

IN THE CIRCUIT COURT OF THE NINTH JUDICIAL CIRCUIT
IN AND FOR ORANGE COUNTY, FLORIDA
GENERAL JURISDICTION DIVISION

SYNOGEN MANAGEMENT
GROUP, INC.,

and

NEXTGEN BIOLOGICS, INC.,

CASE NO. _____

Movants,

v.

ISE PROFESSIONAL TESTING &
CONSULTING SERVICES, INC.,

Respondent.

_____ /

**EMERGENCY MOTION TO CONFIRM
ARBITRATION AWARD FOR INJUNCTIVE RELIEF**

Movants Synogen Management Group, Inc. (“Synogen”) and NeXtGen Biologics, Inc. (“NeXtGen”) (collectively, “Movants”) respectfully request that the Court enter an order confirming the “Interim Award re Injunctive Relief” (the “Injunctive Award”) against Respondent ISE Professional Testing & Consulting Services, Inc. (“ISE” or “Respondent”) (collectively with Movants, the “Parties”), which was issued October 9, 2019 in an ongoing arbitration among the Parties before the American Arbitration Association (Case No. 01-19-0002-3786) (the “Arbitration”), and in further support of the instant Motion, Movants state as follows:

PARTIES

1. Movant Synogen is a Florida corporation with its principal place of business at 101 SE 2 Place, Suite 201-B, Gainesville, FL 32601.

2. Movant NeXtGen is a Delaware corporation with its principal place of business at 13709 Progress Blvd., Box 11, Alachua, FL 32615.

3. Respondent ISE is a Florida corporation with its principal place of business at 2785 S Bay Street, Suite G, Eustis, FL 32726.

JURISDICTION AND VENUE

4. The Court has jurisdiction over this matter pursuant to Fla. Stat. § 682.181, which provides that “[a]n agreement to arbitrate providing for arbitration in this state confers exclusive jurisdiction on the court to enter judgment on an award under this chapter.”

5. This Court has personal jurisdiction over the Respondent, a Florida corporation, pursuant to Fla. Stat. §§ 48.193 (1)(a) and (7) because, among other things, the Respondent is engaged in substantial and not isolated activities within Florida, and breached a contract in Florida by failing to perform acts required by the contract that were to be performed in Florida.

6. Venue is proper in Orange County, Florida, pursuant to Fla. Stat. § 682.19, because the Parties’ arbitration agreement, as confirmed in Order #2 in the Arbitration, specifies that the arbitration hearing is to be held in Orlando, Florida.

7. Jurisdiction and venue are also proper in this Court pursuant to 9 U.S.C. § 9 as the Injunctive Award was issued in an arbitration being held in this judicial district.

8. All conditions precedent to bringing this action, if any, have occurred or have been excused or waived.

FACTUAL BACKGROUND

9. The Arbitration arises from breaches of contract by Respondent of a License Agreement, made effective September 23, 2014, between Synogen and ISE (the “Synogen-ISE License Agreement”), and to which NeXtGen is a third party beneficiary. See a true and correct

copy of the Injunctive Award attached to this Motion as Exhibit “A” at p. 2; see generally a true and correct copy of the Synogen-ISE License Agreement attached to this Motion as Exhibit “B”; a true and correct copy of Claimants’ Amended Demand for Arbitration is attached to this Motion as Exhibit “C”.

10. Pursuant to the License Agreement, ISE was to provide Synogen an exclusive license to certain Licensed Patents and a non-exclusive license to certain Licensed Know-How. Id. Synogen then sub-licensed, in part, the Licensed Patents to Nextgen.

11. Also, pursuant to the License Agreement, Synogen maintains the right to prosecute the Licensed Patents and ISE must cooperate with Synogen’s patent prosecution efforts. See Synogen-ISE License Agreement (Exhibit B) at Section 9.

12. Following several years of effort in which Synogen and NeXtGen incurred more than \$7.5 million in costs; ISE wrongfully breached the Agreement by refusing to transfer the Licensed Know-How and other vital information. ISE has also obstructed and refused to cooperate with Synogen in its patent prosecution efforts, which has placed the whole enterprise in jeopardy. See generally Injunctive Award.

