

TGEGKXGF .: 1524235"37-4: -63."Vj qo cu'F0J cm'Ergtm'Uwr tgo g'Eqwtv

SUPREME COURT OF FLORIDA

CASE NUMBER: SC13-1215

Lower Tribunal Case No. 11-15145

**MDS (CANADA), INC., BEST THERATRONICS, LTD. and
BEST MEDICAL INTERNATIONAL, INC.,**

Appellants,

v.

RAD SOURCE TECHNOLOGIES, INC.,

Appellee.

**BRIEF OF APPELLANTS ON CERTIFIED QUESTION FROM THE
UNITED STATES COURT OF APPEALS FOR THE ELEVENTH CIRCUIT**

Of Counsel:

**Robert M. Moore
Kristen A. Bennett
Richard O. Wolf
Moore & Lee, LLP
1751 Pinnacle Drive, Suite 1100
McLean, Virginia 22102
Tel.: (703) 506-2050**

**Charlie C.H. Lee
Florida Bar No. 96671
Moore & Lee, LLP
1 E. Broward Blvd., Suite 1200
Ft. Lauderdale, Florida 33301
Tel.: (703) 927-2425**

Dated: August 30, 2013

Counsel for Appellants

TABLE OF CONTENTS

TABLE OF CITATIONS iii

STATEMENT OF THE CASE AND FACTS 1

 A. PROCEEDINGS BEFORE THE DISTRICT COURT..... 1

 B. PROCEEDINGS BEFORE THE ELEVENTH CIRCUIT 3

 C. STATEMENT OF FACTS..... 5

 1. THE PARTIES..... 5

 2. BLOOD IRRADIATION TECHNOLOGY 5

 3. THE LICENSE AGREEMENT 6

 a. NORDION’S RIGHT TO SUBLICENSE..... 7

 b. THE RIGHT TO ASSIGN 8

 4. RAD SOURCE’S REFUSAL TO CONSENT TO ASSIGNMENT 8

 5. NORDION’S SUBLICENSE TO BEST 9

SUMMARY OF ARGUMENT 10

ARGUMENT 12

 A. STANDARD OF REVIEW..... 12

 B. UNDER FLORIDA LAW, THE SUBLICENSE AGREEMENT IS NOT AN
 ASSIGNMENT 13

 1. THE SUBLICENSE AGREEMENT CLEARLY EXPRESSES NORDION AND
 BEST’S INTENT NOT TO ENTER INTO AN ASSIGNMENT 15

TABLE OF CONTENTS (CONTINUED)

2. BECAUSE NORDION RETAINED AN INTEREST UNDER THE LICENSE
AGREEMENT, THE SUBLICENSE AGREEMENT IS NOT AN ASSIGNMENT17

C. THIS COURT SHOULD DECLINE TO CONSIDER ISSUES THAT WERE NOT
CERTIFIED BY THE ELEVENTH CIRCUIT19

CONCLUSION21

CERTIFICATE OF SERVICE a

CERTIFICATE OF COMPLIANCE.....b

TABLE OF CITATIONS

<u>CASES</u>	<u>PAGE(S)</u>
<i>Adams v. Fid. & Cas. Co. of N.Y.</i> , 920 F.2d 897 (11th Cir.1991)	20
<i>Adams v. Fid. & Cas. Co. of N.Y.</i> , 591 So.2d 929 (Fla. 1992)	20
<i>American Community Stores Corp. v. M.J. Newman</i> , 232 Neb. 434 (1989)	18
<i>Armstrong v. Harris</i> , 773 So.2d 7 (Fla. 2000)	12
<i>Beans v. Chohonis</i> , 740 So.2d 65 (Fla. 3rd DCA 1999).....	15
<i>Bostonian Shoe Co. of New York v. Wulwick Associates</i> , 501 N.Y.S.2d 393 (N.Y. App. Div. 1986).....	18
<i>C.N.H.F., Inc. v. Eagle Crest Dev. Co.</i> , 128 So. 844 (Fla. 1930)	13, 18
<i>Continental Cas. Co. v. Ryan Inc. E.</i> , 974 So.2d 368 (Fla. 2008)	14
<i>Crawford v. Barker</i> , 64 So.3d 1246 (Fla. 2011)	15, 17
<i>Dep't of Rev. v. Bank of Am., N.A.</i> , 972 So.2d 637 (Fla. 1st DCA 2000)	14
<i>Estate of Basile v. Famest, Inc.</i> , 718 So.2d 892 (Fla. 4th DCA 1998).....	13, 14
<i>Excelsior Ins. Co. v. Pomona Park Bar & Package Store</i> , 369 So.2d 938 (Fla. 1979)	15

TABLE OF CITATIONS (CONTINUED)

