

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

QUEST DIAGNOSTICS INVESTMENTS LLC,)	
)	
Plaintiff,)	
)	C.A. No. 1:18-cv-01436-MN
v.)	
)	
)	
LABORATORY CORPORATION OF)	
AMERICA HOLDINGS, ESOTERIX, INC., and)	
ENDOCRINE SCIENCES, INC.,)	
)	
Defendants.)	

SPECIAL MASTER ORDER #6

WHEREAS, following review and consideration of the submissions of Plaintiff and Defendants in support of and in opposition to Plaintiff's Motion to Preclude Reliance on New Theories and Evidence Contained in Defendants' Fourth Supplemental Response to Quest's First Set of Interrogatories and oral argument by counsel for Plaintiff and Defendant on October 15, 2020, the Special Master issued Special Master Order #4 - Rulings on Plaintiff's Motion to Preclude Theories and Evidence Contained in Defendants' Fourth Supplemental Response to Plaintiff's First Set of Interrogatories and Accompanying Report and Recommendation on the Imposition of Monetary Sanctions – on October 19, 2020.

WHEREAS, on October 23, 2020, Plaintiff filed its Motion to Stay Special Master Order #4 Pending Appeal, and Request for Expedited Consideration (D.I. 174) and lodged on the Special Master Plaintiff's Opening Letter Brief and Appendices in support of Plaintiff's Motion to Stay;

WHEREAS, on October 26, 2020, the Special Master issued Special Master Order #5 (D.I. 175) granting Plaintiff's Request for Expedited Consideration of its Motion to Stay and setting the schedule for Defendants' answering brief and oral argument;

WHEREAS, on October 28, 2020, Defendants lodged on the Special Master their Answering Letter Brief and Appendices in opposition to Plaintiff's Motion to Stay; and

WHEREAS, on October 29, 2020, the Special Master heard oral argument from counsel for the parties on Plaintiff's Motion to Stay.

NOW THEREFORE, having reviewed and considered the parties' respective written submissions and oral argument, the Special Master issues this Memorandum Order setting forth his analysis and ruling on Plaintiff's Motion to Stay and extending the deadlines for the additional discovery set forth on page 32 of Special Master Order #4.

"The granting of a motion for a stay of a court's decision is an 'extraordinary remed[y].'" *Invista North Am. S.A.R. L. v. M&G USA Corp.*, C.A. No. 11-1007-SLR-CJB, 2013 WL 1614971, *1 (D.Del. April 5, 2013). In considering whether to grant a motion to stay a court's order pending appeal, courts must consider four factors: (1) whether the stay applicant has made a strong showing that it is likely to succeed on the merits; (2) whether the applicant will be irreparably harmed absent a stay; (3) whether the issuance of the stay will substantially injure the other parties interested in the proceeding; and (4) where the public interest lies. *Republic of Philippines v. Westinghouse Elec. Corp.*, 949 F.2d 653, 658 (3d Cir. 1991); *Invista North Am. S.A.R.I.*, 2013 WL 1614971, at *1; *Joint Stock Soc. v. UDV N. Am., Inc.*, 104 F.Supp. 2d 390, 406 (D.Del. 2000). According to the Supreme Court, the first two factors are "the most critical" factors. *In re Revel AC, Inc.*, 802 F.3d 558, 568 (3d Cir. 2015) (citing *Nken v. Holder*, 556 U.S.

418, 434 (2009)). “The moving party bears the burden of showing that the circumstances justify the granting of a stay.” *Invista North Am. S.A.R.I.*, 2013 WL 1614971, at *1.

Upon considering, analyzing and weighing the four factors, the Special Master finds as follows:

Factor 1 – Whether Plaintiff Has Made A Strong Showing That It Is Likely to Succeed on the Merits?

Plaintiff has not made a strong showing that it is likely to succeed on the merits. Plaintiff’s letter brief in support of its Motion to Stay is scant on this factor and Plaintiff’s contentions during oral argument were insufficient to establish a strong showing that Plaintiff is likely to succeed on the merits of its appeal. As stated in Special Master Order #4, the preclusion of critical evidence is an “extreme sanction” that is not warranted under the circumstances of this case. *See* D.I. 173.¹ Given the stay imposed by the Court pending the decision from the PTAB on the ‘427 patent IPR, there is time to cure any prejudice caused, in whole or in part, by any delay in discovery due to the actions or inactions of Defendants, the actions or inactions of Plaintiff, and/or as a result of the global COVID-19 pandemic. For these reasons, Plaintiff has failed to make a strong showing that it is likely to succeed on the merits. Thus, the first factor weighs against a stay.

Factor 2 – Whether the Applicant Will Be Irreparably Harmed Absent A Stay?

Plaintiff has not shown that it will be irreparably harmed absent a stay pending appeal. Plaintiff specifically sought the discovery of the Analyst files and non-infringing alternatives during discovery and complained about not receiving the information and documents in its motion to preclude. *See* D.I. 171. Both sides characterized the issue as a “pressing matter.”

¹ Special Master Order #4 does impose, by order or recommendation, monetary sanctions against Defendants.

