UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF TENNESSEE
KNOXVILLE DIVISION

PROCON ANALYTICS, LLC,	)	
	)	
Plaintiff,	)	Case No. 3:19-cv-201
v.	)	
	)	JURY DEMAND
SPIREON, INC.,	)	
	)	
Defendants.	)	

ORDER GRANTING PLAINTIFF'S MOTION FOR JUDGMENT ON THE PLEADINGS

Before the Court is Plaintiff Procon Analytics, LLC's ("Procon") Motion for Judgment on the Pleadings ("§ 101 Motion"), filed on September 9, 2021. (ECF No. 40.) For the following reasons, the Court **GRANTS** the motion.

I. BACKGROUND

A. Factual Background

Plaintiff Procon is a Tennessee limited liability company with a principal place of business in Irvine, California (ECF No. 9 ¶ 1), and Defendant Spireon, Inc. ("Spireon") is a Tennessee corporation with offices in Irvine, California and Knoxville, Tennessee (ECF No. 9 ¶ 2). Both parties are competitors in the connected car and vehicle management fields. Procon "offers a suite of connected-car products and services, including vehicle inventory management and service retention products, fleet-management tools, and other aftermarket solutions packaged for automotive retailers." These products include both hardware and software solutions. (ECF No. 9 ¶¶ 22–26.) One such product is a software that helps new car automotive dealerships manage their inventory. (Id. ¶ 23.) Another product that Procon sells is a device that connects to the "on-board

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diagnostics (OBDII) port (or a panel attached thereto) of a vehicle." (Id. ¶ 25.) This device is enabled to "transmit information to the cloud over a wireless network." (Id.) Similarly, Spireon purports to be an "industry leader in Mobile Resource Management, offering lot management solutions to [the] automotive dealer industry." (ECF No. 1-1 at PageID 9.) Spireon asserts that it is a "leader in the field of connected vehicle intelligence" and sells products that "facilitate[] the tracking, management, and protection of vehicles in various commercial applications and industries." (ECF No. 10 at PageID 197.) It is Spireon's contention that Procon continues "making, selling, and offering for sale products and services for managing vehicle inventory for dealerships that infringe on certain claims of the '598 Patent[.]" (ECF No. 10 at PageID 198.)

U.S. Patent No. 10,089,598 (the "'598 Patent") is entitled "Methods and Apparatus for Monitoring and Control of Electronic Devices" and primarily discloses a method for machine to machine telemetry. The patent defines "telemetry" as "a technology that allows the remote measurement and reporting of information of interest to the system designer or operator." ('598 Patent, col. 1 l. 19–21.)

At its heart, the '598 Patent discloses an "inventory management system" that "may be configured to provide machine-to-machine network connectivity" and "may be used in conjunction with a location device configured to transmit a vehicle identification number (VIN) and a device identifier of the location device." '598 Patent at Abstract. The technology of the '598 Patent boils down to methods of communicating and gathering information from vehicles. As described in the abstract of the patent, "the inventory management system may be configured to: (1) track whether the location device is located within a predetermined perimeter; (2) provide current inventory and ownership status associated [with] the location device; and/or (3) place the location device in a sleep and/or passive state with periodic check-ins." '598 Patent at Abstract. The disclosure and

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claims also provide additional capabilities, such as receiving signals if the car's battery is depleted or storing additional information about the vehicle in the data base. (See generally, '598 Patent col. 15, l. 28–32; col. 16, l. 43–48.)

In this case, all of the independent claims begin with "[a] method for managing a vehicle inventory." ('598 Patent, cols. 27, 28.) Claim 1 is the basis for most discussion on claim terms and provides as follows:

> 1. A method for managing a vehicle inventory for a dealer implemented by a computer having a processor and a memory, the method comprising:
>
> while a location is not communicatively coupled with a vehicle, associating the location device with a dealer's group of available location devices in the memory, wherein the dealer's group of available location devices comprises location devices owned by the dealer that are not coupled with any vehicle;
>
> communicatively coupling the location device with a vehicle;
>
> in response to the location device becoming communicatively coupled with the vehicle, the location device transmitting a connection notice over a network, the connection notice comprising a vehicle identifier and a location device identifier;
>
> receiving, by the computer, the connection notice from the location device over the network;
>
> in response to the connection notice received by the computer, the processor:
>
> associating the location device identifier with the vehicle identifier in the memory; and
>
> disassociating the location device from the dealer's group of available location devices in the memory; and
>
> receiving, by the computer, current location information from the location device.

