

COMMONWEALTH OF MASSACHUSETTS

SUFFOLK, ss.

SUPERIOR COURT DEPARTMENT

10X GENOMICS, INC.

Plaintiff,

v.

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

Defendants.

Civil Action No.: 2018-03355-BLS1

JOINT PRETRIAL MEMORANDUM

Pursuant to the March 19, 2019 Case Schedule entered by the Court, Plaintiff 10X Genomics, Inc. (“10X”), Defendant 1CellBio, Inc. (“1CellBio”), and Defendant President and Fellows of Harvard College (“Harvard”) (collectively, the “Parties”) respectfully submit this joint pretrial memorandum in advance of the Final Trial Conference scheduled for January 8, 2020. The Court consented to bifurcate this case on March 19, 2019. 10X’s declaratory judgment claim, comprising the first phase of the case, is set for a jury-waived trial beginning on January 21, 2020 and running through January 30, 2020.

1. Agreed Facts in a Form Suitable for Submission as an Exhibit at Trial

1. In January 2013, Ben Hindson of 10X approached Harvard and expressed interest in licensing certain Harvard-owned patents.
2. Negotiations between Harvard and 10X concerning the specifics of a license agreement from Harvard to 10X occurred between February – September 2013.
3. On September 26, 2013, Harvard and 10X entered into an agreement in which Harvard granted a license to certain patent rights, including one patent family that the agreement refers to as the 2915 Patent Rights (the “10X License”).
4. Pursuant to the 10X License, Harvard granted 10X exclusive rights to the 2915 Patent Rights in a defined Field except in the field of “analysis and use of single or multiple cells in drops” (separately defined as the “2915 Co-Exclusive Field”).
5. Section 2.1.3 of the 10X License provides that:

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 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 Effective Date of the 10X License was September 26, 2013.
7. 3BG, Inc. (“3BG”) is a Delaware corporation incorporated on September 23, 2014.

8. As of at least September 2014 and through at least September 26, 2016, David Weitz was the sole director of 3BG.
9. Dew Drop Investments, LLC (“Dew Drop”) is an investment company of which David Weitz has been the sole owner and member since at least 2014.
10. 1CellBio, Inc. (“Pre-Merger 1CellBio”) was a Delaware corporation incorporated on October 3, 2014.
11. From incorporation and through at least September 26, 2016, David Weitz was the sole director of Pre-Merger 1CellBio.
12. From 2014 and through at least September 26, 2016, Dew Drop was the sole shareholder in Pre-Merger 1CellBio.
13. On September 25, 2015, Harvard and 3BG Inc. entered into an agreement for a co-exclusive license to the 2915 Patent Rights (the “3BG License”).
14. The 3BG License appends a “Development Plan” as Exhibit 1.4 to the 3BG License.
15. The 3BG License includes a “Funding Milestone,” as part of the “Development Milestones” attached as Exhibit 1.3 to the 3BG License, which states: “Licensee shall 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.”
16. From 2013 to present, Alan Gordon has been a Director of Business Development in Harvard’s Office of Technology Development.
17. Pre-Merger 1CellBio merged into 3BG in the fourth quarter of 2016, and the surviving company was renamed 1CellBio, Inc. (“1CellBio (post-merger)”). 1CellBio (post-merger) is a defendant in this case.
18. In approximately July 2017, 1CellBio (post-merger) sent out copies of an investor presentation to third parties regarding their potential additional investment in 1CellBio (post-merger).
19. On July 19, 2017, one of 10X’s investors sent 10X a copy of 1CellBio (post-merger)’s July 2017 investor presentation.
20. On November 22, 2017, 10X wrote a letter to Harvard asserting that 1CellBio (post-merger) had not met the Threshold Funding provision of the 10X License and that 10X was therefore the exclusive licensee of the 2915 Patent Rights.

21. On November 27, 2017, Harvard responded by email disputing 10X's assertion that 1CellBio (post-merger) had not met the Threshold Funding provision of the 10X License and that 10X was therefore the exclusive licensee of the 2915 Patent Rights, contending that "3BG, Inc. satisfied the conditions entitling it and its acquirer to retain the co-exclusive license."
22. On November 22, 2017, 10X wrote to 1CellBio (post-merger) asserting that 1CellBio (post-merger) did not have a valid license to the 2915 Patent Rights.
23. On November 27, 2017, 1CellBio (post-merger) responded by letter, disputing 10X's assertion that 1CellBio (post-merger) did not have a valid license to the 2915 Patent Rights and contending that it "has co-exclusive rights to the HU2915 patent family."
24. 10X sued Harvard and 1CellBio (post-merger) on October 29, 2018.

2. **A Brief Statement By Each Party of What That Party Expects the Evidence to Show**

a) Plaintiff 10X's Statement

The upcoming trial will decide 10X's declaratory judgment claim seeking confirmation that it has an exclusive license to the "2915 Patent Rights".¹ 10X's entitlement to an exclusive license arises from a license to the 2915 Patent Rights that was negotiated between 10X and Harvard in 2013 (the "10X License"). Under the 10X License, 10X and Harvard agreed that Harvard would retain a limited and conditional option to grant a single additional "co-exclusive" license for the defined 2915 Co-Exclusive Field only if certain conditions were met. Specifically, the 10X License provided that Harvard could grant such an additional co-exclusive license to the 2915 Co-Exclusive Field, but solely to (i) a company founded by Harvard professor David Weitz (called the "Weitz Company"), (ii) that submitted its "detailed development plan" to Harvard no later

¹ The "2915 Patent Rights" are certain patents and patent applications that were referred to internally at Harvard as Case No. 2915.

than September 26, 2015, and (iii) that received \$1 million in “funding (from any external source)” no later than September 26, 2016.² The 10X License also provided that, if any of these conditions were not met by the set deadlines, then 10X’s license to the 2915 Patent Rights “shall” be an exclusive license. At trial, the evidence will show that the conditions necessary to grant a co-exclusive license to the purported Weitz Company (3BG) were not satisfied, and that Harvard could not, and did not, grant a valid license to 3BG. Thus, the Court should grant 10X’s declaratory judgment claim confirming that 10X is the sole and exclusive licensee to the 2915 Patent Rights and that any purported license to the 2915 Patent Rights granted by Harvard to 3BG is invalid and has no effect. The Court should also further order any necessary injunctive or other equitable relief against Harvard and 1CellBio to the extent necessary and appropriate to perfect 10X’s rights as the sole and exclusive licensee to the 2915 Patent Rights.

The evidence in the upcoming trial will show the following key points (among others):

In 2012, 10X approached Harvard about 10X’s interest in licensing numerous patents from Harvard, including the 2915 Patent Rights. The 2915 Patent Rights involve single cell genomics technology for which Dr. Weitz is named as a co-inventor. After months of negotiation involving Dr. Weitz, Harvard agreed to license the 2915 Patent Rights to 10X under the terms stated in the final 10X-Harvard License Agreement executed in September 2013 (“10X License”).

From the start of the licensing discussions regarding the 10X License and the 2915 Patent Rights, 10X was clear that it wanted an exclusive license to the 2915 Patent Rights. Harvard and Dr. Weitz originally tried to obtain a carve out giving Harvard broad future rights to grant other

² The Weitz Company that was originally granted the co-exclusive license by Harvard was named 3BG, Inc. (“3BG”). In Fall 2016, a separate Weitz-founded company named 1CellBio, Inc. merged into 3BG. The merged entity was then re-named as 1CellBio, Inc. The merged entity 1CellBio, Inc. is the defendant in this action, along with Harvard. 3BG is used herein to refer to the entity which obtained the co-exclusive license prior to the merger.

licenses to the 2915 Patent Rights but, over the course of months of negotiation, they ultimately agreed to a provision giving Harvard a very limited conditional option to issue a further co-exclusive license in the defined co-exclusive field. Specifically, the final language in Section 2.1.3 of the 10X License limits Harvard's ability to grant a co-exclusive license in several ways, including that³:

- a) a co-exclusive license to the 2915 Co-Exclusive Field can "solely" be granted to "a company founded by David Weitz" (*i.e.*, the "Weitz Company");
- b) "such Weitz Company" must "submit[] a detailed development plan" to Harvard within 2 years from September 26, 2013; and
- c) "such Weitz Company" must "receive[] at least...\$1,000,000...in funding (from any external source, including grants, sponsorship and equity financing) within 3 years" from September 26, 2013.

Section 2.1.3 is clear that if these requirements are not met, then 10X's license to the 2915 patent family "shall become an exclusive license." Although 1CellBio now tries to claim that 10X "retained no right to enforce Section 2.1.3 against a putative Weitz Company," it cannot ignore the fact that 10X's right to an exclusive license under 2.1.3 is automatic and self-executing if the Weitz Company fails to meet the conditions stated in Section 2.1.3.

The evidence will show that Harvard and 3BG failed to satisfy the requirements of Section 2.1.3 of the 10X License for numerous reasons. Among other things, the evidence will show that, although Section 2.1.3 required the "such Weitz Company" (*i.e.*, 3BG) to "submit a detailed development plan" to Harvard by September 26, 2015, 3BG could not and did not meet this requirement. Instead, almost immediately before the September 26, 2015 deadline, Harvard's

³ Section 2.1.3 also requires that, "if Harvard grants a license to the Weitz Company...it shall use reasonable efforts to include in such license agreement a provision that restricts the Weitz Company from developing products and services...that directly compete with [10X's] products and services at the time the license was granted."

licensing officer Alan Gordon recognized that the option for a Weitz Company to obtain the potential co-exclusive license to the 2915 Patent Rights would expire if the development plan deadline was not met. To circumvent this condition and the previously agreed-upon September 2015 deadline in the 10X License, Harvard employees Dr. Weitz and Mr. Gordon agreed to have Harvard enter into a purported co-exclusive license agreement with a then-existing Weitz company named 3BG, even though 3BG at the time was merely an inactive holding company that did not have any employees, assets, activities or business plans (including to use the 2915 Patent Rights). As Dr. Weitz explained to Mr. Gordon days before the deadline, Dr. Weitz was “not sure we need[ed] this particular patent” but was “worried” that failing to take the license “would not be a good idea.”

When Mr. Gordon reminded Dr. Weitz that under the 10X License 3BG would “technically” need to provide Harvard with a detailed development plan in order for 3BG to obtain a co-exclusive license, Dr. Weitz asked Mr. Gordon to write the plan himself and Mr. Gordon quickly did so. Because 3BG had no assets, no employees, no activity, and no business plans (including to use the 2915 Patent Rights) at the time, Mr. Gordon drafted this plan based on the plans and activities of a separate company referred to as “OneCell.” Harvard’s draft plan for 3BG renames, and represents, “OneCell’s” planned activities as 3BG’s activities and plans. Mr. Gordon then attached the plan he drafted to the 3BG License as 3BG’s supposed “detailed development plan”. The evidence will show that while 3BG had no assets, no employees, no activity and no business plans, and in Dr. Weitz’ own words was “only set up in name” as of September 26, 2016, Dr. Weitz and Mr. Gordon hurriedly put together a license agreement in a matter of days because they “just need[ed] to secure the license for this patent because of the time restrictions” of the 10X License. Almost immediately after drafting the “plan” for 3BG, Harvard issued the co-exclusive

license to 3BG. Harvard also issued the license without making any “reasonable efforts” to restrict 3BG or Dr. Weitz “from developing products and services that directly compete with [10X’s] products and services”, even though both Dr. Weitz and Mr. Gordon knew that Dr. Weitz already intended to use “OneCell” to compete with 10X using the 2915 Patent Rights, despite Dr. Weitz’s promises to 10X in 2013 that he would not compete with them regarding the 2915 Patent Rights.

The evidence at trial will also show that, in addition to these failings in 2015, Harvard and 3BG also did not satisfy the 10X License requirement that 3BG needed to obtain \$1 million in “funding (from any external source...)” prior to September 26, 2016. Evidence obtained in this litigation has confirmed that this condition was not met for numerous reasons, including because: a) the funding was not “external” because, although 3BG claims to have obtained \$1 million in funding before September 26, 2016, 3BG’s founder, Dr. Weitz, contributed more than 80% of the \$1 million in funds through his wholly owned investment fund Dew Drop; b) Dr. Weitz tried to avoid the “external” requirement and obscure the fact that he was the primary source of 3BG’s funding by providing his funding through an investment vehicle, Dew Drop, and moving the funds from his personal bank account to Dew Drop just days before the funding deadline; c) the money provided did not meet the funding requirement because \$750,000 of Dr. Weitz’s contribution to 3BG was made as a temporary “loan” to circumvent the September 26, 2016 deadline and was never intended to be, or used as, operational funding for 1CellBio; d) even for the other \$250,000 in funding, 3BG did not obtain such funding in a manner that satisfied the requirement that 3BG have “external” funding in place *by* September 26, 2016; and e) the other \$250,000 in funding was not meant for 3BG but was instead intended to be used as “founder investment” for a separate company named 1CellBio (pre-merger).⁴ 3BG informed Harvard that it had obtained \$1 million

⁴ Although 1CellBio claims that the \$1 million in funding was provided by various “investment

in “funding” on September 23, 2016, and Harvard issued a letter confirming that 3BG had the co-exclusive license on September 26, 2016 without investigating further. As discovery has now revealed, Harvard’s letter was issued before numerous individual investors in 3BG had ever signed written subscription agreements, executed their loan document or even transferred any monies to 3BG.

