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7
 8 **UNITED STATES DISTRICT COURT**
 9 **SOUTHERN DISTRICT OF CALIFORNIA**
 10

11 AMERANTH, INC.

12 v.

13
 14 DOMINO'S PIZZA, INC. and
 15 DOMINO'S PIZZA, LLC
 16
 17

Case No. 3:12-cv-0733 DMS (WVG)

**MEMORANDUM OF POINTS AND
 AUTHORITIES IN SUPPORT OF
 AMERANTH INC.'S MOTION FOR
 RECONSIDERATION OF ORDER
 GRANTING IN PART MOTION TO
 DECLARE CASE EXCEPTIONAL
 AND AWARD ATTORNEY FEES AND
 COSTS OR, IN THE ALTERNATIVE,
 REQUEST FOR CERTIFICATION OF
 INTERLOCUTORY APPEAL [28 U.S.C.
 § 1292(b)2]**

ORAL ARGUMENT REQUESTED

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JUDGE: Hon. Dana M. Sabraw

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1 **I. INTRODUCTION**

2 Plaintiff Ameranth, Inc., respectfully requests reconsideration of the Court’s
3 February 5, 2021 Order Granting in Part Defendants’ Second Renewed Motion to
4 Declare Case Exceptional and Award Attorney Fees and Non-Taxable Costs (the
5 “Order”). This Motion is brought on the grounds that reconsideration is justified to
6 correct multiple manifest errors of law and fact upon which the Order is based in order
7 to prevent serious injustice, as discussed herein.

8 **II. OVERVIEW**

9 An exceptional case determination must be made in consideration of “the
10 totality of the circumstances” *Octane Fitness, LLC v. ICON Health & Fitness,*
11 *Inc.*, 572 U.S. 545, 554 (2014). This encompasses considerations of both law and
12 fact. The Order, however, is based on conclusions contrary to controlling law and
13 overlooks or disregards material facts, meriting reconsideration.¹ Moreover, rather
14 than proceeding from the perspective that Ameranth’s patents are presumed to be
15 valid and that Domino’s bears the burden of proving that this case was exceptional,
16 the Order instead viewed the entire action through a tainted lens—unfairly viewing
17 Ameranth as a “nuisance value” patent troll recklessly proceeding with enforcement
18 actions upon patents that no reasonable mind could believe were valid.

19 The Order concluded that, despite the vacatur of the verdicts, *all* the claims of
20 Ameranth’s entire patent family remained under a dark cloud since the 2010 *Menusoft*
21 trial resulted in invalidity verdicts of only 7 of 47 claims of its earlier three patents,
22 and that this cloud eviscerated the presumption of validity for all claims of those
23 patents and even of the later-issued ‘077 patent. Such a conclusion is contrary to law.
24 *See Comair Rotron, Inc. v. Nippon Densan Corp.*, 49 F.3d 1535, 1539 (Fed. Cir. 1995)

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26 _____
27 ¹ An abuse of discretion occurs where the district court “base[s] its ruling on an
28 erroneous view of the law or on a clearly erroneous assessment of the evidence.”
Highmark Inc. v. Allcare Health Mgmt. Sys., Inc., 134 S. Ct. 1744, 1748 n.2 (2014).

1 (“separate patents describe ‘separate and distinct [inventions]’ ... and it cannot be
2 presumed that related patents rise and fall together.”).

3 This Court has previously acknowledged that the presumption of validity
4 applies at all stages of the litigation, including where it has denied exceptional case
5 motions after invalidating claims under the still evolving jurisprudence of §101: “The
6 landscape of patent ineligibility under 35 U.S.C. §101 is unsettled and rapidly
7 evolving,” and the presumption of patent validity “exists at every stage of the
8 litigation.” *Clarilogic, Inc. v. Formfree Holdings Corp.*, 2016 WL 9774536 *2 (S.D.
9 Cal. 4-17-2016)(J. Sabraw). The landscape of §101 law *remains* unsettled, with the
10 Supreme Court anticipated to grant a petition for writ of *certiorari* in April 2021 in
11 *American Axle & Mfg., Inc. v. Neapco Holdings LLC, et al.*, Case No. 20-891 (12-20-
12 2020), to clarify the law. Some district courts are now deferring determination on
13 §101 challenges pending the outcome of *American Axle*. See NOL, Exs. 1, 2.

14 A core basis of the exceptional case determination is the Court’s “troubling,”
15 but mistaken, belief that Ameranth is merely a non-practicing patent assertion entity
16 that tried but failed to commercialize its products and instead simply adopted a
17 strategy of pursuing nuisance value settlements by seeking to “evade a ruling on the
18 merits while continuing to file new lawsuits advancing the same claims,” akin to the
19 plaintiffs in *Shipping and Transit LLC v. Hall Ent., Inc.*, 2017 WL 3485782 (C.D.
20 Cal. 7-5-2017), and *Kindred Studio Illustration & Design, LLC v. Elec. Comm’n*
21 *Tech., LLC*, 2019 WL 3064112 (C.D. Cal. 5-23-2019). The Court concluded that
22 such perceived misconduct needs to be punished.

23 The totality of the record overwhelmingly *disproves* this pejorative view.
24 Starting in 1996, Ameranth produced award-winning technology that was adopted in
25 many segments of the hospitality industry, and Ameranth has *never* pursued a
26 strategy of accepting nuisance settlements in order to avoid adjudication on the merits
27 of its patents, as demonstrated by the nearly decade-long litigation with multiple large
28 defendants before this Court.

1 Contrary to established law, the Order also incorrectly views late stage,
2 patentee settlements (irrespective of amount) resulting from Court-ordered settlement
3 conferences as admissions of weakness and patent invalidity. Further contrary to law,
4 the Order views vacatur obtained in connection with settlements as null and contrary
5 to public interest. The Order expresses the belief that the *Menusoft* invalidity verdicts
6 in 2010, as to only 7 (out of 47) claims of only 3 of Ameranth's patents, and based
7 only on 35 U.S.C. §§102 and 103, cast a perpetual cloud of doubt over the entire
8 Ameranth patent family and nullified the statutory presumption of validity as to *all* its
9 patent claims. The Order improperly concludes that this cloud could not be dispelled
10 despite the vacatur of the invalidity verdicts while on appeal to the Federal Circuit nor
11 by subsequent patent allowances from the Patent Office and rulings and decisions by
12 the Court and by the PTAB turning aside several challenges to Ameranth's patents.

13 The Order viewed the entirety of Ameranth's patent litigation effort through
14 this occluded prism, and on that basis concluded that this was an exceptional case and
15 that Ameranth should be punished for having dared to bring and maintain litigation
16 on any of the claims of any of its family of patents. However, consideration of
17 material information, including the Court's own prior rulings overlooked by the
18 Order², confirms that these factual assumptions are in error. Likewise, the legal basis
19 of several conclusions reached in the Order conflict with law of the Federal Circuit
20 and the Ninth Circuit, conclusions of other district courts, and even with the "law of
21 the case" established by this Court itself. Consequently, and respectfully, Ameranth
22 believes that the Order – founded upon an erroneous "dark cloud" perception of
23 Ameranth and its patents – should be reconsidered and rescinded.

