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4 UNITED STATES DISTRICT COURT
5 NORTHERN DISTRICT OF CALIFORNIA

6 OPENTV, INC., et al.,
7 Plaintiffs,

8 v.

9 APPLE, INC.,
10 Defendant.

Case No. 14-cv-01622-HSG

**ORDER GRANTING IN PART AND
DENYING IN PART APPLE'S MOTION
TO DISMISS THIRD AMENDED
COMPLAINT**

Re: Dkt. No. 97

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12
13 Defendant Apple, Inc. (“Apple”) moves to dismiss Plaintiffs OpenTV, Inc.’s and
14 NagraVision, SA’s (“OpenTV”) Third Amended Complaint (“TAC”). Apple argues that all of
15 OpenTV’s patent infringement claims related to U.S. Patent No. 5,689,799 (“the ’799 Patent”) are
16 invalid because the ’799 Patent’s claims are drawn to patent-ineligible subject matter. Apple also
17 argues that OpenTV has failed to state a claim for willful infringement as to all five of OpenTV’s
18 asserted patents. For the reasons explained below, the Court GRANTS the motion as to the ’799
19 Patent infringement claims and DENIES the motion as to the willful infringement claims.

20 **I. BACKGROUND**

21 OpenTV alleges that Apple infringes five patents related generally to “the fields of access,
22 selection, control, security, and delivery of digital content . . . over broadband networks to
23 connected devices.” TAC ¶ 46. OpenTV further alleges that Apple willfully infringed all five
24 patents. See TAC ¶¶ 61, 70, 79, 89, 99.

25 The ’799 Patent is titled, “Method and Apparatus for Routing Confidential Information.”
26 See ’799 Patent. In the specification, the invention is summarized as “a method and apparatus
27 [that] allows information including confidential information to be communicated to a proper
28 vendor via an interactive information system without requiring the user to send confidential

1 information over unsecure communication lines.” Id. 1:66-2:3. According to the specification,
2 the “interactive information system” uses “identifiers” to code a variety of “user,” “vendor,” and
3 “application” information so that the information need not be directly transmitted between user
4 and vendor via unsecure communication lines. Id. 2:4-10.

5 Claims 1-12 of the ’799 Patent are at issue. Claims 1 and 3 are independent system and
6 method claims, respectively. Claim 1 recites:

- 7 1. An [sic] system for routing confidential user information to a
8 vendor comprising:
9 a provider component for broadcasting an application identifier to at
10 least one reception component;
11 a reception component for storing at least one user identifier,
12 receiving and storing the application identifier, assembling user
13 response information, and transmitting to a response collector the
14 application identifier received and the user response information
15 assembled; and
16 a response collector component for storing the application identifier
17 and vendor routing information, associating the application
18 identifier with the vendor routing information, receiving the
19 application identifier and user response information from the
20 reception component, and transmitting the user response information
21 to the vendor associated with the application identifier received.

22 Claim 2 depends on claim 1, and requires the system components to also transmit, store,
23 associate, and receive “at least one user identifier.”

24 Claim 3 recites:

- 25 3. A method of routing confidential user information to a supplier
26 comprising:
27 storing an application identifier and vendor routing information;
28 associating the vendor routing information with the application
identifier;
receiving an application identifier and user response information;
and
transmitting at least a portion of the user response information
received responsive to the vendor routing information associated
with the application identifier received.

Dependent claims 4-12 recite additional method steps related to the transmission and

1 verification of information, including “user identifiers” and “other user information.” Claims 7-12
2 further specify that the information be received “using an unsecure facility.”

3 Apple argues that 1) the ’799 Patent is invalid as a matter of law under Section 101
4 because it claims an abstract idea, which is ineligible subject matter; and 2) OpenTV fails to allege
5 sufficient facts to state claims for willful infringement of all of the asserted patents. Apple asks
6 this Court to dismiss OpenTV’s infringement claims related to the ’799 Patent and willful
7 infringement claims as to all five patents.