In 2017, 10X got its first hint of 3BG’s failure to meet the \$1 million in external funding condition. In late November 2017, 10X told both 1CellBio (post-merger) and Harvard that 10X was concerned that 1CellBio had not satisfied the requirement to achieve \$1 million in funding from “external” sources by September 26, 2016. 10X asked each defendant to explain how 1CellBio could have a valid co-exclusive license, given that a July 2017 presentation 1CellBio sent to potential investors stated that 1CellBio had only received \$250,000 in funding before January 1, 2017 and that all of this funding was from “founders”. *See* Complaint, Ex. D at pp. 19, 22. In response, and in the ensuing discussions, 10X never received a satisfactory answer from either 1CellBio or Harvard detailing how 1CellBio had met the condition to obtain \$1 million in funding from “external” sources by September 26, 2016. Instead, when pressed by 10X for answers, Harvard simply claimed that it had been told by 1CellBio that 1CellBio had met the 10X License requirements. 1CellBio gave 10X numerous, varying answers over time, including that: the bulk of funding came from an entity called Dew Drop; that the “external source” requirement of the 10X License could be satisfied by whatever funding Harvard and 1CellBio agreed was “external”; and thus 10X could not further question its funding sources.⁵ Until Mr. Gordon’s August 2019

entities,” the evidence will show that the entities providing the bulk of this money would not qualify as external because they were solely owned by 3BG founder David Weitz (Dew Drop) and 1CellBio’s founders Frederick Dom (Modaf BV) and Colin Brennan (CB Bioventures LLC).

⁵ The evidence in this trial will also show that the answers 1CellBio gave 10X (and Harvard) at the time 10X raised such questions also failed to disclose numerous other key failures in how

deposition, neither Harvard nor 1CellBio ever claimed or suggested that the definition of “external” funding in the 10X License meant that 1CellBio could obtain funding from any source other than 1CellBio’s sales revenue, including funding from Dr. Weitz and other founders or insiders of either 3BG or 1CellBio.⁶

This understanding of the contract was not only new, it is contrary to the plain meaning and intent of Section 2.1.3, which states that the Dr. Weitz-founded Weitz Company must obtain the \$1 million in funding from “external” sources by September 26, 2016. The evidence will also show that in the funding of startups, external sources are understood to be third party, outside sources, in contrast to the founders and existing insiders. There can be internal rounds of investment and external rounds of investment, and funding from the founder and sole shareholder is clearly the former. The intent of Section 2.1.3’s conditions, and especially its use of the “external” source funding requirement, is plain – to have third party validation for 10X that the Weitz Company is legitimate within the time allowed. Indeed, even 1CellBio agreed with this interpretation before Mr. Gordon’s deposition, including when it provided Harvard with a belated Milestone Report for the 2915 Patent Family in December 2017 and informed Harvard that 1CellBio had met the external source funding requirement with a combination of “sale of equity to third parties outside the company and a promissory note from an external party (Dew Drop LLC).”

When 10X’s concerns went unaddressed, 10X filed this litigation.

1CellBio obtained its alleged \$1 million in funding before September 26, 2016, including facts regarding how 1CellBio also tried to circumvent this September 26, 2016 funding requirement so that it would have additional time to raise \$1 million in funding from actual external sources.

⁶ Moreover, although Mr. Gordon, deposed as Harvard’s sole 30(b)(6) witness, now claims that this was Harvard’s understanding of the phrase, he admitted during deposition that he had never discussed this interpretation, or the “external source” language in 2.1.3 at all, with anyone at Harvard or anyone at 10X.

Although 1CellBio may now try to distance itself from the 10X License at trial, the evidence will show that 3BG's and 1CellBio's founder, Dr. Weitz, was personally involved in the negotiation of the 10X License, including but not limited to, the negotiation of the Section 2.1.3 provisions at issue in this litigation. The evidence will also show that principals of both 3BG and 1CellBio were repeatedly informed of the relevant terms of the 10X License at all material times and were also informed—and aware of the need to satisfy—the limitations on Harvard's retained right to grant a further co-exclusive license. The 3BG license itself will show that that the co-exclusive license given to 3BG was conditioned on 3BG raising \$1 million “from any external source” (using the same language and examples as per the 10X License), for 10X's benefit and according to the limitations on Harvard's retained right to grant any further license.

In sum, and most decisively, the evidence will show the following. First, 3BG did not have and thus did not submit to Harvard a detailed development plan as of September 25, 2015, and Harvard did not take reasonable efforts to ensure that 3BG would not compete with 10X over the 2915 Patent Rights. Instead, Mr. Gordon and Dr. Weitz put the 3BG license in place nonetheless, circumventing the September 26, 2015 deadline. Second, the evidence will show that 3BG failed to meet the requirement of receiving \$1 million in funding from external sources by September 26, 2016, and only purported to do so by circumventing this requirement, largely by obtaining the \$1 million from Dr. Weitz' only money, which did not satisfy the “external” requirement for such funding. Based on the evidence and the clear language of the 10X License, 10X is the sole and exclusive licensee of the 2915 Patent Rights.

b) Defendant 1CellBio's Statement

In September 2015, Harvard granted a co-exclusive license to the 2915 Patent Rights to 3BG, a license still held by 1CellBio after the merger and name change. The 3BG License contains

milestones that would allow (but not require) Harvard to terminate the 3BG License in the event 3BG failed to move forward and commercialize the technology. Specifically, those milestones included (a) a funding milestone stating that 3BG would raise \$1 million in funding from any external source within one year, and (b) certain development milestones for commercializing its product. 3BG met those milestones, and for several years has been an operating, growing company. Harvard and 1CellBio *agree* that all the development milestones have been met. Based on the grant of that license and Harvard's agreement that 1CellBio had satisfied the development milestones, 1CellBio commercialized the technology: 1CellBio's products, developed based on the 2915 Patent Rights, are presently being sold and are in use at research laboratories around the world. Yet 10X, which is not a party to Harvard's license agreement with 3BG, now seeks to step in and preclude its competitor, 1CellBio, from practicing the licensed 2915 Patent Rights. More than three years after 3BG satisfied the Funding Milestone, 10X now claims 1CellBio's license is invalid, and asserts that 10X should be allowed to substitute its judgment for Harvard's in order to destroy 1CellBio's established business.

1. Background Concerning the Technology at Issue

Dr. David Weitz is a Professor of Systems Biology and the Mallinckrodt Professor of Physics and Applied Sciences at Harvard University. The 2915 Patent Rights at issue in this case are a product of revolutionary advances in the field of droplet-based microfluidics that were pioneered in Prof. Weitz's lab at Harvard.

In 2013 and 2014, Prof. Weitz began collaborating with a research group from Harvard Medical School to develop methods for sequencing the genome of single cells based on the foundation of Prof. Weitz's droplet-based microfluidics technology (i.e. the 2915 patent family). Dr. Allon Klein and Prof. Marc Kirschner from Harvard Medical School worked with Prof.

Weitz's lab to utilize the Weitz microfluidic technology to develop a protocol for sequencing the genome of individual cells, thousands of cells at a time. Later published in mid-2015 in the journal *Cell*, this groundbreaking research was met with widespread acclaim in the field of genomics, and inspired the subsequent single-cell work of academics and businesses alike—including 10X Genomics.

In 2014, Prof. Weitz founded two companies (3BG, Inc. and 1CellBio, Inc.) to commercialize technology advanced in the Weitz Lab, including an instrument for single-cell RNA sequencing based on his collaboration with Drs. Klein and Kirschner. In October 2016, 1CellBio, Inc., merged into 3BG and the surviving entity was renamed 1CellBio. Since 2016, the company has been an operating, growing business, presently based in Watertown, Massachusetts.

2. 10X's Licensing of the Weitz Intellectual Property

In February 2013, 10X first met with Alan Gordon from Harvard's Office of Technology Development and Prof. Weitz concerning licensing certain intellectual property owned by Harvard. Following that meeting, Prof. Weitz personally curated a list of technologies from which 10X selected ten patent families that it was interested in licensing. Of those ten, Harvard agreed to grant 10X a non-exclusive license to three patent families and an exclusive license to seven patent families, with one caveat: Harvard would retain rights in one patent family, the 2915 Patent Rights, in order to allow a company founded by Prof. Weitz to develop and commercialize products for single-cell RNA sequencing. As an inventor of those patents, Prof. Weitz knew that the 2915 Patent Rights were broadly applicable, having value in areas where 10X had no specific plans for development at the time—including single-cell sequencing. To that end, Harvard proposed granting 10X an exclusive license in the 2915 Patent Rights except in the field of single-cell

sequencing, while retaining for itself the right to grant a second co-exclusive license to a future Weitz Company in that field.

Although 10X desired an exclusive license to the 2915 Patent Rights in all fields, 10X ultimately agreed to an exclusive license in a specifically defined Field, and that Harvard could also grant a co-exclusive license in the 2915 Patent Rights to a Weitz Company in the co-exclusive field of “analysis and use of single or multiple cells in drops.” While negotiating its license, 10X aggressively pushed to include conditions on Harvard’s right to grant a co-exclusive license to a company founded by Prof. Weitz.

In Harvard’s first draft of the 10X License, Harvard proposed the language that is at issue in this case: that the Weitz Company obtain a certain amount of “funding (from any external source, including grants, sponsorship and equity financing).” Over the course of several subsequent drafts, 10X proposed various restrictions on the “funding” sources, such as “equity funding,” or “debt or equity funding.” Harvard rejected each of those restrictions and preserved its own broad language concerning any funding sources in the final license agreement. During this back-and-forth, 10X proposed a threshold funding amount that would have required the Weitz Company to raise \$3,000,000, which Harvard similarly rejected. Instead, Harvard proposed a \$1,000,000 threshold funding amount, to which 10X ultimately agreed.

10X sought to impose other restrictions on the co-exclusive license granted to the Weitz Company. For example, in a draft term sheet dated July 10, 2013, 10X attempted to include a provision requiring the Weitz Company to submit a detailed development plan directly to 10X. Harvard struck that provision. In a draft license agreement sent on August 2, 2013, 10X proposed a provision requiring the Weitz Company to execute a non-compete agreement with 10X. Harvard struck that provision as well.

The evidence will show that 10X eventually accepted a deal that did not include any of the restrictions that 10X now seeks to impose after the fact.

On September 26, 2013, 10X and Harvard executed their license agreement (the “10X License”). In Section 2.1.3 of the 10X License, Harvard and 10X agreed that Harvard could grant co-exclusive licenses to a future Weitz Company that (1) submitted a detailed development plan “satisfactory to Harvard” within two years, and (2) received \$1,000,000 “in funding (from any external source, including grants, sponsorship and equity financing)” within three years of the effective date of the 10X License. Instead of a provision that Harvard would require a Weitz Company to enter into non-compete agreement with 10X, Harvard agreed only to “use reasonable efforts to include in such license agreement [to a Weitz Company] a provision that restricts the Weitz Company from developing products and services ... that directly compete with [10X's] products and services at the time such license is granted.” Importantly, 10X retained no right to enforce Section 2.1.3 against a putative Weitz Company. In fact, 10X did not even obtain the right to audit compliance with the provision.

3. Harvard’s License to 3BG/1CellBio

As early as July 2014, Mr. Gordon at Harvard and Prof. Weitz began discussing the specific intellectual property—including the 2915 patent family—that 3BG and 1CellBio would need to license from Harvard in order to achieve Professor Weitz’s plan for his business to commercialize the technology he invented. On September 25, 2015, Harvard granted 3BG, Inc. a license to commercialize the 2915 Patent Rights.

Relevant to this dispute, Exhibit 1.3 of the 3BG License lists Development Milestones that Harvard required 3BG to meet. The first Development Milestone is similar to the “Threshold

Funding” provision from the 10X License. Specifically, the first Development Milestone in the 3BG License specifies that:

[3BG] shall raise One Million U.S. Dollars (\$1,000,000) in funding (from any external source, including grants, sponsorships and equity financing) within one (1) year following the Effective Date (the “Funding Milestone”)

Additionally, Exhibit 1.4 of the 3BG License, entitled “Development Plan,” presents 3BG’s business plan for developing and commercializing a product based on the 2915 Patent Rights. The Development Plan details product features and costs, as well as interactions with collaborators, manufacturers, and customers that would accelerate the introduction of Licensed Products into the market, and fully evidences 3BG’s commitment to devoting the necessary resources to bring the technology to market. Dr. Weitz had discussed his business development plans in detail with Mr. Gordon over the course of several months prior to execution of the 3BG License, and Mr. Gordon relied on and utilized those plans in drafting the Development Plan as part of the overall License Agreement.

The evidence at trial will show that, despite efforts from Mr. Gordon at Harvard, 3BG would not agree to include a provision not to compete with 10X. Therefore, the 3BG License does not contain a covenant not to compete with 10X, nor does it explicitly mention 10X at all. Notably, when 3BG entered into its license agreement with Harvard, its planned business and products were not competitive with any of 10X’s products and services.

