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10
11 **UNITED STATES DISTRICT COURT**
12 **SOUTHERN DISTRICT OF CALIFORNIA**

13 IN RE: AMERANTH PATENT
14 LITIGATION

15 Lead Case No. 11cv1810 DMS (WVG)

16 **MEMORANDUM OF POINTS AND**
17 **AUTHORITIES IN SUPPORT OF**
18 **AMERANTH'S MOTION FOR**
19 **SUMMARY ADJUDICATION OF**
20 **UNENFORCEABILITY OF '449**
21 **PATENT BASED ON INEQUITABLE**
22 **CONDUCT IN PROSECUTION OF '739**
23 **PATENT AND '645 CONTINUATION**
24 **APPLICATION**

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I. INTRODUCTION

A. Ameranth Seeks Summary Adjudication of Unenforceability of IPDEV’s Patents Due to Material Inequitable Conduct

Ameranth requests that the Court grant summary judgment that IPDEV’s Patent No. 8,738,449 (the “449 Patent”) is unenforceable due to extensive inequitable conduct committed by the inventors, Tim Glass and Bryan Cupps of Food.com¹, IPDEV and others in the prosecution of its parent patent –Patent No. 5,991,739 (the “739 Patent”)—and the 09282645 continuation application thereof (the “645 Application”). See Consol. Alum. Corp. v. Fonseca Intern. Ltd., 910 F.2d 804, 809 (Fed. Cir. 1990) (inequitable conduct in prosecution of one patent application rendered related patents unenforceable); Fox Indus., Inc. v. Structural Pres. Sys., Inc., 922 F.2d 801, 804 (Fed. Cir. 1990).

IPDEV’s co-owned affiliate, QuikOrder (see Dkt No. 26-2 in 14-cv-01303, ¶¶ 2-3), contended that the ‘739 Patent was unenforceable and invalid for, among other reasons, material non-disclosures to the PTO in an infringement suit brought by Food.com in 2001. A few years later, IPDEV purchased the ‘739 Patent from Food.com’s bankruptcy estate for only \$50,000. *Id.* at ¶ 4; Exh. 36, ¶4. IPDEV has, since then, attempted to bury and disavow QuikOrder’s assertions of invalidity and unenforceability and hired Cupps and Glass as consultants to clean up and obfuscate their prior non-disclosures in order to support IPDEV’s efforts to copy the claims of Ameranth’s ‘077 Patent and obtain an allowance for IPDEV’s own ‘449 Patent based on the ‘739 Patent.

Consequently, some of the most compelling evidence of ‘but for’ fraud and inequitable conduct come from defendant QuikOrder, and from QuikOrder’s co-defendant Papa John’s (a former licensee of the ‘739 Patent). Both of these entities

¹ Food.com (previously CyberSlice/CyberMeals) was the company that to which the ‘739 Patent had been previously assigned.

1 have asserted that the ‘739 Patent is invalid and/or unenforceable, including the
2 making following statements:

3 “U.S. Patent Number 5, 991,739 is invalid and/or unenforceable as
4 having claimed and/or asserted inventions previously known by those
5 skilled in the art to be in the prior art.” NOL Exh. 1 [QuikOrder’s
Counter-claim against Food.com]

6 “the inventors of the ‘739 patent failed to disclose to the PTO and to
7 the patent examiner certain prior art publications and their own
8 various on-sale activity during prosecution of the ‘739 patent which
9 they were legally obligated to disclose. Papa John’s pointed out that
10 the failure to disclose such matters by Food.com materially affected
11 the validity and unenforceability of the ‘739 patent and might be
deemed a fraud on the PTO”. NOL Exh. 2 [Papa John’s proof of claim
against Food.com’s bankruptcy estate]

12 As discussed herein, clear and convincing evidence demonstrates that the
13 following acts of inequitable conduct (among others) were perpetrated in
14 connection with the prosecution of the application for the ‘739 Patent and the
15 prosecution of the ‘645 Application:

- 16 • The fact that the inventors’ system (known as “CyberSlice”)
17 embodying the claims of the ‘739 Patent was publicly used,
18 offered commercially for sale, and ready for patenting more than
19 12 months prior to the filing date of the application for the ‘739
20 Patent (in violation of the “on-sale bar” of pre-AIA 35 U.S.C. §
102(b)) was concealed from the PTO.
- 21 • The fact that incomplete and misleading declarations were filed
22 with the PTO in connection with the ‘645 Application that
23 fraudulently covered up the inventors’ violations of the 12 month
24 on-sale bar (and that further misleading declarations have been
served in this lawsuit).
- 25 • The fact that, long prior to the November 23, 1999 issuance of the
26 ‘739 Patent, QuikOrder demonstrated to Cupps and Glass the
27 QuikOrder online pizza ordering system, but Cupps and Glass
28 failed to disclose such system as “prior art” to the PTO during the
prosecution of the ‘739 Patent.

- The fact that Cupps and Glass failed to disclose to the PTO that substantial portions of the ‘739 Patent specification, and the invention claimed therein, were inspired by, borrowed from, and even plagiarized from other sources and references, including the film “The Net,” the geocoding technology of MapQuest, the voice conversion technology of Wygant Scientific, and Patent No. 5,778,231 (the “231 Patent”).

While the Federal Circuit’s decision in Therasense, 649 F.3d 1276 (Fed. Cir. 2011), sets a very high standard for patent unenforceability based upon inequitable conduct, the misconduct of Glass, Cupps, IPDEV and their patent counsel in connection with the ‘739 Patent and ‘645 Application carried out over many years more than satisfies that standard and *far exceeds* the level of fraud found sufficient by this Court to invalidate a patent in American CalCar, Inc. v. American Honda Motor Co., 2012 WL 1328640 (S.D. Cal. 4-17-2012)(J. Sabraw)(confirmed at 768 F.3d 1185 (Fed. Cir. 2014)). Cumulatively, these items paint a picture of pervasive and intentional fraud which could serve as a poster child for the doctrine of unenforceability based on inequitable conduct.

II. DISCUSSION

A. Applicable Legal Standards

Under Rule 56(c) of the Federal Rules of Civil Procedure, summary judgment on a claim or defense must be granted “if the pleadings, depositions, answers to interrogatories, and admissions on file, together with the affidavits, if any, show that there is no genuine issue as to any material fact and that the moving party is entitled to judgment as a matter of law.”

