

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

AGILA SPECIALTIES INC. and MYLAN LABORATORIES LIMITED,
Petitioner,

v.

CEPHALON, INC.,
Patent Owner.

Case IPR2015-00503
Patent 8,436,190 B2

Before LINDA M. GAUDETTE, JACQUELINE WRIGHT BONILLA, and
ZHENYU YANG, *Administrative Patent Judges*.

YANG, *Administrative Patent Judge*.

ORDER
Conduct of the Proceeding
37 C.F.R. § 42.5

INTRODUCTION

On August 18, 2015, the Board held a telephonic conference at the request of Cephalon, Inc. (“Patent Owner”). Patent Owner requested the conference to seek authorization to file a motion to disqualify Dr. Raj Suryanarayanan, a witness for Agila Specialties Inc. and Mylan Laboratories Limited (collectively, “Petitioner”). Counsel for both parties and all members of the panel attended the conference. This Order summarizes the issues discussed during the conference and provides the parties further guidance on the issue of disqualification.

DISCUSSION

Issues Related to Disqualification

On December 24, 2014, Petitioner filed a Petition for an *inter partes* review of claims 1–9 of U.S. Patent No. 8,436,190 B2 (“the ’190 patent,” Ex. 1001). Paper 4. In support of its patentability challenge, Petitioner relied on the Declaration of Dr. Suryanarayanan (Ex. 1002). On July 20, 2015, the Board instituted trial to review the patentability of claims 1, 4, and 7. Paper 10. On August 3, 2015, Patent Owner filed an objection to the Suryanarayanan Declaration. Paper 12.

During the August 18 telephonic conference, counsel for Patent Owner asked us to strike the Suryanarayanan Declaration in its entirety in view of an alleged conflict of interest involving Dr. Suryanarayanan. According to Patent Owner, under the terms of a consulting agreement, Dr. Suryanarayanan served as a consultant for Patent Owner, and, in that role, had access to Patent Owner’s confidential information, as well as

information protected by attorney-client privilege and the work-product doctrine. Specifically, Patent Owner asserted that Dr. Suryanarayanan communicated directly with Patent Owner's outside patent counsel in 2010 ("the 2010 communication"). Patent Owner also contended that Dr. Suryanarayanan prepared a lengthy, confidential report for Patent Owner, characterizing its bendamustine hydrochloride formulations. Patent Owner argued because Dr. Suryanarayanan cannot compartmentalize the confidential and protected information, he may knowingly or unknowingly use such information in rendering his opinion as an expert for Petitioner in this proceeding. As a result, Patent Owner seeks to strike the Suryanarayanan Declaration and disqualify Dr. Suryanarayanan from participating in this proceeding.

Petitioner first pointed out that Patent Owner knew, since the filing of the Petition, Dr. Suryanarayanan provided the supporting Declaration, but did not raise this issue until after the Board instituted trial. Petitioner also countered that Dr. Suryanarayanan was not a party to the alleged consultant agreement. Instead, the agreement was between Patent Owner and the University of Minnesota, Dr. Suryanarayanan's employer. In addition, Petitioner argued that the report Dr. Suryanarayanan allegedly prepared was technical in nature and did not contain any privileged information. Furthermore, Petitioner contended that any alleged relationship between Patent Owner and Dr. Suryanarayanan had ended many years ago, before this dispute between the parties arose.

The panel inquired about the relevance of the alleged confidential and/or privileged information to the current proceeding. Counsel for Patent

Owner represented affirmatively that the information is relevant to claims 1, 4, and 7, all of which are under review in this proceeding. We also questioned the nature of the 2010 communication. Counsel for Patent Owner represented affirmatively that the communication generally related to the patent-at-issue, but declined to elaborate, asserting attorney-client privilege. We further asked if Patent Owner had objections to any specific portions of the Suryanarayanan Declaration. Counsel for Patent Owner answered in the negative. During the conference, the panel authorized Patent Owner to file a motion to disqualify and Petitioner to file an opposition to the motion.

Disqualification of an expert is a drastic measure we hesitate to impose except when absolutely necessary. *See Lacroix v. BIC Corp.*, 339 F. Supp. 2d 196, 199 (D. Mass. 2004) (stating that courts are generally reluctant to disqualify expert witnesses). When faced with a motion to disqualify an expert, district courts generally apply a two-prong test to determine (1) whether it is objectively reasonable for the moving party to believe that it had a confidential relationship with the expert; and (2) whether the moving party disclosed confidential information to the expert that is relevant to the current proceeding. *Id.* at 199–200. Courts may disqualify an expert only if the answers to both inquiries are affirmative. *Mayer v. Dell*, 139 F.R.D. 1, 3 (D.D.C. 1991). We apply this test in the proceeding before us now.

