

UNITED STATES DISTRICT COURT FOR THE DISTRICT OF MARYLAND

JET Systems, LLC v. J.F. Taylor, Inc.

JET Systems · No. DKC 24-1628 · Decided April 22, 2026

SUMMARY

The United States District Court for the District of Maryland addresses JET Systems, LLC’s motions for Rule 54(b) certification, to strike affirmative defenses, to dismiss J.F. Taylor, Inc.’s breach-of-contract counterclaim, and for sanctions. The court denies Rule 54(b) certification, denies dismissal of the counterclaim, grants in part and denies in part the motion to strike, construing five defenses as denials and striking four others. The text provided ends during the court’s discussion of the motion to dismiss.

CASE DETAILS

COURT	United States District Court for the District of Maryland
WRITING FOR THE COURT	Deborah K. Chasanow
JURISDICTION	United States District Court for the District of Maryland
DECIDED	April 22, 2026
DOCKET	DKC 24-1628
DISPOSITION	other
PROCEDURAL POSTURE	In a pending breach-of-contract action, Plaintiff JET Systems moved for Rule 54(b) certification of previously dismissed claims, to strike J.F. Taylor's affirmative defenses, to dismiss J.F. Taylor's breach-of-contract counterclaim under Rule 12(b)(6), and for sanctions under Rule 11 and 28 U.S.C. § 1927.
STANDARD OF REVIEW	Rule 54(b) certification is reviewed under the district court's sound judicial discretion after determining whether the judgment is final and whether there is no just reason for delay. A Rule 12(b)(6) motion tests the sufficiency of the pleading; well-pleaded factual allegations are accepted as true and construed in the nonmovant's favor, but the pleading must state a facially plausible claim. Rule 12(f) motions are generally disfavored and ordinarily require prejudice, although a clearly legally insufficient defense may be stricken without a separate showing of prejudice. Rule 11 sanctions require factual allegations to be supported by information obtained before filing.

PRECEDENTIAL VALUE	unpublished district court memorandum opinion; nonprecedential
PARTIES	JET Systems, LLC v. J.F. Taylor, Inc.

TOPICS

breach of contract motions to dismiss affirmative defenses sanctions civil procedure

PRACTICE AREAS

contracts civil procedure commercial litigation government contracts intellectual property

QUESTIONS PRESENTED

1. Whether the court should direct entry of final judgment under Federal Rule of Civil Procedure 54(b) on the dismissed copyright and trade-secret claims while the breach-of-contract claim and counterclaim remained pending.
2. Whether JET's motion to strike J.F. Taylor's nine asserted defenses was timely and, substantively, which defenses were negative defenses, legally insufficient, vague, or otherwise improper.
3. Whether J.F. Taylor plausibly alleged a breach-of-contract counterclaim based on JET's alleged failure to deliver software conforming to the purchase order and failure to cure.
4. Whether J.F. Taylor's allegations concerning a reusability requirement, the meaning of JET's statements about the software, and the delivery date warranted Rule 11 sanctions.

HOLDINGS

1. Rule 54(b) certification was not warranted because the adjudicated claims and the remaining breach-of-contract claim and counterclaim involved related issues concerning the same contract, creating a risk of duplicative appellate review and inefficient piecemeal litigation.
2. Defenses asserting failure to state a claim, lack of subject matter jurisdiction, absence of damages, absence of breach, and inability of a breaching party to recover were negative defenses rather than affirmative defenses and were properly construed as denials rather than stricken.
3. The unclean-hands defense was legally insufficient against JET's remaining breach-of-contract claim and was stricken.
4. The seventh defense was stricken as too vague, the eighth defense asserting good faith was stricken as inapplicable and legally insufficient, and the ninth defense asserting unjust enrichment was stricken because it was not a true defense and presupposed recovery.
5. J.F. Taylor plausibly stated a breach-of-contract counterclaim by alleging that JET was contractually required to deliver conforming, reusable software and failed to provide the required deliverable or cure the alleged deficiencies.
6. The court could consider documents attached to the original complaint when they were specifically cited and relied upon in the counterclaim, but could not consider other documents merely attached to the complaint because they were neither incorporated into nor integral to the counterclaim.

7. Rule 11 sanctions were unwarranted because the challenged allegations were plausibly supported, reflected factual or interpretive disputes rather than misrepresentations, or were immaterial to the counterclaim.

KEY QUOTATIONS

“When an action consists of multiple claims, Rule 54(b) authorizes a court to “direct entry of a final judgment as to one or more, but fewer than all, claims or parties,” but “only if the court expressly determines that there is no just reason for delay.”” (at 8)

“Courts generally will decline to strike such improperly labeled defenses and instead construe them as denials, unless doing so would unduly prejudice the moving party.” (at 15-16)

“Myopic focus on a single document at this stage is inappropriate. JFTI has alleged enough to state a plausible claim for relief.” (at 23-24)

FACTUAL BACKGROUND

J.F. Taylor obtained a government contract to develop prototype mission computers and sought reusable software from JET Systems. JET quoted and delivered ALF software under a purchase order, but J.F. Taylor alleged that the delivery lacked components necessary to make the software reusable and that JET failed to cure the deficiencies. J.F. Taylor terminated the purchase order for cause, did not pay the purchase price, and later developed replacement software using its own resources.

