

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE**

GENZYME CORPORATION and)	
MOUNT SINAI SCHOOL OF MEDICINE)	
OF NEW YORK UNIVERSITY,)	
)	
Plaintiffs,)	
)	C.A. No. 00-677
v.)	
)	
TRANSKARYOTIC THERAPIES, INC.,)	
)	
Defendant.)	
)	

ORDER

1. On February 10, 2004, Transkaryotic Therapies, Inc. (“TKT”) re-filed a motion for attorneys’ fees, costs and disbursements (D.I. 226), claiming that the suit for infringement of U.S. Patent No. 5,356,804 (“the ‘804 patent”) brought against it by Genzyme Corp., et al., qualifies as an “exceptional case” under 35 U.S.C. § 285 (2001). Specifically, TKT alleges:
 - a. Bad faith in pursuing the infringement suit against TKT both because the plaintiffs’ proposed construction of the crucial term in dispute (“chromosomally integrated”) was “unsupported by intrinsic or extrinsic evidence” (D.I. 227 at 8), and because Genzyme’s CEO, with counsel by his side, publicly announced that the ‘804 patent did not cover gene-activation technology (which TKT says is the technology of its allegedly infringing product) (*id.* at 7);
 - b. Inequitable conduct by plaintiff Mt. Sinai in front of the U.S. Patent Office (“USPTO”) during prosecution of the ‘804 patent, both because Mt. Sinai “blatantly

mischaracterized” the teachings of certain prior art, namely the Bishop article (*id.* at 17), and because Mt. Sinai withheld “information that was well known to the scientific community” (*id.* at 22); and

c. Litigation misconduct because the plaintiffs:

(1) Attempted “to conceal the truth about the manner in which the ‘804 patent was procured and the proper scope of the claims” by having the inventors claim ignorance about basic scientific questions during deposition (*id.* at 23), acting obstructionist and improperly objecting at depositions (*id.* at 24), and failing to prepare witnesses deposed pursuant to Fed. R. Civ. P. 30(b)(6) (*id.* at 25); and

(2) Hindered TKT’s ability to defend itself by producing documents on the eve of deposition (*id.* at 26), withholding information properly included in opening briefs until reply (*id.*), and refusing to provide damages contentions (*id.* at 27).

2. TKT estimates that a fair award by the court for its attorneys’ fees, costs and disbursements would amount to approximately \$4,700,000. (*Id.* at 1 n.2.)

3. In order to prevail under § 285, TKT bears the burden of showing by clear and convincing evidence that the plaintiffs’ conduct was exceptional. *Imagineering, Inc. v. Van Klassens, Inc.*, 53 F.3d 1260, 1267 (Fed. Cir. 1995). “[T]here must be proof of actual wrongful intent . . . or of gross negligence.” *Mach. Corp. of Am. v. Gullfiber AB*, 774 F.2d 497, 473 (Fed. Cir. 1985). “Thus, conduct short of fraud, but in excess of simple negligence is sufficient for deciding that the case is ‘exceptional’ under § 285.” *Id.*

4. As to TKT's first contention that the plaintiffs' suit was brought in bad faith because its proposed construction of the term "chromosomally integrated" was not based on intrinsic or extrinsic evidence, Judge Linn's dissent in the Federal Circuit's opinion affirming this court's *Markman* order directly refutes TKT. See *Genzyme Corp. v. Transkaryotic Therapies, Inc.*, 346 F.3d 1094, 1106-10 (Fed. Cir. 2003). TKT dismisses this in its reply brief by saying "Judge Linn acknowledged that his interpretation of the claims of the '804 patent may have differed if all of the issues raised by TKT in this Court were ripe for consideration when he reviewed the record." (D.I. 236 at 6.) However, TKT's own language in describing Judge Linn's dissent belies its assertion; TKT stated that his interpretation *may* have been different, not that his interpretation *would have* been different. Furthermore, Judge Linn's point was that reliance on evidence relevant to enablement is inappropriate in claim construction, *Genzyme*, 346 F.3d at 1110, so TKT's reliance on this short paragraph is clearly misplaced. This certainly does not rise to the level of clear and convincing evidence that the plaintiffs' proposed construction was made in bad faith.
5. TKT's assertion that the plaintiffs proceeded in bad faith because Genzyme's CEO, Mr. Termeer, announced that the '804 patent does not cover gene-activation technology is derived from the following transcript of an October 18, 1999, public conference call:

