

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

TOAST, INC.
Petitioner

v.

GRATUITY, LLC
Patent Owner

Case IPR2023-01408

U.S. Patent No. 9,741,050

Issue Date: August 22, 2017

Title: SYSTEM AND METHOD FOR MANAGING GRATUITIES

**PETITIONER'S PRELIMINARY REPLY IN SUPPORT OF PETITION
FOR *INTER PARTES* REVIEW OF U.S. PATENT NO. 9,741,050**

Mail Stop PATENT BOARD
Patent Trial and Appeal Board
United States Patent and Trademark Office
P.O. Box 1450
Alexandria, VA 22313-1450

LIST OF EXHIBITS

Exhibit No.	Description of Document
1001	U.S. Patent No. 9,741,050 (the "'050 patent")
1002	Declaration of Dr. Samuel H. Russ
1003	Curriculum Vitae of Dr. Samuel H. Russ
1004	U.S. Patent Application Publication No. 2008/0065396 ("Marshall")
1005	U.S. Patent Application Publication No. 2014/0365322 ("Phillips")
1006	U.S. Patent No. 4,819,612 to Webb ("Webb")
1007	Plaintiff's Preliminary Infringement Contentions, <i>Gratuity Solutions, LLC v. Toast, Inc.</i> , No. 1:22-cv-11539 (D. Mass.) ("Infringement Contentions")
1008	Prosecution History of the '050 patent ("prosecution history")
1009	eN-Touch 1000 datasheet
1010	Aaron Weiss. "Computing in the clouds," in netWorker, vol. 11, no. 4, pp. 16–25 (December 2007)
1011	R.L. Grossman, "The Case for Cloud Computing," in IT Professional, vol. 11, no. 2, pp. 23–27, March/April 2009
1012	Mahmood, Z., & Hill, R. (Eds.). (2011). Cloud computing for enterprise architectures (2011th ed.). Springer. pp. 3–4.

Exhibit No.	Description of Document
1013	Minneapolis-based TimeManagement teams with Agilysys, March 3, 2010.
1014	Christina Volpe, "POS Software 2011", Hospitality Technology Newsletter, Dec. 19, 2010. Accessed via https://hospitalitytech.com/pos-software-2011 on Aug. 17, 2023
1015	https://web.archive.org/web/20120506043919/http://www.agilysys.com/home/Hospitality/Solutions/infogenesis_pos.htm
1016	https://web.archive.org/web/20120506082635/http://www.agilysys.com/home/Hospitality/Solutions/SaaS.htm
1017	https://web.archive.org/web/20120506042637/http://www.agilysys.com/home/Hospitality/Solutions/eatec.htm
1018	https://web.archive.org/web/20101226144359/http://www.agilysys.com/home/Hospitality/Solutions/TMx.htm
1019	https://web.archive.org/web/20120504124828/http://download2.pc-america.com/info/RPE%20--%20Quick%20Service.pdf
1020	Levine and Van Wijk, Counting on Computers, Chain Store Publishing Company, 1980
1021	Alan Liddle, "Service staffs steamed over proposed Calif. Tip-share law", Nation's Restaurant News, Vol. 38, No. 15, April 12, 2004
1022	Dina Berta, "Operators tip hat to practice of holding gratuities until payday", Nation's Restaurant News, Vol. 38, No. 16, April 19, 2004
1023	D. Brown, Restaurant Manager's Handbook, Atlantic Publishing Group, 3rd Edition, 2003, pp. C16-14 to C16-20.

Exhibit No.	Description of Document
1024	Amended Joint Case Management Statement, <i>Gratuity Solutions, LLC v. Toast, Inc.</i> , No. 1:22-cv-11539, Dkt. No. 73 (D. Mass. Aug. 8, 2023)
1025	Electronic Order re Joint Motion to Modify the Schedule, <i>Gratuity Solutions, LLC v. Toast, Inc.</i> , No. 1:22-cv-11539, Dkt. No. 74 (D. Mass. Aug. 23, 2023)
1026	Barry M. Leiner et al., Brief history of the internet, Internet Society, 1997
1027	https://home.cern/science/computing/birth-web/short-history-web
1028	https://web.archive.org/web/20120506082635/http://www.agilysys.com/home/Hospitality/Solutions/SaaS.htm
1029	https://web.archive.org/web/20120506043142/http://www.agilysys.com/home/Hospitality/Solutions/
1030	Electronic Notice of Reassignment, <i>Gratuity Solutions, LLC v. Toast, Inc.</i> , No. 1:22-cv-11539, Dkt. No. 90 (D. Mass. Jan. 16, 2024)
1031	https://www.mad.uscourts.gov/boston/kobick.htm
1032	Electronic Notice of Markman Hearing, <i>Gratuity Solutions, LLC v. Toast, Inc.</i> , No. 1:22-cv-11539, Dkt. No. 91 (D. Mass. Jan. 19, 2024)
1033	LegalMetric Custom Report, Time from Hearing to Markman Ruling, District of Massachusetts, 2010 to October 2023

