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March 4, 2005

**VIA FACSIMILE - (336) 812-7054  
 CONFIRMATION VIA U.S. FIRST CLASS MAIL  
 RETURN RECEIPT REQUESTED**

Charles L. Cain, Esq.  
 General Counsel  
 Banner Pharmacaps Inc.  
 4100 Mendenhall Oaks Parkway  
 Suite 301  
 High Point, North Carolina 27265

**Re: Ibuprofen Liquid-Filled Gelatin Capsule, 200 mg  
 NDA No. 21-863  
 U.S. Patent No. 6,251,426**

Dear Mr. Cain:

Pursuant to Section 505(b)(3)(C) of the Food, Drug and Cosmetic Act ("FDCA") and 21 C.F.R. 314.54, you are hereby notified as follows:

- (1) Ranbaxy Laboratories Limited ("Ranbaxy") has submitted and the FDA has received a new drug application ("NDA") under FDCA Section 505(b)(2) which contains bioavailability or bioequivalence data in order to obtain approval to engage in the commercial manufacture, use or sale of drug products containing ibuprofen.
- (2) RANBAXY's NDA referred to in paragraph (1) has been assigned No. 21-863.
- (3) The established name for the drug product is Ibuprofen, and the proprietary name of the drug product as listed in the 22<sup>nd</sup> edition of FDA's publication entitled *Approved Drug Products with Therapeutic Equivalence Evaluations (2002)* (the "Orange Book") is ibuprofen.
- (4) RANBAXY's proposed drug products are in the form of liquid-filled gelatin capsules that contain 200 mg of ibuprofen as the active ingredients. U.S. Patent

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No. 6,251,426 is listed in the Electronic Orange Book with respect to this drug product, and is listed as having an expiration date of June 15, 2018.

- (5) RANBAXY's NDA No. 21-863 certifies under FDCA Section 505(b)(2)(A), paragraph IV, that in the opinion of RANBAXY and to the best of its knowledge, no claim of U.S. Patent No. 6,251,426 will be infringed by the manufacture, use, sale, or offer to sell of the drug product for which NDA No. 21-863 has been submitted. A detailed statement of the factual and legal basis for this opinion follows.

U.S. Patent No. 6,251,426 is Not Infringed

U.S. Patent No. 6,251,426 ("the '426 Patent") entitled "Ibuprofen-containing Softgels" issued on June 26, 2001. This patent contains 26 claims, of which claims 1, 8, 11, 18, 23 and 25 are independent. These independent claims are as follows:

1. A liquid softgel fill formulation consisting essentially of:
  - a) greater than 30% by weight ibuprofen in free acid form in solution;
  - b) from about 30 to about 60% by weight polyethylene glycol;
  - c) from about 10 to about 30% by weight of polyvinylpyrrolidone; and
  - d) from about 1 to about 10% by weight of a surfactant.
8. A liquid softgel fill formulation consisting essentially of:
  - a) greater than 30% by weight ibuprofen in free acid form in solution;
  - b) from about 30 to about 60% by weight of polyethylene glycol having an average molecular weight of from about 200 to about 1,000;
  - c) from about 10 to about 30% by weight of polyvinylpyrrolidone having an average molecular weight of from about 2,000 to about 54,000; and
  - d) from about 1 to about 10% by weight of a surfactant to increase the bioavailability of said ibuprofen.
11. A softgel capsule comprised of a sheath enclosing a liquid fill, said fill consisting essentially of:
  - a) greater than 30% by weight ibuprofen in free acid form in solution;
  - b) from about 30 to about 60% by weight polyethylene glycol;
  - c) from about 10 to about 30% by weight polyvinylpyrrolidone; and
  - d) from about 1 to about 10% by weight of a surfactant.
18. A softgel capsule comprised of a sheath enclosing a liquid fill, said fill consisting essentially of:
  - a) at least 35% by weight ibuprofen in free acid form in solution;
  - b) from about 30 to about 50% by weight polyethylene glycol having an average molecular weight of from about 200 to about 1,000;

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c) from about 15 to about 30% by weight of polyvinylpyrrolidone having an average molecular weight of from about 2,000 to about 11,000; and  
d) a surfactant to increase the bioavailability of said ibuprofen.

