DURIE TANGRI LLP
DARALYN J. DURIE (SBN 169825)
ddurie@durietangri.com
DAVID McGOWAN (SBN 154289)
dmcgowan@durietangri.com
EUGENE NOVIKOV (SBN 257849)
enovikov@durietangri.com
RAGHAV R. KRISHNAPRIYAN (SBN 273411)
rkrishnapriyan@durietangri.com
217 Leidesdorff Street
San Francisco, CA 94111
Telephone: 415-362-6666
Facsimile: 415-236-6300

DURIE TANGRI LLP
KIRA A. DAVIS (SBN 332874)
kdavis@durietangri.com
ANDREW T. JONES (SBN 313619)
ajones@durietangri.com
KATHERINE E. McNUTT (SBN 320128)
kmcnutt@durietangri.com
953 East 3rd Street
Los Angeles, CA 90013
Telephone: 213-992-4499
Facsimile: 415-236-6300

Attorneys for Plaintiff
PLEXXIKON INC.

(*Additional counsel continued on following page*)

IN THE UNITED STATES DISTRICT COURT

FOR THE NORTHERN DISTRICT OF CALIFORNIA

OAKLAND DIVISION

PLEXXIKON INC.,

Plaintiff,

v.

NOVARTIS PHARMACEUTICALS CORPORATION,

Defendant.

Case No. 4:17-cv-04405-HSG

PLAINTIFF PLEXXIKON INC.'S TRIAL BRIEF

Date: June 8, 2021
Time: 3:00 p.m.
Ctrm: 2 – 4th Floor
Judge: Honorable Haywood S. Gilliam, Jr.

YOUNG BASILE HANLON & MACFARLANE, P.C.
JEFFREY D. WILSON (*Pro Hac Vice*)
wilson@youngbasile.com
ANDREW R. BASILE, JR. (SBN 208396)
abasile@youngbasile.com
EDDIE D. WOODWORTH (*Pro Hac Vice*)
woodworth@youngbasile.com
RYAN T. MCCLEARY (*Pro Hac Vice*)
mccleary@youngbasile.com
3001 W. Big Beaver Road, Suite 624
Troy, MI 48084
Telephone: (248) 649-3333
Facsimile: (248) 649-3338

Attorneys for Plaintiff PLEXXIKON INC.

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I. INTRODUCTION

In this patent infringement case, the parties agree that Novartis's cancer drug Tafinlar infringes the asserted claims of two Plexxikon patents. What remains for the jury to decide is whether Novartis's infringement is willful, whether the asserted claims are invalid, and what damages are owed for Novartis's infringement.

Plexxikon was the first to develop a class of drugs called selective BRAF inhibitors, which work by targeting a mutated form of a protein called BRAF. Plexxikon discovered that a molecule with a "1,2,3-substituted" pattern of sulfonamide, fluorine, and heteroaryl could selectively inhibit the mutated form of BRAF (which is linked to cancer) without inhibiting the non-mutated form (which is present in normal cells). ECF No. 450 at 2. Plexxikon obtained patents covering the "1,2,3-substituted" pattern, including heteroaryls with either one or two rings.

Plexxikon identified a lead clinical candidate with a two-ring heteroaryl. Roche ultimately acquired the rights to that molecule, which was approved by the FDA in 2011 for the treatment of metastatic melanoma under the trade name Zelboraf.

Tafinlar was then approved by the FDA as the second selective BRAF inhibitor. It also has a "1,2,3-substituted" pattern of sulfonamide, fluorine, and heteroaryl but, whereas in Zelboraf the heteroaryl is composed of two rings, in Tafinlar it is composed of one. The patents-in-suit cover that structure. Novartis purchased Tafinlar in 2015 from GlaxoSmithKline ("GSK").

II. THE ASSERTED CLAIMS ARE VALID

Novartis has two main theories of invalidity. First, it asserts as prior art certain compounds synthesized by GSK in 2007. Second, Novartis argues the claims lack sufficient written description and are not enabled under 35 U.S.C. § 112. Novartis also argues that the asserted claims are obvious.