<u>CASES</u>	<u>PAGE(S)</u>
<i>F.W. Woolworth Co. v. Plaza North, Inc.</i> , 493 N.E.2d 1304 (Ind. Ct. App. 1986)	18
<i>Giles v. Sun Bank, N.A.</i> , 450 So.2d 258 (Fla. 5th DCA 1984).....	21
<i>International Community Corp. v. Orange Entertainment Center, Inc.</i> , 490 So.2d 169 (Fla. 5th DCA 1986).....	17
<i>Joseph Brothers Company v. F.W. Woolworth Co.</i> , 844 F.2d 369 (6th Cir. 1988)	13, 15, 18
<i>Kipp v. Kipp</i> , 844 So.2d 691 (Fla. 4th DCA 2003).....	15
<i>Lauren Kyle Holdings, Inc. v. Heath-Peterson Const. Corp.</i> , 864 So.2d 55 (Fla. 5th DCA 2004).....	13, 14, 17
<i>Leesburg Cmty. Cancer Ctr. v. Leesburg Reg'l Med. Ctr.</i> , 972 So.2d 203 (Fla. 5th DCA 2007).....	14
<i>Lustig v. U.M.C. Industries, Inc.</i> , 637 S.W.2d 55 (Mo. Ct. App. 1982)	19
<i>MDS (Canada), Inc. v. Rad Source</i> , 720 F.3d 833 (11th Cir. 2013)	<i>passim</i>
<i>Price v. RLI Ins. Co.</i> , 914 So.2d 1010 (Fla. 5th DCA 2005).....	14
<i>Rose v. Teitler</i> , 736 So.2d 122 (Fla. 4th DCA 1999).....	13
<i>Source Track, LLC v. Ariba, Inc.</i> , 958 So. 2d 523 (Fla. 2nd DCA 2007).....	21

TABLE OF CITATIONS (CONTINUED)

<u>CASES</u>	<u>PAGE(S)</u>
<i>State v. Family Bank of Hallandale</i> , 667 So.2d 257 (Fla. 1st DCA 1995)	13
<i>Walgreen Arizona Drug Co. v. Plaza Center Corp.</i> , 647 P.2d 643 (Ariz. Ct. App. 1982).....	15, 19
<i>Warnert v. MGM Properties</i> , 362 N.W.2d 364 (Minn. Ct. App. 1985).....	19

CONSTITUTIONAL PROVISION

Art. V, § 3(b)(6), Fla. Const.....	1, 12, 19, 20
------------------------------------	---------------

STATUTES

28 U.S.C. § 1338.....	1
28 U.S.C. § 1295.....	1

OTHER AUTHORITIES

<i>Restatement (Second) of Property, Land. & Ten.</i> § 15.1, Comment i (1977).....	13
Raymond T. Nimmer and Jeff Dodd, <i>Modern Licensing Law</i> § 9:25 (2012)	18
6 Am. Jur. 2d <i>Assignments</i> § 5 (Westlaw 2013).....	21

STATEMENT OF THE CASE AND FACTS

This matter is before this honorable Court in accordance with Art. V, § 3(b)(6), Fla. Const., pursuant to submission of the following certified question of law by the United States Court of Appeals for the Eleventh Circuit (“Eleventh Circuit”):

When a licensee enters into a contract to transfer all of its interests in a license agreement for an entire term of a license agreement, save one day, but remains liable to the licensor under the license agreement, is the contract an assignment of the license agreement, or is the contract a sublicense?

MDS (Canada), Inc. v. Rad Source, 720 F.3d 833, 856 (11th Cir. 2013); Appendix (“App.”) at 43. For the reasons discussed below, the Appellants, MDS (Canada) Inc. (now known as Nordion (Canada) Inc.) (hereinafter referred to as “Nordion”), Best Theratronics, Ltd. (“Best Theratronics”) and Best Medical International, Inc. (“Best Medical”) (Best Theratronics and Best Medical sometimes collectively referred to herein as “Best”) (all appellants hereinafter collectively referred to as “Appellants”), respectfully submit that this Court should answer the certified question by stating that the contract at issue is a sublicense.

A. PROCEEDINGS BEFORE THE DISTRICT COURT

The underlying dispute between the parties arose from a suit to enforce a contract between Nordion and the Appellee, Rad Source Technologies, Inc. (“Rad Source”), which is governed by Florida law, to license patents (hereinafter referred

to as the “License Agreement”). [Record (“R.”) 286-1; App. at 70-94].¹ On October 15, 2009, Appellants filed their Complaint [R. 1] and Emergency Motion for Temporary Restraining Order and Preliminary Injunction [R. 2-3] against the Appellee, Rad Source Technologies, Inc. (hereinafter referred to as “Appellee” or “Rad Source”), in the United States District Court for the Southern District of Florida (hereinafter referred to as the “district court”). [R. 1-3]. On October 27, 2009, a temporary restraining order and preliminary injunction was granted in favor of Appellants. [R. 40, 48]. Rad Source filed a counterclaim. [R. 80].

