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IN THE UNITED STATES DISTRICT COURT  
FOR THE NORTHERN DISTRICT OF CALIFORNIA

ILLUMINA, INC, and ILLUMINA  
CAMBRIDGE LTD.,

No. C 16-02788 WHA

Plaintiffs,

v.

QIAGEN N.V., QIAGEN GmbH, QIAGEN  
GAITHERSBURG, INC., QIAGEN  
SCIENCES, LLC, QIAGEN INC. (USA),  
QIAGEN REDWOOD CITY, INC., AND  
INTELLIGENT BIO-SYSTEMS, INC.,

**ORDER GRANTING IN PART  
AND DENYING IN PART  
MOTION TO STAY  
PRELIMINARY INJUNCTION**

Defendants.

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An order granted Illumina's motion for a preliminary injunction (Dkt. No. 120). Qiagen moves to stay the preliminary injunction pending its expedited appeal of the order.

Alternatively, defendants seek to stay the order in part as to (i) manufacturing the Gene Reader devices in the United States for sales outside the country and (ii) sales of nucleotides to existing customers using the Gene Reader device.

In seeking a stay of the injunction as a whole, Qiagen argues that the order granting the injunction inadequately addressed certain points raised in opposition to Illumina's motion.

Although Qiagen's arguments largely revisit arguments already rejected in the order granting Illumina's motion for the preliminary injunction, two points are worth addressing here.

*First*, Qiagen argues that the order granting the preliminary injunction ignored the fact that the Federal Circuit found that it was of "no moment" that the prior art reference to azido

1 groups challenged therein taught that they would be removed with low efficiency (while the  
2 sequencing method taught by Ju and Tsien required high efficiency) because the claimed  
3 invention did not require removal. Critically, however, the Federal Circuit found that fact fatal  
4 to the claimed motivation to combine those references in the first place. *Intelligent Bio-Sys.,*  
5 *Inc. v. Illumina Cambridge Ltd.*, 821 F.3d 1359, 1367 (Fed. Cir. 2016).

6 Here, Qiagen pointed to the declaration of its expert, Dr. Michael Metzker, in which he  
7 asserted that a skilled artisan *would have* been motivated to consult the chapters of Greene &  
8 Wuts concerning lower-efficiency protecting groups (including azido groups) when adapting Ju  
9 or Tsien for the purpose of labeling. Metzker asserted that “[w]hile efficient removal for the  
10 3'-OH protecting group would always be desirable, a method of labeling would not require the  
11 high yield or quantitative (*i.e.* high efficiency) removal discussed in Ju and Tsien in the context  
12 of using the labeled nucleotide for sequencing” (Metzker Decl. ¶ 71). Nevertheless, he failed to  
13 state that at the time of the ’537 patent a skilled artisan would have appreciated that fact,  
14 ignored that limitation in Ju or Tsien, and therefore looked beyond the aliphatic alcohols  
15 chapter in Green & Wuts to the chapter on phenols. Accordingly, it remains unlikely that  
16 Qiagen will succeed in clearly and convincingly showing that the ’537 patent is obvious in light  
17 of Ju or Tsien and Greene & Wuts.

18 *Second*, Qiagen continues to assert its inconsistent position that this injunction will  
19 cause it irreparable harm while Illumina will suffer no irreparable harm absent the injunction.  
20 Although lost sales are possibly quantifiable, the order rested on the fact that Qiagen sought to  
21 redefine the market with disruptive pricing models at a crucial inflection point in the market.  
22 That risk remains a sufficient basis for denying Qiagen’s request to stay the preliminary  
23 injunction as a whole.

24 On the other hand, Qiagen’s request to stay the injunction as to its *current* customers  
25 does not pose as sharp a risk. Illumina’s lost sales to those customers are easily quantifiable,  
26 and any irreparable harm in shifting those customers’ expectations about pricing models has  
27 already been done. Moreover, the public interest and equity in allowing Qiagen’s current  
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1 customers to continue to provide gene sequencing services without purchasing an entirely new  
2 system from Illumina favor staying the injunction as to those customers pending Qiagen’s  
3 appeal.

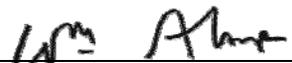
4 Separately, Qiagen seeks clarification that the preliminary injunction does not preclude  
5 it from manufacturing the Gene Reader for the purpose of sales abroad. Qiagen argues that  
6 because the ’537 patent claims a method, simply manufacturing the Gene Reader in the United  
7 States would not infringe the patent. Illumina agrees, provided that Qiagen does not perform  
8 quality control testing in the United States. (Qiagen avers it does not.) Illumina opposes  
9 Qiagen’s request to clarify the scope of the objection solely because Qiagen did not object to  
10 the scope of Illumina’s proposed order (which the order granting the preliminary injunction  
11 largely adopted).

12 Neither side briefed the proper scope of the injunction, and the Court will not hold  
13 Qiagen responsible for that failure. Thus, this order clarifies that the injunction does *not* extend  
14 to the manufacture of Qiagen’s Gene Reader products for sale abroad, provided the quality  
15 control testing does not occur in the United States.

16 Accordingly, Qiagen’s motion to stay the preliminary injunction in full is **DENIED**, but  
17 its motion is **GRANTED** as to supplying nucleotides to its existing customers — including  
18 customers that had already begun Qiagen’s so-called “try and buy” program — and as to  
19 manufacturing in the United States for sales abroad.

20  
21 **IT IS SO ORDERED.**

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23 Dated: September 22, 2016.

  
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WILLIAM ALSUP  
UNITED STATES DISTRICT JUDGE