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Roche Molecular Systems, Inc.; Roche

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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.,

21 Defendants.

CASE NO. C-05-04158 MHP

DEFENDANTS' BRIEF ON
STANFORD'S WAIVER OF THE
ATTORNEY-CLIENT PRIVILEGE
AND WORK PRODUCT
PROTECTION CONCERNING
INVENTORSHIP

22 ROCHE MOLECULAR SYSTEMS, INC. ROCHE
23 DIAGNOSTICS CORPORATION; ROCHE
DIAGNOSTICS OPERATIONS, INC.,

24 Counterclaimants,

25 vs.

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

28 Counterclaim Defendants.

1 **PRELIMINARY STATEMENT**

2 In order to convince the United States Patent and Trademark Office to correct inventorship
3 and approve its patent applications, Stanford deliberately disclosed communications between the
4 alleged inventors and Stanford’s lawyers. Now that the patents have issued, Stanford seeks to
5 prevent discovery concerning communications between the named inventors and their lawyers
6 concerning inventorship. Stanford’s efforts to raise this shield are improper. Stanford’s waiver
7 was knowing and complete. Since the issues here are related to ownership, Roche will be severely
8 prejudiced by Stanford’s waiving that which it deems helpful and withholding that which it deems
9 not. Accordingly, Defendants now seek the production of all documents concerning inventorship,
10 without temporal limitation.

11 **STATEMENT OF FACTS**

12 On May 14, 1992, Stanford’s lawyers, Pennie & Edmonds, filed United States Patent
13 Application No. 07/883,327 (the “’327 Application”) in the United States Patent and Trademark
14 Office (“PTO”) on behalf of Drs. Michael J. Kozal and Thomas C. Merigan. The ’327 Application
15 is the common ancestor of all of the patents-in-suit. As originally filed, it listed only Drs. Merigan
16 and Kozal as inventors.

17 On December 7, 1992, while the ’327 Application was pending in the PTO, Pennie &
18 Edmonds filed a petition to change the inventorship of the ’327 Application. The petition sought
19 to add Drs. Mark Holodniy and David A. Katzenstein as inventors. The applicants submitted
20 several declarations to support the petition to correct inventorship, including those by Dr. Merigan
21 and attorney Barry Elledge of Pennie & Edmonds. The explanation presented to the PTO was that
22 the error in failing to name Drs. Holodniy and Kozal principally occurred because the application
23 was filed under extreme time pressure. See Declaration of T.J. Chiang (“Chiang Decl.”), Ex. B, ¶
24 11.

25 Dr. Merigan submitted a declaration to show that he had “never attempted to mislead or
26 deceive the law firm of Pennie & Edmonds, the PTO, Stanford University or the scientific
27 community” Chiang Decl., Ex. A, ¶ 10. In support of that contention, Dr. Merigan detailed
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1 numerous communications he had with the attorneys at Pennie & Edmonds and the legal advice he
2 received from them. See generally id. In particular, Dr. Merigan declared:

- 3 • “I supplied to Pennie & Edmonds a copy of an unpublished manuscript that was to be used
4 as a source of information for the application.” Id., Ex. A, ¶ 2.
- 5 • “A copy of the Invention Disclosure and an abstract by Dr. Kozal and me were provided to
6 Pennie & Edmonds in late April, 1992, for use in preparing the above referenced patent
7 application.” Id., Ex. A, ¶ 4.
- 8 • “I contacted attorney Laura Coruzzi at Pennie & Edmonds about inventorship. At her
9 suggestion, I requested Drs. Katzenstein and Holodniy to review the patent application and
10 determine whether in their opinions they should be included as inventors.” Id., Ex. A, ¶ 8.
- 11 • “Drs. Katzenstein and Holodniy communicated to me their opinions that their
12 contributions should entitle them to be named as coinventors. I informed attorney Laura
13 Coruzzi of these opinions, and requested Pennie & Edmonds to pursue whatever action
14 needed to be done to name the proper coinventors.” Id., Ex. A, ¶ 9.