In April 2009, the district court conducted a ten-day, non-jury trial. [R. 332-341]. On September 30, 2011, the district court issued Findings of Fact and Conclusions of Law [R. 350] and Entry of Final Judgment [R. 351]. Among other things, the district court ruled that the contract between the parties remained in full force, but held that no party was entitled to recover damages and dismissed the case on the merits. *MDS (Canada), Inc.*, 720 F.3d at 840; App. at 9.

The district court also ruled that Nordion breached a clause of the License Agreement that required Rad Source’s consent to assignment when, on April 30, 2008, Nordion entered into a sublicense agreement (hereinafter referred to as the “Sublicense Agreement”) with Best Theratronics and Best Medical. *MDS (Canada), Inc.*, 720 F.3d at 839, 854; App. at 6, 39. The Sublicense Agreement,

¹ The Record citation numbers herein correspond to the docket entry numbers used in the proceedings before the district court.

which was entered into after Rad Source refused to consent to an assignment from Nordion to Best, was for a term of one day less than the term of the License Agreement. [R. 290-C; App. at 6]. Thus, as stated in the certified question, Nordion, the licensee, remained liable to Rad Source, the licensor, under the License Agreement. *Id.*, 720 F.3d at 856; App. at 43.

B. PROCEEDINGS BEFORE THE ELEVENTH CIRCUIT

Appellants filed a timely appeal from the district court's decision with the Eleventh Circuit. Rad Source did not appeal from the district court's decision. Rad Source asserted, however, that the Eleventh Circuit lacked jurisdiction to hear the appeal. Rad Source argued that the United States Court of Appeals for the Federal Circuit had exclusive appellate jurisdiction. *MDS (Canada), Inc.*, 720 F.3d at 841; App. at 10. The Eleventh Circuit ordered the parties to submit supplemental briefs to address whether it had jurisdiction. *Id.*²

On July 1, 2013, the Eleventh Circuit issued its opinion. The Eleventh Circuit rejected Rad Source's assertion that it lacked jurisdiction. *MDS (Canada), Inc.*, 720 F.3d at 843; App. at 15-16. The Eleventh Circuit held that it had

² Pursuant to 28 U.S.C. § 1338, federal district courts have original jurisdiction over matters arising under federal patent law. When the appeal was filed with the Eleventh Circuit, 28 U.S.C. § 1295 provided that the United States Court of Appeals for the Federal Circuit had exclusive appellate jurisdiction from a final decision of a federal district court if the federal district court's jurisdiction was based, in whole or in part, on 28 U.S.C. § 1338. *MDS (Canada), Inc.*, 720 F.3d at 841; App. at 10.

jurisdiction over the appeal because the district court's jurisdiction was not based on federal patent law, but rather on diversity and supplemental jurisdiction. *Id.*

The Eleventh Circuit then proceeded to review the merits of the district court's decision, including its ruling that Nordion breached the License Agreement when Nordion entered into the Sublicense Agreement with Best. *MDS (Canada), Inc.*, 720 F.3d at 839, 854; App. at 6, 39. The Eleventh Circuit determined that resolution of the issue of whether the Sublicense Agreement is a sublicense or an assignment is dispositive of whether Nordion has standing to recover damages from Rad Source for Rad Source's breach of contract. *Id.*, 720 F.3d at 854, n. 9; App. at 39.

The three-judge panel of the Eleventh Circuit was divided, however, as to whether there was clear precedent under Florida law to resolve that issue. *Id.*, 720 F.3d at 854-58, ; App. at 39-50. Two members of the panel, the Honorable Joel F. Dubina and the Honorable R. Lanier Anderson, "were uncertain of the proper resolution of this issue" and, therefore, decided to submit the certified question to this Court. *Id.*, 720 F.3d at 854; App. at 40.

The third member of the panel, the Honorable William H. Pryor, Jr., dissented on that point and concluded that submitting the certified question to this Court was unnecessary because the certified question is "controlled by a bright-line rule that has been uniformly followed by the appellate courts of Florida and twice

approved by the Supreme Court of Florida.” *Id.*, 720 F.3d at 858; App. at 48. Judge Pryor stated that, “[u]nder Florida law, the agreement between Nordion and Best is a sublicense because Nordion did not grant all of its rights to Best.” *Id.*

On July 23, 2013, Rad Source filed a Motion for Reconsideration with the Eleventh Circuit. On August 22, 2013, the Eleventh Circuit denied that motion.

C. STATEMENT OF FACTS

1. THE PARTIES

Nordion is a health sciences company with a specialty in the detection, prevention, and diagnosis of disease. *MDS (Canada), Inc.*, 720 F.3d at 838; App. at 3. Best Medical is an international health company that primarily develops, markets, manufactures and sells brachytherapy and radiation therapy devices. [R. 333, pp. 141-142]. Best Theratronics is an international health company that manufactures and sells self-contained blood irradiators and external beam therapy units. [R. 333, pp. 143, 145]. Rad Source is a company that specializes in research and development of irradiation technologies, including technology to irradiate blood. *MDS (Canada), Inc.*, 720 F.3d at 838; App. at 2.

