

COMMONWEALTH OF MASSACHUSETTS

SUFFOLK, ss.

SUPERIOR COURT
CIVIL ACTION
No. 1884CV03355BLS1

NOTICE SENT
07.13.20

B.D.
S.T.
C.M.C.
J.L.S.

10X GENOMICS, INC.

vs.

1 CELLBIO, INC. and PRESIDENT AND FELLOWS OF HARVARD COLLEGE

DECISION AND ORDER

K.V.N.+P
O.A.W.
E.H.
E.A.B.
R.E.W.

The plaintiff, 10X Genomics, Inc. ("10X"), filed this declaratory judgment action against the defendants, 1CellBio, Inc. ("1CellBio")¹ and the President and Fellows of Harvard College ("Harvard"), seeking a determination of its rights under a patent License Agreement, effective September 26, 2013 (the "10X License"). On December 14, 2018, Harvard filed its Answer and 1CellBio filed an Answer and Counterclaim.

D.M.
L.A.B.
G.B.
A.J.F.

E.J.W.
P.C.G.

T.P.H.S.
S.J.P.
K.C.
W.D.B.
M.H.H.
M.E.L.B.

At a hearing held on March 19, 2019, the parties reported to the Court (Kaplan, J.) that they had agreed to complete discovery and to try the sole claim for declaratory relief on an expedited basis, and not to address any counterclaim until after trial of that claim. On March 26, 2019, the Court entered an Order adopting the parties' proposed expedited schedule, pursuant to which the trial of 10X's claim commenced before me on January 21, 2020.

The trial extended over 10 days. Ten witnesses testified and 124 exhibits were admitted into evidence during the trial.² After submission of the parties' proposed findings of fact and rulings of law, counsel presented their closing arguments on March 10, 2020.

¹ As used herein, "1CellBio" refers to the defendant, 1CellBio, Inc. and all predecessor companies, including 3BG, Inc.

² Prior to trial, the parties agreed on the admissibility of 102 joint trial exhibits. As used herein, the abbreviation, "JTX", means "Joint Trial Exhibit."

For the reasons stated in this decision, I conclude that 10X is entitled to the declaratory judgment it seeks and order Harvard to take all necessary action to perfect 10X's rights as exclusive licensee of the 2915 Patent Rights in the Field, as defined in the 10X License.

Findings of Fact

Based on the credible evidence presented and the reasonable inferences I draw therefrom, I find the following facts.

A. The Parties

Founded by Ben Hindson ("Hindson") and Serge Saxonov ("Saxonov") in 2012, 10X is a Delaware corporation with a principal place of business in Pleasanton, California. 1CellBio is a Delaware corporation resulting from a merger in 2016 between 1 Cell Bio, Inc. ("1Cell"), and 3BG, Inc. ("3BG"), with a principal place of business in Watertown, Massachusetts.³ Harvard is an educational and charitable Massachusetts corporation with a principal place of business in Cambridge, Massachusetts.

David Weitz, Ph.D. ("Weitz") is a professor of physics and applied physics at Harvard. In collaboration with other Harvard faculty members and students, he co-invented a technology that enables researchers to conduct hundreds of thousands of experiments at the same time. One application of this technology is in analysis of the genetic sequences of single cells. Since 2014, Weitz has been the sole owner and member of an investment company, Dew Drop Investments, LLC ("Dew Drop").

³ Effective November 28, 2016, 1Cell was merged with and into 3BG and 3BG was immediately renamed 1CellBio. See Trial Exhibits ("TX") 72, 120.

Harvard licenses technology developed by its faculty and owned by Harvard through its Office of Technology Development (“OTD”).⁴ The OTD assists Harvard faculty startups, including in the development of business plans. Alan Gordon (“Gordon”) is a Director of Business Development for OTD and held that position at all times relevant to this matter. In that role, Gordon was authorized to negotiate license agreements on Harvard’s behalf. In 2013, he was the Harvard employee in charge of negotiating license agreements for intellectual property created by Weitz.

B. The 10X License

In or about January of 2013, Hindson and 10X’s outside counsel, Vern Norviel of Wilson, Sonsini, Goodrich & Rosati (“Wilson Sonsini”), approached Gordon and expressed interest in licensing certain Harvard-owned patents, including one family of patents that the 10X License refers to as the 2915 Patent Rights.⁵ Weitz is a named co-inventor of patents within the 2915 Patent Rights.

In an email dated January 6, 2013, Hindson proposed a meeting with Gordon and Weitz, which occurred in February. Harvard (through Gordon) and 10X (through Hinson and Wilson Sonsini) thereafter negotiated the terms of the 10X License between February and September of 2013.

With specific reference to the 2915 Patent Rights, the negotiations included discussions and multiple exchanges of draft language directed at defining the field of use in which Harvard would grant exclusive rights to 10X and the parameters of those rights that Harvard might retain

⁴ At trial, Gordon explained that Harvard owns the technology that Harvard professors create at Harvard utilizing Harvard resources.

⁵ The only parties to the 10X License are Harvard and 10X.

to grant further licenses within a defined co-exclusive field of use.⁶ Gordon consulted with Weitz and Weitz participated in conversations with Hindson during the negotiations, including in connection with defining the exclusive and co-exclusive fields of use.

Under the 10X License, Harvard granted to 10X exclusive rights to the 2915 Patent Rights in a defined "Field,"⁷ except in a "2915 Co-Exclusive Field," that was separately defined as "analysis and use of single or multiple cells in drops." TX 001, §§ 1.1, 1.9, 2.1(i). Harvard retained the right to grant further licenses in the 2915 Co-Exclusive Field, but only to a company founded by Weitz ("Weitz Company"). *Id.*, § 2.1.3.⁸

Section 2.1.3 states:

Harvard retains the right to grant licenses to the 2915 Patent Rights in the 2915 Co-Exclusive Field, but solely to a company founded by David Weitz, Ph.D. (a "Weitz Company"), provided that such Weitz Company submits a detailed development plan satisfactory to Harvard within two (2) years following the Effective Date ("Weitz Business Plan") and receives at least One Million U.S. Dollars (\$1,000,000) in funding (from any external source, including grants, sponsorship and equity financing) within three (3) years following the Effective Date ("Threshold Funding"). If Harvard grants a license to the Weitz Company to the 2915 Patent Rights in the 2915 Co-Exclusive Field, it shall use reasonable efforts to include in such license agreement a provision that restricts the Weitz Company from developing products and services covered by the 2915 Patent Rights in the 2915 Co-Exclusive Field that directly compete with Licensee's products and services at the time such license is granted. In the event that either (a) such Weitz Company fails to provide the Weitz Business Plan within two (2) years following the Effective Date, or (b) such Weitz Company fails to receive Threshold Funding within three (3) years following the Effective Date, the license granted to Licensee hereunder for the 2915 Patent Rights shall become an exclusive license to make, have made, to offer for sale, to sell and to have sold Licensed Products, and to perform Licensed Services, for analysis and use of single or multiple cells in drops in the Field.

