

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

BIO-RAD LABORATORIES, INC. and
THE UNIVERSITY OF CHICAGO

Plaintiffs,

v.

10X GENOMICS, INC.

Defendant.

Civ. A. No. 15-152-RGA

FINAL JUDGMENT

This 15th day of August 2019, the Court having held a jury trial, and the jury having rendered a verdict, pursuant to Fed. R. Civ. P. 58(b)(2), IT IS HEREBY ORDERED that:

Judgment in the amount of \$34,475,069 is entered for Plaintiffs Bio-Rad Laboratories, Inc. and The University of Chicago and against Defendant 10X Genomics, Inc. on the Second, Third, and Fifth Counts of the Third Amended Complaint. (D.I. 85). This includes the \$23,930,718 verdict award, \$8,341,368 in supplemental damages through the date of verdict, and \$2,202,983 in interest through August 15, 2019. Judgment is further entered in the amount of \$1,681 per day for Plaintiffs Bio-Rad Laboratories, Inc. and The University of Chicago and against Defendant 10X Genomics, Inc. in post-judgment interest that will accrue from this day forward until the monetary judgment is fully paid.

Judgment is entered for Plaintiffs Bio-Rad Laboratories, Inc. and The University of Chicago and against Defendant 10X Genomics, Inc. on the Third, Fourth, Fifth, Sixth, Ninth, and Tenth Counterclaims of 10X Genomics, Inc.'s Answer and Counterclaims to Plaintiffs' Third Amended Complaint. (D.I. 87).

All other claims and counterclaims are dismissed and the parties take nothing from them.


United States District Judge

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~~[AMENDED PROPOSED]~~ PERMANENT INJUNCTION

WHEREAS the Court has found that defendant 10X Genomics, Inc. (“10X”) has infringed claims 1 and 9 of plaintiffs Bio-Rad Laboratories, Inc. and The University of Chicago’s (collectively, “Plaintiffs”) U.S. Patent No. 8,889,083 (the “’083 Patent”), claims 6 and 8 of Plaintiffs’ U.S. Patent No. 8,304,193 (the “’193 Patent”), and claims 1, 10, and 11 of Plaintiffs’ U.S. Patent No. 8,329,407 (the “’407 Patent”) (collectively, the “’083 Patent,” “’193 Patent,” and “’407 Patent” shall be referred to as the “Patents In-Suit”);

WHEREAS, the Court has found that Plaintiffs will suffer irreparable harm if 10X continues its infringement, that monetary damages cannot adequately compensate Plaintiffs for this resulting irreparable harm, that the balance of equities weighs in favor of granting injunctive relief, or, at minimum, is neutral, and that public interest weighs in favor of granting a permanent injunction;

NOW THEREFORE, having considered the entire record in this action, the verdict of the jury, relevant orders of the Court, and the papers submitted by the parties, and good cause having been shown:

I. PROHIBITED ACTIVITIES – '083 AND '407 PATENTS

IT IS HEREBY ORDERED that, except in connection with the Permitted Activities provided in Section III, defendant 10X and any of its officers, agents, servants, employees, attorneys, and persons or entities in active concert or participation with them, who receive actual notice of this Permanent Injunction, are permanently enjoined and restrained from infringing, or inducing or contributing to, the infringement of claims 1 and 9 of the '083 Patent and claims 1, 10, and 11 of the '407 Patent (collectively, the "'083 and '407 Asserted Claims") from the Effective Date (which is fourteen (14) days from the date of this signed Permanent Injunction) until these Patents' expiration, by:

- (a) using within the United States any product that infringes the '083 and '407 Asserted Claims, including without limitation the Chromium Genome/Exome, GemCode Long Read, Chromium Single Cell 3', or Chromium Single Cell V(D)J systems (collectively, the "'083 and '407 Accused Products"), and those no more than colorably different;
- (b) actively inducing infringement of the '083 and '407 Asserted Claims by 10X's United States customers of the '083 and '407 Accused Products;
- (c) contributing to infringement of the '083 and '407 Asserted Claims by selling within the United States the '083 and '407 Accused Products, products no more than colorably different, or their components where such components are especially made or especially adapted for use in an infringement of such patents, and are not a staple article or commodity of commerce suitable for substantial noninfringing use; and/or

(d) supplying from the United States for combination abroad any component especially made or especially adapted for use in claims 1 and 9 of the '083 Patent including the '083 Accused Products, products no more than colorably different, or their components where such components are not a staple article or commodity of commerce suitable for substantial noninfringing use.

