

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

FREENY, ET AL.

§

v.

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Case No. 2:13-CV-791-RSP

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MURPHY OIL CORPORATION, ET AL.

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**ORDER DENYING DEFENDANT'S
MOTION FOR SUMMARY JUDGMENT OF INVALIDITY**

Before the Court is Defendant's Motion for Summary Judgment of Invalidity (Dkt. No. 88, "Motion for Summary Judgment"). For the following reasons, Defendant's Motion for Summary Judgment is **DENIED**.

BACKGROUND

Defendant Murphy USA Inc. ("Murphy") requests summary judgment of invalidity as to Claims 24, 30, 31, and 36 of U.S. Patent No. 6,076,071 ("the '071 Patent") and Claim 8 of U.S. Patent No. 6,513,016 ("the '016 Patent") (collectively, "Patents-In-Suit") under the grounds that the Patents-In-Suit are: (1) non-patentable subject matter under 35 U.S.C § 101 and (2) anticipated, obvious, or both,¹ in view of prior art. (Mot. at 1.) At the outset, the Court notes Claim 30 of the '071 Patent is no longer subject of this Motion for Summary Judgment. (*See* Dkt. No. 119) ("[I]t is therefore ORDERED that all of the parties' claims and counterclaims in this action with respect to Claim 30 of U.S. Patent No. 6,076,071 are hereby dismissed with prejudice."). Accordingly, this Order is limited to the validity of Claims 24, 31, and 36 of the '071 Patent and Claim 8 of the '016 Patent (collectively, "Asserted Claims").

¹ Although Defendant states obviousness as a ground for invalidity in its Motion for Summary Judgment, the Court notes it fails to set forth an independent basis for such relief within its substantive arguments.

APPLICABLE LAW

I. Summary Judgment

Summary judgment should be granted “if the movant shows that there is no genuine dispute as to any material fact and the movant is entitled to judgment as a matter of law.” FED. R. CIV. P. 56(a). Any evidence must be viewed in the light most favorable to the nonmovant. *See Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 255, 106 S.Ct. 2505, 91 L.Ed.2d 202 (1986) (citing *Adickes v. S.H. Kress & Co.*, 398 U.S. 144, 158–59, 90 S.Ct. 1598, 26 L.Ed.2d 142 (1970)). Summary judgment is proper when there is no genuine issue of material fact. *Celotex v. Catrett*, 477 U.S. 317, 322, 106 S.Ct. 2548, 91 L.Ed.2d 265 (1986). “By its very terms, this standard provides that the mere existence of some alleged factual dispute between the parties will not defeat an otherwise properly supported motion for summary judgment; the requirement is that there be no genuine issue of material fact.” *Anderson*, 477 U.S. at 247–48. The substantive law identifies the material facts, and disputes over facts that are irrelevant or unnecessary will not defeat a motion for summary judgment. *Id.* at 248. A dispute about a material fact is “genuine” when the evidence is “such that a reasonable jury could return a verdict for the nonmoving party.” *Id.*

The moving party must identify the basis for granting summary judgment and identify the evidence demonstrating the absence of a genuine issue of material fact. *Celotex*, 477 U.S. at 323. If the movant bears the burden of proof on an issue at trial, then the movant “must establish beyond peradventure all of the essential elements of the claim or defense to warrant [summary] judgment in his favor.” *Fontenot v. Upjohn Co.*, 780 F.2d 1190, 1194 (5th Cir. 1986).

II. 35 U.S.C. § 101

Under Title 35, patentable inventions are divided into broad, statutory categories of invention. *See* 35 U.S.C. § 101 (“ . . . process, machine, manufacture, or composition of matter,

or any new and useful improvement thereof”) So-called “abstract ideas,” however, are ineligible for patent protection under the current law. *Alice Corp. Pty. v. CLS Bank Int’l*, 134 S. Ct. 2347, 2352, 189 L. Ed. 2d 296 (2014). A section 101 analysis begins by identifying whether an invention fits within one of the four statutorily provided categories of patent-eligible subject matter: processes, machines, manufactures, and compositions of matter. *Ultramercial, Inc. v. Hulu, LLC*, 772 F.3d 709, 713–14 (Fed. Cir. 2014) (citing 35 U.S.C. § 101). Section 101 contains an important implicit exception: Laws of nature, natural phenomena, and abstract ideas. *Id.* at 714 (citing *Alice*, 134 S.Ct. at 2354). First the Court must determine whether claims at issue are directed to one of these exceptions. *Id.* (citations omitted). If the claims do not fall within one of these exceptions, they are patent eligible under section 101. *Id.* (citations omitted).

