

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

**CALDARELLI HEJMANOWSKI PAGE & LEER LLP**  
William J. Caldarelli (SBN 149573)  
Ben West (SBN 251018)  
12340 El Camino Real, Suite 430  
San Diego, CA 92130  
Telephone: (858) 720-8080  
[wjc@chpllaw.com](mailto:wjc@chpllaw.com); [dbw@chpllaw.com](mailto:dbw@chpllaw.com)

Attorneys for Plaintiff Ameranth, Inc.  
Additional counsel for Plaintiff listed below.

**UNITED STATES DISTRICT COURT**  
**SOUTHERN DISTRICT OF CALIFORNIA**

IN RE: AMERANTH PATENT  
LITIGATION

Lead Case No. 11cv1810 DMS (WVG)

**REPLY BRIEF IN SUPPORT OF  
AMERANTH'S MOTION FOR  
SUMMARY ADJUDICATION OF  
UNENFORCEABILITY OF '449  
PATENT BASED ON INEQUITABLE  
CONDUCT IN PROSECUTION OF '739  
PATENT AND '645 CONTINUATION  
APPLICATION**

Date: September 15, 2017  
Time: 1:30 p.m.  
Location: Courtroom 13A  
Judge: Hon. Dana M. Sabraw

Complaint Filed: August 15, 2011

1 **Additional counsel for Plaintiff Ameranth, Inc.:**

2 **FABIANO LAW FIRM, P.C.**

3 Michael D. Fabiano (SBN #167058)  
4 12526 High Bluff Drive, Suite 300  
5 San Diego, CA 92130  
6 Telephone: (619) 742-9631  
7 mdfabiano@fabianolawfirm.com

8 **OSBORNE LAW LLC**

9 John W. Osborne (Appointed *Pro Hac Vice*)  
10 33 Habitat Lane  
11 Cortlandt Manor, NY 10567  
12 Telephone: (914) 714-5936  
13 josborne@osborneipl.com

14 **WATTS LAW OFFICES**

15 Ethan M. Watts (SBN #234441)  
16 12340 El Camino Real, Suite 430  
17 San Diego, CA 92130  
18 Telephone: (858) 509-0808  
19 Facsimile: (619) 878-5784  
20 emw@ewattslaw.com

21 **WITKOW BASKIN**

22 Brandon Witkow (SBN 210443)  
23 21031 Ventura Blvd., Suite 603  
24 Woodland Hills, CA 91364  
25 Tel: (818)296-9508  
26 Fax: (818)296-9510  
27 bw@witkowlaw.com

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

**Overview**

IPDEV’s opposition brief not only fails to create triable issues of fact against any of the six different instances of inequitable conduct presented in Ameranth’s opening brief; it actually serves in many instances as a *confirmation* of these charges. In fact, the totality of the opposition brief confirms Ameranth’s assertion that Cupps and Glass are not even the rightful inventors of their own patent, and false inventorship is clearly core to an inequitable conduct finding.

**Discussion**

A. The Court May Properly Consider Ameranth’s Motion

Ameranth’s counter-claims asserted a valid claim for unenforceability of the ‘449 Patent based on inequitable conduct. That counter-claim was based on the information available to Ameranth at the pleading stage—the prosecution file of the ‘449 Patent at issue in IPDEV’s priority of invention lawsuit.

After the pleadings were at issue, and almost entirely through recent discovery obtained from IPDEV and infringement defendants (like IPDEV’s affiliate, QuikOrder, and Papa John’s, a former licensee of the ‘739 Patent), Ameranth learned of additional facts that further supported unenforceability of the ‘449 Patent. Many of these facts came out in the depositions of IPDEV’s own witnesses and the 2017 declarations of inventors Glass and Cupps, retained now by IPDEV. IPDEV’s counsel produced those declarations and attended the depositions, defending the very witnesses testifying to the facts on which the present motion predominantly is based. Thus, there was no unfair surprise, prejudice, or “sandbagging” here; the facts on which the motion was based were almost entirely in the possession, control and knowledge of IPDEV, QuikOrder and their agents—it was Ameranth that had to dig them out through discovery.

