

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

CIVIL MINUTES - GENERAL

Case No. CV 18-1234-GW(PLAx) Date February 4, 2019

Title *SkyHawke Technologies, LLC v. DECA International Corp.*

Present: The Honorable GEORGE H. WU, UNITED STATES DISTRICT JUDGE

Javier Gonzalez

Katie E. Thibodeaux

Deputy Clerk

Court Reporter / Recorder

Tape No.

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**PROCEEDINGS: DEFENDANTS' MOTION FOR PARTIAL JUDGMENT ON THE
PLEADINGS UNDER 35 U.S.C. § 101 [218]**

Court hears oral argument. The Tentative circulated and attached hereto, is adopted as the Court's Final Ruling. The Court would GRANT the Motion with leave for SkyHawke to amend its operative complaint by February 19, 2019.

A scheduling conference is set for February 28, 2019 at 8:30 a.m., with a joint report re consolidation to be filed by noon on February 26, 2019.

Initials of Preparer JG : 10

I. Introduction

On December 6, 2010 Plaintiff SkyHawke Technologies, LLC filed this action for patent infringement against Defendant DECA International Corp. in the Southern District of Mississippi. Docket No. 1 (complaint); *see also* Docket No. 66 (currently operative amended complaint”). After some motion practice related to venue and the pleadings, the S.D. Miss. court granted a motion to stay pending *inter partes* review. Docket No. 97. The case remained stayed from late 2012 to early 2017. In June 2017, soon after the Supreme Court’s decision in *TC Heartland LLC v. Kraft Foods Grp. Brands LLC*, 137 S. Ct. 1514 (2017), DECA renewed its venue challenge. DECA’s motion was initially denied, but ultimately granted on a motion for reconsideration. Docket Nos. 150, 175. The matter was transferred to this District on February 14, 2018. Docket No. 177 (Receipt of Case Transferred In). After a schedule was entered (Docket No. 205), the parties requested a stay of proceedings pending a settlement meeting. Docket No. 210. After good faith attempts at settlement were unsuccessful (Docket No. 213), a new schedule was entered in the case. Docket No. 217.

On December 27, 2018, DECA filed the pending Motion for Partial Judgment on the Pleadings. Docket No. 218. The Motion has been fully briefed. *See* Docket No. 224 (Opposition); Docket No. 226 (Reply).

For the reasons stated herein, the Court would **GRANT** the Motion, but with leave for SkyHawke to amend its operative complaint.

II. Background

SkyHawke is the owner by assignment of U.S. Patent No. 6,456,938 (“the ’938 Patent”) and U.S. Patent No. 7,118,498 (“the ’498 Patent”) (collectively, “Asserted Patents”). SkyHawke argues that “DECA International has been and is now making, using, selling, [and/]or offering for sale, within the United States, GPS devices for use on golf courses, [and systems relating thereto]” that infringe one or more claims of the Asserted Patents. Amended Complaint, ¶¶ 1, 17.

Only the ’938 Patent is the subject of the current Motion. The ’938 Patent is titled “Personal DGPS Golf Course Cartographer, Navigator and Internet Web Site with Map Exchange and Tutor” and was issued on September 24, 2002. The ’938 Patent explains that “[g]olfers

naturally pursue methods and tools to help them improve their golf game The value of an informational tool to a golfer increases as the amount and accuracy of information the tool provides increases.” ’938 Patent at 1:16-17, 1:28-30. The ’938 Patent then describes “several U.S. patents which relate to Global Positioning System (GPS) which provide accurate positional information to a golfer.” *Id.* at 1:30-32. The ’938 Patent notes that many of these prior art patents “are under the control of the course manager and are, therefore, optimized for the manager’s use.” *Id.* at 1:35-36. The ’938 Patent describes shortcomings with these systems:

These patents describe systems that are designed for purchase, installation, configuration and management by a golf course owner or manager. They fail to disclose a golfer owned and operated position information based system for use on any golf course by the golfer. Also, a disadvantage of course based systems is that golfers may feel continually monitored or bombarded by unwanted advertisements the course provided system creates, thus diminishing the quality of the golfing experience. Additionally, course based systems necessitate locating the GPS antenna on a self-propelled or pull-type cart which can be difficult or impossible to locate exactly where the golf ball is lying as is desirable for optimum performance.