8 **II. DISCUSSION**

9 **A. Legal Standard**

10 Under Federal Rule of Civil Procedure 12(b)(6), a district court must dismiss a complaint
11 if it fails to state a claim upon which relief can be granted. To survive a Rule 12(b)(6) motion to
12 dismiss, the plaintiff must allege “enough facts to state a claim to relief that is plausible on its
13 face.” *Bell Atl. Corp. v. Twombly*, 550 U.S. 544, 570 (2007). This “facial plausibility” standard
14 requires the plaintiff to allege facts that add up to “more than a sheer possibility that a defendant
15 has acted unlawfully.” *Ashcroft v. Iqbal*, 556 U.S. 662, 678 (2009). Although courts do not
16 require “heightened fact pleading of specifics,” *Twombly*, 550 U.S. at 570, a plaintiff must provide
17 “more than labels and conclusions, and a formulaic recitation of the elements of a cause of action
18 will not do,” *id.* at 555. The plaintiff must allege facts sufficient to “raise a right to relief above
19 the speculative level.” *Id.*

20 The issue of invalidity under Section 101 presents a question of law. See *DDR Holdings,*
21 *LLC v. Hotels.com, L.P.*, 773 F.3d 1245, 1255 (Fed. Cir. 2014). In line with the Federal Circuit
22 and several other courts in this district, the Court thus finds that this Motion can be resolved on the
23 pleadings prior to formal claim construction. See *Content Extraction & Transmission LLC v.*
24 *Wells Fargo Bank*, 776 F.3d 1343, 1349 (Fed. Cir. 2014) (affirming grant of motion to dismiss
25 prior to formal claim construction); *Ultramercial, Inc. v. Hulu, LLC*, 772 F.3d 709, 714, 717 (Fed.
26 Cir. 2014) (same); *Ultramercial*, 772 F.3d at 717 (Mayer, J., concurring) (“[W]hether the claims
27 meet the demands of 35 U.S.C. § 101 is a threshold question, one that must be addressed at the
28 outset of litigation.”); *Cogent Med., Inc. v. Elsevier, Inc.*, 2014 WL 4966326, at *3 (N.D. Cal.

1 Sept. 30, 2014) (granting motion to dismiss prior to formal claim construction); *Open Text S.A. v.*
 2 *Alfresco Software LTD*, 2014 WL 4684429, at *3 (N.D. Cal. Sept. 19, 2014) (same); *Gametek*
 3 *LLC v. Zynga, Inc.*, 2014 WL 1665090, at *3 (N.D. Cal. Apr. 25, 2014) (granting motion for
 4 judgment on the pleadings prior to formal claim construction); *Cardpool, Inc. v. Plastic Jungle,*
 5 *Inc.*, 2013 WL 245026, at *4 (N.D. Cal. Jan. 22, 2013) (granting motion to dismiss prior to formal
 6 claim construction); *Internet Patents Corp. v. Gen. Auto. Ins. Servs.*, 29 F. Supp. 3d 1264, 1268-69
 7 (N.D. Cal. 2013) (same); *OIP Techs. v. Amazon.com, Inc.*, 2012 WL 3985118, at *5 (N.D. Cal.
 8 Sept. 11, 2012) (same).

9 OpenTV argues that “[t]he standard of proof to establish the invalidity of a patent under 35
 10 U.S.C. § 101 is ‘clear and convincing evidence.’” *Opp.* at 8. But the Federal Circuit has made it
 11 clear that “while a presumption of validity attaches in many contexts, no equivalent presumption
 12 of eligibility applies in the section 101 calculus.” *Ultramercial*, 772 F.3d at 721 (Mayer, J.,
 13 concurring) (explaining that “[a]lthough the Supreme Court has taken up several section 101 cases
 14 in recent years, it has never mentioned—much less applied—any presumption of eligibility”).
 15 Moreover, neither the Supreme Court in *Alice Corp. v. CLS Bank Int’l* (the Supreme Court’s most
 16 recent decision regarding patentable subject matter), nor the Federal Circuit in cases applying
 17 *Alice* to decide section 101 validity issues, have mentioned the “clear and convincing evidence”
 18 standard. *Alice Corp.*, 134 S. Ct. 2347 (2014); *Ultramercial*, 772 F.3d 709; *buySAFE, Inc. v.*
 19 *Google, Inc.*, 765 F.3d 1350 (Fed. Cir. 2014); *Cyberfone Sys. v. CNN Interactive Grp., Inc.*, 558
 20 *Fed. Appx.* 988 (Fed Cir. 2014); *DDR Holdings, LLC*, 773 F.3d 1245.

