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* **IN THE HIGH COURT OF DELHI AT NEW DELHI**

+ **CS(COMM) 745/2016**

MERCK SHARP & DOHME CORP & ANR Plaintiffs

Through: Ms. Tusha Malhotra and Ms. Udit Patro,
Advocates

versus

MR RAJEEV CHURI & ANR Defendants

Through: Mr. Sandeep Kumar, proxy counsel
instructed by Mr. Rishi Bhatnagar, Advocate

CORAM:

HON'BLE MR. JUSTICE R.K.GAUBA

ORDER

% **28.02.2017**

This suit raising a commercial dispute seeking reliefs in the nature of permanent injunction against infringement of registered patent no.209816 and certain other claims was instituted in June 2016 by two companies joining together, they being Merck Sharp & Dohme Corp. (first plaintiff) and Sun Pharmaceutical Industries Ltd. (second plaintiff) impleading two defendants, the prime one being Atrapharmaceuticals Ltd. (second defendant), the other party Mr. Rajeev Churi (first defendant) being the Director of the second defendant, making the following prayers:-

“(a). A decree of permanent injunction restraining the defendants, its directors, employees, officers, servants, agents and all others acting for and on their behalf from making, using, selling, distributing, advertising, exporting, offering for sale, and in any other manner, directly or indirectly, dealing in any product that infringes the claimed subject matter of the plaintiff’s Indian Patent No.209816 or any of the claims thereof, including Sitagliptin or any of its pharmaceutically acceptable salts including Sitagliptin

Phosphate, Sitagliptin Phosphate Monohydrate, etc.;

(b). An order for damages in favour of the Plaintiffs and against the Defendants as stated hereinabove;

(c). An order requiring the Defendants to render accounts of all sums earned by the Defendants through their unlawful and infringing activities referred to in this plaint and a decree for the same in favour of the Plaintiffs and against the Defendants;

(d). An order directing the Defendants to make full and proper disclosure about the various entities for which the Defendants have contract manufactured and supplied the infringing Sitagliptin products as also those entities for whom it presently has orders of contract manufacturing and supplying the infringing Sitagliptin products pending;

(e). An order for costs in the proceedings; and

(f). Any order(s) as this Hon'ble court may deem fit and proper in the facts and circumstances of the case."

The defendants instead of contesting have chosen to amicably resolve the dispute and have joined the plaintiffs in moving application (IA 2614/2017) invoking Rule 3 of Order XXIII read with Section 151 of the Code of Civil Procedure, 1908 (CPC) which has been signed by the authorised representatives of each of the two plaintiffs and by the first defendant as the party to the suit and also in his capacity as director, duly authorised, on behalf of the second defendant, with support of their respective affidavits and the board resolution dated 02.11.2016 in favour of the first defendant.

The terms and conditions on which the parties have agreed to resolve the controversy are set out in (para 2 of) the application as under :-

“(i). The Defendant Nos.1 and 2 acknowledge the validity of the suit patent IN’ 816 and the Plaintiffs’ exclusive right in dealing in products containing Sitagliptin or any of its pharmaceutically acceptable salts, including Sitagliptin Phosphate Monohydrate, which is the subject matter

protected by the said suit patent. The said Defendants further admit that during the lifetime of IN'816, any act of making, using, offering for sale, selling or importing, exporting or otherwise using the subject matter of IN'816, namely the Sitagliptin free base and pharmaceutically acceptable salts thereof including Sitagliptin Phosphate Monohydrate, will violate the statutory rights of the Plaintiffs herein.

(ii). The said Defendants state that they had manufactured an infringing Sitagliptin product for one of their customers in 2015 and that they have thereafter not made any product which infringes the suit patent. The Defendants further undertake not to infringe the rights of the Plaintiffs in IN'816 in the future, by manufacturing, selling, exporting or otherwise dealing in a generic version of Sitagliptin Phosphate Monohydrate or Sitagliptin Phosphate or a combination of Sitagliptin Phosphate Monohydrate or Sitagliptin Phosphate with Metformin HCl or any other product covered by IN'816.

(iii). The said Defendants state that they had product approvals / permissions for Sitagliptin products (including products which contained Sitagliptin in combination with Metformin) which had been issued to them by the FDA authorities, Aurangabad. The Defendants state that they have since the filing of the suit, surrendered the said product permissions / approvals as issued by the FDA authorities, Aurangabad to the said FDA authorities, Aurangabad to the said FDA authority, vide letter dated August 24, 2016. The said letter is annexed herewith as Annexure A. The Defendants undertake that they do not have any other product permissions / approvals for Sitagliptin products issued by any drug authorities in India.

(iv). Subject to the undertakings given by the Defendant No.1 herein on behalf of himself as well as on behalf of the Defendant No.2, the Plaintiffs forego their claims as regards the said Defendants, as prayed for in paragraph no.85 clauses (b) to (e) of the Plaint. However, in the event of a breach of these undertakings by the said Defendants, the Plaintiffs reserve the right to seek any remedies available to them in law and equity. Furthermore, the above named

Defendants shall be liable to indemnify the Plaintiffs against all costs and damages incurred by the Plaintiffs in light of such breach by the said Defendants.

(v). *The undertakings herein are given by :*

- *Defendant No.1, Mr. Rajeev Churi, in person; and*
- *Defendant No.2, Atra Pharmaceuticals Ltd., through Mr. Rajeev Churi, in his capacity as a Director of the Defendant No.2 entity who is authorised to sign documents on behalf of the company.*

The said undertakings shall be binding henceforth on the Defendant Nos.1 and 2, their associates, representatives, successors, partners, employees, affiliates and assignees-in-business.”

Having heard the learned counsel on both sides and having gone through the record, this court is satisfied that the compromise reached by the parties to the suit through their representatives duly authorised for such purposes is lawful and entered upon out of free will and volition. In these circumstances, a decree in its terms deserves to follow as per prayer clause (a) in (para 85 of) the plaint extracted above, the remaining prayers having been given up.

Thus, the application is allowed. The suit is decreed in part to the effect that the defendants, its directors, employees, officers, servants, agents and all others acting for and on their behalf stand enjoined permanently from making, using, selling, distributing, advertising, exporting, offering for sale, and in any other manner, directly or indirectly, dealing in any product that infringes the subject matter of the plaintiff's Indian Patent No.209816 or any of the claims thereof, including Sitagliptin or any of its pharmaceutically acceptable salts including Sitagliptin Phosphate, Sitagliptin Phosphate Monohydrate, etc.

The parties shall remain bound by their respective assurances and undertakings given in the application under Order 23 Rule 3 CPC and are left to bear their own costs. Decree sheet shall be drawn up accordingly. The pending application also stands disposed of.

R.K.GAUBA, J

FEBRUARY 28, 2017

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