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LAWRENCE BLATT, and LEONID BEIGELMAN

SUPERIOR COURT FOR THE STATE OF CALIFORNIA

IN AND FOR THE COUNTY OF SAN MATEO

UNLIMITED CIVIL JURISDICTION

JANSSEN BIOPHARMA, LLC, a Delaware limited liability company,

Plaintiff,

v.

ALIGOS THERAPEUTICS, INC., a Delaware corporation, LAWRENCE M. BLATT, an individual, and LEONID BEIGELMAN, an individual,

Defendants.

Case No. 22-CIV-01042

DEFENDANTS' AMENDED ANSWER TO PLAINTIFF JANSSEN BIOPHARMA, LLC'S COMPLAINT FOR INJUNCTIVE RELIEF AND DAMAGES

Dept: 22
Judge: Honorable Danny Y. Chou
Action Filed: March 9, 2022

Defendants Aligos Therapeutics, Inc. ("Aligos" or "Aligos Therapeutics"), Lawrence M. Blatt ("Dr. Blatt"), and Leonid Beigelman ("Dr. Beigelman") (collectively, "Defendants") hereby answer Plaintiff Janssen BioPharma, LLC's ("Plaintiff" or "Janssen") unverified Complaint for Injunctive Relief and Damages for: (1) Breach of Contract; (2) Tortious Interference with Contract; (3) Declaratory Judgment of Ownership of IP; (4) Conversion; (5) Fraud; and (6) Unfair Competition (Cal. Bus. & Prof. Code § 17200) in this action as follows:

GENERAL DENIAL

Pursuant to Section 431.30(d) of the California Code of Civil Procedure, Defendants generally deny each and every allegation contained in the Complaint, and further deny that Plaintiff was damaged in the manner alleged, or in any other manner whatsoever.

COUNTER-ALLEGATIONS AND FACTUAL BACKGROUND

1. Aligos Therapeutics is a clinical-stage biopharmaceutical company currently focused on developing novel therapeutics to address unmet medical needs in viral and liver diseases. Aligos Therapeutics uses proprietary oligonucleotide and small molecule platforms to develop pharmacologically optimized drug candidates for use in combination regimens designed to achieve improved treatment outcomes.

2. To develop promising therapies, Aligos Therapeutics relies on a team of highly collaborative and experienced individuals with decades of drug discovery and development experience.

3. Obtaining appropriate patent protection is an essential aspect of developing drug candidates. Aligos Therapeutics will not be able to recoup the money that it is devoting to drug development if other companies will be free to copy and sell future successful products because Aligos Therapeutics did not obtain patent protection. Patent protection is also essential in order to invoke statutory protections for new drugs such as those provided for by the Hatch-Waxman Act. Aligos Therapeutics has thus sought appropriate patent protection for the inventions made by individuals while working at Aligos Therapeutics.

4. Only people can be inventors in a patent application, not companies. Most frequently, companies receive rights to patent applications and patents when the individual inventors "assign" rights to their inventions. Employers are not automatically entitled to all of the inventions of their employees.

5. Janssen has no rights to the inventions that Aligos Therapeutics' employees have come up with while they were employed by Aligos Therapeutics. Those employees were under no obligation to assign their rights to Janssen, and they did not do so. They did assign their rights to Aligos Therapeutics. Aligos Therapeutics is thus the lawful owner of a number of patent applications and issued patents relating to work done by its employees.

6. The Disputed Patent Applications to which Janssen seeks rights in this case are the result of independent research and development pursued at Aligos Therapeutics, not at Janssen. For example, and without limitation, Defendants' independent research and development efforts relating to Nucleic Acid Polymers ("NAPs"), Antisense Oligonucleotides ("ASOs"), capsid assembly modulators ("CAMs"), and small interfering RNA ("siRNA") were accomplished using publicly-known information, Aligos Therapeutics' resources, technology licensed from other companies such as Luxna Biotech, AM Chemicals, and Emory University, and the ideas and creativity of Aligos Therapeutics' employees while they were employed at Aligos Therapeutics. Plaintiff has no lawful claim to any of that work.

7. Contrary to the allegations of the Complaint, Janssen has long known of Aligos Therapeutics' independent development in these areas, as, on information and belief, Janssen has been closely following Aligos Therapeutics' scholarly publications and presentations on its work. Contrary to the implications in the Complaint, Aligos Therapeutics has not attempted to conceal its work in these areas, but has instead made public its mission to develop these molecules for use in treating, *e.g.*, chronic hepatitis B. *See, e.g.*, "Aligos Therapeutics Presents Combination-Based Approach for Treating Chronic Hepatitis B (CHB) at HEP DART 2019," *available at* https://www.aligos.com/wp-content/uploads/2020/10/PR-Dec-10-2019.pdf.

8. **Examples of NAPs independent development**: In or around March 2004, the first international patent application describing the concept of nucleic acid polymers was published and later assigned to a corporation called Replicor, Inc. ("Replicor"). *See, e.g.*, Vaillant, Andrew and Juteau, Jean-Marc, *Non-Sequence Complementary Antiviral Oligonucleotides*, International Pub. No. WO/2004/024919A1 (published March 25, 2004). The patent application describes phosphorothioated oligonucleotide constructs of varying lengths, their potential chemical make-up, and their utility as antiviral agents. The specification discloses in detail the concept of oligonucleotides containing modified

backbones, non-natural internucleoside linkages, and modified nucleosides, including those with both sugar and base modifications. The specification also mentions, among other possibilities, phosphorothioate linkages, the use of locked nucleic acids (LNA), 3'-aminophosphoramidate linkages ("NPS"), unsubstituted ribosides, 2'-methoxy substituted ribosides ("2'-OMe"), 2'-methoxyethoxy substituted ribosides ("MOE"), and the use of base modification such as 5-methylcytosine ("5-Me-C").

9. The oligonucleotides exemplified in the initial publication are listed in Table 1 of that 2004 application. Among these are various lengths of oligonucleotides, including 40-mer and REP-2055, a fully phosphorothioated 40-mer oligonucleotide consisting of AC dinucleotide repeats. The utility of these oligonucleotides is detailed in the specification and also captured in the claims of the 2004 application. For example, Claim 18 of the 2004 application lists an oligonucleotide formulation wherein the target is Hepatitis B ("HBV"). Moreover, scientific literature describing the utility of REP-2055 against duck HBV first appeared in 2013.

10. In or around April 2008, the first US patent issued from the above-described applications, also assigned to Replicor. This patent is U.S. Patent No. 7,358,068 (the "'068 patent"). Claim 2 of the '068 patent relates to a method of HBV treatment involving the use of a fully phosphorothioated oligonucleotide classified as SEQ ID NO:24, which is the 40-mer poly-AC compound. Multiple additional patent applications have been filed by the same inventors, resulting in patents like U.S. Patent No. 8,067,385, which is specific to the utility of the compounds in treating HBV. *See, e.g.*, Valliant, Andrew and Juteau, Jean-Marc, *Antiviral Oligonucleotides Targeting HBV*, US Patent No. 8,067,385 B2 (issued November 29, 2011).

