G1.34 Holdings, LLC v. Chapman Grp. Inc. of SC., 2025 NCBC Order 48.

STATE OF NORTH CAROLINA WAKE COUNTY	IN THE GENERAL COURT OF JUSTICE SUPERIOR COURT DIVISION 25CV021587-910
G1.34 HOLDINGS, LLC, Plaintiff, v. CHAPMAN GROUP INC. OF SC., Defendant.	**ORDER ON DESIGNATION**

1. **THIS MATTER** is before the Court pursuant to the *Determination Order* issued on 25 June 2025 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). (ECF No. 1.)

2. Plaintiff G1.34 Holdings, LLC (G1.34) filed the Complaint initiating this action in Wake County Superior Court on 24 June 2025, asserting claims against Defendant Chapman Group Inc. of SC (Chapman Group) for unfair and deceptive trade practices and tortious interference with contract and/or prospective economic advantage. (*See* Compl. ¶¶ 114–29, ECF No. 2.)

3. On the same date, G1.34 timely filed a Notice of Designation (the NOD) with the Wake County Clerk of Superior Court, contending that designation as a mandatory complex business case is proper under N.C.G.S. § 7A-45.4(a)(5). (Notice Designation, ECF No. 4 [NOD].) According to G1.34, this action falls under subsection (a)(5) because "material issues include, without limitation, the ownership,

use, and licensing of computer software, software applications, and information technology and systems." (NOD 4.)

4. Based on the record before the Court, it appears this case arises out of a business dispute related to G1.34's expectation–but failure–to receive preferred returns and additional equity in Recon Partners, LLC (RP) in repayment for fronting the software development costs of auto reconditioning software and assuming certain risks. (*See* Compl. ¶¶ 41, 42.) According to G1.34, RP "was formed to develop, commercialize, and own competing auto reconditioning software," with G1.34 as the minority member in RP, and Auto ProVisions, LLC (AP)–owned and controlled by Jeff and Stephanie Chapman–as the majority member in RP. (*See* Compl. ¶¶ 34–36.)

5. According to G1.34, Chapman Group depends on similar auto reconditioning software as a licensee of LaborGate, LLC (LaborGate) to run its business. (*See* Compl. ¶¶ 28, 48.) G1.34 contends the developed software would be in direct competition with LaborGate's software, but would allow Chapman Group's owner, Jeff Chapman, to have an interest in the competing software, while also allowing Chapman Group to have a software license that was not subject to unilateral withdrawal. (*See* Compl. ¶¶ 29, 32, 33.) However, according to G1.34:

> Once G1.34 had financed and developed the competing software through a joint venture with AP, Chapman Group, which had kept the development of the competing software a secret from LaborGate, conspired to take it for itself as an insurance policy in case LaborGate ever terminated its license to use LaborGate's software, while preventing the competing software from ever going to market in a way that would jeopardize the Chapman Group-Labor[G]ate relationship.

(NOD 4.)

6. G1.34 asserts that the "representation to G1.34 that G1.34 would be able to receive an upside for its initial one-sided investments in the Competing Software's financing and development was false." (Compl. ¶ 51.) Ultimately, the business relationship crumbled, and litigation ensued in March 2024 in a related case, *Auto ProVisions, LLC and Recon Partners, LLC v. G1.34 Holdings, LLC* (24CV010060-910; Wake County) (the 2024 Case). The current case was later filed by G1.34 against Chapman Group, who is not a party to the 2024 Case.[1]

7. G1.34's contention that this case is properly designated under N.C.G.S. § 7A-45.4(a)(5) is misplaced. For an action to be designated under N.C.G.S. § 7A-45.4(a)(5), the action must involve 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." N.C.G.S. § 7A-45.4(a)(5). "To qualify for mandatory complex business case designation under [section 7A-45.4(a)(5)], the material issue must relate to a dispute that is 'closely tied to the underlying intellectual property aspects' of the intellectual property at issue." *Pinsight Tech., Inc. v. Driven Brands, Inc.*, 2020 NCBC LEXIS 23, at *5 (N.C. Super. Ct. Feb. 20, 2020) (quoting *Cardiorentis AG v. IQVIA Ltd.*, 2018 NCBC LEXIS 64, at *6 (N.C. Super. Ct. June 27, 2018)). Where "the material issues in dispute are

[1] The Court notes that the undersigned denied G1.34's motion to amend its original Answer and Counterclaim in the 2024 Case to add Chapman Group as an additional counterclaim defendant on 30 May 2025 on the basis of undue delay. Just three weeks later, the current case was filed by G1.34.

closely tied to something other than the underlying intellectual property involved, such as contract, fraud, or tort . . . the case does not fall within the limits of section 7A-45.4(a)(5)." *ECA Gen. P'ship, LLC v. First Bank*, 2025 NCBC LEXIS 16, at *5 (N.C. Super. Ct. Feb. 18, 2025) (compiling cases).

8. While the Complaint alleges facts involving the creation of a competing auto reconditioning software product and G1.34's expectation to receive a financial upside for covering the upfront costs and assuming certain risks, the dispute does not center around the intellectual property aspects of the software itself. Couched in claims of unfair and deceptive trade practices and tortious interference, it appears G1.34 seeks to recoup its losses from a business deal gone sideways. Neither of G1.34's claims require an examination of the intellectual property aspects of the software at issue. As a result, the Court concludes that designation of this action under section 7A-45.4(a)(5) is improper.

9. Furthermore, the Court, in its discretion, will not recommend the above-captioned case for designation to the Business Court under Rules 2.1 and 2.2 of the North Carolina General Rules of Practice for the Superior and District Courts (N.C. General Rules of Practice). Under Rule 2.1, the Chief Justice may designate any case as "exceptional" or "complex business." N.C. Super. & Dist. Cts. Gen. R. Prac. 2.1, [N.C. Gen. R. Prac.]. Rule 2.1(d) of the N.C. General Rules of Practice provides:

> Factors which may be considered in determining whether to make such designations include: the number and diverse interest of the parties; the amount and nature of anticipated pretrial discovery and motions; whether the parties voluntarily agree to waive venue for hearing pretrial motions; the complexity of the evidentiary matters and legal issues involved; whether it will promote the efficient administration of

> justice; and such other matters as the Chief Justice shall deem appropriate.

Such complex business cases are then designated by the Chief Justice to a Special Superior Court Judge for Complex Business Cases under Rule 2.2. *See* N.C. Gen. R. Prac. 2.2. However, the Court does not believe this case is one in which discretionary designation as an extraordinary or complex business case is appropriate under Rule 2.1(d).

10. Based on the foregoing, the Court determines that this action shall not proceed as a mandatory complex business case under N.C.G.S. § 7A-45.4(a), does not recommend Rule 2.1/2.2 designation to the Chief Justice, and hereby advises the Senior Resident Superior Court Judge of Judicial District 10 that this case shall not be assigned to this Court or another Special Superior Court Judge for Complex Business Cases and shall therefore continue on the regular docket of the Superior Court of Wake County.

11. The Court's ruling is without prejudice to the right of the parties to otherwise seek designation of this matter as a mandatory complex business case as may be provided under N.C.G.S. § 7A-45.4.

SO ORDERED, this the 27th day of June, 2025.

/s/ Michael L. Robinson
Michael L. Robinson
Chief Business Court Judge