

Trade Regulation Reporter - Trade Cases (1932 - 1992), United States v. Ciba-Geigy Corp., U.S. District Court, D. New Jersey, 1980-81 Trade Cases ¶63,813, (Feb. 11, 1981)

Federal Antitrust Cases

791-69,

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United States v. Ciba-Geigy Corp.

1980-81 Trade Cases ¶63,813. U.S. District Court, D. New Jersey, Civil No. 791-69, Entered February 11, 1981.

(Competitive impact statement and other matters filed with settlement: 45 *Federal Register* 69311, 83686, 46 *Federal Register* 9265). Case No. 2058, Antitrust Division, Department of Justice.

Sherman Act

Headnote

Patents: Licensing Agreements: Patent Rights: Disclaimer: Drug Manufacturers: Consent Decree..–

Licensees of a drug patent could extend their licenses to include the right to make, have made, use and sell the drug in combination with other ingredients selected by the licensees, according to a consent decree agreed to by a drug manufacturer. The manufacturer was ordered to grant unrestricted, nonexclusive, reasonable royalty licenses. The decree did not bar any person from attacking the validity of the drug patent and did not require the drug manufacturer to grant or extend any license under any patent other than the patent in question. The drug manufacturer was ordered to make a disclaimer of patent rights to the drug in question. The decree was to expire on December 31, 1981.

For plaintiff: Sanford M. Litvack, Asst. Atty. Gen., Joseph H. Widmar, Roger B. Andewelt, Charles F. B. McAleer, P. Terry Lubeck, Joseph T. Melillo, and Nicholas W. Clark, Attys., Antitrust Div., Dept. of Justice, Washington, D. C. **For defendant:** Davis Polk & Wardwell, Kenyon & Kenyon, and Lowenstein, Sandler, Brochin, Kohl & Fisher.

Final Judgment

MEANOR, D. J.: Plaintiff, United States of America, having filed its complaint herein on July 9, 1969, defendant having filed its answer thereto, the trial having been bifurcated, the Court having rendered its opinion on the antitrust issues on April 15, 1976 and its opinion on the patent issues on August 7, 1979, the Court having entered a Final Judgment on October 16, 1979, plaintiff having filed an appeal from the Final Judgment, defendant having filed a cross-appeal, upon joint application of the parties, both appeals having been dismissed and the action having been remanded to this Court, plaintiff and defendant, by their respective attorneys, having consented to the entry of this Final Judgment without it constituting any evidence against or admission by any party with respect to any issue of fact or law herein;

Now, Therefore, without final adjudication of any issue of fact or law herein and upon consent of the parties hereto, it is hereby,

Ordered, Adjudged, and Decreed as follows:

I

[*Jurisdiction*]

This Court has jurisdiction of the subject matter of this action and of each of the parties consenting hereto. The complaint states a claim upon which relief may be granted against defendant under [Section 1 of the Sherman Act](#) (15 U. S. C. §1).

II

[Vacation of Judgment]

The Final Judgment entered on October 16, 1979 is vacated, and this Final Judgment is substituted therefor.

III

[Definitions]

As used in this Final Judgment:

- (A) "Ciba" means defendant Ciba-Geigy Corporation, a corporation organized and existing under the laws of the State of New York; and any subdivision, subsidiary, or affiliate thereof.
- (B) "Hydrochlorothiazide" means 6-chloro-7-sulfamyl-3,4-dihydro-1,2,4-benzothiadiazine-1,1-dioxide.
- (C) "Hydrochlorothiazide Combination Patents" means United States Patent Nos. 3,379,612, 3,499,082, and 3,515,786.
- (D) "Hydrochlorothiazide Patent" means United States Patent No. 3,163,645.
- (E) "Person" means any individual, partnership, association, firm, corporation, proprietorship, joint venture, or other legal or business entity.

IV

[Applicability]

This Final Judgment applies to defendant and to its officers, directors, agents, employees, subsidiaries, successors, and assigns, and to all other Persons in active concert or participation with any of them who shall have received actual notice of this Final Judgment by personal service or otherwise.