⁶ The parties sometimes referred during this period to the defined co-exclusive field as the "Weitz Carveout."

⁷ The 10X License defines "Field" as:

(i) sample preparation for sequencing; and (ii) generation of reagent libraries, but, in each case, not for food or cosmetic uses or purposes except as such sample preparation or reagent libraries may be applied to studies of nucleic acid molecules in constituent systems of food or cosmetic products.

⁸ Harvard, 10X and Weitz understood that under the 10X License, Harvard could only grant a co-exclusive license to a single startup company founded by Weitz.

Id. (emphasis added).

Section 2.1.3 specifies two milestone conditions that a Weitz Company needed to meet to maintain any license granted to it by Harvard in the 2915 Co-Exclusive Field. First, it needed to submit a detailed development plan satisfactory only to Harvard by September 26, 2015 (the “Development Plan Condition”). Second, it needed to receive at least one million U.S. dollars (\$1,000,000) in funding from any external source by September 26, 2016 (the “Threshold Funding Condition”). If the Weitz Company did not meet either one of these conditions, 10X’s license to the 2915 Patent Rights would automatically become an exclusive license in the Field, including in the 2915 Co-Exclusive Field. Harvard and 10X both understood that § 2.1.3 was self-executing.

“Development plan,” as used by Gordon at the OTD, means “a description by a licensee of how [it] will move forward to introduce products into the market based on the IP that [it has] licensed from [Harvard].” The Development Plan Condition and the Threshold Funding Condition are similar to development and funding milestones typically included in university licensing agreements with startup companies that are designed to ensure that the licensee has both a plan and the resources it needs to commercialize the licensed technology. TR at 1224.

Harvard includes development plans in all of its licenses and includes funding milestones in nearly all of the licenses that it grants to startup companies. The purpose of the funding milestone is to ensure that the company has the funding needed to bring its products to the market.

1. “[F]unding”

Harvard first introduced the language of the Threshold Funding Condition of § 2.1.3 during the parties’ negotiation of the 10X License. From Gordon’s perspective at Harvard’s OTD, it was

important that all of the “funding” that 3BG received to meet the Threshold Funding Condition be available to cover its operating expenses. This is because he understood that 3BG needed \$1 million to cover its operating expenses and the purpose of the condition was to ensure that it had the funds to do so.

1 CellBio’s expert, Lita Nelsen, based on her 30 years of experience in university technology transfer negotiating licensing agreements, including as director of MIT’s technology licensing office, testified that “a funding milestone would be expected to bring in funding to the licensee that *could be used to carry out the operations of the licensee.*” TR at 1310 (emphasis added). Meanwhile, 10X’s expert, Ashley Stevens, based on his involvement in the negotiation of over 300 licenses, including as director of technology transfer at Boston University, testified that “it would be reasonable for a university to interpret a funding milestone as having been met, *provided the funding was available to the licensee for use in operations*, meaning those funds *could be used* to help bring a product to market.” *Id.* at 1225, 1246 (emphasis added).

2. “[E]xternal source, including grants, sponsorship and equity financing”

At the time the 10X License was negotiated, Harvard understood the term, “from any external source,” to refer to “any source other than sales of product.” TR at 465. Gordon understood an “external source” to be “an alternative to organic growth or bootstrapping which ... [he] would define as funding from sales specifically.” TR at 773-774. This definition includes funding from founders, whether in the form of equity investment or debt. Harvard intended the examples of “grants, sponsorship, or equity financing” in Section 2.1.3 to be illustrative, rather than exhaustive. *Id.* at 775.

Gordon does not recall any conversation with anyone at 10X about whether 10X would consider funding by Weitz, or by any Weitz Company founder, officer or employee to be

excluded from “funding from any external source.” *Id.* at 457, 777. The only revision that 10X ever proposed to the phrase, “funding from any external source, including grants, sponsorship and equity financing,” during negotiations was to strike it entirely. See TX 11.

The OTD Startup Guide, which Gordon drafted years prior to negotiating the 10X License, is consistent with Harvard’s understanding of “external source,” as used in § 2.1.3. See TX 73.

In discussing “Funding Sources,” the Guide states, as one example:

Organic Growth: Grow the business slowly *based on sales, without the need to raise external funds*. Organic growth can be a reasonable strategy for certain NewCo ventures. Typically, however, university innovations are at such an early stage of development that additional funds are necessary to move them from the lab to market.

TX 73 (italics added).

Gordon’s understanding is also supported by industry custom and usage. Nelsen testified that “‘external sources of funding’ includes money that is not generated by the--owned or generated by the company itself...through its activities such as selling products or services...so it could come from investors, grants, bank loans, other loans. Essentially from entities that are not the corporate entity.” TR 1288-1289.⁹ She also testified that the Dictionary of Investment and Finance, in contrasting the definition of ‘internal financing’ to that of ‘external financing’ explicitly states that ‘internal financing’ is ‘generated by the activities of the corporation.’” *Id.* at 1289.¹⁰

⁹ Nelsen further testified that a “convertible note” is “a type of investment that would be considered an “external source of funding” and that a university licensor typically would view investment of funds by an inventor to a company that licenses such technology as a positive indication that “the inventor and/or someone else involved in the company is essentially betting their own money on the success of the development of the product and the company.” TR p. 1289-90. Meanwhile, Fred Dom, 1 Cell Bio’s former CFO, testified, based on his background in finance, that he understands “external source” to mean “money coming from outside the company,” including “a founder.” TR at 566.

¹⁰ Stevens testified that people who work with venture capitalists in the startup space would understand the phrase “external sources” to refer to “sources unaffiliated with the startup company...as opposed to founders, employees, directors, their friends and family.” TR at 1231. He further testified that the “issue of whether a source is external” depends on “the nature of the relationship and the investment process that the investor goes through.” *Id.* at 1245.

C. The 3BG License

Weitz founded both 3BG and 1Cell as part of an effort to develop and commercialize the 2915 Patent Rights. 3BG was incorporated on September 23, 2014, and 1Cell was incorporated on October 3, 2014.¹¹ Weitz envisioned that: 3BG would license and hold microfluidics intellectual property from Harvard; 3BG would develop instrumentation in his lab; various 3BG affiliates or sub-licensees, including 1Cell, would further develop the uses of such instrumentation in different applications; and 1Cell would initially focus on single-cell analysis.¹²

Harvard and 3BG entered into an agreement granting 3BG a license to the 2915 Patent Rights in the Co-Exclusive Field, as previously defined in the 10X License, on September 25, 2015. (“3BG License”). *Compare* TX 37 at § 1.5 to TX 1 at § 1.1.

