

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

IARNACH TECHNOLOGIES, LTD.,	§	
	§	
<i>Plaintiff,</i>	§	
	§	
v.	§	CIVIL ACTION NO. 2:24-CV-00230-JRG
	§	
CHARTER COMMUNICATIONS, INC., <i>et</i>	§	
<i>al.,</i>	§	
	§	
<i>Defendants.</i>	§	

ORDER

Before the Court is the Motion to Dismiss Second Amended Complaint Pursuant to Fed. R. Civ. P. 12(b)(6) (the “Motion”) filed by Defendants Charter Communications, Inc., *et al.* (“Charter”). (Dkt. No. 47.) In the Motion, Charter argues that Plaintiff Iarnach Technologies, Ltd.’s (“Plaintiff”) infringement claims should be dismissed for failing to claim patentable subject matter under 35 U.S.C. § 101. (*Id.* at 1.) Charter also moves to dismiss Plaintiff’s willful infringement and enhanced damages claims. (*Id.*) Having considered the Motion, the related briefing, and the relevant authorities, the Court finds that the Motion should be **GRANTED-IN-PART** and **DENIED-IN-PART**.

I. FACTUAL AND PROCEDURAL BACKGROUND

Plaintiff filed the Second Amended Complaint for Patent Infringement (the “SAC”) against Charter on July 15, 2024. (Dkt. No. 43). In the SAC, Plaintiff alleges infringement of U.S. Patent No. 8,942,378 (the ’378 Patent), U.S. Patent No. 9,674,035 (“the ’035 Patent”), and U.S. Patent No. 9,287,982 (“the ’982 Patent” and, collectively with the ’378 and ’035 Patents, the “Asserted Patents”). (*Id.* at ¶ 12.)

The '378 Patent generally relates to methods and systems “for encrypting multicast services in a passive optical network [(“PON”)] system” with heightened security and reduced complexity. *See* the '378 Patent at Abstract; 1:58-62. The '035 Patent discloses “[t]echniques for updating configuration of an Optical Network Unit (ONU) in an Ethernet Passive Optical network (EPON).” *See* the '035 Patent at Abstract. The '035 Patent further provides for “seamless configuration updating” of an ONU “without having to reboot the ONU[.]” *See id.* at 1:47-56. Finally, the '982 Patent generally relates to a “service auto-configuration method of an [EPON] system.” *See* the '982 Patent at 1:9-10.

II. LEGAL STANDARD

A. Rule 12(b)(6)

Under Federal Rule of Civil Procedure 12(b)(6), a court can dismiss a complaint that fails to state a claim upon which relief can be granted. To survive dismissal at this early stage, a complaint must state enough facts such that the claim to relief is plausible on its face. *Thompson v. City of Waco*, 764 F.3d 500, 502 (5th Cir. 2014) (quoting *Bell Atl. Corp. v. Twombly*, 550 U.S. 544, 570 (2007)). A claim is facially plausible when the plaintiff pleads enough facts to allow the Court to draw a reasonable inference that the defendant is liable for the misconduct alleged. *Ashcroft v. Iqbal*, 556 U.S. 662, 678 (2009). The Court accepts well-pled facts as true and views all facts in the light most favorable to the plaintiff, but it is not required to accept the plaintiff’s legal conclusions as true. *Id.*

B. Patent Eligibility

Anyone who “invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof” may obtain a patent. 35 U.S.C. § 101. Since patent protection does not extend to claims that monopolize the “building blocks of

human ingenuity,” claims directed to laws of nature, natural phenomena, and abstract ideas are not patent eligible. *Alice Corp. Pty. v. CLS Bank Int’l*, 573 U.S. 208, 216–17 (2014). The Supreme Court instructs courts to distinguish between claims that set forth patent-ineligible subject matter and those that “integrate the building blocks into something more.” *Id.*

The Court determines whether patent claims cover ineligible subject matter using a two-step analytical framework set out by the Supreme Court of the United States in *Alice*. 573 U.S. 208. At the first step, the Court evaluates whether the claims are directed to ineligible subject matter, such as an abstract idea. *Id.* at 217. To do so, the Court looks to the claims’ “character as a whole.” *Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327, 1335 (Fed. Cir. 2016). Although all claims embody abstract ideas and other ineligible subject matter at some level, the Court’s task is to examine “whether the claims [] focus on a specific means or method that improves the relevant technology or are instead directed to a result or effect that itself is the abstract idea and merely invoke generic processes and machinery.” *McRO, Inc. v. Bandai Namco Games Am. Inc.*, 837 F.3d 1299, 1314 (Fed. Cir. 2016). In cases like this, the Court is to “consider the claim as a whole ... in light of the specification ... [and] whether the focus of the claims is on a specific asserted improvement in computer capabilities or, instead, on a process that qualifies as an abstract idea for which computers are invoked merely as a tool.” *Packet Intelligence LLC v. NetScout Sys., Inc.*, 965 F.3d 1299, 1309 (Fed. Cir. 2020) (quoting *Finjan, Inc. v. Blue Coat Sys., Inc.*, 879 F.3d 1299, 1304 (Fed. Cir. 2018)).

