

a publication entitled "Approved Drug Products With Therapeutic Equivalence Evaluations" (commonly referred to as the "Orange Book"), and that FDA should have approved Apotex's version of Paxil. FDA's listing of patents triggers a process that provides SmithKline with up to a 30-month statutory stay during which Apotex's ANDA may not be approved. Apotex complains that FDA's listing of these patents has enabled SmithKline to extend improperly its market monopoly over paroxetine hydrochloride. Apotex seeks injunctive relief requiring the removal of six patents from the Orange Book.

When this case was initially filed in April 2000, Apotex moved for a preliminary injunction and FDA moved to dismiss on ripeness and exhaustion grounds. The Court denied the motion for preliminary injunction because the Court was not satisfied that the case was ripe and that the administrative remedies had been exhausted, and because plaintiff's likelihood of prevailing on the merits was not sufficiently clear to warrant a preliminary injunction. Transcript at 27 (May 15, 2000) and Order (May 16, 2000). Subsequently, the Court denied as moot FDA's motion to dismiss on ripeness and exhaustion grounds. Order (Feb. 8, 2001). Apotex has now filed an Amended Complaint and Renewed Motion for Preliminary Injunction. The federal defendants have moved to dismiss the Amended Complaint as against FDA, and submit this memorandum in support of its Motion to Dismiss and in

opposition to plaintiff's Renewed Motion for Preliminary Injunction.

As discussed more fully below, FDA's listing of the patents for Paxil was a routine exercise of its limited ministerial responsibilities based upon information submitted to it by SmithKline. In both listing the patents and declining to approve Apotex's generic version of paroxetine hydrochloride, FDA properly applied the statutory and regulatory requirements governing patent issues in the drug approval process. FDA's actions were based upon the agency's reasonable and long-standing interpretations of those provisions. The statute provides for generic and innovator firms to resolve disputes concerning drug patents in private litigation.

Thus, regardless of the validity of any claim Apotex may have against SmithKline, which has intervened as a defendant in this action, Apotex's claims against FDA are meritless. For this reason, and because Apotex has not made an adequate showing of irreparable injury or demonstrated that the balance of harms or the public interest favor the imposition of injunctive relief, Apotex's request for preliminary and permanent injunctive relief should be denied, and FDA's motion to dismiss should be granted.

BACKGROUND

I. Statutory And Regulatory Framework

At issue in this case are provisions of the Federal Food, Drug, and Cosmetic Act ("FDCA") and implementing regulations relating to new drug applications and generic drug approvals. The statutory provisions were added to the FDCA through the Drug Price Competition and Patent Term Restoration Act of 1984, known as the Hatch-Waxman Amendments. Pub. L. No. 98-417, 98 Stat. 1585 (1984), codified at 21 U.S.C. §§ 355, 360cc, 35 U.S.C. §§ 156, 271, 282.

The Hatch-Waxman Amendments has dual goals: 1) increasing the number of lower-cost generic drugs on the market and 2) preserving the incentive for manufacturers to perform the research and development necessary to create new pioneer drugs. See H.R. Rep. No. 857 (Part I), 98th Cong., 2d Sess. at 14-15 (1984), reprinted in 1984 U.S.C.C.A.N. at 2647. Title I of the Amendments was intended "to make available more low cost generic drugs by establishing a generic drug approval procedure for pioneer drugs first approved after 1962." Id. Title II was intended to provide a new incentive for research and development of pioneer drugs by "restoration of some of the time lost on patent life while the product is awaiting pre-market approval." Id. at 15, 1984 U.S.C.C.A.N. at 2648. The statutory scheme crafted by Congress represents a delicate balancing of these two

policy goals. See Tri-Bio Labs, Inc. v. United States, 836 F.2d 135, 139 (3d Cir. 1987).

A. New Drug Applications

Under the FDCA, pharmaceutical companies seeking to market pioneer or innovator drugs must first obtain FDA approval by filing a new drug application ("NDA"). 21 U.S.C. § 355(a), (b). In addition to submitting data demonstrating the safety and effectiveness of the drug, the NDA applicant is required to submit patent information on any patent that it claims will protect its exclusive marketing of the drug. Specifically, the sponsor is to submit information on any patent that "claims the drug . . . or a method of using such drug" and for which a claim of patent infringement could reasonably be asserted against an unauthorized party. 21 U.S.C. § 355(b)(1), (c)(2). The patent information must include the patent number and date of expiration. Id. If the patent was issued after the application was approved, the required patent information must be filed within 30 days after issuance of the patent. 21 U.S.C. § 355(c)(2); 21 C.F.R. § 314.53(d)(3). FDA has defined by regulation the following types of patents that may be submitted in conjunction with an NDA: drug substance (active ingredient)

patents, drug product (formulation and composition) patents, and method of use patents. 21 C.F.R. § 314.53(b).¹

NDA holders may only list with FDA patents that claim the drug product approved in the NDA. 21 U.S.C. § 355(b)(1). For example, in Pfizer v. FDA, 753 F. Supp. 171 (D. Md. 1990), Pfizer had an approved NDA for a nifedipine capsule, for which it had two patents listed. Pfizer then attempted to submit a third patent for a nifedipine tablet. Pfizer, however, did not submit a declaration to FDA that the patent claimed the approved capsule product, because the different dosage forms (capsule and tablet) constituted different drug products. See Warner-Lambert Co. v. Shalala, 202 F.3d 326 (D.C. Cir. 2000); Pfizer, Inc. v. Shalala, 182 F.3d 975 (D.C. Cir. 1999). Consistent with its regulations, FDA did not list the tablet patent because it did not pertain to the approved capsule product. Pfizer v. FDA, 753 F. Supp. at 174-75. The court held that FDA's interpretation of the Hatch-Waxman Amendments to permit listing only of patents that claim the drug approved in an NDA was reasonable. Id. at 175.

¹ The term "drug substance" means an active ingredient of a drug. 21 C.F.R. § 314.3(b). The term "drug product" means the finished dosage form, such as a tablet, capsule, or solution, that contains a drug substance, generally, but not necessarily, in association with one or more other (inactive) ingredients. Id. Process patents are not covered by these patent submission provisions and information on such patents may not be submitted to FDA. 21 C.F.R. § 314.53(b).

For patents covering the formulation, composition, or method of using a drug, the NDA applicant must also submit a signed declaration stating that the patent covers the formulation, composition, or use of the product described in the pending or approved application. 21 C.F.R. § 314.53(c)(2). FDA's regulations require that the signed declaration state specifically that the patent covers the drug product approved or requested to be approved in the NDA. 21 C.F.R. § 314.53(c)(2). FDA is also required to publish patent information for approved drugs, and does so, in the Orange Book. See 21 U.S.C. § 355(c)(2); 21 C.F.R. § 314.53(e).

B. Abbreviated New Drug Applications

The Hatch-Waxman Amendments permit the submission of abbreviated new drug applications ("ANDAs") for generic versions of drugs. 21 U.S.C. § 355(j). Under the abbreviated procedure, ANDA applicants may rely upon FDA findings of safety and effectiveness for the pioneer drug product. 21 U.S.C. § 355(j)(2).