None of the above prohibits 10X from making, using, or selling within the United States (or supplying from the United States) components of the '083 and '407 Accused Products for a non-infringing use.

II. PROHIBITED ACTIVITIES – '193 PATENT

IT IS FURTHER HEREBY ORDERED that, except in connection with the Permitted Activities provided in Section III, defendant 10X and any of its officers, agents, servants, employees, attorneys, and persons or entities in active concert or participation with them, who receive actual notice of this Permanent Injunction, are permanently enjoined and restrained from infringing, or inducing or contributing to, the infringement of claims 6 and 8 of the '193 Patent (collectively, the "'193 Asserted Claims'") from the Effective Date until the expiration of the '193 Patent, by:

(a) using within the United States any product that infringes the '193 Asserted Claims, including without limitation the Chromium Genome/Exome and GemCode Long Read systems (collectively, the "'193 Accused Products'") (collectively, the '083 and '407 Accused Products and '193 Accused Products shall be referred to as the "Enjoined Products"), and those no more than colorably different;

(b) actively inducing infringement of the '193 Asserted Claims by 10X's United States customers of the '193 Accused Products and those no more than colorably different; and/or

(c) contributing to infringement of the '193 Asserted Claims by selling within the United States the '193 Accused Products, products no more than colorably different, or their components where such components are especially made or especially adapted for use in an infringement of such patent and are not a staple article or commodity of commerce suitable for substantial noninfringing use.

None of the above prohibits 10X from making, using, or selling within the United States (or supplying from the United States) components of the '193 Accused Products for a non-infringing use.

III. HISTORICAL INSTALLED BASE

The Prohibited Activities of Sections I and II do not apply to consumables for use with the (i) the '083 and '407 Accused Products and components thereof, (ii) the '193 Accused Products and components thereof, and (iii) products not colorably different from those that are sold or in use before the Effective Date of this injunction (collectively, the "Historical Installed Base"), as set forth below. Without violating this Permanent Injunction, 10X (and any of its officers, agents, servants, employees, attorneys, customers, vendors, sales agents (including third party resellers and distributors), and persons or entities in active concert or participation with them) may also continue to support, service, repair, and replace under warranty¹ the Historical Installed Base.

¹ If 10X charges for a replacement under warranty, the revenue for that replacement will be subject to the 15% escrow deposit provisions below.

This authorization of the sale of consumables that would otherwise be prohibited under the Prohibited Activities in Sections I and II above for use with the Historical Installed Base (“Permitted Historical Installed Base Sales”) is conditional on 10X depositing into an interest-bearing escrow account a 15% royalty on the net revenue 10X receives from the Permitted Historical Installed Base Sales until the expiration of the Patents In-Suit. These deposits shall be made within forty-five (45) days after March 31, June 30, September 30, or December 31 of a given calendar year. Plaintiffs shall have a right to a quarterly royalty report in which 10X shall identify the aggregate amount of Permitted Historical Installed Base Sales and how it performed its royalty calculation and an annual accounting audit. If Plaintiffs request an annual accounting audit, the audit will be conducted during regular business hours by an independent, third-party auditor and only for the purpose of verifying 10X’s royalty statements and payments under this provision. The independent auditor shall be required to keep confidential all information received during any such inspection. Nothing in this injunction is an acknowledgement that 10X’s actions do not violate other Bio-Rad rights.

The determination of the on-going royalty (if any) for the sales governed by this Section III (including the post-verdict, pre-injunction infringing sales) is SEVERED AND STAYED. The deposits required by this section do not prejudice the parties’ ability to propose and pursue a different royalty rate before this court or on appeal or to argue that such royalties are not proper. If the royalty amount, rate, or base are altered or the reasonable royalty finding is otherwise vacated or modified on appeal and/or based on this Court’s determination of the appropriate ongoing royalty following appeal, necessary refunds or supplements will be made including appropriate interest.

