NOT FOR PUBLICATION

UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

SUNOVIAN PHARMACEUTICALS INC., Plaintiff, v. TEVA PHARMACEUTICALS USA, INC. et al., Defendants.	**Hon. Dennis M. Cavanaugh** **OPINION** Civil Action No. 09-01302 (DMC)(MF)

DENNIS M. CAVANAUGH, U.S.D.J.:

This matter comes before the Court upon Defendants' Alphapharm Pty. Ltd., Mylan Pharmaceuticals Inc., and Mylan Inc. (collectively "Defendants" or "Mylan") Motion for Summary Judgment of Invalidity (ECF No. 379) and Plaintiff's Sunovian Pharmaceuticals Inc. ("Plaintiff" or "Sunovian") Motion for Summary Judgment of No Invalidity (ECF No. 382), both pursuant to FED. R. CIV. P.56(c). Pursuant to FED. R. CIV. P. 78, no oral argument was heard. After carefully considering the submissions of the parties, and based upon the following, it is the finding of this Court that Defendants' Motion for Summary Judgment is **denied** and Plaintiff's Motion for Summary Judgment is **denied.**

I. BACKGROUND[1]

The instant suit arises out of the alleged infringement of Plaintiff Sunovian's patents for

[1] The facts set-forth in this Opinion are taken from the Parties' statements in their respective moving papers.

eszopiclone, used to market the sleep medication Lunesta®.[2] Sunovian owns U.S. Patent Nos. 6,319,926 (the "'926 patent"), 6,444,673 (the "'673 patent"), 6,864,257 (the "'257 patent"), and 7,381,724 (the "'724 patent") (collectively, the "patents-in-suit"). The patents-in-suit generally cover eszopiclone "essentially free" of its other "(-) isomer" as well as formulations of and methods of administering the same.

Sunovian acquired the rights to the patents-in-suit by way of assignment from Rhone-Poulenc Rorer, Inc. ("RPR"), a French company based in Antony, France.[3] Each of the four patents-in-suit claim priority to the French patent application, dated January 17, 1991 (the "French Application").[4] On January 16, 1992, the named inventors of the French Application filed a counterpart to the application in the United States. The U.S. counterpart application was U.S. application No. 07/821,662 (the "'662 application").

In the late 1980s and early 1990s, Sunovian began individually evaluating racemic compounds. According to Sunovian, during this time it was the company's practice to file "prophetic" patent applications on enantiomeric forms of racemic drugs that Sunovian believed could constitute improved drugs. Such prophetic patents were filed before the enantiomers of a given racemic compound were actually separated.

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[2]The instant suit was originally filed by Sepracor, Inc. on March 20, 2009. On October 12, 2010, Sepracor Inc. changed its name to Sunovian Pharmaceuticals Inc. The caption has been revised to reflect this change. All references made to Plaintiff herein will be made to Sunovian.

[3]The patent was developed by Claude Cotrel and Gerard Roussel who resided in France and worked for RPR. The French application was assigned to RPR.

[4]The parties do not dispute that, pursuant to 35 U.S.C. § 119(a), January 17, 1991 is the appropriate priority date for the French Application.

Sunovian allegedly followed its course of filing prophetic patents in its work with eszopiclone, the drug here in issue. On December 2, 1991, prior to the time that Sunovian acquired the rights to the RPR Application, Sunovian filed four patents simultaneously with Drs. James Young and Steven Brandt listed as the named inventors.[5] Two of these applications covered the (-) isomer of zopiclone, while the other two applications covered (+) zopiclone. According to Sunovian, the simultaneous filing of the four patents was done because Sunovian did not know which isomer constituted an improvement over the racemate and had not yet resolved racemic zopiclone to make this determination.[6] Among the applications filed was U.S. Patent Application No. 07/801,312 (the "Young '312 Application"). One year after the initial filings, Sunovian abandoned the (-) zopiclone applications. Sunovian continued to pursue the (+) zopiclone applications with the filing of U.S. Application No. 07/984,039, a continuation in part of the Young '312 Application.[7] According to Sunovian, its development work on (+) zopiclone did not begin until the mid-1990s. Sunovian maintains that the ultimate preparation of eszopiclone was done using RPR's protocol disclosed in the patents-in-suit.

