

**IN THE UNITED STATES DISTRICT COURT  
FOR THE EASTERN DISTRICT OF TEXAS  
MARSHALL DIVISION**

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AMERANTH, INC.,

Plaintiff,

v.

MENUSOFT SYSTEMS CORPORATION  
and CASH REGISTER SALES & SERVICE  
OF HOUSTON, INC. (dba CRS TEXAS)

Defendants.

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Civil Action No. 2:07-CV-271-TJW-CE

**AMERANTH'S MOTION FOR JUDGMENT AS A MATTER OF LAW PURSUANT TO  
FEDERAL RULE OF CIVIL PROCEDURE 50(B) OF NONOBVIOUSNESS**

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Pursuant to Federal Rule of Civil Procedure 50(b), following the jury's verdict, Plaintiff Ameranth, Inc. ("Ameranth") respectfully moves the Court to enter judgment as a matter of law ("JMOL") in its favor on the issue of obviousness.<sup>1</sup> The issue to be decided is whether Defendants presented substantial evidence of obviousness at trial (applying the clear and convincing standard) sufficient to support the jury's verdict. The grounds for this motion are as follows.

## **I. APPLICABLE LEGAL STANDARDS**

The standards for grant of a motion for JMOL are detailed in Ameranth's Motion for JMOL of No Anticipation filed contemporaneously herewith, and are incorporated herein by reference.

Proof of obviousness requires clear and convincing evidence that the claimed invention would have been obvious to a person of ordinary skill in the art at the time the invention was made. Obviousness is a conclusion of law based on underlying factual findings. *In re Kubin*, 561 F.3d 1351, 1355 (Fed. Cir. 2009).<sup>2</sup> Where, as here, there were no explicit factual findings regarding obviousness, the Court must determine whether the implicit findings necessary to support the verdict are supported by substantial evidence. *Upjohn Co. v. Mova Pharma. Corp.*, 225 F.3d 1306, 1310 (Fed. Cir. 2000).

## **II. DEFENDANTS DID NOT PRESENT SUBSTANTIAL EVIDENCE OF OBVIOUSNESS**

Defendants purported to put on evidence at trial regarding obviousness of the asserted claims based on each of (a) "prior versions" of Digital Dining, (b) Camaisa (U.S. Pat. 5,845,263), (c) Squirrel, (d) Micros 8700 User Manual combined with Kanevsky (U.S. Pat. 6,300,947) and (e) Transpad. (Trial Tr. 9/16/10 afternoon, pp. 36-38).<sup>3</sup> The jury found the asserted claims obvious. However, the record evidence clearly does not amount to substantial evidence of obviousness to legally support the verdict.

### **A. Dr. Acampora's Conclusory Trial Testimony And Expert Report Did Not Present Substantial Evidence Of Obviousness To Support The Jury Verdict**

Dr. Acampora's conclusory trial testimony on invalidity lasted only a few short minutes.

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<sup>1</sup> Ameranth moved for JMOL of nonobviousness under Rule 50(a) at the close of Defendants' case.

<sup>2</sup> The factfinder must consider: (1) scope and content of prior art; (2) level of skill in the art; (3) differences between claims and prior art and (4) secondary indicia of nonobviousness. *KSR Int'l Co. v. Teleflex Inc.*, 550 U.S. 398, 406 (2007); *Graham v. John Deere Co.*, 383 U.S. 1, 17-18 (1966).

<sup>3</sup> These are the only bases for obviousness in the trial testimony. To the extent Defendants may argue that references not discussed at trial could have been considered by the jury to render the claims obvious, such argument would fail for lack of supporting expert testimony as discussed below.

Amazingly, he referred the jury to his expert report containing “approximately 500 pages of single-spaced charts.” The report referred conclusorily to combinations,<sup>4</sup> but the narrative and charts merely extracted verbatim quotes from the references, nowhere analyzing how the quoted material taught or suggested any claim element, nor offering a non-conclusory reason to combine references, nor offering support for his conclusion of “predictable results.”<sup>5</sup> There was also no analysis of the differences between the claims and the prior art, and no testimony that those differences would have been obvious.

As recently held in *Soverain v. Newegg*, expert testimony is required to prove invalidity where “the subject matter [] is sufficiently complex to fall beyond the grasp of an ordinary layperson.”<sup>6</sup> Dr. Acampora admitted that even his “Ph.d level students” would have difficulty understanding the subject matter in this case.<sup>7</sup> He was thus required to explain to the jury, via testimony, how the claims are rendered obvious—including how each element is found in the prior art and reasons to combine references to make the invention. As per *Soverain*, “the Federal Circuit ha[s] made clear that ‘[t]here must be some *articulated reasoning* with some *rational underpinning* to support the legal conclusion of obviousness.’”<sup>8</sup> Dr. Acampora’s testimony and report did not articulate any reasons for concluding obviousness—they merely cast the jury adrift to come to its own conclusions without expert testimony.

In *Innogenetics v. Abbott*, on facts remarkably similar to the present case, the Federal Circuit

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<sup>4</sup> Purportedly based on the alleged nature of the problem being solved, alleged teachings of the prior art, alleged knowledge of a person of ordinary skill in the art (“POSA”), the alleged fact that prior art was generally directed to combining devices, and alleged predictable results. (PTX-28, pp. 50-51).

