Intellectual Property & Technology Law Journal

Edited by the Technology and Proprietary Rights Group of Weil, Gotshal & Manges LLP

VOLUME 36 • NUMBER 9 • OCTOBER 2024

Increased Scrutiny by Federal Trade Commission of Orange Book Listings

By Deepro R. Mukerjee, Lance A. Soderstrom, Brian Sodikoff, Matthew M. Holub, Jillian M. Schurr and Renuka Wagh

In September 2023, the Federal Trade Commission (FTC) issued a policy statement warning pharmaceutical manufacturers about increased scrutiny of their patents listed in the Orange Book.[1] The Orange Book is an official publication regulated by the Federal, Food, Drug, and Cosmetic Act (the FDCA) that lists all the small molecule (nonbiologic) drugs approved by the U.S. Food and Drug Administration (FDA).[2] Congress has limited the types of patents that should be listed in the Orange Book to drug substance, drug product, and method of use patents on FDA approved drugs.[3] To list a patent in the Orange Book, New Drug Application (NDA) holders must file an application with the patent number and the expiration date of the patent. The NDA holder must also verify that the patent (1) "claims the drug" and "is a drug substance (active ingredient) patent or a drug product (formulation or composition) patent," or (2) "claims a method of using such drug for which approval is sought or has been granted in the application."[4]

THE ORANGE BOOK

Brand manufacturers seeking to commercialize their products must submit an NDA to the FDA for approval to market their drugs in the United States.[5] They can then list their patents in the Orange Book. Listing a drug in the Orange Book is beneficial to the NDA holder as it provides notice to generic manufacturers of the patents covering the brand-name drug, which initiates regulatory and legal processes under the Hatch-Waxman Act.[6] Under 35 U.S.C. § 271(e)(4)(A), if a court finds patent infringement, it can delay the approval of the generic drug until after the patent expires.[7] If a generic applicant would like to market their drug before a listed patent expires, it can submit a "Paragraph IV" (P-IV) certification with a notice letter to the NDA holder.[8] A P-IV certification avers that the brand-name drug's patent is invalid, unenforceable, or will not be infringed by the generic product.[9] If the brand-name patent holder

Deepro R. Mukerjee, a partner in the New York office of Katten Muchin Rosenman LLP, is chair of the firm's global Intellectual Property practice. Lance A. Soderstrom, a partner in the firm's New York office, is co-chair of the firm's Patent Litigation practice. Brian Sodikoff, a partner in the firm's Chicago office, is co-chair of the firm's Patent Litigation practice. Matthew M. Holub is counsel in the firm's Intellectual Property practice in Chicago. Jillian M. Schurr is an Intellectual Property associate in the firm's Chicago office. Renuka Wagh was a summer associate at the firm. The authors may be contacted at deepro.mukerjee@katten.com, lance.soderstrom@katten.com, brian.sodikoff@katten.com, matthew.holub@katten.com, and jillian.schurr@katten.com, respectively.

files an infringement suit against the generic applicant within 45 days of the Abbreviated New Drug Application (ANDA) notification, FDA approval to market the generic product can be delayed for 30 months. This "30-month stay" can be lifted if the patent expires, is deemed invalid, or is found not to be infringed prior to the end of the stay.[10] This stay gives the NDA holder and patent owner time to assert their patent rights in court before a generic competitor is approved and can enter the market.[11]

Brand manufacturers seeking to commercialize their products must submit an NDA to the FDA for approval to market their drugs in the United States.

The FDA maintains that it merely plays a "ministerial" role in maintaining the Orange Book since it lists patent information without conducting independent verification.[12] The FDA does not challenge the accuracy of the patent listings but allows challenges to be made. However, it does not adjudicate challenges; it will not change the patent information unless the NDA holder approves an amendment or correction of the Orange Book listing in response to the patent listing challenge.

To date, the FTC has focused on whether patents focusing on a device listed in the Orange Book qualify as a "drug product" patent that can be listed.[13] According to the FTC, "device patents that do not mention any drug in their claims do not meet the statutory criteria for Orange Book listing, and a device patent that is improperly listed in the Orange Book must be delisted."[14] The FTC previously challenged over one hundred device patent listings and sent out ten warning letters on November 7, 2023.[15] On April 30, 2024, the FTC targeted over three hundred additional device patent listings. The FTC has stated that the district court may compel delisting if brand manufacturers do not voluntarily delist an improper device patent listing.[16] Currently, the FTC has limited its patent listing disputes to device patents, but it may broaden its scrutiny in the future.

