

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE**

FOREST LABORATORIES, INC.,	:	
FOREST LABORATORIES HOLDINGS,	:	
LTD., MERZ PHARMA GMBH & CO.	:	
KGAA, MERZ PHARMACEUTICALS	:	
GMBH, and ADAMAS	:	
PHARMACEUTICALS, INC.,	:	
	:	
Plaintiffs,	:	
	:	
v.	:	C.A. No. 14-121-LPS
	:	REDACTED -
TEVA PHARMACEUTICALS USA, INC.,	:	PUBLIC VERSION
WOCKHARDT USA LLC, WOCKHARDT	:	
BIO AG, WOCKHARDT LTD., SUN	:	
PHARMA GLOBAL FZE, and SUN	:	
PHARMACEUTICAL INDUSTRIES,	:	
LTD.,	:	
	:	
Defendants.	:	

FOREST LABORATORIES, INC.,	:	
FOREST LABORATORIES HOLDINGS,	:	
LTD., and ADAMAS	:	
PHARMACEUTICALS, INC.,	:	
	:	
Plaintiffs,	:	
	:	
v.	:	C.A. No. 14-686-LPS
	:	REDACTED -
RANBAXY INC., RANBAXY	:	PUBLIC VERSION
LABORATORIES LIMITED, and TEVA	:	
PHARMACEUTICALS USA, INC.,	:	
	:	
Defendants.	:	

MEMORANDUM ORDER

At Wilmington this **25th** day of **May, 2016**, having reviewed the parties' joint letter of

May 17, 2016 (D.I. 234)¹ and joint proposed Stipulation and Order attached thereto (D.I. 234-1), **IT IS HEREBY ORDERED** that the proposed Stipulation and Order (“Stipulation”) is **DENIED**.

1. Plaintiffs filed the first of these related actions in January 2014. (D.I. 1) In what eventually became six related actions, Plaintiffs contended that Defendants’ proposed generic versions of Namenda XR® would infringe eight patents-in-suit. (D.I. 194 at 1)

2. Between February 17 and August 3, 2015, the parties litigated the issue of claim construction, identifying disputed claim terms, briefing their positions, and appearing in Court for a claim construction hearing. (*See, e.g.*, D.I. 76, 77, 158)

3. On January 5, 2016, the Court issued its Memorandum Opinion and Order concerning claim construction. (D.I. 194, 195) (collectively, “Claim Construction Opinion”) In addition to resolving seven claim construction disputes, the Court found two terms in six of the patents-in-suit to be indefinite. (*See* D.I. 194 at 16 n.7, 19 n.9)

4. A four-day bench trial was held between February 16 and February 22, 2016. By the time trial began, the only remaining Defendant was Teva Pharmaceuticals USA, Inc. (*See* D.I. 194 at 1 n.1; C.A. No. 14-200 D.I. 222) The parties filed post-trial briefs on April 4 and April 29. (D.I. 219, 222, 225, 226) The 30-month automatic stay of FDA approval for the earliest-filed of Defendant’s Abbreviated New Drug Applications ends on June 21, 2016. (*See* D.I. 1 ¶ 34)

5. On May 13, Plaintiffs and Teva advised the Court



 (D.I. 231) On May

¹Unless otherwise noted, all docket citations are to C.A. No. 14-121.

17, the parties filed their proposed Stipulation and a letter [REDACTED]

[REDACTED] (D.I. 234) Paragraph 8 of the Stipulation provides: [REDACTED]

[REDACTED] (D.I.

234-1 at 4) The accompanying letter adds that the Stipulation [REDACTED]

[REDACTED] (D.I. 234 at 1) On May 18, the

Court held a teleconference with the parties to further [REDACTED]

[REDACTED] (See Transcript (“Tr.”))

