**UNITED STATES DISTRICT COURT**
**EASTERN DISTRICT OF KENTUCKY**
**CENTRAL DIVISION**
**at LEXINGTON**

***Electronically Filed***

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| **iLOR, LLC,** | : | |
| | : | |
| **Plaintiff** | : | **Civil Action No. 5:07-cv-00109-JMH** |
| | : | |
| **v.** | : | |
| | : | |
| | : | |
| **GOOGLE INC.** | : | |
| | : | |
| **Defendant.** | : | |
| | : | |

**PLAINTIFF'S OPPOSITION TO DEFENDANT'S MOTION TO DISMISS REMAINING CLAIMS AND COUNTERCLAIMS WITHOUT PREJUDICE, FOR ENTRY OF FINAL AND APPEALABLE JUDGMENT**

Plaintiff respectfully submits this opposition to Defendant's Motion To Dismiss Remaining Claims And Counterclaims Without Prejudice, For Entry Of Final And Appealable Judgment. For the reasons set forth below, Defendant's motion should be DENIED.

**I. This Court Lacks Jurisdiction to Consider Defendant's Motion**

This Court's Judgment dated November 30, 2007 states that "(1) That this action be, and the same hereby is, **DISMISSED WITH PREJUDICE AND STRICKEN FROM THE ACTIVE DOCKET**." (bold, capitalization, in original) Thus, it is clear that the Judgment dismisses the entire "action," not simply the complaint. Defendant also acknowledges that the Judgment dismissed, with prejudice, the entirety of this action. Def. Motion at 1.

"The term 'action' encompasses the entire proceedings in the district court, signifying that the order of dismissal terminated [the defendant's] counterclaims." *Walter Kidde Portable*

*Equipment, Inc. v. Universal Security Instruments, Inc*., 479 F. 3d 1330, 1335 (Fed. Cir. 2007). Accordingly, it is clear that this Court's dismissal of the "action" included dismissal of all of Defendant's counterclaims.

On December 31, 2007, Plaintiff timely filed a notice of appeal to the Court of Appeals for the Federal Circuit. "It is the general rule that the filing of a notice of appeal divests the district court of jurisdiction." *Ovation Communications, Inc. v. RBM, Ltd., 9*79 F. 2d 215 (Fed. Cir.1992); *Gilda Industries, Inc. v. United States*, 2008 U.S. App. LEXIS 106, *5 (Fed Cir. January 4, 2008)("Ordinarily, the act of filing a notice of appeal confers jurisdiction on an appellate court and divests the trial court of jurisdiction related to the appeal"); *Rucker v. Dep't of Labor*, 798 F. 2d 891,892 (6th Cir. 1986) ("As a general rule, a district court loses jurisdiction over an action when a party perfects an appeal unless that appeal is untimely, is an appeal from a non-appealable, non-final order, or raises only issues that were previously ruled upon in that case by the appellate court.") Here, none of the circumstances listed in *Rucker* are present; as a result, as of the date the notice of appeal was filed, December 31, 2007, this Court was divested of jurisdiction. *See Gilda Industries*, at *9 ("when a notice of appeal is timely filed, a trial court is divested of jurisdiction at the time the notice is filed"). Since Defendant's Motion was filed after the notice of appeal was filed, this Court lacks jurisdiction to consider Defendant's Motion.

Defendant may argue that this court retains jurisdiction for matters unrelated to Plaintiff's appeal, e.g. Defendant's counterclaims and defenses. However, this Court dismissed the entire action, which included all of Defendant's counterclaims and defenses, with prejudice. Defendant deliberately chose not to appeal that dismissal, which otherwise would have been part of the issues on appeal. "An adjudication bars future litigation between the same parties not only as to all issues actually raised and decided but also as to those which could have been raised." *Angel v.*

*Bullington*, 330 U.S. 183, 186, 67 S.Ct. 657, 91 L.Ed. 832 (1947). This is so even if the lower court's decision was wrong. *Federated Department Stores, Inc. v. Moitie*, 452 U.S. 394, 398, 101 S. Ct. 2424, 69 L. Ed. 2d 103 (1981).