At or around the time of the development and filing of the aforementioned applications, Sunovian was in communication with RPR. On December 18, Dr. Young, one of the named inventors

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[5]Drs. Young and Brandt were both Sunovian employees at the time of filing.

[6]Dr. Young testified that, based on a review of the application, it appeared likely that Sunovian had not resolved zopiclone at the time of filing the Young '312 Application. Ni Ex. 9 at 121:11-15.

[7]Young '312 claims: "The composition according to claim 9 wherein (+) zopiclone or a pharmaceutically acceptable salt thereof, substantially free of its (-) stereoisomer, is administered together with a pharmaceutically acceptable carrier." Ni Decl. Ex. 12, Young '312 Application at Claim 17. Claim 9 states: "A composition for the treatment of sleep disorders in a human, which comprises an amount of (+) zopiclone or a pharmaceutically acceptable salt thereof, substantially free of its (-) stereoisomer, sufficient to alleviate said sleep disorders." Ni Decl. Ex. 12, Young '312 Application at Claim 9.

on the Young '312 Application, sent a letter to Jean-Claude Brunie of RPR (the "Young Letter"). Ni Decl. Ex. 19. In his letter, Dr. Young referenced a phone call that had taken place a few days earlier relating to (+) zopiclone. Dr. Young stated his agreement with Mr. Brunie's suggestion "that in order to fully understand the situation it is appropriate that we exchange information on the content and timing of our respective patent applications." Dr. Young further referenced a conversation that had taken place in January, 1991 with two individuals from RPR. The conversation was said to have taken place under a confidentiality agreement executed on November 27, 1990 and concerned the concept of developing optically pure zopiclone.[8] Finally, Dr. Young expressed an expectation that the two patents being pursued by the respective companies did not overlap entirely and that it would make sense for the parties to continue prosecution of the patents irrespective of the filing dates.[9] Enclosed with the letter was a copy of the cover page of the Young '312 Application as well as a "Development Strategy for Optically Pure Zopiclone,"in which the development was discussed in terms of zopiclone only.

By letter dated December 30, 1991, J. Savina, Vice President of Patents at RPR, acknowledged receipt of the Young Letter and sent Dr. Young a copy of the RPR patent covering (+) zopiclone

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[8]The parties dispute the parameters of the referenced confidentiality agreement. In the Young Letter, Dr. Young indicates that the disclosure of the patent application filed on December 2, 1991 was confidential and should be covered under the confidentiality agreement between the parties. Dr. Young testified that he did not recall anything about the confidentiality agreement referred to in his letter. Mylan maintains that the confidentiality agreement concerned the sharing of confidential details of Sunovian's and RPR's respective research regarding eszopiclone. Sunovian counters that there is no evidence to support the conclusion that eszopiclone was ever mentioned in the agreement.

[9] A copy of the Young Letter produced in discovery included handwritten notations from Dr. Young which circle the reference to January, 1991 and note "January 24, 1991." It is unclear from the record when the handwritten notations were made and Dr. Young testified that he has no recollection of what the notations indicate. Dr. Young could only guess that January 24, 1991 refers to the precise date of the conversation between Sunovian and RPR employees regarding the concept of developing optically pure zopiclone. Ni Decl. Ex. 9 at 85:14-25.

originally filed in France on January 17, 1991 (the "Savina Letter"). Ni Decl. Ex. 20. In the letter, Savina expressed a concern to avoid a possible interference between the applications, and wrote "considering the application of [Sunovian] filed later, our concern would be to try to avoid a possible interference between our applications in the U.S. For this purpose, we would propose that you focus your patent application on the process of manufacture of (+) zopiclone you described in your application." Dr. Young testified that he probably would have forwarded the Savina Letter to his patent counsel because it related to a patent matter.

