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

INTELLECTUAL VENTURES II LLC, *Plaintiff,* v. BITCO GENERAL INSURANCE CORPORATION F/K/A BITUMINOUS CASUALTY CORPORATION, BITCO NATIONAL INSURANCE COMPANY F/K/A BITUMINOUS FIRE AND MARINE INSURANCE COMPANY, *Defendants*.	§ § § § § § § § § § § § § § §	CIVIL ACTION NO. 6:18-CV-00298-JRG

ORDER

Before the Court is Intellectual Ventures II LLC's ("IV") Motion for Voluntary Dismissal with Prejudice of Its Action Against Defendants BITCO General Insurance Corp., f/k/a Bituminous Casualty Corp. and BITCO National Insurance Co., f/k/a Bituminous Fire and Marine Insurance Co. (collectively, "BITCO" or "Defendants") and Dismissal with Prejudice of Defendants' Counterclaims (the "Motion"). (Dkt. No. 275.) For the reasons discussed below, the Motion is hereby **GRANTED-IN-PART** and **DENIED-IN-PART**.

Pursuant to Federal Rule of Civil Procedure 41(a)(2), IV asks the Court to dismiss with prejudice its claims for infringement of U.S. Patent No. 5,716,177 ("the '177 Patent") against BITCO. (*Id.* at 2, 6–8.) Additionally, pursuant to Federal Rule of Civil Procedure 12(b)(1), IV asks the Court to dismiss with prejudice BITCO's counterclaims based on a Covenant not to Sue

(the "Covenant") that IV granted BITCO.[1] (*Id.* at 4–6.) However, Defendants' argue that since IV "filed a covenant not to sue to with the court to end the litigation," IV's "request for each side to bear its own costs and attorneys' fees should be rejected as contrary to precedent." (Dkt. No. 280 at 2 (citing *Interform, Inc. v. Staples, Inc.*, No. 2:13-CV-281-JRG, 2014 WL 12617760, at *1 (E.D. Tex. Oct. 20, 2014)).) "BITCO does not oppose dismissal ***without*** prejudice of its counterclaims in view of Plaintiff's covenant not to sue," "provided that BITCO is recognized as the prevailing party and its rights to seek fees and costs are preserved." (Dkt. No. 280 at 2 (emphasis in original).) In view of IV's Motion under Rule 41(a)(2) and the Covenant, IV's claims against BITCO are **DISMISSED WITH PREJUDICE** and BITCO's counterclaims are **DISMISSED WITHOUT PREJUDICE**.

That said, IV's Motion did not raise or address whether BITCO is the prevailing party for purposes of costs and fees. Accordingly, IV's request that "each party to bear its own costs and attorneys' fees" is **DENIED**. (Dkt. No. 275-1 at 2 (Proposed Order).) The Court shall retain jurisdiction to hear motions as to fees and costs.[2] However, any such motion for an award of costs must address whether a party is a "prevailing party" when the plaintiff voluntarily dismisses its claims with prejudice. *See Interform*, No. 2:13-CV-281-JRG, 2014 WL 12617760, at *1 (E.D. Tex. Oct. 20, 2014) ("[A]s a matter of patent law, [a] dismissal with prejudice, based on [a] covenant [not to sue] and granted pursuant to [a] district court's discretion under Rule 41(a)(2), has the necessary judicial imprimatur to constitute a judicially sanctioned change in the legal

[1] "IV releases and unconditionally covenants that it will not initiate, bring, intentionally participate in, or otherwise maintain any litigation or other claim or action against BITCO alleging infringement of the '177 Patent based on BITCO's manufacture, importation, use, sale, and/or offer for sale, of products or systems on or before February 26, 2019 . . . . [and] BITCO's future manufacture, importation, use, sale, and/or offer for sale, of products or systems. If the '177 Patent is transferred in the future, it shall remain subject to this covenant and the acquirer shall extend the covenant to BITCO." (Dkt. No. 275 at 4 (excerpts from the Covenant).)

[2] BITCO indicates that it is willing to "file a separate motion to be declared the prevailing party in this matter." (Dkt. No. 280 at 2 n.4.)

relationship of the parties" to make the Defendant the prevailing party.") (quoting *Highway Equip. Co. v. FECO, Ltd.*, 469 F.3d 1027, 1035 (Fed. Cir. 2006)) (alternation in original).

As a final point, the Court does not observe, based only on the evidence presently before it, anything exceptional about the parties' conduct in this case. However, neither party is prejudiced regarding any future request for an award of fees pursuant to 35 U.S.C. § 285, over which the Court retains jurisdiction.

For the foregoing reasons, the Court hereby **GRANTS-IN-PART** and **DENIES-IN-PART** IV's Motion for Voluntary Dismissal with Prejudice of Its Action Against BITCO and Dismissal with Prejudice of BITCO's Counterclaims. (Dkt. No. 275.) It is therefore **ORDERED** that IV's claims against BITCO are **DISMISSED WITH PREJUDICE** and BITCO's counterclaims against IV are **DISMISSED WITHOUT PREJUDICE**. IV's request that "each party to bear its own costs and attorneys' fees" is **DENIED**. Further, this Court shall retain jurisdiction to hear motions as to fees and costs.

So Ordered this
Mar 5, 2019

RODNEY GILSTRAP
UNITED STATES DISTRICT JUDGE