23. A liquid softgel fill formulation consisting essentially of:  
a) greater than 30% by weight ibuprofen in free acid form in solution;  
b) from about 30 to about 60% by weight polyethylene glycol;  
c) from about 10 to about 30% by weight of polyvinylpyrrolidone, wherein the ratio of polyethylene glycol to polyvinylpyrrolidone less than about 2.5:1; and  
d) a surfactant to increase the bioavailability of said ibuprofen.

25. A softgel capsule comprised of a sheath enclosing a liquid fill, said fill consisting essentially of:  
a) greater than 30% by weight ibuprofen in free acid form in solution;  
b) from about 30 to about 60% by weight polyethylene glycol;  
c) from about 10 to about 30% by weight polyvinylpyrrolidone, wherein the ratio of polyethylene glycol to polyvinylpyrrolidone is less than about 2.5:1; and  
d) a surfactant to increase the bioavailability of said ibuprofen.

All of the claims are directed to formulations of ibuprofen-containing compositions, containing "greater than 30% by weight ibuprofen in free acid form in solution." Also, all of the claims are directed to formulations of ibuprofen-containing compositions, containing from about 10 to about 30% by weight polyvinylpyrrolidone."

In contrast, the Ranbaxy drug products contain ibuprofen in amount less than 30% by weight, and polyvinylpyrrolidone in amount less than about 10% by weight. Specifically, Ranbaxy's drug product contains 26% ibuprofen, and 4% polyvinylpyrrolidone, by weight. This information is contained in Ranbaxy's NDA for ibuprofen liquid-filled gelatin capsules, and could be reviewed by the specified persons as set forth below and in the attached Offer of Confidential Access to Application ("CDA").

Thus, the Ranbaxy ibuprofen capsules do not literally infringe any of Claims 1, 8, 11, 18, 23 or 25. Because Claims 2-7 depend from Claim 1, and because Claims 9 and 10 depend from Claim 8, and because Claims 12-17 depend from Claim 11, and because Claims 19-22 depend either directly or indirectly from Claim 18, and because Claim 24 depends from Claim 23 and because Claim 26 depends from Claim 25, respectively, the Ranbaxy ibuprofen capsule does not literally infringe any of the claims.

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Further, Ranbaxy's ibuprofen capsules do not infringe any claim of the '426 Patent under the doctrine of equivalents.

In applying the doctrine of equivalents, the claims may not be expanded in a way that eviscerates a claim limitation. While the doctrine of equivalents can expand the effective scope of a patent claim, the "application of the doctrine, even as to an individual element, is not allowed such broad play as to effectively eliminate that element in its entirety." Warner-Jenkinson Co. v. Hilton Davis Chem. Co., 520 U.S. 17, 29 (1997). Where the claim of a patent contains structural or functional limitations, the doctrine of equivalents cannot be used to vitiate these limitations. See, e.g., Sage Prods., Inc. v. Devon Indus., Inc., 126 F.3d 1420, 1424-25 (Fed. Cir. 1997). The determination of whether application of the doctrine of equivalents would vitiate a claim limitation is to be decided on the facts of the particular case. See Ethicon Endo-Surgery, Inc. v. United States Surgical Corp., 149 F.3d 1309, 1318 (Fed. Cir. 1998). Thus, while the doctrine of equivalents may encompass a product that exhibits "a subtle difference in degree" in structure or action compared to the claim, the doctrine cannot expand the claims to cover a product that has a "substantial difference or difference in kind" in structure or action compared to the claim. Id. at 1318-19. Further, since the "the fundamental purpose of all [doctrine of equivalents] evaluations must be to prevent the patentee from obtain[ing], under the doctrine of equivalents, coverage which [the patentee] could not lawfully have obtained from the [Patent and Trademark Office] by literal claims" coverage of ibuprofen liquid-filled gelatin capsules containing less than 30% by weight of ibuprofen cannot be encompassed by the doctrine of equivalents. Conroy v. Reebok Int'l, Ltd., 14 F.3d 1570, 1577 (Fed. Cir. 1994) (quoting Wilson Sporting Goods Co. v. David Geoffrey & Assocs., 904 F.2d 677, 14 U.S.P.Q.2D (BNA) 1942). Also, the transitional phrase "consisting essentially of" covers combinations of elements but excludes "additional unspecified ingredients which would affect the basic and novel characteristics of the product defined in the balance of the claim". (*In re Garnero*, 412 F.2d 276, 279, 162 USPQ 221, 223 (CCPA 1969)).

