Filed June 5, 2025

On behalf of **AZURITY PHARMACEUTICALS, INC.**
By: Andrew Morrell, Ajay Kayal, Leah Digby
WINDELS MARX LANE & MITTENDORF, LLP
One Giralda Farms
Madison, NJ 07940
Tel.: 973-966-3200 Fax: 976-966-3250
Email: AzurityIPRs@windelsmarx.com

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

AZURITY PHARMACEUTICALS, INC.
Petitioner,

v.

EXELIXIS, INC.
Patent Owner.

IPR2025-00427
Patent 12,128,039

PETITIONER'S OPPOSITION TO PATENT OWNER'S DISCRETIONARY DENIAL BRIEF

TABLE OF CONTENTS

Page

I. INTRODUCTION 1

A. Pending IPR Proceedings 1

B. Pending Delaware Litigation 2

II. Institution Is Warranted 3

A. *FINTIV* Supports Institution 4

1. Factor 1 Does Not Favor Denial 5

2. Factor 2 Does Not Favor Denial 5

3. Factor 3 Does Not Favor Denial 7

4. Factor 4 Does Not Favor Denial 9

5. Factor 5 Does Not Favor Denial 10

6. Factor 6 Does Not Favor Denial 10

B. The Hatch-Waxman "Framework" Does Not Favor Discretionary Denial 12

C. MSN's Litigation of Claim 3 of the '349 Patent Does Not Warrant Denial of Azurity's Challenge of Claims 1-22 of the '039 Patent 17

D. Citing Expert Testimony Does Not Warrant Denial 19

E. The Petition's Merits are Strong 22

F. *Advanced Bionics* Does Not Favor Denial 24

1. Ground 1 (Brown in view of Kubo) 25

a. *Advanced Bionics* Step 1: The Asserted Arguments Have Not Been Previously Presented to the Office 25

b. *Advanced Bionics* Step 2: Material Error Exists 26

2. Ground 2 (Brown in view of Robinson) 31

a. *Advanced Bionics* Step 1: The Asserted Art Has Not Been Previously Presented to the Office.....31

b. *Advanced Bionics* Step 1: The Asserted Arguments Have Not Been Previously Presented to the Office 33

c. *Advanced Bionics* Step 2: Material Error Exists.....35

III. CONCLUSION.....38

TABLE OF AUTHORITIES

Page

Advanced Bionics, LLC v. MED-EL Elektromedizinische Geräte GmbH,
IPR2019-01469, Paper 6 (P.T.A.B. Feb. 13, 2020).....24

Apotex Inc. v. UCB Biopharma SPRL,
IPR2019-00400, Paper 17 (P.T.A.B. July 15, 2019).....16

Apple Inc. v. Fintiv, Inc.,
IPR2020-00019, Paper 11 (P.T.A.B. Mar. 20, 2020).....*passim*

Apple Inc. v. Fintiv, Inc.,
IPR2020-00019, Paper 15 (P.T.A.B. May 13, 2020).....5

Apple Inc. v. Stewart,
No. 24-1864 (Fed. Cir. May 17, 2024).....38

Becton, Dickinson & Co. v. B. Braun Melsungen AG,
IPR2017-01586, Paper 8 (P.T.A.B. Dec. 15, 2017).....25, 27

Bowtech, Inc. v. Mcp Ip, LLC,
IPR2019-00382 Paper 12 (P.T.A.B. Aug. 6, 2019).....27

Chapman v. Casner,
315 F. App'x 294 (Fed. Cir. 2009).....22

Cisco Systems, Inc. v. Portsmouth Network Corp.,
IPR2024-00505, Paper 7 (P.T.A.B. Aug. 6, 2024).....27, 36

Cohesive Tech., Inc. v. Waters Corp.,
543 F.3d 1351 (Fed. Cir. 2008).....30

Commscope Tech. LLC v. Dali Wireless, Inc.,
IPR2022-01242, Paper 23 (P.T.A.B. Feb. 27, 2023)..... 10-12

Commscope Tech. LLC v. Dali Wireless, Inc.,
IPR2020-01473, Paper 18 (P.T.A.B. Mar. 12, 2021).....*passim*

Dolby Labs., Inc. v. Intertrust Tech. Corp.,
IPR2020-00662, Paper 13 (P.T.A.B. Oct. 15, 2020).....7

Ecto World, LLC v. Rai Strategic Holdings, Inc.,
IPR2024-01280, Paper 13 (P.T.A.B. May 19, 2025) .....*passim*

Elekta Ltd. v. ZAP Surgical Sys., Inc.,
81 F.4th 1368, 1374 (Fed. Cir. 2023) 20

Goodyear Atomic Corp. v. Miller,
486 U.S. 174, 176 (1988).....14

Google Inc. v. SimpleAir, Inc.,
682 F. App'x 900 (Fed. Cir. 2017) 4

Huawei Tech. Co. v. WSOU Inv., LLC,
IPR2021-00225, Paper 11 (P.T.A.B. June 14, 2021) 10

Hum Industrial Tech., Inc. v. Amsted Rail Co., Inc.,
IPR2023-00540, Paper 10 (P.T.A.B. Aug. 11, 2023)..... 32-33

In re Keller,
642 F.2d 413 (CCPA 1981) 25

Motorola Sols., Inc. v. Stellar, LLC,
IPR2024-01205, -01206, -01207, -01208, Paper 19 (P.T.A.B. Mar.
28, 2025) 6

Mylan Labs. Ltd. v. Janssen Pharmaceutica NV,
IPR2020-00440, Paper 17 (P.T.A.B. Sept. 16, 2020).....14

Mylan Pharmaceuticals Inc. v. Merck Sharp & Dohme Corp.,
IPR2020-00040, Paper 21 (P.T.A.B. May 12, 2020) 12, 16

Persion Pharms. LLC v. Alvogen Malta Operations Ltd.,
945 F.3d 1184 (Fed. Cir. 2019) 21

Petersen Mfg. Co. v. Cent. Purchasing, Inc.,
740 F.2d 1541, 1547 (Fed. Cir. 1984) 21

POSCO v. ArcelorMittal,
IPR2019-01275, Paper 31 (P.T.A.B. Jan. 5, 2021) 4

Samsung Electronics Co., Ltd. v. Maxell, Ltd.,
IPR2024-00907, Paper 11 (P.T.A.B. Dec. 11, 2024) 32

Sandoz Inc. v. Pharmacyclics LLC,
IPR2019-00865, Paper 8 (P.T.A.B. Sept. 26, 2019).....6, 13

Schering Corp. v. Geneva Pharms.,
339 F.3d 1373 (Fed. Cir. 2003) 21

Sotera Wireless, Inc. v. Masimo Corp.,
IPR2020-01019, Paper 12 (PTAB Dec. 1, 2020) 10

Target Corp. v. Proxicom Wireless LLC,
IPR2020-00980, Paper 11 (P.T.A.B. Dec. 4, 2020) 30

Tesla, Inc. v. Autonomous Devices, LLC,
IPR2023-01173, Paper 21 (P.T.A.B. Jan. 8, 2024) 6

Vantage Specialty Chemicals, Inc. v. Cargill, Inc.,
IPR2023-00589, Paper 11 at 45 (P.T.A.B. Sept. 13, 2023).....33

Vmware Inc. v. Intell. Ventures I LLC,
IPR2020-00470, Paper 13 (P.T.A.B. Aug. 18, 2020).....4

Weatherford U.S., L.P. v. Enventure Global Tech., Inc.,
IPR2020-01661, Paper 19 (P.T.A.B. Apr. 15, 2021) 27

Wells Fargo & Co. v. United States,
827 F.3d 1026 (Fed. Cir. 2016) 14

OTHER AUTHORITIES

Page

35 U.S.C. §314(a) 1, 4

35 U.S.C. §325(d) 1, 24

Acting Director's March 26, 2025, Memorandum Regarding Interim Processes for PTAB Workload Management ("Memorandum") 3, 4, 17

M.P.E.P. §2145 IV 25

Patent Trial and Appeal Board Consolidated Trial Practice Guide, (Nov. 2019) 19

David P. Ruschke et al., Chat with the Chief: New PTAB Studies in AIA Proceedings: Expanding Panels and Trial Outcomes for Orange Book-listed Patents, U.S. PAT. & TRADEMARK OFF. (Mar. 13, 2018) https://www.uspto.gov/sites/default/files/documents/chat_with_the_chief_march_2018.pdf (accessed May 22, 2025) 13

John R. Thomas, Hatch-Waxman's Renegades, 2023 U. Ill. L. Rev. 831 (2023) 15

USPTO, FAQs for Interim Processes for PTAB Workload Management https://www.uspto.gov/patents/ptab/faqs/interim-processes-workload-management (accessed May 16, 2025) 19, 20, 22

Nora Xu, AIA Proceedings: A Prescription for Accelerating the Availability of Generic Drugs, 66 Emory L.J. 1007 (2017) 14-15

EXHIBIT LIST

Exhibit No.	Description
1001	U.S. Patent 12,128,039 ("the '039 patent")
1002	*Exhibit Number Not Used*
1003	WO 2010/083414 ("Brown")
1004	Remington: The Science and Practice of Pharmacy, 21st Edition (2005) ("Remington")
1005	CABOMETYX® Product Insert
1006	COMETRIQ® Product Insert
1007	*Exhibit Number Not Used*
1008	U.S. Patent 7,579,473 ("the '473 patent")
1009	Mark Gibson, "Pharmaceutical Preformulation and Formulation: A Practical Guide from Candidate Drug Selection to Commercial Dosage Form," Informa Healthcare USA, Inc. (2009) ("Gibson")
1010	*Exelixis v. MSN*, 22-cv-00228-RGA, D.I. 168 (D.Del.)
1011	*Exhibit Number Not Used*
1012	*Exhibit Number Not Used*
1013	*Exelixis v. MSN*, 22-cv-00228-RGA, D.I. 176 (D.Del.)
1014	*Exhibit Number Not Used*
1015	*Exhibit Number Not Used*
1016	*Exhibit Number Not Used*
1017	*Exhibit Number Not Used*
1018	*Exelixis v. MSN*, 22-cv-00228-RGA, D.I. 175 (D.Del.)