A party seeking summary judgment bears the initial burden of informing the Court of the basis for its motion and of identifying those portions of the pleadings and discovery responses that demonstrate the absence of a genuine issue of material fact. Celotex Corp. v. Catrett, 477 U.S. 317, 323 (1986). Material facts are those that might affect the outcome of the case. Anderson v. Liberty Lobby,

1 Inc., 477 U.S. 242, 248 (1986). A dispute as to a material fact is “genuine” if there
2 is sufficient evidence for a reasonable jury to return a verdict for the nonmoving
3 party. Id. When the moving party has carried its burden, the nonmoving party
4 must respond with specific facts, supported by admissible evidence, showing a
5 genuine issue for trial. Fed. R. Civ. P. 56(c), (e).

6 “To prove inequitable conduct, the challenger must show by clear and
7 convincing evidence that the patent applicant (1) misrepresented or omitted
8 information material to patentability, and (2) did so with specific intent to mislead
9 or deceive the PTO.” In re Rosuvastatin Calcium Patent Litig., 703 F.3d 511, 519
10 (Fed.Cir.2012) (citing Therasense, Inc. v. Becton, Dickinson & Co., 649 F.3d
11 1276, 1287 (Fed.Cir.2011) (*en banc*)). “Materiality and intent must be separately
12 established.” Id. The level of materiality required to be shown in a case involving
13 failure to withhold information is “but for,” *i.e.*, the patent would not have issued
14 had the information been disclosed to the PTO. Therasense, 649 F.3d at 1291-92.
15 The Federal Circuit has recognized a narrow exception to the requirement to prove
16 but-for materiality in instances where a patent applicant engages in particularly
17 egregious misconduct arising from “‘deliberately planned and carefully executed
18 scheme[s]’ to defraud the PTO and the courts.” Therasense, 649 F.3d at 1292
19 (quoting Hazel-Atlas Glass Co. v. Hartford-Empire Co., 322 U.S. 238, 245
20 (1944)). “When the patentee has engaged in affirmative acts of egregious
21 misconduct, such as the filing of an unmistakably false affidavit, the misconduct is
22 material.” Id. (citations omitted).

23 A patent applicant’s duty to disclose is not limited to disclosure of prior art
24 references. An applicant must disclose *any* information to the Patent Office
25 material to patentability. See 37 C.F.R. § 1.56; Bristol-Meyers Squibb Co. v.
26 Rhone-Poulenc Rorer, Inc., 326 F.3d 1226, 1234 (Fed. Cir. 2003)(“Materiality is
27 not limited to prior art but embraces any information that a reasonable examiner
28 would be substantially likely to consider important in deciding whether to allow an

1 application to issue as a patent”)(citation omitted). This encompasses, among
2 other things, facts about litigation related to the patent, including any allegations or
3 assertions of patent invalidity, violation of duty of disclosure, inequitable conduct,
4 or “any assertion that is made during litigation which is contradictory to assertions
5 made to the examiner.” MPEP 2001.06(c)(“Information From Related
6 Litigation”).

7 **B. Multiple Material Acts of Inequitable Conduct Were Committed in**
8 **Connection With the ‘739 Patent and the ‘645 Application**

9 Glass, Cupps, IPDEV’s principals and others committed inequitable conduct
10 in the prosecution of the ‘739 Patent and ‘645 Application that justify finding the
11 ‘739 Patent and its progeny—including the ‘449 Patent—unenforceable.

12 1. Information that the Invention Claimed in the ‘739 Patent Was Offered
13 for Sale, in Commercial Use, and Ready For Patenting More than 12
14 Months Before the Filing of the Patent Application Was Intentionally
15 Concealed from the PTO

16 Under pre-AIA 35 U.S.C. § 102(b), an invention is *not* eligible for a patent
17 if: “the invention was patented or described in a printed publication in this or a
18 foreign country or in public use or on sale in this country, more than one year prior
19 to the date of the application for patent in the United States.”

20 IPDEV’s ‘739 Patent discloses and claims an invention for providing
21 customers with food menus and on-line ordering for restaurants with take-out
22 service within a specified distance of the customer or with delivery service to the
23 customer’s geographic location based on a geocode location system. A product
24 developed by the named inventors—Glass and Cupps—embodying the invention
25 claimed in the ‘739 Patent was marketed and described in the United States under
26 the copyrighted name “CyberSlice.” The application for the ‘739 Patent was filed
27 by Tim Glass and Bryan Cupps with the Patent Office on November 24, 1997, as
28 Application No. 08/976,793. NOL Exh. 3. Therefore, in order to be patent-

1 eligible under pre-AIA 35 U.S.C. §102(b), the invention claimed in the ‘739 Patent
2 must not have been described in a printed publication, or in public use or offered
3 for sale in the United States, *any earlier than November 24, 1996*.

4 The evidence proves that, *prior to November 24, 1996*, the CyberSlice
5 system embodying the invention claimed in the ‘739 Patent had been reduced to
6 practice and used and offered for sale in the United States. Such evidence renders
7 the invention claimed in the ‘739 Patent *ineligible* for patenting under pre-AIA
8 §102(b). In violation of the inventors’ duty of disclosure, this material information
9 was intentionally withheld from the PTO, repeatedly, and then covered up through
10 false, misleading and incomplete declarations. “An inference of intent to deceive
11 is appropriate where the applicant engages in a ‘pattern of a lack of candor,’
12 including where the applicant repeatedly makes factual representations ‘contrary to
13 the true information he had in his possession.’” Regeneron Pharma., Inc. v. Merus,
14 2017 WL 3184400 *5 (Fed. Cir. 2017).