11. Aligos' approach to identify a clinical candidate in this area was what is known in the industry as a "fast follower" strategy based on the chemistry disclosed in the above noted Replicor patent materials, along with other publicly-available Replicor publications and presentations. Aligos coined the term S-antigen Transport inhibiting Oligonucleotide Polymers ("STOPS") to describe this work, because Aligos felt that NAPS was too general and could apply to any oligonucleotide and, in or around 2013, Replicor had demonstrated that these molecules could block the secretion of the HBV S-antigen. Aligos's goal in this work was to identify novel compounds that would yield improved pharmacological properties, leading to the ability to dose the compounds subcutaneously (in contrast, at the time, the lead

Replicor compound had only been dosed in humans intravenously). Aligos pursued these goals, and succeeded in pursuing those goals insofar as it identified a clinical candidate that was advanced into clinic trials by Aligos in 2019 for the treatment of Chronic Hepatitis B ("CHB"). The US Patent Office agreed that the invention was novel, possessed inventive step and industrial applicability, and thus awarded Aligos US Patent No. 11,166,976 on November 9, 2021. That patent is the result of Aligos's independent development and research. Plaintiff has no claim to that work.

12. **Examples of ASO independent development**: The first ASO targeting HBV was described in a patent application from scientists at Isis Pharmaceuticals (later changed to Ionis Pharmaceuticals) in 1995. *See, e.g.,* Anderson, Kevin and Cowsert, Lex, Antisense inhibition of hepatitis B virus replication, US Patent No. 5,985,662 (issued November 16, 1999). Additionally, several of Aligos's employees, including Drs. Blatt and Beigelman, have extensive experience in developing ASOs that predates their prior employment with Alios BioPharma and Plaintiff. Specifically, from 1998 to 2002, Dr. Blatt was the Vice President and Head of Research at an oligonucleotide company called Ribozyme/SIRNA. From 1995 to 2003, Dr. Beigelman was the group leader and subsequently Head of Medicinal Chemistry for Ribozyme/SIRNA. Ribozyme/SIRNA was focused on the development of RNA-like oligonucleotides therapeutics. While at Ribozyme/SIRNA, Drs. Blatt and Beigelman researched and developed several aspects of oligonucleotide therapeutics including ASOs, ribozymes, aptamers (protein binding oligonucleotides), and small interfering RNAs (siRNA). Moreover, Dr. Beigelman led the development of proprietary oligonucleotide stabilization chemistry based on a modification of the phosphodiester backbone with Sulphur ("PS") chemistry, as well as sugar modifications which helped stabilized the oligonucleotides.

13. In the early years, Ribozyme/SIRNA directed much of this research and development towards virology and oncology targets. From 1998 to 2004, however, Ribozyme/SIRNA's work on oligonucleotides was directed towards HBV and Hepatitis C ("HCV"), and Drs. Blatt and Beigelman are named as co-inventors on patents pertaining to this work that covers, among other things, ASOs targeting the HBV genome. Both Drs. Blatt and Beigelman are among the first people to use oligonucleotides to target these viral pathogens.

14. Based on this work at Ribozyme/SIRNA, Drs. Blatt and Beigelman developed expertise relating to the methodologies for oligonucleotide screening, as well as bioinformatics criteria that would lead to the identification of active and specific oligonucleotides against a specified target. One lesson that they learned in the late 1990s was related to the screening cascade needed to contain the final (or near-final) oligonucleotide stabilization chemistry for a drug candidate. Because different oligonucleotide stabilization chemistries confer different three-dimensional structures, molecular flexibility, and, ultimately, affinity to the target, target sites that may work for one chemistry are often not predictive for others.

15. At Aligos, Aligos's ASO approach to target HBV and downregulate Hepatitis B surface antigen ("HBsAg") was based on a gapmer approach originally advanced into clinical development by Ionis utilizing their 2'-MOE chemistry and subsequently followed by Roche with their LNA gapmers. Both of these innovations were well described in the scientific literature, however, neither Ionis nor Roche had systematically evaluated different sizes of gap and flanking sequences in their initial screens. In contrast, Aligos Therapeutics utilized an innovative bioinformatics approach including all possible variants of DNA gap and LNA wings in 16-,17-, and 18-mer gapmers in an initial screen. Importantly, Aligos did not utilize NPS chemistry. Aligos also utilized technology licensed from Luxna Biotech and originating from Osaka University in its ASO program as well as proprietary GalNAc4 ligands licensed from Am Chemical. Aligos has publicly disclosed its use of Luxna chemistries. *See, e.g.*, https://www.aligos.com/wp-content/uploads/2020/11/Best-in-class-hepatitis-B-virus-anti-sense-oligonucleotides-Next-generation-bridged-nucleic-acid-chemistries-significantly-improve-the-therapeutic-index-by-reducing-hepatotoxicity.pdf. Through its independent research and development, Aligos identified a clinical candidate for use in HBV.

16. Aligos has presented on its ASO program publicly, including in December 2019 at HEP DART 2019, where defendant Dr. Blatt gave a presentation entitled "Combination Approaches Towards a Functional Cure for Chronic Hepatitis B" that discussed Aligos's STOPs, ASO, and CAMs programs. On information and belief, Janssen representatives attended Dr. Blatt's presentation in December 2019.

17. **Examples of CAMs independent development**: Aligos Therapeutics worked on the development of its CAM molecules in two series (Series 1 and Series 2) and in collaboration with the

laboratory of Raymond Schinazi, Ph.D., D.Sc., FAASLD (Pediatrics) under a license agreement with Emory University. Plaintiff has no lawful claim to any of that work.

18. **Series 1**: The initial concept of targeting the aggregation of core protein with small molecules to interfere with capsid formation was placed in the public domain in 2002 (nearly 20 years ago) by Bayer AG. Following this discovery, a number of academic and industrial entities conducted discovery and development activities in the CAMs area, including, among others, Arbutus, Assembly Biosciences, Emory University, Enanta, Indiana University, Johnson & Johnson, Novira, Roche and Sunshine Lake Pharma. Moreover, recent published articles have reviewed the mechanistic role and potential utility of these CAMs to treat Chronic Hepatitis B ("CHB"). *See, e.g.*, Taverniti, Valerio, et al., Capsid Assembly Modulators as Antiviral Agents against HBV: Molecular Mechanisms and Clinical Perspectives, J. CLIN. MED. (2022).

19. During its independent research and development, Aligos identified a compound of interest, which would become known as ALG-001075. This compound distinguished itself from other CAMs compounds in the series by displaying sub-nanomolar potency along with excellent drug-like properties, including in-vivo drug metabolism and pharmacokinetics ("DMPK") properties. Aligos then scaled up this compound and advanced it to an in-vivo efficacy model (i.e., the AAV-HBV mouse model). Over the course of this study, Aligos observed an unprecedented 5-log10 IU/mL drop in Hepatitis B viral DNA. Later in 2019, Aligos presented this data at the American Association for the Study of Liver Diseases's ("AASLD") Liver Meeting. *See, e.g.*, https://www.aligos.com/wp-content/uploads/2020/10/PR-Nov-8-2019.pdf. On information and belief, Plaintiff was aware of that data, and the data was otherwise available to Plaintiff as it was publicly disclosed and available. In other words, Defendants were not hiding the work that they were doing in this field. Moreover, on information and belief, Plaintiff closely followed Aligos Therapeutics' public and academic presentations of data, including, *e.g.*, poster presentations made by Aligos Therapeutics at academic conferences.