<sup>5</sup> The entirety of Dr. Acampora’s testimony and report were conclusory as to obviousness. Dr. Acampora even went so far as to say on the stand that the claims are invalid over individual references in combination with “other references” without telling the jury what other references he had in mind. (Trial Tr. 9/16/10 afternoon, pp. 36, 46 (Camaisa), 37 (Micros), 37-38 (Digital Dining)). His report was equally vague, merely referring to laundry lists of possible combinations but with no expert testimony to assist the jury in actually making any of the alleged combinations. (PTX-28, at 49-56). The generic verdict form, which Ameranth objected to, also allowed Defendants to confuse the jury into finding obviousness based on a non-specific amalgam of references.

<sup>6</sup> *Soverain v. Newegg*, 2010 U.S. Dist. LEXIS 89268, \*41 (E.D. Tex. Aug. 11, 2010) (citing *Proveris Scientific Corp. v. Innovasystems, Inc.*, 536 F.3d 1256, 1267-68 (Fed. Cir. 2008)).

<sup>7</sup> Trial Tr. 9/16/10 afternoon, p. 18:12-13. He also said that a POSA would be a college graduate in electrical engineering or computer science with two years experience (PTX-28, p. 2), a level of skill far beyond that of an ordinary layperson.

<sup>8</sup> *Soverain*, 2010 U.S. Dist. LEXIS 89268 at \*40 (citing *Innogenetics, N.V. v. Abbott Labs.*, 512 F.3d 1363, 1373 (Fed. Cir. 2008)). Emphasis added unless otherwise indicated.

affirmed the exclusion of vague and conclusory expert testimony that was not helpful to the lay jury:

Nowhere does Dr. Patterson state how or why a person ordinarily skilled in the art would have found the claims [] obvious in light of some combination of those particular references. As the district court found: ***“It is not credible to think that a lay jury could examine the [prior art references] that defendant cited as prior art or any of the other references and determine on its own whether there were differences among them and the [patent-in-suit].”*** Such *vague testimony would not have been helpful to a lay jury* in avoiding the pitfalls of hindsight that belie a determination of obviousness.<sup>9</sup>

Fed. R. Evid. 702 allows an expert to “testify” to “assist the trier of fact to understand the evidence or to determine a fact in issue.” However, a voluminous report merely quoting from other documents cannot take the place of actual expert testimony.<sup>10</sup> Moreover, a conclusory expert report or testimony cannot provide clear and convincing evidence of invalidity:

The reports of Plaintiffs’ experts are conclusory. They state the *experts’ ultimate opinions* regarding . . . obviousness and, generally, the authorities and evidence upon which they rely, but *without any elaboration or reasoning. It is not sufficient simply to list the resources they utilized and then state an ultimate opinion without some discussion of their thought process.*<sup>11</sup>

Dr. Reed’s direct *testimony was conclusory and failed to analyze and explain the claim language and which components of the prior art embodied each element of the asserted claims.*” We agree with the district court that “[s]uch *conclusory evidence is hardly enough to meet RIM’s high burden of clear and convincing evidence* with respect to anticipation and obviousness.”<sup>12</sup>

General and conclusory testimony [] does not suffice as substantial evidence of invalidity. This is so even when the reference has been submitted into evidence before the jury. Because Koito *failed to articulate* how the JP ’082 reference anticipates or makes obvious the ’268 patent, it has not presented sufficient evidence for the jury with respect to the JP ’082 reference.<sup>13</sup>

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<sup>9</sup> *Innogenetics*, 512 F.3d at 1373 (Fed. Cir. 2008) (following *KSR* and *Graham*) (internal citation omitted); *see also STS Software Sys., Ltd. v. Witness Sys., Inc.*, 2008 U.S. Dist. LEXIS 17667, \*7 (N.D. Ga. Mar. 6, 2008) (“The opinions expressed on obviousness consist of ***a summary of prior art references, claim charts containing quotes excerpted from these references, and a conclusion that a combination of references renders the patent claims obvious.*** . . . No reason or basis is offered [] for the conclusion of obviousness, and no opinions are expressed as to why it would be obvious for a person of ordinary skill in the art to combine the prior art in the way that is claimed.”).

<sup>10</sup> *Engbreetsen v. Fairchild Corp.*, 21 F.3d 721, 728 (6th Cir. 1994) (“Rule 702 permits the admission of expert opinion ***testimony*** not opinions contained in documents prepared out of court.”) (emphasis in original).

<sup>11</sup> *Elder v. Tanner Corp.*, 205 F.R.D. 190, 204 (E.D. Tex. 2001).

<sup>12</sup> *NTP, Inc. v. Research in Motion, Ltd.*, 418 F.3d 1282, 1325 (Fed. Cir. 2005) (citation omitted).

<sup>13</sup> *Koito Mfg. Co., v. Turn-Key Tech.*, 381 F.3d 1142, 1152 (Fed. Cir. 2004) (internal citation omitted); *see also Newriver, Inc. v. Newkirk Products, Inc.*, 674 F.Supp.2d 320, 333-34 (D. Mass. 2009) (“Koito . . . make[s] clear that, on the issues of anticipation, obviousness, and doctrine of equivalents, the unsupported opinion even of a qualified expert is simply not ‘substantial evidence’ adequate to support a jury verdict on those issues...Federal Circuit case law renders legally inadequate the opinions of qualified experts on the ultimate issues of anticipation, obviousness, and doctrine of equivalents unless the bases therefor are spelled out on the record.”).

