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IN THE

SUPREME COURT OF THE STATE OF DELAWARE

Meso Scale Diagnostics, LLC.,
Meso Scale Technologies, LLC.,

Plaintiffs Below, Appellants,

v.

Roche Diagnostics GmbH,
Roche Diagnostics Corp.,
Roche Holding Ltd.,
IGEN International, Inc.,
IGEN LS LLC,
Lilli Acquisition Corp.,
BioVeris Corp.,

Defendants Below, Appellees.

No. 389, 2013

COURT BELOW:

COURT OF CHANCERY OF
THE STATE OF DELAWARE
C.A. NO. 5589-VCP

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TABLE OF ABBREVIATIONS

BioVeris	BioVeris Corp.
Boehringer	Boehringer Mannheim GmbH
ECL	electrochemiluminescence
IGEN	IGEN International, Inc.
MSD	Meso Scale Diagnostics, LLC.
MST	Meso Scale Technologies, LLC.
Meso	Collectively, Meso Scale Diagnostics, LLC. and Meso Scale Technologies, LLC.
Roche	Collectively, Roche Diagnostics GmbH, Roche Diagnostics Corp., Roche Holding Ltd., and IGEN LS LLC

NATURE OF PROCEEDINGS

In 2003, Meso signed a License Agreement in which it "consent[ed] to and join[ed] in" certain "licenses granted" by IGEN to Roche. Through those licenses, Roche obtained valuable rights to use certain electrochemiluminescence ("ECL") technology within a contractually delimited Field – essentially, to sell ECL products for use in patient diagnosis. Roche promised, as part of the terms and conditions of the licenses it received, that it would not sell, market, or advertise ECL technology for any use outside the Field.

In 2007, Roche acquired IGEN's successor BioVeris, in part to resolve allegations that Roche had already violated the Field restrictions in the License Agreement. Over Meso's vigorous objections, Roche declared itself no longer bound by its promises to stay within the Field. Roche has disregarded the Field ever since, directly competing with the much smaller Meso by selling, marketing, and advertising ECL technology for purposes other than patient diagnosis, including research and clinical drug trials.

In 2010, after negotiations to resolve the dispute failed, Meso brought this action in the Court of Chancery to enforce the Field restrictions. Meso contends that it joined in the licenses granted under the License Agreement and thus became a party to the License Agreement with the right to enforce Roche's promise to abide by the Field restrictions. Roche contends that Meso did not grant any license of its own, was not a party to the License Agreement, and cannot enforce Roche's promises. After a bench trial, Vice Chancellor Parsons entered judgment for Roche. Meso now appeals.

SUMMARY OF ARGUMENT

The plain language of the License Agreement compels the conclusion that Meso granted Roche a license to use ECL technology within the scope of Roche's defined Field. The terms of the license Meso granted clearly included Roche's own promises to refrain from out-of-Field activity. It follows as a matter of law that Meso could enforce those promises when Roche broke them. The Court of Chancery incorrectly found the License Agreement ambiguous. It then relied on extrinsic evidence to conclude that Meso had granted no license and had no enforcement rights, even while conceding that by joining in the licenses Meso had bound itself not to sue Roche for in-Field ECL use. That was error.

1.a. The key language in which Meso "join[ed] in the licenses granted to [Roche] in the License Agreement" can be read only as Meso's grant of a license based on its own rights. To join is to participate in an activity with another. One participates in the grant of licenses by granting a license. Further, the "join[der]" in the License Agreement must have a different meaning from Meso's separate "consent[]" to the licenses that IGEN granted to Roche. A bare consent would not have prevented Meso from asserting its own intellectual property rights in an action against Roche for in-Field use of ECL technology; a joinder, by contrast, did. New York law, which controls here, supports reading the term "join[]" to denote Meso's grant of a license; New York also recognizes the fundamental principle of contract interpretation that requires courts to give the parties' words substance rather than rendering those words meaningless.

b. Roche's promises and covenants to stay within its limited Field were an integral part of the license in which Meso joined. That license was "subject to the terms and conditions of" the License Agreement; and Roche's promises and covenants were plainly among those terms and conditions. The promises and covenants were within Article 2 of the Agreement, titled "Grant and Scope of Licenses" – another clear indication that they were part of the license Meso granted. Indeed, it would be impossible to determine either Meso's or Roche's rights under the license without referring to at least Article 2, which included key provisions for third-party use, sublicenses, and regulatory testing.

c. Because Meso granted Roche a license that included the promises and covenants in Article 2, it could enforce those promises. New York law allows parties to enforce an agreement using traditionally available legal remedies unless the agreement specifically disclaims that right. The License Agreement contains no such disclaimer; instead, it explicitly reserves all rights and remedies. Meso's action for specific performance and damages was among those reserved remedies.

d. Comparing the License Agreement to other agreements signed the same day reinforces those conclusions. One gave Meso's explicit consent to the License Agreement. If the Court of Chancery were right that the term "join[]" merely emphasized Meso's already given "consent[]," it would have been pointless for Meso to sign the License Agreement as well. In another agreement, the parties provided for Meso to join only certain provisions of another contract between IGEN and Roche – making it unreasonable to conclude that Meso's unqualified joinder in the licenses granted to Roche was similarly limited.

2.a. The Court of Chancery recognized that the term "join[]" had to mean more than mere "consent[]," but nevertheless adopted a reading that dismissed "join[ ]" as mere "emphasis." It also contradicted itself by concluding that Meso's joinder was meant to shield Roche from future suit by Meso, yet was not a license of Meso's rights – despite ample authority that *defines* a license *as* a covenant not to sue. The lower court should have avoided those errors by sticking with its own earlier reasoning at summary judgment, which found ambiguity only as to *which parts* of the License Agreement Meso joined. It should further have concluded that Meso clearly joined at least the license-defining provisions of Article 2.

b. The Court of Chancery also gave unjustified issue-preclusive effect to an earlier arbitration ruling that it viewed as conclusively determining the question whether Meso was a party to the License Agreement. The arbitrators expressly refused to reach the merits of this case, finding only that they lacked jurisdiction; they also held Meso to a heavier burden of proof than it bore in court. Those differences should have foreclosed any issue preclusion.

c. The Court of Chancery also erred by relying on the fact that Meso was not named as a "Party" in the preamble to the License Agreement. Under New York law one may become a party to an agreement in which one is not named by signing it. The court's finding that the page that Meso signed (at Roche's insistence) was not part of the License Agreement itself was unsupported by the record; that finding was also legally irrelevant because the clear purpose of the "consent[] . . . and join[]" language was to bind Meso to obligations under the License Agreement, whether or not Meso was mentioned by name as a "Party."

STATEMENT OF FACTS

A. ECL, Meso, IGEN, and Roche

This case is a dispute over the right to market and sell ECL technology to customers who use it to conduct medical research. The ECL technology at issue is a sensitive and precise means for detecting and measuring the presence of proteins in biological samples using a combination of electricity, chemistry, and light. A535; A637 (16:4-15). ECL technology has applications in medicine and medical research, including human patient diagnosis and monitoring and drug research and development, including clinical drug trials; it also has uses involving biodefense, veterinary medicine, and environmental monitoring. A535; A637 (16:4-15); A341, § 1.7(a), (b).