Id. at 1:47-59. The ’938 Patent later provides a list of “objects of the invention,” including,

An object of the present invention is to provide an individual player owned dGPS system that enables a golfer to positionally map and/or play a golf course whether or not the course offers positional equipment or information. Another object of the present invention is to provide previously created maps for downloading and editing by users and to provide for the uploading of maps and play data through a public access computer system such as the Internet.

* * *

Another object of the present invention is to provide for a personal dGPS system that provides the user with complete autonomy from course owners and course owned systems with no additional reoccurring service fees or compensation for its use.

Another object of the present invention is to provide a dGPS system that is operational on golf courses that do not have on-site positioning systems.

* * *

The present invention provides a heretofore absent method of golf course map creation, ongoing map modification, and map exchange between golfers worldwide via publicly accessible networks such as the Internet. It also provides a novel, on-site, dGPS mapping method and Graphical User Interface (GUI) mapping software specifically designed for easily mapping golf courses and especially effective for on site real-time editing to correct errors in a map.

Id. at 5:21-29, 6:5-12, 6:34-42

SkyHawke argues that DECA infringes Claims 1, 2, 4, 8, 9, 10, 13, 14, 20, 21, and 22 of

the '938 Patent. *See* Docket No. 219 at 1 n.2 (citing Docket No. 220-1, Ex. B (ECF51-64) (SkyHawke's Infringement Contentions, dated November 2, 2018)). Claims 1 and 13 are independent claims. Claim 1 is illustrative¹ and recites:

1. A method of storing and communicating sets of topographic information to and from information processing and viewing devices by means of an accessible electronic network, each of the sets being specific to an individual golf course, comprising the steps of:
 - (a) inputting a first set of information to a first information processing and viewing device, said first set of information being data representative of a golf course topography, said first set of information including data elements relating to attributes of the golf course, said data elements including at least one location for each of said attributes in the set and said first information processing and viewing device executing course-mapper software;
 - (b) transmitting said first set of information from the first information processing and viewing device to the network; and
 - (c) accessing said first set of information through said network with a second information processing and viewing device with autonomy from any positional equipment at the golf course, said second information processing and viewing device executing course-player software.

'938 Patent, Claim 1.

III. Legal Standard

A. Motion for Judgment on the Pleadings (Rule 12(c))

Rule 12(c) of the Federal Rules of Civil Procedure permits a party to move to dismiss a suit “[a]fter the pleadings are closed . . . but early enough not to delay trial.” Fed. R. Civ. P. 12(c). “Judgment on the pleadings is proper when, taking all allegations in the pleading as true, the moving party is entitled to judgment as a matter of law.” *Stanley v. Trustees of Cal. State Univ.*, 433 F.3d 1129, 1133 (9th Cir. 2006); *Lyon v. Chase Bank USA, N.A.*, 656 F.3d 877, 883 (9th Cir. 2011). A motion for judgment on the pleadings should only be granted if “the moving party *clearly establishes* on the face of the pleadings that no material issue of fact remains to be resolved and that it is entitled to judgment as a matter of law.” *Hal Roach Studios, Inc. v. Richard Feiner &*

¹ The parties dispute whether Claim 1 is *representative* of all of the asserted claims for purposes of § 101 analysis. That dispute need not be addressed at this time in light of the Court's other determinations regarding the Motion. The Court notes, however, that beyond observing that Claim 1 is a method claim and Claim 13 is a system claim (Docket No. 224 at 19 n.3), SkyHawke “does not present any meaningful argument for the distinctive significance of any claim limitations” not found in Claim 1. *Berkheimer v. HP Inc.*, 881 F.3d 1360, 1365 (Fed. Cir. 2018). The Court makes no determination regarding whether Claim 1 may/may not be considered representative of the dependent asserted claims of the '938 Patent beyond observing that it is the *patentee* who must raise identify the “distinctive significance” of particular claim limitations in this regard. *Id.*

Co., Inc., 896 F.2d 1542, 1550 (9th Cir. 1989) (emphasis added); *Living on the Edge, LLC v. Lee*, No. CV-145982 MWF (JEMx), 2015 WL 12661917, at *4 (C.D. Cal. Aug. 25, 2015) (“Judgment on the pleadings under Rule 12(c) is warranted ‘only if it is clear that no relief could be granted under any set of facts that could be proved consistent with the allegations.’”) (quoting *Deveraturda v. Globe Aviation Sec. Servs.*, 454 F.3d 1043, 1046 (9th Cir. 2006)).

