

January 21, 2017

## **Ono Pharmaceutical Company and Bristol-Myers Squibb Enter Settlement and License Agreement with Merck for Anti-PD-1 Antibody Patent Infringement Litigation**

ONO PHARMACEUTICAL CO., LTD. (Osaka, Japan; President, Representative Director and CEO, Gyo Sagara; “ONO”) and Bristol-Myers Squibb Company (“BMS”) announced today that the companies have signed a license agreement with Merck & Co., Inc., USA and its subsidiaries (“Merck”) to settle all patent infringement litigation related to Merck’s anti-PD-1 antibody Keytruda<sup>®</sup> (pembrolizumab; MK-3475), where ONO and BMS had been in dispute with Merck by filing a patent infringement litigation against Merck’s sale of Keytruda in Japan, the US and Europe, etc., under the condition that the use patent of an anti-PD-1 antibody has been jointly owned by ONO and Professor Tasuku Honjo<sup>\*1</sup> and the substance patent of the anti-PD-1 antibody jointly owned by ONO and BMS.

As per the agreement, all the companies confirm that the use patent and substance patent owned by ONO and BMS are valid. ONO and BMS will grant the sales of Merck’s Keytruda and Merck will make an initial payment of US\$ 625 million to ONO and BMS. Merck will pay ongoing royalties on global sales of Keytruda of 6.5% from January 1, 2017 through December 31, 2023, and 2.5% from January 1, 2024 through December 31, 2026. The initial payment and royalties will be shared between ONO and BMS in a 25/75 percent allocation, respectively.

This settlement will end the litigation against Merck’s sale of Keytruda in all countries.

The impact on the consolidated financial results ending March 2017 will be disclosed at the announcement of financial result during the 3<sup>rd</sup> quarter for Fiscal Year ended March 2017.

\*1 Professor Tasuku Honjo

Visiting Professor, Kyoto University Graduate School of Medicine

Chairman of the Board of Directors, University of Shizuoka

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