1. The Development Plan

As of September 25, 2015, Weitz and Gordon had been discussing Weitz’s plans for 3BG and 1Cell for more than a year. Based on numerous discussions, Gordon understood that: 3BG was a platform company that would license from Harvard various intellectual property and products coming out of Weitz’s lab; 3BG would have affiliates or sub-licensees through which it would further develop and commercialize the technology in different application areas; and 1Cell would perhaps be the first of such affiliates or sub-licensees through which 3BG would launch products incorporating the 2915 Patent Rights. TR at 486-487, 780-787.

¹¹ At the time of 3BG’s incorporation, Weitz was 3BG’s sole director, President, Treasurer and Secretary. *See* TX 78. He remained 3BG’s sole director through at least September 26, 2016. Joint Pretrial Memo (“JPM”), at 3, Item 11.

¹² Weitz testified that he had intended for 3BG and 1Cell, which were separate and distinct entities, to work together. He understood that the license in the Co-Exclusive Field referenced in the 10X License could go to a single Weitz Company that could then sub-license it to other companies. TR at 1063-1065.

On September 15, 2015, Gordon emailed Weitz to remind him of the two-year deadline under the 10X License to obtain a co-exclusive license to the 2915 Patent Rights. *See* TX 38. The next day, he emailed a copy of § 2.1.3 to Weitz. *See* TX 39. Weitz directed his attorney, Karin Gregory, to work with Gordon to secure a co-exclusive license for 3BG on September 17, 2015. *See* TX 40.¹³

As of September 23, 2015, Gregory and Gordon had negotiated the terms of a license agreement, but 3BG had not yet submitted a written development plan.¹⁴ Weitz requested that Gordon prepare a draft plan. On September 24, 2015, Gordon did so, based on his understanding of Weitz's plans for 3BG, and emailed it to Weitz for his review and comments.¹⁵ *See* TX 41. Later that day, Weitz approved of that draft. *Id.*¹⁶ Gordon then included the plan as Exhibit 1.4 to the 3BG License. JTX 84; TR at 501.¹⁷

Although it does not reference 1Cell, Exhibit 1.4 describes what Gordon understood was Weitz's plan to use the 2915 Patent Rights to commercialize technology through 3BG and its first affiliate, 1Cell. TR at 502, 808-809. Section 3.1 of the 3BG License provides that 3BG

¹³ In his email, Weitz stated "I think [the license] is much broader than that needed for OneCell, and that it would be perfect for 3BG to have in its portfolio to sublicense to other companies as needed." TX 40.

¹⁴ Harvard and Weitz understood that the September 26, 2016 deadline was a hard deadline. During the negotiations, Gregory proposed that the Funding Milestone deadline in the 3BG License be extended beyond one year following its effective date, but Gordon rejected her proposal, stating "our hands are tied, per the 10X [License], right, and unfortunately I have no leeway. If the licensee, (*i.e.*, 3BG) doesn't get \$1M in funding by Sept 26, 2016, then 10X's license becomes exclusive." TX 40 at 3583; TR at 493.

¹⁵ Gordon stated in his email that he "obviously [was] describing 1-Cell." TX 41.

¹⁶ Weitz responded, "I think this is fine, especially for now." *Id.*

¹⁷ Among other things, Exhibit 1.4 to the 3BG License states that "3BG is also in discussions with several companies," the "3BG instruments compares (*sic*) very favorably with an existing solution from Fluidigm, the C-1," the "3BG system can generate 800,000 cells in 25 days," "we are in discussion with a manufacturer in China," and "3BG would plan to manufacture the chips and barcoded beads here in the US initially." TX 41. At the time Gordon drafted it, he understood 1Cell was in discussions with several companies, including a manufacturer in China and that 3BG did not have any instruments or a system that could generate 800,000 cells in 25 days. TR at 947-948. Gordon testified that, in retrospect, he probably should have indicated that 3BG planned to have them. TR at 503-504.

¹⁷ The reference in Exhibit 1.4 to 3BG's plan to manufacture chips and barcoded beads in the US was a reference to 1Cell's plan to do so, but Weitz had discussed with Gordon on many occasions his plan, as of 2014, to have 3BG be an instrument company and 1Cell be "an app company." TR at 947-949, 1078-1079.

“shall use commercially reasonable efforts and shall cause its Sublicensees to use commercially reasonable efforts” to develop products and services utilizing the patent rights, and that 3BG, “by itself or through its Affiliates or Sublicensees, shall achieve each of the Development Milestones” defined in the 3BG License “within the time periods specified in Exhibit 1.3.” TX 37.

The development plan in Exhibit 1.4, which was submitted to Harvard on September 25, 2015, was “satisfactory to Harvard” then and as of the time of trial. TR at 813.¹⁸

2. Funding Milestone

The 3BG License also included a funding milestone that mirrored the Threshold Funding Condition. 3BG was required to “raise One Million U.S. Dollars (\$1,000,000) in funding (from any external source, including grants, sponsorship and equity financing) within one (1) year following the Effective Date” of the 3BG License, that is, by September 25, 2016. TX 37 at 316.

D. Commercialization Efforts

Sometime during the latter half of 2015, Weitz approached Dom and Colin Brenan (“Brenan”), founders of HiFiBiO, Inc. (“HiFiBiO”), about assisting him in 1 Cell’s effort to commercialize certain microfluidic technology. TR at 544. By early 2016, Weitz was working with Brenan, Dom, and Jon Lourie (“Lourie”), 1Cell’s lawyer, on the licensing of intellectual property from Harvard needed to advance 1Cell’s commercialization efforts. TX 45. Among other things, Gordon told them that the 2915 Patent Rights were licensed to 10X and co-

¹⁸ From Harvard’s perspective, the development plan also met the requirements of the Development Plan Condition as of September 25, 2015 and the time of trial.

exclusively licensed in the 2915 Co-Exclusive Field to 3BG. He also advised them of the specific terms of §2.1.3, including the Threshold Funding Condition.¹⁹

During the period from April to September 2016, Dom, on behalf of 1Cell, got involved in discussions with Gordon regarding how 1Cell could obtain access to 2915 Patent Rights licensed to 3BG and efforts to raise funds for 1Cell. TR at 557. On July 24, 2016, after consulting with Gordon and Lourie, Dom proposed to Weitz, in an email on which he copied Brenan and Lourie, that: (1) 3BG raise \$1 million by having Weitz make a \$750,000 loan and having 1Cell's founders provide the remaining \$250,000 "as equity"; (2) 3BG inform Harvard in writing that it has received \$1 million as soon as it receives it; (3) thereafter, 3BG buys or merges with 1Cell and is re-named "1 CellBio, Inc."; (4) "the new 1Cell gives a sublicense to a 'new Weitz holding company' with sublicensing rights;" and (5) "the new 1Cell pays back [Weitz's] 750K loan as soon as it can." TX 48 at 5964, TX 62.

