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10 Attorneys for Defendants and Counterclaimants
 11 Roche Molecular Systems, Inc.; Roche
 Diagnostics Corporation; and Roche Diagnostics
 12 Operations, Inc.

13 UNITED STATES DISTRICT COURT
 14 NORTHERN DISTRICT OF CALIFORNIA

15 THE BOARD OF TRUSTEES OF THE LELAND
 16 STANFORD JUNIOR UNIVERSITY,

17 Plaintiff,

18 vs.

19 ROCHE MOLECULAR SYSTEMS, INC.; ROCHE
 20 DIAGNOSTICS CORPORATION; ROCHE
 DIAGNOSTICS OPERATIONS, INC.; ROCHE
 21 DIAGNOSTIC SYSTEMS, INC.,

22 Defendants.

23 ROCHE MOLECULAR SYSTEMS, INC. ROCHE
 24 DIAGNOSTICS CORPORATION; ROCHE
 25 DIAGNOSTICS OPERATIONS, INC.,

26 Counterclaimants,

27 vs.

28 THE BOARD OF TRUSTEES OF THE LELAND
 STANFORD JUNIOR UNIVERSITY; AND
 THOMAS MERIGAN.

Counterclaim Defendants.

CASE NO. C-05-04158 MHP

DEFENDANTS' PROPOSED
 DISCOVERY PLAN AND ISSUES
 FOR RESOLUTION IN
 BIFURCATED BENCH TRIAL RE:
 CONTRACT ISSUES RELATED TO
 OWNERSHIP/LICENSE

1 Pursuant to the Court's Order at the February 13, 2006 Case Management Conference,
2 Defendants Roche Molecular Systems, Inc., Roche Diagnostics Corporation, and Roche
3 Diagnostics Operations, Inc. ("Roche") hereby submit the following discovery plan and issues for
4 resolution in connection with a bifurcated bench trial on the issues of ownership and/or license
5 based on contract.

6
7 **I. Procedural Posture**

8 On October 14, 2005, Plaintiff The Board of Trustees of the Leland Stanford Junior
9 University ("Stanford") filed suit against Roche alleging infringement of U.S. Patent No.
10 5,958,730 (the "'730 Patent"), issued to Drs. Thomas Merigan, David Katzenstein and Mark
11 Holodniy, and U.S. Patent No. 6,503,705 (the "'705 Patent") issued to Drs. Merigan, Katzenstein,
12 Holodniy and Michael Kozal.

13
14 On December 17, 2005, Roche answered the Complaint and asserted Counterclaims for,
15 among other things, (1) Declaratory Judgment of Ownership of the '730 and '705 Patents pursuant
16 to contract (Fourth Counterclaim); (2) Declaratory Judgment of License to the '730 and '705
17 Patents pursuant to contract (Sixth Counterclaim); (3) Declaratory Judgment of Ownership of U.S.
18 Patent No. 5,631,128 (the "'128 Patent"), U.S. Patent No. 5,856,086 (the "'086 Patent"), U.S.
19 Reissued Patent No. US RE38,352 E (the "'352 Patent"), and U.S. Patent No. 5,650,268 (the "'268
20 Patent") pursuant to contract (Seventh Counterclaim); (4) Declaratory Judgment of Ownership of
21 U.S. Patent Application Publication No. US 2001/0018181 A1 (the "2001 Patent Application"),
22 and U.S. Patent Application Publication No. US 2003/0118986 A1 (the "2002 Patent
23 Application") pursuant to contract (Eighth Counterclaim); (5) Declaratory Judgment of License to
24 the '128, '086, '352, and '268 Patents pursuant to contract (Ninth Counterclaim); and (6)
25 Declaratory Judgment of License to the 2001 and 2002 Patent Applications pursuant to contract
26 (Tenth Counterclaim).

1 At the February 13, 2006 Case Management Conference, Roche proposed that the Court
2 limit the first phase of this case to discovery and a subsequent trial concerning each of the
3 aforementioned causes of action related to contract. Below, Roche identifies the discovery it seeks
4 in connection with such first phase, and the issues to be resolved in a bifurcated bench trial¹
5 concerning such claims.
6

7 **II. Proposed Discovery Regarding Ownership/License Pursuant to Contract**

8 **A. Written Discovery**

9 Roche has already served written discovery (Requests for Production, Interrogatories) on
10 Defendant Stanford. Prior to March 6, 2006, Roche will also serve written discovery (Requests
11 for Production, Interrogatories) on Defendant Merigan, and Roche will also serve third party
12 subpoenas on Dr. Holodniy, Dr. Kozal, Dr. Sohini Sengupta, Dr. Dennis Israelski, Jones Day,
13 Howrey Simon, and Chiron Corporation seeking documents in connection with the ownership and
14 license issues. Roche also intends to serve Requests for Admission on Stanford and Dr. Merigan.
15

16 **B. Depositions**

17 Roche intends to depose the following individuals:

- 18 1. Dr. Merigan
 - 19 2. Dr. Holodniy
 - 20 3. Dr. Katzenstein
 - 21 4. Dr. Sengupta
 - 22 5. Stanford 30(b)(6) designee
- 23
24

25 ¹ Each of the causes of action that Roche seeks to resolve in the first phase of this dispute
26 seek declaratory relief of either ownership or license. Given the equitable relief that Roche seeks,
27 Roche believes that such causes of action are properly tried to the Court rather than a jury. This
28 alone should obviate the concerns expressed by Stanford at the February 13, 2006 Case
Management Conference regarding the need to retain any jury used in connection with a
bifurcated, first trial in this litigation.

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C. Expert Testimony At present, Roche believes that expert testimony in a

bifurcated trial on the issues of ownership or license pursuant to contract is not necessary. Roche reserves the right to call a rebuttal expert should Stanford attempt to rely upon expert testimony.

