IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF OKLAHOMA

DIETGOAL INNOVATIONS LLC,	)	
	)	
Plaintiff,	)	
	)	
-vs-	)	Case No. CIV-13-372-F
	)	
TACO MAYO FRANCHISE SYSTEMS, INC.,	)	
	)	
	)	
Defendant.	)	

ORDER

Before the court is Defendant Taco Mayo Franchise Systems, Inc.'s Motion for Attorneys' Fees (doc. no. 148). Plaintiff, DietGoal Innovations LLC, has responded and defendant has replied. Upon due consideration of these submissions and the submissions relating to supplemental authority, the court makes its determination.

I.

Plaintiff, DietGoal Innovations LLC ("DietGoal"), originally commenced this patent infringement action in the United States District Court for the Eastern District of Texas, Marshall Division. Upon motion by defendant, Taco Mayo Franchise Systems, Inc. ("Taco Mayo"), the case was transferred to this court, pursuant to 28 U.S.C. § 1404(a). In its complaint, DietGoal alleged that Taco Mayo's computer-implemented website, www.tacomayo.com, which has a computerized meal planning interface at http://tacomayo.com/Nutrition.aspx, infringed one or more claims of U.S. Patent 6,585,516 ('516 patent) in violation of 35 U.S.C. § 271. DietGoal sought damages, attorneys' fees and costs. Doc. no. 1.

Taco Mayo filed a motion under Rule 12(b)(6), Fed. R. Civ. P., seeking dismissal of this action on the basis that the '516 patent failed on its face to meet the

subject matter eligibility requirements of 35 U.S.C. § 101. Doc. no. 83. After Taco Mayo's motion was at issue, DietGoal filed a motion with the United States Judicial Panel on Multidistrict Litigation seeking to transfer 25 patent infringement actions involving the '516 patent, including this action, to the Eastern District of Texas for coordinated or consolidated pretrial proceedings pursuant to 28 U.S.C. § 1407(a). Taco Mayo and other defendants opposed DietGoal's motion. After a hearing on the matter, the judicial panel, in a written order, denied DietGoal's motion.

During the pendency of DietGoal's transfer motion under § 1407, the Supreme Court granted the petition for writ of certiorari in Alice Corporation Pty. Ltd. v. CLS Bank International, et al., Case No. 13-298, 134 S.Ct. 734 (Dec. 6, 2013). In light of the Supreme Court's granting of the petition and upon consideration of the Federal Circuit's statements in Ultramercial, Inc. v. Hulu, LLC, 722 F.3d 1335, 1339 (Fed. Cir. 2013), the court concluded that the § 101 analysis of the '516 patent should be addressed by way of summary judgment and denied Taco Mayo's Rule 12(b)(6) motion without prejudice. Doc. no. 104.

While this action was pending and after the Supreme Court issued its ruling in Alice Corporation Pty. Ltd. v. CLS Bank International, 134 S.Ct. 2347 (2014), Judge Engelmayer of the United States District Court for the Southern District of New York entered an order in DietGoal Innovations LLC v. Bravo Media LLC (Division of NBC Universal Media, LLC), Case No. 13-cv-8391 (PAE), holding that the '516 Patent was invalid on the ground it was drawn to patent-ineligible subject matter under 35 U.S.C. § 101.[1] In light of the ruling, DietGoal, in this action, filed an Opposed Motion to Stay, requesting the court stay the action pending resolution of plaintiff's appeal to the Federal Circuit from Judge Engelmayer's ruling. Doc. no. 123. Shortly thereafter,

[1] The ruling has been affirmed by the Federal Circuit. *See*, ex. 1 to Defendant Taco Mayo Franchise Systems, Inc.'s Notice of Development in Related Litigation. Doc. no. 166.

Taco Mayo filed a Motion for Judgment on the Pleadings Based on Collateral Estoppel. Doc. no. 127. Upon review of the parties' submissions, the court entered an order denying Dietgoal's motion to the extent it requested a stay pending resolution of the appeal and granted Taco Mayo's motion. Doc. no. 141. On the same day, the court entered judgment in Taco Mayo's favor. Doc. no. 142.

III.

