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* **IN THE HIGH COURT OF DELHI AT NEW DELHI**
+ **CS(COMM) 210/2017**

MERCK SHARP & DOHME CORP & ANR Plaintiff
Represented by: Mr. Pravin Anand, Ms. Pankhuri
Malik, Ms. Udit M. Patol, Advs.
versus

ZIFAM PINNACLE HEALTHCARE PVT LTD & ORS Defendant
Represented by: Mr. Kushal Sarkar, Mr. Rajat Sehgal,
Advs. for D-1 to 3.
Mr. A. Selvin Raja, Adv. for D-5.
D-4 ex-parte.

CORAM:
HON'BLE MS. JUSTICE MUKTA GUPTA

% **ORDER**
14.02.2020

1. Plaintiffs have filed the present suit against defendants No.1 to 5 i.e. Zifam Pinnacle Healthcare Pvt. Ltd., Delta Biopharma Pvt. Ltd., Zifam India Pvt. Ltd., Zifam Saimirra Pharmaceuticals Pvt. Ltd. and Sai Mirra Innopharm Pvt. Ltd. inter alia seeking a decree of permanent injunction restraining the defendants from infringing the plaintiff's suit patent being IN 209816 and manufacturing any drug including Sitagliptin or any pharmaceutical preparation/ salt including Sitagliptin Phosphate, Sitagliptin Phosphate Monohydrate, etc., besides damages, rendition of accounts, etc.
2. Defendant No.4 despite service through publication has not entered appearance and was thus proceeded ex-parte vide order dated 26th November, 2019.

3. The plaintiffs have entered into a settlement with defendant No.1 to 3 and with defendant No.5 before the Delhi High Court Mediation and Conciliation Centre. Copy of the settlement agreement dated 5th February, 2020 in relation to the settlement between plaintiffs and defendant No.1 to 3 and also with defendant No.5 are on record.

4. Plaintiffs and defendant No.1 to 3 have entered into a settlement on the following terms and conditions:

- A. *WHEREAS MSD has an Indian Patent No. IN 209816 (hereinafter referred to as "IN'816") in respect of Sitagliptin, and Sun is the licensed user of IN.816 in India.*
- B. *The First Party has filed a suit, being CS(COMM.) No. 210 of 2017 (hereinafter referred to as the "Suit") against the Second, Third and Fourth Party in the Delhi High Court seeking permanent injunction restraining infringement of IN'816, damages, rendition of accounts and delivery up etc. The same is pending adjudication before the Delhi High Court;*
- C. *The First Party has entered into a separate Settlement Agreement dated 05.02.2020 with Defendant No. 5. The Defendant No. 4 despite summons to the suit, served on them did not appear in the suit proceedings and have been proceeded Ex-parte vide Order dated 26.11.2019.*
- D. *The Second, Third and Fourth Party state they have no relationship with the Defendant No. 5 with respect to the subject matter in the present suit. However, the First Party denies the same.*
- E. *The above said matter was referred to Samadhan (Delhi High Court Mediation and Conciliation Centre) vide an order dated 26.11.2019 by Hon'ble Ms. Justice Mukta Gupta.*
- F. *The parties agreed that Ms. Kajal Chandra would act as the Mediator in the Mediation proceedings.*
- G. *Comprehensive mediation sessions were held during the process of Mediation on 29.11.2019, 05.12.2019, 11.12.2019, 16.12.2019, 21.01.2020, 30.01.2020, 04.02.2020 and 05.02.2020 and with the assistance of the Mediator, the Parties have voluntarily arrived at an amicable solution resolving the above mentioned disputes and differences.*

- H. *The parties hereto confirm and declare that they have voluntarily and of their own free will arrived at this Settlement Agreement in the presence of the Mediator.*
- I. *The following settlement has been arrived at between the Parties hereto:*
- (i) *The Second, Third and Fourth Party acknowledge the validity of the suit patent IN'816 and the First Party's exclusive right in dealing in product, containing Sitagliptin or any of its pharmaceutically acceptable salts, which is the subject matter protected by the said suit patent. The Second, Third and Fourth Party 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 also its pharmaceutically acceptable salts will violate the statutory rights of the First Party herein.*
 - (ii) *The Second, Third and Fourth Party agree and undertake that they shall not manufacture, use, offer for sale, sell, import or export Sitagliptin, either as an API or a finished product, commercially or indulge or participate in any other activity that constitutes infringement of IN'816, under the brand name of ZIGLIP or any other brand name, till the expiry of the patent i.e. till July 05, 2022;*
 - (iii) *On the undertakings given by the Second, Third and Fourth Party herein, the First Party foregoes their claim for damages, rendition of accounts and costs of the proceedings as regards the Second, Third and Fourth Party, as prayed for in the suit and/or paragraph 90 clauses (b) to (e) of the Plaint. However, in the event of a breach of these undertakings by the Second, Third and Fourth Party, the First Party reserves their right to seek any remedies available to them in law and equity. Furthermore, the above named Second, Third, Fourth and Fifth Party shall be liable to indemnify the First Party against all costs and damages incurred, as per actual costs and damages incurred by the First Party, in light of such breach by the said Second, Third, Fourth and/or Fifth Party.*