20. The compound ALG-001075 had a completely novel structure that was based on discoveries made by Aligos as a result of its independent research and development. In April 2019, based on this work, Aligos filed a provisional patent application containing ALG-001075 and multiple related compounds, which was later updated with a further provisional filing in November 2019. Aligos

thereafter filed a non-provisional patent application in April 2020. The US Patent Office issued U.S. Patent No. 11,191,747B2 for this novel compound (and related compounds) in December 2021. *See* Vendeville, Sandrine, et al., Pyrrole compounds, US Patent No. 11,191,747B2 (issued December 7, 2021). Far from concealing this work, as Janssen alleges, Aligos Therapeutics publicly announced in 2019 that two of its CAM candidates, including ALG-10075, had demonstrated strong pre-clinical activity in chronic Hepatitis B. *See, e.g.*, https://www.aligos.com/wp-content/uploads/2020/10/PR-Nov-8-2019.pdf.

21. Aligos's work with this compound continued and Aligos then decided to pursue a prodrug approach. Importantly, Aligos's application of a prodrug approach to a CAM was also novel. While various prodrugs were prepared, the best performing was ALG-000184, which was first prepared in July 2019 and had very high solubility in water and demonstrated excellent dose proportionality when dosed orally across preclinical species. Aligos presented this data at the 2020 European Association for the Study of the Liver ("EASL") conference. The poster presentation, available at https://www.aligos.com/wp-content/uploads/2020/11/ALG-000184-a-prodrug-of-capsid-assembly-modulator-ALG-001075-demonstrates-best-in-class-preclinical-characteristics-for-the-treatment-of-chronic-hepatitis-B.pdf, provides significant detail on Aligos Therapeutics' CAMs research project, *i.e.*, Aligos publicly disclosed its work on this molecule. On information and belief, Plaintiff was also aware of that data because it was following Aligos' work. The initial work on this compound was also covered by US Patent No. 11,191,747B2.

22. ALG-000184 later successfully advanced through all preclinical studies. Thereafter, in October 2020, Aligos advanced the compound to human clinical trials. ALG-000184 is being studied in patients with chronic hepatis B. *See, e.g.*, https://clinicaltrials.gov/ct2/show/NCT04536337. On information and belief, Plaintiff was aware of this clinical trial at least once it was publicly posted on clinicaltrials.gov.

23. **Series 2**: Aligos used the same initial concept of targeting the aggregation of core protein with small molecules to interfere with capsid formation that has been in the public domain for nearly 20 years, first discovered by Bayer and later developed further by a number of other entities. Since then, over a dozen distinct structural CAMs families have been discovered using techniques like high

throughput screening, competitive intelligence analysis approach, and scaffold hopping. Despite this rapid progress in the CAMs field, the clinical candidates that various entities eventually reported in September 2018 suffered from a number of drawbacks, including, among other things, a relatively modest potency on cell-based assays and a lack of HBsAg decline in animal models.

24. With this background, Aligos aimed to discover novel drug candidates addressing the limitations of the prior CAMs in order to explore the full clinical potential of this class of compounds. To achieve this goal, Aligos initiated its Series 2 CAMs project in September 2018. As part of this project, Aligos took a number of chemical structures, all published in the prior art, and applied a scaffold hopping approach, which is an approach used by medicinal chemists to discover new lead compounds that could improve properties of pre-existing drugs (or even discover new drugs). *See, e.g.*, Raboisson, Dr. Pierre, et al., The Practice of Medicinal Chemistry, 95-96 (4th ed.). Aligos's medicinal chemists applied this scaffold hopping approach to the existing CAMs compounds published in the literature, focusing on the heterocyclic fused piperidine and piperazine scaffolds previously published by Roche (WO_2016/113273) and Novira Therapeutics (US_2016_0185779).

25. During this process, Aligos's scientists developed many new scaffolds in September 2018. For example, Aligos's scientists proposed novel compounds based on novel bicyclic and tricyclic scaffolds. One of these novel series is based on an imidazolone fused to the piperazine moiety, which was discovered at Aligos. Defendants discovered that novel compounds having a fused imidazolone ring system all display advantageous properties, including low nanomolar potency in HBV cell-based assays, and have applied for patents to protect these compounds. *see, e.g.*, PCT/US2020/028349; 16/849851.

26. In addition to this novel fused imidazolone scaffold, Aligos's scientists also explored a ring extension strategy to identify other novel CAMs derivatives. Ring extension is a well-known method used by medicinal chemists to identify novel derivatives. *See, e.g.*, Raboisson, Dr. Pierre, et al., The Practice of Medicinal Chemistry, 308 (4th ed.). Aligos's ring extension strategy led to its discovery of different novel scaffolds including the fused pyrimidone derivatives reported in 16/885,128, PCT/US2020/034746, and 17/446,651. The compounds from this chemical series also display advantageous properties, including low nanomolar potency in HBV cell-based assays.

27. Another prong of Aligos's initial CAMs strategy was exploring the substituents on the novel scaffolds mentioned above. This work led to the discovery of different series of CAMs, including the fused imidazolone (PCT2020/028349 and 16/849851) and fused pyrimidone (16/885,128, PCT/2020/034746 and 17/446,651). In particular, Aligos's medicinal chemists investigated the possibility of introducing substituents previously reported by scientists from Indiana University (published in US Patent No. 9796722B1). This research showed that both ureas and acyl groups could be used to obtain potent CAMs derivatives. Another entity, Enanta, has also reported (in WO2016161268) that the urea could be replaced by an imidazole moiety. Aligos's research in this area is continuing. Plaintiff has no claim to any of this work.

28. **Examples of siRNA independent development**: Aligos initiated the HBV siRNA program as a possible complement to its ASOs effort, since, compared to ASOs, siRNA tends to require less frequent subcutaneous dosing. By the time Aligos started its program, several other entities had already published their work on HBV siRNA (as far back as the early 2000s) and entered clinical studies. *See, e.g.*, Blatt, Lawrence, et al., Oligonucleotide mediated inhibition of hepatitis B virus and hepatitis C virus replication, US Pub. No. 2004-0127446 A1 (published July 1, 2004); Morrissey, David, et al., RNA interference mediated inhibition of hepatitis B virus (HBV) using short interfering nucleic acid (siNA), US Pub. No. 2003-0206887 A1 (published November 6, 2003); Draper, Kenneth, et al., Method and reagent for inhibiting hepatitis B virus replication, US Pub. No. 2003-0068301 A1 (published April 10, 2003); Blatt, Lawrence, et al., Enzymatic nucleic acid treatment of diseases or conditions related to Hepatitis C virus infection, US Pub. No. 2002-0082225 A1 (published June 27, 2002).

