

IN THE UNITED STATES COURT OF FEDERAL CLAIMS

E-NUMERATE SOLUTIONS, INC. and
E-NUMERATE, LLC,

Plaintiffs,

v.

THE UNITED STATES OF AMERICA,

Defendant.

C.A. No. 19-859-RTH

JOINT PRELIMINARY STATUS REPORT

Plaintiff e-Numerate Solutions, Inc. and e-Numerate, LLC and Defendant the United States of America (the “Government”) respectfully submit this Joint Preliminary Status Report (“JPSR”) pursuant to Section III of Appendix A of the Rules of the United States Court of Federal Claims (“RCFC”).

(a) Does the Court have jurisdiction over the action?

Plaintiff submits that the Court has jurisdiction over this action. Defendant agrees that has jurisdiction to hear a claim pursuant to 28 U.S.C. §1498.

Plaintiffs’ Further Position

Plaintiff notes Defendants’ reference to 28 U.S.C. § 2501. Plaintiffs do not concede that this provision bars any claim under any of the 7 patents-in-suit. Any such determination under 28 U.S.C. § 2501 is governed by the statute and the judicial interpretations of the statute. *See, e.g., Ross-Himes Designs, Inc. v. United States*, 139 Fed. Cl. 444 (C.F.C. 2018).

Defendants’ Further Position

Defendant further notes that under 28 U.S.C. § 2501, to the extent that any version of the accused technology used by or for Defendant occurred before six years prior to the filing of the

original complaint, June 11, 2013, this Court would not have jurisdiction with respect to the use of those versions of the accused technology. Defendant submits that the burden to prove jurisdiction for each Count remains with Plaintiff and the Government retains the right to move for dismissal based on lack of jurisdiction based on facts uncovered during the course of its investigation and discovery.

(b) Should the case be consolidated with any other case and, if so, why?

The parties agree that the case should not be consolidated with any other case.

(c) Should trial of liability and damages be bifurcated and, if so, why?

The parties disagree on this section.

Plaintiffs' Further Position

Plaintiff submits that neither discovery nor trial should be bifurcated. Discovery should not be bifurcated because of issue overlap between, for example, liability and damages. Commercial success discovery for purposes of 35 U.S.C. § 103 frequently seeks the same or similar information as damages discovery. Bifurcation of discovery and/or trial is also prejudicial to Plaintiffs. The Government caused the filing of this litigation via its intervention in the District of Delaware (“the Delaware Action”) via the Statement of Interest it filed. The Government should not be able to force serial trials on the Plaintiffs and the attendant delays and expense via bifurcation requests. The Government has essentially unlimited resources to try cases and Plaintiffs do not.

Plaintiffs further request that any limitation on claim construction involving representative claims should be held in conjunction with the Government having to stipulate to representative third party products for liability purposes. In any event, it is premature to discuss limitations on claim construction until the parties make the exchanges set forth in this Court’s Patent Rules and Judge Albright’s scheduling order.

Defendant's Further Position

Defendant respectfully requests that any decision on bifurcation be deferred until after this Court has rendered a Markman decision, at which point bifurcation to allow an initial stage directed to validity or liability may be appropriate. Defendant also proposes that the parties agree to limit claim construction briefing with respect to no more than six representative claims, from which relevant terms can be determined. An independent consideration of validity in a first trial may provide a substantial savings in time and expense for the parties, which may promote settlement. The Government's proposed approach is consistent with several § 1498(a) actions brought in this Court. *See, e.g., SecurityPoint Holdings, LLC v. United States*, No. 11-268C, Dkt. 12 (Fed. Cl.); *Ross-Hime Designs Inc. v. United States*, No. 11-201C, Dkt. 290 at 2 (Fed. Cl.) ("trial on liability"); *Acme World Enterprises, Inc. v. United States*, 17-843C, Dkt. 32 (Fed. Cl.)

