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SUBMITTED *IN CAMERA*

July 5, 2006

The Honorable Judge Patel  
United States District Court for the Northern District of California  
Courtroom 15, 18th Floor  
450 Golden Gate Avenue, San Francisco, CA 94102

Re: Stanford v. Roche (No. C-05-04158 MHP) - Submission of Roche Deal Documents

Dear Judge Patel:

In accordance with the Court's order during the teleconference of June 28, 2006, in connection with a discovery dispute between Roche Molecular Systems et al. (collectively "Roche") and third-party Chiron Corporation, Roche hereby submits for *in camera* review Roche's deal documents related to its acquisition of Cetus Corporation's PCR business. The documents have been bound and tabbed for ease of reference.

The first document is the five-volume December 11, 1991 "Acquisition By Hoffmann-La Roche Inc. And F. Hoffmann-La Roche Ltd. Of Certain Assets From Cetus Corporation" bearing production labels RMS 06303 to RMS 07604. The five volumes are as follows:

Vol. 1: December 11, 1991 cover document with index

Vol. 2: July 19, 1991 Assets Purchase Agreement between Hoffman-La Roche Inc. and Cetus Corporation [for U.S. PCR business]

Vol. 3: July 19, 1991 Assets Purchase Agreement between F. Hoffman-La Roche Ltd. and Cetus Corporation [for non-U.S. PCR business]

Vol. 4: December 11, 1991 Closing Documents

Vol. 5: December 11, 1991 Closing Documents, cont'd

Also enclosed and separately bound is the single-page January 1, 1997 "Assignment Agreement" in which Hoffman-La Roche Inc. transferred its rights under the Assets Purchase Agreement to Roche Molecular Systems, Inc., one of the defendants in this case.

As Roche explained during the teleconference, Roche asserts an ownership interest in the patents being asserted by Plaintiff Stanford against Roche, both patents entitled "Polymerase Chain Reaction Assays For Monitoring Antiviral Therapy And Making Therapeutic Decisions In The Treatment of Acquired Immunodeficiency Syndrome." Roche's ownership interest (as owner, joint owner or licensee) is based on contracts entered into by Stanford and Drs. Mark Holodniy and Thomas Merigan—Stanford researchers and named inventors—with Cetus Corporation. In 1988-1991, pursuant to these contracts, Dr. Holodniy learned PCR at Cetus and

obtained the reagents and techniques used to perform the work that led to the patents. Dr. Holodniy worked under Dr. Merigan's direction.

**Overall structure of the deal**

The acquisition can be divided into two main parts related to the geographic division of the PCR business: (1) F. Hoffman-La Roche Ltd.'s (a Swiss company referred to as "Basel") purchase of "certain of the assets which Seller [Cetus] uses in the PCR division in the conduct of such business outside the United States" (*See* Volume 3 at RMS 06659, emphasis added) and (2) Hoffman-La Roche Inc.'s (a U.S. company) purchase of the "assets which Seller [Cetus] uses in its PCR division in the conduct of such business which are not being sold to Basel pursuant to the Basel agreement . . . ." (*See* Volume 2 at RMS 06318). The remainder of this letter will focus on the contracts and rights transferred under the U.S. Assets Purchase Agreement (Volume 2) and assigned to Hoffman-La Roche Inc. at the closing (Volumes 4 and 5).

**U.S. Assets Purchase Agreement**

Under this agreement, Hoffman-La Roche, Inc. purchased Cetus' PCR Business, comprised of Cetus' PCR-related technology and assets, including Personal Property; listed PCR Intellectual Property; Cetus' rights under Transferred Contracts; Cetus' rights under any confidentiality agreements and "[a]ll nonprivileged books, documents and records of Seller to the extent they pertain to the PCR Technology or the PCR Business or any of the Acquired Assets, wherever located . . ." *See* Volume 2 at Section 2.1(a)-(h), RMS 06333-34. Capitalized words and phrases such as "PCR Business" and "Intellectual Property" are defined in the agreement.

In addition, Hoffman-La Roche Inc. also purchased license rights to any intellectual property used in the PCR Business that was not listed as transferred intellectual property. *See* Volume 2 at Section 2.8(b), RMS 06339 and definition of "Licensed Intellectual Property" at RMS 06326.

Finally, pertinent to the discovery dispute with Chiron, Section 10.5 "Litigation Cooperation" of the Assets Purchase Agreement provides that if a party to the agreement (such as Roche) is involved with litigation with a third party (such as Stanford) in connection with the PCR Business, the other party to the agreement (Cetus) "shall cooperate in all reasonable respects . . . including without limitation making available to such party, without costs, all relevant records . . ." *See* Volume 2 at RMS 06378. Roche believes Chiron is the successor to this obligation.

**Schedules to the U.S. Assets Purchase Agreement**

The schedules to the U.S. APA include "Transferred Intellectual Property" and "Transferred Contracts." These are tabbed in Volume 2.

**Transferred Intellectual Property includes**

- RMS 06460: "Invention Disclosure 90-003 Quant of HIV DNA, Konrad": This invention disclosure was submitted by Cetus scientist Michael Konrad on behalf of Mark Holodniy.

- RMS 06464: "All PCR Technology in subsections (1), (2) and (3) above, that is contained in the following documents to the extent of Seller's [Cetus] interest: . . . all files, book and records and laboratory notebooks of the PCR Business . . . ."

This invention disclosure and the catch-all "files, books and records and laboratory notebooks of the PCR Business" is also listed in the Closing Documents as a schedule to the "Assignment of Inventions." *See* Volume 5 at RMS 07336, 07354 and 07357.

Transferred Contracts include:

- RMS 06481: "STANFORD UNIVERSITY Holodniy, Mark": This February 14, 1989 agreement is described as "work with Eric Groves and Michael Konrad in molecular biology and PCR assays." This contract includes Dr. Holodniy's assignment of discoveries and inventions to Cetus that arise from his collaboration with Cetus and use of Cetus facilities and information. Drs. Konrad and Groves were Cetus scientists.
- RMS 06481: "STANFORD UNIVERSITY Schwartz, David H.": This June 2, 1988 agreement is described as "PCR work on Merigan's patient samples." Dr. Merigan was director of Stanford's Center for AIDS Research. Dr. Schwartz was a Stanford researcher.
- RMS 06524: "STANFORD UNIVERSITY Merigan, Thomas C.": The experiments in connection with this February 24, 1989 agreement are described as: "detection of HIV in samples accumulated by ATCG." Roche believes "ATCG" refers to AIDS Clinical Trial Group. This agreement, signed by Stanford, Dr. Merigan and Dr. Schwartz, provides Cetus license rights to any inventions or discoveries arising from the collaboration.

These contracts are also listed in the Closing Documents as attachments to the Assignment and Assumption Agreement between Hoffman La-Roche Inc. and Cetus. *See* Volume 4 at RMS 07016, 07034, and 07078.

Please let us know should the Court have any questions concerning these documents. Pursuant to the Minute Order of June 28, 2006, we look forward to a follow-up teleconference.

Respectfully submitted,

QUINN EMANUEL URQUHART OLIVER & HEDGES, LLP



Brian C. Cannon

Enclosures

cc: Sandra Kearney and Michelle Rhyu (w/o enclosures)