



June 5, 2019

VIA E-FILING

The Honorable Christopher J. Burke
United States District Court
844 North King Street
Unit 28, Room 2325
Wilmington, DE 19801

Re: *Guardant Health, Inc. v. Foundation Medicine, Inc.*
CA. No. 17-cv-1616-LPS-CJB
Guardant Health, Inc. v. Personal Genome Diagnostics, Inc.
C.A. No. 17-cv-1623-LPS-CJB

Dear Judge Burke:

Guardant seeks the Court's assistance to understand the scope of the privity relationship between the Defendants because Defendants' actions have made it centrally relevant to this case. Specifically, Guardant seeks the joint defense agreement and any communications regarding the invalidity of the patents-in-suit between the Defendants.

Both Defendants, FMI and PGDx, have represented to this Court and Guardant that they supposedly have no responsibility for their joint actions. *See e.g.*, D.I. 139 (Case No. 17-1623-LPS-CJB) at 4-5. This is directly relevant to this litigation where each attempts to disown the other's positions as convenient and, for example, the pending IPR where their privity relationship also has consequential implications for this case. The Defendants' coordinated tag-team approach to their PGR/IPR strategy based on the same prior art (even though in this case they have now alleged dozens of different references invalidate the patents) highlights the importance of learning how much they have cooperated.

The fact is that, while they imply they are not in privity, they cannot deny that they are in privity via a joint defense agreement to cooperate in fighting Guardant's patents. Ex. 1 (FMI counsel's response to a subpoena failing to deny the existence of the agreement as it did for other requests, compare response to Request No. 1 to 7), Ex. 2 (PGDx counsel's similar response, compare response to Request No. 1 to No. 3). Yet, Defendants refuse to produce the joint defense agreement governing their relationship—while they continue to suggest they are not in privity.

It is a familiar adage that privilege cannot be used as both a "sword and shield" in litigation. This is precisely what the Defendants are doing in this case. Defendants have argued a lack of relationship between them, but are seeking to hide the evidence of their undeniable privity relationship. This should not be permitted.

I. Defendants Are In Privity, But Hiding The Terms Of Their Contractual Relationship

Over a year ago, PGDx filed two petitions for post grant review ("PGR") for patents in suit. PGDx ultimately withdrew its petitions and was then barred from filing any further petitions for PGR or *inter partes* review ("IPR"). Many months later, as the one year bar was approaching, FMI filed IPRs based on the same prior art.

PGDx and FMI have refused to state whether they have coordinated regarding the prior art and their invalidity strategy. Beyond the fact that FMI's IPR petitions rely on the same prior art as PDGx's failed PGRs, FMI's petition for IPR included prior art that appeared on PGDx's initial contentions, but not FMI's initial invalidity contentions. Compare Ex. 3 at 6-7 (PGDx's initial invalidity contentions, including Schwarzenbach), Ex. 4 at 5-7 (FMI's initial invalidity contentions **without** Schwarzenbach), and Ex. 5 at 15, 17 (FMI's petition in IPR2019-00637, including Schwarzenbach as part of its proposed grounds). Compare Ex. 6 (PGDx's PGR petitions) with Ex. 5 (FMI's IPR petitions).

II. The Joint Defense Agreement and Defendant Communications are Highly Relevant to Issues in This Case

The scope of the privity between the Defendants is relevant to numerous issues before the Court, including most obviously the application of IPR estoppel against PGDx.

35 U.S.C. § 315(e)(2) provides that when an IPR results in a final written decision, the petitioner *and the real party in interest or privity of the petitioner* are estopped from arguing before a district court that the relevant claims are invalid on any ground that the petitioner raised or reasonably could have raised during the IPR. Thus, if PGDx is a real party in interest or a privity of FMI, any estoppel from FMI's petitions should equally apply to PGDx.

The determination of real party in interest and privity is a highly fact-based inquiry. The extent of PGDx and FMI's coordination bears directly on the question of whether PGDx is a real party in interest with respect to FMI's petitions. *See Applications in Internet Time, LLC v. RPX Corp.*, 897 F.3d 1336, 1351 (Fed. Cir. 2018) (explaining that determining whether a party is a real party in interest "demands a flexible approach that takes into account both equitable and practical considerations, with an eye toward determining whether the non-party is a clear beneficiary that has a preexisting, established relationship with the petitioner"). Guardant should be permitted to fully explore the relationship between PGDx and FMI.