B. Procedural Background

On April 2, 2019, Procon was served with a letter from Defendant Spireon, Inc. ("Spireon"), accusing it of infringement of the '598 Patent. (ECF No. 1-1.) On April 25, 2019, Spireon followed up its first letter with a cease and desist demand with respect to any products that allegedly infringe the '598 Patent. (ECF No. 1-2.) Following the second cease and desist demand, Procon filed a Petition requesting Post-Grant Review of Claims 1–14 of the '598 Patent on May

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30, 2019. (ECF No. 12 ¶ 5.) Additionally, on June 3, 2019, Procon brought this claim for declaratory judgment of noninfringement and invalidity of the '598 Patent, and filed an Amended Complaint on August 6, 2019. (ECF No. 9.) Spireon filed an Answer and Counterclaims on August 26, 2019. (ECF No. 10.) On November 22, 2019, the Patent Trial and Appeal Board ("PTAB") declined to institute proceedings against the challenged claims based on the plain and ordinary meaning of the claim terms. (ECF No. 17-1.) Plaintiff filed a Motion for Judgment on the Pleadings ("§ 101 Motion") on September 9, 2020. (ECF No. 40.) Spireon filed a Response in Opposition on September 30, 2020. (ECF No. 45.) Procon filed a Reply to Spireon's Response on October 7, 2020. Procon filed a Supplement to its § 101 Motion on February 16, 2021 (ECF No. 63), to which Spireon filed a Response in Opposition on February 23, 2021. (ECF No. 65.) Following briefing from the parties and a Markman hearing, the Court also entered its Claim Construction Order on February 19, 2021. (ECF No. 64.) The Court held a hearing on the pending § 101 Motion on March 2, 2021.

II. LEGAL STANDARD

Federal Rule of Civil Procedure 12(c) provides that "[a]fter the pleadings are closed –- but early enough not to delay trial –- a party may move for judgment on the pleadings." Since the grant or denial of judgment on the pleadings is not uniquely a patent issue, the law of the regional circuit is applied. See Allergan, Inc. v. Athena Cosmetics, Inc., 640 F.3d 1377, 1380 (Fed. Cir. 2011).

A motion for judgment on the pleadings under Rule 12(c) is analyzed under the same standard as a motion to dismiss under Rule 12(b)(6). Sensations, Inc. v. City of Grand Rapids, 526 F.3d 291, 295 (6th Cir. 2008) (citing Penny/Ohlmann/Nieman, Inc. v. Miami Valley Pension Corp., 399 F.3d 692, 697 (6th Cir. 2005)); see also Lindsay v. Yates, 498 F.3d 434, 437 n.5

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(6th Cir. 2007). Under Rule 12(b)(6), a court must "construe the complaint in the light most favorable to the plaintiff, accept its allegations as true, and draw all reasonable inferences in favor of the plaintiff." DirecTV, Inc. v. Treesh, 487 F.3d 471, 476 (6th Cir. 2007). The court, however, "need not accept as true legal conclusions or unwarranted factual inferences." Id. (quoting Gregory v. Shelby Cnty., 220 F.3d 433, 446 (6th Cir. 2000)). "Conclusory allegations or legal conclusions masquerading as factual allegations will not suffice." Bishop v. Lucent Techs., Inc., 520 F.3d 516, 519 (6th Cir. 2008).

A Rule 12(c) motion that seeks a determination of invalidity must be supported by clear and convincing evidence appearing in the patent. Vehicle Intelligence & Safety LLC v. Mercedes-Benz USA, LLC, 78 F. Supp. 3d 884, 887 (N.D. Ill. 2015) (citing Microsoft Corp. v. i4i Ltd. P'ship, 131 S. Ct. 2238, 2242 (2011)), aff'd per curiam, 2015 WL 9461707 (Dec. 28, 2015). "A Rule 12(c) motion is appropriately granted 'when no material issue of fact exists and the party making the motion is entitled to judgment as a matter of law.'" Stafford v. Jewelers Mut. Ins. Co., 554 F. App'x 360, 370 (6th Cir. 2014) (quoting Tucker v. Middleburg-Legacy Place, LLC, 539 F.3d 545, 549 (6th Cir. 2008)).

"If, on a motion under Rule 12(b)(6) or 12(c), matters outside the pleadings are presented to and not excluded by the court, the motion must be treated as one for summary judgment under Rule 56." Fed. R. Civ. P. 12(d). "In ruling on a motion for judgment on the pleadings, . . . the Court may consider the complaint as well as (1) documents that are referenced in the plaintiff's complaint or that are central to plaintiff's claims and (2) matters of which a court may take judicial notice." Wrobel v. Huron-Clinton Metro. Auth., No. 13-cv-13168, 2014 WL 1460305, at *6 (E.D. Mich. Apr. 15, 2014) (citing Tellabs, Inc. v. Makor Issues & Rights, Ltd., 551 U.S. 308, 322 (2007)); see also KRS Int'l Co. v. Delphi Auto. Sys., LLC, 523 F. App'x 357, 359 (6th Cir. 2013)

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