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Intellectual Property in Delaware
NEWSLETTER

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Judge Leonard P. Stark Confirmed as United States District Judge for the District of Delaware

On August 5, 2010, the United States Senate confirmed President Obama's nomination of Judge Leonard P. Stark to fill the vacancy on the United States District Court for the District of Delaware created by Judge Jordan's elevation to the Third Circuit in December 2006. Judge Stark has been a magistrate judge for the District of Delaware since 2007. Prior to that he served as an Assistant United States Attorney since 2002. He received his law degree from Yale Law School in 1996, and earned a Ph.D. from Oxford University as a Rhodes Scholar after receiving bachelor's and master's degrees from the University of Delaware. Following law school, Judge Stark clerked for Judge Walter K. Stapleton of the Third Circuit and worked as an associate at Skadden Arps in Wilmington.

In his three years as a magistrate judge, Judge Stark has presided over a patent jury trial and issued opinions in intellectual property cases on subjects ranging from discovery to claim construction and summary judgment to preliminary injunctions. This newsletter reports on a number of those cases.

Preliminary Injunction Granted in ANDA Case

Research Foundation of the State Univ. of New York et al. v. Mylan Pharms. Inc., C.A. No. 09-184-GMS-LPS (June 28, 2010).

Mylan sought to market a generic version of Oracea®, the only FDA-approved oral therapy for the treatment of acne rosacea. The parties advised the Court that Mylan was considering an at-risk launch in the event that the FDA approved its ANDA before the litigation was concluded. Plaintiffs sought a preliminary injunction and Judge Stark held an evidentiary hearing. Judge Stark found that plaintiffs had satisfied the four elements necessary for a preliminary injunction. He found that plaintiffs established a strong likelihood of success on infringement and validity. Further, he found that in the absence of preliminary relief, plaintiffs' loss of market share, and probable lost profits and price erosion in the event of Mylan's launch, would be somewhat compensated by money damages, but the difficulty of calculating damages (caused by the domination of the market by third-party payers) meant that damages would not provide complete compensation. He also found that plaintiffs met their burden to show that their irreparable harm would outweigh the harm that Mylan would suffer, and that the public interest in "promoting continued, large-scale investment in research and development of new pharmaceuticals, outweighs the public's interest in promoting generic, low-cost alternatives to branded pharmaceuticals." *Id.* at 38.

Claim Construction

Judge Stark has decided claim construction on Report and Recommendation in eleven cases. More than 90% of his claim constructions, counting by claim term, were adopted by the District Court. He issued claim construction decisions in the following cases:

Symbol Techs., Inc. v. Janam Techs. LLC, C.A. 08-340-JJF-LPS (Dec. 1, 2008)

In re: Rosuvastatin Calcium Patent Litigation, MDL No. 08-1949 (May 5, 2009)

Forest Labs. Inc. v. Cobalt Labs. Inc., C.A. No. 08-21-GMS-LPS (July 20, 2009)

Fujinon Corp. v. Motorola Inc., C.A. No. 07-533-GMS-LPS (Sept. 11, 2009)

McKesson Automation, Inc. v. Swisslog Holding AG, C.A. No. 06-28-SLR-LPS (Oct. 30, 2009)

St. Clair Intellectual Prop. Consultants, Inc. v. Matsushita Elecs. Indus. Co., Ltd., C.A. No. 04-1436-JJF-LPS (Nov. 13, 2009)

Power Integrations, Inc. v. Fairchild Semiconductor Int'l, Inc., C.A. No. 08-309-JJF-LPS (Dec. 18, 2009)

Stored Value Solutions, Inc. v. Card Activation Techs., Inc., C.A. No. 09-495-JJF-LPS (April 28, 2010)

Research Foundation of the State Univ. of New York v. Mylan Pharms., L.P., C.A. 09-184-JJF-LPS (May 12, 2010)

B. Braun Melsungen AG v. Terumo Med. Corp., C.A. No. 09-347-JJF-LPS (June 3, 2010)

Abbott Labs. v. Lupin Ltd., C.A. No. 09-152-JJF-LPS (June 18, 2010)

In *Biovail Labs. Int'l SRL v. Cary Pharms. Inc.*, C.A. No. 09-605-JJF-LPS (May 26, 2010), Judge Stark denied a motion to exclude expert extrinsic evidence in connection with Markman briefing. Biovail submitted a supplemental expert declaration in connection with its answering Markman brief. Cary moved to strike the supplemental declaration as "untimely and unauthorized" because the scheduling order did not specify whether it was permitted. Judge Stark found that the supplemental declaration was "critical evidence" that would not be proper to exclude unless there was "flagrant disregard of a court order." Furthermore, Judge Stark noted that although the expert declaration was extrinsic evidence which is not as reliable as intrinsic evidence, the Court could properly consider such extrinsic evidence. He allowed Cary to take an additional deposition of the expert, and pushed back the Markman hearing by four weeks.