- (iv) *The parties herein agree that in terms of the present Settlement Agreement, the present suit may be disposed off and a decree may be drawn up accordingly.*
- (v) *The Hon'ble Court may consider refund of the court fees to the First Party in terms of the Section 16 of the Court Fees Act 1870 read with Section 89 of CPC, 1908.*
- (vi) *The parties hereto confirm and declare that they have voluntarily and of their own free will arrived at this Settlement Agreement in the presence of the Mediator.*
- (vii) *On the execution of the present Settlement Agreement, the parties have no further claims/demands/disputes/differences against each other and the same have been amicably settled by the Parties hereto through the process of Mediation.*
- (viii) *That the parties undertake before the Hon'ble Court that they are bound by this Settlement Agreement and to abide by the terms and conditions set out in the agreement and not to dispute the same hereinafter in future."*

5. The settlement agreement is duly signed by Murlidhar V. Karanam and Mohammad Hani Rizvi, authorized representatives of plaintiff No.1&2 respectively and Rajiv Khanna, authorized representative of defendant No.1 to 3. Authorizations in favour of the representatives of the plaintiffs as also in favour of Rajiv Khanna is enclosed with the settlement agreement.

6. Consequently, the suit is decreed in favour of the plaintiffs and against the defendant No.1 to 3 in terms of the settlement as noted above.

7. Decree sheet will incorporate the terms of settlement.

8. Plaintiffs and defendant No.5 have entered into the settlement before the Delhi High Court Mediation and Conciliation Centre on the following terms and conditions:

- (i) *The Second Party acknowledges the validity of the suit patent IN' 816 and the First Party's exclusive right in dealing in products containing Sitagliptin or any of its pharmaceutically acceptable salts, which is the subject matter protected by the*

said suit patent. The Second Party further admits 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 also its pharmaceutically acceptable salts will violate the statutory rights of the First Party herein. .

- (ii) The Second Party states that they have already given an undertaking to the Hon'ble Court vide their affidavit dated 01.08.2019 whereby, they undertook not to indulge in any activity with respect to Indian Patent No. 209816 of the Plaintiff No. 1 till its validity expires in India. The Second Party had also stated in their affidavit that they would give up the licences granted by the Govt. of Tamil Nadu for export of ZIGLIP-50, ZIGLIP-100 and ZIGLIP-M to Myanmar.*
- (iii) The Second Party states that on their application to Director of Drugs Control, Chennai for the cancellation of the licenses issued to them with respect to three products i.e. ZIGLIP – 50, ZIGLIP – 100 and ZIGLIP – M, the same has been now cancelled vide proceedings no. L. Dis. No. 18041/D1/1/2019 dated 26.12.2019*
- (iv) The Second Party agrees and undertakes that they shall not manufacture, use, offer for sale, sell, import or export Sitagliptin, either as an API or a finished product, commercially or indulge or participate in any other activity that constitutes infringement of IN'816, under the brand name of ZIGLIP or any other brand name, till the expiry of the patent i.e. till July 05, 2022;*
- (v) On the aforesaid undertakings given by the Second Party herein, the First Party foregoes their claim for damages, rendition of accounts and costs of the proceedings as regards the Second Party, as prayed for in paragraph 90 clauses (b) to (e) of the Plaint. However, in the event of a breach of these undertakings by the Second Party, the First Party reserves their right to seek any remedies available to them in law and equity. Furthermore, the above named Second Party shall be liable to indemnify the First Party against all costs and damages incurred, either INR 2 crores or the actual costs and*

damages incurred by the First Party, whichever is higher, by the First Party, in light of such breach by the said Second Party.