4. 3BG/1CellBio’s Development and Compliance With the 3BG License

By September 23, 2016, 3BG had in fact received \$1,000,000 in funding from external sources in the form of \$250,000 in equity investment and a \$750,000 convertible loan.

The \$250,000 equity investment came, in part, from four investment entities: Seven Pines Holdings BV, Dew Drop Investments LLC, CB Bioventures, LLC, and Modef BV.⁷ Additionally, five individuals provided funding in return for equity in the company: Allon Klein, Marc Kirschner, Rob Nicol, Bradley Bernstein, and John Boyce. On September 16, 2016 CB Bioventures transferred the funds for its equity investment to 3BG. On September 20, 2016, Dew Drop Investments transferred the funds for its equity investment as well. The balance of the equity investment (approximately \$140,000) was advanced by HiFiBio, Inc, on behalf of the remaining shareholders, and was transferred to 3BG on September 19, 2019.⁸ Thus, 3BG received the \$250,000 equity investment before September 26, 2016 (i.e. three years from effective date of the 10X License).

The \$750,000 convertible loan came from Dew Drop Investments LLC, which is an investment company owned by Prof. Weitz. The convertible loan was documented in the form of a \$750,000 convertible note—a type of investment commonly used for seed-funding of startups.

3BG received both the \$250,000 equity investment and the \$750,000 convertible loan proceeds before September 26, 2016. Both the \$250,000 equity investment and \$750,000 convertible note were entirely from individuals or entities other than 3BG itself, and both quantities were available to the company to carry out its business in development of the 2915 Patent Rights.

The evidence at trial will show that 3BG satisfied the funding milestone in the 3BG License when it received \$1,000,000 in funding before September 26, 2016 in the form of the \$250,000

⁷ CB BioVentures is an investment company owned by Colin Brenan, the CEO of 1CellBio. Modef BV is an investment company owned by Fred Dom, who was the initial CFO of 1CellBio. Prof. Weitz, Dr. Brenan and Mr. Dom are also investors in Seven Pines Holdings BV.

⁸ Rather than transfer their stock purchase investments to 3BG, the remaining shareholders subsequently transferred their funds to HiFiBio, who held their shares of 3BG in escrow.

equity investments and the \$750,000 convertible loan. Both Harvard and 1CellBio agree that the meaning of the phrase “funding (from any external source including ...)” reflects the general understanding in the investment community, and means any source of funds that comes from outside the company itself, as opposed to internally generated revenue from sales of goods, services, or other company assets. Furthermore, the phrase “funding (from *any external source including ...*)” (emphasis added) is intentionally broad.

The evidence will show that 1CellBio indisputably raised more than \$1,000,000 from external sources as of the funding deadline. In fact, 3BG shared its funding and merger plan with Alan Gordon of Harvard before executing it, and Harvard expressed no reservations with the plan. After 3BG successfully raised the funds from external sources, it sought and received Harvard’s confirmation that it had complied with the Funding Milestone in the 3BG License.

The evidence will also show that the 3BG Development Plan was satisfactory to Harvard. Therefore, 3BG satisfied the Funding Milestone of the 3BG License, as well as the Weitz Business Plan and Threshold Funding provisions of the 10X License.

By contrast, 10X’s interpretation—which is not supported by any contemporaneous evidence—is overly restrictive and only injects ambiguity because the limits on 10X’s view of “externality” are ill-defined and subjective. The evidence will show that 10X’s interpretation—and not 1CellBio’s—is a post-hoc interpretation developed for the purposes of this lawsuit that reads into the plain language of the funding provision restrictions that do not exist, and which none of the parties intended.

10X’s efforts to mischaracterize 3BG as a mere “shell” company are contrary to the facts and irrelevant. The evidence will show that 3BG and the pre-merger 1CellBio had long been part of a common effort by Professor Weitz to develop and commercialize the 2915 Patent Rights. 3BG

was founded to employ high-level experts and to license patents from Harvard, and would subsequently sublicense those patents to 1CellBio to develop and commercialize the technology. This practice was both expressly permitted by the 3BG License, and also understood by Harvard at the time the 3BG License was executed.

5. 10X's Lawsuit and Other Efforts To Escape Its Bargained-For Agreement

In its Complaint filed on October 29, 2018, 10X alleges just one claim: for a declaration that 10X is the exclusive licensee of the 2915 Patent Rights under the 10X License. Through this lawsuit, 10X is attempting to capture an exclusive license that it never bargained for. This is merely the latest in a pattern of conduct by 10X to re-negotiate or broaden the scope of its agreement with Harvard. In 2017, 10X sought to reduce the royalty rate it paid to Harvard under its License Agreement. And just last month, 10X responded to a patent infringement suit filed by Harvard and a separate licensee, Bio-Rad, by arguing that its license to the 2915 Patent Rights gives it an implied license to other Harvard patents asserted against 10X in that case.

The 10X License and 3BG License are independent contracts. 10X is not a party to the 3BG License and is not in privity with 1CellBio. Nothing in either the 10X or 3BG License gives 10X any rights in the 3BG License. The 3BG License does not name 10X as a third party beneficiary of the 3BG License, and nothing in the 3BG License evinces the intent of the parties to that contract to confer those rights on 10X. Simply put, Harvard retained the right to enforce the 3BG License and has determined that 1CellBio has complied with it. As a result, 10X has no standing to seek a declaration of 1CellBio's rights under the 3BG License, and is not entitled to any of the relief it seeks against 1CellBio in its Complaint.

Under the clear and unambiguous terms of both the 10X and 3BG Licenses, 1CellBio (formerly known as 3BG) satisfied all milestones to maintain a valid co-exclusive license to the

2915 Patent Rights. Indeed, since 2016, 1CellBio, Harvard and numerous third parties, including biomedical researchers, have relied on that Agreement being in full force and effect, as they use the research tools developed by 1CellBio in their important work. If Harvard's conduct somehow violated its Agreement with 10X, 10X's sole remedy is money damages against Harvard.

c) Defendant Harvard's Statement

10X's claim for declaratory relief in this litigation is based on 1CellBio's alleged failure to meet certain conditions set forth in Section 2.1.3 of the 10X License. More specifically, the exclusive license to the 2915 Patent Rights that Harvard granted to 10X in the 10X License was limited by Harvard's retention of a right in Section 2.1.3, which permitted Harvard to grant further co-exclusive license(s) to the 2915 Patent Rights solely to a company founded by one of the inventors of the patents in question, Harvard professor David Weitz (a "Weitz Company"). Section 2.1.3 also set forth certain other milestone conditions to be met by the Weitz Company in connection with the co-exclusive license. Pursuant to Harvard's retention of rights (for the benefit of a Weitz Company), Harvard granted a co-exclusive license to a Weitz Company⁹ on September 25, 2015.

10X's positions in this lawsuit closely mirror the original, very stringent, conditions that it attempted to insert into Section 2.1.3 of the 10X License negotiated with Harvard – each of which were rejected or otherwise modified by Harvard as part of the final negotiated terms. It is on this basis that 10X alleges that the conditions specified in Section 2.1.3 were never met by 1CellBio,

⁹ The original Weitz Company to whom Harvard granted the co-exclusive license on September 25, 2015 was 3BG, Inc. (founded by Harvard Professor David Weitz), which merged with another company founded by Professor Weitz, 1CellBio, Inc., in October 2016. The new, surviving entity following the merger was named 1CellBio, Inc., i.e., Defendant 1CellBio. For ease of reference, all references in this Section of the Joint Pretrial Memorandum to the Weitz Company refer to 1CellBio and vice versa.

and that 10X is therefore the exclusive licensee of the 2915 Patent Rights. Specifically, 10X argues that (1) Harvard could only grant a co-exclusive license to a “single” Weitz Company; and (2) the Weitz Company to which Harvard granted the co-exclusive license did not acquire the requisite funding from an “external source” and did not submit a detailed development plan, as required by Section 2.1.3. 10X also argues that Harvard failed to take “reasonable efforts” to include in the Weitz Company license a provision that would restrict the Weitz Company from competing with the products and services offered by 10X at the time the Weitz Company license was granted.

In response, 1CellBio argues that, because 10X is not in privity with 1CellBio, 10X has no standing to seek the equitable and declaratory relief it has requested in this case. 1CellBio further argues that it has, and should be deemed to maintain, a co-exclusive license to the 2915 Patent Rights because (among other reasons) Harvard and 1CellBio “agree” that 1CellBio met the funding milestone requirement in the 3BG License.

At the highest level, Harvard expects the evidence to show that, at every material point in time, (a) it acted in good faith and in full compliance with its actual contractual obligations to the respective licensees to the 2915 Patent Rights, i.e., 10X and 1CellBio; and (b) any decisions or binding statements made by Harvard were defensible based on information available and disclosed to Harvard at that relevant point in time.

Specifically, Harvard expects at least the following evidence to be submitted in this case at trial:

In or around January 2013, representatives from 10X, including Ben Hindson (co-founder of 10X) and Vern Norviel of Wilson Sonsini (10X’s outside counsel), approached Alan Gordon, a Director of Business Development at Harvard’s Office of Technology Development, and expressed interest in discussing a potential license to several Harvard-owned patents and patent

applications. Certain of those patents and patent applications, known as the “2915 Patent Rights,” were co-invented by Harvard professor David Weitz. Negotiations concerning the details of a license agreement began around February 2013, and a substantial portion of the nearly nine-months long negotiation of the 10X License focused on which patents would be part of the license granted to 10X, the field(s) of use under which 10X would be granted rights, and the parameters of what was referred to during negotiations as the “Weitz Carve-Out,” *i.e.*, those rights that Harvard retained in order to be able to grant further license rights to a company founded by Professor Weitz. In addition to Mr. Hindson, Mr. Norviel, and Mr. Gordon, Professor Weitz was involved in and informed of these negotiations, and, specifically, the language negotiated with respect to the Weitz Carve-Out.

The Weitz Carve-Out eventually became Section 2.1.3 of the 10X License, in which Harvard expressly retained the right “to grant licenses to the 2915 Patent Rights in the Co-Exclusive Field [with 10X],” but only to a company founded by Professor Weitz (the “Weitz Company”). Two provisos to Harvard’s retained right were also included in Section 2.1.3: the Weitz Company needed to submit a detailed development plan satisfactory to Harvard by September 26, 2015, *i.e.*, two years from the Effective Date of the 10X License (the “Weitz Business Plan”), and the Weitz Company needed 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, *i.e.*, three years from the Effective Date of the 10X License (“Threshold Funding”).¹⁰ Section 2.1.3 provided that, if either one of the two milestone provisions

¹⁰ This same Threshold Funding milestone also appears in an exhibit to the 1CellBio License. Harvard understands that it is 1CellBio’s position that the only relevant issue is whether 1CellBio met that milestone in its own license, and that the terms of the 10X License are irrelevant to the appropriateness of the actions it took to meet that milestone.

was not met by the dates specified, 10X's co-exclusive license to the 2915 Patent Rights "shall" become an exclusive license. In other words, if the Weitz Business Plan or Threshold Funding provisions were not met by the Weitz Company, 10X's co-exclusive license to the 2915 Patent Rights would automatically revert to an exclusive license in the defined Field.

Section 2.1.3 also contains a clause that, if Harvard granted a co-exclusive license to the Weitz Company in the Co-Exclusive Field, Harvard was to 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 [10X's] products and services at the time such [Weitz Company] license is granted." The self-executing reversion of 10X's rights from co-exclusive to exclusive that would trigger in the event failure to meet either the Weitz Business Plan or Threshold Funding provisions is *not* so triggered by this "reasonable efforts" clause. In fact, Section 2.1.3 provides for no effect whatsoever if this provision is purportedly not met, nor does it provide any further definition of what constitutes "reasonable efforts."

The evidence will show that 10X and Harvard extensively negotiated each provision of the above-described Weitz Carve-Out between February and September 2013. Harvard expects this evidence to show that, while 10X originally asked for some of the stringent requirements that it now argues 1CellBio has failed to meet, the final language of Section 2.1.3 reflected the far less stringent compromise positions to which Harvard was willing to agree.

For example, with respect to the Threshold Funding provision, 10X argues that "funding (from any external source []) " should be interpreted to mean funding from a source other than one associated with the company, based primarily on the *ex post* opinions of its own retained experts. Thus, 10X maintains that the Threshold Funding received by 1CellBio – which included founder

and third party equity, as well as a promissory note from an entity affiliated with Professor Weitz – was not “external” as required by Section 2.1.3. However, Harvard expects the evidence to show that Harvard understood “any external source” to mean funding from “any source other than sales of products.”

The evidence will further show that Harvard’s understanding is consistent not only with the final language of Section 2.1.3, but also with the amendments made to such language during the negotiations between 10X and Harvard. Specifically, 10X originally proposed only that the Weitz Company receive “funding,”¹¹ a requirement that Harvard then amended to clarify that the required “funding” could originate “(from *any* external source, including grants, sponsorship and equity financing).” (Emphasis added). 10X subsequently altered this language to require “debt or equity funding,” without any reference to a “source” for the proposed “debt or equity funding.” However, Harvard reverted back to its proposed language of “funding (from any external source, including grants, sponsorship and equity financing)” in its next revised draft, and this language was not altered by the parties in subsequent rounds of edits. Thus, the language ultimately agreed to by both 10X and Harvard was “funding (from any external source, including grants, sponsorship and equity financing).”

