

2022-1200 and 2022-2223

**United States Court of Appeals
for the Federal Circuit**

AMERANTH, INC.,

Plaintiff-Appellant,

– v. –

DOMINO’S PIZZA, LLC, DOMINO’S PIZZA, INC.,

Defendants-Appellees.

*On Appeal from the United States District Court for the Southern
District of California in No. 3:12-cv-00733-DMS-WVG,
Honorable Dana M. Sabraw, Judge*

**PLAINTIFF-APPELLANT AMERANTH, INC.’S
PETITION FOR REHEARING *EN BANC***

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OCTOBER 11, 2023

**UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT**

CERTIFICATE OF INTEREST

Case Number 2022-1200
Short Case Caption Ameranth, Inc. v. and Domino's Pizza, LLC
Filing Party/Entity Ameranth, Inc.

Instructions: Complete each section of the form. In answering items 2 and 3, be specific as to which represented entities the answers apply; lack of specificity may result in non-compliance. **Please enter only one item per box; attach additional pages as needed and check the relevant box.** Counsel must immediately file an amended Certificate of Interest if information changes. Fed. Cir. R. 47.4(b).

I certify the following information and any attached sheets are accurate and complete to the best of my knowledge.

Date: 12/14/2021

Signature: 

Name: Robert F. Ruyak

FORM 9. Certificate of Interest

Form 9 (p. 2)
July 2020

1. Represented Entities. Fed. Cir. R. 47.4(a)(1).	2. Real Party in Interest. Fed. Cir. R. 47.4(a)(2).	3. Parent Corporations and Stockholders. Fed. Cir. R. 47.4(a)(3).
Provide the full names of all entities represented by undersigned counsel in this case.	Provide the full names of all real parties in interest for the entities. Do not list the real parties if they are the same as the entities. <input checked="" type="checkbox"/> None/Not Applicable	Provide the full names of all parent corporations for the entities and all publicly held companies that own 10% or more stock in the entities. <input checked="" type="checkbox"/> None/Not Applicable
Ameranth, Inc.		

Additional pages attached

4. Legal Representatives. List all law firms, partners, and associates that (a) appeared for the entities in the originating court or agency or (b) are expected to appear in this court for the entities. Do not include those who have already entered an appearance in this court. Fed. Cir. R. 47.4(a)(4).

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Caldarelli, Hejmanowski, Page & Leer, LLP: William J. Caldarelli, Lee Hejmanowski, Ben West and Caitlin E. Macker	Osborne Law LLC: John W. Osborne	Fabiano Law Firm, P.C: Michael D. Fabiano
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6. Organizational Victims and Bankruptcy Cases. Provide any information required under Fed. R. App. P. 26.1(b) (organizational victims in criminal cases) and 26.1(c) (bankruptcy case debtors and trustees). Fed. Cir. R. 47.4(a)(6).

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5. Related Cases.

