UNITED STATES DISTRICT COURT

EASTERN DISTRICT OF CALIFORNIA

THOMAS T. AOKI, M.D., et al.,

Plaintiffs,

v.

GREGORY FORD GILBERT, et al.,

Defendants.

Case No. 2:11-cv-02797-MCE-CKD

MEMORANDUM AND ORDER

Through this action, Plaintiffs Thomas Aoki, M.D. ("Aoki"), and Aoki Diabetes Research Institute ("ADRI") (collectively "Plaintiffs") allege a variety of causes of action arising from the development, patenting and licensing of therapies intended for the treatment of diabetes. Pending before the Court is a Motion to Compel Arbitration and Stay Proceedings Pending Arbitration by Defendants Gary J. Mugg, Shuyuan "Sherry" Tang, Health Innovations, LP, ACSRC, LLC, and Cheng Shao (collectively "the Hayward Clinic Defendants").[1] (ECF No. 91.)

[1] The Hayward Clinic Defendants filed a Motion to Compel Arbitration and Stay Proceedings on February 16, 2012. (ECF No. 54.) Because Plaintiffs' Motion to Disqualify Counsel (ECF No. 41) was also pending before the Court, the Court ordered the Motion to Compel Arbitration (ECF No. 54) removed from the Court's calendar. (ECF No. 59.) The Court's Order provided that the Motion to Compel Arbitration could later be reset at Defendants' request. (Id.) Rather than request that the Motion to Compel Arbitration (ECF No. 54) be reset, the Hayward Clinic Defendants noticed a new Motion to Compel Arbitration and Stay Proceedings on August 16, 2012 (ECF No. 91). Because the February 16 motion and the August 16 motion are substantively identical, this Order applies to both. However, for simplicity's sake, the Order refers to only the August 16 motion (ECF No. 91).

Defendants Gregory Ford Gilbert ("Gilbert"), Bionica, Inc., Bionica International, LLC, Trina Health, LLC, and Trina Health of Newport Beach, LLC, submitted a statement of non-opposition to Defendants' Motion. (ECF No. 100.) Plaintiffs filed a timely opposition to the Motion to Compel Arbitration (ECF No. 101) as well as objections to the statement of non-opposition. (ECF No. 102.)

For the following reasons, Defendants' Motion to Compel Arbitration is DENIED.[2]

BACKGROUND[3]

A. Plaintiffs' Version of the Facts[4]

Aoki, a physician licensed to practice in California, founded ADRI in 1986 to further his research efforts into the areas of diabetes and metabolism. ADRI also provides some clinical care using an intravenous insulin therapy called metabolic activation therapy or MAT® treatment. Aoki is the sole inventor and developer of, and has received a patent for, that treatment. During development of that therapy and thereafter, Aoki and ADRI developed trade secret know-how related to the use and application of the technology. Aoki also developed additional treatment-related methods and systems for which he obtained further patents, including U.S. Patent No. 4,826,810 ("the '810 patent") (collectively, all above patents are referred to as "the Patents").

According to Aoki, at some point he retained Gilbert, a California attorney, to act as his personal counsel.

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[2] Because oral argument will not be of material assistance, the Court ordered this matter submitted on the briefs. E.D. Cal. Local R. 78-230(g).

[3] The underlying dispute arises from a business relationship between Aoki and Gilbert that dates back to the mid-1980s. Given the long history of the parties' relationship, and the lack of clarity as to exactly what has evolved over the years, the Court recites only the bare minimum facts here.

[4] Unless otherwise stated, these facts are taken, sometimes verbatim, from Plaintiffs' Complaint.

At the same time, Gilbert became engaged in business transactions with Aoki and set up legal entities, including ADRI, to exploit Aoki's technology. Gilbert acted as counsel for those legal entities as well. In fact, Gilbert purportedly drafted nearly every legal document for both the entities and for Aoki and provided legal advice to Plaintiffs over the course of many years, until their relationship dissolved in late 2002 or early 2003.