- (vi) The First Party is entitled to past damages and costs from the Second Party. The First Party and the Second Party have agreed that towards the past damages, the Second party shall pay a sum of Rs.10,00,000/- (Rupees Ten Lakhs Only) to the First Party.*
- (vii) The Second Party has handed over the Demand Draft bearing No. 960676 dated 03.02.2020 drawn on Kotak Mahindra Bank, Adyar Branch, Chennai for a sum of Rs4,60,786/- (Rupees Four Lakh, Sixty Thousand, Seven Hundred and Eighty Six Only) in favour of MSD Pharmaceuticals Pvt. Ltd, at the time of the signing of the present Settlement Agreement. The First Party acknowledges the receipt of the said Demand Draft.*
- (viii) The Second party states that they have deposited a sum of Rs.5,39,214/- (Rupees Five Lakh Thirty Nine Thousand, Two Hundred and Fourteen Only) with the Registrar General of the Hon'ble High Court of Delhi, pursuant to the order dated August 07, 2019 and the same was kept in a FDR. The Second Party states that the sum of Rs.5,39,214/-(Rupees Five Lakh Thirty Nine Thousand Two Hundred and Fourteen Only) so deposited be released in favor of the First Party and the balance amount towards the accrued interest over the said amount be released in favor of the Second Party.*
- (ix) The Second Party states that the sum of Rs.5,39,214/- (Rupees Five Lakh Thirty Nine Thousand, Two Hundred and Fourteen Only) was kept in a FDR and therefore, is entitled to the accrued interest. The First Party will have no objection if the amount towards the interest is refunded to the Second Party.*
- (x) The parties herein agree that in terms of the present Settlement Agreement, the present suit may be disposed off and a decree may be drawn up accordingly.*

- (xi) *The Hon'ble Court may consider refund of the court fees to the First Party in terms of the Section 16 of the Court Fees Act 1870 read with Section 89 of CPC, 1908.*
- (xii) *The parties hereto confirm and declare that they have voluntarily and of their own free will arrived at this Settlement Agreement in the presence of the Mediator.*
- (xiii) *On the execution of the present Settlement Agreement, the parties have no further claims/demands/disputes/differences against each other and the same have been amicably settled by the Parties hereto through the process of Mediation.*
- (xiv) *That the parties undertake before the Hon'ble Court that they are bound by this Settlement Agreement and to abide by the terms and conditions set out in the agreement and not to dispute the same hereinafter in future.*

9. The settlement agreement is signed by Muralidhar V. Karanam and Mohammad Hani Rizvi, authorized representatives of plaintiff No.1 and plaintiff No.2 besides R. Madhurnath, authorized representative of defendant No.5, authorizations in whose favour are enclosed with the copy of the settlement agreement.

10. Suit is decreed in favour of the plaintiffs and against defendant No.5 in terms of the settlement arrived at between the parties.

11. Decree sheet will incorporate the terms of settlement.

12. The Registrar General of this Court is directed to release the sum of ₹5,39,214/- deposited by the defendant No.5 pursuant to the order dated 7th August, 2019 to the plaintiff No.1 and the interest that has accrued on this FDR be released to defendant No.5.

13. Defendant No.4 as noted above has been proceeded ex-parte.

14. Plaintiff has filed the present suit seeking decree of permanent injunction against the defendants their agents, directors, employees,

servants, etc. from making, using, selling, distributing, advertising, exporting, offering for sale, directly or indirectly or in any manner dealing with the pharmaceutical preparation infringing the plaintiffs IN 209816 by the plaintiff's produced drugs Sitagliptin.

15. Plaintiffs have placed on record material to show that the plaintiffs have a valid registration of the patent till 5th July, 2022. Patent has not been subjected to any pre-grant or post-grant opposition and the validity of the suit patent has been upheld by this Court and a certificate of validity has been issued under Section 113 of the Patents Act pursuant to the decision of this Court in CS(OS) 586/2013 titled as '*Merck Sharp & Dohme & Anr. Vs. Glenmark Pharmaceuticals Ltd.*'.

16. A certificate of validity having been issued and material having been placed on record by the plaintiff to show that defendant No.4 is infringing the suit patent by selling/ offering for sale pharmaceutical preparations, infringing the suit patent IN 209816, a decree of injunction in terms of the prayer (a) of para 90 in the plaint is passed in favour of the plaintiff and against the defendant No.4.

17. Suit is accordingly decreed in terms of prayer (a) of para 90 against the defendant No.4 and in terms of the settlement qua defendant No.1 to 3 and defendant No.5.

18. Court fee be returned to the authorized representative of the plaintiff No.1 under Section 16 of the Court Fees Act as the plaintiffs and defendant No.1 to 3 and defendant No.5 have entered into a settlement before the Delhi High Court Mediation and Conciliation Centre. Registry will issue

necessary certificate in this regard.

I.A. 3507/2017 (under Order XXXIX Rule 1 and 2 CPC)

I.A. 5509/2017 (under Order XXXIX Rule 4 CPC-by defendant No.5)

I.A. 5516/2017 (under Order VII Rule 11 CPC-by defendant No.5)

Applications are disposed of as infructuous.

CRL.M.A. 20650/2017 (under Section 340 Cr.P.C.-by plaintiffs)

1. Learned counsel for the plaintiff does not press this application any further.
2. Application is dismissed as not pressed.

MUKTA GUPTA, J.

FEBRUARY 14, 2020

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