Motions for Summary Judgment

Judge Stark has issued Reports and Recommendations on motions for summary judgment in three cases: *Arendi Holding Ltd. v. Microsoft Corp.*, C.A. No. 09-119-JJF-LPS (Apr. 12, 2010); *In re: Rosuvastatin Calcium Patent Litigation*, MDL No. 08-1949 (Dec. 11, 2009); and *McKesson Automation, Inc. v. Swisslog Holding AG*, C.A. No. 06-28-SLR-LPS (Oct. 30, 2009). The motions covered issues including willful infringement, validity, obviousness, written description, indefiniteness, inequitable conduct, patent misuse, unclean hands, laches, equitable estoppel, and provisional damages under 35 U.S.C. § 154(d). All of his summary judgment decisions were adopted by the District Court.

Inequitable Conduct Counterclaim Stricken and Dismissed in Part

Power Integrations, Inc. v. Fairchild Semiconductor Int'l, Inc., C.A. 08-309-JJF-LPS (Dec. 18, 2009).

Power Integrations asserted counterclaims of inequitable conduct and infectious unenforceability against three patents asserted by Fairchild. Fairchild moved to strike and dismiss the pleading. Judge Stark recommended that Power Integrations' pleading be stricken and dismissed as to one of the patents, because it failed to meet the heightened pleading standard under Rule 9(b) and *Exergen*. Specifically, he found that it failed to identify the specific aspects of the prior art that were allegedly material to the patent and relied "on an attenuated chain of logic" to allege the inventor's knowledge of the prior art and deceptive intent.

Costs Shifted for Electronic Discovery

Takeda Pharmaceuticals Co. Ltd. v. Teva Pharmaceuticals USA, Inc., C.A. No. 09-841-SLR-LPS (June 21, 2010)

Defendants moved to compel production of Electronically Stored Information ("ESI") going back eighteen years, rather than the default period of five years preceding suit. Judge Stark found that the ESI was relevant because the patent-in-suit claims priority to 1996 and inventive activities likely preceded that date, but that the ESI was not reasonably accessible and it would cost Takeda approximately $1 – 1.5 million to have a vendor retrieve and process it. He ordered Takeda to produce the additional thirteen years of ESI but ordered defendants to pay 80% of the cost of doing so.

Waiver of Attorney-Client Privilege

In re Rembrandt Techs., LP Patent Litigation, MDL No. 07-1848-GMS-LPS (March 6, 2009)

Defendants subpoenaed documents from a non-party, Zhone/Paradyne ("Zhone"). They agreed that Zhone's providing access to boxes of documents containing potentially privileged documents was not a waiver of privilege. Zhone reserved the right to review documents before production and to request the return of any privileged documents. It produced the documents without reviewing them, however. Shortly before depositions concerning the documents were about to begin, Zhone and Rembrandt sought to claw back hundreds of documents by arguing that they were privileged and had been inadvertently produced. Judge Stark found that even if the documents had been protected by attorney-client privilege, the privilege had been waived. Because Zhone did not review the documents for privilege before it produced them to the defendants, but rather long after the production and "almost on the eve of depositions," Judge Stark found that it had not acted with sufficient diligence to protect any privilege that may have existed.

Motions to Stay Denied

As a magistrate judge, Judge Stark considered seven motions to stay, denying six of them. He denied motions to stay pending reexamination by the USPTO in *Leader*

Techs., Inc. v. Facebook, Inc., C.A. No. 08-862-JJF-LPS (Dec. 23, 2009), and *Power Integrations, Inc. v. Fairchild Semiconductor Int'l, Inc.*, C.A. No. 08-309-JJF-LPS, (Dec. 19, 2008). He denied a motion to stay pending arbitration in *Greenhouse Int'l Inc. v. Moulton Logistics Mgmt. Inc.*, C.A. No. 07-722-GMS-LPS (Oct. 14, 2008), a motion to stay due to financial hardship of defendant in *Aerocrine AB v. Apieron Inc.*, C.A. No. 08-787-LPS (March 30, 2010), a motion to stay pending a decision on a motion to dismiss for lack of personal jurisdiction in *Power Integrations, Inc. v. BCD Semiconductor Corp.*, C.A. No. 07-633-JJF-LPS (Feb. 11, 2008), and a motion to stay pending resolution of another case involving the patents-in-suit in *St. Clair Intellectual Prop. Consultants, Inc. v. Samsung Elecs. Co., Ltd.*, C.A. No. 04-1436-JJF-LPS (March 29, 2010).

MORRIS, NICHOLS, ARSHT & TUNNELL LLP is active in patent infringement and other intellectual property litigation in the District of Delaware and elsewhere, serving as lead counsel in many cases, and assisting as co-counsel in other cases brought to Delaware by patent litigators from around the country. In one role or the other, the firm is counsel in nearly half of the intellectual property cases pending in the District of Delaware.

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