Harvard expects that the evidence will show that there were no specific conversations between 10X and Harvard about the “external source” term, what it meant, or what was intended (by either party) by its inclusion – a fact that is acknowledged by 10X’s own witnesses, including Ben Hindson, who was personally involved in the negotiations on behalf of 10X. Harvard also expects that the evidence presented at trial will show that Harvard proposed the “external source”

¹¹ During the negotiations, the amount of the funding the Weitz Company was required to receive was also subject to various changes and proposals.

language because it wanted to include as broad a definition of the term “funding” as possible, so as not to preclude any grants or industry sponsorship that might be available to the Weitz Company.

Concerning the Weitz Business Plan, Section 2.1.3 requires that the “Weitz Company submit[] a detailed development plan satisfactory to Harvard.” Harvard expects that the evidence will show that 10X attempted to require the Weitz Company to submit a development plan *to 10X*, and 10X would then be responsible for determining whether it was “satisfactory.” Harvard explicitly rejected this framing by 10X, and instead proposed that the required business plan only be “satisfactory to Harvard.” This is the final agreed-to language in Section 2.1.3, and Harvard expects that there will be no evidence presented at trial to suggest that the Weitz Business Plan did not meet this requirement.

Section 2.1.3 also requires Harvard to make “reasonable efforts” to include in Harvard’s license to the Weitz Company a provision that would restrict the Weitz Company from developing products and services covered by the 2915 Patent Rights that would directly compete with 10X’s products and services at the time the Weitz Company license was granted. Although 10X has attempted to frame this clause as a “non-competition” clause, it is not. In fact, the evidence will show that Harvard refused terms proposed by 10X that could be described as such. Rather, the evidence will show that Harvard was only willing to accept the “reasonable efforts” language that is actually included in Section 2.1.3, and it would not agree to any language proposed by 10X that required Harvard to prevent or otherwise ensure that, in perpetuity, the Weitz Company would not compete with 10X. Furthermore, there is no evidence that the Weitz Company was planning to compete (or does compete) with 10X’s products and services that were on the market at the time the Weitz Company license was granted, *i.e.*, 2015.

3. **Agreed Description to be Read to the Jury – Not Required for Jury Waived Trial**

Not applicable for bench trial.

4. **Statement of Significant Legal Issues (Including, Particularly, Any Significant Evidentiary Issues), and the Positions of the Parties on these Issues**

A. **Legal Issues Raised in Conference and Agreed Upon**

The parties' positions with respect to anticipated and significant legal issues to be decided by the Court are as follows:

- **An interpretation of the relevant terms and provisions of the 10X License, including without limitation the relevant terms and provisions set forth in Section 2.1.3 of the 10X License, and application of that contract provision to the facts of this case**

a) Plaintiff 10X's Position

The term "external source" in Section 2.1.3 of the 10X License required 3BG to obtain funding from outside, third-party sources as distinct from self-funding from 3BG's founder, David Weitz (or other insider sources). The term "external source" in Section 2.1.3 limited Harvard's ability to issue a co-exclusive license to the 2915 Patent Rights, and therefore Harvard did not have the power to grant a license to 3BG that did not obligate 3BG to meet Section 2.1.3's requirements, including the requirement that 3BG obtain a specific amount of funding (by a defined deadline) from an "external source." Under Massachusetts law, "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 International Company*, 81 Mass. App. Ct. 817, 825 (2012), quoting *Hiller v. Submarine Signal Co.*, 325 Mass. 546, 549-550 (1950). "Words that are plain and free from ambiguity must be construed 'in their usual and ordinary sense.'" *Id.*, quoting *Citation Ins.*

Co. v. Gomez, 426 Mass. 379, 381 (1998). “The unyielding rule of law in such cases is to give effect to the intention of the parties.” *Id.*, citing *Lovell v. Commonwealth Thread Co.*, 272 Mass. 138, 141 (1930). In the startup-funding context of Section 2.1.3 of the 10X License, an “external source” of funding clearly and unambiguously means any outside, third party source, as opposed to self-funding by founder David Weitz or other insider sources. By contrast, Defendants’ position that an “external source” of funding means any funding other than sales revenue was proffered for the *for the first time* (for the purposes of this litigation) during the deposition of Harvard’s Alan Gordon August 2019. As discussed above, there is *no evidence* in the record (pre- or post-contract) that supports this post-hoc interpretation. In addition, because the term “external” provides an unequivocal qualification of the permissible sources of funding under the clear language of Section 2.1.3, Defendants’ contention that 10X is trying insert terms is baseless; to the contrary, by their interpretation; it is Defendants who improperly seek to read the word “external” out of the contract. “It is a canon in the interpretation of contracts that every word and phrase must be presumed to have been employed with a purpose, and must be given a meaning and effect whenever reasonably possible.” *Clark v. State Street Trust Co.*, 270 Mass. 140, 155 (1930). For these reasons, and as explained further below, interpretation of the **3BG License** is irrelevant in this case.

With respect to the first condition of Section 2.1.3—requiring that a “Weitz Company submit[] a detailed development plan satisfactory to Harvard within two (2) years following the Effective Date (‘Weitz Business Plan’)”—Harvard grossly misstates 10X’s position in order to set forth a strawman contract interpretation argument. Contrary to Harvard’s contention below, 10X’s position, as set forth further above, is that 3BG (the alleged “Weitz Company”) did not have and did not submit a detailed development plan at all. Rather, the development plan attached to the

3BG License was drafted, and inserted into the 3BG License, by Alan Gordon of Harvard based on information concerning an entirely different company—“OneCell”. Moreover, he did so without any effort (let alone “reasonable effort[.]”) to ensure that the Weitz Company would not compete with 10X, as further required by the 10X License.

b) Defendant 1CellBio’s Position

Section 2.1.3 of the 10X License did not bind 1CellBio, which was not a party to the 10X License and has its own, separate License Agreement with Harvard. The term “any external source, including grants, sponsorship and equity financing,” which appears in the 3BG License, does not need to be interpreted by this Court. The parties to the 3BG License agree on what its terms mean and that its provisions have been satisfied.

Should the Court reach this issue, the term “any external source, including grants, sponsorship and equity financing,” means any source of funding outside of funds generated by the company itself through sales revenue. “Any external source” is in reference to fundraising by “such Weitz company.” Section 2.1.3 does not say anything that restricts David Weitz from providing the funding. This definition is consistent with this term’s broad language. The term “any” is material to the phrase “any external source” and “is generally used in sense of ‘all’ or ‘every,’ and its meaning is comprehensive.” 11 Williston on Contracts § 30:11 (4th ed.); *A.L. Prime Energy Consultant, Inc. v. Massachusetts Bay Transportation Auth.*, 479 Mass. 419, 431, 95 N.E.3d 547, 558 (2018). Likewise, in both the 10X and 3BG Licenses, the term “including” precedes a non-exhaustive list of examples of funding sources and should not be read as a limitation on the types of funding that 3BG could obtain to maintain its license. Section 11.14 of the 10X License explicitly states that “[e]ach party hereto acknowledges and agrees that . . . the use of ‘include,’ ‘includes,’ or ‘including’ herein shall not be limiting and ‘or’ shall not be

exclusive.” Moreover, under established rules of contract construction, “[t]he use of the word ‘including’ ... indicates that the enumeration ... in the section is not an all-inclusive list.” *Mirkovic v. Guercio*, No. 16 MISC 000054 (HPS), 2017 WL 4681972, at *5 (Mass. Land Ct. Oct. 18, 2017) quoting *Connerty v. Metropolitan Dist. Comm'n*, 398 Mass. 140, 149 n.8 (1986). The Court should not read the limiting terms proposed by 10X into the agreements where they do not exist. See *Children’s Med. Ctr. Corp. v. Celgene Corp.*, No. CV 13-11573-MLW, 2016 WL 3561603 (D.Mass. 2016) (applying Massachusetts law) (refusing to read any limitation into the language “any patent term extension granted to Celgene for a Revimid Product” in licensing agreement where plain language contained no such limitation).

Also, as noted above, the Development Plan that forms part of the 3BG License was based upon detailed discussions that Dr. Weitz had with Mr. Gordon over the course of several months prior to execution of the 3BG License. That Development Plan was satisfactory to Harvard.

c) Defendant Harvard’s Position

The *only* terms in Section 2.1.3 of the 10X License that are relevant to 10X’s claims for declaratory relief in this litigation are the two conditions in Section 2.1.3, which needed to be met by the Weitz Company (in this case, 1CellBio) in order to avoid the self-executing reversion of the co-exclusive license to 10X to the 2915 Patent Rights in the defined 2915 Co-Exclusive Field to an exclusive license to 10X to the 2915 Patent Rights in the Field.

With respect to the first condition, *i.e.*, that 1CellBio submit a development plan satisfactory to Harvard by September 26, 2015, 10X has presented literally no evidence or legal argument supporting the conclusion that the Weitz Business Plan did not meet this condition. Instead, 10X argues that the Weitz Business Plan is insufficient according to what appears to be its own criteria that it would have preferred Harvard to apply in determining whether the submitted

business plan was “satisfactory.” 10X cannot ignore the clear and unambiguous terms of the contract (which require only that the submitted business plan be “satisfactory to Harvard”), and replace it with its own preferred requirement that the business plan be held to some other standard in order to be deemed “satisfactory to Harvard.” See e.g., *Clark v. State Street Trust Co.*, 270 Mass. 140, 155 (1930) (“It is a canon in the interpretation of contracts that every word and phrase must be presumed to have been employed with a purpose, and must be given a meaning and effect whenever reasonably possible”); see also *Children’s Med. Ctr. Corp. v. Celgene Corp.*, No. CV 13-11573-MLW, 2016 U.S. Dist. LEXIS 135973, at *8-*11 (D.Mass. Sept. 30, 2016) (applying Massachusetts law) (refusing to read any limitation into the language “any patent term extension granted to Celgene for a Revimid Product” in licensing agreement where plain language contained no such limitation).

The second relevant condition in Section 2.1.3 of the 10X license is that 1CellBio receive at least one million U.S. dollars in “funding (from any external source, including grants, sponsorship and equity financing)” by September 26, 2016. This language also appears as an explicit milestone requirement in the 3BG License, as noted above by 1CellBio. As far as the meaning of the term “funding (from any external source, including grants, sponsorship and equity financing),” Harvard agrees with 10X’s statement that the term is not ambiguous on its face; however, Harvard agrees with 1CellBio’s legal reasoning above that the unambiguous meaning of that term as contained in both the 3BG License and 10X License includes, and should be interpreted in this case to include, *any* external funding source, *i.e.*, any source outside of funds generated by the Weitz Company itself through sales revenue.

To the extent that this Court determines that the “external source” language is uncertain or equivocal as applied to the particular subject matter presented in this case, the negotiations and

circumstances leading to the execution of the 10X License support Harvard's proposed construction. *See, e.g., Robert Indus., Inc. v. Spence*, 362 Mass. 751, 753-54 (1973) ("When the written agreement, as applied to the subject matter, in any respect uncertain or equivocal in meaning, all the circumstances . . . leading to its execution may be shown for the purpose of elucidating, but not of contradicting or changing its terms."); *Keating v. Stadium Mgmt. Corp.*, 24 Mass App. Ct. 246, 250 (App. Ct. 1987) ("Expressions in our cases to the effect that evidence of circumstances can be admitted only after an ambiguity has been found on the face of the written instrument have reference to evidence offered to contradict the written terms.") (quotations omitted).

As described above, the parties engaged in extensive negotiations of the language leading to the "external source" term. At each revision, 10X's proposed language focused, for example, on the type of funding that would be required, *e.g.*, debt or equity, but not on the source of such funding. It was Harvard that introduced the phrase "*from any external source*," and the evidence will show that the term was included by Harvard to provide as broad an interpretation of "funding" as possible, so as not to preclude any particular types or sources apart from the Weitz Company's sales of products. The evidence will also show that parties did not expressly discuss their own interpretations of "external" at the time of the negotiations.

10X has stated that it anticipates some evidence to be presented regarding the perceived importance (to 10X) of the "funding" requirement to reflect "validation" of the Weitz Company. That may be the case, but such validation is not precluded by Harvard's understanding of the term as excluding revenue from the sales of products (even those sales of products, hypothetically, that may not be covered by the licensed patent), but otherwise including *any external source* of funding. Regardless, 10X and Harvard both agreed to the language that actually appears in the 10X License

– and this language, on its face, defines the required funding as being “*from any external source.*” It is 10X that is offering parol evidence in an attempt to contradict the written terms of the 10X License, with no contemporaneous evidence to support its interpretation.

