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

OPAL RUN, LLC, *Plaintiff*, v. C & A MARKETING INC, *Defendant*.	§ § § § § § § § § § §	Case No. 2:16-cv-0024-JRG-RSP **LEAD CASE**
OPAL RUN, LLC, *Plaintiff*, v. OVERNIGHTPRINTS, INC., *Defendant*.	§ § § § § § § § § § §	Case No. 2:15-cv-2041-JRG-RSP

REPORT AND RECOMMENDATION

Before the Court is Overnightprints, Inc.'s Motion to Dismiss for Failure to State a Claim (Dkt. No. 12, Case No. 2:15-cv-2041, the "Motion"). For the following reasons, the Court recommends that the Motion should be **DENIED**, as explained herein.

BACKGROUND

On November 30, 2015, Plaintiff Opal Run LLC ("Opal Run") filed the above-captioned patent infringement lawsuit against Defendant Overnightprints, Inc. ("Overnightprints"). Opal Run alleges that Overnightprints infringes U.S. Patent No. 6,704,120 ("the '120 Patent") titled "Product template for a personalized printed product incorporating image processing operations."

In its recent *Markman* Order, the Court summarized the technology disclosed in the '120 patent. *See Opal Run, LLC v. C & A Mktg., Inc.*, 2017 WL 413163, at *1 (E.D. Tex. Jan. 31, 2017). The '120 Patent is directed to technology for creating personalized print products. *Id.* Specifically, the patent describes the use of a "data template" to create a personalized print product whereby such template includes both information to identify the graphical components of the product and information used to modify those graphical components. *Id.* The Court also construed the claims of the '120 patent. Relevant here, the Court construed "data template" to mean a "structured data format for representing the composition of a personalized printed product as a layout comprising graphical components." *Id.* at *6.

The '120 patent has three independent claims: claim 1, claim 5 and claim 10. Defendant argues that the independent claims of the '120 patent—claims 1, 5 and 10—are all directed to the abstract idea of "templates for printing personalized products." (Motion at 15). Claims 1 and 5 are apparatus claims and claim 10 is a method claim. In its complaint, however, Opal Run only accuses Overnightprints's website of infringing "at least Claim 10 of the '120 Patent." (Dkt. No. 1 at 3.) Claim 10 reads:

> 10. A method for defining a personalized printed product using a data template that consists of at least one graphical component, said method comprising:
>
> (a) generating a data template that identifies the graphical component;
> (b) encoding, in said data template, an instruction to operate upon the graphical component; and

(c) providing an application program on a computer, said application program configured to interpret said data template and to operate upon the graphical component in accordance with said instruction encoded in said data template.

APPLICABLE LAW

Section 101 of the Patent Act provides that "[w]hoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title." 35 U.S.C. § 101. According to the *Alice* two-step test, a software-based patent claim fails to articulate eligible subject matter if it (1) is directed to an abstract idea and (2) there is no inventive concept. *See Alice Corp. Pty. Ltd. v. CLS Bank Int'l*, 134 S. Ct. 2347, 2355 (2014). In some cases, determining patent eligibility is appropriate at the pleading stage. *See, e.g.*, *Ultramercial, Inc. v. Hulu, LLC*, 772 F.3d 709, 713, 717 (Fed. Cir. 2014). Claim construction is not always necessary to conduct a § 101 analysis. *See, e.g.*, *Alice*, 134 S. Ct. 2347 (2014). Sometimes subject-matter eligibility can be determined by comparing a claim to those assessed in past cases. *See Amdocs (Israel) Ltd. v. Openet Telecom*, 841 F.3d 1288, 1294 (Fed. Cir. 2016).

ANALYSIS

The Court's analysis begins and ends with *Alice* step one. Here, the Court finds that the claims are not directed to an abstract idea, but rather are directed to a specific improvement to the way computers operate, embodied in the recited data template. The Court need not determine whether the claims contain an inventive concept.

Enfish, LLC v. Microsoft Corp., 822 F.3d 1327, 1330 (Fed. Cir. 2016), a decision entered during the briefing on the Motion, is instructive. In *Enfish*, the Federal Circuit held patent claims directed to a "self-referential" database to be patent eligible. There, the Federal Circuit characterized the *Enfish* patents as disclosing an innovative logical model for a computer database.

Id. at 1330. Different from the prior art, the logical model disclosed in the *Enfish* patents includes all data entities in a single table, with column definitions provided by rows in that same table. This made the database "self-referential," and is the essence of the *Enfish* invention. *Id.* The self-referential database stored the same information as prior art databases, but it did so in a single table, allowing greater flexibility in configuring the database. *Id.* at 1332.

Applying *Enfish* to software-specific inventions, the first step of the *Alice* analysis reduces to whether the focus of the claims is on the specific asserted improvement in computer capabilities or is instead a claim in which computers are invoked "merely as a tool." *Id.* at 1336. If "the plain focus of the claims is on an improvement to computer functionality itself," then the claim is not abstract. *See Trading Techs. Int'l, Inc., v. CGQ, Inc. et* al, 2017 WL 192716, at *3 (Fed. Cir. Jan. 18, 2017) (stating that abstraction is avoided when a proposed new computer-implemented solution "is an improvement to the capability of the system as a whole"). That is the case here. Claim 10 of the '120 patent is directed to an improved data template to be used in a method for printing personalized printed products.