2. BLOOD IRRADIATION TECHNOLOGY

Blood irradiation is a process where blood to be transfused into a patient with a suppressed immune system is treated so that the transfused blood does not cause a fatal blood disease in the patient called Graft Versus Host Disease. *MDS*

(Canada), Inc., 720 F.3d at 838; App. at 2. Blood irradiators, which require approval by the Food and Drug Administration in order to sell them in the United States, traditionally used radioactive isotopes as the source of radiation to treat the blood. *Id.* Rad Source developed technology under which x-rays (rather than radioactive isotopes) could be used as the source of radiation to treat blood. *Id.* Starting in approximately the late 1990s, Rad Source manufactured and sold a blood irradiation device that used x-rays to treat blood called the RS 3000. *Id.* Rad Source obtained three patents associated with RS 3000: Patent No. 6,212,255, Patent No. 6,389,099 and Patent No. 6,614,876 (hereinafter collectively referred to as the “Patents”). *Id.*; App. at 3.

3. THE LICENSE AGREEMENT

On August 20, 2003, Nordion entered into the License Agreement that was the subject of the appeal to the Eleventh Circuit. *MDS (Canada), Inc.*, 720 F.3d at 838; App. at 4. The License Agreement was the product of negotiations that lasted more than one year. *Id.* Nordion paid Rad Source \$1.7 million under the License Agreement. *Id.* Rad Source is not due any further payment under the License Agreement. [R. 333, pp. 212-216]. Article 13.13 of the License Agreement states in part that it “shall be governed and construed in accordance with the laws of the State of Florida, USA, without reference to its principles on conflicts of laws.” App. at 92.

a. **NORDION’S RIGHT TO SUBLICENSE**

Article 3.1 of the License Agreement, titled “Grant of License,” states that Nordion has the right to grant sublicenses to third parties, as follows:

As of the Closing Date, Rad Source hereby grants to Nordion, and Nordion accepts, for the term of the license as set out in Section 12.1, subject to the second sentence of this Section 3.1, an exclusive right and license (transferable, with the right to grant sublicenses to third parties (“Sublicensees”) on such terms as are consistent with this Agreement to Use the Licensed Technology for the System (including as modified by Nordion) and for the single power supply version of the System, in the Territory

App. at 72-73 (emphasis added). The term “Licensed Technology” is defined in Article 1.6 of the License Agreement to include “the Patent(s), and Technical Information as set out in Schedule A.” App. at 71. In turn, Schedule A states that “Licensed Technology” includes not only the Patents, but also the drawings, specifications, manuals and procedures for the RS 3000. App. at 93-94.

As set forth in Article 12.1 of the License Agreement, the term of the license commenced on the Closing Date of September 26, 2003 and remains in full force and effect until the expiration or invalidity of the last to expire of the patents in the year 2022. App. at 86. Upon expiration, Article 12.1 provides that the right to use the Licensed Technology does not revert to Rad Source. *Id.* Instead, Nordion may use the Licensed Technology without any further obligation to Rad Source. *Id.*

b. THE RIGHT TO ASSIGN

Article 13.9 of the License Agreement is titled “Assignment” and sets forth the circumstances under which Nordion or Rad Source could assign their rights thereunder. In relevant part, Article 13.9 states:

Neither Nordion nor Rad Source may assign any of its rights or delegate any of its obligations under this Agreement without the express written consent of the other party, such consent not to be unreasonably withheld; provided that (i) either party may assign any of its rights or delegate any of its obligations under this Agreement, in whole or in part, to any of its Affiliates, without consent of the other party ... and (ii) either party may assign its rights and delegate its duties and obligations (in whole or in part) under this Agreement to any entity which acquires all, or substantially all, of its assets or business, without the consent of the other party ... Any assignment in violation of this section shall be void.

App. at 91.

4. RAD SOURCE’S REFUSAL TO CONSENT TO ASSIGNMENT

In December 2007, Nordion asked Rad Source to consent to an assignment of the License Agreement from Nordion to Best Medical and Best Theratronics. *MDS (Canada), Inc.*, 720 F.3d at 839; App. at 5. Rad Source refused to consent. *Id.* During a January 28, 2008 conference call, Nordion advised Rad Source that, in light of Rad Source’s refused to consent to an assignment, Nordion would exercise its right to sublicense the Agreement to Best Medical and Best Theratronics. *Id.*; App. at 6.

5. NORDION'S SUBLICENSE TO BEST

On April 30, 2008, pursuant to its right to grant sublicenses in accordance with Article 3.1 of the License Agreement, Nordion entered into the Sublicense Agreement with Best. *MDS (Canada), Inc.*, 720 F.3d at 839; App. at 6. Paragraph E of the Sublicense Agreement expressly states Nordion's and Best's agreement to enter into a sublicense, "as opposed to assigning the License Agreement" App. at 63. Article 1.5 of the Sublicense Agreement states that that the agreement constitutes the entire understanding between the parties and "supersede[s] all prior agreements, understandings, negotiations and discussions, whether oral or written" App. at 64.