Ameranth, Inc. v. Live Nation Ent., Inc., Case No. 3:12-cv-1648-DMS (WVG) (S.D. Cal., filed June 29, 2012); *Ameranth, Inc. v. Papa John's USA, Inc.*, Case No. 3:12-cv-729 DMS (WVG) (S.D. Cal., filed Mar. 27, 2012); *Ameranth, Inc. v. Open Table, Inc.*, Case No. 3:12-cv-731 DMS (WVG) (S.D. Cal., filed Mar. 27, 2012); *Ameranth, Inc. v. O-Web Techs. Ltd.*, Case No. 3:12-cv-732 DMS (WVG) (S.D. Cal., filed Mar. 27, 2012); *Ameranth, Inc. v. GrubHub, Inc.*, Case No. 3:12-cv-739 DMS (WVG) (S.D. Cal., filed Mar. 27, 2012); *Ameranth, Inc. v. Agilysys, Inc.*, Case No. 3:12-cv-858 H (MDD) (S.D. Cal., filed Apr. 6, 2012); *Ameranth, Inc. v. Hyatt Hotels Corp.*, Case No. 3:12-cv-1627 DMS (WVG) (S.D. Cal., filed June 29, 2012); *Ameranth, Inc. v. Starwood Hotels and Resorts Worldwide, Inc.*, Case No. 3:12-cv-1629 DMS (WVG) (S.D. Cal., filed June 29, 2012); *Ameranth, Inc. v. Best Western International, Inc.*, Case No. 3:12-cv-1630 DMS (WVG) (S.D. Cal., filed June 29, 2012); *Ameranth, Inc. v. Marriott Internat'l, Inc.*, Case No. 3:12-cv-1631 DMS (WVG) (S.D. Cal., filed June 29, 2012); *Ameranth, Inc. v. Hotel Tonight, Inc.*, Case No. 3:12-cv-1633 DMS (WVG) (S.D. Cal., filed June 29, 2012); *Ameranth, Inc. v. Hotels.com, LP*, Case No. 3:12-cv-1634 DMS (WVG) (S.D. Cal., filed June 29, 2012); *Ameranth, Inc. v. Hilton Resorts Corp.*, Case No. 3:12-cv-1636 DMS (WVG) (S.D. Cal., filed July 2, 2012); *Ameranth, Inc. v. Kayak Software Corp.*, Case No. 3:12-cv-1640 DMS (WVG) (S.D. Cal., filed June 29, 2012); *Ameranth, Inc. v. Mobo Systems, Inc.*, Case No. 3:12-cv-1642 DMS (WVG) (S.D. Cal., filed June 29, 2012); *Ameranth, Inc. v. Orbitz, LLC*, Case No. 3:12-cv-1644 DMS (WVG) (S.D. Cal., filed June 29, 2012); *Ameranth, Inc. v. Stubhub, Inc.*, Case No. 3:12-cv-1646 DMS (WVG) (S.D. Cal., filed June 29, 2012); *Ameranth, Inc. v. Ticketmaster, LLC*, Case No. 3:12-cv-1648 DMS (WVG) (S.D. Cal., filed June 29, 2012); *Ameranth, Inc. v. Travelocity.com, LP*, Case No. 3:12-cv-1649 DMS (WVG) (S.D. Cal., filed June 29, 2012); *Ameranth, Inc. v. Usablenet, Inc.*, Case No. 3:12-cv-1650 DMS (WVG) (S.D. Cal., filed June 29, 2012); *Ameranth, Inc. v. Fandango, Inc.*, Case No. 3:12-cv-1651 DMS (WVG) (S.D. Cal., filed June 29, 2012); *Ameranth, Inc. v. Hotwire, Inc.*, Case No. 3:12-cv-1653 MMA (BGS) (S.D. Cal., filed July 2, 2012); *Ameranth, Inc. v. Expedia, Inc.*, Case No. 3:12-cv-1654 CAB (RBB) (S.D. Cal., filed June 29, 2012); *Ameranth, Inc. v. Oracle Corp.*, Case No. 3:12-cv-1655 DMS (WVG) (S.D. Cal., filed June 29, 2012); *Ameranth, Inc. v. ATX Innovation, Inc.*, Case No. 3:12-cv-1656 JLS DMS (NLS) (S.D. Cal., filed June 29, 2012); *Ameranth, Inc. v. Ticketbiscuit, LLC*, Case No. 3:13-cv-352- AJB (KSC) (S.D. Cal., filed Feb. 13, 2013); *Ameranth, Inc. v. Starbucks Corp.*, Case No. 3:13-cv-1072 MMA (BGS) (S.D. Cal., filed May 6, 2013); *Ameranth Inc. v. Splick-It, Inc.*, Case No. 3:17-cv-1093-DMS (WVG) (S.D. Cal., filed May 26, 2017); *In re: Ameranth Litig.*, Case No. 3:11-cv-

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STATEMENT OF RELATED CASES

This case was previously before this Court in *Ameranth, Inc. v. Domino's Pizza, LLC*, 792 Fed. Appx. 780 (Fed. Cir. 2019), Circuit Judges Prost, Plager, and Dyk.

By order dated June 3, 2022 (Doc. 14), the Court designated No. 2022-1200 as a related companion case to be assigned to the same merits panel and heard together with 29 other cases that “appear to be related and involve the same patent.”¹

On October 17, 2022, this Court (Doc. 23) consolidated Nos. 2022-1200 and 2022-2223 and directed that the consolidated appeals be companion cases to Nos. 2022-1655, *et al.* The appeals in the companion cases were decided on September 12, 2023. *Ameranth, Inc. v. Papa John's USA, Inc.*, 2023 WL 5921623 (Fed. Cir. Sept. 12, 2023). Prior district court orders in those 29 companion cases establish briefing schedules for additional §285 exceptional case motions that will be affected by the disposition in this case. *See, e.g.*, Case No. 3:11-cv-01810, Doc. 71 (motion to declare case exceptional permitted 45 days after this Court's decision in

¹ Federal Circuit Nos. 2022-1655, 2022-1657, 2022-1660, 2022-1661, 2022-1662, 2022-1663, 2022-1666, 2022-1667, 2022-1668, 2022-1669, 2022-1671, 2022-1672, 2022-1673, 2022-1674, 2022-1675, 2022-1676, 2022-1677, 2022-1678, 2022-1679, 2022-1680, 2022-1681, 2022-1682, 2022-1683, 2022-1684, 2022-1686, 2022-1687, 2022-1689, 2022-1690, 2022-1692.