The matter to which the claim is directed can be gleaned from the structure and language of the Claim 10, and a direct comparison to the claims at issue in *Enfish*. Claim 10 bears some similarities to Claim 31 of the '604 patent in *Enfish*. The *Enfish* claim is recited below:

> 31. A method for storing and retrieving data in a computer memory, comprising the steps of:
>
> configuring said memory according to a **logical table**, said **logical table** including:
>
> > a plurality of logical rows, each said logical row including an object identification number (OID) to identify each said logical row, each said logical row corresponding to a record of information;
> >
> > a plurality of logical columns intersecting said plurality of logical rows to define a plurality of logical cells, each said logical column including an OID to identify each said logical column; and

> wherein at least one of said logical rows has an OID equal to the OID to a corresponding one of said logical columns, and at least one of said logical rows includes logical column information defining each of said logical columns.

Enfish, 822 F.3d at 1340 (emphasis added). Claim 31 recites a method of configuring a memory according to a logical table. The claim then continues to specify in some detail the structure of said logical table, said structure being what improves the logical table over the prior art. Here, claim 10 has a similar claim structure. Claim 10 recites a method for defining a personalized printed product using a data template, and then the sets out a number of structural and functional requirements for said data template element, said requirements constituting the improvement over the prior art.

Specifically, and as construed by this Court, the data template must "identif[y] the graphical component," it must also include an encoded "instruction," *i.e.*, "(1) an identification of an image-processing program separate from the application program, (2) image-processing source code, or (3) image-processing executable code." *Opal Run, LLC*, 2017 WL 413163 at *10. That instruction must "operate upon the graphical component," *i.e.*, "automatically alter the appearance of the graphical component (as opposed to its layout in the printed product)." *Id.* These claim limitations apply directly to the data template, recite improvements to the data template itself, and are what differentiate the claimed invention from prior art systems that use other types of data templates. In fact, like the "self-referential table" in *Enfish*, the purpose of these structural improvements to the data template recited in Claim 10 of the patent is to allow greater flexibility over prior art data templates. Put simply, the essence of this invention is a new and improved data template including these limitations, and not merely the use of prior art data templates to further an abstract idea or concept. Under *Enfish*, the claim is not abstract.

The ’120 Patent specification supports the Court’s analysis. The specification states that the invention is directed to a “product template for a personalized print product, where the product template incorporates an image processing operation.” ’120 Patent at 1:10–12. The patent does not claim to improve personalized printing merely through the use of computers or data templates. It acknowledges that the use of data templates was well-known in the prior art. ’120 Patent at 1:30–31 (“Such [prior art] apparatus typically stores each design as a data template. A data template can include such information as size, background, color, text font, index position for customer photo, optional text areas, and similar information.”) However, the prior art systems using these data templates allowed operators only to have some minimal control over the appearance of a scanned image, according to the patentee. The patent continues to describe that the conventional approach to providing a software solution to image enhancement was to build a utility directly into the software application used for image manipulation. According to the patentee, that approach had “pronounced drawbacks” because personalized printed products required regular updates.

At least in the eyes of the inventor, the failings of the prior art created a need for providing a “flexible set of imaging utilities for automated enhancement of personalized printed products.” ’120 Patent at 4:8–10. To accomplish these ends, the invention of the ’120 patent defined an apparatus including a data template including an instruction for operating on the graphical component. The novelty of the invention, and what makes it more flexible over the prior art, is that the instruction included within the data template is relatively dynamic because it comprises either the location from which application code can be downloaded, is executable code, or is source code. The nature of the instruction allows a printing process to do an image processing operation that is not within the original software application itself. ’120 Patent at 4:47–51. The specification

then continues to describe embodiments of the invention, each using different data templates, and each directed to the improving the flexibility of image processing software, specifically decoupling image processing operations (*see, e.g.*, '120 Patent at 5:21–42) from the strict confines of the original software application. *See, e.g.*, '120 Patent at 6:36–45 ("[T]he present invention could be used with any suitable programming language. A downloaded program or Java class could itself upload customer image to remote host for processing on another device that might provide faster or more powerful imaging capabilities. Any number of image processing operations could be provided, whether downloaded from remote host or included in product templates.").

Having determined that the claims are not directed to an abstract idea, the Court need not determine whether the claims contain an inventive concept under *Alice* step two. Further, according to the same analysis, neither independent claim 1 nor independent claim 5—which are apparatus claims, not asserted in the complaint, and substantially similar to claim 10—are directed to an abstract idea either.

CONCLUSION

For the foregoing reasons, **IT IS RECOMMENDED** that the Motion to Dismiss (Dkt. No. 12, Case No. 2:16-cv-2041) be **DENIED.**

A party's failure to file objections to the findings, conclusions, and recommendations contained in this report by March 28, 2017 shall bar that party from *de novo* review by the district judge of those findings, conclusions, and recommendations and, except on grounds of plain error, from appellate review of unobjected-to factual findings, and legal conclusions accepted and adopted by the district court. Fed. R. Civ. P. 72(b)(2); *see Douglass v. United Servs. Auto. Ass'n*, 79 F.3d 1415, 1430 (5th Cir. 1996) (en banc).

SIGNED this 14th day of March, 2017.

ROY S. PAYNE
UNITED STATES MAGISTRATE JUDGE