IV. FUTURE INSTRUMENT SALES

If, after the Effective Date, 10X sells instruments that are otherwise capable of operating with 10X consumables that have been found to infringe, 10X shall ensure that before such sale they have verifiably installed firmware on all such instruments to preclude them from use in an infringing way with such consumables or consumables not colorably different. Such firmware may be user-modifiable for upgrades provided by 10X but must not be user-modifiable in a way that would allow users to modify the firmware to permit such instruments to use in an infringing way consumables that have been found to infringe or consumables no more than colorably different. This provision (and this Permanent Injunction in general) is not an acknowledgment by Plaintiffs that any of 10X's activities do not violate Plaintiffs' other rights.

V. NOTICE

IT IS FURTHER ORDERED that, within five (5) business days from the Effective Date, 10X shall provide a copy of this Permanent Injunction to each customer, vendor, sales representatives (including third party resellers and distributors), employee and all other persons in active concert or participation with them as of the Effective Date.


IT IS FURTHER ORDERED that, within fourteen (14) days from the Effective Date, 10X shall file with the Court under seal and serve on all parties a notice stating the names and addresses of each party that it has notified in compliance with this section.

VI. CONTINUING JURISDICTION

The court specifically retains jurisdiction to enforce, modify, extend, or terminate this Permanent Injunction as the equities may require, upon a proper showing, and to adopt procedures for resolution of any dispute whether a product not specifically covered by this Permanent Injunction is more than colorably different from the adjudged infringing products.

IT IS SO ORDERED.

Dated: August 14, 2019

A handwritten signature in blue ink, appearing to read "Richard G. Andrews", written over a horizontal line.

The Honorable Richard G. Andrews
United States District Judge

IN THE UNITED STATES DISTRICT COURT
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BIO-RAD LABORATORIES, INC. and
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No. 15-cv-152-RGA

MEMORANDUM ORDER

Presently before the Court are various issues raised in response to the Court’s order and memorandum opinion on Plaintiffs’ post-trial motions (D.I. 568-69). (D.I. 570-73).

(1) Interest Applicable to the Jury’s Verdict

The parties dispute whether pre- or post-judgment interest should apply to the jury’s verdict of \$23,930,719 for the period from the entry of judgment (November 14, 2018) to the entry of final judgment. Plaintiffs argue for pre-judgment interest and 10X argues for post-judgment interest. (D.I. 571).

“[A]n award must be granted pursuant to a money judgment to trigger post-judgment interest,” and “to count as a money judgment a judgment must include both an identification of the parties for and against whom judgment is being entered, and a definite and certain designation of the amount owed.” *Travelers Cas. & Sur. Co. v. Ins. Co. of N. Am.*, 609 F.3d 143, 175 (3d Cir. 2010) (internal quotation marks omitted). On November 14, 2018, I entered judgment for Plaintiffs and against 10X on the jury’s verdict in the amount of \$23,930,719. (D.I.

478). The judgment was a “money judgment” triggering post-judgment interest as it included “both an identification of the parties for and against whom judgment is being entered, and a definite and certain designation of the amount owed.” See *Travelers*, 609 F.3d at 175; *Amgen v. Hospira*, 336 F. Supp. 3d 333, 365 (D. Del. 2018). Therefore, I award post-judgment interest on the jury’s verdict beginning on November 14, 2018.¹

(2) Scope of the Permanent Injunction

(a) Sections I and II—Prohibited Activities

The parties dispute how broadly 10X should be enjoined from selling, or supplying for combination abroad, components of its accused products. Plaintiffs seek to enjoin 10X from selling or supplying any components of the accused products. (D.I. 572, Ex. A at 3, 6). 10X proposes that the injunction be limited to components that “are especially made or especially adapted for use in an infringement of [the asserted] patents, and are not a staple article or commodity of commerce suitable for substantial noninfringing use.” (*Id.* at 4, 7). 10X’s proposal mirrors the statutory language for infringement under 35 U.S.C. § 271(c) and (f).

Plaintiffs’ proposal would prevent 10X from selling any components of its accused products, even for allegedly non-infringing uses. I see no reason to enjoin activities that do not constitute infringement. Therefore, I would adopt 10X’s proposed language, which follows the statutory requirements under § 271(c) and (f).

Plaintiffs’ real concern is that, because 10X will continue to sell the same consumables (reagents) for use with its new allegedly non-infringing systems, customers can avoid the 15% royalty by purchasing those “new” consumables for use with old infringing systems. (D.I. 570 at 1-2). 10X is enjoined from deliberately selling its “new” reagents for use with old systems. It is

¹ The parties agree that pre-judgment interest applies to the supplemental damages. (D.I. 571).

possible, however, that customers may purchase “new” reagents ostensibly for use with new systems while actually using them with old systems.