If the challenged claims recite a patent-ineligible concept, the Court then “consider[s] 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.” *Alice*, 573 U.S. 208, 217–18 (quoting *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 566 U.S. 66,

78–79 (2012)). This step is satisfied when the claim limitations “involve more than performance of ‘well-understood, routine, [and] conventional activities previously known to the industry.’” *Content Extraction & Transmission LLC v. Wells Fargo Bank, Nat’l Ass’n*, 776 F.3d 1343, 1347–48 (Fed. Cir. 2014) (quoting *Alice*, 573 U.S. at 225). The Federal Circuit has explained that “[w]hile the ultimate determination of eligibility under § 101 is a question of law, like many legal questions, there can be subsidiary fact questions which must be resolved en route to the ultimate legal determination.” *Aatrix Software, Inc. v. Green Shades Software, Inc.*, 882 F.3d 1121, 1128 (Fed. Cir. 2018). As such, “[t]he question of whether a claim element or combination of elements is well-understood, routine and conventional to a skilled artisan in the relevant field is a question of fact” that must be “proven by clear and convincing evidence.” *Berkheimer v. HP Inc.*, 881 F.3d 1360, 1368 (Fed. Cir. 2018). Accordingly, “factual disputes about whether an aspect of the claims is inventive may preclude dismissal at the pleadings stage under § 101.” *Cellspin Soft, Inc. v. Fitbit, Inc.*, 927 F.3d 1306, 1318 (Fed. Cir. 2019).

C. Willful Infringement/Enhanced Damages

To state a claim for willful infringement, a complaint must plead that infringement was “intentional or knowing.” *Halo Elecs., Inc. v. Pulse Elecs., Inc.*, 136 S.Ct. 1923, 1926 (2016). This Court has held that “plausible allegations concerning knowledge of the patents-in-suit may be sufficient” to state a claim of willfulness. *Plano Encryption Technologies, LLC v. Alkami Technology, Inc.*, 2017 WL 8727249, at *2 (E.D. Tex. Sep. 22, 2017) (collecting cases).

III. DISCUSSION

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

The parties dispute which claims are representative of the Asserted Patents and whether the Asserted Patents satisfy *Alice* step one. The Court need not address these issues at this stage

because, ultimately, factual disputes exist as to whether each of the Asserted Claims satisfy *Alice* step two. Accordingly, the Court finds that this portion of the Motion should be denied.

1. *The Asserted Claims of the '378 Patent*

In its Motion, Charter argues that Claim 1 of the '378 Patent fails *Alice* step two. (Dkt. No. 47 at 16.) Charter first asserts that the claim merely recites conventional PONs, ONUs, and OLTs, which “perform the same routine functions of creating, using, and sending a standard encryption key and data over network.” (*Id.*) As support, Charter notes that the '378 Patent itself categorizes PONs, ONUs, and OLTs as prior art. (*See id.* (citing the '378 Patent at 1:14-47).) Additionally, Charter asserts that, even when viewed as an ordered combination of steps, claim 1 lacks an inventive concept as it recites “the logical sequence of first creating an encryption key before it can be used to encrypt data, sending the encrypted data, and sending the key to decrypt the encrypted data.” (*Id.* at 17.)

In response, Plaintiff argues that the '378 Patent's inventive concept is the way in which data is encrypted, rather than merely encryption itself. (Dkt. No. 64 at 23; Dkt. No. 67 at 8.) Plaintiff asserts that, compared to conventional multicasting systems which “us[e] a single key across an entire PON,” the '387 Patent discloses using the same key “to encrypt multicast data within a single bearer channel.” (Dkt. No. 67 at 9; Dkt. No. 64 at 23-24.) Plaintiff further contends that the single bearer channel mechanism overcomes shortcomings in the conventional multicasting systems by “reduc[ing] the complexities” of encryption and “improv[ing] the security of the multicast service content.” (Dkt. No. 64 at 24 (citing the '397 Patent at 3:9-17).) According to Plaintiff, “the '378 Patent provides a technical solution to a technical problem.” (*Id.* at 23.)