Under these circumstances it is proper for the Court to hear and determine the motion based on such facts discovered after the pleadings were at issue and which were in development up to the nearly the close of fact discovery. Pursuant

1 to Fed.R. Civ. Proc. 15, the Court may allow the pleadings to be freely amended to  
2 achieve substantial justice, including even deeming the pleadings amended to  
3 conform to the proof presented to the Court, and to the extent necessary Ameranth  
4 so requests. Those equitable principles warrant hearing the motion.

5 B. Inequitable Conduct in the Prosecution of the Related ‘739 Patent and ‘645  
6 Application Provides Grounds to Also Render the ‘449 Patent Unenforceable

7 There is no legal precedent (nor is there likely to ever be) that an  
8 unenforceable patent obtained through the inequitable conduct of its inventors can  
9 be ‘cleansed’ of its tainted lineage through the sale of that patent to a successor,  
10 even if that successor was innocent, which IPDEV was not. The Supreme Court  
11 in Precision Instr. Mfg. Co. v. Automotive Maint. Mach., 324 U.S. 806 (1945),  
12 confirmed the application of the doctrine of unclean hands in connection with  
13 inequitable conduct before the USPTO. As later explained by the Federal Circuit:  
14 “Consolidated’s reading of SSIH as requiring fraud before the court would be at  
15 odds with Precision Instrument which held that withholding information from the  
16 PTO so soiled the patentee’s hands as to render all patents-in-suit  
17 unenforceable.” Consol. Alum. Corp. v. Foseco Intern. Ltd., 910 F. 2d 804, 812  
18 (Fed. Cir. 1992).

19 Relying only on Baxter Intern., Inc. v. McGaw, Inc., 149 F.3d 1321 (Fed.  
20 Cir. 1998), IPDEV argues that acts of inequitable conduct committed in the  
21 prosecution of the related ‘739 Patent and ‘645 Application are not a basis to  
22 invalidate the claims of the ‘449 Patent because: “[t]he ‘739 patent claims are  
23 drawn to a different embodiment of the invention than claimed in the ‘449 patent.”  
24 Oppo., p. 4, ll. 16-17. Tellingly, IPDEV does *not* assert that the patents—  
25 addressing online food ordering systems--are two entirely distinct inventions.  
26 Indisputably both patents include ordering pizza over the internet in their subject  
27 matter. Indeed, the core of IPDEV’s priority of invention claim is that the ‘449  
28 Patent is entitled to the priority date of the earlier filed ‘739 Patent, that both the

1 '449 and '739 Patents rely on exactly the same specification, and that the claims of  
2 the '449 Patent supposedly are disclosed, taught and supported by the specification  
3 of the '739 Patent. Having based its entire complaint and legal action on such  
4 contentions, IPDEV cannot now claim otherwise in order to avoid summary  
5 adjudication for its and the inventors' inequitable conduct.

6 The Baxter exception to the general rule that inequitable conduct committed  
7 in the course of prosecution of a "parent patent" application renders unenforceable  
8 related "child" patents is not as broad as IPDEV argues. After acknowledging the  
9 parent-child inequitable conduct unenforceability principle, the Baxter court stated  
10 a limited exception: "However, where the claims are subsequently separated from  
11 those tainted by inequitable conduct through a divisional application, *and where*  
12 *the issued claims have no relation to the omitted prior art*, the patent issued from  
13 the divisional application will not also be unenforceable due to inequitable conduct  
14 committed in the parent application." Id. at 1332 (emphasis added).