Exhibit No.	Description
1019	*Exelixis v. MSN*, 22-cv-00228-RGA, D.I. 163 (D.Del.)
1020	*Exhibit Number Not Used*
1021	*Exhibit Number Not Used*
1022	*Exhibit Number Not Used*
1023	*Exhibit Number Not Used*
1024	*Exelixis v. MSN*, 22-cv-00228-RGA, D.I. 162 (D.Del.)
1025	Rowe et al., "Handbook of Pharmaceutical Excipients," 6th Ed. (2009) ("Handbook")
1026	*Exelixis v. MSN*, 22-cv-00228-RGA, D.I. 186 (D.Del.) ("Trial Opinion")
1027	*Exhibit Number Not Used*
1028	U.S. Patent 7,169,789 ("Kubo")
1029	Hoffmann, "Elements of Synthesis Planning," (2009), 133-144 ("Hoffmann")
1030	Newhouse *et al.*, "The economies of synthesis," *Chem. Soc. Rev.*, 38 (2009), 3010-3021 ("Newhouse")
1031	Burns *et al.*, "Redox Economy in Organic Synthesis," *Angew. Chem. Int. Ed.*, 48 (2009), 2854-2867 ("Burns")
1032	Pross *et al.*, "Theoretical Approach to Substituent Effects. Phenols and Phenoxide Ions," *J. Org. Chem*., 45 (1980), 818-826 ("Pross")
1033	Furuta *et al.*, "Identification of Potent and Selective Inhibitors of PDGF Receptor Autophosphorylation," *J. Med. Chem.*, 49 (2006), 2186-2192 ("Furuta")
1034	Aulton, Chapter 31 ("Dosage Form Design and Manufacture"), In *Aulton's Pharmaceutics: The Design and Manufacture of Medicines*, 3rd Edition, 441-482 ("Aulton")

Exhibit No.	Description
1035	Felpin *et al*., "A Useful, Reliable and Safer Protocol for Hydrogenation and the Hydrogenolysis of O-Benzyl Groups: The In Situ Preparation of an Active Pd0/C Catalyst with Well-Defined Properties," *Chem. Eur. J*., 16 (2010), 12440-12445 ("Felpin")
1036	Toxicological Review of Quinoline (2001) by the U.S. Environmental Protection Agency ("EPA Tox. Review")
1037	Guidance for Industry, Genotoxic and Carcinogenic Impurities in Drug Substances and Products: Recommended Approaches (2008) ("FDA Genotoxic Guidance")
1038	European Medicines Agency, Guideline on the Limits of Genotoxic Impurities (2006) ("EMEA Guidance")
1039	Robinson, "Control of Genotoxic Impurities in Active Pharmaceutical Ingredients: A Review and Perspective," *Organic Process Research & Development* (2010), vol. 14, 946-59 ("Robinson")
1040	U.S. Patent 8,067,436 ("the '436 patent")
1041	Guidance for Industry, Q3A Impurities in New Drug Substances (June 2008) ("FDA Q3A")
1042	Declaration of Graham Buckton, Ph.D.
1043	Declaration of William Dichtel, Ph.D.
1044	Declaration of Robert Dreicer, M.D.
1045	Prosecution History excerpt for U.S. Application Serial No. 18/436,836, which issued as the '039 patent (Ex. 1001)
1046	U.S. Patent 11,298,349 ("the '349 patent")
1047	U.S. Patent 8,877,776 ("the '776 patent")
1048	U.S. Patent 11,098,015 ("the '015 patent")

Exhibit No.	Description
1049	Maddula *et al.*, "Preparative Chromatography Technique in the Removal of Isostructural Genotoxic Impurity in Rizatriptan: Use of Physicochemical Descriptors of Solute and Adsorbent," *Organic Process Research & Development* (2009), vol. 13, 683-89 ("Maddula")
1050	*Exhibit Number Not Used*
1051	U.S Patent Publication No 2009/0105299 ("the '299 publication")
1052	Guidance for Industry, Q3B(R2) Impurities in New Drug Products (August 2006) ("FDA Q3B")
1053	"Bristol-Myers Squibb and Exelixis collaborate on kinase inhibitors," Nature Reviews Drug Discovery, Volume 8, February 2009, page 1 ("BMS Collaboration")
1054	Prosecution History excerpt for U.S. Application Serial No. 11/753,514, which issued as the '436 patent (Ex. 1040)
1055	Huynh, "Molecularly targeted therapy in hepatocellular carcinoma," *Biochemical Pharmacology*, vol. 80 (2010), 550-560 ("Huynh")
1056	Guiochon, "Preparative liquid chromatography," *Journal of Chromatography A*, 965 (2002), 129-161 ("Guiochon")
1057	Ratain *et al.*, "Phase II Placebo-Controlled Randomized Discontinuation Trial of Sorafenib in Patients with Metastatic Renal Cell Carcinoma," *J. Clin. Oncol.*, vol. 24 (2006), 2505-2512 ("Ratain")
1058	Gotink *et al.*, "Anti-angiogenic tyrosine kinase inhibitors: what is their mechanism of action?" *Angiogenesis*, vol. 13 (2010), 1-14 ("Gotink")
1059	Sherman, "Advances in Chemotherapy of Differentiated Epithelial and Medullary Thyroid Cancers," *J. Clin. Endocrinol. Metab.*, vol. 94(5) (May 2009), 1493-1499 ("Sherman")

Exhibit No.	Description
1060	Salgia *et al.*, "A phase 1 dose-escalation study of the safety and pharmacokinetics (PK) of XL184, a VEGFR and MET kinase inhibitor, administered orally to patients (pts) with advanced malignancies," *J. Clin. Oncol.*, vol. 25 (Number 18_Supplement) (2007), Abstract 14031 ("Salgia")
1061	Van Cutsem *et al.*, "Phase 2 study of XL184 (BMS-907351) in a cohort of patients (pts) with hepatocellular carcinoma (HCC)," Thursday, November 18 (2010), Poster 408 ("Van Cutsem")
1062	Eder *et al.*, "Novel Therapeutic Inhibitors of the c-Met Signaling Pathway in Cancer," Clin. Cancer Res., vol. 15(7) (2009), pages 2207-2214 ("Eder")
1063	Joly, "Simultaneous blockade of VEGF and HGF receptors results in potent anti-angiogenic and anti-tumor effects," Wednesday, November 8 (2010), Poster 104 ("Joly")
1064	Hutson *et al.*, "Novel Therapeutics for Metastatic Renal Cell Carcinoma," *Cancer*, May 15 (2009), pages 2361-2367 ("Hutson")
1065	Brandt, A. and Kueppers, S., "Practical Aspects of Preparative HPLC in Pharmaceutical Development and Production," LCGC Asia Pacific Volume 5, No. 2 (June 2002), 8-11 ("Brandt")
1066	Complaint asserting the '039 patent in *Exelixis, Inc. v. MSN Laboratories Private Ltd. et al.*, C.A. No. 1:25-cv-00346 (D. Del.)
1067	Azurity's *Sotera* Stipulation filed in *Exelixis, Inc. v. Azurity Pharmaceuticals, Inc. et al.*, C.A. No. 1:25-cv-00478 (D. Del.)
1068	*Exelixis, Inc. v. MSN Laboratories Private Ltd. et al.*, Appeal No. 2025-1241 (Fed. Cir.) ("Notice of Docketing" dated Dec. 3, 2024)

Azurity Pharmaceuticals, Inc. ("Azurity"/"Petitioner") respectfully submits that its request for *inter partes* review ("IPR") of claims 1-22 ("Challenged Claims") of U.S. 12,128,039 ("the '039 patent") (Ex. 1001) should not be subject to discretionary denial by the Board under 35 U.S.C. § 314(a) or 35 U.S.C. § 325(d).

