IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

WYETH HOLDINGS CORPORATION, WYETH-AYERST LEDERLE LLC, and WYETH LLC,	)	
Plaintiffs and Counterclaim-Defendants,	)	
v.	)	Civ. Action No. 09-955-RGA-CJB
SANDOZ, INC.,	)	
Defendant and Counterclaim-Plaintiff.	)	

MEMORANDUM ORDER

Pending before the Court in this patent case is a motion by Defendant Sandoz, Inc. ("Sandoz"), filed pursuant to Fed. R. Civ. P. 60(b)(2) and (b)(6), for an order striking the entire expert report of George G. Zhanel, Ph.D. ("the Zhanel Report"), in light of deposition testimony given by Dr. Zhanel on April 13, 2012. (D.I. 130) Plaintiffs Wyeth Holdings Corporation, Wyeth-Ayerst Lederle LLC, and Wyeth LLC (collectively, "Wyeth") oppose Sandoz's motion.

For the reasons discussed below, the Court DENIES Sandoz's motion.

A. Procedural Posture

On January 17, 2012, Sandoz moved to strike the sur-reply expert report served by Dr. Zhanel on behalf of Wyeth (the "motion to strike"). (D.I. 80) Wyeth opposed Sandoz's motion, arguing that the Zhanel Report was a proper response to a reply expert report served by Margaret A. Riley, Ph.D. ("the Riley Report") on behalf of Sandoz, and arguing in the alternative that if the Zhanel Report was excluded, then the Riley Report should likewise be stricken. (D.I. 87) In

a Memorandum Order dated March 14, 2012, the Court granted-in-part Sandoz's motion by striking paragraphs 40–85 of the Zhanel Report, and denied all other relief requested by the parties. (D.I. 115)

On April 26, 2012, Sandoz filed the instant motion ("Rule 60 motion"), (D.I. 130, 131), and the Court set an expedited briefing schedule (D.I. 134). Briefing was completed on May 7, 2012. (D.I. 139, 144) Sandoz's Rule 60 motion is therefore ripe for resolution.

B. Legal Standard

Rule 60(b)(2) provides that "[o]n motion and just terms, the court may relieve a party or its legal representative from a final . . . order [because of] newly discovered evidence that, with reasonable diligence, could not have been discovered [before the order was entered]." Fed. R. Civ. P. 60(b)(2); *see also Compass Tech., Inc. v. Tseng Labs., Inc.*, 71 F.3d 1125, 1130 (3d Cir. 1995). The movant has the burden of demonstrating that this newly discovered evidence (1) is material and not merely cumulative to evidence that was previously before the Court; (2) could not have been discovered before the Order through the exercise of reasonable diligence; and (3) would probably have changed the outcome of the Order. *Id.* In this Circuit, Rule 60(b)(2) motions are viewed as "extraordinary relief which should be granted only where extraordinary justifying circumstances are present." *Bohus v. Beloff*, 950 F.2d 919, 930 (3d Cir. 1991) (internal quotation marks and citations omitted). As such, a Rule 60(b)(2) movant "bears a heavy burden . . . which requires more than a showing of the potential significance of the new evidence." *Id.* (internal quotation marks and citations omitted).

Rule 60(b)(6) similarly empowers the Court to relieve a party from a prior order for "any other reason that justifies relief." Fed. R. Civ. P. 60(b)(6). Like Rule 60(b)(2), this provision

"provides for extraordinary relief and may only be invoked upon a showing of exceptional circumstances." *Coltec Indus., Inc. v. Hobgood*, 280 F.3d 262, 273 (3d Cir. 2002) (internal quotation marks and citations omitted).

Although the Federal Rules clearly contemplate the exclusion of untimely or improper expert disclosures (which has the effect of excluding expert testimony based thereon), the Third Circuit has cautioned that because "[t]he exclusion of critical evidence is an extreme sanction," it is "not normally to be imposed absent a showing of willful deception or flagrant disregard of a court order by the proponent of the evidence." *In re Paoli R.R. Yard PCB Litig.*, 35 F.3d 717, 791–92 (3d Cir. 1994) (internal quotation marks and citations omitted). In considering whether to exclude such expert testimony, courts generally weigh five factors, referred to as the *Pennypack* factors: (1) the surprise or prejudice to the moving party; (2) the ability of the moving party to cure any such prejudice; (3) the extent to which allowing the testimony would disrupt the order and efficiency of trial; (4) bad faith or willfulness in failing to comply with the court's order; and (5) the importance of the testimony sought to be excluded. *See Meyers v. Pennypack Woods Home Ownership Ass'n*, 559 F.2d 894, 904–05 (3d Cir. 1977), *overruled on other grounds*, *Goodman v. Lukens Steel*, 777 F.2d 133 (3d Cir. 1985).

