Onconome, Inc.	*	IN THE
Plaintiff	*	CIRCUIT COURT
v.	*	FOR
University of Pittsburgh, et al.	*	BALTIMORE CITY
Defendants	*	Case No. 24-C-09-001310

* * * * * * * * * * * * *

MEMORANDUM OPINION

At issue is whether an arbitration clause and a forum selection clause requiring arbitration and/or venue in the Commonwealth of Pennsylvania compel this Court to decline jurisdiction to hear several of the claims alleged herein. For the reasons discussed below, the Court will dismiss all claims against defendant, Dr. Getzenberg, that relate to his work at the University of Pittsburgh.

Beginning in 2002, plaintiff, Onconome, Inc., and defendant, University of Pittsburgh (hereafter "Pittsburgh") entered into a series of agreements for the development and marketing of new ways to detect prostate and colon cancer. Defendant Dr. Getzenberg was the lead investigator for Pittsburgh. The Corporate Research Agreement ("Research Agreement"), entered on March 22, 2002, provided for Onconome's sponsorship of Dr. Getzenberg's research. The Prostate License Agreement ("Prostate LA"), entered on February 20, 2002, and the Colon License Agreement ("Colon LA"), entered on October 31, 2003, conferred upon Onconome the exclusive right to market and exploit the prostate and cancer biomarkers developed by Dr. Getzenberg through the funds provided in the Research Agreement and its amendments.

The License Agreements do not have a finite term; in contrast, the Research Agreement does, ending on February 28, 2003. Additional one-year terms, however, extended the Research Agreement from March 31, 2003 until March 31, 2004 and from April

1, 2004 until December 31, 2004. In 2005, Dr. Getzenberg left Pittsburgh for Johns Hopkins. Despite the change in research facilities, the research continued. On January 1, 2005, Onconome and Johns Hopkins entered into a Corporate Research Agreement ("JH Research Agreement") with a term ending on July 31, 2006, and again reauthorized the agreement from August 1, 2006 until July 31, 2007. This opinion concerns only agreements entered prior to 2005 to which Pittsburgh is a party.

Each agreement has different conflict resolution provisions. Disputes relating to the Prostate LA require mandatory arbitration in Pittsburgh, Pennsylvania for "any and all claims, disputes or controversies arising under, out of, or in connection with this License Agreement... ." The Colon LA does not require arbitration. Instead it states that venue will be in the "the Courts of Allegheny County, Pennsylvania, or if in a federal proceeding, the United States District Court for the Western District of Pennsylvania" for any "action relating to this Agreement."[1] The Research Agreement does not contain any language requiring arbitration or restricting venue.

On February 11, 2009, Onconome filed a complaint in the Circuit Court for Baltimore City, alleging that Dr. Getzenberg, Pittsburgh and Johns Hopkins falsified research and fraudulently induced Onconome to enter into the Research Agreements and its subsequent re-authorizations. The complaint further alleges that the defendants breached their contractual obligations pursuant to the Research Agreements. It does not, however, allege breach of either License Agreement.

Onconome's factual allegations are divided into two universes: (1) the acts of Dr.

[1]The Prostrate LA also has the same forum selection clause for any action that is not subject to arbitration.

Getzenberg while he was employed at Pittsburgh prior to January 1, 2005; and (2) his acts while employed at Johns Hopkins on or after January 1, 2005. This opinion concerns only the claims that arise from Dr. Getzenberg's alleged misrepresentations while he was a faculty member of Pittsburgh prior to January 1, 2005.

On April 27, 2009, Pittsburgh and Dr. Getzenberg filed a Motion to Dismiss. They argue that Onconome's decision to sue in Maryland violates the clauses under the License Agreements, which require that all related claims be resolved in Pennsylvania – either through arbitration or through litigation brought in courts in Pennsylvania. Pittsburgh also argued that there is no basis for personal jurisdiction over it. On May 22, 2009, Onconome filed an Opposition. A reply memorandum was filed by defendants on June 10, 2009.

A hearing on the Motion to Dismiss was held before the Circuit Court for Baltimore City on June 22, 2009. Finding that Maryland lacked personal jurisdiction over Pittsburgh, the Court dismissed the claim against Pittsburgh. The question that remains, therefore, is whether the Court must also dismiss the claims against Dr. Getzenberg relating to his work while he was employed by Pittsburgh.[2]

All of the agreements, including the Research Agreement contain an identical choice of law clause providing that the agreements ". . . . shall be construed and interpreted in accordance with the laws of the Commonwealth of Pennsylvania." Thus the question of whether this case belongs in Pennsylvania, and not in Maryland, requires the application of Pennsylvania law. Recognizing the similarities between the Federal Arbitration Act, 9 U.S.C. §§ 3-4, and the Commonwealth of Pennsylvania's Uniform Arbitration Act, 42 Pa.