Special Master Order #4, D.I. 173, *inter alia* orders Defendants to produce the Analyst files and grants Plaintiff the right to take additional written discovery and depositions on non-infringement, non-infringing alternatives and/or damages. Plaintiff can conduct the additional discovery without prejudice to its right to file objections to Special Master Order #4 – with such objections being due on or before November 9, 2020. In fact, Defendants represent to the Court, through representations made by counsel for Defendants during oral argument on October 29, 2020, that Defendants will not argue or take the position that Plaintiff engaging in the additional discovery ordered in Special Master Order #4, before or during the pendency of Plaintiff's appeal of Special Master Order #4, should have any effect on the Court's decision on appeal of whether the Special Master erred in not granting preclusion as a sanction against Defendants.

In addition, the instant case is distinguishable from *L-3 Commc 'ns Corp. v. Jaxon En'g & Maint., Inc.*, No. 10-cv-02868-MSK-KMT, 2013 U.S. Dist. LEXIS 55686, at *3-4 (D.Col. April 18, 2013) and *Joint Stock Soc.*, 104 F. Supp. 2d at 406-07. This is not a situation where the Special Master is ordering production of information or documents over an asserted claim of privilege not to disclose the asserted privileged information or documents where an appeal after the production is an inadequate remedy for compliance with the production order and destroys the asserted privilege sought to be protected. Here, both sides agree that the information and documents being discovered between now and the deadline for Plaintiff's filing any objections to Special Master Order #4 – November 9, 2020 - are critical evidence in the case and Defendants are not asserting any privilege that needs to be protected. Again, Plaintiff can conduct the additional discovery without prejudice to its right to file objections to Special Master Order #4. Plaintiff's assertion during oral argument that *Acceleration Bay LLC v. Activision Blizzard, Inc.*,

C.A. No. 16-453-RGA, 2017 WL 10057923 (D.Del. June 23, 2017) supports its position is not persuasive upon review of that case.

Although Plaintiff previously advised the Special Master that its expert was unavailable until October 30, 2020, Plaintiff, in its letter brief in support of its current Motion to Stay, advises the Special Master that its expert, Dr. Leonard Chyall, is now unavailable until November 7, 2020. Defendants, in their answering brief, respond that Plaintiff failed to inform the Special Master that Plaintiff retained another technical expert, Dr. John Torchia, in July 2020. According to Defendants, Dr. Torchia is very experienced in the pertinent subject area and the software and instruments necessary to review the Analyst files. Plaintiff admitted during oral argument that Plaintiff did, in fact, retain Dr. Torchia in July 2020 to assist Dr. Chyall to review the Analyst files. Plaintiff made no showing during oral argument that Dr. Torchia could not complete a review of the Analyst files by remote means.

For these reasons, Plaintiff has not shown that it will be irreparably harmed absent a stay pending appeal. Thus, the second factor also weighs against a stay.

Furthermore, both Plaintiff and Defendants agree that a decision from the PTAB on the '427 patent IPR is not reasonably estimated to occur until February 2021 at the earliest. Defendants also concede that a reasonable extension of the deadlines for the additional discovery set forth in Special Master Order #4 will not harm or cause any prejudice. Therefore, although the Special Master finds that Plaintiff will not suffer irreparable harm absent a stay, as a reasonable accommodation to Plaintiff's experts under the circumstances of this case, including the challenges of the COVID-19 pandemic, the Special Master hereby extends the deadlines for the additional discovery set forth on page 32 of Special Master Order #4 as follows:

October 23, 2020 through November 10, 2020 November 24, 2020 (including weekends)	LabCorp shall make the Analyst files available for review by Quest (via either secure remote review or secure in-person review in Chicago or Delaware according to Quest's location preference)
November 5, December 1, 2020	Deadline for Quest to serve a maximum of ten (10) additional interrogatories on LabCorp relating to non-infringement and/or damages
November December 16, 2020	Deadline for LabCorp to provide written responses to Quest's interrogatories
November 24 December 31, 2020	Deadline for the completion of supplemental Rule 30(b)(6) depositions of LabCorp on the topics of non-infringement (including the Analyst files) and/or non-infringing alternatives
December 15, 2020 January 15, 2021	Deadline for Quest to serve any Amended final infringement contentions

Factor 3 – Whether the Issuance of the Stay Will Substantially Injure the Other Parties Interested in the Proceeding?

This factor is neutral since Judge Noreika will have the ability and time to enter a stay of the additional discovery if she deems it necessary if and when Plaintiff files its objections to Special Master Order #4. The parties agree that such objections are due on or before November 9, 2020.

Factor 4 – Where the Public Interest Lies?

The public interest lies in the case being ready to proceed with expert discovery and the subsequent remaining phases necessary to get the case ready for adjudication of dispositive motions and/or trial after the stay is lifted upon receipt of the decision from the PTAB on the '427 patent IPR.

For all of the foregoing reasons, the Special Master denies Plaintiff's Motion to Stay and extends the deadlines for the additional discovery set forth in Special Master Order #4 as stated above.

IT IS SO ORDERED.



Special Master Gregory B. Williams

Dated: October 30, 2020