The FTC's April 30, 2024, warning letters notified recipients that the FTC had submitted patent listing dispute communications with the FDA under 21 C.F.R. 314.53(f)(1), which enables the FTC to challenge patent listings in the Orange Book.[17] The NDA holders have 30 days to withdraw or amend their disputed patent listings or demonstrate that they comply with statutory guidelines.[18]

The FTC has also claimed that improperly or inaccurately listing patents can violate Section 5 of the Federal Trade Commission Act, 15 U.S.C. § 45, which prohibits deceptive acts or practices that affect commerce.[19] In a recent case,[20] the FTC filed an amicus brief[21] arguing that the patent holder had improperly listed their asthma inhaler patents in the Orange Book.[22] On June 10, 2024, the U.S. District Court for the District of New Jersey held that a number of inhaler patents were improperly listed.[23] Lina Khan, chair of the FTC, stated that this decision is a "big win for the millions of Americans who rely on inhalers to breathe" and she indicated that the court extensively cited the FTC's amicus brief.[24] On June 13, 2024, the court's ruling was stayed for 30 days so that the parties could appeal the case to the Federal Circuit, which they did on June 30, 2024.[25]

The FTC has also filed amicus briefs in other cases requesting the court to remove disputed patent listings.[26] These actions taken by the FTC are part of a concerted effort by the current administration to diminish alleged patent abuses and decrease the price of prescription medication as outlined in the Inflation Reduction Act Initiative.[27]

PHARMACEUTICAL COMPANIES' RESPOND

The pharmaceutical companies that received warning letters on April 30, 2024, include AstraZeneca and Novo Nordisk for their obesity and type-2 diabetes injectable drugs; Boehringer Ingelheim, Covis Pharma, Glaxo-Smith Kline, Novartis Pharmaceuticals, Teva Pharmaceuticals, and some of their subsidiaries for asthma and COPD inhalers; and Amphastar Pharmaceuticals for a glucagon nasal spray.[28] After the FTC sent out warning letters, Congress members Elizabeth Warren and Pramila Jayapal sent out letters to those pharmaceutical companies, requesting them to voluntarily delist their improperly and inaccurately listed Orange Book patents.[29]

In response to the FTC's letters, several companies delisted the targeted patents.[30] Kaleo delisted

patents directed to AUVI-Q, Impax Labs delisted patents directed to Adrenaclick, and GSK delisted patents directed to inhaler products Advair, Arnuity, Flovent, and Vetolin.[31] GSK explained that they delisted their patents due to changes in regulatory policy and case law regarding the proper criteria for listing patents in the Orange Book.

In response to the FTC's letters, several companies delisted the targeted patents.

Additionally, AstraZeneca, Boehringer Ingelheim, and GlaxoSmithKline released a statement that they would cap inhaler-out-of-pocket costs at $35.[32]

However, the majority of letter recipients argued that their patents met the statutory guidelines to be listed in the Orange Book.[33] These companies wrote letters to Congress, arguing their patent listings do not cause any real-world anticompetitive effect.[34] For example, in response to the warning letter it received regarding its listing of patents for Symbicort®, AstraZeneca argued in its letter to Congress that their patent listings comply with statutory patent listing requirements, FDA regulations and guidance, relevant case law, and the statutory intent of the Hatch-Waxman Act.[35] AstraZeneca also asserted that its listings are not intended to have an unfair exclusionary effect, citing the presence of at least one generic competitor to Symbicort in the U.S. market.[36]

RISE IN ANTITRUST LITIGATION FILED BY PRIVATE ENTITIES

Due to the FDA's ministerial role, patent listing disputes are generally resolved through Hatch-Waxman or antitrust litigation.[37] The FTC's actions have led to an increase in lawsuits filed by private entities alleging improper listings and monopolization.[38] At least one private entity has claimed that brand name manufacturers, with allegedly improper or inaccurate listings, have monopolized drug profits on medications that should have been available in generic form by now.[39] In these lawsuits plaintiffs may seek damages for overcharges during the time that the listing was allegedly improper or inaccurate.[40] FDA Commissioner, Dr. Robert M. Califf, has stated that "the FDA will continue to engage with the FTC to identify and address potential efforts to impede competition so that consumers can get access to the medicines they need."[41]