“Analysis under Rule 12(c) is substantially identical to analysis under Rule 12(b)(6) because, under both rules, a court must determine whether the facts alleged in the complaint, taken as true, entitle the plaintiff to a legal remedy.” *Chavez v. United States*, 683 F.3d 1102, 1108 (9th Cir. 2012) (internal quotation marks omitted). Therefore, judgment on the pleadings is also proper when there is either a “lack of cognizable legal theory” or the “absence of sufficient facts alleged under a cognizable legal theory.” *Balistreti v. Pacifica Police Dept.*, 901 F.2d 696, 699 (9th Cir. 1988); see also Fed. R. Civ. P. 12(b)(6); *Bell Atl. Corp. v. Twombly*, 550 U.S. 544, 555 (2007) (declaring that a complaint may be dismissed for failure to state a claim for one of two reasons: (1) lack of a cognizable legal theory; or (2) insufficient facts under a cognizable legal theory); *Mendiondo v. Centinela Hosp. Med. Ctr.*, 521 F.3d 1097, 1104 (9th Cir. 2008) (“Dismissal under Rule 12(b)(6) is appropriate only where the complaint lacks a cognizable legal theory or sufficient facts to support a cognizable legal theory.”). Under this analysis too, a court “must accept plaintiff’s allegations as true and construe them in the light most favorable to the plaintiff,” drawing all reasonable inferences from well-pleaded factual allegations. *Gompper v. VISX, Inc.*, 298 F.3d 893, 896 (9th Cir. 2002); *Sprewell v. Golden State Warriors*, 266 F.3d 979, 988 (9th Cir.), amended on denial of reh’g, 275 F.3d 1187 (9th Cir. 2001); *Cahill v. Liberty Mutual Ins. Co.*, 80 F.3d 336, 337-38 (9th Cir. 1996). The court, however, is not required to accept as true legal conclusions couched as factual allegations. *Ashcroft v. Iqbal*, 556 U.S. 662, 678 (2009).

B. Patent Eligibility Under 35 U.S.C. § 101

An invention or a discovery is patentable if it is a “new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof.” 35 U.S.C. § 101. “In choosing such expansive terms . . . Congress plainly contemplated that the patent laws would be given wide scope.” *Diamond v. Chakrabarty*, 447 U.S. 303, 308 (1980). Still, the Supreme Court has identified exceptions to this wide scope to “distinguish patents that claim the building blocks of human ingenuity, which are ineligible for patent protection, from those that integrate the building blocks into something more.” *Alice Corp. Pty. v. CLS Bank Int’l*, 573 U.S.

208, 217 (2014) (quoting *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 566 U.S. 66, 89 (2012)) (internal quotations omitted). These exceptions to patent protection are “laws of nature, natural phenomena, and abstract ideas.” *Diamond v. Diehr*, 450 U.S. 175, 185 (1981). While the boundaries of the judicial exceptions remain subject to further development, the Supreme Court has clearly stated the policy underlying those exceptions: avoiding patents that “too broadly preempt the use of a natural law [or abstract idea].” *Mayo*, 566 U.S. at 72. Thus, patent law should “not inhibit further discovery by improperly tying up the future use of laws of nature [or abstract ideas].” *Id.* at 85.

In *Mayo*, the Supreme Court “set forth a framework for distinguishing patents that claim laws of nature, natural phenomena, and abstract ideas from those that claim patent-eligible applications of those concepts.” *Alice*, 573 U.S. at 217. The first step is to ask “whether the claims at issue are directed to one of those patent-ineligible concepts.” *Id.* at 218. If not, the claims fall within the scope of § 101 and are patent-eligible. If the claims are directed to one of the exceptions, the second step is to search for an “inventive concept” that is “sufficient to ensure that the patent in practice amounts to significantly more than a patent upon the natural law [or abstract idea] itself.” *Mayo*, 566 U.S. at 72-73. In doing so, a court must “consider the elements of each claim both individually and ‘as an ordered combination’ to determine whether the additional elements provide for an “inventive concept” that ‘transform[s] the nature of the claim’ into a patent-eligible application.” *Alice*, 573 U.S. at 217 (quoting *Mayo*, 566 U.S. at 78-79). If, in considering the claim elements individually and as an ordered combination, they merely recite well-understood, routine, and conventional steps, they will not constitute an inventive concept for patent eligibility purposes. *Aatrix Software, Inc. v. Green Shades Software, Inc.*, 882 F.3d 1121, 1128 (Fed. Cir. 2018).

