IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF TEXAS
LUFKIN DIVISION

ANASCAPE, LTD.	§	
	§	Hon. Ron Clark
Plaintiff,	§	
	§	
v.	§	Civil Action No. 9:06-CV-00158-RC
	§	
MICROSOFT CORPORATION, and	§	
NINTENDO OF AMERICA INC.,	§	
	§	
Defendants.	§	

NINTENDO OF AMERICA INC.'S RESPONSE TO ANASCAPE, LTD.'S MOTION FOR A SEVERANCE PURSUANT TO FED. R. CIV. P. 21

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I. INTRODUCTION

This litigation has concluded with respect to two of the asserted patents, the '700 patent and the '525 patent. Claims relating to the three other asserted patents – the '791, '205, and '415 patents – have been stayed pending the outcome of ongoing reexamination proceedings with respect to those patents in the United States Patent and Trademark Office. Both Anascape and Nintendo agree that a final judgment should be entered with respect to the '700 and '525 patents so that the judgment with respect to those patents can be appealed. The only unresolved issue is the correct procedural vehicle for entering a final judgment as to those patents. Nintendo contends that the proper vehicle for entry of final judgment is for the Court to enter final judgment concerning the '700 and '525 patents under Fed. R. Civ. P. 54(b). Anascape, on the other hand, moves for a severance of the stayed claims pursuant to Rule 21, to form two completely separate cases. As set forth below, a Rule 54(b) certification is the common and proper method for the court to enter a final judgment allowing the parties to appeal the issues relating to the '700 and '525 patents.

II. ARGUMENT

A. Rule 54(b) is the Proper Procedure For Entering Final Judgment

Rule 54(b) specifically provides for entry of judgment on fewer than all of the pending claims: "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." Fed. R. Civ. P. 54(b). This is the procedure commonly followed by District Courts when fewer than all claims have been adjudicated because, for example, certain claims have been stayed. *E. I. Du Pont de*

Nemours & Co. v. Phillips Petroleum Co., 720 F. Supp. 373, 380 (D. Del. 1989) (entering judgment under Rule 54(b) on invalidity counterclaim while infringement claims were stayed pending outcome of reexamination); *see also Gomez v. Department of the Air Force*, 869 F.2d 852 (5th Cir. 1989) (district court entered final judgment under Rule 54(b)); *United Indus. v. Eimco Process Equip. Co.*, 61 F.3d 445, 448 (5th Cir. 1995) (same). Final judgment pursuant to Rule 54(b) should thus be entered in this case.[1]

Despite Anascape's arguments, Rule 21 is not the proper procedure to certify the adjudicated claims for appeal, as at least one court has already determined. *See Benton v. Hot Shot Express, Inc.*, No. 3:99-cv-1015-H, 2003 U.S. Dist. LEXIS 17549 (N.D. Tex. Sept. 25, 2003) (determining judgment should be entered pursuant to Rule 54(b) after grant of summary judgment on some claims and denying request for severance under Rule 21).

B. This Court Retains Jurisdiction Over The Stayed Claims

The only stated basis for Anascape's proposal for a severance under Rule 21 is that a final judgment pursuant to Rule 54(b) "would create confusion as to this Court's continuing jurisdiction of claims related to the stayed patents."[2] (Anascape Br., D.I. 355 at 6). Anascape

[1] Entry of final judgment pursuant to Rule 54(b) requires (1) multiple claims; (2) a final judgment as to some of the claims; and (3) determination that no reason for delay in the appeal exists. Fed. R. Civ. P. 54(b). All three factors are met here. There are multiple claims of infringement by Anascape based on a number of different patents, as well as counterclaims of invalidity by Nintendo. *See E. I. Du Pont de Nemours & Co. v. Phillips Petroleum Co.*, 720 F. Supp. 373, 380 (D. Del. 1989) (infringement claim and invalidity counterclaim are separate claims for purposes of Rule 54(b)). Once the Court has ruled on the various post-trial motions, a final determination will have been reached with respect to all claims concerning the '700 patent, as well as the claim for infringement of the '525 patent. The parties agree that there is no reason to delay appeal of this action as to these two patents.

[2] Anascape's argument is based on the purely speculative scenario in which a final judgment on the stayed patents with respect to the reexamination requests were to occur while the appeal with respect to the '700 and '525 patents is still pending. It is exceedingly unlikely that such a scenario would occur. The reexaminations for all three patents are still pending in the PTO. Even in the unlikely event that the reexamination proceeding were concluded in the next few months, either party can appeal those decisions to the Board of Patent Appeals and then to the Federal Circuit. There is no reason to believe that an appeal from the PTO's reexamination determination would be final before an appeal from the current case is decided. Moreover, the Federal Circuit averages approximately 9 months from docketing of the appeal to final disposition. *See 2007 Average Disposition Time at http://www.cafc.uscourts.gov/pdf/MedDispTime(chart)99-07.pdf.* Thus, even if Anascape were correct that this Court lacked jurisdiction to decide the stayed claims during the appeal, it would be for a relatively short time which is unlikely to extend beyond a final determination of the reexaminations.

fails to cite any case to support its concern that this Court would not have jurisdiction over the stayed claims while the appeal is pending.

In fact, the case law is clear that the district court retains jurisdiction over claims that are not subject to the appeal. *See, e.g.*, *Gomez*, 869 F.2d at 859 n.16 ("It is also well-settled that federal district courts, pursuant to Fed.R.Civ.P. 54(b), have the power to render a fully adjudicated claim in a case 'final' for purposes of appeal, while other, separate unresolved claims remain at the district court level for further proceedings."); *United Indus.*, 61 F.3d at 448 (appellate court lacked jurisdiction over claims not within district court's certification order under Rule 54(b)) (citing *United States v. Stanley*, 483 U.S. 669, 677 (1987)); *Settles v. Golden Rule Ins. Co.*, 927 F.2d 505, 507 n.1 (10th Cir. 1991) (district court certified appeal with respect to one defendant under 54(b), but "retain[ed] jurisdiction of the cause of action against [the other defendant]"); *FOGADE v. ENB Revocable Trust*, 263 F.3d 1274, 1296 (11th Cir. 2001) (appellate court only had jurisdiction over those claims certified under Rule 54(b)).

III. CONCLUSION

For the foregoing reasons, following the resolution of post-trial motions, the Court should enter final judgment with respect to the '700 and '525 patents pursuant to Rule 54(b).

Dated: July 11, 2008

Respectfully submitted,

/s/ Lawrence L. Germer

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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the above and foregoing instrument was filed electronically pursuant to Local Rule CV-5. Parties may access this filing through the Court's case management electronic filing system. Notice of this filing will be sent to all counsel of record by the Court's electronic filing system on this the 11th day of July, 2008.

/s/ Lawrence L. Germer
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