A. Whether The GSK Compounds Are Prior Art

Making an invention requires conception of the invention and its reduction to practice. *Solvay S.A. v. Honeywell Int'l Inc.*, 742 F.3d 998, 1000 (Fed. Cir. 2014). "While conception is the 'formation, in the mind of the inventor, of a definite and permanent idea of a complete and operative invention,' reduction to practice 'requires that the claimed invention work for its intended purpose.'" *Id.* (citations omitted).

The inventors of the patents-in-suit will testify that they formed a definite and permanent idea of the claimed genuses in March 2005, long before the first of the GSK compounds was synthesized. Their testimony is corroborated by contemporaneous evidence, including an email sent by one of the inventors days after the conception that sets forth the main features of the claimed genuses—including features that Novartis wrongly claims Plexxikon did not invent—and lists five specific compounds that fall within the scope of the asserted claims. The genus was then reduced to practice. As part of that reduction to practice, Plexxikon made three compounds named P-0001, P-0007, and P-0012, by March 18, 2005, December 7, 2006, and January 19, 2007, respectively. The parties have agreed to stipulate that P-0001, P-0007, and P-0012 each fall within the scope of claim 1 of the '640 patent and claim 1 of the '539 patent. P-0007 and P-0012 also fall within the scope of claim 7 of the '539 patent. That constitutes a reduction to practice of those asserted claims. As this Court explained, "the Federal Circuit has held that reduction to practice of a species suffices to show priority for a genus." *Plexxikon Inc. v. Novartis Pharms. Corp.*, No. 17-CV-04405-HSG, 2021 WL 966880, at *4 (N.D. Cal. Mar. 15, 2021) (citing *Frazer v. Schlegel*, 498 F.3d 1283, 1287, 1289 (Fed. Cir. 2007), and *Miller v. Walker*, 214 U.S.P.Q. 845 (B.P.A.I. Mar. 8, 1982)); *see also Pfizer Inc. v. Teva Pharms. USA, Inc.*, 482 F. Supp. 2d 390, 403 (D.N.J. 2007), *aff'd in part, rev'd in part on other grounds*, 518 F.3d 1353 (Fed. Cir. 2008) ("The remaining asserted claims cover genuses of compounds that include celecoxib. The Court finds that the synthesis of celecoxib—an individual species within those genuses—on October 4, 1993 is sufficient to establish that date as the proper invention date for the genus claims as well."). Most recently, in *E.I. du Pont de Nemours & Co. v. Unifrax I LLC*, the Federal Circuit found that the existence of evidence supporting the "reduction to practice of *an embodiment* meeting the limitations" of a genus claim was sufficient to show reduction to practice of the genus as a whole. 921 F.3d 1060, 1077–78 (Fed. Cir. 2019) (emphasis added). Contrary to Novartis's claim that this rule is applicable only to interference proceedings before the patent office, neither *Pfizer* nor *Unifrax* emerged out of that context, and it is

therefore mistaken that this rule is inapplicable in district court litigation.[1] It is undisputed that Plexxikon reduced to practice not just one but three embodiments falling within the scope of the above-listed asserted claims, before the GSK compounds were synthesized, and therefore the GSK compounds are not prior art to those claims.

In addition, the GSK compounds are not prior art if Plexxikon earlier conceived the inventions and followed up with a diligent reduction to practice. *Purdue Pharma L.P. v. Boehringer Ingelheim GMBH*, 237 F.3d 1359, 1365 (Fed. Cir. 2001). As noted above, Plexxikon conceived of all the claimed inventions by March 2005. And with respect to *all* the asserted claims, Plexxikon will show that it was diligent in reducing the claims to practice between the time that the GSK compounds were synthesized and when it filed the application that led to the asserted claims in July 2007. For this reason as well, the GSK compounds are not prior art to any of the asserted claims.[2]

B. Whether The Asserted Claims Are Invalid Under 35 U.S.C. § 112

Novartis argues, based on the testimony of its experts, that the Asserted Patents are invalid under 35 U.S.C. § 112 because they lack written description and are not enabled.