I. INTRODUCTION

A. Pending IPR Proceedings

On November 18, 2024, Azurity filed a petition challenging all three claims in U.S. 11,298,349 (the "'349 patent") (Ex. 1046). *See* Petition at 67 (referring to IPR2025-00210). The '039 patent issued as a child of the '349 patent just days prior to Azurity's initial petition. Azurity then filed the present petition (IPR2025-00427) on January 9, 2025, challenging the patentability of all 22 claims in the '039 patent. As explained in further detail herein, the present petition presents novel art and arguments (e.g., Ground 2's obviousness arguments concerning Brown (Ex. 1003) and Robinson's (Ex. 1039) teachings regarding the need and ability to remove potentially genotoxic impurities using chromatography) that distinguish it from the prosecution of the '039 patent as well as all other proceedings involving the '349 patent. *See* Petition at 47-61. Given Exelixis's repeated references to the '349 patent in its briefing regarding the '039 patent, Azurity merely wishes to apprise the Board of the timing for this earlier-filed, parallel IPR proceeding as well as note a distinctly

different ground of this petition. *See* Exelixis's Discretionary Denial Brief ("PODDB") at 2, 13-15, 16, 22-23, 28, 32, 35-36, 40-41.

B. Pending Delaware Litigation

Approximately five months after Azurity filed its first IPR petition (and three months after this petition), Exelixis asserted six patents against Azurity to create a parallel district court litigation. *See* Ex. 2017, ¶1 (identifying U.S. 8,877,776; U.S. 11,091,439; U.S. 11,091,440; U.S. 11,098,015; U.S. 11,298,349; and U.S. 12,128,039). By doing so, Exelixis obtains the benefit of a 30-month stay that prevents regulatory approval of Azurity's cabozantinib drug product. *See* PODDB at 8. However, the Board's statutory timeline for deciding each of Azurity's earlier-filed IPR petitions will provide the parties with certainty much sooner than any district court litigation.

None of these patents should have been asserted in the first place. Azurity provided Exelixis with a detailed statement of factual and legal bases as to invalidity, unenforceability, or non-infringement for all six patents. *See* Ex. 2018 (setting forth a detailed statement of factual and legal bases as to invalidity, unenforceability, or non-infringement of the '039 and '349 patents in Annexure C while omitting the same regarding U.S. 8,877,776; U.S. 11,091,439; U.S. 11,091,440; and U.S. 11,098,015 in Annexure A). Azurity even went to great effort to avoid Exelixis's burdening the district court with the assertion of four patents relating to crystalline

material. Detailed analytical testing that proved non-infringement as well as an offer of product samples for independent testing were ignored by Exelixis. Rather, Exelixis preferred to file its lawsuit, gain the benefit of the regulatory stay, and now argue that the Board should use its discretion to deny Azurity's earlier-filed petitions.

The PTAB serves as the most expeditious forum for resolving patentability and Azurity diligently requested this forum. Exelixis should not be rewarded for creating an unwarranted, parallel litigation many months later.

II. INSTITUTION IS WARRANTED

Under the procedure provided in the Acting Director's March 26, 2025, Memorandum Regarding Interim Processes for PTAB Workload Management ("Memorandum"), "a patent owner may file a brief ***explaining any applicable bases for discretionary denial of institution***[1]." Memorandum at 2; PODDB at 7 (stating that "parties are permitted to address ***all relevant considerations*** that may impact discretionary denial."). For the following reasons, Azurity respectfully submits that this petition should not be subject to discretionary denial.

[1] All emphases added unless otherwise indicated.

A. *FINTIV* Supports Institution

Exelixis failed to address any of the *Fintiv* factors that the Board considers when assessing whether a related, parallel district court action provides any basis for discretionary denial under 35 U.S.C. § 314(a). *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 11 at 5-6 (P.T.A.B. Mar. 20, 2020) (precedential); *see also Vmware Inc. v. Intell. Ventures I LLC*, IPR2020-00470, Paper 13 at 2 (P.T.A.B. Aug. 18, 2020).

Azurity preemptively addressed the *Fintiv* factors in its petition. *See* Petition at 61-64 (explaining why *Fintiv* disfavored discretionary denial). Moreover, the Board's Memorandum specifically identifies the need for the parties to address *Fintiv*. *See* Memorandum at 2. As such, there was no excuse for Exelixis's failure to address *Fintiv*. It simply chose not to do so. "In such circumstances, a finding of waiver is warranted." *Google Inc. v. SimpleAir, Inc.*, 682 F. App'x 900, 904 (Fed. Cir. 2017); *see also POSCO v. ArcelorMittal*, IPR2019-01275, Paper 31 at 40 (P.T.A.B. Jan. 5, 2021) (finding forfeiture).

Azurity has updated its analysis of the *Fintiv* factors below in view of Exelixis's subsequent creation of a parallel proceeding. Azurity's unrebutted arguments concerning *Fintiv* were correct when it filed this petition on January 9, 2025 and remain correct now.

1. Factor 1 Does Not Favor Denial

The first factor asks "whether the court granted a stay or evidence exists that one may be granted if a proceeding is instituted." *Fintiv*, Paper 11 at 6. By choosing to assert more patents than what Azurity has petitioned this Board for review,[2] Exelixis has created a parallel district court litigation according to the hypothetical that Azurity posed in its petition. *See* Petition at 62. There is no reason for any party to request, let alone for the district court to grant, a stay for an *inter partes* review addressing only 1 or 2 of the six asserted patents. Accordingly, "[t]his factor does not weigh for or against discretionary denial." *Apple Inc. v. Fintiv, Inc.*, IPR2020-00019, Paper 15 at 12 (P.T.A.B. May 13, 2020) (informative).

2. Factor 2 Does Not Favor Denial

The second factor concerns the "proximity of the court's trial date to the Board's projected statutory deadline for a final written decision." *Fintiv*, Paper 11 at 6. Exelixis amended the complaint in its parallel district court proceeding on April 24, 2025. Ex. 2017 at 20. Azurity has not yet answered the amended complaint, let alone has it received a trial date.

[2] U.S. 11,298,349 (IPR2025-00210) and U.S. 12,128,039 (IPR2025-00427) are the subjects of Azurity's *inter partes* review petitions.

Exelixis has indicated that the subsequently filed litigation may last as long as 30 months. *See* PODDB at 2 ("Congress established that district court litigations involving paragraph IV challenges ordinarily should be resolved within 30 months."). Moreover, the district court's average time to bench trial is 29 months.[3] Under such timing, any trial date will be more than a year after the projected date of the final written decision in this proceeding. *See Tesla, Inc. v. Autonomous Devices, LLC*, IPR2023-01173, Paper 21 at 7-8 (P.T.A.B. Jan. 8, 2024) (holding that a trial scheduled five months after the projected final written decision weighs against discretionary denial of institution); *Sandoz Inc. v. Pharmacyclics LLC*, IPR2019-00865, Paper 8 at 10 (P.T.A.B. Sept. 26, 2019) ("Accordingly, the existence of concurrent litigation set to conclude more than a year from the date of this decision, without more, does not persuade us to exercise our discretion to deny institution."); *cf. Motorola Sols., Inc. v. Stellar, LLC*, IPR2024-01205, -01206, -01207, -01208, Paper 19 at 3 (P.T.A.B. Mar. 28, 2025) (denying institution where trial scheduled eleven months before projected final written decision). Accordingly, this factor strongly disfavors discretionary denial.

[3] Data obtained from Docket Navigator for Judge Richard G. Andrews of the District of Delaware (accessed May 22, 2025).

3. Factor 3 Does Not Favor Denial

The third factor concerns the "investment in the parallel proceeding by the court and the parties." *Fintiv* Paper 11 at 6. With respect to this factor, the Board has recognized that when a petitioner "acted diligently and without much delay, this mitigates against the investment of the parties." *Dolby Labs., Inc. v. Intertrust Tech. Corp.*, IPR2020-00662, Paper 13 at 13 (P.T.A.B. Oct. 15, 2020); *see also Fintiv*, Paper 11 at 11.

Azurity respectfully submits that it acted diligently and without much delay in preparing and filing its petition. The '039 patent issued on October 29, 2024, and Azurity filed its petition challenging the '039 patent little more than two months later on January 9, 2025.[4] More than three months passed before Exelixis asserted the '039 patent against Azurity. Azurity's diligence in preparing and filing its petition should warrant favorable consideration under this factor.

Because of Azurity's diligence and the delay by Exelixis, the later-filed district court proceeding is in its infancy. Azurity's answer to Exelixis's complaint is not due until late June. The District Court has not held any hearing or issued any order related to the '039 patent. Nor is the District Court likely to do so prior to the

[4] In the interim, Azurity filed a first petition challenging U.S. 11,248,349 (IPR2025-00210) on November 18, 2024.

anticipated date for the Board's institution decision. Such circumstances do not favor discretionary denial. *See Fintiv*, Paper 11 at 10 ("If, at the time of the institution decision, the district court has not issued orders related to the patent at issue in the petition, this fact weighs against exercising discretion to deny institution under *NHK*.").

