

## NORTH VS. SOUTH

*Affymetrix files more patent cases against Southern Calif. rival Illumina, expanding reach into Europe*

BY JEFFREY BOULEY

SANTA CLARA, Calif.—Affymetrix Inc. filed a second wave of patent infringement lawsuits against San Diego-based Illumina Inc. in late October. The three cases—in the United States, the United Kingdom and Germany—claim that all of Illumina's BeadArray products, as well as the genome-analysis and array technologies Illumina acquired when it bought Solexa, infringe various Affymetrix patents.

Affymetrix had already won a judgment in a case filed in U.S. District Court for the District of Delaware on March 13, 2007, when a jury returned a verdict finding infringement of all five patents asserted by Affymetrix. However, that was only the first phase of the case, as other matters still need to be addressed in two upcoming phases: claims by Illumina that the patents are invalid and unenforceable and claims of unfair competition and antitrust violations on the part of Affymetrix.

Although the jury awarded retroactive damages of approximately \$16.7 million to Affymetrix, this first-phase verdict remains subject to Illumina's post-trial motions and appeals—not to mention the fact that final damages probably wouldn't be awarded until after the subsequent phases of the first trial are completed.

Dr. Stephen P.A. Fodor, chairman and CEO of Affymetrix, says there are three objectives inherent in the three new cases brought against

Illumina. First, the company is asserting five additional U.S. patents not addressed in the Delaware case and three European patents. Second, and related to that, of course, is the fact that Affymetrix is trying to cover Illumina's business abroad as well as domestically—hence the cases in the United Kingdom and Germany, trial dates for which are expected in late 2008 or early 2009, and the addition of European patents.

There is a third component, as well, Fodor says, and that is expanding the range of products covered beyond Illumina's BeadArray products—a move he says is needed to target technology offered by Solexa, a company acquired by Illumina in January 2007.

"Affymetrix created a commercial marketplace where none existed before," Fodor says. "A number of years ago, we made the decision to promote growth in the marketplace by broadly licensing our intellectual property portfolio under reasonable business terms. As we have done with many of our other licensees, we are open to all reasonable licensing discussions. We have an obligation to shareholders and employees to defend and bring value out of the hundreds of millions of dollars that have been invested in this enterprise. Our goal is to participate in a marketplace where intellectual property is respected and as a result, the incentive to invest in this market will continue."

In defending the new lawsuits' focus on additional patents, Fodor even seems to be hinting at the possibility that even more patents could be pulled out of the hat for future lawsuits, saying, "Affymetrix has over 400 issued patents in the field of genetic analysis

and Illumina needs access to many more patents than merely the five patents in the original Delaware suit."

DeAnn Smith of Foley Hoag LLP, a patent attorney with a focus on pharmaceuticals, biotechnology and chemical product applications, says there are likely two major reasons for fil-



Patent attorney DeAnn Smith suspects Affymetrix is trying to shore up its position and force a settlement with latest patent lawsuits against Illumina.

ing the new lawsuits, even before the ongoing one is resolved.

"I think that first, one of the major things here is that maybe Affymetrix is trying to put some more heat on Illumina to try to get them to come to some sort of licensing agreement," Smith says. "I suspect Affymetrix would like a settlement to get this all over with."

But there is also, she says, probably concern on the part of Affymetrix that their patents

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may be more at risk now because of the recent U.S. Supreme Court ruling in May on *KSR v. Teleflex*. The ruling in that case will make it harder to get new patents but also will make it more difficult to defend existing ones. The decision involves an area of patent law dealing with how to determine whether an invention

is “obvious” and hence not patentable.

In a prepared statement responding to the new lawsuits, Jay Flatley, Illumina’s CEO, not only denied patent infringement but fired back at his Northern California rival by saying, “We are disappointed to see that Affymetrix continues to choose to compete with Illumina in the court room rather than in the marketplace.”

“The results of all this activity are going to be interesting to watch,” Smith says of the legal wrangling. “Affymetrix was the first company to come out with these microarrays and people either bought their products or took licenses. But now there is much more competition on the scene and there are more players who can stand up to Affymetrix.”