MS. CHOVAV: Yes. I am a little bit confused about the intellectual property issues. My understanding is that, in the past, Transkaryotic Therapies (TKT) has made noises about potentially developing gene-activated Cerezyme.

However, again, TKT does not really communicate with me very actively, but, I have been in a meeting, where they have stated that their Fabry product is, actually, not gene-activated.

So, I was wondering, are there other people working on gene-activated Fabry, or, maybe, I have heard wrong in terms of what TKT might be up to.

MR. TERMEER: Obviously, we do not know what another company is doing, and, we should not claim to know, in any way. We have very strong – it is like two patents. Indeed, there was that license out of Mt. Sinai for the production of Alpha-gal, using non-gene-activated methods, and, we feel extremely confident there.

If any company were to use such methods, we would clearly feel that we have a very strong case there.

If a company is using gene-activated methods, and, I do not know that this other company is, then, because of this transaction, we now, also feel covered in that regard.

(D.I. 228, Exh. 6, at 31-32.)

6. The only inference that can be drawn from this excerpt is that Genzyme was very confident about its ability to prevent competitors from using non-gene-activated methods, and reasonably confident in its ability to prevent competitors from using gene-activated methods. TKT's characterization of Mr. Termeer's comments as some sort of admission is disingenuous. Needless to say, TKT's assertion of bad faith is hardly supported by *any* evidence, much less clear and convincing evidence.
7. Inequitable conduct is the next basis on which TKT claims this case is extraordinary. The award of fees on the basis of inequitable conduct requires TKT to show both materiality and intent. *Akzo N.V. v. Int'l Trade Comm'n*, 808 F.2d 1471, 1481 (Fed. Cir. 1986). "[T]he more material the omission or misrepresentation, the less intent that must be shown to reach a conclusion of inequitable conduct." *Id.* at 1481-82. As to Mt. Sinai's alleged mischaracterization of the Bishop article, there is no allegation by TKT that the examiner only had an incomplete summary of the prior art or a partial translation of prior art written in another language. *Semiconductor Energy Lab. Co. v. Samsung Electronics Co.*, 204 F.3d 1368, 1377 (Fed. Cir. 2000). Therefore, any mischaracterization of the Bishop article is not actionable because "[t]he examiner was free to reach his own conclusion regarding . . . the

art in front of him.” *Id.* at 1482.

8. As to the Johnson and Hultberg articles, published more than 15 years before Mt. Sinai filed the ‘804 patent (D.I. 227 at 35), TKT presents insufficient evidence from which this court could adduce intent to deceive. A vague allegation that the “Johnson paper was published by scientists in the laboratory of Dr. Desnick, the first named inventor on the ‘804 patent” (D.I. 227 at 22), without any citation to the record is far from clear and convincing evidence that Mt. Sinai knew of both the Johnson and Hultberg articles, *and* that it intentionally omitted them from the USPTO’s consideration. Furthermore, the plaintiffs raise sufficient doubt as to the materiality of those articles (D.I. 233 at 32-33) so as to prevent TKT’s evidence from being clear and convincing.
9. As to TKT’s allegations of litigation misconduct, even if true, the court does not consider them to be sufficient to justify an award of nearly five million dollars.

For these reasons, IT IS HEREBY ORDERED that:

1. The Defendant’s motion for attorneys’ fees, costs, and disbursements is DENIED.

Date: September 27, 2004

Gregory M. Sleet
UNITED STATES DISTRICT JUDGE