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AMERANTH, INC

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF CALIFORNIA

AMERANTH INC. Plaintiff, v. BRINK SOFTWARE, INC., a California corporation; and PAR TECHNOLOGY CORPORATION, a Delaware corporation, Defendants. AND RELATED CROSS-COMPLAINT	Case No. 3:25-cv-02302-RSH-BLM **PLAINTIFF AMERANTH, INC'S MEMORANDUM OF POINTS & AUTHORITIES ISO MOTION TO REMAND, TO DISMISS CROSS-COMPLAINT, AND TO STRIKE AFFIRMATIVE DEFENSES AND CROSS- COMPLAINT** Complaint Filed: July 23, 2025 PER CHAMBERS RULES, NO ORAL ARGUMENT UNLESS SEPARATELY ORDERED BY THE COURT

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I. INTRODUCTION[1]

This case is before this Court as a result of the improper removal from the California State Court of a simple, straightforward state law breach of contract action. The subject of the Complaint, Doc. No. 18, is a fully executed contract that does not depend on any patent issues and which has been in place for more than fourteen (14) years. Under the contract, which resolved, by compromise, a patent and trade secret dispute, Ameranth provided a license, release and covenant not to sue in exchange for Brink's payment of reasonable running royalties based upon the use of Brink's products in the hospitality field of use (the "Brink Agreement" (Compl. Exh. A)). Pursuant to this Brink Agreement, Brink, and later (post-merger) its successor in interest PAR, continuously made quarterly reports and royalty payments to Ameranth from January 2015 through the quarter ending December 31, 2019, and then abruptly stopped such reports and payments in April 2020 without notice or explanation. Based upon the clear and plain language of the Brink Agreement there are no patent issues of validity, infringement or enforceability involved in Ameranth's suit which has been brought solely to enforce the payment terms of that contract. As such, PAR/Brink had no right to remove this case to federal court and it should be remanded to the state court in which it was filed.

Utterly ignoring the law and distorting facts in a desperate attempt to concoct an argument to invoke this Court's jurisdiction where none exists, PAR/Brink improperly alleges a plethora of "patent defenses" in its Answer to the state court Complaint. Doc. No. 1-3. None of them, however, are appropriate or relevant to, or otherwise impact, the sole question presented by the Complaint: whether PAR/Brink is required to pay the running royalties under the Brink Agreement for the limited time period of past use from March 15, 2022 until June 26, 2025.

In addition, PAR/Brink has also filed a massive cross-complaint that is

[1] All internal citations and quotations are omitted and emphasis is added, unless stated otherwise.

essentially duplicative counterclaims unlawfully seeking declaratory judgements of non-infringement, invalidity and unenforceability related to no less than six patents owned by Ameranth. Doc. No. 1-4. These claims, however, lack any "case or controversy." There are no pending patent infringement actions, and no current or future threats of such actions, by Ameranth against PAR/Brink related to any of the enumerated patents. And like the superfluous patent-related defenses included in their Answer, none of these counterclaims can have any impact upon the only issue raised in the Complaint: whether PAR/Brink is obligated to pay the royalties owed under the Brink Agreement. As such, there is no "case or controversy" that would provide PAR/Brink with standing to bring these unwarranted claims, thus depriving this Court of subject matter jurisdiction. PAR/Brink's Cross-Complaint should be dismissed in its entirety on this ground alone.

PAR/Brink does not stop there. In a further attempt to obfuscate and divert the Court from the simple contract enforcement action that is the lone subject of Ameranth's Complaint, PAR/Brink abuses the use of a cross-complaint to malign Ameranth. For example, instead of providing a clear and simple statement of its purported "claims," the Cross-Complaint is filled with pages of false and defamatory narratives, unsupported hyperbole, derogatory adjectives, and wholly irrelevant matter concerning agreements, facts and entities not involved in any way in this contract dispute – all in a blatant attempt to discredit Ameranth. These inappropriate, unnecessary and immaterial "allegations" are clearly intended to serve as a public "press release" to incite bias and prejudice, and as such, directly contravenes the very tenants of pleading, has been soundly rejected by the courts, and violates basic ethical obligations.

In addition, PAR/Brink attempts to improperly bring into the dispute an additional license agreement between Ameranth and PAR that existed and was separately executed long before PAR acquired Brink ("PAR License"). This separate PAR License is not at issue in this case. In addition, Ameranth has not alleged breach of the PAR License and/or made any attempt to enforce any of its terms. The PAR

License also has distinct terms, including a specific covenant not to sue. Consequently, neither the PAR License nor any of its terms are put at issue in any way by Ameranth's Brink Agreement contract claims.

This obvious abuse of the pleading process is in direct conflict with Rule 11. PAR/Brink and their counsel know better than to make these improper allegations, which have no basis under the law and allege patently false and unsupported statements of fact, as set forth in detail below.

In sum, the patent-related defenses set forth in PAR/Brink's Answer to the Complaint should be stricken as immaterial to the contract claims of the Ameranth Complaint, which do not raise patent issues; the PAR/Brink Cross-Complaint asserting claims for declaratory judgement and making inappropriate and immaterial allegations should be dismissed with prejudice as lacking any case or controversy, or alternatively, stricken; and this case should be remanded to the California State Court to address Ameranth's contract claims.

II. STATEMENT OF FACTS

Beginning in 1999, Ameranth developed, tested and deployed multiple restaurant/hospitality hosted products, and developed a prototype hosted point-of-sale ("POS") software system in 2007 and 2008. Compl. ¶ 12. By 2008, Ameranth had deployed many of these products to thousands of customer locations and had been awarded more than ten prestigious industry awards for its many innovations. Compl. ¶ 13. In 2008, after being granted several patents on its innovations, Ameranth decided to focus its resources on licensing its intellectual property rather than developing new products. Compl. ¶ 12-13. Ameranth nevertheless maintained some product development and technical support for its existing products, some of which remain deployed and operational today. Compl. ¶ 13. Ameranth also has spent the past two years developing a new AI based product – MyAI Concierge – which is now undergoing

operational testing with an expected full product release in Q-1, 2026.[2] Compl. ¶ 13.

Brink was formed in 2008 by four former Ameranth employees – Paul Rubin, Mike Demler, Brett Clapham and Rick Elliot – to provide POS software to restaurant clients. Compl. at ¶ 14. Ameranth was unaware of Brink's existence and business purpose until Paul Rubin emailed Ameranth's President and founder, Keith McNally, on March 4, 2011, saying "I wanted to call you to catch up but I appear to have misplaced your number. . . . Could you let me know how I could best reach you or would you give me a call?" McNally Decl. Exh. A[3]; Compl. ¶ 16;. When Mr. McNally and Mr. Rubin met in person and spoke shortly thereafter, Mr. Rubin first informed Mr. McNally of the existence of Brink and that Mr. Rubin and the other former Ameranth engineers had started Brink to commercialize a POS product that would be called "Brink POS." Prior to this admission, neither Mr. McNally, nor anyone at Ameranth, were aware of the existence of Brink. Compl. ¶ 16. To Mr. McNally's surprise, Mr. Rubin acknowledged that he and the other former Ameranth engineers had taken Ameranth's proprietary source code with them when they left, and that the Brink POS product was built using the source code for Ameranth's 2007/2008 POS prototype for which Mr. Rubin had been the development lead while at Ameranth until June 2008, and other Ameranth intellectual property. Compl. ¶ 15. For at least these reasons and others, for example because Mr. Rubin was a co-inventor of Ameranth patent no. 6,982,733, Mr. Rubin knew and acknowledged that Brink needed a license and requested that Brink be provided one that would allow Brink to use Ameranth's trade secrets, patents and intellectual property free from any legal concerns. McNally Decl. Exhs. B-D.

By September 2011, the parties were negotiating the terms of the license and Brink requested a term sheet to memorialize the state of negotiations. McNally Decl.

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[2] https://www.myaiconcierge.com/.

[3] Exhibits cited in this brief are attached to the Declaration of Keith R. McNally ("McNally Decl."), concurrently filed, unless otherwise specified. These attached exhibits are integral to and confirm Ameranth's allegations made in its Complaint.

Exh. C. On September 9, 2011, Mr. McNally sent the requested term sheet to Brink, which he tailored to meet Brink's licensing needs and included several terms favorable to Brink. For example, Mr. McNally "revised [the term sheet] to accommodate [Brink's] individual change requests" and "encompass [Brink's] trade secrets licensing needs." *Id.* The license terms also deferred all running royalty fees until January 2013 to assist Brink's initial growth, and Ameranth adjusted the payment schedule to accommodate Brink's status as a startup with limited initial revenue and cash on hand. In this regard Mr. McNally noted that the term sheet "spread the $175 [per handheld unit] payments over six months, to let you gain a little sales revenue" and "waived the normal 'back office' fee." *Id.* When Brink requested additional accommodations, Mr. McNally agreed to further adjust the payment requirements. *Id.* Brink additionally asked that the lump sum payment be split over two dates, to which Ameranth also agreed. *Id.* Brink also specifically requested, and Mr. McNally agreed to provide, in light of Brink's intent to utilize Ameranth's trade secrets, "a release from Ameranth since the guys once worked there. It would make sense to have one final settlement for all our business issues." McNally Decl. Exh. E.

