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Electronic Submission

Division of Dockets Management
Food and Drug Administration
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PETITION FOR STAY OF ACTION

The undersigned submits this petition under Sections 505(j)(5)(B) and 505(q) of the Federal Food, Drug, and Cosmetic Act (FDCA) and the related regulations 21 C.F.R. §§ 10.30, 10.31, 10.35 and 314.107, requesting the Commissioner of Food and Drugs to stay the effective date of its April 8, 2022, final approval of ANDA No. 214082, until expiration of the FDCA 30-month statutory stay that has been in effect and is not due to expire until August 3, 2022. ANDA No. 214082 is owned by Eton Pharmaceuticals ("Eton") and is a generic version of the drug product ELCYS®, owned by Exela Pharma Sciences LLC ("Exela"). Patent litigation between the parties in the District Court for the District of Delaware (C.A. No. 1:20-cv-00365-MN), properly "triggered" the 30-month statutory stay and no event has yet occurred that would shorten or lift the stay.

A. Decision Involved

On April 11, 2022, Eton announced that FDA had issued a final approval of ANDA No. 214082 in a press release attached hereto as Exhibit A. Eton informed the Delaware District Court of FDA's decision in correspondence attached hereto as Exhibit B. According to Eton, FDA based its final approval of the ANDA on a pre-trial stipulation between the parties that Eton apparently, and erroneously, construes as lifting the 30-month stay pursuant to 21 C.F.R. §107(b)(3)(viii).

B. Action Requested

Eton appears to have mischaracterized the pre-trial stipulation in its communications with FDA. Thus, there is no basis for FDA to lift the 30-month stay under 21 C.F.R. §107(b)(3)(viii) or under any other rule or regulation. Exela has filed a Temporary Restraining Order ("TRO") with the court to prevent Eton from marketing its generic drug product prior to expiration of the 30-month stay and hereby requests that FDA stay its final approval of the Eton ANDA until the court has had an opportunity to rule on the TRO.[1] Should the court defer to FDA on the matter,

[1] Alternatively, Exela requests the final approval of ANDA No. 214082 be withdrawn pursuant to 21 C.F.R. § 314.151.

for the reasons set forth below, Exela requests that the 30-month statutory stay not be lifted until August 3, 2022.

C. Statement of Grounds

1. The Eton ANDA and the Ongoing Litigation

According to Eton's notice of Paragraph IV Certification on U.S. Patent No. 10,478,453 (the "Eton Notice Letter"), Eton submitted its ANDA No. 214082 on December 9, 2019. Exela received the Eton Notice Letter on February 3, 2020. Within 45 days of receiving the Eton Notice Letter, Exela filed suit against Eton for infringement of the '453 patent. Exela filed that Complaint on March 16, 2020 (the "Original 2020 Complaint"), which is attached hereto as Exhibit C.

The '453 patent was not the only Orange Book listed patent in the Original 2020 Complaint. In between receipt of the Eton Notice Letter and the filing of the Original 2020 Complaint, Exela received U.S. Patent No. 10,586,155, which it timely listed in the Orange Book on March 11, 2020. As Eton's ANDA will infringe that patent, as well as the '453 patent, Exela asserted the '155 patent against Eton in the very same complaint as the allegations of infringement of the '453 patent, i.e., the Original 2020 Complaint. In that Original 2020 Complaint, the Counts for infringement of the '453 patent were Counts I to IV, and the Counts for infringement of the '155 patent were Counts V to VII.

Based on the timely filing of the Original 2020 Complaint, the 30-month stay went in place, and should not have expired until August 3, 2022 (30 months after Exela receive the Eton Notice Letter). Exela timely notified FDA of the filing of the Original 2020 Complaint, asserting infringement of both the '453 and '155 patents, on March 18, 2020. [Exhibit D].

Over the course of the litigation, Exela received four more Orange Book listed patents covering ELCYS® that were added to the litigation by two separate amendments. These patents are U.S. Patent No. 10,653,719, 10,933,089, 10,912,795 and 10,905,713. The patents were added to the litigation by amendments on July 28, 2020 and April 14, 2021.

The parties litigated the case for the next two years during the national emergency created by the pandemic and a judicial emergency that has recently been declared in the District of Delaware. As FDA may be aware, the American Judiciary is in a state of crisis. Nowhere is this felt more acutely than the District Court for the District of Delaware. Not only are the number of cases at an all-time high because of pandemic related backlog, but also because the Court is down a judge with Judge Stark's recent appointment to the Court of Appeals for the Federal Circuit. With that in mind, as the case approached trial, the Court asked the parties to streamline their respective cases to conserve judicial resources. In accordance with that request, in the weeks before trial, Exela and Eton negotiated certain stipulations. In exchange for stipulations of infringement of the '795 and '713 patents [Exhibit E], Exela agreed to dismiss without prejudice its claim for

infringement on the '453 patent. [Exhibit F]. Eton further stipulated that it met all but one limitation of the asserted claims of the '155 patent. [Exhibit G].

