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5 UNITED STATES DISTRICT COURT  
6 WESTERN DISTRICT OF WASHINGTON  
7 AT SEATTLE

8 OLIVER WYMAN, INC.,

9 Plaintiff,

10 v.

11 RED X HOLDINGS, LLC,

12 Defendant.

C17-123 TSZ

ORDER

13 THIS MATTER comes before the Court on defendant's motion to dismiss  
14 pursuant to Federal Rules of Civil Procedure 12(b)(1) and (h)(3) for lack of subject  
15 matter jurisdiction, docket no. 11. Having reviewed the Complaint and the exhibits  
16 attached thereto, as well as all papers filed in support of and in opposition to defendant's  
17 motion, the Court enters the following Order.

18 **Background**

19 Plaintiff Oliver Wyman, Inc. ("Oliver Wyman") seeks a declaratory judgment that  
20 U.S. Patent No. 8,813,008 B2 ("the '008 Patent") is invalid and that Oliver Wyman has  
21 not infringed, or contributed to or induced infringement of, the '008 Patent. Defendant  
22 Red X Holdings, LLC ("Red X") is the assignee of the '008 Patent, which discloses a  
23 computer-implemented method for detecting design conflicts of a product or a process.

1 See '008 Patent at Cols. 18–21, Ex. A to Compl. (docket no. 1-1). Red X's parent  
2 company, Shainin II LLC, previously employed Richard Hell as its Chief Executive  
3 Officer ("CEO"). Compl. at ¶ 17 (docket no. 1); see also Def.'s Corp. Disclosure  
4 Statement (docket no. 23). Mr. Hell also served as a managing director for Shainin  
5 GmbH, a German subsidiary of Shainin II LLC. Compl. at ¶ 17. On September 29,  
6 2015, Mr. Hell separated from Shainin II LLC (and apparently Shainin GmbH), see Ex. B  
7 to Compl. (docket no. 1-1); see also Compl. at ¶ 17, and a few days later, on October 1,  
8 2015, he began working as a vice president for Oliver Wyman. Compl. at ¶ 16.

9       On April 25, 2016, Shainin GmbH commenced litigation in Germany against  
10 Mr. Hell for breach of contract, alleging that Mr. Hell enticed away employees of Shainin  
11 GmbH to work for Oliver Wyman GmbH. See Exs. E & F to Compl. (docket no. 1-1). A  
12 criminal proceeding against Mr. Hell is also underway in Germany. See Gigger Decl. at  
13 ¶ 3 (docket no. 12). In July 2016, Mr. Hell published an article titled "A Paradigm Shift  
14 to Technical Risk Management," which was publicly available on Oliver Wyman's  
15 website. See Compl. at ¶ 21 & Ex. C. On October 25, 2016, counsel for Red X sent a  
16 letter to Oliver Wyman's President and CEO, Chief Operating Officer, and General  
17 Counsel, quoting a passage from Mr. Hell's article and stating, in relevant part:

18               We would like to draw your attention to a couple of facts relating to  
19 your actual or intended use of function models for conflict detection. First,  
20 Red X owns patents directed to the use of function models for conflict  
detection, including [the '008 Patent]. . . .

21               Second, the Oliver Wyman article discussed above identifies  
22 Richard Hell as the author. As you know Mr. Hell is the former CEO of  
Shainin II, LLC, which is the parent company of Red X. And, as CEO,  
23 Mr. Hell had knowledge of the application that issued as the '008 Patent

1 . . . . Thus, Oliver Wyman may be liable for willful infringement . . . in the  
2 event that its use of function models for conflict detection products or  
services infringes the '008 Patent . . . .

3 Red X respects the intellectual property rights of others, and expects  
4 that Oliver Wyman will likewise respect and not infringe Red X's  
5 intellectual property rights. Accordingly, Oliver Wyman should seriously  
6 consider the applicability of Red X's patent rights with respect to Oliver  
Wyman's current and future activities directed at the use of function models  
for conflict detection.

6 Ex. D to Compl. (docket no. 1-1).

7 Oliver Wyman initiated this action on January 27, 2017. On February 28, 2017,  
8 counsel for Red X wrote to counsel for Oliver Wyman and explained:

9 In connection with Shainin GmbH's investigation of Mr. Hell's  
10 conduct, it discovered an article written by him which, *inter alia*, was the  
11 subject of Red X's October 25, 2016 letter to Oliver Wyman. The purpose  
12 of Red X's letter was to provide Oliver Wyman with notice of U.S. Patent  
13 No. 8,813,008 . . . – not to assert that any Oliver Wyman conduct infringed  
14 the '008 Patent. Indeed, the letter simply identified Red X as the owner of  
the '008 Patent and provided Oliver Wyman with notice thereof so that  
Oliver Wyman would have an opportunity to avoid engaging in conduct  
covered by the claims of the '008 Patent . . . . At no point did Red X's  
letter assert that Oliver Wyman actually infringed the '008 Patent . . . .  
Notice of patent rights is not the same thing as notice of infringement.

