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United States District Court

District of Massachusetts

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Case Name: Uniloc 2017 LLC v. Paychex, Inc.
Case Number: 1:19-cv-11272-RGS
Filer:
Document Number: 71(No document attached)

Docket Text:
Judge Richard G. Stearns: ELECTRONIC ORDER entered granting in part and denying in part [55] Motion to Dismiss for Lack of Jurisdiction and for Attorneys' Fees.

Plaintiff Uniloc acquired the rights to the two asserted patents by way of an assignment from IBM. The Assignment Agreement reserves to IBM the right to sublicense the patents to IBM's "Strategic Partners," Chassman Decl. Ex. A (dkt # 57-1) at § 2.1, defined to include "any customer of IBM or any of its Subsidiaries that has purchased, or executed one or more contracts for purchase of, IBM's or any of its Subsidiaries' products or services where the gross purchase price of such products or services is or was at least $10,000,000.00 (cumulative) over the five year period prior to the Effective Time & Date," ***id.*** **§ 5. After targeted discovery, defendant Paychex identifies uncontroverted evidence that it purchased more than [redacted] worth of IBM products in the relevant time period. Accordingly, Paychex seeks to dismiss this suit for lack of standing.** ***See WiAV Sols. LLC v. Motorola, Inc.*****, 631 F.3d 1257, 1266 (Fed. Cir. 2010)("[A]n exclusive licensee lacks standing to sue a party who has the ability to obtain such a license from another party with the right to grant it... [because] the exclusive licensee does not have an exclusionary right with respect to the alleged infringer and thus is not injured by that alleged infringer."). Paychex also characterizes as exceptional Uniloc's refusal to voluntarily dismiss this case and seeks an award of attorney's fees from the time at which Uniloc knew or should have known of its Strategic Partner status.**

Uniloc, for its part, disputes that Paychex qualifies as an IBM "Strategic Partner" because all but $1.5 million of Paychex's purchases were made not directly from IBM or its subsidiaries, but from several IBM resellers, and Paychex thus does not qualify as a "customer of IBM" within the meaning of the Assignment Agreement. Further, Uniloc points to another patent assignment agreement with IBM, executed one year after the one at issue here, that includes the same reservation of rights and definition of "Strategic Partner," enclosing an addendum that provides a list of companies not considered IBM strategic partners, including Paychex. *See* Tollefson Decl. Ex. A (dkt # 65-9).

The court agrees with Paychex that it has the better of the arguments. As Uniloc itself points out, the contract is itself the best evidence of the parties' intent. *Gary Friedrich Enters., LLC v. Marvel Characters, Inc.*, 716 F.3d 302, 313 (2d Cir. 2013). The reservation and definition of "Strategic Partner" (and the required indemnification in the event of Uniloc suing such an entity on the assigned patents) reflect IBM's intention to shield from liability entities from which it derives significant business. *See* Chassman Decl. Ex. A (dkt # 57-1) at §§ 2.1, 5 (also including among Strategic Partners "any supplier from whom IBM or any of its Subsidiaries purchased or executed one or more contracts for purchase of as least $10,000,000.00 (cumulative) of goods or services over the five year period prior to the Effective Time & Date."). Nothing in the Assignment Agreement requires a customer make purchases directly from IBM to quality as a "Strategic Partner." Indeed, IBM's own records attribute more than [redacted] in revenues from Paychex in the relevant period. *See* Chassman Decl. Ex. C.1 (dkt #57-3 at 36). Finally, the court does not find persuasive the inclusion of Paychex on a list of non-Strategic Partners attached to a wholly separate agreement, to the extent that list is even accurate. *See Uniloc 2017 LLC v. Akamai Techs., Inc.*, No. 19-11276, dkt # 44 (D.Mass. 2019) [redacted].).

For the foregoing reasons, Paychex's motion to dismiss for lack of standing is ALLOWED. The court denies, however, Paychex's request for attorneys' fees. The instant fact scenario was complex enough to warrant substantial discovery, and Uniloc's position was not so unreasonable as to be exceptional. The Clerk is directed to enter an order of dismissal and close this case. (Tang, Danni)