After Plaintiffs' relationship with Gilbert ended, Gilbert allegedly proceeded to falsely assert that he, or entities with which he is affiliated, holds all right, title and interest in the MAT® treatment. More specifically, Gilbert purportedly acted in concert with the remaining Defendants to set up clinics where the MAT® treatment is now offered. Gilbert also allegedly made false and misleading statements to patients or would-be patients regarding the status and efficacy of the MAT® treatment as well as regarding available payment options.

B. Gilbert's Version of the Facts[5]

According to Gilbert, he has been involved in the development of diabetes technologies for more than twenty-five years, ever since his daughter was diagnosed with Type 1 diabetes at age two. At that time, Gilbert was a practicing lawyer and the Chief Executive Officer ("CEO") of an international innovative pump manufacturing company. After his daughter's diagnosis, Gilbert began work on designing an insulin pump for use in the treatment of diabetes. Due to his increasing diabetes-related work, Gilbert eventually met Aoki, and the two thereafter partnered together to develop and commercialize a new approach to the treatment of diabetes using Aoki's technology and Gilbert's pumps.

Gilbert formed ADRI in approximately 1986 or 1987 and thereafter served as its Executive Director.

[5] Unless otherwise stated, these facts are derived, at times verbatim, from the Declaration of Gregory Ford Gilbert. (ECF No. 13.)

After realizing that fund-raising presented an issue for a non-profit entity, Gilbert formed a "for profit" company, AMSys, to raise additional funds. According to Gilbert, at AMSys' formation, Aoki licensed his technology to that new entity pursuant to a Licensing Agreement ("Agreement"), signed by Aoki and AMSys in November 1987. In the meantime, Gilbert continued working on pumps through his own affiliated entities, namely, some of the Bionica Defendants. Subsequently, Gilbert became the CEO of AMSys and he and Aoki reverse merged AMSys into a new company. Eventually, after the new company experienced difficulties, Gilbert purchased the license from that company via one of his other entities. All disputes between the parties were purportedly resolved in 2002 by execution of a Settlement Agreement and Release, which Gilbert argues operated to assign him the license rights in the pertinent technology.

C. The Licensing Agreement[6]

AMSys and Aoki entered the Agreement in November 1987. Pursuant to the Agreement, Aoki transferred to AMSys "an exclusive worldwide license to utilize the Subject Technology and Patent Rights as they exist from time to time, and to manufacture, use, have manufactured and sell the Licensed Products manufactured by it or pursuant to its request in the Territory." (ECF No. 91-1 at 13.) The Agreement defines "Subject Technology" as "the ideas, methods, inventions, improvements, and techniques heretofore or hereafter developed by or for [Aoki] or [ADRI] during the lifetime of this agreement as they shall relate, inter alia, to restoring and maintaining normal metabolic fuel processing in a patient by means of a method or algorithm for delivering insulin which may be combined with the administration of carbohydrates and/or other drugs." (Id. at 10-11.)

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[6] A copy of the Licensing Agreement was submitted by the Hayward Clinic Defendants. (ECF No. 91-1.)

The Agreement defines "Patent Rights" as "all patents or patent applications . . . , including inventions claimed by such patents or patent applications, relating to the subject technology, owned or filed by [Aoki]." (ECF No. 91-1 at 12.) At the time the Agreement was executed, Aoki had several patents. Finally, the Agreement provides that "any disagreement arising under the provisions of this agreement shall be decided by arbitration in Chicago in accordance with the rules then obtaining of the American Arbitration Association." (ECF No. 91-1 at 38.)