24 The Court's misperception of Ameranth and the case arises from several

25 _____
26 ² A court should grant reconsideration if it overlooked evidence or decisions of law if
27 the issues overlooked which "might reasonably have resulted in a different
28 conclusion." *Elgert v. Siemens Indus.*, 2019 WL 3976409 *5 (E.D. Pa. 8- 21-2019).

1 material factual errors, and the overlooking of or failing to properly consider facts
2 contrary to its “dark cloud” perception. These include the following:

3 • Ameranth is *not* a non-practicing patent enforcement entity that seeks
4 nuisance value settlements below the cost of litigation, akin to the plaintiffs in
5 *Shipping and Transit* and *Kindred Studio*, to which the Order inaptly compares
6 Ameranth. Ameranth did not buy its patents; it invented them in connection with
7 development of its innovative and award-winning products. Keith McNally founded
8 Ameranth 25 years ago, invented and patented its technology, and remains the
9 company’s President today. Ameranth products were successfully deployed in
10 thousands of hospitality entities. Thus, the Order’s statement that Ameranth only “at
11 one point” “attempted” to commercialize the inventions is incorrect.³ In fact, some
12 Ameranth products are still deployed and used today.

13 • The Order’s characterization of Ameranth as a nuisance value patent
14 enforcement entity that merely sends out demands and settles cases early and cheaply
15 to avoid adjudication on the merits (Order, pp. 13, 20) is incorrect, completely
16 unsupported, and directly contrary to evidence that the Order overlooked:
17 “Throughout Ameranth’s patent litigation efforts, Ameranth has *not sought nuisance*
18 *value settlements* in order to take advantage of the high cost of litigation *Ameranth*
19 *refuses to accept ‘nuisance value’ settlements* Ameranth is *not simply an*
20 *enforcement entity that is disconnected from the inventor* and the history of its patents
21 and associated products.” Dkt. No. 89, ¶¶ 2, 3, Case No. 12-cv-00733 (emp. added).

22 • Ameranth did *not* enter into a nuisance value settlement in order to avoid
23 a hearing on Pizza Hut’s §101 motion for summary judgment, as the Order implies on
24 page 20. To the contrary, Ameranth was ordered to attend a mandatory settlement
25 conference *by the Court*, participated in the settlement conference presided over by
26

27 _____
28 ³ The Court is referred to Mr. McNally’s three inventor declarations before this Court
and the three 1.132 inventor declarations in the ‘077 patent prosecution history.

1 Magistrate-Judge Gallo in good faith, and through that process obtained a very
2 significant settlement and license with Pizza Hut and its affiliates. Because the
3 settlement agreement was confidential, this Court apparently was not aware of its
4 terms. Therefore, the Court has wrongly assumed that the settlement was a nuisance
5 value agreement akin to those described in *Shipping and Transit* and *Kindred Studio*
6 entered into in order to avoid adjudication of the merits of Ameranth’s patent, and has
7 wrongly based its exceptional case Order on that mistaken assumption.

8 • The Ameranth-Menusoft settlement that led to the vacatur of the
9 invalidity verdicts against 7 out of 47 claims of Ameranth’s ‘850, ‘325 and ‘733
10 patents on §102 and 103 grounds likewise was *not* a nuisance settlement entered into
11 only to avoid the invalidity verdicts. Rather, the settlement (which was reached during
12 appeal through the Federal Circuit Mediation Program) resulted in a significant
13 economic recovery to Ameranth through a patent license with Menusoft. The
14 agreement for vacatur of the invalidity verdicts was in exchange for a license and
15 Ameranth’s agreement to dismiss its appeal seeking to overturn those verdicts; it was
16 not an attempt to avoid adjudication that should cast a perpetual cloud over the entire
17 Ameranth family of patents. As the record – overlooked by the Order – reflects:

18 The insinuation that Ameranth capitulated to the district court
19 judgment by terminating the appellate process and undertaking a
20 private party settlement is false. ... In reality, during the Federal
21 Circuit’s mandatory mediation process, the mediator encouraged
22 Menusoft to settle, the mediator strongly stated to Menusoft that
23 Ameranth had a good chance at appeal, and Menusoft licensed the
24 patents while also agreeing to support the vacatur. Further,
25 Ameranth’s appeal itself confirms it did not accept this verdict.
26 Dkt. No. 21, p. 8, Case No. 12-cv-1636 (*see also* Dkt No. 89, ¶ 4 in
27 Case No. 12-cv-0733 (“Menusoft also took a license from Ameranth
28 and it has continued to pay those license fees ever since”)).

24 • By opining that Ameranth did not have reasonable grounds to proceed
25 with the patent litigation before this Court in light of the vacated *Menusoft* verdicts
26 (Order, p. 8), the Order also overlooked the fact that Judge Sammartino, on July 18,
27 2013 (Dkt. No. 425), and later Judge Sabraw, on September 30, 2013 (Dkt. No. 511),
28 ruled that the *Menusoft* verdicts created *no* issue preclusion and that Ameranth was

1 *not* collaterally estopped from pursuing claims for infringement of the patent claims.
2 Those dual rulings constitute “law of the case” and should, at minimum, establish that
3 Ameranth was justified in continuing to litigate before this Court despite *Menusoft*,
4 particularly as to patents and claims that were never adjudicated in *Menusoft*. As the
5 Court stated at the time: “The Court notes that even if the vacated *Menusoft* judgment
6 had preclusive effect, it would only apply to claims 1 and 4 of the ‘850 patent and
7 claims 6, 9, and 10 of the ‘325 patent. Accordingly, Ameranth’s claims arising under
8 the ‘077 patent would survive, as well as any claims based on non-previously-asserted
9 claims of the ‘850 and ‘325 patents.” Dkt. No. 425, p. 7.

10 • The statement at p. 19 of the Order that Ameranth failed to reassess its
11 case after *Alice* and *Apple v. Ameranth* is erroneous and contrary to the record. After
12 *Apple*, in January 2017, in connection with the lifting of the stay, Ameranth withdrew
13 its pending appeal to the Federal Circuit as to the 10 claims from the ‘850 and ‘325
14 patents, and proceeded in this Court only with the ‘077 patent on which the PTAB had
15 repeatedly decided *not* to institute CBM review (under §101 or otherwise).

16 • The Order misstates the PTAB’s rulings regarding the eligibility of
17 Ameranth’s ‘850, ‘325, and ‘733 patents, and ignores the significance of the PTAB’s
18 multiple *non-institution decisions* as to the ‘077 patent. The Order states, at page 12:
19 “Ameranth was presented with two decisions, one from the PTAB and the other from
20 the Federal Circuit, finding the ‘850, ‘325 and ‘733 Patents ineligible,” and
21 concludes, based on that premise, that Ameranth’s continued pursuit of claims for
22 infringement of the ‘077 patent was unreasonable and supports an exceptional case
23 finding. But this premise is *in error*. Not only were 10 claims of the ‘850 and ‘325,
24 patents *not* found to be patent ineligible under §101 by *either* the PTAB *or* the Federal
25 Circuit, but by declining to institute review of those claims the PTAB found that it
26 was more likely than not that those 10 claims *were patentable*. And the PTAB decided
27 not to institute CBM review against *any* claims of the ‘077 patent repeatedly,
28 including once *after* the issuance of *Alice* and *Apple v. Ameranth*. Thus, a core aspect

1 of the Order is based upon incorrect facts and overlooks non-institution decisions of
2 the PTAB that supported Ameranth’s decision to continue litigating the ‘077 patent.