Article 2.1 of the Sublicense Agreement, titled "Grant of Sublicense," states that Nordion grants Best:

... an exclusive right and sublicense (the "Sublicense") to Use the Licensed Technology for the System and for the single power supply version of the System, in the Territory all on the terms and conditions contained in the License Agreement save and except as varied by this Agreement.

App. at 64.

Article 2.2 of the Sublicense Agreement states that the term of the agreement shall be as follows:

The term of this Sublicense shall commence on the Effective Date and, unless terminated earlier pursuant to this Agreement, shall be equal to the term of the License Agreement less one (1) day.

App. at 64. Thus, Nordion retained an interest in the License Agreement, including the right to use the licensed technology after the License Agreement concluded. Further, pursuant to Article 2.7 of the Sublicense Agreement, Nordion remained obligated to enforce against Rad Source all of Rad Source's obligations under the License Agreement. App. at. 65. Nordion also remained liable to Rad Source for any breach of the License Agreement. Thereafter, Nordion and Best conducted themselves in accord with the Sublicense Agreement. [R. 333, p. 164].

SUMMARY OF ARGUMENT

Appellants respectfully submit that the certified question should be answered by finding that, when a licensee enters into a contract to transfer its interests in a license agreement for the term of the license agreement, less one day, and remains liable to the licensor under the license agreement, the contract is a sublicense, not an assignment. That answer accords with decisions by this Court and the Florida District Courts of Appeal, as well as the common law rule, which clearly hold that, as a matter of law, an assignment occurs only when a party transfers its entire interest to another party. When, as here, a party retains any rights or interest, an assignment has not occurred. The dissent from the Eleventh Circuit's opinion aptly called this a "bright line rule."

When measured by this familiar bright line rule, the Sublicense Agreement is plainly a sublicense and not an assignment because it is indisputable that

Nordion did not transfer all of its rights under the License Agreement to Best via the Sublicense Agreement. In addition to the fact that the term of the Sublicense Agreement was a day shorter than the term of the License Agreement, the Sublicense Agreement required Nordion to enforce against Rad Source the obligations of the License Agreement. Further, in the event of breach of any obligations under the License Agreement, Rad Source would look to Nordion, not Best, for recovery.

As a matter of law, it is irrelevant that the Sublicense Agreement was entered into after Rad Source refused to consent to an assignment. None of the parties, nor the Eleventh Circuit, contend that the Sublicense Agreement is unclear or ambiguous. Accordingly, under Florida law, extrinsic evidence concerning a contemplated assignment from Nordion to Best should not be considered. Rather, as with any contract, the Sublicense Agreement should be interpreted in accordance with its clear and unambiguous terms.

Conversely, even if evidence regarding Rad Source's refusal to consent to an assignment is deemed relevant, that evidence only underscores Nordion and Best's intent to enter into a sublicense. The Sublicense Agreement expressly states that the parties had decided not to enter into an assignment. The terms of the Sublicense Agreement reflect that intent by Nordion's retention of rights and liability under the License Agreement with Rad Source.

The Eleventh Circuit certified the precise question that it asked this Court to answer. Although not included as part of the certified question, in a footnote to the majority opinion, the Eleventh Circuit also invited this Court to consider whether the Sublicense Agreement could constitute an equitable assignment. Appellants respectfully submit that this Court should decline the invitation to respond to an issue that was not presented as a certified question. Art. V, § 3(b)(6), Fla. Const. V states that this Court may review a question certified by a federal court of appeals, but it does not provide for consideration of matters that have not been presented as a certified question. Thus, in the past, this Court has declined to address an issue that was not certified.

Alternatively, if this Court chooses to address the equitable assignment issue, it should find that, as a matter of law, the Sublicense Agreement does not constitute an equitable assignment. An equitable assignment may found only when it is necessary to implement the plain intent of the parties. Here, the parties to the Sublicense Agreement – Nordion and Best – plainly intended to enter into a sublicense and not an assignment.

ARGUMENT

A. STANDARD OF REVIEW

The standard of review for a pure question of law is *de novo*. *Armstrong v. Harris*, 773 So.2d 7, 11 (Fla. 2000).

B. UNDER FLORIDA LAW, THE SUBLICENSE AGREEMENT IS NOT AN ASSIGNMENT

Under Florida law “it is well established that an ‘assignment transfers to the assignee all of the interests and rights of the assignor in and to the thing assigned.’” *Rose v. Teitler*, 736 So.2d 122 (Fla. 4th DCA 1999) (emphasis added), *quoting*, *State v. Family Bank of Hallandale*, 667 So.2d 257, 259 (Fla. 1st DCA 1995). When there has been an assignment, “[t]he assignee thereafter stands in the shoes of the assignor and may enforce the contract against the original obligor in his own name.” *Lauren Kyle Holdings, Inc. v. Heath-Peterson Const. Corp.*, 864 So.2d 55, 58 (Fla. 5th DCA 2004). Accordingly, “an assignor retains no rights to enforce the contract after it has been assigned.” *Id.*, 864 So.2d at 58.

