

EXHIBIT 14

Cornell Chases Lucrative Royalties Lost on ‘Secret Side Deals’

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- University seeks bigger return from licensed discoveries
 - Thermo Fisher’s Life Tech cheated Cornell in deal, school says
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An Ivy League school says it got short-changed by a business partner in the settlement of a patent dispute over techniques to analyze DNA.

Cornell University claims it was defrauded by “secret side deals” that accompanied the April accord between Thermo Fisher Scientific Inc.’s Life Tech unit and Illumina Inc., a rival in the testing-equipment market. The settlement sought to end a seven-year lawsuit against Illumina by Cornell and Life Technologies Corp., then a stand-alone company that held a license to Cornell patents.

The challenge marks a rare instance where a university publicly faults a long-time licensing associate. Universities involved in patent disputes typically let their corporate partners handle litigation. Amid pressure to

boost returns from patent royalties, that may be changing, according to a biotechnology lawyer who represents colleges.



“There’s a huge pressure on universities for revenue streams,” said Peter Corless of Mintz Levin in Boston, who isn’t involved in the case. “If Cornell thought they weren’t getting their fair share, they would have to contest it.”

The dispute is over instruments and methods for genetic testing, a market that [Leerink Partners LLC](#) analyst Puneet Souda said is worth as much as \$3 billion a year.

The tests help determine cancer risk, diagnose diseases, target medicines or develop genetically modified plants and life-forms. Researchers from Ithaca, New York-based Cornell, working with scientists from two other schools, said they came up with ways to make the tests work faster, cheaper and more effectively. Patents were issued from 2004 through 2008.

Licensing Deal

Life Tech and Cornell’s researchers had a long-standing relationship and in February 2010 renewed a licensing

agreement. Three months later, they sued <https://www.bloomberg.com/news/articles/2010-05-25/life-technologies-cornell-sue-illumina-over-u-s-patents-for-dna-analysis> Illumina in federal court in Delaware, claiming the California company was using Cornell's patented techniques in its GoldenGate Genotyping Assay and other tests.

San Diego-based Illumina responded with its own suit against Life Tech -- but not Cornell -- in December 2011 in federal court in California, claiming Life Tech's Ion Personal Genome Machine platform used an Illumina invention for DNA tests.

Owing to the complexity of the legal and scientific issues, both cases trudged on for years. Waltham, Massachusetts-based Thermo Fisher got involved in 2014 after its \$13.6 billion [purchase](https://www.bloomberg.com/news/articles/2013-04-15/thermo-fisher-agrees-to-buy-life-technologies-for-13-6-billion) <https://www.bloomberg.com/news/articles/2013-04-15/thermo-fisher-agrees-to-buy-life-technologies-for-13-6-billion> of Life Tech. In 2016, there were [reports](https://www.bloomberg.com/news/articles/2016-08-18/illumina-gains-on-report-of-30-billion-offer-from-thermo-fisher) <https://www.bloomberg.com/news/articles/2016-08-18/illumina-gains-on-report-of-30-billion-offer-from-thermo-fisher> Thermo Fisher offered \$30 billion for Illumina, but a takeover never occurred.

In April 2017, just months before a trial in the Delaware case, Life Tech and Illumina struck an accord. The terms weren't disclosed, though Thermo Fisher said in a regulatory filing that its settlement of the California case was "for immaterial financial terms."

Close Look



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[REDACTED]

A page from a court filing by lawyers for Cornell. Source: Court documents

The exact nature of Cornell’s beef is redacted from court documents, but what is public paints a picture of a university that felt pushed aside when the two rivals reached detente and made the side deals. According to a judge last month, Cornell claims it was "fraudulently induced" to agree to the settlement amid the concealed side deals, which aren’t explained.

Cornell officials declined to discuss the case, as did those from Life Tech and Illumina.

“Extraordinary circumstances are present,” Cornell said in one of the few lines not blacked out of a filing last year

asking that the settlement be tossed. Life Tech, in its own heavily redacted filing, said it “acted entirely within its legal rights” and that Cornell “failed to make a reasonable effort to resolve its disputes” before filing the request.

For its part, Illumina said it negotiated in good faith and didn’t want to get between Life Tech and Cornell.

“To the extent Cornell has any legitimate grievance with Life Tech, its remedy lies elsewhere, in an action against Life Tech,” Illumina said in response.

Cornell’s bid to have the settlement tossed was rebuffed last month by a Delaware magistrate judge who referred them to a mediator under terms of their 2010 agreement.

Crispr, the Tool Giving DNA Editing Promise and Peril: QuickTake

<<https://www.bloomberg.com/view/quicktakes/gene-editing>>

The university’s fight to set aside the settlement highlights the urgency for schools to boost income as costs soar and tuition bills climb. Cornell says its projected revenue <<https://blogs.cornell.edu/dbpsite/files/2017/05/FY18-May-Book-103usks.pdf>> for fiscal 2018 is \$4.3 billion. Its patent licensing program brought in \$30.9 million between 2014 and 2016, according to a survey by the Association of University Technology Managers.

“Researchers aren’t directed to go out and invent a revenue-producing discovery,” Corless said. “Their mission is basic research. Once it becomes known there might be an asset there, the provosts will be putting on the pressure. They have to go after any revenue stream.”

Other schools have had even more success with inventions. Stanford University owns the patent on the algorithm that underpins the Google search engine, while Northwestern University was able to build the 13th largest U.S. college endowment after helping develop a blockbuster drug <<https://www.bloomberg.com/news/articles/2016-08-18/the-pill-that-made-northwestern-rich>>.

Impact rather than income can often be the focus for a school’s technology transfer, said Stephen Susalka, the Association of University Technology Managers’ chief executive.

"If universities don’t protect the intellectual property they have, and people walk over them, that next invention is not going to be protected or commercialized because no company is going to be willing to sign a license," he said.

— *With assistance by Janet Lorin*

