

STATE OF NORTH CAROLINA
WAKE COUNTY

IN THE GENERAL COURT OF JUSTICE
SUPERIOR COURT DIVISION
22 CVS 1818

RYAN KNUDSON,
Plaintiff,

v.

LENOVO INC.,
Defendant.

ORDER ON DESIGNATION

1. **THIS MATTER** is before the Court pursuant to the Determination Order issued on 14 February 2022 by the Honorable Paul Newby, Chief Justice of the Supreme Court of North Carolina, directing the undersigned to determine whether this action is properly designated as a mandatory complex business case in accord with N.C.G.S. § 7A-45.4(a).

2. This case involves claims by Plaintiff Ryan Knudson (“Knudson”) against Defendant Lenovo Inc. (“Lenovo”), his prior employer, arising out of Lenovo’s alleged failure to pay Knudson certain monetary awards for several “Invention Disclosures” that he submitted between May 2016 and October 2017 as part of Lenovo’s internal patent development program. (See Compl. ¶¶ 40–47.) Although several of Knudson’s “Invention Disclosures” were either under review by Lenovo or in the patent filing process when Knudson was laid off in October 2017, Lenovo informed Knudson that he was ineligible to receive any further awards under the program because he was no longer an active employee. (See Compl. ¶¶ 43–47.)

3. Knudson filed the Complaint initiating this action in Wake County Superior Court on 9 February 2022, asserting claims against Lenovo for constructive fraud,

unfair and deceptive trade practices under N.C.G.S. § 75-1.1, unjust enrichment, and violations of the N.C. Wage & Hour Act. (See Compl. ¶¶ 48–82.) Knudson timely filed the Notice of Designation (the “NOD”) on the same day, contending that designation as a mandatory business case is proper under N.C.G.S. § 7A-45.4(a)(5). (See Notice Designation 1–2 [hereinafter “NOD”].)

4. Designation under section 7A-45.4(a)(5) is proper if the action involves a material issue related to “[d]isputes involving the ownership, use, licensing, lease, installation, or performance of intellectual property, including computer software, software applications, information technology and systems, data and data security, pharmaceuticals, biotechnology products, and bioscience technologies.” To qualify for mandatory complex business case designation under this section, “the material issue must relate to a dispute that is ‘closely tied to the underlying intellectual property aspects’ of the intellectual property at issue.” *Toshiba Glob. Com. Sols., Inc. v. Smart & Final Stores LLC*, 2020 NCBC LEXIS 78, at *2 (N.C. Super. Ct. June 30, 2020) (quoting *Cardioventis AG v. IQVIA Ltd.*, 2018 NCBC LEXIS 64, at *6 (N.C. Super. Ct. June 27, 2018)).

5. In support of designation under this section, Knudson contends that the “allegations [in the Complaint] directly implicate the ‘ownership’, ‘use’, and ‘licensing’ of intellectual property, including computer software and software applications[.]” because Lenovo conducted its patent program by “soliciting disclosure submissions and seeking valuable patent rights from participants of its patent program, targeting

participants who were uninformed and unfamiliar with the patent process.” (NOD 4 (quoting Compl. ¶ 64).)

6. A close reading of the Complaint, however, reveals that Knudson’s claims are focused on Lenovo’s allegedly fraudulent conduct that induced Knudson to participate in the patent program and the subsequent refusal of Lenovo to pay Knudson any additional monetary awards after he was laid off rather than on the underlying intellectual property aspects of the “Invention Disclosures” as required for designation under section 7A-45.4(a)(5). *See Stout v. Alcon Ent., LLC*, 2020 NCBC LEXIS 77, at *3 (N.C. Super. Ct. June 30, 2020) (declining to designate under (a)(5) where claims focused on defendants’ allegedly fraudulent misconduct rather than the underlying intellectual property aspects of a book and screenplay); *Knight v. Bechtel Assocs. Pro. Corp., (N.C.)*, 2019 NCBC ORDER 36, at ¶ 5 (N.C. Super. Ct. Dec. 31, 2019) (holding that designation under (a)(5) was improper where resolution of tort and Chapter 75 claims did not turn on the intellectual property characteristics of fiber optic cables).

7. Based on the foregoing, the Court concludes that this action shall not proceed as a mandatory complex business case under N.C.G.S. § 7A-45.4(a) and thus shall not be assigned to a Special Superior Court Judge for Complex Business Cases.

8. Consistent with the Determination Order, the Court hereby advises the Senior Resident Superior Court Judge of Judicial District 10 that this action is not properly designated as a mandatory complex business case so that the action may be

treated as any other civil action, wherein any party may pursue designation as a Rule 2.1 exceptional case with the Senior Resident Judge.

9. The Court's ruling is without prejudice to the right of any party to otherwise seek designation of this matter as a mandatory complex business case as provided under section 7A-45.4.

SO ORDERED, this the 15th day of February, 2022.

/s/ Louis A. Bledsoe, III
Louis A. Bledsoe, III
Chief Business Court Judge