15 Ex. 1 to Gigger Decl. (docket no. 12-1). Counsel for Red X suggested that the parties  
16 enter into a settlement agreement whereby Red X would covenant not to sue Oliver  
17 Wyman for infringement of the '008 Patent as long as Oliver Wyman's representation  
18 that it does not use computer/processor-implemented methods was true, accurate, and  
19 complete, and Oliver Wyman would dismiss this action. *Id.*; *see also* Ex. 2 to Gigger  
20 Decl. (docket no. 12-2). Oliver Wyman declined to agree to the terms Red X proposed,  
21 taking the position that Red X's "covenant not to sue" is meaningless because it requires  
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23

1 Oliver Wyman to prove that it is not now infringing the '008 Patent. See Ex. 3 to Gigger  
2 Decl. (docket no. 12-3); see also Pla.'s Resp. at 2-3 (docket no. 19 at 7-8).

### 3 Discussion

4 Pursuant to the Declaratory Judgment Act (the "DJA"), the Court "may declare the  
5 rights and other legal relations of any interested party seeking such declaration, whether  
6 or not further relief is or could be sought." 28 U.S.C. § 2201. To be justiciable under the  
7 DJA, a dispute must be "definite and concrete, touching the legal relations of parties  
8 having adverse legal interests," and must be "real and substantial," seeking "specific  
9 relief through a decree of conclusive character, as distinguished from an opinion advising  
10 what the law would be upon a hypothetical state of facts." MedImmune, Inc. v.  
11 Genentech, Inc., 549 U.S. 118, 127 (2007) (quoting Aetna Life Ins. Co. of Hartford,  
12 Conn. v. Haworth, 300 U.S. 227, 240-41 (1937)). In this case, neither the Complaint nor  
13 the current record contains any allegation or evidence that Red X has asserted  
14 infringement via letter or other correspondence, has mapped any patent claim limitations  
15 against Oliver Wyman's systems, methods, or processes, has attempted to extract  
16 royalties or require execution of a license, or has even threatened suit.<sup>1</sup> Rather, Red X  
17 has explicitly indicated a reluctance to "pursue burdensome and expensive patent

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19 <sup>1</sup> Sunshine Kids Juvenile Prods., LLC v. Indiana Mills & Mfg., Inc., 2011 WL 862038 (W.D. Wash.  
20 Mar. 9, 2011), reconsideration denied, 2011 WL 2020761 (W.D. Wash. May 24, 2011), on which Oliver  
21 Wyman relies, is distinguishable. Sunshine Kids involved trade dress rights, which are "inherently  
22 ambiguous and case dependent, unlike patent issues where a very specific and detailed description of  
23 rights is available." 2011 WL 862038 at \*3. Moreover, in contrast to this case, in Sunshine Kids, explicit  
threats of litigation were made. See id. at \*5; see also 2011 WL 2020761 at \*3. Finally, in Sunshine  
Kids, the DJA plaintiff was put "in the position of either pursuing arguably illegal behavior or abandoning  
that which he claims a right to do," 2011 WL 2020761 at \*3-\*4, whereas in this case, Oliver Wyman can  
continue to employ its "purely 'manual' functions," see Ex. 1 to Gigger Decl. (docket no. 12-1), without  
risk of liability for patent infringement.

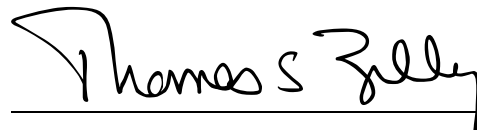
1 litigation when it has gone on record to state that there is no infringement.” Ex. 2 to  
2 Gigger Decl. (docket no. 12-2). The dispute involving Mr. Hell and Shainin GmbH does  
3 not involve the ’008 Patent or concern the parties to this action, and Oliver Wyman’s  
4 DJA claims concerning invalidity and lack of infringement merely seek advisory rulings,  
5 which the Court declines to issue.

6 **Conclusion**

7 For the foregoing reasons, defendant’s motion to dismiss, docket no. 11, is  
8 GRANTED in part, and plaintiff’s DJA claims are DISMISSED without prejudice for  
9 lack of subject matter jurisdiction. The Court, however, DECLINES defendant’s request  
10 for attorney’s fees and costs. The Clerk is DIRECTED to close this case and to send a  
11 copy of this Order to all counsel of record.

12 IT IS SO ORDERED.

13 Dated this 19th day of July, 2017.

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16 Thomas S. Zilly  
17 United States District Judge  
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