STANDARD

"The [Federal Arbitration Act ("FAA")] was enacted in 1925 in response to widespread judicial hostility to arbitration agreements." AT&T Mobility LLC v. Concepcion, 131 S. Ct. 1740, 1745 (2011). Under the FAA, arbitration agreements "shall be valid, irrevocable, and enforceable, save upon such grounds as exist at law or in equity for the revocation of any contract." 9 U.S.C. § 2. Section 2 of the FAA "reflect[s] . . . a 'liberal federal policy favoring arbitration." Id. at 1745 (quoting Moses H. Cone Mem'l Hosp. v. Mercury Constr. Corp., 460 U.S. 1, 24 (1983)). At the same time, however, § 2 reflects "the 'fundamental principle that arbitration is a matter of contract.'" Id. (quoting Rent-A-Center, W., Inc. v. Jackson, 130 S. Ct. 2772, 2776 (2010)). "[Section] 3 requires courts to stay litigation of arbitral claims pending arbitration of those claims in accordance with the terms of the agreement; and § 4 requires courts to compel arbitration 'in accordance with the terms of the agreement' upon the motion of either party to the agreement . . . ." Concepcion, 131 S. Ct. at 1748.

Thus, "[b]y its terms, the [FAA] leaves no place for the exercise of discretion by a district court, but instead mandates that district courts shall direct the parties to proceed to arbitration on issues as to which an arbitration agreement has been signed." Dean Witter Reynolds, Inc. v. Byrd, 470 U.S. 213, 218 (1985) (citing 9 U.S.C. §§ 3, 4) (emphasis in original).

"The standard for demonstrating arbitrability is not a high one; in fact, a district court has little discretion to deny an arbitration motion, since the [FAA] is phrased in mandatory terms." Republic of Nicaragua v. Standard Fruit Co., 937 F.2d 469, 475 (9th Cir. 1991). "Moreover, the scope of an arbitration clause must be interpreted liberally and 'as a matter of federal law, any doubts concerning the scope of arbitrable disputes should be resolved in favor of arbitration.'" Concat LP v. Unilever, PLC, 350 F. Supp. 2d 796, 804 (N.D. Cal. 2004) (quoting Moses H. Cone, 460 U.S. at 24; Three Valleys Mun. Water Dist. v. E.F. Hutton & Co., 925 F.2d 1136, 1144 (9th Cir. 1991); French v. Merrill Lynch, 784 F.2d 902, 908 (9th Cir. 1986)). Thus, "[a]n order to arbitrate . . . should not be denied unless it may be said with positive assurance that the arbitration clause is not susceptible of an interpretation that covers the asserted dispute. Doubts should be resolved in favor of coverage." United Steelworkers v. Warrior & Gulf Navigation Co., 363 U.S. 574, 582-83 (1960).

In determining whether to compel arbitration, the Court may not review the merits of the dispute. Instead, the Court must limit its inquiry to three steps: (1) whether the contract containing the arbitration agreement evidences a transaction involving interstate commerce; (2) whether there exists a valid agreement to arbitrate; and (3) whether the dispute(s) fall within the scope of the agreement to arbitrate. Standard Fruit, 937 F.2d at 476-78.

ANALYSIS

A. Applicable Law

"Congress vested the Federal Circuit with exclusive jurisdiction over 'an appeal from a final decision of a district court of the United States . . . if the jurisdiction of that court was based, in whole or in part, on 28 U.S.C. § 1338.'"

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Holmes Grp., Inc. v. Vornado Air Circulation Sys., Inc., 535 U.S. 826, 829 (2002) (quoting 28 U.S.C. § 1295(a)(1)). "Section 1338(a), in turn, provides in relevant part that 'the district courts shall have original jurisdiction of any civil action arising under any Act of Congress relating to patents.'" Id. Accordingly, the Federal Circuit has jurisdiction when "[t]he plaintiff's well-pleaded complaint . . . establish[es] either that federal patent law creates the cause of action or that the plaintiff's right to relief necessarily depends on resolution of a substantial question of federal patent law." Id. (quoting Christianson v. Colt Indus. Operating Corp., 486 U.S. 800, 809 (1988)). Thus, if patent law is a necessary element of one of the well-pleaded claims, the Federal Circuit has jurisdiction. Id.

