ZACHARY LEVINE (Bar No. 265901)
zjl@wltlawyers.com
SARAH R. WOLK (Bar No. 251461)
srw@wltlawyers.com
Wolk & Levine, LLP
550 N. Brand Blvd., Ste. 625
Glendale, CA 91203
Telephone: 818-241-7499
Facsimile: 323-892-2324

Attorneys for Plaintiff
AMITY RUBBERIZED PEN COMPANY

UNITED STATES DISTRICT COURT

FOR THE CENTRAL DISTRICT OF CALIFORNIA

AMITY RUBBERIZED PEN COMPANY, a California corporation,

Plaintiff,

vs.

MARKET QUEST GROUP, INCORPORATED, a California corporation dba ALL-IN-ONE MANUFACTURING; ALLINONELINE.COM, an entity of unknown status; HARRIS COHEN, an individual; KAREN COHEN, an individual; and DOES 1-10, inclusive,

Defendants.

Case No.: CV 13-69-GW(CWx)

NOTICE OF APPEAL – PLAINTIFF AMITY RUBBERIZED PEN COMPANY'S NOTICE OF APPEAL TO THE UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

MOTION TO DISMISS APPEAL

Before Judge George H. Wu

NOTICE OF APPEAL

Notice is hereby given that AMITY RUBBERIZED PEN COMPANY ("Amity"), plaintiff in the above-referenced case, hereby appeals to the United States Court of Appeals for the Ninth Circuit from the District Court's Minute Order Granting Defendants' Motion to Dismiss Without Leave To Amend, entered in this action on April 8, 2013 (Docket No. 19), a copy of which is attached as Exhibit 1.

DATED: May 8, 2013

WOLK & LEVINE, LLP

By: Zachary Levine
Attorneys for Plaintiff
AMITY RUBBERIZED PEN COMPANY

Exhibit 1

JS-6

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

CIVIL MINUTES - GENERAL

Case No. CV 13-69-GW(CWx) Date April 8, 2013

Title *Amity Rubberized Pen Company v. Market Quest Group Inc., et al.*

Present: The Honorable GEORGE H. WU, UNITED STATES DISTRICT JUDGE

Javier Gonzalez	Deborah Parker	
Deputy Clerk	Court Reporter / Recorder	Tape No.

Attorneys Present for Plaintiffs: Laura L. Jeffords

Attorneys Present for Defendants: Julie S. Turner

PROCEEDINGS: **DEFENDANT MARKET QUEST GROUP INC.'S MOTION TO DISMISS PLAINTIFF'S COMPLAINT (filed 03/05/13)**

Court hears oral argument. The Tentative circulated and attached hereto, is adopted as the Court's final ruling. Defendants' motion is **GRANTED WITHOUT LEAVE TO AMEND.**

: 06

Initials of Preparer JG

Amity Rubberized Pen Co. v. Market Quest Group, Inc., et al., Case No. CV-13-0069
Tentative Ruling on Motion to Dismiss Plaintiff's Complaint

Plaintiff Amity Rubberized Pen Company ("Plaintiff") has realleged the same claims it alleged in an earlier lawsuit that ended with the abandonment of certain claims (for false advertising and tortious interference) and a dismissal with prejudice of others. Both cases involve the same conduct – the defendants' sale of its "Pick 'N Mint" dispenser of both toothpicks and mints, which is alleged to infringe Plaintiff's patent. *See* Complaint ¶¶ 24-28. The only difference is that the current Complaint covers the timeframe since the completion of the earlier case. *See id.* ¶ 15. Defendants argue that the new Complaint is barred by *res judicata*. *See Scott v. Kuhlmann*, 746 F.2d 1377, 1378 (9th Cir. 1984) (indicating that Rule 12(b)(6)-based dismissal founded on res judicata is appropriate where the asserted res judicata defense "raises no disputed issues of fact"). Plaintiff insists that the law says otherwise.