The timing of approval of ANDAs depends in part on patent protections for the pioneer drug. The statute requires that an ANDA contain, among other data and information, a certification with respect to each patent that claims the listed drug or the method of the drug's use for which the ANDA applicant is seeking approval and for which patent information is required to be

filed. 21 U.S.C. § 355(j)(2)(A)(vii). FDA has defined by regulation the "listed drug" to mean the approved new "drug product." 21 C.F.R. § 314.3(b). This certification must state one of the following:

- (I) that the required patent information relating to such patent has not been filed;
- (II) that such patent has expired;
- (III) that the patent will expire on a particular date; or
- (IV) that such patent is invalid or will not be infringed by the drug for which approval is being sought.

If a certification is made under paragraph I or II indicating that patent information pertaining to the drug or its use has not been filed with FDA or the patent has expired, approval of the ANDA may be made effective immediately. 21 U.S.C. § 355(j)(5)(B)(i). A certification under paragraph III indicates that the ANDA applicant does not intend to market the drug until after the expiration of the applicable patent, and approval of the ANDA may be made effective on such expiration date. 21 U.S.C. § 355(j)(5)(B)(ii).

A paragraph IV certification requires that the ANDA applicant give notice of the filing of the ANDA to the patent owner and the NDA holder for the listed drug. This notice must include a detailed statement of the factual and legal basis for the ANDA applicant's opinion that the patent is not valid or will not be infringed. 21 U.S.C. § 355(j)(2)(B); 21 C.F.R. § 314.95.

An applicant whose ANDA is pending when additional patents are listed must certify to the new patents, unless the additional patents are submitted more than 30 days after they were issued. 21 C.F.R. § 314.94(a)(12)(vi).

FDA may approve an ANDA with a paragraph IV certification, and the approval may become effective immediately, despite the unexpired patent, unless an action for infringement of the patent is brought against the ANDA applicant within 45 days of the date the patent owner and NDA holder receive notice of the paragraph IV certification. 21 U.S.C. § 355(j)(5)(B)(iii); 21 C.F.R. § 314.107(f)(2). If a patent action is brought, approval of the ANDA will not become effective until 30 months from the date that the patent owner and NDA holder received notice of the paragraph IV certification, unless a final decision is reached earlier in the patent case or the patent court otherwise orders a longer or shorter period. 21 U.S.C. § 355(j)(5)(B)(iii).

C. 180-Day Period Of Market Exclusivity

As an incentive and reward to the first generic drug manufacturer to expose itself to patent litigation, the statute provides that the first manufacturer who files an ANDA containing a paragraph IV certification is eligible for a 180-day period of marketing exclusivity. 21 U.S.C. § 355(j)(5)(B)(iv). See Mova Pharm. Corp. v. Shalala, 140 F.3d 1060, 1064 (D.C. Cir. 1998). The exclusivity can be triggered by either the first commercial

marketing of the generic drug or by a decision of a court finding a patent covering the innovator drug invalid, unenforceable, or not infringed, whichever comes first. 21 U.S.C. § 355(j) (5) (B) (iv); 21 C.F.R. § 314.107(c).

D. Disputes Over FDA's Patent Listings

When a person believes that a patent has been listed improperly, FDA regulations provide a process for resolving the dispute. Any person who wishes to dispute the accuracy or relevance of the listing of a patent in the Orange Book must notify FDA in writing of the grounds for the dispute. 21 C.F.R. § 314.53(f). FDA then requests the NDA holder to confirm the correctness of the patent information. However, unless the NDA holder withdraws or amends its patent information, FDA "will not change the patent information in the [Orange Book]." Id.

FDA has explained that its role in publishing patent information is ministerial - FDA does not make an independent determination of the merits or applicability of patent claims. Preamble to Final Rule Implementing the Patent and Exclusivity Provisions of the Hatch-Waxman Amendments, 59 Fed. Reg. 50338, 50342-43, 50345, 50349, 50352 (Oct. 3, 1994). Where there is a disagreement between a sponsor and generic company regarding whether a patent should be listed in the Orange Book, FDA does not attempt to resolve that dispute on its own because "FDA does not have the resources or the expertise to review patent

information for its accuracy and relevance to an NDA." Id. at 50345. Instead, those disputes are properly resolved in separate patent litigation between the drug companies to which FDA is not a party. Id. at 50348.

II. Factual Background And Administrative Proceedings

A. The Patents

FDA approved SmithKline's NDA for Paxil in 1992. Apotex Am. Compl., ¶ 44. In the NDA, SmithKline included information on patent 4,721,723 ('723). Thus, upon approval, FDA listed patent '723 in the Orange Book for Paxil.

Apotex submitted an ANDA to manufacture generic paroxetine hydrochloride on March 31, 1998, and certified under paragraph IV that its product would not infringe the patent then listed for the product, patent '723. Administrative Record ("A.R."), tabs 18, 19. SmithKline sued Apotex for patent infringement in federal court in Illinois, and that lawsuit resulted in a 30-month stay during which Apotex's product could not be approved. This 30-month stay expired November 21, 2000.

In February 1999, SmithKline was issued patent 5,872,132 ('132). Within 30 days of the issuance of the patent, SmithKline filed information on patent '132 with FDA. In May 1999, SmithKline was issued patent 5,900,423 ('423). Again, SmithKline submitted information to FDA on patent '423 within 30 days of its

issuance. Pursuant to 21 U.S.C. § 355(c)(2), FDA listed patents '132 and '423 in the Orange Book.

Apotex then submitted paragraph IV certifications for patents '132 and '423. On August 9, 1999, SmithKline sued Apotex in federal court in Pennsylvania for patent infringement relating to patent '423. This litigation resulted in a second 30-month stay of approval of Apotex's ANDA.

Apotex was not sued in relation to patent '132 (Apotex Am. Compl., ¶ 150), and, because the 45-day notice period provided by the Hatch-Waxman Amendments for SmithKline to sue Apotex for infringement with respect to this patent has elapsed, any lawsuit brought by SmithKline against Apotex in the future relating to patent '132 would not trigger a 30-month statutory stay on approval.

When Apotex began this lawsuit, Apotex claimed that FDA improperly listed patents '132 and '423, which delayed the approval of Apotex's generic product, and that FDA should de-list these patents.

Since that time, SmithKline has filed information on several more patents. In its amended complaint, Apotex challenges the listing of four of those patents -- 6,080,759 ('759), 6,113,944 ('944), 6,121,291 ('291), and 6,172,233 ('233) -- in addition to patents '132 and '423. With respect to the newly listed patents, Apotex was sued by SmithKline for patent infringement regarding

the '759 patent on September 27, 2000, the '944 patent on January 11, 2001, and the '233 patent on May 2, 2001. Apotex Am. Compl., ¶¶ 155, 158, 164. Apotex has not yet been sued in relation to patent '291, but the 45-day notice period during which SmithKline could sue Apotex for infringement and obtain a 30-month statutory stay has not expired. Id. at ¶¶ 161, 162; A.R. at tabs 52-55.

