UNITED STATES DISTRICT COURT

NORTHERN DISTRICT OF CALIFORNIA

10TALES INC., **Plaintiff,** **vs.** **TIKTOK INC., TIKTOK PTE. LTD., BYTEDANCE LTD., AND BYTEDANCE INC.,** **Defendants.**	**Case No.: 21-CV-03868-YGR** **ORDER DENYING MOTION TO DISMISS WITHOUT PREJUDICE** Re: Dkt. No. 132

Plaintiff 10Tales Inc. brings this action against defendants TikTok Inc., TikTok Pte. Ltd., ByteDance Ltd., and ByteDance Inc., (collectively, "defendants" or "TikTok") for patent infringement. (Dkt. No. 124, First Amended Complaint ("FAC") ¶ 1.). Specifically, plaintiff alleges that defendants have infringed U.S. Patent No. 856,030, entitled "Method, System and Software for Associating Attributes within Digital Media Presentations." (the "'030 Patent"). Now before the Court is defendants' motion to dismiss plaintiff's complaint for patent ineligibility under 35 U.S.C. § 101. Having carefully considered the pleadings and the papers submitted, as well as oral argument from counsel on February 22, 2022, and for the reasons set forth more fully below, the Court **DENIES** defendants' motion to dismiss **WITHOUT PREJUDICE**. In summary, the Court finds that it must conduct claim construction before resolving the issues.

I. BACKGROUND

The complaint recites the following allegations:

On October 7, 2014, the United States Patent and Trademark Office issued the '030 Patent. (FAC ¶¶ 1, 51.) The '030 Patent is used to deploy advanced storytelling through the use of 10 second videos submitted by a network of friends that become shared experiences among the friend network. (*Id.* ¶ 2.) David Russek is the inventor of the '030 Patent and 10Tales is the owner by virtue of an assignment effective as of March 29, 2015. (*Id.* ¶ 52.)

Claim 1 of the '030 Patent claims a server-based system that associates user attributes with digital media attributes and creates a user-specific composite digital media display. (*Id.* ¶ 58.)

United States District Court
Northern District of California

United States District Court
Northern District of California

Concerned with the "advent of the digital era" and the threats to advertising, Mr. Russek created a "method, system, and software [] . . . which allow for customizing and personalizing content based on a combination of a user's demographics, psycho-demographics, cognitive states, emotional states, social placement and group interaction dynamics within an online community, and/or affinity for certain content elements (images, sounds, segments, graphics, video, text, dialog), self-provided narrating content, internal narrative traits preference topology, and expectation level and temporal spacing of assets within the narrative." (Patent '030 at 1:52-61, 2:65-3:7).

According to plaintiff, the system in Claim 1 reflects technological improvements upon the state of the art at the time. (FAC ¶ 59.) For example, Claim 1 teaches how to analyze a user's interactions with other users in an online social network in order to determine the user's affinity for certain digital media content. (*Id.* ¶ 60.) The '030 Patent also teaches the use of a rule-based algorithm to use this information to create a user-specific composite digital media display for users. (*Id.*)

The '030 Patent has two independent claims, Claims 1 and 2. Claim 1 of the '030 Patent recites:

1. A system for associating user attributes with digital media asset attributes and creating a user specific composite digital media display, the system comprising:

   a. a server;
   b. a computer-readable storage medium operably connected;
   c. wherein the computer-readable storage medium contains one or more programming instructions for performing a method of associating user attributes with digital media asset attributes and creating a user specific composite digital media display, the method comprising:

      identifying a first set of digital media assets stored on the computer-readable storage medium,

      creating, from the first set of digital media assets, a first composite digital media display,

      presenting to the user via a display server, the first composite digital media display;

      retrieving user social network information from at least one source external to the presented first composite digital media

United States District Court
Northern District of California

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> display, wherein the user social network information contains one or more user attributes;
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> selecting, based on the user attributes in the social network information, a second set of digital media assets, wherein the second set of digital media assets is associated with one or more user attributes found in the user social network information;
>
> monitoring the first composite digital media display for the presence of a trigger, wherein the trigger indicates a personalization opportunity in the first set of digital media assets;
>
> performing a rule based substitution of one or more of the digital media assets from the first set of digital media assets with one or more of the digital media assets from the second set of digital media assets to create a user specific set of digital media assets;
>
> creating, from the user specific digital media assets, a user specific composite digital media display; and;
>
> presenting to the user via the display server, the second composite digital media display.

('030 Patent, at Claim 1, 20: 61-22:15.). Claim 2 of the '030 Patent recites:

> 2. The system of Claim 1 wherein the first set of digital media assets includes one or more of a foreground image, a background image, or audio.