[2]At the motion hearing the Court also dismissed, with leave to amend, the claims of fraud and fraudulent inducement against Johns Hopkins.

C.S.A. § 7304, and that both jurisdictions "favorably recognize the settlement of disputes by arbitration[,]" the Pennsylvania courts "find the analysis of the federal courts particularly persuasive[.]" *See Langston v. National Media Corp.*, 617 A.2d 354, 357(Pa. Super. Ct. 1992). Therefore, the parties cited and the Court relies on federal case law where Pennsylvania courts have not addressed an issue.

As a preliminary matter, the Court concludes that the provisions of the License Agreements apply to Dr. Getzenberg even though he did not sign them.[3] A venue restricting clause is binding on a non-signatory transaction participant that is "'closely related'" to the dispute such that it becomes 'foreseeable' that it will be bound." *Hugel v. Corporation of Lloyd's*, 999 F.2d 206, 209 (7th Cir. 1993). In *American Patriot Ins. Agency, Inc. v. Mutual Risk Management, Ltd.*, the plaintiff sought to avoid a forum selection clause by joining certain non-signatories to the agreement. 364 F.3d 884 (7th Cir. 2004), *aff'g in relevant part*, 248 F. Supp. 2d 779 (N.D. Ill. 2003). Rejecting the plaintiff's argument, the district court enforced the forum selection clause reasoning that the "[p]laintiff cannot escape [its] contractual obligations simply by joining parties who did not sign the contract and then claiming that the forum selection clause does not apply." 248 F.Supp 2d. at 785. *See also Hodgson v. Gilmartin*, 2006 U.S. Dist. Lexis 73063, at *13 n.14 (E.D. Pa. Sep. 18, 2006)(forum selection clause encompassed non-signatory employee defendants); *Environmental Tectonics Corp. v. Royal Thais Air Force*, 1994 U.S. Dist. LEXIS 2900, * 15 (E.D. Pa. 1994)(noting that "non-parties may utilize a forum selection clause if such party is 'closely related'" under the standard articulated in *Hugel*).

Although Dr. Getzenberg did not sign the License Agreements he is nonetheless

[3]In its Responsive Memorandum, Onconome does not address whether Dr. Getzenberg, as a nonsignatory transaction participant to the License Agreements, is bound by them.

"closely related" to and thus bound by both. *See Hugel*, 999 F.2d at 209. The License Agreements expressly refer to Dr. Getzenberg as having developed the subject prostate and colon licensed technologies, and list him as the "inventor." Both relate and exists exclusively because of his work. The complaint focuses on Dr. Getzenberg, during the two distinct periods of time when he was first an agent of Pittsburgh (2002 to December 2004) and then an agent of Johns Hopkins (after January 1, 2005). Therefore, the provisions of the License Agreements apply to him.

"If a valid arbitration agreement exists between the parties and appellants' claim is within the scope of the agreement, the controversy must be submitted to arbitration." *Messa v. State Farm Ins. Co.*, 433 Pa. Super. 594, 600 (1994). *See also Smith v. Cumberland Group*, 687 A.2d 1167, 11-71-72 (Pa. Super. Ct. 1997). Onconome does not dispute the validity of the arbitration clause but argues that the instant complaint does not fall within its scope. The clause provides that:

> any and all claims, disputes or controversies arising under, out of, or in connection with this License Agreement . . . shall be resolved by a board of three (3) arbitrators in Pittsburgh, Pennsylvania . . . .

(C. Exhibit D, ¶ 10.1). The language of the arbitration clause in this case is almost identical to that in *Flightways Corp. v. Keystone Helicopter Corp.*, 331 A.2d 184, 185 (Pa. 1975) where the Court said that "[b]roader language would be difficult to contrive." The only difference appears to be that this clause substituted "in connection with" for "relating to." Thus Onconome treads uphill in arguing that its allegations are outside the arbitration clause.

Onconome emphasizes that there are no allegations in the complaint that defendants breached either License Agreement. This, however, is not the test. An arbitration clause is binding "so long as the underlying claims 'touch matters' covered by the arbitration clause . . . whatever the legal labels attached to them." *Brayman Construction Corporation v. Home Insurance Co.*, 319 F.3d 622, 626 (3rd Cir. 2003). In deciding whether the instant action is subject to the Prostate LA's broad arbitration clause, this Court will likewise disregard labels and consider the substance of Onconome's complaint.