13. As a result, on July 31, 2019, Movants filed their Demand for Arbitration, which was subsequently amended on September 16, 2019 (the “Amended Demand for Arbitration”). The Amended Demand for Arbitration includes claims for, *inter alia*, (i) breach of contract for failure to transfer required information to the Movants, and (ii) breach of contract for refusal to cooperate in the patent prosecution process. See generally Claimants’ Amended Demand for Arbitration (Exhibit C).

14. Section 13 of the License Agreement sets forth the arbitration requirement for disputes arising out of the agreement, in relevant part:

13.2 All controversies, claims, demands or disputes arising out of or relating to this Agreement will be resolved by arbitration by a neutral arbitrator. To initiate this process, the Party requesting arbitration must send the other Party written notice demanding arbitration (the “Demand”).

13.3 The arbitration will be governed by the rules of the American Arbitration Association (“AAA”) . . . The arbitrator will be selected by mutual agreement of the parties within fifteen (15) days of the Demand being sent. The arbitrator must be an attorney with a background in intellectual property and human biologics. In the event that the Parties are unable to agree to the name of an arbitrator within fifteen (15) days of the Demand being sent, then the case will be transferred to the AAA and selection of the single arbitrator will proceed according to the AAA’s rules . . .

License Agrmt., §§ 13.2 and 13.3.

15. On September 11, 2019, the Arbitrator conducted a preliminary hearing, following which she issued procedural Order #2 September 16, 2019, in which she confirmed the Parties’ agreement to conduct the final hearing in the Arbitration in Orlando, Florida (“Order #2”). See Order #2 at ¶5. A true and correct copy of Order #2 is attached as Exhibit “D”.

16. On October 7, 2019, after ISE continued its efforts to obstruct patent prosecution—including by making disruptive filings with the U.S. Patent & Trademark Office and threats to invalidate, undermine or abandon the patents at issue—Movants filed a request for injunctive relief before the Arbitrator seeking an order enjoining ISE from interfering with Synogen’s patent prosecution efforts and directing ISE to cooperate with Synogen in this regard (the “Motion for Interim Relief”). See id. at 1-2.

17. The Arbitrator conducted a hearing on the Motion for Interim Relief on October 8, 2019. After receiving notice, ISE intentionally chose not to attend the mandatory hearing, but instead filed a “declaration” by its founder and CEO objecting to the relief sought and responding to the declaration of Movants’ witness. Id.

18. On October 9, 2019, the Arbitrator issued the Injunctive Award in which she ordered the following:

Respondent ISE Professional Testing & Consulting Services, Inc. ("ISE"), and any of its attorneys, representatives or agents, are hereby **ENJOINED** from, directly or indirectly, interfering with or impeding Synogen Management Group, Inc.'s ("Synogen") prosecution and preparation of the Licensed Patents through counsel of Synogen's choice and are directed to cooperate with Synogen and its counsel, including executing any documents deemed necessary by Synogen to enable its continued work on the patent prosecution and preparation. This interim award remains effective until the Final Award is issued in this matter or until otherwise amended by the Arbitrator.

Injunctive Award at p. 5 (emphasis in original). *Id.* at 5.

19. In reaching this conclusion, the Arbitrator considered the extensive evidence and other materials – including sworn witness declarations – submitted to her by both parties, which demonstrated that ISE had refused to allow Synogen to engage with the U.S. Patent & Trademark Office, and prior to the hearing, threatened to “undermine, abandon, or invalidate” the patents if the Movants “continue to arbitrator and/or litigate the disputes among the Parties.” *Id.* at 4. Further, immediately prior to executing the Injunctive Award, the Arbitrator also learned that ISE, through its counsel, executed on its threats by making a filing with the U.S. Patent Office that “revoked the limited power of attorney required for Synogen’s counsel ... to continue the prosecution of patents for Synogen.” *Id.* In making the Injunctive Award, the Arbitrator relied on “the materials submitted with Claimants’ Motion to Bar Counterclaim and Motion for Summary Judgment as well as the additional materials submitted with Claimants’ October 7, 2019 email seeking interim relief in addition to consideration of Respondent’s [] October 8, 2019 filing.” True and correct copies of the materials considered by the Arbitrator are attached as Composite Exhibit “E”.