('030 Patent, at Claim 2, 22: 16-18.). Plaintiff alleges that TikTok's recommendation system that generates the user-specific "For you" feeds directly infringes Claim 1 of '030 Patent. (FAC ¶ 61.)

II. LEGAL STANDARD

A. Motion to Dismiss Under Rule 12(b)(6)

Under Federal Rule of Civil Procedure 12(b)(6), a complaint may be dismissed for failure to state a claim upon which relief may be granted. Dismissal for failure under Rule 12(b)(6) is proper if there is a "lack of a cognizable legal theory or the absence of sufficient facts alleged under a cognizable legal theory." *Conservation Force v. Salazar*, 646 F.3d 1240, 1242 (9th Cir. 2011) (quoting *Balistreri v. Pacifica Police Dep't*, 901 F.2d 696, 699 (9th Cir. 1988)). For purposes of ruling on a Rule 12(b)(6) motion, the Court "accept[s] factual allegations in the complaint as true and construe[s] the pleadings in the light most favorable to the nonmoving

party." *Manzarek v. St. Paul Fire & Marine Ins. Co.*, 519 F.3d 1025, 1031 (9th Cir. 2008). Nonetheless, the Court is not required to " 'assume the truth of legal conclusions merely because they are cast in the form of factual allegations.' " *Fayer v. Vaughn*, 649 F.3d 1061, 1064 (9th Cir. 2011).

B. Section 101 Patent-Eligible Subject Matter

TikTok's motion argues that the '030 Patent fails to claim patent-eligible subject matter under Section 101 in light of the Supreme Court's decision in *Alice Corp. Pty. Ltd. v. CLS Bank International*, 573 U.S. 208 (2014) ("Alice"). The question of whether a claim recites patent-eligible subject matter under Section 101 is ultimately a question of law. *Intell. Ventures I LLC v. Cap. One Fin. Corp.*, 850 F.3d 1332, 1338 (Fed. Cir. 2017)) ("Patent eligibility under § 101 is an issue of law[.]"); *In re Roslin Inst. (Edinburgh)*, 750 F.3d 1333, 1335 (Fed. Cir. 2014) (same). A district court may resolve the issue of patent eligibility under Section 101 by way of a motion to dismiss. *See, e.g.*, *Secured Mail Sols. LLC v. Universal Wilde, Inc.*, 873 F.3d 905, 912 (Fed. Cir. 2017) (affirming determination of ineligibility made on 12(b)(6) motion); *Content Extraction & Transmission LLC v. Wells Fargo Bank, Nat'l Ass'n*, 776 F.3d 1343, 1345 (Fed. Cir. 2014) (same).

Section 101 "defines the subject matter that may be patented under the Patent Act." *Bilski v. Kappos*, 561 U.S. 593, 601 (2010). Under Section 101, the scope of patentable subject matter encompasses "any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof." *Id.* (quoting 35 U.S.C. § 101). These categories are broad, but they are not limitless. Section 101 "contains an important implicit exception: Laws of nature, natural phenomena, and abstract ideas are not patentable." *Alice Corp. Pty. Ltd.*, 573 U.S. at 208. These three categories of subject matter are excepted from patent-eligibility because "they are the basic tools of scientific and technological work," which are "free to all men and reserved exclusively to none." *Mayo Collaborative Servs. v. Prometheus Lab'ys, Inc.*, 566 U.S. 66, 71 (2012)) (citations omitted). The Supreme Court has explained that allowing patent claims for such purported inventions would "tend to impede innovation more than it would tend to promote it," thereby thwarting the primary object of the patent laws. *Id.* However, the Supreme Court has also cautioned that "[a]t some level, all inventions embody, use, reflect, rest upon, or apply laws of

United States District Court
Northern District of California

nature, natural phenomena, or abstract ideas." *Alice Corp. Pty. Ltd.*, 573 U.S. at 217 (alteration, internal quotation marks, and citation omitted). Accordingly, courts must "tread carefully in construing this exclusionary principle lest it swallow all of patent law." *Id.*

In *Alice*, the Supreme Court refined the "framework for distinguishing patents that claim laws of nature, natural phenomena, and abstract ideas from those that claim patent-eligible applications of those concepts" originally set forth in *Mayo*. *Id*. This analysis, known as the "*Alice*" framework, proceeds in two steps as follows:

> Under the *Alice* framework, we first determine whether the claims at issue are directed to one of those patent-ineligible concepts. If so, we then ask, "[w]hat else is there in the claims before us?" *Id*. To answer that question, we consider the elements of each claim both individually and "as an ordered combination" to determine whether the additional elements "transform the nature of the claim" into a patent-eligible application. *Id*. We have described the second step two of this analysis as a search for an "'inventive concept' "— i.e., an element or combination of elements that is "sufficient to ensure that the patent in practice amounts to significantly more than a patent upon the [ineligible concept] itself." *Id.* (alterations in original) (citations omitted).