15 This limited exception does not protect the '449 Patent from the  
16 consequences of inequitable conduct committed in the prosecution of the '739  
17 Patent and '645 Application. First, several of the acts of inequitable conduct  
18 consisted of behavior *other than* omission of material prior art references. Thus,  
19 acts such as violation of the 12 month on-sale bar are outside of the limited  
20 exception described in Baxter. Second, other than the inventors' non-disclosed  
21 (but now admitted) reliance on Mapquest (for geocoding) and Wygant (for voice  
22 conversion) technologies, many of the non-disclosed prior art references discussed  
23 in the motion address broader aspects of online ordering systems claims applicable  
24 to more than the geocoding and voice conversion aspects of the '739 Patent, such  
25 as the inventors' inspiration from the computer ordering system in the film *The Net*  
26 (which defendants, including QuikOrder, assert as a prior art reference to  
27 Ameranth's patents) and QuikOrder's own online ordering system (demonstrated  
28 to the named inventors) on which QuikOrder has relied as the basis of a section

1 273 defense to Ameranth’s infringement claims. The same is true of the ‘739  
2 Patent’s copying of figures and technical terms from the ‘231 Patent without  
3 attribution, which figures and terms are part of the same specification and material  
4 that the ‘449 Patent relies upon.

5 Moreover, Baxter was an action for patent infringement, whereas the present  
6 lawsuit is a priority of invention contest in which IPDEV asserts that the ‘449  
7 Patent is entitled to the earlier application filing priority date of the ‘739 Patent.  
8 In Baxter, the Federal Circuit upheld the District Court’s finding that the divisional  
9 patent was not entitled to the priority date of the parent patent in the prosecution of  
10 which inequitable conduct was committed, stating: “We also hold that the earliest  
11 filing date that can be attributed to the ‘554 patent is that of January 7, 1991”—the  
12 date of filing of the application amendment that resulted in the ‘554 patent, and not  
13 the earlier date of the parent patent application from which the plaintiff had  
14 claimed priority. Id. at 1335 (see also 1326). Thus, even if inequitable conduct in  
15 the prosecution of the ‘739 Patent did not directly render the ‘449 Patent  
16 unenforceable, it would, under Baxter, deprive the ‘449 Patent of the earlier filing  
17 priority date of the ‘739 Patent and be dispositive of the present lawsuit.

18 C. Irrefutable Evidence Confirms that the Invention Embodying the Claims of  
19 the ‘739 Patent Was On-Sale and Ready for Patenting Before November 24, 1996

20 First, while IPDEV contests the accuracy of the October 1996 “final release”  
21 date shown in the 1996 CyberSlice development schedules withheld from the PTO,  
22 it did not even attempt to rebut the official and sworn to be truthful CyberSlice  
23 service mark registration confirming the October 1996 as the “first use in  
24 commerce.” The October 1996 date from the service mark does not evidence the  
25 “mere existence” of the mark, but rather confirms when CyberSlice was first  
26 *commercially* used. Clearly, when the registration was filed on April 22, 1997,  
27 CyberMeals knew exactly what had happened and when just six months earlier.

28

1 Second, IPDEV ineffectually suggests that, even upon the December 1,  
2 1996 launch, the CyberSlice system supposedly was not working “accurately.”  
3 Despite IPDEV’s belated efforts to question the accuracy of Tim Glass’ memory,  
4 Glass testified clearly under oath that the CyberSlice on-line ordering system was  
5 working and functional on the launch date and that there were no major issues:

6 Q: Did your system work when it was launched?

7 A: Yes

8 NOL, Exh. 6 (Tr. 275:20-22).

9 Q: Were they major issues?

10 A: Not in my mind.

11 NOL, Exh. 6 (Tr. 276:5-8).

12 Moreover, there is nothing in any claim of the ‘739 Patent about  
13 “accurately” matching vendors to customers; thus IPDEV cannot create an issue of  
14 fact by arguing over the *accuracy* of the operation of the CyberSlice system. The  
15 evidence convincingly demonstrates that the invention was, in fact, working and  
16 ready for patenting. Further, Glass, who was CEO of CyberSlice at the time,  
17 admitted that *every single limitation* of claim 1 of the ‘739 Patent was working at  
18 the launch of the CyberSlice system. [See, e.g., Exh. 6, Glass Tr. 275: 20-22;  
19 292:12-297:6]. The system would have had to be working prior to the critical date  
20 just one week earlier in order for Glass to have made the decision to proceed with  
21 the launch. No contrary evidence or inference exists or can be reasonably drawn.