Meso develops, manufactures, and sells products that use ECL technology primarily for medical research settings such as clinical drug trials. A637-39, 656-57 (14:8-15:9, 16-23, 409:13-20, 414:21-415:19). Meso has been in the ECL business since 1995, when it obtained an exclusive license of ECL technology from IGEN (the "1995 License," A117-43).[1] The 1995 License gave Meso several broad categories of exclusive rights in ECL. Those rights encompassed a defined technology field which grew over time as the joint venture conducted research under a defined research program. A118; A154; A156.

[1] IGEN granted the 1995 License to Meso Scale Diagnostics, LLC ("MSD"), which was then a joint venture of IGEN and Meso Scale Technologies, LLC ("MST"). MST later acquired IGEN's stake in MSD. *See* Memorandum Opinion 26 ("Op.") (Ex. B, hereto); A587. Many parts of the record distinguish between MSD and MST, but this brief refers to them jointly as "Meso" for simplicity.

Where Meso's rights overlapped with those of pre-existing licensees, the existing licenses were preserved. A118. If, however, an existing license terminated or became nonexclusive, Meso's own rights would automatically expand to fill the gap, through a part of the contract referred to as its "springing rights" provision. A118; A642 (42:10-14). Relying on the 1995 License, Meso made substantial investments of time, effort, and money in developing ECL technology through a research program that spent over $100 million to fund the efforts of about 100 scientists. A640-41 (36:21-37:19, 38:18-24).

One pre-existing licensee was Roche's predecessor Boehringer, which in 1992 obtained a license from IGEN to use ECL for certain diagnostic testing purposes (the "1992 License," A47-93). In the 1992 License, Boehringer promised not to use ECL for any other purposes. A59.

B. Roche's Dispute with IGEN and Loss of the 1992 License

IGEN sued Boehringer in 1997, alleging that it had breached the 1992 License through a number of activities, including unauthorized sales of ECL technology for research purposes. A147-52. Roche acquired Boehringer shortly afterwards and continued to defend against IGEN's claims. Roche also sought to settle those claims by acquiring IGEN. But Roche and IGEN were unable to reach an agreement – in significant part because Roche did not want to pay the "substantial" compensation that it recognized would be necessary for Meso to "relinquish certain of its rights under the Meso-Igen agreements," A168, which Roche viewed as a "necessary predicate to any transaction," A167.

On January 10, 2002, a jury found that Roche had been "selling ECL-based products outside [its] contractually limited field" under the 1992 License, among other things. *IGEN Int'l, Inc. v. Roche Diagnostics GmbH*, 335 F.3d 303, 308 (4th Cir. 2003) (summarizing jury verdict for a total of $505.4 million in compensatory and punitive damages). The district court also ruled that IGEN could terminate the 1992 License. *See id*. On appeal, the Fourth Circuit reversed some of the liability and damages rulings, but affirmed the breach-of-contract finding quoted above and the ruling that IGEN could terminate. *See id.* at 315.

On July 9, 2003, IGEN confirmed that the 1992 License was terminated. A261. As a result, Roche lost its right to use ECL technology even within the previously authorized field of medical diagnostics, which its CEO estimated could lead to the loss of "CHF 2.5 to 3 billion," A266 (at the time, about $2 billion), in business. Roche thus redoubled its efforts to achieve a resolution that would permit it to continue using ECL technology. Roche's loss of the 1992 License also triggered Meso's springing rights under the 1995 License.[2]

C. The License Agreement and Other Transaction Agreements

On July 24, 2003, representatives of Roche, IGEN, and Meso executed several of transaction agreements (the "Transaction Agreements").[3] In broad

[2] Roche denied at trial that after the 1992 License terminated, Meso's springing rights would have precluded IGEN from granting Roche the ECL rights it sought. A662 (666:23-668:19). Nevertheless, Roche's attorneys acknowledged in 2003 that it was at least seriously concerned about the possibility. A206, 214. The Court of Chancery did not resolve the scope of Meso's rights under the 1995 License, including the springing-rights provision. *See* Op. 72-73.

[3] The phrase "Transaction Agreements" was a defined term in the parties' agreements. *See* A305 (definition). To be clear, Meso did not sign all of the Transaction Agreements. It did sign the License Agreement, the Global Consent, and the Ongoing Litigation Agreement.

strokes, the result of the Transaction Agreements was that Roche acquired IGEN for $1.4 billion, merging it into a Roche subsidiary. Summary Judgment Opinion 8-11 ("SJ Op.") (Ex. C, hereto); A669 (858:18-859:4). IGEN's existing business operations and intellectual property rights were spun off to a new publicly traded company, BioVeris Corp. ("BioVeris"). SJ Op. 9; A405-10, §§ 2.01, 4.01-4.05. Roche received a new, non-exclusive license, thus achieving its "interest [in] . . . continu[ing to] utili[ze] . . . ECL technology" and preserving its "activities in the field of 'Lab Diagnostics.'" A266 (statement of Roche's CEO).

1. The License Agreement

The License Agreement, A337-402, created a specific, defined field ("Field") that gave Roche the right to use ECL technology for purposes of

> analyzing . . . specimens taken from a human body, including without limitation, blood, bodily fluid or tissue, for the purpose of testing, with respect to that human being, for a physiological or pathological state, a congenital abnormality, safety and compatibility of a treatment or to monitor therapeutic measures.

A341, § 1.7(a). The License Agreement excluded from the Field any use of ECL technology for "life science research and/or development," for "patient self testing," for "drug discovery and/or drug development," for "clinical trials," or for "veterinary, food, water, or environmental testing or use." A341, § 1.7(b). The language that defined the Field was negotiated between Jacob Wohlstadter, Meso's CEO, and representatives of Roche. A645, 671 (68:10-15, 889:10-12).[4]

[4] The Court of Chancery found that Mr. Wohlstadter participated in the negotiation of the Field limitations only as a consultant to IGEN. Op. 12, 55 n.160. That finding was incorrect, but the error is not material to the issues on appeal.

Section 2 of the License Agreement, entitled "Grant and Scope of Licenses," provided that "subject to the terms and conditions of this Agreement, IGEN and its Affiliates grant to [Roche], only for use in the Field, an irrevocable, perpetual, Non-Exclusive, worldwide, fully-paid, royalty-free . . . license under the Licensed ECL Technology." A343. Section 2 also contained affirmative promises and covenants by Roche to stay within its Field. In § 2.5(c), Roche promised to

> market and sell [ECL] Products only to or place Products only with customers who [Roche and its affiliates] reasonably believe, based on prior knowledge . . . and experience . . . without a duty to inquire or investigate, will use the Products solely in the Field.