As pointed out above, all claims of the '426 patent "consist essentially of" a combination of "greater than 30% by weight ibuprofen in free acid form in solution," and "from about 10 to about 30% by weight of polyvinylpyrrolidone." We note that the claims do not refer to

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ibuprofen in free acid form in solution being present in amounts greater than "about 30% by weight."

For example, US Patent No. 5,641,512, cited in the file history of the '426 Patent, contains an Example disclosing 26.1% by weight of ibuprofen in the liquid core (See Example 1; col. 8, lines 2-35). Thus, the claims cannot be extended by the doctrine of equivalents to cover Ranbaxy's product, which contains 26% by weight of ibuprofen, and 4% by weight of polyvinylpyrrolidone.

Accordingly, claims 1-26 of the '426 patent are not infringed either literally or under the doctrine of equivalents by the drug product for which RANBAXY is seeking approval to market in NDA No. 21-863.

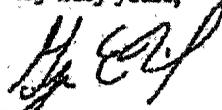
OFFER OF CONFIDENTIAL ACCESS TO APPLICATION

Ranbaxy hereby extends an offer of confidential access to NDA 21-863 that is in the custody of Ranbaxy. The conditions for confidential access are provided in the attached Confidential Disclosure Agreement ("CDA"). This offer and CDA are provided solely for the purpose of allowing Banner to evaluate whether an action under 35 USC 271(e)(2)(A) should be brought for the filing of NDA 21-863. This offer and the CDA contains restrictions as to persons entitled to access the NDA, and on the use and disposition of any information accessed, as would apply if a protective order was entered for the purpose of protecting trade secrets and other confidential business information. Under section 505 of the Food, Drug and Cosmetic Act, a request for access to an application under an offer of confidential access is considered to be acceptance of the offer of confidential access with the restrictions as to persons entitled to access, and on the use and disposition of any information accessed, contained in the offer of confidential access, and those restrictions and other terms of the offer of confidential access shall be considered terms of an enforceable contract.

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Please do not hesitate to contact me at (609) 720-5334 if you have any questions.

Very truly yours,



George E. Heibel, PhD  
Senior Counsel - Global Intellectual Property

cc: Jay R. Deshmukh, Esq.  
Vice President - Intellectual Property

**Offer of Confidential Access to Application**

WHEREAS Ranbaxy Laboratories Ltd. ("Ranbaxy") and Banner Pharmscaps, Inc. ("Banner") compete in the pharmaceutical industry and this Offer of Confidential Access to Application may involve the disclosure of certain documents, things and information in the possession, custody or control of Ranbaxy that constitute or contain trade secrets or other confidential research, development or commercial information within the meaning of Rule 26(c)(7) of the Federal Rules of Civil Procedure; and

WHEREAS such confidential information must be protected in order to preserve the legitimate business interests of Ranbaxy;

THEREFORE, for good cause shown, pursuant to Rule 26(c), all documents and other materials provided by Ranbaxy to Banner shall be provided subject to the following conditions:

1. This Offer of Confidential Access to Application shall apply to all documents, things, or information that are owned or controlled by Ranbaxy and contain its trade secrets or other confidential research, development, or commercial information, including without limitation documents and things ("Confidential Material").
2. Ranbaxy shall have the right to designate as Confidential Material and subject to this Offer of Confidential Access to Application any or all of the NDA and/or Drug Master File referenced in the paragraph IV notification letter. The duty of Banner as bound by this Offer of Confidential Access to Application to maintain the confidentiality of Confidential Material so designated shall commence with such notice.
3. Ranbaxy hereby designates as Confidential Material all documents and things provided in response to acceptance of this Offer of Confidential Access to Application.
4. Banner and all other persons bound by the terms of this Offer of Confidential Access to Application shall use any Confidential Material for the sole purpose of evaluating

whether to bring a civil action under 35 USC 271(e)(2)(A) and shall not use any Confidential Material for any other purpose. The attorneys of record for Banner shall exercise reasonable care to insure that the information and documents governed by this Offer of Confidential Access to Application are (a) used only for the purpose specified herein, and (b) disclosed only to authorized persons.