When Mr. McNally provided a draft agreement based on the agreed-upon terms, he assuaged Brink's concerns that its use of Ameranth's trade secrets would also be addressed in the license and closed by "wishing Brink much success ahead" after these cooperative negotiations. McNally Decl. Exh. D. The parties executed the contract on that same day, resolving any potential trade secret and patent disputes in exchange for the payment of royalties based upon the use of the Brink POS product. Confirming the deal's fairness and that Ameranth had endeavored to accommodate Brink's requests and needs, including those related to cash-flow, Mr. Rubin then sent Mr. McNally an e-mail expressing his personal gratitude. McNally Decl. Exh. C.

The Brink Agreement provided definitions in § 1, including those set forth below:

> 1.2 ***"Field of Use"*** shall mean use for customer/consumer online/mobile and/or call center food/drink ordering and/or menu hosting. Staff/employee use within a restaurant or other hospitality establishment is included at a different

> and special license price as indicated. Call center (off site) staff usage is within the Field of Use.
>
> 1.3 ***"Licensed Patents"*** shall mean United States Patent Nos. 6,384,850; 6,871,325, and 6,982,733; all reissues and reexaminations of any of the foregoing patents and all patents claiming priority from any application from which any of the foregoing patents issued (including counterparts, divisionals, continuations, continuations-in-part, substitutions, and renewals). Licensed Patents shall not include any Ameranth applications or patents outside the family which includes the patents listed herein.

Compl. Exh. A at §§ 1.2, 1.3. Neither the definition of "Licensed Patents" nor the definition of "Field of Use," which is not in any way based on any patents, require a court to interpret the Licensed Patents, construe any claims of the Licensed Patents, or determine whether Defendants perform activities falling within the scope of the claims of any Licensed Patent.[4]

The Brink Agreement required Brink to make quarterly running royalty payments beginning January 1, 2013 for Brink's "online/mobile food/drink ordering/menu hosting system/service." *Id.* at § 5.2 ("Brink shall pay Ameranth an ongoing royalty for Brink's online/mobile food/drink ordering/menu hosting system/service for the period beginning January 1, 2013 in the amount of: . . . ."). Thus, as agreed upon by the parties,

[4] The definition of "Licensed Patents" in the Brink Agreement materially differs from the definition in the license agreement at issue in *Ameranth, Inc. v. ChowNow, Inc.*, Case No.: 3:20-cv-02167-BEN-BLM, 2021 WL 3686056 (S.D. Cal. Aug. 19, 2021), a case where the court determined that patent interpretation was required to determine if royalties were owed. The definition of "Licensed Patents" in the agreement at issue in the *ChowNow* case stated "Licensed Patents shall also include any patent or application owned, filed, or acquired by Ameranth ***where the practice of the inventions claimed therein would apply to ChowNow's operations in the Fields of Use***." McNally Decl. Exh. J at § 1.3. The *ChowNow* court subsequently found that "royalty obligations are contingent upon Defendant practicing the Licensed Patents [at issue] within the designated Field of Use, which would require the Court to interpret the Licensed Patents as well as whether Defendant performs activities falling within the scope of their claims." 2021 WL 3686056, at *10. In other words, for ChowNow to be obligated to pay a royalty, it had to infringe Ameranth's patents within the specified Field of Use, which required patent interpretation, contrary to the facts in this case.

and consistent with a license that included trade secrets, running royalty payments were not tied to any patent infringement requirement. The Brink Agreement also specified the term, *id.* at § 6.1, and provided for royalty payments to stop if "all claims of Ameranth's Licensed Patents are finally held invalid and/or the patents are held to be unenforceable (after all appeals are exhausted) prior to the date that such fees are otherwise due to Ameranth under this Agreement." *Id.* at § 5.3. And no refunds are permitted "in any circumstances." *Id.*

Pursuant to this Brink Agreement, Brink, and later (post-merger) its successor in interest PAR, made quarterly reports and royalty payments to Ameranth continuously from January 2015 through the quarter ending December 31, 2019, and then abruptly stopped such reports and payments in April 2020 without notice or explanation. Compl. ¶¶ 29, 31-32; Compl. Exh. F. PAR had earlier confirmed that it is the successor in interest to the Brink Agreement when PAR's corporate counsel admitted in its January 2015 quarterly report that the reports were being transitioned from Brink to PAR "[p]er the patent license agreement with Brink Software, Inc. dated September 30, 2011." McNally Decl. Exh. I.

Ameranth reached out to Brink in early 2020 regarding Brink's missed payments. Compl. ¶ 33; Compl. Exh. G. Brink/PAR's response was to provide multiple clearly erroneous excuses for ceasing royalty payments. For example, in an April 30, 2020 email, Brink/PAR expressed the erroneous position that "[t]he only patents that qualify as 'Licensed Patents' in the Brink license agreement are U.S. Patent Nos. 6,384,850, 6,871,325, and 6,982,733." Compl. Exh. H. However, a cursory reading of the Brink Agreement shows that the "Licensed Patents" are not so limited. In particular, the Brink Agreement defines "Licensed Patents" not only as including "United States Patent Nos. 6,384,850; 6,871,325, and 6,982,733," but also as including "all reissues and reexaminations of any of the foregoing patents and all patents claiming priority from any application from which any of the foregoing patents issued (including counterparts, divisionals, continuations, continuations-in-part, substitutions, and renewals)." Compl.

Exh. A at § 1.3.

In the April 30, 2020 email, Brink/PAR took the erroneous position that "Ameranth's right to collect royalties ends upon the expiration and/or invalidation of the 'Licensed Patents' (that was on January 29, 2018)." This statement flies in the face of Defendants' own contemporaneous actions. Not only were the required license fees paid *after* January 29, 2018 (throughout 2018 and 2019), but PAR/Brink also continued to comply with the marking requirement set forth in the Brink Agreement at § 4.2 and marked their Brink POS product with the Licensed Patents, including U.S. Patent No. 8,146,077, which did not expire in 2018 but continued in effect. Compl. ¶ 40. In fact, Brink marked its Brink POS products with the Licensed Patents until at least the middle of 2025. *See, e.g.,* Compl. Exh. J at p. ii, Exh. K at p. ii, Exh. L at p. ii, Exh. M at p. ii, Exh. N at p. ii, Exh. O at p. ii, Exh. P at p. ii.

Ameranth's counsel sent a letter to Brink on September 11, 2020 requesting that PAR/Brink engage in non-binding mediation as the next step in seeking royalty payment compliance under § 9.2.2 of the contract. Compl. Exh. G. PAR/Brink agreed and the parties attempted to mediate their dispute on January 19, 2021, though no agreement was reached. While the validity of some of the Licensed Patents were being challenged in lawsuits at that time, Ameranth reminded Defendants that Ameranth had patent applications pending at the U.S. Patent and Trademark Office and that it intended to file further related patent applications that, when issued, would become "Licensed Patents" under the Brink Agreement. Compl. ¶¶ 35-36. PAR's August 2021 *Lear* notice as to U.S. Patent No. 10,970,797 further confirms that PAR/Brink knew this later-issued patent is included under the Brink Agreement's definition of Licensed Patents and the obligation to pay the mandated royalties continued. Compl. ¶ 39.

Subsequently, U.S. Patent Nos. 11,276,130 (the "'130 patent"), 11,842,415 (the "'415 patent"), 11,847,587 (the "'587 patent"), and 12,293,425 (the "'425 patent") issued to Ameranth on March 15, 2022, December 12, 2023, December 19, 2023, and May 6, 2025, respectively. However, PAR/Brink did not provide a *Lear* notice at that time

directed to any of these four patents, all of which are Licensed Patents under the Brink Agreement.

The '425 Patent, the final patent of the Licensed Patents as defined in the Brink Agreement, issued on May 6, 2025. In compliance with the Brink Agreement, Ameranth's Chairman and Chief Executive Officer Vern Yates sent a letter dated June 10, 2025 to the Chief Executive Officer of PAR, Savneet Singh, regarding the past royalty payments owed under the Brink Agreement based on the '130. '415, '587, and '425 patents, and Ameranth requested a management discussion under § 9.2.2 of that agreement. Compl. ¶ 58; Compl. Exh. B. On June 27, 2025, PAR rejected Ameranth's request for these contractually required management discussions and responded to Ameranth's letter by asserting, for the very first time, that Brink had not sold or licensed any products "in at least the last five years" (Compl. Exh. C), despite the fact that PAR/Brink continued to mark their licensed Brink products with the Licensed Patents during the entire five-year period. *See, e.g.,* Compl, Exh. J at p. ii, Exh. K at p. ii, Exh. L at p. ii, Exh. M at p. ii, Exh. N at p. ii, Exh. O at p. ii, Exh. P at p. ii.