Novartis's written description argument fails because each of the claimed genuses are literally described with generic formulas in the specification, a fact Novartis does not dispute. "In claims involving chemical materials, generic formulae usually indicate with specificity what the generic claims encompass." *Regents of the Univ. of California v. Eli Lilly & Co.*, 119 F.3d 1559, 1568 (Fed. Cir. 1997); *Pfizer Inc. v. Ranbaxy Labs. Ltd.*, 405 F. Supp. 2d 495, 505 (D. Del. 2005), *aff'd in part, rev'd in part*,

[1] Indeed, Novartis itself has previously argued in district court litigation that a "prior reduction to practice of the species precludes another party from claiming that he is the first inventor of the genus containing the species." *Dana-Farber Cancer Inst., Inc. v. Gatekeeper Pharms., Inc.*, No. CIV.A. 10-11613-DPW, 2012 WL 4960172, at *11 n.10 (D. Mass. Oct. 12, 2012) (citing *Mikus v. Wachtel*, 504 F.2d 1150, 1151 (C.C.P.A. 1974)).

[2] Nothing in the above is inconsistent with the Court's Order Granting Motion to Strike Portions of Expert Report (Apr. 10, 2020) (ECF No. 417). Plexxikon identified March 10, 2005, as its priority date in its Patent L.R. 3–1 disclosures because the person "who first conceives, and, in a mental sense, first invents . . . may date his patentable invention back to the time of its conception, if he connects the conception with its reduction to practice by reasonable diligence on his part, so that they are substantially one continuous act." *Mahurkar v. C.R. Bard, Inc.*, 79 F.3d 1572, 1577 (Fed. Cir. 1996) (internal quotation marks and citation omitted). Plexxikon's Patent L.R. 3–1(f) disclosures explicitly stated that "[t]he subject matter of the asserted claims of the '640 patent and the '539 patent was reduced to practice at least as of March 18, 2005" (when P-0001 was synthesized), and further stated that documents "describing the identification and synthesis of" the above-listed compounds further supported reduction to practice.

457 F.3d 1284 (Fed. Cir. 2006) (holding written description requirement satisfied based on *Eli Lilly* where "the written description of the '893 patent is a generic formula which the patent specification expressly indicates includes all trans-enantiomers"). Novartis's written description argument boils down to a complaint that Plexxikon did not claim the *entire* genus disclosed in the specification but drew its claims more narrowly to a subset of them. But "[i]t is not necessary that each claim read on every embodiment." *Baran v. Med. Device Techs., Inc.*, 616 F.3d 1309, 1316 (Fed. Cir. 2010). "[A] patentee need not indicate that one embodiment is 'of special interest' in order to claim it," but "is free to selectively claim one particular embodiment without running afoul of the written description requirement." *Erfindergemeinschaft UroPep GbR v. Eli Lilly & Co.*, 276 F. Supp. 3d 629, 656–57 (E.D. Tex. 2017) (Bryson, J., sitting by designation), *aff'd*, 2018 WL 4922997 (Fed. Cir. Oct. 10, 2018). And, even applying Novartis's flawed legal standard, the claims are adequately described, as each of the chemical groups claimed as options is literally described in the specification.

Novartis's enablement arguments fare no better. Its primary argument is that "[t]he utility standard of § 101 imparts a functional requirement for the claimed compounds as a matter of law irrespective of whether there is a functional limitation recited in the claim." ECF No. 362 at 1. But the asserted claims are drawn to specific chemical structures without any functional limitation, so no experimentation at all is necessary to determine whether a species falls within the scope of the claims. All that is required is a comparison of the claim language to the chemical formula of the species. Thus, as this Court previously explained, "[s]ince kinase inhibition is not required by the claims, it is not required to practice the claimed invention." ECF No. 361 at 3 n.1. All that is required to satisfy the utility requirement is that "[i]f the patent alleges a benefit," there must be "evidence that a POSA would accept the claimed utility as correct." *Id.* at 4 (citing *Grunenthal GMBH v. Alkem Labs. Ltd.*, 919 F.3d 1333, 1346 (Fed. Cir. 2019). Here, the patents provide assay data for representative compounds demonstrating a benefit—namely, kinase inhibition—and the evidence will show that a POSA would accept the claimed utility as correct. Nothing more is required, especially given that a patent only fails

the utility standard if the invention is "totally incapable of achieving a useful result." *Id.*[3]

