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

PERDIEMCO, LLC., *Plaintiff*, v. INDUSTRACK LLC, *Defendant*.	§ § § § § § § § § §	Case No. 2:15-CV-00727-JRG-RSP

PERDIEMCO LLC, *Plaintiff*, v. GEOTAB INC., GEOTAB USA, INC., *Defendants*.	§ § § § § § § § § §	Case No. 2:15-CV-00726-JRG-RSP

ORDER

Geotab moves for summary judgment (Dkt. 176) that it does not infringe method claims 23 and 27 of U.S. Patent No. 8,223,012 because PerDiem has not raised a triable issue that certain requirements recited in the claims are met by Geotab's use of the accused system. For the reasons explained below, Geotab's motion is **GRANTED**.

BACKGROUND

PerDiem's Complaint accuses Geotab of infringing patents related to locating and tracking objects using a location source, such as a Global Positioning System (GPS) satellite. *See* Case No. 2:15-cv-00726, Dkt. 1. PerDiem currently asserts three patents against Geotab: U.S. Patent Nos. 8,223,012, 9,003,499, and 9,071,931. As the background section of the patents

explains, various prior art sources were capable of determining the location of an object. *See, e.g.*, '012 patent at 1:26-32. Perhaps the most well-known was the GPS receiver. *See id.* Advances in computing devices allowed users to access information in more locations, and certain computing devices came equipped with GPS receivers. *Id.* at 1:45-57.

Based on this existing technology, the patents describe a system that conveys location information about an object to one or more users. *Id.* at 1:66-2:12. Independent claim 18 of the '012 patent recites:

> A method for conveying information among a plurality of computing devices associated with a plurality of users including a first user, a second user, and a third user, the method comprising:
>
> providing an interface to a first computing device associated with the first user **to define a relationship of an information package with at least one of a zone information, an object location information, or an object location event information and to define an information package access code**;
>
> conveying the information package to a second computing device associated with one of the second user or the third user based on said information package access code.

'012 patent at 24:28-40 (emphasis added). Claims 23 and 27 depend from claim 18 and recite an "information package" that comprises "a data file" and "a time stamp," respectively. *Id.* at 24:49-50, 24:59-60. During claim construction, the Court held that the "to define" steps must be performed because the purpose of the interface is to perform these steps, and because the last step recited in claim 18 specifies that the information package is conveyed to a computing device "based on said information package access code." Dkt. 155 at 36-37.

PerDiem alleges that a Geotab telematics system infringes claims 23 and 27 of the '012 patent. This accused system allows companies to manage different aspects of their fleet vehicles. Dkt. 176-2 ¶ 79. The system uses Geotab's "GO" devices, which are placed into vehicles to collect and transmit vehicle data to servers, which in turn process, store and may forward the

data to "myGeotab" servers upon request. *Id.* ¶ 75; Dkt. 193-2 ¶ 78. Although Geotab admits that Geotab provides the required interface to a computing device associated with a user, Dkt. 176-2 ¶¶ 215-20; Dkt. 193-2 ¶ 222, Geotab contends that PerDiem has not raised a triable issue that the "to define" steps are met by Geotab's use of the accused system, *see* Dkt. 176.

DISCUSSION

Summary judgment is to be granted when there is no genuine issue as to any material fact and the movant is entitled to judgment as a matter of law. Fed. R. Civ. P. 56(c). "A genuine issue of material fact exists 'if the evidence is such that a reasonable jury could return a verdict for the non-moving party.'" *Crawford v. Formosa Plastics Corp., La.*, 234 F.3d 899, 902 (5th Cir. 2000) (quoting *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 248 (1986)). The court must consider evidence in the record in the light most favorable to the non-moving party and draw all reasonable inferences in favor of that party. *Thorson v. Epps*, 701 F.3d 444, 445 (5th Cir. 2012). The moving party must identify the portions of the record that demonstrate the absence of a genuine issue of material fact. *Celotex Corp. v. Catrett*, 477 U.S. 317, 323 (1986). Once a party has made that showing, the non-moving party bears the burden of establishing otherwise. *Geiserman v. MacDonald*, 893 F.2d 787, 793 (5th Cir. 1990) (citing *Celotex*, 477 U.S. at 323). The non-moving party cannot "rest upon mere allegations or denials" in the pleadings, but "must set forth specific facts showing there is a genuine issue for trial." *Liberty Lobby*, 477 U.S. at 248. Thus, summary judgment "is appropriate if the non-movant 'fails to make a showing sufficient to establish the existence of an element essential to that party's case.'" *Bluebonnet Hotel Ventures, LLC v. Wells Fargo Bank, N.A.*, 754 F.3d 272, 276 (5th Cir. 2014) (quoting *Celotex*, 477 U.S. at 322).