Exelixis's vague reference to "multiple ongoing litigations (involving Petitioner and others) in the United States District Court for the District of Delaware" concerning the '039 patent does not weigh in favor of denial. PODDB at 1. Exelixis fails to indicate that the first of these "multiple ongoing litigations" was initiated on March 23, 2025 (Ex. 1066)—more than 2 months ***after*** Azurity filed this petition. This was nearly four months after Exelixis listed the '039 patent in the FDA's Orange Book.[5] Like the lawsuit involving Azurity, the other "multiple ongoing litigations" also appear to be in their infancy. To Azurity's knowledge, there have been no hearings or orders related to the '039 patent in these other cases. Thus, even if the Board were to consider Exelixis's or the District Court's investment in the "multiple ongoing litigations" that do not involve Azurity, Factor 3 would still weigh in favor of institution given the early stages of these later-filed litigations.

[5] *See* https://www.accessdata.fda.gov/scripts/cder/ob/patent_info.cfm?Product_No=001&Appl_No=208692&Appl_type=N (accessed May 22, 2025).

Moreover, institution of Azurity's petition in the face of "multiple ongoing litigations (involving Petitioner and others)" that are in their infancy would be especially fair and efficient for the District Court. *See Fintiv*, Paper 11 at 6 ("These factors relate to whether efficiency, fairness, and the merits support the exercise of authority to deny institution in view of an earlier trial date in the parallel proceeding."). Azurity has challenged all claims in the '039 patent. *See* Petition at 11. Thus, a favorable merits decision by the Board would address any claim that Exelixis asserts against any defendant and will substantially reduce or even eliminate the District Court's workload regarding this patent.

4. Factor 4 Does Not Favor Denial

The fourth factor concerns the "overlap between issues raised in the petition and in the parallel proceeding." *Fintiv*, Paper 11 at 6. Exelixis attempts to fault Azurity for being consistent with its obviousness arguments. *See* PODDB at 1-2 ("Notably, the arguments raised in the Petition are ***identical*** to obviousness arguments Petitioner has raised in its paragraph IV challenge."). However, Exelixis chooses to ignore the timing—Azurity filed its petition well before Exelixis created the parallel district court litigation. The only reason that there is an overlap between the petition's obviousness arguments and the parallel district court litigation is a result of Exelixis's choice to file the subsequent lawsuit. That Azurity moved first and is being consistent with its obviousness arguments is no basis for Exelixis to lay

blame. Indeed, Azurity has entered a stipulation in the parallel district court litigation that is consistent with *Sotera Wireless, Inc. v. Masimo Corp.*, IPR2020-01019, Paper 12 at 18–19 (PTAB Dec. 1, 2020) (precedential as to § II.A) to address overlapping obviousness arguments. Ex. 1067. Accordingly, any concern regarding Azurity's consistent obviousness arguments is moot.

5. Factor 5 Does Not Favor Denial

The fifth factor concerns "whether the petitioner and the defendant in the parallel proceeding are the same party." *Fintiv*, Paper 11 at 6. The Board has held that "this factor 'favors denial if trial precedes the Board's Final Written Decision and favors institution if the opposite is true.'" *Huawei Tech. Co. v. WSOU Inv., LLC*, IPR2021-00225, Paper 11 at 13-14 (P.T.A.B. June 14, 2021). Here, the Board will issue the final written decision by September 6, 2026, and this date is well before an estimated trial (if any) in September of 2027 for the parallel proceeding between Exelixis and Azurity. Accordingly, this factor favors institution.

6. Factor 6 Does Not Favor Denial

The sixth factor concerns "other circumstances that impact the Board's exercise of discretion, including the merits." *Fintiv*, Paper 11 at 6. As indicated above, Factors 1-5 do not favor discretionary denial, and Azurity's arguments are unrebutted. Accordingly, the Board need not even consider the sixth factor. *Commscope Tech. LLC v. Dali Wireless, Inc.*, IPR2022-01242, Paper 23 (P.T.A.B.

Feb. 27, 2023) (precedential) (holding that the Board must first address *Fintiv* factors 1-5, and should engage the compelling merits question only if that analysis favors discretionary denial).

Even if the Board considers Factor 6, Azurity respectfully submits that it also disfavors discretionary denial. "[W]hen determining whether there is a compelling unpatentability challenge, the Board evaluates whether the Petition presents challenges 'in which the evidence, if unrebutted in trial, would plainly lead to a conclusion that one or more claims are unpatentable by a preponderance of the evidence.'" *Commscope*, Paper 23 at 3. That is the present situation. When one scrutinizes the '039 patent in view of Brown (Ex. 1003) and Kubo (Ex. 1028) and compares it against the breadth of the claims as the petition has done in Ground 1, there is no daylight left to conclude that the Challenged Claims are nonobvious. Moreover, Robinson (Ex. 1039) inexplicably requires a person of ordinary skill to identify the presence of 6,7-dimethoxy-quinoline-4-ol in Brown's cabozantinib (L)-malate active pharmaceutical ingredient ("API") and pharmaceutical compositions containing this API and ensure that the levels of this potentially genotoxic impurity are reduced to levels that overlap or fall within the claimed limits. Such claims are *prima facie* obvious. Thus, Ground 2 also disfavors discretionary denial.

Exelixis never addresses *Commscope's* standard. PODDB at 23-25. With respect to Ground 1, Exelixis simply asserts that "inherency" is a "high standard"

and alleges that "Petitioner offers no new evidence of achieved levels of 6,7-dimethoxy-quinoline-4-ol based on its prior art combination." *Id*. at 24. As for Ground 2, Exelixis says Azurity's theory is "generic and could apply to any API and impurity…." *Id*. at 25. While Azurity disagrees with Exelixis's assertions, even if they were correct they do not rebut Azurity's evidence as *Commscope* instructs. Accordingly, the sixth factor would favor institution even if the Board were to consider it.

B. The Hatch-Waxman "Framework" Does Not Favor Discretionary Denial

Exelixis pleads for the Board to exercise its discretion because it instituted Hatch-Waxman litigation against Azurity more than three months after Azurity filed this petition (and five months after Azurity's initial petition in IPR2025-00210). *See* PODDB at 8-14. Nothing about the Hatch-Waxman "framework" favors discretionary denial.

1. The Board Has Consistently Rejected This Argument

The Board has previously entertained Exelixis's argument and each time rejected it. "Congress could have, but did not, establish special timing rules and deadlines for the filing of IPRs that challenge patents that may be involved in related Hatch-Waxman/ANDA litigation." *Mylan Pharmaceuticals Inc. v. Merck Sharp & Dohme Corp.*, IPR2020-00040, Paper 21 at 26 n.17 (P.T.A.B. May 12, 2020). Even more forcefully, the Board has stated "[t]he AIA explicitly contemplates that a party

may choose to file an *inter partes* review on a patent that is involved in concurrent litigation." *Sandoz*, Paper 8 at 10 (instituting despite concurrent ANDA litigation). Such a sweeping statement does not support any requested "exception" for Exelixis's subsequently asserted patents in Hatch-Waxman litigation. Rather, Azurity diligently exercised its right to file these petitions many months before Exelixis created the concurrent litigation. The Board should once again reject any notion that the Hatch-Waxman "framework" supports discretionary denial of *inter partes* review petitions.

By arguing that the Hatch-Waxman "framework" denies the Board its statutorily afforded forum for adjudication of Azurity's petitions, Exelixis ignores the Board's long history in considering these challenges. *See* PODDB at 9 (arguing "the proper forum for adjudication of these invalidity challenges is in district court"). As of seven years ago, the Board had instituted several hundred *inter partes* reviews on the type of "Orange Book" patents that Azurity has challenged. *See* David P. Ruschke et al., Chat with the Chief: New PTAB Studies in AIA Proceedings: Expanding Panels and Trial Outcomes for Orange Book-listed Patents, U.S. PAT. & TRADEMARK OFF. at 43 (Mar. 13, 2018).[6] The Board should reject any

[6] https://www.uspto.gov/sites/default/files/documents/chat_with_the_chief_march_2018.pdf (accessed May 22, 2025)

suggestion that these hundreds of prior institutions were outside "the proper forum for adjudication" as Exelixis has alleged. Such rejection is especially warranted when Exelixis's only cited support is *Mylan Labs. Ltd. v. Janssen Pharmaceutica NV*, IPR2020-00440, Paper 17 (P.T.A.B. Sept. 16, 2020) ("*Mylan II*"). *See* PODDB at 11. Yet the Board did not decline to institute trial because of the Hatch-Waxman "framework" or a 30-month statutory stay. *Mylan II*, Paper 17 at 25. Instead, the Board declined to institute trial because none of the *Fintiv* factors favored institution. *Id*. As Azurity has explained, the present petition is not similarly situated.