12 Chiang Decl., Ex. A, ¶¶ 2–9.

13 Attorney Barry Elledge of Pennie & Edmonds also submitted a declaration in support of
14 the petition. In that declaration, Elledge stated his belief that the error in inventorship in the
15 original application occurred principally because of extreme time pressure. Chiang Decl., Ex. B, ¶
16 11. In addition, Elledge provided a detailed account of his conversations with Drs. Merigan,
17 Holodniy, Katzenstein and Kozal regarding their inventive contributions, his state of mind
18 concerning inventorship as well as the states of mind of his colleagues, and his own beliefs and
19 opinions as to the inventive contributions of the named inventors. See Id., Ex. B, ¶¶ 5, 7–9.

20 Specifically, Elledge declared:

- 21 • “I am an associate attorney at the law firm of Pennie & Edmonds. In September 1992,
22 attorney Laura A. Coruzzi at Pennie & Edmonds requested that I investigate the
23 inventorship issue” Id., Ex. B, ¶ 1.
- 24 • “Dr. Kole [of Pennie & Edmonds] stated that, to the best of her recollection, Dr. Merigan
25 and Kozal were listed as inventors of the above-referenced application because they were
26 the persons named on the Information Disclosure statement, and with whom she had
27 discussed the invention.” Id., Ex. B, ¶ 3.
- 28 • “Dr. Holodniy stated that he was until the summer of 1991 a research fellow in the
Division of Infectious Disease at Stanford University. His inventive contribution to the

1 subject matter of the present application occurred [sic] during this period, and principally
2 concerns quantitation of HIV RNA in plasma of AIDS patients.” Id., Ex. B, ¶ 7.

- 3 • “Dr. Katzenstein has indicated that his inventive contribution principally concerns the
4 relationship between the quantity of HIV RNA in plasma of AIDS patients and disease
5 progression.” Id., Ex. B, ¶ 8.
- 6 • “On the basis of the above materials and conversations, I believe that both Dr. Holodniy
7 and Dr. Katzenstein have made an inventive contribution to the subject matter of one or
8 more claims of the above-referenced application.” Id., Ex. B, ¶ 10.

9 Chiang Decl., Ex. B, ¶¶ 1–10.

10 The PTO accepted the affidavits, and, after finding “the error in inventorship occurred
11 without deceptive intent,” granted the petition for correction of inventorship on May 10, 1994.

12 See Chiang Decl., Ex. C.

13 ARGUMENT

14 I. STANFORD’S ATTORNEY-CLIENT PRIVILEGE AND WORK PRODUCT 15 IMMUNITY HAVE BEEN WAIVED BY ITS DISCLOSURES TO THE PTO.

16 A. Federal Circuit Law Governs.

17 “Federal Circuit law applies when deciding whether particular written or other materials
18 are discoverable in a patent case, because they relate to an issue of substantive patent law.” In re
19 Spalding Sports Worldwide, Inc., 203 F.3d 800, 803-04 (Fed. Cir. 2000) (“[A] determination of
20 the applicability of the attorney-client privilege to Spalding's invention record clearly implicates,
21 at the very least, the substantive patent issue of inequitable conduct.”). In the Federal Circuit, the
22 “attorney-client privilege evaporates upon any voluntary disclosure of confidential information to
23 a third party.” Carter v. Gibbs, 909 F.2d 1450, 1451 (Fed. Cir. 1990) (en banc). Similarly, when a
24 party discloses attorney work product, “the criteria for waiver of the work product and attorney
25 client privileges are equivalent.” Id.

26 Once the privilege is waived, “the privilege is generally lost for all purposes and in all
27 forums.” Genentech, Inc. v. U.S. Intern. Trade Comm'n, 122 F.3d 1409, 1416 (Fed. Cir. 1997).
28 This applies to waiver before government agencies, outside of litigation, as it is nonetheless a
waiver of the privilege. See In re Pioneer Hi-Bred Intern., Inc., 238 F.3d 1370, 1374-75 (Fed. Cir.

1 2001) (disclosure to Securities and Exchange Commission of counsel's tax advice waived
2 privilege "with respect to all documents which formed the basis for the advice, all documents
3 considered by counsel in rendering that advice, and all reasonably contemporaneous documents
4 reflecting discussions by counsel or others concerning that advice"). Particularly for the purposes
5 of this case, waiver before the PTO is waiver for all other forums. Winbond Elecs. Corp. v. Int'l
6 Trade Comm'n, 262 F.3d 1363, 1376 (Fed. Cir. 2001) ("This court has held that a patentee's
7 inadvertent waiver of attorney-client privilege in a patent infringement litigation is a general
8 waiver 'for all purposes.'") (quoting Genentech).

