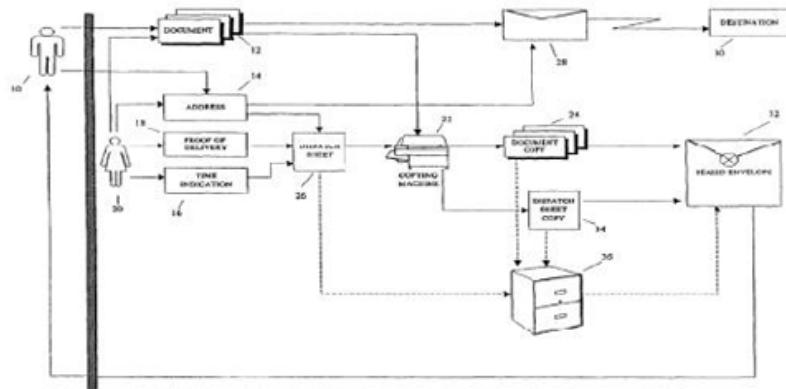


Fig. 1

'219 Patent, Fig. 1. The specification defines Figure 1 as a “schematic pictorial illustration of the authentication method of the present invention implemented in a manual manner,” *id.* at col. 4 ll. 45-47, and describes Figure 1 as follows:

bearing on the functionality of the *authenticator*, which is a separate and distinct third-party intermediary.

9. At *Markman*, the parties stipulated that “authenticator” be construed as “a sub system that operates to authenticate a dispatch.” (Doc. 219 at 26). This construction does not necessarily limit the authenticator to an electronic embodiment.

Appendix B

Reference is now made to FIG. 1 which illustrates the method of the present invention as it can be implemented for paper documents being sent non-electronically. The method of FIG. 1 can be implemented for documents sent via any document dispatching service, such as a courier service or the registered mail service of the post office.

The sender 10 provides the documents 12 to be sent and a destination address 14 to a clerk 20 of the document dispatching service. The clerk 20 prepares a dispatch sheet 26, which typically has a unique dispatch identifier (not shown) and has room for dispatch information such as the date and time of dispatch or delivery 16, the destination address 14, an indication 18 of proof of delivery such as the recipient's identity and/or signature, and optionally, additional dispatch information such as the dispatcher's signature and the identity of the sender.

The clerk 20 fills in the dispatch sheet 26 with the date/time 16 and the address 14, and then prepares a copy 24 of the documents 12 and a copy 34 of the dispatch sheet 26, typically by utilizing a copy machine 22 or an electronic scanner. The clerk 20 then places the original documents 12 into an envelope 28 carrying the address 14, and sends the envelope 28 to its destination 30. In one embodiment of the present invention the dispatching service

Appendix B

utilizes a cash-register like device to fill in the dispatch sheet **26**. This provides for reliable time stamping and automated dispatch record keeping. *Furthermore, the electronic dispatch information produced by such device can be associated using a special mathematical method as discussed in greater detail below.*

*The clerk **20** associates the copy **24** of the documents **12** with the copy **34** of the dispatch sheet **26** by any method, a few examples of which follow:*

- a) by inserting the documents copy **24** and the dispatch sheet copy **34** into an envelope **32**;
- b) by inserting the copy **24** of the documents into an envelope **32** and marking the dispatch identifier on the outside of the envelope **32**;
- c) by printing the dispatch identifier on the documents copy **24**; or
- d) attaching the copies **24** and **34** and applying the stamp of the dispatch service in such a manner that part of the stamp is on the copy **24** of the documents and part of the stamp is on the copy **34** of the dispatch sheet **26**.

Preferably, the clerk **20** secures the copies **24** and **34** in a manner that makes it difficult to modify or replace the information contained

Appendix B

therein, for example by marking the pages of the copy 24 with the dispatching service’s signature, stamp or seal, by spreading each page with invisible or other ink, by sealing the envelope 32 or by retaining them in the service’s secure file 36 and so forth.

Id. at col. 4 ll. 66—col. 5 ll. 50 (emphasis added); *see also id.* at col. 5 ll. 51—col. 6 ll. 30. Based on this language, it is indisputable that the Feldbau Claims are directed to a concept that can be performed manually.¹⁰ Regardless, even if an electronic limitation for the claimed method existed, it would do little to limit the Feldbau Claims’ expansive scope. The specification makes clear that the Feldbau Claims are not restrained to a particular application as they encompass “all types” of information, “all types” of dispatch methods, and “all types” of methods and devices for “associating” and “securing” the authentication data. *Id.* at col. 4 ll. 1-7 ll. 16-19. This lack of specificity underscores the abstract nature of the claims. *See Internet Patents*, 790 F.3d at 1348-49 (finding that claims were directed to abstract idea of maintaining computer state without recitation of specific activity used to generate that result).

10. During oral argument, RPost attempted to distinguish Figure 1 as not being a pictorial representation of the “authenticator” because the specification does not expressly define it as such. This argument is unpersuasive. The specification unambiguously defines Figure 1 as an illustration of “the authentication method of the present invention.” *Id.* at col. 4 ll. 45-47. There can be no dispute that the Feldbau Claims embody the “authentication method of the present invention.”

Appendix B

Finally, RPost’s argument that the Feldbau Claims “do not preempt all ways of accomplishing the alleged abstract idea,” (Doc. 299 at 21), is not dispositive. The Federal Circuit confirmed that the simple fact that “the claims do not preempt all [methods of providing information about a dispatch] or may be limited to [such activity in the electronic] setting do not make them any less abstract.” *OIP Techs., Inc. v. Amazon.com, Inc.*, 788 F.3d 1359, 1362-63 (Fed. Cir. 2015) (citing *buySAFE*, 765 F.3d at 1355).

For these reasons, the Court concludes that the Feldbau Claims, describing a method of collecting and providing information about a dispatch and its contents using a third-party intermediary, falls squarely within the “collection and organization of data” characterization deemed by the Federal Circuit to be abstract. *CyberSource*, 654 F.3d at 1370; *see, e.g.*, *YYZ, LLC v. Hewlett-Packard Co.*, 137 F. Supp. 3d 675, 2015 WL 5886176, at *3 (D. Del. Oct. 8, 2015) (“Because computer software comprises a set of instructions, the first step of *Alice* is, for the most part, a given; i.e., computer-implemented patents generally involve abstract ideas.”). Thus, the Feldbau Claims are directed to an abstract idea.

b. Step Two: Inventive Concept

Because the Feldbau Claims are drawn to a patent-ineligible concept, the Court must next consider whether the claims add an “inventive concept” that transforms the claims into a patent-eligible application. *See Alice*, 134 S. Ct. at 2355. The Court finds that beyond the abstract idea

Appendix B

of collecting and providing information about a particular dispatch, the claims merely recite “well-understood, routine conventional activities,” such as mathematical association or routine data-gathering and storing steps. *Id.* at 2359 (quoting *Mayo*, 132 S. Ct. at 1294). Considered individually or taken together as an ordered combination, the claim elements fail to “transform” the claimed abstract idea into a patent-eligible application.” *Id.* at 2357 (quoting *Mayo*, 132 S. Ct. at 1294, 1298).

RPost insists that the Feldbau Claims disclose at least two inventive concepts: the “authenticator”-implemented steps of (1) associating content data with dispatch record data to generate authentication data and (2) securing the authentication data. (Doc. 299 at 21-22). But beyond requiring that “at least one of the steps of associating and securing” be performed by an undefined “mathematical association method,” the Feldbau Claims do not specify what type of mathematical association is performed or explain how the content data is associated with the dispatch record data in a manner that generates authentication data. *See* '219 Patent, col. 3 ll. 11-14 (amended version). Similarly, the unremarkable claim that the authentication data “authenticate[s] the dispatch and the contents of the dispatch,” *id.* at col. 3 ll. 6-7, fails to explain what material comprises the authentication data.

Furthermore, the Feldbau Claims do not detail what the “authenticator” actually is or how the device secures the data against tampering beyond requiring “at least one of” the associating or securing steps be performed by an amorphous “mathematical association method.” *Id.* at col.

Appendix B

3 ll. 11-14. Instead, the “authenticator” is loosely defined as “all types of apparatus” capable of performing the associating and securing functions, *see '219 Patent*, col. 4 ll. 16-19, and therefore is not tied to “a particular machine or apparatus,” *Bilski*, 561 U.S. at 601. In other words, the Feldbau Claims broadly indicate what the “authenticator” *does*, but not what it *is*; this does not add “significantly more” to the abstract idea. *See Alice*, 134 S. Ct. at 2355 (citing *Mayo*, 132 S. Ct. at 1294).

Ultimately, the Court finds that the “associating” and “securing” “computer functions are ‘well-understood, routine, conventional activit[ies]’ previously known to the industry.” *Id.* at 2359 (quoting *Mayo*, 132 S. Ct. at 1294); *see buySAFE*, 765 F.3d at 1355 (“That a computer receives and sends the information over a network—with no further specification—is not even arguably inventive.”); *OIP Techs.*, 788 F.3d at 1363 (holding that “sending a first set of electronic messages over a network to devices, the devices being programmed to communicate, storing test results in a machine-readable medium, and using a computerized system . . . to automatically determine an estimated outcome and setting a price” were conventional activities); *CyberSource*, 654 F.3d at 1373 (“[C]omputational methods which can be performed entirely in the human mind are the types of methods that embody the ‘basic tools of scientific and technological work’ that are free to all men and reserved exclusively to none.” (quoting *Gottschalk*, 409 U.S. at 67)). The Feldbau Claims merely “add” the generic computer functions of “associating” and “securing” to the claimed abstract idea of collecting and providing information about a particular dispatch.

Appendix B

As explained above, these steps could be performed by humans without a computer as the only connection to an electrical embodiment concerns the sending of the message, not the functions of the authenticator. *See Mortg. Grader, Inc. v. First Choice Loan Servs. Inc.*, 811 F.3d 1314, 1324 (Fed. Cir. 2016) (“The series of steps covered by the asserted claims—borrower applies for a loan, a third party calculates the borrower’s credit grading, lenders provide loan pricing information to the third party based on the borrower’s credit grading, and only thereafter (at the election of the borrower) the borrower discloses its identity to a lender—could all be performed by humans without a computer.”). This is not enough to constitute an inventive concept under *Alice*. *See DDR Holdings*, 773 F.3d at 1256 (“[A]fter *Alice*, there can remain no doubt: recitation of generic computer limitations does not make an otherwise ineligible claim patent-eligible. The bare fact that a computer exists in the physical rather than purely conceptual realm is beside the point.” (internal citations and quotation marks omitted)); *Ultramercial*, 772 F.3d at 717 (“[A]dding a computer to otherwise conventional steps does not make an invention patent-eligible.”).¹¹

Finally, nothing in the Feldbau Claims “purport[s] to improve the functioning of the computer itself,” *Alice*, 134 S. Ct. at 2359, “effect an improvement in any other technology or technical field,” *id.*; *see Enfish*, 2016 U.S. App. LEXIS 8699, 2016 WL 2756255, at *4, or solve a problem unique to the Internet, *see DDR Holdings*

11. In fact, the encryption and association methods described in the Feldbau Patent’s specification are described as “widely used for security and for authentication purposes.” ’219 Patent, col. 2 ll. 9-18.

Appendix B

LLC, 773 F.3d at 1257. The Feldbau Claims' method of converting input information (i.e., dispatch time, content, and destination data) to output information (i.e., authentication data) does not add significantly more to the claimed abstract idea, *see Alice*, 134 S. Ct. at 2358, nor is it innovative enough to "override the routine and conventional" use of the computer, *see DDR Holdings*, 773 F.3d at 1258-59; *Enfish*, 2016 U.S. App. LEXIS 8699, 2016 WL 2756255, at *7-8.