29. Aligos's program implemented a differentiated approach, allowing Aligos to move more quickly with its siRNA work. Aligos was also able to accelerate this research by relying on Drs. Blatt's and Beigelman's extensive experience in oligonucleotide development and the extensive experience of other employees—all of which predates their employment at Alios BioPharma and, as a result, Janssen. Specifically, from 1998 to 2002, Dr. Blatt was the Vice President and Head of Research at a company called Ribozyme/SIRNA, which was focused on developing RNA-like oligonucleotides therapeutics. Around this same time, from 1995 to 2003, Dr. Beigelman was the Head of Chemistry for Ribozyme/SIRNA. While at the Ribozyme/SIRNA, Drs. Blatt and Beigelman worked on several aspects

of oligonucleotide therapeutics, including, among others, ASOs, ribozymes, aptamers, and siRNAs. Drs. Blatt and Beigelman directed much of this work toward virology and oncology targets. For example, from 1998 to 2004, Drs. Blatt and Beigelman, along with others from Ribozyme/SIRNA, worked on oligonucleotides directed at treating HBV and HCV. As a result of this work, Drs. Blatt and Beigelman are named as co-inventors on patents covering ASOs, ribozymes, and siRNAs targeting the HBV genome. To their knowledge, they are among the first people to use oligonucleotides to target these viral pathogens. *See* Morrissey, David, et al., Characterization of nuclease-resistant ribozymes directed against hepatitis B virus RNA, J. Viral Hepat. (Nov. 2002).

30. Through their work at Ribozyme/SIRNA, Drs. Blatt and Beigelman developed expertise in methods to screen oligonucleotides and an understanding of the bioinformatics criteria that would lead to the identification of active and specific oligonucleotides against a specified target. For example, Drs. Blatt and Beigelman learned in the late 1990s that the screening cascade necessary for containing the final (or near-final) oligonucleotide stabilization chemistry for a drug candidate.

31. Using this background, Aligos began its work on siRNAs targeting HBV. At the time Aligos began work in this area, there were already at least eight other companies in the same space all of which were years ahead in their work compared to Aligos, namely, Alnylam/Vir, Hoffman La Roche, Arrowhead, Arbutus, Ionis/GSK, Acturus, Johnson & Johnson (based on NPS chemistry), and Dicerna. Because of this, Aligos decided to use 2'-F and 2'-OMe fully-stabilized siRNA duplexes because it is a highly de-risked stabilization chemistry for RNA that was already being used in approved siRNA drugs from Alnylam. This chemistry originated from Drs. Blatt's and Beigelman's initial RNA stabilization efforts at Ribozyme/SIRNA, where—more than 25 years ago—they demonstrated full stabilization of catalytic RNA with combination of 2'-OMe, 2-deoxy/alkyl, and 2'-F nucleotides. Drs. Blatt and Beigelman knew that such a stabilization approach would work well in siRNA based on this prior work at Ribozyme/SIRNA, as well as subsequent work completed by companies like Arrowhead and Alnylam. For example, Alnylam reported that certain 2'-F reduced patterns in siRNA could maintain in vitro potency of their parents with a higher percentage of 2'-F but improved the metabolic stability compared to in-vivo potency and durability. Taken together, this led Aligos to again collaborate with Axolabs to begin developing siRNA innovative stabilization chemistry with minimal 2'-F content to target HBV

siRNA. Aligos directed Axolabs to explore some innovative minimal 2'-F patterns, and Axolabs later transferred these novel innovations to Aligos. This work culminated in the initial HBV siRNA provisional patent application that Aligos filed in March 2020. Aligos has also utilized proprietary GalNAc4 ligands licensed from Am Chemicals in this research.

32. This independent development led Aligos to the discovery of the ALG-125755 compound, and, after further work, ALG-125539. ALG-125539 was shown in testing to have robust antiviral activities and other promising results. In the end, Aligos advanced ALG-125755 as a development candidate in early 2021. Plaintiff has no lawful claim to any of this work.

33. For these and other reasons, it is clear that Aligos independently developed the inventions claimed in the Disputed Patent Applications. Those inventions do not belong to Janssen.

34. Despite Aligos's independent development, which Janssen has long known about, Janssen has nevertheless improperly now asserted that Dr. Blatt, Dr. Beigelman, and others were required, by the terms of Proprietary Information and Assignment Agreements signed by each while at a company called Alios BioPharma, Inc. ("Alios BioPharma"), to assign to Janssen a wide swath of patent applications filed for by Aligos Therapeutics based on work done by its employees while they were employed at Aligos Therapeutics. Alios BioPharma was in 2014 acquired by Johnson & Johnson, at which point it became a "Janssen" company. Cross-Defendant Janssen has alleged that it is the current incarnation of Alios BioPharma, and it claims to have the rights to assert the Alios BioPharma Proprietary Information and Assignment Agreements.

35. The assertion by Janssen that Dr. Blatt, Dr. Beigelman, and others were required to assign to Janssen patent applications filed for by Aligos Therapeutics is contrary to law and contrary to promises that Janssen made to Dr. Blatt and Dr. Beigelman that Janssen would not interfere if they did as they have done—formed a new company to carry on their mission of bringing life-changing therapeutics to patients. Those promises are now revealed to be fraudulent.

36. On September 29, 2014, Johnson & Johnson and Alios BioPharma entered into an agreement and plan of merger whereby Johnson & Johnson would acquire Alios BioPharma, causing Aliso BioPharma to become a subsidiary of Johnson & Johnson, and to be referred to as a Janssen company. The acquisition was completed on November 7, 2014.

37. No term of the merger agreement required that either Dr. Blatt or Dr. Beigelman continue to work at Janssen after the merger was completed, and neither Janssen nor Johnson & Johnson was entitled to their services as a result of the merger.

38. Johnson & Johnson, however, acting on behalf of its subsidiary Janssen, lured Dr. Blatt and Dr. Beigelman into continuing to work for Janssen after the merger by promising Dr. Blatt and Dr. Beigelman the following: that they would be given adequate support and funding for their projects so that promising drug candidates would matriculate into clinical trials and be supported through potential approval; that their group could expand into broader therapeutic areas; that they would have autonomy in the management of the infectious disease portfolio at Janssen, so that they could work and act like entrepreneurs as they did while independently running Alios BioPharma prior to the merger; and that the corporate culture at Alios BioPharma would be maintained, which culture emphasized valuing all employee input, celebrating diversity, making decisions based on science, and choosing the course of conduct that was best for patients, with the understanding that with that approach, the rest would follow. These promises led Dr. Blatt and Dr. Beigelman to believe that they could, while at Janssen, develop therapies that would help patients.