6. Having considered the parties’ request, the Court has concluded that it should not vacate its Claim Construction Opinion. Courts considering similar requests to vacate their opinions have identified several pertinent considerations, including: “(1) the public interest in the orderly operation of the federal judicial system, (2) the parties’ desire to avoid any potential preclusive effect, (3) the court’s resources that will be expended if the case continues, and (4) the parties’ interest in conserving their resources.” *Cisco Sys., Inc. v. Telcordia Techs., Inc.*, 590 F. Supp. 2d 828, 830 (E.D. Tex. 2008); *see also Alltech Associates Inc. v. Teledyne Instruments Inc.*, C.A. No. 13-425-RGA (D. Del. Feb. 12, 2015) (citing *Cisco* and assuming applicable standard requires exceptional circumstances to vacate claim construction); *Lycos, Inc. v. Blockbuster, Inc.*, 2010 WL 5437226, at *3 (D. Mass. Dec. 23, 2010) (citing *Cisco* and applying similar factors). Application of these factors supports the Court’s conclusion.

7. The public interest in the orderly operation of the federal judicial system disfavors vacatur here. The “orderly operation” of a patent litigation includes a claim construction process, culminating in a claim construction order. “When the parties raise an actual dispute regarding the proper scope of [patent] claims, the court, not the jury, *must* resolve that dispute.” *O2 Micro*

Int'l Ltd. v. Beyond Innovation Tech. Co., 521 F.3d 1351, 1360 (Fed. Cir. 2008) (emphasis added). When parties brief and argue claim construction disputes, which *require* resolution by the Court, it will usually be inefficient and contrary to the orderly operation of the judicial system to treat the Court's resolution of such disputes as a nullity by granting stipulations such as the one proposed here.

This is particularly true here, where the Court's Claim Construction Opinion concluded that terms of several patents-in-suit are indefinite and, therefore, invalid. The public has an interest in invalidating patents that cannot survive a validity challenge. *See, e.g., Cardinal Chem. Co. v. Morton Int'l, Inc.*, 508 U.S. 83, 100-02 (1993) (disapproving "Federal Circuit's [past] practice of routinely vacating judgments of validity after finding noninfringement" because of potential for relitigation and imposition of "ongoing burdens on competitors who are convinced that a patent has been correctly found invalid"). The Hatch-Waxman Act, under which the instant cases arise, was designed to efficiently resolve validity and infringement challenges to pharmaceutical patents. *See, e.g., Teva Pharm. USA, Inc. v. Novartis Pharm. Corp.*, 482 F.3d 1330, 1344 (Fed. Cir. 2007) (citing legislative history of Hatch-Waxman Act and noting that "[a] central purpose of [the Act] is 'to enable competitors to bring cheaper, generic . . . drugs to market as quickly as possible.'" (quoting 149 Cong. Rec. S15885 (Nov. 25, 2003))). This fact makes vacating the Claim Construction Opinion all the more difficult to justify.

Furthermore, the asserted and construed patents here are also being asserted by Plaintiffs in related litigation against other defendants in this Court. (*See* C.A. No. 15-966 D.I. 1) (complaint accusing Amerigen Pharmaceuticals, Inc. and Amerigen Pharmaceuticals Ltd. of infringing seven patents, all of which were asserted in instant cases) The defendants in the

related cases may have justifiably relied on the Court's Claim Construction Opinion.

There is, of course, a strong public interest in promoting settlement of litigation. *See, e.g., Hemstreet v. Spiegel, Inc.*, 851 F.2d 348, 350 (Fed. Cir. 1988) ("The law strongly favors settlement of litigation . . ."). However, under the totality of the circumstances presented here, the public interest in the orderly operation of the federal judicial system disfavors vacatur even if the Court's decision today has the unfortunate consequence of preventing the settlement from being completed.

8. Turning to the second *Cisco* factor, the parties have expressed a desire to avoid any preclusive effect of the Court's Claim Construction Opinion. But were the Court to give decisive weight to that preference, it could be at the expense of the interests of other parties in other litigation and the Court itself. Given that Plaintiffs are already litigating in another case patents that, based on the Claim Construction Opinion, are invalid, reversing any potential estoppel effect of the Claim Construction Opinion seems unwarranted.² Were the Court to grant vacatur, it might then have to consider anew a claim construction dispute it already decided and may also have to decide whether Plaintiffs should be estopped from arguing certain positions. These considerations result in the second factor disfavoring vacatur.