Weitz forwarded a copy of Dom's July 24, 2016 email to Gordon and discussed it with him on July 28, 2016. TX 62 at 963.²⁰ Gordon told Weitz it "was probably the safest route to follow." TX 48 at 5963; TR 1040-1041.

On September 15, 2016, Dom asked Gordon whether 3BG needed to have the \$1 million to meet the funding milestone in the 3BG License and the Threshold Funding Condition "in the bank before [September 26, 2016]." TX 51. Gordon responded that he would "get a legal opinion on that." *Id.* He further stated, "[b]efore Sep 26th is prob safer, but a written commitment prior to Sep 26th with the money landing in the bank on or around Sep 26th is probably OK." *Id.*

¹⁹ Noting a need to "work out how [1Cell] get[s] access" to rights previously licensed by Harvard to 3BG, Gordon stated "there's a legal issue re: 10X that may come into play" and specifically referenced the possibility of a sublicense or assignment of rights from 3BG. TX 46 at 3751-3752; TR at 552-553.

²⁰ Gordon never told 1Cell that a merger with 3BG would satisfy § 2.1.3. TR at 708-709.

Thereafter, Dom implemented the plan outlined in his July 26th email. TR at 640. More than \$1 million was deposited into a bank account in the name of 3BG ("3BG Account") on or before September 23, 2016.²¹ However, only two founding investors, Dew Drop through Weitz, and CB Bio Ventures ("CB") through Brenan, purchased their equity shares of 3BG before September 26, 2016. On September 16, 2016, CB transferred \$50,214 to the 3BG Account. TX 63; TR 643. On September 20, 2016, Weitz electronically transferred \$78,219 from a bank account in Dew Drop's name ("Dew Drop Account") to the 3BG Account. One day earlier, HiFi BiO transferred \$140,142 to the same account, as an "advance" on behalf of other 3BG founding investors, to provide them with more time to make their investment and to ensure that 3BG met its funding milestone deadline.²²

On September 23, 2016, Weitz electronically transferred a further \$750,000 from the Dew Drop Account to the 3BG Account (the "\$750,000 Loan"). Later that day, he sent a letter to Gordon stating:

Dear Alan,

I would like to inform you that 3BG has fulfilled its obligations to maintain the co-exclusive license to the Harvard patent HU2915:

- To date, 23 September 2016, 3BG has received one million US dollars in funding;
- 3BG provided a detailed development plan in August 2015.

Can you please confirm that the HU2915 license agreement between Harvard and 3BG will be maintained?

²¹ Weitz established the 3BG Account and was the only person who had: (a) the account's password; (b) the power to transfer funds to or from it; and (c) signatory authority. TR at 595, 678-679, 961-962, 1362. If anyone wished to obtain access to the money in that account, he needed to go through Weitz.

²² Dom, who was also HiFiBiO's CEO, authorized HiFiBiO's wire transfer. HiFiBiO never owned any equity in 3BG and had no oral or written agreement with the founding investors, including Seven Pines Holding BV, Dom (via Modef), Allon Klein, Mark Kirschner, Rob Nicol, Brad Bernstein and John Boyce. All executed subscription agreements, although most did so after the September 26, 2016 deadline. The individual shareholders repaid HiFiBiO, not 3BG, and HiFiBiO held their shares in escrow until it was repaid.

TX 67. On September 26, 2016, Gordon responded: "Yes, I confirm that as of Sep 23, 2016, 3BG has met the obligations to maintain the license to HU2915." TX 68.

At the time Weitz transferred \$750,000 from the Dew Drop Account to the 3BG Account, neither he nor Dew Drop intended to make that amount available to 3BG to cover its operating expenses.²³

3BG did not receive the signed subscription agreements of most of 3BG's founding investors by the September 26, 2016 deadline of the Threshold Funding Condition or the funding milestone in the 3BG License. *See* TX 57, 112, 113 and 114. Most did not return them until sometime in October of 2016, although the agreements all recite that the investors executed them on September 19, 2016. *Id.* Meanwhile, Weitz did not return, on behalf of 3BG, the signed convertible promissory note for the \$750,000 Loan, which is dated September 23, 2016, until October 27, 2016. TX 85.

Further, Brenan never told Gordon that HiFiBiO had advanced \$140,142 of the \$1 million that 3BG received before September 26, 2016 and Gordon never told Brenan that doing so would satisfy § 2.1.3's requirements.²⁴ TR at 1359-1360. Gordon also was not told that most of the founding investors did not actually pay for their 3BG investment or sign their subscription agreements until after the deadline. TR at 1543. Nor was he provided with any details regarding the subscription agreements, the promissory note, or the dates on which any of those documents were actually executed.

E. 3BG's Merger with 1 Cell

²³ Weitz later explained in an April 24, 2017 email to Dom that the \$750,000 had "just been sitting in a bank account unused...It is just tied up to ensure we meet the criterion of the IP license that we raise at least \$1M in funding by the date we needed to last year." TX 66.

²⁴ There was no agreement between HiFiBiO and the investors regarding its advancement of those funds. TR at 590.

On October 28, 2016, 1Cell and 3BG executed a merger agreement under which 1Cell was merged into 3BG and 3BG was immediately re-named 1CellBio. *See* TX 72, 119, 120.²⁵ Two days earlier, Weitz transferred \$250,000 in founder equity from the 3BG Account to an account in 1CellBio's name ("1CellBio Account"), to which Dom, as 1CellBio's CFO, Brenan as its CEO, and 1 CellBio's accountant, had access. TR at 1362-1363, 596-597. However, he left the \$750,000 Loan in the 3BG Account, which only he could access directly, until the fall of 2019.²⁶ TR at 596-597, 1553; TX 61.²⁷

During 2016 and 2017, 1CellBio only used money in the 1CellBio Account to pay operating expenses; it never used the \$750,000 Loan to pay such expenses and "consistently did not treat [it] as cash that 1CellBio had available for operations."²⁸ TR at 1365-1366, 1377, 1388-1389, 1398, 1404-1405, 1413-1414, TX 60. This was because Brenan and Dom understood as of November 14, 2016, that Weitz "did not want to put all \$750,000 at risk." TR at 596, 1367; TX 58.²⁹ As early as December of 2016, 1CellBio made plans to raise a subsequent convertible note financing, an express purpose of which was to "replace" the \$750,000 Loan. TR at 605, *see* TX 58.