The stipulations the parties entered into, at the request of the District Court, significantly streamlined the trial. During the discussions regarding these stipulations, both in Court and between counsel, Eton never raised any contention that the 30-month stay would be lifted because of the stipulation of dismissal. Rather, the opposite is the case – when the topic of the stay came up, Eton remained silent in the face of express representations that the stay would continue until August 3, 2022.[2] [Exhibit H].

The District Court entered the stipulation of infringement and the stipulation of dismissal on the first morning of trial, March 14, 2022. [Exhibit I; Exhibit J]. The trial proceeded from March 14 to March 16, 2022. At the end of trial, in light of the 30-month stay date of August 3, 2022, the parties and the Court agreed on a briefing schedule that concludes on April 18, 2022, in order to give the Court time to prepare and issue its final opinion and judgment. Again, at no time during these discussions with the Court did Eton represent that it believed the stay should be lifted because of the stipulation of dismissal and thus the briefing schedule and time for decision needed to be shortened. [Exhibit K]. Rather, in accordance with the 30-month stay that should still be in place, the Court is expected to issue judgment in the case by August 3, 2022.

On April 11, 2022, Eton announced that FDA had issued a final approval of the Eton ANDA. [Exhibit A]. Eton informed the District Court of that decision in correspondence attached hereto as Exhibit B.

2. The FDA Has Improperly Lifted the Stay and Approved the Eton ANDA

Under the circumstances described above, the FDA has no statutory authority to lift the 30-month stay. The FDA's statutory authority to lift the 30-month stay and approve an ANDA blocked by that stay is narrow and only arises on the following dates under 21 U.S.C. § 355(j)(5)(B)(iii)(I), as implemented by 21 C.F.R. § 314.107(b)(3)(ii):

1) "The date on which the district court enters judgment reflecting [a] decision" that a patent is "invalid or not infringed (including any substantive determination that there is no cause of action for patent infringement or invalidity)"[3]; or

[2] The stipulation represents the parties' negotiated consent on how best to streamline the trial in response to the Court's direction. The Court order accepting the stipulation cannot be construed as an "order of dismissal of a pending suit" as is required for 21 C.F.R. §314.107(b)(3)(viii) to apply. Nor can it be construed as a consent to lift the stay as 21 C.F.R. §314.107(b)(3)(vi) requires such consent to be in writing signed by the patent owner. Thus, the stipulation was never intended by the parties to impact the 30-month stay.

[3] 21 C.F.R. § 314.107(b)(3)(ii) adds "unenforceability" as a grounds to the statute.

2) "the date of a settlement order or consent decree signed and entered by the court stating that the patent that is the subject of the certification is invalid or not infringed.

None of these dates has come to pass. First off, there has been no "decision" by the District Court that the '453 patent is either invalid or not infringed (or unenforceable), as required by paragraph 1. The District Court's entry of the parties' stipulation of dismissal of the '453 patent is certainly not a decision that the patent is invalid or not infringed (or unenforceable), nor is it a "substantive determination that there is no cause of action for patent infringement or invalidity." Indeed, the stipulation was entered solely for trial management purposes, in light of the ongoing emergency in the District of Delaware, and had nothing to do with the merits of Exela's case about that patent, one way or the other. In recognition of this, the stipulation is without prejudice, as all Rule 41(a) stipulations that do not state otherwise are presumed to be without prejudice. Fed. R. Civ. P. 41(a)(1)(B).

Moreover, the Court has not entered judgment in any way with respect to the '453 patent. It is black letter law of civil procedure that a stipulation of dismissal such as entered by the parties to only some counts of a case is an interlocutory order that does not act as judgment, partial or final, in the case. *See In re Affinity Lab. of Texas*, 856 F.3d 902, 905 (Fed. Cir. 2017) (finding that "the district court's dismissal without prejudice of Apple's invalidity counterclaims" based on a stipulation by the parties "does not reflect a 'final decision' that Apple failed to 'sustain[ ] its burden of proving the invalidity' of the asserted claims"). Simply put, there has been no judgment in the case on anything at issue.