- (d) Should further proceedings in the case be deferred pending consideration of another case before this court or any other tribunal and, if so, why?**

This provision is not applicable to the pending matter.

- (e) In cases other than tax refund actions, will a remand or suspension be sought and, if so, why and for how long?**

This section is not applicable to the pending matter.

- (f) Will additional parties be joined? If so, the parties shall provide a statement describing such parties, their relationship to the case, the efforts to effect joinder, and the schedule proposed to effect joinder.**

The parties do not anticipate that any additional parties will be joined in this action.

- (g) Does either party intend to file a motion pursuant to RCFC 12(b), 12(c), or 56 and, if so, what is the schedule for the intended filing?**

Plaintiff's Position:

Plaintiffs do not anticipate filing a summary judgment motion prior to the end of fact and expert discovery. Plaintiffs submit that early resolution of any issue on summary judgment

including 35 U.S.C. § 101 is inappropriate and not amenable to resolution under CFC Rule 56. Disputed factual issues must be viewed in the light most favorable to Plaintiffs for any motion filed by the Government.

Defendant's Position:

Defendant is considering whether to file an RCFC 56 motion contending that the asserted patents are invalid as “directed to” ineligible subject matter under 35 U.S.C. § 101. This Court already held, in its August 7, 2020 Order ruling on the Government’s RCFC 12(b)(6) motion to dismiss, that “at step one, claim 2 of the '355 patent is directed to the abstract idea of applying a macro to tagged numbers and reporting the results on a computer.” Dkt. No. 27 at 26.

Defendant is also considering filing a RCFC 56 motion relating to non-infringement and/or invalidity of one or more of the asserted patents. Defendant will be better able to assess whether its non-infringement and/or invalidity defenses are ripe for summary judgment at a later stage in the case, including after any claim construction dispute is resolved.

(h) What are the relevant factual and legal issues?

This is an action under 28 U.S.C. § 1498(a) that stems from a patent infringement action between Plaintiffs and certain third parties filed in the District of Delaware (“Delaware Action”). The United States filed a Statement of Interest in the Delaware Action confirming that the United States had granted its authorization and consent to the extent that the third parties used XBRL to file documents with the SEC pursuant to federal regulation and that, as a result, any such action must be brought in this Court.

The parties agree that the relevant factual and legal issues include those listed below.

1. Infringement of the asserted patents by the Government and third parties.
2. Whether one or more asserted claims of the asserted patents are invalid under 35

U.S.C. §§ 101, 102, 103, and/or 112.

3. Assuming Plaintiff proves, by a preponderance of the evidence, infringement under § 1498(a) of one or more claims of the asserted patents, and assuming Defendant fails to prove by clear and convincing evidence that each such claim is invalid, the amount of reasonable and entire compensation due to Plaintiff.

Plaintiffs' Further Position:

e-Numerate is pursuing infringement claims against the Government for its infringement of e-Numerate's patents. In addition, e-Numerate is pursuing infringement based on the software, systems, and activities of third parties. This case stems from the Delaware action where the United States intervened via its Statement of Interest and accepted liability for all third party infringement done in connection with SEC filings. In addition, the SEC has software, systems and activities that e-Numerate believes infringe the asserted patents. Plaintiffs intend to seek damages against the United States for all accused activities. In addition, Plaintiffs reserve the right to seek fees and costs in connection with this matter.

Defendant's Further Position:

Whether the United States, with authorization and consent, has used the accused technology in a manner that infringes any valid asserted claim of the asserted patents, without license or other lawful right to use or manufacture the same.

(i) What is the likelihood of settlement? Is alternative dispute resolution contemplated?

The parties have not had a formal settlement discussion as of the date of this submission.

Plaintiffs' Further Position:

Plaintiffs proposed a face to face meeting between its business representatives and the SEC. Plaintiffs believe it has technology that the SEC could employ to improve upon its use of XBRL. Plaintiffs anticipate resolution of this matter would be discussed in any such meeting with the SEC.

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