Brenan testified that 1CellBio left the \$750,000 Loan in the 3BG Account because he considered it a "rainy day fund" and not "working capital." He also stated that it should be

²⁵ The merger, was effective on November 28, 2016. TX 119 at 97; TX 72 at 2101.

²⁶ 1CellBio did not repay the \$750,000 Loan by its September 23, 2017 maturity date. 1 CellBio repaid the loan in the fall of 2019, after it raised some additional money. In the meantime, Dew Drop continued to earn interest. TR at 1551-1553.

²⁷ The only bank account that Dom and Brenan could access directly to pay bills and receive money after September 26, 2016 was the 1CellBio Account, which was never linked to the 3BG Account. TR at 609, 1362-1363, 1365; TX 61 at 6807.

²⁸ As Weitz explained in an April 2017 email to Dom, the money had "just been sitting in a bank account unused...It is just tied up to ensure we meet the criterion of the IP license that we raise at least \$1M in funding by the date we needed to last year." TX 60.

²⁹ Brenan advised Dom that their goal was "to attract as many investors as possible so that all of the \$750K is available to the company." TX 58.

thought of as “money that [1CellBio] could access if we needed to.” However, I do not find this testimony credible. Brennan testified as follows in his earlier deposition:

Q. So what happened, sir, is that in late October of 2016 the investment amount of \$250,000 that was made in 1CellBio was transferred to a 1CellBio account, and David Weitz’s loan of \$750,000 was left in the 3BG bank account; is that correct?

A. To be clear it was the Dew Drop – Dew Drop loan, and yes, that was left in – or that – and that was put – ring-fenced into a 3BG account and the \$250,000 was transferred to 1Cell account for operational purposes.³⁰

TR at 1364-1365. Although 1CellBio experienced numerous “cash crunches” between 2016 and 2018, it never sought to use any money in this alleged “rainy day” fund. In 2016 and 2017, 1CellBio also did not account for the \$750,000 Loan in its various internal financial statements, TR at 597, *see* TX 101, TX 102;³¹ reflect it in cash balance, budget or working capital information given to its board of directors or shareholders, including Harvard, TR at 1376, *see* TX 100 at 1150-51, TX 59 at 1094, TX103 at 1558, 1561, TX 104 at 1059-60, 63;³² or include it in presentations to potential investors. TR at 1401-1404, citing TX 106, 107.³³ When asked why

³⁰ The dictionary defines “ring-fence” as “to put (an amount of money) aside for a specific purpose.” <http://merriam-webster.com/dictionary/ring-fence>.

³¹ For example, on December 14, 2016, Dom estimated that “cash in the bank” as of December 31, 2016, was only “87k,” which did not include the \$750,000 Loan that both he and Brennan then knew was in the 3BG Account, and warned that 1CellBio would need a “new cap injection of at least \$750,000” by March to reach the end of 2017. TR at 1382-1385; TX 102. A December 20, 2016 Board presentation indicated that the share capital injections for 1CellBio to that date were \$250,000, and that there had been no shareholder loans for 2016. TX-100 at 392.020-021; TR at 1384 -1385.

³² Brennan testified that Exhibit 100, a December 16, 2016 presentation to 1CellBio’s board of directors referenced only the \$250,000, and not the \$750,000 Loan as “starting capital” and “working capital” because he “wanted to highlight-again, focus on operational—company operation, operational cash. And so since the 750,000 was off to the side here, and our interest is in the operation of the company and the cash we have available for that through our sale of products and such.” TR at 1469-1470. Although shareholder presentations in May 2017 and November 2017 were shared with Gordon, neither included a description of cash available to 1CellBio in 2016 or of how 1CellBio may have accounted for the funds that 3BG received prior to the 1Cell/3BG merger. *See* TR at 1527-1529, citing TX 104 and TX 105.

³³ Brennan also testified that 1CellBio did not reflect the \$750,000 Loan in various internal financial statements, in cash balance, budget or working capital information given to its board of directors or shareholders or in presentations to investors because the \$750,000 Loan in the 3BG Account was a “rainy day fund.”

1CellBio did not inform potential investors that it had a potential liability in the form of the \$750,000 Loan in one of its presentations to potential investors, Brenan testified:

Well in this case it's a little different in that we were selling the company, in the sense that we were selling to investors, so it's more of a sales document than anything else, and to say that we had this debt that we would have to pay back potentially would not be very attractive to investors in a company at our stage.

Id. at 1472-1473, citing TX 106 (emphasis added).

By July 2017, in some of the same presentations that did not disclose the \$750,000 Loan, 1CellBio reported that it had closed a \$1 million convertible debt note in which all of its founders and a third party, Adena Partners, had participated. TR 1403, citing TX 106. After the closing on that second convertible debt note, on September 13, 2017, Weitz informed Dom that he would "take the full amount out of the [3BG Account] and close it." TX 108. He did not do so and the money remained in the 3BG Account, however, after 10X notified 1CellBio and Harvard in November 2017 of its position that the requirements of § 2.1.3 had not been met. *See* TR 596-597, 1553, TX 30 at 85.

F. Acquisition Discussions Between 10X and 1CellBio

On July 19, 2017, Craig Asher, one of 10X's investors, sent to 10X a 1CellBio presentation to potential investors ("Presentation"), which is referenced and attached to 10X's Complaint.³⁴ *See* Compl., ¶¶ 18-21, Ex. D; TX 27; TR at 354-355; JPM at 3. Upon receipt of the Presentation, Saxonov forwarded it to other 10X employees, including Hindson and 10X's in-house counsel, Eric Whitaker, with a note, "I may learn more." TX 32.³⁵

³⁴ The Presentation did not indicate it was confidential and included information on 1CellBio's finances. TR at 354-355, 1198; TX 27.

³⁵ Saxonov credibly testified that he did not understand that a table appearing on Slide 22 of the Presentation had anything to do with § 2.1.3 until he had conversations with 10X's lawyers about it in November 2017. TR at 385-386. Hindson's testimony was not inconsistent with Saxonov's testimony. 1CellBio's proposed finding that "Hindson testified he believed the terms of Section 2.1.3 had not been satisfied as of July 19, 2017" is, upon review, not supported by his actual testimony. TR at 302.

On August 8, 2017, Saxonov sent an email to Brenan introducing himself and stating:

Craig Asher mentioned that he spoke to you about a financing and thought the two of us should talk. Sounds like there is a potential for a relationship between the two companies.