15 For example, the service mark registration filed for the name “CyberSlice”--
16 described as “For: Receiving Food Orders Placed At Restaurant Web Sites And
17 Subsequent Notification of the Appropriate Restaurant of the Food Order”--states
18 that CyberSlice was first used in August of 1995 and first used “**in commerce**” in
19 October of 1996. NOL Exh. 4. Similarly, in a December 1, 1996 interview with
20 bizjournals.com, Tim Glass stated that by that date he had *already* “enrolled nearly
21 1,000 pizza outlets, including many Domino’s Pizza franchisees and Little
22 Caesar’s franchisees,” in the CyberSlice system. NOL Exh. 5. Glass confirmed in
23 his deposition that CyberSlice had over a thousand restaurant customers *prior to*
24 the official launch of the on-line ordering system in early December of 1996. NOL
25 Exh. 6 (Tr. 287:15-20). The enrolling of restaurant customers to provide menus
26 and receive orders through CyberSlice renders the invention “on-sale” under pre-
27 AIA 35 U.S.C. § 102(b), and therefore not patentable. See Weatherchem Corp. v.
28 J.L. Clark, Inc., 163 F.3d 1326, 1332-33 (Fed. Cir. 1998)(on-sale bar applies when

1 a product is the subject of a commercial offer for sale and ready for patenting,
2 either by having been reduced to practice or sufficiently described in drawings or
3 other descriptions). Additionally, in order to have signed up so many restaurants to
4 use the CyberSlice system, the product had to have been functioning and capable
5 of operation and demonstration well before December 1, 1996, and before
6 November 24, 1996.

7 Glass testified at his deposition in this matter that the inventors were
8 working on the CyberSlice system “well prior” to the official December 1996
9 launch date in order to make sure it was functioning (NOL Exh. 6 (Tr. 268:14-
10 269:19)), that the system was tested with orders without significant problems
11 (NOL Exh. 6 (Tr. 291:18-292:10)), and that “[t]he system was working.” NOL
12 Exh. 6 (Tr. 275:13-22; 285:15-25). Glass testified repeatedly that the key elements
13 of the ‘739 Patent practiced by the CyberSlice system were functioning *before* the
14 formal December 1, 1996 ordering system launch date:

15 Q. Did your – did your system work when it was launched?

16 A. Yes.

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

18 Q. When was the CyberMeals system first able to associate a vendor with a
19 geocode representing the vendor’s location? ...

20 Q. Was it before the launch date in early December 1996?

21 A. Yes.

22 (NOL Exh. 6 (Tr. 292:12-24))

23 Documents produced in this action by Glass (but withheld from the PTO)
24 further prove that the CyberSlice system was used prior to the on-sale bar date.
25 For example, a 1996 CyberSlice system start up and development timeline
26 produced by Glass reveals that the CyberSlice product embodying the invention of
27 the ‘739 Patent was on track to be fully operational, tested, and rolled out for
28 restaurant customer and consumer use by the Fall of 1996, a couple of months

1 before the critical on sale bar date of November 24, 1996. NOL Exh. 7. The
2 timeline places completion of final system testing in August of 1996 and plans a
3 final release of the CyberSlice ordering system by **October of 1996**. NOL Exh. 7.
4 The service mark registration filed on April 22, 1997 with the USPTO confirms
5 that CyberSlice was first used in commerce by **October of 1996**. NOL Exh. 4.

6 Glass also produced a “To Do List” identifying tasks to be completed in
7 connection with the CyberSlice system. This withheld document reveals that Glass
8 and his co-inventor, Bryan Cupps, were beginning to work on the application for
9 the ‘739 Patent in early May of 1996 and planned to “Review Final Draft Patent
10 Application” by mid-June of 2016. NOL Exh. 8. This demonstrates that the
11 invention was in an advanced state [REDACTED]

12 [REDACTED] Likewise, a 2016 CyberSlice
13 Business Plan, [REDACTED]
14 [REDACTED] NOL Exh. 28.

15 Had this information been revealed to the PTO in connection with the
16 application for the ‘739 Patent, the invention would have been denied patentability
17 under pre-AIA 35 U.S.C. § 102(b) on the grounds that it was in public use or on
18 sale more than one year before the November 24, 1997 application date. In
19 violation of the inventors’ duty of disclosure, however, this material information
20 was withheld from the ‘739 Patent Examiner. As stated by the Federal Circuit in
21 Paragon Podiatry Laboratory, Inc. v. KLM Laboratories, Inc., 984 F.2d 1182, 1193
22 (Fed. Cir. 1993): “Absent explanation, the evidence of a knowing failure to
23 disclose sales that bear all the earmarks of commercialization reasonably supports
24 an inference that the inventor’s attorney intended to mislead the PTO. The
25 concealment of sales information can be particularly egregious because, unlike the
26 applicant’s failure to disclose, for example, a material patent reference, the
27 examiner has no way of securing the information on his own.”

1 Others—including Papa John’s—a defendant in this action—have also
2 asserted that the ‘739 Patent is invalid and violated the one year on-sale bar.

3 IPDEV acquired the ‘739 Patent (and the ‘645 Application) in February of
4 2004 from the Bankruptcy Trustee of Food.com (an assignee of the ‘739 Patent).
5 NOL Exh. 32. At the time, the patent was non-exclusively licensed for use by
6 Papa John’s under an April 1, 2001 Patent License Agreement. NOL Exh. 9.
7 IPDEV’s counsel promptly notified Papa John’s that IPDEV had acquired the ‘739
8 Patent, and directed Papa John’s to begin making license payments to IPDEV.
9 NOL Exh. 10. In response to this correspondence, Papa John’s attorneys informed
10 IPDEV’s patent counsel that the ‘739 Patent was unenforceable and invalid
11 because “the inventors listed in the ‘739 Patent [Cupps and Glass] and/or their
12 attorneys appear to have obtained the ‘739 Patent by committing ‘fraud on the
13 patent office’ (now termed ‘inequitable conduct’).” NOL Exh. 11. Papa John’s
14 counsel also filed a Creditor’s Claim in the Food.com bankruptcy proceedings in
15 which IPDEV purchased the ‘739 Patent. Papa John’s Creditor’s Claim stated:

16 it was apparent that the inventors of the ‘739 patent failed to
17 disclose to the PTO and to the patent examiner certain prior art
18 publications and their own various on-sale activity during
19 prosecution of the ‘739 patent which [t]hey were legally obligated
20 to disclose. starting more than one year prior to filing their patent
21 application, the inventors of the ‘739 patent had published
22 magazine articles describing their on-line ordering method and
23 system. Also, more than one year prior to the application, the
inventors mailed numerous brochures containing a full description
of the CYBERSLICE systems with utilize the process and system
described in the ‘739 patent.