[T]o accept confusing or generalized testimony as evidence of invalidity is improper. The risk is great that the confusion or generality is the result, not of an inarticulate witness or complex subject matter, but of a witness who is *unable to provide the essential testimony*.<sup>14</sup>

Dr. Acampora provided only conclusory testimony at trial because he was unable to provide *essential testimony* as to how or why each of the claim elements were disclosed in the alleged prior art references.<sup>15</sup> Likewise in his report, Dr. Acampora provided only “a bare recitation of excerpts” from the alleged prior art references.<sup>16</sup> Dr. Acampora’s reliance on a voluminous report<sup>17</sup> in lieu of actual trial testimony was improper. It was in fact the opposite of helpful to the jury; it misled the jury.

**B. The Claims Are Not Obvious In View Of Prior Versions Of Digital Dining**

Defendants fared no better in their attempt to make an obviousness argument based on Digital Dining than they did for anticipation.<sup>18</sup> In fact, Dr. Acampora admitted in his report that “Digital Dining for Windows does not teach the required first menu, modifier menu, or sub-modifier menu.” (PTX-28 at 54) (referring to 1997 DD Version 7.0). He offered only verbatim quotes from other references to try to fill the gaps, but did not attempt to explain how or why a POSA would make any combination. He also admitted that 1997 Digital Dining did not have the capability for transmitting to a handheld device or Web page. *Id.* Again, however, he stated conclusorily that a POSA would combine other references with the 1997 version, but did not explain how or why a POSA would do so. Also, only verbal testimony regarding alleged handheld functionality in the DOS version was presented. However, this testimony was uncorroborated by any documentary evidence and Mr. Blunt admitted that the DOS version did not transmit menus from a central server as required by the claims.<sup>19</sup>

Dr. Acampora’s opinion regarding “prior versions” of Digital Dining is emblematic of all of his

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<sup>14</sup>*Schumer v. Lab. Computer Sys.*, 308 F.3d 1304, 1316 (Fed. Cir. 2002).

<sup>15</sup>Dr. Acampora admitted that he did not show the jury any claim-by-claim analysis nor any claim that was met by the asserted references. (Trial Tr. 9/16 afternoon, p. 76:2-10).

<sup>16</sup>*See CIF Licensing, LLC v. Agere Sys., Inc.*, 2010 WL 3001775, \*20 (D. Del. July 30, 2010) (“bare recitation of excerpts” from prior art cannot provide substantial evidence to sustain jury verdict).

<sup>17</sup>Moreover, the report was not substantive evidence as discussed in Ameranth’s Motion for a New Trial filed contemporaneously herewith.

<sup>18</sup>As detailed in Ameranth’s JMOL of No Anticipation filed contemporaneously herewith, no version of Digital Dining before version 7.2 in 2002 included all elements of any asserted claim. Version 7.2 was the first version to use a version of Terminal Services that was Windows CE/Web compatible.

<sup>19</sup>Trial Tr. 9/16/10 morning, pp. 150:22-151:4.

conclusory opinions. He relied on the incorrect view that a POSA's alleged knowledge of "how to *connect* a wireless handheld with Digital Dining" (PTX-28 at 54) rendered the claims obvious. However, the asserted claims do not recite "connecting"<sup>20</sup> a wireless handheld with anything, and thus Dr. Acampora's opinion was an improper basis on which to rest the jury verdict.<sup>21</sup>

**C. The Claims Are Not Obvious In View of Camaisa**

Camaisa fails to describe numerous claim elements as detailed in Ameranth's Motion for JMOL of No Anticipation filed contemporaneously herewith. Regarding obviousness, Dr. Acampora offered only verbatim quotes extracted from Camaisa and Kinebuchi (PTX-28 at 51), but offered no explanation of why or how Kinebuchi or any other reference could be combined with Camaisa.

As was his practice for all of the alleged prior art references and combinations, Dr. Acampora provided no opinion that Camaisa taught or suggested the capability to transmit a *menu* to a handheld or Web page client, and certainly not "both" as required by each of the asserted claims. Rather, he stated conclusorily that "it's possible for remote computers to access data stored in a central location" and "a person at home using a PC could gain access to this database over, among other media, an internet link."<sup>22</sup> However, the asserted claims are not directed to generic "gaining access to a database." As discussed in Ameranth's Motion for JMOL based on Expert Testimony Outside the Court's Claim Construction (filed on even date herewith), Dr. Acampora's "access to a database" argument entirely read element (g) out of the asserted claims. This was particularly egregious in view of the examiner's reliance on the presence of element (g) as a distinction over the prior art of record. (PTX-213 at 232). Dr. Acampora was careful to not even use the claim term "menu" when discussing

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<sup>20</sup>Dr. Acampora also stated that "connecting" a handheld with Digital Dining was described by Camaisa. This is false as discussed below. Camaisa says nothing about handhelds.

<sup>21</sup>As discussed in Ameranth's Motion for JMOL based on Expert Testimony Outside the Court's Claim Construction filed contemporaneously herewith, Dr. Acampora's "connection" argument read element (g) out of the asserted claims, which was particularly egregious in view of the examiner's reliance on the presence of element (g) as a distinction over the prior art of record. (PTX-213 at 232).

<sup>22</sup>Trial Tr. 9/16/10 afternoon, pp. 48:23-24, 50:8-10. Moreover, Camaisa does not disclose anything about the World Wide Web, Web servers, Web browsers, HTTP, HTML, XML or any other aspect of the claimed Web page capability as construed by the Court. Nor does Kinebuchi provide any such teaching that would remedy the shortcomings of Camaisa.