20. The Arbitrator found that “ISE intends to thwart [Movants’] ability to continue to prosecute the patents prior to adjudication of the issues in this dispute, damaging the prospects of successful prosecution of the patents and leading to harm that cannot be corrected or remediated by damages.” See Interim Award at 5.

21. Accordingly, the Arbitrator determined that the Movants had “sufficiently shown [] (i) a substantial likelihood of success on the merits on their breach of contract claims; (ii) irreparable harm if this temporary injunction is not granted; and (iii) that the balance of harms among the parties, and the public interest, weighs in favor of granting the preliminary injunctive relief.” Id.

MEMORANDUM OF LAW

22. The Florida Arbitration Act, Chapter 682, Fla. Stat., authorizes arbitrators to issue provisional remedies, such as injunctive relief, and permits a party to seek to confirm such relief before the courts of the State of Florida. See Fla. Stat. § 682.031(2)(a) (“After an arbitrator is appointed and is authorized and able to act ... [t]he arbitrator may issue such orders for provisional remedies, including interim awards, as the arbitrator finds necessary to protect the effectiveness of the arbitration proceeding and to promote the fair and expeditious resolution of the controversy, to the same extent and under the same conditions as if the controversy were the subject of a civil action.”). See also Fla. Stat. § 682.031(5) (“A party may seek to confirm or vacate a provisional remedy award for injunctive or equitable relief under s. 682.081.”)

23. As to the process for enforcement of such interim awards by the courts, Fla. Stat. § 682.081(2) provides that “[a] party to a provisional remedy award for injunctive or equitable relief may make a motion to the court seeking to confirm or vacate the provisional remedy award.” When such a motion is made, “[t]he court shall confirm a provisional remedy award for

injunctive or equitable relief if the award satisfies the legal standards for awarding a party injunctive or equitable relief.” Fla. Stat. § 682.081(2)(a).

24. The arbitrator’s ability to grant interim or injunctive relief is also expressly authorized by the AAA’s Commercial Arbitration Rules, which are the rules applicable to the Arbitration. See AAA Commercial Arbitration Rules (2013) at Rule 37 (“The arbitrator may take whatever interim measures he or she deems necessary, including injunctive relief and measures for the protection or conservation of property and disposition of perishable goods. ... Such interim measures may take the form of an interim award, and the arbitrator may require security for the costs of such measures.”).

25. In addition, under the Federal Arbitration Act, “at any time within one year after the award . . . the court must grant [a motion to confirm] unless the award is vacated, modified, or corrected as prescribed in sections 10 and 11 of this title.” 9 U.S.C. § 9. Under this basis, courts review, and routinely confirm, interim arbitration awards for equitable relief pending disposition of the arbitration. See e.g., Arrowhead Global Solutions, Inc. v. Datapath, 166 Fed. App’x. 39, 44 (4th Cir. 2006) (“[A]rbitration panels must have the power to confirm and enforce equitable relief as “final” in order for the equitable relief to have teeth.”); Island Creek Coal Sales Co. v. City of Gainesville, Florida, 729 F.2d 1046, 1049 (6th Cir. 1984) (confirming an interim award as it disposed of a “separate, discrete, independent, severable issue”: whether the city had to perform the contract during the pendency of the arbitration proceedings); Yasuda Fire & Marine Ins. Co. of Eur. v. Cont’l Casualty Co., 37 F.3d 345, 348 (7th Cir. 1994) (finding an arbitrator’s interim award reviewable by the court, and noting “if [the arbitrator] did not order interim relief [claimant] would have to bear the risk that any final award it might win would be meaningless.”); Pac. Reinsurance Mgmt. Corp. v. Ohio Reinsurance Corp., 935 F.2d 1019, 1023