2. Congress Has Rejected This Argument

Exelixis's arguments about the Hatch-Waxman "framework" favoring discretionary denial also ignores longstanding presumptions regarding legislation. The Hatch-Waxman act was passed in 1984. *See* PODDB at 1 ("Drug Price Competition and Patent Term Restoration Act of 1984"). When Congress instituted the AIA in 2011 to allow for *inter partes* review, it presumably did so with full knowledge of the earlier Hatch-Waxman Act. *See Goodyear Atomic Corp. v. Miller*, 486 U.S. 174, 176 (1988) ("We generally presume that Congress is knowledgeable about existing law pertinent to the legislation it enacts."); *Wells Fargo & Co. v. United States*, 827 F.3d 1026, 1037 (Fed. Cir. 2016) ("We presume that Congress is familiar with existing Federal law when it enacts a new statute."); Nora Xu, AIA Proceedings: A Prescription for Accelerating the Availability of Generic Drugs, 66

Emory L.J. 1007, 1037 (2017) ("When Congress enacted the AIA in 2011, Hatch-Waxman litigations were common and had been around since the 1980s. Congress presumably legislated with the awareness that the new IPR and PGR proceedings would be used with respect to Orange Book-listed patents.") (internal citations omitted). Exelixis would have the Board believe that Congress overlooked the Hatch-Waxman Act when it passed the AIA and afforded all petitioners, including Azurity, the statutory right to file a petition for *inter partes* review.

Exelixis's arguments also ignore Congress's refusal to provide the exclusion that Exelixis requests of the Board:

> One likely roadblock for reform of Hatch-Waxman is the persistent assertion that Hatch-Waxman established a singular "Grand Bargain" in 1984, and that any amendments to the legislation would disturb a delicate balance. Brand-name firms recently advanced this argument in support of the introduced, but unenacted Hatch-Waxman Integrity Act. That bill would have required generic manufacturers to choose between either petitioning for *Inter Partes* Review of an issued pharmaceutical patent at the USPTO, or alternatively filing a paragraph IV ANDA at the FDA. These advocates did not highlight that Congress has provided for post-grant administrative revocation proceedings at the USPTO as early as 1980, even prior to the enactment of Hatch-Waxman.

John R. Thomas, Hatch-Waxman's Renegades, 2023 U. Ill. L. Rev. 831, 876 (2023) (internal citations omitted). Azurity respectfully submits that the Board should not provide Exelixis with a result that Congress has thus far refused to provide.

3. Azurity's Requests for Vindication Do Not Favor Discretionary Denial

Azurity has every intention of defending itself against Exelixis's allegations of patent infringement in all available forums. The fact that Azurity has "made invalidity arguments beyond those identified in the present Petition" or makes any argument in vindication of its rights is no reason for the Board to deny institution. *See* PODDB at 12-13. A petition for *inter partes* review does not permit for the full gambit of unpatentability arguments that a defendant wrongly accused of infringement may advance. The Board has astutely recognized this fact:

> The Leahy-Smith America Invents Act, Pub. L. No. 112–29, 125 Stat. 284, 329 (2011) does not guarantee increased judicial efficiency in resolving patent disputes in each case, and ***no litigant is required to adopt a strategy that increases judicial efficiency at a cost of reducing its likelihood of prevailing in the dispute***.

Apotex Inc. v. UCB Biopharma SPRL, IPR2019-00400, Paper 17 at 32-33 (P.T.A.B. Jul. 15, 2019). Instead, the Board has recognized the benefits of instituting in just such situations. *See Mylan*, Paper 21 at 28-29 ("Patent Owner contends there are other claims and validity defenses that have been raised by the defendants in the parallel litigation that Petitioner has not raised, or cannot raise, with the Board…. Whether the unchallenged claims (or defenses not before us) will be litigated through trial before the courts is, at this point, speculation. But, the Board's determinations

on a core set of claims, such as claims 1, 2, and 4 may provide opportunity for efficiencies and streamlining in the court proceedings.").

Exelixis further accuses Azurity of "gamesmanship" and "taking contradictory positions in different forums and proceedings" regarding the grounds asserted against the '349 patent and the '039 patent. *See* PODDB at 13-14. Such accusations are baseless. They reflect either an ignorance of the requirements for a priority claim and compliance with §112 as explained in IPR2025-00210's petition or, more likely, are a feigned misunderstanding of such requirements to falsely accuse Azurity of wrongdoing. If there were a substantive inconsistency (and there is not), Exelixis presumably would have explained why. Notably, Exelixis failed to do so.

C. MSN's Litigation of Claim 3 of the '349 Patent Does Not Warrant Denial of Azurity's Challenge of Claims 1-22 of the '039 Patent

Claims 1-22 of the '039 patent have never before been the subject of prior litigation or challenge before the Board. Accordingly, the answer to the Director's question of "whether the PTAB or another forum has already adjudicated the validity or patentability of the challenged patent claims" is no. *See* Memorandum at 2.

Despite this, Exelixis seeks to shield all 22 challenged claims using the outcome of its trial with MSN over claim 3 of the '349 patent. *See* PODDB at 14; Ex. 1026 at 2. The Board should not allow it to do so—particularly when both Exelixis and MSN are alleging that the District Court committed error. *See* Ex. 1068

at 5 (identifying Exelixis as cross-appealing issues concerning infringement and the trial opinion).

Exelixis concedes that Ground 1 of this petition is not the same argument as previously considered in the MSN litigation. *Compare* PODDB at 15 ("In the MSN litigation, the district court considered, and rejected, arguments that (1) "***the Brown process inherently results in***….") *with id*. ("For Ground I, Petitioner argues inherency of the purity limitation in Brown's synthesis, ***modified by Kubo***.") (emphasis added). Yet, Exelixis then ignores Azurity's arguments regarding the result of the combination of Brown and Kubo. *See* PODDB at 16-18; Petition at 22-34. Exelixis's avoidance of the issues and actual arguments that Azurity presented in the petition does not turn Ground 1 into the "same or similar" arguments that the District Court considered in the litigation with MSN.

Exelixis also concedes that Ground 2 of this petition is not the same argument as previously considered in the MSN litigation.[7] *Compare* PODDB at 18 ("In the MSN litigation, the district court rejected an obviousness theory that the claimed purity level could be achieved ***using recrystallization*** as set forth in Robinson.") *with id*. ("Here, Petitioner makes the same argument but relies on a different purification technique from Robinson—***chromatography rather than***

[7] Ground 2 of this petition is also a novel argument *vis a vis* IPR2025-00210.

recrystallization.") (emphases added). Neither Robinson, nor the chromatography discussion and examples of successfully controlling impurities provided therein, were at issue in the MSN litigation. *See* Petition at 55-57. Once again, Exelixis's avoidance of the issues and actual arguments that Azurity presented in the petition does not turn Ground 2 into the "same or similar" arguments that the District Court considered in the litigation with MSN.

D. Citing Expert Testimony Does Not Warrant Denial

There is no rule against including expert testimony in support of a petition. Exelixis's brief admits this. *See* PODDB at 20 (indicating "the Board may consider expert testimony") (citing "FAQs for Interim Processes for PTAB Workload Management," hereinafter "FAQ").[8] The Board's "Trial Practice Guide"[9] specifically indicates it is "generally permitted where the expert's scientific, technical, or other specialized knowledge will help the trier of fact to understand the evidence or to determine a fact in issue." TPG at 34. This is precisely why Azurity included the declarations of Dr. Buckton, Dr. Dichtel, and Dr. Dreicer—who is not

[8]https://www.uspto.gov/patents/ptab/faqs/interim-processes-workload-management (accessed May 16, 2025).

[9] Patent Trial and Appeal Board Consolidated Trial Practice Guide (Nov. 2019) ("TPG")

referenced in Exelixis's brief. Nothing about Azurity's petition and citation to expert declaration runs afoul of any statutory requirement—Exelixis admits that it is "patents and publications that nominally form the basis of the IPR." PODDB at 20.

Azurity's expert declarations help the Board understand the cited prior art documents, the motivation to combine these documents, and the reasonable expectation of success that would have existed from the combination. *See* FAQ 21 ("It is most helpful if an expert is providing focused testimony, for example to provide helpful context or to explain terms of art."). Indeed, from a cursory review of PTAB filings, the vast majority of petitions cite expert testimony. In presenting its case, Azurity cited to both the prior art and its expert declaration to have foundational and evidentiary support for the Board's decision on the merits. *See, e.g.*, PODDB at 22. Exelixis has not asserted that this testimony was not "focused" or "provide[s] helpful context" as the FAQs suggest is "most helpful" to the Board.

Instead, Exelixis takes issue with Azurity's explanation of how the claimed impurity limit flows from the prior art combinations. *See* PODDB at 20-23. In doing so, Exelixis seeks a rule that would require all results to be explicitly recited in the prior art. *Id*. Such an argument is contrary to law. Not every factual issue that the Board decides must be disclosed in a prior art reference as Exelixis suggests. *Elekta Ltd. v. ZAP Surgical Sys., Inc.*, 81 F.4th 1368, 1374, 1377 (Fed. Cir. 2023). Exelixis's argument would foreclose any consideration of inherency—for

anticipation and obviousness. That too is not the law. *See, e.g.*, *Persion Pharms. LLC v. Alvogen Malta Operations Ltd.*, 945 F.3d 1184, 1190 (Fed. Cir. 2019); *Schering Corp. v. Geneva Pharms.*, 339 F.3d 1373, 1377 (Fed. Cir. 2003).