9 B. Stanford waived all privileges and immunities by voluntarily disclosing and putting
10 "at issue" the substance of attorney-client communications, attorney advice, attorney work
11 product and mental impressions, and attorney legal conclusions.

12 In this case, Stanford knowingly and voluntarily disclosed both confidential attorney-client
13 communications and attorney work product concerning inventorship to the PTO. Thus, a finding
14 of waiver is warranted.

15 In his declaration, Dr. Merigan disclosed the contents of confidential attorney-client
16 communications to the PTO. In particular, he recounted discussions and communications with his
17 counsel relating to the details of his inventive contributions as well as the inventive contributions
18 of Drs. Katzenstein and Holodniy. See Chiang Decl., Ex. A, ¶¶ 2-4, 9. He also recounted legal
19 advice provided to him by his counsel. Id., Ex. A, ¶ 8 (counsel requested that Dr. Merigan contact
20 Drs. Holodniy and Katzenstein as part of an effort to determine if they should be named as
21 inventors).

22 Similarly, attorney Barry Elledge revealed the substance of confidential communications
23 with his clients regarding inventorship and inventive contribution. See Chiang Decl., Ex. A, ¶¶ 7-
24 9 (describing alleged inventive contributions of Holodniy, Katzenstein and Kozal). In addition, he
25 also revealed the substance of confidential communications with his colleagues involved in
26 preparing the application. Id., Ex. B, ¶¶ 1-4 (describing communications with attorney Coruzzi
27 and law clerk Kole). Furthermore, he also disclosed the mental processes of the attorneys and
28 staff who prepared the application. Id., Ex. B, ¶¶ 3-4 (the listing of inventors in the initial

1 application was based on the persons named in the Information Disclosure). Finally, Elledge
2 disclosed his opinion regarding inventorship based on his investigation and the discussions
3 disclosed above: “On the basis of the above materials and conversations, I believe that both Dr.
4 Holodniy and Dr. Katzenstein have made an inventive contribution to the subject matter of one or
5 more claims of the above-referenced application.” Chiang Decl., Ex. B, ¶ 10.

6 The Federal Circuit has consistently held that disclosures, like those above, waive
7 privilege. For example, in GFI, Inc. v. Franklin Corp., 265 F.3d 1268 (Fed. Cir. 2001), the court
8 held:

9 The district court properly found that GFI waived privilege when its patent attorney
10 testified in [a prior] litigation about his state of mind, knowledge of prior art, and
11 communications with his client. On cross-examination, he discussed his
12 conversations with Sproule regarding the duty of disclosure, discussions they had
13 prior to an interview with the PTO, and various items of prior art Sproule had or
14 had not told him about. We see no error in the district court's order to GFI to
15 release the allegedly privileged information.

16 Id. at 1273; Fort James Corp. v. Solo Cup Co., 412 F.3d 1340 (Fed. Cir. 2005) (document stating
17 “legal counsel has advised a bar was not established during experimental trials” waived privilege);
18 In re Pioneer, 238 F.3d at 1374 (statement that discussion of tax consequences “is the opinion of
19 Skadden, Arps, Slate, Meagher & Flom LLP” waived privilege); Winbond, 262 F.3d at 1376.
Accordingly, controlling precedent establishes that Stanford's actions in this lawsuit are improper.

19 C. *Winbond Elecs. Corp. v. Int'l Trade Comm'n* is directly on point.

20 The present dispute is virtually identical to that resolved by the Federal Circuit in
21 Winbond, 262 F.3d 1363 (Fed. Cir. 2001); if anything, the waiver here is more extensive. In
22 Winbond, the patentee Atmel initially petitioned the ITC for enforcement of its patent, but then
23 discovered that the patent had improper inventorship. Atmel petitioned the PTO to correct
24 inventorship by adding Anil Gupta as an inventor. In support of Atmel's petition, Gupta
25 submitted a declaration stating: “The standard of inventorship as it relates to the '903 patent has
26 been explained to me. Based on my understanding of that standard, I hereby state that I have
27 made an inventive contribution to the subject matter claimed in the '903 patent” Id. at 1373.
28