- **A determination of the legal standard the Court will apply to this contract interpretation**

a) Plaintiff 10X's Position

The Court should interpret the terms of the 10X License according to their plain and ordinary meaning, and should apply the “modern approach” to permit the admission of extrinsic evidence to elucidate and explain the plain and ordinary meaning of those terms, but not to vary or contradict them. As explained above, 10X believes the language in Section 2.1.3 is not ambiguous. To the extent Defendants’ position regarding the disputed language creates an ambiguity, it is an uncertainty as to how the contract language should be applied under the circumstances, in which case the Court may admit “evidence of the facts and circumstances of the transaction, including the situation and relations of the parties, for the purpose of applying the terms of the written contract to the subject matter and removing and explaining any uncertainty or ambiguity which arose from such application.” *Robert Indus., Inc. v. Spence*, 362 Mass. 751, 753 (1973). It is always the case that the contract language should be interpreted in its context, and as to “give it effect as a rational business instrument...” See *Robert & Ardis James Found. v. Meyers*, 474 Mass. 181, 188 (2016). See also *Gen. Convention of New Jerusalem in the U.S. of Am., Inc. v. MacKenzie*, 449 Mass. 832, 835 (2007) (the “words of a contract must be considered in the context of the entire contract rather than in isolation”).

b) Defendant 1CellBio's Position

The 3BG License does not need to be interpreted by this Court. The parties to the 3BG License agree on what its terms mean and that its provisions have been satisfied. Should the Court reach this issue, under Massachusetts law, the Court looks at the disputed language by itself and in the context of the entire agreement, then looks to parol evidence to resolve any ambiguity. *Browning-Ferris Indus., Inc. v. Casella Waste Mgmt. of Massachusetts, Inc.*, 79 Mass. App. Ct. 300, 307, 945 N.E.2d 964, 971 (2011); *Gen. Convention of New Jerusalem in the U.S. of Am., Inc. v. MacKenzie*, 449 Mass. 832, 835, 874 N.E.2d 1084, 1087 (2007). The Court may consult “extrinsic evidence including the circumstances of the formation of the agreement and the intentions and objectives of the parties.” *Browning-Ferris Indus., Inc.*, 79 Mass. App. Ct. at 307. Under this standard, the Court should credit the uncontroverted evidence that 3BG and Harvard agreed as to the meaning of the 3BG License’s relevant terms.

c) Defendant Harvard's Position

Harvard’s position on the meaning of the “external source” terms as used in both the 10X License and 3BG License, as well as the correct legal standard to be applied to interpret those terms, is set forth above.

- **A judicial determination of whether Harvard and 3BG (the putative “Weitz Company”) complied with Section 2.1.3 of the 10X License.**

a) Plaintiff 10X's Position

Section 2.1.3 of the 10X License provided Harvard only a limited retained option to grant a further co-exclusive license subject to certain specified conditions and time limits. Harvard did not have the right or power to grant a further co-exclusive license. Because Harvard and 3BG did

not comply with the conditions in Section 2.1.3 of the 10X License, any purported license to 3BG is invalid and 10X License's to the 2915 Patent Rights is exclusive, which the Court should confirm through a declaratory judgment.

b) Defendant 1CellBio's Position

The 3BG License does not need to be interpreted by this Court. The parties to the 3BG License agree on what its terms mean and that its provisions have been satisfied. Should the Court reach this issue, the terms of Section 2.1.3 of the 10X License are not conditions, the failure of which would terminate Harvard's right to grant a co-exclusive license. Rather, Section 2.1.3 merely contains contract terms like any other, the performance of which the Court must weigh with respect to 10X and Harvard. 3BG is not a party to the 10X License and, therefore, had no legal obligation to comply with Section 2.1.3 of the 10X License. Any judicial determination as to the rights and obligations under the 10X License applies only to 10X and Harvard. 3BG complied with the development plan requirement and funding milestone under the 3BG License and is therefore a co-exclusive licensee of the 2915 Patent Rights.

c) Defendant Harvard's Position

Harvard disagrees that its own "compliance" with the conditions of Section 2.1.3 of the 10X License is a relevant or appropriate legal (or factual) issue to be decided by this Court. Based on 10X's claim for relief, Harvard maintains that the only issue to be decided by the Court is whether 10X is entitled to a declaration (and any subsequent requested equitable relief) that it is the exclusive licensee to the 2915 Patent Rights, as a result of 1CellBio's alleged failure to meet the Threshold Funding and Weitz Business Plan requirements as set forth in Section 2.1.3 of the 10X License Agreement.

- **A determination of the equitable and other relief 10X is entitled to in this litigation, if any, including, without limitation, in the form of specific performance, or injunctive relief, or any other form of relief.**

a) Plaintiff 10X's Position

When 10X prevails on its declaratory judgment claim, 10X is entitled to any necessary equitable relief, including, without limitation, in the form of specific performance or injunctive relief, or any other form of relief, that may be necessary or warranted to confirm and perfect 10X's status as the exclusive licensee to the 2915 Patent Rights in the 2915 Co-Exclusive Field pursuant to the self-executing terms of the 10X License. *See* M.G.L. c. 231A §§ 1 & 2 (courts may “make binding declarations of right, duty, status and other legal relations sought thereby, either before or after a breach or violation thereof has occurred in any case in which an actual controversy has arisen and is specifically set forth in the pleadings and whether any consequential judgment or relief is or could be claimed at law or in equity or not”; this includes a “determination[] of right, duty, status or other legal relations under . . . written contracts . . . , including determination of any question of construction or validity thereof which may be involved in such determination”). In addition, 10X shall be entitled to any other equitable or injunctive relief necessary to effectuate its status as the exclusive licensee, including without limitation an order addressing any other purported licenses or sublicenses to the 2915 Patent Rights in the 2915 Co-Exclusive Field. *Id.* § 5 (“Further relief based on a declaratory judgment or decree may be granted whenever necessary or proper.”). As discussed further below, given that 1CellBio claims to have a purported co-exclusive license to the 2915 Patent Rights, it is doubtless a proper party to, and subject to the relief sought by, this lawsuit. *See id.* § 8 (“When declaratory relief is sought, all persons shall be made parties who have or claim any interest which would be affected by the declaration . . .”).

As 10X explains in the appropriate sections below, its claims are not barred by 1CellBio's affirmative defenses, which are meritless.

b) Defendant 1CellBio's Position

10X asserts a single claim for declaratory relief under the 10X License only, and cannot obtain equitable relief against 3BG based on that claim. 3BG is not a party to the 10X License, and therefore no legal or equitable relief is available against 3BG pursuant to that agreement. Similarly, 10X is not entitled to any equitable relief under the 3BG License. *See Bohnenberger v. Local 2519 IAFF*, No. BACV201100598, 2012 WL 717175, at *3 (Mass. Super. Feb. 8, 2012) ("Because Plaintiff lacks standing to enforce an agreement to which he is not a party, he is similarly prohibited from seeking declaratory judgment in his favor pursuant to that agreement.") 10X cannot create rights that do not exist simply by making 3BG's successor, 1CellBio, a party to this lawsuit.

10X also cannot meet its burden to demonstrate at trial that it is entitled to permanent injunctive relief against 1CellBio. Under Massachusetts law, an alleged breach of an exclusivity clause entitles the plaintiff to seek *damages*, not injunctive relief. *See, e.g., T.T.K., Inc. v. Columbia Speedway Plaza Member, LLC*, No. 20092093, 2009 WL 3644707, at *1 (Mass. Super. Oct. 9, 2009) (Kenton-Walker, J.) (denying lessee's motion to enjoin competitor hair salon from opening in same plaza as lessee because appropriate remedy was damages against landlord, not injunction against competitor who was not party to original lease).

Finally, 10X's long delay in bringing this lawsuit also bars the relief it seeks, including declaratory relief, specific performance, and a permanent injunction. "Ordinarily, declaratory judgment is a means of determining the parties' rights so as to avoid impending litigation." *Bos. Exec. Helicopters, LLC v. Maguire*, 196 F. Supp. 3d 134, 141, n. 3 (D. Mass. 2016) (citing *Dist.*

Attorney for the Suffolk Dist. v. Watson, 381 Mass. 648, 659–660, 411 N.E.2d 1274 (1980)). Instead of seeking immediate relief to avoid litigation, 10X waited 15 months after obtaining 3BG’s finance presentation in 2017 before instituting litigation against Harvard or 1CellBio. If 10X was confident in its position that it was the exclusive licensee of the 2915 Patent Rights in 2017, it could have sought declaratory relief and/or a preliminary injunction then to prevent 3BG from developing products based on those patents. Instead, 10X waited until after 3BG had built its company, its products, and its customer base to seek to invalidate the 3BG License. “A fundamental principle of equity jurisprudence is that ‘*equity aids the vigilant, not those who slumber on their rights.*’” § 10:14. Maxims of equity—Applicable to litigants, 14C Mass. Prac., Summary Of Basic Law § 10:14 (5th ed.) (quoting C.J.S., Equity § 125). 10X’s unreasonable delay amounts to waiver of the equitable remedies it now seeks.

c) Defendant Harvard’s Position

As set forth above, the self-executing nature of Section 2.1.3 means that, should this Court find that either the Threshold Funding or Weitz Business Plan milestone conditions was not met by 1CellBio, then 10X’s license to the 2915 Patent Rights in the 2915 Co-Exclusive Field “shall become” an exclusive license. It is unclear to Harvard what other specific, injunctive, or equitable relief may be necessary, appropriate, or available beyond a finding of this Court as to 1CellBio’s compliance with either of these milestone conditions.

Motions in Limine

The Court previously ordered that all motions *in limine* were to be filed by January 3, 2020. The parties have filed the following motions:

a) Plaintiff 10X

- Motion *in Limine* to Exclude Certain Opinions of 1CellBio Expert Kevin Scanlon. 10X moves the Court to exclude all opinions offered by Professor Scanlon regarding the purpose and intent of the 3BG License. During his deposition, Professor Scanlon expressly disclaimed having based any of his opinions on the terms of the 10X License. 10X contends that Professor Scanlon’s interpretation of the 3BG License is irrelevant and unduly prejudicial, in that it serves to create confusion regarding the contract the Court is being asked to interpret and enforce – the 10X License.
- Motion *in Limine* to Preclude New Testimony as to Subjects Harvard’s Rule 30(b)(6) Designee Could Not Remember. 10X moves the Court for an Order precluding Harvard’s corporate representative, Alan Gordon, from testifying to facts he did not “remember”, “recall”, or “know” during his 30(b)(6) deposition. This includes, but is not limited to, facts that Mr. Gordon testified (on behalf of Harvard) that he did not remember, recall, or know related to the terms, negotiation, and history of the 10X License. 10X contends that allowing Mr. Gordon to offer new testimony at trial would offend the rules of discovery and result in undue prejudice.

b) Defendant 1CellBio

- Motion *in Limine* to Exclude Testimony or Evidence Related To 1CellBio’s Sub-Licensing. 1CellBio moves this Court to exclude any testimony or evidence concerning 1CellBio’s sub-licensing of the 2915 Patent Rights because such evidence is not relevant to 10X’s narrow claim that 1CellBio failed to meet

conditions placed in a license agreement between 10X and Harvard. Judge Kaplan ruled on June 20, 2019 that 10X would be precluded from seeking discovery into any 1CellBio sub-license because that issue is not relevant to the narrow complaint 10X filed. Therefore, 1CellBio asks the Court to rule, consistent with Judge Kaplan, that evidence concerning 1CellBio's sub-licensing of the 2915 Patent Rights is not relevant to 10X's narrow claim that 1CellBio failed to meet conditions placed in a license agreement between 10X and Harvard, and that such evidence will be excluded at trial.

c) Defendant Harvard

- Harvard did not file any motions *in limine*, but has opposed 10X's Motion *in Limine* to Preclude New Testimony as to Subjects Harvard's Rule 30(b)(6) Designee Could Not Remember.