21 Accordingly, the Court will apply the Rule 12(b)(6) standard articulated above. The
 22 parties have filed their proposed claim constructions and fully briefed any disputes related to the
 23 ’799 Patent claims. For the purposes of deciding this Motion, the Court adopts OpenTV’s
 24 proposed construction of the ’799 Patent claims and will interpret the claims in the light most
 25 favorable to OpenTV.¹

26 _____
 27 ¹ Specifically, the Court will give all of the ’799 Patent claim terms their “[p]lain and ordinary
 28 meaning,” except for the term “unsecure facility,” which the Court will construe as “unsecure
 communication lines.” Dkt. 95, Attachment A. Furthermore, the Court will not construe the
 preambles of claims 1 and 3 as limiting. *Id.*

1 **B. Section 101 Patent-Eligible Subject Matter**

2 Section 101 of the Patent Act describes the types of inventions that are eligible for patent
3 protection. Under Section 101, the scope of patentable subject matter encompasses “any new and
4 useful process, machine, manufacture, or composition of matter, or any new and useful
5 improvement thereof.” 35 U.S.C. § 101. It is well settled that laws of nature, natural phenomena,
6 and abstract ideas are excluded from the universe of patentable subject matter. See *Alice Corp.*,
7 134 S. Ct. at 2354. These categories are not patent-eligible because “they are the basic tools of
8 scientific and technological work,” which are “free to all men and reserved exclusively to none.”
9 *Mayo Collaborative Svcs. v. Prometheus Labs.*, 132 S. Ct. 1289, 1293 (2012) (citations omitted).
10 Allowing patent claims for laws of nature, natural phenomena, and abstract ideas would “tend to
11 impede innovation more than it would tend to promote it, thereby thwarting the primary object of
12 the patent laws.” *Id.* at 1293. However, the Supreme Court has also recognized the need to “tread
13 carefully in construing this exclusionary principle, lest it swallow all of patent law.” *Alice Corp.*,
14 134 S. Ct. at 2354.

15 In *Alice*, the Supreme Court articulated the two-part test that courts must use to determine
16 whether a claim’s subject matter is patent-eligible. First, a court “determine[s] whether the claims
17 at issue are directed to one of those patent-ineligible concepts.” *Alice Corp.*, 573 U.S. at 2355. If
18 they are, the Court then “consider[s] the elements of each claim both individually and as an
19 ordered combination” to determine whether the claim contains an “inventive concept sufficient to
20 ensure that the patent in practice amounts to significantly more than a patent upon the natural law
21 itself.” *Id.*

22 **i. The ’799 Patent Method Claims Are Drawn To An Abstract Idea**

23 Under *Alice*, the Court must first determine whether the ’799 Patent claims are directed to
24 a patent-ineligible concept. The Court finds that the ’799 Patent claims are directed to the abstract
25 idea of compiling, organizing, and transmitting information, using identification codes as
26 shorthand for that information. See *Content Extraction*, 776 F.3d at 1347 (affirming grant of
27 motion to dismiss and holding that “[t]he concept of data collection, recognition, and storage is
28 undisputedly well-known”); *Cyberfone Sys.*, 558 Fed. Appx. at 992 (holding that the “well-known

1 concept” of “using categories to organize, store, and transmit information” is not patent-eligible);
2 Cogent Med., 2014 WL 4966326, at *4 (finding that claims were directed to “the abstract idea of
3 maintaining and searching a library of information”). The limitations that such information be
4 confidential, verified, or received via unsecure communications lines do nothing to render the idea
5 concrete or tangible. On their face, the claims—which describe the “broadcasting,” “storing,”
6 “assembling,” “associating,” “receiving,” and “transmitting” of various identification codes—are
7 directed to an “abstraction—an idea, having no particular concrete or tangible form.”
8 *Ultramercial*, 772 F.3d at 715.

