

and the tied products are separate and distinct products; (2) the seller has forced purchasers of the tying product to also buy the tied product; and (3) the tie forecloses a substantial volume of commerce in the market for the tied product. See id. at 11-16.

This Court's January 28, 2004 decision concluded that plaintiffs did not unlawfully tie the rights to practice PCR to the purchase of thermal cyclers, and based its holding on three separate grounds. First, the Court found that to the extent the parties defined the "tying product" as the PCR process patent right, and the "tied product" as an "authorized" thermal cycler, then there were not two separate products, because "the PCR process patent right (the tying product) is the same as the "authorization" on the thermal cycler (the tied product). There can be no demand for an 'authorized' thermal cycler separate and distinct from the demand for a PCR process patent right." See Ruling on Motion in Limine [Doc. # 874] at 8. The Court found that MJ defined the tied product as an authorized thermal cycler based in part on counsel's unambiguous assertion that "[t]he illegal tie underlying plaintiffs' anticompetitive licensing scheme is the requirement that in order to have the rights to the PCR process patents (the 'tying' product) an end user must use an 'authorized' thermal cycler (the 'tied' product)." Memorandum of MJ Research, Inc. In Opposition to Plaintiffs' Five Motions to Exclude Evidence and Arguments Relating to MJ's Antitrust

Counterclaims and Patent Misuse Defense [Doc. # 682] at 15 n. 17. In addition, the Court noted that MJ's argument about the coercive effect of the alleged tying scheme relied on the "authorization" aspect of the thermal cyclers market. The Court acknowledged, however, that MJ appeared to inconsistently define the tied product, and had at various points defined the tied product as a thermal cycler in general, not simply an "authorized" thermal cycler. Thus, as an alternative holding, the Court assumed two separate products existed, and examined the coercive effect of the tying arrangement.

To establish coercion, there must be evidence that end users were forced to purchase thermal cyclers that they "did not want at all, or might have preferred to purchase elsewhere on different terms," Jefferson Parish, 466 U.S. at 12, in order to obtain the right to the PCR process patents. The Court found that end users were not required to purchase an authorized thermal cycler, or any thermal cycler, because they could purchase PCR patent rights through Applera's End User Authorization Program ("EAP"). The Court found the EAP to be a "viable" program that operated independently from the sale of thermal cyclers. The Court rejected defendants' arguments that the EAP itself was an illegal tie, because the EAP did not require end users to buy thermal cyclers, and because the use of a thermal cycler to perform PCR was patented, so that it was not

improper to require end users to obtain authorization for this purpose.

The Court acknowledged, however, MJ's argument that the EAP was a sham, because Applera pressured thermal cycler suppliers to join the Supplier Authorization program ("SAP"), and if all suppliers joined the SAP, then the EAP would not be used. As a result, the Court assumed that the SAP was the only authorization program available, and in a second alternative holding, concluded that the SAP did not have a coercive effect, and was not an unlawful tie. In particular, the Court noted that because automated PCR requires the use of a thermal cycler, then "any end user who wished to perform automated PCR would, by necessity, have to obtain a thermal cycler of some kind. The SAP does not restrict the choices of the end user, because it does not determine which thermal cycler machines are available on the market, nor does it require end users to purchase a particular thermal cycler machine." See Ruling on Motion in Limine [Doc. # 874] at 8. The Court acknowledged that in a scenario in which all suppliers join the SAP, those purchasers who do not use thermal cyclers to perform PCR may be forced to pay for a PCR process authorization that they do not want or need, but concluded that such a result is not a tie, not least because the PCR process patents gave the plaintiffs a lawfully monopoly on PCR rights.