Here, Plaintiff's first claim is for patent infringement. (ECF No. 1 at 24.) Plaintiffs specifically state that the Court has original and exclusive subject matter jurisdiction over the action pursuant to 28 U.S.C. § 1338(a). (ECF No. 1 at 2.) Thus, Plaintiff's complaint establishes that federal patent law creates the cause of action. Accordingly, the Federal Circuit has jurisdiction over the case. The Federal Circuit applies "the law of the regional circuit to which the district court appeal normally lies unless 'the issue pertains to or is unique to patent law,' in which case [the Federal Circuit] appl[ies] [its] own law to both substantive and procedural issues 'intimately involved in the substance of enforcement of the patent right.'" Flex-Foot, Inc. v. CRP, Inc., 238 F.3d 1362 (Fed. Cir. 2001) (quoting Amana Refrigeration, Inc. v. Quadlux, Inc., 172 F.3d 852, 855-56 (Fed. Cir. 1999)). Thus, the Federal Circuit is "obligated to follow regional circuit law on questions of arbitrability that are not 'intimately involved in the substance of enforcement of a patent right.'" Promega Corp. v. Life Techs. Corp., 674 F.3d 1352, 1356 (Fed. Cir. 2012). In this case, the issue of arbitrability is not intimately involved in the substance of the enforcement of a patent right, and thus Ninth Circuit law applies. See id.

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B. Motion to Compel Arbitration

As set forth above, when determining whether to compel arbitration, the Court must limit its inquiry to: (1) whether the contract containing the arbitration agreement evidences a transaction involving interstate commerce; (2) whether there exists a valid agreement to arbitrate; and (3) whether the dispute(s) fall within the scope of the agreement to arbitrate. Standard Fruit, 937 F.2d at 476-78.

1. Transaction Involving Interstate Commerce

The FAA provides that "[a] written provision in any . . . contract evidencing a transaction involving commerce to settle by arbitration a controversy thereafter arising out of such contract or transaction . . . shall be valid, irrevocable, and enforceable . . . ." 9 U.S.C. § 2. Section 1 defines "commerce" to mean, among other things, "commerce among the several States or with foreign nations . . . ." Id. § 1. "The 'interstate commerce' provision has been interpreted broadly, embracing any agreement that in its operation directly or indirectly affects commerce between states in any fashion." Affholter v. Franklin Cnty. Water Dist., 1:07-CV-0388-OWW-DLB, 2008 WL 5385810, at *2 (E.D. Cal. Dec. 23, 2008) (citing Allied-Bruce Terminix Cos., Inc. v. Dobson, 513 U.S. 265, 277-282 (1995)).

In this case, the parties do not dispute that the Agreement evidences a transaction involving interstate commerce. The Agreement grants "an exclusive worldwide license to utilize the Subject Technology and the Patent Rights as they may exist from time to time, and to manufacture, use, have manufactured and sell the Licensed Products manufactured by it or pursuant to its request in the Territory." (ECF No. 91-1 at 13.) The Agreement defines the "Territory" as "worldwide." (Id.)

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Thus, the Agreement clearly evidences a transaction that directly or indirectly affects commerce between the states, as the Agreement gives AMSys the right to manufacture and sell products throughout the United States and the world. The first prong of the Court's inquiry is therefore satisfied.

2. Existence of a Valid Agreement to Arbitrate

The Court's second task is to determine whether there exists a valid agreement to arbitrate. Standard Fruit, 937 F.2d at 477-78; see also Sanford v. MemberWorks, Inc., 483 F.3d 956, 962 (9th Cir. 2007). While the FAA expresses a strong public policy in favor of enforcing arbitration agreements, the Court must first establish that there is an agreement to be enforced. Baker v. Osborne Dev. Corp., 159 Cal. App. 4th 884, 892 (2008). "[T]he question of whether a party is bound by an agreement containing an arbitration provision is a threshold question for the court to decide." Microchip Tech. Inc. v. U.S. Philips Corp., 367 F.3d 1350, 1357 (Fed. Cir. 2004) (citing John Wiley & Sons, Inc. v. Livingston, 376 F.3d 543 (1964)) (applying Ninth Circuit law). In determining whether an agreement to arbitrate exists, the district court "appl[ies] general state-law principles of contract interpretation, while giving due regard to the federal policy in favor of arbitration by resolving ambiguities as to the scope of arbitration in favor of arbitration." Wagner v. Stratton Oakmont, Inc., 83 F.3d 1046, 1049 (9th Cir. 1996); see also Pokorny v. Quixtar, Inc., 601 F.3d 987, 994 (9th Cir. 2010).