A345. It further promised to give each "customer a notice . . . of the limitations on the authorized use of the Products." *Id.* And, in § 2.6, it "covenant[ed] that it w[ould] not, under any circumstances, actively advertise or market the Products in fields other than those included in the Field." A346.[5]

Section 6.2 of the License Agreement contained an arbitration clause that provided for exclusive, binding arbitration of "[a]ny dispute or other matter in question between [Roche] and IGEN arising out of or relating to the formation, interpretation, performance, or breach of this Agreement." A347 (§ 6.2(b)).

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[5] The License Agreement also contained specific remedial provisions in § 2.5(a) and (b). A345. Roche was required to pay IGEN (later succeeded by BioVeris) "65% of . . . [its] revenues" from out-of-Field sales, but would not face the harsher remedy of license termination. *Id.* Testimony at trial explained that this provision was intended to deal with the problem that Roche's customers might use its products for prohibited purposes without its knowledge; the 65% amount was an estimate of Roche's profits, to prevent Roche from earning any profit from unintentional out-of-Field sales. A653, 664, 677 (193:6-8, 781:10-12, 1052:10-13). The License Agreement also created a mandatory monitoring process to detect out-of-Field sales. A345.

The preamble of the License Agreement identified Roche and IGEN (later succeeded by BioVeris) as "Parties." A337. Meso was not listed in the preamble, but signed a page entitled "Consent by Meso Scale Diagnostics, LLC, and Meso Scale Technologies, LLC." A363-64. That page came after signature blocks for Roche and IGEN, but before Exhibits (which include the list of licensed patents) and Appendices. A362-66. The page stated that Meso "consent[ed] to the foregoing License Agreement . . . and . . . consent[ed] to and join[ed] in the licenses granted to [Roche] and its Affiliates in the License Agreement." A363. Meso also "represent[ed] and warrant[ed] that neither [MSD nor MST] ha[d] licensed, assigned or otherwise disposed of any rights . . . in the Licensed ECL Technology" and "agree[d] to indemnify" Roche if those representations and warranties were breached. *Id.*

2. The Global Consent and the Ongoing Litigation Agreement

In addition to joining in the licenses granted under the License Agreement, Meso signed several other Transaction Agreements on the same day. One, entitled "Global Consent and Agreement," ("Global Consent," A302-25) contained a statement by Meso that it "consent[ed] to the Transaction Agreements," including the License Agreement, and "grant[ed] all waivers and consents . . . necessary . . . to permit the consummation of the Transactions." A308, § 3.01.

Another Transaction Agreement, entitled "Ongoing Litigation Agreement," contained agreements by Roche and by IGEN not to pursue certain litigation. Meso signed a page entitled "Joinder," which stated that Meso "joins this Ongoing

Litigation Agreement solely to confirm that it agrees to be bound by Section 3.3 and Article 8 of this Agreement as though it were IGEN for this purpose." A290.

As a result of the July 24, 2003 transactions, IGEN agreed to provide $37.5 million in funding to Meso, including interim funding that might be necessary to preserve Meso's viability until the transaction with Roche closed. A327. Roche did not make any direct payment to Meso in connection with Meso's consent to and joinder in the licenses granted in the License Agreement. Op. 23.

D. Roche's Acquisition of BioVeris and Out-of-Field Sales

In 2005, BioVeris learned that Roche was selling to customers using ECL products outside its contractual Field. A428. Roche admitted that some out-of-Field sales had occurred, but disputed the amount. *Id.* From 2005 to 2007, Roche and BioVeris hotly contested the amount of sales, and ultimately engaged Ernst & Young LLP as a third-party "Field monitor" to resolve the dispute; but before Ernst & Young finished its work, Roche instructed it to stop work and to release its report to Roche only. A428-30; A462-63, 465-66. Meanwhile, Roche negotiated with BioVeris to expand the scope of its Field. A418-21. Both Roche and BioVeris also sought unsuccessfully to obtain Meso's agreement to "consent" and "join in" an expanded license. A416; A421; A430-33.

On April 4, 2007, Roche announced that it had agreed to acquire BioVeris for $599 million and would begin selling ECL products without regard to the Field restrictions. A422. The transaction closed on June 26, 2007. A436. Roche then closed BioVeris as an operating business, SJ Op. 19; A633-35 (41:10-17, 45:7-

46:1); declared that it would "compete in the marketplace [with Meso] using ECL technology," A467; and has done so ever since.

Meso did not agree to the transaction or to any modification of the License Agreement. Op. 30. It objected to Roche's acquisition of BioVeris and to its out-of-Field sales immediately on learning of them. A648-49 (152:8-153:8). From 2007 to 2009, Meso and Roche negotiated over a number of issues arising from the IGEN acquisition, including Roche's position that it now had unlimited rights to sell ECL products outside its Field. Op. 31-32; A650, 660, 673 (158:12-159:1, 658:2-659:5, 921:2-9); A441; A443-60; A617, A619-20 (24:18-25:1, 133:2-135:11). Meso and Roche settled some of the disputed issues, but were unable to reach agreement on Roche's out-of-Field sales. A649-50, 673 (156:22-160:5, 920:16-923:2). After those negotiations failed, Meso brought this action. Op. 32.

E. Proceedings in the Court of Chancery

On June 22, 2010, Meso filed a verified complaint in the Court of Chancery seeking to enforce Roche's promises and covenants not to sell, advertise, or market ECL technology in the Field. SJ Op. 1; A524-29. Meso also alleged that Roche's acquisition of BioVeris without Meso's consent or agreement breached an anti-assignment clause in the Global Consent, SJ Op. 1; A525-27; that claim is not at issue in this appeal. Roche did not dispute that it was selling, advertising, and marketing ECL technology without regard to the Field limitations. Op. 2; A681-700. Instead, it argued that Meso was not a party to the License Agreement and had no standing to enforce Roche's obligations under that Agreement. A681-700.

1. The Arbitration

On the same day that Meso filed its complaint, it also made a demand for arbitration under § 6.2 of the License Agreement. Roche opposed arbitration, but the Court of Chancery determined that the question of arbitrability should be submitted in the first instance to an arbitration panel and stayed proceedings on that part of the case. Op. 51; A582, 585. A three-member panel held an evidentiary hearing and also accepted written submissions from the parties. Roche argued that it had agreed to arbitrate disputes only with IGEN, not with Meso. Roche urged the panel to "send [Meso's] claim back to the Delaware Chancery Court" and contended that a "ruling against [Meso] on arbitrability will deprive the Panel of jurisdiction to rule directly on the standing issue." A593. Meso contended that its claim was arbitrable, but agreed that if the panel found otherwise, it "would lack jurisdiction to make any additional findings." A589-91.

On September 10, 2012, the panel dismissed the arbitration. It relied on New York law, which it found required a "clear, unequivocal and extant agreement to arbitrate the disputed claims." A597 (internal quotations omitted). The panel further found that Article 6 of the License Agreement "uses a specific definition of 'Parties' for purposes of the agreement to arbitrate," distinct from the Agreement's "general definition . . . [of] 'Parties' as IGEN and Roche." A599. Applying the arbitration-specific definition, the panel found that Meso "fail[ed] to meet its burden of proof" to establish an agreement to arbitrate. *Id.* It therefore dismissed Meso's claims "without prejudice to their being asserted in a court," adding that its ruling was "not intended to resolve or reflect upon the merits of such claims as

they may be presented in a court." A602. The Court of Chancery later confirmed the arbitration award without deciding whether it had any "claim-preclusive . . . or issue-preclusive effect." Nov. 5, 2012 Hearing Tr. 102 (Ex. D, hereto).