Taking the SAC's well-pled allegations as true, Plaintiff has plausibly pled that the claim elements as ordered combinations were not well-known, routine, or conventional. For example,

the SAC alleges that, “[p]rior to the ’378 Patent ... there was ‘no effective encryption mechanism’ ‘for multicast data’ in PON systems.” (Dkt. No. 43 at ¶ 50 (citing the ’378 Patent at 1:32-43).) The SAC further pleads that the ’378 Patent provides such an encryption mechanism, and that the mechanism overcame multiple deficiencies in the prior art. (*Id.* at ¶ 51.) Accordingly, at minimum, factual disputes exist as to whether the claims of the ’378 Patent meet *Alice* step two.

Charter’s arguments do not persuade the Court otherwise. For example, Charter’s argument that the ordered combination of claim elements is merely logical fails because it does not account for several claim limitations, such as “using [a] common key to encrypt multicast service data of all different multicast services ***in a same bearer channel***.” See the ’378 Patent at 7:64-66 (emphasis added); *McRO, Inc. v. Bandai Namco Games America Inc.*, 837 F.3d 1299, 1313 (“We have previously cautioned that courts ‘must be careful to avoid oversimplifying the claims’ ... Whether at step one or step of the *Alice* test, in determining the patentability of a method, a court must look to the claims as an ordered combination, without ignoring the requirements of the individual steps”) (citations omitted). In another example, Charter’s reliance on distinguishable caselaw does not sufficiently overcome the well-pled facts in the SAC, and those case citations certainly do not establish that the ordered combinations of claim elements recited in the ’378 Patent were well-understood, routine, or conventional. Further development of the factual record on this issue is necessary. See *Cellspin Soft, Inc.*, 927 F.3d at 1318 (“[F]actual disputes about whether an aspect of the claims is inventive may preclude dismissal at the pleadings stage under § 101.”).

Accordingly, the Court finds that dismissal at this time would be improper.

2. The Asserted Claims of the '035 Patent

In its Motion, Charter argues that claim 14 of the '035 Patent fails *Alice* step two. (Dkt. No. 47 at 10.) Charter first asserts that the claim merely recites conventional OLT, ONU, the data over cable service interface specification (“DOCSIS”) standard, and conventional DOCSIS provisioning of EPON (“DPoE”) system, which “perform the routine functions of obtaining a revised configuration file, reviewing the file for changes, and implementing the changes on one or more of the devices.” (*Id.*) Additionally, Charter insists that claim 14, when viewed as an ordered combination, merely recites the logical sequence of “first receiving notification of an update, obtaining the update which is checked for errors upon receipt, before confirming the resources required are present before applying the update.” (*Id.* at 11.) According to Charter, “the [SAC] fails to allege any inventive concept.” (*Id.* at 12.)

In response, Plaintiff argues that the '035 Patent claims survive *Alice* step two because the claim elements, when viewed as both individual elements and an ordered combination, provide an inventive concept. (Dkt. No. 64 at 11.) Plaintiff asserts that the '035 Patent is directed to “provid[ing] seamless dynamic reconfiguration” to existing optical networks—not the existing optical networks themselves. (*Id.* (citing Dkt. No. 43 at ¶ 72).) Plaintiff therefore argues it adequately alleged the '035 Patent contains an inventive concept. (*Id.* at 12.)

Taking Plaintiff’s well-pled allegations as true, Plaintiff has plausibly pled that the limitations as an ordered combination were not well-known, routine, and conventional. For example, the SAC alleges that, prior to the '035 Patent, “in case of any changes to the DPoE ONU, service etc. configuration, the device had to be rebooted (power cycled).” (Dkt. No. 43 at ¶ 70.) The SAC further alleges that the '035 Patent “solves this problem via a ‘seamless update of DPoE ONU configuration in DPoE networks without the need to reboot.’” (*Id.*) The Court therefore finds that, at minimum, factual disputes exist as to whether the claims of the '035 Patent meet *Alice*

step two, precluding dismissal at this stage. *See Cellspin Soft, Inc.*, 927 F.3d at 1318 (“[F]actual disputes about whether an aspect of the claims is inventive may preclude dismissal at the pleadings stage under § 101.”).

Accordingly, the Court finds that dismissal at this time would be improper.

