



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, 2014

COURT BELOW:

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

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PRELIMINARY STATEMENT

The parties to this case agreed, at Roche's specific request, that Meso would join in the licenses IGEN granted to Roche. There is no longer any dispute that by doing so, Meso bound itself not to sue Roche for Roche's use of the licensed ECL technology within a defined contractual Field. As a matter of law, that covenant not to sue Roche was a license. Once that is established, the only remaining question is where in the parties' agreements this Court should look to find the terms and conditions of the license in which Meso joined. There is no coherent reading of those terms and conditions that does not include at least Article 2 of the License Agreement. Meso thus joined a contract that included Roche's own affirmative covenants to remain within its Field.

Roche nevertheless persuaded the Court of Chancery, and now seeks to persuade this Court, that it received the benefits of a license from Meso without taking on any obligations in return. That reading of the contract is indefensible as a matter of law; Roche's attempt to justify it moves back and forth between inconsistent, incompatible descriptions of what the parties meant to accomplish. Roche's brief also focuses heavily on parol evidence that is irrelevant to the narrow, clear question on appeal: looking within the four corners of the documents that the parties signed, did Meso by "join[ing] in the licenses granted in the License Agreement" obtain a clear right to enforce Roche's affirmative covenants as terms and conditions of those licenses? Because Meso did, the judgment of the Court of Chancery should be reversed.

ARGUMENT

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

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

Meso's argument is straightforward: (1) that, through its agreement to "consent to and join in the licenses granted" to Roche in the License Agreement, Meso granted a license to Roche, *see* Meso Br. 19-22; (2) that the terms and conditions of Meso's license included Roche's covenant to remain within its own Field, *see id.* at 23-24; and (3) that Meso therefore obtained the right to enforce that covenant as a term of a contract to which it was a party, *see id.* at 25. Roche has failed to rebut any of those points.

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

The ordinary meaning of the phrase "join[] in" is to perform an activity together with someone else. *See* Meso Br. 19. That "common and ordinary meaning" is the starting point under New York law, *Bradshaw v. Mut. Life Ins. Co. of New York*, 80 N.E. 203, 204 (N.Y. 1907), which governs the License Agreement, *see* A349. Roche quotes the Court of Chancery's statement that the parties used "join[] in" as mere "emphasi[s]" for the term "consent." Roche Br. 27 (quoting Op. 71-72). No ordinary speaker of English would use the phrase "consent to and join in" to mean "emphatically consent to." Roche can offer no example of the term being so used in any legal or non-legal context.

New York authority bolsters Meso’s ordinary-language reading of the term “join[.]” *New York Central*¹ is the closest New York case on point that either party has been able to find, and the opinion of the Appellate Division in that case supports Meso’s position that the ordinary meaning of “join in” unambiguously means that one performs the activity that is joined. That opinion construed a contract in which the defendant “join[ed] in the ‘holding, maintenance and leasing’ of [a] building,” and concluded that if this language were to have “any meaning” it could “only . . . mean” that the defendant had “a *right to participate* in the holding, maintenance and leasing of the building.” 216 N.Y.S.2d at 934 (emphasis added). Roche objects (at 23) that the Appellate Division went on to observe that nothing else in the agreement was to the contrary, but that does not lessen the force of the court’s conclusion that the language itself was clear. Roche also cannot, after years of litigation, cite even one case in which someone joined in a contract without becoming a party to at least some provision of that contract.²

Durnherr v. Rau, 32 N.E. 49 (N.Y. 1892), is not to the contrary. *Durnherr* involved an attempt to enforce a covenant to pay a mortgage on a property. *See id.*

¹ *New York Cent. R. Co. v. New York, New Haven, & Hartford R. Co.*, 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).

² Meso made this point in its opening brief (at 21), citing *Institut Pasteur v. Chiron Corp.*, 2005 WL 366968 (D.D.C. Feb. 16, 2005), which made a similar observation, *id.* at *11. Roche argues (at 23-24) that in *Institut Pasteur* the court held a trial to resolve ambiguity, but fails to note that the trial in *Institut Pasteur* had to do with *which* provisions of an agreement the plaintiff in that case had joined. *Id.* at *14 (describing the “ambiguity in the [a]greement” as being whether the plaintiff had joined only one specific provision, or whether it had joined multiple provisions). That was the same question that the Court of Chancery should have (but did not) focus on here. *See Meso Br. 4*, 29-30.