2. Summary Judgment

Roche sought summary judgment, arguing that Meso was precluded by the arbitration ruling from establishing that it was a party to the License Agreement and that in any event Meso was not a party under the plain language of the Agreement or had not produced sufficient extrinsic evidence to justify a trial. The Court of Chancery denied summary judgment in relevant part.[6]

As to Roche's preclusion argument, the court stated that it would give "issue-preclusive effect" to the panel's "finding that . . . [Meso] did not . . . become [a] part[y] to the arbitration provision in" the License Agreement. SJ Op. 53. It "reject[ed]," however, "Roche's argument" based on a statement by one concurring arbitrator that Meso was "preclude[d] [from] litigat[ing]" the question whether it was a party to the License Agreement itself. SJ Op. 53.

As to Roche's contract-interpretation argument, the court reasoned that Meso "arguably did more than merely consent to the . . . License" Agreement by "'join[ing] in the licenses granted.'" SJ Op. 55. It noted that "New York cases and cases applying New York law have held that a party who joins a contract can enjoy the 'same rights' as other parties," and that "Roche has not referenced a single New York case that holds that a party who joins in part of an agreement is not a

[6] The Court granted summary judgment to Roche on Meso's claims based on the Global Consent. SJ Op. 34-49. Meso does not challenge that ruling on appeal.

party to any aspect of the agreement." SJ Op. 56-57. As for the language of the License Agreement, the court found it "ambiguous as to whether Meso joined into the entire article granting the licenses or just the granting provisions." SJ Op. 58; *see also* A581 (earlier stating, in denying Roche's motion to dismiss, that Meso "actually signed the . . . License [Agreement] signifying that [Meso] consented to it and 'joined in' parts of it, at least"). It found that the extrinsic evidence raised triable issues of material fact, SJ Op. 59, and permitted the case to proceed to trial.

3. The Trial and Decision Below

From February 25 to March 1, 2013, the Court of Chancery held a bench trial. The case was briefed and, on November 8, 2013, argued. Meso contended that Roche had added the "join in" language to the License Agreement in order to obtain a license from Meso of Meso's own intellectual property rights that would prevent Meso from challenging Roche's use of ECL technology within the scope of its authorized Field. Op. 33-34. That joinder therefore made Meso a party to the Agreement (or, at a minimum, to Article 2) with a right to enforce its terms. Op. 34. Meso sought specific performance of Roche's Field covenants and damages for Roche's past breaches of those covenants.

Roche's position was that Meso had merely consented to IGEN's grant of a license without granting any license of its own; or, in the alternative, that Meso gave up its own rights "without obtaining any corresponding enforcement rights in return." Op. 35. Roche also argued vigorously that its out-of-Field sales were small, introducing expert testimony that an order restricting Roche to in-Field use

would have "little impact" on Roche's business. A678 (1153:17-24).

On June 25, 2014, the Court of Chancery found in favor of Roche. The court accepted Roche's argument that Meso merely consented to IGEN's grant of a license without granting any license of its own. The court began by finding that Meso "did not 'join in' the License Agreement in its entirety" based on the terms of the agreement and on the arbitration ruling. Op. 37-39. It described that ruling as "determin[ing] conclusively that Meso is not a party to Section 6.2 . . . and, thus, it is not a party to the *entire* License Agreement." Op. 39.

The Court of Chancery acknowledged but disagreed with Meso's argument that "based on the 'join in' language, it is, as a matter of law, a party to at least Article 2 of the License Agreement." Op. 41. It characterized its prior ruling on summary judgment as resolving the question whether "the relevant language of the License Agreement is ambiguous." Op. 40. The court stated further that "the term 'join in' does not appear to have a singular meaning under New York law." Op. 41-43. It found "relevant" the facts that "Meso's 'obligations'" to Roche were "contained in a separately executed 'consent' attached to the License Agreement" and that the Agreement "define[s] the 'Parties' as IGEN and Roche." Op. 43-44.

Based on its conclusion that the language of the contract was ambiguous, the court turned to the parol evidence. It acknowledged (as Meso had stressed heavily at trial) that in the "negotiations leading up to the 2003 transaction," Roche faced considerable "uncertainty" about the scope of Meso's rights due to their "amorphous scope" and "the relatively inexact nature of Meso's 'springing rights'" under the 1995 License. Op. 46. Nevertheless, the Court concluded that Meso had

failed to show that Roche wanted to obtain a license from Meso.

In reaching that conclusion, the Court of Chancery did not rely on any contemporaneous discussions about the phrase "join[ ] in." It acknowledged the parties had no such discussions at the time. Op. 41 n.127. Instead, the court relied on changes to the License Agreement during its drafting history, Op. 48-51, 54-55; on statements from witnesses that they did not consider Meso a party to that Agreement, Op. 49-50; on the absence from the Transaction Agreements of a complete list of Meso's intellectual property rights, Op. 51-53; on the presence in the License Agreement of certain representations and warranties specific to IGEN rather than Meso, Op. 57; on negotiations between Meso and IGEN over compensation for the Transactions, Op. 58-61; on comparisons of the License Agreement to Transaction Agreements, Op. 61-65; and on the primary role of BioVeris rather than Meso in policing Roche's Field compliance from 2003 to 2007, Op. 65-69.

The Court of Chancery finally found that "the most reasonable interpretation of the phrase 'join in the licenses granted' . . . is that it was something more than a simple consent, but less than making Meso a party to the License Agreement or to Article 2," and was intended "to emphasize Meso's consent to the license that IGEN was granting to Roche." Op. 70. It construed the language to enable Roche to "secure . . . protection it wanted from Meso's ability to challenge its use of the ECL Technology in the Field without actually receiving a grant of rights from Meso or making it a party to the License Agreement." Op. 73. The court entered judgment for Roche. This appeal followed.

ARGUMENT

THE COURT OF CHANCERY ERRED IN REFUSING TO RECOGNIZE MESO'S CLEAR RIGHT TO ENFORCE THE FIELD LIMITATIONS IN THE LICENSE AGREEMENT

A. Question Presented

Does the License Agreement, in light of its plain language and of New York law, give Meso a clear right to enforce Roche's promises and covenants to sell, market, and advertise ECL products only within the scope of Roche's defined Field? This question was presented to the Court of Chancery, which found the contract to be ambiguous and relied upon extrinsic evidence. Op. 1-2, 37-45.