39. In a meeting that took place prior to the close of the merger at Alios BioPharma's site, William Hait, MD, Vice President of Research and Development for Janssen, conveyed these promises to Dr. Blatt and Dr. Beigelman. Dr. Hait told Drs. Blatt and Beigelman that he was very impressed with the portfolio of antiviral drugs at Alios BioPharma, and that he wanted to inject more entrepreneurial business practices into the Infectious Diseases group at Janssen. He further explained that if Drs. Blatt and Beigelman joined Janssen, he would make sure that they could continue to work as they did as an independent biotechnology company, maintaining streamlined business practices and the Alios BioPharma corporate culture. He also said that he wanted the Alios BioPharma team to lead the Johnson & Johnson ("J&J") infectious diseases group to become more productive and entrepreneurial, with the specific goal of achieving success more frequently and more often than had been the norm under existing leadership, which had not been successful in moving drugs from in-house projects through to approved products. When told by Dr. Blatt and Dr. Beigelman that Janssen needed to commit to bringing new drugs all the way through to Phase 3 clinical trials and then ultimately pursuing approval if it was to

achieve its goals, Dr. Hait agreed that Janssen would be so committed under the leadership of Drs. Blatt and Beigelman. Dr. Blatt and Dr. Beigleman specifically raised that large pharmaceutical companies are prone to giving up on drugs prior to approval for nonscientific reasons, and that they needed the commitment that Janssen would not abandon successful drugs pre-approval. Dr. Hait assured them that Janssen was committed and that he would personally support bringing the portfolio of infectious diseases assets invented at Alios BioPharma through clinical development and onto the market. Dr. Hait further stated that he knew Dr. Blatt and Beigelman's entrepreneurial leadership and streamlined management style was going to be good for the entire J&J organization. The promises made to Drs. Beigelman and Blatt during their interactions with Dr. Hait were a key motivation in their decision to join Janssen.

40. In another meeting with Dr. Hait and Michael Grissinger, Vice President of Business Development, Drs. Blatt and Beigelman discussed their apprehension that it would be difficult to maintain entrepreneurial practices in a company as large as Janssen. Both Dr. Hait and Mr. Grissinger reassured Drs. Blatt and Beigelman that Janssen was committed to allowing Drs. Blatt and Beigelman to maintain entrepreneurial practices and the Alios BioPharma corporate culture. Dr. Hait and Mr. Grissinger and also reassured Drs. Blatt and Beigelman that if the two wanted to leave Janssen, they would support them to start a new company, as they knew entrepreneurship was a vital part of the drug development ecosystem.

41. In another interaction prior to making the decision to join Janssen, Marc Schorpion, Vice President of Human Resources, met with Drs. Blatt and Beigelman to propose the specifics of their employment. Mr. Schorpion reiterated the words of Dr. Hait and told Drs. Blatt and Beigelman that they were excited to have entrepreneurs of their background and caliber join Janssen, and he was very impressed with the accomplishments and Alios BioPharma. He reiterated the need to inject entrepreneurial business practices into Janssen and promised that Drs. Blatt and Beigelman could continue to work autonomously, streamline decision-making, and maintain the Alios BioPharma corporate culture of putting the needs of patients first. He also told Drs. Blatt and Beigelman that at Janssen they would have "a bigger playground" with more resources to expand work into addition infectious disease areas. He told them they could focus their work on drug discovery and development, and they would not have to be involved in fund raising as they did at Alios BioPharma. He also

referenced the Johnson & Johnson credo, which he claimed was consistent with the Alios BioPharma corporate culture and values. Mr. Schorpion also told Drs. Blatt and Beigelman that in order to incentivize them to stay at Janssen for a period of at least three years, they would be given the opportunity to earn time and achievement-based cash and stock milestones that would be an attempt to emulate stock appreciation for a biotechnology company. To this end, time and achievement-based milestones with payout after three years of service were offered to Drs. Blatt and Beigelman as part of their proposed employment compensation.

42. Dr. William Hait and Michael Grissinger also promised Dr. Blatt that if Dr. Blatt and Dr. Beigelman wanted to leave, they could do so, and Janssen would not hinder their efforts to leave. That promise was made just prior to the close of the merger, in the fall of 2014. That promise led Dr. Blatt and Dr. Beigelman to believe that if things did not work out at Janssen, they could found a new company at which they would be free to continue their mission to bring promising therapies to patients without interference from Janssen. That promise was false. Far from letting Dr. Blatt and Dr. Beigelman continue their mission, Janssen has unfairly sought to restrict Dr. Blatt and Dr. Beigelman from engaging in a lawful profession—working to develop drugs to improve the lives of patients.

43. Dr. Blatt and Dr. Beigelman relied on the promises made to them, to their detriment. They continued to provide services to Janssen for several years after the merger, even though they could have instead been developing drugs at an independent company, e.g. they could have founded Aligos Therapeutics earlier.

44. Those promises were false when made. Janssen did not intend to keep these promises, and it did not do so. Janssen not only did not support Dr. Blatt's and Dr. Beigelman's work, but Janssen affirmatively impeded it. For example:

45. Dr. Blatt and Dr. Beigelman learned, after they were working at Janssen, that no one at Janssen told Dr. Johan Van Hoof, the Global head of Infectious Diseases and Vaccines, that Drs. Blatt and Beigelman had been promised that they could maintain Alios BioPharma's corporate culture and entrepreneurial business practices.

46. It was also only after they began working at Janssen that Drs. Blatt and Beigelman learned that, contrary to the promises made to them about Janssen's commitment to fund promising drugs

through to Phase 3 trials and approval, their ability to advance drugs through to clinical trials would instead be tied to a specific financial model. The inputs to the model were then changed and the model was used to give Alios BioPharma projects lower rankings. Additional funding was purportedly available for research and development activities that scored well in an exercise involving a panel of judges (which panel had no expertise in infectious diseases), but that additional funding also did not materialize. These hurdles to funding did not comport with the promises made that the Alios BioPharma team would not only have sufficient funding to develop its existing pipeline, but it would be able to expand into other infectious disease areas.

47. Dr. Blatt was not permitted to focus on Alios BioPharma and its all-important drug development mission, but was instead required to expend significant time at J&J corporate bureaucracy events not relevant to the Alios mission. These other events ranged from pan-company J&J meetings at which, *e.g.*, consumer goods were a focus, to weekly 5:00 am video calls with leaders from other therapeutic areas, to sales and marketing training meetings, and more. Dr. Blatt also had been promised that he would not have to attend funding events, but contrary to that promise, was in fact required to attend lavish social events and carnival-like parties associated with investor conferences at, *e.g.*, nightclubs. The toll on his time of these events and the associated needless global travel was significant, leaving him without time for the work he had gone to Janssen to do, *i.e*, discovering and developing promising drugs to help patients. His mandatory participation was also contrary to the promises made to him about his ability to manage Alios BioPharma as before, in the mold of an entrepreneurial company.