9 When analyzing whether a claim is directed to an abstract idea, some courts ask whether
10 the claims’ steps “can be performed in the human mind, or by a human using a pen and paper.”
11 *CyberSource Corp. v. Retail Decisions, Inc.*, 654 F.3d 1366, 1372 (Fed. Cir. 2011). The “pen and
12 paper test” confirms that the ’790 Patent claims are drawn to an abstract idea. Like the claims at
13 issue in *CyberSource*, claims 3-12 of the ’799 Patent describe a method that can be performed
14 entirely in the human mind. *Id.* at 1373. Using a pen, paper, and her own brain, a person could
15 write down a list of products, corresponding product codes, and vendor contact information (step
16 1), organize those codes by vendor (step 2), receive an order from a user containing a product code
17 and quantity of the product desired (step 3), and transmit that order by matching the product code
18 to the vendor contact information using the aforementioned list (step 4). The fact that method
19 claims 3-12 could be accomplished without modern technology is indicative that they “are the
20 types of methods that embody the ‘basic tools of scientific and technological work’ that are free to
21 all men and reserved exclusively to none,” and therefore comprise a non-patent-eligible abstract
22 idea. *Id.* (explaining that “[s]uch a method that can be performed by human thought alone is
23 merely an abstract idea and is not patent-eligible under § 101”) (citation omitted).

24 OpenTV argues that the pen and paper test does not doom the method claims, because “[a]
25 person having ordinary skill in the art in the mid-1990s readily understood the meaning of claim
26 terms such as ‘storing,’ ‘routing,’ and ‘transmitting,’ as actions that could not be performed using
27 pen and paper” and which “require[d] a computer operation.” *Opp.* at 18. Even accepting
28 OpenTV’s premise as true, it is well settled that “a claim directed to an abstract idea does not

1 move into section 101 eligibility territory by ‘merely requir[ing] generic computer
2 implementation.’” buySAFE, 765 F.3d at 1354 (quoting Alice Corp., 134 S. Ct. at 2357)
3 (affirming grant of motion for judgment on the pleadings). The pen-and-paper test does not
4 require described electronic components to literally exist on paper: instead, it is an analytical tool
5 to test whether the underlying concept described in the claims is abstract, and thus not patent-
6 eligible. See Planet Bingo, LLC v. CKGS LLC, 576 Fed. Appx. 1005, 1006-07 (Fed. Cir. 2014)
7 (applying pen and paper test to claims involving “computer-aided . . . systems”); Loyalty
8 Conversion Sys. Corp. v. Am. Airlines, Inc., 2014 WL 4364848, at *2, *10 (E.D. Tex. Sept. 2,
9 2014) (applying pen and paper test to claims involving a “computer program product”).

10 OpenTV further argues that the ’799 Patent is not directed to an abstract idea because it
11 describes “a specific solution to overcome a technological problem that arose in the realm of
12 electronic communications for interactive information systems, such as interactive television.”
13 Opp. at 12. At the March 19, 2015 hearing, OpenTV further argued that the ’799 Patent describes
14 systems and methods to solve the problem of needing to transfer confidential information over
15 unsecure communication lines in the context of interactive television networks, whether to prevent
16 against the “malicious eavesdropper” or to preserve anonymity. See Hearing Tr. at 15-16.

17 The Court is not persuaded. The problem of how to transmit, receive, store, and organize
18 confidential information deriving from multiple sources is not a creature of the Internet age:
19 solutions to this problem date back to the invention of smoke signals. It is telling that the key step
20 in the claimed invention, the transmission of the specific confidential information, can be
21 accomplished via “mail” or “telephone.” ’799 Patent 24:22-25:39. It is implausible that a system
22 employing the postal system or human-to-human telephone interaction to accomplish its critical
23 objective is a solution to a uniquely technological problem.