5. Confidential Material shall be retained by attorneys of record for Banner and may be disclosed only to:

- (a) Outside Counsel retained by Banner;
- (b) Outside experts and consultants retained by Banner or its Outside Counsel to assist in evaluating whether to bring an action under 35 USC 271(e)(2)(A) (and the expert's or consultant's staff, stenographic, and clerical employees whose duties and responsibilities require access to such materials), who are not past or present full-time employees of Banner, as provided in Paragraph 6., below; and
- (c) Any other person agreed to by Ranbaxy and Banner.

6. Before Outside counsel for Banner may disclose Confidential Material to a person described in Paragraph 5.b., above, that counsel shall give advance notice as follows: Counsel for Banner seeking to make the disclosure shall provide written notice (by facsimile followed by a hard copy sent next business day courier) to counsel for Ranbaxy, of the name, address, business affiliation and curriculum vitae of the person(s) to whom the Confidential Material is to be disclosed, as well as an executed copy of the Offer of Confidential Access to Application. Ranbaxy shall have seven (7) business days after receiving that notification within which to object to the proposed disclosure; such disclosure shall not occur before the time for any objection by Ranbaxy expires, and, if any such objection is made, before that objection is resolved. Any such objection shall be made in writing (by facsimile followed by a hard copy sent next business day courier) to the outside counsel for Banner seeking to make the disclosure. If the parties are unable to resolve the objection, the Confidential Material shall not be disclosed.

7. In no event shall the Confidential Material be disclosed to any person allowed access under Paragraphs 5.a, 5.b, or 5.c until such person has been shown a copy of and executed

this Offer of Confidential Access to Application acknowledging and agreeing to be bound by the terms of this Offer of Confidential Access to Application. The Confidential Material shall not be disclosed to any person who refuses to execute the Offer of Confidential Access to Application.

8. Upon reaching 45 days after receipt of the paragraph IV notification from Ranbaxy, unless otherwise agreed to in writing by Ranbaxy, Banner and its experts, consultants and outside counsel shall within thirty (30) days assemble and return all Confidential Material, including all copies, extracts, and summaries thereof, to Ranbaxy, except that any such materials that contain or constitute attorney work product may be destroyed rather than returned. All counsel of or for Banner shall make certification of compliance herewith and shall deliver the same to Ranbaxy not more than thirty (30) days after receipt of the attached paragraph IV notification letter.

9. No part of the restrictions imposed by this Offer of Confidential Access to Application may be terminated, except by written agreement executed by Ranbaxy.

10. Notices under this Offer of Confidential Access to Application shall be to Ranbaxy and Banner at the addresses indicted below, unless this provision is modified by the parties in writing:

(a) notice to Ranbaxy shall be to George Heibel, Ranbaxy Inc., Suite 2100, College Road East, Princeton NJ 08540, facsimile (609) 514-9779, and

(b) notice to Banner shall be to

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11. Any violation of this Offer of Confidential Access to Application may constitute unlawful disclosure of trade secrets and/or confidential commercial information and may cause me to be potentially liable in a civil action for damages by Ranbaxy, and may subject Banner to such additional and further remedies as may be available to Ranbaxy.

**CONFIDENTIALITY UNDERTAKING**

I, \_\_\_\_\_, being duly sworn, state that:

(a) My present residential address is \_\_\_\_\_  
\_\_\_\_\_

(b) My present employer is \_\_\_\_\_  
\_\_\_\_\_ and the address of my present employer  
is \_\_\_\_\_

(c) My present occupation or job description is \_\_\_\_\_  
\_\_\_\_\_

(d) I have received and carefully read the Offer of Confidential Access to Application. I certify that I understand the terms of that Offer of Confidential Access to Application, recognize that I am bound by the terms of that Offer, and agree to comply with those terms. Further, I understand that unauthorized disclosure of any Confidential Material, or its substance, may constitute unlawful disclosure of trade secrets and/or confidential commercial information and may cause me to be potentially liable in a civil action for damages by Ranbaxy.

\_\_\_\_\_  
SUBSCRIBED and SWORN to before me  
this \_\_\_\_\_ day of \_\_\_\_\_, 200\_\_\_\_

\_\_\_\_\_  
Notary Public  
My Commission Expires \_\_\_\_\_

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**George E. Heibel, PhD**  
**Senior Counsel -- Global Intellectual Property**

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**Date**