Accordingly, the defenses and counterclaims would have been related to the appeal, but for Defendant's decision not to appeal those issues. Defendant should have challenged the Court's dismissal of its defenses and counterclaims in the appellate court; and cannot now do so before this Court. *See Angel* 330 U.S. at 189 ("if a litigant chooses not to continue to assert his rights after an intermediate tribunal has decided against him, he has concluded his litigation as effectively as though he had proceeded through the highest tribunal available to him.")

**II. Defendant's Motion Is Moot**

In its Motion, Defendant "moves to dismiss all of its remaining counterclaims." Def. Motion at 2. This is the only relief sought. However, there are *no* counterclaims remaining. As noted above, the entire action was dismissed with prejudice, which included Defendant's counterclaims. Since Defendant's counterclaims have already been dismissed with prejudice, there is nothing left to dismiss without prejudice. Accordingly, Defendant's motion is moot; this Court has already granted the relief requested by disposing of the counterclaims.

**III. The Court's November 30, 2007 Order and Judgment are Final Appealable Orders**

Defendant incorrectly argues that the Court's Order and Judgment are not final appealable orders, since Defendant's counterclaims allegedly remain pending. However, as demonstrated above, it is clear that the dismissal of the entire present action included dismissal of Defendant's counterclaims. Accordingly, Defendant's counterclaims are no longer pending.

Certainly, a district court has discretion to dismiss a counterclaim alleging that a patent is invalid where it finds no infringement. *Nystrom v. Trex Company, Inc.*, 339 F. 3d 1347, 1350

(Fed Cir. 2003). Further, the decision whether to dismiss with or without prejudice is committed to the sound discretion of the district court. *H.R. Technologies, Inc. v. Astechnologies, Inc.*, 275 F. 3d 1378,1384 (Fed Cir. 2002) (relying on Sixth Circuit law). Thus, this Court's dismissal of Defendant's counterclaims with prejudice was proper.

In addition, the Supreme Court has defined a "final judgment" as a decision by a district court that "ends the litigation on the merits and leaves nothing to do but to execute the judgment." *Catlin v. United States*, 324 US 229, 233, 65 S. Ct. 631, 89, L. Ed. 911 (1945); *Coopers & Lybrand v. Livesay*, 437 US 463, 467, 98 S. Ct. 2454, 57 L. Ed. 2d 351 (1978). *See also, International Electronic Corp. v. Hughes Aircraft Company*, 476 F. 3d 1329, 1330 (Fed Cir. 2007); *Nystrom v. Trex Company, Inc.*, 339 F. 3d 1347, 1350 (Fed Cir. 2003). Here, the Court's Order and Judgment disposed of the entire action, emphasizing that the action was "stricken from the active docket." Accordingly, the Court's Order and Judgment ended the litigation on the merits, resulting in a final decision. That final judgment was immediately appealable. 28 U.S.C. § 1295(a)(1); *Walter Kidde Portable Equipment, Inc. v. Universal Security Instruments, Inc.*, 479 F. 3d 1330, 1335 n.4 (Fed Cir. 2007) (district court's order dismissing both the plaintiff's complaint and defendant's counterclaims appealable as a final order, even where dismissal is without prejudice.) Thus, this Court's Order and Judgment were final orders, and the Court of Appeals for the Federal Circuit has jurisdiction to entertain Plaintiff's appeal.

## IV. The Court's Order And Judgment Are Appealable Under 28 U.S.C. §§ 1292(a)(1) and § 1292(c)(1).

Even if this Court's Judgment is not "final" (which it is), "Congress has created limited exceptions to the final judgment rule, one of which permits appeals to be taken from interlocutory orders 'granting, continuing, modifying, refusing or dissolving injunctions, or refusing to modify injunctions.' 28 U.S.C. § 1292(a)(1)." *Lermer Germany GmbH v. Lermer*

*Corporation*, 94 F. 3d 1575, 1576 (Fed Cir. 1996); *Nystrom v. Trex Company, Inc*., 339 F. 3d 1347,1350 (Fed Cir. 2003)(28 U.S.C. § 1292(c)(1) is an exception to rules of finality).