On May 24, 2001, FDA tentatively approved Apotex's ANDA, which means the agency has found the proposed generic drug to be safe and effective but final approval cannot be given until the statutory stays relating to the patents listed by SmithKline have expired. A.R. at tabs 56, 57; see 21 C.F.R. § 314.107(b)(3). As it stands now, final approval of Apotex's ANDA is being delayed by the 30-month statutory stays attendant to patent litigation concerning patents '423, '759, '944, and '233. Because Apotex was not sued in relation to patent '132, its approval is not being delayed in any way by the listing of that patent. With respect to patent '291, Apotex's ANDA may not be approved during the 45-day notice period (21 U.S.C. § 355(j)(5)(B)(iii)); if SmithKline sues Apotex for infringement of patent '291, there will be another 30-month statutory stay on approval.

B. The Citizen Petition

FDA's regulations require the filing of an administrative petition prior to the institution of a lawsuit complaining of agency action or inaction. 21 C.F.R. § 10.45(b). On February 3,

2000, Apotex filed a citizen petition with FDA, seeking a ruling from the FDA Commissioner that SmithKline unlawfully submitted patent information on patents '132 and '423 in connection with its Paxil NDA and asking that patents '132 and '423 be removed from the Orange Book. A.R., tabs 1, 2.

On November 21, 2000, FDA denied the requests in the petition and provided the following analysis. A.R., tab 8. FDA explained that it was following the procedures set forth in the applicable regulation that provided for the listing of the patents. In promulgating these regulations, FDA permissibly interpreted the controlling statutory provisions of the FDCA, 21 U.S.C. § 355(b)(1) and (c)(2). The statutory language does not make clear whether a newly issued patent may be listed after an NDA is approved 1) only when no patent was available at the time the NDA was filed, or 2) when the information on that specific patent was not available at the time the NDA was filed. FDA, through notice and comment rule-making, properly adopted the latter interpretation: the NDA applicant may submit information on newly issued patent within 30 days of the date the patent was issued, without regard to whether another patent was listed at the time the NDA was filed. 21 C.F.R. § 314.53(d)(3). FDA followed that regulation in the instant case in listing the later submitted patents.

In the petition response, FDA further explained that it declined to take a more active role in resolving the dispute between the generic and the innovator companies over whether the newer patents claimed the drug. A.R. at tab 8. While FDA has a procedure for resolving patent listing errors, FDA does not decide issues of patent coverage and validity - those issues are properly left to the courts. Specifically, Apotex argued that the later filed patents did not "claim the drug." Id. FDA explained that it relies on the submissions of the patent holder, in this case SmithKline, and does not make independent assessments. Id. If Apotex disagrees with SmithKline's submissions, its dispute is with SmithKline, not FDA.

ARGUMENT

Apotex challenges FDA's determination, reflected in its regulations, that the Hatch-Waxman Amendments give the agency only a ministerial role in listing patents. As set forth below, FDA's interpretation of the statute is entitled to deference, and its regulations embody reasonable interpretations of the FDCA. The question of statutory interpretation raised by Apotex can be resolved by the Court based on the pleadings.² If the Court

² With this memorandum, the government files the administrative record relating to the challenge raised by Apotex. While the record supports the undisputed facts set forth in this memorandum and contains FDA's citizen petition response, which explains the basis for FDA's statutory interpretation, reference to the record is not necessary to resolve the question of statutory interpretation raised by Apotex. Alternatively, the

affirms FDA's statutory interpretation, the government's motion to dismiss Apotex's claims against FDA should be granted, as Apotex does not allege that FDA failed to correctly carry out its ministerial duties in this case.

Should the Court reach consideration of Apotex's motion for preliminary injunction, the motion should be denied because Apotex has failed to show that it is entitled to preliminary injunctive relief. In particular, Apotex has not shown a likelihood of success on the merits of its claims.

I. Apotex's Amended Complaint Should Be Dismissed Under FRCP 12(b)(1) On Grounds Of Mootness And 12(b)(6) Because It Fails To State A Claim Upon Which Relief Can Be Granted

Pursuant to Federal Rule of Civil Procedure 12(b)(1), several of Apotex's claims against FDA should be dismissed because they are moot. Under Federal Rule of Civil Procedure 12(b)(6), a court may dismiss a complaint for failure to state a claim if it is clear that no relief could be granted under any set of facts that could be proved consistent with the allegations in the complaint. Woodruff v. DiMario, 197 F.R.D. 191, 193 (D.D.C. 2000), citing Hishon v. King & Spalding, 467 U.S. 69, 73 (1984) and Atchinson v. D.C., 73 F.3d 418, 422 (D.C. Cir. 1996). Because Apotex has not plead facts that entitle it to relief against FDA, its amended complaint should be dismissed.

Court may treat the federal defendants' motion to dismiss as a motion for summary judgment. Fed. R. Civ. P. 12(b).

A. Apotex's Claims Relating To Patent '132

First, pursuant to Federal Rule of Civil Procedure 12(b)(1), all of Apotex's claims relating to patent '132 should be dismissed because they are moot.³ It is well-established that "federal courts are without power to decide questions that cannot affect the rights of litigants in the case before them." DeFunis v. Odegaard, 416 U.S. 312, 316 (1974) (quoting North Carolina v. Rice, 404 U.S. 244, 246 (1971)). The Supreme Court has stated:

Under Article III of the Constitution, federal courts may adjudicate only actual, ongoing cases or controversies. To invoke the jurisdiction of a federal court, a litigant must have suffered, or be threatened with, an actual injury traceable to the defendant and likely to be redressed by a favorable judicial decision.

Lewis v. Continental Bank Corp., 494 U.S. 472, 477 (1990)

(citations omitted and emphasis added).

As explained above, after an NDA holder lists a patent, and the ANDA applicant submits a paragraph IV certification, FDA may approve an ANDA with a paragraph IV certification, and the approval may become effective immediately, despite the unexpired patent, unless the NDA or patent holder sues the ANDA applicant for patent infringement within 45 days of receiving notice. 21 U.S.C. § 355(j)(5)(B)(iii); 21 C.F.R. § 314.107(f)(2). In this case, Apotex has not been sued by SmithKline for infringement

³ Counts 4, 6, 7, and 8 of Apotex's amended complaint include claims relating to patent '132. Apotex Am. Compl. at ¶¶ 189-197, 206-232.

related to patent '132. If the listing of patent '132 had been the only bar to FDA's approval of Apotex's ANDA, FDA could now approve that ANDA. Therefore, Apotex cannot claim any delay related to patent '132. Simply put, Apotex has not been injured and is no longer threatened by the listing of patent '132 and its claims relating to the patent's listing should be dismissed on grounds of mootness.

B. FDA's Regulations Implementing The Hatch-Waxman Amendments

Nor has Apotex set forth claims for which relief can be granted against FDA with respect to the other patents listed by SmithKline. All of Apotex's claims against FDA flow from its assertion that FDA, in the regulations implementing the Hatch-Waxman Amendments, improperly abdicated responsibility for substantively reviewing patents offered for listing in the Orange Book. See Apotex PI Mem. at 30. Because FDA's statutory interpretations are entirely proper, Apotex's claims have no merit.

