

UNITED STATES DISTRICT COURT FOR THE DISTRICT OF MINNESOTA

United HealthCare Services, Inc. v. Merck & Co., Inc., et al.;
Cardinal Health, Inc., et al.

United HealthCare · No. 20-1909(DSD/DTS) · Decided December 1, 2025

SUMMARY

The United States District Court for the District of Minnesota denied Cardinal Health’s motion to dismiss Merck’s third-party indemnification claims and granted its alternative motion to stay. The court held that indemnification issues relating to indirect purchaser state-law claims were subject to arbitration under the Merck Authorized Distributorship Agreement, while indemnification issues relating to federal antitrust claims were to be determined by Judge Layn R. Phillips under the Zetia Settlement Agreement. The third-party litigation was stayed pending those determinations.

CASE DETAILS

COURT	United States District Court for the District of Minnesota
WRITING FOR THE COURT	David S. Doty
JURISDICTION	United States District Court for the District of Minnesota
DECIDED	December 1, 2025
DOCKET	20-1909(DSD/DTS)
DISPOSITION	other
PROCEDURAL POSTURE	Third-party defendants moved to dismiss or stay Merck's third-party complaint seeking contractual indemnification. The court denied dismissal and stayed the third-party claims pending contractual dispute-resolution proceedings.
STANDARD OF REVIEW	The court applied the Federal Arbitration Act framework, asking whether a valid arbitration agreement exists and whether the particular dispute falls within its scope. Because the arbitration agreement incorporated the American Arbitration Association rules, the court also applied the clear-and-unmistakable delegation standard for arbitrability.
PRECEDENTIAL VALUE	unknown

TOPICS

arbitration

contract interpretation

civil procedure

commercial litigation

contracts

PRACTICE AREAS

arbitration

contracts

antitrust

civil procedure

commercial litigation

QUESTIONS PRESENTED

1. Whether the indemnification claims arising under the Merck Authorized Distributorship Agreement fall within that agreement's broad arbitration clause.
2. Whether incorporation of the American Arbitration Association rules clearly and unmistakably delegates arbitrability questions to the arbitrator.
3. Whether a prior multidistrict-litigation ruling concerning arbitration of the federal antitrust dispute rendered the distributorship agreement's arbitration provision unenforceable for the separate indemnification dispute.
4. Whether the indemnification dispute arising under the Zetia Settlement Agreement must be determined by Judge Layn R. Phillips under the agreement's dispute-resolution provision.
5. Whether the third-party complaint should be dismissed or stayed pending the designated arbitration and contractual dispute-resolution proceedings.

HOLDINGS

1. The indemnification issue concerning indirect-purchaser state-law claims falls within the Merck Authorized Distributorship Agreement's broad arbitration provision.
2. The agreement's incorporation of the American Arbitration Association rules constitutes clear and unmistakable evidence that the parties delegated arbitrability questions to the arbitrator.
3. The prior MDL ruling concerning arbitration of the federal antitrust dispute did not invalidate the arbitration provision for the separate contractual indemnification dispute involving indirect-purchaser state-law claims.
4. The indemnification dispute concerning potential federal antitrust liability must be determined by Judge Phillips under the Zetia Settlement Agreement.
5. Dismissal was denied and the third-party litigation was stayed pending determinations by Judge Phillips on counts one and three and by the arbitrator on counts two and four.

KEY QUOTATIONS

“(1) whether there is a valid arbitration agreement and (2) whether the particular dispute falls within that agreement.” (at 6)

“constitutes a clear and unmistakable expression of the parties’ intent to leave the question of arbitrability to an arbitrator.” (at 7)

“Litigation in this court with respect to the third-party complaint is stayed pending determinations from both (1) Judge Phillips, including any subsequent appeal, on counts one and three of the third-party complaint,

and (2) the arbitration as to counts two and four of the third-party complaint.” (at 10)

FACTUAL BACKGROUND

United HealthCare alleged that Merck's settlement with generic-drug manufacturer Glenmark concerning Zetia unlawfully delayed generic competition and caused overcharges for Zetia and Vytorin. Cardinal was a direct purchaser and party to the Zetia Settlement Agreement, which required Cardinal to defend and indemnify Merck for certain assigned claims and directed disputes concerning interpretation to Judge Layn R. Phillips. Cardinal later purchased Zetia and Vytorin directly from Merck under the Merck Authorized Distributorship Agreement, which included broad arbitration language covering disputes concerning the agreement's interpretation, scope, applicability, and meaning. Merck sought indemnification from Cardinal for potential federal antitrust liabilities under the settlement agreement and potential indirect-purchaser state-law liabilities under the distributorship agreement.

PROCEDURAL HISTORY

United HealthCare commenced an antitrust action against Merck in September 2020. The case was transferred to the Eastern District of Virginia for consolidated pretrial proceedings in the Zetia multidistrict litigation and was remanded to the District of Minnesota in December 2023. Merck then filed a third-party complaint against Cardinal seeking indemnification under the Zetia Settlement Agreement and the Merck Authorized Distributorship Agreement. Cardinal moved to dismiss or stay, and the court granted a stay while denying dismissal.

DISPOSITION

other

CASES CITED

- Smith v. Spizzirri, 601 U.S. 472, 478 (2024)
- Faber v. Menard, Inc., 367 F.3d 1048, 1052 (8th Cir. 2004)
- Fallo v. High-Tech Inst., 559 F.3d 874, 878 (8th Cir. 2009)
- N. Am. Composites Co. v. Reich, No. 15-3537, 2016 WL 471353, at *1-2 (D. Minn. Feb. 5, 2016)
- Barkl v. Career Educ. Corp., No. 10-3565, 2010 WL 4979231, at *2 (D. Minn. Dec. 2, 2010)
- In re: Zetia (Ezetimibe) Antitrust Litigation, MDL No. 2:18md2836, ECF Nos. 129, 212 (Sept. 6, 2018; Dec. 6, 2018)