In sum, the Feldbau Claims are directed to the abstract idea of collecting and providing information about a particular dispatch and its contents using an unspecified "authenticator" that applies an undefined "mathematical association method" to "associate" and "secure" pre-existing information. These generic conventional activities—even if carried out by a computer—are not sufficient to pass the second step of *Alice*. *See, e.g., Intellectual Ventures I*, 792 F.3d at 1368 ("Instructing one to 'apply' an abstract idea and reciting no more than generic computer elements performing generic computer tasks does not make an abstract idea patent-eligible." (quoting *Alice*, 134 S. Ct. at 2359-60)); *Digitech*, 758 F.3d at 1349-51 (holding ineligible a concept of gathering and combining data by reciting steps of organizing information through mathematical relationships where the gathering and combining merely employed mathematical relationships to manipulate existing information to generate additional information in the form of a "device profile" without limit to any use of the device profile).

*Appendix B***c. Conclusion**

For the foregoing reasons, the Court concludes that the Feldbau Claims are drawn to the abstract idea of collecting and providing information about a particular dispatch and fail to add “significantly more” such that an “inventive concept” “transforms” that idea into a patent-eligible application. *See Alice*, 134 S. Ct. at 2355. Accordingly, the Court will grant GoDaddy’s motion for summary judgment on this issue and declare that Feldbau Patent Claim Nos. 60, 62, 66, and 69 are invalid under § 101.

5. Tomkow Patents

GoDaddy also contends that the Tomkow Patents claim patent-ineligible subject matter without adding inventive concepts to confer validity. (Doc. 257 at 10-14). In GoDaddy’s view, the Tomkow Patents are all directed to the same abstract idea: “collecting and providing information for verifying transmission and/or delivery of a message.” (*Id.* at 14). GoDaddy argues that no inventive concept is added because the claims merely address conventional activities without solving a problem unique to the Internet. (*Id.* at 14-15).

RPost responds that the Tomkow Patents do not simply recite the collection and provision of generic information about a message but provide “specific” steps to verify the receipt of a message using “specific information.” (Doc. 299 at 14). To that end, RPost argues that the Tomkow Patents provide a technical solution to

Appendix B

a technical problem. (*Id.* at 17). RPost explains that “[t]he technical problem addressed by the Tomkow patents is providing reliable proof of content and delivery of electronic messages without requiring the co-operation of the recipient and without requiring special e-mail software,” while the technical solution entails “using an intermediate server between a sender and receiver of an electronic message” to provide a “first information” or “authenticatable information.” (*Id.* at 17-18). Thus, RPost insists that the inventive concept “does not lie in the computer hardware” or software but “in the technical features recited by the asserted claims.” (*Id.* at 19).

As noted above, the Tomkow Patents are the '913, '104, '198, '199, and '389 Patents. These patents share a specification and are broadly described as “a system and method for verifying delivery and integrity of electronic messages.” *See* '913 Patent, (54). Nonetheless, each Tomkow Patent describes a slightly different method to provide slightly different information, and thus, the Court will address each patent separately.

a. '913 Patent¹²

The '913 Patent Claims disclose “a system and method for verifying delivery and integrity of electronic messages” sent by a sender to a recipient through a server. *Id.* The '913 Patent Claims accomplish this goal by having the server record “some portion” of a mail transport protocol

12. The asserted '913 Patent claims are Claim Nos. 1 and 2. *See* (Docs. 258 at 2; 271-5 at 2; 300 at 2). These claims will be referenced as the “913 Patent Claims.”

Appendix B

dialog, either Simple Mail Transport Protocol (“SMTP”) or Extended Mail Transport Protocol (“EMTP”), in which a Mail Transport Agent (“MTA”) for the recipient accepts or declines delivery of the message. *Id.* at col. 27 ll. 48-54. In full, the ’913 Patent Claims recite as follows:

1. A method of transmitting a message from a sender to a recipient through a server acting as a Mail Transport Agent, including the steps at the server of:

transmitting the message to the recipient’s Mail Transport Agent in a protocol dialog selected from a group consisting of the selected one of the SMTP and ESMTP protocols; and

recording at the server some portion of the selected one of the SMTP and ESMTP protocol dialog between the server and the recipient through the server including those portions of the selected one of the SMTP and ESMTP protocol dialog between the server and the recipient in which the receiving Mail Transport Agent accepts or declines delivery of the transmitted message

2. The method as set forth in claim 1, including the step of:

storing the recorded dialog in some form in which it may be associated with the message and the sender and the recipient of the message

Appendix B

in such a way that it may be used to document the delivery history of the message from the sender to the recipient.

Id. at col. 27 ll. 41-60.

i. Step One: Patent-Ineligible Concept

The Court finds that the '913 Patent Claims are directed to the abstract idea of collecting information about the delivery of a message. Similar to the Feldbau Claims, the concept of collecting delivery information about a message has been practiced in various forms for decades, if not centuries. Most notably, the method disclosed by the '913 Patent Claims is essentially an electronic version of certified or registered mail that has long been implemented by the United States Postal Service ("USPS"). *See* '913 Patent, col. 1 ll. 33-37; (Docs. 258 at 5-8; 294 at 26).¹³ In fact, the '913 Patent's specification details how USPS and private mail carriers such as the United Parcel Service ("UPS") and Federal Express ("FedEx") provide "confirmation that [a] letter

13. To the extent RPost "objects" to GoDaddy's provision of historical references concerning USPS under Local Rule of Civil Procedure for the District Court of Arizona 7.2(m)(2), *see* (Doc. 299 at 22-23), the Court overrules the objection. Not only do the Tomkow Patents disclose that the patented subject matter attempts to mirror the services provided by USPS, *see, e.g.*, '219 Patent, col. 2 ll. 26-33; '913 Patent, col. 1 ll. 28-42, GoDaddy analyzed the USPS relationship during *Markman* briefing, *see, e.g.*, (Doc. 117 at 12), and disclosed the USPS connection in its invalidity contentions, *see* (Doc. 304-1 at 4). The Court finds these disclosures are adequate.

Appendix B

was successfully delivered to the addressee or the addressee’s authorized agent.” ’913 Patent, col. 1 ll. 33-42. The shared-specification goes on to teach that the goal of the Tomkow Patents is to reach if not surpass the evidentiary heights of USPS-registered mail. *See id.* at col. 3 ll. 11-14. In other words, the heart of the ’913 Patent Claims is directed to a “conventional business practice” that has long been “prevalent in our system of commerce.” *Alice*, 134 S. Ct. at 2356.

Much of what RPost believes is pertinent under the first step of *Alice* is more applicable to the second step of the inquiry. For example, whether the ’913 Patent Claims disclose “specific” or “defined” steps, *see* (Doc. 299 at 14), speaks to whether the claims add “something more” to transform the claimed concept into a patent-eligible application, not whether the concept itself is abstract. *See Ultramercial*, 772 F.3d at 715 (“We do not agree . . . that the addition of merely novel or non-routine components to the claimed idea necessarily turns an abstraction into, something concrete. In any event, any novelty in implementation of the idea is a factor to be considered only in the second step of the *Alice* analysis.”). Being abstract does not mean that a concept is devoid of steps. Multi-step, computer-implemented method patents are frequently found ineligible as directed to abstract ideas. *See, e.g.*, *Digitech*, 758 F.3d at 1349-51; *Mortg. Grader*, 811 F.3d at 1324; *Internet Patents*, 790 F.3d at 1348-49. Here, although the ’913 Patent Claims include “specific” steps, the steps are “generalized steps to be performed on a computer using conventional computer activity.” *Enfish*, 2016 U.S. App. LEXIS 8699, 2016 WL 2756255, at

Appendix B

*7. The “heart” of a patent is determinative for *Alice* step one, *see Ultramercial*, 772 F.3d at 714, and as expressed above, the heart of the ’913 Patent Claims is drawn to the abstract idea of collecting information about the delivery of a message.

RPost also argues that the numerous prior art references disclosed in the specification demonstrate that there is “no risk of preempting . . . the entire field of creating a delivery receipt using tracking information.” (Doc. 299 at 15-16). The Federal Circuit has soundly rejected this argument. In *Vehicle Intelligence & Safety LLC v. Mercedes-Benz USA, LLC*, the appellant argued that “the existence of prior art methods of equipment operator testing, evidenced by the eleven prior art references identified in the . . . specification, prove that the claims at issue do not preempt the abstract idea of performing equipment operator testing because these references describe non-infringing methods for doing so.” 635 Fed. Appx. 914, 2015 U.S. App. LEXIS 22681, 2015 WL 9461707, at *3 (Fed. Cir. Dec. 28, 2015). The Federal Circuit jettisoned this contention as “meritless” because “the mere existence of a non-preempted use of an abstract idea does not prove that a claim is drawn to patent-eligible subject matter.” *Id.* The Federal Circuit explained that if it adopted such an approach, then “all a patentee would need do to insulate itself from a § 101 challenge would be to identify a single prior art reference in the specification and state that its invention improves upon that reference.” *Id.*; *see also OIP Techs.*, 788 F.3d at 1362-63.

Appendix B

Furthermore, the tangible, physical components recited by the '913 Patent Claims "merely provide a generic environment in which to carry out the abstract idea" of collecting information about the delivery of a message. *In re TLI Commc'ns*, 2016 U.S. App. LEXIS 8970, 2016 WL 2865693, at *3; see *ART+COM Innovationpool GmbH v. Google Inc.*, 2016 U.S. Dist. LEXIS 56498, 2016 WL 1718221, at *4 (D. Del. Apr. 28, 2016) (finding that claim was drawn to "abstract idea of storing image data, then repeatedly requesting specific data, which is then stored and displayed"). The specification's emphasis that the present invention "relates generally to a system and method for verifying delivery and content of an electronic message," '913 Patent, col. 1 ll. 21-22, without requiring any "special e-mail software," *id.* at col. 2 ll. 67—col. 3 ll. 1, underscores that the '913 Patent Claims are directed to an abstract idea.

Finally, the Court finds that the concept of collecting information about the delivery of a message is no less abstract than any of the concepts the Supreme Court and Federal Circuit have determined to be drawn to abstract ideas. *See, e.g., CyberSource*, 654 F.3d at 1370 ("collection and organization of data"); *Gottschalk*, 409 U.S. at 71 (algorithm for converting binary-coded decimal numerals into pure binary form); *Parker*, 437 U.S. at 594-95 (formula for computing "alarm limits" in a catalytic conversion process); *Alice*, 134 S. Ct. at 2360 (intermediated settlement whereby two parties using a third-party intermediary exchange financial obligations); *Bilski*, 561 U.S. at 609 ("hedging or protecting against risk"); *buySAFE*, 765 F.3d at 1353, 1355 ("transaction

Appendix B

performance guaranty”); *Digitech*, 758 F.3d at 1348-51 (digital image processing using math to combine data into a device profile); *Intellectual Ventures I*, 792 F.3d at 1367 (“tracking” and “storing” information directed to abstract idea of budgeting).

For these reasons, the Court finds that the ’913 Patent Claims merely “recite[] generalized steps to be performed on a computer using conventional computer activity,” *Enfish*, 2016 U.S. App. LEXIS 8699, 2016 WL 2756255, at *7 (citations omitted), and are directed to the abstract idea of collecting information about the delivery of a message.

ii. Step Two: Inventive Concept

Because the ’913 Patent Claims are drawn to a patent-ineligible concept, the Court must now determine whether there is “significantly more” in the claims that “transforms” that concept into a patent-eligible application. *Alice*, 134 S. Ct. at 2355.

