

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

Electronically Filed

iLOR, LLC,

Plaintiff

v.

GOOGLE INC.

Defendant.

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: Civil Action No. 5:07-cv-00109-JMH
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**PLAINTIFF’S SUR-REPLY MEMORANDUM IN RESPONSE TO DEFENDANT
GOOGLE, INC.’S REPLY IN SUPPORT OF ITS MOTION TO DISMISS REMAINING
CLAIMS AND COUNTERCLAIMS WITHOUT PREJUDICE, AND FOR ENTRY OF
FINAL AND APPEALABLE JUDGMENT**

With leave of court, Plaintiff iLOR, LLC respectfully submits this sur-reply memorandum in response to Google’s reply in support of its motion to dismiss remaining claims and counterclaims without prejudice, and for entry of final and appealable judgment. Google’s reply in not well taken for the following reasons:

1. iLOR has not conceded that this Court’s judgment and order disposed only of its claims. The notice of appeal cited by Google addresses the fact that iLOR is only appealing matters which adversely effected it, namely dismissal of its claims, and its action.¹

2. Google cites four “routes to a final judgment”. Of course, these are not the only routes. In any event, the Federal Circuit in *Korszun* noted that “the district court can dismiss the counterclaims”. 96 Fed. Appx. at 700. The Federal Circuit did not specify whether the dismissal

¹ Google’s reply incorrectly quotes the notice of appeal as dismissing “plaintiff’s actions”.

had to be with or without prejudice. In the present case, this Court dismissed the entire action (which necessarily included all counterclaims) with prejudice. This was proper since “a district court has discretion to dismiss a counterclaim alleging that a patent is invalid as moot where it finds no infringement.” *Nystrom*, 339 F. 3d. at 1351.

Moreover, this Court properly entered judgment under Fed. R. Civ. P. 54(b), Federal Circuit “route” 3, and iLOR has evoked “rout” 4 by appealing the denial of its preliminary injunction motion pursuant to 28 USC § 1292(c)(1). Accordingly, there are multiple “routes” to a final appealable judgment in this case, requiring no further action by this Court.

3. Google’s reliance on *Hyperphrase Techs* is misplaced. In that case, the court did not dismiss the entire action with prejudice, there was no Rule 54(b) certification, and the case did not involve an appeal from an injunction decision. Accordingly, that appeal, unlike the present situation, was premature.² Unlike the situation in *Hyperphrase*, it is unnecessary for iLOR to enter into a stipulation dismissing counterclaims without prejudice, since they have already been dismissed with prejudice. Here, unlike *Hyperphrase*, the counterclaims have been resolved, and Google did not seek to appeal that resolution.

4. Google’s reliance on *Tancrede* and *Fieldturf* as supporting this Court’s jurisdiction to consider the present motion is misplaced. *Tancrede* recognizes that a district court may retain ancillary jurisdiction after dismissal to adjudicate collateral matters such as attorneys fees, Rule 11 sanctions, and costs. Similarly, *Fieldturf* makes clear that a district court retains jurisdiction only for collateral matters such as discovery sections, and awards of fees and costs. *Fieldturf*, 212 F. R. D. at 343 (“[A] far more sensible application has been adopted by the Sixth Circuit Court of Appeals, that while divested of jurisdiction over the substantive matters in a case, a district court is in the best position to decide certain collateral matters such as fees,

² It is noteworthy that Google has not raised this alleged jurisdictional issue with the Federal Circuit.

costs, sanctions”)(emphasis added). In the present case, the matters raised by Google are substantive, not collateral, and therefore this Court is divested of jurisdiction to consider them. Google could have appealed the dismissal with prejudice of its counterclaims, but chose not to. “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 US 183, 186, 189, 67 S. Ct. 657, 91 L. Ed. 832 (1947)(“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.”)

5. Google asserts that the judgment only disposed of iLOR’s infringement claim, despite the fact that it dismisses the “action”. “[A] court speaks through its judgments and orders.” *Bell v. Thompson*, 545 US 794, 804, 125 S. Ct. 2825, 162 L. Ed. 2d 693 (2005). Here the judgment plainly says that the “action”, not just iLOR’s complaint, is dismissed with prejudice. Nor does the “judgment expressly state[s] that it is entirely based on the Court’s Order” as Google asserts. Rather the judgment states it as “in accordance with the Order”. This simply means that the judgment implements the Order.

6. In addition to the distinctions previously discussed in iLOR’s response to Google’s motion, the *Pause Tech. LLC* case is further distinguishable because the counterclaim there was unadjudicated. In the present case, the entire action, including all counterclaims, was expressly, not impliedly dismissed, with prejudice.