22 Third, IPDEV erroneously contends that entering into agreements with a  
23 thousand restaurants for the use of the CyberSlice system beginning in September  
24 of 1996 did not constitute an offer of sale because CyberMeals did not begin  
25 *receiving fees* until consumers started placing pizza orders on December 1, 1996.  
26 Glass stated that, *prior to* the December 1, 1996 launch date, CyberMeals had  
27 signed up roughly 1,000 restaurants to use the on-line ordering system. Exh. 21.  
28 In his 2002 Declaration to the PTO, Glass explained that: (1) CyberSlice began

1 signing up restaurants “during September 1996” (Exh. 14, ¶ 3); and (2) that the  
 2 registration package contained, among other things, the CyberSlice merchant  
 3 agreement. Exh. 14, ¶5(a) and (d). Under the terms of the CyberSlice Merchant  
 4 Agreement, the restaurants agreed to pay fees to CyberMeals ranging from \$0.50  
 5 to \$3.00 per order “for each delivery or take-out order CyberSlice sends to  
 6 Merchant through the Internet.” Exh. 14, p. 447 ¶ 3. By entering into such  
 7 agreements for commercial use of the CyberSlice system with restaurants  
 8 beginning in September of 1996, CyberMeals sold, or offered to sell, the system  
 9 embodying the patented invention, even if CyberMeals did not begin *collecting*  
 10 *money* for provision of the ordering system until after the system went live on  
 11 December 1. As explained by the Federal Circuit in In re Caveney, 761 F.2d 671,  
 12 676 (Fed. Cir. 1985): “It is well settled that a sale is a contract between parties to  
 13 give and to pass rights of property for consideration which the buyer pays *or*  
 14 *promises to pay* the seller for the thing bought or sold.” Emphasis added.  
 15 CyberMeals’ merchant agreements with the restaurants entered into beginning in  
 16 September 1996 satisfy this standard and constitute a sale, or offer of sale, of use  
 17 of the CyberSlice on-line ordering system more than 12 months before the  
 18 November 24, 1997 application date. The Examiner of the ‘645 Application drew  
 19 the same conclusion. Exh. 16, p. 499 (enrolling restaurants in September 1996  
 20 “indicate an offer for sale more than one year prior to the filing date”).

21 D. IPDEV Failed to Refute That The Failure to Disclose the QuikOrder 1996  
 22 On-Line Ordering System Was Material Inequitable Conduct

23 IPDEV’s affiliate, QuikOrder, through their common chief officer, James  
 24 Kargman, asserted in verified interrogatory responses that its online ordering  
 25 system demonstrated to Cupps and Glass practiced the elements of the ‘739 Patent.  
 26 Exh. 23. QuikOrder explained that its system relied upon a street map database  
 27 containing street names and address ranges associated with a specific restaurant.  
 28 The claim construction order in the Food.com litigation does not, contrary to

1 IPDEV’s argument now, eliminate such a system as material prior art, and  
2 certainly not under the “broadest reasonable interpretation” standard used by the  
3 PTO. The order defined geocode as “an identification of a location as one more  
4 coordinates from another location description such as an address.” According to  
5 the claims and specification of the ‘739 Patent (at col. 6 ll. 49- 53), the geocodes  
6 are derived from the vendor’s specific geographic location—such as their street  
7 address. Arguing that an online ordering system such as QuikOrder’s that uses  
8 such street addresses is not material art that should have been disclosed is  
9 nonsensical, particularly where the geocoding technology used was that of  
10 Mapquest. The combination of knowledge of QuikOrder’s street address database  
11 system, and Mapquest’s existing geocoding technology (also not disclosed to the  
12 ‘739 Examiner), would have rendered the application obvious and not patentable.