22-1200).

RULE 35(b) STATEMENT

Based on my professional judgment, I believe this appeal requires an answer to one or more precedent-setting questions of exceptional importance:

1. Does the “objectively baseless” standard in *Octane Fitness, LLC v. ICON Health & Fitness, Inc.*, 572 U.S. 545 (2014), permit fee-shifting under 35 U.S.C. §285² for an entire case during which the PTAB repeatedly and consistently confirmed the continuing validity of all claims of Ameranth’s ’077 patent by denying multiple petitions for CBM review and explaining why the challenged claims of the ’077 patent satisfied §101 eligibility requirements?

2. Under this Court’s precedent implementing *Octane Fitness*, and this Court’s precedent instructing that the PTAB of the USPTO is entitled to respect and that its actions in support of validity are probative of objective reasonableness, is it legal error for a district court (1) to disregard PTAB’s repeated explanations of the challenged claims’ patent eligibility under §101 as actions probative of the objective reasonableness of continued patent enforcement; and (2) to denigrate

² All citations herein refer to the Patent Act, 35 U.S.C. §§1 *et seq.*, unless otherwise noted.

PTAB’s repeated statements favoring the continuing validity and eligibility of the subject patents as a position that “no reasonable patent litigant would believe ...”?

Based on my professional judgment, I believe the panel decision is contrary to the following decisions of the Supreme Court of the United States: *Octane Fitness*, 572 U.S. 545 (2014), and the following decisions of this Court: *Cellspin Soft, Inc. v. Fitbit, Inc.*, 927 F.3d 1306, 1319 (Fed. Cir. 2019); *Munchkin, Inc. v. Luv n’ Care, Ltd.*, 960 F.3d 1373, 1381 (Fed. Cir. 2020); *Stone Basket Innovations, LLC v. Cook Med., LLC*, 892 F.3d 1175, 1181 (Fed. Cir. 2018).

/s/ Robert F. Ruyak
Robert F. Ruyak

INTRODUCTION AND REASONS FOR GRANTING THE PETITION

Disrupting the balance of responsibility between the courts and the USPTO, and disavowing the historical respect for the USPTO's expertise, the district court imposed punitive fee-shifting in circumstances this Court has never permitted. The district court's explicit disparagement of multiple, consistent PTAB actions favoring the '077's patent eligibility breaks through statutory guardrails that Congress erected and that the Supreme Court and this Court have dutifully honored.

Absent the legal safeguard that a patentholder can rely on official pronouncements from the only administrative arm entrusted with upholding the patent system's integrity, §285's exception swallows the American Rule. If years of enforcement litigation that conforms precisely to official pronouncements of continuing validity is retrospectively subject to sanction as "objectively baseless" under *Octane Fitness*, then PTAB actions are rendered meaningless. Immense disruption of the patent system is unavoidable. The jurisprudential and structural impacts of abandoning these safeguards are not remote; they will have immediate practical ramifications for the 29 companion cases in which the district court has scheduled future §285 motions. *See* Case No. 3:11-cv-01810, Doc. 71 (motion to declare case exceptional permitted 45 days after this Court's decision in 22-1200).

A panel of this Court has affirmed a decision that conflicts with key

precedents and controlling principles:

- The presumption of validity (§282), with which each patent claim is endowed, endures undiminished unless and until the PTO or a federal court deems that claim invalid; the essence of a patent claim is the constitutional and statutory right to enforce it. *ACS Hosp. Sys., Inc. v. Montefiore Hosp.*, 732 F.2d 1572, 1574-75 (Fed. Cir. 1984).
- This Court’s precedent precludes fee-shifting where earlier decisions permitted a patentholder to proceed. *See, e.g., Munchkin, supra*, 960 F.3d at 1381 (“Munchkin cannot be faulted for litigating a claim it was granted permission to pursue”).
- Precedent also denies fee-shifting where no notice alerted the patentholder during the litigation that its positions were objectively baseless, including where defendants “buried their heads in the sand” and litigated on the merits without suggesting “exceptionality” until after the merits were resolved. *See, e.g., Stone Basket, supra*, 892 F.3d 1175 at (“At each of these points during the litigation, we find nothing of record supporting Cook’s claim that Stone was ‘on clear notice’ of the ’327 patent’s invalidity, yet ‘persisted in pressing ... meritless claims’”).