24 NOL Exh. 2 ¶¶ 14-18. One of IPDEV’s attorneys, Mike Warnecke, testified that
25 James Kargman told him [REDACTED] Exh. 34
26 (Tr. 52:24-54:1). Thus, Kargman and IPDEV knew of Papa John’s contentions.
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1 Papa John’s Creditor’s Claim sought recovery of \$450,000 in royalties Papa
2 John’s had paid to license the ‘739 Patent. NOL Exh. 2. The basis for this claim
3 was that that Food.com violated its warranty that the ‘739 Patent was valid. Papa
4 John’s asserted that evidence obtained revealed that the ‘739 Patent was invalid
5 because: “the inventors of the ‘739 Patent failed to disclose to the PTO and to the
6 patent examiner certain prior art publications and their own various on-sale activity
7 during the prosecution of ‘739 Patent that they were obligated to disclose.” NOL
8 Exh. 2 at ¶ 14. On August 9, 2006, the Bankruptcy Trustee filed a Notice of
9 Compromise allowing Papa John’s claim in the amount of \$300,000, stating that
10 the claim appeared “to have merit” NOL Exh. 12. On September 19, 2006, the
11 Bankruptcy Court approved the payment of \$300,000 to Papa John’s on its claim
12 against the Food.com estate. NOL Exh. 13. Thus, at least one federal court has
13 agreed that Papa John’s allegations of fraud on the Patent Office in connection
14 with the prosecution of the ‘739 Patent appeared to have merit.

15 2. Material Information Regarding Violation of the 12 Month On-Sale Bar
16 Was Concealed By Glass and Cupps From the PTO in Connection With
17 Prosecution of the ‘645 Application

18 In connection with the ‘645 Application (a continuation of the ‘739 Patent
19 and the application of which the ‘449 Patent was a direct continuation), yet more
20 inequitable conduct was committed regarding failure to disclose material
21 information about violation of the on-sale bar. For example, on July 26, 2002,
22 Glass executed a declaration for submission to the PTO (filed on August 1, 2002)
23 in support of the ‘645 Application. In that declaration, in order to avoid the on-sale
24 bar date of November 24, 1996, Glass asserted that the CyberSlice ordering system
25 (embodying the invention claimed in the ‘739 Patent) had not been launched or
26 described in detail in printed publications prior to the official product launch in
27 early December of 1996. NOL Exh. 14. Glass’s declaration attached certain
28 documents (also referenced in an Information Disclosure Statement filed in the

1 ‘645 Application (NOL Exh. 15)), but importantly did *not* attach or disclose to the
2 PTO the time lines, to do lists, CyberSlice service mark registration, business plan
3 or numerous publicly available articles showing that the CyberSlice system had
4 been developed, tested and demonstrated successfully, and a thousand customers
5 had been enrolled to use the system, *prior to* the launch date of December 1, 1996.

6 The PTO then issued an October 2002 Office Action Summary in the ‘645
7 Application rejecting multiple claims of the application. NOL Exh. 16. Paragraph
8 7 of the Office Action Summary noted that: “[a]n issue of public use or on sale
9 activity has been raised in this application.” The PTO stated, among other things,
10 that it needed additional documentation regarding the development of the
11 CyberSlice system to determine whether or not the invention claimed in the ‘739
12 Patent was ready for patenting or the subject of commercial offers for sale more
13 than 12 months prior to the application date for the ‘739 Patent. The Examiner
14 also reminded the applicant that: “failure to fully reply to this requirement for
15 information will result in a holding of abandonment.” NOL Exh. 16, ¶ 7.

16 In reply, Glass’s patent counsel represented to the PTO in an April 30, 2003
17 response to Office Action that he had communicated with Glass and Cupps and
18 that neither had *any* further documentation regarding the “on sale issue.” NOL
19 Exh. 17. The response states: “After a careful search of their records, the inventors
20 were unable to locate any documentation beyond that submitted in connection with
21 their previously filed declarations in the present application.” NOL Exh. 17, p. 1.
22 Glass, however, has recently produced in this lawsuit precisely the kind of
23 evidence that the Examiner requested in 2002, proving this statement false and
24 creating an inference of intent to deceive the PTO.

25 In his deposition in this matter, Glass testified that he does not recall ever
26 having been asked to conduct a search, or having ever conducted a search, for
27 documents in response to the Examiner’s October 2002 Office Action. NOL Exh.
28 6 (Tr. 80:18-82:25). Moreover, in May of 2017, in response to a subpoena from

1 Ameranth in this litigation, Glass in fact produced additional material
2 documentation from his “personal files” directly relating to prior use, operation
3 and offer for sale of the CyberSlice system before the critical date of November 24,
4 1996 that had been withheld from the PTO. See NOL Exhs. 7, 8, 18. These
5 documents include, among other things, time lines, to-do lists, and articles
6 indicating that the CyberSlice system *had* been tested, successfully operated, and
7 offered for sale, and that the inventors had been preparing to finalize their patent
8 application for the system, all *prior to* November 24, 1996. NOL Exh. 18.

9 The import of the existence and content of these withheld documents is
10 extremely significant. They indicate, among other things, that the invention
11 claimed in the ‘739 Patent was operational and “on sale” more than 12 months
12 prior to the filing date of the application for that patent, that Glass and/or patent
13 counsel withheld such information from the Patent Office in connection with both
14 the application for the ‘739 Patent and applications for continuations therefrom,
15 and that Glass and/or patent counsel submitted a false statement to the PTO
16 *denying* that Glass had possession of further documentation relating to the “on-
17 sale” issue. Such concealment constitutes material inequitable conduct. See
18 Paragon Podiatry Laboratory, Inc. v. KLM Laboratories, Inc., 984 F.2d 1182, 1193
19 (Fed. Cir. 1993); see also Apotex Inc. v. Cephalon, Inc., 2011 WL 6090696 *28
20 (E.D. PA 2011) (concealment of material information after Patent Examiner
21 challenged application on the same topic demonstrated intent to deceive); eSpeed,
22 Inc. v. BrokerTec USA, LLC, 480 F.3d 1129, 1136, 1138 (Fed. Cir. 2007) (“False
23 statements are more likely material when embodied in declarations or affidavits
24 submitted to the PTO”). Under similar circumstances, in American CalCar, 2012
25 WL 1328640, this Court found that the inventor’s failure to provide the Patent
26 Office with photos he maintained in his personal filing cabinet was evidence of a
27 deliberate attempt withhold material information. Id. at *10 and n. 3.