Because the existence of an arbitration agreement is a statutory prerequisite to granting a petition to compel arbitration, the party seeking to enforce the agreement bears the burden of proving the agreement exists by a preponderance of the evidence. Rosenthal v. Great W. Fin. Secs. Corp., 14 Cal. 4th 394, 413 (1996). "When considering a motion to compel arbitration, a court applies a standard similar to the summary judgment standard of Federal Rule of Civil Procedure 56."

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Concat LP, 350 F. Supp. 2d at 804 (quoting McCarthy v. Providential Corp., 1994 WL 387852, at *2 (N.D. Cal. July 19, 1994)). "Only when there is no genuine issue of material fact concerning the formation of an agreement should a court decide as a matter of law that the parties did or did not enter into such an agreement." Id. (citing Three Valleys Mun. Water Dist., 925 F.2d at 1141).

The agreement at issue contains a choice-of-law provision in which the parties agreed to apply the law of the State of California to the Agreement. (ECF No. 91-1 at 31.) Under California law, "the right to arbitration depends on the existence of an agreement to arbitrate." Frederick v. First Union Secs., Inc., 100 Cal. App. 4th 694, 697 (2002); see also Cal. Civ. Proc. Code § 1281.2. Thus, the Court must determine whether, under California law, there is a viable contract agreeing to resolve disputes by arbitration. California contract law provides that the elements for a viable contract are: "(1) parties capable of contracting; (2) their consent; (3) a lawful object; and (4) sufficient cause or consideration." United States ex rel. Oliver v. Parsons Co., 195 F.3d 457, 462 (9th Cir. 1999) (citing Cal. Civ. Code § 1550; Marshall & Co. v. Weisel, 242 Cal. App. 2d 191, 196 (1966)). Under California law, an arbitration agreement may only be invalidated for the same reasons as other contracts. Cal. Code Civ. Proc. § 1281.

Here, there is no question that the parties to the Agreement—AMSys and Aoki—were capable of contracting and consented to arbitration of disputes arising under the Agreement. Furthermore, the parties do not dispute that the Agreement was supported by sufficient consideration. See Circuit City Stores, Inc. v. Najd, 294 F.3d 1104, 1108 (9th Cir. 2002) (a promise to be bound by the arbitration process itself serves as adequate consideration). Finally, the "paramount consideration" in determining the validity of the arbitration agreement is "the parties' objective intention at the time of contracting." Kingsburg Apple Packers, Inc. v. Ballantine Produce Co., Inc., 1:09-cv-00901 AWI JLT, 2012 WL 718853, at *3 (E.D. Cal. Mar. 5, 2012) (quoting Porreco v. Red Top RV Center, 216 Cal. App. 3d 113, 119 (Cal. Ct. App. 1989)). In this case, no evidence before the Court suggests that at the making of the Agreement, the

parties did not intend that disputes would be resolved through arbitration. The evidence suggests only that Aoki and AMSys intended that disputes "arising under" the Agreement would be subject to arbitration. In light of these considerations, the Court finds the agreement to arbitrate valid under California law.

The Court must next consider whether Defendants, as non-signatories to the Agreement, may properly compel arbitration. See Microchip Tech. Inc., 367 F.3d at 1357. "The strong public policy in favor of arbitration does not extend to those who are not parties to an arbitration agreement, and a party cannot be compelled to arbitrate a dispute that he has not agreed to resolve by arbitration." Lee v. S. Cal. Univ. for Prof'l Studies, 148 Cal. App. 4th 782, 786 (2007). In this case, the evidence provided by Gilbert makes clear that the Hayward Clinic Defendants are not signatories to the Agreement. In 1987, Aoki and AMSys entered the Agreement at issue. Pursuant to the Agreement, Aoki licensed patent rights and the subject technology to AMSys. (ECF Nos. 91-1; 13 at 71.) The subject technology includes the '810 patent. (ECF No. 124.)