Brink/PAR also again erroneously asserted that the license had somehow automatically "expired" in January 2018 by its "terms." However, the Brink Agreement contains no such automatic termination or expiration provision and neither Ameranth nor PAR/Brink took any actions to terminate the contract.[5] Compl. ¶ 59. Further contradicting its baseless position that the license had expired back in January 2018, more than seven years later, on June 27, 2025, PAR, for the very first time, provided *Lear* notice with respect to the '130, '415, '587, and '425 Patents. Compl. Exh. C. In addition, despite their claim to the contrary, as alleged in ¶¶ 40-52 of the Complaint, Defendants have continuously sold the Brink POS system and service during that five-year period after January 2018, and merely rebranded Brink POS as PAR POS in 2024 after losing the right to use the "BRINK POS" trademark. Compl. ¶¶ 52-53; Compl.

[5] The Brink Agreement's term is "for the life of the Licensed Patents." Compl. Exh. A at § 6.1.

Exh. W.

The Present Lawsuit

Because Defendants' June 27, 2025 *Lear* notice does not eliminate Defendants' obligation to pay royalties for the time period before the *Lear* notice, Ameranth filed the Complaint in this case in California State Court seeking payment of pre-*Lear* royalties required under the Brink Agreement. Despite the fact that Ameranth's state court Complaint sought only pre-*Lear* royalties owed under the contract, and did not raise any patent law issues, PAR/Brink answered the Complaint with several irrelevant patent-related affirmative defenses, and filed a separate cross-complaint seeking multiple declaratory judgments that several of the Licensed Patents (and patents not even covered by the Brink Agreement) are invalid, not infringed and unenforceable.

Defendants' Cross-Complaint claims are notable for their gratuitous, slanderous and false statements about Ameranth, which are a bald-faced effort to denigrate Ameranth's character as the licensor and patent owner. For example, Defendants refer to Ameranth by the derogatory terms "patent troll" and "non-practicing entity," Cross-Compl. ¶ 5, while fully knowing of Ameranth's history of developing and selling many revolutionary products, both in past years and currently.

The Cross-Complaint repeatedly uses inappropriate and inflammatory language to make false accusations. It alleges, without supporting facts, that Ameranth President Keith McNally, in seeking to license his company's patents, "accosted," "intimidated," "threatened" and "bullied" another entity completely unrelated and irrelevant to this case – ChowNow – and its executives. Cross-Compl. ¶¶ 51, 56, 66, 68, 81, 82. Defendants also use derogatory hyperbole, stating that Ameranth filed a patent infringement action against that same unrelated party "before ChowNow executives even had a chance to unpack from the NRA Show." Cross-Compl. ¶ 52. The ChowNow patent infringement lawsuit and the license agreement between Ameranth and ChowNow are not the subject of Ameranth's contract case and are only addressed by PAR/Brink for untoward reasons that should not be entertained by this Court.

Defendants' Cross-Complaint also deliberately mischaracterized the origins of the relationship between Ameranth and Brink to malign Ameranth before the Court. For example, Defendants knowingly mischaracterized the 2011 communications between Mr. Rubin and Mr. McNally as having been initiated by Mr. McNally and "under the guise" of discussing Ameranth's software. Cross-Compl. ¶ 80. Defendants falsely allege that Mr. McNally instead "accused [Mr.] Rubin and others" of stealing Ameranth's trade secrets and infringing its patents, *id.*, and use inflammatory language in falsely stating that Ameranth had "threatened" Brink and that Brink "surrendered" when it decided to sign the license agreement. Cross-Compl. ¶¶ 81, 82. However as described above, all of these statements are simply untrue based upon the contemporaneous written communications between the parties.

III. THE LAW AND THE FACTS DICTATE THAT THE CASE SHOULD BE REMANDED TO STATE COURT

"If at any time before final judgment it appears that the district court lacks subject matter jurisdiction, the case shall be remanded." 28 U.S.C. § 1447(c). Section 1338(a) confers subject matter jurisdiction in U.S. district courts for any claim "arising under" the federal patent laws. 28 U.S.C. § 1338(a). "The well pleaded complaint rule contemplates that the answer to whether an action arises under federal law 'must be determined from what necessarily appears in the plaintiff's statement of his own claim in the bill or declaration, unaided by anything alleged in anticipation or avoidance of defenses which it is thought the defendant may interpose.'" *Vink v. Schijf*, 839 F.2d 676, 676-77 (Fed. Cir. 1988) (quoting *Franchise Tax Bd. of Cal. v. Construction Laborers Vacation Trust for Southern Cal.*, 463 U.S. 1, 10 (1983)). Federal jurisdiction may nevertheless "extend[] to a 'special and small category' of cases in which a well-pleaded complaint establishes that 'a federal law issue is: (1) necessarily raised, (2) actually disputed, (3) substantial, and (4) capable of resolution in federal court without disrupting the federal-state balance approved by Congress.'" *AntennaSys, Inc. v. AQYR Techs., Inc.*, 976 F.3d 1374, 1381 (Fed. Cir. 2020) (quoting *Gunn v. Minton*, 568 U.S.

251, 258 (2013)).

When ruling on a motion to remand, "[t]he allegations in Plaintiff's Complaint are construed in the light most favorable to Plaintiff and all reasonable inferences are drawn in Plaintiff's favor." *Scott v. Citizen's Commc'ns*, No. 2:07-CV-1432-GEB-DAD, 2007 WL 2904011, at *3 (E.D. Cal. Oct. 1, 2007). "Where doubt regarding the right to removal exists, a case should be remanded to state court." *Matheson v. Progressive Specialty Ins. Co.*, 319 F.3d 1089, 1090 (9th Cir. 2003). "The 'strong presumption' against removal jurisdiction means that the defendant always has the burden of establishing that removal is proper." *Gaus v. Miles, Inc.*, 980 F.2d 564, 566 (9th Cir. 1992).

"It is a general rule that a suit by a patentee for royalties under a license or assignment granted by him, or for any remedy in respect of a contract permitting use of the patent, is not a suit under the patent laws of the United States, and cannot be maintained in a federal court as such." *Luckett v. Delpark, Inc.*, 270 U.S. 496, 502-03 (1926). "Commercial agreements traditionally are the domain of state law. State law is not displaced merely because the contract relates to intellectual property which may or may not be patentable...." *Aronson v. Quick Point Pencil Co.*, 440 U.S. 257, 262 (1979).

Defendants cannot contest that Plaintiff's claims of breach of contract, demand for quarterly audit reports and unjust enrichment are created by California state law, not federal law. These claims are also not in the "special and small category" of claims that nonetheless are subject to federal jurisdiction because a federal patent law issue is "necessarily raised." *Gunn*, 568 U.S. at 258. And Defendants cannot rely on their irrelevant patent-related affirmative defenses and contrived counterclaims to support keeping this case in federal court.

A. A Patent Law Issue Is Not "Necessarily Raised" By Ameranth's Complaint Because It Is Not A Necessary Element Of The Breach Of Contract Claim.

Where, as here, the claims are created by state law, "a patent law issue will be necessarily raised only if it is a necessary element of one of the well-pleaded claims." *NeuroRepair, Inc. v. The Nath L. Grp.*, 781 F.3d 1340, 1344 (Fed. Cir. 2015). But patent law issues are not an element, "necessary" or otherwise, of any of Plaintiff's state law claims.

For its breach of contract claim, Plaintiff must establish: "(1) the existence of the contract, (2) plaintiff's performance or excuse for nonperformance, (3) defendant's breach, and (4) the resulting damages to the plaintiff." *Oasis W. Realty, LLC v. Goldman*, 51 Cal. 4th 811, 821 (Cal. 2011). As outlined in the Complaint, Plaintiff will establish each of these elements without application of federal patent law. Ameranth alleges and will prove that the Brink Agreement is a valid and binding written contract, which Defendants do not contest. Compl. ¶ 75; *see generally* Answer and Cross-Compl. Ameranth also alleges and will prove that it has fully performed under the agreement by granting the license. Compl. ¶ 78. It is also uncontested and admitted that Brink ceased paying, and has refused to pay upon demand, the royalites required under the clear terms of the Brink Agreement, in breach of its payment terms, and that Ameranth has been damaged by Brink's failure to make these contractually required royalty payments.

For unjust enrichment, Ameranth must establish (1) "receipt of a benefit" and (2) "unjust retention of the benefit at the expense of another." *Lectrodryer v. SeoulBank*, 77 Cal. App. 4th 723, 726 (Cal. Ct. App. 2000). As outlined in the Complaint, Ameranth will establish these elements by showing that PAR/Brink did not pay royalties under the Brink Agreement and yet received the benefits of the license including, for example, marking its products with Ameranth's patent numbers and confirming its right to make and sell its products under the protection of these patents, avoiding uncertainty and litigation, and enabling it to invest or having others invest in its products with greater confidence.