28 U.S.C. § 1292(c)(1) states:

> (c) The United States Court of Appeals for the Federal Circuit shall have exclusive jurisdiction—
>
> (1) of an appeal from an interlocutory order or decree described in subsection (a) or (b) of this section in any case over which the court would have jurisdiction of an appeal under section 1295 of this title; and

28 U.S.C. § 1292(a)(1) states, in pertinent part:

> Except as provided in subsections (c) and (d) of this section, the courts of appeals shall have jurisdiction of appeals from:
>
> (1) Interlocutory orders of the district courts of the United States . . . refusing . . . injunctions . . . .

In the present case, this Court expressly denied Plaintiff's Motion for Preliminary Injunction. November 30, 2007 Order, at 21. Accordingly, the Federal Circuit has jurisdiction over an appeal from that Order. *Lermer*, 94 F. 3d at 1577 ("we hold that for this Court to have jurisdiction over an appeal from an order denying a preliminary injunction, a district court's order must have been ordered in response to a request by the appealing party.")[1] As a result, this Court's Order denying Plaintiff's preliminary injunction motion was immediately appealable under 28 U.S.C. §§ 1292(a)1) and (c)(1), and the Court of Appeals for the Federal Circuit has jurisdiction to entertain that appeal.

## V. The Court's Order And Judgment Granting Defendant's Cross Motion For Summary Judgment Is Immediately Appealable Under Fed. R. Civ. P. 54(b).

Another exception to the finality rule is found in Fed. R. Civ. P. 54(b). *Nystrom*, 339 F. 3d at 1350 (Rule 54(b) exception to rules of finality). Rule 54(b) states:

[1] It is odd that Defendant did not raise this issue in its Motion.

> When an action presents more than one claim for relief — whether as a claim, counterclaim, crossclaim, or third-party claim — or when multiple parties are involved, the court may direct entry of a final judgment as to one or more, but fewer than all, claims or parties only if the court expressly determines that there is no just reason for delay.

*See also International Electronic Technology Corp.*, 476 F. 3d 1330-31(A district court may "direct entry of final judgment as to one or more but fewer than all the claims or parties only if upon an express determination that there is no just reason for delay and upon an express direction for the entry of judgment.").

In the present case, the Court's Order expressly granted Defendant's cross motion for summary judgment. Further, the Court's Judgment expressly states that "this Order is **FINAL AND APPEALABLE** and **THERE IS NO JUST CAUSE FOR DELAY.**" (bold and capitalization in original). Accordingly, the Court's Order satisfied the requirements of Rule 54(b): judgment was expressly directed, and the Court stated that "there is no just cause for delay." This certification made the granting of Defendant's cross motion a final decision and immediately appealable. *Cf, Nystrom*, 339 F. 3d at 1350 ("if a case is not fully adjudicated as to all claims for the parties and there is no expressed determination that there is no just reason for delay or express direction for entry of judgment as to fewer that all the parties or claims, there is no "final decision" under 28 USC § 1295(a)(1) and therefore no jurisdiction."). Thus the Court of Appeals has jurisdiction to hear the appeal from the order granting Defendant's summary judgment motion.

**VI. Other Issues Raised By Defendant**

a. In support of its Motion, Defendant's relies on *Nystrom; Pause Technology. LLC v. TiVo, Inc.*, 401 F. 3d 1290 (Fed Cir. 2005); and *Enzo Biochem, Inc. v. Gen-Probe, Inc.*,

424 F. 3d 1276 (Fed Cir. 2005). Each of these cases is distinguishable from the present situation.

In *Enzo*, the court's judgment did not dispose of the pending counterclaims, there was no Rule 54(b) certification, and the case did not involve interlocutory injunctive relief. In *Pause Technology*, there was no dismissal of the action with prejudice or other disposition of the counterclaim, no Rule 54(b) certification, and no interlocutory injunctive relief was involved. Finally, in *Enzo Biochem*[2] there was no dismissal of the entire action or other dismissal of pending counterclaims, no Rule 54(b) certification, and no interlocutory injunctive relief involved. Accordingly, none of these cases involved disposition of the counterclaims or an exception to the final judgment rule.

b. Defendant argues that "it is Plaintiff's burden to insure that the judgment it appeals from is final." Actually, it is the parties' burden. *See*, *Pause Technology LLC v. TiVo, Inc.*, 401 F. 3d 1290,1293 (Fed Cir. 2005) ("Parties too frequently are not reviewing the actions of the district courts for finality before lodging appeals"[emphasis added]); *International Electronic Technology Corp,* 476 F. 3d at 1330 ("the court takes umbrage at parties who have not carefully screened their cases to ascertain whether or not a judgment is final" [emphasis added]).

