CASE SUMMARY: MERCK SHARP & DOHME CORP. & OTHR V/S SMS PHARMACEUTICALS LIMITED

Vibhuti Narayan Sharma, Bennett University

BACKGROUND OF THE CASE

On 21st October, 2020 the Delhi High Court conveyed its judgment looking into it of encroachment of the patent of Sitagliptin, an enemy of diabetic medication. In the Present matter, the offended party (Merck Sharp and Dohme Corporation) looked for directive against encroachment by the respondent, of the offended parties development, Sitagliptin, an enemy of diabetic medication (Indian Patent No. 209816 (IN816, in short).

The offended party fought that the respondent by promoting, available to be purchased, Sitagliptin Hydrochloride in its Active Pharmaceutical Ingredients (APIs) and Analytical Standards has encroached IN 816 of the offended party.

In the current case, the Delhi High Court saw that the litigant is publicizing the offer of medication Sitagliptin. The litigant asserted the accessibility of Sitagliptin Phosphate for an amount of Rs. 1 lakh for 1 Kg to the specialist during a request. Further, the court believed that the offended party has a legitimate and remaining alive patent being IN 816 for which an endorsement of legitimacy has as of now been allowed by the court.

The court later conceded an ex-parte temporary directive in the blessing of the offended party and against the litigant and the ex-parte substitute request keeps on excess in power till date.

OVERVIEW

- Sitagliptin, an enemy of diabetic medication (which is usually sold under the brand name Januvia and Janumet) is utilized to bring down glucose levels in grown-ups with type 2 diabetes.
- It is in a class of meds called dipeptidyl peptidase-4 (DPP-4) inhibitors.
- It works by expanding the measures of specific normal substances that lower glucose when it is high.
- Sitagliptin isn't utilized to treat type 1 diabetes (condition in which the body doesn't

create insulin and hence can't handle the measure of sugar in the blood).

- Sitagliptin patent has been conceded to Merck Sharp and Dohme Corporation (Indian Patent Application No. 209816).
- The Delhi High Court have recently decreed that the patent Sitagliptin allowed to Merck Sharp and Dohme Corporation has been encroached.
- The offended party looked for directive against encroachment by the respondent, of the offended parties innovation, Sitagliptin.
- The offended party fought that the respondent by publicizing, available to be purchased, Sitagliptin Hydrochloride in its Active Pharmaceutical Ingredients (APIs) and Analytical Standards has encroached its patent.
- In the current case, the Delhi High Court saw that the litigant is publicizing the offer of medication Sitagliptin. The litigant asserted the accessibility of Sitagliptin Phosphate for an amount of Rs. 1 lakh for 1 Kg to the specialist during a request.
- Further, the court believed that the offended party has a legitimate and staying alive patent for which a testament of legitimacy has as of now been conceded by the court.
- The court later conceded an ex-parte temporary directive in the blessing of the offended party and against the respondent and the ex-parte transitory request keeps on excess in power till date.

ISSUE BEFORE THE COURT

Regardless of whether SMS Pharmaceuticals Ltd. (Litigant) ought to be permitted to trade the API Sitagliptin to Chemo and Verben?

CONTENTION BY PLAINTIFF

The Plaintiff party battled that the disclaimer is only in the idea of a strategy to empower business double-dealing by the respondent.

Further, the Plaintiff party submitted at the bar that once the medication is allowed to be sent out, it is inconceivable for the offended party to confirm or examine whether it is at last being utilized for the innovative work purposes or is being taken advantage of. The Plaintiff party additionally fought that the commodities of Sitagliptin by the respondent have been proceeding beginning around 2016 and just about 800 kg have been traded till now. Such an exchange couldn't be treated as being focused on innovative work (Mr. Anand alluded to the judgment

of the Chancery Division of the High Court of U.K. on account of *Merck Sharp Dohme Corp. v. Teva Pharma B.V.*).