On January 20, 1991, Drs. Young and Brandt signed an oath in support of the Young '312 application. Ni Decl. Ex. 18. Such oaths are required of all inventors in support of their patent applications and require the inventors to attest, under penalty of perjury, that they believed themselves to be the original and first inventors of the subject matter described in the patent application. Both Drs. Young and Brandt stated in their respective depositions that they would not have signed the inventor declaration if they did not believe themselves to be the true inventors, nor would they have signed the oath if they thought that anyone else should be listed as an inventor. Mack Decl., Ex. E, Young Transcript at 60:9-21; Mack Decl., Ex. L, Brandt Transcript at 85:21-86:8. Dr. Young also testified that, while he could not recall the details of this specific case, it was the practice of Sunovian to always confer with counsel about who would properly be named an inventor. Mack Decl., Ex. E, Young Transcript, 59:17-60:5. In light of this practice, Dr. Young was sure that the conclusion at the time must have been that there were no other people appropriately named as inventors. Dr. Young testified that he could not recall when he learned of the date on which RPR's French Application was filed.

The Young '312 Application eventually matured into U.S. Patent No. 5,786,357 (the "'357 Patent"). On August 16, 2000, the PTO declared Interference No. 104,423 between certain claims of

the '357 Patent and U.S. Patent Application No. 09/124,651 owned by RPR. On August 15, 2000, Sunovian requested that an adverse judgment be entered against it on the grounds that "an exhaustive review of the priority proofs of each party" revealed that "the Junior Party [Drs. Young and Brandt] cannot overcome the Senior Party's [Dr. Cotrel and Mr. Roussel's] date of invention."Ni Decl. Ex. 22. On August 18, 2000, the PTO Board of Patent Appeals and Interferences entered an adverse judgment against Sunovian and awarded priority to RPR. Ni Decl. Ex. 26. All of the claims in the '357 patent that overlapped with the patents-in-suit were invalidated. Id. In further resolution of the dispute, the parties agreed that Sunovian would acquire the rights to RPR's patent, with Sunovian agreeing to pay RPR an up front royalty of $5 million with an additional $21 million in payments based upon achievement of product-approval milestones, as well as 5% of U.S. sales of eszopiclone.[10] Ni Decl., Ex. 23.

In December 2008, Mylan filed an Abbreviated New Drug Application with the FDA to seek approval to market generic versions of Lunesta® prior to the expiration of the patents-in-suit.[11] On March 20, 2009, Sunovian commenced this Hatch-Waxman patent litigation alleging infringement of the patents-in-suit.[12] On July 2, 2009 Defendants served invalidity contentions concerning the patents-in-suit. Mylan subsequently amended the contentions on January 10, 2010 to include a defense of invalidity under 35 U.S.C. § 102(g)(2). As grounds for its § 102(g)(2) defense, Mylan argued that Drs. Young and Brandt are the first inventors of eszopiclone in the United States and the Young '312

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[10]To date, such sales have been alleged to amount to well over $150 million.

[11]The patents-in-suit are set to expire on either January 16, 2012 or August 30, 2012. Sunovian's '357 patent expires on July 28, 2015.

[12]Defendants here were one of ten groups of defendants who filed ANDAs to market a generic form of Lunesta® and against whom Sunovian commenced suit.

Application was therefore entitled priority over the French Application. Defendants maintain that Drs. Young and Brandt conceived of their invention prior to January 17, 1991 and exercised reasonable diligence in reducing the invention to practice. Plaintiff and Defendants now both move for summary judgment on the showing of invalidity.