III. 35 U.S.C. § 102

Under 35 U.S.C. § 102, “[a] person shall be entitled to a patent unless . . . the invention was patented or described in a printed publication in this or a foreign country or in public use or on sale in this country, more than one year prior to the date of the application for patent in the United States.” 35 U.S.C. § 102(b). Patents are presumed to be valid. *Id.* at § 282. “Because patents are presumed valid, anticipation must be proven by clear and convincing evidence.” *Ericsson, Inc. v. D-Link Sys., Inc.*, 773 F.3d 1201, 1224 (Fed. Cir. 2014) (citations omitted). To invalidate patent claims based on prior art, the challenger to the patent must show by clear and convincing evidence that the earlier invention is prior art under § 102 and the earlier invention includes all elements of the claims at issue. *Netscape Comm’cns Corp. v. Konrad*, 295 F.3d 1315, 1320 (Fed. Cir. 2002). Whether a prior art reference is anticipating is a question of fact. *Apple Computer, Inc. v. Articulate Sys., Inc.*, 234 F.3d 14, 20 (Fed. Cir. 2000).

DISCUSSION

I. Patent Eligibility under 35 U.S.C. § 101

Regarding its section 101 arguments, Defendant contends “[t]he Asserted Claims, directed to an ‘automated product pricing system,’ cover nothing more than the abstract idea of changing prices from a central location using known electronic components, and are not patent-eligible under § 101.” (Mot. at 8–9.) Defendant argues—with little specificity—why it believes Claim 24 is directed to an abstract concept.² (*See id.* at 9–10) (presenting a limitation-by-limitation chart of Claim 24 to demonstrate why each discrete claimed “principle” is purportedly accomplished in a conventional manner). Defendant continues by citing several cases where lower courts have found computer-implemented claims to be invalid under section 101.

The Court disagrees and finds the claims to be patent eligible under section 101. Patent claims enjoy a presumption of validity. 35 U.S.C. § 282. Beyond listing the claimed elements in a column entitled “Abstract Commercial Principle” (Mot. at 9–10), Defendant has failed to articulate convincingly *why* it believes the “automated product pricing system” of the Asserted Claims is considered abstract under the law. By evaluating Claim 24 of the ’071 Patent as a whole,³ the court concludes the Asserted Claims are not abstract under the law.

Claim 24 of the ’071 Patent is reproduced below:

24. An automated product pricing system, comprising:

² Defendant contends Claim 24 of the ’071 Patent is representative of the Asserted Claims. (Mot. at 9.) Without conceding the propriety of Defendant’s contention, for the purposes of this Order, the Court will presume that the Asserted Claims will stand or fall with Claim 24 throughout the Court’s section 101 analysis of Claim 24.

³ “Because the approach we made explicit in *Mayo* considers all claim elements, both individually and in combination, it is consistent with the general rule that patent claims ‘must be considered as a whole.’” *Alice*, 134 S. Ct. at 2355 n.3.

a plurality of physical store systems, each of the physical store systems comprising:

a product pricing unit constructed to display a product location price indicating the unit price of a product;

a store checkout station constructed to request from a shopper a product checkout price for the purchase of the product;

a store system computer constructed to communicate with the product pricing unit and the store checkout station so as to automatically change the product location price and the product checkout price;

a control system computer adapted to selectively communicate price change codes indicate of different prices for the same product to the store system computer of each of the physical store systems whereby the price changes at the physical store systems for the product are capable of being individualized at each physical store system.

Specifically, Claim 24 is directed to physical systems for controlling the display and management of product prices in physical stores, utilizing specific types of electronic devices that are networked together to operate in a very specific manner. This system of interconnected physical devices—implemented in a specialized manner to control the display and management of product prices—stands in stark contrast to the recitation of a general computer performing generic computer functions in relation to an abstract concept (such as, for example, a scheme for mitigating settlement risk) as set forth in *Alice*. See *Alice*, 135 S. Ct. at 2359 (“In short, each step does no more than require a generic computer to perform generic computer functions.”).

Defendant intends for the Court to believe that the Asserted Claims are directed to nothing more “than the abstract idea of changing prices from a central location” using conventional hardware. (Mot. at 9.) The Court disagrees. Defendant is reminded, “[a]t some level, ‘all inventions . . . embody, use, reflect, [or] rest upon . . . abstract ideas.’”) *Alice*, 135 S. Ct. at 2354 (citing *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 132 S. Ct. 1289, 1293 (2012)). In other words, “an invention is not rendered ineligible for [a] patent simply because it involves an abstract concept.” *Id.* (citing *Diamond v. Diehr*, 450 U.S. 175, 178 (1981)). The

unique manner in which the Asserted Claims describe a specialized system for controlling, displaying, and managing products sufficiently recites subject matter eligible for a patent. To find otherwise would run afoul of the Supreme Court’s cautionary counsel regarding patent ineligibility. *See, e.g., id.* (“[W]e tread carefully in construing this exclusory principle lest it swallow all of patent law.”) (citing *Mayo*, 132 S. Ct. at 1293–94)).

