

UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

Hawk Technology Systems, LLC v. Castle Retail, LLC

No. 2022-1222, United States Court of Appeals for the Federal Circuit (February 17, 2023)

SUMMARY

The Federal Circuit affirmed dismissal of a patent infringement complaint under Rule 12(b)(6) for subject-matter ineligibility, holding that the asserted claims of U.S. Patent No. 10,499,091 were directed to the abstract idea of storing and displaying video and lacked an inventive concept because they recited only generic computer components and conventional technology. The court also held that the district court's failure to formally convert the motion to one for summary judgment after considering extraneous materials was harmless error, as the dismissal could be justified without reference to those materials. This case reinforces that patent claims directed to result-oriented data manipulation using off-the-shelf hardware fail both steps of the *Alice* test for eligibility under 35 U.S.C. § 101.

CASE DETAILS

COURT	United States Court of Appeals for the Federal Circuit
WRITING FOR THE COURT	Reyna; Hughes; Cunningham
JURISDICTION	Federal
DECIDED	February 17, 2023
DOCKET	2022-1222
DISPOSITION	affirmed
PROCEDURAL POSTURE	Appeal from grant of motion to dismiss under Rule 12(b)(6) for failure to state a claim based on patent ineligibility under 35 U.S.C. § 101
STANDARD OF REVIEW	De novo
PRECEDENTIAL VALUE	Published
PARTIES	Hawk Technology Systems, LLC v. Castle Retail, LLC

TOPICS

- patent law
- subject matter jurisdiction
- motions to dismiss
- appellate procedure
- standard of review

PRACTICE AREAS

QUESTIONS PRESENTED

1. Whether the claims of U.S. Patent No. 10,499,091 are directed to patent-ineligible subject matter under 35 U.S.C. § 101.
2. Whether the district court erred in failing to convert the Rule 12(b)(6) motion to a motion for summary judgment under Rule 12(d) when it considered matters outside the pleadings.

HOLDINGS

1. The claims are patent ineligible because they are directed to an abstract idea (storing and displaying video) and lack an inventive concept that transforms the abstract idea into patent-eligible subject matter.
2. The district court's error in not converting the motion was harmless because the court's decision did not hinge on the extraneous materials and can be justified without reference to them.

KEY QUOTATIONS

“1. A method of viewing, on a remote viewing device of a video surveillance system, multiple simultaneously displayed and stored video images, comprising the steps of: receiving video images at a personal computer based system from a plurality of video sources, wherein each of the plurality of video sources comprises a camera of the video surveillance system; digitizing any of the images not already in digital form using an analog-to-digital converter; displaying one or more of the digitized images in separate windows on a personal computer based display device, using a first set of temporal and spatial parameters associated with each image in each window; converting one or more of the video source images into a selected video format in a particular resolution, using a second set of temporal and spatial parameters associated with each image; contemporaneously storing at least a subset of the converted images in a storage device in a network environment; providing a communications link to allow an external viewing device to access the storage device; receiving, from a remote viewing device remotely located from the video surveillance system, a request to receive one or more specific streams of the video images; transmitting, either directly from one or more of the plurality of video sources or from the storage device over the communication link to the remote viewing device, and in the selected video format in the particular resolution, the selected video format being a progressive video format which has a frame rate of less than substantially 24 frames per second using a third set of temporal and spatial parameters associated with each image, a version or versions of one or more of the video images to the remote viewing device, wherein the communication link traverses an external broadband connection between the remote computing device and the network environment; and displaying only the one or more requested specific streams of the video images on the remote computing device.” (4-5)

“The claims are directed to a method of receiving, displaying, converting, storing, and transmitting digital video 'using result-based functional language.'” (11)

“We hold that the '091 patent is patent ineligible because its claims are directed to an abstract idea and fail to transform that abstract idea into patent-eligible subject matter.” (15)

FACTUAL BACKGROUND

The '091 patent relates to a method of viewing multiple simultaneously displayed and stored video images on a remote viewing device of a video surveillance system. Claim 1 recites steps including receiving video images from cameras, digitizing, displaying in separate windows, converting to a selected video format, storing, providing a communications link, receiving a request for specific streams, transmitting, and displaying. The patent specification describes using existing broadband infrastructure and generic PC-based servers. The district court found the claims directed to the abstract idea of storing and displaying video and lacking an inventive concept.