Before the summary judgment order in this case (Appx10929-10942), no

court or administrative body—at any point during a decade of litigation and PTAB proceedings—had *ever* found any claim of the '077 patent ineligible or invalid on *any* basis. To the contrary, an unbroken series of PTAB actions rejected all petitions for review of the '077 patent under §§101, 103, 112 and 113. The PTAB explained:

- in 2014 that the '077 differed from earlier Ameranth patents (Appx1191-1231);
- in 2015 that the '077 claims were “more likely than not patent eligible” under §101 (Appx1236); and
- in 2017 that its earlier decisions favoring the '077 patent remained applicable even after the Supreme Court decision in *Alice* and this Court’s decision in *Apple, Inc. v. Ameranth, Inc.*, 842 F.3d 1229, 1236 (Fed. Cir. 2016) (involving claims of the earlier Ameranth patents that PTAB had expressly distinguished from the '077) (Appx860-861).

The district court’s explicit disparagement of repeated PTAB actions favoring the '077 patent thus strikes at the statutory system in which the courts and the PTO both play vital, yet distinct, roles. It is one thing for a court to reach a conclusion that differs from the PTO on the validity of a particular patent claim. But it is something else altogether for a court—in assessing objective baselessness under §285—to find that repeated PTO/PTAB determinations

confirming continued validity do not even “support” the reasonableness of a patentholder’s continued enforcement efforts. This Court has never before countenanced such denigration. And this Court has never before permitted fee-shifting where PTAB denials of review favored patent validity and eligibility.

Before taking that unprecedented step—and before letting the district court’s disregard of the PTAB pass without criticism—the Court may wish to consider inviting the PTO’s views on these key points. If the stated basis for the PTAB’s express rejection of every challenge to ’077 validity can be dismissed as something “no reasonable patent litigant would believe,” then the system Congress crafted cannot function properly. *In re Rudy*, 956 F.3d 1379, 1383 (Fed. Cir. 2020) (“While we greatly respect the PTO’s expertise on all matters relating to patentability, including patent eligibility, we are not bound by its guidance”).

This pointed belittling of the PTO treads on the bedrock principle that a presumption of validity exists upon a patent claim’s issuance. *Cellspin, supra*, 927 F.3d at 1319 (“...patents granted by the [PTO] are presumptively valid”) (citing *Microsoft Corp. v. i4i Ltd. P’ship*, 564 U.S. 91, 100, (2011)); *see also* §282. For the district court to say that the presumption weakened *after* the three reaffirming PTAB statements—and *before* any adverse §101 determination—totally dismantles a foundation of patent law.

If §285 no longer precludes fee-shifting where plaintiff received permission

to proceed (from the PTAB petition denials and the district court’s subsequent resumption of full-scale litigation on ’077 claims), then that new rule should come from this Court sitting en banc.

If a party that buries its head in the sand can invoke §285 after the case is decided on the merits, then that new rule should come from the en banc Court.

If the standard for reasonableness under §285 is no longer whether plaintiff’s position was objectively baseless, then that change should come from the Court sitting en banc and articulating how that new standard conforms to *Octane Fitness*.

It is no answer to say that the Rule 36 disposition in this case does not necessarily adopt all aspects of the decision below. *Rates Tech., Inc. v. Mediatix Telecom. Inc.*, 688 F.3d 742, 750 (Fed. Cir. 2012) (“Since there is no opinion, a Rule 36 judgment simply confirms that the trial court entered the correct judgment. It does not endorse or reject any specific part of the trial court’s reasoning”)³.

Beyond the erroneous disregard for PTAB’s expertise, every significant factor and finding in the district court opinion contradicts this Court’s §285 precedent:

- Domino’s eleventh-hour motions on §101 validity and non-infringement defenses—filed many months after all defendants and the court

³ Cf. *Phil-Insul Corp. v. Airline Plastics Co.*, 854 F.3d 1344, 1355 (Fed. Cir. 2017) (citing *Anderson v. Celebrezze*, 460 U.S. 780, 785 n. 5 (1983) and Fed. Cir. Internal Operating Procedure No. 9 ¶8 (July 22, 2022)).

agreed to resume litigation on '077 claims—are contrary to the notice standard recognized in *Stone Basket*, 892 F.3d at 1181 (“...a ‘party cannot simply hide under a rock, quietly documenting all the ways it’s been wronged, so that it can march out its ‘parade of horrors’ after all is said and done”); *see also Thermolife Int’l LLC v. GNC Corp.*, 922 F.3d 1347, 1357 (Fed. Cir. 2019) (“one consideration that can and often should be important to an exceptional case determination is whether the party seeking fees ‘provide[d] early, focused, and supported notice of its belief that it was being subjected to exceptional litigation behavior’”) (citation omitted).