“generating and transmitting to a wireless handheld computing device or Web page,” which was a tacit admission that the references do not teach or suggest the claimed subject matter. Moreover, neither Camaisa nor Kinebuchi mention a wireless handheld computing device or transmission of anything to such a device. Dr. Acampora stated only “[t]hat’s there as well” without pointing to anything.<sup>23</sup> Entirely ignoring claim requirements cannot provide clear and convincing evidence of obviousness.

**D. The Claims Are Not Obvious In View of Squirrel**

Dr. Acampora offered nothing at trial beyond agreement with Defendants’ counsel that his report concluded “invalidity based on the Squirrel and some other combinations.”<sup>24</sup> However, the report offered nothing but verbatim quotes devoid of any analysis of a reason to combine with anything else or even a teaching or suggestion of any claim elements. Specifically, there was no evidence presented at trial that any Squirrel product included at least the capability for centralized menu generation and transmission to handheld devices as required by each of the asserted claims.<sup>25</sup> In fact, numerous witnesses testified that Squirrel did not even have a handheld product in 1998-99, and Squirrel entered into an alliance with Ameranth to get Ameranth’s inventive solution precisely because it did not have its own.<sup>26</sup>

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<sup>23</sup>Trial Tr. 9/16/10 afternoon, p.50:25. Camaisa also does not teach or suggest either a first, modifier or sub-modifier menu as recited in the independent claims nor did Defendants point to any other reference teaching these elements and a reason to combine with Camaisa.

<sup>24</sup>Trial Tr. 9/16/10 afternoon, p. 36:7-10. Dr. Acampora’s report alleged that “Squirrel” combined with “Cybermeals” rendered the claims obvious, but he did not mention this at trial. This was likely because he knew that Cybermeals (Food.com) sought and licensed Ameranth’s technology in 1999 because it did not have the capability for centralized menu generation and transmission to Web pages. See Trial Tr. 9/13/10 afternoon, p. 80:12-23; PTX-394; see also *Food.com changes its Recipe*, CNET News, Mar. 22, 1999 (Exh. 1) (“Food.com charges restaurants \$400 set-up fee to put menu online with \$50 month maintenance fee for updating and local marketing”). There would be no need for manual updating if Food.com actually had had the capability for centralized menu generation and transmission at the time. This corroborates Mr. McNally’s testimony regarding the limitations of prior systems and illustrates Dr. Acampora’s selective omission of relevant facts. None of Defendants’ evidence teaches or suggests the elimination of the need for manual updating of handheld and Web menus as provided by the invention recited in the asserted claims.

<sup>25</sup>As Dr. Shamos testified, nothing in any Squirrel document said anything about menus being transmitted from a central server to a handheld or Web page. (Trial Tr. 9/17/10 morning, p. 7).

<sup>26</sup>Trial Tr. 9/13/10 morning, p. 121:1-12, afternoon 13:3-9; 85:10-21; 9/14/10 morning, 106:13-24. Moreover, the early-1990s Squirrel handheld was only a “forms-based data collection application”



**E. The Claims Are Not Obvious In View of Micros 8700 And Kanevsky**

**1. The Micros Manual Is Not Prior Art Under 35 U.S.C. 102**

Defendants did not provide necessary proof of public accessibility of the Micros 8700 Manual. No witness testified that the Micros 8700 manual was accessible to members of the public interested in the art prior to the filing date of the patents. Nor was any documentary evidence of any such public accessibility proffered.<sup>27</sup> Despite the Court's directive at the September 8, 2010 Evidentiary Hearing that Defendants would be required to lay a foundation for offering the Micros manual as a printed publication, Defendants did not even attempt to make the required showing of public accessibility of the purported reference or sale or public use of the system disclosed in the purported reference and thus all Micros related combinations fail.<sup>28</sup>

Defendants likewise offered no evidence whatsoever that the functionality described in the Micros manual was present in a system that was on sale or in public use before the critical date. Thus, Defendants have not presented clear and convincing evidence giving a reasonable jury a legally sufficient basis to consider the Micros 8700 system as prior art under any provision of Section 102(b).

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(PTX-798) and there is no evidence that it involved synchronous generation and transmission of "menus" as recited in the asserted claims.

<sup>27</sup>Brian Smith testified that he was a Micros dealer prior to 1978 and that "back in those days" manuals were available to dealers and customers. (Trial Tr., 9/15/10 afternoon, pp. 33:24-25; 45:18-46:4). He also agreed with Defendants' counsel that "back in the early '90's" one could have gotten a copy of that manual, but he never received a copy (*Id.* at 49:14-50:5), and since he had not been a Micros Dealer since 1978 he had no basis for that statement. Moreover, Micros's custodian admitted that Micros manuals were likely maintained as confidential until a product was discontinued (Tow Dep. Tr. 63:24-64:20 (Exh. 2)), and Defendants offered no evidence that Micros 8700 was discontinued prior to the filing date of the patents. Mr. Smith's unsupported testimony was thus insufficient, as a matter of law, to establish public accessibility of the Micros 8700 manual. *See In re Omeprazole Patent Litigation*, 536 F.3d 1361, 1381 (Fed. Cir. 2008) (Public accessibility not shown where defendant did not provide "information about the circulation and availability of the brochures in the 1960s or 1970s, the period during which the brochures were produced.").