1. The Court Should Defer To FDA's Reasonable Interpretation Of The Statute

The Court may set aside FDA's action in the instant case only if it is arbitrary, capricious, or not in accordance with the law. 5 U.S.C. § 706. This standard is highly deferential to the agency. Citizens to Preserve Overton Park, Inc. v. Volpe, 401 U.S. 402, 416 (1971). When reviewing FDA's interpretation of

a provision of the FDCA, the Court must examine whether "Congress has directly spoken to the precise question at issue." Chevron U.S.A. v. Natural Resources Defense Council, 467 U.S. 837, 842 (1984). If Congress has not directly spoken to the precise question at issue, the Court must uphold FDA's construction of the provision if it is "permissible" under the statute. Id. at 843.

The deference is due in part because agencies are in a better position to make policy determinations than the courts. The D.C. Circuit has recently elaborated as follows:

Such deference, the Supreme Court recently explained, is justified because the responsibilities for assessing the wisdom of policy choices and resolving the struggle between competing views of the public interest are not judicial ones, and because of the agency's greater familiarity with the ever-changing facts and circumstances surrounding the subjects regulated. And, as we have said, as long as the agency stays within Congress' delegation, it is free to make policy choices in interpreting the statute, and such interpretations are entitled to deference. So long as the agency's interpretation is reasonable, we uphold it regardless whether there may be other reasonable, or even more reasonable, views.

National Rifle Ass'n v. Reno, 216 F.3d 122, 132 (D.C. Cir. 2000) (citations and internal punctuation omitted).

When courts are evaluating an agency's interpretation of its own regulations, the agency is entitled to "substantial deference." Thomas Jefferson Univ. v. Shalala, 512 U.S. 504, 512 (1994); Wyoming Outdoor Council v. U.S. Forest Service, 165 F.3d 43, 52 (D.C. Cir. 1999). The D.C. Circuit has further explained:

Our review in such cases is more deferential than that afforded under Chevron. The agency's construction of its own regulation is controlling unless it is plainly erroneous or inconsistent with the regulation. That broad deference is all the more warranted when the regulation concerns a complex and highly technical regulatory program.

Wyoming Outdoor Council, 165 F.3d at 52 (internal citations and quotations omitted); see also Presbyterian Medical Center v. Shalala, 170 F.3d 1146, 1150 (D.C. Cir. 1999); Associated Builders and Contractors, Inc. v. Herman, 166 F.3d 1248, 1254 (D.C. Cir. 1999).

Furthermore, when interpreting the Hatch-Waxman Amendments, the Court must look to the entire purpose of the statute. "[I]n expounding a statute, we must not be guided by a single sentence or member of a sentence, but look to the provisions of the whole law, and to its object and policy." Pilot Life Ins. Co. v. Dedeaux, 481 U.S. 41, 51 (1987) (internal quotes omitted). Accord McCarthy v. Bronson, 500 U.S. 136, 139 (1991) (agreeing that, read in isolation, petitioner's reading was the most natural one but stating that "statutory language must always be read in its proper context"); Massachusetts v. Morash, 490 U.S. 107, 115 (1989); Offshore Logistics, Inc. v. Tallentire, 477 U.S. 207, 221 (1986); Mastro Plastics Corp. v. NLRB, 350 U.S. 270, 285 (1956) (rejecting literal interpretation of words in "complete isolation from their context in the Act"). Here, the Court should look to the totality of the statute and uphold FDA's

regulations as reasonable interpretations of the Hatch-Waxman Amendments.

2. FDA's Regulations Must Be Upheld

The Hatch-Waxman Amendments, and the regulations that FDA has issued to implement them, provide for a limited FDA role in patent listing. FDA's role is ministerial, and substantive patent disputes are to be resolved by the courts. Congress and FDA have made the policy determination that FDA has neither the resources nor the expertise to become embroiled in patent disputes, and that determination is entitled to deference. See Watson Pharm., Inc. v. Henney, Civil No. S 00-3516, slip op. at 4-5 (D. Md. Jan. 18, 2001), appeal docketed, No. 01-1285 (Fed. Cir. April 10, 2001) (attached as Exhibit 1).

The Hatch-Waxman Amendments contain certain specific directives with respect to patents. The statute requires the holder of an approved application to file with FDA "the patent number and the expiration date of any patent which claims . . . a method of using [the] drug [for which the application was submitted]" 21 U.S.C. § 355(c)(2). That section also states that FDA "shall publish" this patent information upon its submission. Id. The statute does not require that FDA undertake any other responsibilities with respect to this patent information. See id.

Instead, the statute places the responsibility on generic and innovator firms to resolve any patent disputes concerning a drug, including whether a patent "claims" the approved drug product, in private litigation. See 21 U.S.C. §§ 355(j)(2)(A)(vii)(IV) ("paragraph IV certification"), 355(j)(2)(B), and 355(j)(5)(B)(iii). The filing of a paragraph IV certification gives the patent holder a right of action against the ANDA applicant. Zeneca Ltd. v. Mylan Pharm., Inc., 173 F.3d 829, 830 (Fed. Cir. 1999); see also Apotex, Inc. v. Shalala, 53 F. Supp. 2d 454, 461 (D.D.C. 1999). The United States Supreme Court has held that an ANDA with a paragraph IV certification gives rise to subject matter jurisdiction under the patent laws. Eli Lilly and Co. v. Medtronic, Inc., 496 U.S. 661, 675-77 (1990).

By regulation, FDA has implemented the Hatch-Waxman Amendment's patent provisions by informing interested parties what patent information is to be submitted, who must submit the information, and when and where to submit the information. See 21 C.F.R. §§ 314.53(a), (b), (c), and (d). FDA's regulation further provides that an NDA applicant may submit information on a newly issued patent within 30 days of the date the patent was issued, without regard to whether another patent was listed at the time the NDA was filed. 21 C.F.R. § 314.53(d)(3). FDA's regulation also sets forth a process for correcting patent

information errors. Id. at § 314.53(f).⁴ FDA does not scrutinize the substance of the declarations provided by NDA holders concerning their patents, so long as all of the required information has been submitted. See, e.g., 21 C.F.R. § 314.53(f); 59 Fed. Reg. 50338, 50345 (Oct. 3, 1994).