Finally, while we believe it self-evident, we state for the record that the dismissal without prejudice is not "a settlement order or consent decree" "stating" that the '453 patent is "invalid or not infringed [or unenforceable]" as required by paragraph 2.

The District of Delaware has directly addressed whether a dismissal without prejudice operates to lift a 30-month stay in the face of the above statutory language and has answered in the negative:

> Given this explicit language [of the statute], the court does not view its dismissal order or its decision on the present motion as having any immediate effect on the thirty month stay. Mylan's analogy to the statute of limitations context and suggestion that the Complaint be treated as if it never existed must fail in the face of such precise statutory guidance—***the lengthy list recited above suggests that, if Congress had wished the thirty month stay to be extinguished upon a dismissal without prejudice, it would have said as much.***
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> *Endo Pharmaceuticals, Inc. v. Mylan Technologies, Inc.*, C.A. No. 11-220-GMS, 2013 WL 936452, at *5 (D. Del. Mar. 11, 2013) (emphasis added).

Consistent with this authority, FDA has admitted elsewhere that the Hatch-Waxman Act's language does not contemplate lifting a stay based on a dismissal without prejudice. As FDA

has told the public, "the statute does not address whether a 30-month stay may be terminated . . . if the court enters an order of dismissal without a finding of patent infringement. . . ."[4] Accordingly, FDA's action to approve the Eton ANDA is in violation of the statute. Not only does this action violate the letter of the law, but also contravenes a basic purpose of the Hatch-Waxman Act – to encourage the efficient resolution of patent disputes between the parties. *See Apotex, Inc. v. Thompson*, 347 F.3d 1335, 1338 (Fed. Cir. 2003) ("The [Hatch-Waxman] Act also sought to facilitate the resolution of patent-related disputes over pharmaceutical drugs by creating a streamlined mechanism for identifying and resolving patent issues related to the proposed generic products."). In this instance, Exela conducted a good-faith negotiation with Eton to streamline the case in order to respond to ongoing emergencies. Exela could not possibly contemplate that FDA (apparently misled by Eton)[5] would somehow turn the results of that negotiation into a "decision" or "judgment" that would give rise to lifting the stay.

Indeed, in connection with the stipulation of dismissal, Eton admitted infringement of two patents, and Exela and Eton are briefing validity of those patents, as well as infringement and validity of the '155 patent, as we send this letter. FDA's lifting of the stay in these circumstances, as the parties reach the conclusion of the litigation process, in addition to violating the letter and spirit of the statute, is contrary to the principles of judicial efficiency. Rather than assist the parties in the litigation process, the FDA's action has necessitated the filing of a TRO by Exela earlier this week. FDA's actions have the potential to cause irreparable harm to Exela, and, if not rescinded, will result in the expenditure of still more court resources that already are in short supply.

Finally, we note that Section 314.107(b)(3)(viii) is not applicable in this instance, as Eton asserted in its correspondence to the District Court. While we question FDA's authority to craft such a regulation in light of the clear statutory language, that regulation allows for the lifting of the stay upon entry of an order of dismissal, with or without prejudice, without a finding of infringement, ***only*** if "each pending suit for patent infringement brought within 45 days of receipt of the notice of paragraph IV certification" is dismissed. That did not occur here. Rather, the only counts dismissed in the case were those related to the '453 patent, and not for the '155 patent filed on the same day, also within the Original 2020 Complaint. As FDA has said in the past, the purpose of subsection viii – and the stay provisions generally – is "to allow the parties time to litigate claims of patent infringement." [Exhibit L (*"Memorandum to File" Re NDA 208090 Xtampza ER* (October 30, 2015))]. That policy applies here as well.

Even if Section 314.107(b)(3)(viii) is arguably applicable, in FDA's view, FDA has not complied with the requirement of providing "fair notice" of its novel interpretation and application of the regulation in this case. It is firmly established law that an agency must provide

[4] Proposed Rule, Abbreviated New Drug Applications and 505(b)(2) Applications, 80 Fed. Reg. 6802, 6864 (Feb. 6, 2015) ("Proposed Rule").
[5] Eton has refused to share any communication it has had with FDA on this issue.