<sup>28</sup>Proof of printed publication requires clear and convincing evidence "that prior to the critical date the reference was sufficiently accessible, at least to the public interested in the art, so that such a one by examining the reference could make the claimed invention without further research or experimentation." *In re Hall*, 781 F.2d 897, 899 (Fed. Cir. 1986). "Known or used by others" under 35 USC 102(a) likewise requires proof of public accessibility. *Minnesota Min. & Mfg. v. Chemque, Inc.*, 303 F.3d 1294, 1301 (Fed. Cir. 2002). Moreover, "public use or on sale" of Section 102(b) requires proof that what was described in a reference was indeed what was on sale or in public use.

**2. Even If It Were Available As Prior Art, Micros 8700 Would Not Render The Asserted Claims Obvious**

Dr. Acampora made no attempt to explain any teaching or suggestion in Micros 8700 of a client/server system as required by the preamble.<sup>29</sup> This is not surprising since there is none. Incredibly, the Micros passages quoted by Dr. Acampora himself state that the 8700 was a “distributed database” system. (PTX-28, p. 36). In fact, the Micros type of distributed database was incompatible with a client/server system because it required generation of menus on the handheld as discussed below, and thus teaches away from the claimed centralized menu generation system<sup>30</sup>. Further, it is incompatible with thin client implementations such as the Web page capability recited in the claims. Moreover, combining Micros 8700 with a client/server system would render it unsatisfactory for its intended purpose or require a change of its principles of operation.<sup>31</sup> Dr. Shamos also testified in rebuttal that element (g) is not taught or suggested by Micros. (Trial Tr. 9/14/10 afternoon, p. 12:4-6).

Dr. Acampora pointed only to a handheld device in the Micros system. He did not provide any opinion as to the capability to transmit a menu to either a handheld device or Web page. He relied on Kanevsky for alleged Web page generation capability, but provided no opinion as to why this alleged combination would even be attempted or how it would have the capability of transmitting a second menu (including representations of linked levels, *i.e.*, categories/items/modifiers/sub-modifiers) from a central server to a Web page (as well as to wireless handhelds) as required by the claim construction. In fact, Kanevsky discloses no more than reformatting existing Web pages into other Web pages. Kanevsky has nothing to do with synchronous generation and transmission of a menu from a central

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<sup>29</sup> The preamble of each asserted independent claim requires an “information management and synchronous communication system” and “generating and transmitting menus,” which the Court construed to mean communication of menus between a central server and client devices, *i.e.*, “a change made to data on a central server is updated on client devices and vice versa.” (Dkt. 106 at 8).

<sup>30</sup> “[W]hen the prior art teaches away from combining certain known elements, discovery of a successful means of combining them is more likely to be nonobvious.” *KSR*, 550 U.S. at 416.

<sup>31</sup> See *In re Gordon*, 733 F.2d 900, 902 (Fed. Cir. 1984) (no suggestion or motivation to make a modification that would render the prior art unsatisfactory for its intended purpose); *In re Ratti*, 270 F.2d 810, 981 (CCPA 1959) (reference insufficient even to render the claims *prima facie* obvious if the proposed modification or combination would change the principle of operation of the prior art).

server/back office database to a Web page, which even Dr. Acampora recognized.<sup>32</sup> Thus, in order for Micros to be properly combinable with Kanevsky, Micros would have to get a menu to a website, but there is no such teaching or suggestion in Micros.<sup>33</sup> Moreover, Dr. Acampora also recognized that Kanevsky's "statistical" approach to Web page conversion teaches away from the claimed menu generation and transmission invention:

So it's a very small screen with limited viewing capability. Only essential information from the webpage will be shown but not all the information. . . it's showing filtered webpages tailored to the viewable area of the device on which the webpage is to be shown. That's what this patent [Kanevsky] is all about.<sup>34</sup>

Dr. Acampora said nothing at trial about the requirement of element (g) for capability to generate a second menu from a first menu and transmit the second menu to a wireless handheld device or Web page. He referred only to "communication" between a base station and a wireless device. (Trial Tr. 9/16/10 afternoon, p. 40). But he made no attempt to explain how generic "communication" teaches or suggests transmission of a menu from a central server to a handheld or Web page client. Dr. Acampora's report was no more explicit, merely listing verbatim quotes with no explanation as to how element (g) was met by Micros. This deficiency in Dr. Acampora's analysis of Micros permeates every obviousness combination he offered. He simply led the jury to believe that "connection" or "communication" with a handheld was the same as transmission of a menu from a central server to a client device, without any explanation of how a POSA would make such a leap.<sup>35</sup> This deficiency not

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<sup>32</sup>Trial Tr. 9/16/10 afternoon, p. 43:24-25 ("[W]hat [Kanevsky] is all about is allowing a client machine to access a website"). In fact, Dr. Acampora admitted that Kanevsky does not disclose transmitting a menu from a central server. *Id.* at 77:23-78:5.

<sup>33</sup>Combining Micros with Kanevsky to enable "Web page" generation would require a change of the fundamental purpose of both references and is thus an improper combination. *See In re Gordon*, 733 F.2d at 901; *In re Ratti*, 270 F.2d at 981.