II. STANDARD OF REVIEW

A. Summary Judgment

Summary judgment is granted only if all probative materials of record, viewed with all inferences in favor of the non-moving party, demonstrate that there is no genuine issue of material fact and that the movant is entitled to judgment as a matter of law. FED. R. CIV. P. 56(c); Celotex Corp. v. Catrett, 477 U.S. 317, 330 (1986). The moving party bears the burden of showing either (1) there is no genuine issue of fact and it must prevail as a matter of law; or (2) that the non-moving party has not shown facts relating to an essential element of an issue for which he bears the burden. Celotex, 477 U.S. at 331. If either showing is made then the burden shifts to the non-moving party, who must demonstrate facts that support each element for which he bears the burden, as well as the existence of genuine issues of material fact. Id. A material fact is one that might affect the outcome of the case, and "summary judgment will not lie if the dispute about a material fact is 'genuine', that is, if the evidence is such that a reasonable jury could return a verdict for the nonmoving party. Anderson v. Liberty Lobby, Inc., 477 U.S. 242, 248 (1986).

The Court will consider all facts and their reasonable inferences in the light most favorable to the non-moving party. See Penn. Coal Ass'n v. Babbitt, 63 F.3d 231, 236 (3d Cir. 1995); Newsome v. Admin. Office of the Courts of the State of N.J., 103 F. Supp.2d 807, 815 (D.N.J. 2000), aff'd, 51 Fed. App'x. 76 (3d Cir. 2002) (citing Watts v. Univ. of Del., 622 F.2d 47, 50 (D.N.J. 1980))While a court

must draw reasonable inferences in the light most favorable to the non-moving party, the non-moving party "may not rest upon the mere allegations or denials of his pleading" to satisfy this burden, and rather must produce sufficient evidence to support a jury verdict in his favor. See FED. R. CIV. P. 56(e); see also Matsushita Elec. Indus. Co. v. Zenith Radio Corp., 475 U.S. 574, 586 (1986). "[U]nsupported allegations in memorandum and pleadings are insufficient to repel summary judgment." Schoch v. First Fid. Bancorporation, 912 F.2d 654, 657 (3d Cir. 1990), and conclusory allegations are insufficient to establish genuine issues of fact. Lujan v. Nat'l Wildlife Fed'n, 497 U.S. 871, 902 (1990). The non-moving party "must do more than simply show that there is some metaphysical doubt as to the material facts." Matsushita Elec. Indus. Co., 475 U.S. at 586.

B. Invalidity Due to a Prior Invention Under 35 U.S.C. § 102(g)

The invalidity contentions here in issue are based upon 35 U.S.C. § 102(g)(2). 35 U.S.C. § 102(g)(2) provides:

> A person shall be entitled to a patent unless - -
>
> (g). . . (2) before such person's invention thereof, the invention was made in this country by another inventor who had not abandoned, suppressed, or concealed it. In determining priority of invention under this subsection, there shall be considered not only the respective dates of conception and reduction to practice of the invention, but also the reasonable diligence of one who was first to conceive and last to reduce to practice, from a time prior to conception by the other.

35 U.SC. § 102(g)(2). Under § 102(g)(2), "priority of invention goes to the first party to reduce an invention to practice unless the other party can show that it was the first to conceive the invention and that it exercised reasonable diligence in later reducing that invention to practice." Monsanto Co. v. Mycogen Plant Sci., Inc., 261 F.3d 1356, 1362 (Fed. Cir. 2001), citing Mahurkar v. C.R. Bard, Inc., 79 F.3d 1572, 1577 (Fed. Cir. 1996).

A showing of invalidity therefore requires clear and convincing evidence of the following: (1) the inventor of the competing patent was the first to conceive of the invention, (2) the inventor has not abandoned, suppressed, or concealed the invention; and (3) the inventor exercised reasonable diligence to reduce the invention to practice from a time prior to conception by the other.

