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

AMERANTH, INC.,	§	
Plaintiff,	§	
v.	§	Civil Action No. 2:07-cv-271-DF
MENUSOFT SYSTEMS CORPORATION and CASH REGISTER SALES & SERVICE OF HOUSTON, INC. (dba CRS TEXAS)	§	
Defendants.	§	

JOINT STIPULATED MOTION FOR INDICATIVE RULING

Plaintiff Ameranth, Inc. ("Ameranth") and defendants Menusoft Systems Corp. ("Menusoft") and Cash Register Sales & Service of Houston, Inc. ("CRS"), pursuant to Fed. R. Civ. P. 62.1 and Fed. R. App. P. 12.1, jointly submit the following Stipulated Motion for Indicative Ruling.

A. Procedural Background

On June 28, 2007, Ameranth filed its Complaint for patent infringement against Menusoft and CRS in this action. On September 4, 2007, Menusoft and CRS filed their Answer and asserted Counterclaims of Invalidity and Unenforceability of the asserted patents. This Court held a jury trial on September 13 through September 17, 2010. On September 20, 2010, the jury reached verdicts of noninfringement and invalidity of the seven (7) asserted claims of the total forty-seven (47) claims of the three asserted patents. (Dkt. No. 263). On September 21, 2010, the Court entered judgment on the jury verdicts. (Dkt. No. 265). On May 26, 2011, the Court entered orders denying Ameranth's motions for new trial and judgment as a matter of law on invalidity (Dkt. Nos. 313, 314) and denying Menusoft and CRS's motions for findings of inequitable conduct and exceptional case (Dkt. Nos. 315, 316).

Ameranth timely filed a Notice of Appeal with the United States Court of Appeals for the Federal Circuit on June 23, 2011 (Dkt. No. 317), appealing the Court's denials of its motions for new trial and judgment as a matter of law. Ameranth also noticed appeal of the Court's entry of the jury verdicts based on various issues including, *inter alia*, the Court's jury instructions, verdict form and evidentiary rulings. Menusoft and CRS filed a Notice of Cross-Appeal appealing the Court's denial of a finding of inequitable conduct. (Dkt. No. 318).

The appeal was selected for inclusion in the Federal Circuit's mandatory mediation program. On October 13, 2011, the parties attended a mediation conference with the Federal Circuit Mediation Office, Chief Federal Circuit Mediator James Amend presiding.

The Federal Circuit Mediator's efforts resulted in the parties reaching a confidential and comprehensive binding settlement of all issues between them, inclusive of Ameranth also dismissing

Menusoft and CRS from a second case currently before this Court[1] involving eight (8) claims of the Ameranth patents (which claims were not asserted or adjudicated in the present case). Under the Settlement Agreement, the parties agreed, *inter alia*, to jointly request this Court to vacate the verdicts of invalidity of the seven (7) asserted claims of the asserted patents.[2] Under the Settlement Agreement, and at the direction of Chief Federal Circuit Mediator Amend, pursuant to Fed. R. Civ. P. 62.1 and Fed. R. App. P. 12.1, the parties file this Stipulated Motion For Indicative Ruling requesting vacatur of the jury verdicts of invalidity and the Court's judgment of invalidity. This motion does not seek any indicative ruling regarding vacatur of any other verdicts or judgments.[3]

B. <u>The Court Has Authority to Make the Requested Indicative Ruling</u>

Rule 62.1 of the Federal Rule of Civil Procedure prescribes the procedure in the district court when a party moves for post-judgment relief that the district court, deprived of jurisdiction due to a pending appeal, lacks authority to grant. *See Dominguez v. Gulf Coast Marine & Assocs.*, 607 F.3d 1066, 1074 n.5 (5th Cir. 2010) (noting that Rule 62.1 was recently modified to encompass this "widely accepted" procedure in the federal courts). Specifically, Rule 62.1 provides:

> If a timely motion is made for relief that the court lacks authority to grant because of an appeal that has been docketed and is pending, the court may. . . state either that it would grant the motion if the court of appeals remands for that purpose or that the motion raises a substantial issue.

Fed. R. Civ. P. 62.1(a). Thus, under Rule 62.1, the district court may indicate whether the motion would be granted. *See id.; see also, e.g., Fobian v. Storage Tech. Corp.*, 164 F.3d 887, 891 (4th Cir. 1999) ("[W]hen a district is inclined to grant a Rule 60(b) motion during the pendency of an appeal . . . the district court [should] indicate its inclination to grant the motion in writing; a litigant, armed with this

[1] *Ameranth v. Par et al.*, Case No. 2:10-cv-294-DF.

[2] Menusoft agreed to join in this Motion and therefore the entry of an indicative ruling was not made a condition of the settlement between the parties. Entering into a binding settlement also avoided any issue as to whether the parties would be required to brief the merits of the appeal while an indicative ruling was being sought.

[3] Specifically, the parties do not request any ruling from the Court regarding the verdicts and judgment of non-infringement nor the Court's Orders on inequitable conduct and exceptional case.

positive signal from the district court, can then seek a limited remand from the appellate court to permit the district court to grant the Rule 60(b) motion.").

