

**IN THE UNITED STATES DISTRICT COURT**  
**FOR THE NORTHERN DISTRICT OF ILLINOIS**  
**EASTERN DIVISION**

OTTER PRODUCTS, LLC, and	)	
TREEFROG DEVELOPMENTS, INC.,	)	
	)	Case No. <u>1:19-cv-06195</u>
Plaintiffs,	)	
	)	JUDGE ROWLAND
v.	)	
	)	MAGISTRATE JUDGE HARJANI
FELLOWES, INC.	)	
	)	JURY TRIAL DEMANDED
Defendant	)	
	)	

**MOTION FOR ENTRY OF PARTIAL JUDGMENT**

1. Plaintiffs Otter Products LLC and TreeFrog Developments, Inc. (“Plaintiffs”) respectfully request that the Court enter partial judgment, pursuant to Federal Rule of Civil Procedure 54(b), based on the dismissal with prejudice of the causes of action pled in Fellowes’ Countercomplaint (Dkt. 30).

2. On February 16, 2020, Defendant Fellowes, Inc. (“Defendant”) stipulated to dismissal with prejudice of “the causes of action pled in the counterclaim of Docket Entry 30.” (Dkt. 48). On February 20, 2020, the Court dismissed with prejudice “the causes of action pled in the counterclaim of Docket Entry 30.” (Dkt 50).

3. Fellowes’ Countercomplaint (Dkt. 30) pled three causes of action: (1) infringement of U.S. Patent No. 10,084,502; (2) infringement of U.S. Patent No. 9,853,674; and (3) the non-infringement and invalidity of U.S. Patent Nos. 8,342,325; 8,393,466; 8,526,180; 8,531,834; 8,564,950; 9,549,598; 9,660,684; and 9,498,033 (“Plaintiffs’ Asserted Patents”). (Dkt. 30, at Countercomplaint).

4. Rule 54(b) authorizes the Court to “direct entry of a final judgment as to one or more, but fewer than all, claims . . . if the court expressly determines that there is no just reason for delay.” Fed. R. Civ. P. 54(b). Furthermore, dismissal of a claim with prejudice “is a judgment on the merits.” *E.g., Power Mosfet Techs., L.L.C. v. Siemens AG*, 378 F.3d 1396, 1416 (Fed. Cir. 2004).

5. Fellowes’ dismissal of its claims with prejudice operates as an adjudication on the underlying merits of those dismissed claims. As such, judgment should now be entered in favor of Plaintiffs and against Defendant with regards to three sets of claims:

- a. Defendant’s claim of infringement of the ’502 and ’674 Patents (Dkt. 30, Counts I and II, respectively);
- b. Defendant’s declaratory judgment claim of non-infringement and invalidity of Plaintiffs’ Asserted Patents (Dkt. 30, Count III);
- c. Plaintiffs’ claim of infringement of Plaintiffs’ Asserted Patents (Dkt. 22, Counts IV to XI).

6. In light of the above facts and law, Plaintiffs respectfully request that the Court enter judgment in Plaintiffs’ favor and against Defendant on Fellowes’ prejudicially dismissed Counterclaim Counts I through III as well as on Plaintiffs’ corresponding claims of the Amended Complaint (Dkt. 22), Counts IV-XI.

Dated: February 21, 2020

Respectfully submitted,

By: /s/ James Beard

James W. Beard (*pro hac vice*)  
**Merchant & Gould P.C.**  
1801 California Street, Suite 3300  
Denver, Colorado 80202

303.357.1670 (Telephone)  
612.332.9081 (Facsimile)  
[jbeard@merchantgould.com](mailto:jbeard@merchantgould.com)

Reid P. Huefner  
Margaret A. Herrmann  
**Irwin IP LLC**  
222 South Riverside Plaza  
Suite 2350  
Chicago, IL 60606  
312.667.6080 (Telephone)  
[rhuefner@irwinip.com](mailto:rhuefner@irwinip.com)  
[mherrmann@irwinip.com](mailto:mherrmann@irwinip.com)

*Attorneys for Plaintiffs*

**CERTIFICATE OF SERVICE**

The undersigned certifies that a copy of the foregoing **Motion for Entry of Partial Judgment** has, on February 21, 2020, been filed with the Clerk of the Court using the CM/ECF System, which will send electronic notification of such filing to all counsel on record, namely:

Peter J. Shakula (#6204370)  
pjshakula@woodphillips.com  
WOOD PHILLIPS  
500 West Madison Street, Suite 3800  
Chicago, IL 60661-2562  
Tel: 312.876.1800  
Fax: 312.876.2020