C. Other Legal Issues

Additional relevant legal issues to be considered by the Court include:

- **1CellBio's affirmative defenses:**
 - i. First affirmative defense that 10X's complaint fails to state a claim**

a) Plaintiff 10X's Position

10X's position is that its declaratory judgment complaint states a proper claim against both Harvard and 1CellBio for the relief requested, including for reasons stated in 10X's pleadings and interrogatory responses. It is black-letter law that the declaratory judgment act may be used to "secure determinations of right, duty, status or other legal relations under deeds, wills or written

contracts...” M.G.L. c. 231A, § 2. Among other things, Section 2.1.3 of the 10X License provided Harvard only a limited retained right to grant a further co-exclusive license subject to certain conditions and time limits. Harvard did not have the right or power otherwise to grant a further co-exclusive license to 1CellBio. Because Harvard and 1CellBio failed to meet these conditions and because the parties have a dispute over whether 10X is the exclusive licensee to the 2915 Patent Rights, 10X states a proper claim under Massachusetts law for an action for declaratory judgment.

b) Defendant 1CellBio

10X’s Complaint fails to state a claim for declaratory judgment against 1CellBio for the reasons stated below, namely, that 10X has failed to establish standing for its claim against 1CellBio because 1CellBio is not a party to the 10X License, the sole basis for the equitable relief that 10X seeks here. Additionally, 10X is not a party to and has no right to enforce any term of the 3BG License, which is what 10X effectively seeks through its claim for declaratory relief. 10X is improperly attempting to fashion a remedy to which it is not entitled by the plain terms of the parties’ license agreements by framing its claim as one for declaratory relief, which it cannot do.

ii. Second affirmative defense that 10X does not have standing

a) Plaintiff 10X’s Position

10X understands from 1CellBio’s second supplemental interrogatory responses that the basis of 1CellBio’s standing defense is that: (1) 10X’s license agreement with Harvard does not confer 10X rights as to 1CellBio; (2) any controversy exists as to 10X and Harvard, not 1CellBio; (3) 10X is not a third-party beneficiary of 1CellBio’s license agreement with Harvard; and (4) 1CellBio met the Funding Milestone in its License Agreement with Harvard. With respect to such

bases for this defense, 10X has standing to seek relief concerning 1CellBio's license rights, including equitable, injunctive, or any other appropriate relief, for the reasons stated in 10X's pleadings and interrogatory responses. Among other things, Section 2.1.3 of the 10X License provided Harvard only a limited retained right to grant a further co-exclusive license subject to certain conditions and time limits. Harvard did not have the right or power otherwise to grant a further co-exclusive license. Because Harvard and 3BG failed to meet the conditions in Section 2.1.3 of the 10X License—which the principals of 3BG and 1CellBio were aware of at all material times—and because the parties (including 1CellBio) have a dispute over whether 10X is the exclusive licensee to the '2915 Patent Rights, 10X has standing to sue here and to seek equitable, injunctive, or any other appropriate relief. *See* M.G.L. c. 231A § 1. Because 1CellBio claims to have a “legal interest” in the license rights at issue in this action, its rights not only can but necessarily must be adjudicated in this action. *See id.* § 8 (“When declaratory relief is sought, all persons shall be made parties who have or claim any interest which would be affected by the declaration, and no declaration shall prejudice the rights of persons not parties to the proceeding.”).

In addition, while therefore not necessary to its declaratory judgment claim, 10X believes it is also entitled to such relief under the 3BG License, including but not limited to, because 10X is an intended third-party beneficiary of the 3BG License. Under Massachusetts law, a third-party beneficiary may enforce a contract if: (1) recognition of a right to performance in the beneficiary is appropriate to effectuate the intention of the parties, and (2) the circumstances indicate that the promisee intends to give the beneficiary the benefit of the promised performance. *Miller v. Mooney*, 431 Mass. 57, 62 (2000) (citing Restatement (Second) of Contracts § 302 (1981)). 10X is acknowledged in the recitals of the 3BG License and critical provisions of the 3BG license, including the termination provision (among others), are the direct consequence of terms in the 10X

License and were negotiated for 10X's benefit. 10X therefore has standing to assert its rights as a third-party beneficiary to the 3BG License.

b) Defendant 1CellBio's Position

10X made the strategic decision to bring a one-count complaint for a declaratory judgment in state court. 10X seeks permanent injunctive relief against 1CellBio based solely on that claim. See Complaint, ¶¶ 30-34. As Judge Kaplan ruled earlier in this case, 10X must be held to these strategic decisions. Jun. 20, 2019 Hrg. Transcript. Based on the sole claim that 10X asserts, 10X has no standing to obtain declaratory or permanent injunctive relief against 1CellBio, a non-party to the 10X License.

It is undisputed that 10X and 1CellBio each separately entered into license agreements with Harvard for the 2915 Patent Rights. Nevertheless, 1CellBio expects that 10X will attempt to conflate the two license agreements based on some common language that appears in both and will argue that any ruling as a matter of law concerning the 10X License also applies to the 3BG License. This is an improper, back-door attempt to create contractual rights in litigation that 10X could not obtain through negotiation. *See, e.g., Ajemian v. Yahoo!, Inc.*, 83 Mass. App. Ct. 565, 577 (2013), *aff'd*, 478 Mass. 169, 84 N.E.3d 766 (2017) (estate administrator was not a party to and had no rights under license agreement because the agreement's plain language defined the only parties to the agreement as the decedent and the defendant). The 10X License confers no rights upon 10X with respect to 1CellBio. The Court should not read terms into that agreement that do not exist, and should deny 10X's request for relief based on rights it does not have. *See id.* ("Yahoo controlled the provisions of the [terms of service] and it would have been a simple matter for it to define the parties to the contract to include estates, administrators, executors, successors and the like had that been Yahoo!'s intent. We see no reason to add those terms now.")

Further, without asserting any claims under the 3BG License, 10X intends to pursue a new theory at trial (unexpressed in its Complaint) that it has standing to obtain relief under the 3BG License as a third-party beneficiary. Under Massachusetts law, a party has no standing to pursue rights under a contract as a third-party beneficiary unless the intent to create rights in the third-party beneficiary is “clear and definite” and where a benefit under the contract “flow[s] directly” to that third party. *Public Serv. Co. of New Hampshire v. Hudson Light & Power Dep’t*, 938 F.2d 338, 343 (1st Cir. 1991) (citing Massachusetts law). “It must appear from the language and circumstances of the contract that the parties to the contract clearly and definitely intended the beneficiaries to benefit from the promised performance.” *Miller v. Mooney*, 431 Mass. 57, 62, 725 N.E.2d 545, 550 (2000) (internal quotations and citations omitted) (finding that estate beneficiaries were not intended beneficiaries of attorney-client engagement with decedent, in part because the beneficiaries’ interests were adverse to those of the decedent). Merely incidental beneficiaries lack standing to enforce a contract. *See Harvard Law Sch. Coal. for Civil Rights v. President & Fellows of Harvard Coll.*, 413 Mass. 66, 595 N.E.2d 316, 319 (1992).

10X’s name is not mentioned in the 3BG License Agreement. The only arguable reference to 10X appears in Section 2.1.3, which states that “a third party retains rights” in the 2915 Patent Rights. A passing reference to a third party such as this one does not manifest a “clear and definite” intention by Harvard and 3BG to make 10X a third-party beneficiary under the 3BG License. *See Alicea v. Machete Music*, 744 F.3d 773 (1st Cir. 2014). 10X therefore lacks standing to enforce any term of the 3BG License.

iii. Third affirmative defense that 10X's claims are barred by laches

a) Plaintiff 10X's Position

10X understands from 1CellBio's second supplemental interrogatory responses that the basis of 1CellBio's laches defense is that 10X did not file its complaint until more than 25 months after the funding deadline, more than 15 months after it received the July 2017 investor presentation and more than 11 months after Harvard responded to 10X's November 22, 2017 letter raising concerns about the validity of 1CellBio's purported co-exclusive license. With respect to such bases for this defense, laches does not bar 10X's claims, including for the reasons stated in 10X's pleadings and interrogatory responses. Among other things, 10X sued within a reasonable time after obtaining notice of Harvard's and 1CellBio's failures to comply with the 10X License and 1CellBio cannot properly invoke a laches defense based on 10X's filing of this lawsuit fifteen months after receiving information suggesting that 3BG had not received \$1 million in external funding.

In particular, 1CellBio cannot meet their burden to demonstrate that "that any delay [by 10X] was unjustified or unreasonable and that it had a prejudicial effect." *A.W. Chesterton Co. v. Massachusetts Insurers Insolvency Fund*, 445 Mass. 502, 517 (2005) (laches defense inapplicable despite 13-year delay in bringing claim). By 1CellBio's own admission, 10X could not have had notice of the facts demonstrating 1CellBio's failures to comply with Section 2.1.3 until July 2017 *at the earliest*. 10X filed this lawsuit less year after first contacting Harvard and 1CellBio to determine if 1CellBio had met the funding requirement and after 1CellBio's and Harvard's responses had later failed to provide evidence that the requirement had been met. 1CellBio has not, and cannot, show that this constituted "an unjustified, unreasonable, and prejudicial delay in raising a claim." *Cornell v. Michaud*, 79 Mass. App. Ct. 607, 615 (2011). *First*, equity is not

served by forcing claimants to prematurely enter the Courthouse, and 10X was therefore justified in bringing this lawsuit in Fall 2018, a reasonable time after it raised its concerns to 1CellBio and Harvard and was unable to resolve them. § 10:24. Laches as defense, 5 Mass. Prac., Methods Of Practice § 10:24 (4th ed.) (citing *Low v. Low*, 173 Mass. 580, 583, 54 N.E. 257, 259 (1899)) (discussing the long-settled law that laches will not run “until there are circumstances which lead a plaintiff to suppose that he must resort to legal proceedings to enforce his rights”). *Second*, given that 10X’s supposed delay still falls well within the proscribed six-year statute of limitations to enforce a written contract, 10X’s conduct in filing this action is eminently reasonable under Massachusetts law. *See, e.g.* Mass. Gen. Laws Ann. ch. 260, § 2. *Third*, 1CellBio will not be able to demonstrate that it has suffered legally cognizable prejudice from any purported “delay.” *See Melrose Fish & Game Club, Inc. v. Tennessee Gas Pipeline Co., LLC*, 89 Mass. App. Ct. 594, 602 (2016) (no showing of prejudice by maintaining necessary business operations).

b) Defendant Harvard’s Position

1CellBio is entitled to a laches defense because 10X engaged in “an unjustified, unreasonable, and prejudicial delay in raising a claim.” *Cornell v. Michaud*, 79 Mass. App. Ct. 607, 615, 947 N.E.2d 1138, 1145 (2011) (“Laches is not mere delay but delay that works disadvantage to another.”) (citations and internal quotation marks omitted). 10X believed that 1CellBio had not met the Threshold Funding when it saw 1CellBio’s slide deck in July/August 2017. Yet 10X did not file suit until more than a year later, in late October 2018, after 1CellBio had continued to grow its business. As 10X acknowledges above, it also waited more than 11 months after Harvard responded to its letter challenging the validity of 1CellBio’s license. Even when 10X did file suit, it did not seek a preliminary injunction. While 10X states without support that it brought its suit within a “reasonable” time, laches is a fact-specific issue. 1CellBio continued

to build its business by, for example, hiring employees, and engaging customers during the 15-month period in which 10X knowingly delayed its claims. 10X's delay in bringing suit therefore caused significant detriment to 1CellBio.

10X appears to take the position that this delay was justified because it was allegedly investigating and/or attempting to resolve its claims. This position is baseless. 10X's witnesses testified that their receipt of 1CellBio's financial slides in July 2017 led them to believe that Section 2.1.3 of the 10X Agreement had not been satisfied. Moreover, 10X's privilege log indicates it sought legal advice within one hour of receiving the 1CellBio slide presentation. As 10X knew all of the facts upon which it relied in its Complaint as of July 2017, 10X's delay over 15 months while it allegedly attempted to resolve its claims was an unjustified delay. See *Myers v. Salin*, 13 Mass. App. Ct. 127, 140, 431 N.E.2d 233, 241 (1982) (finding plaintiffs were guilty of laches for delay in bringing suit "while their attorneys, or some of them, conducted in a leisurely manner somewhat ineffectual research, and while they knew or should have known" that the defendants were changing position to their detriment). Under the circumstances of this case, 10X's claims are barred by the doctrine of laches.

iv. Fourth affirmative defense that 10X's claims are "barred by the terms of a license agreement between 1CellBio and Harvard"

a) Plaintiff 10X's Position

10X understands from 1CellBio's second supplemental interrogatory responses that the basis of 1CellBio's "license agreement" defense is that the license agreement issued to 3BG/1CellBio in 2015 by Harvard remains valid because that license agreement does not provide for self-executing termination, Harvard has not sought to terminate that license agreement, and 10X is not a party to that agreement. With respect to such bases for this defense. As noted above,

the relevant language entitling 10X to an exclusive license to the 2915 Patent Rights is self-executing, and 10X has standing to bring a claim against 1CellBio to confirm its status as the exclusive licensee to the 2915 Patent Rights in the 2915 Co-Exclusive Field. Thus, 10X's claims are not barred by the terms of a license agreement between 1CellBio and Harvard, including for the reasons stated in 10X's pleadings and interrogatory responses and for the reasons stated above with respect to 1CellBio's standing defense. Among other things, Section 2.1.3 of the 10X License provided Harvard only a limited retained right to grant a further co-exclusive license subject to certain conditions and time limits. Harvard did not have the right or power otherwise to grant a further co-exclusive license. Because Harvard and 3BG failed to meet the conditions, 10X has standing to sue here. In addition, while therefore not necessary to its declaratory judgment claim, 10X believes it is also entitled to such relief under the 3BG License including but not limited to, because 10X is acknowledged in the recitals of the 3BG License, because aspects of the termination provision (among others) of the 3BG License are the direct consequence of terms in the 10X License that were negotiated for 10X's benefit and because 10X is an intended third-party beneficiary of the 3BG License.

b) Defendant 1CellBio's Position

The 3BG License specifies the circumstances by which Harvard "may"—not "must"—terminate the Agreement. Harvard has never purported to terminate 3BG's License to the 2915 Patent Rights. In fact, Harvard indisputably confirmed that 3BG had satisfied the terms of its license agreement and did not elect to terminate. 10X, a non-party to the 3BG License, should not be permitted to use the Court to create a provision for self-executing termination where neither Harvard nor 10X nor 3BG agreed to one.