B. Scope of Review

This Court reviews de novo "the interpretation of contract language" in an appeal of a post-trial judgment in the Court of Chancery. *Honeywell Int'l Inc. v. Air Prods. & Chems., Inc.*, 872 A.2d 944, 950 (Del. 2005). To the extent the Court of Chancery permissibly relied on extrinsic evidence, this Court "defer[s] to the trial court's findings, unless the findings are not supported by the record or unless the inferences drawn from those findings are not the product of an orderly or logical deductive reasoning process." *Id.*

C. Merits of Argument

1. The Plain Language of the License Agreement Gave Meso the Right to Enforce Roche's Field Restrictions

Controlling New York law follows the familiar rule that "an agreement [that] is unambiguous on its face . . . must be enforced in accordance with the plain meaning of its terms." *Vintage, LLC v. Laws Constr. Corp.*, 920 N.E.2d 342, 343

(N.Y. 2009). Accordingly, "[e]xtrinsic evidence of the parties' intent may be considered only if the agreement is ambiguous." *Greenfield v. Philles Records, Inc.*, 780 N.E.2d 166, 170 (N.Y. 2002). Even where a somewhat "ambiguous contract term" has "various possible meanings," moreover, a court may not adopt a meaning that "the parties could not have intended." *In re Delta Air Lines, Inc.*, 608 F.3d 139, 149 (2d Cir. 2010) (applying New York law). Here, the unambiguous language of the License Agreement compels the conclusion that Meso granted a license to Roche and that the terms of the license included Roche's promises to refrain from out-of-Field sales, marketing, or advertising.

a. By Joining In the Licenses Granted, Meso Granted a License Under Its Own Rights

The key language in the contract is the statement that Meso "consent[ed] to and join[ed] in the licenses granted to [Roche] in the License Agreement." The phrase "join[] in" has a simple ordinary-language meaning: it means to perform an activity together with someone else. "Joining in a dance" means getting up and dancing; "joining in the applause" for a performance means clapping one's hands; and one cannot "join in a moment of silence" while speaking. In a legal context, one who "joins in" a motion seeks the same relief from a court as does the original movant. Under that ordinary meaning, when Meso joined in the grant of licenses from IGEN to Roche in the License Agreement, Meso and IGEN together performed the act of granting licenses to Roche.

Further, because the phrase "join[] in" follows the phrase "consent[] to," – at Roche's specific insistence, A226; A663 (712:9-16) – those two terms must be

given distinct meanings. By *consenting* to the licenses, Meso was stating merely that it would not prevent IGEN from granting Roche a license of IGEN's intellectual property rights in ECL technology – a grant Meso could have prevented under its other agreements with IGEN. *See* Op. 16-17 & n.56. By *joining*, Meso was going further and granting a license of its own rights in the same intellectual property set forth in Exhibit A to the License Agreement, which Meso had itself exclusively licensed from IGEN in 1995. Through that additional step, Meso became a party to "the licenses granted . . . in the License Agreement," A363, under the "terms and conditions," A343, § 2.1, of that Agreement.

That reading of the contract is reinforced by New York law. One New York appellate court described the term "'join'" as "plain, simple and clear language" that gave the joining party an "equal" right to participate in the joined activity. *See New York Cent. R. Co. v. New York, New Haven, & Hartford R. Co.*, 216 N.Y.S.2d 928, 934 (App. Div. 1961), *aff'd mem.*, 184 N.E.2d 194 (N.Y. 1962). The Court of Chancery cited *New York Central*, but discussed only the decision of the trial court, which had found the term "join" ambiguous; it did not address the holding of the appellate court that found the same language clear. Op. 41. Further, even the New York trial court's opinion stood merely for the innocuous proposition that "the phrase ['to join'] [could] be given [a] narrow construction . . . or . . . [a] broader import" depending on the "setting" in which it is used. *New York Cent.*, 208 N.Y.S.2d 605, 616 (Sup. Ct. 1960), *aff'd as modified*, 216 N.Y.S.2d 928 (App. Div. 1961), *aff'd mem.*, 184 N.E.2d 194 (N.Y. 1962). It did not suggest that one

can join in a contract without assuming obligations and obtaining rights under that contract; that is, without becoming a party.

In a more recent case dealing specifically with joining in a contract, a federal district court applying New York law found "no authority for the notion that an individual or company can 'join in' a contract – at least in the sense of assuming obligations directly under the contract – in some capacity other than as a party." *Institut Pasteur v. Chiron Corp.*, 2005 WL 366968, at *11 (D.D.C. Feb. 16, 2005). Although the Court of Chancery distinguished *Institut Pasteur* on its facts, it likewise cited no case in which anyone joined in a contract by assuming obligations under it and yet remained less than a party. Moreover, courts commonly use the phrase "join in" to refer specifically to the act of becoming a party to a contract or lease. *See, e.g.*, *Markson v. Markson's Furniture Stores*, 195 N.E. 824, 825-26 (N.Y. 1935) (holding that a favorable lease rate was consideration for a promise to pay money to a plaintiff who had "joined in the lease and was a party to the contract").[7]

Joining in a license is the same thing as joining in a contract, because a patent license *is* a contract – specifically, it is a covenant not to sue the licensee for infringing the patent. That point is well settled under federal and New York law, which was the background for the parties' agreement to license (among other

[7] *See also, e.g.*, *Lugosch v. Congel*, 219 F.R.D. 220, 238 (N.D.N.Y. 2003) (holding that "a non-party to the litigation can join a joint defense agreement, receive all of the benefit inured under such agreement, and be obligated to the same degree as the co-parties"); *Rogers v. La Salle Steel Co.*, 250 F.2d 607, 608 (7th Cir. 1957) (explaining that one party "joined in a patent license agreement with [another] by which [it] received the right to exploit certain inventions covered by patents and patent applications").

things) federal patent rights. *See, e.g.*, *TransCore, LP v. Elec. Transaction Consultants Corp.,* 563 F.3d 1271, 1275 (Fed. Cir. 2009) ("[T]his court and its predecessors have on numerous occasions explained that a non-exclusive patent license is equivalent to a covenant not to sue."); *Elgin Nat'l Watch Co. v. Bulova Watch Co.*, 118 N.Y.S.2d 197, 200 (App. Div. 1953) ("'[A] license … has been described as a mere waiver of the right to sue by the patentee.'") (quoting *Henry v. A.B. Dick Co.*, 224 U.S. 1, 24 (1912)). Meso, by joining in the licenses granted under the License Agreement, was assuming the same obligation as was IGEN: it was binding itself to refrain from suing Roche for in-Field use of ECL technology.