As the proponent of the disqualification motion, Patent Owner bears the burden to establish that both prongs of the test are met. *See* 37 C.F.R. §42.20(c). As we explained during the conference, we will not disqualify an

expert based on conclusory statements. Instead, Patent Owner must support its motion with specific evidence and on-point legal authorities. For example, Patent Owner must explain why it had a confidential relationship with Dr. Suryanarayanan even though it admittedly entered the alleged consulting agreement with the University of Minnesota. Patent Owner also must explain how the alleged analysis of its bendamustine hydrochloride formulations is relevant to the issues in this proceeding, i.e., whether claims 1, 4, and 7, would have been obvious over Rote Liste and Teagarden and whether claims 4 and 7 are anticipated by Rote Liste.

Patent Owner asserted attorney-client privilege and refused to disclose the subject of the 2010 communication. It is, however, unclear who the client was regarding that communication. After all, it is undisputed that Dr. Suryanarayanan was (and appears to remain) employed by the University of Minnesota, an entity unrelated to this proceeding. Furthermore, without knowing the subject of the communication, it is impractical for the panel to evaluate whether the communication relates to this proceeding. Accordingly, to the extent that Patent Owner intends to wield the 2010 communication (or any other communication between Patent Owner and Dr. Suryanarayanan) as a sword to support its disqualification motion, Patent Owner cannot hide behind the shield of attorney-client privilege and refuse to reveal the specifics of the communication. *See In re EchoStar Commc'n Corp.*, 448 F.3d 1294, 1302 (Fed. Cir. 2006) (stating that a client can selectively waive the attorney-client privilege when it relies on the attorney advice to establish a defense to willful infringement).

In addition to the two-prong test, Patent Owner must also address the timeliness of bringing the conflict issue to our attention. In an IPR, a petitioner must present its case-in-chief in the petition, with proper evidentiary support. When a petitioner relies on, as here, the testimony of a single expert, disqualification of the expert is all the more draconian, because the petitioner may not be able to satisfy its burden of proof without the support of an expert declaration. Thus, timeliness of when the party seeking disqualification raises the conflict issue is an important factor in deciding a disqualification motion. In its motion, Patent Owner should explain why it waited more than seven months after the filing of the Petition and the Suryanarayanan Declaration to seek authorization to disqualify Dr. Suryanarayanan. We clarify that, to the extent any relief could be granted, we are unlikely to extend DUE DATES 6 and 7 currently set in the Scheduling Order. *See* Paper 11. The parties, of course, remain free to stipulate to different dates for DUE DATES 1 through 5. *Id.*

During the conference, we reminded Patent Owner that there is no protective order in place in this proceeding. Should Patent Owner chooses to file a disqualification motion, we suggest that it work with Petitioner to ensure a protective order is entered before revealing any confidential and/or privileged information.

During the conference, we also inquired about any possible alternative approach to resolve the issue that is acceptable to both parties. We encourage the parties to continue the dialogue and resolve the issue amicably. In the event no agreement can be reached, Patent Owner shall propose realistic reliefs in its motion. Petitioner shall, in its response,

indicate whether it would accept any of the proposals. We repeat, as we expressed during the conference, it is highly unlikely that we will strike the Suryanarayanan Declaration in its entirety, prohibit Petitioner from remedying the situation, and allow the trial to go forward without any witness for Petitioner.

Issues Related to Alleged Ex Parte Communication

During the conference, counsel for Petitioner complained that Patent Owner communicated with Dr. Suryanarayanan without authorization from Petitioner. According to Petitioner, Patent Owner requested that Dr. Suryanarayanan withdraw his opinion and discontinue any participation in this proceeding, without involving Petitioner in the process. Petitioner argued that Patent Owner's conduct amounted to witness intimidation. Petitioner expressed that it intends to bring a motion for sanctions against Patent Owner, if Patent Owner continues its pursuit to disqualify Dr. Suryanarayanan. Patent Owner admitted that it sent a letter directly to Dr. Suryanarayanan on April 15, 2015 without notifying Petitioner.

As explained during the conference, we do not authorize Petitioner to file a motion for sanctions at this time. Petitioner is authorized, however, to contact the Board to discuss an authorization to file a motion for sanctions, should it wish to do so, if the parties cannot reach an agreement on the disqualification issue.

ORDER

In consideration of the foregoing, it is

ORDERED that Patent Owner is authorized to file a motion to disqualify Dr. Suryanarayanan on the basis of conflict of interest;

FURTHER ORDERED that Patent Owner must limit its motion to seven pages and must file the motion by August 21, 2015;

FURTHER ORDERED that Petitioner is authorized to file an opposition to the motion within three business days of Patent Owner's filing of the motion; and

FURTHER ORDERED that Petitioner's opposition to the motion is limited to seven pages; and

FURTHER ORDERED that no reply is authorized at this time.

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