1 In a subsequent enforcement action, the ITC found that the attorney-client privilege and work
2 product protections were waived, and the Federal Circuit affirmed, holding:

3 In affirming the administrative law judge's determination that Atmel waived its
4 attorney-client privilege and work product protection for documents and
communications relating to inventorship of the '903 patent, the Commission stated:

5 "By expressly relying on Mr. Gupta's statement as a central part of its effort
6 to obtain a certificate of correction and then using that certificate to
7 convince the Commission to reconsider the enforceability of the '903
8 patent, Atmel explicitly placed the legal advice to Mr. Gupta—and the fact
that Mr. Gupta had obtained that advice—"at issue" in these proceedings."

9 . . .
10 Atmel continued by explaining that Mr. Gupta understood that he was an inventor
upon receiving an explanation of the law enunciated by this court's *Ethicon*
11 opinion. Thus, the Commission correctly found that Atmel put at issue Mr.
Gupta's, and thus its attorneys', understanding of inventorship law both before and
after the Commission's initial decision.

12 Id. at 1375-76.

13 The statement by Gupta in Winbond ("The standard of inventorship as it relates to the '903
14 patent has been explained to me. Based on my understanding of that standard, I hereby state that I
15 have made an inventive contribution . . .") and the statement by Elledge in this case ("On the basis
16 of the above materials and conversations, I believe that both Dr. Holodniy and Dr. Katzenstein
17 have made an inventive contribution . . .") are functionally equivalent. Both statements were
18 presented to the PTO in support of a petition to correct inventorship; both state that a certain
19 inventor made an inventive contribution; both rely on attorney opinion in supporting that assertion
20 and avoiding a finding of deceptive intent; both patentees successfully obtained the correction of
21 inventorship; and both now rely on the corrected inventorship to assert the patent in subsequent
22 proceedings. The Federal Circuit in Winbond held that the patentee waived its "attorney-client
23 privilege and work product protection for documents and communications relating to
24 inventorship." Id. at 1375. The same conclusion and finding is justified here.

25 D. Stanford's improper actions prejudice Roche.

26 After disclosing some attorney-client communications to the PTO to successfully obtain its
27 patents, Stanford now seeks to shield all other communications on the same subject matter. A
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1 finding of waiver of both the attorney-client privilege and work product protection is essential
2 under these circumstances to prevent prejudice to Defendants. If Stanford is permitted to assert
3 attorney-client privilege or work product protection, Roche would be unfairly disadvantaged in
4 attempting to challenge the accuracy of the declarations submitted by Stanford. To prepare its
5 case, Roche needs to be able to question the named inventors and Stanford's lawyers about all the
6 conversations they had concerning inventorship. Stanford cannot selectively disclose the portions
7 of the conversations it deems helpful but shield those it does not. How can Roche challenge
8 Elledge's assertion, "I believe that both Dr. Holodniy and Dr. Katzenstein have made an inventive
9 contribution," without access to related notes, memos, and other work product of those involved
10 attorneys and named inventors that reflect the basis of that belief? In this case, Roche asserts an
11 ownership interest in the patents based on Drs. Holodniy's and Merigan's contracts with Cetus
12 (Roche's predecessor-in-interest) and their interactions with Cetus scientists. The information
13 sought by Roche is directly related to this issue; for example, to determine whether the alleged
14 inventive contribution falls within the terms of the contracts with Cetus.

15 II. THE SCOPE OF THE WAIVER EXTENDS TO ALL INFORMATION RELATING TO
16 INVENTORSHIP, WITHOUT TEMPORAL LIMITATION.

17 A. The waiver extends to all information related to inventorship.

18 "The widely applied standard for determining the scope of a waiver of attorney-client
19 privilege is that the waiver applies to all other communications relating to the same subject matter.
20 . . . It would be unfair to permit Fort James to rely on favorable legal opinions, but protect the
21 communications on which those opinions depend." Fort James, 412 F.3d at 1349. On its face, the
22 Elledge declaration discloses that he consulted *all four* named inventors regarding the
23 "inventorship question," and opines on the nature of their inventive contribution. See Chiang
24 Decl., Ex. B, ¶¶ 5, 7-9. Thus the subject matter plainly encompasses at least the inventorship of
25 the '327 Application and the inventive contributions of each of the named inventors. More
26 directly, in Winbond, with virtually identical facts, the scope of the waiver was determined to be:
27 "attorney-client privilege and work product protection for documents and communications relating
28 to inventorship." Id. at 1375.