TX 28. Two days later, Brenan thanked Saxonov for “reaching out,” acknowledged that “Craig did express enthusiasm for us having a chat,” and proposed some alternate times for a phone conversation. *Id.*

In late August or early September of 2017, 10X and 1CellBio began discussions of a potential acquisition of 1CellBio by 10X. TX 28, TX 122; TR at 1169. Saxonov, Hindson, and Whitaker of 10X and Brenan, Weitz and Adam Mostafa of 1 CellBio met in Cambridge on September 11, 2017. 1CellBio provided a general overview of its business and intellectual property; explained its relationship with HiFiBio and that there would “have to be a carve-out of certain assets to make [an] acquisition work;” and provided a tour of its facilities. TR at 1175.

On September 15, 2017, Whitaker requested preliminary due diligence information from 1CellBio, including certain documents, for 10X’s review in connection with a potential transaction. TX 95. For approximately one month thereafter, Whitaker and Mostafa discussed when and how 1CellBio would provide the information requested. TR at 1176. However, 1CellBio “never really provided almost any of the information requested” and negotiations stalled. TR at 1175-1176; TX 95. On November 22, 2017, Whitaker sent an email to 1Cell Bio’s representatives, more fully described below, expressing concern about whether 1CellBio had 2915 patent rights. TR at 1177. The acquisition discussions eventually ended in late December of 2017 when 1CellBio decided not to proceed based on the price that 10X offered. TR at 1169, 1176-1177.

1. 10X’s November 22, 2017 Email to 1CellBio and Letter to Harvard

On November 22, 2017, Whitaker sent an email to 1CellBio and a letter to Harvard asserting that 1CellBio had not met the requirements of § 2.1.3, and that 10X was, therefore, the exclusive licensee of the 2915 Patent Rights in the Field. TX 29; TX30 at 85; TR at 1179-1181. Whitaker stated in his email that: 10X had been “consistently perplexed and concerned about 1CellBio’s reticence to share IP-related information” with it; its concern had only been compounded by certain positions taken by 1Cell during the negotiations; 10X “thought about the possibilities and then took the time to review [the 10X License]; and it had “become clear to [10X]” that its “requirements were not met,” and that 1CellBio does not have a valid license to the ‘co-exclusive’ gel bead patents.” TX 29.

In his letter to Harvard, Whitaker specifically included a copy of the Presentation’s Slide 22 on 1Cell Bio’s “Financials” to support 10X’s concern that 1CellBio had not met the Threshold Funding Condition. TX 30 at 86. That same evening, Gordon emailed his supervisor, Isaac Kohlberg, to advise him of 10X’s letter and suggested that 10X was “just mistaken and uninformed.” Gordon noted that 1CellBio had received a letter of intent from 10X to acquire it and that he suspected 10X was “probably disingenuous.” TX 75; TR at 863, 867-868.

The next day, Weitz emailed Brenan, Bronstein and Dom and stated: “Do they know about 3BG? I still left the funds in the 3BG... [Account], so maybe I will leave them there a bit more just to be sure.” TR at 1415-1416; TX 110.

2. Harvard’s Response

On November 27, 2017, Gordon initially responded to 10X’s letter by providing his understanding of the facts relating to the 3BG License, 3BG’s merger with 1Cell Bio, Inc., and how 3BG had “satisfied the conditions entitling it and its acquirer to retain the co-exclusive license.” TX 31; JPM, Item 21 at 4. He further stated:

Although we are not certain of how 1CellBio accounted for the transaction, we suspect the acquisition may be reflected in the \$1M asset increase in 1CellBio's 2017 financials, as shown in the table you shared with us. In any event, 3BG, Inc. satisfied the conditions entitling it and its acquirer to retain the co-exclusive license.

TX 31. Later that same day, Whitaker responded that he "appreciate[d] the background," but that:

it seems implausible as well as inconsistent with accounting principles that the requirements of Section 2.1.3 were met and that the acquired assets would be categorized as "Investment" in a future year on a summary income statement. That said, if you have any documents that show that 3BG received \$1M in funding from external sources prior to September 23, 2016, we would of course consider such materials.

Id. (emphasis in original).

Gordon asked 1CellBio for information to support the representation that 3BG had met the Threshold Funding Condition. On November 29, 2017, after a telephone conversation with Brenan, Gordon emailed Whitaker that he might "be incorrect in [his] comment" relating to [how 1CellBio accounted for the funds raised by 3BG in the statements [he] may have seen], apologized for any confusion he may have caused, and stated that he ha[d] documentation from 3BG that confirms their receipt of and access to the necessary \$1M in funding by the required date." *Id.* Shortly thereafter, Brenan emailed to Gordon a single bank statement from the 3BG Account, dated September 30, 2016, that reflected a balance of over \$1 Million, which was deposited by September 23, 2016. TR at 1533-1534, citing TX 77.

On November 30, 2017, Brenan sent Gordon additional documentation, including: subscription agreements from the 3BG investors (for the first time); a Certificate of Merger for 3BG and 1Cell; the September 23, 2016 letter that 3BG sent to Harvard notifying it that it had met the Development Plan Condition and Threshold Funding Condition of the 10 X License; 3BG's Certificate of Incorporation; the September 30, 2016 bank statement for the 3BG Account that he had sent to Gordon the day before; and the September 26, 2016 email from Gordon to Weitz confirming that "3BG ha[d] met the obligations to maintain the license to HU 2915." TR

at 1534-1536, citing TX 72. The additional materials did not show: (1) that the \$750,000 Loan was in the separate 3BG Account and not available to fund 1CellBio's operations; (2) when the subscription agreements were actually executed; (3) that subscription agreements were returned after September 26, 2016; (4) that HiFiBio had advanced money; or (5) that certain investors did not pay their investment funds until after the September 26, 2016 deadline. TX 72; TR at 1541-1542.

3. 1 CellBio's Response

On November 27, 2017, Mostafa emailed 1CellBio's response to 10X's letter. Among other things, 1CellBio stated:

3BG, Inc. ...received \$1,000,000 in funds as required on or before September 23, 2017. The funds were a combination of equity investments plus funds under a promissory note. As of the date hereof, the promissory note has not been paid back and the funds remain with 1CellBio.

TX 96.

1 CellBio contested 10X's assertions that 1 CellBio did not have co-exclusive rights to the HU2915 patent family, alleged that 10X had used "due diligence information" and "confidential discussions to attempt to interfere with 1CellBio's contractual relations with Harvard," but stated that it was nevertheless "willing to consider proceeding with negotiations related to a potential transaction" while reserving all of its rights. TX 96; TR at 1184; JPM Item 23 at 4.