Claim 1 of the ’913 Patent recites that a message is “transmitt[ed]” to the recipient’s MTA and the server “record[s] some portion of the selected one of the SMTP and ESMTP protocol dialog,” ’913 Patent, col 27 ll. 48-49, while Claim 2 states that the server “stor[es] the recorded dialog,” *id.* at col. 27 ll. 55-56. The ’913 Patent Claims therefore invoke three computer-executed functions—“transmitting” information, “recording” information, and “storing” information—all of which can be implemented by “nearly every computer.” *See Alice*, 134 S. Ct. at 2361 (“Nearly every computer [is] capable of

Appendix B

performing . . . basic calculation, storage, and transmission functions.”); *buySAFE*, 765 F.3d at 1355 (“That a computer receives and sends the information over a network—with no further specification—is not even arguably inventive.”). As expressed above, the mere “recitation of generic computer limitations does not make an otherwise ineligible claim patent-eligible.” *DDR Holdings*, 773 F.3d at 1256; *see Ultramercial*, 772 F.3d at 717 (“[A]dding a computer to otherwise conventional steps does not make an invention patent-eligible.”). Here, the Court finds that the disclosed steps of “transmitting,” “recording,” and “storing” pre-existing information are “computer functions [that] are ‘well-understood, routine, conventional activit[ies]’ previously known to the industry.” *Alice*, 134 S. Ct. at 2359 (quoting *Mayo*, 132 S. Ct. at 1294); *see OIP Techs.*, 788 F.3d at 1363 (holding that “sending a first set of electronic messages over a network to devices, the devices being programmed to communicate, storing test results in a machine-readable medium, and using a computerized system . . . to automatically determine an estimated outcome and setting a price” were conventional activities).

RPost suggests “compelling evidence” exists that the ’104, ’389, and ’913 Patents provide a “technical solution to a technical problem” because the PTAB denied petitions to institute CBM patent reviews of the three patents. (Doc. 299 at 18). The threshold standard for instituting a CBM review is whether it is “more likely than not” that a patent is un-patentable. 35 U.S.C. § 324(a). A CBM patent excludes patents for “technological inventions,” i.e., patents that claim “a technological feature that

Appendix B

is novel and obvious over the prior art; and solves a technical problem using a technical solution.” 37 C.F.R. § 42.301(b). Regarding the ’913 Patent, the PTAB denied the petitioner’s request because the “conclusory language in the petition that none of the steps of a claim requires any novel and unobvious technological implementation, or solves a technical problem, without more, is not sufficient to demonstrate that the claimed subject matter is not a technical invention.” (Doc. 304-5 at 10). The PTAB also faulted the petitioner for failing to “analyze[] the method steps separately, instead of examining each claim as a whole, as required” to determine whether the patent is a technological invention. (*Id.*)¹⁴

The Court has analyzed the ’913 Patent Claims as a whole and concludes that no “inventive concept” is recited, nor do the claims purport to solve a technical problem using a technical solution. Instead, the claimed steps are conventional activities that “nearly every computer” can perform. *Alice*, 134 S. Ct. at 2361. To the extent RPost argues that the ’913 Patent Claims solve a problem “necessarily rooted in computer technology” as illustrated in *DDR Holdings*, *see* (Doc. 299 at 17), that argument fails for two reasons. First, nothing in the claim language is innovative enough to “override[] the routine and conventional” use of the computer. *Enfish*, 2016 U.S. App. LEXIS 8699, 2016 WL 2756255, at *7-8; *DDR Holdings*, 773 F.3d at 1258-59. In fact, the generalized steps of the ’913 Patent Claims are routine and conventional. Second,

14. The PTAB applied similar reasoning for the ’104 and ’389 Patents. *See* (Docs. 304-3 at 9-10; 304-4 at 9-10).

Appendix B

the problem purportedly addressed by the '913 Patent Claims is not “necessarily rooted in computer technology” as explained by *DDR Holdings*. The “problem” of verifying the delivery of a message has long troubled mail delivery systems, and the facile fact that the '913 Patent Claims are drawn to electronic mailing is of no consequence. *See, e.g., Alice*, 134 S. Ct. at 2361; *buySAFE*, 765 F.3d at 1355. Ultimately, the claims are “recited too broadly and generically to be considered sufficiently specific and meaningful applications of their underlying abstract ideas.” *DDR Holdings*, 773 F.3d at 1256; *see also Internet Patents*, 790 F.3d at 1348 (finding patent ineligible where claim “contain[ed] no restriction on how the result [was] accomplished”). Accordingly, RPost’s “rooted in computer technology” and “technical solution to technical problem” arguments do not furnish the necessary “inventive concept” to confer patent-eligibility.

iii. Conclusion

For the foregoing reasons, the Court concludes that the '913 Patent Claims are directed to the abstract idea of collecting information about the delivery of a message and fail to add an “inventive concept” that “transforms” the idea into a patent-eligible application. *Alice*, 134 S. Ct. at 2355. Accordingly, the Court will grant GoDaddy’s motion for summary judgment on this issue and declare that '913 Patent Claim Nos. 1 and 2 are invalid under § 101.

*Appendix B***b. '104 Patent¹⁵**

The '104 Patent Claims disclose a method of providing information about the opening of an electronic message sent from a sender to a recipient through a server. *See* '104 Patent, col. 27 ll. 63—col. 28 ll. 16, col. 31 ll. 20-37. To accomplish this goal, the server “add[s] a link” to the electronic message that executes when the message is opened at the recipient to provide the server an indication that the message has been opened. *Id.* Pursuant to Claim 1, the server then “provid[es] an authenticatable information” related to the message, *id.* at col. 27 ll. 10-11, while under Claim 27, the server “constructs authenticatable information” and “transmits” the “indication of opening” and “authenticatable information” to the sender or originating processor, *id.* at col. 31 ll. 33-37. In full, the '104 Patent Claims recite as follows:

1. A method of transmitting a message from a sender to a recipient and providing an indication that the message was opened by the recipient, comprising:

receiving the message at a server from the sender, the server being displaced from the recipient,

adding a link to the message by the server, the link configured to execute when the message is

15. The asserted '104 Patent claims are Claim Nos. 1, 9, 27, 32. *See* (Docs. 258 at 2; 271-5 at 2; 300 at 2). These claims will be referenced as the “104 Patent Claims.”

Appendix B

opened at the recipient to provide an indication that the message has been opened by the recipient,

transmitting the message and the link from the server to the recipient,

executing the link when the message is opened at the recipient to control the server to provide an indication that the message has been opened at the recipient,

providing an authenticatable information related to the message, including the indication of the opening of the message at the recipient, at the server,

transmitting the indication of the opening of the message at the recipient, and the authenticatable information from the server to the sender.

Id. at col. 27 ll. 63—col. 28 ll. 16.

9. The method of claim 1, wherein transmitting the authenticatable information includes transmitting a representation of the message.

Id. at col. 28 ll. 49-51.

27. A system for transmitting a message from an originating processor to a recipient processor in an electronic mail system and providing an

Appendix B

indication that the message was opened by the recipient processor, comprising:

a server in electronic communication in the electronic mail system, the server receiving the message from the originating processor and adding a link to the message before transmitting the message and link to the recipient processor, the link being configured to execute automatically when the message is opened at the recipient processor to control the server to provide an indication at the server that the message has been opened at the recipient processor; and

wherein the server constructs authenticatable information related to the message; and

wherein the server transmits the indication of the opening of the message at the recipient processor and the authenticatable information to the originating processor.

Id. at col. 31 ll. 20-37.

32. The system of claim 27, wherein the server transmits the indication of the opening of the message at recipient processor and the authenticatable information to the originating processor in a secure, verifiable manner.

Id. at col. 32 ll. 1-4.

*Appendix B***i. Step One: Patent-Ineligible Concept**

Similar to the '913 Patent Claims, the Court finds that the '104 Patent Claims are directed to the abstract idea of collecting and providing information about the opening of a message. The minor variation between the concepts—message “delivery” and message “opening”—is inconsequential. Rather, the concept at the heart of the '104 Patent Claims is directed to a generic idea that has been implemented in the electronic messaging industry for years. For example, the '104 Patent's specification recites that,

Many existing e-mail systems and e-mail programs already provide for some form of proof of delivery. For instance, some e-mail systems today allow a sender to mark a message with ‘request for notifications’ tags. Such tags allow a sender to request notification that the message was delivered and/or when the message was opened. When a sender requests delivery notification, the Internet e-mail system may provide the sender with an e mail receipt that the message was delivered to the mail server or the electronic inbox of the recipient. The receipt message may include the title of the message, the destination address, and the time of delivery. It may also include (depending on the types of “flags” that are provided and activated in the mailing software) a list of all the Internet “stations” that the message

Appendix B

passed through en route to its destination. This form of reporting is built into some of the rules and protocols which implement e-mail. Furthermore, when a message is sent with a ‘read notification’ request, the recipient’s email program may send to the sender an e-mail notification that the recipient opened that message for reading. Many electronic mail clients can and do support this kind of reporting; however, Internet protocols do not make it mandatory.

Id. at col. 1 ll. 41-62; *see* (Doc. 271-17 at 10) (portion of Dr. Terrance Tomkow’s deposition describing pre-existing process of adding links to electronic messages that provide “read notifications” when activated at the recipient).

Furthermore, the concept of collecting and providing information about the opening of a message is analogous to other data collection and tracking methods deemed by courts to be drawn to abstract ideas. *See, e.g., Content Extraction*, 776 F.3d at 1347 (holding that a patent for reading and processing the data on checks was directed to the abstract idea of “data collection, recognition, and storage,” processes that are “undisputedly well-known”); *Wireless Media Innovations v. Maher Terminals*, 100 F. Supp. 3d 405, 413 (D.N.J. 2015) (concluding that concept of “monitoring locations, movement, and load status of shipping containers . . . and storing, reporting and communicating this information in various forms through generic computer functions” was too abstract for patent-eligibility); *YYZ*, 137 F. Supp. 3d 675 2015

Appendix B

WL 5886176, at *7 (finding that apparatus and method for “measuring, monitoring, tracking, and simulating enterprise or business communications and processes in an asynchronous messaging environment” was directed to an abstract idea); *Neochloris, Inc. v. Emerson Process Mgmt. LLLP*, 140 F. Supp. 3d 763, 2015 U.S. Dist. LEXIS 138957, 2015 WL 5951753, at *4-5 (N.D. Ill. Oct. 13, 2015) (holding that claims describing process of collecting data, transmitting data to computer, monitoring data using computer and software, and sending alarms when problems arise, were directed to abstract idea).

RPost’s contention that the ’104 Patent Claims are not directed to an abstract idea because they can verify the opening of a message without the recipient’s cooperation or compliance is unpersuasive. At their core, the ’104 Patent Claims simply provide information that a particular message was opened. Whether or not the ’104 Patent Claims require the recipient’s “cooperation” speaks not to whether the idea is abstract but to whether the claims add an inventive concept, i.e., the second step in the *Alice* paradigm. See *Ultramercial*, 772 F.3d at 715 (“We do not agree . . . that the addition of merely novel or non-routine components to the claimed idea necessarily turns an abstraction into, something concrete. In any event, any novelty in implementation of the idea is a factor to be considered only in the second step of the *Alice* analysis.”).

