

Institut Pasteur v. Abbott - A new episode in the AIDS patent dispute

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Pierre Véron (Véron & Associés)

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Institut Pasteur, a private foundation recognised of public utility, developed some research which made it possible to identify the HIV-1/VIH retrovirus which is responsible for AIDS, and to define the means that are specific to the diagnosis thereof in the infected patients. It is therefore the holder of a number of patents relating to detection means of that retrovirus.

As Institut Pasteur had noted that Abbott was marketing detecting kits that implemented, according to the former, some of its European patents, it served a summons for infringement upon Abbott France before the *Tribunal de Grande Instance* of Paris.

However, by way of a 21 January 2009 judgment, the *Tribunal de Grande Instance* dismissed Institut Pasteur's claims for patent infringement considering that Abbott was authorised to exploit the patents at issue because of the settlement agreements previously concluded with the American health authority, the Department of Health and Human Services, hereinafter referred to as DHHS, and the National Institute of Health, hereinafter referred to as NIH, in order to put an end to the various disputes which opposed them concerning the paternity of the retrovirus' discovery and the patents relating thereto. These agreements provided that "the existing technology" as well as the "improvement technology" would be made available to the licensees of both parties. Abbott was precisely a licensee of the NIH.

Institut Pasteur then lodged an appeal claiming that the 1994 settlement agreement entered into with DHHS/NIH did not cover among the "licensed products" the gp 110 protein, subject-matter of the allegedly infringed European patents, so that the American health authority (DHHS/NIH) could not have validly granted a licence to Abbott for the accused exploitation of this gp 110 protein in its detecting kits. Institut Pasteur also claimed that the 1994 settlement agreement cited, as an example of products which were not licensed, applications GB 8 423 659 and FR 84 16013, relating to the gp 110 protein or referred to as priorities by patent applications which essentially related to the gp 110 protein. Consequently, Institut Pasteur was claiming damages in excess of €7 000 000.

The *Cour d'Appel* of Paris was therefore faced with a problem of interpretation of the words of the 1994 settlement agreement entered into between Institut Pasteur and the DHHS/NIH. The *Cour d'Appel* of Paris in a [8 October 2010 decision](#) sided with Abbott and dismissed Institut Pasteur's claims, affirming the lower court judgment.

To resolve that dispute, the court has identified the applicable law governing the settlement agreement in order to identify the applicable rules and principles of agreements' interpretation. As the settlement agreement was governed by the Maryland State Law for that issue, the court learned from the according affidavits submitted by each party on the content of the law of that State that it had to put back the 1994 agreement in context, to specify the purpose which was pursued by the parties and to interpret the terms in dispute within a meaning corresponding to their common intention in order to give full effect to their respective undertakings.

As for the context of the 1994 agreement, the court noted that as early as 1987 Institut Pasteur and the DHHS/NIH had concluded a first settlement agreement whose annex C mentioned an American patent relating to the gp 110 protein among the patents subject-matter of the agreement.

As for the 1994 agreement and the purpose which was pursued by its parties, the court noted that the 1994 agreement followed on from that of 1987 and that its purpose was to put an end to the procedure of interference, started by the USPTO because of the conflict existing between the two patent applications respectively filed by DHHS/Centocor and Institut Pasteur, but, more importantly, to prevent all future discussion on what could appear as being common to the two patent applications at issue and to allow both the parties and their respective licensees to be granted-cross licences. And clause 1.8 of the agreement defined the licensed subject-matter called "licensed product".

As for the scope of the 1994 settlement agreement, the court has firstly noted that it certainly did not expressly mention in its annex C the American patent relating to the gp 110 protein, nevertheless it followed on from that of 1987 to which it expressly referred with respect to the conditions in which the licences must be granted.

However, as the agreement referred to the patents' list mentioned in annex C only in connection with the licences which could benefit to the DHHS for its own exploitation, this annex C was not a great help to resolve in the present case the problem concerning the licences granted by the DHHS/NIH to third parties such as Abbott. The court had therefore to concentrate on the interpretation of the definition of the "licensed products" given by clause 1.8 of the 1994 agreement in order to decide if this clause covered or not the gp 110 protein used in the detecting kits.

The court rejected the interpretation proposed by Institut Pasteur according to which licences for the products listed in (a) through (g) in clause 1.8 are granted on the sole condition that they be common to the two patent applications subject-matter of the procedure for interference, underlining that this interpretation was purely literal, resulted only from the sole presence of the adjective "common" and was even contradicted by the second sentence of clause 1.8 whose mention "subject matter exclusive of that listed in (a) through (g)" sufficiently means that the common feature was not a general condition which would be compulsory for each of the products or subject-matters listed in (a) through (g). The court added that, should the parties not have had such intention, they would have been careful to determine what could be considered as common with respect to each of these subject-matters since they intended to avoid the future difficulties arising from the said interference. And the court noted also that the parties broadened the area of the interference's procedure to add other subject-matters, which they considered as "common", thereto and in particular the immunoreactive fragments of the designated genes "env", knowing that the gp 110 protein is the most important fragment of the "env" gene.

Finally, Institut Pasteur asserted the fact that clause 1.8 showed, as an illustration of the exclusions from the licences scope, two French patent applications filed by Institut Pasteur, No. 84 23 659 and No. 84 16013, corresponding to the two priorities of the US patent application relating to the gp 110 protein, which would constitute, according to Institut Pasteur, the evidence that this latter application was indeed beyond the scope of the settlement agreement. The court answered that the Institut Pasteur, which was a party to the negotiations that led to the drafting of this clause, could have submitted to the court the projects and pre-contractual exhibits that would support this interpretation which led to exclude the gp 110 by a simple mention in brackets, although this protein was expressly included in the list of the products (a) through (g) and mentioned by the parties to the settlement agreement in their request for interference. In the opinion of the court, this mention put between brackets to patent applications No. 84 16013 and No. 84 23 659, was only given as an example of patents whose scopes were broader than the sole gp 110 protein.

Consequently, it sufficiently resulted from the context that governed the elaboration of the 1994 agreement, which must be read in reference to the 1987 agreement, from the purpose which the parties declared they wanted to pursue and from the definition of the "Licensed Product", that the gp 110 protein falls within the scope of the licensed products and that Abbott, as a sublicensed company whose rights were granted by the NIH, may exploit in France this protein in its detecting kits without committing an infringement.

[Original French decision.](#)
[English translation.](#)

Author: Nicolas Bouche, Head Legal Research and Literature, Véron & Associés, Paris, France