48. Under Dr. Blatt's leadership, the Alios BioPharma team successfully developed a triple combination therapy for use in treating chronic hepatitis C patients, using Alios BioPharma nucleoside analog AL-335 alongside two other therapies, Odalasvir (ACH-3102) and Simeprevir. *See, e.g.*, https://clinicaltrials.gov/ct2/show/NCT02765490. The combination proved effective, and with just six week of therapy more than 95% of patients were cured of chronic hepatitis C. This was in contrast to 12 weeks of therapy needed for the leading marketed Gilead Sciences combination therapy. Although this therapy was thus precisely the type that Dr. Blatt and Dr. Beigelman should have been permitted to advance into Phase 3 trials and seek approval for based on the promises made to them, Janssen stopped development of this combination theory in September 2017, without input from Drs. Blatt and

Beigelman. That decision was devastating, contrary to patient interests, and contrary to the promises made to Drs. Blatt and Beigelman.

49. In keeping with the commitment that he had secured from Janssen that the group could expand into broader therapeutic areas, Dr. Blatt organized a team to investigate new approaches to a possible HIV ***cure***—not a new lifelong maintenance therapy, like those in J&J's existing portfolio, but a possible cure. Researching a possible cure was consistent with Alios BioPharma's mission to do what was best for patients, and was the approach the team had pursued with respect to hepatitis C. Janssen, however, did not let Dr. Blatt and Dr. Beigelman form a research team to research possible new HIV cures, and denied funding to the effort. Instead, Janssen has continued to pursue its pipeline of products that must be taken for life. Janssen's refusal to fund the work towards a possible HIV cure was contrary to the promises that had convinced Drs. Blatt and Beigelman to work at Janssen.

AFFIRMATIVE DEFENSES

Defendants plead the following affirmative defenses, without admitting any allegations in the Complaint or any other wrongful conduct, without assuming any burden of proof not imposed by law, and incorporating by reference the allegations of Paragraphs 1-49 in each of the following Affirmative Defenses:

FIRST AFFIRMATIVE DEFENSE

(Failure to State a Claim for Relief)

Plaintiff's causes of action all fail to state facts sufficient to constitute any cause of action against Defendants upon which relief may be granted and fail to show that Plaintiff has suffered any harm.

SECOND AFFIRMATIVE DEFENSE

(Independent Development)

Plaintiff's causes of action for Breach of Contract (First Cause of Action), Tortious Interference with Contract (Second Cause of Action), Declaratory Judgement of Ownership (Third Cause of Action), Conversion (Fourth Cause of Action), and Fraud (Fifth Cause of Action) are barred in whole or in part insofar as Plaintiff's alleged trade secrets and confidential information were independently derived by Defendants and the inventions that underly the "Disputed Patent Applications" referenced in the Complaint were independently developed. To the extent Plaintiff's cause of action for Unfair

Competition (Sixth Cause of Action) is based on the alleged misuse by Defendants of Plaintiff's or Alios BioPharma's resources or confidential information, that cause of action is also barred in whole or in part by this defense. The Aligos inventions and associated intellectual property (including the Disputed Patent Applications) were developed without using the equipment, supplies, or facilities of Plaintiff or Alios BioPharma, without misusing Plaintiff's or Alios BioPharma's confidential information, and not as a result of any work performed for Plaintiff or Alios BioPharma. These inventions were not made by defendants Drs. Blatt or Beigelman while working for Plaintiff, and Defendants did not take these or any other inventions from Plaintiff. Instead, these inventions were independently developed and defendants Drs. Blatt and Beigelman had no obligation to assign any patent applications based on these inventions (including the Disputed Patent Applications) to Plaintiff. Because these inventions were independently developed, defendants Drs. Blatt and Beigelman assigning the Disputed Patent Applications to Aligos Therapeutics does not constitute a breach by Blatt or Beigelman of any obligation to Plaintiff, or fraud, or conversion, or an interference with any contractual obligation.

Plaintiff admits that its causes of action are based at least in part on defendant Drs. Blatt and Beigelman's purported "obligation to assign patent applications to Janssen," such that this defense – which establishes that Drs. Blatt and Beigelman had no obligation to assign patent applications to Janssen – applies to all causes of action. *See* Plaintiff Janssen's June 23, 2022 Opposition to Defendants' Demurrer at 6-7; *see also id.* at 7-8 ("Janssen bases its conversion claim on Defendants' interference with its inventions . . . Specifically, Janssen alleges that Defendants have wrongfully taken 'inventions (as defined in the PI&A Agreements) developed using Plaintiff's equipment, supplies, and facilities, including but not limited to a property right in all such inventions disclosed in the Disputed Patent Applications.'") (quoting Compl. ¶¶ 72-73); *id*. at 8-9 (stating Plaintiff's fraud cause of action is based in part on Blatt having purportedly "misrepresented his compliance with the PI&A Agreement's assignment provision, which grants Janssen ownership of any inventions Blatt discovered in the courts of his work for Janssen"); *id*. at 10 (stating Plaintiff's unfair competition cause of action is based in part on Plaintiff's allegations that Defendants "intentionally induced Blatt and Beigelman to breach their assignment provisions" and "filed patent applications based on work done at Janssen"). But Drs. Blatt and Beigelman's assignment of the Disputed Patent Applications to Aligos Therapeutics and not to Plaintiff

is not a breach at all due to the independent development of the underlying inventions on which the Disputed Patent Applications are based. These inventions were not based on work done at Janssen, but instead were independently developed. Accordingly, the independent development alleged here negates all of Plaintiff's causes of action.

THIRD AFFIRMATIVE DEFENSE

(Substantial Compliance)

Plaintiff's causes of action for Breach of Contract (First Cause of Action), Tortious Interference with Contract (Second Cause of Action), Declaratory Judgement of Ownership (Third Cause of Action), Conversion (Fourth Cause of Action), and Fraud (Fifth Cause of Action) are barred in whole or in part because defendant Dr. Blatt and defendant Dr. Beigelman substantially complied with any legal and enforceable obligations to Plaintiff such that any alleged breach was not a material breach. To the extent Plaintiff's cause of action for Unfair Competition (Sixth Cause of Action) is based on any alleged breach by defendant Dr. Blatt or defendant Dr. Beigelman of any obligation to Plaintiff, that cause of action is also barred in whole or in part by this defense. Drs. Blatt and Beigelman substantially complied with any valid and enforceable obligations to Plaintiff pursuant to their respective Proprietary Information and Assignment Agreements with Alios BioPharma and any valid and enforceable obligations to Plaintiff related to their former positions as employees of Plaintiff. The Aligos Therapeutics inventions and associated intellectual property (including the Disputed Patent Applications) were not made by Drs. Blatt or Beigelman while working for Plaintiff, were not developed using Plaintiff's resources or confidential information, and Defendants did not take these or any other inventions from Plaintiff.