William P. Atkins  
william.atkins@pillsburylaw.com  
Pillsbury Winthrop Shaw Pittman LLP  
1650 Tysons Blvd.  
McLean, VA 22102  
Tel: 703.770.7900

*Attorneys for Defendant  
Fellowes, Inc.*

By: /s/ James Beard

James W. Beard (*pro hac vice*)  
**Merchant & Gould P.C.**  
1801 California Street, Suite 3300  
Denver, Colorado 80202  
303.357.1670 (Telephone)  
612.332.9081 (Facsimile)  
[jbeard@merchantgould.com](mailto:jbeard@merchantgould.com)

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	)	Case No. <u>1:19-cv-06195</u>
Plaintiffs,	)	
	)	JURY TRIAL DEMANDED
v.	)	
	)	
FELLOWES, INC.	)	
	)	
Defendant	)	
	)	

**PLAINTIFFS MEMORANDUM IN SUPPORT OF THEIR MOTION FOR ENTRY OF**  
**PARTIAL JUDGMENT AGAINST DEFENDANT FELLOWES, INC.**

On February 16, 2020, Defendant Fellowes, Inc. (“Defendant”) dismissed with prejudice “the causes of action pled in the counterclaim of Docket Entry 30.” (Dkt. 48). This Court dismissed the causes of action of Fellowes’ Countercomplaint (Dkt. 30) with prejudice on February 20, 2020. (Dkt. 50). Based upon the dismissal with prejudice of Defendant’s causes of action, Plaintiffs Otter Products LLC and TreeFrog Developments, Inc. (“Plaintiffs”) respectfully request the Court enter partial judgment in Plaintiffs favor and against Defendant for Counts I through III of Fellowes’ Countercomplaint and Counts IV through XI of Plaintiffs’ Amended Complaint (Dkt. 22) pursuant to Federal Rule of Civil Procedure 54(b).

**I. Procedural History**

Plaintiffs filed the operative Amended Complaint on November 20, 2019, which in pertinent part asserted infringement of Plaintiffs’ Asserted Patents.<sup>1</sup> (Dkt. 22). Fellowes’

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<sup>1</sup> Defined as the U.S. Patent Nos. 8,342,325; 8,393,466; 8,526,180; 8,531,834; 8,564,950; 9,549,598; 9,660,684; and 9,498,033. The Amended Complaint (Dkt. 22) separately asserts Counts for infringement and dilution of trade dress (Counts I and II), Federal Unfair Competition

answered the Amended Complaint on December 4, 2019, and additionally asserted counterclaims of (1) infringement of U.S. Patent No. 10,084,502; (2) infringement of U.S. Patent No. 9,853,674; and (3) non-infringement and invalidity of Plaintiffs' Asserted Patents. (Dkt. 30; "Fellowes' Countercomplaint"). On January 15, 2020, Plaintiffs answered Fellowes' Countercomplaint and raised counterclaims of invalidity of U.S. Patent Nos. 9,853,674 and 10,084,502 (collectively "Fellowes' Asserted Patents"); non-infringement of Fellowes' Asserted Patents; and unenforceability of Fellowes' Asserted Patents. (Dkt. 37; "Plaintiffs' Countercomplaint"). Fellowes' answer to Plaintiffs' Countercomplaint was due February 5, 2020; on February 11, 2020, Fellowes filed an unopposed motion to extend time to answer Plaintiffs' Countercomplaint. (Dkt. 45).

On February 16, 2020, Fellowes filed a dismissal with prejudice of "the causes of action pled in the counterclaim of Docket 30[.]" (Dkt. 48). Based on Defendant's dismissal with prejudice of Counts I and II of Fellowes' Countercomplaint, Plaintiffs' filed a notice of dismissal without prejudice of Counts XIV through XVIII, relating to the non-infringement, invalidity, and unenforceability of Fellowes' Asserted Patents. (Dkt. 49). The Court ordered the dismissal with prejudice of Fellowes' Countercomplaint on February 20, 2020. (Dkt. 50).

## **II. Legal Standard**

Rule 54(b) authorizes the Court to "direct entry of a final judgment as to one or more, but fewer than all, claims . . . if the court expressly determines that there is no just reason for delay." Fed. R. Civ. P. 54(b). The Supreme Court has established a two-part test for determining when partial judgment under Rule 54(b) is appropriate. First, the district court must determine that its decision is a "final judgment" as to the relevant claims. *Curtiss-Wright Corp. v. Gen. Elec. Co.*,

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(Count III), violation of the Illinois Uniform Deceptive Trade Practices Act, 815 ILCS 510/1 et seq. (Count XII), and common law unfair competition (Count XIII).