The Plaintiff party additionally expressed that there is no material accessible which can guarantee that *Chemo* and *Verben* are sister worries of the offended parties. They, thusly, are outsider elements, situated external the ward of this Court, against whom it would be very incomprehensible for the offended parties to continue. Additionally, there is no consistence, by the respondent, with the conditions set somewhere around the Division Bench of this Court in Paras 112 and 113 of the report in Bayer Corporation

CONTENTION BY DEFENDANT

The respondent fought that the dealings of the litigant is the consequence of a joint endeavor between the respondent and M/s Cheo AG Lugano (Chemo in short), for improvement and assembling of specific items, so the items could be dispatched in the market after patent terms lapsed. The senior guidance additionally asserted that the respondent has effectively gotten the due consent from Governmental and Drug Control Authorities and every one of the dealings of the litigant are inside the extent of patent laws.

Further, the respondent guaranteed that the no assembling or creation of these medications are for business purposes. The sole plan of the litigant is to dispatch these medications in a nonexclusive structure at a reasonable cost after the licenses allowed in regard of the APIs in the said drugs lapsed. The respondent just provided Sitagliptin Hydrochloride as a way to direct innovative work purposes in the wake of getting the due endorsement by the Drug Control Authorities.

The respondent likewise fought that they have never sold Sitagliptin Hydrochloride in business amounts or to any customers who are utilizing it for business purposes. Each offer of the litigant was properly authorized by the Drug Control Authorities. The litigant alluded to the Section 107A of the Patents Act, alongside the judgment of the court in Bayer Corporation v. U.O. I[3]., to fight that the exercises and working of the respondent were allowable, as the litigant was just occupied with deal and product of Sitagliptin Hydrochloride for the motivations behind innovative work.

The senior guidance likewise managed each point with the different outcomes that were refered to by the offended party as having been acquired at the hour of the examination. The respondent

showed that these outcomes don't, in any capacity, demonstrate that the litigant was selling Sitagliptin Hydrochloride for business purposes or in business amounts (while giving the reference to the Section 107A of the Patents Act).

The respondent in the composed assertion (Para 53) checked regard for the disclaimer, that is referenced on the litigants site, which peruses:

A portion of the items might have patent freedoms in at least one nations and any such item having a current patent won't be offered/sold for business prerequisites. The last liability as for the outsider patent privileges lies only with the purchaser.The respondent fought that the dealings of the litigant is the consequence of a joint endeavor between the respondent and M/s Cheo AG Lugano (Chemo in short), for improvement and assembling of specific items, so the items could be dispatched in the market after patent terms lapsed. The senior guidance additionally asserted that the respondent has effectively gotten the due consent from Governmental and Drug Control Authorities and every one of the dealings of the litigant are inside the extent of patent laws.

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The senior guidance likewise managed each point with the different outcomes that were refered to by the offended party as having been acquired at the hour of the examination. The respondent showed that these outcomes don't, in any capacity, demonstrate that the litigant was selling Sitagliptin Hydrochloride for business purposes or in business amounts (while giving the

reference to the Section 107A of the Patents Act).

The respondent in the composed assertion (Para 53) checked regard for the disclaimer, that is referenced on the litigants side, which peruses:

A portion of the items might have patent freedoms in at least one nations and any such item having a current patent won't be offered/sold for business prerequisites. The last liability as for the outsider patent privileges lies only with the purchaser.

JUDGEMENT

The High Court passed the request for the Defendant and cleared the current ex-parte break directive on product of Sitagliptin, holding that the Defendant is at freedom to look for the Section 107A exemption. As a fast recap, Section 107A exemption, the Bolar like arrangement in the Indian patent law, which permits nonexclusive producers to direct research/tests utilizing the licensed medication, so that when the term of the patent terminates, the conventional maker can dispatch the option of the recent secured medication and accordingly limit the selectiveness of the patent to just 20 years (see here for our past inclusion on the Bolar special case and fanatics of a thorough perusing on the subject can get to the paper by Prof. Basheer and Prashant here.)