In the present case, Plaintiff carefully considered the above issues before filing its notice of appeal. On the other hand, it is apparent that Defendant has not appreciated the effect of the Court's dismissal with prejudice of the action, or the presence of the Rule 54(b) certification, or the denial of Plaintiff's preliminary injunction motion, as proper bases for appeal.

[2] Defendant's citation is incorrect; the correct citation is 414 F. 3d 1376 (Fed Cir. 2005).

c. Defendant misleadingly refers to Federal Circuit Rule 28(a)(5) as "requiring appellant to represent that the judgment or order appealed from is final, or is excepted from the final judgment requirement".

Actually, this rule requires a:

> Jurisdictional statement including a representation that the judgment or order appealed from is final or, if not final, the basis for appealability (e.g., preliminary injunction, the Federal Rules of Civil Procedure 54(b) certification of final judgment as to fewer than all of the claims or parties, etc.).

As discussed above, Plaintiff can meet all of these requirements. Again it is odd that Defendant ignores the preliminary injunction and 54(b) exceptions.

d. Defendant's arguments about Plaintiff's operational status are irrelevant to the present Motion, and are erroneous. In fact, iLOR has run out of money (as prophecied at the November 19, 2007 hearing); has released all of its technical personnel; and has only two ministerial personnel who are being paid by an outside source.

e. Finally, Defendant argues that Plaintiff "refused to stipulate to the relief sought by the present motion, and decline to provide any explanation for its refusal." To the contrary, on two separate occasions, prior to the filing of the present motion, Plaintiff's counsel stated "[w]e believe that the District Court's Order and Judgment are clear that the Court of Appeals for the Federal Circuit has jurisdiction to hear iLOR's appeal" and "[t] only issue with which we need concern ourselves at this point is whether the Court of Appeals for the Federal Circuit has jurisdiction to consider iLOR's appeal. We have assured ourselves that it does. The appeal is neither premature nor subject to dismissal. We see no need to unnecessarily complicate matters by agreeing to your proposed stipulation."

## VII. Defendant Should Be Sanctioned For Filing The Present Frivolous Motion

For the reasons stated above, it is apparent that Defendant's motion is completely unjustified and frivolous. Although conceding it was aware of the dismissal of the present action with prejudice, Defendant ignored the obvious fact that the dismissal also disposed of its counterclaims, etc. Further, Defendant ignored the Rule 54(b) certification and the denial of Plaintiff's preliminary injunction motion as proper bases for appeal.

Moreover,, Defendant brought the present motion at a time when it knew or should have known that this Court had no jurisdiction to entertain it, and sought relief already granted by the Court.

In addition, the opening comments in Defendant's Motion make it clear that Google is simply attempting to "beat a dead horse," and cause Plaintiff, which is essentially lifeless, to use up whatever meager resources it may have left. The attempt by Giant Google[3] to suck out of iLOR whatever flickering life is left, coupled with its frivolous motion, are clear indications that the motion was brought only to unreasonably and vexatiously multiply the proceedings in this case in order to unnecessarily tax iLOR's resources. Under such circumstances, sanctions, in the form of Plaintiff's attorney's fees, costs, and expenses associated with responding to the present motion should be awarded. *See* 28 U.S.C. § 1927; *International Electronic Technology*, 476 F. 3d at 1330 ("the parties and other members of the bar are hereby placed on notice that the court shall in the future begin to cite counsel for failure to determine whether or not the appealed judgment is final").

[3] According to Google's annual report, "at June 30, 2007, we had $12.5 billion of cash, cash equivalent, and marketable securities."

## VIII. Conclusion

In view of the foregoing, it is respectfully requested that Defendant's Motion be denied, and that Plaintiff be awarded its fees, expenses and costs associated with opposing the present Motion.

Respectfully submitted,

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## CERTIFICATE OF SERVICE

This is to certify that on this 23rd day of January, 2008, the foregoing was filed with the clerk of the Court by using the CM/ECF system, and that a true and correct copy of the foregoing will be served upon the following Counsel for Defendant through the Court's CM/ECF system:

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