C. The Basis for Sandoz's Rule 60 Motion

In its March 14th Order, the Court analyzed the five[1] *Pennypack* factors and determined that Dr. Zhanel should be permitted to testify based on those portions of his report that responded directly to points raised for the first time in the Riley Report. (*See* D.I. 115) In so doing, the

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[1] Given that the first two *Pennypack* factors—which consider prejudice to the moving party and whether such prejudice can be cured—go hand-in-hand, the Court considered them together. *See* D.I. 115 at § III.B.2.a.

Court assessed whether "Wyeth acted willfully or in bad faith by serving the Zhanel Report" after the deadline for expert reports had passed. (*Id.* at 20) When Sandoz first moved to exclude the Zhanel Report, Sandoz characterized Wyeth as making a "calculated decision" to "spring Dr. Zhanel's report on Sandoz." (D.I. 81 at 5) Wyeth disputed this characterization, and indicated that it had not planned to serve a report from Dr. Zhanel until Sandoz first submitted testimony from a microbiologist (Dr. Riley) at the expert reply stage. (D.I. 87 at 11) After reviewing the record available at that time, the Court "discern[ed] no evidence that Wyeth acted willfully or in bad faith by serving the Zhanel Report." (D.I. 115 at 20)

At Dr. Zhanel's deposition, Sandoz learned for the first time that Wyeth retained Dr. Zhanel many months prior to the expert report phase of this litigation.[2] Sandoz contends that this fact is at odds with Wyeth's prior arguments and representations to the Court, which "left the clear impression that Wyeth had not contacted Dr. Zhanel until after it had received the Riley [R]eport." (D.I. 131 at 3) Sandoz thus alleges that "the Court's finding of lack of bad faith on the part of Wyeth is contradicted by [this] new evidence," such that the "the *Pennypack* factors [now] weigh in favor of striking the *entire* Zhanel Report." (*Id.* at 6–7 (emphasis in original))

D. Evidence of Dr. Zhanel's Initial Engagement Date Is Insufficient To Justify The Extraordinary Relief Sought in Sandoz's Rule 60 Motion

As noted above, to prevail on its Rule 60 motion, Sandoz must show that the evidence of Dr. Zhanel's engagement date (1) is material and not cumulative to other evidence; (2) could not have been discovered earlier; and (3) would likely have led to a different outcome if the Court

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[2] Dr. Zhanel testified during this deposition that he recalled being retained by Wyeth for the first time in early 2011; Dr. Zhanel first signed an engagement letter in connection with this litigation on June 30, 2010. (*See* D.I. 140, exs. D & E)

had known this fact prior to issuing its March 14th Order. Sandoz must satisfy all three parts of this test; evidence relating to only one of the three prongs is legally insufficient to satisfy its burden. *Compass Tech.*, 71 F.3d at 1130. As such, this burden is substantial, given that Sandoz asks the Court to use "extraordinary" means (i.e., Rule 60) to impose an "extreme sanction" (i.e., striking an expert report that has already been truncated pursuant to a prior Order of the Court). *See, e.g.*, *TA Instruments, Inc. v. Perkin-Elmer Corp.*, No. 95–545–SLR, 2000 WL 152130, at *2–4 (D. Del. Jan. 24, 2000).