A. 35 U.S.C. § 271

Under § 271 of the Patent Act, "whoever without authority makes, uses, offers to sell, or sells any patented invention, within the United States or imports into the United States any patented invention during the term of the patent therefor, infringes the patent." 35 U.S.C. § 271(a). "Whoever actively induces infringement of a patent" is also liable as an infringer. *Id.* § 271(b). Induced infringement under § 271(b) can only arise if direct infringement under § 271(a) has occurred. *Limelight Networks, Inc. v. Akamai Techs., Inc.*, 134 S. Ct. 2111, 2114 (2014).

"[A] method patent is not directly infringed—and the patentee's interest is thus not violated—unless a single actor can be held responsible for the performance of all steps of the patent." *Id.* at 2119. "Direct infringement under § 271(a) occurs where all steps of a claimed method are performed by or attributable to a single entity." *Akamai Techs., Inc. v. Limelight Networks, Inc.*, 797 F.3d 1020, 1022 (Fed. Cir. 2015) (en banc), *cert. denied*, 136 S.Ct. 1661, 194 L.Ed.2d 767, 2016 WL 442440 (U.S. Apr. 18, 2016). "Where more than one actor is involved in practicing the steps, a court must determine whether the acts of one are attributable to the other such that a single entity is responsible for the infringement." *Id.* An entity is responsible for others' performance of a method step "(1) where that entity directs or controls others' performance, and (2) where the actors form a joint enterprise." *Id.*

B. Direct Infringement of Claims 23 and 27 of the '012 Patent

Geotab contends that PerDiem has not raised a triable issue that the "to define" steps are performed at all, much less by Geotab or a user under Geotab's control. Dkt. 176. Accordingly, Geotab argues that it is entitled to summary judgment that it does not infringe claims 23 and 27 of the '012 patent because PerDiem has not shown that a single entity performs each step. *Id.*

As an initial matter, PerDiem has created a triable issue that the second "to define" step, i.e., "to define an information package access code," is performed. *See* '012 patent at 24:28-40. PerDiem's expert, Dr. Dan Schonfeld explained that "[b]y defining and assigning users to various groups, the administrator can restrict access to only certain user accounts." Dkt. 193-2 ¶ 237. According to PerDiem, the account number or ID for such accounts is the "information package access code" recited in the claims. Dkt. 193 at 3-4. To support this contention, Dr. Schonfeld relies on Geotab's Product Guide and Geotab testimony acknowledging that "[i]t is possible to set it up that a user has access to a set of vehicles but not another set of vehicles." Dkt. 193-2 ¶ 237 n.341 (quoting Venter Deposition at 76).

Although less clear, PerDiem has also met its burden in establishing a triable issue that the first "to define" step, i.e., "to define a relationship of an information package," is performed. *See* '012 patent at 24:28-40. Dr. Schonfeld explained that "the administrator can organize his or her vehicles, exceptions, zones, and/or users into Groups to match the layout of his or her desired organization." Dkt. 193-2 ¶ 236. According to PerDiem, these vehicles, exceptions, zones, or users, when organized in a defined relationship, correspond to the claimed "relationship of an information package." Dkt. 224 at 1 (quoting '012 patent, claim 18).

