

UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

Two-Way Media Ltd. v. Comcast Cable Communications, LLC

874 F.3d 1329 (Fed. Cir. 2017) · No. 2016-2531, 2016-2532 · Decided November 1, 2017

SUMMARY

The United States Court of Appeals for the Federal Circuit affirmed a district court judgment that claims in four Two-Way Media patents were ineligible under 35 U.S.C. § 101. Applying the Alice framework, the court held that the claims were directed to abstract ideas involving the transmission, routing, monitoring, and measurement of real-time audio/visual information. The court further held that the claims lacked an inventive concept because they recited generic computer and network components performing conventional functions.

CASE DETAILS

COURT	United States Court of Appeals for the Federal Circuit
WRITING FOR THE COURT	Reyna, Circuit Judge; Lourie, Circuit Judge; Hughes, Circuit Judge
JURISDICTION	Federal
DECIDED	November 1, 2017
DOCKET	2016-2531, 2016-2532
DISPOSITION	affirmed
PROCEDURAL POSTURE	Two-Way Media appealed the District of Delaware's grant of defendants' motion for judgment on the pleadings, which held asserted claims of four patents invalid under 35 U.S.C. § 101.
STANDARD OF REVIEW	The Federal Circuit reviews procedural aspects of a Rule 12(c) judgment on the pleadings under the law of the regional circuit, here the Third Circuit, which applies plenary review. The court reviews patent-eligibility determinations under § 101 de novo.
PRECEDENTIAL VALUE	published precedential opinion
PARTIES	Two-Way Media Ltd. v. Comcast Cable Communications, LLC, Comcast Interactive Media LLC, Verizon Services Corp., Verizon Online LLC

TOPICS

[patent eligibility](#)[patent law](#)[appellate procedure](#)[standard of review](#)[commercial litigation](#)

PRACTICE AREAS

patent law

intellectual property

appellate procedure

QUESTIONS PRESENTED

1. Whether the representative claims of the '187 and '005 patents are directed to patent-ineligible abstract ideas under 35 U.S.C. § 101.
2. Whether the representative claims of the '187 and '005 patents contain an inventive concept sufficient to transform the abstract ideas into patent-eligible applications under Alice step two.
3. Whether the representative claims of the '622 and '686 patents are directed to patent-ineligible abstract ideas.
4. Whether the representative claims of the '622 and '686 patents contain an inventive concept under Alice step two.
5. Whether the district court erred by deciding eligibility on the pleadings after adopting proposed claim constructions and by excluding materials concerning novelty and nonobviousness.

HOLDINGS

1. The representative claims are directed to the abstract idea of sending information, directing the sent information, monitoring receipt of the information, and accumulating records concerning its receipt because they use result-based functional language without sufficiently describing a non-abstract means of achieving those results.
2. The representative claims of the '187 and '005 patents lack an inventive concept and therefore do not transform the abstract ideas into patent-eligible applications.
3. The representative claims of the '622 patent are directed to the abstract idea of monitoring delivery of real-time information to users, and the representative claims of the '686 patent are directed to the abstract idea of measuring delivery of real-time information for commercial purposes.
4. The representative claims of the '622 and '686 patents lack an inventive concept because they require only conventional computer and network components performing ordinary functions in a conventional arrangement.
5. The district court did not err in excluding materials concerning novelty and nonobviousness because eligibility and novelty are separate inquiries, and evidence relevant to §§ 102 and 103 does not establish eligibility under § 101.

KEY QUOTATIONS

“Claim 1 recites a method for routing information using result-based functional language.” (874 F.3d at 1335)

“The main problem that Two-Way Media cannot overcome is that the claim—as opposed to something purportedly described in the specification—is missing an inventive concept.” (874 F.3d at 1337)

“The claim uses a conventional ordering of steps—first processing the data, then routing it, controlling it, and monitoring its reception—with conventional technology to achieve its desired result.” (874 F.3d at 1339)

“The claims thus fail to describe a “specific, discrete implementation of the abstract idea” sufficient to qualify for eligibility under § 101.” (874 F.3d at 1342)

FACTUAL BACKGROUND

The patents-in-suit concern systems and methods for streaming audio and visual information over communications networks. The claims recite converting information into addressed digital packets, routing streams to users, controlling routing in response to user signals, monitoring receipt, and accumulating records concerning delivery. The asserted claims also concern forwarding and measuring real-time media streams, including for commercial purposes, using intermediate servers or computers.

PROCEDURAL HISTORY

The District of Delaware adopted Two-Way Media's proposed claim constructions for purposes of the motion, denied its request to take judicial notice of materials from other proceedings, and held the asserted claims directed to patent-ineligible abstract ideas lacking an inventive concept under the Alice framework. The Federal Circuit reviewed the judgment on the pleadings and the § 101 determination de novo and affirmed.

DISPOSITION

affirmed

CASES CITED

- Two-Way Media Ltd. v. Comcast Cable Commc'ns, LLC, Nos. 14-1006-RGA, 14-1212-RGA, 2016 WL 4373698 (D. Del. Aug. 15, 2016)
- Alice Corp. v. CLS Bank Int'l, 134 S. Ct. 2347 (2014)
- McRO, Inc. v. Bandai Namco Games Am. Inc., 837 F.3d 1299, 1311, 1314 (Fed. Cir. 2016)
- CoreStates Bank, N.A. v. Huls Am., Inc., 176 F.3d 187, 193 (3d Cir. 1999)
- Thales Visionix Inc. v. United States, 850 F.3d 1343, 1349 (Fed. Cir. 2017)
- Enfish, LLC v. Microsoft Corp., 822 F.3d 1327, 1338-39 (Fed. Cir. 2016)
- Internet Patents Corp. v. Active Network, Inc., 790 F.3d 1343, 1346, 1348-49 (Fed. Cir. 2015)
- Affinity Labs of Tex., LLC v. DIRECTV, LLC, 838 F.3d 1253, 1258-59, 1263 (Fed. Cir. 2016)
- Electric Power Group, LLC v. Alstom S.A., 830 F.3d 1350, 1351, 1354-56 (Fed. Cir. 2016)
- In re TLI Commc'ns LLC Patent Litig., 823 F.3d 607, 611 (Fed. Cir. 2016)
- Content Extraction & Transmission LLC v. Wells Fargo Bank, 776 F.3d 1343, 1347 (Fed. Cir. 2015)
- Versata Dev. Grp., Inc. v. SAP Am., Inc., 793 F.3d 1306, 1332 (Fed. Cir. 2015)
- RecogniCorp, LLC v. Nintendo Co., 855 F.3d 1322, 1327 (Fed. Cir. 2017)
- Clarilogic, Inc. v. FormFree Holdings Corp., 681 F. App'x 950, 954-55 (Fed. Cir. 2017)
- Intellectual Ventures I LLC v. Symantec Corp., 838 F.3d 1307, 1319-21 (Fed. Cir. 2016)

- BASCOM Glob. Internet Servs., Inc. v. AT&T Mobility LLC, 827 F.3d 1341, 1348, 1350 (Fed. Cir. 2016)
- CyberSource Corp. v. Retail Decisions, Inc., 654 F.3d 1366, 1370 (Fed. Cir. 2011)
- Ariosa Diagnostics, Inc. v. Sequenom, Inc., 788 F.3d 1371, 1379 (Fed. Cir. 2015)
- Ultramercial, Inc. v. Hulu, LLC, 772 F.3d 709, 715 (Fed. Cir. 2014)

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