"To have conceived of an invention, an inventor must have formed in his or her mind a 'definite and permanent idea of the complete and operative invention, as it is hereafter to be applied in practice.'" Mahurkar, 79 F.3d at 1577, citing Burroughs Wellcome Co. v. Barr Labs., Inc., 40 F.3d 1223, 1228 (Fed. Cir. 1994). The test for conception is "whether the inventor had an idea that was definite and permanent enough that one skilled in the art could understand the invention." Burroughs Wellcome Co., 40 F.3d at 1228; see also Sewall v. Walters, 21 F.3d 411, 415 (Fed. Cir. 1994) ("Conception is complete when one of ordinary skill in the art could construct the apparatus without unduly extensive research or experimentation."). The inventor must prove his conception by corroborating evidence, preferably by showing a contemporaneous disclosure. Burroughs Wellcome Co., 40 F.3d at 1228.

Suppression or concealment may be shown in one of two ways. Apotex USA, Inc. v. Merck & Co., Inc., 254 F.3d 1031, 1038 (Fed. Cir. 2001). First, an inventor may actively suppress or conceal his invention from the public. Id., citing Fujikawa v. Wattanasin, 93 F.3d 1559, 1567 (Fed. Cir. 1996). Second, an unreasonable delay in the filing of a patent application will give rise to a legal inference of suppression or concealment. Id., citing Peeler v. Miller, 535 F.2d 647, 655 (1976); Shindelar v. Holdeman, 628 F.2d 1337, 1342 (C.C.P.A. 1980).

Finally, reasonable diligence to reduce the claimed invention to practice must be shown to succeed on a claim of prior invention. Reasonable diligence is a question of fact that requires a demonstration of "substantially continuing activity." Brown v. Barbacid, 436 F.3d 1376, 1381 (Fed. Cir.

2006). The reasonable diligence requirement "encourages prompt public disclosure of an invention by penalizing the unexcused delay or failure of a first inventor to share the 'benefit of the knowledge of [the] invention' with the public after the invention has been completed." Checkpoint Sys. v. United States Int'l Trade Comm'n, 54 F.3d 756, 761 (Fed. Cir. 1995). "The time period for which diligence must be shown by the party first to conceive is from a date just prior to the other party's conception to the date of reduction to practice by the party first to conceive." Monsanto, 261 F.3d at 1363 (internal quotations, ellipses, and brackets omitted). Corroboration is required to support an inventor's testimony regarding his reasonable diligence in pursuit of the invention. See In re Jolley, 308 F.3d 1317, 1328 (Fed. Cir. 2002), citing Price v. Symsek, 988 F.2d 1187, 1196 (Fed. Cir. 1993).

A party challenging the validity of a patent under section 102(g) must prove facts supporting a determination of invalidity by clear and convincing evidence. See Apotex, 254 F.3d at 1036, citing Kimberly-Clark Corp. v. Procter & Gamble Distrib. Co. Inc., 973 F.2d 911, 915 (Fed. Cir. 1992). The party challenging the validity of the patent first bears the burden of demonstrating that the invention was made in this country by another inventor. Apotex, 254 F.3d at 1037. Once the challenger has provided such clear and convincing evidence, "the burden of production shifts to the patentee to produce evidence sufficient to create a genuine issue of material fact as to whether the prior inventor has suppressed or concealed the invention." Id. However, "once the patentee has satisfied its burden of production, the party alleging invalidity under § 102(g) must rebut any alleged suppression or concealment with clear and convincing evidence." Id. at 1038.

III. DISCUSSION

The instant suit presents the atypical scenario in which the inventor of a patent seeks to disprove the priority of their own application. Here, Sunovian seeks to prove the priority of another patent to

which it has since acquired the rights to and to which the patents-in-suit claim priority.

Both parties claim priority to a different patent. Sunovian claims priority to the French Application from which the patents-in-suit arise in order to support its position that the patents are not invalid under § 102(g)(2). Defendants, on the other hand, claim that priority should be declared to the Young '312 application to support the position that the patents-in-suit are invalid.