Thus, the test that Florida courts have applied to determine whether a contract constitutes an assignment is whether the *entire* interest is transferred without retention of any revisionary interest. *See, e.g., C.N.H.F., Inc. v. Eagle Crest Dev. Co.*, 128 So. 844, 845 (Fla. 1930); *Estate of Basile v. Famest, Inc.*, 718 So.2d 892 (Fla. 4th DCA 1998). In *C.N.H.F.*, this Court held that the contract between the parties was an assignment because it transferred all of the assignor’s leasehold interest to the assignee, “and left no fragment of the term for surrender to the original lessee” *C.N.H.F.*, 128 So. at 1241 (emphasis added). This is consistent with the common law rule. *See, e.g., Joseph Brothers Company v. F.W. Woolworth Co.*, 844 F.2d 369, 372 (6th Cir. 1988), *citing*, *Restatement (Second) of*

Property, Land. & Ten. § 15.1, Comment i (1977) (stating that under the “common law generally, an assignment of a leasehold is a transaction in which a lessee transfers its entire interest in the lease premises for the unexpired term of the lease,” in contrast when “the lessee transfers less than his entire estate or the balance of the term, it is a sublease”).

Florida courts have applied this test in a broad range of contexts. *See, e.g., Leesburg Cmty. Cancer Ctr. v. Leesburg Reg’l Med. Ctr.*, 972 So.2d 203, 206 (Fla. 5th DCA 2007) (dispute involving a commercial sublease); *Price v. RLI Ins. Co.*, 914 So.2d 1010, 1013 (Fla. 5th DCA 2005) (assignment of an installment sales contract); *Lauren Kyle Holdings, Inc.*, 864 So.2d at 58 (real estate contract for sale of lots); *Dep’t of Rev. v. Bank of Am., N.A.*, 972 So.2d 637, 642 (Fla. 1st DCA 2000) (assignment of automobile financing contracts); *Estate of Basile*, 718 So.2d at 892 (assignment of commercial lease agreement). *See also, Continental Cas. Co. v. Ryan Inc. E.*, 974 So.2d 368, 376 (Fla. 2008) (citing with approval *Price* and *Lauren Kyle Holdings, Inc.*, *supra*, and stating: “Importantly, once transferred, the assignor no longer has a right to enforce the interest because the assignee has obtained ‘all rights to the things assigned.’”).

In deciding whether or not a contract constitutes an assignment, the courts apply Florida’s established rules of contract construction. “Where the terms of a contract are clear and unambiguous, the parties’ intent must be gleaned from the

four corners of the document.” *Crawford v. Barker*, 64 So.3d 1246, 1255 (Fla. 2011). “A court must construe a contract in a manner that accords with reason and probability; and avoid an absurd construction.” *Kipp v. Kipp*, 844 So.2d 691, 693 (Fla. 4th DCA 2003). In interpreting contracts, courts will not “rewrite contracts, add meaning that is not present, or otherwise reach results contrary to the intentions of the parties.” *Excelsior Ins. Co. v. Pomona Park Bar & Package Store*, 369 So.2d 938, 942 (Fla. 1979). Rather, “the words used by the parties must be given their plain and ordinary meaning.” *Beans v. Chohonis*, 740 So.2d 65, 67 (Fla. 3rd DCA 1999).

1. THE SUBLICENSE AGREEMENT CLEARLY EXPRESSES NORDION AND BEST’S INTENT NOT TO ENTER INTO AN ASSIGNMENT

Article 3.1 of the License Agreement authorized Nordion to grant a sublicense, and to do so without having to obtain any further consent from Rad Source. App. at 72-73. As other courts have held, parties are free to contract as they wish, and they may chose to require consent for an assignment, but not for a sublicense. *See, e.g., Joseph Brothers Company v. F.W. Woolworth Co.*, 844 F.2d 369, 373-374 (6th Cir. 1988) (rejecting argument that sublicense was an assignment that required consent and noting that the terms of the contract required consent for an assignment, but not for a sublease); *Walgreen Arizona Drug Co. v. Plaza Center Corp.*, 647 P.2d 643, 648-649 (Ariz. Ct. App. 1982) (holding that

contract was a sublease, not an assignment, and noting that, although the contract required consent to assign, no consent was required for a sublease).

The express terms of the Sublicense Agreement indisputably show that Nordion and Best did not intend, and did not agree, to enter into an assignment. For example, in Paragraph E of the Sublicense, Nordion and Best clearly stated that they were not entering into an assignment. App. at 63. Florida courts have held that a contract is not an assignment when the parties plainly express their intent not to enter into an assignment. *See, e.g., Leesburg Cmty. Cancer Ctr. v. Leesburg Reg'l Med. Ctr.*, 972 So.2d 203, 206 (Fla. 5th DCA 2007).