Similarly, RPost’s argument that the ’104 Patent Claims are not directed to an abstract idea because they require “specific” steps to verify the opening of a message via a tangible “intermediate server that

Appendix B

records” and “forms” certain information is beside the point; the claims merely recite the abstract idea of collecting and providing information about the opening of a message. *See Alice*, 134 S. Ct. at 2358 (“The fact that a computer necessarily exist[s] in the physical, rather than purely conceptual, realm . . . is beside the point.”). The Federal Circuit recently explained that a relevant inquiry at the first step of *Alice* is to “ask whether the claims are directed to an improvement to computer functionality versus being directed to an abstract idea.” *Enfish*, 2016 U.S. App. LEXIS 8699, 2016 WL 2756255, at *4. Specifically, *Enfish* contrasted claims “directed to an improvement in the functioning of a computer” with claims “simply adding conventional computer components to well-known business practices,” or claims reciting “use of an abstract mathematical formula on any general purpose computer,” or “a purely conventional computer implementation of a mathematical formula,” or “generalized steps to be performed on a computer using conventional computer activity.” *Id.* at *4-5; *see In re TLI Commc’ns*, 2016 U.S. App. LEXIS 8970, 2016 WL 2865693, at *3 (same). Here, the ’104 Patent Claims are not directed to a specific improvement in computer functionality, but use conventional and generic technology to perform “generalized steps” in a well-known environment. To be sure, the disclosed “server” is indisputably not new,¹⁶

16. RPost admits as much in its opposition to summary judgment. *See* (Doc. 299 at 19) (“The inventive concept of the asserted claims does not lie in the computer hardware.”). Furthermore, the server is described simply in terms of performing generic computer functions such as transmitting, receiving, and storing data. *See* ’104 Patent, col. 27 ll. 63—col. 28 ll. 16, col. 31 ll. 20-37. But these functions

Appendix B

and the added “link” is nothing more than a standard hyperlink configured to execute at a certain time,¹⁷ which certainly is not inventive.

Finally, the ’104 Patent Claims do not solve “a challenge particular to the Internet.” *DDR Holdings*, 773 F.3d at 1256-57. As explained above, the problem purportedly “solved” by the Tomkow Patents was long prevalent in the pre-Internet, analog world, and there is nothing unique to the Internet about collecting and providing information about the opening of a message. Despite RPost’s endeavors to describe the ’104 Patent Claims as performing “specific” steps to provide “specific” information, the claim language divulges nothing more than the process of transmitting a message, adding a link to the message, and storing information about the message. These are all abstract ideas individually, and in ordered combination, the steps recite an abstraction—an idea, having no particular concrete or tangible form; namely, a method of receiving and transmitting electronic messages and collecting the relevant data as to the opening of the message. *See Ultramercial*, 772 F.3d at 715 (“Although certain additional limitations, such as consulting an activity log, add a degree of particularity, the concept embodied by the majority of the limitations describes only [an] abstract idea.”).

are described in vague terms without any meaningful limitations and thus, the “focus of the patentee and of the claims was not on an . . . improved server.” *In re TLI Commc’ns*, 2016 U.S. App. LEXIS 8970, 2016 WL 2865693, at *4.

17. At *Markman*, the Court construed the claim term “link” by its plain and ordinary meaning because it needed no clarification or explanation. (Doc. 219 at 35-36).

Appendix B

For these reasons, the Court finds that, like the claims at issue in *Content Extraction* which were directed to “collecting data,” “recognizing certain data within the collected data set,” and “storing the recognized data in memory,” 776 F.3d at 1347, collecting and providing information about the opening and delivery of a message is a well-established “basic concept” that is patent-ineligible under *Alice* step one.

ii. Step Two: Inventive Concept

RPost insists that the '104 Patent Claims add an inventive concept to the abstract idea because after “receiving” the message, the server adds a link that is “configured to execute” upon opening of the message, thereby generating an “indication” that the message was opened. (Doc. 299 at 18). RPost claims that evidence of an inventive concept is seen by the server “transforming” the indication into something more, i.e., “authenticatable information.” (*Id.*) According to RPost, the inventive concept resides in these “technical features” which enable a sender to verify the opening of a message without the recipient’s “cooperation” or “compliance.” (*Id.* at 18-19).

To begin, “links” or “tags” have been added to electronic messages for decades. As the '104 Patent's specification teaches, “read notifications” and “request for notification” tags have long been appended to electronic messages and are commonplace in the electronic messaging industry. *See* '104 Patent, col. 1 ll. 41-62. Moreover, Dr. Tomkow testified that the concept of inserting hyperlinks into e-mail was well-known before the Tomkow Patents, *see*

Appendix B

(Doc. 294 at 30-31), as were Internet links and hyperlinks, *see (id.; Doc. 271-17 at 10)*. Thus, merely adding a “link” to a message is not inventive. *See Soverain Software LLC v. Newegg Inc.*, 705 F.3d 1333, 1344 (Fed. Cir. 2013) (finding that the use of “hypertext” to communicate information “was a routine incorporation of Internet technology into existing processes”).

Similarly, the claimed “server” “fail[s] to add an inventive concept sufficient to bring the abstract idea into the realm of patentability.” *In re TLI Commc’ns.*, 2016 U.S. App. LEXIS 8970 2016 WL 2865693, at *5. “For the role of a computer in a computer-implemented invention to be deemed meaningful in the context of [the inventive concept] analysis, it must involve more than performance of ‘well-understood, routine, [and] conventional activities previously known in the industry.’” *Content Extraction*, 776 F.3d at 1347-48 (quoting *Alice*, 134 S. Ct. at 2359). Here, the server merely “receives” a message, “adds” a link to the message, and “transmits” the message. These steps fall squarely within Supreme Court and Federal Circuit precedent finding generic computer components insufficient to add an inventive concept to an otherwise abstract idea. *See, e.g., id.* at 1345, 1348 (holding that “storing information” into memory and using a computer to “translate the shapes on a physical page into typeface characters” was insufficient to confer patent eligibility); *Alice*, 134 S. Ct. at 2361 (“Nearly every computer will include a ‘communications controller’ and a ‘data storage unit’ capable of performing the basic calculation, storage, and transmission functions required by the method claims.”); *buySAFE*, 765 F.3d at 1355 (“That a computer

Appendix B

receives and sends the information over a network—with no further specification—is not even arguably inventive.”); *Mortg. Grader*, 811 F.3d at 1324-25 (holding that claimed components “interface,” “network,” and “database” were merely “generic computer components” insufficient to confer eligibility); *Intellectual Ventures I*, 792 F.3d at 1368 (finding that claimed components “database,” “user profile,” and “communication medium” did not confer eligibility).

To the extent RPost argues that the link itself is “inventive” because it is “configured to execute when the message is opened” thereby removing the need for recipient “cooperation,” *see* (Doc. 299 at 18), the Court disagrees. A component that “can be configured” to perform a claimed function—without more—is neither sufficiently described nor sufficiently innovative to transform an abstract idea into patent-eligible subject matter. *See Planet Bingo, LLC v. VKGS LLC*, 576 F. App’x 1005, 1008-09 (Fed. Cir. 2014) (rejecting argument that unclaimed features are relevant for patent-eligibility purposes). Thus, to broadly claim a method of accomplishing a routine function requires more than just an “apply it” directive, even if in a specific technical environment. *See, e.g., Alice*, 134 S. Ct. at 2358 (“[I]f a patent’s recitation of a computer amounts to a mere instruction to implement an abstract idea on . . . a computer, . . . that addition cannot impart patent eligibility.” (citing *Mayo*, 132 S. Ct. at 1301)); *Intellectual Ventures I*, 792 F.3d at 1368 (“Instructing one to ‘apply’ an abstract idea and reciting no more than generic computer elements performing generic computer tasks does not make an abstract idea patent-eligible.” (quoting *Alice*, 134 S. Ct. at 2359-60)).

Appendix B

Equally unpersuasive is RPost’s thin argument that the ’104 Patent Claims’ “transform[ation]” of the “indication” into “authenticatable information” signals an inventive concept. The Federal Circuit has held that the machine-or-transformation test can provide a “useful clue” during the second step of the *Alice* framework. *See Bancorp Servs.*, 687 F.3d at 1278. Thus, a claimed process can be 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) (en banc), *aff’d on other grounds by Bilski*, 561 U.S. 593, 130 S. Ct. 3218, 177 L. Ed. 2d 792. In this case, the claim language does not substantiate RPost’s contention that the “indication” is “transformed” into “authenticatable information.” Rather, the claim language simply recites that the server “provid[es] an authenticatable information related to the message, including the indication of the opening of the message,” ’104 Patent, col. 28 ll. 10-12, and “constructs authenticatable information,” *id.* at col. 31 ll. 33-34. The claim language does not disclose or even imply that the “indication” is in any way “transformed.”¹⁸ RPost’s argument is therefore flawed from the start.¹⁹ Even if

18. This is in contrast to the ’389 and ’199 Patent Claims which, as discussed below, disclose that a “first information” is “form[ed] . . . from” a particular indication and certain other information.

19. In fact, the claim language implies the *opposite* of RPost’s argument. Namely, the ’104 Patent Claims disclose that at the end of the claimed process, the server transmits the “indication of the opening of the message . . . and the authenticatable information” to the sender. *Id.* at col. 28 ll. 14-16, col. 31 ll. 35-37 (emphasis added). Pragmatically, there would be no reason to provide the sender with

Appendix B

the “indication” was “transformed” into “authenticatable information,” the ’104 Patent Claims still do not disclose any details as to *how* the “transformation” transpires, nor do they inform that the “transformed” product, i.e., “authenticatable information,” is anything more than the general, preexisting “indication.” Such free-standing information is simply not patentable. *See Digitech*, 758 F.3d at 1350 (“Data in its ethereal, non-physical form is simply information that does not fall under any of the categories of eligible subject matter.”).

As was the case in *Alice*, the Court finds that “the function performed by the computer at each step of the process is “[p]urely conventional.” *Alice*, 134 S. Ct. at 2359 (quoting *Mayo*, 132 S. Ct. at 1298). Simply narrowing an abstract idea implemented by pre-existing components to a particular technological environment is insufficient to pass muster under § 101. *See, e.g., Digitech*, 758 F.3d at 1348-51 (holding that claims directed to digital image processing using math to combine data into a device profile were too abstract despite narrow application); *Planet Bingo*, 576 F. App’x at 1009 (finding that claims failed to add an inventive concept to abstract idea because the claims merely “recite a program that is used for the generic functions of storing, retrieving, and verifying a chosen set of bingo numbers against a winning set of bingo numbers”). The § 101 inquiry is focused on the claim language and whether the ordered combination of the limitations disclose patent-eligible subject matter or add

both pieces of information if they included the *same* information. Thus, this suggests that the “authenticatable information” is formed from other, non-claimed information.

Appendix B

an inventive concept to an abstract idea. Here, the '104 Patent Claims fail to recite any elements that individually or as an ordered combination transform the abstract idea of collecting and providing information about the opening of a message into a patent-eligible application.

iii. Conclusion

For these reasons, the Court concludes that the '104 Patent Claims are directed to the abstract idea of collecting and providing information about the opening of a message and fail to add an inventive concept to confer patent eligibility. *Alice*, 134 S. Ct. at 2355. Accordingly, the Court will grant GoDaddy's motion for summary judgment on this issue and declare that '104 Patent Claim Nos. 1, 9, 27, and 32 are invalid under § 101.

c. '198 Patent²⁰

The '198 Patent, a continuation of the '104 Patent, claims a method of providing information about the opening and delivery of an electronic message sent from a sender to a recipient through a server. *See* '198 Patent, col. 28 ll. 6-25, col. 29 ll. 11-27, col. 30 ll. 7-25. To achieve this goal, a server adds a link to the electronic message that is “configured to execute when the link is activated at the recipient” to provide the server an indication that the message has been opened or delivered. *Id.* The server then forms “authenticatable information” relating to the

20. The asserted '198 Patent claims are Claim Nos. 1, 6, 7, 10, 18, 23, 32, 35. *See* (Docs. 258 at 2; 271-5 at 2; 300 at 2). These claims will be referenced as the “198 Patent Claims.”