PROCEDURAL HISTORY

Hawk sued Castle Retail for patent infringement. Castle Retail moved to dismiss under Rule 12(b)(6), arguing the patent claims were invalid under § 101 as directed to an abstract idea. The district court granted the motion, finding the claims directed to an abstract idea and lacking an inventive concept. Hawk appealed.

DISPOSITION

affirmed

CASES CITED

- Alice Corp. v. CLS Bank International, 573 U.S. 208 (2014)
- Two-Way Media Ltd. v. Comcast Cable Commc'ns, LLC, 874 F.3d 1329 (Fed. Cir. 2017)
- Adaptive Streaming Inc. v. Netflix, Inc., 836 F. App'x 900 (Fed. Cir. 2020)
- Solutran, Inc. v. Elavon, Inc., 931 F.3d 1161 (Fed. Cir. 2019)
- Yu v. Apple, 1 F.4th 1040 (Fed. Cir. 2021)
- ChargePoint, Inc. v. SemaConnect, Inc., 920 F.3d 759 (Fed. Cir. 2019)
- TecSec, Inc. v. Adobe Inc., 978 F.3d 1278 (Fed. Cir. 2020)
- Koninklijke KPN N.V. v. Gemalto M2M GmbH, 942 F.3d 1143 (Fed. Cir. 2019)
- SAP Am., Inc. v. InvestPic, LLC, 898 F.3d 1161 (Fed. Cir. 2018)
- Berkheimer v. HP Inc., 881 F.3d 1360 (Fed. Cir. 2018)
- Elec. Power Grp., LLC v. Alstom S.A., 830 F.3d 1350 (Fed. Cir. 2016)
- BASCOM Glob. Internet Servs., Inc. v. AT&T Mobility LLC, 827 F.3d 1341 (Fed. Cir. 2016)
- FairWarning IP, LLC v. Iatric Sys., Inc., 839 F.3d 1089 (Fed. Cir. 2016)
- Universal Secure Registry LLC v. Apple, Inc., 10 F.4th 1342 (Fed. Cir. 2021)
- Allied Erecting & Dismantling Co. v. Genesis Equip. & Mfg., Inc., 805 F.3d 701 (6th Cir. 2015)
- DirecTV, Inc. v. Treesh, 487 F.3d 471 (6th Cir. 2007)
- Bishop v. Lucent Techs., Inc., 520 F.3d 516 (6th Cir. 2008)
- Smart Sys. Innovations, LLC v. Chi. Transit Auth., 873 F.3d 1364 (Fed. Cir. 2017)
- CODA Dev. S.R.O. v. Goodyear Tire & Rubber Co., 916 F.3d 1350 (Fed. Cir. 2019)
- Gavitt v. Born, 835 F.3d 623 (6th Cir. 2016)
- Bates v. Green Farms Condo. Ass'n, 958 F.3d 470 (6th Cir. 2020)

- Yearly v. Goodwill Indus.-Knoxville, Inc., 107 F.3d 443 (6th Cir. 1997)
- Hawk Tech. Sys., LLC v. Castle Retail, LLC, No. 2:20-cv-02766-JPM-tmp, 2021 WL 5832793 (W.D. Tenn. Sept. 15, 2021)

CITED IN

- Hawk Technology Systems, LLC v. Castle Retail, LLC, Hawk Technology Systems, LLC v. Castle Retail, LLC, 60 F.4th 1349, 1352-57 (Fed. Cir. 2023)

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