Meso's reading of the contract is further reinforced by the basic principle that a court "should not render any portion [of a contract] meaningless." *Beal Sav. Bank v. Sommer*, 865 N.E.2d 1210, 1213-14 (N.Y. 2007); *Nat'l Union Fire Ins. Co. v. Williams*, 637 N.Y.S.2d 36, 38 (App. Div. 1996) (to "render[] [contractual provisions] mere surplusage . . . offends a fundamental principle of contract interpretation"). That principle is satisfied by Meso's reading of the License Agreement, under which Meso's "consent[]" to the licenses abandoned any objection to *IGEN*'s promise not to sue, and Meso's "join[der]" in the same licenses was a separate promise by Meso not to sue based on its own exclusive license. It is not satisfied by a reading of the contract under which the term "join[]" – a term commonly used to add parties to transactions of all kinds – had no discernible legal effect on the parties' legal relationship.

b. Roche's Promises to Stay Within its Field Were Terms of the License Meso Granted

Roche's promises and covenants not to sell, advertise, or market ECL technology outside its limited Field were part of the license in which Meso joined. Article 2 of the License Agreement is titled "Grant and Scope of Licenses"; it begins with § 2.1, titled "License Grant." A343. Meso therefore joined at least in those textually identifiable provisions when it "join[ed] in the licenses granted . . . in the License Agreement." A363. Section 2.1, moreover, states explicitly that the license being granted to Roche under that provision was "subject to the terms and conditions of this Agreement." A343. Roche's promises and covenants in §§ 2.5(c) and 2.6 were among the "terms and conditions" of the License Agreement. When Meso joined in a license that included those terms and conditions, it became a party to a contract of which Roche's promises were an integral textual part.

In addition to the explicit "terms and conditions" language of § 2.1, it is also functionally necessary to look (if not to the entire License Agreement) at least to all of Article 2 in order to determine the scope of the license Meso granted. As examples, § 2.2 authorizes Roche to provide certain "distributors," "manufacturers," "suppliers," and "agents" with "immunity from suit" so that they can "assist [Roche] in commercializing the [licensed] intellectual property rights," A343-44; § 2.3 preserves Roche's own intellectual property rights against any implication that the Agreement would restrict them, A344; § 2.4 permits Roche to sublicense its rights to its "Affiliates," *id.*; and § 2.7 authorizes Roche to engage in

certain out-of-Field uses of ECL technology for "development or evaluation testing" or "to obtain or extend regulatory approval for Products," A346. It would be untenable to suggest that Meso did not join in these provisions, so that it could have sued Roche's distributors or its affiliates for in-Field use; could have restricted Roche's exercise of Roche's own rights; or could have prevented Roche from seeking to obtain regulatory approval of Roche's ECL products.

It would be equally untenable to suggest that the license Meso granted included §§ 2.1 through 2.4, stopped at §§ 2.5 and 2.6, and then resumed again at § 2.7. As a matter of text, nothing in the License Agreement suggests that the parties intended to pick and choose provisions in this way. As a matter of function, Roche's promises and covenants were an essential part of the bargain under the License Agreement. So long as Roche was acting based on a "reasonable belie[f]," A345 (§ 2.5(c)), that its customers would limit themselves to in-Field use of the products it sold, it was protected by the remedial limitations of § 2.5(b) and was not exposed to possible termination of the License Agreement if that reasonable belief turned out to be incorrect. The other side of that coin was that it would not knowingly sell and would not "under any circumstances, actively advertise or market," A346 (§ 2.6), ECL products outside its limited Field. To separate those promises out from the license Roche received would fail to read the License Agreement as a "harmonious and integrated whole." *Westmoreland Coal Co. v. Entech, Inc.*, 794 N.E.2d 667, 670 (N.Y. 2003).

c. Meso Had the Right to Enforce the Terms and Conditions of the License It Granted

By granting Roche a license that included the promises and covenants from §§ 2.5 and 2.6 as terms and conditions, Meso obtained the right to enforce those terms and conditions. Under New York law, a party to an agreement has the right to enforce that agreement through traditionally available remedies such as damages or specific performance unless the contract disclaims that right. *See, e.g., Bi-Economy Mkt., Inc. v. Harleysville Ins. Co. of N.Y.*, 886 N.E.2d 127, 129-30 (N.Y. 2008) (general damages); *Rubinstein v. Rubinstein*, 244 N.E.2d 49, 51-52 (N.Y. 1968) (injunctive relief). Parties to a contract may restrict their remedies, but must use "unambiguous" language to do so. *Rubinstein*, 244 N.E.2d at 52.

Section 14.9 of the License Agreement provides: "The rights, powers and remedies hereunder shall be in addition to, and not in limitation of, all rights, powers and remedies provided at law or in equity." A360. Such language means plainly that even if "a remedy is not explicitly referenced in the contract," that "does not mean it is unavailable to the parties." *ESPN, Inc. v. Office of Comm'r of Baseball*, 76 F. Supp. 2d 383, 391 (S.D.N.Y. 1999) (construing a similar provision). The clear contractual language in which Roche made promises to Meso, coupled with the License Agreement's reservation of remedies, required the Court of Chancery to conclude as a matter of law that Meso could enforce those promises through either legal or equitable remedies.

d. Other Contemporaneous Agreements Reinforce the Plain Language of the License Agreement

The plain meaning of the License Agreement is reinforced by reading it alongside other Transaction Agreements that Meso and Roche signed the same day. *See This Is Me, Inc. v. Taylor*, 157 F.3d 139, 143 (2d Cir. 1998) (under New York law, "all writings forming part of a single transaction are to be read together"); *Nau v. Vulcan Rail & Constr. Co.*, 36 N.E.2d 106, 110 (N.Y. 1941) (agreements "executed at substantially the same time[and] related to the same subject-matter . . . must be read together as one"). Comparisons to provisions of the Global Consent and of the Ongoing Litigation Agreement each confirm that the parties intended Meso to grant a license to Roche in the License Agreement.

First, if the parties had intended solely for Meso to consent to IGEN's license of IGEN's rights (as opposed to granting a license of Meso's own rights), the Global Consent would have been sufficient to achieve that goal; it would have been unnecessary for Meso to sign the License Agreement at all. In the Global Consent, Meso specifically "consent[ed] to the Transaction Agreements," including the License Agreement, and "grant[ed] all . . . consents . . . necessary . . . to permit the consummation of the Transactions and the performance by [IGEN and Roche] . . . of their obligations under the Transaction Agreements in accordance with their terms." A308. That language would have been more than sufficient to remove any impediment to a license granted by IGEN. Meso's additional joinder in the licenses granted under the License Agreement must have

had some further effect.[8]

Second, if the parties had intended for Meso to join in the license grants to Roche, but to carve out from that joinder any participation in Roche's affirmative promises and covenants that it defined in the scope of the license, they could have used language similar to the language of the Ongoing Litigation Agreement. The joinder for that Agreement included specific provisions in which Meso was joining and excluded all others. *See* A290 (providing that Meso's joinder operated "solely to confirm that it agrees to be bound by Section 3.3 and Article 8 of this Agreement as though it were IGEN for this purpose"). The same parties' use of specific language in a contemporaneous and related document weighs strongly against construing different language to have a similar effect. *Cf. Bruce v. Fulton Nat'l Bank of N.Y.*, 79 N.Y. 154, 165 (1879) (concluding that the "omission of words" from a written instrument "was intentional" because it was "apparent that the parties knew how to use terms applicable to the subject").[9]

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[8] The Global Consent also contradicts the lower court's statement that Roche sought "additional representations and warranties" from IGEN, in § 9.6 of the License Agreement that it did not seek from Meso. Op. 56-58. Those representations and warranties state, in substance, that the licenses IGEN was granting were not inconsistent with its corporate charter or with any other contract, and that no third-party consents (other than Meso's) were necessary for IGEN to grant those licenses. Op. 56-57 (quoting A260; A353-55). Meso made substantially similar representations in § 2.03(a) and (b) of the Global Consent; those representations applied to all "MSD Transaction Documents," a defined term that included Meso's agreement to consent to and join in the licenses granted under the License Agreement. A304; A307.