Because the Court finds the Asserted Claims recite non-abstract, patent-eligible subject matter, Defendant’s remaining arguments as to whether the Asserted Claims meet section 101 necessarily fail. *See Ultramercial, Inc. v. Hulu, LLC*, 772 F.3d 709, 713–14 (“‘First, we determine whether the claims at issue are directed to one of those patent-ineligible concepts.’ If not, the claims pass muster under § 101.” (Internal citations omitted.)) Accordingly, Defendant’s Motion for Summary Judgment is denied as to this ground.

II. Anticipation under 35 U.S.C. § 102

Regarding its second ground, Defendant argues U.S. Patent No. 4,002,886 (issued to Dr. Ronald Sundelin) (“Sundelin”) anticipates Claim 24 of the ’071 Patent and Claim 8 of the ’016 Patent. (Mot. at 18.) Specifically, Defendant argues “Sundelin discloses a ‘system employing a central computer, point-of-sale terminals, and product code readers, [which] ensures that the price displayed for an item is identical to the price actually charged for the item.’” (*Id.*) (citations omitted). Defendant concludes, “[t]he undisputed facts show that Sundelin discloses all elements of Claim 24 of the ’071 Patent and Claim 8 of the ’016 Patent.⁴” (*Id.*)

⁴ Defendant argues Claim 8 is materially identical to Claim 24 of the ’071 Patent except that “it requires the control system computer to be remote from the physical store systems.” (Mot. at 18 n.9.) Without acceding to the propriety of Defendant’s contention, for the purposes of this Order, the Court will presume this to be true. Thus, Claim 8 of the ’016 Patent will stand or fall with the Court’s analysis of Claim 24 of the ’071 Patent under this heading.

In its response, Plaintiff argues Sundelin wholly fails to disclose the “control system computer” element recited by the claims. (Opp. at 21.) Specifically, Plaintiff argues—based on this Court’s claim construction (Dkt. No. 46)—Sundelin fails to disclose a computer that is “adapted to selectively communicate price change codes indicate of different prices for the same product to the store system computer of each of the physical store systems.” (See Opp. at 21) (noting this Court’s construction of “selectively communicate price change codes” means “selectively transmit instructions to change a price for a specific product.”) (citations omitted). Moreover, Plaintiff argues Sundelin fails to recite a computer that has the capability of transmitting instructions in such a way “whereby the price changes at the physical store systems for the product are capable of being individualized at each physical store system.” (*Id.* at 21–22.) Finally, Plaintiff argues Sundelin does not enable the recited “control system computer” or the “store system computer” limitations of Claim 24 of the ’071 Patent and Claim 8 of the ’016 Patent. (*Id.* at 25, 27.)

Upon review of the parties’ briefing, the Court concludes a genuine dispute as to material fact remains as to whether or not Sundelin renders the Asserted Claims anticipated. “Whether [prior] art is anticipating is a question of fact. *Apple Computer, Inc. v. Articulate Sys., Inc.*, 234 F.3d 14, 20 (Fed. Cir. 2000). Defendant has failed to demonstrate the lack of a genuine dispute of material fact as to whether or not the Sundelin reference includes all elements of the claims at issue. For example, the Court finds material factual disputes remain as to whether or not the Sundelin reference teaches the recited “control system computer” for at least the two reasons Plaintiff sets forth in its briefing, and as summarized above. Viewing the evidence offered by the parties in light most favorable to the non-movant, the Court finds a jury considering Plaintiff’s

evidence could reasonably conclude Sundelin does not anticipate the Asserted Claims. Accordingly, Defendant's Motion for Summary Judgment is denied as to this ground as well.

Independent of these grounds, the Court additionally finds factual determinations must be resolved in determining whether or not the Sundelin reference is enabled (and thus, whether or not it is even available to Defendant as prior art). Although this Court recognizes that enablement is a question of law, such determinations often rest on certain factual underpinnings. *See Metabolite Labs., Inc. v. Lab. Corp. of Am. Holdings*, 370 F.3d 1354, 1359 (Fed. Cir. 2004) (“[T]his court reviews the factual underpinnings of enablement for substantial evidence.”). Specifically, a genuine dispute of material fact remains as to whether or not the Sundelin reference contains the requisite technical disclosure to adequately enable one of ordinary skill in the art at the time of the invention to make and use the invention. Because the resolution of these factual underpinnings are within the ambit of the jury's fact-finding role, the Court finds Defendant has failed to meet its burden that it is entitled to judgment as a matter of law as to the validity of the Asserted Claims.

CONCLUSION

For the foregoing reasons, Defendant has failed to meet its burden that it is entitled to judgment as a matter of law as to the validity of the Patents-In-Suit. Accordingly, Defendant's Motion for Summary Judgment (Dkt. No. 88) is **DENIED**.

SIGNED this 22nd day of May, 2015.



ROY S. PAYNE
UNITED STATES MAGISTRATE JUDGE