

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

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|-----------------------|---|----------------------------|
| SHIRE VIROPHARMA LLC, |) | |
| |) | |
| Plaintiff, |) | C.A. No. 17-414 (MSG) |
| |) | CONSOLIDATED |
| v. |) | |
| |) | |
| CSL BEHRING LLC and |) | REDACTED -- PUBLIC VERSION |
| CSL BEHRING GmbH, |) | |
| |) | |
| Defendants. |) | |

**LETTER TO THE HONORABLE MITCHELL S. GOLDBERG
FROM DEREK J. FAHNESTOCK REGARDING WHETHER THE COURT
CAN REQUIRE A BENCH TRIAL TO PROCEED ON THE ISSUES
OF INVALIDITY AND/OR INEQUITABLE CONDUCT**

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Dear Judge Goldberg:

Pursuant to the Court's June 11, 2020 Order (D.I. 310), plaintiff submits its position concerning whether the Court can require a bench trial to proceed on the issues of invalidity and/or inequitable conduct. Shire appreciates that the COVID-19 pandemic has increased strain on the judicial system, making a jury trial in the near future logistically difficult. Shire, however, shares the Court's interest in moving this case forward. As explained below and in Shire's March 25 and April 6, 2020 letters to the Court (D.I. 281 and 288), Shire believes that summary judgment, rather than a bench trial on inequitable conduct, is the most appropriate and efficient means of doing so. If, however, the Court declines to allow summary judgment to proceed, the Seventh Amendment entitles Shire to a jury trial on validity issues before the Court can resolve CSL's inequitable conduct defense by separate bench trial, because in the absence of summary judgment, there are common facts underlying these determinations.

I. Summary Judgment Is Appropriate and Will Narrow the Issues for Trial.

As Shire will explain fully in its proposed motion for summary judgment, there is no genuine issue of material fact that would allow CSL to prevail on its inequitable conduct defense, which it bears the burden of proving by clear and convincing evidence. *See Therasense, Inc. v. Becton, Dickinson & Co.*, 649 F.3d 1276, 1287 (Fed. Cir. 2011) (en banc). "To prevail . . . [CSL] must prove that [Shire] misrepresented or omitted material information with the specific intent to deceive the PTO." *Id.* The Court makes factual findings as to materiality and intent, and ultimately decides the issue. *See id.* at 1290-91; *Baxter Healthcare Corp. v. Spectramed, Inc.*, 49 F.3d 1575, 1584 (Fed. Cir. 1995).¹ Here, CSL's entire defense depends on CSL proving, as a threshold matter, that Shire failed to disclose to the PT

It is undisputed, however, that Shire in fact submitted the allegedly-withheld information to the PTO. *See* D.I. 283 at 2

In assessing CSL's claim, the Court must presume that the PTO properly weighed Shire's submissions

See PowerOasis, Inc. v. T-Mobile USA, Inc., 522 F.3d 1299, 1304 (Fed. Cir. 2008) (discussing deference owed the Examiner). Based on the undisputed fact that Shire did not withhold the information at issue from the PTO, CSL will not be able to meet its burden, and there is no material dispute for the Court (or jury) to resolve. *See Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 255 (1986) ("[T]he trial judge's summary judgment inquiry as to whether a genuine issue exists will be whether the evidence presented is such that [the factfinder] . . . could reasonably find for . . . the defendant."); *Celotex Corp. v. Catrett*, 477 U.S. 317, 323 (1986) ("[A] complete failure of proof concerning an essential element . . . necessarily renders all other facts immaterial.")²

¹ There may be other facts underlying inequitable conduct that the jury must resolve, however, to the extent they overlap with other issues and are not amenable to summary judgment. *See infra* Section II.B.

² Nor can CSL establish "but-for materiality" or "specific intent to deceive" by clear and convincing evidence, as also required to prevail on inequitable conduct. *Therasense*, 649 F.3d at 1290-91; *see* D.I. 281 at 2-3; D.I. 288 at 2. Further, Shire seeks to move for summary judgment

June 15, 2020

Page 2

II. A Jury Trial on Validity Should Be Held Before Proceeding, If Necessary, to a Bench Trial on Inequitable Conduct.

If the Court denies Shire's request to file for summary judgment or finds a triable dispute remains on inequitable conduct, such a ruling will mean the Court believes material factual disputes exist. In that event, Shire is entitled to a jury trial on validity before the Court rules on inequitable conduct, as explained below.

A. Shire Is Entitled to a Jury Trial on Validity.

When a patentee seeks damages in a patent infringement suit (as opposed to merely equitable relief), the patentee is entitled to a jury trial on any validity issues raised. *See In re Lockwood*, 50 F.3d 966, 970-71, 980 (Fed. Cir. 1995) ("Because patent validity is not purely an equitable issue, . . . [patentee] is entitled under the Seventh Amendment to trial by jury in this declaratory judgment action[.]",) *vacated on other grounds*, 515 U.S. 1182 (1995); *see also In re Tech. Licensing Corp.*, 423 F.3d 1286, 1288-91 & n.1 (Fed. Cir. 2005) (adopting *Lockwood's* reasoning despite vacatur); *Patlex Corp. v. Mossinghoff*, 758 F.2d 594, 603 (Fed. Cir. 1985) ("The right to a jury trial on issues of patent validity . . . is protected by the Seventh Amendment."). Further, the patentee secures its right to a jury trial by making a timely demand. *See Fed. R. Civ. P. 38(b)*.