- The district court’s view that confidential settlements achieved in court-ordered mediation of other cases were somehow “troubling” or reflected “weakness” in Ameranth’s position is contrary to precedent denying fee-shifting where plaintiff proceeded with judicial permission and contrary to the court’s duty of inquiry into events about which it lacks information. *Munchkin*, 960 F.3d at 1381 (citing *Checkpoint Sys., Inc. v. All-Tag Sec. S.A.*, 858 F.3d 1371 (Fed. Cir. 2017)); *Electronic Comm’n Tech., LLC v. ShoppersChoice.com, LLC*, 963 F.3d 1371, 1378-79 (Fed. Cir. 2020).

- The district court’s application of different standards to plaintiff and defendant in assessing reasonableness of litigating contested issues (castigating plaintiff for pursuing claims “no reasonable litigant would believe ... viable” while

excusing defendant's longstanding silence on those same issues) is contrary to precedent on the burden of proof under §285. *Octane Fitness*, 572 U.S. at 554, 557-58 (requiring movant to show the case is exceptional by a preponderance of the evidence).

Since the district court has already scheduled §285 briefing in the 29 cases decided in the companion appeals, practical issues of judicial administration also favor rehearing en banc. If any aspect of the §285 analysis in this case is incorrect, the district court should be alerted to those errors, lest it mistakenly apply its entire *Domino's* analysis. And even if, contrary to *Octane Fitness*, this Court were to endorse all aspects of the district court's §285 analysis, including its unprecedented denigration of the PTO/PTAB actions, that determination should be made en banc.

FACTUAL AND PROCEDURAL BACKGROUND

More than two years after Ameranth sued Domino's (and others in cases consolidated for pretrial proceedings, Appx330-334), the court stayed litigation when various defendants filed PTAB petitions challenging the validity of each asserted claim of Ameranth's four relevant patents. *See* Appx3271-3275. The PTAB instituted CBM review and found some claims of three patents invalid. *See Apple, supra*, 842 F.3d at 1236.⁴ But the PTAB

⁴ *I.e.*, the claims of the '733, '850 and '325 patents this Court subsequently affirmed in *Apple. Id.* at 1245. When various defendants later filed new CBM petitions challenging other claims of the '325 and '850 patents

repeatedly and consistently declined to institute any proceeding challenging the '077 claims on any ground: "...we determine that the information presented in the Petition does not establish that any of claims 1–18 of the '077 Patent are more likely than not unpatentable." Appx1231. The PTAB's 2014 decision explained in detail how the '077 claims differed from the others. Appx1191-1231.

Several important developments occurred after this Court decision in *Apple* upheld the PTAB's 2014 ruling on the three other patents. Ameranth ceased enforcing the patents addressed in *Apple*, dropping not only the claims this Court declared invalid, but also all other claims of the three earlier patents. *See* Appx3726-3729.

With only '077 claims remaining in this case, all parties acquiesced in lifting the stay to fully litigate the merits of '077 claims. Appx3744; *see also* Dom. Br. 39 (Domino's had "no reason to oppose" lifting the stay). The district court ordered *Domino's* and the other consolidated cases to proceed in January 2017. Appx3751-3752. Fulsome litigation ensued, including *Markman* rulings favorable to Ameranth, rejection of non-infringement defenses by various defendants, and preparation for trials on a schedule the

and also attacking the '077 patent, the PTAB's 2015 decision again denied review of '077 claims. *See* Appx1236.

district court established. *See* Appx3758-3764, Appx8581-8583, Appx8585, Appx8589-8593. For more than eighteen months of active litigation, no defendant asked the court to decide §101 eligibility or to revisit the grounds upon which the PTAB had rejected all attacks on the '077 patent.⁵

After litigation resumed, defendant Starbucks made yet another attempt at PTAB review of '077 claims. Appx848-869. This petition cited both the Supreme Court's 2014 decision in *Alice* and this Court's 2016 decision in *Apple* as new §101 authorities. *See, e.g.*, Appx1273, Appx1286, Appx1294-1296, Appx1299, 1310. No defendant joined Starbucks in that effort and none asked the district court to stay litigation while the petition remained pending. In December 2017, the PTAB rejected the final attacks on the '077:

Our analysis in the [2014] Decision was based on the specific application of the alleged abstract idea claimed in the '077 patent and our determination, based on the record in the [2014] Proceeding, that the claims were directed “to a specific computer-aided system programmed by software to perform specialized functions.” 14 Dec. 40. We are not persuaded that this analysis is in tension with *Alice*, its predecessor *Mayo*, or its progeny, and, therefore, we are not persuaded that we should

⁵ Nor did Domino's unveil the new non-infringement defense it eventually presented close to trial (a defense that the district court never decided on the merits and that, in any event, would have required the district court to conduct new claim construction proceedings). *See* Appx769 (Domino's admission that the dispute “needs to be resolved by the Court”), Appx767 (Ameranth argues non-infringement theory was “new” and introduced for the first time in June 2018), Appx9777.

institute this ground due to subsequent statement of the existing law. Appx860-861.

Nothing further was heard about patent eligibility until June 2018, when Pizza Hut—the first defendant scheduled for trial—moved for summary judgment under §101. Appx8594, Appx8607-8622. Domino’s did not join Pizza Hut or file its own §101 motion. But after Pizza Hut reached a large settlement (Appx1361, ¶3; Appx9789, ¶10; Appx9837-9838), Domino’s requested and received permission to belatedly adopt Pizza Hut’s still-pending motion. Appx9814.

Less than a week before the scheduled Domino’s trial, the district court granted summary judgment holding fourteen claims of the ’077 patent ineligible under §101—in direct conflict with the PTAB’s prior ’077 decisions. Appx10929-10942. That late September 2018 order was the first ruling from any court or other authority that any claim of the ’077 patent was ineligible or invalid on any basis.

This Court affirmed that twelve ’077 claims (1, 6-9, 11, and 13-18) were ineligible. *Domino’s*, 792 Fed.Appx at 788. Domino’s subsequently sought a §285 “exceptional case” declaration and an award of \$2.7M in attorney’s fees. Without a hearing (Appx1131), the district court found that the case was “exceptional” and awarded the entire amount requested, going back to the case’s commencement in 2011. Appx26-31. That starting date was a year before the ’077 patent issued, three years before the Supreme Court decided

Alice, five years before this Court decided *Apple*, six years before the PTAB denied the last CBM petition, and seven years before the first adverse ruling anywhere on '077 claims.

On appeal, Domino's offered scant defense of the district court's pointed disregard for years of PTAB actions favoring Ameranth's '077 patent. Instead, Domino's focused largely on its view that a new, never-decided non-infringement contention it launched shortly before trial could render the entire case "exceptional." See n. 5, *supra*; Dom. Br. 21-25, 29-31.

A panel of this Court affirmed in a Rule 36 order. (Dyk, Prost, Hughes, JJ).

ARGUMENT

REHEARING EN BANC IS WARRANTED TO SAFEGUARD THE STANDARDS THAT CONGRESS, THE SUPREME COURT AND THIS COURT ERECTED FOR PROPER §285 ANALYSIS

The district court's retrospective assessment of this litigation castigated Ameranth for enforcing '077 claims that "no reasonable patent litigant would have believed'... were viable." See Appx12, Appx21. That *post hoc* conclusion is not tethered to this Court's precedent, and rests upon flawed analysis and the misperception that this Court's decision on *other patents* in *Apple* somehow undermined the validity—and the continuing presumption of validity—of the '077 claims.

Octane Fitness overturned this Court’s *Brooks Furniture* approach that required *both* subjective bad faith *and* objective baselessness, holding that *either* is sufficient. *Octane Fitness, supra*, 572 U.S. at 555. But nowhere in *Octane Fitness* did the Supreme Court dilute or lower the threshold for establishing “exceptionality” under either rubric. Nor did the Supreme Court hold that a case can be exceptional if a party’s position is neither objectively baseless nor in bad faith.

This Court has consistently interpreted *Octane Fitness* to ensure that §285 is not an added penalty simply for losing on the merits. *See, e.g., Munchkin*, 960 F.3d at 1380 (“The relevant question for purposes of assessing the strength of Munchkin’s validity position is not whether its proposed construction is *correct*; rather the relevant question is whether it is *reasonable*.”) (emphasis in original); *Romag Fasteners, Inc. v. Fossil, Inc.*, 866 F.3d 1330, 1341 (Fed. Cir. 2017) (“not relevant that Fossil’s non-infringement defense may have been weak, if it did not rise to the level of being objectively unreasonable”); *AdjustaCam, LLC v. Newegg, Inc.*, 861 F.3d 1353, 1361 (Fed. Cir. 2017) (same); *SFA Systems, LLC v. Newegg Inc.*, 793 F.3d 1344, 1348 (Fed. Cir. 2015) (same).