III. Issues for Resolution at Trial Regarding Ownership/License Pursuant to Contract

Pursuant to the Court's request, the following are the general issues that need be resolved at a bifurcated trial on the issues of ownership or license pursuant to contract.

A. Whether Roche Molecular Systems is entitled to a declaration of ownership

concerning the '730, '705, '128, '086, '352, and/or '268 Patents and/or the 2001 and 2002 Patent Applications (collectively the "PCR Patents") pursuant to the terms of the 1991 Confidentiality Agreement between Dr. Holodniy and Cetus which provides, in pertinent part:

If, as a consequence of my access to CETUS' facilities or information, I conceive or make, alone or with others, ideas, inventions and improvements thereof or know-how related thereto that relate in any manner to the actual or anticipated business of CETUS, I will assign and hereby do assign to CETUS, my right, title, and interest in each of the ideas, inventions and improvements thereof described in this paragraph. I will, at CETUS' expense, execute, acknowledge, and deliver, such documents as are necessary or desirable for vesting in CETUS all rights assigned to it under the foregoing sentence.

B. Whether Roche Molecular Systems is entitled to a declaration of ownership

concerning the PCR Patents pursuant to the terms of the 1984 Consulting Agreement between Dr. Merigan and Cetus which provides, in pertinent part:

All Inventions . . . made, conceived, or completed by CONSULTANT, individually or in conjunction with others during the Consulting Period or if conceived during the Consulting Period, are made or completed within one year after termination of the Consulting Period . . . shall be the sole and exclusive property of CETUS, provided such Inventions (i) are made, conceived or completed with equipment, supplies, facilities or Confidential Information of CETUS, its subsidiaries or affiliates, or (ii) are made, conceived or completed by CONSULTANT during hours in which CONSULTANT is performing services for CETUS or any of its subsidiaries or affiliates, or (iii) result from any work performed by CONSULTANT for Cetus or any of its subsidiaries or affiliates during the Consulting Period.

1 C. Whether Roche Molecular Systems is entitled to a declaration of ownership
2 concerning the PCR Patents pursuant to the terms of the 1991 Consulting Agreement between Dr.
3 Merigan and Cetus which provides, in pertinent part:

4 "Invention" shall mean and refer to any composition of matter, device, process,
5 treatment, or improvement thereof discovered, created, made, conceived, or
6 reduced to practice ("Invented") by Consultant, whether patentable or not, during
7 the term of this Agreement or within one year after termination and which: (i) was
8 Invented with the equipment, supplies, facilities, or Confidential Information of
9 Cetus or those acting on its behalf, or (ii) was Invented by Consultant while
performing services for Cetus, or (iii) resulted from any work performed by
Consultant for Cetus under this Agreement. . . . Cetus shall own all right, title and
interest in any Invention.

10 D. Whether Roche Molecular Systems is entitled to a declaration that it owns a non-
11 exclusive, royalty free license to the PCR Patents pursuant to the terms of the 1988 Materials
12 Transfer Agreement between and among Cetus, on the one hand, and Drs. Merigan, David
13 Schwartz, and Stanford, on the other, which provides, in pertinent parts:

14 2. The Material that is covered by this Agreement includes: (a) appropriate
15 oligonucleotide primers and probes for the detection of human immunodeficiency
16 virus (HIV), HLA loci and both coded and noncoded control dilutions of HIV in
17 uninfected DNA's to be used as controls for use with CETUS's proprietary
18 polymerase chain reaction (PCR), and associated PCR technology; (b) any related
19 biological material or associated know-how and data that will be received by
20 SCIENTIST from Cetus; and (c) any substance and associated know-how and data
that are replicated by SCIENTIST or his/her co-workers. The MATERIAL is
considered proprietary to CETUS.

21 8. If the research involving the Material results in an invention or substance
22 that may be commercially useful, SCIENTIST will promptly disclose the invention
23 or substance to [Stanford's] Patent Administrator and notify the Patent
24 Administrator of CETUS' role as a supplier of the material used, as well as the role,
25 if any, of any CETUS employee in creating the invention or substance. [Stanford],
26 in cooperation with SCIENTIST, will promptly supply CETUS with a copy of the
27 disclosure, in confidence, for CETUS' research and evaluation purposes only. In
28 consideration of CETUS' providing of the Material, [Stanford], to the extent it is
legally able to do so, hereby grants CETUS the first option to an exclusive license,
at a reasonable royalty to be negotiated in good faith based on the respective
parties' contributions and relevant industry standards, to use commercially the
invention or substance, or at CETUS' option, a nonexclusive license.

1 E. Whether Roche Molecular Systems is the successor-in-interest to Cetus.

2 **Conclusion**

3 Roche maintains that bifurcating discovery and trial concerning the ownership and license
4 issues pursuant to contract will promote judicial and litigant economy. The question of whether
5 Stanford owns the patents-in-suit is separate from the infringement, invalidity, and
6 unenforceability questions that will dominate any infringement action. Indeed, Stanford's standing
7 to sue depends on preliminary proof of its title to the patent -- title which Roche contends is
8 seriously in question based on the contracts between the parties. If Stanford does not own the
9 patents, the parties, as well as the Court, will have saved the substantial costs of preparing for and
10 conducting discovery and trial on the remaining issues. Accordingly, Roche respectfully requests
11 that bifurcation be ordered and that discovery concerning issues unrelated to Roche's declaratory
12 relief claims concerning ownership and license issues pursuant to contract be stayed.
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16 DATED: February 20, 2006

QUINN EMANUEL URQUHART OLIVER &
HEDGES, LLP

17
18 By _____ /s/

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