Onconome argues that its claims of breach of contract, fraud, and fraudulent inducement are based on the Research Agreement, and relate to the Prostate LA and Colon LA only tangentially. According to Onconome, the lack of any language in the Research Agreement requiring arbitration reflects that the parties did not contemplate arbitrating claims arising from the Research Agreement. Dr. Getzenberg, on the other hand, argues that the instant complaint relates to the Prostate LA as Onconome has "attached the Prostate LA to its Complaint, . . . [and] has sought the recovery of alleged damages flowing from it. . . ." It is Dr. Getzenberg's position that Onconome cannot seek to recover monies paid pursuant to the Prostate LA, and at the same time avoid its broad arbitration clause.

The law favors Dr. Getzenberg's position. Where one agreement contains a broad arbitration clause and a related agreement is silent, arbitration is binding "so long as the underlying claims 'touch matters' covered by the arbitration clause in a contract . . . whatever the legal labels attached to them." *Brayman*, 319 F.3d at 626. There, Brayman purchased a workers' compensation policy from the Home Insurance Company ("Home"). *Id.* at 623. The Policy did not have an arbitration clause. The parties then entered into a separate retrospective premium agreement ("RPA"), which required Brayman to pay Home a premium

whenever a claim under the Policy was paid. *Id.* The RPA also required mandatory arbitration for "any dispute . . . between the Company and the Insured with reference to the interpretation of [the RPA], or *their rights with respect to any transaction involved*." *Id.* at 625 (emphasis added). Home sought arbitration when Brayman refused to pay a premium due under the RPA. *Id* at 625. Brayman, in turn, sued Home in federal district court alleging bad faith and breach of Home's contractual obligations under the Policy. *Id.*

The district court stayed arbitration, however, the Third Circuit Court of Appeals reversed, holding that the "RPA's arbitrability provision is broad in scope, sweeping into its reach" Brayman's claims of bad faith and breach of the Policy. *Id.* at 625. Rejecting the argument that the dispute was not subject to arbitration because the claims arose under the Policy, not the RPA, the Court explained that even claims that "arose under" the policy nevertheless related to – *e.g.*, "touch[ed] matters" with – the RPA, and thus were within the scope of its arbitration provision. *Id.* at 626. Although the RPA provided that "nothing in [the RPA] shall modify, alter, or amend any of the terms or conditions of the Policies relating to the insurance afforded thereunder[,]" the Court interpreted this language narrowly to mean only that the RPA did not modify the insurance coverage afforded by the Policy. *Id.* Finally, the Court noted that there was "no language in the Policy that is incompatible with this cause of action being resolved in an arbitral forum." *Id.*

Here, as in *Brayman*, the Court must determine whether claims arising from one agreement (the Research Agreement) that is silent as to arbitration, nonetheless are subject to arbitration pursuant to a contract (the Prostate LA) that requires it. It is clear that Onconome's complaint "touch[es] matters" covered by both License Agreements. The sole reason that the parties entered the Research Agreement was to establish a mechanism for

Onconome to sponsor Dr. Getzenberg's research and development of the licensed technology subject to the Prostate LA, and when the Research Agreement was amended in March 31, 2003, the licensed technology subject to the Colon LA. As the purpose of the Research Agreement and its amendments was to fund Dr. Getzenberg's development of the cancer technologies licensed to Onconome, anything arising from the Research Agreement, including the claim for breach of contract, necessarily relates also to either the Prostate LA or the Colon LA, or to both. Nowhere in Onconome's complaint are there factual allegations arising from the Research Agreement alone.

The License Agreements are attached to the complaint and Onconome seeks to recover alleged damages flowing from them. Onconome alleges that the defendants "made false representations of material fact" and "Onconome relied on the misrepresentations, by inter alia, entering into the Research Agreements . . . and the LAs, and suffered damages as a direct result . . . ." Indeed, Onconome concedes that each License Agreement relates to its claims, stating that its complaint "touches lightly and equally on the Prostate LA and the Colon LA" and that the "Licensing Agreements figure in the Complaint . . . in that Onconome's payments under them comprise one of a number of expenditures that Onconome alleges it made in reliance on the misrepresentations." Furthermore, as in *Brayman,* the Research Agreement that Onconome claims was breached contains no language incompatible with arbitrating this complaint in Pittsburgh, Pennsylvania pursuant to the arbitration clause in the Prostate LA.