In the instant motion, Taco Mayo, pursuant to 35 U.S.C. § 285, seeks an order from the court declaring this case to be an "exceptional case," thereby entitling it to an award of reasonable attorneys' fees and nontaxable costs. Taco Mayo states that under recent Supreme Court authority, Octane Fitness, LLC v. Icon Health & Fitness, Inc., 134 S.Ct. 1749, 1756 (2014), an exceptional case is simply one that stands out from others with respect to the substantive strength of a party's litigating position, considering both the governing law and the facts of the case, or the unreasonable manner in which the case was litigated. Taco Mayo posits that this case qualifies as an exceptional case because DietGoal's infringement claims were frivolous and objectively unreasonable. According to Taco Mayo, DietGoal litigated this case based upon a patent that was not only invalid, but also, facially inapplicable to Taco Mayo's nutrition calculator webpage. In addition, Taco Mayo argues that this is an exceptional case because DietGoal litigated this case in an unreasonable, vexatious, wasteful, and predatory manner. Taco Mayo specifically argues that DietGoal implemented litigation strategies designed to extract a nuisance value settlement. Further, it argues that DietGoal engaged in inequitable conduct before the US Patent and Trademark Office by making fraudulent statements to support claims of priority with respect to the '516 patent and by failing to disclose prior art during the reexamination process.

DietGoal, in response, argues that its infringement claims were neither frivolous nor objectively unreasonable. According to DietGoal, Taco Mayo misrepresents the nature of its infringement claims. DietGoal asserts that its infringement claims were not limited to Taco Mayo's nutrition calculator. DietGoal maintains that Taco Mayo's website contains the elements of "picture menus," "meal builder" and "customized eating goals," with the latter being construed by the court in the Eastern District of Texas to mean "computer implemented, user-specific, dietary objectives." Also, DietGoal points out that the Eastern District court has rejected similar arguments raised by Taco Mayo and found that analogous patent infringement claims were not frivolous or objectively baseless. In addition, DietGoal maintains that its conduct in initially filing this lawsuit in the Eastern District of Texas and then seeking to consolidate the dozens of related lawsuits that were pending in a half-dozen different districts in the Eastern District of Texas was not improper. As to the filing of the action in the Eastern District of Texas, DietGoal points out that it is a Texas limited liability company and that Taco Mayo has three stores in Texas. Also, it asserts that while it sought to delay this court's decision on Taco Mayo's motion to dismiss until after claim construction, the court ultimately decided that claim construction might be helpful in deciding whether the '516 patent satisfied the subject matter eligibility requirements of § 101. In addition, DietGoal points out that it did not oppose Taco Mayo's motion to amend its pleadings to allege the collateral estoppel defense and that it sought a stay of this action pending its appeal of the New York decision. DietGoal further asserts that Taco Mayo's allegations of inequitable conduct by the inventor of the '516 patent and one of its members before the Patent and Trademark Office is not supported by clear and convincing evidence.

In reply, Taco Mayo argues that despite DietGoal's arguments, its claims were objectively unreasonable. Taco Mayo points out that DietGoal's complaint only

referenced the nutrition calculator on its website as the basis for its claims. As to DietGoal's invalidity contentions, which were later served in the action, Taco Mayo recognizes that they referenced the menu page of its website but argues that the menu page does not contain photographs of "meals" and further denies that DietGoal could utilize several separate pages of its website to claim infringement. It also contends that its menu and nutrition calculator pages do not provide an opportunity for a user to enter any "computer-implemented, user-specific dietary objectives" and thus the customized eating goals limitation does not apply. Taco Mayo additionally points out that even though the Eastern District court declined to impose sanctions against DietGoal because it was not prepared to say that DietGoal's position was wholly frivolous, that court's ruling does not provide a specific finding of objective reasonableness for purposes of its motion. In addition, Taco Mayo asserts that DietGoal's justification for its repeated efforts to litigate the case in the Eastern District of Texas is based upon erroneous information. According to Taco Mayo, it does not own any of referenced Texas stores, and in any event, none of the stores are located within the Eastern District of Texas. Taco Mayo also maintains that DietGoal has no meaningful connection to the Eastern District of Texas in that it only operates out of the equivalent of a post office box in Austin, Texas and has no telephone number or business address. It further points out that Austin is not located within the Eastern District of Texas. Furthermore, Taco Mayo asserts that DietGoal was not required to seek the Eastern District of Texas as a venue for the attempted pretrial consolidation. Taco Mayo asserts that it was required to expend significant resources to oppose the return of the action to the Eastern District of Texas when the case had recently been transferred from that district to the Western District of Oklahoma. According to Taco Mayo, DietGoal's repeated attempts to litigate this action in the Eastern District of Texas, a forum with no connection to the parties, was a facet of its