at 49. The plaintiff had not joined in the covenant, which was between her husband and the defendant. *See id.* at 50. She had, however, joined in the mortgage, not by taking on any obligation to pay it, but by giving up as to the mortgaged property her “inchoate right of dower,” *id.* – a relic New York abolished in 1930. N.Y. Real Prop. Law § 190 (McKinney). The *Durnherr* court held that the plaintiff could not enforce the covenant she had not joined; it commented in passing that surrendering her right of dower had not made the plaintiff a party to the mortgage or given her any enforceable right against her “husband or his property.” 32 N.E. at 50. In New York, in the late nineteenth century, a married woman had limited rights to make contracts at all;³ it is unsurprising that a court would state in dictum that she also could not acquire enforceable rights by joining in a mortgage. That dictum has no application today in any context, and it never would have applied to a commercial licensing dispute between parties with the full capacity to make contracts.

Meso’s reading of the key “join[] in” language is further reinforced by the parties’ undisputed understanding that Meso was promising not to assert, in a suit against Roche for in-Field use of ECL Technology, its own rights in the intellectual property Roche was licensing. As a matter of law, a promise or

³ See Joseph A. Ranney, *Anglicans, Merchants, and Feminists: A Comparative Study of the Evolution of Married Women’s Rights in Virginia, New York, and Wisconsin*, 6 Wm. & Mary J. Women & L. 493, 528-29 (2000) (discussing the general inability of a married woman to contract in late-nineteenth-century New York, as modified by various statutes). The court in *Durnherr* clearly had those historical limits on women’s rights in mind; it cited older cases holding that the inchoate right of dower did not exist at all during the husband’s life. *See Hawley v. Bradford*, 9 Paige Ch. 200, 201 (N.Y. Ch. 1841) (“Strictly speaking, the wife has no estate or interest in the lands of her husband, during his life, which is capable of being mortgaged or pledged for the payment of his debt.”), *cited in Durnherr*, 32 N.E. at 50.

covenant not to sue *is* a “license.” Meso cited authority on this point in its opening brief (at 21-22), and Roche does not address those cases or dispute the point.

Instead, Roche attempts (at 28) to recharacterize the situation as a factual dispute. There is no dispute about the facts. The Court of Chancery found that Roche wanted and got “protection . . . from Meso’s ability to challenge its use of the ECL Technology in the Field,” Op. 73, and Roche now admits that Meso “committed not to assert any ECL rights that it might have or later acquire,” Roche Br. 25; *see id.* at 27 (Meso “agreed not to assert any rights it might have”).⁴ The dispute is over the legal question whether in making such a commitment, Meso granted a license on the terms and conditions set forth in the License Agreement. On that question Roche and the Court of Chancery are incorrect.

Similarly, Roche incorrectly implies (at 1 and 2) that Meso’s position is somehow weaker because Meso sought a trial rather than moving for summary judgment. That is not so. Meso argued consistently to the Court of Chancery that it had the right to “enforce . . . Roche’s express covenants” based on the “plain language” of the License Agreement “as a matter of law.” AR3; *see* AR6, AR9-10 (similar). Meso did not also need to move for summary judgment, especially because numerous remedial issues would have required a trial even if Meso had obtained a judgment on liability. The already busy dockets of the courts of this State would not benefit from a requirement to seek summary judgment in order to preserve legal issues for appeal.

⁴ Before the Court of Chancery, Roche had argued that Meso did not have any rights to license, but the Court declined to resolve that issue because it found that Roche at least wanted protection from Meso’s possible assertion of future rights. Op. 72.

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

There is no textually or structurally reasonable interpretation of the “license” in which Meso joined that does not include at least Article 2 of the License Agreement – and therefore none in which that license did not include §§ 2.5 or 2.6. Meso showed in its opening brief (at 23-24) that the license cannot intelligibly be construed without those provisions. In particular, it is implausible that Roche did not intend its license from Meso to be safeguarded by the provision in § 2.5(b) that protects it from “terminat[ion] . . . for out-of-Field sales.” A345. Yet there is no reasonable way to read the License Agreement – certainly, Roche offers none – under which the license Meso joined included that sentence but not the very next sentence, at the start of § 2.5(c), in which Roche agreed that it would not knowingly “market and sell” ECL Products outside the Field. *Id.* That is especially so because the parties included subsection-specific joinder language in another agreement signed the same day, but conspicuously omitted any such language from the consent-and-joinder provision of the License Agreement.⁵

