

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

CUMBERLAND PHARMACEUTICALS
INC.,

Plaintiff,

-against-

MELINTA THERAPEUTICS, LLC and
TARGANTA THERAPEUTICS
CORPORATION,

Defendants.

Case No.

COMPLAINT

Plaintiff Cumberland Pharmaceuticals Inc. (“Cumberland”), by its undersigned counsel, as and for its Complaint against defendant Melinta Therapeutics, LLC (“Melinta”) and Targanta Therapeutics Corporation (“Targanta”), alleges as follows:

NATURE OF THE ACTION

1. This is an action for breach of contract, specifically, an Agreement by which defendant Targanta was granted a license to develop certain pharmaceutical products subject to the grantor’s patents and assistance with the use of a cyclodextrin in those pharmaceutical products in exchange for certain fixed payments in addition to royalties on net sales of said products. The grantor’s rights were assigned to plaintiff Cumberland, and defendant Melinta acquired Targanta as its wholly owned subsidiary. Thereafter, Melinta successfully incorporated a cyclodextrin into a product, and filed for and obtained FDA approval of a product pursuant to the Agreement, but failed and refused to pay Cumberland \$1 million of fixed payments due. Cumberland seeks recovery of the \$1 million of payments due and unpaid under the Agreement.

THE PARTIES

2. Plaintiff Cumberland was at relevant times and is a Tennessee corporation with its principal offices located in Nashville, Tennessee.

3. Upon information and belief, prior to around November 1, 2020 Melinta was a Delaware corporation known as Melinta Therapeutics, Inc., and since then has been and currently is a Delaware limited liability company known as Melinta Therapeutics, LLC, with its principal business offices located in Morristown, New Jersey. Upon further information and belief:

a. Melinta's members are Deerfield Private Design Fund III, L.P. ("Deerfield Fund III"), a Delaware limited partnership, and Deerfield Private Design Fund IV, L.P. ("Deerfield Fund VI"), a Delaware limited partnership, both of which have their principal offices in New York, New York.

b. Deerfield Fund III's general partner is Deerfield Management III, L.P., the general partner of which is J.E. Flynn Capital III, LLC, the sole member of which is James E. Flynn, who is domiciled in New York.

c. Deerfield Fund IV's general partner is Deerfield Management IV, L.P., the general partner of which is J.E. Flynn Capital IV, LLC, the sole member of which is James E. Flynn, who is domiciled in New York.

4. Plaintiff has been unable to determine from publicly available information the identities of Deerfield Fund III's and Deerfield Fund IV's limited partners, but has found no indication that any such limited partner is domiciled in or otherwise deemed a citizen of Tennessee, and on that basis alleges upon information and belief that no partner of Deerfield Fund III or Deerfield Fund IV is a citizen of Tennessee.

5. Upon information and belief, defendant Targanta was at relevant times and is a Delaware corporation with its principal offices located in Morristown, New Jersey. Since around November 2018, Targanta has been a wholly owned subsidiary of Melinta.

JURISDICTION AND VENUE

6. This Court has diversity jurisdiction over the subject matter of this action pursuant to 28 U.S.C. § 1332, because this action is between a citizen of the State of Tennessee and citizens of other States, and the amount in controversy exceeds \$75,000.

7. This Court has personal jurisdiction over each of defendants and venue is proper in this Court because each of defendants assented to the jurisdiction and venue of this Court as a party to the Agreement under and in relation to which this action arises, Article IV of which states as follows:

The parties hereto shall attempt to settle any dispute arising out of or relating to this Agreement in an amicable way. In the event that such attempts should fail, then the parties can take such actions as are available at law under the laws of the State of New York, United States of America, with venue for any such dispute being New York City, New York.

FACTUAL BACKGROUND

The Agreement

8. At all relevant times, non-party Theravance Biopharma Ireland Limited (“Theravance Ireland”) owned and/or controlled, either directly and/or indirectly through subsidiary and/or affiliated entities, certain duly registered patents and/or patent applications in connection with the use of a cyclodextrin in pharmaceutical applications (referred to herein collectively as the “Patents”).

9. On or around December 19, 2016, Theravance Ireland entered into an Agreement with Targanta (the “Agreement”), pursuant to which it granted Targanta an exclusive, world-wide

license to develop and commercialize certain products under the Patents and assistance in using a cyclodextrin in pharmaceutical applications, in exchange for Targanta's payment of certain specified, fixed payments in addition to royalties on net sales of licensed products.

10. On or around November 28, 2017, Targanta's parent company, The Medicines Company ("TMC"), as seller, entered into a Purchase and Sale Agreement with Melinta's predecessor, Melinta Therapeutics, Inc., as buyer, whereby Melinta Therapeutics, Inc. acquired Targanta and all of Targanta's rights and obligations under the Agreement.

11. On or around November 1, 2018, Theravance Ireland and its affiliate Theravance Biopharma USA, Inc. (referred to herein collectively with Theravance Ireland as "Theravance"), as seller, entered into an Asset Purchase Agreement with Cumberland, as buyer, whereby Cumberland acquired Theravance's and its subsidiaries' assets including, among other things, rights and interests regarding the Patents and under various "Business Contracts" to which Theravance and/or any of its subsidiaries were party, and assumed the post-closing liabilities under such Business Contracts.

12. In particular, Melinta acquired Targanta and all of its rights and obligations under the Agreement and expressly assumed Targanta's post-closing liabilities under the Agreement.

13. On or around January 7, 2019, a Notice of Recordation of Assignment of the Patents to Cumberland was filed in the United States Patent and Trademark Office.

14. By written notice dated December 17, 2018, Theravance informed Targanta that effective as of November 12, 2018, Theravance "hereby assigns, transfers, conveys, delivers and delegates to Cumberland all of its rights, title, interests and obligations under the [License] Agreement along with any amendments, exhibits, attachments, statements of work, purchase

orders, quotations and other collateral documents thereunder (collectively, ‘Collateral Agreements’).”

15. Upon information and belief, on or around November 1, 2020 Melinta Therapeutics, Inc. converted itself from a Delaware corporation to a Delaware limited liability company and became Melinta Therapeutics, LLC (“Melinta”, a defendant herein).

The Grants

16. As set forth in the Recitals of the Agreement, “Targanta intend[ed] to use a cyclodextrin in the development and commercialization of injectable oritavancin for the treatment of gram positive bacteria in humans.”

17. As set forth in Section 1.1 of the Agreement, Targanta was granted

an exclusive, royalty bearing, worldwide license to make or have made, use, sell or have sold, and import, or more generally to develop and commercialize product(s) under the Patents in the Field and in the Territory.

18. The Patent registrations and applications which are the subject of the Agreement are set forth in Exhibit I to the Agreement.

19. As set forth in Section 17.2 of the Agreement, the term “Field” is defined as “injectable oritavancin for the treatment of gram positive bacteria in humans”, and as set forth in Section 17.7 of the Agreement, the term “Territory” means “the world.”

20. As set forth in Section 17.5 of the Agreement, the term “Product” is defined as “a composition comprising a cyclodextrin and oritavancin or pharmaceutically acceptable salt thereof which infringes a Valid Claim of a Patent.”

21. As set forth in Section 17.8 of the Agreement, the term “Valid Claim” is defined as a claim in a Patent which has not lapsed or become abandoned and which claim has not been declared invalid or that has not been finally rejected by a court of competent jurisdiction or a patent authority such as, *e.g.*, the European Patent Office or which has not been admitted to be invalid or unenforceable through reissue or disclaimer.

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