"fair notice" of its regulatory interpretations. *General Elec. Co. v. U.S.E.P.A*, 53 F.3d 1324, 1329 (D.C. Cir. 1995) ("But as long ago as 1968, we recognized this 'fair notice' requirement in the civil administrative context"). *Christopher v. Smithkline Beecham Corp.*, 567 U.S. 142, 158-59 (2012) ("It is one thing to expect regulated parties to conform their conduct to an agency's interpretations once the agency announces them; it is quite another to require regulated parties to divine the agency's interpretations in advance …."). The standard for "fair notice" is "ascertainable certainty":

> In the administrative agency context, "fair notice requires the agency to have 'state[d] with ascertainable certainty what is meant by the standards [it] has promulgated.' "*ExxonMobil Pipeline Co. v. U.S. Dept. of Transp.*, 867 F.3d 564, 578 (5th Cir. 2017) (alterations in ExxonMobil) (quoting *Diamond Roofing* , 528 F.2d at 649). Thus, "[i]f, by reviewing the regulations and other public statements issued by the agency, a regulated party acting in good faith [could] identify, with 'ascertainable certainty,' the standards with which the agency expects parties to conform, then the agency has fairly notified a petitioner of the agency's interpretation." *Gen. Elec.* 53 F.3d at 1329 (citing *Diamond Roofing*, 528 F.2d at 649).

Exxon Mobil Corp. v. Mnuchin, 430 F. Supp. 3d 220, 230 (N.D. Tex. 2019). *See also Rollins Environmental Services v. U.S.E.P.A*, 937 F.2d 649, 655 (D.C. Cir. 1991) (stating that the "ascertainable certainty" standard is a "simple principle of administrative law"). Here, however, both the regulation itself and FDA's public statements point away from the interpretation of Section 314.107(b)(3)(viii) that it adopted in this case. As the Xtampza ER memorandum makes clear, FDA's publicly stated "general policy" regarding the interpretation and application of Section 314.107(b)(3)(viii) is that this regulation applies to dismissals of the entire "patent infringement litigation," not to a scenario, such as this one, where the litigation remains active and where the defendant has admitted infringement. [Exhibit L at 6]. Thus, both the regulation itself, which expressly pertains to "pending suit[s]," and FDA's general policy provide notice of the potential loss of the 30-month stay, a valuable right held by the NDA holder, only upon dismissal of the litigation (i.e., the "pending suit"), not of a single patent within the litigation. The comments to the Proposed and Final Rules adopting Section 314.107(b)(3)(viii) similarly lack any discussion or appear to even contemplate the facts present here. Exela had no way of knowing that FDA would apply Section 314.107(b)(3)(viii), which expressly requires the dismissal of all "pending suit[s]," to a case where the *suit remains pending*.

In this regard, in considering this issue, it appears likely that Eton misrepresented the status of the lawsuit to the FDA. In its correspondence to the District Court regarding Section 314.107(b)(3)(viii), Eton counsel justified the invocation of the regulation based on an assertion that claims for infringement of the '155 patent were not included in Exela's Original 2020 Complaint, but were instead added to the case later, and thus were outside the 45-day window of receipt of the notice of the Paragraph IV certification referenced in the regulation. [Exhibit B].

This is false. As noted above, and as cannot be disputed, the Original 2020 Complaint in the case included claims for infringement of the '155 patent, as well as the '453 patent. [Exhibit C].

Plainly then, the requirements in Section 314.107(b)(3)(viii) have not been met as the patent litigation triggering the 30-month stay continues in the District Court.

D. Environmental Impact

This petition is categorically exempt from the requirement for an environmental assessment or an environmental impact statement pursuant to 21 C.F.R. §§ 25.30 and 25.31.

E. Economic Impact

Information on the economic impact of the petition will be provided upon request.

F. Certification

Pursuant to 21 C.F.R. § 10.30(b), the undersigned certifies, that, to the best knowledge and belief of the undersigned, this petition includes all information and views on which the petition relies, and that it includes representative data and information known to the petitioner which are unfavorable to the petition. Pursuant to Section 505(q)(1)(H) of the FDCA, 21 U.S.C. § 355(q)(1)(H), I certify that, to my best knowledge and belief: (a) this petition includes all information and views upon which the petition relies; (b) this petition includes representative data and/or information known to the petitioner which are unfavorable to the petition; and (c) I have taken reasonable steps to ensure that any representative data and/or information which are unfavorable to the petition were disclosed to me. I further certify that the information upon which I have based the action requested herein first became known to the party on whose behalf this petition is submitted on or about the following date: April 11, 2022, the date of Eton's Press Release [Exhibit A] and the correspondence filed in the Delaware District Court [Exhibit B]. If I received or expect to receive payments, including cash and other forms of consideration, to file this information or its contents, I received or expect to receive those payments from the following persons or organizations: I am making these representations on behalf of Exela, as part of my responsibilities as an attorney for the company and am not being separately compensated for submitting this petition. I verify under penalty of perjury that the foregoing is true and correct as of the date of the submission of this petition.

Respectfully Submitted,

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