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-TJW-CE
MENUSOFT SYSTEMS CORPORATION and CASH REGISTER SALES & SERVICE OF HOUSTON, INC. (dba CRS TEXAS)	§	
Defendants.	§	

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.[1] 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).[2] 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).[3] 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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[1] Ameranth moved for JMOL of nonobviousness under Rule 50(a) at the close of Defendants' case.

[2] 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).

[3] 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,[4] 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."[5] 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."[6] Dr. Acampora admitted that even his "Ph.d level students" would have difficulty understanding the subject matter in this case.[7] 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.'"[8] 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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[4] 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).

[5] 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.

[6] *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)).

[7] 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.

[8] *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.[9]

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.[10] 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.***[11]
>
> 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."[12]
>
> 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.[13]

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[9] *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.").

[10] *Engebretsen 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).

[11] *Elder v. Tanner Corp.*, 205 F.R.D. 190, 204 (E.D. Tex. 2001).

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

[13] *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.")

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