In, *Leesburg Cmty. Cancer Ctr.*, 972 So.2d at 206, the trial court ruled that a sublease was not an assignment. The Fifth District affirmed the trial court's ruling and explained:

More importantly, the sublease itself does not purport to assign Real Estate Associates' leasehold interest to the Cancer Center. Rather, it expressly states that "this Lease constitutes a sublease...." The contract could not be any clearer, and the trial court properly rejected this argument.

Leesburg Cmty. Cancer Ctr., 972 So.2d at 206. Here, the Sublicense Agreement likewise "could not be any clearer" that it was not an assignment.

The Eleventh Circuit's majority opinion noted that the Sublicense Agreement was entered into after Rad Source refused to consent to an assignment and stated that it could not locate any Florida cases in which a sublicense

agreement was entered into after an attempted assignment was rebuffed. *MDS (Canada), Inc.*, 720 F.3d at 855; App. at 41. Appellants respectfully submit that, given this Court’s admonition that “intent must be gleaned from the four corners of the document,” it is simply irrelevant whether the parties had previously contemplated an assignment. *Crawford*, 64 So.3d at 1255. To proceed otherwise would violate the basic rule of contract construction that precludes consideration of extrinsic evidence when the terms of the contract are clear and unambiguous. *International Community Corp. v. Orange Entertainment Center, Inc.*, 490 So.2d 169, 173 (Fla. 5th DCA 1986).

2. BECAUSE NORDION RETAINED AN INTEREST UNDER THE LICENSE AGREEMENT, THE SUBLICENSE AGREEMENT IS NOT AN ASSIGNMENT

Nordion and Best did more than express their clear intent not to enter into an assignment. They also structured the Sublicense Agreement so that Nordion retained an interest under the License Agreement. First and foremost, they agreed that the term of the Sublicense Agreement was one day less than the term of the License Agreement. Accordingly, Nordion retained the right to enforce the License Agreement against Rad Source. By itself, this term proves that the Sublicense Agreement is not an assignment because Nordion did not transfer its entire interest under the License Agreement to Best. *Cf., Lauren Kyle Holdings, Inc.*, 864 So.2d at 58 (noting that when an assignment occurs the assignor no

longer has any right to enforce the contract). *See also*, Raymond T. Nimmer and Jeff Dodd, *Modern Licensing Law* § 9:25 (2012) (“A sublicense is distinguishable from an assignment in that the party making the sublicense to another remains bound by and party to the original license.”).

As noted above, this Court has applied the common law rule that an assignment of a contract occurs when a party transfers its rights with “no fragment” of the remaining term of the contract retained by it. *C.N.H.F.*, 128 So. at 1241. Other courts that follow this common law rule of assignments have held that a transfer of an interest less than the whole, even one day less, is not an assignment. *See, e.g., Joseph Brothers Company*, 844 F.2d at 372 (“the reservation of even one day of the term creates a sublease”); *American Community Stores Corp. v. M.J. Newman*, 232 Neb. 434, 441 (1989) (“[a]greements calling for the surrender of possession only 1 day prior to the expiration of the term of the main lease have been held to be subleases rather than assignments”); *Bostonian Shoe Co. of New York v. Wulwick Associates*, 501 N.Y.S.2d 393, 394 (N.Y. App. Div. 1986) (“agreements calling for the surrender of possession one day ... short of the expiration of the term of the main lease, have been held to be a sublease rather than an assignment”); *F.W. Woolworth Co. v. Plaza North, Inc.*, 493 N.E.2d 1304, 1308 (Ind. Ct. App. 1986) (finding an agreement that conveyed rights to a premises for one day less than the master lease met the “classic definition of a sublease”);

Warnert v. MGM Properties, 362 N.W.2d 364 (Minn. Ct. App. 1985); *Walgreen Arizona Drug Co. v. Plaza Center Corp.*, 647 P.2d 643 (Ariz. Ct. App. 1982); *Lustig v. U.M.C. Industries, Inc.*, 637 S.W.2d 55 (Mo. Ct. App. 1982).

Further, throughout the term of the Sublicense Agreement, Nordion retained the right to use the Licensed Technology without any further obligation to Rad Source after the License Agreement concluded. Simply put, Nordion did not transfer its entire interest in the License Agreement to Best. Accordingly, under Florida law, the Sublicense Agreement was a sublicense and not an assignment.