<sup>34</sup>Trial Tr. 9/16 afternoon, p. 44:8-10; 18-21. "Statistical" conversion would not provide the precision necessary to provide a remote menu consistent with the back office menu. The claimed system provides a client menu including all back office information, not "selectively filtered versions" as taught by Kanevsky. (*See Kanevsky*, DTX-181 at 15:12-24, 19:5-64 (discussing deletion and statistical scoring of material))

<sup>35</sup>As detailed in Ameranth's Motion for JMOL based on Expert Testimony Outside the Court's Claim Construction, Dr. Acampora's "communication" argument entirely read element (g) out of the asserted claims. This was particularly egregious in view of the examiner's reliance on the presence of element (g) as a distinction over the prior art of record. (PTX-213 at 232).

only failed to establish obviousness, it was misleading to the jury. Dr. Acampora was well aware that menus displayed on the handheld screen in the 8700 system *were generated locally on the handheld itself* from a local database on the handheld:<sup>36</sup>

A MICROS HHT is an intelligent device which contains, locally in each HHT, the application database required to service most all transaction requests. This means that the menu items and functions required for a specific menu/meal period resides in the HHT itself.<sup>37</sup>

It is thus clear that the menu displayed on the HHT was not generated at a central server and then transmitted to the HHT.<sup>38</sup> Despite his knowledge of this critical teaching away of the Micros prior art, Dr. Acampora misled the jury into believing that menus were transmitted from the Micros back office based on mere “communication” with the handheld.<sup>39</sup> Dr. Acampora’s testimony and report are thus not credible and cannot provide a basis for the jury’s verdict.

Still further, all of the asserted independent claims recite “assignment of parameters to items in the second menu using the graphical user interface of said operating system.” This functionality exists at the central server because that is where the recited GUI (and associated operating system) is located. The HHT document does not teach or suggest this functionality existing at a central server in the

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<sup>36</sup>In fact, as discussed above and glossed over by Dr. Acampora’s conclusory testimony and report, the Micros 8700 system did not have a central server because it used a distributed database architecture wherein the handheld menu was generated on the handheld.

<sup>37</sup>PTX-28, p. 60 (*citing* “Preliminary Information Packet” document). This document goes on to describe menu display on the handheld using “screen lookup keys” programmed on the handheld itself. In fact, the HHT document clearly states that transaction touchscreens “*must*” be set by a programmer/installer specifically for the HHT (DTX-35 at M0000708; MICRO0003767)) and that the touchscreen files that yield the actual HHT menu display “reside in the HHT itself.” (DTX-35 at M0000707; MICRO0003766).

<sup>38</sup>The local HHT database was updated, *e.g.*, at start up, but not when menu displays were generated *locally on the HHT* for display on the HHT. (DTX-35 at M0000711). Thus the updated back office menu was not available on the HHT as required by the preamble of all of the asserted claims. Moreover, the only menu information sent from the back office to the HHT was with regard to discrete menu “items.” (*Id.* at M0000707). This was not, however, a teaching or suggestion of the transmission of “computer data representing collections of linked levels of choices or options” (including modifiers and sub-modifiers) as required by the claims as construed by the Court.

<sup>39</sup>The Micros HHT’s *local* generation of menu displays was the same as all other prior art handheld devices as discussed herein. Moreover, the Micros company sought to exclusively license Ameranth’s technology embodied in the asserted patents. (PTX-415; PTX-414; Trial Tr. 9/13/10 afternoon, pp. 82:21-83:4). Still further, Menusoft itself acknowledged *in 2007* that the elimination of dual menu programming was critical to a successful handheld offering. PTX-242, p. 23 (“What is important—No additional menu programming . . . Same exact functionality from HH to terminal”).

context of generation of a menu for transmission to a handheld device or to a Web page. Rather, the HHT document discusses assembly of the handheld screen display configuration on the HHT device itself, and thus teaches away from the actual claimed invention. This is evidenced, *inter alia*, by the HHT document's discussion of assembly of menu screens in the context of "condiments," which are examples of modifiers:

System-generated screens are displayed when a SLU key is depressed or a *condiment* entry is required. When one of these situations occurs, ***the software scans through the menu item file and assembles all those items that have been programmed to belong to this SLU or condiment group.*** The system has a Touchscreen Style file which details how each system generated screen should display. This includes key and font sizes.

(DTX-35 at M0000708; MICRO0003767). The "parameters" recited in the claims are modifiers and sub-modifiers which are "assigned" at the central server. In contrast, such "condiment" groups were assembled for display on the HHT itself. Therefore, any combination of the Micros HHT and centralized menu generation would be unworkable, would render the combination unsuitable for the intended purpose of a device such as the HHT and/or would change the principles of operation of one or more of the combined references.

**F. The Claims Are Not Obvious In View of Transpad**

Dr. Acampora referred to a diagram for his testimony alleging that the Transpad device involved "handheld devices and communicating wirelessly with a base station" and that "we also see internet links." (Trial Tr. 9/16/10 afternoon, p. 38:14-17). However, contrary to the implicit assumption in Dr. Acampora's testimony, this diagram does not show a handheld device communicating wirelessly with any base station that could support communication of menus from a central server—the diagram shows only a "pager" base station. (DTX-90). Dr. Acampora's testimony also ignores that Transpad could not have had the capabilities of the claimed software based invention because it was a hardware device for which neither Ameranth nor the device's inventor ever developed any hospitality software.<sup>40</sup> Moreover, there is no teaching or suggestion in the Transpad document of generating a second menu from a first menu or transmitting the second menu to a handheld device or

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<sup>40</sup> Trial Tr. 9/13/10 afternoon, p. 62:2-5, 9/14/10 morning p. 68:7-15; *see also* Knighton Dep. Tr. at 257:24-258:12(Exh. 3)).

Web page as required by each of the asserted claims. Dr. Acampora's conclusory testimony entirely failed to address the actual claim elements and was mere subterfuge designed to mislead the jury.