Geotab contends that Dr. Schonfeld's testimony merely establishes that this "to define" step "can" be performed, not necessarily that it is performed. Dkt. 214 at 1. Dr. Schonfeld's testimony nevertheless establishes that Geotab's system includes functionality that enables a fleet administrator to perform the second "to define" step in the manner required by the claims. A reasonable juror could infer that this "to define" step was performed by at least one fleet administrator in view of evidence showing that Geotab's system is used 100,000 times per day. *See* Dkt. 224 at 1 (citing Dkt. 179, Ex. C (McLean Report) ¶¶ 11-12, 25).

The more difficult task is identifying who performs the defining steps. PerDiem argues that because information relevant to the defining steps "is stored by Geotab in the MyGeotab servers," Geotab must perform the defining steps. Dkt. 193 at 3-4. As support for this position, PerDiem points to a portion of Dr. Schonfeld's expert report that discusses the Geotab servers. *See* Dkt. 193-2 ¶¶ 186-88. This portion of Dr. Schonfeld's report, however, says nothing about how Geotab servers are involved in the "to define" steps, or even how a server could generally be involved in such a step. Dr. Schonfeld's entire report, minus a few generalized exceptions, repeatedly states that the "fleet administrator" performs the "to define" steps. *See* Dkt. 193-2. The "fleet administrator" is the customer, not Geotab. The Geotab Product Guide cited in Dr. Schonfeld's report unquestionably establishes that the customer performs the "to define" steps. PerDiem's responsive arguments to the contrary come close to contradicting their own expert's (Dr. Schonfeld's) opinion. Accordingly, the Court finds that there is no triable issue that Geotab is the entity performing the defining steps.

PerDiem contends that even if Geotab's customers perform the defining steps, the performance of these steps would be attributable to Geotab because Geotab "directs or controls" the customers' performance of the steps. Dkt. 193 at 5 (quoting *Akamai*, 797 F.3d at 1022-23). Specifically, PerDiem explains that Geotab "conditions participation in an activity or receipt of a benefit upon performance of a step or steps of a patented method and establishes the manner or timing of that performance." *Id.* (quoting *Akamai*, 797 F.3d at 1023). According to PerDiem, Geotab at least establishes the manner or timing of how a customer performs the defining steps because "Geotab's own software establishes what data customers can enter and how they can enter it." *Id.*

That may be so, but the Court is not convinced that PerDiem's theory as to how Geotab conditions a customer's participation in the accused system rises to the level of "directs or controls." PerDiem contends that a customer's use of the system is conditioned on the customer performing the defining steps because "Geotab does not provide the full benefit of the accused fleet-tracking services unless customers enter the requisite data." *Id.* If that was sufficient to establish divided infringement under § 271(a), then the Supreme Court's *Limelight* decision would have little meaning. It will always be true that a user's benefit from using software will increase as the user explores additional functionality. That is not what the Federal Circuit meant by "conditions participation." See *Akamai*, 797 F.3d at 1023. PerDiem's theory stands in stark contrast to the circumstances considered by the Federal Circuit in *Akamai*, in which the accused infringer required customers to sign a standard form contract that delineated which claimed steps the customers "must perform." *See id.* at 1024. Although the Federal Circuit acknowledged that "other factual scenarios may arise which warrant attributing others' performance of method steps to a single actor," PerDiem has not shown this to be such a scenario. The Court finds that there is no factual dispute as to what happens in this regard, but it is the legal effect that remains to be judged. This falls squarely within the purview of Federal Rule of Civil Procedure 56.

As a result, the Court finds that PerDiem has not raised a triable issue that Geotab's customers' performance of the defining steps are attributable to Geotab, and thus has not established a triable issue regarding direct or indirect infringement regarding claims 23 and 27 of the '012 patent.

CONCLUSION

PerDiem has failed to "set forth specific facts showing there is a genuine issue for trial," *Liberty Lobby*, 477 U.S. at 248, concerning Geotab's performance of the "to define" steps recited

in claims 23 and 27 of the ’012 patent. Accordingly, Geotab’s motion for summary judgment of non-infringement as to such claims (Dkt. 176) is **GRANTED**.

So ORDERED and SIGNED this 8th day of November, 2016.

RODNEY GILSTRAP
UNITED STATES DISTRICT JUDGE