Plaintiff admits that its causes of action are based at least in part on a purported breach and failure by Drs. Blatt and Beigelman to comply with obligations to Plaintiff such that this defense – which establishes that Drs. Blatt and Beigelman have not breached any obligation to assign patent applications to Janssen – applies to all causes of action. *See* Plaintiff Janssen's June 23, 2022 Opposition to Defendants' Demurrer at 6-7 (stating "the specific breach at issue" in Plaintiff's cause of action for intentional interference with contract is a purported breach of "Blatt and Beigelman's obligation to assign patent applications to Janssen"); *id.* at 8 (Plaintiff's "conversion claim seeks redressed for Defendants' theft of its inventions," and Plaintiff's related "right to the patent applications derives from contractual

obligations" that Defendants Blatt and Beigelman purportedly breached); *id*. at 8-9 (stating Plaintiff's fraud cause of action is based in part on Blatt having purportedly "misrepresented his compliance with the PI&A Agreement's assignment provision, which grants Janssen ownership of any inventions Blatt discovered in the courts of his work for Janssen"); *id*. at 10 (stating Plaintiff's unfair competition cause of action is based in part on Plaintiff's allegations that Defendants "intentionally induced Blatt and Beigelman to breach their assignment provisions" and "filed patent applications based on work done at Janssen"). These causes of action are all based, at least in part, on a purported breach by Defendants Drs. Blatt and Beigelman of obligations to Plaintiff. But Drs. Blatt and Beigelman substantially complied with any legal and enforceable obligations to Plaintiff, such that any alleged breach of an obligation was not a material breach.

FOURTH AFFIRMATIVE DEFENSE

(Standing)

Plaintiff's causes of action are all barred in whole or in part because Plaintiff lacks standing or is not the real party in interest, including in that Plaintiff at all relevant times did not have any ownership right to the inventions or intellectual property at issue. Plaintiff has no rights, contractual or otherwise, to the inventions and intellectual property (including the Disputed Patent Applications) on which Plaintiff's causes of action are based. Plaintiff does not allege that the inventorship on the Disputed Patent Applications is wrong, but only alleges that is has an ownership right in the inventions and associated patent applications at issue. That incorrect ownership allegation underlies all of Plaintiff's causes of action. Plaintiff therefore lacks standing to bring its causes of action.

FIFTH AFFIRMATIVE DEFENSE

(Unenforceability)

Plaintiff's causes of action are all barred in whole or in part because the assignment provisions in the Alios BioPharma Proprietary Information and Assignment Agreements that underly Plaintiff's causes of action are void and unenforceable.

SIXTH AFFIRMATIVE DEFENSE

(Illegality)

Plaintiff's causes of action are all barred in whole or in part because provisions in the Alios BioPharma Proprietary Information and Assignment Agreements that underly Plaintiff's causes of action violate applicable law including, without limitation, California Business & Professions Code section 16600.

SEVENTH AFFIRMATIVE DEFENSE

(Fraudulent Inducement)

Plaintiff's causes of action are all barred in whole or in part because Plaintiff fraudulently induced Defendant Blatt and Defendant Beigelman to work for Plaintiff instead of setting out on their own after the 2014 acquisition of Alios BioPharma.

EIGHTH AFFIRMATIVE DEFENSE

(Statute of Limitations)

Plaintiff's causes of action are all barred in whole or in part by the applicable statute of limitations including, without limitation, California Code of Civil Procedure sections 337, 338, and 339, and California Business and Professional Code section 17208.

NINTH AFFIRMATIVE DEFENSE

(Laches)

Plaintiff unreasonably delayed in providing notice and in commencing and prosecuting this action, which caused unfair prejudice to Defendants. On information and belief, Plaintiff was aware of the work of Defendants to develop new and novel drugs and therapies to help patients (including work involving nucleic acid polymers, capsid assembly modulators, antisense oligonucleotides, and small interfering RNA) and to invest in and develop related research and intellectual property and to seek associated protections before Plaintiff brought its causes of action. Before defendants Drs. Blatt and Beigelman initially joined Plaintiff, they were told by Dr. Hait and Mr. Grissinger that if Drs. Blatt and Beigelman wanted to leave Plaintiff, Plaintiff would not hinder Blatt and Beigelman's efforts to leave and that Dr. Hait and Mr. Grissinger would support Blatt and Beigelman to start a new company, as they knew entrepreneurship was a vital part of the drug development ecosystem. Plaintiff thus necessarily

knew that Aligos Therapeutics, from its inception, had as its mission to carry on Drs. Blatt and Beigelman's life mission to develop life-saving drugs. On information and belief, before Plaintiff filed this action, Plaintiff was aware of the areas in which Drs. Blatt and Beigelman would research and develop new inventions at Aligos Therapeutics. At all relevant times, Plaintiff was well aware that Drs. Blatt and Beigelman are prominent researchers in the technical fields of the inventions that lead to the Disputed Patent Applications and that Drs. Blatt and Beigelman had dedicated their professional lives to curing related diseases. Plaintiff also knew the nature of Aligos Therapeutics work as, on information and belief, Plaintiff closely followed Aligos Therapeutics' public and academic presentations of data, including, *e.g.*, poster presentations made by Aligos Therapeutics at academic conferences. Plaintiff's decision to delay suit until Aligos Therapeutics was beginning to succeed has prejudiced Defendants. Aligos Therapeutics is at a critical stage of growth, and its patent protection is important to it as a company, and Plaintiff's allegations against Defendants have caused damage to Defendants' reputation. Had Plaintiff brought this action earlier, it could have been resolved earlier, such that no cloud on Defendants' reputation would exist at this critical stage. For at least these reasons, Plaintiff is barred from any recovery from Defendants for any of Plaintiff's causes of action under the equitable doctrine of laches.

TENTH AFFIRMATIVE DEFENSE

(Speculative Damages)

Plaintiff's causes of action are barred, in whole or in part, because Plaintiff's alleged damages are speculative, uncertain, or contingent, and are not recoverable at law or equity. Plaintiff seeks compensatory, statutory, and punitive damages, but Plaintiff does not allege facts that support any legal basis for monetary damages.

ELEVENTH AFFIRMATIVE DEFENSE

(No Basis for Punitive Damages)

Plaintiff's causes of action for punitive damages are barred, in whole or in part, because Plaintiff fails to state any facts or legally cognizable basis upon which an award of punitive damages may be granted against Defendants.

TWELFTH AFFIRMATIVE DEFENSE

(Waiver, Estoppel, Acquiescence, or Ratification)

Plaintiff's causes of action are barred in whole or in part by the doctrine of waiver, estoppel, acquiescence, or ratification. On information and belief, Plaintiff was aware of the work of Defendants to develop new and novel drugs and therapies to help patients (including work involving nucleic acid polymers, capsid assembly modulators, antisense oligonucleotides, and small interfering RNA) and to invest in and develop related research and intellectual property and to seek associated protections before Plaintiff brought its causes of action. At all relevant times, Plaintiff was well aware that Defendants Drs. Blatt and Beigelman are prominent researchers in the technical fields of the inventions that lead to the Disputed Patent Applications and that Drs. Blatt and Beigelman had dedicated their professional lives to curing related diseases. On information and belief, before Plaintiff brought its causes of action, Plaintiff was aware of the areas in which Defendants Drs. Blatt and Beigelman would research and develop new inventions at Aligos Therapeutics. Before Defendants Drs. Blatt and Beigelman initially joined Plaintiff, they were told by Dr. Hait and Mr. Grissinger that if Drs. Blatt and Beigelman wanted to leave Plaintiff, Plaintiff would not hinder Blatt and Beigelman's efforts to leave and that Dr. Hait and Mr. Grissinger would support Blatt and Beigelman to start a new company, as they knew entrepreneurship was a vital part of the drug development ecosystem. Plaintiff thus necessarily knew that Aligos Therapeutics, from its inception, had as its mission to carry on Drs. Blatt and Beigelman's life mission to develop life-saving drugs. Plaintiff acquiesced to Drs. Blatt and Beigelman leaving Plaintiff to start a new company and agreed not to interfere with any such new venture should Drs. Blatt and Beigelman leave Plaintiff, as they did.