Ameranth's claim for an accounting simply seeks information of Defendants'

product sales for purposes of calculating the royalties required to be paid under the contract in compliance with the Brink Agreement's express terms. For at least these reasons, none of Ameranth's claims "necessarily raise" any issues of federal patent law.

In addition, the royalties owed under the Brink Agreement are not based on infringement, validity or enforceability of the Licensed Patents. For example, the Brink Agreement addressed and resolved a potential dispute involving the use of Ameranth's intellectual property by former employees. That dispute covered both trade secrets and the use of Ameranth's patented technology by former Ameranth employees who founded Brink and used Ameranth-owned source code and technology, which was developed while they were employed by Ameranth and which they took with them upon their departure without Ameranth's knowledge or authorization.

This contract, which avoided and resolved those potential disputes, includes, as Ameranth's consideration, the granting of a "license" to use, and release from liability regarding, Ameranth's trade secrets and patented technology in a specific area or "field of use," as well as a covenant not to sue Brink. In return, as Brink's consideration, the contract required the payment of a single lump sum payment covering the use of Brink products in that designated field of use up to December 31, 2012, and a running royalty beginning in January 2013. Under the specific language of the Brink Agreement, the license is granted "under the Licensed Patents within the Field of Use only," but without regard to whether the Licensed Patents and/or Ameranth's trade secrets are valid or infringed. Brink Agreement at § 2.1.1. The activity covered by the license is similarly not tied to validity or infringement of the Licensed Patents and instead is defined only by the "Field of Use." Brink Agreement at § 2.1.1; *id.* at § 1.2. Unlike in *ChowNow*, Brink's obligation to make royalty payments under the Brink Agreement is specifically not contingent on whether Ameranth's patents (or trade secrets) are infringed or valid. Brink Agreement at §§ 5.1-5.2.[6]

[6] While § 5.3 excuses license fees accrued only after all claims of all Licensed Patents

Courts have consistently held that claims for a breach of the license, and for unjust enrichment related to the breach, do not "necessarily raise" patent law issues where, as here, the license and royalties are expressly not dependent on infringement or invalidity. For example, in *Cellport Systems, Inc. v. Peiker Acustic GMBH & Co. KG*, 762 F.3d 1016 (10th Cir. 2014), the Tenth Circuit denied a motion to transfer an appeal to Federal Circuit under 28 U.S.C. § 1295 because the breach of contract claim was not tied to an issue of patent law. *Id.* at 1021-23. In *Cellport Systems*, as here, the plaintiff filed a breach of contract claim to recover unpaid royalties under a license agreement. The license agreement, like the agreement here, did not condition the license or royalties on infringement or validity of the patent. Instead, the license agreement in *Cellport Systems* stated only that the royalty payments are "in consideration for [licensee's] rights under the several patents included in Licensed Patents." *Id.* at 1022. The defendant argued that this language required determining if the products infringed the Licensed Patents, but the Tenth Circuit disagreed because "that language does not prevent the parties from agreeing that a royalty is due on a non-infringing product if doing so would benefit the 'convenience of the parties.'" *Id.*

The same is true here. As explained above, it was Brink's CEO Paul Rubin that approached Ameranth in March 2011 seeking a license because he and Brink knew that its product included Ameranth trade secrets and infringed Ameranth patents, and Brink desired to resolve these issues so that the company could raise funding and grow unimpeded – for "convenience." Indeed, "[r]oyalties from a license agreement do not need to be based on the actual use of a patent, and can be dictated by the 'convenience of the parties.'" *Zenith Radio Corp. v. Hazeltine Research, Inc.*, 395 U.S. 100, 138 (1969).

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are finally held invalid and/or unenforceable, this section cannot be applicable here because none of the four Licensed Patents at issue here have been found invalid, and even if they were to be in the future, Ameranth has disclaimed all future royalties and the June 27, 2025 *Lear* notice is not retroactively applicable to prior fees owed. *See infra* 17, 26.

Similarly, in *Cricket Holdings, LLC v. Harvest Direct, LLC*, No. CV 14-14268-NMG, 2015 WL 13694479, at *1 (D. Mass. Apr. 13, 2015), *report and recommendation adopted*, No. CV 14-14268-NMG, 2015 WL 13694483 (D. Mass. May 22, 2015), the district court remanded state court claims that included breach of license agreement where "the licensing agreement was not limited to patents, it is not clear from the face of the Agreement that the products for which Harvest had to pay royalties were limited to can openers containing the plaintiffs' patented technology, and it does not appear that the plaintiffs' breach of contract claim is dependent on whether the Tornado Can Opener infringed on the '825 patent."

Cricket Holdings is clearly applicable here. By its own language, the Brink Agreement covers not only Ameranth patents, but also Ameranth trade secrets. Brink Agreement at § 2.2.1. In addition, the licensed products are defined by field of use only, and are not based in any way on whether any Brink products infringe any of Ameranth's patents. In a word, the language of the Brink Agreement is "agnostic" as to the issues of infringement and validity.

Policy considerations also play a significant role in contractual licensing arrangements as in this contract between Ameranth and Brink. In *Inspired Dev. Grp., LLC v. Inspired Prods. Grp., LLC*, 938 F.3d 1355 (Fed. Cir. 2019), the Federal Circuit held that no patent law issues were "necessarily raised" by unjust enrichment and breach of contract claims because the licensee may have taken the license "to avoid uncertainty and litigation," and not because it necessarily believed it was infringing. *Id.* at 1363. The court noted that this provides "[t]he benefit [of allowing the licensee] to invest or have others invest in its products with greater confidence, as well as the avoidance of costs and fees associated with suit." *Id.* The court concluded that the licensor "could succeed on its claim by showing that by conferring the license on [licensee], [licensee] avoided litigation, acquired investment it may not have otherwise, or succeeded in preventing competition for a certain length of time." *Id.* These are all significant benefits that, among others, Brink bargained for and obtained under the Brink

Agreement and have enjoyed for a period of more than 14 years.

Further supporting the lack of any patent issues, Ameranth is only seeking royalty payments under the Brink Agreement for the period March 15, 2022 through June 26, 2025 based on their use of the Brink POS system and service[7] *before* the Brink/PAR *Lear* notice was provided for the four Licensed Patents. According to the *Lear* doctrine, contractual royalty provisions for a patent license will not be enforced during the period in which a licensee challenges patent validity in the courts. *Go Med. Indus. Pty., Ltd. v. Inmed Corp.*, 471 F.3d 1264, 1273 (Fed. Cir. 2006). However, "the *Lear* doctrine does not prevent a patentee from recovering royalties until the date the licensee first challenges the validity of the patent." *Id.* (citing *Studiengesellschaft Kohle, M.B.H. v. Shell Oil Co.,* 112 F.3d 1561, 1568 (Fed. Cir. 1997)); *see also ChowNow*, 2021 WL 3686056, at *22 ("*Studiengesellschaft* also clarified that the *Lear* doctrine does not prevent a patent owner from recovering royalties up until the date the licensee first challenges the validity of the patent."). In other words, the licensor can recover royalties required under a license agreement for the period up to the date *Lear* notice is given. In this regard, Ameranth is only seeking payment of royalties under the Brink Agreement for the period March 15, 2022 through June 26, 2025 based on the four Licensed Patents – the '130, '415, '587, and '425 patents. Compl. ¶ 7. This is the period of time *prior to* PAR/Brink providing *Lear* notice on these patents and is within the statute of limitations. As the court in *ChowNow* correctly reiterated, "So long as any single patent under a licensing agreement remains valid, the licensee must continue paying royalties until all covered patents have been held invalid or expire." *ChowNow*, 2021 WL 3686056, at *4 n.8 (citing *Brulotte v. Thys Co.*, 379 U.S. 29, 29 (1964)).

For these reasons, a patent law issue is not "raised," "necessarily" or otherwise,

[7] Brink POS is an "an online/mobile food/drink ordering/menu hosting system/service," as confirmed by the 2023 PAR Brink POS Brochure, Compl. Exh. R, and the PAR Team's 2023 article "Unleash Efficiency: Elevate the Front of House Experience with Brink POS," Compl. Exh. S.

by Ameranth's Complaint for contract enforcement, and the case should be remanded to state court.

