

Roche Hit With \$137M Verdict For Infringing Lab Test Patents

By **Rose Krebs**

Law360 (November 25, 2019, 9:59 PM EST) -- A Delaware federal jury late Monday hit Roche Diagnostics Corp. with a roughly \$137.3 million verdict for willfully infringing three of Meso Scale Diagnostic LLC's laboratory testing system patents, Meso's counsel said.

The decision came after a six-day trial in front of U.S. District Judge Leonard P. Stark, during which Meso argued it was owed royalties for Roche's global sales of testing systems.

"We're thrilled with the jury's verdict and feel they made a fair and just decision," Meso's attorney John M. Hughes of Bartlit Beck LLP told Law360.

In an emailed statement from Meso's counsel team, they said the "verdict confirms that Meso Scale has valuable, exclusive patent rights to important technology."

The jury returned its verdict after deliberating less than two hours, finding all patent claims were willfully infringed and awarding \$137.25 million, the statement said.

During the trial, Roche had argued that Meso wanted to stretch its limited biotechnology licenses far enough to snare millions in royalties from Roche but offered no support for claims that its licenses excluded Roche from selling into part of the market for "electrochemiluminescence," or ECL, systems.

ECL devices detect the contents or concentrations of materials in human blood or other samples, and are used in hospitals and doctors' offices as well as in medical research laboratories.

"Roche is disappointed with the recent jury award in the U.S. regarding its ECL detection technology," a Roche representative told Law360 early Tuesday. "We will be reviewing the decision and our legal options."

At issue in the case were one claim each of U.S. Patent Nos. 5,935,779 and 6,808,939 and two claims of U.S. Patent No. 6,165,729, which all involve ECL systems components. The devices use antibodies, electricity and chemicals in closed systems to generate flashes of light when exposed to targeted samples.

Roche sued Meso in Delaware in 2017 for a declaratory judgment barring Meso from claiming that Roche infringed any of Meso's rights in patented uses of ECL technology.

That suit followed a Chancery Court ruling in 2014 that Roche and its affiliates did not breach Meso's licensing agreements with a third party, later acquired by Roche. Meso lost on appeal at Delaware's Supreme Court, and failed in a bid for U.S. Supreme Court review in 2015 of its claim that the state courts wrongly rejected its right to enforce the licensing restrictions.

Meso, which hit Roche with counterclaims after the initial suit was filed, argued that it received a research license agreement under a joint venture with iGen Technologies in 1995, giving it broad and exclusive global rights to the ECL technology patents involved. The agreement, which created a joint venture between the two companies, was described as giving Meso approval and enforcement rights to any grant of ECL licenses.

"There's no dispute that Roche admits that its products use the invention claimed in the patents in this case and admits that these patents in fact are valid," Hughes told jurors during the start of the trial. But "the evidence shows over and over again that Roche will not stay in its lane" of selling only to non-clinical and research areas, he argued.

Roche acquired rights to use iGen's patent in some ECL markets for \$1.3 billion in 2003, and later acquired iGen's rights more broadly when it acquired BioVeris Corp. in 2007.

Meso argued during trial that Roche bought BioVeris because it recognized that it needed iGen's patents to avoid losing its grip on the up to \$3.25 billion global ECL testing market. But Roche began straying into Meso's part of the market almost immediately after the acquisition, "even though they knew they couldn't have freedom to operate without including us in the deal, even though they knew we were half of what they needed," Hughes asserted during arguments last week.

The court will determine whether to adjust the jury's damage amount.

The patents-in-suit are U.S. Patent Nos 5,935,779; 6,808,939; and 6,165,729.

Roche and BioVeris are represented by Joel Friedlander and Christopher Foulds of Friedlander & Gorris PA and James T. McKeown, Jeffrey N. Costakos, Eric L. Maassen, Kimberly K. Dodd, Rachel M. Blise and Philip C. Babler of Foley & Lardner LLP.

Meso is represented by Jack B. Blumenfeld and Jeremy A. Tigan of Morris Nichols Arsht & Tunnell LLP and Steven E. Derringer, John M. Hughes, Nosson D. Knobloch and Daniel C. Taylor of Bartlit Beck LLP.

The case is Roche Diagnostics Corp. v. Meso Scale Diagnostics LLP, case number 1:17-cv-00189, in the U.S. District Court for the District of Delaware.

--Additional reporting by Jeff Montgomery. Editing by Michael Watanabe.