

**IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF TEXAS
MARSHALL DIVISION**

	§	
	§	
PI-NET INTERNATIONAL, INC.,	§	
<i>Plaintiff,</i>	§	
v.	§	Civil Action No. 2:13-cv-1016-JRG-RSP
	§	LEAD CASE
STAPLES, INC.	§	
<i>Defendant.</i>	§	
_____	§	_____
v.	§	
	§	
J.C. PENNEY COMPANY, INC.,	§	Civil Action No. 2:13-cv-1035-JRG-RSP
<i>Defendant.</i>	§	

ORDER OF DISMISSAL WITH PREJUDICE

Before the Court is the Report and Recommendation filed by Magistrate Judge Payne (Dkt. No. 210) recommending that Plaintiff Pi-Net International, Inc.’s (“Pi-Net”) Complaint be dismissed with prejudice for failure to prosecute and failure to comply with the Orders of this Court. Prior to the Report and Recommendation, Defendant J.C. Penney Company, Inc. (“J.C. Penney”) had requested immediate dismissal of this case. (Dkt. No. 189.) The Court has considered the arguments raised in the Motion for Reconsideration of the Report and Recommendation (Dkt. No. 211), as well as the corresponding briefing.

The Court notes that the Motion for Reconsideration was filed by Dr. Lakshmi Arunachalam, who identified herself as “*Pro-Se* Plaintiff and Real Party-in-Interest/Patent Owner.” (Dkt. No. 211.) Plaintiff Pi-Net, which is no longer represented by counsel in this case (*see* Dkt. No. 209), did not file objections to the Report and Recommendation. It is unclear whether this Motion (as well as the other motions filed by Dr. Arunachalam) is intended to be filed

on behalf of Dr. Arunachalam (who is not a party to this action) or on behalf of Plaintiff Pi-Net (even though Dr. Arunachalam is not an attorney). Regardless, the Court has considered the arguments raised in the Motion for Reconsideration and finds them unpersuasive.

The Court notes that the ownership of U.S. Patent No. 8,346,894—the only patent asserted in this case—has changed multiple times during the period of time surrounding this lawsuit. Dr. Arunachalam first filed suit as a plaintiff, asserting the '894 Patent against J.C. Penney. (*Dr. Lakshmi Arunachalam v. J.C. Penney Company, Inc.*, 2:13-cv-006050-JRG (filed August 12, 2013 and dismissed without prejudice on December 17, 2013).) The ownership of the patent at the time that suit was filed remains unclear. (*See* Dkt. No. 188-1 (indicating that the '894 Patent was assigned to Pi-Net both from Dr. Arunachalam and from Webexchange, Inc.)) When the first case was dismissed without prejudice, Pi-Net filed suit against J.C. Penney on November 26, 2013, asserting the same patent. (Dkt. No. 1.) However, during the pendency of the instant case, Pi-Net transferred ownership of the '894 Patent back to Dr. Arunachalam. (Dkt. No. 186-5.) Thus, it appears that Plaintiff Pi-Net no longer owns the asserted patent.

The Court also notes that on August 17, 2015, the Patent Trial and Appeal Board issued a Final Written Decision finding claims 1–19 of the '894 Patent unpatentable. (*SAP America, Inc. v. Lakshmi Arunachalam*, IPR2014-00413, Final Written Decision, Paper 26 (Aug. 17, 2015).) That decision addressed all claims of the only asserted patent in the present case and found them unpatentable.

After de novo review, the Court is persuaded that the Motion for Reconsideration (Dkt. No. 211) should be **DENIED**. The Court bases its decision to dismiss this case on the Magistrate

Judge's Report and Recommendation as well as on the unique circumstances discussed above. The Recommendation is thus **ADOPTED**.

It is therefore **ORDERED** that Pi-Net International, Inc.'s Complaint against Defendant J.C. Penney Company, Inc. is **DISMISSED WITH PREJUDICE**. The Clerk is directed to close member case 2:13-cv-1035 and lead case 2:13-cv-1016. All pending motions between Pi-Net and J.C. Penney that have not yet been addressed by the Court are hereby **DENIED AS MOOT**.

So ORDERED and SIGNED this 28th day of March, 2017.



RODNEY GILSTRAP
UNITED STATES DISTRICT JUDGE