B. Defendants Cannot Rely On Their Purported Affirmative Defenses And/Or Cross-Complaint Counterclaims To Support Removal

Defendants' affirmative defenses to the Complaint, as pled, cannot be the basis for federal jurisdiction under § 1338. *Christianson v. Colt Indus. Operating Corp.,* 486 U.S. 800, 809 (1988) (quoting *Franchise Tax Bd.*, 463 U.S. at 27-28) ("[A] case raising a federal patent-law defense does not, for that reason alone, 'arise under' patent law, 'even if the defense is anticipated in the plaintiff's complaint, and even if both parties admit that the defense is the only question truly at issue in the case.'"); *see also Lavery v. Pursuant Health, Inc.*, 126 F.4th 1170, 1174 (6th Cir. 2025) ("While Congress vests exclusive jurisdiction in the Federal Circuit over cases with compulsory patent counterclaims, 28 U.S.C. § 1295(a)(1), it has not done the same for affirmative defenses."). In addition, as described below, Defendants' patent-related affirmative defenses should be stricken. *Infra* at pp. 25-27.

Defendants also cannot rely on their Cross-Complaint counterclaims for jurisdiction. As described below, the counterclaims should be dismissed. *Infra* at pp. 19-25. In any event, the counterclaims are at best, simply affirmative defenses cast as counterclaims and should be treated as affirmative defenses. *See Epic Games, Inc. v. Acceleration Bay LLC*, No. 4:19-CV-04133-YGR, 2020 WL 1557436, at *3 (N.D. Cal. Apr. 1, 2020) (finding counterclaims merely repeated the affirmative defenses and were therefore "futile"); *L-3 Commc'ns Corp. v. Jaxon Eng'g & Maint., Inc.*, 69 F. Supp. 3d 1136, 1145 (D. Colo. 2014) (noting the defendant's "counterclaim sought only declaratory relief, making it essentially indistinguishable from an affirmative defense," and therefore, because it was duplicative from the pending affirmative defense, it was "properly dismissed"); *Rayman v. Peoples Savings Corp.*, 735 F. Supp. 842, 851-53 (N.D. Ill. 1990) (denying the defendant's motion for leave to file a declaratory judgment counterclaim in a securities case because it was really an affirmative defense cast as a

counterclaim).

Defendants' affirmative defenses, whether plead as affirmative defenses or as counterclaims that are effectively affirmative defenses, cannot be the basis for jurisdiction.

IV. DEFENDANTS' CROSS-COMPLAINT COUNTERCLAIMS SHOULD BE DISMISSED FOR LACK OF SUBJECT MATTER JURISDICTION

"A party claiming declaratory judgment jurisdiction has the burden to establish the existence of such jurisdiction." *Benitec Austl., Ltd. v. Nucleonics, Inc.*, 495 F.3d 1340, 1343 (Fed. Cir. 2007). Under the *MedImmune* standard, courts analyze "whether the facts alleged, under all the circumstances, show that there is a substantial controversy, between parties having adverse legal interests, of sufficient immediacy and reality to warrant the issuance of a declaratory judgment." *MedImmune, Inc. v. Genentech, Inc.*, 549 U.S. 118, 127 (2007). "[A] litigant may not use a declaratory-judgment action to obtain piecemeal adjudication of defenses that *would not finally and conclusively resolve* the underlying controversy. *Id.* at 127 n.7 (citing *Calderon v. Ashmus*, 523 U.S. 740, 749 (1998)).

"Although it relaxed the test for establishing jurisdiction, *MedImmune* 'did not change the bedrock rule that a case or controversy must be based on a *real* and *immediate* injury or threat of future injury that is *caused by the [other party]*—an objective standard that cannot be met by a purely subjective or speculative fear of future harm.'" *Asia Vital Components Co. v. Asetek Danmark A/S*, 837 F.3d 1249, 1253 (Fed. Cir. 2016) (quoting *Prasco, LLC v. Medicis Pharm. Corp.*, 537 F.3d 1329, 1339 (Fed. Cir. 2008)) (emphasis in original).

A. There Is No "Case or Controversy" To Support Defendants' Declaratory Judgement Counterclaims Related To The Brink Agreement Licensed Patents

By their Cross-Complaint claims 1-8, 11 and 12, Defendants seek numerous declaratory judgments that certain identified patents licensed under the Brink

Agreement are invalid, or alternatively, not infringed, or alternatively, unenforceable based on patent misuse, and that the '425 patent is unenforceable based on inequitable conduct. However, these counterclaims are entirely misplaced and invalid because there exists no "case or controversy" that could provide this Court with jurisdiction. In order for Defendants to have standing to successfully plead a valid claim, Ameranth must (1) have been legally authorized to sue Defendants for infringement and (2) have made such a claim (or at least a threat of such claim) against Defendants. Ameranth, however, is not legally authorized to sue Defendants for any such patent infringement due to estoppel and contractual obligations – and has not done so – which, *ipso facto*, eliminates these prerequisites and, therefore, any "case or controversy." *Lucent Techs. Inc. v. Gateway, Inc.*, 509 F. Supp. 2d 912, 925 (S.D. Cal. 2007) ("Microsoft as a licensee cannot be liable for infringement of the '080 patent.").

First, Ameranth is estopped from bringing a patent infringement action against Brink because Brink executed a royalty bearing license contract which provided it the use of both Ameranth's trade secrets and patented technology, protected from any legal recourse by Ameranth. And that contract – the Brink Agreement – has neither expired nor been terminated by either party. It is axiomatic that a licensor cannot sue its licensee for infringement unless and until the license ceases to exist because "[a] valid patent license is a complete defense to infringement liability." *Seoul Laser Dieboard Sys. Co. v. Computerized Cutters, Inc.*, No. 15-CV-1212-H-DHB, 2015 WL 12081336, at *6 (S.D. Cal. Dec. 22, 2015). Contrary to Defendants' contention, the Brink Agreement has no provisions that allow for automatic termination and can only be terminated if Ameranth chooses to do so, and only then by written notice. And Ameranth has never done so. Brink Agreement §§ 6.2, 6.3, 9.14. Ameranth, therefore, cannot sue Brink for patent infringement. As an uncontroverted fact in support, Ameranth has not threatened patent infringement or otherwise made any such claim since it conveyed the license to Brink.

Second, Ameranth's Complaint expressly provides Defendants with a

comprehensive covenant not to sue that precludes any future claims of infringement of the Brink Agreement Licensed Patents that are the subject of the counterclaims 1-8, 11 and 12. These comprehensive covenants not to sue for infringement of the Licensed Patents (which includes the '130, '415, '587, and '425 patents), therefore, eliminate any possibility of a case or current or future controversy related to them. Compl. ¶¶ 68, 70. In particular, Ameranth's covenants not to sue:

- are made not only on behalf of Ameranth, but also "of its successors,"
- covers Defendants *and* their customers ("Brink Third Parties"),
- expressly covenant not to sue "for infringement," and
- cover all potentially infringing activity, including all timeframes during which Plaintiff could have sued for infringement.

Compl. ¶¶ 68, 70. Even if Defendants' *Lear* notice, or some subsequent event, should somehow result in a termination of the Brink Agreement in the future, Ameranth has covenanted not to sue Defendants for infringement of the Licensed Patents that were the subject of the June 27, 2025 *Lear* notice for the period after that date.[8]

Courts regularly dismiss declaratory judgment claims for non-infringement, invalidity and unenforceability based on covenants not to sue. In *Dow Jones & Co., Inc. v. Ablaise Ltd.*, 606 F.3d 1338 (Fed. Cir. 2010), the Federal Circuit held that the district court erred in not dismissing the invalidity declaratory judgment for lack of subject matter jurisdiction where patentee provided an unconditional covenant not to sue on that patent. *Id.* at 1345-49. In *Benitec Australia, Ltd. v. Nucleonics, Inc.*, 495 F.3d 1340 (Fed. Cir. 2007), the Federal Circuit affirmed the district court's dismissal of counterclaims for declaration of invalidity and unenforceability based on a less-comprehensive covenant not to sue than Ameranth has made here. In *Benitec*, the patentee simply "covenants and promises not to sue Nucleonics for patent infringement arising from activities and/or products occurring on or before the date dismissal was

[8] Ameranth also covenants not to sue before the first of the four patents issued.

entered in this action—September 29, 2005." *Id.* at 1352; *see also Crossbow Tech., Inc. v. YH Tech.*, 531 F. Supp. 2d 1117, 1123 (N.D. Cal. 2007) (dismissing counterclaims of non-infringement and invalidity because covenant not to sue eliminated any case or controversy).

Yet a *third* basis for Defendants' lack of standing is, as described in detail below (*infra* at pp. 23-25), a decision on invalidity, infringement and/or unenforceability of any of the Licensed Patents "would not finally and conclusively resolve the underlying controversy" raised by Ameranth's Complaint for contract enforcement—the obligation to pay contractually required royalties. *MedImmune*, 549 U.S. at 127 n.7. In *In re Qualcomm Litig.*, No. 17-CV-00108-GPC-MDD, 2017 WL 5985598 (S.D. Cal. Nov. 8, 2017), this Court dismissed non-infringement and invalidity counterclaims for this very reason, stating that the defendants "have not articulated a theory as to how a declaratory judgment would finally and conclusively resolve the underlying controversy between the CMs and Qualcomm—a dispute centered on royalties." *Id.* at *22. In *Verance Corp. v. Digimarc Corp.*, No. CIV.A. 10-831, 2011 WL 2182119 (D. Del. June 2, 2011), the court dismissed non-infringement and invalidity counterclaims for the same reason, stating: "Even assuming Verance alleges 'sufficient immediacy and reality' to warrant the issuance of declaratory relief, there is no substantial controversy between parties having adverse legal interests [because a] declaration of invalidity or non-infringement by this Court, standing alone, would have no affect [sic] on Verance's obligations under the License Agreement." *Id.* at *5.