Later that evening, Whitaker requested materials to substantiate certain of 1CellBio's statements and denied 1CellBio's allegations that it had misused information 1CellBio had provided. TX 97. In response, 1CellBio sent to Whitaker on November 30, 2017 a copy of the same 3BG Account bank statement that it had sent to Gordon on the previous day. TX 97.

On December 12, 2017, Brennan submitted 1CellBio's first milestone development report to Harvard for the period 2015 to 2017 to substantiate that it had met the 3BG License milestones.

TR at 1537-1538; *see* TX 69. In it, 1CellBio informed Harvard that it met 3BG's funding milestone (and thus, the Threshold Funding Condition) on September 23, 2016 when funds in the 3BG Account totaled \$1,018,565 from "a combination of sale of equity to third parties outside the company and a promissory note from an external party (Dew Drop LLC)." TX 69 at 764. 1CellBio attached to its report the same September 30, 2016, 3BG Account statement that Brenan had previously forwarded to Gordon on November 29 and 30, 2017. *See* TR at 1539-1540; TX 69 at 769. This was the only bank statement that 1CellBio ever provided to Gordon. TR at 1541-1542.

Neither 3BG nor 1CellBio provided to Gordon any accounting records for either entity, or any other details "regarding how funds raised by 3BG were incorporated into the 1CellBio financial statements after the merger of 3B and 1CellBio." TR at 1542. Nor did Gordon ever see any document from 3BG suggesting that the funding it received as of September 23, 2016 was not available to cover 1CellBio's operational expenses. *See* TR at 827-828, 904.

4. Resolution Discussions

10X and 1CellBio continued their discussions about whether 1CellBio had met the requirements of §2.1.3. TR at 1189-1191, 1426-1427; JTX 31. In late January or early February of 2018, 1CellBio made an offer to resolve the parties' dispute. TR at 1522. In early August, Brenan, Lourie, and Whitaker met in Boston. Whitaker rejected 1CellBio's offer and advised 1CellBio that 10X intended to file a complaint against 1CellBio seeking a declaratory judgment. TR at 1512-1513. 10X filed this action on October 29, 2018. During the period from July 2017 through that date, 1CellBio continued its business operations. TR at 1513.

Conclusions of Law

In a declaratory judgment action, “the determination concerning which party has the burden of proof depends on the nature of the underlying action.” *Haskell v. Versyss Liquidating Trust*, 75 Mass. App. Ct. 120, 126 (2009). On questions of fact on which the defendant bears the burden of proof, “[t]hat burden [does] not shift merely because it was the [plaintiff] which initiated the declaratory judgment proceedings.” *Ranger Ins. Co. v. Air-Speed, Inc.*, 9 Mass. App. Ct. 403, 406 n. 9 (1980); see also *id.* at 409; *Stop & Shop, Inc. v. Ganem*, 347 Mass. 697, 703-704 (1964). “[O]ne relying on a condition to avoid a contractual obligation has the burden to prove the occurrence of the condition.” *Patriot Power v. Rounder*, 91 Mass. App. Ct. 175, 179 (2017), quoting *Haskell*, 75 Mass. App. Ct. at 126.

Under § 2.1.3’s self-executing language, 10X’s co-exclusive license to the 2915 Patent Rights in the 2915 Co-Exclusive Field “shall become an exclusive license” if the Weitz Company fails to meet either the Development Plan Condition or the Threshold Funding Condition. As the Weitz Company seeking to avoid the effect of this contractual provision, 1CellBio bears the burden of proving that it met both conditions.

Under G.L. c. 231A, §1, an “actual controversy” exists among the parties as to whether 10X is the exclusive licensee to the 2915 Patent Rights in the 2915 Co-Exclusive Field under the 10X License.³⁶ Pursuant to G.L. c. 231A, § 2, this court may determine the parties’ respective rights under that license. See *Sahli v. Bull HN Info. Sys., Inc.*, 437 Mass. 696, 705(2002) (“The determination of contractual rights is a proper subject of a declaratory judgment proceeding”).

³⁶10X has standing to sue 1CellBio because 1CellBio claims an “interest which would be affected” by the declaratory judgment 10X seeks. G.L. c. 231A, § 8. Harvard and 10X agree that if 1CellBio failed to meet either the Development Condition or the Threshold Funding Condition, “then 10X’s license to the 2915 Patent Rights in the 2915 Co-Exclusive Field ‘shall become’ an exclusive license.”

Further, 10X has standing to seek such a determination. See, e.g., *Trustees of Tufts Coll. v. Volpe Const. Co.*, 358 Mass. 331, 338 (1970).

The language of § 2.1.3 is unambiguous.³⁷ “The construction of a written contract which is plain in its terms and free from ambiguity presents a question of law for the court.” *Boland v. George S. May Int’l Co.*, 81 Mass. App. Ct. 817, 825 (2012), quoting *Hiller v. Submarine Signal Co.*, 325 Mass. 546, 549-550 (1950). “In interpreting a contract, [t]he objective is to construe the contract as a whole, in a reasonable and practical way, consistent with its language, background, and purpose.” *Weiler v. Portfolioscope, Inc.*, 83 Mass. App. Ct. 216, 222 (2013), quoting *Rubin v. Murray*, 79 Mass. App. Ct. 64, 75 (2011). “Words that are plain and free from ambiguity must be construed ‘in their usual and ordinary sense.’” *Boland*, 81 Mass. App. Ct. at 825 (quoting *Citation Ins. Co. v. Gomez*, 426 Mass. 379, 381 (1998)); see also *Children’s Med. Ctr. Corp. v. Celgene Corp.*, No. CV 13-11573-MLW, 2016 WL 3561603, at *4 (D. Mass. Feb. 23, 2016). “The unyielding rule of law is to give effect to the intention of the parties.” *Boland*, 81 Mass. App. Ct. at 825.

3BG (re-named 1CellBio) is a “Weitz Company” as defined by § 2.1.3. 3BG needed to meet both the Development Plan Condition and Threshold Funding Condition to maintain a license to the 2915 Patent Rights in the 2915 Co-Exclusive Field.

Under the Development Plan Condition, Harvard was the only party authorized to determine whether 3BG’s development plan was satisfactory. 3BG met the Development Plan Condition on September 25, 2015 when it submitted the development plan attached as Exhibit 1.4 to the 3BG License.

³⁷ The 10X License also contains an integration clause. See TX 1, §11.4.

Under the Threshold Funding Condition, 3BG was required to “receive[] at least One Million U.S. Dollars (\$1,000,000) in **funding** (from any **external source**, including grants, sponsorship and equity financing)” by September 26, 2016. 10X License, § 2.1.3 (emphasis added). The dictionary defines the adjective, “external,” as “arising or acting from outside.”³⁸ Giving the words their ordinary meaning, the phrase “any external source,” means any source outside of or other than “such Weitz Company.”³⁹ This includes “funding” from 3BG founders and Dew Drop, but excludes “funding” internally generated by 3BG such as through sales.⁴⁰ This definition is consistent with not only the parties’ negotiations of § 2.1.3 and use of the term “external” in the OTD Startup Guide, but also industry custom and usage, as testified to by Ms. Nelsen.