Roche thus finds no support in *Berry Harvester Co. v. Walter A. Wood Mowing & Reaping Machine Co.*, 46 N.E. 952 (N.Y. 1897). *Berry Harvester* holds that “the intention as gathered from the words used, read, so far as they are ambiguous, in the light of surrounding circumstances” govern the “right[s] and privilege[s]” of the “contracting parties” to a “tripartite contract.” *Id.* at 955. That

⁵ See Meso Br. 27 (discussing Meso’s joinder solely in “Section 3.3 and Article 8” of the Ongoing License Agreement, A290). Meso made this point prominently in its opening brief, but Roche has no response.

principle indeed applies here – this case involves a tripartite contract, and the rights and privileges of the parties are to be determined from the words used. Here, however, Roche has been unable to show that the License Agreement is “susceptible to [a] . . . reasonable interpretation,” *Evans v. Famous Music Corp.*, 807 N.E.2d 869, 872 (N.Y. 2004), in which it got the license it wanted but took on no reciprocal obligations. Surrounding circumstances are thus irrelevant.

Notably, Roche abandons before this Court its argument to the Court of Chancery that Meso’s joinder was limited specifically to §§ 2.1 and 2.7 of the License Agreement. Op. 40. The Court of Chancery had relied on that argument in initially finding the License Agreement ambiguous at the summary judgment stage, SJ Op. 57-58, but did not accept it after trial. Without that argument, Roche has no theory whatsoever as to which provisions of the License Agreement function as the “terms and conditions” of the “licenses granted” in that Agreement – its only assertion is that, whatever those terms and conditions may be and wherever they may be found, they did not include any rights for Meso. That is not a reasonable way to read a contract.

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

Because Roche’s covenants to honor its Field restrictions were terms and conditions of a license in which Meso joined, Meso had the right under New York law to enforce them. *See* Meso Br. 25. Roche asserts (at 29) that the Court of Chancery was free to resolve this issue in Roche’s favor after hearing “extrinsic evidence . . . that no enforcement rights were given to Meso.” As an initial matter,

that is a substantial overstatement: what the Court of Chancery actually found was that there were “never any discussions of Meso having enforcement rights,” Op. 55, which is quite different. Contract law has never required that parties discuss the consequences of a breach to make their promises enforceable.⁶

In any event, extrinsic evidence for or against Meso’s enforcement rights was irrelevant. New York law permits the parties to a contract to disclaim remedies, but requires the disclaimer to be clear before it can be enforced. That principle applies both to damages, *see, e.g., Crow & Sutton Assocs., Inc. v. Welliver McGuire, Inc.*, 820 N.Y.S.2d 179, 180 (App. Div. 2006) (“A provision purporting to limit damages must be clear to be enforceable.”);⁷ and to equitable remedies, *see, e.g., Rubinstein v. Rubinstein*, 244 N.E.2d 49, 52 (N.Y. 1968) (“error” to find “preclu[sion of] specific performance” without “an unambiguous provision”).⁸ Accordingly, it is *Roche*, not Meso, that must point to clear language foreclosing Meso’s remedies to prevail on this issue.

Roche fails to do so. Neither in Article 2 nor anywhere else does the License Agreement contain any express disclaimer of remedies. As Meso noted in

⁶ *See, e.g.*, 1 Richard A. Lord, *Williston on Contracts* § 3:5, at 221 (4th ed. 1990) (enforceability of a “deliberate promise” does not depend on “the promisor’s views regarding his legal liability”); Restatement (First) of Contracts § 20 cmt. a (1932) (“Nor is it essential that the parties are conscious of the legal relations which their words or acts give rise to.”).

⁷ *See also Terminal Cent., Inc. v. Henry Modell & Co.*, 628 N.Y.S.2d 56, 59-60 (App. Div. 1995) (“Limitations on a party’s liability will not be implied and to be enforceable must be clearly, explicitly and unambiguously expressed in a contract. Such clauses are, in any event, strictly construed against the party seeking to avoid liability.”) (citations omitted).