On January 16, 2024, the District Court Action was reassigned to Judge Julia E. Kobick, who recently joined the federal bench on November 13, 2023. Ex. 1030; Ex. 1031. On January 19, 2024, Judge Kobick reset the *Markman* hearing, originally scheduled for March 18, 2024, to May 6, 2024. Ex. 1032. This new hearing date is after March 29, 2024, the statutory deadline by which the Board will issue its institution decision in this proceeding. 35 U.S.C. § 314(b).

The parties simultaneously filed opening claim construction briefs on January 12, 2024. The case still remains in its very early stages. Even now, little discovery has occurred; notably, Patent Owner does not identify what “substantial discovery” has supposedly taken place. Paper 6 at 9. No depositions have been taken, and the only document Patent Owner has produced to date is a copy of the '050 patent file history. The deadline for serving opening expert reports is over five months away.

Fintiv factor 2, the trial date and the Board's statutory deadline, weighs against denial. While the District Court Action remains set for trial on March 24, 2025, that date is unlikely to hold. With the *Markman* hearing date moving to May, the rest of the case schedule—including expert reports, dispositive motions, and trial—will likely need to be adjusted as well to provide the Court sufficient time to issue its *Markman* decision. Indeed, in Massachusetts, the median time between a *Markman* hearing and the court issuing a *Markman* order is 4.1 months, while the average time is 8 months. Ex. 1033. Even assuming Judge Kobick, a new judge, takes just 4.1

months to issue a *Markman* order (i.e., in September 2024), all dates from opening expert reports to trial (Ex. 1024) likely will need to move by 3–4 months. With such a move, trial will occur well after the statutory deadline for a final written decision.

Fintiv factor 3 also weighs against denial, as there has been little investment by the Court in the District Court Action. Minimal discovery has occurred, and the Court has not yet issued a claim construction order. *Snap, Inc. v. SRK Tech. LLC*, IPR2020-00820, Paper 15 at (PTAB Oct. 21, 2020) (“Where the District Court has not issued claim construction orders and the discovery process is not yet complete, the remaining investment of time and effort likely necessary to bring co-pending litigation to trial appears to far outweigh that which has already been invested.”).

Patent Owner asserts that, under this factor, Petitioner's filing of the Petition near the statutory deadline also warrants denying institution. Paper 6 at 9–10. Patent Owner, however, did not identify the asserted claims until September 1, 2023. Ex. 1007 (Infringement Contentions). Petitioner then promptly filed the Petition on September 18, 2023, within weeks of learning that Patent Owner was asserting all 18 claims of the '050 patent. This fact weighs against denial. *Snap*, IPR2020-00820, Paper 15 at 11 (“If the evidence shows that a petitioner filed its petition expeditiously, such as promptly after becoming aware of the claims being asserted, this fact has weighed against denying institution.”).

Petitioner respectfully submits that the Board should institute IPR.

Date: January 30, 2024

Respectfully submitted,

/Sanjeet Dutta/

Sanjeet Dutta

Registration No. 46,145

Goodwin Procter LLP

601 Marshall Street

Redwood City, CA 94063

Email: sdutta@goodwinlaw.com

Tel: (650) 752-3100

Fax: (650) 853-1038

CERTIFICATE OF SERVICE

The undersigned certifies that a true and correct copy of the foregoing
Petitioner's Reply in Support of Petition for *Inter Partes* Review of U.S. Patent No.
9,741,050 has been served on the Patent Owner via email as indicated below:

Lead Counsel

Timothy Devlin, Reg. No. 41,706
Devlin Law Firm LLC
1526 Gilpin Avenue
Wilmington, DE 19806
Phone: (302) 449-9010
Fax: (302) 353-4251
TD-PTAB@devlinlawfirm.com
dlflitparas@devlinlawfirm.com

Back-Up Counsel

Alan Wright, Reg. No. 40,438
Devlin Law Firm LLC
1526 Gilpin Avenue
Wilmington, DE 19806
Phone: (302) 449-9010
Fax: (302) 353-4251
awright@devlinlawfirm.com

Dated: January 30, 2024

By: /Sanjeet Dutta/
Sanjeet Dutta
Registration No. 46,145
Goodwin Procter LLP
601 Marshall Street
Redwood City, CA 94063
Email: sdutta@goodwinlaw.com
Tel: (650) 752-3100
Fax: (650) 853-1038