IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

DORCO COMPANY LTD.,	:	
	:	
Plaintiff and	:	
Counter Defendant,	:	
	:	
v.	:	C.A. No. 18-1306-LPS-CJB
	:	**FILED UNDER SEAL**
THE GILLETTE COMPANY LLC,	:	
	:	**PUBLIC VERSION**
	:	**RELEASED MARCH 18, 2019**
Defendant and	:	
Counter Claimant.	:	

MEMORANDUM ORDER

Pending before the Court are Defendant's motion to stay pending arbitration (D.I. 18) and Plaintiff's motion to enjoin arbitration (D.I. 27). Central to both motions is whether Plaintiff, by alleging infringement of its U.S. Patent 9,902,077 ("the '077 Patent") against Defendant, triggered arbitration provisions in a 2008 Settlement Agreement ("the Agreement") between the parties. Having considered the parties' briefing (D.I. 19, 25, 27, 33, 35, 44), IT IS HEREBY ORDERED that both Defendant's motion to stay pending arbitration (D.I. 18) and Plaintiff's motion to enjoin arbitration (D.I. 27) are DENIED.

1. "[T]he 'question of arbitrability,' is 'an issue for judicial determination [u]nless the parties clearly and unmistakably provide otherwise.'" *Howsam v. Dean Witter Reynolds, Inc.*, 537 U.S. 79, 83-84 (2002) (quoting *AT&T Techs., Inc. v. Commc'ns Workers of Am.*, 475 U.S. 643, 649 (1986)). In deciding "whether a party may be compelled to arbitrate a dispute with another party, [a court] must determine (1) whether there is a valid agreement to arbitrate between the parties and, if so, (2) whether the merits-based dispute in question falls within the

scope of that valid agreement." *Century Indem. Co. v. Certain Underwriters at Lloyd's, London*, 584 F.3d 513, 527 (3d Cir. 2009). If a court determines that the issue is arbitrable pursuant to an agreement between the parties, it must stay the suit until arbitration is complete. 9 U.S.C. § 3; *see also Arthur Andersen LLP v. Carlisle*, 556 U.S. 624, 630 (2009); *Lloyd v. HOVENSA, LLC*, 369 F.3d 263, 269 (3d Cir. 2004).

2. Neither party here disputes the validity of the Agreement or its arbitration provision. (D.I. 33 at 2-3) Instead, the parties argue whether the '077 Patent comes within the scope of that Agreement.

3. Section 4.D of the Agreement states that: [redacted] (D.I. 20-1 Ex. 1 at 7) Section 1.E defines "Dorco Korea Patents" as [redacted] (*Id.* at 2) According to Section 1.B, the "Effective Date" is [redacted] (*Id.*)

4. Based on the foregoing, Defendant asserts: "The '077 Patent is a Dorco Korea Patent as that term is defined in the 2008 Settlement Agreement because [redacted] (D.I. 19 at 3) But as Plaintiff responds in its Answering Brief:

> Gillette contends the '077 Patent is one of the "Dorco Korea Patents" as defined in the 2008 Settlement Agreement. It is not. The '077 Patent that Dorco asserted in this action [redacted] after the Effective Date. The '077 Patent is therefore not a patent [redacted] The '077 Patent was [redacted] after the Effective Date. The '077

> Patent is therefore not a [redacted] . . . Dorco did not agree to forbear asserting patents and patent applications that have "substantially identical" specifications to other patents and patent applications. . . . There is no reasonable interpretation of the 2008 Settlement Agreement under which the '077 Patent is one of the "Dorco Korea Patents." . . . [Rather], the unambiguous definition of "Dorco Korea Patents" clearly excludes the '077 Patent. And, as Gillette previously noted, "[i]t is inappropriate . . . to ask the Court or the ICC to rewrite [a] carefully negotiated bargain."

(D.I. 25 at 10-11) (internal citations omitted) The Court agrees entirely with Plaintiff's analysis, which is dispositive of Defendant's motion to stay.

5. Defendant's arguments that the arbitration provision encompasses "[a]ll disputes . . . relating to" the Agreement, including whether the Agreement applies in a given situation, are unpersuasive. (*See* D.I. 33 at 4) Defendant cannot compel arbitration simply by invoking the Agreement and labelling the resulting dispute a "merits" issue that must not be considered by a court. *See AT&T Techs.*, 475 U.S. at 650 ("[T]here is a presumption of arbitrability [but only if an arbitration provision is] susceptible of an interpretation that covers the asserted dispute.") (internal quotation marks omitted). Here, the Agreement is "'clear, unequivocal and unambiguous'" and establishes that the '077 Patent is not a Dorco Korea Patent. *R/S Associates v. New York Job Dev. Auth.*, 771 N.E.2d 240, 242 (N.Y. 2002) (quoting *Springsteen v. Samson,* 32 N.Y. 703, 706 (1865)); 2008 Settlement Agreement, § 10.C (selecting application of New York law).

6. Where, as here, the Court has determined "that the matter at issue clearly falls outside of the substantive scope of the agreement, it is obliged to enjoin arbitration." *PaineWebber Inc. v. Hartmann*, 921 F.2d 507, 511 (3d Cir. 1990), *overruled on other grounds by Howsam*, 537 U.S. 79; *see also John Hancock Mut. Life Ins. Co. v. Olick*, 151 F.3d 132, 136 (3d Cir. 1998) ("[T]he FAA allows a district court to compel, or enjoin, arbitration as the

circumstances may dictate."). The Court will do so, if necessary; Plaintiff is certainly entitled not to have to arbitrate its effort to enforce the '077 Patent against Defendant. But the Court's understanding at this time is that its denial of Defendant's motion moots Plaintiff's. (*See* D.I. 27 at 4) ("In this motion, Dorco seeks only a temporary injunction lasting until the Court rules on the arbitrability of Dorco's right to bring this lawsuit.")

7. Having reached these conclusions, the Court has also been presented no meritorious basis to exercise its discretion to stay this case.

IT IS FURTHER ORDERED that the parties shall, no later than March 15, advise the Court of any proposed redactions to this Order. Otherwise, the Court will unseal the Order.

March 14, 2019
Wilmington, Delaware

HONORABLE LEONARD P. STARK
UNITED STATES DISTRICT JUDGE