Appendix B

message, which includes the indication of opening or delivery, and transmits the “authenticatable information” to the sender. *Id.* In full, the ’198 Patent Claims recite as follows:

1. A method of transmitting a message from a sender to a recipient and providing an indication that the message was opened by the recipient, comprising:

receiving the message at a server from the sender, the server being displaced from the recipient,

associating a link with the message by the server, the link configured to execute when the link is activated at the recipient to provide an indication that the message has been opened by a recipient,

transmitting the message and the link from the server to the recipient,

executing the link when the link is activated at the recipient to control the server to provide an indication that the message has been delivered to the recipient,

providing an authenticatable information related to the message, including the indication of the delivery of the message at the recipient, at the server, and

Appendix B

transmitting the indication of the delivery of the message at the recipient, and the authenticatable information from the server to the sender.

Id. at col. 28 ll. 6-25.

6. The method of claim 1, wherein the link is activated at the recipient to provide an indication that the message has been opened by the recipient.

7. The method of claim 6, wherein the indication of the opening of the message at the recipient, and the authenticatable information are stored in a memory.

Id. at col. 28 ll. 39-44.

10. The method of claim 1, wherein the indication of the delivery of the message, and the authenticatable information are stored in a memory.

Id. at col. 28 ll. 50-53.

18. A system transmitting a message from a sender to a recipient and providing an indication that the message was opened by the recipient, comprising:

a server in electronic communication with the sender and the receiver, the server

Appendix B

programmed to receive a message from the sender, to associate a link with the message, the link configured to execute when the link is activated at the recipient to provide an indication that the message has been opened by a recipient, to transmit the message and the link from the server to the recipient, wherein

the link is executed when the link is activated at the recipient to control the server to provide an indication that the message has been opened at the recipient, and

wherein the server is programmed to form an authenticatable information related to the message, and to transmit the indication of the opening of the message at the recipient and the authenticatable information from the server to the sender.

Id. at col. 29 ll. 11-28.

23. The system of claim 18, wherein the indication of the opening of the message at the recipient, and the authenticatable information are stored in a memory.

Id. at col. 29 ll. 41-43.

32. A system transmitting a message from a sender to a recipient and providing an indication that the message was opened by the recipient, comprising:

Appendix B

a server in electronic communication with the sender and receiver, the server programmed to receive a message from the sender, to associate a link with the message, the link configured to execute when the link is activated at the recipient to provide an indication that the message has been delivered to a recipient, to transmit the message and the link from the server to the recipient, wherein

the link is executed when the link is activated at the recipient to control the server to provide an indication that the message has been delivered to the recipient; and

wherein the server is programmed to form an authenticatable information related to the message, and to transmit the indication of the delivery of the message to the recipient and the authenticatable information from the server to the sender.

Id. at col. 30 ll. 7-25.

35. The system of claim 32, wherein the indication of the delivery of the message to the recipient, and the authenticatable information are stored in a memory.

Id. at col. 30 ll. 31-33.

*Appendix B***i. Step One: Patent-Ineligible Concept**

As a continuation of the '104 Patent, the '198 Patent incorporates the same features and components as its parent, such as a "server," a "link," a "message," an "MTA," a "recipient," a "sender," and "memory." Also similar is the general concept of the '198 Patent. Like the '104 Patent Claims, the '198 Patent Claims disclose a method of providing information about the opening of a message. And like the '913 Patent Claims, the method described in the '198 Patent Claims also provides information about the delivery of a message, albeit via activation of a link.

Because there is no practical difference between the concepts of these three patents, the Court finds that the '198 Patent Claims are directed to the same abstract ideas as the '913 and '104 Patent Claims, to wit, collecting and providing information about the opening and delivery of a message. Consequently, for the reasons expressed above, the Court finds that the '198 Patent Claims are directed to the patent-ineligible abstract idea of collecting and providing information about the opening and delivery of a message.

ii. Step Two: Inventive Concept

Likewise, for the reasons detailed above regarding the '913 and '104 Patent Claims, the Court concludes that the '198 Patent Claims fail to add "significantly more" to the claimed abstract idea such that the idea is

Appendix B

“transformed” into a patent-eligible application. *Alice*, 134 S. Ct. at 2355. The functions recited by the ’198 Patent Claims, e.g., receiving a message, transmitting a message, adding a link, and storing information using pre-existing components, are “conventional activities” that “nearly every computer” can perform. *Id.* at 2361. Thus, because “[i]nstructing one to ‘apply’ an abstract idea and reciting no more than generic computer elements performing generic computer tasks does not make an abstract idea patent-eligible,” *Intellectual Ventures I*, 792 F.3d at 1368 (quoting *Alice*, 134 S. Ct. at 2359-60), the Court concludes that the ’198 Patent Claims do not add an inventive concept to the abstract idea.²¹

iii. Conclusion

For the foregoing reasons, the Court finds that the ’198 Patent Claims are directed to the abstract idea of collecting and providing information about the delivery and opening of a message and fails to add an inventive concept sufficient to confer patent eligibility. Accordingly, the Court will grant GoDaddy’s motion for summary judgment on this issue and declare that ’198 Patent Claim Nos. 1, 6, 7, 10, 18, 23, 32, and 35 are invalid under § 101.

21. Additionally, the ’198 Patent Claims recite that the “associated” link executes “when activated at the recipient.” ’198 Patent, col. 28 ll. 17-19. Unlike the ’104 Patent Claims, the ’198 Patent Claims do not indicate *when* this activation takes place or *how* the link is activated. Rather, the link simply executes when it is activated, thereby causing the ’198 Patent Claims to be even more opaque than the ’104 Patent Claims.

*Appendix B***d. '389 Patent²²**

The '389 Patent discloses a “system and method of verifying delivery and integrity of electronic messages.” '389 Patent, (54). Like the '913 Patent Claims, the '389 Patent Claims attain this goal by using a server that receives a portion of a mail transport protocol dialog generated by the transmission of the message from the server to the recipient and an indication that the recipient has received the message. *Id.* at col. 27 ll. 58-67. The server then “form[s]” a “first information” from this data and “transmit[s]” it to the sender. *Id.* at col. 28 ll. 1-7. In full, the '389 Patent Claims recite as follows:

1. A method of transmitting a message from a sender to a recipient through a server displaced from the recipient, the steps at the server comprising:

receiving the message at the server from the sender;

transmitting the message to the recipient;

receiving at the server at least a portion of a mail transport protocol dialog generated during transmission of the message from the server to the recipient;

22. The asserted '389 Patent claims are Claim Nos. 1, 7, 12, 14, and 15. *See* (Docs. 258 at 2; 271-5 at 2; 300 at 2). These claims will be referenced as the “'389 Patent Claims.”

Appendix B

receiving at the server from the recipient an indication of the receipt of the message by the recipient;

forming at the server a first information from the at least a portion of the mail transport protocol dialog and the indication of the receipt of the message by the recipient; and

transmitting, before any authentication of the message, a copy of the message and the first information to the sender from the server.

Id. at col. 27 ll. 58—col. 28 ll. 7.

7. A system for transmitting a message through an electronic mail system from an originating processor to a recipient processor and providing proof of receipt of the message by the recipient processor, comprising:

a server displaced from the originating processor, the server capable of being configured by software commands to:

receive a message from the originating processor and to transmit the message to the recipient processor;

receive an indication of receipt of the message from the recipient processor and a mail transport protocol dialog generated by the

Appendix B

electronic mail system during transmission of the message from the server to the recipient processor;

generate a first information including the indication of receipt of the message from the recipient processor and at least a portion of the mail transport protocol dialog generated by the electronic mail system during transmission of the message from the server to the recipient processor.

Id. at col. 28 ll. 33-52.

12. The system of claim 7, further comprising a memory and wherein the server is further configured to store a copy of the message and the first information to the originating processor in the memory before any authentication of the message by the server.

Id. at col. 29 ll. 8-12.

14. A method of transmitting a message from a sender to a recipient through a server displaced from the recipient, the steps at the server comprising:

receiving the message at the server from the sender, transmitting the message to the recipient;

Appendix B

receiving at the server from the recipient a first information including an indication of the receipt of the message by the recipient and at least a portion of a generated during transmission of the first information from the server to the recipient; and

storing a representation of the message and the first information received by the server from the recipient in a memory, before any authentication of the message.

15. The method of claim 14, further comprising:

transmitting the representation of the message and the first information received by the server from the recipient to the sender from the server, before any authentication of the message.

Id. at col. 29 ll. 16—col. 30 ll. 13.

i. Step One: Patent-Ineligible Concept

Like the '913, '104, and '198 Patent Claims, at the heart of the '389 Patent Claims is the general concept of collecting and providing information about a particular message, which is similar to methods of “tracking,” “monitoring,” and “data collection,” that courts have deemed to be directed to abstract ideas. *See, e.g., Content Extraction*, 776 F.3d at 1347-48 (“data collection, recognition, and storage”); *Wireless Media Innovations*, 100 F. Supp.

Appendix B

3d. at 413 (“monitoring locations, movement, and load status . . . and storing, reporting and communicating this information in various forms through generic computer functions”); *YYZ*, 137 F. Supp. 3d 675, 2015 WL 5886176, at *7 (“measuring, monitoring, tracking, and simulating enterprise or business communications and processes in an asynchronous messaging environment”); *Neochloris*, 2015 U.S. Dist. LEXIS 138957, 2015 WL 5951753, at *4-5 (“collecting,” “transmitting,” and “monitoring” data). Consequently, the Court finds that the ’389 Patent Claims are directed to the abstract idea of collecting and providing information about the receipt of a message.

ii. Step Two: Inventive Concept

RPost contends that the ’389 Patent Claims add an inventive concept because they recite “specific ways to verify delivery of an electronic message using specific information.” *See* (Doc. 299 at 14). Particularly, RPost explains that the claims require the server to receive a “portion of a transport protocol dialog generated between the server and a recipient during transmission of an electronic message” and an “indication of receipt” of the message from the sender in order to “form” and “transmit” a “first information” to the sender. *Id.*

Arguing that something is specific does not make it so. To be sure, underpinning RPost’s “specifics” is “the performance of some business practice known from the pre-Internet world along with the requirement to perform it on the Internet.” *DDR Holdings*, 773 F.3d at 1257. This is not a case where the claims are directed to “a problem

Appendix B

specifically arising in the realm of computer technology.” *DDR Holdings*, 773 F.3d at 1257. Rather, the problem of verifying the receipt of a message existed in the pre-Internet, analog world, and the ’389 Patent Claims simply disclose a process “for which computers are invoked merely as a tool.” *Enfish*, 2016 U.S. App. LEXIS 8699, 2016 WL 2756255, at *5.

Moreover, “whether or not [RPost] has added that special ‘something more’ to this conventional business practice is determined by the quality, not the quantity, of its specific adornments and limitations.” *Mobile Telecomms. Techs., LLC v. United Parcel Serv., Inc.*, 173 F. Supp. 3d 1324, 2016 U.S. Dist. LEXIS 39586, 2016 WL 1171191, at *7 (N.D. Ga. Mar. 24, 2016). Here, the server disclosed in the ’389 Patent Claims performs three general functions: “receiving” information, “transmitting” information, and “forming” information. It is well-settled that “receiving” and “transmitting” functions are conventional activities. *See Alice*, 134 S. Ct. at 2355. The only arguably inventive concept is “forming” of “first information.” However, the ’389 Patent Claims do not chronicle *how* the “forming” is performed or even indicate that the “first information” is anything more than the pre-existing input information, i.e., “at least a portion of the mail transport protocol dialog and the indication of the receipt of the message by the recipient.” ’389 Patent, col. 28 ll. 1-3.²³ As stated

23. Contrary to RPost’s argument, the PTAB did not “find” or “recognize” that the “forming” step of the ’389 Patent was a “technical feature that solves a technical problem.” (Doc. 299 at 18-19). Instead, the PTAB merely determined that the petitioner failed to meet its burden of proof to institute a CBM patent review. (Doc. 304-4 at 9-10).