[9] The Court of Chancery recognized this argument as having "some appeal," but commented that "the 'consent' attached to the License Agreement . . . bears little resemblance to the 'joinder' used in" the Ongoing Litigation Agreement. Op. 64 n.181. That broad-brush characterization lacks persuasive force. The court should instead have looked at the substantive similarities between the two documents (both use the term "join" to convey that Meso is to be bound by an agreement between IGEN and Roche) and their substantive differences (one expressly limits Meso's joinder to enumerated provisions of an agreement; the other does not).

2. The Court of Chancery Erred as a Matter of Law by Adopting an Unreasonable Interpretation of the License Agreement

a. The Court of Chancery Failed to Give Meaning to the Key Terms of the License Agreement

The Court of Chancery recognized the need to give each word of the License Agreement meaning, but ultimately failed to do so and adopted an unreasonable interpretation of the Agreement. The lower court acknowledged that New York law required it to "give[] meaning to both 'consent to' and 'join in'" and to avoid "creat[ing] any inconsistencies in the License Agreement or render[ing] any of its provisions meaningless." Op. 76. It further acknowledged that those principles required "the phrase 'join in the licenses granted'" to be "something more than a simple consent." Op. 70. It nevertheless concluded that meaning could be given to the term without "making Meso a party to the License Agreement or to Article 2 of that agreement," because the language was intended to "call[] special attention to and emphasize[] the fact that Meso agreed to accept Roche's use of the Licensed ECL Technology within the Field." Op. 71. That was error.

The Court of Chancery cited no authority for its conclusion that treating one contract term as mere emphasis for another, with no operative effect of its own, satisfies a court's obligation to "give full meaning and effect to all . . . provisions" of that contract. *Am. Exp. Bank Ltd. v. Uniroyal, Inc.*, 562 N.Y.S.2d 613, 614 (App. Div. 1990). That approach also cannot be reconciled with the Global Consent, which already provided Roche with Meso's explicit consent to every obligation that IGEN undertook in the License Agreement and to IGEN's performance of those obligations. *See supra* pp. 26-27. It was not reasonable to

conclude that Roche did not intend the join-and-consent language on which it specifically insisted to give it additional rights against Meso.

The lower court's reasoning was also internally inconsistent. On one hand, the basis for the court's conclusion that Meso could not enforce Roche's promises was its determination that Roche did not "receiv[e] a grant of rights from Meso." Op. 73. On the other, the court acknowledged that Roche's reason for asking Meso to join in the licenses was that "Meso conceivably could be in a position at some point to challenge Roche's use of the ECL Technology, both inside and outside of the Field, notwithstanding the License Agreement," and that Roche intended to and did "secure . . . protection . . . from Meso's ability to challenge" Roche's in-Field use of ECL by having Meso sign the License Agreement. Op. 72-73.[10]

Those two statements cannot be reconciled. Meso was promising not to sue Roche for in-Field use of ECL; there is no other way to read the Agreement. Meso *was*, through that promise, granting Roche a non-exclusive license of Meso's own rights, because a non-exclusive license is as a covenant not to sue. *See supra* p. 22. The lower court's conclusion that Meso was somehow promising Roche protection from suit without granting a license was without support in authority or reason.

Once it correctly concluded that the purpose of the "join[ ] in" language was to protect Roche from any challenge by Meso to its use of ECL technology, the Court of Chancery should have equated that protection with a license. It should

[10] The court's acknowledgment of this point was amply supported (if not compelled) by the testimony of Roche's general counsel, who stated that he "[a]bsolutely" believed that Meso's "join[ing] in the license granted to Roche" would give Roche the ability, in any suit by Meso "based on [Meso's] right to the ECL technologies," to "hold up a piece of paper to the Court and say, they have given up their right to do that." A608 (94:4-15).

then have turned – as, in its summary judgment ruling, it had indicated it planned to do – to ask whether all or part (and if so, which part) of the License Agreement set forth the terms and conditions of that license.[11] In that analysis, the court should have relied on the clear statement of § 2.1 that the terms and conditions of the license were the terms and conditions of the License Agreement. Alternately, at a minimum, the Court should have looked to the parties' explicit identification of Article 2 of the License Agreement as defining the "Grant and Scope of the Licenses." Either of those two reasonable approaches would have led to the conclusion that Roche's promises were within the scope of Meso's joinder.[12]

b. The Court of Chancery Erroneously Gave Preclusive Effect to the Arbitration Ruling

The Court of Chancery also reached the erroneous conclusion that the previous ruling by the arbitration panel had "issue-preclusive effect [on Meso],"

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[11] *See* SJ Op. 58 ("[T]he Roche License is ambiguous as to whether Meso joined into the *entire article* granting the licenses or just the *granting provisions*.") (emphases added). The court later recharacterized its summary judgment ruling as a general "h[o]ld[ing] . . . that 'the meaning of the "join in the licenses granted" language' in the consent 'attached to the [License Agreement] [wa]s ambiguous,'" Op. 40, but the scope of the ambiguity it actually identified at summary judgment concerned the *parts* of the License Agreement in which Meso joined rather than whether Meso had granted Roche any rights at all.

[12] The Court of Chancery suggested in passing that even if Meso had granted a license, it would have been "analogous to a 'quitclaim' license" in which Meso gave up its rights to prevent Roche from engaging in in-Field use of ECL but got nothing in return. Op. 75 n.197. The analogy to a quitclaim does not hold up. A quitclaim "is a form of deed used when a party wishes to convey whatever interest he may think he has in land but does not wish to warrant title." *State ex rel. Dep't of Transp. v. Penn Cent. Corp.*, 445 A.2d 939, 946 (Del. Super. 1982). Here, IGEN warranted its title to the underlying intellectual property. A353-54, § 9.6(ii). Meso similarly warranted that it had not "licensed, assigned or otherwise disposed of any rights" in that intellectual property so as "in any manner . . . [to] restrict or limit [Roche's] exercise of the licenses granted." A363. Meso indemnified Roche against breach of this warranty. It would be unreasonable to read a license with explicit warranties and indemnification as a quitclaim.

which it viewed as foreclosing Meso's claim to have joined in the entire License Agreement. Op. 38-39 (emphasis omitted). That conclusion was a major factor in the lower court's misreading of the contract, and was wrong for two reasons.