As explained at length in the proposal for 21 C.F.R. § 314.53, FDA's role in listing patents is purely ministerial; FDA does not have the expertise or the resources to resolve complex patent coverage issues. 54 Fed. Reg. 28872, 28909-10 (July 10, 1989). FDA reiterated its rationale for avoiding entanglement in complex issues of patent law in 1994, in response to comments on FDA's proposed regulations implementing portions of the Hatch-Waxman Amendments. Two comments asserted that "FDA should ensure that patent information submitted to the agency is complete and applies to a particular NDA." 59 Fed. Reg. 50338, 50345 (Oct. 3, 1994). In response, FDA explained that it does not have the resources or the expertise to review patent information for its accuracy and relevance to an NDA. Id.; see also id. at 50342-43, 50349, 50352. Thus, FDA carefully

⁴ As noted, this process allows interested parties to dispute the accuracy, relevance, or omission of the submitted information. 21 C.F.R. § 314.53(f). Once FDA has been notified of the grounds for the dispute, the agency requests the NDA holder to confirm the correctness of the patent information. Id. Unless the NDA holder withdraws or amends its patent information, however, the agency will not change the patent information in the list. Id.

considered and rejected the role Apotex now seeks to have the agency fill.

FDA's approach to listing patents is fully consistent with how Congress intended the agency to implement the Hatch-Waxman Amendments. See 54 Fed. Reg. 28872, 28909-10 (July 10, 1989). Congress did not intend FDA to divert its attention from its mission by spending enormous resources attempting to resolve economic disputes about the coverage of patent claims.⁵ For this reason, Congress explicitly required FDA to publish patent information upon its submission, and for any such disputes concerning the listing of patents to be resolved by private litigation between interested parties. See 21 U.S.C. §§ 355(b)(1), 355(c)(2), 355(j)(2)(A)(vii), and 355(j)(2)(B).

In a recent case squarely on point, Judge Smalkin denied a generic drug company's motion for preliminary injunction, granted judgment for the government, and explained as follows:

FDA, in deciding to make an Orange Book listing, is not acting as a patent tribunal. It has no expertise - much less any statutory franchise - to determine matters of substantive patent law. In making its decision to list a patent, therefore, it is entirely

⁵ Instead, FDA applies its expertise and resources in the generic drug context to review the other information submitted in the ANDA and to ensure, among other things, that the drug is bioequivalent to the listed drug; that the inactive ingredients and composition of the drug are safe; and that the methods used in, and the facilities and controls used for, the manufacture, processing, and packing of the drug are adequate to assure and preserve its identity, strength, quality and purity. See 21 U.S.C. § 355(j)(4).

appropriate and reasonable for the FDA to rely on the patentee's declaration as to coverage, and to let the patent infringement issues play out in other, proper arenas, as is the clear intent of the Hatch-Waxman Amendments. In fact the legislation clearly reflects that Congress recognized that the FDA had a very limited, ministerial role in patent fights between patentees and generic marketers - that of taking information from the patentee, publishing that information in the Orange Book, and awaiting the institution and/or outcome of patent litigation.

Watson Pharm., slip op. at 4 (emphasis in original). The court concluded that FDA acted reasonably and within the scope of the law and its regulations, and the court would not second guess it. Id. at 5.⁶

Apotex cites two other recent district court cases brought by generic drug companies alleging that a subsequent patent listed by the innovator did not "claim the drug" in the NDA. Apotex PI Mem. at 29. Neither of these cases, however, has directly addressed the issue decided by the court in Watson. In Mylan Pharm., Inc. v. Thompson, ___ F. Supp.2d ___, 2001 WL 273073 (D.D.C. Mar. 13, 2001), appeal pending, No. 01-1257 (Fed. Cir.), the court held that it had subject matter jurisdiction to hear a generic drug company's challenge to an innovator's patent listing as a declaratory judgment suit brought under the patent laws. Id. at *7-12 (attached as Exhibit 2). On the merits, the court ruled that the innovator's patent did not claim the drug, and

⁶ Watson is currently on appeal before the Federal Circuit. The initial brief is scheduled to be filed in June 2001.

ordered injunctive relief in the form of the innovator company de-listing the patent and FDA approving the generic company's ANDA. Id. at *13-21. The innovator has appealed.

On appeal, FDA has argued in the Mylan case that the generic drug company had a valid cause of action, but only against the innovator under the patent laws. The generic drug company had no basis for making FDA a defendant, and the district court erred in enjoining FDA to immediately approve the ANDA. Instead, the district court should have limited its decision to ordering the innovator to request FDA to de-list the patent, and it should have presumed that FDA would act appropriately in light of that action.⁷ Mylan is fully briefed before the Federal Circuit and oral argument is scheduled for mid-July, 2001.

⁷ For the same reason, Apotex's request that FDA be ordered to immediately approve its ANDA is inappropriate. See Apotex Am. Compl. at ¶¶ 197(d), 205(d), 213(c), 221(d), 232(b). In the event that the Court determines that SmithKline improperly caused patents to be listed with FDA, relief should be limited to an order directing SmithKline to delist the patents. As the tentative approval letter to Apotex suggests (A.R. at tabs 56, 57), even if Apotex's ANDA becomes finally approvable vis-a-vis SmithKline's patents, there may be other reasons, such as improper manufacturing practices, that prevent immediate approval. The FDA is entitled to a presumption that it will act appropriately in response to a patent delisting. See Bowen v. Am. Hospital Ass'n, 476 U.S. 610, 626-27 (1986). The relief requested by Apotex relating to withdrawal of paragraph IV notifications and the triggering of 180-day exclusivity suffers from the same defect. See Apotex Am. Comp. at ¶¶ 197(f), 205(f), 213(b), (e), 221(e), 232(c). Again, it should be presumed that FDA will appropriately undertake actions that would flow from the delisting of SmithKline's patents, absent a court order. Similarly, there is no basis for Apotex's request for attorneys' fees. Id. at ¶¶ 197(g), 205(g), 213(f), 221(f), 232(d).

Thus, FDA agrees with the Mylan court that generic drug companies have cognizable claims under the patent statutes against innovators for de-listing. Also, in Mylan as well as here, FDA takes no position on the merits of whether the innovator's subsequent patents claim the approved drug. Further, the Mylan court did not directly address the ruling in Watson, and did not hold that FDA should have evaluated the patents at issue. The Mylan court erred in ordering relief against FDA.⁸

FDA recognizes the potential for abuse in the listing of patents, but the remedy is a suit by the generic company against the innovator. The issue of de-listing patents because they allegedly did not claim the drug in the NDA has arisen in private patent litigation that did not involve the FDA. See Ben Venue Labs., Inc. v. Novartis Pharmaceutical Corp., 10 F. Supp. 2d 446 (D.N.J. 1998); Zenith Labs, Inc. v. Abbott Labs, Civ. No. 96-1661 (D.N.J. Aug. 7, 1996) (attached as Exhibit 3). Indeed, the court in Ben Venue explicitly found that FDA's listing of a patent "should not create any presumption that the patent was correctly listed" because the agency lacks the resources and expertise to evaluate such claims. Id. at 456. Rather, such patent listing issues are appropriately raised in the context of private patent

⁸ In Andrx Pharmaceuticals, Inc. v. Biovail Corp., Case No. 01-6194-CIV (S.D. Fla. Mar. 6, 2001) (attached as Exhibit 4), the other case mentioned by Apotex, the issue addressed in Watson has not been addressed by the court.

litigation, such as that between Apotex and SmithKline in the Eastern District of Pennsylvania or in a separate action initiated by Apotex against SmithKline.