Appendix B

above, mere information—even information formed from “verifiable information” as RPost contends—is not patentable. *See Ditech*, 758 F.3d at 1350. Consequently, no inventive concept has been added by the claims.

iii. Conclusion

For the foregoing reasons, the Court finds that the '389 Patent Claims are directed to the abstract idea of collecting and providing information about the receipt of a message and fail to add an inventive concept sufficient to confer eligibility. Accordingly, the Court will grant GoDaddy's motion for summary judgment on this issue and declare that '389 Patent Claim Nos. 1, 7, 12, 14, and 15 are invalid under § 101.

e. '199 Patent²⁴

The '199 Patent, a continuation of the '389 Patent, claims a method of providing information that an electronic message sent from a sender to a recipient through a server failed to be delivered. '199 Patent, col. 27 ll. 58—col. 28 ll. 15. To accomplish this objective, the '199 Patent Claims recite the same components and processes as the '389 Patent Claims, i.e., a server receives a portion of a mail transport protocol dialog generated by the transmission of the message from the server to the recipient and an indication from the recipient and then “form[s]” a “first information” from that data and “transmit[s]” it to the

24. The asserted '199 Patent claims are Claim Nos. 1, 2, and 3. *See* (Docs. 258 at 2; 271-5 at 2; 300 at 2). These claims will be referenced as the “199 Patent Claims.”

Appendix B

sender. *Id.* at col. 27 ll. 58—col. 28 ll. 7. The lone distinction between the '199 and '389 Patent Claims is that the “indication” received by the '199 Patent server indicates the failure of message delivery. *Id.* at col. 27 ll. 66-67. In full, the '199 Patent Claims recite as follows:

1. A method of transmitting a message from a sender to a recipient through a server displaced from the recipient, the steps at the server comprising:

receiving the message at the server from the sender;

transmitting the message to the recipient;

receiving at the server at least a portion of a data transport protocol dialog generated during transmission of the message from the server to the recipient; and

receiving at the server from the recipient an indication of the failure to deliver the message to the recipient;

forming at the server a first information from the at least a portion of the data transport protocol dialog and the indication of the failure to deliver the message by the recipient; and

transmitting, before any authentication of the message, a copy of the first information to the

Appendix B

sender from the server.

2. The method of claim 1, wherein the copy of the first information is stored in a memory in communication with the server.
3. The method of claim 1, wherein transmitting, before any authentication of the message, includes transmitting a copy of the message and the first information to the sender from the server.

'199 Patent, col. 27 ll. 58—col. 28 ll. 14.

i. Step One: Patent-Ineligible Concept

Like the asserted claims of its parent application, the Court finds that the '199 Patent Claims are directed to an abstract idea, namely, collecting and providing information that a message was not delivered. The problem purportedly solved by the '199 Patent Claims long permeated the pre-Internet, analog world, while the concept of providing information that an electronic message failed to be delivered has been implemented by standard SMTP “bounce” code for dozens of years. *See* (Docs. 258 at 8; 271-11 at 6; 300 at 7). Moreover, the concept of collecting and providing information that a message was not delivered is similar to other concepts found by the Federal Circuit to be directed to abstract ideas. *See* *CyberSource*, 654 F.3d at 1370 (finding that “collection and organization of data” is directed to abstract idea); *Content*

Appendix B

Extraction, 776 F.3d at 1347-48 (finding that “collecting data,” “recognizing certain data within the collected data set,” and “storing the recognized data in memory” were directed to a patent-ineligible concept). Consequently, the Court finds that the ’199 Patent Claims are drawn to an abstract idea.

ii. Step Two: Inventive Concept

Like its parent application, at the heart of ’199 Patent Claims is a method “for which computers are invoked merely as a tool.” *Enfish*, 2016 U.S. App. LEXIS, 8699 2016 WL 2756255, at *5. There is nothing new about the concept of providing information that a message was not delivered—generic SMTP code has performed this feat for decades. *See* (Docs. 258 at 8; 271-11 at 6; 300 at 7). Further, as a continuation of the ’389 Patent, the ’199 Patent Claims merely recite the same conventional steps, e.g., “transmitting,” “receiving,” and “forming,” that are implemented by generic components, e.g., a “server,” a “sender,” and a “recipient,” that decidedly do not add an inventive concept to the claims. *See, e.g.*, *Ultramercial*, 772 F.3d at 717 (“[A]dding a computer to otherwise conventional steps does not make an invention patent-eligible.”); *Intellectual Ventures I*, 792 F.3d at 1368 (“Instructing one to ‘apply’ an abstract idea and reciting no more than generic computer elements performing generic computer tasks does not make an abstract idea patent-eligible.” (quoting *Alice*, 134 S. Ct. at 2359-60)). Accordingly, the Court concludes that no inventive concept has been added to the ’199 Patent Claims sufficient to transform the abstract idea into a patent-eligible application.

Appendix B

iii. Conclusion

For these reasons, the Court finds that the '199 Patent Claims are directed to the abstract idea of collecting and providing information that a message was not delivered and failed to add an inventive concept sufficient to confer eligibility. The Court will therefore grant GoDaddy's motion for summary judgment on this issue and declare that '199 Patent Claim Nos. 1, 2, and 3 are invalid under § 101.

B. Conclusion for Patent-Eligibility

For the foregoing reasons, the Court concludes that all asserted claims of the Feldbau and Tomkow Patents are ineligible and invalid under § 101.²⁵ The remainder of GoDaddy's motion for summary judgment will therefore be deemed moot.²⁶

25. On June 3, 2016, Judge Denise J. Casper of the United States District Court for the District of Massachusetts ruled on a motion for judgment on the pleadings in a similar case and held that the claims of the '389, '913, and '199 Patents are not directed to an abstract idea and claim an inventive concept. *See Sophos Inc. v. RPost Holdings, Inc.*, 2016 U.S. Dist. LEXIS 72699 (D. Mass. June 3, 2016). The Court has considered Judge Casper's order and gives it "weight," *see, e.g., Stevenson v. Sears, Roebuck & Co.*, 713 F.2d 705, 711 (Fed. Cir. 1983); *Gillette Co. v. S.C. Johnson & Son, Inc.*, 919 F.2d 720, 723 (Fed. Cir. 1990), but "reach[es] a contrary legal conclusion" after exercising due "caution," *see Mendenhall v. Cedarapids*, 5 F.3d 1557, 1569 (Fed. Cir. 1993).

26. As the Federal Circuit stated, "[t]he claim being invalid there is nothing to be infringed." *Richdel, Inc. v. Sunspool Corp.*, 714 F.2d 1573, 1580 (Fed. Cir. 1983).

*Appendix B***IV. RPost's Motion for Summary Judgment**

RPost moves the Court for summary judgment on Count I of GoDaddy's FAC. (Doc. 284). In Count I, GoDaddy asserts that during the parties' pre-suit discussions, RPost fraudulently misrepresented that it had "unrestricted rights" to enforce the Asserted Patents in lieu of disclosing that the patents' title was "clouded." (Doc. 46 at 12-17). Specifically, GoDaddy complains that RPost did not inform GoDaddy about litigation in California and Texas that "clouded" ownership of the Asserted Patents. (*Id.* at 13).

In its motion for summary judgment, RPost contends that there is no disputed issue of material fact as to whether it fraudulently misrepresented its patent ownership during pre-suit discussions with GoDaddy. *See* (Doc. 284). RPost argues that GoDaddy failed to present any evidence that RPost lacked the legal right to enforce the Asserted Patents and therefore cannot be liable for not disclosing "clouded" title. (*Id.* at 13). RPost also maintains that GoDaddy had knowledge of the California and Texas lawsuits via discussions with RPost representatives and access to public records. (*Id.*) RPost finally contends that Count I suffers from two pleading errors, namely, that "omissions" cannot form the basis for a fraudulent misrepresentation claim under Arizona law and that GoDaddy failed to plead a necessary element of fraudulent misrepresentation. (*Id.* at 7).

In response, GoDaddy argues that a disputed issue of material fact exists as to whether title to the Asserted

Appendix B

Patents is “clouded.” (Doc. 298). In GoDaddy’s view, if there is a “cloud” on a patent’s title, the patent owner must disclose that fact to an alleged infringer. (*Id.*) To that end, GoDaddy insists that there is a disputed issue of material fact as to whether RPost fraudulently misrepresented that it possessed “unrestricted title” to the Asserted Patents when a “cloud” on that title existed. (*Id.*)

A. Background

The ownership of the Asserted Patents has been detailed by the Court as follows:

Starting in 1999, Dr. Terrance Tomkow applied for the [Asserted Patents], which describe a way of tracking and confirming delivery of email. (Doc. 46 at 6). Kenneth Barton and Zafar Khan joined Tomkow in creating a corporate structure to protect this intellectual property and founded RPost International and a related organization called RPost, Inc. (*Id.*) Tomkow, Barton, and Khan were all shareholders in RPost International. (*Id.*) On September 13, 2000, Dr. Tomkow assigned his patent applications to RPost International, and the three principals unsuccessfully pursued funding to commercialize the intellectual property owned by RPost International. (*Id.*)

Barton’s relationship with Tomkow and Khan fell apart over time, and Barton eventually brought two actions against Tomkow and Khan (the

Appendix B

“Barton Cases”). (*Id.*) First, on August 3, 2012, a California court found that Tomkow, Khan, and RPost International had acted with malice, oppression, and fraud when they converted Barton’s RPost International shares. (*Id.* at 7). Tomkow, Khan, and RPost International were ordered to restore Barton’s shares and to pay punitive and general damages. (*Id.*) Second, Barton brought another state action against RPost International, RMail, and RComm alleging that RPost International, Tomkow, and Khan fraudulently transferred corporate assets, including intellectual property assets, of RPost International to RComm and RMail. (*Id.*) Barton alleges that Tomkow and Khan formed the new off-shore entity, RMail, and then as officers of both RPost International and RMail, caused \$750,000 to be transferred from RPost International to RMail. (*Id.* at 8). RMail used that money to purchase RPost International’s intellectual property assets, including the [Asserted Patents]. (*Id.*) RPost International then paid \$200,000 to RMail as a license fee for the use of those same intellectual property assets. (*Id.*) Barton did not approve or sign any of these property transfers. (*Id.* at 9). RPost has tried to exploit the [Asserted Patents] since these transfers have occurred. (*Id.*)

Khan and Tomkow have each filed for bankruptcy under Chapter 13 (the “Bankruptcy Cases”), but Barton has objected to the bankruptcy filings

Appendix B

for various reasons. (*Id.*) In December 2013, the bankruptcy court granted Barton’s motions to convert Khan and Tomkow’s Chapter 13 Bankruptcy Cases to Chapter 7 and appointed a trustee to manage their assets, including the [Asserted Patents]. (*Id.*)

RPost has filed lawsuits against several of GoDaddy’s competitors alleging infringement of the Patents-in-Suit, which have been consolidated into one action called *Rmail Ltd. v. Amazon.com, Inc.*, No. 2:10-cv-258-JRG in the Eastern District of Texas (the “Amazon Case”), filed August 24, 2012. (*Id.* at 10-11). Just before trial, one defendant in the *Amazon* Case received correspondence from the plaintiff in the Barton Cases advising that there should be no settlement or disposition in actions involving the Patents-in-Suit until their ownership has been determined. (*Id.* at 11). In light of this correspondence, on January 30, 2014, the judge in the Eastern District of Texas stayed and administratively closed the *Amazon* Case pending resolution of the patent ownership disputes. (*Id.* at 11).