III. DAMAGES MUST BE BASED ON PLEXXIKON'S LICENSE WITH ROCHE

Plexxikon's expert based his damages analysis on the license agreement by which Plexxikon licensed the patents covering Zelboraf to Roche, its distribution partner. That license was for rights to a selective BRAF inhibitor, just like the accused product in this case, and is therefore the most comparable agreement to that which would emerge from the hypothetical negotiation. It also accounts for the inventive contribution of the patents-in-suit, because essentially all the value of Tafinlar (like that of the Roche license) comes from the patented molecular structure, not any further development. Novartis's expert's primary opinion was that damages would be in the form of a fully paid-up lump sum for the life of the patents-in-suit, an opinion he based on three Novartis licenses involving other technologies. As an "alternative" opinion, he also calculated a running royalty based on the Roche license.

The Court excluded Novartis's expert's reliance on the Novartis licenses, thus excluding his lump sum theory, which was based entirely on those licenses. ECF No. 445. The only damages theory left to Novartis's expert is the "alternative" opinion based on the Roche license. And the *only* conclusion that Novartis's expert drew from that license was in the form of a running royalty. Novartis's expert never calculated damages in the form of a fully paid-up lump sum based on the Roche license, and should not be allowed to do so for the first time at trial. He should at most be able to testify that the Roche license results in a lower running royalty than that calculated by Plexxikon's expert.

Dated: May 25, 2021

DURIE TANGRI LLP

By: */s/ Eugene Novikov*
EUGENE NOVIKOV

DURIE TANGRI LLP
DARALYN J. DURIE (SBN 169825)
ddurie@durietangri.com
DAVID McGOWAN (SBN 154289)
dmcgowan@durietangri.com
EUGENE NOVIKOV (SBN 257849)
enovikov@durietangri.com

[3] Although the law is clear that "any pharmacological activity" satisfies the utility standard, *id.*, Novartis's argument depends on making the assumption that compounds that inhibit kinases less strongly than a certain arbitrary threshold are "inoperative." At trial, Novartis will be unable to point to any evidence in the patents-in-suit or elsewhere for that threshold.

RAGHAV R. KRISHNAPRIYAN (SBN 273411)
rkrishnapriyan@durietangri.com
217 Leidesdorff Street
San Francisco, CA 94111
Telephone: 415-362-6666
Facsimile: 415-236-6300

DURIE TANGRI LLP
KIRA A. DAVIS (SBN 332874)
kdavis@durietangri.com
ANDREW T. JONES (SBN 313619)
ajones@durietangri.com
KATHERINE E. McNUTT (SBN 320128)
kmcnutt@durietangri.com
953 East 3rd Street
Los Angeles, CA 90013
Telephone: 213-992-4499
Facsimile: 415-236-6300

YOUNG BASILE HANLON & MACFARLANE, P.C.
JEFFREY D. WILSON (*Pro Hac Vice*)
wilson@youngbasile.com
ANDREW R. BASILE, JR. (SBN 208396)
abasile@youngbasile.com
EDDIE D. WOODWORTH (*Pro Hac Vice*)
woodworth@youngbasile.com
RYAN T. MCCLEARY (*Pro Hac Vice*)
mccleary@youngbasile.com
3001 W. Big Beaver Road, Suite 624
Troy, MI 48084
Telephone: (248) 649-3333
Facsimile: (248) 649-3338

Attorneys for Plaintiff
PLEXXIKON INC.

CERTIFICATE OF SERVICE

I hereby certify that on May 25, 2021 the within document was filed with the Clerk of the Court using CM/ECF which will send notification of such filing to the attorneys of record in this case.

/s/ Eugene Novikov
EUGENE NOVIKOV