If the district court makes an indicative ruling stating that it would either grant the post-judgment motion or that the motion raises a substantial issue, the moving party must promptly notify the circuit court. The circuit court, having been properly notified of the district court's ruling, has discretion to "remand for further proceedings." Fed. R. App. P. 12.1(a); Fed. R. Civ. P. 62.1(b). When remanding for this purpose, the court of appeals retains jurisdiction unless it expressly dismisses the appeal. *See id.* Upon remand, the district court may then decide the motion. Fed R. Civ. P. 62.1(c).

C. Vacatur Based On The Parties' Post-Judgment Settlement Is Appropriate In This Case

Federal Rule 60(b) authorizes the district court to relieve a party from final judgment or order for "any . . . reason justifying relief from the operation of the judgment." *See* Fed. R. Civ. P. 60(b)(6). The Supreme Court has held that Rule 60(b) is the proper vehicle to seek vacatur of a judgment based on a post-judgment settlement between the parties. *See U.S. Bancorp Mortgage Co. v. Bonner Mall Partnership*, 513 U.S. 18, 29 (1994). In *Bancorp*, the Court held that, absent exceptional circumstances, an ***appellate*** court may not order a district court to vacate a judgment rendered moot by settlement. However, the Supreme Court expressly recognized in *Bancorp* the power of the ***district*** court to vacate a judgment after settlement on appeal. *See id.*[4] "[A] Rule 60(b) motion is addressed to the sound discretion of the [district] court [and] gives the court a grand reservoir of ***equitable power to do justice in a particular case***." *Pierce v. Cook & Co., Inc.*, 518 F.2d 720, 722 (10th Cir. 1975); *accord Reid v. Angelone,* 369 F.3d 363, 374 (4th Cir. 2004). The Court may vacate a judgment where "it is no longer equitable that the judgment should have prospective application." Fed. R. Civ. P. 60(b)(5). Under Rule 60(b)(6), a court has "ample power to vacate judgments whenever that action is

[4] When considering a request for vacatur of a judgment or verdict on remand from an appellate court, a district court is not constrained by the exceptional circumstances test. *See Marseilles Hydro Power LLC v. Marseilles Land & Water Co.*, 481 F.3d 1002, 1003-04 (7th Cir. 2007); *American Games, Inc. v. Trade Products, Inc.*, 142 F.3d 1164, 1168-69 (9th Cir. 1998); *Mayes v. City of Hammond*, 631 F. Supp. 2d 1082, (N.D. Ind. 2008) ("[T]his court is not cabined by the 'exceptional circumstances for a request for vacatur made to an appellate court.'").

appropriate to accomplish justice." *See* 11 Charles A. Miller, *et al.*, *Federal Practice and Procedure* § 2864 (2nd ed. 1995).

Courts have found that, as here, exceptional circumstances and equitable considerations support vacatur under Rule 60(b). *See, e.g., Novell, Inc. v. Network Trade Center, Inc.*, 187 F.R.D. 657, 661 (D. Utah 1999) (granting parties' motion to vacate under Rule 60(b)(5)); *Mayes v. City of Hammond*, 631 F. Supp. 2d 1082, 1098 (N.D. Ind. 2008) (granting joint motion to vacate a jury verdict and judgment upon showing that public and private interests weighed in favor of vacatur); *IBM Credit Corp. v. United Home for Aged Hebrews*, 848 F. Supp. 495, 496- 97 (S.D.N.Y. 1994) (granting Rule 60(b) motion, holding that "[v]acatur of a decision is appropriate where it benefits the parties but does not run counter to any public interest").

However, the "exceptional circumstances" standard of the Supreme Court's *Bancorp* decision is not applicable to district court vacatur determinations. *Bancorp*, "by its terms, does not apply to district courts but rather only to the Supreme Court and to courts of appeals." *Lycos v. Blockbuster, Inc.*, No. 07-11469, 2010 U.S. Dist. LEXIS 136252, *8-9 (D. Mass. Dec. 23, 2010) (*quoting Dana v. E.S. Originals, Inc.*, 342 F.3d 1320, 1328 (Fed. Cir. 2003) (Dyk, J., concurring)). In fact, the Supreme Court held in *Bancorp* that an appellate court confronted with a request to vacate a district court decision as part of a settlement may remand to the district court to consider the request under Federal Rule of Civil Procedure 60(b) "***even in the absence of***, or before considering the existence of, ***extraordinary circumstances***." 513 U.S. at 29. This holding plainly indicates that the Supreme Court did not hold or otherwise indicate that the extraordinary circumstances standard should apply to Rule 60(b) motions. It clearly would be pointless to remand to a district court "in the absence of extraordinary circumstances," if a motion to vacate an order to facilitate a settlement under Rule 60(b) could only be granted under such circumstances. Moreover, a district court should have wider discretion to vacate its own decision than should an appellate court to vacate another court's decision without even considering the merits. *American Games, Inc. v. Trade Prods., Inc.*, 142 F.3d 1164, 1170 (9th Cir. 1998) ("Given the fact-

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