Defendants maintain that the evidence of record clearly and convincingly establishes that the patents-in-suit are anticipated by Young '312 and are therefore invalid. Defendants point to the following evidence in support of this position: the Young '312 Application, the Young Letter, the Savina Letter, Drs. Young and Brandt's inventor oath relating to the Young '312 Application, Drs. Young and Brandt's "Request for Entry of an Adverse Judgment" in the interference with RPR, and the PTO's "Judgment Pursuant to 37 CFR § 1.662" resolving the interference in favor of RPR. Ni Decl., Exs. 12, 19, 20, 18, 22, & 26. Defendants also point to the the deposition testimony of Drs. Young and Brandt in which they stated that they would not have signed the oath if they did not believe themselves to be the true original inventors. A substantial amount of the remaining evidence of record concerns the "general practice" of Plaintiff without providing specific details regarding the patent application in question.

Plaintiff counters that the evidence of record is insufficient to entitle Defendants to a defense of invalidity because they have failed to clearly and convincingly demonstrate the priority of the Young '312 Application. Because Defendants have the burden of demonstrating priority, Plaintiff maintains that summary judgment of no invalidity must be entered.

Resolution of the instant motions therefore calls on this Court to assess the sufficiency of the evidence regarding priority. Because this Court finds that questions of material fact remain regarding

which patent was conceived first as well as whether reasonable diligence was exercised to reduce Young '312 to practice, both motions for summary judgment are denied.

A. Conception

As previously discussed, the test for conception is "whether the inventor had an idea that was definite and permanent enough that one skilled in the art could understand the invention." Burroughs Wellcome Co., 40 F.3d at 1228. As previously noted, there is no dispute that under Section 102(g) analysis, January 17, 1991 is the date of conception for the French Patent. Therefore, Defendants bear the burden to demonstrate that Young '312 was conceived of prior to the filing of the French Patent on January 17, 1991.

This Court finds that questions of material fact remain regarding the import of the evidence relied upon by Defendants in support of their claim of priority of Young '312. Specifically, questions of material fact remain regarding the conclusions that may be drawn from the correspondence between Dr. Young and RPR, the inventor oaths signed in connection with the Young '312 Application, and the resolution of the interference declared between Young '312 and the French Application.

a. The Young '312 Application

As a preliminary matter, it is undisputed that the Young '312 Application was filed December 2, 1991, ten months after the uncontested priority date of the French Application. Plaintiff maintains that the Young '312 Application was a prophetic patent application which was filed at a time when it was likely that Sunovian had not yet actually resolved zopiclone. Accordingly, Sunovian disputes that the '312 Application enabled one skilled in the art to make the claimed invention without undue experimentation because the invention had not yet been resolved. Mylan concedes the fact that the application was prophetic but disputes that this designation is material. Mylan challenges the relevancy

of the prophetic designation on the grounds that Drs. Young and Brandt stated in Young '312 that (+) zopiclone could be purified by the use of "conventional means." According to Mylan, the record supports the conclusion that at the time of filing, the inventors were intimately familiar with the conventional means required to separate enantiomers and would therefore have been able to reduce their invention to practice. Mylan reaches this conclusion based on the statement contained in the statement of Sunovian's history, that Sunovian "was built on the premise that chiral drugs could, in essence, be divided into two or more 'parts' and that certain of these parts could be brought to the market as new medicines with the possibility for reduced side effects, greater potency or new indications." Moreover, Mylan provides that the filing of prophetic patent applications is especially permitted in circumstances such as those here when the separation of the enantiomers could be accomplished by conventional means.

Putting the "prophetic" designation aside, Dr. Young testified that it was the usual practice of Plaintiff to file a patent application as promptly as practical as soon as the inventors felt the invention was complete. More specifically, Dr. Young could not recall an instance in which he "waited more than a month or so to file a patent application after discovering the invention." Ni Decl., Ex. 9, at 258:8-16. According to such testimony, it would appear that November, 1991 would have been the earliest approximate date on which Drs. Young and Brandt had finished the research and drafting of Young '312. Dr. Young also testified that RPR completed its process of discovery on (+) zopiclone prior to Drs. Young and Brandt's completion of their work on (+) zopiclone. Ni Ex. 9 at 260:9-17.