Although exceptional case analysis is necessarily retrospective, it is just as necessary that past events be assessed in view of the totality of circumstances existing when those events occurred. Thus, the district court’s dissociation of

litigation events from their actual circumstances—viewed through the lens of the patentholder at that point in time, rather than in hindsight—is contrary to precedent. *See Checkpoint Sys.*, 858 F.3d at 1376 (§285’s purpose is to prevent a party from suffering a “gross injustice” and “the exercise of discretion in favor of [awarding attorney fees] should be bottomed upon a finding of unfairness or bad faith in the conduct of the losing party, or some other equitable consideration of similar force, which makes it grossly unjust that the winner of the particular lawsuit be left to bear the burden of his own counsel fees”) (citing S. Rep. No. 1503, 79th Cong., 2d Sess. (1946)); *Octane Fitness, supra*, 572 U.S. at 548-49 (cautioning that fee awards are not “...a penalty for failure to win a patent infringement suit”). No §285 precedent authorizes district courts to second-guess their own prior decisions in the case and then criticize a party for following the lead of the district court. *Cf. Munchkin*, 960 F.3d at 1381.

Ameranth’s actions criticized in the district court’s analysis of “weakness” all occurred during a period of pervasive uncertainty in §101 law and had received prior judicial approval. The post-PTAB, post-*Apple* resumption of litigation on the ’077 claims exemplifies the district court’s departure from the correct standard. *See* Appx3751-3751, Appx3758-3764. Under existing precedent, the basis for resuming litigation on ’077 claims demolishes the district court’s stated foundation for the exceptionality ruling, *viz.*, its findings that (1) continued enforcement was

“bullish,” (2) Ameranth failed to “reassess its case” after the PTAB, *Alice*, and *Apple* decisions, and (3) “no reasonable patent litigant ... would have believed” the... [’077] claims were viable.” See Appx12, Appx18, Appx 21.

The undisputed record of the January 2017 resumption of litigation is dispositive. No defendant suggested that the court should entertain motions on §101 eligibility on the remaining ’077 claims in lieu of conducting discovery. Nor did any defendant or the court even hint that further enforcement proceedings would be “bullish” (Appx21) because Ameranth purportedly should have dropped its ’077 claims after *Apple* decided claims of other patents that PTAB repeatedly explained were different.⁶ With due consideration of this Court’s opinion in *Apple*, the parties and the district court unanimously agreed that the appropriate path forward after the PTAB decisions was to adjudicate the merits of Ameranth’s ’077 claims. Appx3743-3749, Appx3751-3751, Appx3758-3764.

This Court does not authorize §285 fee awards where the patent owner was affirmatively permitted to proceed and the prevailing party failed to provide notice that further enforcement would be attacked as “exceptional.” Not once during eighteen months of post-resumption trial preparation was Ameranth advised or

⁶ See *Domino’s, supra*, 792 Fed.Appx. at 786 (“Ameranth asserts that claims 1, 6–9, 11, and 13–18 of the ’077 patent recite different elements than the claims at issue in *Apple*. To be sure, independent claims 1, 9, and 13 are different from the claims in *Apple* in some respects.”)

notified that enforcement of the '077 claims was frivolous, baseless or meritless. Nor did any defendant—much less Domino's—move at any time in that period to terminate the litigation on the single ground eventually stated in the judgment. This, too, fails to comply with this Court's precedent. *See Stone Basket*, 892 F.3d at 1181.

Neither the district court nor Domino's cited any instance of exceptional case fees awarded against a patentholder who enforced claims that withstood multiple PTAB challenges. And the district court adopted the even more incorrect view that the favorable PTAB actions provided no support at all for Ameranth's contention that it was reasonable to enforce the very same '077 claims the PTAB considered. Appx11 (“the PTAB decisions do not support Ameranth's argument that it had a reasonable basis to believe the claims of the '077 Patent were valid after *Alice* and *Apple*”).⁷

It would have been error if the district court had merely concluded that, although the PTAB pronouncements weighed in favor of Ameranth, subsequent adverse rulings on the '077 patent later crossed the line into “exceptionality.”⁸ But

⁷ Even where a court ultimately holds a patent claim invalid, PTAB denials of CBM petitions favor patentholders in a §285 assessment. *See e.g., Global Cash Access, Inc. v. NRT Tech. Corp.*, 2018 WL 4566678, at *3 (D. Nev. Sept. 24, 2018); *Konami Gaming Inc. v. High 5 Games LLC*, 2021 WL 6497033, at *5 (D. Nev. Oct. 25, 2021).