⁸ *See also Edge Group WAICCS LLC v. Sapir Group LLC*, 705 F. Supp. 2d 304, 322 (S.D.N.Y. 2010) (“[I]n the wake of *Rubinstein* the New York courts do not imply a preclusion of equitable remedies absent specific contractual language to that effect.”).

its opening brief, § 14.9 reserves all rights “at law or in equity” and does so “in addition to” the “rights, powers and remedies” expressly created by the Agreement itself. Meso Br. 25; A360. Roche relies (at 20) on § 14.11 (A361), but that section – titled “No Third Party Beneficiary Rights” – is irrelevant because Meso has never claimed to be a third-party beneficiary. Instead, by agreeing to Roche’s consent-and-joinder clause, Meso became a party to a license whose terms and conditions were defined by the License Agreement (or, at a minimum, the terms of Article 2). Meso’s rights were therefore unaffected (and certainly not *unambiguously* foreclosed) by a limitation of remedies to “persons other than Parties hereto.”

B. Roche’s Interpretation of the License Agreement Is Unreasonable

1. The Provisions of the License Agreement on Which Roche Relies are Irrelevant

Roche’s brief to this Court is an exercise in distraction. It points to nearly every provision of the contract but the ones that actually matter, and it offers pages upon pages of record citations to extrinsic evidence – none relevant to the question on appeal, which is whether the contract was clear as a matter of law. When the provisions on which Roche relies are methodically examined, it is clear that they do not support its reading of the contract.

First, Roche relies heavily (at 1, 19, 21) on the definition of “Parties” in the preamble to the License Agreement. In doing so, Roche completely ignores the cases Meso cited (at 33) showing that it is not necessary under New York law to be named as a party in a contract in order to become a party to it. All that is necessary

is a mutual manifestation of assent that one will be bound by its terms.⁹ Here, the parties plainly intended – as Roche no longer disputes – that Meso would be bound not to sue Roche so long as Roche stayed within its defined Field.

Roche’s argument from the definition of “Party” also proves too much. True, “[o]nly the parties to a contract have standing to sue for its breach.” Roche Br. 34 (internal quotation marks omitted). Equally, however, one “is not bound by the provisions of a contract to which [one] is not a party.” *Eaves Brooks Costume Co. v. Y.B.H. Realty Corp.*, 556 N.E.2d 1093, 1096 (N.Y. 1990). If Meso tried to sue Roche for in-Field use of ECL, could Meso plausibly argue that it was free to do so because, despite having joined in the licenses granted in the License Agreement, it was not denominated a “Party” in that Agreement? Roche would rightly object to any such argument as absurd, and the Court of Chancery recognized that no such suit would be viable. *See* Op. 72-73. That shows that the term “Party” should be read functionally to reflect the agreements reached, not formally based on the preamble or the signature block.¹⁰

Second, Roche relies (at 20) on the exclusion of Meso as an “Affiliate” of IGEN in § 1.1. As the Court of Chancery acknowledged, Meso was not defined as

⁹ *See Cobble Hill Nursing Home, Inc. v. Henry & Warren Corp.*, 548 N.E.2d 203, 206 (N.Y. 1989) (contracts created by “manifestation of mutual assent to essential terms”).

¹⁰ Roche likewise finds no help in the Court of Chancery’s finding that the License Agreement and the consent page Meso signed were “separately executed.” Op. 43; *see* Roche Br. 32-34. That finding was both factually insupportable and legally irrelevant for the reasons given in Meso’s opening brief (at 33-35). In particular, Roche fails to explain how, even if the two were separate documents, Meso’s rights and obligations under the consent-and-joinder language could be determined without defining the license in which Meso joined by reference to the terms and conditions found in some or all of the License Agreement.

an Affiliate because it “did not meet the requisite criteria” to be called one. *See* Op. 55 n.159. Meso’s refusal to accept Roche’s original proposal that Meso be labeled (inaccurately) as an affiliate of IGEN sheds no light on the substantive effect of the consent-and-joinder provision at issue.

Third, Roche argues (at 20) that “[s]ection 2.5 provides that only Roche and IGEN may invoke . . . the exclusive remedy for Out-of-Field sales” or the “field monitor” process. Meso has not sought to invoke the § 2.5(b) remedy in this action. That remedy gave IGEN a 65% royalty on out-of-Field sales; witnesses from both sides agreed at trial that it was intended to cover *unintentional* out-of-Field sales, and to prevent Roche from retaining any profits on them. *See* Op. 25 & n.84; Meso Br. 9 n.5. It did not limit remedies for *intentional* out-of-Field sales (§ 2.5(c)) or for the out-of-Field marketing, sales, and advertising (§ 2.6) that are at issue here. *See* A345-46. As to those types of breaches, the general legal and equitable remedies reserved by § 14.9 – and not limited to IGEN – remained available to Meso.¹¹