GoDaddy.com, LLC v. RPost Commc’ns Ltd., 2014 U.S. Dist. LEXIS 170004, 2014 WL 6908507, at *1-2 (D. Ariz. Dec. 9, 2014); (Doc. 105 at 2-3). The Court has also described the party’s pre-suit discussions as follows:

Appendix B

RPost first contacted GoDaddy via email on July 17, 2013 (“the Email”) and advised of its belief that GoDaddy was infringing [the Asserted Patents]. (Doc. 46-4). RPost alleged in the Email that GoDaddy’s “business processes and electronic messaging and document operations” infringed RPost’s patents. (Doc. 46-4 at 3). The Email also suggested that GoDaddy “review the RPost patents noted below for a more complete description of RPost patented technologies and review these in the context of your technology operations.” (*Id.*) The Email then listed seventeen patents owned by RPost including the Tomkow Patents, RMail Patents, and others, with no attention drawn to any particular patent in the list. (*Id.* at 3-4).

In a letter on October 4, 2013 (“the Letter”), RPost further asserted the Tomkow Patents by providing claim charts “identifying certain claims of certain patents and [GoDaddy’s] infringing conduct.” (Doc. 46-5 at 4). RPost brought specific attention to GoDaddy’s “Express Email Marketing” product and service. (*Id.*) Only claims from the Tomkow Patents were analyzed, but RPost advised GoDaddy that “[i]t is likely that [GoDaddy’s] products and services are infringing other claims of RPost’s patents.” (*Id.*) RPost provided a comprehensive list of patents owned by RPost at the end of the Letter, which included foreign and U.S. patents, the Tomkow Patents, RMail

Appendix B

Patents, and pending patent applications, with no attention drawn to any specific patent.

On October 22, 2013, an RPost representative named Jerry Silver called GoDaddy's Associate General Counsel for Intellectual Property, Karl Fazio, telephonically to discuss the Email and the Letter ("the Phone Call"). (Doc. 84-2 at 3). Silver accused GoDaddy of infringing RPost's patents and brought up RPost's past litigation, indicating that RPost is not afraid to litigate in order to enforce its patents. (*Id.* at 4). Silver and Fazio discussed RPost's patents, but GoDaddy has provided no evidence that any specific patents were discussed in detail. (*See id.* at 3-4; doc. 84 at 3-4).

Finally, on or about November 19, 2013, RPost sent GoDaddy a PowerPoint presentation ("the Presentation") entitled "Summary of Preliminary Infringement Analysis." (Doc. 84 at 4). On the cover page of the Presentation, four of the Tomkow Patents were listed under a heading entitled "Patents & Claims in Analysis," and the '219 patent (an RMail Patent), along with one Tomkow Patent and three other patents, was listed under a heading entitled "Additional Recommended Review." (Doc. 84-2 at 10). On the next slide of the Presentation, there was a list of many patents owned by RPost with no attention drawn to any particular patent. (Doc. 84-2 at 11).

Appendix B

GoDaddy.com, LLC v. RPost Commc'n's Ltd., 2014 U.S. Dist. LEXIS 170010, 2014 WL 6908520, at *1-2 (D. Ariz. Dec. 9, 2014); (Doc. 107 at 2-3).

B. Fraudulent Misrepresentation

In order to establish a fraudulent misrepresentation claim under Arizona law, a claimant must show: “1) a representation; 2) its falsity; 3) its materiality; 4) the speaker’s knowledge of the representation’s falsity or ignorance of its truth; 5) the speaker’s intent that it be acted upon by the recipient in the manner reasonably contemplated; 6) the hearer’s ignorance of its falsity; 7) the hearer’s reliance on its truth; 8) the right to rely on it; and 9) his consequent and proximate injury.” *Echols v. Beauty Built Homes*, 132 Ariz. 498, 647 P.2d 629, 631 (Ariz. 1982).

Because RPost also raises a pleading deficiency in addition to seeking summary judgment, the Court notes that certain elements of fraud claims carry a higher standard of pleading under the Federal Rules of Civil Procedure (“Rules”). Namely, “[i]n all averments of fraud or mistake, the circumstances constituting fraud or mistake shall be stated with particularity. Malice, intent, knowledge, and other condition of the mind of a person may be averred generally.” Fed. R. Civ. P. 9(b). “To allege fraud with particularity, a [claimant] . . . must set forth an explanation as to why the statement or omission complained of was false or misleading.” *In re GlenFed, Inc. Sec. Litig.*, 42 F.3d 1541, 1548 (9th Cir. 1994). “While statements of the time, place and nature of the alleged

Appendix B

fraudulent activities are sufficient, mere conclusory allegations of fraud are insufficient.” *Moore v. Kayport Package Exp., Inc.*, 885 F.2d 531, 540 (9th Cir. 1989).

C. Analysis

In Count I of its FAC, GoDaddy contends that because RPost’s ownership of the Asserted Patents was called into question by the Barton and Bankruptcy Cases, RPost is liable for fraudulently misrepresenting that it possessed “unclouded ownership in and rights to enforce” the Asserted Patents. *See* (Doc. 46 at 16). In other words, GoDaddy seeks to recover damages not because it believes (or has any evidence that) RPost does not have the legal right to enforce the Asserted Patents, but because RPost did not inform GoDaddy that a “cloud” shadows the patents’ title.

To begin, the Court questions the propriety of RPost challenging the adequacy of GoDaddy’s pleading via a motion for summary judgment where it is the movant’s burden to either set forth evidence proving that it is entitled to judgment as a matter of law or show that the non-movant cannot establish all necessary elements of its claim. Nonetheless, RPost argues that “[n]on-disclosure cannot form the basis of an Arizona-based fraudulent misrepresentation claim because those are well-recognized as separate torts under the Arizona common law.” (Doc. 315 at 7) (citing *Resort Funding, L.L.C. v. Canyonview Dev., L.P.*, 2012 Ariz. App. Unpub. LEXIS 1032, 2012 WL 3760440, at *9 (Ariz. Ct. App. Aug. 30, 2012)). Although it is true that Arizona distinguishes

Appendix B

between tort claims for fraudulent misrepresentation, fraudulent concealment, and non-disclosure, *see Wells Fargo Bank v. Ariz. Laborers Local No. 395 Pension Trust Fund*, 201 Ariz. 474, 38 P.3d 12, 34-36 (2002), Count I of GoDaddy's FAC claims that RPost affirmatively misrepresented that it possessed "unclouded ownership in and rights to enforce" the Asserted Patents while failing to disclose the pending California and Texas actions, (Doc. 46 at 16). Because Count I alleges that RPost affirmatively represented a particular fact that was false, the Court finds that Count I falls within the contours of a claim for fraudulent misrepresentation. *See Wells Fargo Bank*, 38 P.3d at 34 ("Where failure to disclose a material fact is calculated to induce a false belief, 'the distinction between concealment and affirmative misrepresentation is tenuous.'" (quoting *Shock v. Jacka*, 105 Ariz. 131, 460 P.2d 185, 187 (Ariz. 1969))).²⁷

27. The Court also rejects RPost's argument that Count I suffers from a pleading deficiency because GoDaddy did not plead its ignorance of the falsity of RPost's representations. Although GoDaddy did not plead that it lacked knowledge of the falsity of RPost's representations in a separate number, the Rules permit a party to plead this element "generally." *See Fed. R. Civ. P. 9(b)*. In this regard, Count I incorporates assertions that generally and plausibly allege that GoDaddy lacked knowledge of the purported falsity of RPost's representations. Namely, Count I claims that GoDaddy "reasonably relied to its detriment" on RPost's representations. (Doc. 46 at 17). Under Arizona law, one cannot "reasonably rely" on information that is false. *See Fectay v. Tahiri*, 2015 Ariz. App. Unpub. LEXIS 1444, 2015 WL 7710272, at *2 (Ariz. Ct. App. Nov. 30, 2015). Thus, by pleading that it "reasonably relied" on RPost's representations, GoDaddy "generally" pled that it lacked knowledge of the representation's alleged falsity.

Appendix B

Despite overcoming RPost’s pleading deficiency arguments, GoDaddy failed to establish that any of RPost’s representations were, in fact, false. After substantial review of the parties’ papers, the Court finds that GoDaddy has not articulated any disputed issue of material fact as to “why the statement or omission complained of was false or misleading.” *In re GlenFed, Inc. Sec. Litig.*, 42 F.3d at 1548. The fundamental problem with Claim I is its underlying assumption that RPost had an obligation to inform GoDaddy about the alleged “cloud” on the Asserted Patents’ title. *See* (Doc. 46 at 16).²⁸ GoDaddy, however, advanced no evidence or binding authority demonstrating that “free and clear” ownership is necessary to *assert* a patent. The lone case cited by GoDaddy in this regard is an unpublished decision from the Southern District of New York that insignificantly remarks that “people do not ordinarily pay lawyers to bring lawsuits to enforce patents that they do not own.” *Advanced Video Techs. LLC v. HTC Corp.*, 2015 U.S. Dist. LEXIS 122423 2015 WL 7621483, at *11 (S.D.N.Y. Aug.

28. The half-page of footnotes in GoDaddy’s brief explaining the “clouded title” doctrine all relate to the *sale of real property*. *See* (Doc. 298 at 6). In contrast, the provision of the Patent Act describing patent ownership states that “patents shall have the attributes of *personal property*.” 35 U.S.C. § 261 (emphasis added). The only case GoDaddy cites to support its conclusory theory that “[t]he clouded or defective title doctrine, though typically arising in real property, applies with equal force to titles of patents” is a 114 year-old case issuing from the D.C. Circuit. *See* (Doc. 298 at 6) (citing *Columbia Nat'l Sand Dredging Co. v. Miller*, 20 App. D.C. 245, 252 (D.C. Cir. 1902)). In any event, GoDaddy cites no authority to establish that *asserting* a patent (personal property) against an alleged infringer is akin to the *sale* of real property.

Appendix B

28, 2015). Only through a particularly pretentious reading of this statement could a reader smoke out any indication that a patent owner must inform an alleged infringer about a “cloud” on the patent’s title, let alone arrive at the conclusion that a patent owner must own its patent “free and clear” to assert it.²⁹

In any event, GoDaddy’s belief that RPost must have had “free and clear” title in order to assert its patents against GoDaddy in pre-litigation discussions is not required under the law. Rather, the question of patent ownership focuses on whether RPost had “legal title” to enforce the patents. *See, e.g., MyMail, Ltd. v. Am. Online, Inc.*, 476 F.3d 1372, 1375-76 (Fed. Cir. 2007) (“A plaintiff must demonstrate legal title to the patent at the inception of the lawsuit to be entitled to sue for patent infringement.”); *Arachnid, Inc. v. Merit Indus., Inc.*, 939 F.2d 1574, 1579 (Fed. Cir. 1991) (“[O]ne seeking to recover money damages for infringement of a United States patent (an action ‘at law’) must have held the legal title to the patent during the time of the infringement.” (citing *Crown Die & Tool Co. v. Nye Tool & Mach. Works*, 261 U.S. 24, 40-41, 43 S. Ct. 254, 67 L. Ed. 516, 1923 Dec. Comm’r Pat. 651 (1923))); *Paradise Creations, Inc. v. UV Sales, Inc.*, 315 F.3d 1304, 1309 (Fed. Cir. 2003) (“[I]n order to assert standing for patent infringement, the plaintiff must

29. GoDaddy also cites Rule 11 to support its argument that a patent must be owned “free and clear” in order to be enforced. (Doc. 298 at 5). Rule 11, however, deals with pleadings made to a court of law and certainly has no bearing on whether a patent must be owned “free and clear” to be asserted before litigation. *See Fed. R. Civ. P. 11(b)*.

Appendix B

demonstrate that it held enforceable title to the patent at the inception of the lawsuit.”).