This Court finds that based on the foregoing, questions of material fact remain regarding the time at which the inventors had a definite and permanent idea upon which one skilled in the art would understand the invention.

b. **The Inventor Oaths**

Defendants rely in large part on the knowledge of the inventors at the time the inventor oaths were signed to support their conclusion that Young '312 is entitled priority over the French Patent. Defendants note that, by signing the inventors' oaths, the inventors declared under penalty of perjury that they were the original first inventors of the claimed inventions. Moreover, Defendants maintain that the evidence of record supports the conclusion that the oaths were signed at a time when Drs. Young and Brandt were well aware of the content and timing of the RPR Application. Specifically, Defendants note that at the time the declarations were signed, both Drs. Young and Brandt had the French Application in their possession, knew that the French Application was filed on January 17, 1991, knew that the French Application contained identical subject matter to their own application regarding eszopiclone, and knew that RPR believed that the French Application and Plaintiff's patent application contained identical subject matter regarding eszopiclone. Therefore, according to Defendants, the act of signing the oath while in possession of said information amounted to clear and convincing evidence that Young '312 preceded the RPR Application.

This Court finds, however, that the correspondence does not clearly and convincingly demonstrate the inventor's knowledge at the time the oaths were signed. While the correspondence highlighted by Defendants does support that Plaintiff and RPR had held previous discussions regarding the "concept of developing optically pure zopiclone"and that the parties exchanged information regarding the content and timing of their respective patent applications, it is not clear that the inventors were aware of the contents of the letter or had come to the resolution that the French Patent anticipated their own at the time that they signed their respective oaths. Rather, the Young Letter indicates an understanding that the two patents did not in fact overlap, as well as a desire to continue to proceed with

the patent applications. Accordingly, such evidence does not clearly and convincingly foreclose the possibility that the oaths were executed in error or signed on the basis of incomplete information.

c. **The Interference**

Finally, the outcome of the interference between the patents in question strongly suggests that a deeper inquiry into the available evidence could not support a finding that the Young '312 patent preceded the French Application. As previously noted, Sunovian requested that an adverse judgment be entered against itself of the grounds that after an "exhaustive review of the priority proofs of each party" it appeared as though "the Junior Party [Drs. Young and Brandt] cannot overcome the Senior Party's [Dr. Cotrel and Mr. Roussel's] date of invention." Plaintiff then arranged to pay RPR a considerable amount of money to obtain the rights to the RPR Patent. Defendants have not provided, and this Court cannot surmise, an explanation as to why Sunovian would agree to pay more than $150 million to acquire the rights to an invention that it already rightfully owned. This proposition is further confounded by the fact that the '357 Patent is set to expire three years later than the RPR Patent and would therefore deprive Plaintiff of three additional years of patent exclusivity. Such evidence strongly suggests that the evidence reviewed in connection with the interference did not support priority of the Young '312 Application. While Mylan challenges the import of the interference by calling into question the "exhaustive" nature of the review undertaken, such challenge is insufficient to overcome the conclusion that questions of material fact remain regarding what the interference revealed.[13]

Based upon the foregoing discussion it is clear that there remain questions of material fact

[13]In its Mylan's brief in support of its Motion for Summary Judgment of Invalidity, Mylan raised a spoliation argument due to Sunovian's failure to produce records concerning the activities of Drs. Young and Brandt relating to Young '312 which were in the sole possession of Plaintiff. Such records were allegedly relied upon in the resolution of the interference, but Plaintiff now maintains that such records simply don't exist.

regarding whether the RPR Patent is entitled priority over the '357 Patent. Therefore, the evidence at the present stage in the litigation does not clearly and convincingly demonstrate which patent is entitled priority. On this basis alone, Mylan's Motion for Summary Judgment must be denied. Because Sunovian raises additional independent ground for summary judgment regarding the remaining elements required to show priority, a further discussion of the remaining factors is required.