Bouriez v. Carnegie Mellon University, 359 F.3d 292 (3rd Cir. 2004), relied upon by Onconome, is distinguishable. The central issue there was whether Bouriez, an agent, was bound to arbitrate pursuant to an agreement to which his principal, Governors Refining

Technologies ("Governors"), was a party. The Court held that it was error for the district court to require arbitration because Governors had entered the arbitration agreement several years before Bouriez became a shareholder of Governors, and thus, Governors had agreed to arbitrate without Bouriez's "actual, implied, or apparent authority." *Id.* at 294-95. Here, in contrast to *Bouriez*, there is no question of agency. Thus the arbitration clause applies.

The forum selection clause in the Colon LA also applies although for slightly different reasons. Although the parties have framed the issues on arbitration and the forum selection clauses as one-and-the-same, Pennsylvania law makes clear that the analysis for each question is somewhat different.

> [A] forum selection clause in a commercial contract between business entities is presumptively valid and will be deemed unenforceable only when 1) the clause itself was induced by fraud or overreaching; 2) the forum selected in the clause is so unfair or inconvenient that a party, for all practical purposes, will be deprived of an opportunity to be heard; or 3) the clause is found to violate public policy.

Patriot Commer. Leasing Co. V. Kremer Rest. Enters., LLC, 915 A.2d 646, 651 (Pa. Super. Ct. 2006).

Instead of following the framework set forth in *Kremer*, Onconome repeats the argument that the instant complaint relates primarily to the Research Agreement. As with the Prostate LA, this argument fails because, as discussed above, anything arising from the Research Agreement necessarily relates also to either the Colon LA or the Prostate LA, or to both; thus the question of whether the Colon LA's forum selection clause applies does not turn on Onconome's labels. *See IDT Crop v. Clariti Carrier Servs.,* 772 A.2d 1019, (Pa. Super. Ct. 2001) (holding that non-contractual claims based on theories of alter ego and unjust enrichment arise from the alleged contractual relationship and thus are subject to the

contract's forum selection clause); *Cresent Int'l, Inc. v. Avatar Communities, Inc.*, 857 F.2d 943, 944-45 (3rd Cir. 1988)(held "pleading alternate non-contractual theories is not alone enough to avoid a forum selection clause if the claims asserted arise out of the contractual relation and implicate the contract's terms.")

Onconome does not argue that the forum selection clause was procured by fraud or that it violates public policy and Onconome's claim that enforcement of the forum selection clause "would lead to chaos in the enforcement of Onconome's rights," does not amount to a claim that enforcement of the clause is "so unfair or inconvenient that a party, for all practical purposes, will be deprived of an opportunity to be heard." *Kremer*, 915 A.2d at 651. "Mere inconvenience or additional expense is not the test of unreasonableness since it may be assumed that the plaintiff received under the contract consideration for these things." *Central Contracting Co. v. C.E. Youngdahl & Co.*, 209 A.2d 810, 816 (Pa. 1964). Rather, "[i]f the agreed upon forum is available to a party and said forum can do substantial justice to the cause of action then that party should be bound by his agreement." *Id.* There is no question that the Pennsylvania courts can do substantial justice to the claim.

Onconome argues that the License Agreements do not apply to the instant case because if they did it would "lead[] to confusion and contradiction concerning the parties' intent, and would lead to chaos in the enforcement of Onconome's rights." Onconome argues that the clauses conflict with each other and the Research Agreement "and thus can apply only to the individual agreement in which [each] clause appears." That the Prostate LA requires arbitration, and the Colon LA venue in Pennsylvania, however, reflects only that two sophisticated parties entered into two separate agreements containing different conflict resolution provisions. *See Kremer*, 915 A.2d at 651 ("[A] forum selection clause in a

commercial contract between business entities is presumptively valid[.]"). Most importantly, regardless of any conflict between the License Agreements, the result is the same – claims relating to them are not appropriately in the Circuit Court for Baltimore City.

Finally, Onconome argues that "Pitt is responsible for creating three contracts with three different sets of provisions as they relate to arbitration and forum choice, and therefore any ambiguity should be construed against Pitt." Although an ambiguous agreement is construed against the drafter, *see Susquehanna Patriot Commer. Leasing Co. v. Holper Indus*., 928 A.2d 278, 283 (PA Super. Ct. 2007), the rule does not apply because the agreements herein are not ambiguous.

For all the reasons stated above, the Motion to Dismiss all claims against Dr. Getzenberg while he was employed at the University of Pittsburgh will be granted.

Date: July 21, 2009

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Judge Evelyn Omega Cannon