Exelixis would also deprive the Board of the type of expert testimony that the Federal Circuit has long-ago recognized as being "most helpful" in obviousness determinations. *See Petersen Mfg. Co. v. Cent. Purchasing, Inc.*, 740 F.2d 1541, 1547 (Fed. Cir. 1984) ("In civil litigation involving a design, an expert's testimony is most helpful, as in the determination of obviousness with respect to any other type of invention, to explain the technology, the scope and content of the prior art, the differences between the prior art and the invention, and the level of skill in the art."). Inherent limitations, motivation to combine, and reasonable expectation of success are all factual issues where expert testimony also provides helpful explanation and context to the prior art basis of the challenge. That is precisely what Azurity has provided the Board here.

Worse still, Exelixis seeks to shield the '039 patent with MSN's litigation over the '349 patent and avoid having to reckon with unfavorable District Court findings and admissions by itself and on its behalf by its litigation experts. *See* PODDB at 16-17, 22-23. The District Court's findings and Exelixis's expert testimony, which have been duly cited to buttress Azurity's arguments about the cited prior art, should not be held against Azurity. Instead, the Board should weigh this factor in favor of

institution and require Exelixis to reconcile such findings and admissions in view of the actual challenge that Azurity has presented in its petition.

Accordingly, nothing about Azurity's citations to expert declarations suggests that denial would be appropriate.

E. The Petition's Merits are Strong

Azurity adopted the arguments presented in each of IPR2025-00210[10] and IPR2025-00427 in the later-filed parallel litigation as a reflection of consistency and belief in the merits. *See* Ex. 2018 at 22 (incorporating the arguments in IPR2025-00210 and IPR2025-00427 as bases for invalidity in a letter to Exelixis). Azurity need not rehash the strength of the arguments here as those petitions speak for themselves. *See* FAQ 25. That a claimed result is inherent in an otherwise obvious process is not a "fundamental weakness[]" in an argument as Exelixis suggests. *See* PODDB at 24. Nor does a claimed result become non-obvious when a pharmaceutical developer does what it is required by regulation to do as instructed and exemplified in Robinson (Ex. 1039). *Id*.; *see also Chapman v. Casner*, 315 F. App'x 294, 297 (Fed. Cir. 2009).

[10] Azurity is aware of the Board's institution decision in IPR2025-00210 and is presently evaluating its options for review given the numerous errors of fact and law contained therein.

Exelixis's own briefing supports the merits of Azurity's obviousness argument. Exelixis admits that "initial synthetic routes produced API with elevated levels of impurities and degradation products, including 6,7-dimethoxyquinoline-4-ol, which Exelixis discovered was genotoxic" and "'it was critical to essentially eliminate the impurity from the ultimate drug formulation" by ensuring "the lowest levels possible [of 6,7-dimethoxy-quinoline-4-ol] in the API.'" PODDB at 5. This is precisely what a person having ordinary skill in the art would have done in view of Brown as instructed by Robinson—Azurity's second ground. *See* Petition at 47-60. Moreover, Exelixis admits that "[t]o achieve the lowest possible levels of 6,7-dimethoxy-quinoline-4-ol, Exelixis developed a new synthetic process, exemplified in the '039 patent." PODDB at 5. Laying aside any "novelty" of the process, what Exelixis developed was an obvious synthetic process in view of Brown and Kubo—Azurity's first ground. *See* Petition at 12-47. And Exelixis did so for precisely the reasons explained in Robinson as discussed in Azurity's second ground. *See* Petition at 47-61.

Exelixis simply cannot help itself from highlighting the merits of Azurity's petition through its words and actions. Azurity requests that the Director and the Board evaluate the merits of the petition as written and not be swayed by Exelixis's omissions or mischaracterizations of Azurity's evidence and arguments. *See* PODDB at 23-25.

F. *Advanced Bionics* Does Not Favor Denial

In determining whether to exercise discretion to deny institution under §325(d), the Board applies *Advanced Bionics, LLC v. MED-EL Elektromedizinische Geräte GmbH*, IPR2019-01469, Paper 6 (P.T.A.B. Feb. 13, 2020) (precedential) ("(1) whether the same or substantially the same art … or … arguments previously were presented to the Office; and (2) if either condition of first part of the framework is satisfied, whether the petitioner has demonstrated that the Office erred in a manner material to the patentability of challenged claims.").

Exelixis reaches the wrong conclusion regarding denial. *See* PODDB at 25. In doing so, it repeatedly raises arguments about Brown alone or Brown in view of general formulation references. *See* PODDB at 26, 37-38. These arguments are red herrings. Ground 1 of Azurity's petition is obviousness over Brown in view of Kubo, while Ground 2 is obviousness over Brown in view of Robinson. *See* Petition at 11. Exelixis does little to explain how Brown alone or Brown in view of general formulation references are "substantially the same" as the petition's grounds. *See* PODDB at 31-32. Instead, it continuously retreats to the claimed impurity limitation as a basis of distinction. *See id*. at 27-28, 31. As explained herein, the petition provides novel art combinations and/or arguments that specifically address this limitation. The Examiner's failure to raise such arguments during prosecution was both a legal and factual error. *Advanced Bionics* does not favor denial.

1. Ground 1 (Brown in view of Kubo)

a. *Advanced Bionics* Step 1: The Asserted Arguments Have Not Been Previously Presented to the Office

There were only two rejections of record during prosecution of the '039 patent—anticipation by the national phase entry of Brown (Ex. 1003) and obviousness-type double patenting. *See* Ex. 1045 at 77-83. An ***obviousness*** rejection over Brown ***in view of Kubo*** was never at issue. Accordingly, there is no "overlap between the arguments made during examination and the manner in which Petitioner relies on the prior art or Patent Owner distinguishe[d] the prior art." *Becton, Dickinson & Co. v. B. Braun Melsungen AG*, IPR2017-01586, Paper 8 at 17-18 (P.T.A.B. Dec. 15, 2017).

Exelixis incorrectly asserts that the absence of an explicit disclosure of the impurity limitation in either Brown and Kubo alone has any relevance. PODDB at 27-28. This is an improper argument about the references individually when, as here, ***the challenge is based on the result that flows from the combination of Brown and Kubo***. *See* M.P.E.P. §2145 IV ("Arguing Against References Individually") ("One cannot show nonobviousness by attacking references individually where the rejections are based on combinations of references.") (citing *In re Keller*, 642 F.2d 413 (CCPA 1981)); Petition at 22-34. For the same reason, any alleged consideration by the Examiner of MSN's Post-Trial Brief, which Exelixis asserts for the proposition that "the Office considered ***whether Brown discloses*** a specific

purity limitation," also misses the mark. *See* PODDB at 28-29. Ground 1 of the petition is the combination of Brown and Kubo—not Brown alone.

As it pertains to Ground 1 of the petition, Azurity has already acknowledged that Kubo was cited on an IDS during prosecution of the '039 patent. *See* Petition at 29. Azurity is also cognizant of the Director's recent order as it relates to the first prong of the *Advanced Bionics* framework. *See Ecto World, LLC v. Rai Strategic Holdings, Inc.*, IPR2024-01280, Paper 13 at 4 (P.T.A.B. May 19, 2025) (precedential). However, the Director cautioned that discretionary denial may not be warranted if the IDS containing the reference was atypically large. *See id.* at 7. Here, Exelixis cited Kubo as one of 121 references within an omnibus IDS submission. *See* Ex. 2013 at 275-287. This was at least five times the size of a normal IDS. *See Ecto*, Paper 13 at 7 n.3. Accordingly, Azurity respectfully requests that the Board discount Kubo's citation when considering *Advanced Bionics*' second prong.

b. *Advanced Bionics* Step 2: Material Error Exists

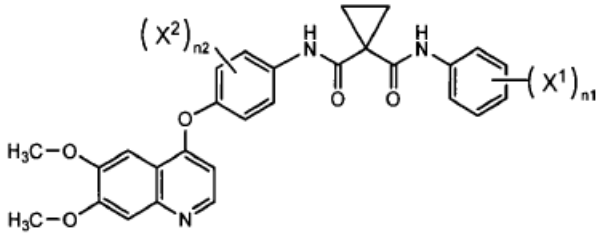
Azurity has demonstrated material error under the second prong of *Advanced Bionics*. Contrary to Exelixis's flawed assertions (PODDB at 37-41), analysis of *Becton, Dickenson* Factors (c), (e), and (f) does not support denial.