3 **III. SPECIFIC ISSUES FOR RECONSIDERATION**

4 Although there are numerous portions of the Order that Ameranth contends are
5 manifestly factually and/or legally flawed, Ameranth urges the Court to grant
6 reconsideration of the Order for at least four specific reasons:

7 1. The Order is based on the mistaken factual assumption that Ameranth
8 entered into a nuisance-value settlement with Pizza Hut in order to avoid a trial on the
9 merits of the claims of the ‘077 patent. Order, pp. 20-21. To the contrary, Ameranth
10 obtained a very significant confidential settlement with Pizza Hut through a Court-
11 ordered mandatory settlement conference presided over by Magistrate-Judge Gallo.
12 That settlement included very substantial financial benefits to Ameranth and a license.

13 2. The Order is based on the erroneous legal assertion that the vacatur of
14 the invalidity judgment concerning just 7 claims of Ameranth’s ‘850, ‘325, and ‘733
15 patents in *Ameranth v. Menusoft* called into question the validity of *all* claims not only
16 of Ameranth’s ‘850, ‘325, and ‘733 patents but even of the later-issued ‘077 patent,
17 and should have persuaded Ameranth to cease all litigation on any of its patents.
18 Order, p. 8. The Order wholly overlooks: (a) the law of the federal district in which
19 the vacatur order was issued (*see Ohio Willow Wood Co. v. Thermo-Ply, Inc.*, 769 F.
20 Supp. 2d 1065, 1067 (E.D. Tex. 2011)); (b) the fact that *this Court* issued an order on
21 July 18, 2013 (while Judge Sammartino presided over the cases) holding that the
22 vacated judgment in *Menusoft* had no preclusive effect on the claims asserted in this
23 matter, a ruling that should be treated as “law of the case” (Dkt. No. 425);⁴ (c) the
24 fact that this Court subsequently *reaffirmed* Judge Sammartino’s ruling on a motion
25

26 ⁴ *See In re Cypress Semiconductor*, 321 Fed. Appx. 964, 966-67, 2003 WL
27 905474 at *2-3 (Fed. Cir. 2003); *Rumsfeld v. Freedom, NY, Inc.*, 329 F.3d 1320, 1332
28 (Fed. Cir. 2003) (“[A] vacated judgment has no preclusive force either as a matter of
collateral or direct estoppel or as a matter of the law of the case”) (emp. added).

1 for reconsideration after the action was assigned to Judge Sabraw (Dkt. No. 511); and
2 (d) that the vacatur in *Menusoft* came about after Menusoft licensed Ameranth’s
3 patents through a settlement obtained through a Federal Circuit mediation and that this
4 settlement included significant financial benefits to Ameranth.

5 3. The Order asserts that: (a) Ameranth should have doubted the eligibility
6 of the ‘077 patent because of the invalidations of some claims of other Ameranth
7 patents; and (b) Ameranth’s victories in multiple CBM challenges to the ‘077 patent
8 did not provide Ameranth with reasonable basis to believe that the ‘077 patent was
9 patent eligible under §101. Order, pp. 10-12. These assertions are manifestly
10 mistaken because they fail to account for the facts that: (i) the ‘077 patent claims were
11 issued by the Patent Office over all prior art presented in *Menusoft* and *in recognition*
12 of the *Menusoft* verdicts themselves (*see* cover of ‘077 patent) and entitled to a
13 presumption of validity; and (ii) the PTAB, in its post-*Alice*, post-*Apple v. Ameranth*
14 December 4, 2017 Decision Declining Institution of CBM Review of the ‘077 Patent,
15 held that: “We are not persuaded that [the §101 eligibility] analysis is in tension with
16 *Alice*, its predecessor *Mayo*, or its progeny, and, therefore, we are not persuaded that
17 we should institute this ground due to subsequent statement of the existing law.”

18 4. The Order concludes that Ameranth took inconsistent positions on the
19 meaning of master menu “synchronization,” but does so by improperly parsing
20 statements and disregarding the context in which they were made. The Order
21 focuses on Ameranth’s statement in opposition to Domino’s non-infringement
22 motion for summary judgment: “Critically, the claims **do not require** that all
23 system **menu data** must be synchronized **with all connected devices**. The claims
24 **do not require** that there must be ‘overall consistency’ **in the way Domino’s**
25 **incorrectly defines it**” (Order, p. 10.) (emp added). But that statement is correct
26 and consistent with the Federal Circuit’s construction in *Apple v. Ameranth*, the
27 Court’s own claim construction order (which *rejected* the defendants’ “made to be
28 the same,” “all connected devices” and “push” (*i.e.*, without a request for update)

1 proposed constructions), and Ameranth’s position at the *Markman* hearing. The
2 Order mistakenly views this position as inconsistent with the statements made by
3 Ameranth’s counsel at the IPDEV motion for summary judgment hearing by
4 overlooking the fact that those comments: (a) were made in response to the Court’s
5 specific questions about claim 1 *menu* synchronization; (b) were made in the
6 explicitly limited context of a “single restaurant” system; (c) were made in the
7 context of a 35 U.S.C. §112 hearing as to what capabilities IPDEV’s ‘449 patent
8 specification provided enablement and written support for; and (d) and did not
9 address the “push” and entire network of “all connected devices” made to be the
10 same claim interpretations urged by the infringement defendants (but *rejected* by the
11 Court in its *Markman* order).

12 In light of all of these grounds, Ameranth respectfully requests the Court to
13 reconsider its Order and to deny the exceptional case motion.

14 **IV. DISCUSSION**

15 **A. Legal Standard for Reconsideration**

16 Although there is no statute addressing reconsideration of orders generally, the
17 Court has discretion to grant reconsideration under the standards of Fed.R.Civ.Proc.
18 59 and 60. The Ninth Circuit has stated: “Reconsideration is appropriate if the district
19 court (1) is presented with newly discovered evidence, (2) committed clear error or
20 the initial decision was manifestly unjust, or (3) if there is an intervening change in
21 controlling law.” *Sch. Dist. No. 1J, Multnomah Cty., Or. v. ACandS, Inc.*, 5 F.3d 1255,
22 1263 (9th Cir. 1993). “In general, there are four basic grounds upon which a Rule
23 59(e) motion may be granted: (1) if such motion is necessary to correct manifest errors
24 of law or fact upon which the judgment rests; (2) if such motion is necessary to present
25 newly discovered or previously unavailable evidence; (3) if such motion is necessary
26 to prevent manifest injustice; or (4) if the amendment is justified by an intervening
27 change in controlling law. A court considering a Rule 59(e) motion is not limited
28 merely to these four situations, however.” *Allstate Ins. Co. v. Herron*, 643 F.3d 1101,

1 1111 (9th Cir. 2011). *See also* 11 Charles Alan Wright & Arthur R. Miller, *Federal*
 2 *Practice & Procedure* § 2810.1 (3d ed. 2020). Rule 60(b) lists among reasons for
 3 relief from judgment “any other reason that justifies relief.” The purpose of the
 4 reconsideration procedure is “to allow the district court to correct its own errors,
 5 sparing the parties and appellate courts the burden of unnecessary appellate
 6 proceedings.” *Walker v. United States*, 2020 WL 4464459 at *1 (S.D. Cal. Aug. 4,
 7 2020) (*citing Howard v. United States*, 533 F.3d 472, 475 (6th Cir. 2008)).