Fourth, as the District of Delaware recently found, not only does prior litigation standing alone not create a controversy, but the fact that Ameranth pursued a breach of contract claim and not a patent infringement claim confirms there is no case or controversy concerning Ameranth's patents:

> By Top Victory's own telling, DivX actively asserts its patents, including some of the patents-in-suit. Indeed, Top Victory contends that patent litigation is fundamental to DivX's business model. If DivX truly had a claim for patent infringement against Top Victory, why

> would it hesitate to assert those patents? If anything, the fact that DivX has not pressed a patent claim notwithstanding its alleged history of litigiousness confirms that there is currently no substantial controversy concerning its patents.
>
> In any event, prior litigation standing alone does not create an actual controversy that does not otherwise exist, and here, as discussed above, no actual controversy exists with respect to DivX's patents. *See Prasco, LLC v. Medicis Pharm. Corp.*, 537 F.3d 1329, 1341 (Fed. Cir. 2008) (noting that "prior litigious conduct is one circumstance to be considered in assessing whether the totality of circumstances creates an actual controversy," but concluding that no controversy was shown). DivX's litigation history does not change that conclusion.

Top Victory Invs. Ltd. v. DivX, LLC, Civil Action No. 24-1390-CFC, 2025 WL 2711950, at *6 (D. Del. Sept. 23, 2025).[9]

Therefore, on its face, Defendants' Cross-Complaint fails to support a basis for declaratory judgment jurisdiction and the entire Cross-Complaint should be dismissed.

B. Defendants Also Lack Standing To Bring Counterclaims Related To Ameranth's Patent Nos. 11,770,304 And 11,985,039

In a further effort to obfuscate and complicate what is otherwise a straightforward contract dispute, PAR/Brink invokes an unrelated contract and a non-existent dispute. In particular, Defendants request (in Cross-Complaint counterclaims 9 and 10)

[9] Additionally, Defendants' allegations at ¶¶ 39-42 regarding Ameranth's lawsuits against DoorDash Inc. are irrelevant at least because DoorDash is not a competitor of Defendants. *See* DoorDash (DASH) Competitors (available at https://www.marketbeat.com/stocks/NASDAQ/DASH/competitors-and-alternatives/ (last accessed Oct. 3, 2025) ("The main competitors of DoorDash include Amazon.com (AMZN), Lyft (LYFT), MercadoLibre (MELI), Fiverr International (FVRR), Cloudflare (NET), Uber Technologies (UBER), Alibaba Group (BABA), PDD (PDD), S&P Global (SPGI), and Relx (RELX)."); *see also* PAR Technology (PAR) Competitors (available at https://www.marketbeat.com/stocks/NYSE/PAR/competitors-and-alternatives/ (last accessed Oct. 3, 2025) ("The main competitors of PAR Technology include NCR Atleos (NATL), Diebold Nixdorf (DBD), NCR Voyix (VYX), Evolv Technologies (EVLV), A10 Networks (ATEN), Corsair Gaming (CRSR), Stratasys (SSYS), Cantaloupe (CTLP), Zepp Health (ZEPP), and Mitek Systems (MITK).").

declaratory judgments of invalidity of Ameranth's Patent Nos. 11,770,304 (the "'304 patent") and 11,985,039 (the "'039 patent"). These two patents, however, are not Licensed Patents under the Brink Agreement and, as such, are not covered by, and have no relation whatsoever to, the Brink Agreement which is the only subject of Ameranth's Complaint. As a result, whether the claims of these patents are invalid (or infringed or unenforceable) would obviously have absolutely no impact whatsoever on whether Defendants owe royalties under the Brink Agreement. Consequently, a decision on invalidity of the unrelated '304 and '039 patents "would not finally and conclusively resolve the underlying controversy" of Ameranth's claims, and Defendants lack standing to bring these counterclaims. *MedImmune*, 549 U.S. at 127 n.7.

Moreover, and conclusively, Ameranth has never asserted these two patents in an infringement lawsuit or otherwise against Defendants or any other party. In addition, while these patents are licensed under the PAR Agreement, Cross-Compl. Exh. 1, Ameranth has not even accused PAR of breaching the PAR Agreement.[10] Cross-Compl. Exhs. 4-6 (correspondence from the year 2020 about both the PAR and Brink Agreements); Compl. Exh. B (June 10, 2025 letter from Ameranth only pertaining to the Brink Agreement). Therefore, there is also no case or controversy because Defendants have failed to plead any "affirmative act" by Ameranth regarding these patents. *Ass'n for Molecular Pathology v. U.S. Pat. & Trademark Off.*, 689 F.3d 1303, 1318 (Fed. Cir. 2012), *aff'd in part, rev'd in part sub nom. Ass'n for Molecular Pathology v. Myriad Genetics, Inc.*, 569 U.S. 576 (2013) (To satisfy the "case or

[10] The Brink Agreement is separate from the PAR Agreement, and PAR made payments to Ameranth under each agreement based on different products. Compl. ¶ 29; Compl. Exh. F ("Per the patent license agreement with Brink Software, Inc. dated September 30, 2011, ..."); *see also* McNally Decl. Exh. F at p. 1 ("Other than Brink POS which is reported separately, and PAR Springer-Miller, PAR does not sell or resell products that fall within the scope of Covered Transactions."); McNally Decl. Exh. G at p. 1 ("Reference: Amaranth-PAR [sic] License Agreement dated as of December 31, 2012" . . . "In accordance with the reporting requirements of the above referenced License Agreement, ... ").

controversy" requirement, Defendants must plead "an affirmative act by the patentee related to the enforcement of his patent rights.").

For these reasons, Defendants' manufactured dispute over patents never asserted by Ameranth and related only to the irrelevant PAR Agreement has no basis in law. Defendants simply have no standing to challenge these patents, and their Cross-Complaint claims related to them must be dismissed.

V. DEFENDANTS' DEFENSES AND CROSS-COMPLAINT SHOULD BE STRICKEN AS IMMATERIAL, IMPERTINENT, AND SCANDALOUS

Under Rule 12(f), a "court may strike from a pleading an insufficient defense or any redundant, immaterial, impertinent, or scandalous matter." FED. R. CIV. P. 12(f). "The purpose of a Rule 12(f) motion is 'to avoid the expenditure of time and money that must arise from litigating spurious issues by dispensing with those issues prior to trial.'" *Howe v. Target Corp.*, No. 20-CV-252-MMA (DEB), 2020 WL 5630273, at *4 (S.D. Cal. Sept. 21, 2020) (quoting *Sidney-Vinstein v. A.H. Robins Co.*, 697 F.2d 880, 885 (9th Cir. 1983). A motion to strike may be granted where "the matter has no logical connection to the controversy at issue and may prejudice one or more of the parties to the suit." *N.Y.C. Emps. Ret. Sys. v. Berry*, 667 F. Supp. 2d 1121, 1128 (N.D. Cal. 2009) (quoting *Rivers v. Cnty. of Marin*, No. C 05-4251, 2006 WL 581096, at *2 (N.D. Cal. 2006)).

A. The Affirmative Defenses and Cross-Complaint Contain Immaterial And Impertinent Allegations And Should be Stricken

"'Immaterial' matter is that which has no essential or important relationship to the claim for relief or the defenses being pleaded." *Fantasy, Inc. v. Fogerty*, 984 F.2d 1524, 1527 (9th Cir. 1993) (quoting 5 CHARLES A. WRIGHT & ARTHUR R. MILLER, FEDERAL PRACTICE AND PROCEDURE § 1382, at 706–07 (1990)), *rev'd on other grounds by Fogerty v. Fantasy, Inc.*, 510 U.S. 517 (1994). For example, "[a]n affirmative defense is immaterial if it has no essential or important relationship to the claim for relief pleaded." *Est. of Chivrell v. City of Arcata*, 694 F. Supp. 3d 1218, 1236 (N.D. Cal.

2023). "'Impertinent' matter consists of statements that do not pertain, and are not necessary, to the issues in question." *Fantasy*, 984 F.2d at 1527 (quoting 5 CHARLES A. WRIGHT & ARTHUR R. MILLER, at 711).