There are several circumstances in which non-signatories may be bound to the agreement and may compel a signatory to arbitrate. To compel arbitration, a non-signatory must be either (1) a third party beneficiary to the contract, (2) a successor in interest to the contract, or (3) an agent intended to benefit from the arbitration clause. Britton v. Co-op Banking Grp., 4 F.3d 742, 744 (9th Cir. 1993). Successors in interest are entitled to the benefits of a contract, including an arbitration clause contained in an agreement, under the ordinary principles of contract and agency and the doctrine of equitable estoppel. See Comer v. Micor, Inc., 426 F.3d 1098, 1101 (9th Cir. 2006).

Although not perfectly clear, the Hayward Clinic Defendants appear to contend that they are successors in interest to the Agreement as the result of a series of agreements and assignments that took place between 1992 and 2005. Gilbert provided a declaration, with multiple exhibits, outlining these transactions for the Court.

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According to Gilbert, the first of these transactions took place on January 31, 1992, when AMSys purportedly entered into a Development Agreement with Connecticut Innovations Incorporated ("CII"), pursuant to which CII provided development funding by loan to AMSys and AMSys gave CII a non-exclusive license to use the '810 patent as a security. (ECF No. 13 at 48.) This Development Agreement approved as to form by the Attorney General on March 3, 1992. (Id. at 64.) Gilbert asserts that at this point, AMSys owned the license to use the '810 patent and the subject technology and CII had a non-exclusive royalty-free license to use the '810 patent.

According to Gilbert, AMSys subsequently transferred its rights and obligations under the Agreement to AMTech. (ECF No. 71 at 120.) Thus, at this point, AMTech owned the License to the '810 patent, and CII had a non-exclusive license to use the '810 patent. Gilbert next asserts that on June 30, 1999, pursuant to an "Agreement and Plan of Reorganization," Diabetex International Corporation ("Diabetex") became the sole shareholder of AMTech. (ECF No. 13 at 67.) Diabetex thus owned AMTech, which in turn owned the license to the '810 patent and CII had a non-exclusive license to use the '810 patent.

As an exhibit to his declaration, Gilbert submitted a document entitled "Settlement Agreement and Release," dated January 24, 2002. (ECF No. 13 at 71-76). According to that document, Diabetex, its wholly owned subsidiary AMTech, ADRI, Aoki, the Hamilton-May Corporation, and Gilbert entered a settlement agreement, pursuant to which Diabetex and AMTech transferred to Gilbert "all of their respective rights and interests in all Technologies including the License Agreements." (ECF No. 13 at 78.) The Settlement Agreement and Release states that "in order to avoid further uncertainty, inconvenience and expense of future litigation, the Parties now desire to compromise and settle all claims, causes of action, and issues in dispute between them arising out of or relating to the License Agreement." (ECF No. 13 at 71.)

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Pursuant to the Settlement Agreement, Aoki "agree[d] to deliver to Diabetex an aggregate of [152,405] shares of common stock received by him from Diabetex" and Gilbert agreed "to pay Diabetex $150,000 in cash . . . ." (ECF No. 13 at 71.) Additionally, Diabetex and AMTech "agree[d] to transfer to Gilbert all of their respective rights and interests in the License Agreement" upon receipt of Gilbert's $150,000. (Id. at 72.) Importantly, Aoki signed this Settlement Agreement, as did ADRI. Gilbert asserts that as a result of this settlement, he became the Licensee under the Agreement and that ADRI and Aoki knew and consented to this transfer. At this point, according to Gilbert, CII still owned a non-exclusive license to use the '810 patent.

Gilbert next asserts, and offers evidence purporting to show, that on February 23, 2005, Defendant Bionica, Inc. ("Bionica") purchased the non-exclusive license from CII pursuant to a Development Purchase Agreement. (ECF No. 13 at 80.) The Development Purchase Agreement between Bionica and CII states that AMSys had agreed to pay CII certain royalties pursuant to the 1992 Development Agreement but had failed to do so. (ECF No. 13 at 80.) CII assigned to Bionica all rights in the 1992 Development Agreement, including the intellectual property rights. (ECF No. 13 at 80.) Thus, Gilbert contends that the evidence before the Court establishes that Gilbert and Bionica are parties to the Agreement as successors in interest.