8 **B. Reconsideration Is Warranted Here Based on Multiple Manifest**
 9 **Errors of Law and Fact**

10 At least four factual and/or legal errors in the Order justify reconsideration.

11 1. *Ameranth’s Substantial Licensing Settlement with Pizza Hut Did*
 12 *Not Demonstrate Weakness or Represent an Attempt to Avoid*
Adjudication of the Merits of the ‘077 Patent

13 One of the factual errors made in the Order is the mistaken belief that Ameranth
 14 entered into a nuisance-value settlement with Pizza Hut shortly before trial in order to
 15 avoid a hearing on the eligibility of the ‘077 patent. The Order states that the timing
 16 of the confidential settlement (two weeks before trial was to begin) was “troubling.”
 17 Order, p. 20, ll. 11-14. This overlooks the fact that the Court ordered Ameranth and
 18 Pizza Hut to participate in a mandatory settlement conference with Judge Gallo *before*
 19 oral argument had even been set on the §101 motion (Dkt. No. 1249, ¶10), and that
 20 Ameranth obtained a very significant settlement with Pizza Hut and its affiliates as a
 21 result of the good faith settlement mediated by Judge Gallo. NOL, Ex. 3.

22 The Order mistakenly draws inapt comparisons between Ameranth’s settlement
 23 with Pizza Hut and the facts in *Shipping and Transit, LLC*, 2017 WL 3485782 (C.D.
 24 Cal. July 5, 2017) and *Kindred Studio Illustration and Design, LLC*, 2019 WL
 25 30641112 (C.D. Cal. 5-23-2019). The plaintiff in *Shipping and Transit* filed hundreds
 26 of lawsuits and had a pattern of dismissing cases if a defendant challenged the validity
 27 of the patents. *Id.* at *1. The plaintiff sued small companies and exploited the high
 28 cost of litigation to extract nuisance settlements, mostly between \$10,000 and

1 \$25,000. *Id.* at *7. When a defendant asserted a validity challenge, however, they
2 were “promptly met with voluntary dismissals with prejudice” *Id.* The plaintiff
3 in *Kindred Studio* had the same kind of “history of nuisance value litigation, demands,
4 and settlements,” with its lawsuits never even proceeding to claim construction.
5 *Kindred Studio*, 2019 WL 30641112 at *5-6.

6 Here, the Court apparently was under the misconception that Ameranth’s
7 settlement with Pizza Hut was a low-value nuisance settlement, like those engaged in
8 by the plaintiffs in *Shipping and Transit* and *Kindred Studio*, undertaken to avoid
9 going to trial against Pizza Hut. This is manifestly wrong. Because of the confidential
10 nature of the agreement, the Court did not know that it was a very significant
11 settlement under which Pizza Hut and its affiliates took a license to Ameranth’s
12 patents. In order to clear up that mistake, Ameranth lodges a copy of the confidential
13 settlement agreement with the Court under seal so that the Court can see that this was
14 *not* a nuisance-value settlement undertaken to avoid trial on the merits, as the Court
15 appears to have assumed. Rather, it was an agreement that achieved a significant
16 financial benefit for Ameranth. *See* NOL, Ex. 3.

17 Furthermore, Ameranth did *not* undertake settlement discussions with Pizza
18 Hut in order to avoid testing the validity of the ‘077 patent as the Order assumes.
19 Rather, the Court *ordered* Ameranth to participate in the mandatory settlement
20 conference with Pizza Hut with Judge Gallo and *ordered* the parties to engage in good-
21 faith settlement discussions with each other prior to the mandatory settlement
22 conference as Ameranth was preparing for trial. Dkt. No. 1248 at ¶ 10. Judge Gallo
23 himself has said that he did a “great job” guiding the parties to that settlement (and
24 he has expressly permitted Ameranth to quote him on that statement).

25 Penalizing Ameranth after the fact for complying with the Court’s order,
26 engaging in good faith negotiations, and successfully obtaining a significant
27 settlement with Pizza Hut, not only constitutes a critical factual mistake about the
28 nature of the settlement, but it represents a lamentable public policy disfavoring

1 attempts to mediate and settle legal disputes, a position contrary to long-established
 2 law favoring settlements. *See, e.g., United States v. Contra Costa County Water*
 3 *District*, 678 F.2d 90, 92 (9th Cir. 1982); *Hartley v. Mentor Corp.*, 869 F.2d 1469,
 4 1473 n. 5 (Fed. Cir. 1989); *Hemstreet v. Spiegel, Inc.*, 851 F.2d 348, 350 (Fed. Cir.
 5 1988); *Officers for Justice v. Civil Serv. Comm’n of City & County of San*
 6 *Francisco*, 688 F.2d 615, 625 (9th Cir. 1982) (“voluntary conciliation and settlement
 7 are the preferred means of dispute resolution”).

8 Finally, analogizing Ameranth’s conduct in the consolidated infringement
 9 action to the behavior in *Shipping and Transit* and *Kindred Studio* totally ignores the
 10 entirely different manner in which Ameranth has litigated its claims. Ameranth does
 11 not threaten and sue small companies easily cowed into paying nuisance settlements
 12 by the high cost of litigation. Rather, Ameranth pursued actions against some of the
 13 giants of the hospitality industry – Pizza Hut, Domino’s, GrubHub, Starbucks, Apple,
 14 Hilton, *etc.* The fact that Ameranth did *not* seek or settle for nuisance value payments
 15 and has comprehensively litigated the validity of its patents before this Court, the
 16 PTAB, the Federal Circuit, and the Supreme Court, clearly demonstrates that it has a
 17 good faith belief in its patents and that it did *not* conduct itself at all like the non-
 18 practicing plaintiffs to which the Court mistakenly compares Ameranth because of
 19 Ameranth’s financially significant settlement with Pizza Hut.

20 2. *The Court Erroneously Considered the Vacatur of the Menusoft*
 21 *Verdicts as Evidence and an Admission that all of Ameranth’s*
 22 *Patent Claims Were Tainted, Ignoring the Court’s Prior Orders in*
this Matter that the Vacated Verdicts Had No Preclusive Effect

23 The Order asserts that the vacatur of prior invalidity verdicts of only 7 of 47
 24 claims of Ameranth’s ‘850, ‘325, and ‘733 patents in *Menusoft* in the Eastern District
 25 of Texas cast doubt upon the validity of all claims of all Ameranth’s patents asserted
 26 in this action from the inception. Order, pp. 8, 17. In support of this theory, the Order
 27 cites “*Wang Labs. v. Toshiba Corp.*, 793 F.Supp. 676, 678 (E.D. Ca. 1992)” raising
 28 “public policy concerns” about vacatur of invalidity rulings. *Wang Labs* is actually

1 from the Eastern District of *Virginia*, not *California*. And prior to this Court’s reliance
 2 upon it, the decision appears *never* to have been cited by any court in the Ninth Circuit.