First, there is no question both that a dismissal with prejudice pursuant to Fed. R. Civ. P. 41(b), which is what occurred at the end of the first case between these parties, *see* Request for Judicial Notice (Docket No. 14-1), Exhs. B-C, is sufficient to potentially implicate *res judicata*, and that *res judicata* bars not only claims that were raised, but claims that *could have been* raised. *See ProShipLine Inc. v. Aspen Infrastructures Ltd.*, 609 F.3d 960, 968 (9th Cir. 2010); *Stewart v. U.S. Bancorp*, 297 F.3d 953, 956 (9th Cir. 2002); *Owens v. Kaiser Found. Health Plan, Inc.*, 244 F.3d 708, 714 (9th Cir. 2001). Thus, the only question up for legitimate debate on this motion is whether *res judicata* can apply to claims which, though identical to the earlier claims that either were or could have been brought, cover only a time period post-dating the completion of the earlier litigation.

Defendants have cited to authority indicating that, for both patent infringement and non-patent infringement claims, a continuation of the same conduct (that gave rise to an earlier, now-completed suit) following judgment in the first action does not allow for a new suit. *See Hoffman v. Wisner Classic Mfg. Co., Inc.*, 927 F.Supp. 67, 71-72 (E.D. N.Y. 1996) (holding, where earlier case was dismissed for failure to prosecute, that

"[t]his Court's Rule 41(b) dismissal of Hoffman's prior lawsuit against Wisner on the '860 patent operates as an adjudication on the merits which bars this second suit on the same subject," and rejecting argument that suit could still be brought for damages post-dating earlier dismissal); *id.* at 72 (barring claims for unfair competition and violations of the New York General Business law because they "could have been litigated").[1] However, Plaintiff directs the Court to, among other cases, the Ninth Circuit's decision in *Frank v. United Airlines, Inc.*, 216 F.3d 845 (9th Cir. 2000). In that case, the Ninth Circuit ruled that "[a] claim arising after the date of an earlier judgment is not barred, even if it arises out of a continuing course of conduct that provided the basis for the earlier claim." *Id.* at 851. The *Frank* court relied, for this rule, on *Lawlor v. National Screen Service Corp.*, 349 U.S. 322, 328 (1955) and *International Technologies Consultants, Inc. v. Pilkington, PLC*, 137 F.3d 1382, 1388 (9th Cir. 1998) ("*Pilkington*"). While *Frank* also noted that the plaintiffs' later claim was "based on a different weight policy from that challenged" in the earlier case, its timing-based rationale reliant on *Lawlor* and *Pilkington* was unquestionably an independent reason the court determined the district court had erred in giving the earlier judgment preclusive effect. *See Frank*, 216 F.3d at 851.

In partial dissent in *Frank*, Judge O'Scannlain was critical of the majority's reliance on the *Lawlor/Pilkington* line of cases, *see Frank*, 216 F.3d at 858 (O'Scannlain, concurring in part, dissenting in part), citing, among other cases, the Ninth Circuit's earlier decision in *Go-Video, Inc. v. Matsushita Electrical Industrial Co. (In re Dual-Deck Video Cassette Recorder Antitrust Litigation)*, 11 F.3d 1460 (9th Cir. 1993), wherein the court had given a prior judgment preclusive effect (in the form of collateral estoppel) because the subsequent claim appeared to rely on the misplaced theory "that every day is a new day, so doing the same thing today as yesterday is distinct from what

[1] As noted above, Plaintiff did raise (and then abandon, because it did not obtain a court ruling voluntarily dismissing the claims, *see* Schwarzer, Tashima, California Practice Guide: Federal Civil Procedure Before Trial (2010) § 8:1551, at 8-173) claims for tortious interference and false advertising. The Ninth Circuit's recent en banc decision in *Lacey v. Maricopa County*, 693 F.3d 896 (9th Cir. 2012) weakened the impact of this abandonment/waiver rule for purposes of appellate proceedings where claims have actually been dismissed (though not for claims "voluntarily dismissed"), but that decision seemingly has no effect on the *claim preclusive* effects of a prior inclusion and abandonment/waiver of claims. *See id.* at 925-28. In any event, whether abandoned or dismissed, the result is the same here -- Plaintiff clearly could have brought the claims as part of its first case.

