United States Court of Appeals for the Federal Circuit

CHEWY, INC.,
Plaintiff-Appellee

v.

INTERNATIONAL BUSINESS MACHINES CORPORATION,
Defendant-Appellant

2022-1756

Appeal from the United States District Court for the Southern District of New York in No. 1:21-cv-01319-JSR, Judge Jed S. Rakoff.

Decided: March 5, 2024

JOSHUA LEE RASKIN, Greenberg Traurig LLP, New York, NY, argued for plaintiff-appellee. Also represented by JULIE PAMELA BOOKBINDER, VIMAL KAPADIA.

KARIM ZEDDAM OUSSAYEF, Desmarais LLP, New York, NY, argued for defendant-appellant. Also represented by JOHN M. DESMARAIS, TAMIR PACKIN.

Before MOORE, *Chief Judge*, STOLL and CUNNINGHAM, *Circuit Judges*.

MOORE, *Chief Judge*.

International Business Machines Corp. (IBM) appeals the United States District Court for the Southern District of New York's grant of summary judgment of noninfringement of claims 1, 2, 12, 14, and 18 of U.S. Patent No. 7,072,849. IBM also appeals the district court's grant of summary judgment that claims 13, 15, 16, and 17 of U.S. Patent No. 7,076,443 are ineligible under 35 U.S.C. § 101. For the following reasons, we affirm in part, reverse in part, and remand for further proceedings.

BACKGROUND

IBM owns the '849 and '443 patents, which generally relate to improvements in web-based advertising. The '849 patent discloses improved methods for presenting advertisements to a user of an interactive service. '849 patent at 2:48–49. In the prior art, advertisements would be downloaded at the same time as applications. *Id.* at 2:20–26. This conventional method diminished service response time as it required application traffic to compete with advertising traffic for network communication services. *Id.* at 2:20–36. The claimed methods minimize advertising traffic's interference with the retrieval and presentation of application data by, *inter alia*, "storing and managing" advertising at the user reception system before it is requested by the user. *Id.* at 1:17–28, 3:5–23. The advertising may be "individualized to the respective users based on characterizations of the respective users as defined by the interaction history with the service and such other information as user demographics and locale." *Id.* at 10:19–23.

The '443 patent discloses improved systems and methods for targeting advertisements. '443 patent at 2:24–39. At the time of the invention, relevant advertisements would be identified based on user profiles or search queries. *See id.* at 1:29–62. These conventional approaches would identify outdated or narrowly limiting advertisements. *See id.* Recognizing these deficiencies, the claimed invention instead identifies advertisements based on search results.

Id. at 2:24–39. For example, a user may search "washer machine" and get a search result for the "WashMax" machine. *See* J.A. 2255 ¶ 31. The claimed method would use the information contained in the "WashMax" search result to identify advertisements. *See id.*

Chewy, Inc. sued IBM seeking a declaratory judgment of noninfringement of several IBM patents, including the '849 and '443 patents. In response, IBM filed counterclaims alleging Chewy's website and mobile applications infringed the patents. Following claim construction and discovery, the district court granted Chewy's motion for summary judgment of noninfringement of claims 1, 2, 12, 14, and 18 of the '849 patent. *Chewy, Inc. v. Int'l Bus. Machs. Corp.*, 597 F. Supp. 3d 669, 679–83 (S.D.N.Y. 2022) (*Summary Judgment Decision*). The district court also granted Chewy's motion for summary judgment that claims 13, 15, 16, and 17 of the '443 patent are ineligible under § 101. *Id.* at 691–93. IBM appeals both summary judgment rulings. We have jurisdiction under 28 U.S.C. § 1295(a)(1).

DISCUSSION

We review the district court's summary judgment rulings under the law of the regional circuit, here the Second Circuit. *High Point Design LLC v. Buyers Direct, Inc.*, 730 F.3d 1301, 1311 (Fed. Cir. 2013). The Second Circuit reviews the "district court's grant of summary judgment de novo, construing the evidence in the light most favorable to the nonmoving party and drawing all reasonable inferences in that party's favor." *Kuebel v. Black & Decker Inc.*, 643 F.3d 352, 358 (2d Cir. 2011). Summary judgment is appropriate when "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).

I. INFRINGEMENT OF THE '849 PATENT

A. Claims 1, 2, 14, and 18

IBM appeals the district court's grant of summary judgment of noninfringement with respect to claims 1, 2, 14, and 18 of the '849 patent. Claim 1 is representative and recites:

> 1. A method for presenting advertising obtained from a computer network, the network including a multiplicity of user reception systems at which respective users can request applications, from the network, that include interactive services, the respective reception systems including a monitor at which at least the visual portion of the applications can be presented as one or more screens of display, the method comprising the steps of:
>
> a. structuring applications so that they may be presented, through the network, at a first portion of one or more screens of display; and
>
> b. structuring advertising in a manner compatible to that of the applications so that it may be presented, through the network, at a second portion of one or more screens of display concurrently with applications, wherein structuring the advertising includes configuring the advertising as objects that include advertising data and;
>
> c. *selectively storing advertising objects at a store established at the reception system*.

'849 patent at 39:43–61 (emphasis added).

The district court granted summary judgment of noninfringement of claims 1, 2, 14, and 18 because no reasonable factfinder could find Chewy's website or mobile applications perform the selectively storing limitation recited in the claims. *Summary Judgment Decision*, 597 F.

Supp. 3d at 679–81. IBM raises two challenges to the district court's grant of summary judgment. First, IBM argues the district court improperly construed the selectively storing limitation. Second, IBM argues, even if we accept the district court's construction, there are material factual disputes precluding summary judgment.

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The district court construed "selectively storing advertising objects at a store established at the reception system" as "retrieving advertising objects and storing at a store established at the reception system in anticipation of display concurrently with the applications." *Chewy, Inc. v. Int'l Bus. Machs. Corp.*, 571 F. Supp. 3d 133, 141–43 (S.D.N.Y. 2021) (*Claim Construction Order*). In other words, the advertising objects must be "pre-fetched." *Id.* IBM argues the proper construction does not require pre-fetching. We agree with the district court's construction.

We review the district court's claim construction de novo, except for necessary subsidiary facts based on extrinsic evidence, which we review for clear error. *Teva Pharms. USA, Inc. v. Sandoz, Inc.*, 574 U.S. 318, 325–27 (2015). Claim terms are generally given their plain and ordinary meaning, which is the meaning one of ordinary skill in the art would ascribe to a term when read in the context of the claim, specification, and prosecution history. *See Phillips v. AWH Corp.*, 415 F.3d 1303, 1313–14 (Fed. Cir. 2005) (en banc).

The written description of the '849 patent supports the district court's construction. The written description consistently describes the invention as including pre-fetching of advertising objects. In the "Summary of Invention" section, the '849 patent provides:

> *[T]he method for presenting advertising in accordance with this invention* achieves the above-noted and other objects by featuring steps for presenting advertising concurrently with service applications at the user reception system; i.e., terminal. . . . [I]n

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