

The Dispute with the Boards of Appeal of the Japanese Patent Office between MSD regarding HIV Integrase Inhibitor

OSAKA, Japan, September 7, 2018 - Shionogi & Co., Ltd. (Head Office: Osaka, Japan; President and CEO: Isao Teshirogi, Ph.D.; hereafter "Shionogi") today announced that on September 4, 2018, the Intellectual Property High Court of Japan (hereafter "IP High Court") dismissed Shionogi's lawsuit against the decision by the Board of the Japanese Patent Office (hereafter "JPO") and Shionogi's appeal in a patent infringement lawsuit regarding Shionogi's Japanese patent covering the HIV integrase inhibitors, Patent No. 5207392.

Shionogi filed a patent infringement lawsuit in District Court in August, 2015 against MSD stating that MSD's integrase inhibitor Isentress[®] infringes Shionogi's Japanese patent. MSD filed a request for a Board decision to invalidate the patent in December, 2015. The Board of JPO decided to invalidate the patent in August, 2017 and then Shionogi filed a request to revoke the Board decision to IP High Court in September, 2017. On the other hand, District Court decided that Shionogi patent is invalid in the patent infringement lawsuit and dismissed the lawsuit in December, 2017. Therefore, Shionogi appealed against the district court decision to IP High Court. This decision by IP High Court relates to the above request to revoke the Board decision and the above appeal. Shionogi will consider what need to be done thereafter based on a careful examination of the content of this decision.

Shionogi considers its intellectual property to be a vitally important resource and always intend to vigorously defend its rights in that regard.

The patents referenced above are singly held by Shionogi and are not related to joint intellectual property held by Shionogi and ViiV Healthcare covering the HIV integrase inhibitor Tivicay[®]. Tivicay[®] is manufactured and marketed by ViiV Healthcare around the world. This decision will have no material effect on the Company's operating results.

Forward-Looking Statements

This announcement contains forward-looking statements. These statements are based on expectations in light of the information currently available, assumptions that are subject to risks and uncertainties which could cause actual results to differ materially from these statements. Risks and uncertainties include general domestic and international economic conditions such as general industry and market conditions, and changes of interest rate and currency exchange rate. These risks and uncertainties particularly apply with respect to product-related forward-looking statements. Product risks and uncertainties include, but are not limited to, completion and discontinuation of clinical trials; obtaining regulatory approvals; claims and concerns about product safety and efficacy; technological

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advances; adverse outcome of important litigation; domestic and foreign healthcare reforms and changes of laws and regulations. Also for existing products, there are manufacturing and marketing risks, which include, but are not limited to, inability to build production capacity to meet demand, unavailability of raw materials and entry of competitive products. The company disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise.

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