3. FDA Properly Followed The FDCA And Its Regulations

Apotex argues that FDA has "abandon[ed] its responsibilities under the Act" in four separate ways. Apotex PI Mem. at 30. In each instance, an examination of the applicable statutory provisions and regulations demonstrates that FDA acted properly.

a. FDA Does Not Determine Whether The Patent Claims The Drug

Apotex asserts that FDA refuses to review patents to assure that patents conform to the requirements of 21 U.S.C. § 355(b)(1) and (c)(2), and specifically argues that FDA should not have listed the patents because the patents do not "claim the drug" covered by SmithKline's NDA for Paxil within the meaning of those sections. Apotex PI Mem. at 30-32.⁹ This argument, however, misconceives the nature of FDA's role in listing patents pursuant to the relevant statutory and regulatory provisions.

Apotex quotes no statutory language that gives FDA the responsibilities that Apotex imagines. Apotex cites 21 U.S.C.

⁹ Apotex argues that the six patents do not claim the drug in the Paxil NDA because: three of the patents relate to a different chemical composition than the composition in the original patent filed with the Paxil NDA; one patent relates to a dry granulation as opposed to a wet granulation manufacturing process; one manufacturing patent was invented after the NDA was filed; and one patent relates to a new method of use for the drug. Apotex PI Mem. at 15-22.

§ 355(b)(1) and (c)(2), but an examination of those sections does not reveal an imposition of responsibilities on FDA beyond what it exercises. Section 355(b)(1) states that the applicant shall file with its NDA "the patent number and the expiration date of any patent which claims the drug" The only thing FDA is directed to do under this section regarding patents is to publish the information. Section 355(c)(2) similarly places no responsibilities on FDA other than to publish the submitted information.

FDA explained in its response to Apotex's citizen petition that the Hatch-Waxman Amendments evidence a clear Congressional intent to have the courts, not the agency, decide issues of patent infringement and validity. A.R. at tab 8. Section 355(j)(5)(B) explicitly provides for a scheme where the court decides issues of patent validity and infringement. 21 U.S.C. § 355(j)(5)(B). These patent issues can be extremely complex and time-consuming to resolve. The statutory 30-month stay on ANDA approvals following initiation of patent litigation affords the opportunity for these issues to be resolved through the courts. Also, the statute provides that courts may shorten or lengthen the 30-month period, if a court determines such action would be appropriate. Id.

FDA takes no position on whether the patents in question claim the drug in the Paxil NDA because Congress did not give FDA

the responsibility to analyze the scope and application of patents. As the court in Watson concluded, "[FDA] is not acting as a patent tribunal. . . . [I]t is entirely appropriate and reasonable for the FDA to rely on the patentee's declaration as to coverage, and to let the patent infringement issues play out in other, proper arenas, as is the clear intent of the Hatch-Waxman Amendments." Slip op. at 4.

Apotex essentially admits that FDA is not the entity to construe patents: "the proper construction of patent claims is a legal question for the Court." Apotex PI Mem. at 32. Because patent construction is not FDA's responsibility, FDA should not be a party to this case.

b. FDA Reasonably Interpreted The FDCA To Permit The Filing Of Newly Issued Patents For An NDA Where A Patent Has Already Been Filed

Apotex asserts that FDA has misconstrued 21 U.S.C. § 355(c)(2) to permit the filing of newly issued patents post-NDA approval where a patent was already listed in connection with that NDA. Apotex PI Mem. at 33-34. Apotex claims that the statute is unambiguous and permits the filing of a newly issued patent only where there was no patent issued and filed at the time the NDA was submitted and approved. Id. FDA disagrees. As FDA explained in its citizen petition response, the statute is ambiguous, and FDA has reasonably interpreted it to permit the

filing of newly issued patents where a patent has already been filed. A.R. at tab 8.

NDA's must contain, among other things, certain patent information:

[T]he patent number and the expiration date of any patent which claims the drug for which the applicant submitted the application or which claims a method of using such drug and with respect to which a claim of patent infringement could reasonably be asserted if a person not licensed by the owner engaged in the manufacture, use, or sale of the drug. If an application is filed under this subsection for a drug and a patent which claims such drug or a method of using such drug is issued after the filing date but before approval of the application, the applicant shall amend the application to include the information required by the preceding sentence.

21 U.S.C. § 355(b)(1). Thus, the statute specifically directs applicants to include existing patent information at the time an NDA is filed, and to amend the NDA to include any patent information obtained while the NDA is pending.

The statute also makes provision for patents issued after an application has been approved:

If the patent information described in [21 U.S.C. § 355(b)] could not be filed with the submission of an application ... because the application was filed before the patent information was required under subsection (b) or a patent was issued after the application was approved ... the holder of an approved application shall file with the Secretary the patent number and the expiration date of any patent which claims the drug for which the application was submitted or which claims a method of using such drug and with respect to which a claim of patent infringement could reasonably be asserted if a person not licensed by the owner engaged in the manufacture, use, or sale of the drug.

21 U.S.C. § 355(c)(2).

What is not clear from the above two provisions is whether an innovator is permitted to list a new patent after the NDA is approved whenever the information on that patent was not available at the time the NDA was filed, or whether it can list a new patent only if there was no patent listed at the time the NDA was filed. FDA therefore promulgated a regulation interpreting the statute. That regulation provides that the NDA applicant may submit information on a newly issued patent within 30 days of the date the patent was issued, without regard to whether another patent was listed at the time the NDA was filed. 21 C.F.R. 314.53(d)(3). FDA followed that regulation in the instant case and listed the later-submitted patents.

In arguing that late-obtained patents should only be listed if the patents could not have been obtained prior to the submission of an NDA (Apotex PI Mem. at 33), Apotex attempts to read a requirement into the statute that simply is not there. The first clause of § 355(c)(2), "If the patent information described in [21 U.S.C. § 355(b)] could not be filed with the submission of an application" cannot be read without reference to the end of the sentence. The statute provides two reasons why patent information may not have been filed under 21 U.S.C. § 355(b): (1) the information was not required at the time the NDA was filed; and (2) the patent had not yet been obtained.

Apotex simply ignores the second clause. Under the principles of statutory construction articulated in Chevron, FDA's reasonable statutory interpretation, giving the meaning to that clause that newly issued patents may be listed within 30 days of their issuance, is correct.

c. FDA Properly Requires ANDA Applicants To Certify To Newly Listed Patents

Apotex asserts that an ANDA applicant should not be required to certify to newly listed patents after it files its ANDA. Apotex PI Mem. at 34-35. Apotex claims that requiring the ANDA applicant to certify to patents listed after the ANDA is filed violates 21 U.S.C. § 355(j).

Apotex's claim that the statute does not require an applicant to update a pending ANDA by certifying to newly listed patents is groundless. The statute requires that pending ANDAs "shall contain" certifications "with respect to each patent which claims the listed drug" and "for which information is required to be filed [by the NDA holder] under subsection (b) [patents issued before NDA approval] or (c) [patents listed after NDA approval]." 21 U.S.C. § 355(j)(2)(A)(vii). The statute further provides that an application shall not be approved if, among other things, the application fails to meet any other requirement of paragraph (2)(A). 21 U.S.C. § 355(j)(4)(J). Under these provisions, if an NDA holder lists a patent in the Orange Book pursuant to 21

U.S.C. § 355(c)(2) before an ANDA has been finally approved by FDA, the ANDA must contain the appropriate certification.