“Like indefiniteness, enablement, or obviousness, whether a claim recites patent eligible subject matter is a question of law which may contain underlying facts.” *Berkheimer v. HP Inc.*, 881 F.3d 1360, 1368-69 (Fed. Cir. 2018). The Federal Circuit has held, for example, that fact questions may arise in the context of step two of the patent eligibility inquiry. *Aatrix*, 882 F.3d at 1128 (“[w]hether the claim elements or the claimed combination are well-understood, routine, conventional is a question of fact.”). To the extent patent eligibility questions do turn on a factual issue, an accused infringer must prove invalidity by clear and convincing evidence. *Microsoft*

Corp. v. i4i Ltd. P'ship, 564 U.S. 91, 112 (2011).

IV. Discussion

DECA argues that the asserted claims of the '938 Patent are patent-ineligible under § 101 because they are directed to an abstract idea and fail to recite any elements, either alone or in combination, that are not well-understood, routine, or conventional. *See generally* Docket No. 219. SkyHawke argues that the claims are drawn to a technological improvement that survives *Alice* Step 1 and/or recite particular elements that provide an inventive concept under *Alice* Step 2. Docket No. 224 at 11-19.

SkyHawke's opposition specifically emphasizes Claim 1 of the '938 Patent's recitation of (1) a "*first* information processing and viewing device" that "execut[es] course *mapper* software;" (2) a "*second* information processing and viewing device" that "execut[es] course *player* software;" and (3) the requirement that the second information processing and viewing device acts "with autonomy from any positional equipment at the golf course." *See, e.g.* Docket No. 224 at 14 (emphasis in original) (quoting '938 Patent, Claim 1); *see also id.* at 13. In particular, SkyHawke also characterizes the course mapper software of the first information processing and viewing device as "creat[ing] geo-enabled course maps, *e.g.*, a GPS-enabled map." *Id.* at 14. SkyHawke elsewhere suggests that the claimed method and/or system of the asserted claims of the '938 Patent are able to "determine the golfer's actual position on the golf course as the golfer moves about the course and then accurately determine and provide distances to other points from the golfer's actual position." *Id.* at 12; *see also id.* at 13 ("The invention claimed in the '938 Patent provides accurate, interactive, real-time, GPS-derived distance information from the golfer's location on the course."). Although SkyHawke is not explicit in its characterization of these particular arguments, they appear to be related to *Alice* Step 2. (SkyHawke includes a separate section asserting that the claims provide a technical solution to a technical problem, but that section does not specifically reference these claim limitations in the same manner, *see id.* at 15-19.)

DECA responds by observing that SkyHawke's proposed claim construction for the term "course-mapper software" was "[s]oftware installed on the computer device used to generate map data for golf courses" and for the term "course-player software" was "software installed on the computer device related to player data." Docket No. 226 at 6 (citing Docket No. 227-1 at 3 (Plaintiff's Patent Local Rule 4-2(a) and 4-2(b) Disclosures, served January 15, 2019)); *see also id.* at 10 (stating of SkyHawke's assertions regarding the first and second information and

processing viewing devices, “these functions are not recited in the claims, nor does SkyHawke claim that these functions are present in their proposed claim constructions. Accordingly, this argument is irrelevant.”). DECA also argues that the claim phrase “with autonomy from any positional equipment at the golf course” is result-oriented, functional claim language “without any technological basis in the claim” and thus does not change the analysis. *Id.* at 11.