1 Ameranth deposed Glass on June 15, 2017. In that deposition, Glass
2 acknowledged that—contrary to the statements made in the April 30, 2003
3 response to Office Action—he maintained copies of the time lines, to do lists and
4 other materials withheld from the PTO in his “personal files.” NOL Exh. 6 (Tr.
5 13:16-14:10). He testified that he did not recall being asked to search for or
6 produce any such documents in connection with the PTO’s Office Action in the
7 ‘645 Application. NOL Exh. 6 (Tr. 255:13-259:7). He also acknowledged—
8 contrary to the declarations submitted to the PTO in the ‘645 Application—that the
9 CyberSlice system *was* working before the December 1, 1996 official “launch”
10 (NOL Ex. 6 (Tr. 275:13-22)), had been successfully tested (NOL Exh. 6 (Tr.
11 284:2-285:25)), and that prior to the December 1, 1996 launch, CyberSlice had
12 already signed up over a thousand restaurants to use the on-line food ordering
13 system. NOL Exh. 6 (Tr. 287:15-20)).² Such non-disclosed information clearly
14 would have been material to the PTO’s determination of whether the “on-sale” bar
15 rendered the ‘739 Patent invalid (providing further grounds for rejecting the ‘645
16 Application).

17 Furthermore, Glass’s admissions directly contradict statements made by
18 Cupps in 2002 in connection with the August 1, 2002 Information Disclosure
19 Statement filed in the ‘645 Application representing that “a crucial aspect of the
20 claimed invention--the use of geocodes to match users with vendors—was not
21 functional until after the critical date [of November 24, 1996].” NOL Exh. 15 at p.
22 4, Exh. 33, ¶4. Further, just weeks ago, Cupps changed his story in a new
23 declaration (NOL Exh. 19) to now allege that it was actually the ordering
24

25 ² See Abbott Laboratories v. Geneva Pharmaceuticals, Inc., 182 F.3d 1315, 1318
26 (Fed.Cir. 1999) (“[t]he fact that the claimed material was sold under circumstances
27 in which no question existed that it was useful means that it was reduced to
28 practice”).

1 functionality that was not working into 1997. Contrary to these assertions, Glass’s
2 testimony reveals that CyberSlice’s geocode based matching function was working
3 *prior to* the December 1996 launch date. NOL Exh. 6 (Tr. 284:2-285:25).
4 Likewise, the evidence demonstrates that, in fact, the ordering functionality of
5 CyberSlice was working. According to the former Director of Sales Marketing at
6 CyberMeals at the time, Steve Jobs of Apple ordered the first pizza using the
7 CyberSlice system on December 1, 1996. NOL Exh. 20 (“When it was launched in
8 December 1996, Steve Jobs demonstrated how the system worked by ordering the
9 first pizza online.”); Exh. 35. Steve Jobs touted and endorsed the CyberMeals
10 system. Glass admitted that Jobs would not have done so if the system was not
11 working. NOL Exh. 6 (Tr. 280:14-24). Other CyberSlice restaurant customers
12 also confirmed the ability to place and receive orders. NOL Exh. 21.

13 3. Information About QuikOrder’s Own Prior Art System Was Also
14 Concealed from the PTO By Glass and Cupps in Connection with
15 Prosecution of the ‘739 Patent

16 Remarkably, QuikOrder (IPDEV’s affiliate) and Jim Kargman (CEO of
17 QuikOrder and IPDEV) knew that ‘739 Patent was invalid in light of prior art in
18 existence more than 12 months before the filing of the patent application, and
19 asserted this in filings on behalf of QuikOrder in a federal lawsuit in which
20 Food.com (as assignee of the ‘739 Patent) sued QuikOrder for infringement of the
21 ‘739 Patent. In QuikOrder’s Answer and Counterclaim to Food.com’s Complaint,
22 QuikOrder asserted, among other things, that the ‘739 Patent was invalid and
23 unenforceable “in view of the prior art commercialized more than 12 months prior
24 to the filing date of the ‘739 patent” NOL Exh. 1. QuikOrder further alleged
25 that this prior art (a National Systems/ QuikOrder on-line ordering system) was
26 disclosed to Food.com (and Glass personally) during the prosecution of the ‘739
27 Patent, but that the information was “withheld from the ‘739 Examiner’s
28 consideration long before issuance of the ‘739 patent.” NOL Exh. 1.

1 Likewise, in response to Food.com’s interrogatories, QuikOrder described
2 [REDACTED]
3 [REDACTED]
4 [REDACTED]
5 [REDACTED]
6 [REDACTED]
7 [REDACTED]

8 [REDACTED] NOL Exh. 22. The interrogatory responses are verified under
9 penalty of perjury by Jim Kargman on behalf of QuikOrder (Kargman is also the
10 principal of IPDEV). QuikOrder served a supplemental interrogatory response in
11 which it provided more details [REDACTED]
12 [REDACTED]

13 [REDACTED] NOL Exh. 23. The supplemental responses are likewise verified
14 by Jim Kargman. The fact that this system was not disclosed to the PTO during
15 prosecution of the ‘739 Patent is additional ‘but for’ grounds for finding the ‘739
16 Patent unenforceable based on inequitable conduct. (Regardless of whether there
17 was dispute over whether the QuikOrder system used the same geocoding
18 technology claimed in the ‘739 Patent, Glass was obligated to disclose the
19 QuikOrder system to the PTO once it was known to him. As Glass noted in his
20 2017 declaration (NOL Exh. 26, ¶ 4): “while the use of geocodes was means to
21 determine the delivery radius for customers, it was not a required element of our
22 online pizza ordering system ... [and] could be done in any number of ways”).

23 Ameranth deposed Jim Kargman in this lawsuit on July 17, 2017. Kargman
24 testified to a meeting with representative of Food.com “in early ‘98” in which the
25 QuikOrder on-line ordering system was demonstrated to them. NOL Exh. 24 (Tr.
26 43:24-45:13). According to Kargman, the Food.com representatives attending that
27 meeting and demonstration included the inventors on the ‘739 Patent, Cupps and
28 Glass. NOL Exh. 24 (Tr.44:17-45:8). An April 15, 1998 non-disclosure

1 agreement [REDACTED]

2 [REDACTED] NOL Exh. 25.