Fourth, Roche relies (at 20) on the representations and warranties that IGEN made in § 9.6, observing (at 28) that IGEN “represented and warranted (with Meso’s express consent) that IGEN held the patents and other intellectual property to be licensed.” IGEN *did* own the underlying patents and know-how, so its

¹¹ The same point applies to the termination process in § 7 (A349-52), which permitted IGEN to terminate Roche’s license if Roche committed certain specified breaches of the License Agreement. *See* Roche Br. 20. Indeed, as explained above (at 6), it is implausible that Roche did not intend the Agreement’s limitations on termination rights, such as those in §§ 2.5(b) and 7.2(c), to apply to the licenses it received from Meso as well as to those from IGEN. A352.

representation was correct. What Meso had (and Roche wanted to license) were the exclusive rights in those patents and know-how that IGEN had licensed to Meso in 1995. *See* Meso Br. 5-6, 7 & n.2, 20. The § 9.6 warranties do not refer to those rights – except that § 9.6(iv) specifically identified the “consent attached hereto,” meaning the consent page that Meso signed, as being “required to be obtained . . . by IGEN” for the License Agreement. A354. With that necessary qualification, § 9.6 was fully consistent with Meso’s position.

Similarly, Roche repeats without elaboration (at 28) the lower court’s incorrect finding that Meso “made no . . . commitments” such as those IGEN made in § 9.6. As Meso explained in its opening brief (at 27 n.8), it did make substantially similar representations and warranties in § 2.03(a) and (b) of the Global Consent. A307. Roche offers no response.

2. Roche’s Reading of the Agreement Contains Fatal Inconsistencies

Roche’s defense of the Court of Chancery’s opinion in its brief unreasonably equivocates between two different, inconsistent descriptions of what the License Agreement did. At first, Roche contends (at 27) that Meso’s joinder in the licenses granted was mere ““emphasi[s]”” or was ““belt and suspenders”” to Meso’s consent to *IGEN*’s license of its own rights. Those descriptions of the “join[] in” language suggest that it had no independent legal effect. If so, Meso remained a stranger to the License Agreement and was not itself bound by that Agreement’s terms.

Yet in the same paragraph, Roche admits (at 27) that Meso made a binding “agree[ment] not to assert any rights it might have.” That description of the “join

in[]” language suggests (consistent with the ordinary meaning of the words) that Meso granted a license under its own rights. If so, Meso was bound not to sue by the terms of the licenses granted in the License Agreement – but, by the same token, was entitled to enforce against Roche the covenants that were among those terms. Only one of those two descriptions can be accurate, and the latter is clearly the one the parties meant. Roche’s mere repetition (at 28) that there is “nothing inconsistent” between the two has no persuasive force.

Roche’s first reading of Meso’s joinder as mere emphasis is also unreasonable because it denies the joinder any meaningful legal effect. *See Meso Br. 22, 28.* Roche argues that this Court should not apply the rule against surplusage because, Roche asserts (at 27), it would produce an “extreme . . . change” in the meaning of the contract. Merely calling a result one dislikes “extreme” is not a substitute for argument.¹² Further, in the proceedings below “Roche agree[d],” and the Court of Chancery accepted, that the “the terms ‘consent to’ and ‘join in’ have different meanings,” Op. 39 & n.122 – though Roche still cannot explain coherently what those different meanings were. That part of the court’s opinion was based on undisputed witness testimony that Roche demanded the term “join[] in” be added to the contract and expected to derive a legal benefit

¹² *Majkowski v. American Imaging Management Services, Inc., LLC*, 913 A.2d 572 (Del. Ch. 2006) (Strine, V.C.), on which Roche relies (at 27), does not support its position. The passage from *Majkowski* that Roche quotes rejected an argument that the terms “‘indemnify’” and “‘hold harmless’” should be given separate meanings; the court observed that those terms “‘have a long history of joint use’” and are understood to have “‘little, if any, different meaning.’” *Id.* at 588-89. Roche does not (and could not) show that the terms “join in” and “consent to” have any comparable history of joint use; as a result, its quotation from *Majkowski* is out of context and unpersuasive.

from that term. *See* Meso Br. 19-20, 29 n.10. Roche cannot now defend a decision based on that finding by arguing that “join in[]” did not mean anything after all.