The Court has some concerns about SkyHawke’s arguments. First and foremost, SkyHawke’s opposition arguments regarding *Alice* Step Two are not in any way reflected in SkyHawke’s operative complaint. *See* Docket No. 66. In deciding a Motion for Judgment on the Pleadings, the focus – obviously – must be on what is disclosed in the pleadings, not simply on attorney argument. The Court acknowledges that SkyHawke’s operative pleading was filed in November 2011, predating even the Supreme Court’s decision in *Mayo*. Docket No. 66. The Court questions why SkyHawke has not sought leave to amend its complaint in light of the significant caselaw that has developed in this area since that time.² In particular, and only just recently, the Federal Circuit’s decision in *Aatrix* reaffirmed the notion that § 101 disputes may involve factual issues that are not appropriately decided at the pleading stage. *Aatrix*, 882 F.3d at 1128 (“Whether the claim elements or the claimed combination are well-understood, routine, conventional is a question of fact. And in this case, that question cannot be answered adversely to the patentee based on the sources properly considered on a motion to dismiss, such as the complaint, the patent, and materials subject to judicial notice.”). SkyHawke would put the burden on DECA to submit *evidence* to support DECA’s position that the claims recite only routine and conventional components. Docket No. 224 at 4-6. But aside from some exceptions, evidence outside the pleadings is not properly considered in the context of a motion at the pleading stage. Instead, it is SkyHawke’s responsibility to provide a well-pleaded complaint that can serve as the basis for this litigation, as well as the basis for SkyHawke’s defense against a motion for judgment on the pleadings (along with the patent itself and material that can be subject to judicial notice). That has not occurred here.

Second, the Court agrees that there seems to be inconsistency between SkyHawke’s arguments about the meaning of certain claim phrases in the opposition compared to the proposed claim constructions SkyHawke recently served in this case. The Court acknowledges DECA’s position that for a motion on the pleadings, it may be appropriate for the accused infringer to

² Indeed, SkyHawke fails to even alternatively request leave to amend its complaint in its opposition to the Motion.

simply adopt the patentee’s apparent claim constructions in presenting a § 101 dispute. Docket No. 219 at 7. The Court also acknowledges SkyHawke’s position on the other side, however, that DECA may have (intentionally or not) put its own “spin on these terms” that is inconsistent with SkyHawke’s interpretation. Docket No. 224 at 6. This is particularly true given that SkyHawke’s proposed constructions for the phrases “course-mapper software” and “course-player software” are fairly vague – there are likely multiple ways to interpret the constructions themselves. Without SkyHawke’s explanation of its understanding of the meaning of these terms (and its understanding of the meaning of its own constructions of these terms) in the context of claim construction, it becomes difficult to tell: (1) how much SkyHawke is shifting positions; and (2) what SkyHawke actually understands the scope of the claim language to be.³ Although DECA raises legitimate points about what appear to be discrepancies in SkyHawke’s positions, the Court is ultimately concerned about whether “the nature of the claims is clear and it is apparent that claim construction would not affect the patent-eligibility of the claims at issue.” *Epic IP LLC v. Backblaze, Inc.*, No. CV 1:18-141-WCB, 2018 WL 6201582, at *15 (D. Del. Nov. 26, 2018) (J. Bryson); *see also Bancorp Servs., L.L.C. v. Sun Life Assur. Co. of Canada (U.S.)*, 687 F.3d 1266, 1273-74 (Fed. Cir. 2012) (“it will ordinarily be desirable – and often necessary – to resolve claim construction disputes prior to a § 101 analysis, for the determination of patent eligibility requires a full understanding of the basic character of the claimed subject matter.”).

After considering the parties’ positions, the Court finds it would be premature to make a § 101 determination on the current record, particularly because SkyHawke’s operative complaint does not include allegations that support its position. SkyHawke will be permitted to file an amended complaint that attempts to address some of the issues raised by DECA in the briefing and in this Order and that attempts to provide support for any argument that the asserted claims include elements or a combination of elements that are not routine, conventional, or well-understood. It is unlikely that the Court will provide SkyHawke with another opportunity like this, so SkyHawke should consider using it wisely.

³ DECA makes a short assertion in its reply that even considering SkyHawke’s interpretation of the claim language as provided in SkyHawke’s opposition, the claims are still invalid. Docket No. 226 at 10 (“using a GPS enabled map to determine distances on a golf course was a routine and conventional use of computers at the time of the ’938 Patent.”). The Court is not persuaded that this general argument fully addresses SkyHawke’s position regarding the relevance of the requirements of the first and second devices and their relationship to one another (the fact that the second device allows for autonomy may also be relevant when considered in this combination/context, despite its function-oriented nature). As an aside, the Court also notes that some of DECA’s arguments suggest that the relevant invalidity issue for this patent may not be a § 101 challenge, but instead an anticipation/obviousness challenge.

IV. Conclusion

Based on the foregoing, the Court would **GRANT** the Motion with leave for SkyHawke to amend its operative complaint. SkyHawke would be given 14 days from the date a Final Order is entered on the Motion to file an amended complaint that attempts to address the concerns identified by DECA and this Order regarding its allegations relating to the '938 Patent.