The word “funding,” as used in § 2.1.3, is not synonymous with the word, “money.” “Funding” in the startup context refers to money raised by a company that, at a minimum, is available to “fund” its operations.⁴¹ Consistent with the common purpose of funding milestones in university licenses to startups, the intent and purpose of the Threshold Funding Condition was to ensure that the Weitz Company received, by September 26, 2016, \$1,000,000 in funds that it could use to pay its operational expenses.

³⁸ Definition of “external,” Merriam-Webster.com, available at <https://www.merriam-webster.com/dictionary/external>.

³⁹ “The word ‘any’ is generally used in the sense of ‘all’ or ‘every’ and its meaning is most comprehensive.” *Hollum v. Contributory Retirement Appeal Bd.*, 53 Mass. App. Ct. 220, 223 (2001) (quoting *Fleck v. KDI Sylvan Pools, Inc.*, 981 F.2d 107, 115 (3d Cir. 1992)).

⁴⁰ 10X’s proposed construction, *i.e.*, that “external” also excludes any affiliate of 3BG, including founders, directors, employees, their friends and family, is neither supported by ordinary usage of “external” nor practicable. If the parties had intended to exclude any Weitz Company affiliate, they easily could have incorporated further limiting language to that effect, but they did not. I may not do so now. See *Children’s Med. Ctr. Corp.*, 2016 WL 3561603, at *6.

⁴¹ The parties to the 10X License, Harvard and 10X, agree that the purpose and intent of the Threshold Funding Condition was to ensure that 3BG would have the funds needed to cover its operational expenses.

3BG did not meet the Threshold Funding Condition by September 26, 2016 because at the time Weitz transferred \$750,000 from the Dew Drop Account to the 3BG Account, he never intended for that amount to be available to 3BG to pay its operational expenses and it was not actually available for this purpose. Brennan testified that throughout 2016 and 2017, 1 Cell Bio “consistently did not treat the \$750,000 [L]oan ... as cash that 1CellBio had available for operations” and “never used” it “for operating expenses.” TR at 1366, 1377. Thus, it was not “funding” under § 2.1.3 of the 10X License.⁴² In addition, 3BG did not have a binding, written commitment for the \$750,000 Loan from Dew Drop or signed subscription agreements for approximately \$131,579 of the \$250,000 equity purchase until after September 26, 2016. Thus, 10X automatically became the sole exclusive licensee to the 2915 Patent Rights in the 2915 Co-Exclusive Field.

1 CellBio did not prove its affirmative defenses. Its laches claim fails because it did not demonstrate that any 15-month delay by 10X in filing suit, after its receipt of the July 2017 Presentation, was “unjustified” or “unreasonable.” See *Cornell v. Michaud*, 79 Mass. App. Ct. 607, 615 (2011), quoting *Colony of Wellfleet, Inc. v. Harris*, 71 Mass. App. Ct. 522, 531 (2008) (“Laches is an unjustified, unreasonable, and prejudicial delay in raising a claim...Laches is not mere delay but delay that works disadvantage to another.”); *CardioFocus, Inc. v. Cardiogenesis Corp.*, 859 F. Supp. 2d 192, 201-202 (D. Mass. 2012) (no laches shown where plaintiff filed patent infringement action more than two years after directly alleging defendant’s infringement and parties engaged in good faith effort to resolve matter prior to suit’s filing). Here, the alleged “delay” was attributable in part to discussions of a potential acquisition and of a potential resolution of the parties’ dispute. In addition, 1CellBio has not shown that it was prejudiced, or

⁴² Nor was it “funding” under the 3BG License.

suffered any detrimental change, as a result of its continued business operations. See *Melrose Fish and Game Club, Inc. v. Tenn. Gas Pipeline Co.*, 89 Mass. App. Ct. 594, 602 (2016).

1 CellBio's reliance on the doctrine of unclean hands is equally unavailing. Under the doctrine, a court may refuse to grant equitable relief, including specific performance, to a party where the party has engaged in fraud or other inequitable conduct. See, e.g., *Shikes v. Gabelnick*, 273 Mass. 201, 207 (1930) (modifying order of specific performance in favor of plaintiff in light of trial court's finding he had made various fraudulent statements); *Galipault v. Wash Rock Investments, LLC*, 65 Mass. App. Ct. 73, 85 (2005) (request for specific performance properly denied where "the plaintiffs' conduct [was] 'savored with injustice touching transaction' and [was] patently unfair").

1 CellBio alleges that "10X disingenuously proposed a 'merger' between 10X and 1 CellBio in an effort to gain information to support its litigation, all while holding for 15 months the same information on which it eventually based its Complaint." However, 1 CellBio failed to prove that: 10X's proposal was, in fact, "disingenuous;" 10X engaged in conduct involving the licensing of the 2915 Patent Rights that was fraudulent, unconscionable, or otherwise inequitable; or 10X derived any benefit or advantage from not suing 1 CellBio earlier. 10X notified 1CellBio in writing on November 22, 2017 that it believed it had not met the requirements of §2.1.3 and that 10X, therefore, had an exclusive license. It was not until Saxonov's conversations with 10X's counsel in November 2017 that he understood that there was any relationship between the Presentation and § 2.1.3.⁴³ The evidence simply did not establish that 10X learned any material facts from 1CellBio relevant to its claim between the time it obtained the Presentation and November of 2017.⁴⁴ Instead, it showed that 1CellBio did

⁴³ Hindson's testimony was not inconsistent with Saxonov's testimony.

⁴⁴ Indeed, 1 CellBio's theory assumes that 10X had the same information in July of 2017 as it had when it filed suit.

not disclose to 10X (or even Harvard) material facts relevant to its claim, and that 10X did not learn all of those facts until *after* 10X filed suit.

Order

Judgment shall enter for the plaintiff, 10X, against the defendants, Harvard and 1 CellBio, on Count I declaring that under the 10X License, 10X has an exclusive license to make, have made, to offer for sale, to sell and to have sold Licensed Products, and to perform Licensed Services, for analysis and use of single or multiple cells in drops in the Field. Pursuant to G.L. c. 231A, § 5, Harvard is hereby ORDERED to take all actions necessary to perfect 10X's rights as exclusive licensee.

/s/ Karen F. Green
Karen F. Green
Justice of the Superior Court

Date: July 13, 2020