446 U.S. 1, 7 (1980). Second, the district court must expressly determine that there is “no just reason for delay.” *Id.* at 8.

A final judgment is “a decision upon a cognizable claim for relief” that is “an ultimate disposition of an individual claim entered in the course of a multiple claims action.” *Curtiss–Wright Corp.*, 446 U.S. at 7. A district court’s judgment is final where it “ends the litigation on the merits and leaves nothing for the court to do but execute the judgment.” *Catlin v. United States*, 324 U.S. 229, 233, 65 S. Ct. 631, 89 L. Ed. 911 (1945) (emphasis added). Under the established law of the Federal Circuit, a dismissal of a claim with prejudice “is a judgment on the merits.” *E.g., Power Mosfet Techs., L.L.C. v. Siemens AG*, 378 F.3d 1396, 1416 (Fed. Cir. 2004).

### **III. Argument**

The dismissal with prejudice of Fellowes’ Countercomplaint (Dkt. 50; *and see* Dkt. 48) operates as an adjudication on the merits with regards to three sets of claims, for which judgment should be entered in favor of Plaintiffs and against Defendant:

- (1) Defendant’s claim of infringement of the ’674 and ’502 Patents (Dkt. 30, Counts I and II);
- (2) Defendant’s declaratory judgment claim of non-infringement and invalidity of Plaintiffs’ Asserted Patents (Dkt. 30, Count III);

And, based on the same judgment,

- (3) Plaintiffs’ claim of infringement of Plaintiffs’ Asserted Patents (Dkt. 22, Counts IV to XI).

*Power Mosfet*, 378 F.3d at 1416. Fellowes’ dismissal with prejudice of its Countercomplaint ended its litigation of each of Fellowes’ Asserted Patents, and ended its defense against Plaintiffs’ allegations of infringement on the merits except as to the quantum of damages. *See Catlin*, 324 U.S. at 233.

**a. Fellowes' dismissal of each of its counterclaims with prejudice is an adjudication on the merits**

Under the controlling Federal Circuit precedent a voluntary dismissal of claims with prejudice is a judgment on the merits. *Raniere v. Microsoft Corp.*, 887 F.3d 1298, 1308 (Fed. Cir. 2018) (“‘with prejudice’ is an acceptable form of shorthand for ‘an adjudication upon the merits’” (quoting *Semtek Int’l Inc. v. Lockheed Martin Corp.*, 531 U.S. 497, 505 (2001))); *Power Mosfet Techs.*, 378 F.3d at 1416 (“The dismissal of a claim with prejudice, however, is a judgment on the merits under the law of the Federal Circuit.”). Because Fellowes’ dismissal ended the litigation for each of Fellowes’ counterclaims (Counts I through III) on the merits, there is nothing left for this Court to do but execute and enter judgment. *See Catlin*, 324 U.S. at 233; *Power Mosfet*, 378 F.3d at 1416.

The adjudication of the merits of Count III of Fellowes’ Countercomplaint—which pled causes of actions for and alleged facts in assertion of both non-infringement and invalidity of each of Plaintiffs’ Asserted Patents—likewise ended Fellowes’ defense against Counts IX through XI of Plaintiffs’ Amended Complaint. *See* Dkt. 50 (dismissing with prejudice Count III of Dkt. 30); Dkt. 30, at Countercomplaint, Count III (claiming non-infringement and invalidity of Plaintiffs’ Asserted Patents). Defendant is now estopped from further litigation of these issues, in this or other actions, and the claims have been adjudicated in Plaintiffs’ favor. *Power Mosfet*, 378 F.3d at 1416; *and see, e.g., Jet, Inc. v. Sewage Aeration Sys.*, 223 F.3d 1360, 1362 (Fed. Cir. 2000) (claim preclusion applies where “(1) there is identity of parties (or their privies); (2) there has been an earlier final judgment on the merits of a claim; and (3) the second claim is based on the same set of transactional facts as the first”); *Suel v. Sec’y of Health & Human Servs.*, 192 F.3d 981, 985 (Fed. Cir. 1999) (“Under law of the case, then, a court will generally refuse to reopen or reconsider what has already been decided at an earlier stage of the litigation.”)