Shire filed its complaint in 2017, seeking damages and injunctive relief for infringement, and subsequently made a timely demand for "a jury trial on all issues so triable." *See* D.I. 18-1 at 10-11 (Second Amended Complaint re: '111 Patent); D.I. 53 (Jury Demand). In 2019, Shire filed a separate complaint against CSL seeking damages and injunctive relief for infringement of related patents, again demanding a jury trial "of all issues so triable." *See* D.I. 139 at 35 (Second Amended Complaint re: '788 and '423 Patents). CSL has answered both complaints, asserting affirmative defenses and counterclaims of invalidity and inequitable conduct. *See* D.I. 165-3 at 13-17 (First Amended Answer and Counterclaims re: '111 Patent, allowed May 13, 2019); D.I. 165-5 at 39, 41, 43, 49-51, 55 (same re: '788 and '423 Patents). Since Shire seeks damages and made a timely general jury demand, its jury right applies broadly and covers CSL's claims of invalidity. *See Collins v. Gov't of V.I.*, 366 F.2d 279, 285 (3d Cir. 1966) (a jury demand "not directed to specific issues" is "deemed to cover all issues triable by a jury"); *Hatzel & Buehler, Inc. v. Orange & Rockland Utilities, Inc.*, 1992 U.S. Dist. LEXIS 20013, at *73-75 (D. Del. Dec. 14, 1992) (jury demand filed before "pleadings involving or directed to factual issues on which [plaintiff] seeks a jury trial" is timely); *see also Patlex*, 758 F.2d at 603.

B. The Jury Must Decide Validity Before Any Bench Trial on Inequitable Conduct.

Unlike validity, inequitable conduct is an equitable issue to be decided by the Court. Where, as here, a case has both legal and equitable issues, the Court has limited discretion to try

on infringement and obviousness under 35 U.S.C. § 103 as well, because no reasonable jury could find for CSL on these issues. *See* D.I. 281; D.I. 288. Thus, if the Court grants summary judgment, the only issues remaining for the jury would be (1) validity under 35 U.S.C §§ 102(g) and 112 and (2) damages.

June 15, 2020

Page 3

the equitable issue first. *See King Drug Co. of Florence v. Cephalon, Inc.*, 2014 U.S. Dist. LEXIS 32508, at *51-53 (E.D. Pa. Mar. 13, 2014). If “commonality exists between the factual issues underlying” the legal and equitable claims, the Court must allow the jury to decide those common facts (although inequitable conduct need not be tried at all if the Court allows summary judgment based on the lack of a material dispute, as described above). *Shum v. Intel Corp.*, 499 F.3d 1272, 1276-79 (Fed. Cir. 2007) (court abused its discretion by holding a bench trial on the equitable issue of inventorship before a jury trial on the legal issue of fraud, because both required a determination of conception). Failure to do so “deprive[s] the litigants of their right to a jury trial on factual questions.” *Therma-Tru Corp. v. Peachtree Doors, Inc.*, 44 F.3d 988, 994-95 (Fed. Cir. 1995) (court erred in inequitable conduct ruling because it made factual findings concerning materiality that “conflict[ed] with the jury’s findings with respect to validity”); *see also Cephalon*, 2014 U.S. Dist. LEXIS 32508, at *53.

If this Court deems inequitable conduct triable, the jury must try first, because there would be “common” facts underpinning the determinations. For example, to resolve CSL’s claim that the Asserted Patents are invalid under 35 U.S.C. § 102(g), the jury must decide (among other things) [REDACTED] And if the Court tries inequitable conduct [REDACTED]

[REDACTED] The Court thus risks depriving Shire of a jury determination of factual issues underlying validity. *See Shum*, 499 F.3d at 1276-79; *Evonik Degussa v. Materia Inc.*, 2015 U.S. Dist. LEXIS 175296, at *40-41 (D. Del. Dec. 21, 2015) (“Once the jury advises the Court whether Professor Nolan was the inventor . . . the Court will be able to decide whether [patentee] engaged in inequitable conduct.”).

III. A Preliminary Bench Trial on Inequitable Conduct Would Be Inefficient.

Even if the Court could proceed with a preliminary bench trial on inequitable conduct, it should nevertheless proceed first with summary judgment to more efficiently utilize its resources. A bench trial on inequitable conduct is not a logistically simple solution. The parties would have to work out the appearances of numerous witnesses (who may be international) and out-of-state counsel, obtain lodging and work space where they will be in close quarters, and obtain courthouse time. The Court would also need to determine whether specific individuals acted with specific intent to deceive the PTO, so those individuals would need to either travel to the Court or have this determination made remotely. In any event, trying inequitable conduct is unlikely to resolve the case, as CSL’s burden of proof is high. *See Therasense*, 649 F.3d at 1289-91 (holding that “specific intent to deceive must be the single most reasonable inference,” in part because “[i]nequitable conduct has been overplayed, is appearing in nearly every patent suit, and is cluttering up the patent system” (quotations omitted)); *Webxchange Inc. v. Dell Inc.*, 2009 U.S. Dist. LEXIS 121165, at *7-10 (D. Del. Dec. 30, 2009) (declining to hold a bench trial on inequitable conduct first because it “[would] not promote the efficient adjudication of the parties’ disputes,” given that “Defendants must meet a high burden to be successful”).

For the forgoing reasons, Shire seeks leave to move for summary judgment on inequitable conduct. But if the Court denies Shire’s request for leave, Shire respectfully submits that the Court must hold a jury trial on validity before a bench trial on inequitable conduct.

June 15, 2020

Page 4

Respectfully,

/s/ Derek J. Fahnestock

Derek J. Fahnestock (#4705)

cc: All Counsel of Record (via electronic mail)