

UNITED STATES DISTRICT COURT FOR THE DISTRICT OF DELAWARE

SGP USA LLC v. AM Sailing Purchaser LLC and Doug DeVos

SGP USA · No. Civil Action No. 26-257-CFC · Decided March 20, 2026

SUMMARY

The District of Delaware remands SGP USA LLC v. AM Sailing Purchaser LLC and Doug DeVos to the Delaware Court of Chancery for lack of subject-matter jurisdiction. The court concludes that the defendants' motion to compel arbitration did not establish original jurisdiction under 9 U.S.C. § 203 and that 9 U.S.C. § 205 authorizes removal but does not itself necessarily confer subject-matter jurisdiction. The court denies SGP USA's request for costs and attorney fees, grants the request to adopt prior remand briefing, and denies the remaining relief as moot or without prejudice.

CASE DETAILS

COURT	United States District Court for the District of Delaware
JURISDICTION	United States District Court for the District of Delaware
DECIDED	March 20, 2026
DOCKET	Civil Action No. 26-257-CFC
DISPOSITION	remanded
PROCEDURAL POSTURE	After Defendants removed the action from the Delaware Court of Chancery under the Federal Arbitration Act, and after the court had previously remanded a related action, Plaintiff renewed its motion to remand. Plaintiff also sought a temporary restraining order, expedited briefing, and adoption of prior briefing.
STANDARD OF REVIEW	The removing party bears the burden of establishing federal subject-matter jurisdiction, and removal statutes are strictly construed against removal, with doubts resolved in favor of remand. Attorney-fee awards under 28 U.S.C. § 1447(c) are reviewed under the objectively reasonable basis standard described in <i>Martin v. Franklin Capital Corp.</i>
PRECEDENTIAL VALUE	unpublished memorandum order; precedential status unknown

TOPICS

- subject matter jurisdiction
- arbitration
- civil procedure
- commercial litigation
- breach of contract

PRACTICE AREAS

QUESTIONS PRESENTED

1. Whether Defendants established original federal subject-matter jurisdiction under 9 U.S.C. § 203 based on their motion to compel arbitration.
2. Whether 9 U.S.C. § 205 independently conferred subject-matter jurisdiction over the re-removed action.
3. Whether the action should be remanded under 28 U.S.C. § 1447(c).
4. Whether Plaintiff was entitled to just costs and actual expenses, including attorney fees, incurred as a result of the re-removal.
5. Whether the request for expedited briefing on Plaintiff's renewed temporary-restraining-order motion was moot.

HOLDINGS

1. A defendant's motion to compel arbitration, particularly a motion filed after remand, does not transform the action into an action or proceeding falling under the Convention for purposes of establishing original jurisdiction under 9 U.S.C. § 203.
2. Section 205 authorizes removal of qualifying Convention-related cases but does not necessarily confer subject-matter jurisdiction over the action.
3. The action must be remanded to the Delaware Court of Chancery because the district court lacked subject-matter jurisdiction.
4. Plaintiff was not entitled to just costs or actual expenses, including attorney fees, incurred as a result of the re-removal.

KEY QUOTATIONS

“a federal court generally may not rule on the merits of a case without first determining that it has jurisdiction over the category of claim in suit (subject-matter jurisdiction) and the parties (personal jurisdiction).” (at 9)

“Because Defendants’ argument that this action “fall[s] under the Convention” under § 203 rests on Defendants’ March 11 motion to compel arbitration, Defendants have not met their burden to show that the Court has subject-matter jurisdiction over the action under § 203.” (at 12)

“Because it appears that the Court lacks subject-matter jurisdiction and “all doubts should be resolved in favor of remand,” I will again remand this action to the Court of Chancery based on lack of subject-matter jurisdiction.” (at 16)

FACTUAL BACKGROUND

SGP USA asserted Delaware state-law claims arising from a Renewal Agreement with SailGP and sought temporary injunctive relief. Defendants contended that the claims were subject to mediation and arbitration before the Court of Arbitration for Sport in Switzerland and filed a motion to compel arbitration in the Court of

Chancery. After a related federal action was remanded, Defendants re-removed this action under Federal Arbitration Act provisions concerning Convention arbitration agreements.

PROCEDURAL HISTORY

The court had previously remanded Civil Action No. 26-182 to the Delaware Court of Chancery for lack of subject-matter jurisdiction. Defendants then filed a motion to dismiss for lack of personal jurisdiction and a motion to compel arbitration in the Court of Chancery, followed by a notice of re-removal to the federal district court under 9 U.S.C. §§ 203 and 205. The district court granted remand because Defendants failed to establish subject-matter jurisdiction under either § 203 or § 205, denied Plaintiff's request for costs and attorney fees, and denied the expedited-briefing request as moot.

DISPOSITION

remanded

REMAND INSTRUCTIONS

The Clerk was directed to remand the action to the Court of Chancery of the State of Delaware. Plaintiff's request to adopt prior remand briefing was granted; the request for expedited briefing on the renewed TRO was denied as moot; the request for costs and attorney fees was denied; and other relief was denied without prejudice to renewal in the Court of Chancery.

CASES CITED

- United States v. United Mine Workers of Am., 330 U.S. 258, 292 (1947)
- Sinochem Int'l Co. v. Malaysia Int'l Shipping Corp., 549 U.S. 422, 430-31 (2007)
- Hines v. Stamos, 111 F.4th 551, 566 (3d Cir. 2024)
- Steel Valley Auth. v. Union Switch & Signal Div., 809 F.2d 1006, 1010 (3d Cir. 1987)
- DaimlerChrysler Corp. v. Cuno, 547 U.S. 332, 342 n.3 (2006)
- Kokkonen v. Guardian Life Ins. Co. of Am., 511 U.S. 375, 377 (1994)
- GE Energy Power Conversion France SAS, Corp. v. Outokumpu Stainless USA, LLC, 590 U.S. 432, 439 (2020)
- Vaden v. Discover Bank, 556 U.S. 49, 59-60 & n.9 (2009)
- Century Indem. Co. v. Certain Underwriters at Lloyd's, London, 584 F.3d 513, 520-23 & n.8 (3d Cir. 2009)
- G. W. v. Ringwood Bd. of Educ., 28 F.4th 465, 468 (3d Cir. 2022)
- Ins. Corp. of Ireland v. Compagnie des Bauxites de Guinee, 456 U.S. 694, 701-02 (1982)
- Franchise Tax Bd. of Cal. v. Construction Laborers Vacation Trust for Southern Cal., 463 U.S. 1, 10 n.9 (1983)
- Bel-Ray Co. v. Chemrite (Pty) Ltd., 181 F.3d 435, 440-41 (3d Cir. 1999)
- Commissioners of Road Improvement District No. 2 of Lafayette County v. St. Louis Southwestern Railway Co., 257 U.S. 547, 557 (1922)

- Feidt v. Owens Corning Fiberglas Corp., 153 F.3d 124, 128 (3d Cir. 1998)
- Outokumpu Stainless USA, LLC v. Converteam SAS, 902 F.3d 1316, 1323-24 (11th Cir. 2018)
- Beiser v. Weyler, 284 F.3d 665, 669 (5th Cir. 2002)
- Kircher v. Putnam Funds Trust, 547 U.S. 633, 645 (2006)
- League of Women Voters of Pa. v. Commonwealth of Pa., 921 F.3d 378, 383-84 (3d Cir. 2019)
- Martin v. Franklin Capital Corp., 546 U.S. 132, 141 (2005)

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