3. The Asserted Claims of the '982 Patent

In its Motion, Charter argues that claim 1 of the '982 Patent fails *Alice* step two. (Dkt. No. 47 at 10.) Similarly to the '035 Patent, Charter first asserts that the claim merely recites conventional OLT, ONU, the DOCSIS standard, and conventional DPoE system, which “perform the routine functions of obtaining a revised configuration file, reviewing the file for changes, and implementing the changes on one or more of the devices.” (*Id.*) As support, Charter asserts that the '982 Patent itself characterizes the ONUs, OLTs, and PONs as conventional technology. (*Id.* (citing the '982 Patent at 1:17-26).) Charter also asserts that the ordered combination of claim elements in claim 1 of the '982 Patent follows a “logical order of steps to acquire a configuration file, analyze the file, convert the file to a usable format, and apply the file to the devices.” (*Id.* at 11-12.)

In response, Plaintiff argues that the '982 Patent provides an inventive concept through its ordered combination of claim limitations. (Dkt. No. 64 at 17.) Plaintiff asserts that the SAC alleges the '982 is directed to the “improve[ment of] the configuration efficiency” of an Ethernet PON system—not the system’s components themselves. (*Id.* (citing Dkt. No. 43 at ¶ 96).) Plaintiff also contends that the “simultaneous and unconventional” configuration of a PON system taught by the '982 Patent “reduces the time required to perform system configuration.” (*Id.* at 17–18.) Specifically, Plaintiff points to claim 1’s recitation of: “configur[ing] the OLT locally according to the configuration information of the OLT and **meanwhile configuring the ONU** according to

the configuration information of the ONU.” (*Id.* at 18 (citing the ’982 Patent at 8:45-48) (emphasis added).)

Taking Plaintiff’s well-pled allegations as true, Plaintiff has plausibly pled that the limitations as an ordered combination were not well-known, routine, and conventional. For example, the SAC alleges that, prior to the ’982 Patent, and after an initial configuration, prior DPoE configuration methods required “subsequent configuration on the OLT [] to be performed by hand individually, or performed through a command line, or performed through a simple network management protocol ... thereby resulting in ‘low configuration efficiency.’” (Dkt. No. 43 at ¶ 94 (citing the ’982 Patent at 1:60-64).) The SAC further alleges that the ’982 Patent “solves this problem with a DPoE ‘service auto-configuration method and network based on that system’ that ‘configures the relevant parameters of the OLT at the same time’ ... such that ‘the service is opened without performing further configuration.’” (*Id.*) The Court therefore finds that, at minimum, factual disputes exist as to whether the claims of the ’982 Patent meet *Alice* step two, precluding dismissal at this stage. *See Cellspin Soft, Inc.*, 927 F.3d at 1318.

Accordingly, the Court finds that dismissal at this time would be improper.

B. Willful Infringement

1. Pre-Suit Willfulness

a. The ’035 Patent

In its Motion, Charter argues that the SAC does not sufficiently show that Charter knew of and intended to infringe the ’035 Patent. (Dkt. No. 47 at 19.) Charter asserts that Plaintiff’s allegation that Charter cited the ’035 Patent during prosecution of its own U.S. Patent No. 11,159,365 (the “Charter Patent”) on October 22, 2018, cannot, alone, establish knowledge of the ’035 Patent. (*Id.*) Charter insists that the SAC must support such an allegation with “other evidence” to establish knowledge and contends that the SAC fails to do so. (Dkt. No. 65 at 10

(citing *Correct Transmission, LLC v. Nokia of Am. Corp.*, 2024 WL 2014047, at *3 (E.D. Tex. Mar. 21, 2024) (collecting cases).)

The Court disagrees. Plaintiff's allegation that Charter cited the '035 Patent during prosecution of the Charter Patent is sufficient to allow the Court to reasonably infer that Defendant knew of the '035 Patent. *See Plano Encryption Technologies, LLC v. Alkami Technology, Inc.*, 2017 WL 8727249, at *5 (“[T]he presence of prosecution history citation is evidence of knowledge—the weight such evidence should be accorded is a question not properly addressed in a Rule 12(b)(6)”) (citation omitted); *see also Litton Sys. v. Honeywell, Inc.*, 140 F.3d 1449 (Fed. Cir. 1998) (“[T]he prosecution history is objective evidence of what knowledge the applicant has of the art”).

Charter's citation to *Correct Transmission* does not change the analysis because *Correct Transmission* involved a motion for summary judgement—not a motion to dismiss. *See* 2024 WL 2014047 at *1. Under the motion to dismiss standard, Plaintiff pled facts sufficient for the Court to infer that Defendant knew of the '035 Patent by at least October 22, 2018.