In its motion for reconsideration, defendants argue that the Court's first holding "misinterprets MJ's claim," the second "overlooks a significant factual dispute," and the third "misreads the law." Defendant's Memorandum of Law [Doc. # 898] at 3. The Court disagrees. While MJ now argues that the tied product is the generic thermal cycler, not an "authorized" thermal cycler, the force of its argument that Applera's authorization program has a coercive and anti-competitive effect continues to stem from the "authorization" aspect of the thermal cycler market. MJ references Int'l Salt Co. v. United States, 332 U.S. 392, 395-96 (1947), in which the Supreme Court found an illegal tie where International Salt required customers to use only salt sold by International Salt in the machines bought from International Salt. MJ argues that even though "International Salt forbids customers from using its machines unless they also acquire salt sold by International Salt (i.e. 'authorized salt')," the machine and the "authorized" salt were still deemed separate products. See Defendants' Memorandum of Law [Doc. # 898] at 4. Defendants lose sight of the nature of the process patent at issue this case. Automated PCR requires the use of a thermal cycler, and authorization of a thermal cycler provides the right to perform automated PCR. Thus, the demand for an "authorized" thermal cycler is exactly the same as the demand for automated PCR process rights. And as discussed in this Court's earlier

ruling, those end users who wish to perform automated PCR are not forced to buy a product (a thermal cycler) that they do not want or need, because thermal cyclers are required to perform automated PCR.

MJ also argues that the Court's conclusion that the EAP was a viable way for end users to obtain a license to perform PCR impermissibly resolved a genuine dispute of material fact in plaintiffs' favor. MJ asserts, for example, that the authorization fee for the EAP was too high relative to the SAP to make it an economical choice for end users, that Applera refused to allow MJ to buy end user licenses and resell them to end users buying MJ thermal cyclers, and that Applera refused to allow MJ to distribute to its customers EAP forms so as to facilitate end user participation. MJ estimates that only one half of one percent of the thermal cyclers sold were licensed through the EAP. The Court agrees, therefore, that its statement that a "substantial number of EAP agreements have been reached," Ruling on Motion in Limine [Doc. # 874] at 10, was improperly conclusory. Nonetheless, the factual disputes about the extent to which end users participated in the EAP do not disturb the undisputed facts that were central to this Court's finding of viability; namely that the EAP existed as a program, and that there were identifiable end users who purchased licenses through the EAP.

More importantly, however, the Court's earlier ruling acknowledged that the viability of the EAP was subject to change, particularly if all suppliers were pressured by Applera into joining the SAP. Thus, the Court considered the scenario in which the SAP remained the only authorization program available. MJ now argues that the Court's holding as to the exclusive SAP scenario misstated the law, in that Jefferson Parish prohibits any coercion of the buyer to purchase a product that the buyer "might have preferred to purchase elsewhere on different terms." Jefferson Parish, 466 U.S. at 12. MJ argues that "[i]f all suppliers of thermal cyclers are SAP participants, then the prices of all thermal cyclers will be increased because plaintiffs extract an 'authorization fee' for each and every sale of a machine, regardless of whether the machine is actually ever used to perform 'automated PCR' in PE/Aplera's fields." Defendants' Memorandum of Law [Doc. # 898] at 7. That authorization fee, however, is the license for performing automated PCR, which is the same product as the PCR process patent right. To the extent that defendants argue that purchasers of thermal cyclers may be forced to buy unwanted PCR rights, such a result is not a tie. As this Court's January 28, 2004 decision concluded, the "PCR Process Patents give the plaintiffs a lawful monopoly on PCR rights and thus, as a matter of law, plaintiffs cannot be found to 'unlawfully restrain free

competition in the market for the tied product. . . ." Ruling on Motion in Limine [Doc. # 874] at 13 (quoting Coniglio v. Highwood Servs., Inc., 495 F.2d 1286, 1291 (2d Cir. 1974)).

For the foregoing reasons, the Motion of MJ Research, Inc. and Michael and John Finney For Reconsideration of the Court's Order Precluding MJ's Evidence and Arguments Claiming that PCR Rights are Tied to Authorized Thermal Cyclers [Doc. # 897] is granted, and upon reconsideration, the Court declines to amend its January 28, 2004 decision granting plaintiffs' Motion to Exclude MJ's Evidence and Arguments Claiming PCR Rights are Tied to Authorized Thermal Cyclers [Doc. # 667 (2)].

IT IS SO ORDERED.

/s/

Janet Bond Arterton, U.S.D.J.

**Dated at New Haven, Connecticut, this 29th day of September,
2004.**