Consequently, as the party alleging fraudulent misrepresentation of patent ownership, GoDaddy bears the burden of proving that RPost lacked “legal title” to the Asserted Patents at the time of the representations. In this regard, GoDaddy failed to provide any evidence showing that RPost did not have “legal title” to the patents, and no court has determined otherwise.³⁰ Alleged clouded title to a patent does not mean that the patent owner lacks legal title to assert that patent. *See Arachnid*, 939 F.2d at 1577-82 (holding that although a third-party’s legal title to the asserted patent was questioned by a challenger’s equitable title at the time of the alleged infringement, only the legal title-holder had the right to sue for money damages).³¹ Because GoDaddy “fail[ed] to make a showing

30. The Court explained this concept in its prior Order dismissing Counts III—XII of GoDaddy’s FAC against certain RPost-affiliated entities. *See GoDaddy.com, LLC v. RPost Commc’ns Ltd.*, 2014 U.S. Dist. LEXIS 170011, 2014 WL 7263537, at *6 (D. Ariz. Dec. 9, 2014); (Doc. 106 at 9). Specifically, the Court identified that the “legitimacy of the assignment of the Tomkow Patents . . . is not the present issue before the Court, nor has that assignment been deemed fraudulent by any court to date.” *Id.*

31. Again, the singular case cited by GoDaddy to argue that RPost should be liable for fraudulently misrepresenting “unrestricted patent infringement litigation rights” is untenable. *See* (Doc. 298 at 13) (citing *Intamin, Ltd. v. Magnetar Techs. Corp.*, 623 F. Supp. 2d 1055 (C.D. Cal. 2009)). In *Intamin*, the court determined that a patentee “misrepresent[ed] . . . its ownership interest in the patent” pursuant to the unclean hands doctrine when it sent a demand letter to an alleged infringer but *did not own* the patent. 623 F. Supp. 2d

Appendix B

sufficient to establish the existence of an element essential to [its] case, and on which [it] will bear the burden of proof at trial,” *Celotex*, 477 U.S. at 322, summary judgment in favor of RPost is appropriate.

Moreover, to prevail on a claim for fraudulent misrepresentation, GoDaddy must show that RPost made a misrepresentation of *fact*. *See Wells Fargo Bank*, 38 P.3d at 34 n.22. In several instances, GoDaddy conflates representations of fact with representations of opinion. For example, GoDaddy asserts that Mr. Khan fraudulently termed RPost’s ongoing litigation in California and Texas as “nothing to worry about” and “frivolous.” (Doc. 308-1 at 189). These assertions, however, were certainly not representations of *fact*, but were Mr. Khan’s *opinions* that the ongoing cases concern unproven allegations—which, to this day, still do. Whether GoDaddy relied on these statements is inconsequential to the inquiry of whether the representations were of *fact*, an element of fraud to which GoDaddy bears the burden of proof. *See Caruthers v. Underhill*, 230 Ariz. 513, 287 P.3d 807, 816 (Ariz. Ct. App. 2012) (“Expressions of opinion are not material facts sufficient to support a claim of fraud.” (citation omitted)).

at 1072, 1077-78. In this case, the doctrine of unclean hands is not at issue, and, more importantly, GoDaddy has set forth no evidence that RPost does not own the Asserted Patents. In fact, GoDaddy even appears to concede that RPost *currently* owns and has the right to enforce the patents. *See* (Doc. 298 at 10) (“A jury will see from these claims that they created a cloud on title to the RPost Patents, with the resulting material risk that RPost *would lose ownership of and the right to enforce the patents altogether . . .*” (emphasis added)).

Appendix B

Finally, even assuming a “cloud” covered RPost’s title to the Asserted Patents and RPost’s representations of “unclouded ownership” were false, GoDaddy failed to present evidence that the representations were “material.” Namely, even if a “cloud” existed, that does not mean RPost did not have the legal right to enforce the patents, *see Arachnid*, 939 F.2d at 1577-82, and GoDaddy provided no evidence proving that RPost did not possess legal title to the patents at the time of the representations. Without such evidence, RPost’s representation of “unclouded ownership” could not have been “material” for fraud.

D. Conclusion on RPost’s Motion for Summary Judgment

Accordingly, the Court finds that even if all justifiable inferences are construed in GoDaddy’s favor, no disputed issue of material fact exists such that a reasonable jury could find RPost liable on Count I of the FAC. GoDaddy failed to set forth any evidence that RPost’s representations of legal title to the Asserted Patents were materially false even assuming the title was “clouded.” Simply because a third party makes a claim to a patent’s title does not mean the patent owner simultaneously forfeits its legal right to enforce the patent. Thus, the Court will grant RPost’s motion for summary judgment.

V. Conclusion

Based on the foregoing,

Appendix B

IT IS ORDERED that GoDaddy's Motion for Summary Judgment (Doc. 257) is **GRANTED** and the Court **DECLARES** as follows:

- The asserted claims of the '219 Patent, Claim Nos. 60, 62, 66, and 69, are **INVALID** under 35 U.S.C. § 101.
- The asserted claims of the '913 Patent, Claim Nos. 1 and 2, are **INVALID** under 35 U.S.C. § 101.
- The asserted claims of the '104 Patent, Claim Nos. 1, 9, 27, and 32, are **INVALID** under 35 U.S.C. § 101.
- The asserted claims of the '198 Patent, Claim Nos. 1, 6, 7, 10, 18, 23, 32, and 35, are **INVALID** under 35 U.S.C. § 101.
- The asserted claims of the '199 Patent, Claim Nos. 1, 2, and 3, are **INVALID** under 35 U.S.C. § 101.
- The asserted claims of the '389 Patent, Claim Nos. 1, 7, 12, 14, and 15, are **INVALID** under 35 U.S.C. § 101.
- The remainder of GoDaddy's motion for summary judgment and the remaining Counts seeking declarations in GoDaddy's First Amended Complaint are deemed moot.³²

32. RPost's original infringement contentions included several claims that RPost decided to withdraw after the Court's *Markman* Order. *See* (Docs. 258 at 2, 12; 300 at 2, 10). These originally-asserted

Appendix B

IT IS FURTHER ORDERED that RPost's Motion for Summary Judgment on Plaintiff's Count I (Fraudulent Misrepresentation of Patent Ownership) (Doc. 284) is **GRANTED**.

IT IS FURTHER ORDERED that the jury trial set for August 22, 2016 is **VACATED**.

IT IS FINALLY ORDERED that the Clerk of Court shall enter judgment in this case with prejudice in favor of Plaintiff and against Defendants on Counts VIII—XIII and XV of the First Amended Complaint.³³ Counts III—

but withdrawn claims are as follows: '198 Patent Claim No. 40; '199 Patent Claim No. 7; '389 Patent Claim Nos. 5 and 13; and '219 Patent Claim Nos. 82, 86, and 88. *See* (Docs. 191-1 at 1, 10; 258 at 2, 12; 271-5 at 2; 300 at 2, 10). In its statement of facts, GoDaddy stated that the currently-asserted claims are as follows: '219 Patent Claim Nos. 60, 62, 66, and 69; '199 Patent Claim Nos. 1, 2, and 3; '198 Patent Claim Nos. 1, 6, 7, 10, 18, 23, 32, and 35; '389 Patent Claim Nos. 1, 7, 12, 14, and 15; '913 Patent Claim Nos. 1 and 2; and '104 Patent Claim Nos. 1, 9, 27, and 32. (Doc. 258 at 2, 12). In support, GoDaddy attached an e-mail from RPost's counsel dated February 24, 2016, confirming these claims. *See* (Doc. 271-5 at 2). RPost did not dispute these statements of fact or the e-mail. (Doc. 300 at 2, 10). Consequently, the Court will treat the statements of fact as true, *see* Fed. R. Civ. P. 56(e)(2), and, because GoDaddy moved for summary judgment on all currently-asserted claims, no claims remain pending before the Court. Finally, GoDaddy's First Amended Complaint requested a declaration of invalidity of "each of the Patents-in-Suit." (Doc. 46 at 38). To be clear, the Court does not declare the entirety of each Asserted Patent to be invalid; rather, the Court holds and declares invalid the currently-asserted claims expressly listed as invalid.

33. Because the Counts on which Plaintiff prevailed seek only a declaration, Plaintiff is not awarded any monetary damages. Plaintiff, should it so desire, may move for an award of attorneys' fees, consistent with the Federal and Local Rules, pursuant to 35 U.S.C. § 285.

Appendix B

VII are **DISMISSED** without prejudice as moot, Plaintiff shall take nothing on these Counts and the Clerk of Court shall enter judgment accordingly on these Counts. The Clerk of Court shall enter judgment in favor of Defendants and against Plaintiff on Count I of the First Amended Complaint. This judgment addresses the entire First Amended Complaint, (Doc. 46).³⁴ Due to the Declarations stated above, Defendants' Counterclaims, (Doc. 108), are **DISMISSED** in their entirety without prejudice, and the Clerk of Court shall enter judgment accordingly on the Counterclaims.

Dated this 7th day of June, 2016.

/s/ James A. Teilborg
James A. Teilborg
Senior United States District Judge

34. Counts II, XIV, and XVI of the First Amended Complaint were dismissed by prior Orders. *See* (Docs. 105, 107). The Court also notes that the First Amended Complaint seeks injunctive relief. *See* (Doc. 46 at 38). However, in moving for summary judgment (as opposed to partial summary judgment), Plaintiff failed to mention injunctive relief. Accordingly, the Court deems any such request to be waived. *See* Fed. R. Civ. P. 56(a) advisory committee's note to 2010 amendment (explaining "that summary judgment may be requested not only as to an entire case but also as to a claim, defense, or part of a claim or defense" and that "partial summary judgment'... describe[s] disposition of less than the whole action"); *see generally Jenkins v. Cty. of Riverside*, 398 F.3d 1093, 1095 (9th Cir. 2005) (observing that party "abandoned" two claims plead in complaint "by not raising them in opposition to the [defendant]'s motion for summary judgment").

**APPENDIX C — PANEL REHEARING AND
REHEARING *EN BANC* FOR UNITED STATES
COURT OF APPEALS FOR THE FEDERAL
CIRCUIT, DATED AUGUST 8, 2017**
UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

2016-2335

GODADDY.COM, LLC,

Plaintiff-Appellee,

v.

RPOST COMMUNICATIONS LIMITED, RMAIL
LIMITED, RPOST INTERNATIONAL LIMITED,
RPOST HOLDINGS INCORPORATED,

Defendants-Appellants.

Appeal from the United States District Court for the
District of Arizona in No. 2:14-cv-00126-JAT, Senior Judge
James A. Teilborg.

**ON PETITION FOR PANEL REHEARING AND
REHEARING *EN BANC***

Before PROST, *Chief Judge*, NEWMAN, LOURIE,
BRYSONⁱ, DYK, MOORE, O'MALLEY, REYNA,
WALLACH, TARANTO, CHEN, HUGHES, and STOLL,
Circuit Judges.

PER CURIAM.

ⁱ Circuit Judge Bryson participated only in the decision on the petition for panel rehearing.

Appendix C

ORDER

Appellants Rpost Communications Limited, Rmail Limited, RPost International Limited and Rpost Holdings Incorporated filed a combined petition for panel rehearing and rehearing *en banc*. A response to the petition was invited by the court and filed by appellee GoDaddy.com, LLC. The petition was referred to the panel that heard the appeal, and thereafter the petition for rehearing *en banc* was referred to the circuit judges who are in regular active service.

Upon consideration thereof,

IT IS ORDERED THAT:

The petition for panel rehearing is denied.

The petition for rehearing *en banc* is denied.

The mandate of the court will issue on August 15, 2017.

FOR THE COURT

August 8, 2017

Date

/s/ Peter R. Marksteiner

Peter R. Marksteiner

Clerk of Court