24 In addition, nowhere do the ’799 Patent claims say anything about “malicious
25 eavesdropping” or “interactive information systems.” Nor is there a description of how to secure
26 the transmission of information over unsecure communication lines beyond the use of
27 identification codes. Indeed, it is undisputed that the patent does not describe a more secure
28 technology for transferring the information; as noted above, the actual transmission of the

1 confidential information occurs via telephone or mail. On their face, then, the claims do not say
2 what OpenTV claims they say. While the specification—from which OpenTV draws much of the
3 language it uses to support its argument that the claims are not drawn to an abstract idea—may be
4 used to provide context for interpretation of the patent claims, “[i]t is a ‘bedrock principle’ of
5 patent law that ‘the claims of a patent define the invention to which the patentee is entitled the
6 right to exclude.’” *Phillips v. AWH Corp.*, 415 F.3d 1303, 1312 (Fed. Cir. 2005) (quoting
7 *Innova/Pure Water, Inc. v. Safari Water Filtration Sys., Inc.*, 381 F.3d 1111, 1115 (Fed. Cir.
8 2004)). As claimed, OpenTV’s “specific solution” boils down to the use of identification codes to
9 organize and transmit confidential information.

10 Even construing the claims as OpenTV does, the invention claimed by the ’799 Patent is
11 not “necessarily rooted in computer technology in order to overcome a problem specifically
12 arising in the realm of [television] networks.” *DDR Holdings*, 773 F.3d at 1257. Rather, as noted
13 above, the problem of transmitting confidential information using unsecure communication
14 methods has existed for centuries, long before the advent of interactive television networks. The
15 ’799 Patent claims are drawn to the abstract idea of using identification codes to solve this age-old
16 problem. See *Planet Bingo*, 576 Fed. Appx. at 1008 (holding that claims were directed to the
17 abstract idea of preventing “tampering problem[s]” and “other security risks” during commercial
18 transactions).

19 **ii. The ’799 Patent Method Claims Do Not Contain An Inventive Concept**

20 The second prong of the Alice test requires the Court to examine the claims of the ’799
21 Patent, both individually and as an ordered combination, to determine whether they include an
22 “inventive concept.” OpenTV argues that the ’799 Patent method claims contain an inventive
23 concept because they “describe[] a specific method that can be performed by a single entity and
24 [are] directed to solving a specific technological problem” in that they “provide[] a method that
25 may be used to route user data using certain identifiers over an unsecure communications channel
26 in an interactive information system.” *Opp.* at 15. OpenTV goes on to summarize the dependent
27 method claims without identifying any specific inventive concept embodied by those claims,
28 whether taken individually or as an ordered combination. See *id.* at 15-16.

1 The Court finds that the claims do not contain the required inventive concept to save the
2 '799 Patent from ineligibility under Section 101. The limitations that the information exchanged
3 be confidential, that the information be transmitted in part using unsecure communication lines, or
4 that the information be verified in some fashion, do not constitute elements “sufficient to ensure
5 that the patent in practice amounts to significantly more than a patent upon the [abstract idea]
6 itself.” Mayo, 132 S. Ct. at 1294.

7 Application of the machine-or-transformation test, which courts consider when conducting
8 the second prong of the Alice analysis, confirms this conclusion. While the machine-or-
9 transformation test is not dispositive, it remains “a useful and important clue.” Bilski v. Kappos,
10 561 U.S. at 604 (2009). The '799 Patent method claims generally describe the organization and
11 exchange of intangible information; they do not “transform a particular article into a different state
12 or thing.” In re Bilski, 545 F.3d 943, 954 (Fed. Cir. 2008); see also CyberSource Corp., 654 F.3d
13 at 1370 (“The mere collection and organization of data . . . is insufficient to meet the
14 transformation prong of the test.”). In Diamond v. Diehr, on the other hand (a case on which
15 OpenTV relies), the Supreme Court found it clear that the claimed invention involved the
16 transformation of a physical article into a different state or thing and based its holding that the
17 patent was directed to eligible subject matter in large part on that fact. 450 U.S. at 184, 192-93.
18 As for the machine prong, “nowhere does the ['799 Patent] tie the claims at issue to a novel
19 machine.” Ultramercial, 772 F.3d at 717.

