

Kluwer Patent Blog

Result for Resolution – Resolution Chemicals Limited v H. Lundbeck A/S – 29 July [2013] CA

Brian Cordery (Bristows) · Friday, August 2nd, 2013

The final week in July is always a busy time in the English Courts as Judges try to hand down judgments before the commencement of the summer vacation which lasts approximately two months.

2013 was no exception with three important patent decisions being given this week– two from the Court of Appeal on the same day.

One of the Court of Appeal decisions was a unanimous finding that a patent owned by Yeda and licensed to Teva for the medicine Copaxone was valid. The second decision, which is the subject of this short piece, concerned an attempt by Lundbeck to preclude a generics company, Resolution from challenging Lundbeck's patent to escitalopram, an anti-depressant sold very successfully under the brand name Cipralex in Europe.

Lundbeck was the proprietor of European Patent (UK) No 0 347 066 which claimed escitalopram. The 066 patent has now expired but escitalopram is the subject of a supplementary protection certificate (SPC) which extends the protection for this molecule until May 2014. The 066 patent was held valid following revocation proceedings in the English Court brought by Generics (UK) and Arrow Generics in 2005. At the time of the 2005 proceedings, Resolution Chemicals Limited (Resolution), the Respondent in the current appeal, was a sister company of Arrow Generics. At the relevant time both Arrow Generics and Resolution were owned by Arrow Group ApS. Resolution had attempted to develop citalopram but had abandoned its plans by 2004. In 2009 Resolution became an independent company following a corporate restructure.

In 2012 Resolution issued proceedings against Lundbeck seeking to revoke the 066 patent which would of course automatically cause the corresponding SPC to be revoked. Early in 2013, Lundbeck launched a counter-offensive seeking summary judgment that Resolution was precluded from bringing its claim by reason of cause of action estoppel or abuse of process. At first instance in April 2013 Arnold J held that Resolution was not precluded from challenging the validity of the 066 patent since Resolution had no interest in escitalopram at the time of the 2005 proceedings. The Judge also dismissed the relevance of Resolution's previous attempts at making citalopram, which had ceased before the start of the 2005 proceedings and held that there was no privity of interest between Resolution and Arrow Generics.

Lundbeck appealed. The principal issue before the Court of Appeal was whether there was privity

of interest between the sister companies, Arrow Generics Limited and Resolution, at the time of the previous litigation. The leading judgment of a unanimous court was given by Floyd LJ.

Privity of Interest

Privity of interest provides an exception to the general principle that the law of estoppel binds only the parties to the previous litigation. The law of estoppel provides that A will not be allowed to litigate the same question with B more than once. However, as a matter of principle, a third party, C, ought to be free to litigate the same question with B. The doctrine of privity of interest provides that in some types of cases, C may be precluded from litigating the matter where C has a sufficiently close connection to A. Having considered the leading authorities Floyd LJ stated that when determining whether there was privity of interest a court should examine: (a) the extent to which a new party had an interest in the subject matter of the previous action; (b) the extent to which the new party can be said to be, in reality, the party to the original proceedings by reason of his relationship with that party; and (c) against this background whether it is just that the new party should be bound by the outcome of the previous litigation.

Decision

Having weighed up all the relevant circumstances, Floyd LJ concluded that although Arrow and Resolution were part of a common group of companies, there was no subsisting relationship between them such that it could be said that the Arrow proceedings were being conducted by Arrow for Resolution's benefit. The Judge was therefore entitled to reject the allegation of privity of interest. In order to check the conclusion that he had reached, Floyd LJ stood back and considered the position from a broader, merits based stand-point. From this perspective the Judge considered that if anything the case for Resolution was stronger since the issue of abuse had to be determined at the time when the later proceedings were brought (i.e. 2012) and by this time, Resolution was independent of Arrow and operating according to a different business model.

Comment

This decision of the Court of Appeal is useful as it clarifies the somewhat nebulous doctrine of privity of interest. As a matter of public interest, it is open to anyone to invalidate a patent and, subject to the limited costs protection provided by the Certificate of Contested Validity, in Section 65 of the UK Patents Act, a patentee must accept that its patent is always open to challenge from the day of grant through to expiry and potentially beyond if SPCs are in play.

The trial of the revocation proceedings is fixed for the autumn (five day trial listed to commence on 11 November 2013). Very recently, Resolution sought and obtained permission from the High Court to admit further experiments (extempore decision of Norris J dated 30 July 2013). The validity of the 066 patent and its counterparts has been extensively litigated in Europe and beyond and it is fair to say that opinion amongst lawyers and chemists alike is divided on the issue.

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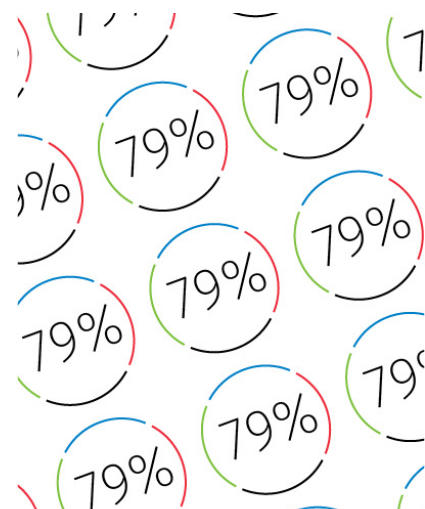
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