10X's position that its claims are not barred by the terms of the 3BG License appears to be based entirely on its claim that Section 2.1.3 imposed conditions precedent on Harvard's ability to grant co-exclusive licenses to the 2915 Patent Rights. This may give 10X rights against Harvard, but does not provide 10X with standing to obtain relief against 1CellBio

v. **Fifth affirmative defense that 10X's claims are barred by the doctrine of unclean hands**

a) *Plaintiff 10X's Position*

10X understands from 1CellBio's second supplemental interrogatory responses that the basis of 1CellBio's unclean hands defense is that 10X premised its complaint on a "mistaken," purportedly confidential presentation it received from a third-party, instead of the "accurate financial information" it received from 1CellBio in December 2017 pursuant to acquisition discussions. 1CellBio only provided these basis after 10X successfully moved to compel a further response to an interrogatory seeking 1CellBio's basis for this defense. With respect to such previously disclosed bases for this defense, 10X's claims are not barred by the doctrine of unclean hands because 10X did not improperly rely on information furnished by a third party, the supposedly "accurate financial information" provided by 1CellBio does not establish that 3BG complied with Section 2.1.3 of the 10X License, and 10X did not otherwise act with unclean hands.

Now, for the first time, 1CellBio asserts that 10X's claims are additionally barred because 10X allegedly "pretextually" engaged in merger discussions in order to obtain unspecified "information" from 1CellBio that would be used for unspecified "anti-competitive purposes." 1CellBio should not be permitted to introduce this novel theory on the eve of trial after having provided an entirely different theory in response to this Court's order. Pursuant to Rules 26 and 37, courts in the Commonwealth routinely bar undisclosed or late-disclosed theories and evidence

at trial. *See Cassano v. Gogos*, 20 Mass. App. Ct. 348, 355, 480 N.E.2d 649, 653 (1985) (affirming judge’s decision to preclude defendant from submitting new opinion testimony at trial when defendant “had not mentioned [the information] in answers to interrogatories and in supplementary answers to interrogatories” on the subject); *DiBiase v. Town of Rowley*, 33 Mass. App. Ct. 928, 929, 598 N.E.2d 690, 692 (1992) (precluding evidence offered at trial that was not disclosed in the party’s initial interrogatory responses or its two supplemental responses).

If 1CellBio is permitted to introduce this new argument at trial, it will fail. 10X approached 1CellBio in good faith to discuss a potential acquisition. 1CellBio will be able to adduce no evidence to the contrary. Moreover, there is also nothing inequitable or nefarious about naming 1CellBio as a party in a declaratory judgment action that may affect that party’s interests. Indeed, governing law required 10X to do so. *See M.G.L. c. 231A*. 1CellBio’s defense will also fail because 10X’s claim in this litigation – that the requirements of Section 2.1.3 of the 10X License were not met – do not “arise out of” this allegedly “improper” conduct. *See Fisher v. Fisher*, 349 Mass. 675, 677 (1965).

b) Defendant 1CellBio’s Position

10X is not entitled to the relief it seeks because of its inequitable conduct in dealing with 1CellBio leading up to this lawsuit. It is an established equitable principle that “he who comes into equity must come with clean hands.” *O’Gasapian v. Danielson*, 284 Mass. 27, 34, 187 N.E. 107, 111, 89 A.L.R. 1159 (1933). Accordingly, courts will refuse to grant equitable relief to a party that is guilty of inequitable or bad faith conduct with respect to the matter for which it seeks relief. *Loud v. Pendergast*, 206 Mass. 122, 124, 92 N.E. 40, 41 (1910); *Shikes v. Gabelnick*, 273 Mass. 201, 207, 173 N.E. 495, 498, 87 A.L.R. 1339 (1930); *Galipault v. Wash Rock Investments, LLC*, 65 Mass. App. Ct. 73, 85, 836 N.E.2d 1123, 1134 (2005) (denying plaintiff’s request for specific

performance because “... it is axiomatic that one must have behaved equitably in order to obtain equitable remedies.”).

After obtaining a slide presentation concerning 1CellBio’s finances in July/August of 2017, 10X approached 1CellBio and sought its confidential financial and business information under the guise of interest in a potential merger. 10X, however, was never interested in a merger – instead, it intended to use the information for anti-competitive purposes. 10X wrote a letter to Harvard demanding that it terminate 1CellBio’s license or face a lawsuit. When Harvard declined to give in to 10X’s demands, 10X delayed for almost a year before bringing suit against Harvard and 1CellBio – but instead of seeking damages from Harvard for an alleged breach of the 10X Agreement, 10X requested the extraordinary relief that the Court issue an order effectively invalidating 1CellBio’s license. 10X’s course of conduct, including its misrepresentations to 1CellBio about a proposed merger and its curious pleading strategy, reveal its bad faith purpose: to put a competitor out of business using any means possible, including the assistance of the Court. The Court should reject 10X’s efforts, and its request for equitable relief, on the basis of its bad faith and unclean hands.

10X’ claim that the above position is a “new” theory that the Court should preclude at trial has no basis in fact. 1CellBio asserted an unclean hands defense at the outset of this case in its Answer and Counterclaim. The evidence on which 1CellBio intends to rely at trial to support this theory consists of testimony and documentary evidence concerning 10X’s communications with 1CellBio regarding a potential merger, after it had concluded that Section 2.1.3 of the 10X Agreement was not satisfied. All of this evidence was indisputably produced to 10X during discovery, as 10X notes above, and indeed 10X asked about it in depositions. It appears that 10X seeks to preclude such evidence, not because it was not produced to 10X as required under Rule

26, but because 10X allegedly did not understand that the evidence was relevant to 1CellBio's unclean hands defense. Even if that were true, 10X's failure to appreciate the relevance of certain evidence produced cannot prevent 1CellBio from presenting a valid, disclosed defense theory based on that evidence at trial.

vi. Sixth affirmative defense which “reserves all defenses” but does not specify such defenses

a) Plaintiff 10X's Position

10X's position is that it is not currently aware of any other “defenses” that 1CellBio intends to assert in this litigation. 10X's claims are therefore not barred by any defenses that 1CellBio has not previously pled in this litigation.

b) Defendant 1CellBio's Position

1CellBio reserves its rights to adduce evidence based on discovery in this case, and to address and make arguments based on applicable legal standards.

c) Defendant Harvard's Position on 1CellBio's Affirmative Defenses Generally

Because 1CellBio's affirmative defenses are directed to claims brought by 10X, Harvard does not have a “position” on these asserted affirmative defenses, *per se*. However, Harvard disagrees with many of the purported facts, positions, and legal arguments set forth by both 10X and 1CellBio above, and reserves the right to respond to any such arguments or positions, whether as part of an asserted affirmative defense or otherwise, to the extent that they are ultimately directed to Harvard. For example, Harvard notes the following:

- i. It was the Weitz Company that needed to meet the conditions as set forth in Section 2.1.3 of the 10X License, not Harvard;

- ii. Section 2.1.3 of the 10X License includes an express and self-executing remedy in the event that the Weitz Company does/did not meet the relevant conditions set forth in Section 2.1.3, by which 10X's co-exclusive license to the 2915 Patent Rights in the Co-Exclusive Field would revert to an exclusive license to the 2915 Patent Rights in the Field;
 - iii. Because 10X seeks declaratory relief that it is the exclusive licensee of the 2915 Patent Rights in the Field on the basis of the alleged failure of the Weitz Company to meet the conditions set forth in Section 2.1.3, and because 1CellBio asserts that it has a co-exclusive license to the same 2915 Patent Rights, any decision by the Court that resolves 10X's claims in this case, by definition, would affect 1CellBio's rights to the 2915 Patent Rights;
 - iv. Harvard, 10X, and Dr. Weitz were each involved with the negotiations of the 10X License, specifically including Section 2.1.3 of the 10X License; and
 - v. At all material points in time, any actions, decisions, or binding statements by Harvard were taken and/or made in good faith and full compliance with its actual contractual obligations with the respective licensees to the 2915 Patent Rights, and were defensible based on the information available and disclosed to Harvard at the time of any such action, decision or binding statement.
- **Harvard's affirmative defenses:** By agreement between Harvard and 10X, Harvard will not be asserting any of its Third, Fourth, Fifth, or Sixth Affirmative Defenses. Harvard will coordinate to file the appropriate materials to withdraw/dismiss these defenses as soon as possible, and in any event prior to the beginning of trial.

Other Positions of Plaintiff 10X

10X contends that the following additional legal and/or evidentiary issues should also be considered by the Court:

- 10X will object to the extent that Defendants intend to introduce evidence regarding an affirmative defense that is different than the evidence, and arguments, stated in defendants' pleadings or interrogatory responses;
- 10X will object to the extent that Defendants intend to argue or introduce testimony that attempts to conflate the pre-merger entities and activities of 3BG, Inc. and Pre-Merger 1CellBio, Inc., including to the extent Defendants intend to confuse these entities and/or suggest they be considered together instead of as separate legal entities prior to the October 2016 merger; and
- 10X will object to the extent that Defendants intend to improperly rely on information about the 3BG License where such information is not material or relevant to this action

Other Positions of Defendant 1CellBio

1CellBio contends that following additional legal and/or evidentiary issues should be considered by the Court:

- 10X has listed one of its outside attorneys, Vern Norviel, as a potential trial witness. 10X's 30(b)(6) designee testified that he did not know what discussions with Harvard its outside attorneys participated in, or what the substance of those discussions would have been. Accordingly, 1CellBio will object if 10X seeks to elicit any testimony from Mr. Norviel about any discussions with Harvard. 1CellBio will also object if 10X seeks to elicit any testimony from Mr. Norviel that constitutes expert or opinion testimony, or testimony on

matters for which 10X has claimed privilege to avoid producing documents or information to Defendants.

Other Positions of Defendant Harvard

Harvard contends that following additional legal and/or evidentiary issues should be considered by the Court:

- Harvard will object to the extent 10X attempts to argue that Harvard’s “compliance” with the reasonable efforts clause in Section 2.1.3 is relevant or material to 10X’s claim for relief, or more generally, if 10X attempts to argue that Harvard failed to satisfy any of the conditions in Section 2.1.3.

5. The Name and Address of Each Witness To Be Called by Each Party

10X’s Fact Witnesses

10X may call the following fact witnesses:

1. John Boyce
2. Colin Brenan
3. Fred Dom
4. Alan Gordon
5. Karin Gregory
6. Ben Hindson
7. Marc Kirschner
8. Allon Klein
9. Adam Mostafa
10. Vern Norviel
11. Serge Saxonov
12. Ashley Stevens
13. David Weitz

10X reserves the right to identify any person(s) needed for authentication of any document(s). 10X reserves the right to call witnesses in rebuttal to defendants’ case.

1CellBio's Witnesses

1CellBio may call the following fact witnesses:

1. John Boyce
2. Colin Brenan
3. Fred Dom
4. Alan Gordon
5. Karin Gregory
6. Ben Hindson
7. Marc Kirschner
8. Allon Klein
9. Adam Mostafa
10. Lita Nelsen
11. Serge Saxonov
12. Kevin Scanlon
13. David Weitz
14. Eric Whitaker

1CellBio reserves the right to identify any person(s) needed for authentication of any document(s). 1CellBio reserves the right to call witnesses in rebuttal to the case presented by each of the other Parties.

Harvard's Witnesses

Harvard may call the following fact witnesses:

1. Alan Gordon

Harvard reserves the right to examine, either as a matter of cross-examination or otherwise, any of the witnesses identified and called as a live witness by 10X or 1CellBio. However, to the extent that any party objects to such examination by Harvard, Harvard states that it may call any of the following witnesses:

1. Dr. Colin Brenan
2. Mr. Fred Dom
3. Ms. Karin Gregory
4. Dr. Ben Hindson
5. Dr. Serge Saxonov

6. Dr. David Weitz

Harvard further notes that it may present admissible deposition testimony from witnesses pursuant to Mass. R. Civ. P. 32, and subject to this Court's approval of the proposed process (and pending resolution of the remaining dispute) as set forth in Section 10 below.

6. **The Names, Addresses and Qualifications of Each Expert Witnesses the Parties Intend to Call, Together With Subject Matter on Which the Expert is Expected to Testify**

a. **Expert Witnesses**

10X's Expert Witness

Ashley J. Stevens

Ashley Stevens is expected to testify concerning the matters contained in his report, including his background and qualifications, his experience in the licensing and early stage biotechnology commercialization industries, and how the industry custom, practice and usage applies to the purpose and meaning of the relevant language of the 10X License. Among other things, Dr. Stevens will opine (i) that funding from an "external source," means, within the relevant context, funding from outside, third-party sources, as distinct from self-funding or other insider sources; and (ii) that the development plan attached to the 3BG Agreement does not meet the reasonable industry expectations of the "Weitz Business Plan" requirement in the 10X License. 10X will bring a copy of Dr. Stevens' report to the hearing and will be prepared to discuss whether the Court wishes 10X to submit a copy of the report, either at or after the hearing.