3 Reliance on this issue to support an exceptional case is manifest error for at
 4 least two reasons. First, the Order applied the wrong law regarding the propriety of
 5 the vacating of the verdicts. The motion to vacate the *Menusoft* verdicts (from the
 6 Eastern District of Texas) was granted by that court in 2011 under the standard
 7 established in *Ohio Willow Wood Co. v. Thermo-Ply, Inc.*, 769 F. Supp. 2d 1065, 1067
 8 (E.D. Tex. 2011), as well as “the interests of the parties and the public.” NOL, Ex. 4.
 9 In deciding the motion to vacate, the *Menusoft* court fully considered the “public
 10 policy concerns” involved in requests to vacate invalidity rulings and found that
 11 vacatur was proper and justified under applicable law as articulated in the 2011 *Ohio*
 12 *Willow Wood* decision. It would be error to re-adjudicate that court’s determination
 13 based on a 1992 decision from a district court in *Virginia* having no connection
 14 whatsoever to this matter.⁵ Ameranth reasonably relied on the *Menusoft* court’s
 15 vacatur in asserting claims under the ‘850, ‘325, and ‘733 patents in this action.

16 Second, this Court (while the cases were assigned to Judge Sammartino) issued
 17 an order on July 18, 2013, holding that the vacated invalidity verdicts from the
 18 *Menusoft* case had no preclusive effect in this action. Dkt. No. 425. In response to
 19 Hilton’s motion to dismiss based on the *Menusoft* verdicts, Judge Sammartino ruled:

20 The Court finds that the district court in *Menusoft* adequately
 21 considered “the competing values of finality of judgment and
 22 right to relitigation of unreviewed disputes” prior to granting the
 23 parties’ motion for vacatur. ... Further, the Court is disinclined
 24 to second-guess the analysis of the *Menusoft* court, as that court
 was in the best position to determine whether the fact that the
 settlement would end that litigation was sufficiently exceptional
 to justify potentially forcing other defendants to litigate or
 license the claims that district court had already held invalid.

25 *Id.* at *7. Hilton moved for reconsideration on this issue *after* the case was reassigned
 26

27 ⁵ The vacatur in *Menusoft* arose from a settlement achieved through the Federal Circuit
 28 Mediation Program under which the dispute was resolved while Ameranth was
 appealing the verdicts to the Federal Circuit.

1 to Judge Sabraw, and the Court *again* denied the attempt to preclude Ameranth's
2 claims based on *Menusoft*. Dkt. No. 511.

3 Thus, this Court *twice* held in 2013 that the vacated verdicts concerning only 7
4 claims in *Menusoft* did not, on public policy grounds or otherwise, present an obstacle
5 to Ameranth pursuing claims for infringement of the '850, '325, and '733 patents.
6 Ameranth reasonably relied on this Court's rulings on this issue. These decisions are
7 the law of the case and should not be contradicted, in hindsight, just because this
8 lawsuit did not go the way Ameranth thought it would. *See U.S. v. Alexander*, 106
9 F.3d 874, 876 (9th Cir. 1997) ("Under the 'law of the case' doctrine, a court is
10 generally precluded from reconsidering an issue that has already been decided by the
11 same court, or a higher court in the identical case.")

12 The Federal Circuit has held that it is reversible error for a district court to find
13 an exceptional case based, in part, on a litigant pursuing litigation in reasonable
14 reliance on the district court's orders allowing the litigation to go forward. *Munchkin,*
15 *Inc. v. Luv n' Care, Ltd.*, 960 F.3d 1373, 1381 (Fed. Cir. 2020) (holding that
16 "Munchkin cannot be faulted for litigating a claim it was granted permission to
17 pursue," and *citing Checkpoint Sys., Inc. v. All-Tag Security S.A.*, 858 F.3d 1371 (Fed.
18 Cir. 2017)); *see also Medtronic Navigation, Inc. v. Brainlab Medizinische*
19 *Computersysteme GMBH*, 603 F.3d 943, 954 (Fed. Cir. 2010). The Ninth Circuit has
20 agreed in denying fee awards based on analogous circumstances. *See Thomas v.*
21 *Bible*, 983 F.2d 152, 154-55 (9th Cir. 1993) ("Under [the 'law of the case'] doctrine a
22 court is generally precluded from reconsidering an issue that has already been decided
23 by the same court. ... [because] we previously determined that Thomas' action was
24 not frivolous, the preclusive doctrine of law of the case is applicable. ... Since our
25 prior determination that Thomas' action was non-frivolous is binding on the district
26 court, its award of attorneys' fees to defendants, which would be authorized under 42
27 U.S.C. § 1988 only if the action were frivolous, is in error.")

28 Ameranth reasonably relied on the vacatur decision of the Eastern District of

1 Texas and on the multiple decisions of this Court that the invalidity verdicts from
2 *Menusoft* had *no* preclusive effect on Ameranth's ability to litigate these cases. It is a
3 manifest error for the Court to *post-hoc* point to the vacated *Menusoft* verdicts as
4 supporting an exceptional case finding now. The Order indicates that it was not
5 reasonable for Ameranth to have relied on these decisions and that Ameranth should
6 have known something that the Eastern District of Texas and this Court did not know:
7 *i.e.*, that all the claims of all of Ameranth's patents were under a dark cloud of
8 invalidity since 2010. It is unfair to hold Ameranth to that unprecedented standard.

9 3. *Ameranth had Reasonable Grounds in January 2017 to Litigate*
10 *Infringement of the '077 Patent in Light of Non-Institution*
11 *Decisions in Favor of the '077 Patent*

12 The Order asserts that Ameranth failed to reassess its decision to pursue
13 infringement of the '077 patent after the Supreme Court's decision in *Alice*, the
14 Federal Circuit's decision in *Apple v. Ameranth*, and the invalidation of claims of other
15 related Ameranth patents. Order, pp. 10, 18. This is incorrect. When *Apple* issued in
16 November 2016, Ameranth's appeal to the Federal Circuit concerning 10 claims of its
17 '850 and '325 patents was still pending. At that point, Ameranth *did* reassess its case
18 and dropped the appeal in order to narrow the litigation before this Court to *only* the
19 '077 patent. Ameranth dismissed its appeal to the Federal Circuit on January 3, 2017,
20 and advised this Court of that voluntary dismissal on January 3, 2017 as part of its
21 Motion to Lift Stay (Dkt. No. 610), which the Court granted (Dkt. No. 614).