The customer issue is closely tied to the parties’ dispute over which entities are enjoined. Plaintiffs seek to enjoin 10X and its “officers, agents, servants, employees, attorneys, customers, vendors, sales agents (including third party resellers and distributors) and persons or entities in active concert or participation with them, who receive actual notice of this Permanent Injunction.” (D.I. 572, Ex. A at 2, 5). Therefore, 10X’s customers would be directly enjoined from using 10X’s products in an infringing manner. In contrast, 10X’s proposal excludes its customers, vendors, and sales agents. (*Id.* at 3, 6).

An injunction may not be “so broad as to make punishable the conduct of persons who act independently and whose rights have not been adjudged according to law.” *Regal Knitwear Co. v. N.L.R.B.*, 324 U.S. 9, 13 (1945). “Federal Rule of Civil Procedure 65(d) reflects the standards when it declares that an injunction ‘binds only’ ‘the parties,’ ‘the parties’ officers, agents, servants, employees, and attorneys,’ and ‘other persons who are in active concert or participation’ with them ‘who receive actual notice of [the injunction] by personal service or otherwise.’” *Asetek Danmark A/S v. CMI USA Inc.*, 852 F.3d 1352, 1365-66 (Fed. Cir. 2017).

10X’s customers, vendors, and sales agents² are third parties whose rights have not been adjudged and thus cannot be enjoined in this action. Therefore, I would adopt 10X’s proposed language limiting the list of enjoined parties to 10X and its “officers, agents, servants, employees, attorneys, and persons or entities in active concert or participation with them, who receive actual notice of this Permanent Injunction.” (D.I. 572, Ex. A at 3, 6).

² I assume “sales agents” is a category of third parties. In the alternative, “sales agents” may be a subcategory of “agents.” In that case, including “sales agents” as well as “agents” would be needlessly cumulative.

Lastly, the parties disagree on the effective date of the permanent injunction. I denied 10X's request for a stay pending appeal but delayed the effective date of the injunction by two weeks. (D.I. 568 at 12). 10X proposes that the effective date be defined as the later of two weeks from the date of the signed permanent injunction "or the date on which any stay granted by the Court of Appeals for the Federal Circuit is lifted." (D.I. 572, Ex. A at 3). 10X agrees that if no stay is granted, the effective date is two weeks from entry of the injunction. (D.I. 570 at 7). I see no reason to base the effective date on the end of a stay that may or may not occur. Should the Federal Circuit grant a stay, it will be best positioned to determine the appropriate scope of that stay.

(b) Section III—Historical Installed Base

The parties raise several disputes relating to the products sold prior to the effective date of the injunction ("Historical Installed Base"). The parties agree that 10X will place some portion of the royalties relating to the Historical Installed Base in an escrow account. (D.I. 570, Ex. A at 7-9).

First, the parties dispute the royalty base that should apply to consumables sold for the Historical Installed Base. 10X proposes its net revenue from those sales, while Plaintiffs propose the selling price to the end user. (D.I. 572, Ex. A at 7-8).

Plaintiffs argue that if the royalty is calculated from 10X's net revenue, 10X can reduce the royalty by "off-loading" its sales to an intermediary that takes a cut of the total revenue. (D.I. 570 at 3). I do not find that argument persuasive. Plaintiffs never sought damages based on the ultimate price to the end user, and the jury's verdict award was based on 10X's net revenue. (*Id.* at 7). Therefore, I would adopt 10X's proposed language of "a 15% royalty on the net

revenue 10X receives from the Permitted Historical Installed Base Sales.” (D.I. 572, Ex. A at 7-8).

Second, the parties dispute whether royalties on post-verdict, pre-injunction sales must be placed in escrow. (*Id.* at 8). The parties agreed, “The determination of the on-going royalty (if any) for the sales governed by [] Section III (including the post-verdict, pre-injunction infringing sales) is SEVERED and STAYED.” (*Id.*). 10X thus argues that it does not need to put in escrow a 15% royalty on any post-verdict, pre-injunction sales. (D.I. 570 at 8). I agree. The purpose of the injunction is to prevent future harm. It seems that royalties from sales that have already occurred are beyond the proper scope of the injunction. Therefore, I reject Plaintiffs’ proposed language of: “In addition, within forty-five (45) days of the Effective Date 10X shall identify the aggregate number of units and selling price of each infringing product sold before the entry of the injunction and after the verdict that is not included in the supplemental damage award together with a payment in escrow of a 15% royalty of the price to the end user of all such sales.” (D.I. 572, Ex. A at 8).