13 IPDEV’s attempt to rely on QuikOrder’s 2002 settlement agreement to  
14 refute the materiality of the non- disclosure also fails. QuikOrder actually  
15 stipulated that its earlier system infringed one or more claims of the ‘739 Patent  
16 prior to March 12, 2001. The QuikOrder system’s infringement of claims of  
17 the ‘739 Patent is an admission that the inventors’ knowledge of this system should  
18 have been disclosed to the ‘739 Examiner. Further, the allegations of QuikOrder’s  
19 counterclaims that its system was commercialized more than 12 months prior to  
20 the filing of the ‘739 Patent application is a further admission of materiality.  
21 Finally, the fact that Cupps and Glass may have signed a NDA with QuikOrder  
22 does not excuse the inventors’ duty of disclosure to the Patent Office.

23 E. QuikOrder Itself Asserted that *The Net* Was Prior Art to the Subject Matter  
24 of Ameranth’s Patents, and thus to the ‘739 Patent as Well.

25 IPDEV does not dispute that the scene from *The Net* in which Sandra  
26 Bullock ordered a pizza over the internet is what inspired Glass’s invention  
27 described in the ‘739 Patent. IPDEV contends, however, that Glass was not  
28 required to disclose this to the PTO.

1           However, IPDEV’s affiliate, QuikOrder, and the other defendants have  
 2 asserted *The Net* as a piece of prior art to Ameranth’s online ordering patents in  
 3 their invalidity contentions in this consolidated litigation. Exh. 29. IPDEV should  
 4 not be able to run both hot and cold on this point. Moreover, the Taltech decisions  
 5 cited by IPDEV merely hold that inventors must disclose “only material that a  
 6 reasonable examiner would have considered important.” Taltech, Ltd. v. Esquel  
 7 Apparel, Inc., 279 F.Appx. 974, 977 (Fed. Cir. 2008). IPDEV does not explain  
 8 how or why the web based ordering system from *The Net* that inspired Glass’s  
 9 invention is cumulative of other prior art disclosed to the PTO, especially when  
 10 their specification application disparaged and distinguished the other two disclosed  
 11 online ordering systems. Thus, *The Net* was not cumulative.

12 F.   IPDEV Failed to Refute That the Failure to Disclose that the Geocoding  
 13 Technology was Taken from Mapquest and that the Voice Conversion Technology  
 14 was Taken from Wygant Was Material

15           Despite never having made a disclosure in the ‘739 specification or to the  
 16 PTO, Glass finally (many years later in his June 12, 2017 declaration) admitted  
 17 that he used Mapquest’s geocoding technology to convert restaurant and consumer  
 18 address locations into geocode coordinates. Glass then attempted to minimize his  
 19 reliance on Mapquest by stating: “Determining the location of customers and their  
 20 proximity to various pizza restaurants could have been done in any number of  
 21 ways. Basically, we just wanted a way to locate potential customers and the use of  
 22 geocodes was one of those ways.” Exh. 26, ¶ 4.

23           Both Glass and Cupps in their 2017 declarations, despite having failed to  
 24 disclose the information to the PTO, also admitted that the voice recognition  
 25 software element of the ‘739 Patent invention was a modified version of Wygant  
 26 Scientific’s voice recognition software technology used “to achieve the goals.”  
 27 Exhs. 26, 19. Cupps claimed- *falsely*- that “[w]e disclosed this voice recognition  
 28 software, Wygant Scientific, in the specification of [the ‘739 Patent]”. Exh. 19, ¶

1 7. Despite thereby acknowledging that their use and modification of Wygant’s  
2 software technology *should have been disclosed* to the PTO, the ‘739 Patent in fact  
3 makes no such disclosure. Thus notwithstanding IPDEV’s denial, in fact both  
4 inventors confirmed the materiality of their reliance on these copied sources by  
5 wrongly claiming that they were disclosed to the PTO when irrefutably they were  
6 not. This further demonstrates intent to deceive.