Moreover, the Transpad was envisioned to run an entire POS program on the handheld device,<sup>41</sup> not to receive menus from a back office POS, and it never even actually worked for that purpose. (Trial Tr. 9/13/10 afternoon 47:3-11, 49:9-22, 53:3-6; *see also* Knighton Dep. Tr. 257:24-258:12 (Exh. 3)). This testimony was entirely un rebutted by Defendants.<sup>42</sup> They simply ignored reality and persisted with an argument that was unsupported by any evidence.

**G. Ameranth Was The First To Recognize A Problem And Find A Solution Which All Of Defendants' References Taught Away From**

Dr. Acampora testified conclusorily at trial that a POSA would have been motivated to make the invention 12 years ago. His testimony amounted to no more than an argument that a POSA at that time would have known something Dr. Acampora cannot verbalize even today. Dr. Acampora could not state a reason because there were no reasons to combine anything because, *inter alia*, the problem<sup>43</sup> had not been recognized as evidenced, *e.g.*, by generation of menus by Micros and Transpad on the handheld,<sup>44</sup> which taught away from the invention as discussed above.<sup>45</sup> The alleged prior art

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<sup>41</sup> See DTX-90 ("TransPad for *hand-held POS*"); DTX-55 ("allows existing POS systems to *run on* the Transpad SL").

<sup>42</sup> In fact, Dr. Acampora was aware from another litigation in which he was a paid expert that the TransPad was incapable of sending and receiving information quickly enough to meet real-time demands. *Papyrus Tech. Corp. v. New York Stock Exchange, LLC*, 653 F. Supp. 2d 402, 413 (S.D.N.Y. 2009) (finding the TransPad, aka "AUDIT device," incapable of meeting the real-time data transmission demands for its specifically designed purpose with the Chicago Board of Trade).

<sup>43</sup> The inventors recognized that keeping the links between categories, items, modifiers and sub-modifiers straight (while generating a second menu for transmission to a handheld device or Web page) in a GUI intensive computerized menu system is significantly different from merely sending copies of static menu images to standard display devices as in, *e.g.*, Camaisa, or simply loading an entire menu generation program onto a wireless device, *e.g.*, as in Micros and Transpad. ('850 Patent 3:30-34; 45-57 (PTX-2); Trial Tr. 9/13/10 afternoon, pp. 57:7-58:20; 70:3-11, 9/14/10 morning, p. 71:12-24).

<sup>44</sup> Likewise, the Squirrel handheld was a mere "data collection" device as discussed above and the alleged DOS version of Digital Dining ran a complete POS program on the handheld as discussed in Ameranth's Motion for JMOL regarding Anticipation filed contemporaneously herewith.

<sup>45</sup> This was confirmed at trial by two independent third parties who testified by deposition as to their surprise at first learning of Ameranth's invention in November 1998. (Trial Tr. 9/14/10 morning, pp. 91:10-92:22; 94:11-16; 101:16-102:13; 104:23-105:7). *See Crocs, Inc. v. USITC*, 598 F.3d 1294, 1308-1309 (Fed. Cir. 2010) (A claimed combination of prior art elements may be nonobvious where

did not appreciate that the solution to the previously unrecognized problem was to synchronously generate and transmit computerized menus from a central computer for display on both wireless handheld devices and Web pages.<sup>46</sup> The inventive solution was thus not a mere combination of known elements according to their established functions because the need for centralized menu generation for non-standard display clients was not yet even known. The claimed solution to the previously unknown problem thus also necessarily yielded more than predictable results.<sup>47</sup>

**H. No Alleged Prior Art Combination Meets The “Both” Requirement Of The Claims As Construed By The Court**

As detailed fully in Ameranth’s Motion for JMOL Based on Testimony Outside the Claim Construction (filed contemporaneously herewith), the Court’s construction requiring the capability of transmitting second menus to *both* a wireless handheld device and Web page is based on the *Cyrrix v. Intel* decision<sup>48</sup> – which recognized that the basis for patentability in that case was the inclusion of “both” in the claims. None of Defendants’ references recognized the problems associated with providing two different non-standard menus (*i.e.*, a handheld version and a Web page version) at the same time nor the solution, *i.e.*, to centrally generate both at the same time from the same database. In fact, all of Defendants’ references taught away from the inventive solution as discussed above. The claimed invention was not a mere combination of known elements that yielded a predictable result since the solution involved a previously unknown element as discussed above. The centralized generation of both handheld and Web page second menus was not taught or suggested by any cited

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the **prior art teaches away** from the claimed combination and the “*combination...yields more than predictable results.*”). In fact, the teaching away by Micros and Transpad precludes even a motivation to try to make the invention using these references. *See id.* at 1311 (“In light of the prior art teaching away from the claimed invention and the claimed features that do not appear in the prior art, this court detects several reasons at the time of the invention that an ordinary artisan would not have been motivated even to try, let alone make, this inventive combination.”).

<sup>46</sup>Even if there was a suggestion of a particular solution to a problem, which was not the case here, the solution is not obvious if the problem itself was unknown. *See In re Omeprazole Patent Litigation*, 536 F. 3d at 1379-81.

<sup>47</sup>*Crocs*, 598 F.3d at 1309 (“Even if the [patent-in-suit was] a combination of known elements according to their established functions-which it is not as foam strips were not in the prior art-it yields more than predictable results; thus it is non obvious”).

<sup>48</sup>Dkt. 106, p. 11 (relying on *Cyrrix Corp. v. Intel Corp.*, 846 F. Supp. 522, 529 (E.D. Tex. 1994) (both functions were found separately in the prior art)).

reference or combination of references, but even attempting to make such a combination is inconsistent with the Court's construction based on *Cyril*.