predatory strategy. Taco Mayo also points out that DietGoal continued to litigate this action despite adverse rulings in related cases in the Eastern District of Texas and the Southern District of New York.

IV.

Pursuant to 35 U.S.C. § 285, the court may award reasonable attorney's fees to the prevailing party in "exceptional cases." In Octane Fitness, *supra*., the Supreme Court held that:

> an "exceptional" case is simply one that stands out from others with respect to the substantive strength of a party's litigating position (considering both the governing law and the facts of the case) or the unreasonable manner in which the case was litigated.

134 S.Ct. at 1756. In addition, the Court instructed that "[d]istrict courts may determine whether a case is 'exceptional' in the case-by-case exercise of their discretion, considering the totality of the circumstances." *Id*.

In determining whether to award fees, the Court suggested that district courts consider a "nonexclusive" list of factors, including "frivolousness, motivation, objective unreasonableness (both in the factual and legal components of the case) and the need in particular circumstances to advance considerations of compensation and deterrence." Octane Fitness at 1756 n. 6 (quoting Fogerty v. Fantasy, Inc., 510 U.S. 517, 534 n. 19 (1994)). The Court also stated that "a district court may award fees in the rare case in which a party's unreasonable conduct–while not necessarily independently sanctionable–is nonetheless so 'exceptional' as to justify an award of fees." Octane Fitness, 134 S.Ct. at 1756-1757. In addition, the Court stated that "a case presenting either subjective bad faith or exceptionally meritless claims may sufficiently set itself apart from minerun cases to warrant a fee award." *Id*. at 1757.

The standard of proof for entitlement of fees under § 285 is the preponderance of the evidence. Octane Fitness, 134 S.Ct. at 1758. Finally, district court's determination of whether to award fees under § 285 is reviewed for abuse of discretion. Highmark Inc. v. Allcare Health Mgmt Sys., 134 S.Ct. 1744, 1749 (2014).

V.

As the judgment entered in this case was based upon the collateral effect of Judge Engelmayer's decision, this court has made no rulings on the merits of DietGoal's claims of infringement. Nonetheless, Taco Mayo argues, in support of its motion, that Dietgoal's claims were frivolous and objectively unreasonable, thus subjecting DietGoal to a fee award under § 285.

Specifically, Taco Mayo asserts that each claim of the now-invalid '516 patent required either a "Meal Builder" or "Picture Menus" or both, that operate in conjunction with "customized eating goals" to allow a user to modify his or her behavior. Taco Mayo asserts that its nutrition calculator has no picture menus or meal builder. Nor, Taco Mayo asserts, does the nutrition calculator reflect "any computer-implemented, user-specific dietary objectives." According to Taco Mayo, the nutrition calendar only allows the user to view the numerical amount of certain nutrients in the selected food item or items. Thus, Taco Mayo contends that DietGoal's claims against it were objectively unreasonable.

DietGoal counters that its claims were not limited to Taco Mayo's nutrition calculator. According to DietGoal, Taco Mayo's webpages at http://www.tacomayo.com/Nutrition.aspx, http://www.tacomayo.com/menu.aspx, and their associated pages, together constituted an infringing "system of computerized meal planning." DietGoal's response, p. 5. DietGoal asserts that while "meal builder" or "picture menus" and "customized eating goals" are elements of the claims of the '516 patent, there is no requirement that the meal builder or picture menus "operate

in conjunction with" the "customized eating goals." *Id*. at 6. Further, DietGoal maintains that the accused Taco Mayo's webpages contain each of these elements.

