NOTE: This disposition is nonprecedential.

United States Court of Appeals for the Federal Circuit

UNILOC USA, INC., UNILOC LUXEMBOURG S.A., UNILOC 2017 LLC,
Plaintiffs-Appellants

v.

ADP, LLC,
Defendant

BIG FISH GAMES, INC.,
Defendants-Appellees

2018-1132, 2018-1346

Appeals from the United States District Court for the Eastern District of Texas in Nos. 2:16-cv-00741-RWS, 2:16-cv-00858-RWS, Judge Robert Schroeder, III.

UNILOC USA, INC., UNILOC LUXEMBOURG S.A., UNILOC 2017 LLC,
Plaintiffs-Appellants

v.

BITDEFENDER, INC., KASPERSKY LAB, INC.,
Defendants-Appellees

2018-1448

Appeal from the United States District Court for the Eastern District of Texas in Nos. 2:16-cv-00393-RWS, 2:16-cv-00394-RWS, 2:16-cv-00871-RWS, Judge Robert Schroeder, III.

Decided: May 24, 2019

JAMES J. FOSTER, Prince Lobel Tye LLP, Boston, MA, argued for plaintiffs-appellants. Also represented by PAUL J. HAYES, AARON JACOBS.

DOUGLAS FRED STEWART, Bracewell LLP, Seattle, WA, argued for defendant-appellee Big Fish Games, Inc. Also represented by DAVID JOHN BALL, New York, NY.

MENG XI, Susman Godfrey LLP, Los Angeles, CA, argued for defendant-appellee Bitdefender, Inc. Also represented by OLEG ELKHUNOVICH, KALPANA SRINIVASAN; SHAWN DANIEL BLACKBURN, Houston, TX.

CASEY ALLEN KNISER, Patterson Thuente Pedersen, PA, Minneapolis, MN, for defendant-appellee Kaspersky Lab, Inc. Also represented by ERIC H. CHADWICK.

Before PROST, *Chief Judge,* LINN and MOORE, *Circuit Judges.*

LINN, *Circuit Judge.*

Uniloc USA, Inc. and Uniloc Luxembourg S.A. appeal the dismissal by the District Court for the Eastern District

of Texas of their complaints of infringement of U.S. Patents No. 7,069,293 ("'293 patent"), No. 6,324,578 ("'578 patent"), No. 6,510,466 ("'466 patent") and No. 6,728,766 ("'766 patent") in related cases against Appellees ADP, LLC; Kaspersky Lab, Inc.; Big Fish Games, Inc.; and Bitdefender, Inc. *See Uniloc USA, Inc. v. AVG Techs. USA, Inc.* ("*AVG Decision*"), No. 2:16-cv-00393 (E.D. Tex. Mar. 28, 2017) (dismissing, inter alia, claims against AVG, Kaspersky, and BitDefender); *Uniloc USA, Inc. v. ADP, LLC* ("*ADP Decision*"), No. 2:16-cv-00741 (E.D. Tex. Sep. 28, 2017) (dismissing claims against ADP and Big Fish). Appellants also appeal the district court's denial of Uniloc and ADP's joint motion to vacate the ADP decision with respect to ADP only. *Uniloc USA, Inc. v. ADP, LLC* ("*Vacatur Order*"), No. 2:16-cv-741 (E.D. Tex. Nov. 20, 2017).

We reverse and remand the district court's dismissal based on patent ineligibility of the invention claimed in the '293 and '578 patents, and affirm the district court's dismissal with respect to the '466 and '766 patents. We reverse and remand the district court's order denying vacatur. Because we write for the parties, we rely on the district court's exposition of the facts of the case.

I. Standing and Jurisdiction

A. Uniloc 2017 Assignment

Uniloc USA and Uniloc Luxembourg filed notices of appeal in *Uniloc USA, Inc. v. Big Fish Games, Inc.* on October 27, 2017, and in *Uniloc USA, Inc. v. Bitdefender LLC and Uniloc USA, Inc. v. Kaspersky Lab, Inc.* on January 17, 2018. On May 3, 2018, Uniloc USA and Uniloc Luxembourg transferred all their rights in and to the patents-in-suit to Uniloc 2017. During oral argument on March 7, 2019, and via letter on March 11, 2019, Uniloc USA and Uniloc Luxembourg moved to substitute Uniloc 2017 as the party in interest, or, in the alternative, to join Uniloc 2017. Appellees opposed.