In arriving at the above resolution by the court, the Single Judge Justice C Hari Shanker examined the Delhi High Courts Bayer set of choices and mentioned the accompanying observable facts:-

1. Accentuation should be given to the motivation behind the commodity of the licensed item. Assuming the product is made for R&D purposes, the equivalent will be considered substantial to draw in the exemption endorsed under Section 107A of the Act.
2. The court will not indiscriminately take the litigants word in such conditions yet rather should take a gander at the passing variables identified under Para 112 of the Division Bench Decision in the Bayer cases. These elements incorporate the patent allowed; nature of the item to be traded; subtleties of the party bringing in the item and the amounts which is to be imported; specifics to build up that the product is exclusively for R&D; undertaking by the respondent to repay the offended party if the commodity is made for business use, among different focuses.

3. On the offended parties trepidation that the Section 107A exemption has been abused before, the court saw that in light of the fact that a freedom allowed by the court has been unjustifiably abused previously, it will not shape the premise of court to deny such freedom at whatever point it is looked for.
4. The court saw that business gain harvested by the respondent during the time spent sending out item for R&D can't disentitle it to the advantage of Section 107A.
5. There is no necessity under Section 107A that the product by the respondent will just be made to a connected party, similar to sister firms, abroad of to firms situated in India. The court contemplated the above expressing that if such a necessity is related with utilization of Section 107A, all commodities of protected drug items for R&D should be prohibited and consequently will deliver the special case adequately slothful.
6. The offended parties trouble in confirming whether the product made for R&D is placed in business use or not can't be an explanation sufficient to deny advantages to the respondent under Section 107A.
7. The court additionally said that offended parties trouble to guarantee that products are utilized for R&D purposes or not, in the wake of being traded, can't keep the Defendant from utilizing the Section 107A exemption.

ANALYSIS

As it has been seen in the Bayer choices and noted by the court in the current case, the Section 107(A) special case is fundamental to guarantee that inventiveness and progress isn't to be subverted by the excessively sweeping translation of patent freedoms, particularly in the event of medications, diagnostics and other clinical gadgets. In the current case, the Plaintiff requested the Court to embrace a limited perusing from the arrangement dependent on its apprehensions about abuse and bother to guarantee that such abuse doesn't happen. In any case, such a thin perusing won't simply stretch out the selectiveness conceded to the patentee after the expiry of the term of the patent however will likewise deny the general population overall admittance to less expensive conventional options of the secured sedates following the patent time frame. In such manner the Delhi High Court request in the current case ought to be valued. Not exclusively did the court apply the settled law in an exact way, moreover it guaranteed that questions with comparative realities are chosen with a uniform position. It noticed that for a situation with comparative realities back in August 2020, the Plaintiff had concurred that Section 107As advantages could be stretched out to M/s. Honor Lab Limited, as to a similar

item. In this way, the court thought in the current choice that it should take on a like position to encourage conviction in the law.

In any case, it should be noticed that this request for excursion came following 9 months from the request for ex-parte interval directive. Alongside different purposes behind emptying the order, the court saw that the Plaintiff has not put a solitary receipt on record to show that Sitagliptin was financially sold by the Defendant or its unfamiliar purchasers. This is particularly risky since now its hazy on what premise the ex parte request was passed in any case? By taking a gander at the request allowing the directive, I believe that the court paid unreasonable contrast to the enlistment of patent for the sake of the Plaintiff and was persuaded that the simple notice of the item available to be purchased by the Defendant (regardless of giving a disclaimer perusing Some of the items might have patent freedoms in at least one nations and any such item having a current patent won't be offered/sold for business necessities. The last liability as for outsider patent privileges lies solely with the purchaser) will be adequate to pass the ex-parte between time order. It has been settled that however the watchfulness which the appointed authority appreciates in passing the ex-parte break orders, the request should in any case satisfy the four variables test (see here and here). Notwithstanding, the always expanding number of inversions of such directives makes one keep thinking about whether the four elements test are noticed truly or regardless of whether its satisfaction is viewed as simple empty talk. Fortunately, this court corrected the evident mistake as an elegantly composed and extensive request.