(citing *Kori Corp. v. Wilco Marsh Buggies & Draglines, Inc.*, 761 F.2d 649, 657 (Fed. Cir. 1985)); see also, e.g., *Kellogg v. Nike, Inc.*, No. 8:07CV70, 2009 WL 3165529, at \*12 (D. Neb. Sept. 30, 2009), *aff'd*, 421 F. App'x 971 (Fed. Cir. 2011) (finding assertion and pursuit of invalidity counterclaim following dismissal with prejudice “was frivolous and intended to delay the proceedings, obfuscate the issues, and increase [patentee’s] cost of litigation” that supported fees award); *Brunswick Corp. v. Chrysler Corp.*, 408 F.2d 335, 338 (7th Cir. 1969) (barring non-infringement and invalidity defenses where defenses of non-infringement and invalidity were terminated by consent decree).

By operation of the dismissal, Defendant has conceded that it infringes each of Plaintiffs’ Asserted Patents and that they are not invalid over the cited prior art or any other reference or statutory challenge. Dkt. 30, at Counterclaim ¶¶ 80 (alleging non-infringement of “any valid and enforceable claim” of Plaintiffs’ Asserted Patents), 81-82 (alleging invalidity of one or more claims of Plaintiffs’ Asserted Patents), and 83-89 (alleging Plaintiffs’ Asserted Patents are “invalid over the prior art” including specified references); and e.g., *Raniere* 887 F.3d at 1308 (“Dismissal of an action with prejudice is a complete adjudication of the issues presented by the pleadings and is a bar to further action by the parties[.]” quoting *Schwartz v. Follader*, 767 F.2d 125, 129-30 (1985)). As with Counts I through III of Fellowes’ Countercomplaint, there is nothing left for this Court to do but execute and enter judgment on Counts IV through XI of Plaintiffs’ Amended Complaint. See *Catlin*, 324 U.S. at 233; *Power Mosfet*, 378 F.3d at 1416; cf. *Archer Daniels Midland Co. v. Burlington Ins. Co. Grp.*, 785 F. Supp. 2d 722, 726-27 (N.D. Ill. 2011) (Rule 12(c) “is designed to provide a means of disposing of cases when the material facts are not in dispute and a judgment on the merits can be achieved by focusing on the content

of the pleadings and any facts of which the court will take judicial notice.” (quoting *Cincinnati Ins. Co. v. Contemporary Distrib. Inc.*, 2010 WL 338943, at \*2 (N.D. Ill. Jan. 26, 2010)).

**b. There is no just reason to delay entry of judgment in favor of Plaintiffs.**

Under the plain text of Fellowes’ dismissal with prejudice, conceding the merits on liability for each and every patent asserted in this matter, there is no just reason to delay entry of partial judgment on Counts I through III of Fellowes’ Countercomplaint and Counts IV to XI of Plaintiffs’ Amended Complaint in Plaintiffs’ favor. Dkt. 48; *Power Mosfet*, 378 F.3d at 1416. After the dismissal with prejudice of Defendant’s claims, only two issues remain for fact and expert discovery: (1) damages attributable to Defendant’s conceded infringement of Plaintiffs’ Asserted Patents, and (2) liability and damages related to Plaintiffs’ allegations of trade dress infringement, unfair competition, and related claims. *See* Dkt. 50; *and see* Dkt. 30, at Countercomplaint; Dkt. 22.

The issues of liability presented by Fellowes’ Countercomplaint—Plaintiffs’ alleged infringement of Fellowes’ patents (Counts I and II), and the alleged invalidity and Fellowes’ non-infringement of Plaintiffs’ Asserted Patents (Count III)—are wholly separate and distinct from the trade dress and unfair competition causes of action raised in the remaining Counts of Plaintiffs’ Amended Complaint. *See Curtiss–Wright Corp.*, 446 U.S. at 6 (discussing district court’s consideration that “claims finally adjudicated were separate, distinct, and independent of any of the other claims or counterclaims involved”); Dkt. 22, at Counts I through III (trade dress infringement, dilution, and Federal Unfair Competition) *and* Counts XII through XIII (violation of Uniform Deceptive Trade Practices Act and common law unfair competition). Nor would certifying judgment on these claims be mooted by future developments in this case, or lead to “unnecessary appellate review,” as the dismissal with prejudice adjudicated liability of and defenses for all patents-in-suit in Plaintiffs’ favor. *Id.* (discussing district court’s finding that

certification would not result in unnecessary appellate review or be mooted by litigation on other claims); Dkt. 50. As a result, final judgment can be issued in Plaintiffs' favor for Counts I through III of Fellowes' Countercomplaint without impacting the litigation of the remaining counts. Based on these considerations, entry of judgment in favor of Plaintiffs on Counts I through III of Fellowes' Countercomplaint will serve the interests of judicial economy.