B. Lack of Abandonment, Suppression, or Concealment

Defendants maintain that the Young '312 Application was not abandoned, suppressed, or concealed, as evidenced by the communications with RPR regarding the patent as well as the lack of evidence of any undue delay in the filing of Young '312. Plaintiff does not dispute this argument.

B. Reasonable Diligence to Reduce the Invention to Practice

Reasonable diligence to reduce the invention to practice must be shown "from a date just prior to the other party's conception to the date of reduction to practice by the party first to conceive." Monsanto,261 F.3d at 1363 (internal quotations, ellipses, and brackets omitted). Therefore, it must be shown that Drs. Young and Brandt exercised reasonable diligence from a time just prior to January 17, 1991 until December 2, 1991, the time at which the Young '312 Application was filed. Reasonable diligence will not be found where there is "unexplained inactivity prior to the opponent's entry into the field, for period as abbreviated as one to two months in duration." Fitzgerald v. Arbib, 268 F.2d 763, 766 (C.C.P.A. 1959). This Court has already found that issues of material fact remain regarding the time at which Drs. Young and Brandt conceived of the invention claimed in the Young '312 Application, and is therefore unable to determine whether sufficient diligence was exercised from a date just prior to the conception of the RPR invention. However, Sunovian argues that regardless of the date on which conception is proved, the lack of evidence supporting Plaintiff's reasonable diligence would provide

an independent grounds to grant summary judgment.

At this stage in the litigation, having found that Mylan's Motion for Summary Judgment must be denied, a determination regarding reasonable diligence is only relevant to Plaintiff's motion for summary judgment. Accordingly, this Court must assume that the non-moving party Mylan's allegations are true and give Mylan the benefit of the doubt when those allegations conflict with the moving party's claims. See Valhal Corp. v. Sullivan Assocs., Inc., 44 F.3d 195, 200 (3d Cir. 1995). Mylan alleges that, in light of the circumstances confronting them at the time, Drs. Young and Brandt were engaged in continuous activity directed toward reducing their invention at all relevant times. Mylan notes the minimal resources of Sunovian, as well as the fact that Drs. Young and Brandt performed extensive research to file the application while still maintaining their other job-related responsibilities. In light of said circumstances, Mylan argues that the Young '312 Application was drafted and filed as promptly as possible. Mylan argues that the Young '312 Application itself serves as a record of the continuous activities conducted.

The parties dispute whether there is sufficient evidence of due diligence on the part of Drs. Young and Brandt in reducing the invention claimed by Young '312 to practice. As previously noted, this case presents the curious scenario in which Plaintiff seeks to disprove their own due diligence in connection with their own patent. Moreover, the parties dispute the very existence of evidence relevant to the exercise of due diligence. Because an assessment of due diligence is a fact-intensive inquiry, this Court finds that under the circumstances of this case, a determination of the credibility of the parties will be required. The question of due diligence will more properly be decided on the basis of credibility determinations at trial and summary judgment is therefore inappropriate. See John G. Danielson, Inc.

v. Winchester-Conant Props., Inc., 186 F.Supp.2d 1, 26 (D.Mass. 2002).

Construing the evidence in favor of the non-moving party, and in light of the fact that Plaintiff is placed in the complicated position of disproving their own due diligence, this Court finds that summary judgment is inappropriate at this time.

IV. CONCLUSION

For the reasons stated, it is the finding of this Court that Plaintiff's Motion for Summary Judgment is **denied** and Defendants' Motion for Summary Judgment is **denied**. An appropriate Order accompanies this Opinion.

Dennis M. Cavanaugh, U.S.D.J.

Date: May 31, 2012
Orig.: Clerk
cc: Hon. Mark Falk, U.S.M.J.
All Counsel of Record
File