7. Google’s reliance on *Liquid Dynamics Corp.* that a court may dismiss a counterclaim “without prejudice” is likewise misplaced. The issue is not what this Court could have done, but what it actually did do – it dismissed the action with prejudice. Google chose not

to challenge that decision, and therefore is precluded from doing so now. Clearly, a decision whether to dismiss with or without prejudice is committed to the sound discretion of the district court. *H.R. Technologies, Inc. v. Astechologies, Inc.*, 275 F. 3d 1378, 1384 (Fed. Cir. 2002) (relying on Sixth Circuit law).

8. Google argues that there is no proper rule 54(b) certification in this case.³ The determination whether a Rule 54(b) certification is proper is left to the Federal Circuit Court of Appeals and not this Court. *See W.L. Gore & Assoc., Inc. v. International Medical Prosthetics Research Associates, Inc.*, 975 F. 2d 858, 862 (Fed. Cir. 1992) (“when an appeal is certified pursuant to Rule 54(b), an appellate court should review the finality of the judgment of *de novo* in order to insure itself that it has jurisdiction.”) Further, such a Rule 54(b) certification by the district court is discretionary. *Id.* “Once the district court decided that [the plaintiff’s] patent was invalid or that [the defendant] did not infringe [the plaintiff’s] patent, the district court no longer needed to address any of the other defenses.” *Id.* at 863. Here this Court found non-infringement; accordingly, no other defenses (or the counterclaims which are coextensive with Google’s defenses) needed to be decided, and certification of the summary judgment holding of non-infringement was proper.

9. Google asserts that it was an abuse of discretion for this Court to fail to articulate reasons for its certification. In *W. L. Gore & Assoc.*, the Federal Circuit specifically addressed this question and stated “[w]e cannot say on the instant case that the district court’s failure to make explicit findings setting forth the reasons for its certification is fatal or amounts to an abuse of discretion. The posture in the case and the factors justifying entry of judgment are apparent from the materials before us.” *Id.* at 865. In the present case, the finding of non-infringement is

³ There’s no requirement that iLOR expressly request such a certification, as Google implies.

evident from the briefs of the parties and this Court's Memorandum and Order. In fact, the judgment containing the certification states that it was made "[i]n accordance with the Order."

10. *Corrosioneering, Inc.*, relied on by Google, is distinguishable because the issue there was not separable from the remainder of the case. Here, the non-infringement issue is clearly separable from other issues (patent validity and unenforceability) raised in the pleadings. In *Santa Maria*, the appellate court found the appeal of eleven related cases "wholly unnecessary", and dismissed those appeals, retaining jurisdiction to decide the common Rule 54(b) question presented in one of the appeals. Finally, in *Akers*, relied on by Google, although the district court did not articulate its reasons for this certification, the appellate court heard the merits of the appeal nonetheless.

11. Contrary to Google's characterization, iLOR is presenting an appeal pursuant to 28 USC § 1292(a)(1) and 1292(c)(1). Those statutes expressly permit an immediate appeal from the refusal of a request for an injunction, precisely what happened in this case.

12. In addition to the relief previously requested, Google now requests a declaratory judgment that it does not infringe the '839 patent. For reasons previously stated this Court lacks jurisdiction to do so. Moreover, the adjudication by this court only involved claim 26 of the '839 patent. There are numerous other claims in that patent for which the infringement issue has not been adjudicated. Accordingly, such relief is premature. Moreover, since the counterclaims have been dismissed with prejudice, Google no longer has a counterclaim asserting non-infringement of the '839 patent. Further, there is a right to a jury trial on the infringement/non-infringement issue. *See In re Technology Licensing Corp.*, 423 F. 3d 1286, 1288 (Fed. Cir. 2005).

Finally, Google seeks monetary sanctions, claiming “iLOR refused in the meet and confer process to articulate even one of the off-the-mark arguments that it subsequently made in its brief, thus unnecessarily protracting the present motion practice by forcing Google to respond in the first instance on reply.” Once Google was made aware in detail of iLOR’s position, there was no necessity for it to file its reply given the overwhelming merit of iLOR’s position. Moreover, prior to the filing of Google’s motion, iLOR’s counsel told Google’s counsel on two separate occasions that the Court of Appeals for the Federal Circuit had jurisdiction to consider iLOR’s appeal, and that the appeal was neither premature nor subject to dismissal.

CONCLUSION

In view of the foregoing, it is respectfully requested that Google’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 7th day of February, 2008, the foregoing was filed with the clerk of the Court as part of iLOR's Motion to file sur-reply memorandum 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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