These same factors weigh in favor of entry of judgment of Counts IV through XI of Plaintiffs' Amended Complaint based on Defendant's concession regarding Count III—namely, its counterclaims for non-infringement and invalidity and the resulting adjudication on the merits in favor of Plaintiffs—and properly reflects the remaining claims in controversy. Litigation on the remaining Counts for trade dress infringement, unfair competition, and related state law claims is separate from and will not moot or invite successive appellate review on the same issues already decided by the dismissal with prejudice. *Curtiss-Wright Corp.*, 446 U.S. at 6.

Additionally, entry of partial judgment permits Plaintiffs to move for fees based on Defendant's assertion of counterclaims against a line of products on sale more than one year before the earliest possible priority date for Fellowes' Asserted Patents. *See* 35 U.S.C. 102(b) (disclosure more than one year before priority date invalidates patent); *and see Peters v. Active Mfg. Co.*, 129 U.S. 530, 537 (1889) ("That which infringes, if later, would anticipate, if earlier."). Defendant unreasonably subjected Plaintiff to the cost of defending against such claims, and should properly bear the resulting attorneys' fees. *See* Dkt. 30, at Counts I and II; Dkt. 1, ¶18; 35 U.S.C. 285.<sup>2</sup>

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<sup>2</sup> Plaintiffs will move to recover at least those fees incurred in defense of Fellowes' Countercomplaint, now dismissed with prejudice, on the schedule set by the Local Rules or as otherwise ordered by this Court.

Finally, the disposition of Defendant's claim allows the Court to adjust the schedule to reflect the narrowed scope of issues remaining—including eliminating the need for the currently scheduled exchanges of contentions, expert reports on patent infringement liability, and claim construction issues obviated by the adjudication—serving the interests of judicial economy in efficiently and quickly litigating this Action to resolution. *See* Dkt. 50 (order dismissing causes of action of Fellowes' Countercomplaint with prejudice); *see also* Dkt. 48 (Defendant's dismissal with prejudice).

#### **IV. Conclusion**

For the reasons stated herein, there is no just reason to delay entry of judgment in favor of Plaintiffs and against Defendant on (1) Counts I through III of Fellowes' Counterclaim (Dkt. 30), and on (2) Counts IV through XI of Plaintiffs' Amended Complaint (Dkt. 22). In order to provide for the efficient litigation and resolution of issues remaining in this case, including the damages attributable to Defendant's infringement of Plaintiffs' Asserted Patents and the liability and damages for the remaining Counts of the Amended Complaint, Plaintiffs request this Court set a status conference for entry of a new schedule.

Dated: February 21, 2020

Respectfully submitted,

By: /s/ James Beard

James W. Beard (*pro hac vice*)  
**Merchant & Gould P.C.**  
1801 California Street, Suite 3300  
Denver, Colorado 80202  
303. 357.1670 (Telephone)  
612.332.9081 (Facsimile)  
[jbeard@merchantgould.com](mailto:jbeard@merchantgould.com)

Reid P. Huefner  
Margaret A. Herrmann  
**Irwin IP LLC**  
222 South Riverside Plaza  
Suite 2350  
Chicago, IL 60606  
312.667.6080 (Telephone)  
[rhuefner@irwinip.com](mailto:rhuefner@irwinip.com)  
[mherrmann@irwinip.com](mailto:mherrmann@irwinip.com)

*Attorneys for Plaintiffs*

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Peter J. Shakula (#6204370)  
pjshakula@woodphillips.com  
WOOD PHILLIPS  
500 West Madison Street, Suite 3800  
Chicago, IL 60661-2562  
Tel: 312.876.1800  
Fax: 312.876.2020

William P. Atkins  
william.atkins@pillsburylaw.com  
Pillsbury Winthrop Shaw Pittman LLP  
1650 Tysons Blvd.  
McLean, VA 22102  
Tel: 703.770.7900

*Attorneys for Defendant  
Fellowes, Inc.*

By: /s/ James Beard

James W. Beard (*pro hac vice*)  
**Merchant & Gould P.C.**  
1801 California Street, Suite 3300  
Denver, Colorado 80202  
303.357.1670 (Telephone)  
612.332.9081 (Facsimile)  
[jbeard@merchantgould.com](mailto:jbeard@merchantgould.com)

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