As explained in more detail below, the Hatch-Waxman Amendments specifically provide for multiple patent listings with respect to an innovator's approved drug product and corresponding paragraph IV certifications in pending ANDAs. To be eligible for final approval under the statute, a pending ANDA must be amended as necessary to certify to any newly listed patents that claim the approved drug product. Thus, FDA properly required Apotex to amend its ANDA to certify to the new patents based on its reasonable interpretation of the Act.

d. FDA Properly Recognizes Sequential 30-Month Stays

Apotex asserts that the NDA holder is entitled to only one 30-month stay. Apotex PI Mem. at 35-38. Apotex argues that, under the plain language of the FDCA, only the first paragraph IV certification can serve as the basis for a 30-month stay. Apotex's interpretation, however, is contrary to FDA's long-standing construction that the statute provides for a stay of up to 30 months when an infringement action is brought as a result of a paragraph IV patent certification - regardless of whether the certification is contained in an original or amended ANDA.

When an ANDA applicant files a paragraph IV certification, it is required to give notice to the NDA holder (and the patent holder if it is a separate entity) as follows:

(B) (i) An [ANDA] applicant who makes a certification described in subparagraph A(vii) (IV) [a paragraph IV certification] shall include in the application a statement that the applicant will give the notice required by clause (ii) to -

(I) each owner of the patent which is the subject of the certification or the representative of such owner designated to receive such notice, and

(II) the holder of the approved application [NDA] under subsection (b) of this section for the drug which is claimed by the patent or a use of which is claimed by the patent or the representative of such holder designated to receive such notice.

(ii) The notice referred to in clause (i) shall state that an application, which contains data from bioavailability or bioequivalence studies, has been submitted under this subsection for the drug with respect to which the certification is made to obtain approval to engage in the commercial manufacture, use, or sale of such drug before the expiration of the patent referred to in the certification. Such notice shall include a detailed statement of the factual and legal basis of the applicant's opinion that the patent is not valid or will not be infringed.

(iii) If an [ANDA] application is amended to include a certification described in subparagraph (A) (vii) (IV) [a paragraph IV certification], the notice required by clause (ii) shall be given when the amended application is submitted.

21 U.S.C. §§ 355(j) (2) (B) (i), (ii), and (iii) (hereafter referred to as "paragraph 2(B) (i)", "paragraph 2(B) (ii)" & "paragraph 2(B) (iii)").

If, following the receipt of the notice described above, the patent holder brings an infringement action against the generic manufacturer, the statute presumptively stays final approval of the ANDA for 30 months from the date the notice was received:

(iii) If the applicant made a certification described in subclause (IV) of paragraph (2)(A)(vii) [a paragraph IV certification], the approval shall be made effective immediately unless an action is brought for infringement of a patent which is the subject of the certification before the expiration of forty-five days from the date the notice provided under paragraph (2)(B)(i) is received. If such an action is brought before the expiration of such days, the approval shall be made effective upon the expiration of the thirty-month period beginning on the date of the receipt of the notice provided under paragraph (2)(B)(i) or such shorter or longer period as the court may order because either party to the action failed to reasonably cooperate in expediting the action

21 U.S.C. § 355(j)(5)(B)(iii) [hereafter referred to as "section 5(B)(iii)"].

Apotex argues that, under these provisions, the 30-month stay of section 5(B)(iii) applies only when an ANDA applicant provides notice of a paragraph IV certification in the context of an original ANDA and not an amended ANDA, because section 5(B)(iii) refers to the notice provided under "paragraph (2)(B)(i)." Apotex PI Mem. at 36. According to Apotex, paragraph 2(B)(i) governs only patent certifications made in an original ANDA, whereas notice of any paragraph IV certification made to a subsequent patent in an amended ANDA is governed exclusively by paragraph 2(B)(iii). Id.

Apotex misconstrues the statute in reading each sub-clause in isolation, with no recognition of the contextual and practical interrelationship between the provisions. Although section 5(B)(iii) refers specifically to paragraph 2(B)(i), rather than

section 2(B) as a whole, paragraph 2(B)(i) should be read in context with the related provisions of paragraph 2(B)(ii) and 2(B)(iii).

Paragraph 2(B)(i) specifies those individuals or entities to whom an ANDA applicant must give notice of a paragraph IV certification - namely, the patent owner and the NDA holder. Paragraph 2(B)(i) refers to paragraph 2(B)(ii) with respect to what the notice must say, and what specific information it must contain. Thus, an ANDA applicant who files a paragraph IV certification, whether in an original or amended ANDA, must provide notice of the certification to the recipients identified in paragraph 2(B)(i), and must include in the notice the specific information set forth in paragraph 2(B)(ii).

Paragraph 2(B)(iii) addresses the proper timing for the required notice when a paragraph IV certification is filed in an amended ANDA. Specifically, the paragraph requires that the notice be provided at the time the ANDA applicant submits the amendment to its ANDA. Thus, under paragraph 2(B)(iii), when an ANDA has been amended to include a new paragraph IV certification, notice of that certification, as specified in paragraph 2(B)(ii), must be provided to the recipients indicated in paragraph 2(B)(i), at the time the ANDA is amended. Far from distinguishing amended ANDAs from original ANDAs, the three subparagraphs of paragraph 2(B) discuss different parts of the

same notification procedure. Indeed, paragraph 2(B)(iii) explicitly references the notice content provisions of paragraph 2(B)(ii), which likewise references paragraph 2(B)(i) with respect to the identity of the recipients to whom the notice must be sent.

Read in conjunction with these provisions, paragraph 5(B)(iii)'s reference to paragraph 2(B)(i) is no more than a shorthand reference to the notice provisions of paragraph 2(B) in general. Nothing in the statute suggests that by referring only to paragraph 2(B)(i), Congress meant to indicate that the 30-month stay provision would be triggered only by notices contained in original ANDAs.

To the extent there is even arguably any ambiguity in the statute itself, the implementing regulations clearly indicate that the 30-month stay provision applies equally to certifications in original and amended ANDAs. FDA's regulations with respect to the 30-month stay refer to the notice provisions as a whole. See 21 C.F.R. § 314.95; 21 C.F.R. § 314.107(b)(3). 21 C.F.R. § 314.107(b)(3), the regulatory parallel to the statutory 30-month stay provision of 21 U.S.C. § 355(j)(5)(B)(iii), refers to the entirety of 21 C.F.R. § 314.95, the regulatory parallel to the statutory notice provisions of 21 U.S.C. § 355(j)(2)(B)(i), (ii), and (iii). See

also 21 C.F.R. § 314.107(b)(4) (specifying date of ANDA approval when there is more than one certification).