PROCEDURAL HISTORY

JET filed an amended complaint asserting copyright infringement, Defend Trade Secrets Act, conversion, Maryland Uniform Trade Secrets Act, and breach-of-contract claims. The court dismissed Counts I through IV, denied dismissal of Count V, and later denied JET leave to file a further amended complaint. J.F. Taylor answered, asserted nine defenses, and filed a breach-of-contract counterclaim. The court denied Rule 54(b) certification, denied dismissal of the counterclaim, denied sanctions, construed the first five defenses as denials, and struck the final four defenses.

DISPOSITION

other

CASES CITED

- *Braswell Shipyards, Inc. v. Beazer E., Inc.*, 2 F.3d 1331, 1335-37 (4th Cir. 1993)
- *Curtiss-Wright Corp. v. Gen. Elec. Co.*, 446 U.S. 1, 7-10 (1980)
- *Allis-Chalmers Corp. v. Phila. Elec. Co.*, 521 F.2d 360, 364 (3d Cir. 1975)
- *Sensormatic Sec. Corp. v. Sensormatic Elecs. Corp.*, No. 02-cv-1565-DKC, 2004 WL 86179, at *5 (D. Md. Jan. 20, 2004)
- *Cook, Heyward, Lee, Hopper, & Feehan, P.C. v. Trump Va. Acquisitions, LLC*, No. 12-cv-131, 2012 WL 13027000, at *3 (E.D. Va. Aug. 24, 2012)

- Powers-Barnhard v. Butler, No. 19-cv-1208, 2021 WL 105752, at *2 (N.D.N.Y. Jan. 12, 2021)
- Aviles-Cervantes v. Outside Unlimited, Inc., 276 F. Supp. 3d 480, 487 (D. Md. 2017)
- Waste Mgmt. Holdings, Inc. v. Gilmore, 252 F.3d 316, 347 (4th Cir. 2001)
- Alston v. TransUnion, No. 16-491, 2017 WL 464369, at *1, *3 (D. Md. Feb. 1, 2017)
- Emergency One, Inc. v. Am. Fire Eagle Engine, Co., 332 F.3d 264, 271 (4th Cir. 2003)
- Jones v. Aberdeen Proving Ground Fed. Credit Union, No. 21-1915, 2022 WL 2703825, at *6 (D. Md. July 12, 2022)
- Small Bus. Fin. Sols., LLC v. Cavalry, LLC, No. 22-cv-1383-DKC, 2023 WL 284449, at *8 n.10, *11 (D. Md. Jan. 18, 2023)
- Johnson v. Md. Dep't of Lab., Licensing, & Regul., 386 F. Supp. 3d 608, 614 (D. Md. 2019)
- Taylor v. NationsBank, N.A., 365 Md. 166, 175 (2001)
- Collins/Snoops Assocs., Inc. v. CJF, LLC, 190 Md. App. 146, 161 (2010)
- Titan Sys., LLC v. SRI Int'l, 787 F. Supp. 3d 72, 77-81 (D. Md. 2025)
- Haley Paint Co. v. E.I. Du Pont De Nemours & Co., 279 F.R.D. 331, 337 (D. Md. 2012)
- Pa. Nat'l Mut. Cas. Ins. Co. v. Kirson, 525 F. Supp. 3d 628, 636 (D. Md. 2021)
- Greentree Series V, Inc. v. Hofmeister, 222 Md. App. 557, 571 (2015)
- Munday v. Waste Mgmt. of N. Am., Inc., 997 F. Supp. 681, 685 (D. Md. 1998)
- Villa v. Ally Fin., Inc., No. 13-cv-953, 2014 WL 800450, at *4 (M.D.N.C. Feb. 28, 2014)
- Presley v. City of Charlottesville, 464 F.3d 480, 483 (4th Cir. 2006)
- Barnett v. Inova Health Care Servs., 125 F.4th 465, 469 (4th Cir. 2025)
- Barbour v. Garland, 105 F.4th 579, 589 (4th Cir. 2024)
- Ashcroft v. Iqbal, 556 U.S. 662, 678-79 (2009)
- Bell Atl. Corp. v. Twombly, 550 U.S. 544, 570 (2007)
- Mays v. Sprinkle, 992 F.3d 295, 299-300 (4th Cir. 2021)
- Faulkenberry v. U.S. Dep't of Def., 670 F. Supp. 3d 234, 249 (D. Md. 2023)
- Reamer v. State Auto. Mut. Ins. Co., 556 F. Supp. 3d 544, 549 (D. Md. 2021)
- Goines v. Valley Cmty. Servs. Bd., 822 F.3d 159, 166 (4th Cir. 2016)
- Defs. of Wildlife v. Boyles, 608 F. Supp. 3d 336, 345 (D.S.C. 2022)
- Roldan v. Bland Landscaping Co., No. 20-cv-276, 2021 WL 7185223, at *3 (W.D.N.C. Mar. 15, 2021)
- RRC Ne., LLC v. BAA Md., Inc., 413 Md. 638, 655 (2010)
- Stephen Six v. Generations Federal Credit Union, Six v. Generations Fed. Credit Union, 891 F.3d 508, 520 (4th Cir. 2018)
- Morris v. Wachovia Sec., Inc., 448 F.3d 268, 277 (4th Cir. 2006)
- Brubaker v. City of Richmond, 943 F.2d 1363, 1373 (4th Cir. 1991)
- Jack Airport, Inc. v. Michkeldel, Inc., 434 F.3d 729, 732 (4th Cir. 2006)

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