1CellBio's Expert Witness(es)

1. **Lita Nelsen**

Lita Nelsen is expected to testify concerning the matters contained in her report, including her background and qualifications, the operations and goals of a university technology transfer

office, the negotiation process used by a technology transfer office to license technology owned by the university, and the meaning of terms commonly used in technology transfer office license negotiations. Ms. Nelson will opine that 1CellBio submitted a detailed development plan and obtained \$1 million in funding from external sources in conformance with its license agreement with Harvard. 1CellBio will bring a copy of Ms. Nelsen's report to the hearing and will be prepared to discuss whether the Court wishes 1CellBio to submit a copy of the report, either at or after the hearing.

2. **Kevin Scanlon**

Kevin Scanlon is expected to testify concerning the matters contained in his report, including his background and qualifications, the categories of investors that start-up companies typically encounter, the process by which a company obtains funding, including the stages of funding that early stage companies typically undertake, and the goals and purposes of funding milestones in license agreements for early stage companies. Mr. Scanlon will opine that 1CellBio obtained \$1 million in funding from external sources in conformance with its license agreement with Harvard. 1CellBio will bring a copy of Mr. Scanlon's report to the hearing and will be prepared to discuss whether the Court wishes 1CellBio to submit a copy of the report, either at or after the hearing.

b. Expert Depositions

By agreement of the Parties, 10X took the depositions of Mr. Scanlon and Ms. Nelsen on December 12 and December 17, 2019, respectively, and 1CellBio took the deposition of Mr. Stevens on December 18, 2019.

c. Expert Motion

By agreement of the Parties, the parties did not file Daubert motions as to any expert, although they reserved the right to object to the methodology of an expert at trial. As described above, 10X has a pending motion *in limine* with respect to 1CellBio's expert Mr. Scanlon.

7. Estimated Length of Trial

The Parties estimate that the trial will last approximately 8 half-days (9:00 a.m. – 1:00 p.m.). The Court has set the bench trial on 10X's declaratory judgment claim for January 21, 2020 through January 24, 2020 and January 27, 2020 through January 30, 2020.

8. An Itemization of the Special or Liquidated Damages Alleged

10X's claim for declaratory relief, the only claim that is the subject of the bench trial, does not seek special or liquidated damages.

9. Certification

The undersigned certify that counsel for all Parties have conferred and discussed the possibility of settlement, and the amenability of the case to mediation. The Parties participated in mediation with Judge Margaret Hinkle (Ret.) of JAMS on December 11, 2019. The Parties were unable to achieve settlement of the matter as a result of the mediation.

10. Statement Concerning Whether the Parties Consulted About Provisions for Case-Specific Management Available Under Superior Court Rule 20(h)-(i) and, if so, which provisions are agreed or are under Consideration

The Parties have agreed to a trial without a jury on 10X's declaratory judgment claim. The parties have discussed and come to an agreement on the following additional case management issues, subject to the Court's approval:

- Procedures relating to witnesses:
 - The Parties have agreed that witnesses will appear one time at trial and that they will work cooperatively to schedule the appearances of witnesses at trial. When a witness appears at trial, the witness will first be questioned in the manner allowed for the party that is first questioning the witness (*i.e.* by cross if first called as an adverse witness or by direct if first called as a non-adverse witness). The witness will then be questioned by other parties, in the manner allowed for such questioning parties (*i.e.*, by cross if an adverse witness for that party or by direct if a non-adverse witness for that party), although such questioning is allowed to go beyond the scope of the first questioning in order to have the subsequent questioning parties obtain full testimony from that witness. At the end of such subsequent questioning, the Court may permit further questioning by the parties (re-direct, re-cross, etc.) to complete the witness' testimony.
 - The Parties have agreed that, if necessary due to medical treatment, Colin Brennan may be allowed to split his testimony over two days. If that is necessary, 1CellBio will provide notice to the other parties of this necessity before January 21, 2020 and the parties will cooperate to schedule his testimony.
 - The Parties understand that third party Frederick Dom is only available for testimony the week of January 20, 2020 and will cooperate to have his testimony completed that week.
- Stipulations as to authenticity of documents;
 - The Parties intend to submit a list to the Court of jointly agreed upon exhibits. For this list of jointly agreed upon exhibits, all Parties agree that the exhibits on this list can be admitted into evidence without need for authenticity or further foundation or testimony.

- The Parties intend to cooperate to resolve authenticity issues with respect to other exhibits.
- The Parties request that the Court allow the Parties to submit their list of jointly agreed upon exhibits and a joint list of exhibits to which objections exist at the opening of trial. The Parties propose that they will submit copies of any exhibits on such lists to the Court on the first day of trial.
- **Additional Trial Time**
 - Plaintiff 10X and Defendant 1CellBio request that the Court provide an additional day of trial, on January 31, 2020. Harvard does not believe an additional trial day is warranted, but does not otherwise object to this request.

The parties have discussed and have yet to come to an agreement on the following additional case management issues:

- **Deposition designations:**
 - Notwithstanding the remaining dispute described immediately below, the parties request that the Court allow the parties to submit deposition designations, counter-designations and any objections to the Court at the opening of trial. The parties further request that objections to designations that a party seeks to admit into evidence—that have not otherwise been resolved prior to trial—be resolved at the time said party seeks such admission.

10X Position: The parties however have a dispute over two issues relating to certain proposed deposition designations.

First, 10X—and 1CellBio—had understood that there was an agreement among the parties that at this time they would exchange deposition designations of Rule 30(b)(6) witnesses, and they need not at this time exchange designations of individual witnesses that the parties understand will appear live at trial, based on the current witness lists. However, Harvard states that it did not understand that the parties had such an agreement to limit designations to 30(b)(6) testimony, and has designated excerpts from the definitions of two 10X witnesses. 10X believes Harvard should withdraw those designations at this time. All parties agree and reserve the right that if needed and if otherwise appropriate, deposition designations of such witnesses, may be submitted at a later time.

Second, in their designations, each defendant has improperly designated deposition testimony from the other defendant's Rule 30(b)(6) witnesses, even though such testimony is not proper party-opponent testimony subject to designation under the rules of procedure and evidence. Harvard asserts that it has limited its designations of 1CellBio testimony to issues on which 1CellBio and Harvard are in disagreement, or potentially adverse. 1CellBio does not appear to have applied any such limits, but instead has tendered substantial designations of Harvard's 30(b)(6) witness as to all issues. 10X does not believe that such designation is appropriate where there is no actual adverse claim, no issue of comparative fault or liability, or any other articulated adverse position between the two defendants. 10X believes that such designations are even more clearly inappropriate under the rules of procedure and evidence. At minimum, 1CellBio should have to withdraw their overbroad designations, and defendants should be required to disclose the bases of their purported adversity as to

each proffered deposition designation, so that 10X can properly object and fully respond to these designations. [1CellBio also designated deposition testimony from an affiliated third-party entity but has agreed to withdraw such designations.]

1CellBio's Position: 1CellBio takes the position that how testimony comes in is ultimately up to the discretion of the Court. Courts have a strong preference for live testimony over designation of deposition testimony. *See* Mass. R. Civ. P. 43(a); *Napier v. Brossard*, 102 F.2d 467, 469 (2d Cir. 1939) (L. Hand, J.); *Hedberg v. Wakamatsu*, 482 Mass 613, 617 (Mass 2019). For witnesses who are appearing live, there should be no need to designate deposition testimony, whether that testimony is from a Rule 30(b)(6) deposition or otherwise.

To the extent the Court decides to take designations of Rule 30(b)(6) testimony as substantive evidence even for witnesses appearing live, 1CellBio disagrees with 10X's blanket position that 1CellBio and Harvard cannot be considered adverse parties simply because 10X named them both as defendants in this case. 10X created the situational adversity between Harvard and 1CellBio by filing its Complaint. *See* 49A Mass. Prac. §8:55 ("An adverse party in this context is any party whose interest in the litigation is adverse to that of the offering party. Thus, co-defendants may in certain situations be adverse parties vis-à-vis each other."). 10X's complaint seeks "an order of specific performance requiring Harvard to take all necessary and appropriate steps to perfect 10X's rights as the exclusive licensee to the 2915 Patent Rights." Thus, 10X creates the adversity between Harvard and 1CellBio by seeking injunctive relief that would force

Harvard to breach its license with 3BG. Accordingly, it is not inappropriate for 1CellBio to designate deposition testimony of Harvard's Rule 30(b)(6) designee. 10X can interpose its objections in the normal course.

Harvard's Position: Pursuant to Mass. R. Civ. P. 32(a)(2), Harvard has designated the Rule 30(b)(6) testimony of 10X by Eric Whitaker and 1CellBio by Colin Brenan, and the Rule 30(b)(1) testimony of Ben Hindson (officer of 10X), Serge Saxonov (officer of 10X), and Colin Brenan (officer of 1CellBio). 10X objects to Harvard's designations on the grounds that: (1) the parties only agreed to designate Rule 30(b)(6) testimony at this point in time, and (2) Harvard should be precluded from designating testimony of 1CellBio officers or 30(b)(6) designated witnesses because "there is no actual adverse claim" between Harvard and 1CellBio. Neither of 10X's arguments has merit.

First, Harvard never agreed to waive the right to use deposition testimony at trial pursuant to Rule 32(a)(2). Harvard understands that 10X and 1CellBio have decided *not* to designate any Rule 30(b)(1) testimony at this time, regardless of whether they may ultimately decide to offer such testimony to the extent permissible under Rule 32 and otherwise admissible. While Harvard maintains that it is proper for Harvard to designate deposition testimony that it intends to use and that is otherwise permissible under Rule 32 according the deadlines agreed-to by the parties, Harvard will not object on the basis of a purported failure to meet those deadlines if either 10X or 1CellBio chooses to designate such testimony in the future pursuant to Rule 32(a)(2). That said, the purported agreement by the parties

(to which Harvard expressly did not join) is not a reason to require Harvard to “withdraw” its otherwise proper deposition designations.

Second, Harvard’s designations of the testimony of Ben Hindson, Serge Saxonov, and Colin Brennan are proper under Rule 32(a)(2) because each witness is an officer or a 30(b)(6) designee of a party that is adverse to Harvard. *See* Mass. R. Civ. P. 32(a)(2) (“The deposition of . . . any one who at the time of taking the deposition was an officer, director, or managing agent, or a person designated under Rule 30(b)(6) . . . to testify on behalf of a public or private corporation . . . which is a party **may be used by an adverse party for any purpose.**”) (emphasis added). 10X disputes that Harvard and 1CellBio are adverse parties because they are *co*-defendants. But, this fact alone does not mean that Harvard and 1CellBio are aligned on every issue. Indeed, there are multiple issues on which Harvard and 1CellBio take adverse positions, and these are the issues to which Harvard’s designations of 1CellBio witnesses are tailored. As such, Harvard’s designations are proper. *See, e.g.,* Adverse Party Definition, *Bouvier Law Dictionary* (2012), *available at* LEXIS (“An adverse party is a party that has a contrary interest to another party on a given issue in a case in which they are both parties. . . . [T]o be adverse, parties **need not be opposed to one another in the case overall**, such as when co-defendants are adverse as to contribution between one another in the event of their liability to the plaintiff.”). Further, if 10X maintains that Harvard’s designations are objectionable on hearsay grounds or otherwise, 10X can raise its objections in the normal course of the parties’ counter-designation and objection process.

- Procedures for handling confidential information designated under the protective order as confidential and presented as evidence at trial
 - **1CellBio's Position:** Since 10X and 1CellBio are competitors, it is possible that some highly confidential testimony may be elicited, and/or highly confidential document proffered, during trial. In that event, 1CellBio would request that only those persons permitted access to such information under the Protective Order be permitted access to the courtroom during the time when such evidence is being addressed, and that the pertinent portions of the trial transcript be treated similarly.
 - **10X's Position:** To the extent any legitimate confidentiality concerns arise during trial, 10X believes that such concerns can be addressed on a case-by-case basis via alternative, less-extreme measures (e.g., redactions), rather than sealing the courtroom.
- Allocation of trial time between the Parties
 - The parties are discussing an agreed-upon time split between the parties but intend to seek further information and guidance from the Court at the pre-trial hearing before finalizing any agreement.
- Agreements regarding the use of a live court reporter at trial and costs thereof
 - The parties are continuing to discuss a proposal to use a live court reporter at trial, with costs to be split 1/3 each between the parties.
- Agreements regarding the use of trial equipment for electronic display of materials and costs thereof.
 - The parties are continuing to discuss a proposal to use equipment at trial for electronic display of materials to the court, witnesses and examining attorneys, with costs to be split 1/3 each between the parties.

- Protocols and procedures for post-trial briefing and closing arguments, if any.
 - The parties are willing and expect to discuss with the Court a schedule for post-trial briefing and, if the Court desires, subsequent closing arguments.

Respectfully submitted,

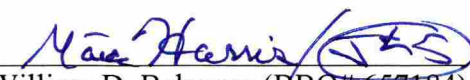
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CERTIFICATE OF SERVICE

I, Siobhan M. Tolan, hereby certify that a true copy of the foregoing Joint Pretrial

Memorandum was served on January 6, 2020, via electronic mail upon:

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