In reply, Taco Mayo argues that the complaint referenced only the nutrition calculator and while DietGoal's invalidity contentions referenced the menu section of Taco Mayo's website, that menu section does not contain meals. It also argues that DietGoal should not be permitted to cobble together several separate pages of Taco Mayo's website for purposes of its claims. Further, Taco Mayo argues that the screenshot of its menu page bears little resemblance to the figures in the '516 patent. Finally, Taco Mayo contends that no element of its website includes any "computer-implemented, user-specific dietary objectives."

Upon review, the court is not satisfied that Taco Mayo has shown that DietGoal's infringement claims are frivolous or objectively unreasonable. It appears that DietGoal's claims were not limited to Taco Mayo's nutrition calculator. Although Taco Mayo challenges DietGoal's ability to utilize several separate pages of its website to establish its claims, it does not cite any authority to indicate that DietGoal is restricted in that way. And while Taco Mayo denies that its menu page does not contain photographs of a "meal," the court is not convinced that DietGoal's argument that it falls within the "picture menus" element as construed by the Eastern District of Texas is frivolous or objectively unreasonable. The court likewise is not convinced that DietGoal's position that the Taco Mayo website satisfies the "meal builder" limitation which, has been construed to "allow[] the user to create or change a meal and view the meal's impact on customized eating goals," is lacking in merit. Further, the court is not satisfied that its position that there is no requirement in the claim language for a user to enter his or her "user-specific dietary objectives" in order for the "customized eating goals" limitation to be met is frivolous and objectively unreasonable.

In sum, without deciding whether Taco Mayo's arguments would have been successful if tested on summary judgment or at trial, the court cannot conclude that DietGoal's position with regard to the "picture menus," "meal builder," and "customized eating goal" limitations is frivolous or objectively unreasonable.[2]

VI.

Next, Taco Mayo argues that this case is also exceptional because of the unreasonable manner in which it was litigated. However, upon review, the court concludes that Taco Mayo has failed to establish that DietGoal's litigation conduct was unreasonable. Although the Eastern District of Texas, upon motion by Taco Mayo, transferred the case to this district as a "clearly more convenient forum," it nonetheless ruled that the Eastern District of Texas was a "proper" venue for the case. Doc. no. 75. The court sees nothing unreasonable in DietGoal's opposition to the transfer motion under 28 U.S.C. § 1404(a) or in DietGoal's request, after the transfer to this district, for an order from the United States Judicial Panel on Multidistrict Litigation to coordinate or consolidate pretrial proceedings of all of its numerous cases in the Eastern District of Texas pursuant to 28 U.S.C. §1407(a). It had filed numerous cases in the Eastern District of Texas and several cases, like the instant case, were being transferred to other districts, including the Southern District of New York and the Eastern District of Virginia. The court is not satisfied that it was unreasonable for DietGoal to desire to seek to conduct pretrial proceedings for 25 cases in one forum, even if this action had already been transferred.

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[2] Although Taco Mayo, in its motion, does not seek an "exceptional" finding based upon the fact that the '516 patent was invalid under the § 101, the court notes that the United States District Court for the Eastern District of Virginia in DietGoal Innovations LLC v. Wegmans Food Markets, Inc., et al., Case No. 13-cv-154, recently concluded that DietGoal's positions on its patent were not objectively unreasonable. *See*, Memorandum Opinion & Order, doc. no. 230.

The court also concludes that DietGoal's actions in (1) advocating the court to conduct claim construction before ruling on the motion to dismiss, (2) not voluntarily dismissing this action after the claim construction order in the Eastern District of Texas and (3) seeking a stay pending appeal of Judge Engelmayer's decision, were not unreasonable. The court, in denying Taco Mayo's motion to dismiss without prejudice, had concluded that claim construction might be helpful in determining whether '516 patent satisfied the subject matter eligibility requirements of § 101. In addition, while the Eastern District of Texas made a claim construction determination which Taco Mayo believed foreclosed DietGoal's infringement claims, the court cannot say it was unreasonable for DietGoal to conclude that it could prove its claims under the construction provided by that court. Further, the court has not found that DietGoal's claims were so lacking in merit that DietGoal was legally obligated to abandon its case against Taco Mayo. If its infringement claims were not frivolous or objectively unreasonable, DietGoal was entitled to pursue those claims. Medtronic Navigation, Inc. v. BrainLAB Medizinische Computersysteme GmbH, 603 F.3d 943, 954 (Fed. Cir. 2010). Further, although the court denied DietGoal's motion to stay, the court finds that it was not unreasonable for DietGoal to seek a stay of this action in order to avoid the costs of arguing the issue of collateral estoppel, while it was attempting to prosecute its appeal of the Southern District of New York decision.