Becton, Dickenson Factor (c) does not support denial. The combination of Brown and Kubo was never a basis for rejecting the challenged claims. This is a

"significant" fact that the Board considers. *See Commscope Tech. LLC v. Dali Wireless, Inc.*, IPR2020-01473, Paper 18 (P.T.A.B. Mar. 12, 2021) ("*Commscope II*") at 13 ("Whether the prior art was the basis for a rejection is significant to this analysis."); *Ecto*, Paper 13 at 5-6 ("A petitioner also may point to the fact that even though the asserted prior art is listed on an IDS, the Examiner did not issue any prior art rejections during examination, so the Examiner materially erred by overlooking certain teachings in the prior art on the IDS."); *Cisco Systems, Inc. v. Portsmouth Network Corp.*, IPR2024-00505, Paper 7 at 18-19 (P.T.A.B. Aug. 6, 2024) (disclosure of reference and acknowledgement by Examiner insufficient to favor denial under factor (c)). Despite their inclusion in Exelixis's omnibus IDS, the challenged claims were not substantively evaluated using the combined teachings of Brown and Kubo. In such circumstances, the Board has found that Factor (c) favors the petitioner. *See Becton, Dickinson*, Paper 8 at 23; *Bowtech, Inc. v. Mcp Ip, LLC*, IPR2019-00382 Paper 12 at 12 (P.T.A.B. Aug. 6, 2019) ("*Becton, Dickinson* expressly distinguished the situation 'where the prior art was simply listed in an IDS during prosecution.'"). Exelixis does not distinguish the Board's statement in *Becton, Dickenson*. *See* PODDB at 30-31. Moreover, the *Weatherford* decision it quotes is evaluating the first prong of *Advanced Bionics* and not the second prong. *See Weatherford U.S., L.P. v. Enventure Global Tech., Inc.*, IPR2020-01661, Paper 19 at 14-16 (P.T.A.B. Apr. 15, 2021) (discussing "*Advanced Bionics, Part 1*").

Exelixis's attempt to protect the challenged claims with the rejection of process claims over Brown and Kubo during prosecution of U.S. 10,123,999 (the "'999 patent") is also meritless. Below is rejected claim 1 from the '999 patent's prosecution history:

1. (Currently amended) A process for preparing a compound of formula I:



I

or a pharmaceutically acceptable salt thereof, wherein:

X^1 is H, Br, Cl, or F;

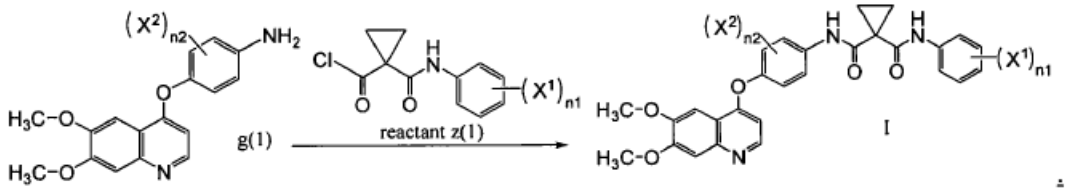
X^2 is H, Br, Cl, or F;

n1 is 1-2; and

n2 is 1-2;

the process comprising:

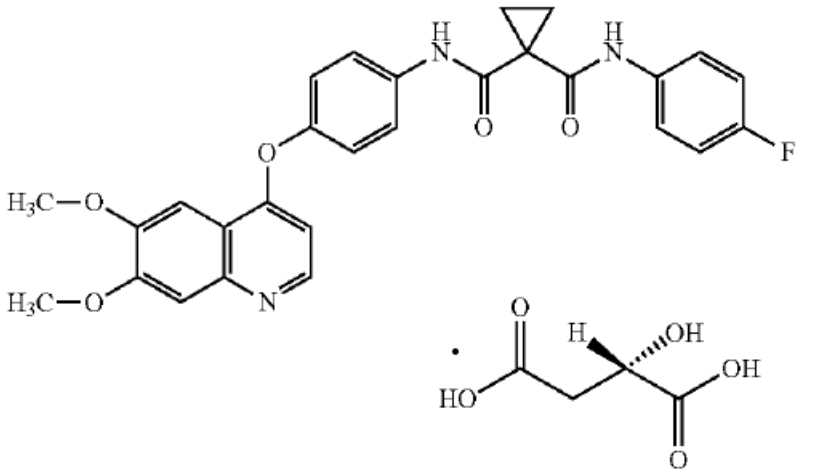
contacting a [[the]] compound of formula g(1) with a reactant z(1) to yield the compound of formula I:



Ex. 2008 at 210. Here is challenged claim 1 of the '039 patent:

1. A pharmaceutical composition for oral administration comprising Compound IB:

IB



and a pharmaceutically acceptable carrier, wherein the pharmaceutical composition is a tablet or a capsule, and wherein the pharmaceutical composition contains 100 ppm or less of 6,7-dimethoxy-quinoline-4-ol.

Ex. 1001 at 34:2-25. Despite Exelixis's professed relevance and relationship of these claims (*see* PODDB at 29-30), the impurity limitation relied upon to distinguish over Brown's anticipation during prosecution of the '039 patent before Examiner Seaman is not recited in the claims that Examiner Rozof rejected before eventually allowing the '999 patent. *See* Ex. 2008 at 757 (identifying Examiner Rozof); Ex. 2013 at 137 (identifying Examiner Seaman).

The arguments/amendments Exelixis presented to address the rejections posed by the different Examiners were also not the same. *Compare* Ex. 2013 at 125-126 *with* Ex. 2008 at 1270-71. In such situations, the Board was not persuaded that

"the prior Examiner's detailed analysis provided a roadmap that was considered by" a different Examiner. *See Target Corp. v. Proxicom Wireless LLC*, IPR2020-00980, Paper 11 at 17 (P.T.A.B. Dec. 4, 2020). Nothing about Exelixis's argument should afford a different conclusion.

Becton, Dickinson Factors (e) and (f) also do not support denial. The Examiner clearly accepted Exelixis's assertion that the absence of an explicit teaching in Brown regarding the impurity limitation of the claims rendered them novel. *See* Ex. 1045 at 90 (arguing that "Brown does not disclose any level of purity"), 96 ("The reference does not have the 'less than 100ppm' in the claims or specification of the Brown reference."). By overlooking whether the impurity limitation was inherent in Brown, the Examiner made a legal error. *See* Section II.D, *supra*. Moreover, "novelty under 35 U.S.C. § 102 and nonobviousness under 35 U.S.C. § 103 are separate conditions of patentability." *Cohesive Tech., Inc. v. Waters Corp.*, 543 F.3d 1351, 1363 (Fed. Cir. 2008). That Examiner Seaman did not consider whether the impurity limitation was obvious in view of the combination of Brown and Kubo was also a legal error. *See* Section II.D, *supra*.

Furthermore, a factual error was committed by Examiner Seaman in view of the process similarities flowing from the combination of Brown and Kubo when compared to the '039 patent as Azurity has explained in the petition. The combination of references, and the result that flows, directly addresses the claimed

impurity limitation that Exelixis relied upon to obtain issuance of the challenged claims. That combination was not a basis for rejection of the challenged claims. Thus, Azurity respectfully submits that it has established material error under the second prong of *Advanced Bionics*. *See Ecto*, Paper 13 at 5-6. The Board can even adopt verbatim the reasoning of *Commscope II* to find in Azurity's favor: "Given the fact that the Examiner did not expressly rely on [Brown] and [Kubo] in rejecting the claims during prosecution or in the Examiner's explanation of the reasons for allowance, and given the description and explanation provided by [Brown] and [Kubo] as discussed *infra*, we find that the Examiner erred by either overlooking, or failing to appreciate, the materiality of the disclosures of [Brown] and [Kubo]." *Commscope II*, Paper 18 at 16.

2. Ground 2 (Brown in view of Robinson)

a. *Advanced Bionics* Step 1: The Asserted Art Has Not Been Previously Presented to the Office

Advanced Bionics' first prong is not applicable to the petition's second ground because Robinson (Ex. 1039) was never presented to the Office. Accordingly, the Examiner never had a chance to consider Azurity's obviousness arguments. Exelixis concedes this fact. *See* PODDB at 33 (emphasizing the "substantially the same" aspect of *Advanced Bionics*' test).

Instead, Exelixis asserts that the Office considered Robinson's substance by pointing to the "Genotoxic Guidance" document (Ex. 1037) submitted on an IDS

during prosecution of the '039 patent. *See* PODDB at 33-34. Exelixis contends that "Robinson and the Genotoxic Guidance have similar disclosures" because "both discuss regulatory requirements" for genotoxic impurities and "general strategies for compliance" and are therefore "cumulative." *See* PODDB at 34. Exelixis is factually and legally incorrect.

Relying on "similarities" to demonstrate two references are "cumulative" as Exelixis has done is faulty. *See Samsung Electronics Co., Ltd. v. Maxell, Ltd.*, IPR2024-00907, Paper 11 at 15 (P.T.A.B. Dec. 11, 2024) ("We do not agree with Patent Owner's assertion that similarities between references render them cumulative for all that they teach and are relied upon."). Robinson's disclosures go well beyond that of the "Genotoxic Guidance" document. Robinson describes U.S. and European recommendations, identification of "potentially genotoxic impurities," courses of action for reducing such impurities, and real-world examples of successful techniques for compliance. *See* Petition at 48-49. The depth and description of the courses of action and successful examples/techniques for doing so in Robinson are without a counterpart in the "Genotoxic Guidance" document. *Compare* Ex. 1039 at 950-959 *with* Ex. 1037 at 2, 6-13. The petition, *inter alia*, specifically cites to numerous aspects of Robinson, such as these, that were only present in Robinson. *See, e.g.*, Petition at 50-56. Exelixis's unsubstantiated allegation of "interchangeable" citations is without merit. *See Hum Industrial Tech.,*

Inc. v. Amsted Rail Co., Inc., IPR2023-00540, Paper 10 at 42-43 (P.T.A.B. Aug. 11, 2023) (rejecting an assertion of cumulative art in view of limited explanation of Patent Owner).