22 The Order's conclusion that Ameranth's continued litigation of the '077 patent
23 forward from that point was exceptional is manifestly in error because: (a) Judge
24 Sammartino had ruled that even if the vacatur had been ineffective, the *Menusoft*
25 verdicts did not affect the '077 claims; (b) the '077 patent had been issued by the
26 Patent Office despite of the verdicts in *Menusoft*; and (c) the PTAB repeatedly
27 determined *not* to institute CBM review of the '077 patent in 2014, 2015, and again
28 in 2017, on any grounds, including deciding not to institute review under §101 even

1 *after* the issuance of *Alice* and *Apple v. Ameranth*.

2 In connection with the prosecution of the '077 patent through the Patent Office,
3 Ameranth disclosed to the Patent Examiner *all* of the prior art that had been offered
4 against the '850, '325, and '733 patents in the *Menusoft* litigation, as well as the
5 *Menusoft* invalidity verdicts. The Patent Office issued the '077 patent *over* those
6 materials. Therefore, Ameranth had a good faith basis for believing that the '077
7 patent was not vulnerable to the weaknesses found in the claims of the other patents.

8 Likewise, although the PTAB instituted CBM review against numerous claims
9 of the '850, '325, and '733 patents, including review on §101 grounds, the PTAB
10 *declined to institute review of the '077 patent claims under §101 or any other basis*.
11 NOL, Exs. 5, 6. This too provided reasonable basis for Ameranth to believe that the
12 '077 patent was eligible. The defendants' CBM petitions challenging the '077 patent
13 also raised the *Menusoft* verdicts with the PTAB, and similarly did not succeed in
14 getting the PTAB to invalidate *any* of the claims of the '077 patent.

15 In its assessment of this issue, the Order makes two erroneous statements:

- 16 • “The '077 Patent was part of the same family as the '850, '325 and '733
17 Patents, all of which were declared invalid by the Federal Circuit in *Apple*.”
18 Order p. 12, ll. 1-2.
- 19 • “Here, Ameranth was presented with two decisions, one from the PTAB and
20 the other from the Federal Circuit, finding the '850, '325 and '733 Patents
21 ineligible.” Order p. 12, ll. 9-10.

22 Both these statements are mistaken-- neither the PTAB nor the Federal Circuit
23 found that *all* of the claims of the '850, '325, and '733 patents were ineligible. There
24 were 5 claims from the '850 patent (claims 12-16) and 5 claims from the '325 patent
25 (claims 11-15) that were *not* held ineligible. And, of course, the PTAB never
26 instituted review of *any* of the claims of the '077 patent on *any* grounds. Under the
27 “totality of the circumstances” standard, it is unfair to consider only the PTAB
28 decisions adverse to Ameranth as a factor supporting an exceptional case finding

1 while ignoring or understating PTAB decisions favorable to Ameranth.⁶

2 The PTAB’s declination to institute CBM review of the ‘077 patent provided
3 reasonable basis for Ameranth to believe that the ‘077 patent would survive challenges
4 to which other earlier Ameranth patents had succumbed. The Order states, however,
5 that even though the PTAB declined to institute review of the ‘077 patent post-*Alice*
6 and post-*Apple*, nevertheless “the PTAB decisions do not support Ameranth’s
7 argument that it had a reasonable basis to believe that the claims of the ‘077 Patent
8 were valid after *Alice* and *Apple*.” Order p. 11, ll. 8-10. The Order assumes that the
9 PTAB did not consider the effect of *Alice*, and its progeny like *Apple*, on the §101
10 eligibility of the ‘077 patent. But this is an erroneous misreading.

11 In 2017, Starbucks asked the PTAB to reconsider its decision to not institute
12 CBM review of the ‘077 Patent based on *Alice*, *Apple*, etc. NOL, Ex. 7. The PTAB
13 expressly considered this issue and decided that *Alice*, *et al.*, did *not* change its
14 determination that review should *not* be instituted against the ‘077 patent. The
15 PTAB’s December 4, 2017 Decision Declining Institution of CBM review states:

16 Our analysis in the 14 Decision was based on the specific
17 application of the alleged abstract idea claimed in the ‘077 Patent
18 and our determination, based on the record in the 14 Proceeding,
19 that the claims were directed “to a specific computer-aided
20 system programmed by software to perform specialized
21 functions.” 14 Dec. 40. **We are not persuaded that this
analysis is in tension with *Alice*, its predecessor *Mayo*, or its
progeny, and, therefore, we are not persuaded that we should
institute this ground due to subsequent statement of the
existing law.**

22 NOL, Ex. 6, pp. 13-14 (emphasis added).⁷

23
24
25 ⁶ The Court had previously recognized this distinction in June 2015 when it wrote:
26 “[Ameranth] is correct that that PTAB refused to review the claims of the ‘077
27 Patent, claims 12 through 16 of the ‘850 Patent and claims 11 through 15 of the ‘325
28 Patent.” Dkt. No. 596, p. 4.

⁷ The Federal Circuit opinion in *Apple v. Ameranth* issued on November 29, 2016.
The *Alice* decision issued on June 19, 2014.

1 On this point, the Order appears to disregard the standard for PTAB institution
2 of review: “Post-grant review shall not be instituted unless the Board decides that the
3 information presented in the petition demonstrates that it is more likely than not that
4 at least one of the claims challenged in the petition is unpatentable.” 37 CFR §
5 42.208(c); *see also* 35 U.S.C. §324(a). When it repeatedly declined to institute review
6 of the ‘077 patent, the PTAB effectively determined that not a single claim of the ‘077
7 patent was “more likely than not” unpatentable, even after *Alice*. Ameranth
8 understandably took comfort from those decisions. Therefore, the Order’s conclusion
9 that “the PTAB decisions do not support Ameranth’s argument that it had a reasonable
10 basis to believe the claims of the ‘077 Patent were valid after *Alice* and *Apple*” (Order
11 p. 11, ll. 8-10) is a manifestly erroneous reading of the PTAB’s decisions and fails to
12 recognize the standard utilized by the PTAB for instituting review.

13 Moreover, in the parties’ February 3, 2017 Joint Case Management Statement
14 filed after the various CBM rulings had been issued (Dkt. No. 621), both IPDEV (*id.*
15 at 8:1-8), and the Joint Defense Group (*id.* at 14:23-24 and 19:14-15), argued that the
16 IPDEV priority of invention action should be resolved first – a position *opposed* by
17 Ameranth but which the Court ended up adopting. If the defendants truly felt that the
18 claims of the ‘077 patent (and therefore the ‘449 patent) were clearly ineligible under
19 §101 in light of the 2014 *Alice* decision or the 2016 *Apple* decision, then the §101
20 challenge should have been litigated first for resolution, instead of persuading the
21 Court to first proceed with an expensive and time-consuming priority-of-invention
22 lawsuit between the ‘077 patent and the ‘449 patent. The fact that the defendants
23 urged the Court to deal with the priority-of-invention case first, and only later, *after*
24 IPDEV lost that challenge, pursued the §101 issue (Pizza Hut filed its §101 motion
25 for summary judgment on June 15, 2018 (Dkt. No. 1120)), demonstrates that it was
26 far from clear that the claims of the ‘077 patent would later be deemed ineligible under
27 §101, and further indicates that Ameranth did not unreasonably litigate those claims.
28 *See Clarilogic, Inc. v. Formfree Holdings Corp.*, 2016 WL 9774536 *2 (S.D. Cal. 4-

1 17-2016)(J. Sabraw)(“Plaintiff could have raised the patent eligibility issue at the
 2 outset of the litigation. Whether a motion brought at the outset of litigation would
 3 have prevailed is not now at issue, but given its availability the Court is not persuaded
 4 that the subsequent conduct attributed to Defendant warrants a finding that Defendant
 5 unreasonably litigated the case. Under the totality of circumstances, the Court
 6 declines to find the case exceptional.”).