The Patent Office has repeatedly recognized the relevancy of a joint defense agreement to the determination of real parties in interest and privys. *See, e.g. Adobe Inc. v. RAH Color Technologies LLC*, IPR2019-00627, Paper 15 at 10 (PTAB April 25, 2019) (noting "that the real party-in-interest inquiry is heavily fact-dependent and the outcome may depend on the contents of the joint defense agreement (if one exists) that outlines the relationship between the Petitioner and a non-party.").

III. Common Interest Privilege Does Not Shield The Joint Defense Agreement From Production

Because Defendants are claiming a common interest privilege, Guardant is entitled to discover the scope of the common interest as defined by the joint defense agreement. The agreement itself is necessary for Guardant to fully assess the scope of the common interest as it applies to these communications.

Courts have ordered production where the terms of the agreement are relevant to issues in the case. *Block Drug Co. v. Sedona Labs., Inc.*, No. CIV A 06-350, 2007 WL 1183828, at *2 (D. Del. Apr. 19, 2007) (ordering the production of relevant portions of a joint defense agreement that directly evidence the existence of a common interest privilege); *Steuben Foods, Inc. v. GEA Process Eng'g, Inc.*, No. 12-CV-00904(S)(M), 2016 WL 1238785, at *2 (W.D.N.Y. Mar. 30, 2016) (compelling production of portions of a joint defense agreement as relevant to privity in an

IPR context).

Further, some Courts have found that joint defense agreements are not subject to any privilege. See *Pacific Coast Steel v. Leany*, No. 2:09-cv-02190-KJD-PAL, 2011 WL 4572008, at *3 (D. Nev. Sept. 30, 2011) (joint defense agreements “are generally not privileged”); *Rodriguez v. General Dynamics Armament & Technical Products, Inc.*, No. 08-00189 SOM-KSC, 2010 WL 1438908, at *3 (D. Haw. Apr. 7, 2010), adopted, 2010 WL 1438918 (D. Haw. Apr. 12, 2010) (“[h]aving reviewed the JDA in camera, the Court finds that it does not contain any privileged or protected material”); *Oasis Research, LLC v. EMC Corp.*, Nos. 4:10-CV-435, 4:12-CV-526, 2015 WL 5318119, at *2 (E.D. Tex. Sept. 11, 2015) (“[t]he Court required Defendants to produce the Joint Defense Agreement to Plaintiff”); *Trading Techs. Int’l, Inc. v. eSpeed, Inc.*, Nos. 04 C 5312, 05 C 1079, 05 C 4088, 05 C 4120, 05 C 4811, 05 C 5164, 2007 WL 1302765, at *2 (N.D. Ill. May 1, 2007) (“should the joint defense agreement be memorialized in writing, defendants should produce a copy of the agreement to plaintiff”).

IV. The Defendants’ Communications Regarding The Alleged Invalidity of the Patents-in-Suit Should Be Produced Or Logged

Like the joint defense agreement, Defendants are claiming common interest privilege over communications between them relating to the invalidity of the patents-in-suit in order to shield any evidence of coordination between them. This should not be permitted. These communications are highly relevant to the PGDx’s status as privy to FMI—an issue that Defendants themselves raised in this case.

Despite claiming a privilege, Defendants have also refused to produce a privilege log of the communications between them relating to the invalidity of the patents in suit. This log may yield important information including when the Defendants first began coordinating with respect to the prior art asserted in FMI’s IPR petitions. To the extent that Defendants are claiming privilege over these communications, they should at least be required to provide a log detailing which prior art references were discussed and when.

IV. Conclusion

For the above mentioned reasons, Guardant respectfully requests that PGDx and FMI be ordered to produce the joint defense agreement and communications regarding the invalidity of the patents-in-suit and/or provide a privilege log with sufficient specificity to determine what prior art was shared or discussed. Guardant should be permitted to determine the full extent of the Defendants’ coordination.

Respectfully submitted,

/s/ Michael J. Farnan

Michael J. Farnan

cc: Counsel of Record (via E-Mail)