20 OpenTV does not address the machine-or-transformation test. Instead, OpenTV urges the
21 Court to look past the conclusion that flows from the application of that test and instead analogize
22 the '799 Patent to the patent at issue in DDR. See Opp. at 12. But that case is readily
23 distinguishable. The DDR patent was directed to the problem of how to retain website visitors
24 who clicked on links to third-party advertisements. DDR Holdings, 773 F.3d at 1257. In the
25 absence of the patented invention, the “routine, conventional functioning of Internet hyperlink
26 protocol” would automatically transport visitors away from the host’s website. Id. To solve this
27 problem, the patented invention claimed a method for creating a “hybrid” web page that combined
28 the visual “look and feel” of the host website with the information sought by the user from the

1 third-party website. *Id.* The Court held that, “taken together as an ordered combination,” the
2 claims at issue “specify how interactions with the Internet are manipulated to yield a desired result
3 . . . that overrides the routine and conventional sequence of events ordinarily triggered by the click
4 of a hyperlink” and therefore “recite an invention that is not merely the routine or conventional use
5 of the Internet.” *Id.* at 1258-59. The issue of retaining website visitors obviously did not arise
6 until the creation of the Internet and hyperlink protocol. The patented solution was thus directly
7 tied to a specific technological challenge.

8 Here, as described more fully above in the Court’s analysis of the first prong of the Alice
9 test, the ’799 Patent does not claim a solution to a problem that arose uniquely in the context of
10 interactive television networks. Furthermore, the ’799 Patent claims recite a method that does not
11 go beyond the “routine or conventional use” of existing electronic components. The ’799 Patent
12 does not manipulate the mechanism by which information is transmitted via an interactive
13 network; instead, the method claims merely describe the use of identifiers to code confidential
14 information and the transmission of those identifiers using “routine” and “conventional” methods.

15 Finally, OpenTV’s argument that the original assignee of the ’799 Patent “was the first to
16 provide this inventive combination and is credited as the provider of the first interactive television
17 service” does not change the Court’s analysis. *Opp.* at 14. As a threshold matter, the Court will
18 not consider evidence submitted by OpenTV outside of the TAC. See *Swartz v. KPMG LLP*, 476
19 F.3d 756, 763 (9th Cir. 2007). Furthermore, the fact that a company may be the first to
20 successfully apply an abstract idea within a new technological context does not transform the
21 abstract idea into something tangible and patentable. See *Bilski v. Kappos*, 561 U.S. 593, 610-611
22 (2010). While this type of argument may be relevant to a novelty or obviousness analysis, it has
23 no place in an analysis of the patentability of the subject matter to which the claims are directed.
24 See *Diamond v. Diehr*, 450 U.S. 175, 189-91 (1981) (distinguishing patent-eligibility under § 101
25 from novelty and obviousness under §§ 102 and 103); *Cogent Med., Inc.*, 2014 WL 4966326, at *4
26 & n.3 (explaining that “[i]t is important to distinguish novelty and obviousness from the ‘inventive
27 feature’ analysis required by the Supreme Court in *Alice*”).

28 OpenTV is unable to identify any inventive concept contained in the ’799 Patent method

1 claims, as is the Court. The method claims therefore fail both prongs of the Alice test.

