Pfizer Obtains $2.15 Billion Settlement from Teva and Sun for Infringement of Protonix® Patent

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Pfizer Inc. announced today a $2.15 billion settlement reached with Teva Pharmaceuticals Industries, Limited and Sun Pharmaceutical Industries, Limited for patent-infringement damages resulting from their "at-risk" launches of generic Protonix® in the United States. The settlement comes after a nearly 10-year legal battle in which Pfizer and Nycomed (now part of Takeda) sought to enforce the patent for its blockbuster acid reflux medicine. Pfizer and Takeda will divide the proceeds of the settlement with Pfizer receiving 64 percent. WilmerHale represented Pfizer and Takeda in this matter.

"We are pleased with today's settlement, which recognizes the validity and value of the innovation that led to Protonix," said Amy W. Schulman, executive vice president and general counsel of Pfizer. "Protecting intellectual property is vital as we develop new medicines that save and enhance patients' lives."

Under the terms of the settlement, Teva and Sun will pay a total of $2.15 billion to compensate Pfizer's subsidiary Wyeth and Takeda for the damages they suffered when Teva and Sun launched "at-risk" generic
versions of Protonix prior to the January 2011 expiry of the patent for pantoprazole, the active ingredient in Protonix. These "at-risk" launches were determined by a jury in New Jersey federal court to violate United States Patent No. 4,758,579, which is owned by Takeda and was licensed exclusively to Wyeth in the United States. The parties reached the settlement shortly after the commencement of a trial to determine damages in the same New Jersey federal court.

Teva will pay Pfizer and Takeda $1.6 billion and Sun will pay $550 million. Teva will pay $800 million in 2013 and the remaining $800 million by October 2014; Sun's entire payment will be made in 2013. As part of the settlement, both Teva and Sun have admitted that their sales of generic pantoprazole infringed the patent that was held valid by the court.

"Today's settlement reflects our resolve to enforce our patents both in and out of the courtroom," Schulman said. "We are proud of the work of the scientific colleagues who developed this medicine and the lawyers who defended it."

The WilmerHale team representing Pfizer and Takeda includes Partners Bill Lee, Amy Wigmore and Bill McElwain; Special Counsels Tracey Allen and Heath Brooks; Counsel Perry Lange; Senior Associate Deborah Yates; Associates Brittany Amadi, Jeff Hantson and Allison Berkson; and Staff Attorneys Ian Foxworth and Cathy Rogers. Partner Greg Lantier also assisted the team during discovery and trial preparation. Invaluable assistance was also provided by IP Litigation Case Manager Lanta Chase, as well as Jennifer Poorvu, Colette Owens and Dale Warfield.