PRACTICAL IMPACT

As a precautionary response to the FTC's increased scrutiny, current and future NDA holders should ensure that their patents which are listed in the Orange Book comply with statutory requirements outlined in the FDCA, specifically focusing on their Orange Book listings pertaining to "drug product" claims. If brand manufacturers choose not to delist patents targeted by the FTC, the FTC may take action against them for unfair methods of competition in violation of Section 5 of the FTC Act. Conversely, the FTC can serve as an ally for generic manufacturers in delisting and/or antitrust claims. Generic manufacturers can leverage FTC oversight to strengthen their position.

But what is the practical impact of a patent delisting? The short answer is that it depends on the facts and circumstances of each case. A patent that is listed in the Orange Book (1) requires a P-IV Notice Letter to the NDA holder, or need be otherwise addressed, which, thus, (2) triggers a technical act of infringement under 35 U.S.C. § 271(e), which can result in (3) an automatic 30-month stay, and (4) an automatic injunction barring the FDA from approving the product. A patent not listed in the Orange Book would lack these statutory requirements and consequences. This article next briefly addresses each in turn.

A patent not listed in the Orange Book need not be addressed by a patent certification.

A patent not listed in the Orange Book need not be addressed by a patent certification. If there is not another Orange Book patent that is listed, subject to a P-IV notice for a given ANDA, then the NDA holder will theoretically not know that an ANDA was filed referencing its product, and could be surprised by an ANDA approval and launch. But, if there is another Orange Book patent that is subject to a P-IV certification, then the NDA holder will receive notice of the pending ANDA application. As such, the main practical difference

is contextual and depends on what other patents exist and are listed.

The same holds for the technical act of infringement. If another patent is listed and subject to a P-IV notice, then there is going to be an act of infringement and a possible litigation. Most courts will adjudicate any infringement allegations for an unlisted device patent as part of that case, at least under declaratory judgment jurisdiction under 35 U.S.C. § 271(a)-(c). On the other hand, if there is no listed patent subject to a P-IV, there may be no case – nor at least the brand's knowledge of the existence of a claim – and it is less likely that an infringement claim will be brought and adjudicated before a generic's launch.

The FTC has identified the ability to obtain a 30-month stay as an important reason related to competition for why it is being aggressive in monitoring Orange Book-listed patents. But the importance of a 30-month stay is largely dependent on whether there is another Orange Book-listed patent that will result in one anyway. Moreover, an NDA holder can pursue a preliminary injunction under the traditional rubric of patent litigation.

The final difference between an Orange Book-listed patent and one that is not is the availability for the brand to seek an automatic injunction with a finding of infringement. This difference can be significant as the NDA holder would have to meet the *eBay* test to obtain an injunction, which may be difficult for a device patent that may not be integral to the efficacy of the drug. Like the other differences, if there is another Orange Book-listed patent that is blocking ANDA approval, the significance of this difference is little to none.

CONCLUSION

While this issue is rapidly developing, determining whether a given patent should be listed in the Orange Book may be complex and should be assessed carefully. Whether a patent is listed has the most significant impact when there are not other patents listed in the Orange Book with overlapping expiry dates.