When Uniloc USA and Uniloc Luxembourg filed the notices of appeal that set our jurisdiction in these cases, they were indisputably the owners of the patents-in-suit. The transfer of the patent rights to Uniloc 2017 did not divest this court of jurisdiction or the ability to substitute or join a successor-in-interest. *See, e.g., Minn. Min. & Mfg. Co. v. Eco Chem, Inc.*, 757 F.2d 1256, 1262 (Fed. Cir. 1985) (quoting *Jones v. Village of Proctorville, Ohio*, 303 F.2d 311, 313 (6th Cir. 1962)) (substitution of a corporate successor-in-interest "did not defeat the Court's jurisdiction once that jurisdiction has been invoked properly by" the original party); *TOC Retail, Inc. v. Gulf Coast Oil Co. of Miss., Inc.*, No. 97-30969, 1999 WL 197149, at *12 (5th Cir. Mar. 25, 1999) (unpublished) (explaining that Fed. R. App. P. Rule 43(b) is based on Fed. R. Civ. P. 25, and "permits" the court to order substitution of parties "when there has been a transfer of interest"); *Orexigen Therapeutics, Inc. v. Actavis Labs. FL, Inc.*, No. 2018-1221, slip op at *2 (Fed. Cir. Sep. 19, 2018) (citing *Beghin-Say Int'l v. Rasmussen*, 733 F.2d 1568, 1569 (Fed. Cir. 1984)) ("[T]his court has previously granted motions to substitute under Rule 43(b) when a party has acquired the patents during an appeal."). *See also* Fed. R. App. P. 43(a) Advisory Committee Notes (citing Fed. R. Civ. P. 25(a)) ("The first three sentences describe a procedure similar to the rule on substitution in civil actions in the district court"); 6 Moore's Federal Practice Civil § 25.30 (noting that Rule 25 is intended "to allow an action to continue unabated when an interest in a lawsuit changes hands, without initiating an entirely new suit"); 7A Wright & Miller, Fed. Practice & Proc. § 1958 (noting that under Fed. R. Civ. P. 25, "[t]he court, if it sees fit, may allow the transferee [of an interest] to be substituted for the transferor" where an interest is transferred during the pendency of an action); *Minn. Min. & Mfg.*, 757 F.2d at 1263 (quoting *In re Covington Grain Co.*, 638 F.2d 1362, 1364 (5th Cir. 1981)) ("Rule 25(c) is not designed to create new relationships among parties to a suit but is

designed to allow the [original] action to continue unabated when an interest in the lawsuit changes hands.").

Although there is no Rule in the Federal Rules of Appellate Procedure allowing joinder, the Supreme Court, the Fifth Circuit, and this court have allowed appellate joinder under Federal Rule of Civil Procedure 21 governing misjoinder and nonjoinder. *Mullaney v. Anderson*, 342 U.S. 415, 417 (1952) (allowing joinder where it "merely puts the principal, the real party in interest, in the position of his avowed agent," "it can in no wise embarrass the defendant," and where earlier joinder would not have "in any way affected the course of the litigation"); *Newman-Green, Inc. v. Alfonzo-Larrain*, 490 U.S. 826, 833 (1989) (discussing *Mullaney* and the appellate courts' joinder powers); *Banks Next friend of W.B. v. St. James Parish School Bd.*, No. 16-31052, 2018 WL 6584305, at *4 (5th Cir. Dec. 12, 2018) (recognizing that a "court can sua sponte determine that a required party is missing, and it can add that party to the case" under Fed. R. Civ. P. 21); *Mentor H/S, Inc. v. Medical Device Alliance, Inc.*, 244 F.3d 1365, 1373 (Fed. Cir. 2001) (noting that appellate joinder may be available where it "would not prejudice the defendants").

Appellees argue that they would be prejudiced by Appellants' approximately ten-month delay in filing the motion to join or substitute, and in failing to attach the full Asset Purchase Agreement among the Uniloc entities.

We conclude that joinder of Uniloc 2017 is in order. We find no merit in Appellees' assertion that the transfer of rights to Uniloc 2017, the delay in informing the court, or the failure to attach the Asset Purchase Agreement prejudices Appellees or provides any "tactical advantage" to Uniloc. Joining Uniloc 2017 does not affect Appellees' potential claims against Uniloc USA and Uniloc Luxembourg. An earlier motion filed immediately after the transfer (and after the notice of appeal) would not have changed the course of the litigation. Uniloc 2017 has not requested

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