Accordingly, dismissal of pre-suit willfulness regarding the '035 Patent is inappropriate at this stage of the proceedings.

b. The '982 and '378 Patents

In its Motion, Charter also argues that Plaintiff failed to plead facts sufficient to reasonably infer that Charter had pre-suit knowledge of the '982 and '378 Patents. (Dkt. No. 47 at 18.) Charter asserts that the SAC pleads only that Charter and ZTE were members of the same group, not that Charter knew of the '982 and '378 Patents. (*Id.* at 18-19.) Charter also insists that the SAC's allegation that Charter “monitored the patent filings of the CableLabs members,” including ZTE, is conclusory and not supported by any plausible facts. (*Id.* at 19 (citing Dkt. No. 43 at ¶ 117).)

In response, Plaintiff argues that Defendant's motion to dismiss its claim of willful infringement should be denied or, at worst, its claim should be dismissed without prejudice. (Dkt. No. 64 at 27.) Plaintiff maintains that it established enough "circumstantial evidence" that, when accepted as true and viewed in a light most favorable to Plaintiff, support an inference that Charter had knowledge of the Asserted Patents. (*Id.*) Specifically, Plaintiff asserts that the SAC pled four facts: (1) Charter and ZTE (the original assignee to the Asserted Patents) were both members of the same group, CableLabs, at the same time; (2) Charter and ZTE "worked closely with one another at CableLabs to develop the DPoE standards" covered by the Asserted Patents; (3) Charter and ZTE are competitors with respect to DPoE networks; and (4) both Charter and ZTE file patents in the same DPoE space. (Dkt. No. 67 at 10; Dkt. No. 64 at 26 (citing Dkt. No. 43 at ¶¶ 33-34, 36, 41-46, 69, 93, 114, 117).)

Plaintiff's allegations do not support a plausible inference of pre-suit knowledge of the '982 and '378 Patents. For example, the SAC states that, "[u]pon information and belief, Charter also learned of the ['982 and '378 Patents] ... when they issued." (Dkt. No. 43 at ¶ 117.) The SAC, however, fails to provide any information regarding Charter's knowledge of the '982 and '378 Patents. Instead, the SAC merely states that "Charter monitored the patent filings of the CableLabs members, including ZTE." (*Id.*)

Accordingly, the Court is persuaded that, under these specific facts, Plaintiff's pre-suit willful infringement allegations with respect to the '982 and '378 Patents should be dismissed.

2. Plaintiff Sufficiently States a Claim for Post-Suit Willfulness

In the Motion, Charter argues that Plaintiff's allegation that Charter "'learned of the patents-in-suit as of the April 5, 2024 filing date of the Original Complaint" does not sufficiently support a claim of willful infringement. (Dkt. No. 47 at 20; Dkt. No. 65 at 10.)

The Court disagrees and finds that the SAC sufficiently alleges post-suit willful infringement. This Court has repeatedly recognized that “allegations that a defendant continues its allegedly infringing conduct even after receiving notice of a complaint are sufficient to at least state a claim for post-suit willful infringement.” *See Touchstream Techs., Inc.*, 2024 WL 1117930 at *3 (E.D. Tex. Mar. 14, 2024) (citing, *Argina Tech. Ltd. v. Bayerische Motoren Werke AG*, 2022 WL 610796, at *6 (E.D. Tex. Jan. 24, 2022)); *see also NXP USA Inc. v. MediaTek Inc.*, 2022 WL 799071, at *4 (E.D. Tex. Mar. 15, 2022). As the SAC states: “Charter has knowledge of the [Asserted Patents] at least as of the filing and service of the original Complaint ([Dkt. No. 1]) in this case (and before, as described in the Willfulness section below) and continues to make, use, sell, and/or offer for sale the Accused Instrumentalities.” (Dkt. No. 43 at ¶¶ 63, 87, and 109.) Charter’s reliance on other jurisdictions cannot overcome this District’s precedent. (Dkt. No. 47 at 20.)

Accordingly, the Court finds that dismissal would be improper.

IV. CONCLUSION

For the reasons noted above, the Motion is **GRANTED** with respect to Plaintiff’s allegation of pre-suit willful infringement of the ’982 and ’378 Patents but is **DENIED** in all other respects. Accordingly, Plaintiff’s claim of pre-suit willful infringement of the ’982 and ’378 Patent is **DISMISSED WITHOUT PREJUDICE**. Per the Docket Control Order (Dkt. No. 55), Plaintiff is permitted leave of up to and including May 27, 2025, to amend its pre-suit willful infringement allegations of the ’982 and ’378 Patents through the filing of a subsequently amended complaint. (*Id.* at 4.) Failure to amend by May 27, 2025, or any period extended by the Court, shall constitute a substantive waiver of the claims by Plaintiff regarding pre-suit willfulness of the ’982 and ’378 Patents.

So ORDERED and SIGNED this 26th day of March, 2025.



RODNEY GILSTRAP
UNITED STATES DISTRICT JUDGE