2 **iii. The '799 Patent System Claims Fall With the Method Claims**

3 The '799 Patent system claims fall along with the method claims. Claims 1-2 “add nothing
4 of substance to the underlying abstract idea” to which method claims 3-12 are directed. Alice
5 Corp., 134 S. Ct. at 2360. Indeed, the “system claims are simply the method claims implemented
6 on a system for performing the method.” *Accenture Global Servs., GmbH v. Guidewire Software,*
7 *Inc.*, 728 F.3d 1336, 1342 (Fed. Cir. 2013). OpenTV argues that the system claims describe
8 “specific, concrete, physical components” and specific details regarding the interaction of those
9 components. *Opp.* at 14. But reciting hardware elements like “Provider Component,” “Reception
10 Component,” and “Response Collector Component” does not render the method applied by the
11 system any less abstract, particularly after consideration of the descriptions of these components in
12 the specification. See '799 Patent 5:38-7:51 (describing “conventional broadcast signal,”
13 “conventional personal computer system,” “television system,” and “conventional television
14 broadcast transmitter” as embodiments of the elements of the Provider Component); 7:52-10:42
15 (describing “conventional television receiver,” “conventional television broadcast tuner,”
16 “conventional modem,” “conventional flash memory,” and “conventional infrared command
17 encoder” as embodiments of the elements of the Reception Component); 24:22-25:39 (stating that
18 the Response Collector Component may forward user information via “mail” or “telephone”).

19 To contain an inventive concept, the system technology must do more than perform “well-
20 understood, routine, and conventional activities commonly used in industry.” *Content Extraction,*
21 *776 F.3d at 1348.* The '799 Patent system claim components are described solely in terms of their
22 functions, and the “broadcasting,” “receiving,” “storing,” “assembling,” “associating,” and
23 “transmitting” functions performed by those components boil down to electronic communication
24 and recordkeeping, two of the “most basic functions of” generic computer technology. See *Alice*
25 *Corp.*, 134 S. Ct. at 2359. Because the system claims employ “purely functional and generic”
26 components for “performing the basic calculation, storage, and transmission functions required by
27 the method claims,” they also are patent-ineligible under Section 101. *Id.* at 2360.

28 In summary, the only plausible reading of the '799 Patent method and system claims is that

1 they are directed to patent-ineligible subject matter, do not contain an inventive concept, and are
2 therefore invalid under Section 101. On their face, OpenTV’s claims do not sufficiently limit the
3 abstract idea to which they are drawn, leading to the exact “risk [of] disproportionately tying up
4 the use of the underlying ideas” that Alice warns against. *Alice Corp.*, 134 S.Ct. at 2354-55
5 (internal quotations omitted).

6 **C. Willful Infringement**

7 Section 284 of the Patent Code permits a court to “increase the damages up to three times
8 the amount found or assessed.” 35 U.S.C. § 284. A finding of willful infringement is a
9 prerequisite to the award of enhanced damages under Section 284. See *In re Seagate Tech., LLC*,
10 497 F.3d 1360, 1368 (Fed. Cir. 2007). To state a claim for willful infringement, the plaintiff must
11 plead that the defendant acted with knowledge of the patent and of his alleged infringement, or
12 equivalent facts. *Sentry Prot. Prods., Inc. v. Eagle Mfg. Co.*, 400 F.3d 910, 918 (Fed. Cir. 2005)
13 (citing *Dunlap v. Schofield*, 152 U.S. 244, 248 (1894)).

14 Case law in this district diverges on the question of whether claims for willful infringement
15 may be based on knowledge inferred solely from the filing of the complaint. In *Vasudevan*
16 *Software, Inc. v. TIBCO Software Inc.*, the court dismissed plaintiff’s claim for willful
17 infringement based on a bare allegation of post-filing conduct because not doing so “would invite
18 claims of willfulness in every patent suit.” 2012 WL 1831543, at *5 (N.D. Cal. May 18, 2012).
19 More recently, another court denied a motion to dismiss claims for willful infringement based in
20 part on post-filing conduct. *Potter Voice Techs., LLC v. Apple Inc.*, 24 F. Supp. 3d 882, 887-88
21 (N.D. Cal. 2014). Noting that “the fact that the plaintiff has not sought a preliminary injunction
22 weighs strongly against awarding damages for post-filing willful infringement,” the court
23 nevertheless held that it was “inappropriate to resolve the issue of damages at the motion to
24 dismiss stage” because other factors may impact the determination of enhanced damages,
25 “including the developing course of the present litigation.” *Id.*; see also *MyMedicalRecords, Inc.*
26 *v. Jardogs, LLC*, 1 F. Supp. 3d 1020, 1026 (C.D. Cal. 2014) (denying motion to dismiss willful
27 infringement claims based solely on post-filing conduct because invalidating such claims as a
28 matter of law would “give defendant free reign to willfully infringe a patent of which it is now

1 blatantly aware simply because a plaintiff chose not to move for a preliminary injunction” and
2 “[s]uch a result would eviscerate the whole basis behind enhanced damages for willful
3 infringement”).