THIRTEENTH AFFIRMATIVE DEFENSE

(No Basis for Attorneys' Fees)

Plaintiff's claims for attorneys' fees are barred, in whole or in part, because Plaintiff fails to state any facts or legally cognizable basis upon which an award of attorneys' fees may be granted against Defendants.

FOURTEENTH AFFIRMATIVE DEFENSE

(Failure to Mitigate or Avoid Damages)

Plaintiff has failed to mitigate and avoid its damages, if there are any, including by its failure to take reasonable steps to pursue its own patent applications if it was entitled to any such patent applications, and any recovery by Plaintiff must be diminished or barred by reason thereof. Although Plaintiff does not allege supporting facts for any legal basis for monetary damages, to the extent Plaintiff seeks monetary damages, Plaintiff had a duty to mitigate and avoid such monetary damages. Plaintiff failed to fulfill any such duty.

FIFTEENTH AFFIRMATIVE DEFENSE

(Unjust Enrichment)

Plaintiff is barred from recovery in whole or in part to the extent that such recovery would constitute unjust enrichment, including in that, on information and belief, Plaintiff received the benefit of Drs. Blatt and Beigelman's work for Plaintiff while they were employed by Plaintiff, but through its requested recovery, Plaintiff now seeks to unjustly benefit at the expense of Defendants from the work of Dr. Blatt, Dr. Beigelman, and others that was done separate and apart from Plaintiff. Plaintiff did not fund the research and development that lead to the Disputed Patent Applications and the associated inventions, and the work that lead to these inventions was not done by Plaintiff's employees or for Plaintiff. Plaintiff would be unjustly enriched if Plaintiff were to obtain ownership of the Disputed Patent Applications or any other intellectual property to which Plaintiff has no valid right or claim, including because such intellectual property and any associated inventions were developed wholly independently from Plaintiff, without the use of any of Plaintiff's resources or confidential information, and through work that was done neither for Plaintiff nor under any obligation to assign to Plaintiff any inventions or rights resulting from the work. The Disputed Patent Applications and the associated inventions were developed solely by Aligos Therapeutics employees working for Aligos using Aligos resources and confidential information. Janssen's effort to gain rights to the Disputed Patent Applications is an improper attempt by Janssen to prevent Drs. Blatt and Beigelman from employing their decades of drug development and research experience at Aligos Therapeutics and to take for Janssen the fruits of the labor of Drs. Blatt, Beigelman, and others at their new company.

SIXTEENTH AFFIRMATIVE DEFENSE

(Unclean Hands)

As a result of the acts and omissions in the matters relevant to its Complaint, Plaintiff has unclean hands and therefore is barred from asserting any claims against Defendants, including in that, on information and belief, Plaintiff acted in bad faith and made fraudulent misrepresentations to and fraudulently induced actions by Defendant Blatt and Defendant Beigelman, including their agreement to work for Plaintiff, that benefitted Plaintiff and harmed Defendant Blatt and Defendant Beigelman. To induce Defendants Drs. Blatt and Beigelman to work for Plaintiff, numerous senior personnel of Plaintiff knowingly made false statements for Plaintiff's benefit to Blatt and Beigelman regarding the opportunities, obligations, resources, and support they would receive if they came to work for Plaintiff, and how Plaintiff would respond if they came to work for Plaintiff and later decided to leave. Defendants Drs. Blatt and Beigelman relied on those statements by Plaintiff's senior personnel, which were later proven false, in deciding to work for Plaintiff. Plaintiff benefitted from these false statements, including because they induced Defendants Drs. Blatt and Beigelman to work for Plaintiff instead of setting out on their own after the Alios BioPharma acquisition.

SEVENTEENTH AFFIRMATIVE DEFENSE

(Consent)

Plaintiff's claims are barred in whole or in part because of Plaintiff's consent to Defendants' alleged conduct. Before Drs. Blatt and Beigelman initially joined Plaintiff, they were told by Dr. Hait and Mr. Grissinger that if Blatt and Beigelman wanted to leave Plaintiff, Plaintiff would not hinder Blatt and Beigelman's efforts to leave and that Dr. Hait and Mr. Grissinger would support Blatt and Beigelman to start a new company, as they knew entrepreneurship was a vital part of the drug development ecosystem. Plaintiff consented to Drs. Blatt and Beigelman leaving Plaintiff to start a new company and agreed not to interfere with any such new venture should Blatt and Beigelman leave Plaintiff, as they did.

RESERVATION OF ADDITIONAL DEFENSES

Defendants may have other separate and/or additional defenses, and Defendants reserve the right to allege other defenses as they become known during the course of discovery, and specifically reserve

the right to amend their Answer to add to, amend, withdraw, or modify these defenses as their investigation continues and as discovery may require.

JURY TRIAL DEMAND

Defendants demand trial by jury in this action.

PRAYER FOR RELIEF

WHEREFORE, Defendants respectfully request the following relief:

1. That Plaintiff take nothing by the Complaint;
2. That Plaintiff's Complaint is dismissed with prejudice and that judgment be rendered in favor of Defendants and against Plaintiff;
3. That Defendants be awarded their reasonable attorneys' fees and the costs of the suit incurred herein to the extent permitted under applicable law, including pursuant to, among other things, California Civil Code § 3426.4; and
4. That Defendants be granted such other and further relief as the Court deems just and proper.

Dated: August 22, 2022

DURIE TANGRI LLP

By: _____
DARALYN J. DURIE

Attorneys for Defendants
ALIGOS THERAPEUTICS, INC.,
LAWRENCE BLATT, and LEONID BEIGELMAN

PROOF OF SERVICE

I am employed in Los Angeles County, State of California, in the office of a member of the bar of this Court, at whose direction the service was made. I am over the age of eighteen years, and not a party to the within action. My business address is 953 East 3rd Street, Los Angeles, CA 90013.

On August 22, 2022, I served the following documents in the manner described below:

DEFENDANTS' AMENDED ANSWER TO PLAINTIFF JANSSEN BIOPHARMA, LLC'S COMPLAINT FOR INJUNCTIVE RELIEF AND DAMAGES

[X] (BY ELECTRONIC SERVICE) By electronically mailing a true and correct copy through Durie Tangri's electronic mail system from mabner@durietangri.com to the email addresses set forth below.

On the following part(ies) in this action:

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I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct. Executed on August 22, 2022, at Los Angeles, California.

Megan A. Abner
MEGAN A. ABNER