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English Court of Appeal upholds service of cross-border DNI

Brian Cordery (Bristows) · Tuesday, May 28th, 2013

On 21 May 2013, the Court of Appeal issued its rejection of Lilly's appeal in relation to Actavis' purported service of an application for a Declaration of Non Infringement (DNI) in respect of not only the UK designation of Lilly's European Patent relating to a particular salt form of pemetrexed ("the Patent"), but also the French, German, Italian and Spanish designations.

The principle emerging from the decision is that the English courts consider that it may, at least in principle, be appropriate to hear the arguments relating to infringement of several designations of the same European Patent together in London. Practice points to emerge are: (i) inter-solicitor correspondence must be drafted very carefully; and (ii) whether a patentee has a place of business in the UK will be considered having regard to all the circumstances.

By way of background, Actavis had attempted service of the proceedings on Lilly's UK solicitors Hogan Lovells, and also at the address of Lilly's UK subsidiary. In relation to the purported service on Hogan Lovells, the Court of Appeal held that Arnold J had correctly construed the inter-solicitor correspondence such that the reasonable reader would have understood that the proceedings before the English courts that Actavis was seeking to serve related to a number of designations of the Patent and that this was the case despite the correspondence having been written on behalf of the wrong Actavis entity (one which only has subsidiaries in one of the named jurisdictions). As such, the proceedings had been validly served.

Following Arnold J's decision, a number of Actavis Group companies filed a further DNI concerning two alternative salt forms of pemetrexed, once again in relation to a number of European designations of the Patent. As in the first action, the proceedings were purportedly served at the address of Lilly UK. As a result of the subsequent claim, and notwithstanding that it had already found the initial proceedings to have been validly served on Hogan Lovells, the Court of Appeal addressed the question of whether Lilly had been validly served at the address of its UK subsidiary on the basis of it having a "place of business" in the UK. The Court upheld Arnold J on this point too, finding that the activities carried on at the UK address constituted business of the Lilly Group. The Court noted that:

"The crucial question is whether that business has been carried on solely by Lilly UK or, perhaps, its affiliates, or whether it has also been carried on by Lilly itself. This question must, I think, be answered in light of the nature of the business of the group as a whole. Lilly has an integrated global pharmaceutical business and, as Mr Harper himself says, it operates through its ownership and control of non-US subsidiaries including Lilly UK."

As such, Actavis' subsequent application for a DNI has also been validly served on Lilly.

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