was done yesterday." *Id.* at 1463-64. *Pilkington*, in fact, had distinguished *Go-Video* along the lines of whether new and different conduct had occurred. *See Pilkington*, 137 F.3d at 1388-89. *Harkins Amusement Enterprises, Inc. v. Harry Nace Co.*, 890 F.2d 181 (9th Cir. 1989), and the Federal Circuit's decision in *Aspex Eyewear, Inc. v. Marchon Eyewear, Inc.*, 672 F.3d 1335 (Fed. Cir. 2012),[2] other decisions on which Plaintiff relies, fall into the same category as *Pilkington*, not *Go-Video*. *See Harkins*, 890 F.2d at 183 (The *Harkins II* complaint alleges new antitrust conduct subsequent to September 21, 1977. Obviously the allegation that the defendants entered into conspiracies after the date of the *Harkins I* complaint was not ruled upon by the decision in *Harkins I*. It is elementary that new antitrust violations may be alleged after the date covered by decision or settlement of antitrust claims covering an earlier period."); *Aspex Eyewear*, 672 F.3d at 1342-43 (rejecting *res judicata* where second action challenged products created after earlier actions).

Subsequent to *Frank*, the Ninth Circuit has not cited that portion of that decision which relied on the *Lawlor/Pilkington* rationale. In contrast, *Go-Video* has continued to collect adherents to its view of the viability of repeated allegations of the same conduct. *See Turtle Island Restoration Network v. U.S. Dep't of State*, 673 F.3d 914, 918-19 (9th Cir. 2012). *Go-Video*, in fact, seemed to presage this exact case. *See Go-Video*, 11 F.3d at 1464 ("It is as though an earlier jury had rejected a claim that a defendant had unlawfully manufactured a product and was damaging plaintiff by selling it, and a later lawsuit claimed that the manufacturer had continued to sell the same product.").

It is axiomatic that *Frank*, as only a three-judge decision of the Ninth Circuit, could not have done away with *Go-Video*. Only an *en banc* decision could have done so. *See United States v. Parker*, 651 F.3d 1180, 1184 (9th Cir. 2011). The Circuit's decision in *Turtle Island* last year only confirms that *Go-Video*'s approach to this issue is alive and well. As such, Plaintiff cannot rely on *Frank*, *Pilkington* and *Lawlor* to keep alive a case that simply attempts to argue "that every day is a new day, so doing the same thing today as yesterday is distinct from what was done yesterday." *Go-Video*, 11 F.3d at 1164.

Go-Video, as Ninth Circuit precedent, and *Hoffman* both indicate that Plaintiff's present claims – all of them – are barred by *res judicata*. Even if the Court has some

[2] The parties do *not* argue that the Federal Circuit's law on *res judicata* should apply here.

measure of discretion in determining whether to apply *res judicata*,[3] it would not exercise that discretion in Plaintiff's favor. Before the Court dismissed Plaintiff's original action, it gave Plaintiff more than one option; after the Court dismissed the action, Plaintiff likewise had multiple options for seeking either review or reconsideration of that order. Plaintiff inexplicably sat on its hands (though whether it did or did not is likely irrelevant, *see* Footnote 3, *supra*).

The Court would grant the motion.

[3] *Cf. Hawkins v. Risley*, 984 F.2d 321, 323 (9th Cir. 1993) ("We review de novo a district court's ruling on the availability of *res judicata* . . . . As to issue preclusion, once we determine that it is available, the actual decision to apply it is left to the district court's discretion.") (underline added) (omitting internal quotation marks and brackets). *But see Owens v. Kaiser Found. Health Plan, Inc.*, 244 F.3d 708, 714 (9th Cir. 2001) ("The Supreme Court has made clear . . . that there is 'no principle of law or equity which sanctions the rejection by a federal court of the salutary principle of *res judicata*.'") (quoting *Federated Dep't Stores, Inc. v. Moitie*, 452 U.S. 394, 401 (1981)).