7 4. *The Conclusion in the Order that Ameranth Took Inconsistent*
 8 *Positions as to Synchronization Elements Is Incorrect, Improperly*
 9 *Parses Ameranth’s Statements, and Overlooks the Different*
 10 *Contexts in Which Synchronization was Discussed*

11 The Order asserts that Ameranth purportedly took inconsistent positions with
 12 respect to the meaning of synchronization at various points in the litigation to avoid a
 13 finding that Domino’s did not infringe. Specifically, the Court appears to believe
 14 (incorrectly) that Ameranth: (a) took the position that “synchronization” for the
 15 claims of the ‘077 patent meant that all master menu data had to be replicated on **all**
 16 **connected devices** throughout **an entire network** of restaurants for the purposes of
 17 claim construction and for the IPDEV priority of invention lawsuit; but (b)
 18 contradicted that position in opposition to Domino’s motion for summary judgment
 19 for non-infringement. The finding of inconsistency, however, is erroneous and arises
 20 from improper parsing of Ameranth’s statements and taking them out of the contexts
 21 in which they were made.

22 Ameranth’s statements about synchronization were completely consistent with
 23 the Court’s claim construction order, which defined synchronize to mean “made, or
 24 configured to make, consistent.” Dkt. No. 908, p. 5. Importantly, the Court expressly
 25 *rejected* the defendants’ requests that the invention “instantaneously” push out all
 26 changes in the master menu to “an entire network of connected devices without a
 27 request for an update” so that they are “made to be the same.” *Id.* at pp. 5-7. Thus,
 28 neither this Court, nor the claims themselves, impose the master menu “all connected
 devices” and “made to be the same” limitations argued for by the defendants.

1 The Order points to the following statement by Ameranth in opposition to
 2 Domino’s motion for summary judgment of non-infringement as supposedly
 3 contradicting Ameranth’s position that “synchronized” simply means “made, or
 4 configured to make, consistent”: “Critically, the claims do not require that *all system*
 5 *menu data* must be synchronized with *all connected devices*. The claims do not
 6 require that there must be ‘overall consistency’ *in the way Domino’s incorrectly*
 7 *defines it.*” Order, p. 10 (emp. added). The Order disregards the context in which
 8 Ameranth stated its disagreement with *Domino’s interpretation* of synchronization in
 9 this infringement context. Ameranth’s *full statement* explained that: “Domino’s
 10 argument regarding synchronization is not based on the Court’s claim construction
 11 because Domino’s falsely asserts that the claims require “overall consistency” of *all*
 12 *system menu data* with *all connected devices anywhere in the system.*” Dkt. No.
 13 1185, p. 7 (emp. added). That explanatory statement, and the Court’s claim
 14 construction, provide the full context for the statement focused upon at page 10 of the
 15 Order: “Critically, the claims do not require that *all system menu data* must be
 16 synchronized with *all connected devices*. The claims do not require that there must
 17 be ‘overall consistency’ *in the way Domino’s incorrectly defines it.*” In the full
 18 context, it is clear that Ameranth’s position is consistent with both its claim
 19 construction position and the Court’s *Markman* order, and that it is Domino’s
 20 extreme “*all menu data*” and “*all connected devices anywhere in the system*” position
 21 that is out of step,⁸ particularly in the context of a multi-restaurant system with
 22 thousands of different users connected to different individual Domino’s stores.

23 The crux of the Order’s perception of inconsistency is crystalized in this
 24 statement: “the online menus for Domino’s stores were available to the public, and a
 25 cursory review of those menus would have established that different stores have

26 _____
 27 ⁸ As Ameranth argued at the claim construction hearing, the consistency aspect of the
 28 synchronization element can be achieved **in a variety of ways**, *without* necessarily
 creating “**an exact replica of what is in the master database**” in every connected
 device. Claim Construct Transcript, pp. 156-58 (emp. added).

1 different menus. ... In other words, they were not ‘synchronous.’” Order, p. 10. This
2 entirely misses the point that neither the claims, nor the claim construction, *nor*
3 *anything Ameranth has ever argued*, require in the context of multiple different
4 restaurant locations with thousands of different customers that the exact same master
5 menu items be pushed out to every user’s handheld device in order for a system to be
6 “synchronous.” It is the defendants who have argued for that extreme “all devices”
7 “made to be the same” interpretation, but Ameranth--as well as the Court’s claim
8 construction--have rejected it. Dkt. No. 908, p. 5. Notably, Domino’s did not move
9 to dismiss or summarily adjudicate the infringement claims against it under this
10 extreme theory of “synchronization” until June 15, 2018 (Dkt. No. 1109). If it was
11 supposedly clear that Ameranth’s asserted position on synchronization was
12 irreconcilable with Domino’s publicly available different store menus, and that this
13 defeated infringement, the issue would (and should) have been raised at the inception
14 of the litigation. It was not, because neither Ameranth, nor the Court, has *ever*
15 adopted the defendants’ “all master menu data” on “all connected devices”
16 throughout a system extreme interpretation of “synchronous.”

17 The Order also asserts that Ameranth’s opposition to Domino’s extreme
18 interpretation of synchronization for infringement purposes is supposedly inconsistent
19 with Ameranth’s statements made at the March 23, 2018 IPDEV motion for summary
20 judgment (“MSJ”) hearing. The Order’s reliance on those statements is based on at
21 least three significant errors, meriting reconsideration.

22 First, the issue under discussion at the IPDEV MSJ hearing was Ameranth’s
23 challenge to the claims of IPDEV’s ‘449 patent under 35 USC §112—*sufficiency of*
24 *written description and enablement* in the IPDEV specification for the claims of the
25 ‘449 patent. Thus, the issue under debate was whether the invention described in the
26 IPDEV specification was capable of teaching and performing the elements of the
27 claims (as they had already been construed by the Court)—such as synchronization
28 between a master menu and the PHMC on connected handheld devices. While the

1 language used at oral argument was often less formal, the arguments were all made in
 2 the context of whether IPDEV’s ‘449 patent specification contained adequate written
 3 description for and sufficiently enabled the claimed invention⁹. Taking the
 4 statements made at the hearing out of this context severely warps their meaning.