3 Despite this demonstration, and their April 1998 knowledge of the
4 QuikOrder on-line ordering system as “prior art” in use before November 24,
5 1996, Cupps and Glass also did not disclose this ‘but for’ information to the PTO
6 prior to the issuance of the ‘739 Patent. This constitutes inequitable conduct that
7 renders the ‘739 Patent unenforceable and invalid.

8 The QuikOrder system was but for material to the ‘739 Patent claims.
9 QuikOrder informed the patent applicant, including Cupps and Glass, that the
10 QuikOrder system predating the CyberSlice system used geo-location to match
11 online customers to restaurant vendors, provided online menus to customers who
12 were in the delivery range of a vendor and transmitted orders to the vendors:

13 [REDACTED]
14 [REDACTED]
15 [REDACTED]
16 [REDACTED]
17 [REDACTED]
18 [REDACTED]
19 [REDACTED]
20 [REDACTED]
21 [REDACTED]
22 [REDACTED]

23 NOL Exh. 23 (at 3100-01); Exh. 36 ¶ 4. QuikOrder thus informed Cupps and
24 Glass of the materiality of its on-line ordering system to every element of at least
25 claim 1 of the ‘739 Patent. “[I]nequitable conduct regarding a single claim renders
26 the entire patent unenforceable.” Regeneron, 2017 WL 3184400 *4. The ‘739
27 Patent would not have issued had the Examiner been aware of this. Furthermore,
28 an inference of intent to withhold is the only reasonable conclusion based on the

1 surrounding circumstances, including testimony that a meeting and demonstration
2 of the QuikOrder system occurred, but neither Cupps nor Glass informed the PTO.

3 4. Glass and Cupps Failed to Disclose that their Claimed Invention Was
4 Inspired by the Film “The Net”

5 IPDEV, which hired Glass and Cupps as consultants, served a June 12, 2017
6 declaration of Tim Glass in this matter to bolster a number of IPDEV’s priority of
7 invention arguments. While some of the issues raised in that declaration are
8 contested, the document contains a few important admissions that prove additional
9 acts of inequitable conduct in connection with the prosecution of the ‘739 Patent.

10 In his 2017 declaration, Glass admitted that the core idea for the ‘739 Patent
11 was actually “inspired by a scene in the movie ‘The Net’ starring Sandra Bullock,
12 where she ordered a pizza online via the Internet on her computer.” NOL Exh. 26,

13 ¶ 2. Despite this admission—and despite the fact that Glass considered this
14 important enough to explain to the news media³—Glass and Cupps never disclosed
15 the source of the inspiration and reference to the Examiner for the ‘739 Patent (or
16 to the Examiner for the ‘645 continuation application).

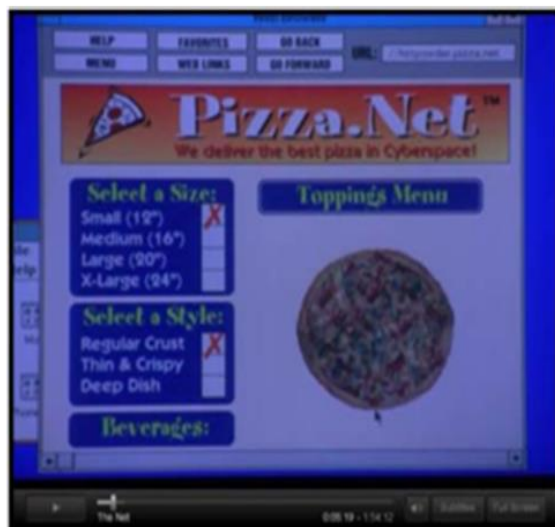
17 This Court, in its American CalCar decision, has found previously that an
18 inventor’s failure to disclose his or her personal experiences with sources
19 contributing to the conception of a claimed invention may constitute inequitable
20 conduct and also provide evidence of intent to deceive: “He went so far as to
21 admit that his personal experience with the 96RL with the navigation system led to
22 his conception of the inventions ...” 2012 WL 1328640 at *9.

23 IPDEV’s affiliate, QuikOrder, has asserted that The Net is material “prior
24 art.” QuikOrder’s invalidity contentions served in June of 2012 in the consolidated
25 patent infringement litigation before this Court include references from The Net as

27 ³ See NOL Exhs. 26 and 27.
28

1 alleged material prior art to Ameranth’s patents (which patents IPDEV has alleged
2 are “obvious variants” of the ‘077 and ‘449 Patents). NOL Exh. 29. Those
3 invalidity contentions include the following screen shots from the film that Glass
4 admits led to his conception of the invention claimed by the ‘739 Patent:

The Net



24 If the Examiner of the '739 Patent had known that Glass and Cupps had not
25 even first conceived their own invention, the patent would never have issued.

26 5. Glass and Cupps Withheld Material Prior Art of “Geocoding” and “Voice
27 Conversion” Technology from the PTO, Two of the Core Aspects of the
28 ‘739 Patent on Which the Patent Was Issued

1 Two of the central features of the alleged invention claimed in the ‘739
2 Patent are: (a) “geocoding,” the determination of relative geographic locations of
3 both customers and restaurants’ delivery/ take out areas based latitudinal and
4 longitudinal coordinates; and (b) “voice conversion,” whereby a customer’s
5 internet text order is converted into a voice data file transited via phone call to the
6 restaurant accepting the order. The December 30, 1998 Notice of Allowance for
7 the ‘739 Patent found the allowable subject matter consisted of the invention’s: (1)
8 use of **geocodes** to match customers with restaurants; and (2) placing of a
9 customer’s internet order with a restaurant through the use of **interactive voice**
10 **recognition coding**. NOL Exh. 30 (emphasis added).

11 Glass testified in deposition that, during the development of the CyberSlice
12 system, he contacted MapQuest because of its expertise with geocoding
13 technology. NOL Exh. 6 (Tr. 308:22-310:16). Glass’s June 12, 2017 declaration
14 further admits to reliance on MapQuest’s “authority in the area of geocoding.”
15 NOL Exh. 26 at ¶ 4. Cupps’ July 13, 2017 declaration makes a similar admission.
16 NOL Exh. 19 at ¶ 6 (“To determine the delivery area for a particular customer, we
17 used an application from MapQuest, which we subsequently modified”).

