

| 1 | APPEARANCES CONTINUED: |
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| 2 | ELENA C. NORMAN, ESQ., and |
| 3 | MICHELLE SHERETTA BUDICAK, ESQ. Young Conaway Stargatt & Taylor, LLP -and- |
| 4 | MICHAEL A. JACOBS, ESQ., |
| 5 | EMILY A. EVANS, ESQ., ERIC S. WALTERS, ESQ., |
| 6 | DIANA KRUZE, ESQ., and ERIK J. OLSON, ESQ. |
| 7 | Morrison & Foerster (San Francisco, CA) |
| 8 | Counsel for Defendant |
| 9 | |
| 10 | THE COURT: Good morning, counsel. Please be |
| 11 | seated for a moment. |
| 12 | (Counsel respond "Good morning.") |
| 13 | THE COURT: Mr. Jacobs. |
| 14 | MR. JACOBS: Thank you, Your Honor. Mr. Scheve |
| 15 | has signaled an intent to examine Dr. Desai, our first |
| 16 | witness this morning, about privilege log entries in |
| 17 | Dr. Desai's notebook. |
| 18 | We have seen a graphic displayed on the screen |
| 19 | in which Mr. Scheve would display those privilege log |
| 20 | entries or notebook pages with privilege redactions on them. |
| 21 | Mr. Scheve's contention is because the Court has |
| 22 | decreed that an adverse inference will be drawn from |
| 23 | Dr. Brittain's related privilege assertions, Elan should be |
| 24 | able to develop a record that Abraxis asserted the privilege |

over, in this case, Dr. Desai's notebook entries.

| 1 | The two are not parallel. The Court made |
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| 2 | findings with respect to Dr. Brittain in order to even get |
| 3 | into examining a witness on the stand about topics that bear |
| 4 | on attorney-client privilege. Our position is the Court |
| 5 | would have to make similar findings. |
| 6 | We think Mr. Scheve, Elan, should be directed |
| 7 | not to raise any such issues or any such implication to |
| 8 | examine Dr. Desai on any topics that bear on attorney-client |
| 9 | privilege issues during the cross-examination of Dr. Desai. |
| 10 | THE COURT: Okay. Mr. Scheve. |
| 11 | MR. SCHEVE: Thank you, Your Honor. |
| 12 | If I could, beforehand, Mr. Day couldn't be here |
| 13 | today. He says there is a small event going on this |
| 14 | evening. |
| 15 | THE COURT: He took the day off. Huh? |
| 16 | MR. SCHEVE: Or at least half the day. He is |
| 17 | dealing with some issues Your Honor may be familiar with. |
| 18 | THE COURT: Indeed. Our children's graduation |
| 19 | from high school. |
| 20 | MR. SCHEVE: Yes. |
| 21 | Your Honor, if I may put up a slide, what this |
| 22 | is about, and there has been a Bench brief filed by Abraxis |
| 23 | that cites the case authority. |
| 24 | MR. JACOBS: May we provide that to Your Honor? |
| 25 | THE COURT: Yes. |



| Ŋ | MR. SCHEVE: And that case authority on Page 2, |
|---------------|--|
| Your Honor, i | if I may quote from, in the first instance, from |
| Weinstein's f | federal evidence, saying, The claim of a |
| privilege is | not a proper subject of comment by judge or |
| counsel. No | inferences may be drawn therefrom. |

Then, later on in the Ninth Circuit, they cite another case, that there could be no negative inference from a defendant witness' claims of attorney-client privilege.

I raise that because what we did with Dr. Brittain is create a privilege log. You will recall, he signed an agreement with an attorney named Sipio and was providing consultation with Mr. Sipio. Every one of those was placed on a privilege log.

I think the record, and Your Honor will recall, the position we urged upon the Court is it would be inappropriate for an inference to be drawn from the fact that we claimed those are privileged.

Your Honor has, to this date, said that you will allow that inference to be drawn. This is what has occurred during discovery, which is the image up here.

What Abraxis has done, Your Honor, has claimed privilege over, quote, results from experiments that they, "to" communicate to the counsel. Not reflecting anything that was communicated to counsel, or Desai lab notebook reflecting information to communicate to patent counsel



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regarding product composition.

They have, I don't remember what the number is there, it is page after page after page of testimony results from the lab notebook that I can't see because they are claiming it's privileged.

I don't understand how they are now going to call Dr. Desai, who is going to testify, and be able to claim that a lab notebook is privileged when it clearly doesn't say, Reflects communication with attorney. This is lab results.

My view, Your Honor, is while we think the proper ruling, and I say this, Your Honor, because none of us want to come back and try this case again, we think it is legal error for an inference to be drawn when counsel, when Mr. Brittain's gave us those documents, that he consulted with Mr. Sipio on, we put them on a privilege log. There was never a motion brought to compel. Never a request that Your Honor look at it to determine whether, in fact, it was privileged.

And now they have asked you, they want a negative inference to be drawn from the fact we put it up there. If you look at the cases cited in their brief, it's error.

But they want to be able to pull Dr. Brittain in here tomorrow and go through that. I am saying, If that's



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