First, the Panel ruled only that the "claims" before it were "not arbitrable." A596. It made that ruling "without prejudice to [those claims] being asserted in a court," and stated that its award was "not intended to resolve or reflect upon the merits of [those] claims as they may be presented in a court." A600. Those limits on the ruling were expressly requested by both parties. *See supra* p. 13. They also were based on the Panel's finding that Article 6 of the License Agreement, which addresses arbitration, "contains [its] own, separate definition of 'Party' and 'Parties,'" that "differs from the Agreement's general definition." A599.

The Court of Chancery erred in disregarding the panel's express statement that it had not decided the merits of the parties' dispute. Issue preclusion, also known as collateral estoppel, "applies . . . only when the fact sought to be established in the second proceeding has been actually litigated and determined in the first proceeding." *Auerbach v. Cities Serv. Co.*, 134 A.2d 846, 851, *supplemented on other grounds*, 136 A.2d 219 (Del. 1957). Here, the arbitration panel explicitly found it unnecessary to decide the merits of the parties' claims in order to determine arbitrability; preclusion was therefore improper.

Second, the arbitration panel's ruling was based on a heightened standard of proof that did not apply in the Court of Chancery. As the Second Circuit has explained, "a shift or change in the burden of proof can render the issues in two different proceedings non-identical, and thereby make collateral estoppel

inappropriate." *Cobb v. Pozzi*, 363 F.3d 89, 113 (2d Cir. 2004) (collecting authorities); *see* Restatement (Second) of Judgments § 28(4) (stating that a party is "not precluded" from relitigating an issue on which it "had a significantly heavier burden of persuasion" in a prior proceeding). That rule has been recognized by Delaware's lower courts in other cases,[13] and this Court should apply it here.

In this case, the arbitration panel decided that the dispute was nonarbitrable by finding that Meso had not shown a "'clear, unequivocal and extant agreement to arbitrate.'" A597 (quoting *Primavera Labs., Inc. v. Avon Prods., Inc.*, 747 N.Y.S.2d 16, 17 (App. Div. 2002)). That standard is higher than the preponderance-of-the-evidence standard for Meso's contract claim in the Court of Chancery. *See Progressive Cas. Ins. Co. v. C.A. Reaseguradora Nacional De Venezuela*, 991 F.2d 42, 46 (2d Cir. 1993) (distinguishing New York's heightened standard for arbitration agreements from proof "by a mere preponderance of the evidence"). Accordingly, even if the arbitration panel had reached the merits of the dispute – which it did not – its ruling would not bind Meso.

The issue-preclusion error tainted the lower court's entire analysis. That court described the arbitration panel's ruling as having "great significance," Op. 38; as having "determined conclusively that Meso . . . is not a party to the *entire* License Agreement," *id.* at 39; and as foreclosing Meso's arguments based on the language of § 2.1, *see id.* at 74. The court thus disregarded the language which

[13] *See Berkowitz v. Vari*, 1999 WL 167818 (Del. Super. Mar. 3, 1999) (no preclusion when litigating under a preponderance-of-the-evidence standard an issue previously lost under a clear-and-convincing standard); *Miller v. Falconetti*, 1993 WL 603298 (Del. Super. Oct. 6, 1993) (same); *TR Investors, LLC v. Genger*, 2013 WL 603164 (Del. Ch. Feb. 18, 2013) (recognizing but distinguishing rule), *judgment entered*, 2013 WL 787117 (Del. Ch. Mar. 1, 2013).

best showed the parties' intent in favor of mistaken deference to a ruling that was not meant even to "reflect," A600-04, on the merits of Meso's contract claims.

c. The Court of Chancery Erred by Relying on the Definition of "Party" in the Agreement's Preamble and on an Incorrect Premise that the Agreement and the Consent Were Separate Contracts

The Court of Chancery erred by relying on the point that Meso is not named as a "Party" in the preamble to the License Agreement, coupled with the statement in § 14.11 that the Agreement did not "confer upon any person other than the Parties hereto . . . any benefit, right, or remedy." It is irrelevant that Meso is not specifically named as a party. "New York law has long held that a signatory may be bound by, and thus a party to, a contract, even though the signatory is not named as a party in the body of the contract." *Digene Corp. v. Ventana Med. Sys., Inc.*, 316 F. Supp. 2d 174, 183 (D. Del. 2004); *see Esselstyn v. McDonald*, 90 N.Y.S. 518, 520 (App. Div. 1904) ("[T]he courts have held liable, as parties to a contract, persons who subscribed their names thereto, but were not mentioned in the body of the document."); *Electric Carriage Call & Specialty Co. v. Herman*, 123 N.Y.S. 231, 233 (App. Term 1910) (similar); *see also Jasper v. Bovina Music, Inc.*, 314 F.3d 42, 45-46 (2d Cir. 2002) (holding that copyright owners assigned their copyright by signing an addendum stating they "'assent[ed] to the execution of [an] agreement and agree[d] to be bound by the terms and conditions thereof'") (second alteration added). Here, the parties intended that Meso would be bound by the License Agreement not to sue Roche; that was enough to make Meso a party.

The Court of Chancery acknowledged this authority, but attempted to distinguish it because Meso "signed a 'consent' that was attached to the License Agreement, not the agreement itself." Op. 44. The finding that the page Meso signed was not part of "the agreement itself" was unsupported by the record. The "consent" page was drafted and negotiated together with the body of the contract, *e.g.*, A172-205; A227-56; A646 (72:4-12); the body of the contract refers expressly to the consent page and incorporates all "Exhibits, Appendices, and Annexes," A354, 360 (§§ 9.6(iv), 14.8(i)); the consent page appears between the body of the contract and its Exhibits and Appendices, all undisputedly part of the License Agreement, A361-402; Roche, Meso, and IGEN signed on the same day, A415; A270-75; and Roche called it a "[m]aterial element[]" of the transaction that Meso would "consent to and join in the license granted to Roche," A170-71.

Even if the consent page were considered a separate contract from the License Agreement, that would not address the key language under which Meso "consent[ed] to and join[ed] in" the licenses granted under the License Agreement. Because the only reasonable reading of that language is that Meso was granting a license on the same terms and conditions as in the License Agreement (or, at a minimum, Article 2 of that Agreement), it does not matter whether there was one contract or two contracts – it would still be permissible and necessary to "read [them] together," *This Is Me,* 157 F.3d at 143, so as to give effect to both. The Court of Chancery itself conceded that it would be necessary to look to the License Agreement's definition of the Field to determine the scope of Meso's promise not to sue Roche. Op. 73. It failed to explain why it would not be equally appropriate

to look to the License Agreement to determine other terms of the parties' bargain.

Similarly, the Court of Chancery erred by relying on language in the Global Consent that "differentiated between the License Agreement and Meso's consent thereto." by calling them separate documents. Op. 62. Even if such language could overcome the evidence that Meso and Roche viewed the consent page as part of the License Agreement, it could not overcome the unambiguous indications that Meso granted a license on the same terms and conditions as in that Agreement. That was enough to make Meso a party to a contract that included Roche's promises, and to give Meso a right to enforce those promises in court.

CONCLUSION

The decision of the Court of Chancery should be reversed and the case remanded for a determination of remedies.

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