Notes

1. HealthLeaders. "FTC IDs 300+ "Junk Patents" among Drugmakers." Apr. 30, 2024, www.healthleadersmedia.com/pharma/ftc-ids-300-junk-patents-among-drugmakers.
2. FDA, Center for Drug Evaluation and Research. "Orange Book Preface." Jan. 29, 2022, www.fda.gov/drugs/development-approval-process-drugs/orange-book-preface.
3. https://www.ftc.gov/system/files/ftc_gov/pdf/ftc_brief_as_amicus_curiae_teva_amneal.pdf.
4. https://crsreports.congress.gov/product/pdf/IF/IF12644.
5. https://www.fda.gov/drugs/types-applications/new-drug-application-nda.
6. https://crsreports.congress.gov/product/pdf/IF/IF12644.
7. https://www.law.cornell.edu/uscode/text/35/271.
8. https://cafc.uscourts.gov/opinions-orders/22-1194.OPINION.12-7-2023_2234246.pdf.
9. https://www.fda.gov/drugs/abbreviated-new-drug-application-anda/patent-certifications-and-suitability-petitions.
10. https://www.fda.gov/drugs/abbreviated-new-drug-application-anda/patent-certifications-and-suitability-petitions.
11. https://www.fda.gov/drugs/abbreviated-new-drug-application-anda/patent-certifications-and-suitability-petitions.
12. https://crsreports.congress.gov/product/pdf/IF/IF12644.
13. https://www.jdsupra.com/legalnews/ftc-disputes-new-slate-of-orange-book-2128519.
14. https://www.ftc.gov/system/files/ftc_gov/pdf/ftc_brief_as_amicus_curiae_teva_amneal.pdf.
15. https://www.ftc.gov/news-events/news/press-releases/2024/04/ftc-expands-patent-listing-challenges-targeting-more-300-junk-listings-diabetes-weight-loss-asthma.
16. https://www.ftc.gov/news-events/news/press-releases/2024/04/ftc-expands-patent-listing-challenges-targeting-more-300-junk-listings-diabetes-weight-loss-asthma.
17. https://www.ftc.gov/legal-library/browse/warning-letters/85231.
18. https://qz.com/ozempic-ftc-response-1851451265.
19. https://www.federalreserve.gov/boarddocs/supmanual/cch/200806/ftca.pdf.
20. Civil Action No. 23-cv-20964 (D.N.J.).
21. https://www.ftc.gov/legal-library/browse/amicus-briefs/teva-pharmaceuticals-usa-inc-v-amneal-pharmaceuticals-inc.
22. As of the time of this article, this case is pending. The latest update on September 3, 2024, stated that the

protocol to produce documents and electronically stored information had been established.
23. https://www.law360.com/articles/1846913.
24. Id.
25. Id.
26. Mylan Pharms., Inc., et al. v. Sanofi-Aventis U.S. LLC (W.D. Pa.) (Civil Action No. 23-836); and SmithKline Beecham Corp. v. Apotex Corp., et al., 232 F.R.D. 467 (E.D. Pa. 2005). (Civil Action No. 99-cv-4304).
27. https://www.biospace.com/three-companies-relent-to-ftc-demands-delist-patents-from-fda-s-orange-book.
28. https://www.ftc.gov/news-events/news/press-releases/2024/04/ftc-expands-patent-listing-challenges-targeting-more-300-junk-listings-diabetes-weight-loss-asthma.
29. https://www.warren.senate.gov/imo/media/doc/orange%20book_combinedpdf.pdf.
30. https://www.ftc.gov/news-events/news/press-releases/2024/04/ftc-expands-patent-listing-challenges-targeting-more-300-junk-listings-diabetes-weight-loss-asthma.
31. https://www.fiercepharma.com/pharma/gsk-amneal-and-kaleo-pull-patents-fda-listing-after-ftc-challenge.
32. https://www.ftc.gov/news-events/news/press-releases/2024/04/ftc-expands-patent-listing-challenges-targeting-more-300-junk-listings-diabetes-weight-loss-asthma.
33. https://www.cooley.com/news/insight/2024/2024-05-15-ftc-continues-to-dispute-orange-book-device-patent-listings-but-still-no-antitrust-enforcement.
34. https://www.warren.senate.gov/imo/media/doc/Drug%20Companies'%20Responses%20to%20Warren%20re%20Orange%20Book%20Patents.pdf.
35. https://www.warren.senate.gov/imo/media/doc/Drug%20Companies'%20Responses%20to%20Warren%20re%20Orange%20Book%20Patents.pdf.
36. https://www.warren.senate.gov/imo/media/doc/Drug%20Companies'%20Responses%20to%20Warren%20re%20Orange%20Book%20Patents.pdf.
37. https://crsreports.congress.gov/product/pdf/IF/IF12644.
38. https://www.lexology.com/library/detail.aspx?g=f13be298-70dc-4404-90f9-3198faef0104.
39. https://www.lexology.com/library/detail.aspx?g=f13be298-70dc-4404-90f9-3198faef0104.
40. https://www.federalreserve.gov/boarddocs/supmanual/cch/200806/ftca.pdf.
41. https://www.ftc.gov/news-events/news/press-releases/2024/04/ftc-expands-patent-listing-challenges-targeting-more-300-junk-listings-diabetes-weight-loss-asthma.