Here, Defendants' patent-related affirmative defenses (i.e., fourth, fifth, sixth,[11] ninth, twelfth, and fourteenth affirmative defenses) and counterclaims are immaterial and impertinent to the simple breach of contract issues pled in the Complaint, and should be stricken for at least this reason. Here, the dispute arises from a breach of contract, and Ameranth has not asserted any patent infringement nor need it do so. Confirming that Ameranth is only seeking contractual royalties during a specific period, Ameranth, on behalf of itself and its successors, covenanted not to sue and waived "under the Brink Agreement all obligations of Defendants and their successors and subsidiaries to pay the running royalties or other patent license fees in accordance with the Brink Agreement for any 'Licensed Patent' as that term is defined in the Brink Agreement for the period of time before March 15, 2022 and after June 26, 2025." Compl. ¶ 70.

PAR/Brink is attempting to take a straightforward breach of contract case and turn it into a complex patent litigation, where even if the patents were to be later adjudicated invalid or not infringed, they would still owe Ameranth royalties for the period March 15, 2022 through June 26, 2025. *Go Med.*, 471 F.3d at 1273; *ChowNow*, 2021 WL 3686056, at *22. But as described in detail above, no findings of patent infringement, patent validity, or patent interpretation are required for PAR/Brink to be liable for the royalties owed for the specific time period Ameranth seeks. *Supra* at 5-7, 12-18.

Further, Defendants' counterclaims and patent-related defenses are also immaterial and impertinent because Defendants are estopped from bringing them. Even if Defendants were successful in arguing invalidity, non-infringement, or

[11] The first of the two affirmative defenses labeled "sixth" in Defendants' Answer.

unenforceability, it would not impact Defendants' obligation to pay royalties before the June 27, 2025 *Lear* notice, which is the only period of time for which Ameranth seeks unpaid royalties.

In addition, Defendants' counterclaims and patent-related defenses will exponentially complicate and delay the case – which is otherwise a fairly simple contract case – by requiring litigation of complex patent issues whose resolution would not impact Defendants' contractual liability under the Complaint. In this way, Ameranth will be severely prejudiced if the Cross-Complaint and patent-related defenses are not stricken. For at least these reasons, granting Ameranth's motion completely aligns with the purpose of Rule 12(f) – to "avoid the expenditure of time and money" that will arise from litigating any "spurious" patent issues. *Evans Hotels, LLC v. Unite Here! Local 30*, Case No.: 18-cv-2763-RSH-AHG, 2025 WL 2630515, at *1 (S.D. Cal. Sept. 12, 2025).

Accordingly, Defendants' patent-related affirmative defenses and counterclaims should be stricken. Indeed, they bear "'no essential or important relationship to the claim[s] for relief,' nor would they 'pertain, and [be] necessary, to the issues in question.'" *Neo4j, Inc. v. PureThink, LLC*, Case No. 5:18-cv-07182-EJD, 2023 WL 122402, at *8 (N.D. Cal. Jan. 6, 2023) (quoting *Fantasy*, 984 F.2d at 1527).

B. The Cross-Complaint Is Rife With "Scandalous" Statements And Allegations And Should Be Stricken

"Scandalous" matters "cast a cruelly derogatory light on a party or other person." *In re TheMart.com, Inc. Secs. Litig.*, 114 F. Supp. 2d 955, 965 (C.D. Cal. 2000). "Scandalous matters are those that reflect cruelly upon a person's moral character, use repulsive language, or detract from the dignity of the court," *Jadwin v. County of Kern*, 2007 WL 3119670, at *1 (S.D. Cal Oct. 23, 2007), and those that are "defamatory and false" and intended to "harass, defame, slander, and libel." *Alegre v. United States*, No. 16-CV-02442-AJB-KSC, 2021 WL 5750859, at *2 (S.D. Cal. Dec. 2, 2021). "[C]ourts will strike allegations under Rule 12(f) when 'allegations are purely designed to

besmirch.'" *Citizens for Quality Educ. San Diego v. San Diego Unified Sch. Dist.*, No. 17-CV-1054-BAS-JMA, 2018 WL 828099, at *4 (S.D. Cal. Feb. 12, 2018) (quoting *Haddock v. Countrywide Bank, NA*, CV 14-6452 PSG (FFMx), 2015 WL 9257316, at *15 (C.D. Cal. Oct. 27, 2015); *see also Trump v. New York Times Co.*, Case No. 8:25-cv-2487-SDM-NHA, 2025 WL 2680597, at *2 (M.D. Fla. Sept. 19, 2025) ("[A] complaint is not a public forum for vituperation and invective — not a protected platform to rage against an adversary.").

The Cross-Complaint is rife with "scandalous" and wholly inappropriate content that should be stricken. This scandalous content is immaterial to the issues in the case and "use[s] repulsive language" that is only intended to "besmirch" and "cast a cruelly derogatory light on" Ameranth. For example, the Cross-Complaint contains the following:

- References to Ameranth using the derogatory term "patent troll." Not only are these labels derogatory, but they are false. Ameranth invented, developed, and owns all of its patents and has developed and widely deployed many award-winning products and systems long before Defendants' employees left Ameranth in 2008 to form Brink using Ameranth's intellectual property. *Supra* at pp. 3-4. And Ameranth recently announced, after years of engineering development, its new product – MyAI Concierge – on October 20, 2025.[12] *E.g.*, Cross-Compl. ¶ 5.
- Use of improper inflammatory language and derogatory hyperbole to impugn Ameranth and its President Keith McNally, by falsely alleging that Mr. McNally had "accosted," "intimidated," "threatened" and "bullied" ChowNow, a third-party that is completely unrelated to, and has no interest in, this case. *E.g.*, Cross-Compl. ¶ 51, 52, 56, 66, 68.
- Mischaracterization of the 2011 communications between Mr. Rubin and

[12] *See* https://www.myaiconcierge.com/, describing the product and providing a link to download the app for private testing initially.

Mr. McNally as having been initiated by Mr. McNally "under the guise" of discussing Ameranth's software and instead accused Mr. Rubin of stealing Ameranth's trade secrets and infringing its patents. *E.g.*, Cross-Compl. ¶ 80. The alleged and true facts are inapposite. It was Mr. Rubin who first reached out to Mr. McNally, on March 4, 2011, McNally Decl. Exh. A, to "catch up" and then informed Mr. McNally that Mr. Rubin had started a company (Brink) with technology taken from Ameranth. Mr. Rubin also admitted that Brink needed a license and he requested such a license from Ameranth to avoid any trade secret theft or other intellectual property issues with Ameranth, which resulted in the Brink Agreement. McNally Decl. Exhs. A-C.

- Use of inflammatory language in falsely stating that Ameranth "threatened" Brink into the license and that Brink "surrendered" when it decided to sign the license agreement. *E.g.*, Cross-Compl. ¶¶ 81, 82. The truth, again, is that it was Brink that reached out to Ameranth to obtain a license, and then Paul Rubin personally thanked Mr. McNally for his flexibility on license terms during negotiations. McNally Decl. Exh. C ("Just a personal note of thanks on this. As you know we are still quite young and this was going to be a difficult from a cash-flow perspective.").
- Use of improper hyperbole and facts not relevant to this contract case in lengthy, biased commentary included in more than ten (10) pages that describe the purported history of Ameranth's patent enforcement actions against parties and products completely unrelated to the Brink Agreement. *E.g.*, Cross-Compl. ¶¶ 13-72.
- Use of verbiage such as "assault on the hospitality industry" "vexatious litigation strategy" and "oppressive licenses" to describe Ameranth's conduct, *e.g.*, Cross-Compl. ¶¶ 14, 43, even though Ameranth has licensed its patents to more than forty (40) licensees (most of which resulted from

licensees approaching Ameranth without any litigation nor threat of litigation) and all on similar reasonable and non-discriminatory terms.

This improper conduct, memorialized in the Cross-Complaint, is not only unsupported vitriol that bears no relationship to Ameranth's contract claims, nor to the issues and parties-in-interest in this case, but is clearly intended by Defendants to make improper use of the pleading procedures of this Court and its docket to make public statements that disparage and demean Ameranth as a party.

For all of these reasons, Defendants' patent-related affirmative defenses (4, 5, 6, 9, 12 and 14) and the Cross-Complaint should be stricken in their entirety.

VI. DEFENDANTS' INEQUITABLE CONDUCT, PATENT MISUSE, UNCLEAN HANDS, AND EQUITABLE ESTOPPEL ALLEGATIONS SHOULD BE DISMISSED AND STRICKEN AS INSUFFICIENTLY PLED

"A motion to dismiss a counterclaim is subject to the same standard as a motion to dismiss under Federal Rule of Civil Procedure 12(b)(6)," *Alvarez v. XPO Logistics Cartage*, LLC, No. 2:18-CV-03736-SJO-E, 2020 WL 1289550, at *1 (C.D. Cal. Feb. 6, 2020), and "tests the legal sufficiency of a claim." *Navarro v. Block*, 250 F.3d 729, 732 (9th Cir. 2001). "To survive a motion to dismiss, a complaint must contain sufficient factual matter, accepted as true, to 'state a claim to relief that is plausible on its face.'" *Ashcroft v. Iqbal*, 556 U.S. 662, 678 (2009) (quoting *Bell Atl. Corp. v. Twombly*, 550 U.S. 544, 570 (2007)). Rule 12(f) authorizes a court to "strike from a pleading an insufficient defense." FED. R. CIV. P. 12(f). An affirmative defense is insufficiently pleaded if it fails to give the opposing party "fair notice" of the nature of the defense. *Wyshak v. City Nat. Bank*, 607 F.2d 824, 827 (9th Cir. 1979).