Finally, the court concludes that the decision in Lumen View Technology, LLC v. Findthebest.com, Inc., 24 F. Supp. 3d 329 (S.D.N.Y. 2014), cited by Taco Mayo, is distinguishable and does not require a finding that this case is exceptional. Although the plaintiff in that case, like DietGoal, was a patent holding "Non Practicing Entity," *id*. at 331, that had acquired a patent and instigated numerous lawsuits, the court in that case found the plaintiff's case on the merits was such that "no reasonable litigant could have expected success on the merits." *Id*. at 335. Here,

the court has not found DietGoal to have pursued a meritless infringement claim. Moreover, aside from the fact that DietGoal filed a number of substantially similar lawsuits within a short time frame, the facts supporting the court's decision relating to the "motivation" and "deterrence" prongs suggested by Octane Fitness are not present in the instant case. The court therefore does not find that the Lumen View case supports a finding of justification for an attorney fee award under § 285. DietGoal's litigation conduct does not "beg" for deterrence or compensation as argued by Taco Mayo.

In sum, the court, on the record before it, finds that Taco Mayo has failed to sufficiently demonstrate that DietGoal litigated this action in an unreasonable, vexatious or predatory manner.

VII.

In its papers, Taco Mayo additionally argues that DietGoal engaged in inequitable conduct before the Patent and Trademark Office. The Federal Circuit has concluded that a prevailing party may prove the existence of an exceptional case by showing inequitable conduct before the Patent and Trademark Office. Brasseler, U.S.A. I, L.P. v. Stryker Sales Corp., 267 F.3d 1370, 1380 (Fed. Cir. 2001).

Specifically, Taco Mayo argues that the inventor of the subject matter of the '516 patent and one of DietGoal's members made fraudulent statements to the Patent and Trademark Office to support DietGoal's claims to priority with respect to the '516 patent. It also argues that the inventor failed to disclose prior art to the Patent and Trademark Office during the reexamination process.

With respect to the first argument, Taco Mayo has failed to satisfy the court that DietGoal and the inventor's statements regarding the "unintentional" delay in filing the claim to priority were fraudulent. In the court's view, the record presented by

Taco Mayo does not establish that DietGoal and the inventor had any intent to deceive.

As to the second argument – failure to disclose reference to the "Body Fun program – the court again finds that the evidence is not sufficient to show that DietGoal withheld evidence from the Patent and Trademark Office with an intent to deceive.

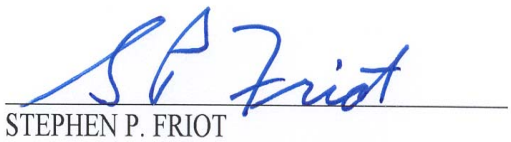
Further, the court notes that these arguments were raised by Tyson Foods, Inc., in a similar motion filed with the Eastern District of Texas seeking fees under 35 U.S.C. § 285 against DietGoal, and the court in that case found those arguments insufficient. *See*, DietGoal Innovations, Inc. v. Chipotle Mexican Grill, Inc., 12-cv-764-WCB (doc. no. 145).

In sum, Taco Mayo has failed persuade the court that DietGoal engaged in inequitable conduct so as to warrant a finding that this case is "exceptional" for purposes of § 285.

VIII.

After consideration of the parties' arguments, the court concludes that this action is not an "exceptional" case warranting an award of attorney fees under 35 U.S.C. § 285. Accordingly, Defendant Taco Mayo Franchise System, Inc.'s Motion for Attorneys' Fees (doc. no. 148) is **DENIED**.

DATED September 14, 2015.



STEPHEN P. FRIOT
UNITED STATES DISTRICT JUDGE

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