(9th Cir. 1991) (“Temporary equitable relief in arbitration may be essential to preserve assets or enforce performance which, if not preserved or enforced, may render a final award meaningless . . . [T]hat relief must be enforceable at the time it is granted, not after an arbitrator’s final decision on the merits.”); Ace/Cleardefense, Inc. v. Clear Defense, Inc., 47 Fed. App’x 582, 582 (D.C. Cir. 2002) (per curiam) (“explaining that when “the interim award is a preliminary injunction . . . confirmation of the injunction is necessary to make final relief meaningful”); Companion Prop. & Cas. Ins. Co. v. Allied Provident Ins., Inc., (S.D.N.Y. Sept. 26, 2014) (“Without the ability to confirm [equitable] interim awards, parties would be free to disregard them, thus frustrating the effective and efficient resolution of disputes that is the hallmark of arbitration.”) (citing Banco de Seguros del Estado v. Mutual Marine Office, Inc., 344 F.3d 255, 262 (2d Cir. 2003)); Johnson v. Dentsply Sirona, Inc., No. 16-520, 2017 WL 4295420, at * (N.D. Okla. Sept. 27, 2017) (acknowledging the Tenth Circuit has not directly opined on this issue, but there exists “some indication that the Tenth Circuit might follow Island Creek’s holding.”).

26. In the instant Arbitration, as set forth above, the Arbitrator made numerous, specific factual findings concerning the conduct of ISE in the Injunctive Award, which she concluded was sufficient to support the injunctive relief sought by Movants. These findings included:

- a. ISE demanded that Synogen cease taking steps to prosecute the patents. See Interim Award at p. 4.
- b. ISE had not “seriously contended much less proven that the patent prosecution work being pursued by Synogen ... is substantively defective or improper.” Id.
- c. Respondent’s CEO had threatened to actively interfere with the patent prosecution. Id.
- a. While the Motion for Injunctive Relief was pending, Respondent “revoked the limited power of attorney required for Synogen’s counsel DLA Piper to continue the prosecution of patents for Synogen.” Id.

- b. “ISE intends to thwart Claimants' ability to continue to prosecute the patents prior to adjudication of the issues in this dispute, damaging the prospects of successful prosecution of the, patents and leading to harm that cannot be corrected or remediated by damages.” Id. at 4-5.

27. Based on this evidence, the Arbitrator concluded that the requirements for injunctive relief had been met because the Movants' probability of success on the merits as to their claim of breach of contract by ISE was very high, the Movants would suffer irreparable harm if the injunctive relief were not granted, and the balance of harms among the parties and the public interest favored granting the requested injunctive relief. Id. at 5.

28. Accordingly, because the Injunctive Award satisfies the legal standards for awarding injunctive relief under Florida law, the Court must confirm it and issue an order permitting it to be enforced. Compare Fla. Stat. § 682.081(2)(a) (“[t]he court shall confirm a provisional remedy award for injunctive or equitable relief if the award satisfies the legal standards for awarding a party injunctive or equitable relief”) (emphasis added) and Sanders v. City of Orlando, 997 So.2d 1089, 1095 (Fla. 2008) (“The word ‘shall’ is mandatory in nature.”).

29. And, because the Injunctive Award has not been vacated under 9 U.S.C. § 10, or modified or corrected under 9 U.S.C. § 11, the Award must be summarily confirmed.

30. This matter requires urgent judicial determination because Respondent's actions, which have been enjoined by the Arbitrator, place Movants' patent prosecution efforts in jeopardy. Respondent has refused to comply with the Arbitrator's Injunctive Award, despite Movants' efforts to communicate with them. If the Injunctive Award is not enforced promptly, Movants' will suffer irreparable harm.

CONCLUSION

31. Based on the foregoing, Movants respectfully request that the Court issue an Order: (1) granting this Motion in its entirety, (2) confirming the Injunctive Award for Injunctive

Relief and entering an Order thereon, and (3) granting Movants any further relief that the Court deems just and proper.

October 15, 2019

Respectfully submitted,

DLA PIPER LLP (US)

s/ Harout J. Samra

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