18 However, in connection with the application for the ‘739 Patent, neither
19 inventor disclosed that they had used the MapQuest “prior art” to develop their
20 claimed geocoding invention. The failure to disclose the MapQuest geocoding
21 technology to the PTO—and their reliance upon it for the technology embodying
22 the ‘739 Patent—was a material and “but for” non-disclosure. This is emphasized
23 by the fact that the ‘739 Patent claims were allowed largely because they were
24 limited to geocoding as opposed to other methods of determining the geographic
25 proximity of customers to restaurants. NOL Exh. 30 (NOA). Again, these facts
26 closely follow those in the Court’s American CalCar decision. There, this Court
27 found materiality and intent to deceive where the inventor used the Acura 96RL
28

1 navigational system as “a good base platform. A good base to get started” (2012
2 WL 1328640 at *9), for his claimed automobile user interface invention, but failed
3 to disclose to the PTO the extent of his reliance on the Acura prior art.

4 Similarly, in his June 2017 declaration in this matter, Glass admitted that
5 CyberSlice’s voice conversion software technology (claimed in the ‘739 Patent)
6 was based upon another existing prior art technology—specifically, Wygant
7 Scientific’s voice recognition software. NOL Exh. 26 at ¶5; see also Exh. 28 at p.
8 24. Cupps’ July 2017 declaration likewise confirmed the reliance upon Wygant
9 Scientific’s technology. NOL Exh. 19 at ¶ 7. Further, while both Glass and Cupps
10 assert in their 2017 declarations that the Wygant voice recognition software was
11 disclosed in the ‘739 Patent specification (thereby acknowledging that it
12 constitutes material information), it actually is *not* mentioned in the specification
13 or anywhere else in the ‘739 Patent application file. (The specification refers to
14 certain Dialogic **hardware** components in the preferred embodiment of the voice
15 recognition portion of the claimed invention. Yet hardware is not **software**, the
16 only thing Glass and Cupps claimed to have invented.)

17 The failure to disclose that the voice conversion software element of the
18 invention claimed in the ‘739 Patent was a modification of existing Wygant
19 Scientific technology constitutes further “but for” inequitable conduct rendering
20 the ‘739 Patent unenforceable. The fact that Cupps and Glass both acknowledge
21 that the Wygant Scientific reference should have been disclosed in the ‘739 Patent
22 specification, and both incorrectly state in declarations that it was disclosed, proves
23 both materiality and intent to deceive.

24 Thus, the two specific technical discriminators on which the ‘739 Patent
25 Examiner based the allowance (geocoding and voice conversion) were not, in fact,
26 inventions of Glass and Cupps, but rather were derived from MapQuest and
27 Wygant Scientific and not disclosed to the PTO.

28

1 6. Key Portions of the ‘739 Patent Specification and Figures Were
2 Plagiarized From Another Earlier Patent Application and This Was Also
3 Concealed From the PTO

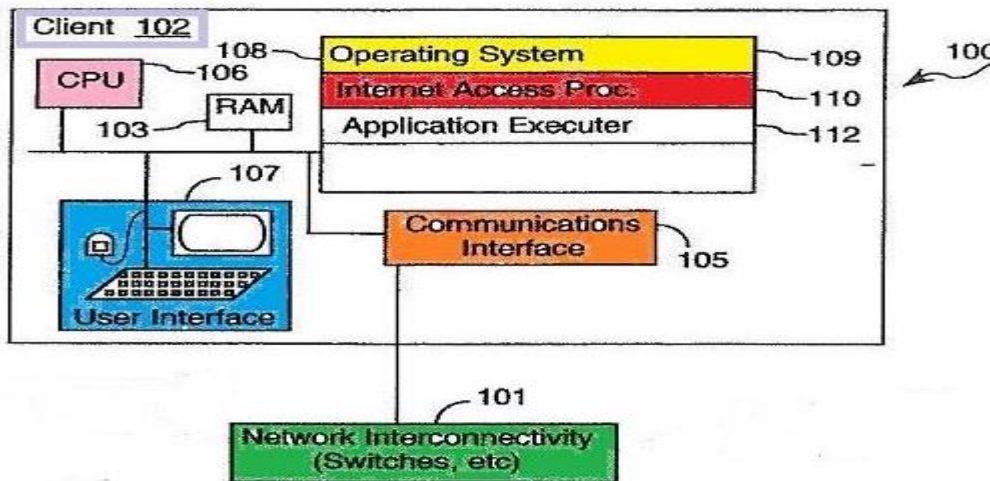
4 Important portions of the ‘739 Patent were plagiarized—without any
5 attribution or disclosure to the PTO—from a patent application filed earlier by
6 other inventors on December 20, 1995, that ultimately became U.S. Patent No.
7 5,778,231 (the “‘231 Patent”)(NOL Exh. 31). Importantly, the same law firm
8 served as prosecution counsel for both the ‘739 and ‘231 Patents—Flehr Hohach
9 Test Albritton & Herbert—thus, the confidential application materials from the
10 earlier ‘231 Patent application were available to the prosecutors of the ‘739 Patent.

11 For example, Figure 2 of the ‘739 Patent—a block diagram of the client
12 computer and on-line ordering machine claimed in the patent—is virtually
13 identical to Figure 2 of the ‘231 Patent in respect to many of the key elements of
14 the invention. Compare NOL Exh. 3 with Exh. 31. Among other undeniable
15 similarities, both figures use the same term “user interface” and the same drawing
16 to illustrate that term. As Glass acknowledged in deposition, a person of skill in
17 the art (“POSA”) knows that “user interfaces” are **software** based (NOL Exh. 6
18 (Tr. 135:11-136:3)), but these figures show only **hardware** peripheral devices, as
19 Glass admitted (NOL Exh. 6 (Tr. 119:15-121:17)). Thus the claimed “user
20 interface” is a lexicographer defined term created by the ‘231 inventors (Van Hoff,
21 et al.), that was copied without attribution into the ‘739 Patent. Glass stated in
22 deposition that he could not explain why the ‘739 Patent specification depicts the
23 claimed “user interface” only as hardware peripherals when a POSA would
24 understand that term to refer to software. This is a classic sign of plagiarism—the
25 plagiarizer cannot even explain **what** it **was** that was copied into his own work and
26 claimed as his own.