Even if the all of the counterclaims and patent-related affirmative defenses are not dismissed and/or stricken as requested above, the inequitable conduct, equitable estoppel and unclean hands counterclaims/defenses are insufficiently pled and should be dismissed and/or stricken.

A. Inequitable Conduct

To combat the "plague[]" of inequitable conduct claims alleged "on the slenderest grounds," and eliminate the type of baseless claims made here by PAR, the Federal Circuit set a very high bar for inequitable conduct. *Therasense, Inc. v. Becton, Dickinson & Co.*, 649 F.3d 1276, 1289 (Fed. Cir. 2011). PAR's allegations do not meet this very high standard. As such, its inequitable conduct counterclaim and affirmative defense should be dismissed and/or stricken, and its defenses of patent misuse and unclean hands (to the extent reliant on inequitable conduct) should also be stricken.

To plead inequitable conduct, "Rule 9(b) requires identification of the specific who, what, when, where, and how of the material misrepresentation or omission committed before the PTO." *Exergen Corp. v. Wal-Mart Stores, Inc.*, 575 F.3d 1312, 1327 (Fed. Cir. 2009). In addition, "a pleading of inequitable conduct under Rule 9(b) must include sufficient allegations of underlying facts from which a court may reasonably infer that a specific individual (1) knew of the withheld material information or of the falsity of the material misrepresentation, and (2) withheld or misrepresented this information with a specific intent to deceive the PTO." *Id.* at 1328-29.

Defendants' first alleged basis for its inequitable conduct claim – failure to inform the Patent Office that the application that issued as the '425 Patent "included claims with an effective filing date of March 16, 2013 and of a later priority date -- is insufficient for several reasons. First, Defendants allege no other facts other than Mr. McNally and his prosecuting attorneys did not inform the Patent Office that the '990 Application (which issued as the '425 Patent) "included claims with an effective filing date of March 16, 2013." Defendants do not identify which claims have an effective filing date after March 16, 2013 or *why* those claims are not entitled to an earlier date.

Defendants also do not allege why, even if true, failing to disclose a later priority date would have been material to patentability in any event. In fact, the pleadings establish the opposite – that any such omission would *not* have been material because the Examiner's prior art search took a later priority date into account. The face of the

'425 Patent document identifies only two prior art references that the Examiner found through her extensive searches to be sufficiently relevant to the claims. One of those has a priority date of 2015 – *after* March 16, 2013. McNally Decl. Exh. H. As such, this priority date information would have had no impact on patentability.

Moreover, Defendants' allegation is contradicted by other of Defendants' allegations and should be dismissed for that reason alone. In addition to alleging a different priority date, Defendants also allege that the '425 patent is a continuation-in-part that "added **significant new** disclosure." Cross-Compl. ¶ 176. However, allegations in other portions of the Cross-Complaint directly contradict this assertion. For example, in ¶ 9, Defendants allege that "all patents . . . , other than **small** additions, share a substantially similar specification with the '850 Patent." And in ¶ 192, Defendants allege that "The claims of the '130, '415, '587 and '425 Patents are **patentably indistinct** from the claims of the '077 and '651 Patents that the Federal Circuit held are patent ineligible under 35 U.S.C. § 101."

Where, as here, a claim relies on an allegation that is contradicted by other allegations, that claim should be dismissed. *Martinez v. Allstar Financial Servs., Inc.*, No. CV 14–04661 MMM (MRWx), 2014 WL 12597333, at *8 (C.D. Cal. Oct. 9, 2014) (dismissing TLA claim because "allegations concerning [Plaintiffs'] entry into a consumer credit transaction with Allstar are plainly inconsistent with those found elsewhere in their complaint"); *Snyder v. Stanislaus Cnty.*, No. 1:19-cv-00679-DAD-EPG, 2021 WL 2210729, at *5 (E.D. Cal. June 1, 2021) (dismissing breach of contract claim at least in part because allegation that "plaintiff performed all required obligations . . . 'rendered defective' by contradictory allegations elsewhere in the complaint").

Defendants' other alleged basis for its inequitable conduct claim – that various references that they have identified were not disclosed to the Patent Office -- is also insufficient for several reasons. Like the defendant in *Exergen*, Defendants do not "identify which claims, and which limitations in those claims, the withheld references are relevant to, and where in those references the material information is found—i.e.,

the 'what' and 'where' of the material omissions," or "the particular claim limitations, or combination of claim limitations, that are supposedly absent from the information of record[, which] are necessary to explain both 'why' the withheld information is material and not cumulative, and 'how' an examiner would have used this information in assessing the patentability of the claims." *Id.* at 1329-30.

For at least these reasons, the inequitable conduct counterclaim and affirmative defense should be stricken, as well as patent misuse and unclean hands to the extent they are reliant upon inequitable conduct.

B. Equitable Estoppel

Defendants' affirmative defense of waiver, estoppel and acquiescence alleges that Ameranth's claims are barred because Ameranth was silent for five years after the 2021 mediation before seeking unpaid royalties, and that Defendants relied on this silence. However, PAR has admitted that Ameranth advised PAR that it was waiting for its additional pending patents to issue. Ameranth was not silent, rather, it publicly announced the issuance of each of these new patents on its web site. PAR, concurrently, was silent. PAR did not provide Ameranth a *Lear* notice for any of the four patents and continued, unabated, to mark its licensed Brink products with Ameranth's patents pursuant to the Brink Agreement.

In *JLC-Tech LLC v. Luminos Glob., Inc.*, No. 25-CV-15-RSH-JLB, 2025 WL 2721822 (S.D. Cal. Sept. 24, 2025), this Court recently struck a nearly identical equitable estoppel defense because "Defendant's decision to continue its business operations is more consistent with its own belief that the accused products were non-infringing than with any reliance on Plaintiff's alleged silence." *Id.* at *6. The same reasoning applies here. In this case Defendants plead that in 2020 they believed that the license terminated by its terms and that the patents were invalid. As such, their decisions to continue business operations, make acquisitions, etc. are consistent with their belief that they did not infringe a valid patent and did not owe royalties rather than any reliance on Ameranth's alleged silence. In addition, as explained above, the first of

Ameranth's Licensed Patents at issue here did not issue until two years later – March 15, 2022, and the last of the four issued only recently, in May 2025. For these reasons Defendants' baseless affirmative defense of waiver, estoppel and acquiescence should be stricken.

C. Unclean Hands

"To establish unclean hands, a defendant must demonstrate (1) inequitable conduct by the plaintiff; (2) that the plaintiff's conduct directly relates to the claim which it has asserted against the defendant; and (3) plaintiff's conduct injured the defendant." *Oracle Am., Inc. v. Hewlett Packard Enter. Co.*, No. 16-CV-01393-JST, 2017 WL 2311296, at *2 (N.D. Cal. May 26, 2017). Applying this rule, the court in *Finjan, Inc. v. Bitdefender Inc.*, No. 17-CV-04790-HSG, 2018 WL 1811979 (N.D. Cal. Apr. 17, 2018), struck an unclean hands defense because, despite the defendant arguing that its inequitable conduct allegations were substantial, the affirmative defense "fails to allege any facts to show how [plaintiff's] alleged misconduct relates to the underlying infringement claim, or how the alleged misconduct harmed [defendant]." *Id.* at *5. The same is true here, as Defendants' two-sentence unclean hands allegation fails to establish any relation between its inequitable conduct claim, the underlying litigation and any harm suffered. For this reason, the unclean hands defense should be stricken.

VII. CONCLUSION

For the reasons provided herein, this case should be remanded to California State court since it is solely a breach of contract case which raises no legitimate federal law patent issues. In addition, Defendants' purported "cross-claims" raised in their Cross-Complaint are not, and cannot be, a basis for this Court's jurisdiction because Defendants lack standing to bring them. There exists no case or controversy with respect to them. Defendants seek declaratory judgments that are unavailable to them as a matter of law, and that are rife with impertinent, immaterial and scandalous allegations which represent an improper use of the pleading system. And Defendants' counterclaims and

affirmative defenses represent a plethora of unsubstantiated and insufficiently pled irrelevant patent-related "claims" and "defenses," all intended to obfuscate and complicate what is a simple, straightforward contract dispute to enforce the payment of royalties.

This case was properly filed in California State Court and should be remanded.

Dated: November 10, 2025

Respectfully submitted,

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