Apotex draws its conclusion by attempting to read the subparagraphs of 2(B) in isolation; however, by their own terms, these clauses work as a group. Furthermore, it is a well established canon of statutory construction that courts do not examine particular sections of a statute in isolation, but rather must look at the legislation as a whole. See Pilot Life Ins. Co., 481 U.S. at 51.

In an effort to bolster its strained construction of the Act, Apotex cites legislative history. Apotex PI Mem. at 37. However, nothing in the legislative history of the Hatch-Waxman Amendments, including the excerpt from the House Report cited by Apotex, indicates that Congress intended the 30-month bar to apply only once, and only to certifications contained in original ANDAs. To the contrary, Congress' decision to link the statutory stay to each individual patent claiming the approved drug, and not just the first such patent, is fully consistent with the balance it struck between encouraging competition and rewarding innovation.

In sum, none of the facts plead by Apotex support a claim for relief against FDA. FDA's regulations should be upheld as reasonable interpretations of the statute, and Apotex makes no claim that FDA failed to follow its regulations. For that

reason, Apotex's amended complaint should be dismissed insofar as it challenges FDA's actions in this matter.

II. Apotex Is Not Entitled To Preliminary Injunctive Relief

Nor has Apotex demonstrated that it is entitled to preliminary injunctive relief against FDA. To obtain a preliminary injunction, Apotex must demonstrate: (1) a substantial likelihood of success on the merits; (2) that it will suffer irreparable injury in the absence of preliminary relief; (3) that other interested parties will not be substantially injured if the requested relief is granted; and (4) that granting such relief would serve the public interest. Mova Pharm. Corp., 140 F.3d at 1066 (citing CityFed Fin. Corp. v. Office of Thrift Supervision, 58 F.3d 738, 746 (D.C. Cir. 1995)); Bristol-Myers Squibb Co. v. Shalala, 923 F. Supp. 212, 215 (D.D.C. 1996) (citing WMATC v. Holiday Tours, Inc., 559 F.2d 841, 843 (D.C. Cir. 1977)).

The Court must balance the four factors in deciding whether to grant the injunction. Mova, 140 F.3d at 1066 (citing CityFed Fin., 58 F.3d at 747). A preliminary injunction is not granted as a matter of right. Bristol-Myers, 923 F. Supp. at 215 (citing Eli Lilly & Co. v. Premo Pharm. Labs., Inc., 630 F.2d 120, 136 (3d Cir. 1980)). Preliminary injunctive relief is an extraordinary remedy and must be sparingly granted. Eli Lilly v.

Premo, 630 F.2d at 136; Dorfmann v. Boozer, 414 F.2d 1168, 1173 (D.C. Cir. 1969).

Apotex cannot demonstrate that it is entitled to preliminary injunctive relief against FDA. Apotex has no likelihood of success on the merits because FDA properly followed the FDCA and its regulations in listing the disputed patents. Courts defer to an agency's interpretation of the statute it administers and its implementing regulations, and FDA's interpretation is not arbitrary or capricious. Nor can Apotex show that the balance of hardships weighs in its favor. Accordingly, the Court should deny plaintiff's motion for a preliminary injunction and dismiss Apotex's claims against FDA.

A. Apotex Has No Likelihood Of Success On The Merits

For the reasons stated above, the federal defendants believe that Apotex's amended complaint should be dismissed insofar as it challenges FDA's actions. The above analysis surpasses a showing that Apotex is unlikely to succeed on the merits. However, even if the Court were to decline to dismiss Apotex's claims against FDA at this time, as set forth above, Apotex has not made a sufficient showing under this prong to entitle it to a preliminary injunction.

B. Apotex Has Failed To Show Irreparable Harm

To obtain preliminary relief, Apotex must not only demonstrate a substantial likelihood of success on the merits,

but it must also show that it will suffer irreparable injury if the request is not granted. Irreparable injury is a "very high standard." See Varicon Int'l v. Office of Pers. Mgmt., 934 F. Supp. 440, 447 (D.D.C. 1996); Am. Coastal Line Joint Venture, Inc. v. United States Lines, Inc., 580 F. Supp. 932, 936 (D.D.C. 1983). A party must demonstrate that, without the requested relief, it will suffer certain, imminent, and irreparable injury. Wisconsin Gas Co. v. FERC, 758 F.2d 669, 674 (D.C. Cir. 1985). Economic loss in and of itself does not constitute irreparable injury. Wisconsin Gas, 758 F.2d at 674. Moreover, the alleged injury must be significant in relation to the business of the party seeking relief. See Holiday Tours, 559 F.2d at 843 n.3; Mylan Pharm. v. Henney, 94 F. Supp.2d 36, 58 (D.D.C. 2000) (courts are "hesitant to award injunctive relief based on assertions of lost opportunities and market share").

Here, Apotex has failed to show that it will suffer irreparable injury if it does not receive the preliminary injunctive relief it has requested. First, as set forth above, Apotex has not alleged any injury relating to the listing of patent '132. With respect to the other listed patents, Apotex has essentially alleged economic loss in the form of: loss in competitive position, potential loss of its "right to a period of market exclusivity," and litigation costs. These types of alleged injuries do not constitute irreparable harm under the

case law; Apotex fails to allege an economic injury "sufficiently large in proportion" to its operations so that the amount of money lost would cause "extreme hardship to the business, or even threaten destruction of the business." See Mylan v. Henney, 94 F. Supp.2d at 59; Gulf Oil Corp. v. Dept. of Energy, 514 F. Supp. 1019, 1025 (D.D.C. 1981).¹⁰ Thus, Apotex cannot be irreparably harmed by the denial of its motion for preliminary injunction.

C. Apotex Has Failed To Show That The Balance Of Harms And The Public Interest Weigh In Its Favor

Apotex has the burden of demonstrating that the harm it will suffer outweighs the potential harm to the other affected parties. Mylan, 94 F. Supp.2d at 59. Apotex and SmithKline, however, both have an economic interest in the outcome of this case. Where the balance of harms is roughly a draw, the injunction should be denied. Serono Labs., Inc. v. Shalala, 158 F.3d 1313, 1326 (D.C. Cir. 1998).

FDA and the public at large have an interest in reducing the drain on resources caused by unnecessary litigation against the federal government. FDA should not be included in what is essentially a private patent dispute. In addition, the public interest, as expressed by Congress, requires FDA to list patents

¹⁰ Apotex's reliance on Mova, 140 F.3d at 1064, is unavailing because the court's finding of injury there was based on far different facts. In Mova, another generic drug company was being permitted to enter the market while Mova could not. Here, by contrast, the status quo will simply continue.

obtained after application approval, as long as the patent information is filed in a timely manner; Apotex's interpretation would upset the statutory scheme enacted by Congress. Thus, the public interest militates against granting the preliminary injunctive relief Apotex herein seeks.

CONCLUSION

For the foregoing reasons, Apotex's Motion for Preliminary Injunction should be denied and FDA's Motion to Dismiss should be granted.

Respectfully submitted,

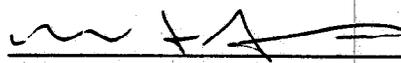
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