Even assuming that the Court accepts Gilbert's assertion that he is a party to the settlement agreement,[7] the question remains whether the Hayward Clinic Defendants—the moving parties—are parties to the Agreement with standing to compel arbitration. Gilbert states in a declaration dated October 10, 2012, that the Hayward Clinic Defendants have sub-license contracts with Gilbert, and thus are allowed to use the Subject Technology under the terms of the Agreement. (ECF No. 104 at 2.) The Agreement allows for the licensed patents to be sublicensed, providing:

[7] At this time, the Court does not reach the issue of whether the evidence establishes that Gilbert is a party to the Agreement. In light of the Court's conclusion that there is insufficient evidence to establish that the Hayward Clinic Defendants are parties, see infra, such a finding is unnecessary. Accordingly, the Court declines to address Plaintiffs' Objections to Declaration of Gregory Ford Gilbert in Support of Motion to Dismiss (ECF No. 81.)

> It is agreed that neither Licensee nor Licensor shall subcontract, transfer, assign or delegate this agreement, or any of the rights granted herein, in whole or in part, nor shall this Agreement inure to the benefit of a successor, trustee, or any other legal representative of Licensee or Licensor, *without the prior written consent of the other of them*, which consent shall not be unreasonably withheld or delayed, provided however, that Licensee may transfer or assign this Agreement, or any of the rights granted herein, to an Affiliate, and no prior written consent from Licensor shall be required.

(ECF No. 91-1 at 31-32 (emphasis added).) Gilbert's declaration states that "in response to our efforts to provide Licensor with notice regarding sublicenses, Licensor in the past several years repudiated the License." (ECF No. 104 at 2.)

Given Gilbert's sworn statement that Aoki has rejected the Agreement as having any binding force and has refused to give consent to these sublicenses, it is unclear whether the Hayward Clinic Defendants have valid sublicenses under the Agreement. Only when there is no genuine issue of material fact concerning the formation of an agreement should a court decide as a matter of law that the parties in the litigation are also parties to the agreement. See Concat LP, 350 F. Supp. 2d at 804. The only evidence before the Court regarding the Hayward Clinic Defendants' status as sublicensees is Gilbert's declaration. Rather than conclusively establish that the Hayward clinic Defendants are parties to the Agreement by virtue of owning valid sublicenses, Gilbert's declaration makes clear that there are genuine issues of material fact regarding the Agreement and the validity of sublicenses. While additional evidence may permit the Court to determine whether the Hayward Clinic Defendants hold valid sublicenses, and thus are parties who may enforce the Agreement, at this juncture the Court lacks sufficient evidence to make that determination.

Accordingly, the Hayward Clinic Defendants have failed to show that they are successors in interest to the Agreement, and have thus failed to show that they, as non-signatories, may enforce the terms of that Agreement. The Court therefore cannot, at present, require Plaintiffs to submit to arbitration.

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Accordingly, the Court need not reach the issue of which disputes, if any, fall within the scope of the Agreement.[8]

CONCLUSION

For the reasons set forth above, the Hayward Clinic Defendants' Motion to Compel Arbitration and Stay Proceedings Pending Arbitration is DENIED. (ECF Nos. 91, 54.)

IT IS SO ORDERED.

DATED: March 14, 2013

MORRISON C. ENGLAND, JR, CHIEF JUDGE
UNITED STATES DISTRICT JUDGE

[8] Because the Court does not reach the issue of which disputes fall within the scope of the Agreement, the Court declines to rule on Plaintiffs' Request for Judicial Notice in support of the Supplemental Brief. (ECF No. 125.) For the same reasons, the Court declines to reach Plaintiffs' Objections to Gilbert Defendants' Statement of Non-Opposition to Motion to Compel Arbitration. (ECF No. 102.)