Only by ignoring the substance of the comparison that Exelixis invites the Board to consider can Exelixis allege that Robinson and the "Genotoxic Guidance" document are cumulative. *See* PODDB at 34. Instead, Azurity embraces the substantive comparison because material differences are evident in the courses of action and examples/techniques that are provided in Robinson and absent in the "Genotoxic Guidance" document. *See Vantage Specialty Chemicals, Inc. v. Cargill, Inc.*, IPR2023-00589, Paper 11 at 45 (P.T.A.B. Sept. 13, 2023) (rejecting a similar argument that overlapping disclosure rendered two references cumulative).

b. *Advanced Bionics* Step 1: The Asserted Arguments Have Not Been Previously Presented to the Office

With the Office having never considered the substance of Robinson, it is an unremarkable proposition for the Board to conclude that the obviousness argument of Brown in view of Robinson was also never presented to the Office in accordance with *Advanced Bionics*.

Exelixis repeatedly suggests that by overcoming an anticipation rejection in view of Brown, the claims of the '039 patent should be insulated from any consideration of obviousness. *See* PODDB at 27, 35. In this ground, Azurity is not arguing that the claims of the '039 patent are anticipated by Brown. Instead, Azurity

is arguing that the claims of the '039 patent are obvious over Brown ***in view of*** Robinson. This combination addresses the impurity limitation that Exelixis relied upon to distinguish its claims over the anticipation rejection during prosecution. Overcoming the prior anticipation rejection is irrelevant to the present obviousness-based challenge that relies on arguments pulling from both Brown ***and*** Robinson to address, *inter alia*, the impurity limitation.

Exelixis's reliance on the prosecution of the '349 patent is similarly misguided. *See* PODDB at 35 (citing Ex. 2012). The Examiner never rejected any claim using arguments based on Brown and Robinson. *Id*. The Examiner never even rejected any claim for arguments based on Brown and an "FDA guidance on acceptable impurity levels in drug products." *Id*. The "FDA guidance" document cited by Exelixis during prosecution of the '349 patent is not even the same "guidance" that it has alleged is cumulative to Robinson. *Compare id*. at 35-36 (identifying "FDA's *Guidance for Industry: Q3B(R2) Impurities in New Drug Products* (2006)") with Ex. 1037 (titled "*Guidance for Industry: Genotoxic and Carcinogenic Impurities in Drug Substances and Products: Recommended Approaches*"). Exelixis has made no attempt to argue that this different guidance document is cumulative to Robinson. Accordingly, Azurity's arguments about Brown in view of Robinson cannot be "substantially the same" as arguments

Exelixis made about a different guidance document during the '349 patent's prosecution.

Lastly, Exelixis relies on its submission of MSN's Post-Trial Brief concerning the '349 patent during prosecution of the '039 patent. *See* PODDB at 36-37. However, MSN's brief did not present the argument of Brown in view of Robinson, and Exelixis has made no assertion that it did. *Id*. Moreover, Exelixis admits that the same argument was not presented during MSN's litigation. *See* PODDB at 18-19 (identifying "chromatography rather than recrystallization").

Different art and different arguments warrant different conclusions. Exelixis has not demonstrated that "substantially the same arguments" were previously considered.

c. *Advanced Bionics* Step 2: Material Error Exists

Robinson is not cumulative of any guidance document Exelixis has cited or even MSN's Post-Trial Brief concerning the '349 patent. Even if it were (and it is not), the second prong does not support denial because the Examiner would have materially erred by failing to issue any obviousness rejection in view of these references.

As Azurity has explained, the Examiner accepted Exelixis's assertion that the absence of an explicit teaching in Brown regarding the impurity limitation of the claims rendered them novel. *See* Section II.F.1.b., *supra*. Doing so was a

misapprehension of law. *See* Section II.D., *supra*. It also does not provide any clarity as to the Examiner's thinking concerning whether the same impurity limitation would have been obvious over Brown alone or in combination with the "Genotoxic Guidance" document (Ex. 1037), arguments in MSN's Post-Trial Brief concerning the '349 patent, or the "FDA's *Guidance for Industry: Q3B(R2) Impurities in New Drug Products* (2006)" that were cited during prosecution.

The only certainty in the prosecution record regarding obviousness is that the Examiner failed to raise any obviousness rejection over the prior art. This is the type of certainty that the Board has held is "significant" to the analysis of *Becton, Dickinson* Factor (c)—"[w]hether the prior art was a basis for a rejection." *Commscope II*, Paper 18 at 13; *Ecto*, Paper 13 at 5-6. The Examiner did not consider the combination of Brown in view of Robinson because Robinson was not presented to the Office. Even Exelixis's disclosure of the allegedly cumulative "Genotoxic Guidance" document and MSN's Post-Trial Brief concerning the '349 patent does not affect the calculus under *Becton, Dickenson* Factor (c). *See Cisco*, Paper 7 at 18-19 (disclosure of reference and acknowledgement by Examiner are insufficient to favor denial under factor (c)). The prosecution history does not provide any support for the bald assertion any prior art was "extensively considered" in the context of obviousness. *See* PODDB at 37-38.

As for *Becton, Dickinson* Factors (e) and (f), Azurity has explained precisely how Brown ***in view of Robinson*** would have rendered the challenged claims—including the allegedly "novel" impurity limitation—obvious. Brown taught the same cabozantinib L-malate API in the same pharmaceutical composition while Robinson provided the motivation and technique to reduce the claimed impurity to the claimed level. The material error made by the Examiner was the misapprehension of the obviousness of the impurity limitation—not the alleged novelty over Brown's lack of explicit disclosure that resulted in the mistaken allowance of the challenged claims. Once again, Azurity submits that the Board can adopt verbatim the reasoning of *Commscope II* to find in Azurity's favor on these factors: "Given the fact that the Examiner did not expressly rely on [Brown] and [Robinson] in rejecting the claims during prosecution or in the Examiner's explanation of the reasons for allowance, and given the description and explanation provided by [Brown] and [Robinson] as discussed *infra*, we find that the Examiner erred by either overlooking, or failing to appreciate, the materiality of the disclosures of [Brown] and [Robinson]." *Commscope II*, Paper 18 at 16.

III. CONCLUSION

Given that the discretionary denial considerations support institution as discussed above, Petitioner respectfully requests that the Board reach the merits of the petition.[11]

Respectfully submitted,

WINDELS MARX LANE & MITTENDORF, LLP

Dated: June 5, 2025

By: /Andrew E. Morrell/

Andrew E. Morrell (Reg. No. 63,737)
Ajay Kayal (Reg. No. 66,691)
Leah Digby (Reg. No. 82,956)

Attorneys/Practitioners for Petitioner
Azurity Pharmaceuticals, Inc.

[11] The Office's discretionary denial practices are currently being challenged in *Apple Inc. v. Stewart*, No. 24-1864 (Fed. Cir. May 17, 2024). Azurity respectfully requests the benefit of any relief that may be granted in that appeal or other challenges to the Office's discretionary denial practices.

Azurity v. Exelixis
IPR2025-00427 – U.S. 12,128,039

CERTIFICATE OF COMPLIANCE

Pursuant to 37 C.F.R. §42.24(d), the undersigned certifies that foregoing **PETITIONERS OPPOSITION TO PATENT OWNER'S DISCRETIONARY DENIAL BRIEF** complies with the type-volume limitation of 37 C.F.R. §42.24(a)(1). According to Microsoft Office Word 2016's word count, this Petition contains 8123 words, exclusive of the parts exempted as provided in 37 C.F.R. §42.24(a).

Respectfully submitted,

WINDELS MARX LANE & MITTENDORF, LLP

Dated: June 5, 2025

By: /Andrew E. Morrell/

Andrew E. Morrell (Reg. No. 63,737)
Ajay Kayal (Reg. No. 66,691)
Leah Digby (Reg. No. 82,956)

Attorneys/Practitioners for Petitioner
Azurity Pharmaceuticals, Inc.

Azurity v. Exelixis
IPR2025-00427 – U.S. 12,128,039

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing **PETITIONERS OPPOSITION TO PATENT OWNER'S DISCRETIONARY DENIAL BRIEF** and **EXHIBITS 1066-1068** are being served on June 5, 2025, via e-mail, as consented to by Patent Owner, on the following attorneys of record:

Emily.Whelan@wilmerhale.com
Cindy.Kan@wilmerhale.com
WH_Exelixis_IPR@wilmerhale.com

Dated: June 5, 2025 By: /Andrew E. Morrell/

Andrew E. Morrell (Reg. No. 63,737)
Ajay Kayal (Reg. No. 66,691)
Leah Digby (Reg. No. 82,956)

Attorneys/Practitioners for Petitioner
Azurity Pharmaceuticals, Inc.