1 Accordingly, Defendants request and order that Stanford has waived the attorney-client
2 privilege and work product protection for documents and communications relating to the
3 inventorship of each of the patents and applications that derive from the '327 application,
4 including, for example, the invention disclosure for each of those patents and applications.¹

5 B. The temporal scope extends to the present day.

6 At the very least, the temporal scope of the waiver of privilege extended from the first
7 contact between the named inventors with Pennie & Edmonds regarding the '327 application
8 (according to Dr. Merigan's declaration, in March 1992) up until the PTO granted the petition for
9 correction of inventorship on May 10, 1994. However, in Defendants' view, the waiver extends
10 well beyond that to the present day. Stanford continues to place the communications with counsel
11 and its attorneys' opinions regarding inventorship of the '327 Application before the PTO.

12 The issue of the inventorship of the '327 Application remains before the PTO because
13 Stanford continues to file continuation and divisional applications that trace their parentage
14 directly to the '327 Application, most recently on Jan. 23, 2006. In those continuation and
15 divisional applications, Stanford asserts not only that Drs. Holidniy and Katzenstein are inventors,
16 it continues to rely on the Merigan and Elledge declarations to prove that fact. Those declarations
17 thus form part of the PTO file for those subsequent applications. See, e.g., Chiang Decl., Ex. A &
18 B (the Merigan and Elledge Declarations, from the file history for the '705 patent, filed on Feb.
19 13, 2001, with a date stamp showing that it was resubmitted to the PTO in 1995). Because
20 Stanford continues to place attorney-client communications and attorney work product and
21 opinion at issue before the PTO, Roche is entitled to discover whether subsequent attorney-client
22 communications or attorney work product undermine the veracity of the Merigan and Elledge
23 declarations when they are presented again in the later proceedings.

24 This Court has held unequivocally that, once a waiver has occurred, "it is not appropriate
25 thereafter for the waiving parties or judge to limit the waiver on a temporal basis." McCormick-

26
27 ¹ The invention disclosure is but the clearest example, given that Dr. Merigan referenced it
28 in his declaration, and it was relied upon by Lisa Kole to determine the original inventors.

1 Morgan, Inc. v. Teledyne Indus., Inc., 765 F. Supp. 611, 613 (N.D. Cal. 1991); see Starsight
2 Telecast, Inc. v. Gemstar Development Corp., 158 F.R.D. 650, 655 n.5 (N.D. Cal. 1994) (holding
3 that although certain “documents post-date the issuance of the ’713 patent, they are within the
4 scope of the subject matter waiver” and ordering their production); accord Smith v. Alyeska
5 Pipeline Serv. Co., 538 F. Supp. 977, 982 (D. Del. 1982), aff’d, 758 F.2d 668 (Fed. Cir. 1984),
6 cert. denied, 471 U.S. 1066 (1985) (rejecting temporal limitation on waiver of privilege).

7 Federal Circuit jurisprudence is fully in accord with this Court’s rejection of temporal
8 limits on privilege waiver. In Winbond, the patentee argued that its waiver of privilege should be
9 limited to “the period when Atmel's counsel explained inventorship law to Mr. Gupta,” contending
10 that “only this time period is relevant to the attorney-client communication put ‘in issue’ by Mr.
11 Gupta's statement to the PTO.” Winbond, 262 F.3d at 1376. The Federal Circuit rejected this
12 contention, holding: “the Commission correctly found that Atmel put at issue Mr. Gupta's, and
13 thus its attorneys’, understanding of inventorship law both before and after the Commission's
14 initial decision.” Id.

15 **CONCLUSION**

16 For the foregoing reasons, Defendants request that the Court order Stanford to produce all
17 documents related to inventorship and inventive contribution for each of the patents and
18 applications claiming priority to the ’327 Application, without temporal limitation, and permit the
19 examination of witnesses concerning inventorship without limitation by the attorney-client
20 privilege or attorney work product protection.

21 DATED: May 30, 2006

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22
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