Roche’s interpretation of the contract would render meaningless not only the term “join in[]” itself, but also the entire page on which it appears. As Meso explained in its opening brief (at 26-27), if all that Roche wanted had been Meso’s consent to IGEN’s license, that was already in the Global Consent, together with a full set of related representations and warranties and an indemnification obligation. Roche (as it does not deny) thus asks this Court to treat the consent page of the License Agreement as superfluous. The Court should decline to do so.

3. Roche Fails to Defend the Court of Chancery’s Erroneous Use of Issue Preclusion

Meso showed in its opening brief (at 30-33) that the Court of Chancery incorrectly relied on the purported preclusive effect of the decision of the arbitration panel (“Panel”). Roche’s response lacks merit.

First, Roche argues (at 29-30) that any error by the Court of Chancery was harmless because the “result would [have been] the same” anyway. Roche’s attempt to distance itself from an erroneous argument cannot be squared with the court’s statements about the “great significance” and “conclusive[]” nature of the Panel’s ruling, Op. 38-39, which Roche ignores.

Second, Roche argues (at 30-31) that the Panel’s ruling was preclusive as to issues it “necessarily determined.” The Panel majority specifically found that there was a “material difference” between “the agreement to arbitrate and the [License]

Agreement,” A598 n.6, making it unnecessary to address the scope of the License Agreement. By its terms, that ruling was irrelevant to the decision below.

Third, Roche incorrectly assumes (at 31-32 & n.10), without analysis, that the preclusive effect of the Panel’s decision – including the question whether any such effect would be negated by the higher burden of proof that applied in the arbitration proceeding – was controlled by New York law. To the contrary, Delaware law controls this issue because the order confirming the arbitration award was an order of a Delaware court.¹³ That remains true even though the construction of the License Agreement is governed by New York law. *See Pyott v. Louisiana Mun. Police Employees’ Ret. Sys.*, 74 A.3d 612, 615-16 (Del. 2013) (en banc).¹⁴ In applying Delaware law on preclusion, this Court should adopt and apply the Restatement rule and the previous holdings of lower Delaware courts, under which a change in the burden of proof is dispositive. *See Meso Br.* 31-32.

Fourth, even if New York law were to apply, it would not help Roche. The “practical” or “functional” approach described in *Kosakow v. New Rochelle*

¹³ *See Cavalier Oil Corp. v. Harnett*, 564 A.2d 1137, 1141 n.3 (Del. 1989) (“The effect of a valid judgment as a conclusive adjudication . . . is determined by the law of the state where the judgment was rendered.”); 18B Charles Alan Wright et al., *Federal Practice and Procedure* § 4475.1, at 530 (2d ed. 2002 & Supp. 2013) (noting that while the issue “has not been much developed,” nevertheless “it seems to be agreed that once a state court has confirmed an [arbitration] award, the full faith and credit statute requires other courts to look to the law of that state,” because that state’s judgment is at issue).

¹⁴ In *Pyott*, this Court considered the preclusive effect that a Delaware court should give the judgment of a California federal district court applying “its understanding of Delaware law on the issue of demand futility.” 74 A.3d at 616. The Court held that even though the California federal court had been applying Delaware law, “California law or federal common law” would apply in the subsequent proceeding to determine the “elements of collateral estoppel.” *Id.* So too here: although the arbitration panel was applying New York law, its award was confirmed by a Delaware court, and Delaware law determines the preclusive effect of that ruling.

Radiology Associates, Inc., 274 F.3d 706, 731-32 (2d Cir. 2001), on which Roche relies, is taken from *Schwartz v. Public Adm’r of Bronx County*, 246 N.E.2d 725 (N.Y. 1969). *Schwartz* undertook a “close[] examination” of a previous case to determine whether the issues submitted were identical, including an “examination of the papers submitted” by the parties to see what they had argued. *Id.* at 731. Here the submissions to the Panel show that both parties believed at the time that the jurisdictional issue before the Panel could be resolved without resolving the merits of their dispute, *see* Meso Br. 13, and the Panel agreed. Roche’s current, inconsistent contention that it is “absurd[]” to separate Article 6 out from the rest of the License Agreement deserves no weight.¹⁵

¹⁵ Roche’s statement (at 31) that “Meso . . . advocated below” for the approach adopted by the Court of Chancery mischaracterizes the record. Meso argued below *both* that the Panel’s ruling was entitled to no preclusive weight at all *and* that any such weight should be limited to Article 6 and have no effect on the interpretation of the rest of the agreement. *See* AR12-13. It again makes both points now.

CONCLUSION

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

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