V

[Patent Licensing]

- (A) Ciba is ordered and directed upon the request of any of its existing licensees under the Hydrochlorothiazide Patent to extend the licensee's license thereunder to include the right to make, have made, use, and sell Hydrochlorothiazide in combination with any one or more other therapeutically active ingredients selected by the licensee. The royalty rate for the extended license shall be no more than the royalty rate specified in the license at the time of the request. Ciba shall notify each of its existing licensees under the Hydrochlorothiazide Patent whose license may be extended pursuant to this Subsection V(A) of its rights under this Subsection V(A).
- (B) Ciba is ordered and directed to grant any financially responsible Person making written application therefor an unrestricted, nonexclusive license under the Hydrochlorothiazide Patent to make, have made, use, and sell Hydrochlorothiazide alone and in combination with any one or more other therapeutically active ingredients selected by the licensee. The royalty rate for the license shall be reasonable, but in no event more than six (6) percent.
- (C) Nothing in this Final Judgment shall prevent any Person from attacking at any time the validity or scope of the Hydrochlorothiazide Patent or shall require Ciba to grant or extend any license under any patent other than the Hydrochlorothiazide Patent.

VI

[Disclaimer of Patent Rights]

Ciba is ordered and directed at or about the date of entry of this Final Judgment to file with the United States Patent Office pursuant to Section 253 of the Patent Laws (35 U. S. C. §253) a terminal disclaimer of:

- (A) Claims 1, 2, 40, and 41 of the Hydrochlorothiazide Patent for the part of their term remaining after the date of entry of this Final Judgment.
- (B) Claim 3 of the Hydrochlorothiazide Patent for the part of its term remaining after March 31, 1981.
- (C) Each of the Hydrochlorothiazide Combination Patents for the part of its term remaining after March 31, 1981. Ciba shall furnish plaintiff copies of all terminal disclaimers Ciba files with the United States Patent Office pursuant to this Section VI.

VII

[*Inspections*]

For the purpose of determining or securing compliance with this Final Judgment, and subject to any legally recognized privilege, from time to time:

(A) Duly authorized representatives of the Department of Justice shall, upon written request of the Attorney General or of the Assistant Attorney General in charge of the Antitrust Division, and on reasonable notice to defendant made to its principal office, be permitted:

- (1) Access during office hours of defendant to inspect and copy all books, ledgers, accounts, correspondence, memoranda and other records and documents in the possession or under the control of defendant, who may have counsel present, relating to any matters contained in this Final Judgment; and
- (2) Subject to the reasonable convenience of defendant and without restraint or interference from it, to interview officers, employees and agents of defendant, who may have counsel present, regarding any such matters.

(B) Upon the written request of the Attorney General or of the Assistant Attorney General in charge of the Antitrust Division made to defendant's principal office, defendant shall submit such written reports, under oath if requested, with respect to any of the matters contained in this Final Judgment as may be requested.

No information or documents obtained by the means provided in this Section VII shall be divulged by any representative of the Department of Justice to any person other than a duly authorized representative of the Executive Branch of the United States, except in the course of legal proceedings to which the United States is a party, or for the purpose of securing compliance with this Final Judgment, or as otherwise required by law.

(C) If at the time information or documents are furnished by defendant to plaintiff, defendant represents and identifies in writing the material in any such information or documents to which a claim of protection may be asserted under Rule 26(c)(7) of the Federal Rules of Civil Procedure, and defendant marks each pertinent page of such material, "Subject to claim of protection under Rule 26(c)(7) of the Federal Rules of Civil Procedure," then ten (10) days notice shall be given by plaintiff to defendant prior to divulging such material in any legal proceeding (other than a grand jury proceeding) to which defendant is not a party.

VIII

[*Expiration*]

This Final Judgment will expire on December 31, 1981.

IX

[*Retention of Jurisdiction*]

Jurisdiction is retained by this Court for the purpose of enabling any of the parties to this Final Judgment to apply to this Court at any time for such further orders or directions as may be necessary or appropriate for the construction or carrying out of this Final Judgment, for the modification of any of the provisions hereof, for the enforcement of compliance herewith, and for the punishment of any violation hereof.

X

[*Public Interest*]

Entry of this Final Judgment is in the public interest.