With respect to the first prong of the Rule 60 analysis, there appears to be no dispute that evidence relating to Dr. Zhanel's original retention date is not cumulative to other evidence that was already known to the Court and to Sandoz prior to the issuance of the March 14th Order. Sandoz has thus satisfied this portion of the test's first prong.[3]

Sandoz has not, however, addressed the second prong of this analysis—whether Sandoz could have previously discovered that evidence through the exercise of reasonable diligence. The Court notes that, prior to objecting to the timeliness of the Zhanel Report, Sandoz's counsel engaged in correspondence with Wyeth's counsel regarding the details, timing, and justification for the Zhanel Report. (*See* D.I. 140, ex. C) Sandoz's counsel does not appear to have inquired about Dr. Zhanel's engagement date, although Wyeth's counsel would certainly have known this information. If this date was really critical—if learning that date would have made all the

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[3] Although the first prong of the Rule 60(b)(2) analysis also references the "materiality" of the evidence-at-issue, the relevance (or materiality) of Dr. Zhanel's engagement date is more efficiently considered here in conjunction with consideration of the third prong, which asks whether the evidence would have probably altered the outcome of Sandoz's original motion to strike. Thus, the Court addresses the materiality of this evidence in the third prong of the analysis below.

difference in ensuring that Sandoz's motion to strike was fully successful—then attempts to obtain that date could have (and should have) been made by Sandoz prior to the issuance of the March 14th Order. *See, e.g.*, *LG Elecs. U.S.A., Inc. v. Whirlpool Corp.*, 798 F. Supp. 2d 541, 568–69 (D. Del. 2011) (denying a Rule 60(b)(2) motion because although defendant claimed plaintiff withheld critical evidence as to when inventor first began to work on the project leading to the patent-at-issue, defendant had not previously inquired as to inventor's employment dates or his contributions to the invention); *WRS, Inc. v. Plaza Entm't, Inc.*, Civil Action No. 00-2041, 2008 WL 2323991, at *3 (W.D. Pa. June 5, 2008) (denying a Rule 60(b)(2) motion where the movant failed to make "any representation that he attempted to obtain information" relating to the allegedly new evidence). Sandoz has thus failed to make any showing that it could not have obtained this information through the exercise of reasonable diligence prior to the Court's Order.

Even more significantly, as to the third prong of the Rule 60(b)(2) analysis, Sandoz has failed to demonstrate that evidence of Dr. Zhanel's first engagement date would likely have led to a different disposition of the issues addressed in the Court's March 14th Order. This new evidence implicates, at most, one of the five *Pennypack* factors: whether Wyeth has acted in bad faith. The remaining *Pennypack* factors—the surprise and/or prejudice to Sandoz from the Zhanel Report, Sandoz's ability to cure that prejudice, the likelihood of disruption to trial from Dr. Zhanel's testimony, and the importance of Dr. Zhanel's testimony to Wyeth—are all unaffected by the "new" evidence that is the subject of Sandoz's Rule 60 motion. Any surprise or prejudice to Sandoz from the Zhanel Report has already been significantly mitigated—if not cured entirely—given that the Court has limited Dr. Zhanel's testimony, and that Sandoz has now had the opportunity to depose him. Moreover, as was the case before Sandoz learned of Dr.

Zhanel's engagement date, Dr. Zhanel's testimony remains a potentially critical part of Wyeth's rebuttal case. Lastly, Sandoz has made no showing that the discovery of this new evidence is likely to "disrupt" trial in any way.

While Sandoz treats the "bad faith" factor of the *Pennypack* analysis as essentially dispositive, our Court typically looks to the "overall balance" of the *Pennypack* factors, and is guided by the admonition that evidence like an expert report should not be excluded entirely absent extreme or flagrant conduct. *See, e.g.*, *Abbott Labs. v. Lupin Ltd.*, Civil Action No. 09-152-LPS, 2011 WL 1897322, at *3–5 (D. Del. May 19, 2011) (denying a motion to preclude evidence and noting that although a single *Pennypack* factor might favor exclusion of evidence, this sanction is generally reserved for circumstances where "the overall balance" of these factors compels exclusion). The Court finds that, even assuming for the sake of argument that the "bad faith" *Pennypack* factor would weigh in favor of exclusion, the overall balance of these factors would still favor allowing Dr. Zhanel to testify in accordance with the March 14th Order.

Moreover, Sandoz has failed to show that the Court's prior conclusion as to Wyeth's alleged "bad faith" would likely have changed if it had been aware of the date that Wyeth first retained Dr. Zhanel. This is the case for two primary reasons.