Third, the parties dispute the content of 10X’s quarterly royalty report to Plaintiffs. (*Id.*). Plaintiffs seek an accounting on a per-product basis. (D.I. 570 at 3). 10X agrees to provide the aggregate sales but argues that it would suffer competitive harm by providing its per-product numbers. (*Id.* at 9).

I do not think Plaintiffs need a per-product accounting to adequately protect their rights. In addition to the quarterly accounting, the parties agreed to an audit process, which allows Plaintiffs to request an annual audit by an independent auditor for the purpose of verifying 10X’s royalty statements and payments. Therefore, I would adopt 10X’s proposed language granting

Plaintiffs the “right to a quarterly royalty report in which 10X shall identify the aggregate amount of Permitted Historical Installed Base Sales.” (D.I. 572, Ex. A at 8).

(c) Section IV—Future Instrument Sales

The parties agree that 10X should be required to install “firmware” on instruments sold after the effective date of the injunction to prevent use of those instruments in an infringing manner. (D.I. 572 at 2). The firmware will allegedly disable new instruments from operating old microfluidic chips. (*Id.* at 1). 10X’s accused products were found to infringe based on their use of the old microfluidic chips. (*See* D.I. 570 at 6). Therefore, a new instrument with a new chip is a different system, which has not been found to infringe.

Plaintiffs argue that 10X should be required to “ensure that before [a new instrument] sale they have verifiably installed non user-modifiable firmware on all such instruments to preclude them from use with such infringing consumables or consumables not colorably different.” (*Id.*, Ex. A at 9). In contrast, 10X proposes that the firmware “may be user-modifiable for upgrades provided by 10X but must not be user-modifiable in a way that would allow users to modify the firmware to permit such instruments to use in an infringing way consumables that have been found to infringe or consumables no more than colorably different.” (*Id.*).

10X’s proposal seems reasonable. Plaintiffs have not explained why 10X should be barred from allowing user-modifications for 10X upgrades. (D.I. 573). Instead, Plaintiffs arguments go towards the parties’ dispute over prohibited activities in Sections I and II. (*Id.*). Therefore, I would adopt 10X’s proposed firmware language.

(d) Section V—Notice

The parties dispute the scope of the notice requirement. Plaintiffs propose giving notice to each existing and new customer, vendor, sales representative (including third party resellers and distributors), employee, and all other persons in active concert or participation with them. (D.I. 572, Ex. A at 9-10). 10X limits the notice requirement to existing customers. (*Id.*).

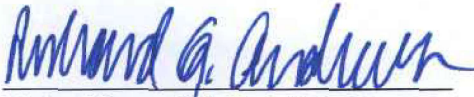
I already held that 10X is not required to provide notice to customers to which it “intends in the future” to sell the accused products. (D.I. 568 at 11). Plaintiffs argue that there is a meaningful distinction between customers to which 10X “intends in the future” to sell products and actual new customers. (D.I. 570 at 3). I disagree. The point is that 10X will be enjoined from making infringing sales. Thus, there is no need for 10X to give notice to its new allegedly non-infringing customers.

I believe the remaining categories—vendors, sales representatives, employees, and persons acting in concert—are subject to the same analysis. 10X is only required to give notice to its existing vendors, etc.

Therefore, I would adopt Plaintiffs’ proposed language: “10X shall provide a copy of this Permanent Injunction to each customer, vendor, sales representative (including third party resellers and distributors), employee and all other persons in active concert or participation with them as of the Effective Date.” (D.I. 572, Ex. A at 9-10). I would not adopt Plaintiffs’ additional language regarding new customers, etc.

By **August 14, 2019**, the parties shall submit, consistent with this order, a revised proposed final judgment and a revised proposed permanent injunction. The parties shall make any relevant calculations based on entry of final judgment on **August 15, 2019**.

IT IS SO ORDERED this 12 day of August 2019.


United States District Judge