4 OpenTV alleges that Apple’s infringement of the asserted patents was “willful and
5 deliberate.” TAC ¶¶ 70, 79, 89, 99. The Court finds that OpenTV has not stated a claim for
6 willful infringement based on prefiling conduct in relation to the ’287, ’586, or ’229 patents.²
7 OpenTV alleges only that Apple “had knowledge [of the ’287, ’586, and ’229 patents] prior to the
8 filing of Plaintiffs’ Complaint for Patent Infringement by virtue of [OpenTV’s parent company’s]
9 role in the market and the impact of [OpenTV’s parent company’s] portfolio on Apple’s
10 products.” TAC ¶¶ 79, 89, 99. This allegation is based only on OpenTV’s separate allegation that
11 Apple “would be aware of a prominent portfolio such as that of [OpenTV’s parent company].”
12 TAC ¶¶ 77, 86, 96. The Court finds that these allegations are not sufficient to support a claim for
13 willful infringement. The Court cannot infer knowledge of particular patents from knowledge of
14 the existence of a company’s entire portfolio of patents. See Vasudevan Software, 2012 WL
15 1831543, at *3 (“The requisite knowledge of the patent allegedly infringed simply cannot be
16 inferred from mere knowledge of other patents, even if somewhat similar.”). The Court also finds
17 that OpenTV’s allegation that Apple would have actual knowledge of the patents based on
18 litigation or a license between OpenTV and a third party is insufficient to support the willful
19 infringement claims. See TAC ¶¶ 77, 86, 96.

20 In contrast, the Court finds that OpenTV has stated a claim for willful infringement based
21 on prefiling conduct in relation to the ’033 Patent. See TAC ¶ 68 (“Apple has knowledge of the
22 ’033 Patent at least since this patent was identified to Apple during prosecution of [patents
23 assigned to Apple].”).

24 OpenTV’s allegations of willful infringement based on postfiling conduct remain for the
25 ’287, ’586, and ’229 patents. The Court agrees with the reasoning in Potter Voice Technologies
26 and finds that it is not appropriate to resolve these claims at the motion to dismiss stage. Plaintiffs
27

28 ² Because all of OpenTV’s infringement claims as to the ’799 Patent are dismissed, the Court does not analyze OpenTV’s claims for willful infringement of the ’799 Patent.

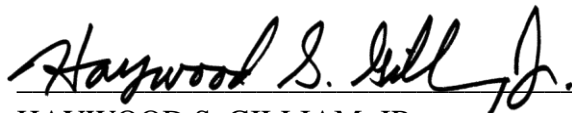
1 have alleged the required knowledge of the patents and infringement. See, e.g., TAC ¶ 77 (“Apple
2 has had knowledge and notice of the ’287 Patent and Apple’s infringement of the ’287 Patent
3 since at least the filing and service of the original, First Amended, Second Amended, and Third
4 Amended Complaints and despite this knowledge continues to infringe.”). Accordingly, the Court
5 denies Apple’s Motion to Dismiss OpenTV’s willful infringement claims.

6 **III. CONCLUSION**

7 For the foregoing reasons, OpenTV’s claims of infringement of the ’799 Patent are
8 **DISMISSED WITH PREJUDICE**. Apple’s Motion to Dismiss the TAC is **DENIED** as to all
9 claims of willful infringement.

10 **IT IS SO ORDERED.**

11 Dated: April 6, 2015

12 
13 HAYWOOD S. GILLIAM, JR.
14 United States District Judge

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