First, the Court's determination that Wyeth did not engage in bad faith with respect to the Zhanel Report was not premised on Dr. Zhanel's "retention date," as Sandoz alleges. Sandoz quotes a portion of the March 14th Order as evidence that the Court based its prior conclusion, in part, on Wyeth's representation that it "'did not contact Dr. Zhanel until after the Riley Report was served on December 14, 2011.'" (D.I. 131 at 3 (quoting D.I. 115 at 20)) However, the full context of the Court's statement reveals that it relied on Wyeth's representation that it had not

contacted Dr. Zhanel *to begin work on an expert report* prior to receiving the Riley Report—not a representation that the first time Wyeth had *ever contacted* Dr. Zhanel came after the service of the Riley Report. (D.I. 115 at 20–21 ("And it appears that it was the Riley Report—not any intentional effort to surprise Sandoz—that motivated Wyeth to seek Dr. Zhanel's response.")) Sandoz has therefore failed to demonstrate how this information was (or should have been) material in the Court's *Pennypack* analysis. Indeed, what mattered to the Court was whether Wyeth planned to serve a report from Dr. Zhanel before Dr. Riley's opinion was introduced at the expert reply stage (it did not), whether Dr. Zhanel began work on his report before that time (he did not), and whether Dr. Zhanel had been made available for deposition after the service of his report (he was). (D.I. 115 at 20) After reviewing the excerpts from the Zhanel deposition submitted by the parties, the Court finds that Dr. Zhanel's testimony is not inconsistent with what Wyeth previously represented or with how the Court characterized those representations in its March 14th Order. (*See* D.I. 132, ex. 1; D.I. 140, ex. D)

Second, the timing of Dr. Zhanel's retention and disclosure to Sandoz is not unlike the timing of Dr. Riley's retention and disclosure to Wyeth. As is typical in patent cases, both parties here engaged multiple experts long before expert reports were due. For its part, Sandoz originally appears to have contemplated a limited, consulting role for Dr. Riley (as opposed to a testifying role).[4] (*See* D.I. 139 at 9; D.I. 140, ex. A) Sandoz later changed its view, determining that testimony from a microbiologist was important in this case, and had Dr. Riley serve a reply report. (D.I. 139 at 9) If the early hiring (in June 2011) and later disclosure (in November 2011)

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[4] As such, prior to November 2011, it appears that neither side was aware that two expert microbiologists had been retained—one by Wyeth, and one by Sandoz.

of Dr. Riley does not, in and of itself, disqualify her from serving her first expert submission at the reply stage, Sandoz is hard-pressed to explain why Wyeth's early hiring (in June 2010) and later disclosure (in January 2012) of Dr. Zhanel should turn the tide of the Court's analysis regarding the motion to strike.

Given the overall context and conduct of the parties, the Court finds that the evidence of Dr. Zhanel's date of first retention by Wyeth would not have likely altered its conclusion with respect to Wyeth's alleged bad faith, nor its overall analysis of the *Pennypack* factors. For this reason, Sandoz has not met its burden pursuant to the third prong of the test for granting a Rule 60 motion.

As a final matter, the Court notes that while Rule 60(b)(6) does not require a determination that the March 14th Order would likely have come out differently had the Court known then of Dr. Zhanel's first retention date (in contrast to Rule 60(b)(2)), the above-discussed factors weigh equally against granting the "extraordinary relief" that may be obtained pursuant to Rule 60(b)(6). *See, e.g., Coltec Industries, Inc.*, 280 F.3d at 273. As noted above, it appears that Wyeth's conduct with regard to its microbiological expert largely mirrors that of Sandoz's treatment of its own microbiological expert.[5] As such, far from amounting to "exceptional circumstances," as required under Rule 60(b)(6), Wyeth's conduct is not dissimilar to Sandoz's. Given that there has been no showing of egregious conduct on Wyeth's part, Dr. Zhanel should

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[5] The Court does not mean to suggest that the parties' treatment of their respective experts and reports was identical. Wyeth, unlike Sandoz, served Dr. Zhanel's report in an untimely manner not contemplated by the Scheduling Order, as discussed in the Court's March 14th Order. (D.I. 115 at 11–12) That difference had consequences—it prompted Sandoz to file its motion to strike and the Court to analyze the Zhanel Report pursuant to the *Pennypack* factors, all of which led to the striking of a portion of the Zhanel Report. (*Id.* at 12–23)

be allowed to testify at trial, albeit in the limited fashion outlined in the March 14th Order.

E. Conclusion

For the foregoing reasons, the Court DENIES Sandoz's Rule 60 motion.

Dated: May 10, 2012

Christopher J. Burke
UNITED STATES MAGISTRATE JUDGE