7 This is unquestionably a “but for” material non-disclosure, since the ‘739  
8 Examiner’s reasons for allowance were these two supposedly novel features which  
9 in fact were copied from others without attribution. The two elements on which  
10 the Examiner determined the invention of the ‘739 Patent was patent eligible were  
11 its use of geocodes and voice conversion. Exh. 30. Had it been disclosed to the  
12 Examiner that these supposedly novel features were merely the adoption, use and  
13 modification of others’ existing technology, the claimed invention at the least  
14 would have been found to be obvious. Clearly the Examiner did not know that this  
15 claimed inventive element was merely an undisclosed “off the shelf voice  
16 recognition software tool from Wygant Scientific.” Exh. 19, ¶ 7. Consequently,  
17 the failure to disclose their use and reliance on Mapquest and Wygant should *ipso*  
18 *facto* be deemed material. Cupps and Glass did not themselves even invent the  
19 very functionality they claimed.

20 Furthermore, the ‘739 Patent’s undisclosed incorporation of the very  
21 features that Glass and Cupps purported to have invented with their “geocoding  
22 and “interactive voice conversion” claimed functions were not, as IPDEV argues,  
23 akin to the non-disclosure of a generic “data storage device.” Rather these non-  
24 disclosed but secretly copied functions were at the very heart of what they claimed  
25 as their invention, and this deception misled the PTO Examiner into allowing the  
26 claims of the ‘739 Patent on the basis of these very features.

27 G. IPDEV Admits to the Copying of Figures and Terms From the ‘231 Patent,  
28 Which are Not “Incidental,” “Stock,” “Generic,” or “Commonplace”

1 Although IPDEV argues that the copying of core structural figures and key  
2 terms from the ‘231 Patent is merely “incidental,” and that those figures are  
3 “generic,” it offers no competent evidentiary proof of such assertions to create an  
4 issue of fact. Further, IPDEV did not even attempt to refute that Glass did not  
5 even know what the phrase “internet access procedures” meant, and that he could  
6 not explain why a figure for a hardware peripheral was used to depict  
7 a software user interface (“UI”). As Ameranth asserted in its Opening Brief, these  
8 admissions demonstrate that the terms and figures were plagiarized.

9 **Conclusion**

10 IPDEV has not created triable issues of fact against any of the six instances  
11 of inequitable conduct presented in Ameranth’s motion for summary adjudication  
12 of unenforceability. Each ground provides independent “but for” materiality  
13 sufficient to find the ‘739 Patent—and its progeny, including the ‘449 Patent—  
14 unenforceable, and/or to deny the ‘449 Patent the ‘739 Patent’s earlier filing  
15 priority date. The cumulative impact of these material non-disclosures  
16 demonstrates both that Glass and Cupps are not even the true inventors of their  
17 own claimed patent, having copied or plagiarized the work of others without  
18 attribution, and that the non-disclosures were done with intent to deceive the PTO,  
19 warranting a finding of inequitable conduct. They also violated the on sale bar and  
20 each later submitted two false declarations, the first in 2002 and the last recently in  
21 cooperation with IPDEV, to attempt to obfuscate those acts, including having  
22 withheld key evidence in Glass’s possession since 1996 which the ‘645 Examiner  
23 had specifically requested. For these reasons and more, the ‘739 Patent and the  
24 ‘449 Patent derived therefrom should be held to be unenforceable.

25  
26 Dated: September 8, 2017 CALDARELLI HEJMANOWSKI PAGE & LEER

27  
28 By: /s/ William J. Caldarelli

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

William J. Caldarelli  
Ben West

FABIANO LAW FIRM, P.C.  
Michael D. Fabiano

OSBORNE LAW LLC  
John W. Osborne

WATTS LAW OFFICES  
Ethan M. Watts

WITKOW | BASKIN  
Brandon J. Witkow  
Cory A. Baskin  
**Attorneys for Plaintiff Ameranth, Inc.**