**I. Dr. Acampora's Failure To Provide Testimony Regarding Secondary Indicia Of Nonobviousness Rendered His Testimony Incapable Of Supporting The Verdict**

Defendants' expert failed to consider the overwhelming objective evidence of non-obviousness presented by Ameranth at trial.<sup>49</sup> Such evidence of non-obviousness must always be considered when assessing the obviousness of a claimed invention.<sup>50</sup> There was no *prima facie* showing of obviousness in this case because Defendants did not show all claim elements in any combination of references, and thus the overwhelming quantum of secondary evidence of nonobviousness militated heavily against a finding of obviousness. Dr. Acampora, however, did not even bother to look at this compelling evidence, and in not doing so he entirely failed to consider that most of the alleged prior art he relied on were from entities who had either licensed or sought to license the very invention he alleged was rendered obvious by the activities of those same entities. This gross mistake is basis alone for rejecting all of Dr. Acampora's alleged obviousness analysis and the jury's verdict based on that analysis.

Dr. Acampora testified at trial that he had considered the evidence of secondary considerations identified by Ameranth, but his testimony is not credible because the report itself summarily dismissed any consideration of the evidence identified by Ameranth. (PTX-28 at 61-62). Moreover, he testified at his deposition (shortly after completing his expert report) that he had never even looked at the cited documents.<sup>51</sup> Moreover, Even if the jury had looked at this part of his report during its deliberations, it

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<sup>49</sup> *E.g.*, commercial success, industry recognition, long felt but unsolved need, failure of others, acquiescence of others in the industry that the patent is valid, and unexpected results. Trial Tr. 9/13/10 afternoon, pp. 69:2-72:19; 78:20-85:21; 9/17/10 morning, pp. 19:11-28:4 (observing, *e.g.*, that Harvard Business School stated in 2005 that Ameranth's solution was poised to become "the industry standard"); *see also* PTX-1107 (37 CFR §1.132 declarations, pp. 5188-5371, 5378-5410, 5507-5554).

<sup>50</sup> *Transocean Drilling, Inc. v. Maersk USA, Inc.*, No. 09-1556, slip op. at 11 (Fed. Cir. Aug. 18, 2010) ("To be clear, **a district court must always consider any objective evidence of nonobviousness** presented in a case."); *TriMed, Inc. v. Stryker Corp.*, No. 09-1423, slip op. at 15 (Fed. Cir. June 9, 2010) ("We have repeatedly held that **evidence of secondary considerations must be considered** if present.").

<sup>51</sup> Acampora Dep. Tr. 175:9-17 (Exh. 4) (discussing 37 C.F.R. §1.132 declaration of Keith McNally dated August 19, 2009, which is included in PTX-1107 at pages 5188-5371).



could not have considered the secondary evidence because Dr. Acampora had not considered it. Still further, when Dr. Acampora flip-flopped yet again at trial by stating that he “had” considered secondary evidence, he amazingly still did not provide any analysis of the evidence. He merely dismissed it in the same conclusory way he said the claims were obvious in view of the alleged prior art. (Trial Tr. 9/16/10 afternoon, pp. 52:17-53:1). Further, after Ameranth made its *prima facie* showing of nonobviousness based on secondary factors, the burden was then on Defendants to rebut that evidence. *Demaco Corp. v. Von Langsdorf*, 851 F.2d 1387, 1393 (Fed. Cir. 1988). Having not even considered the evidence, Defendants certainly did not rebut it, and thus they failed to provide the jury a legally sufficient basis for its obviousness verdict.

**J. A Number Of Asserted Claims Are Independently Nonobvious**

All of the distinctions over the alleged references discussed above apply to all claims because the elements discussed are present in every asserted claim. In addition, Ameranth’s Motion for JMOL of No Anticipation fully discussed numerous other distinctions over prior versions of Digital Dining and Camaisa applicable to various specific independent and dependent claims. These same claims are additionally nonobvious in view of the additional references discussed above.<sup>52</sup>

**III. CONCLUSION**

For all the reasons stated above, Plaintiff Ameranth prays that the Court will grant this motion on all grounds, will enter judgment for Plaintiff that there is insufficient evidence of invalidity for obviousness and that there is insufficient evidence that the Micros 8700 Manual qualifies as prior art.

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<sup>52</sup>None of Defendants’ references teach or suggest, *e.g.*, wireless transmission of selections from a second menu to a receiving computer (‘850 claim 4), customer ordering on a handheld client (‘325 claim 6), manual modification of a handheld or Web page second menu(‘733 claim 1), use of “specified parameters” in the context of a handheld or Web page second menu (‘325 claims 9 and 10) or linking of the second menu to a specific customer from a handheld GUI (‘733 claim 3). (*See, e.g.*, Trial Tr. 9/17/10 morning, pp. 8:14-24,11:3-19, 12:7-20; 14:18-15:17, 16:6-10, 17:1-5, 18:19-10).

Respectfully submitted,

This 19th day of October, 2010.

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***Attorneys for Plaintiff Ameranth, Inc.***

**CERTIFICATE OF SERVICE**

The undersigned hereby certifies that all counsel of record who are deemed to have consented to electronic service are being served with a copy of this document via the Court's CM/ECF system per Local Rule CV-5(a)(3) this 19th day of October, 2010. Any other counsel of record will be served by facsimile transmission and/or first class mail.

/s/ Michael C. Smith

Michael C. Smith