5 Second, both counsel for Ameranth and IPDEV expressly addressed their
 6 comments to *the Court’s question* regarding **master menu** synchronization in *Claim*
 7 *I.e.* of the patents: “The Court: ... at Claim 1.e., at least the menu categories, menu
 8 items and modifiers comprising the programmed handheld menu configuration are
 9 synchronized in real time with the analogous information comprising the master
 10 menu.” Dkt. 85, p. 6, ll. 1-4 in Case No. 14-cv-1303. The parties’ comments need to
 11 be understood in light of the elements of that claim addressed at the hearing.
 12 Importantly, Claim 1 does *not* include any “entire network” or “all connected users”
 13 limitation, and neither the Court’s claim construction nor Ameranth ever read any
 14 such limitations into the claims. The claim requires only two different display-sized
 15 handheld devices reflecting the same substantive data from the same restaurant
 16 master menu. In contrast, Claim 13 does contain an “all connected users” provision,
 17 but does *not* include the **master menu** elements recited in Claim 1. The Order
 18 appears to improperly mash different elements of these two different claims together
 19 to incorrectly conclude that Ameranth took inconsistent positions.

20 Third, the Order applies Ameranth’s counsel’s statements made expressly in
 21 the defined context of *a single restaurant system* to the very different multiple
 22 location/ multiple restaurant context in which Domino’s accused system operates. It
 23 was specifically pointed out *at least three times* at the MSJ hearing that the
 24 description of synchronization used at the hearing was in the limited context of a
 25 *single restaurant system*—a fact that the Order fails to acknowledge or recognize.

26 _____
 27 ⁹ The claims of the ‘077 patent describe a “system *enabled for* real time synchronous
 28 communications ...” *See, e.g.,* ‘077 patent, 16: 41-42 (emp. added).

1 IPDEV’s counsel began the oral argument by discussing how IPDEV’s system
2 operated in the context of a single restaurant, “Enzo’s.” Dkt. No. 85, p. 8, ll. 3.
3 Ameranth’s counsel specifically addressed the way synchronization works *in this*
4 *single restaurant context*: “**In the context of single restaurant** it means everything
5 you have in there, you know, your entrée category: Seafood, Beef, Pasta, whatever
6 else you might have. Your appetizers, your desserts, side dishes.” Dkt. No. 85, p. 9,
7 ll. 2-6 (emp. added). Ameranth counsel reiterated that this model of synchronization
8 applied in single restaurant context: “They were working in, you know, to begin with,
9 **in a single restaurant environment** where they had these electronic menus on the
10 back office server and they wanted to create a way of allowing the wait staff to walk
11 around from table to table with small handheld devices that were synchronized with
12 every menu item on the big restaurant menu” Dkt. No. 85, p. 34, ll. 3-10 (emp.
13 added). IPDEV’s counsel acknowledge at the hearing that Ameranth was addressing
14 “this **single restaurant embodiment** that Ameranth talks about” Dkt. No., 85, p.
15 54, l. 15 (emp. added). Even the Court framed its follow-up questions in a single
16 hamburger restaurant model. Dkt. No. 85, p. 50, ll. 12-18. Thus, when Ameranth’s
17 counsel referred to “all connected users,” or “each connected device,” at the hearing,
18 it was in the limited context of user devices connected to the same, single restaurant,
19 and taking the statements out of that context to find a supposed inconsistency
20 completely and unfairly distorts their meaning.

21 The application of synchronization in a single restaurant system is very
22 different than in a multiple region, multiple location, multiple restaurant system such
23 as the nationwide Domino’s system. The Domino’s system, which is *capable of*
24 propagating the same menu items to each of its stores and franchisees, does not
25 escape infringement simply because the system allows regional or specific store
26 customization, in which not all menu items may be offered to customers in every
27 location. This is a form of “filtering” or customization specifically contemplated by
28 the ‘077 patent specification. *See* ‘077 patent: 10: 29-30 (“Filtering allows restricting

1 the list to display only the items that meet certain criteria”); 11:27-32 (support for
2 different menu databases displayed at different times of day, such as breakfast, lunch,
3 or dinner); 15:3-18 (scope of invention includes generation of customized menus).

4 Thus, Ameranth’s position that Domino’s multi-location system infringed the
5 ‘077 patent *even if* the exact same master menu information was not pushed out to
6 “all connected users” in every location was *not* inconsistent with Ameranth’s
7 comments about enablement of and specification support for menu synchronization in
8 a single restaurant system. The Order fails to acknowledge or recognize this explicit
9 and important distinction whatsoever, and therefore is in error when it concludes that
10 Ameranth took inconsistent or contradictory positions on synchronization.

11 For the foregoing reasons, Ameranth respectfully requests the Court to
12 reconsider the Order and deny defendants’ exceptional case motion.

13 **V. REQUEST FOR CERTIFICATION OF INTERLOCUTORY APPEAL**

14 In the alternative, Ameranth requests that the Court certify the Order for
15 interlocutory appeal to the Federal Circuit under 28 U.S.C. § 1292(b). The Order is
16 based on conclusions about the effect of vacatur, settlements, and reliance on prior
17 orders of the Court and the PTAB in connection with exceptional case determinations
18 that are in tension with other legal authority. Because these disagreements go to
19 controlling issues of law, their resolution on appeal would materially affect the
20 outcome not only of the exceptional case dispute between Ameranth and Domino’s,
21 but also similar issues with other defendants, and consequently will advance ultimate
22 determination of this action. Therefore, if the Court decides not to reconsider its
23 Order, Ameranth requests that the Court immediately certify the following three
24 critical legal questions for interlocutory appeal to the Federal Circuit:

25 1. Can a prior adverse jury verdict against certain patent claims that has been
26 vacated in connection with a favorable settlement obtained through the Federal Circuit
27 Mediation Program be used against a patent holder to support an exceptional case
28 ruling in a later-filed action involving different patent claims?

1 2. Can a substantial, late-stage monetary settlement obtained by a patent
2 holder resulting from a court-ordered mandatory settlement conference later be used
3 against the settling patentee to support an exceptional case ruling?

4 3. When pursuing a patent infringement claim, is a patent holder entitled to
5 reasonably rely upon: (a) a court’s prior “law of the case” rulings allowing the patentee
6 to proceed forward with infringement claims; and (b) PTAB decisions declining to
7 institute review of validity under 37 CFR § 42.208(c), and if yes, can a court use that
8 reasonable reliance against the patent holder to support an exceptional case ruling?

9 **VI. CONCLUSION**

10 The Order reaches multiple erroneous conclusions based on mistaken,
11 overlooked, or previously unknown facts, and misinterpretations or misapplications
12 of law. At least four of these manifest errors, described above, independently and
13 collectively support reconsideration of the Order and tip the balance in the totality of
14 the circumstance to denial of the exceptional case motion.

15 Ameranth therefore requests that the Court reconsider its dark cloud assessment
16 of Ameranth and exceptional case Order in light of the new and previously overlooked
17 facts, and the legal errors, described herein.¹⁰ Should the Court decline to do so,
18 Ameranth requests that the Court immediately certify the Order for interlocutory
19 appeal under 28 U.S.C. § 1292(b).

20 Respectfully submitted,

21 Dated: February 26, 2021

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24 William J. Caldarelli
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27 ¹⁰ “The legislative purpose behind [35 U.S.C.] § 285 is to prevent a party from
28 suffering a ‘gross injustice,’ not to punish a party for losing.” *Checkpoint Sys., Inc. v. All-Tag Sec. S.A.*, 858 F.3d 1371, 1376 (Fed. Cir. 2017).