⁸ Of course, there were no rulings against the '077 on any grounds, anywhere, until the summary judgment in this case.

for the district court to say that the PTAB's considered, consistent actions did not even support Ameranth's position on §285 reasonableness and that—contrary to the PTAB's express statements—no reasonable litigant would believe '077 claims were viable, is far afield from §285's language, purpose and precedent, and from the continued presumption of validity that they support. It also runs counter to this Court's acknowledgement of the respect to which the agency's views on validity and eligibility are due. *See, e.g., Applied Materials, Inc. v. Advanced Semiconductor Materials Am., Inc.*, 98 F.3d 1563, 1569 (Fed. Cir. 1996) (presumption of administrative correctness of actions of the agency charged with examination of patentability); *Hyatt v. Kappos*, 625 F.3d 1320, 1334 (Fed. Cir. 2010) (en banc) (PTO “the knowledgeable agency charged with assessing patentability”); *see also Old Reliable Wholesale, Inc. v. Cornell Corp.*, 635 F.3d 539, 549 (Fed. Cir. 2011) (“...that the PTO confirmed the validity of the '950 patent on reexamination provides probative evidence on the issue of whether Old Reliable had a reasonable basis for its assertion...”).

The errors that the panel's affirmance fail to correct are particularly significant because they erode a vital pillar of patent law: the presumption of validity. *Microsoft*, 564 U.S. at 98; *ACS Hosp.*, 732 F.2d at 1574-75 (“The presumption is *never* annihilated, destroyed, or even weakened, regardless of what facts are of record”) (emphasis in original); *Rudy, supra*, 956 F.3d at 1381. Patent

owners are entitled to rely on this principle without fear of being accused of bringing baseless litigation. And especially when a patent claim overcomes validity challenges, the presumption is never weakened and must remain a key component in determining whether enforcement of a patent is “objectively reasonable.”

Precedent also precludes the district court’s mistaken view that the ’077 claims’ presumption of validity was somehow weakened by events related to *other* claims of *other* patents. *See Cont’l Can Co. USA v. Monsanto Co.*, 948 F.2d 1264, 1266-67 (Fed. Cir. 1991) (“Each claim carries an independent presumption of validity . . . and stands or falls independent of the other claims”) (citation omitted). The district court’s departures from principles the Supreme Court and this Court have firmly established take §285 discretion to places never before permitted. This Court, sitting en banc, should maintain the safeguards that have historically kept the exception of §285 from swallowing the American Rule.

CONCLUSION

The petition for rehearing en banc should be granted and the district court judgment awarding fees under §285 reversed.

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Respectfully submitted,

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Counsel for Plaintiff-Appellant

October 11, 2023

ADDENDUM

NOTE: This disposition is nonprecedential.

**United States Court of Appeals
for the Federal Circuit**

AMERANTH, INC.,
Plaintiff-Appellant

v.

DOMINO'S PIZZA, LLC, DOMINO'S PIZZA, INC.,
Defendants-Appellees

2022-1200, 2022-2223

Appeals from the United States District Court for the Southern District of California in No. 3:12-cv-00733-DMS-WVG, Judge Dana M. Sabraw.

JUDGMENT

ROBERT F. RUYAK, Larson LLP, Washington, DC, argued for plaintiff-appellant. Also represented by JERROLD GANZFRIED, Ganzfried Law, Washington, DC; JOHN WILLIAM OSBORNE, Osborne Law LLC, Cortlandt Manor, NY.

FRANK A. ANGILERI, Brooks Kushman P.C., Southfield, MI, argued for defendants-appellees. Also represented by THOMAS W. CUNNINGHAM.

THIS CAUSE having been heard and considered, it is

ORDERED and ADJUDGED:

PER CURIAM (DYK, PROST, and HUGHES, *Circuit Judges*).

AFFIRMED. See Fed. Cir. R. 36.

ENTERED BY ORDER OF THE COURT

September 12, 2023
Date

/s/ Jarrett B. Perlow
Jarrett B. Perlow
Clerk of Court

**UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT**

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