²The estoppel implications of the Court's grant or denial of the requested vacatur are not entirely clear. *See Alltech*, C.A. No. 13-425-RGA (D. Del.), at 1-2 (citing cases); *see also Yodlee, Inc. v. Plaid Techs., Inc.*, 2016 WL 204372, at *3-4 (D. Del. Jan. 15, 2016) (finding that claim construction order was "not a 'final judgment' for collateral estoppel purposes" but also observing that "the preclusive effect of a prior District Court's claim construction ruling depends on the specific facts of the case"). In addition, it is unclear whether judicial estoppel would apply. *See Yodlee*, 2016 WL 204372, at *4 (finding judicial estoppel did not apply but noting that "'circumstances under which judicial estoppel may appropriately be invoked are probably not reducible to any general formulation of principle'" (quoting *New Hampshire v. Maine*, 532 U.S. 742, 750 (2001) (internal quotation marks omitted))).

9. The third *Cisco* factor may weigh in favor of vacatur. If these cases proceed, the Court will most likely need to expend substantial resources to prepare and issue a post-trial opinion resolving the merits of the parties' disputes. There are countervailing factors, however. First, the parties may decide to settle their disputes notwithstanding the Court's denial of the proposed Stipulation. Second, as the Eastern District of Wisconsin explained in *Allen-Bradley Co., LLC v. Kollmorgen Corp.*, 199 F.R.D. 316, 319-20 (E.D. Wis. 2001):

Given the substantial amount of time and effort typically entailed by *Markman* decisions, judicial economy would be enhanced by structuring the incentives so as to encourage pre-*Markman* hearing settlement. The result sought by the parties in the present action would do just the opposite by encouraging litigants to test their proposed claim constructions via a full-blown *Markman* hearing and decision before settling, thereby relegating the court's *Markman* decision to the category of "advisory opinion."

These concerns may be heightened as the Court has moved toward greater predictability (and speed) in issuing its claim construction opinions. For most patent cases filed after June 2014, the undersigned judge has set a goal of issuing *Markman* opinions within 60 days after the *Markman* hearing.³ If vacatur is regularly available for a post-*Markman* settlement, a patentee could plan to obtain a relatively quick "advisory opinion" on claim construction and, if unhappy with the ruling, settle the case – with no risk of adverse consequences for the scope of its patent rights.

10. The parties' interests in conserving their resources appear to be neutral at this point. The case has been tried and briefing is completed. While any party that is dissatisfied

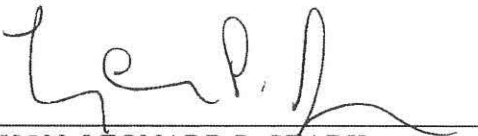
³See Revised Procedures for Managing Patent Cases, available at [http://www.ded.uscourts.gov/sites/default/files/Chambers/LPS/PatentProcs/LPS-PatentProcedure s.pdf](http://www.ded.uscourts.gov/sites/default/files/Chambers/LPS/PatentProcs/LPS-PatentProcedure%20s.pdf), at 8. Other judges of this Court regularly issue their claim construction decisions no later than 30 days after a hearing.

with any portion of the Court's eventual opinion could appeal, no party is required to appeal, so it may be that additional party resources to be invested in these cases will be minimal even without granting the Stipulation. Also, it may be that the goal of conserving party resources could best be promoted in future cases by the Court's encouragement of early settlement – prior to claim construction, or at least prior to trial. This is unclear.

11. Weighing all of the considerations discussed above, the Court does not find it appropriate in these circumstances to vacate the Claim Construction Opinion. Accordingly, the Court will not be signing the Stipulation.

IT IS FURTHER ORDERED that, no later than June 3, 2016, the parties shall submit a joint status report advising the Court, in addition to anything else they wish to address, whether: (1) they plan to submit a revised stipulation that would resolve their disputes without requiring the Court to vacate its Claim Construction Opinion and (2) whether the issues that were the subject of the trial are ripe and ready for the Court's decision.

IT IS FURTHER ORDERED that, no later than May 31, 2016, the parties shall provide the Court with a proposed redacted version of this Order and of its earlier Order (D.I. 232).


HON. LEONARD P. STARK
UNITED STATES DISTRICT JUDGE