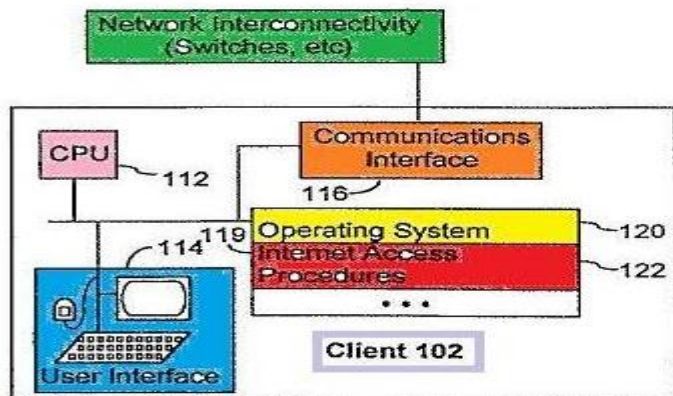
27 Likewise, Figure 2 of both the ‘739 and ‘231 Patents use the identical
28 lexicographer created terms “Internet Access Procedures” and “Network

1 Interconnectivity (Switches, etc.)” These terms were used first by the inventors of
2 the ‘231 Patent and then copied for the ‘739 Patent. Below is a direct comparison
3 of a portion of those figures confirming the extensive plagiarism.

4 **PATENT 5,778,231**



13 **PATENT 5,991,739**



1 Likewise, the definition of “client computer” used in the ‘739 Patent (NOL
2 Exh. 3 at Col. 3, l. 63 to Col. 4, l. 12) closely paraphrases the description “client
3 computers” used first in the ‘231 Patent (NOL Exh. 31 at Col. 2, l. 50). The ‘739
4 Patent also uses the term “internet access procedures” used earlier in the ‘213
5 Patent. In deposition, Glass testified that he did not even know what the term
6 “internet access procedures” meant, how he or his co-inventor came up with it, or
7 why the term was used in the ‘739 Patent, other than sarcastically stating that it
8 “sounds like a good name.” NOL Exh. 6 (Tr. 194:20-196:15).

9 The inescapable conclusion from a comparison of these portions of the ‘739
10 and ‘231 Patents is that the terms and figures were plagiarized from the earlier
11 patent application, which used the same prosecuting law firm. Glass admitted to
12 these similarities in deposition but could not explain them. NOL Exh. 6 (Tr.
13 233:17-240:8). Moreover, the ‘739 Patent provides no attribution to the ‘231
14 Patent application and nowhere discloses the source of these figures and phrases.
15 Such undisclosed copying supports a finding of inequitable conduct. See, e.g.,
16 Levitron Mfg. Co. v. Universal Security Instruments, Inc., 606 F.3d 1353, 1360
17 (Fed. Cir. 2010) (Failure to disclose copying of substance from another patent
18 application was material). As the court in Junker v. Medical Components, Inc.,
19 2016 WL 7427767 (E.D. Pa. 12-16-2016), stated in similar circumstances:
20 “Plaintiff’s plagiarizing another’s drawings, filing them as his own, and submitting
21 a sworn certification to the PTO indicating the same, plausibly suggests that he
22 provided materially false information to the PTO Additionally, based on the
23 facts alleged, it is reasonable to infer that he did so with the specific intent to
24 deceive the PTO.” Id. at *7

25 This Court reached the same conclusion in its American Calcar decision
26 case for similar misconduct. There, the evidence demonstrated that the patent
27 owner copied into the patent application figures and language nearly identical to
28 those appearing in the manual for the Acura 96RL navigation system, but did not

1 disclose this copying to the PTO. 2012 WL 1328640 at *3-5. This Court found
2 the inventor’s non-disclosure was material and demonstrated intent to deceive. Id.
3 at *9-11.

4 The figures, terms and concepts copied into the ‘739 Patent from the ‘231
5 Patent application were not insignificant concepts or generic technical terms.
6 Rather, the copied terms and figures, and the depiction of how the elements
7 interacted with each other, demonstrate the core communications infrastructure of
8 the ‘739 Patent. The fact that this material was plagiarized from another patent—
9 and not disclosed to the PTO—further justifies a finding of inequitable conduct.

10 III. CONCLUSION

11 IPDEV’s affiliate, QuikOrder, charged the named inventors and former
12 owners of the ‘739 Patent (Cupps, Glass and Food.com) with fraud and inequitable
13 conduct. IPDEV then opportunistically purchased the ‘739 Patent, and the ‘645
14 Application, for itself out of Food.com’s following bankruptcy. Once IPDEV
15 became the owner of the ‘739 Patent, and the ‘645 Application, it attempted to
16 disavow, rationalize, and bury from sight its own charges of inequitable conduct
17 and unenforceability, as well as those raised by Papa John’s and found to have
18 merit by the Bankruptcy Court Trustee and the Bankruptcy Court itself.

19 The pattern of non-disclosure and false and misleading statements continued
20 beyond the issuance of the ‘739 Patent and into the prosecution of the ‘645
21 Application as well. IPDEV has now hired the very same inventors previously
22 accused of inequitable conduct and obtained from them additional declarations and
23 statements to attempt to obfuscate and explain away the acts of inequitable conduct
24 that render the ‘739 Patent—and its progeny, including the ‘449 Patent—
25
26
27
28

1 unenforceable⁴. As shown above, the inventors’ 2017 declarations contain
2 additional material falsehoods as well.

3 Because of the scope, extent and materiality of “but for” and intentional
4 inequitable conduct in the prosecution of the ‘739 Patent and ‘645 Application (of
5 which the ‘449 Patent is a continuation), Ameranth requests this Court to declare
6 the ‘739 Patent and its progeny, including the ‘449 Patent, unenforceable. As the
7 evidence discussed herein demonstrates, Cupps are Glass are not even the rightful
8 inventors of their own patent—and they certainly are not the inventors of the
9 claims of Ameranth’s ‘077 Patent that IPDEV has copied into the ‘449 Patent.

10
11 Dated: August 16, 2017 CALDARELLI HEJMANOWSKI PAGE & LEER

12
13 By: /s/ William J. Caldarelli

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22 WITKOW | BASKIN
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24 Cory A. Baskin
25 **Attorneys for Plaintiff Ameranth, Inc.**

26 ⁴ See Consol. Alum. Corp. v. Fonseca Int’l, Ltd., 910 F.2d 804, 812 (Fed. Cir.
27 1990) (“If there is **a pattern of inequitable conduct**, unenforceability can transfer
28 from one patent to another”) (emphasis added).