III. ANALYSIS

The '030 Patent bears relevant similarities to the patent in *Free Stream Media Corp., v. Alphonso*, Inc., 996 F.3d 1355, 1362-65 (Fed. Cir. 2021). There, as here, the claimed invention related to a system that provided "targeted information (i.e., advertisements) that was deemed relevant to the user based on data gathered [about the user.]" *Id*. at 1359. In *Free Media Corp*., the Federal Circuit found that the patent was directed at the abstract idea of targeted advertising, noting that the claims were "directed to: (1) gathering information about the [users'] viewing habits; (2) matching the information with other content (i.e., targeted advertisements) based on relevancy to the television viewer; and (3) sending that content to a second device." *Id*. at 1361-62. Further, as in *Free Media Corp*., Claim 1 also discloses the idea of targeted advertising using what appears to be generic computer technology. (*See* '030 Patent at Claim 1, 20:62-21:6) (disclosure of a "server" and a "computer-readable storage medium".)

However, according to plaintiff, Claim 1 also introduces technological improvements over

the state of the art that were not conventional or generic at the time the patent issued. In support of this argument, plaintiff argues that Claim 1 personalizes the content based not only on information about the user provided by the user, but also based on externally retrieved user social network. (*Id.* at 3:24-32) (explaining that user information is collected through some "form of media narrative" and then "classif[ied] and include[d] into the user's profile.") Specifically, plaintiff argues that Claim 1 discloses a system for analyzing how a user interacts with others in a social network to determine a user's affinity for content and the use of a rule based algorithm to create a personalized digital media display for a particular user. (FAC ¶¶ 59-60.) Whether these improvements save the '030 Patent from invalidity turns on the meaning of the terms used to describe the elements, including but not limited to "retrieving user social network," and "performing a rule based substitution." ('030 Patent at Claim 1, 21:13-22:7.) According to the parties' recently submitted joint claim construction statement, Dkt. No. 149, these terms are disputed, as well as eight additional terms.

Additionally, the parties appear to dispute the basic character of the subject matter of the claimed invention. For instance, defendants argue that the '030 Patent is a " 'quintessential' do it on a computer patent," that is "simply directed to an abstract idea of customizing digital media on a generic computer/sever technology," and that the patent "fails to provide any improvement to [the] technology." (Dkt. No. 132, Motion to Dismiss ("Mot.") at 2.) Contrary to defendant's characterization of the patent, plaintiff argues that the patent is "directed to a new field of technological solutions that. . . present[s] improved personalized digital media content in a network environment. (Dkt. No. 134, Opposition to Motion, ("Opp.") at 2.) Given that the parties not only dispute the nature and characterization of the patent, but also 10 claim terms, the Court finds that claim construction can help clarify the basic character of the claimed invention and whether the alleged improvements are in fact improvements over prior art. Thus, as claim construction has not yet occurred in this case, the Court finds that it cannot, at this juncture, adjudicate the issue of whether the patent is directed to patent-ineligible ideas. *See Bancorp Servs., L.L.C. v. Sun Life Assur. Co. of Canada (U.S.)*, 687 F.3d 1266, 1273–74 (Fed. Cir. 2012)) (noting "that it will ordinarily be desirable—and often necessary—to resolve claim construction disputes

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United States District Court
Northern District of California

prior to a §101 analysis, for the determination of patent eligibility requires a full understanding of the basic character of the claimed subject matter”).

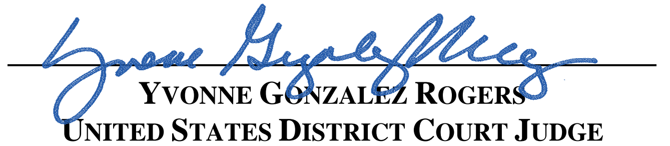
IV. CONCLUSION

For the foregoing reasons, the Court **DENIES WITHOUT PREJUDICE** defendants’ motion to dismiss plaintiff's claims as patent-ineligible under Section 101.

This Order terminates Docket Number 132.

IT IS SO ORDERED.

Dated: April 28, 2022



YVONNE GONZALEZ ROGERS
UNITED STATES DISTRICT COURT JUDGE