C. THIS COURT SHOULD DECLINE TO CONSIDER ISSUES THAT WERE NOT CERTIFIED BY THE ELEVENTH CIRCUIT

Pursuant to Art. V, § 3(b)(6), Fla. Const., this Court “[m]ay review a question of law certified by . . . a United States Court of Appeals which is determinative of the cause and for which there is no controlling precedent of the supreme court of Florida.” Fla. Const. Art. V, § 3(b)(6). The question that was certified by the Eleventh Circuit did not include the issue of equitable assignment. Indeed, that issue was never raised by either party in the proceedings below. *MDS (Canada), Inc.*, 720 F.3d at 856, n. 10; App. at 43. Nevertheless, in a footnote to the Eleventh Circuit’s majority opinion, the Eleventh Circuit stated that this Court “may want to consider” whether the doctrine of equitable assignment should apply. *Id.* For several reasons, Appellants respectfully submit that this Court should

decline the invitation to consider an issue that was not presented as a certified question.

First, Art. V, § 3(b)(6), Fla. Const. states this Court may review a question that has been certified. It does not provide for consideration of questions that are not certified.

Second, consistent with the limitations set forth in Art. V, § 3(b)(6), Fla. Const., this Court has declined to consider issues that were not certified by the Eleventh Circuit. In *Adams v. Fid. & Cas. Co. of N.Y.*, 920 F.2d 897, 900 n. 6 (11th Cir.1991), the Eleventh Circuit stated that, in addition to the question it certified, this Court “might want to consider” another issue.³ In its decision that responded to the certified question, this Court did not address, or even mention, that issue that was not certified. *See Adams v. Fid. & Cas. Co. of N.Y.*, 591 So.2d 929, 930 (Fla. 1992). In this instance, it would also be appropriate for this Court not to address an issue which has not been certified.

If, however, this Court chooses to address the uncertified issue, Appellants respectfully submit that it should conclude that the doctrine of equitable assignment has no applicability to the present case. “An equitable assignment is the transfer of a present interest that for one reason or another does not amount to a

³ The Eleventh Circuit’s majority opinion cited to *Adams*, 920 F.2d at 900 n. 6, as precedent for its invitation to this Court to consider the equitable assignment issue. *MDS (Canada), Inc.*, 720 F.3d at 856, n. 10; App. at 43.

legal assignment, but which a court of equity will recognize and imply from the circumstances and because of the equities involved.” 6 Am. Jur. 2d Assignments § 5 (Westlaw 2013). “A court may find an equitable assignment where necessary to effectuate the parties’ plain intent or to avoid injustice.” *Source Track, LLC v. Ariba, Inc.*, 958 So. 2d 523, 526 (Fla. 2nd DCA 2007). “No particular words or form of instrument is necessary to effect an equitable assignment and any language, however informal, which shows an intention on one side to assign a right ... and an intention on the other to receive, if there is a valuable consideration, will operate as an effective equitable assignment.” *Giles v. Sun Bank, N.A.*, 450 So.2d 258, 260 (Fla. 5th DCA 1984) (emphasis added).

The doctrine of equitable assignment is inapplicable here because, as previously discussed, there was no intention by Nordion and Best to enter into an assignment. Rather, Nordion and Best clearly stated that they were not entering into an assignment. No injustice will occur if the Sublicense Agreement is construed in accordance with the parties’ clear intent that they did not enter into an assignment.

CONCLUSION

For the foregoing reasons, this Court should answer the certified question by stating that the contract at issue, i.e., the Sublicense Agreement, is a sublicense and not an assignment.

Respectfully submitted,

MDS (Canada), Inc.,
Best Theratronics, Ltd., and
Best Medical International, Inc.

By Counsel:

s/ Charlie C.H. Lee

Charlie C.H. Lee
Florida Bar No. 96671
Moore & Lee, LLP
1 E. Broward Blvd., Suite 1200
Fort Lauderdale, Florida 33301
Tel.: (703) 927-2425
Email: c.lee@mooreandlee.com

Counsel for Appellants

Dated: August 30, 2013

Of Counsel:

Robert M. Moore
Kristen A. Bennett
Richard O. Wolf
Moore & Lee, LLP
1751 Pinnacle Dr., Suite 1100
McLean, Virginia 22102
Tel.: (703) 506-2050

CERTIFICATE OF SERVICE

I hereby certify that on the 30th day of August, 2013, I caused a copy of the foregoing Appellants' Brief and of the Joint Appendix to be served via email (PDF format) and first-class mail, postage prepaid, on the following attorneys for the Appellee:

Andrew R. Spector, Esq.
Arnall, Golden, Gregory LLP
Two South Biscayne Blvd.
One Biscayne Tower, Suite 2690
Miami, Florida 33131

Scott E. Taylor, Esq.
Richard Mitchell, Esq.
Anuj Desai, Esq.
Arnall, Golden, Gregory LLP
171 17th Street, NW Suite 2100
Atlanta, Georgia 30363

s/ Charlie C.H. Lee
Charlie C.H. Lee

CERTIFICATE OF COMPLIANCE

Undersigned counsel hereby certifies that the foregoing Appellants' Initial Brief has been prepared in Times New Roman 14-point font and complies with the requirements of Rule 9.210.

s/ Charlie C.H. Lee

Charlie C.H. Lee