



## **DOUBLE FAULT FOR STEPPING OVER THE LINE: A SIMPLE GAME OF TRANSNATIONAL PATENT LITIGATION**

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In *Apotex Inc. vs. Sanofi-Aventis* (2011 FC 1486), the Federal Court of Canada has condoned the ability for a plaintiff engaged in transnational patent litigation, i.e. litigation involving the same parties but in several jurisdictions, to obtain compensation for a related infringing activity on both sides of the border.

The facts are as follows: Sanofi commercializes Plavix (clopidogrel), a drug used to inhibit blood clots. This medicinal ingredient was covered by Canadian patent 1,336,777 (the '777 patent), and by corresponding American patent 4,487,265 (the '265 patent).

Apotex purchased and imported bulk quantities of clopidogrel into Canada, which it then exported and sold in the United States. Sanofi consequently took patent infringement actions in both jurisdictions. With respect to the US proceedings, the parties entered into a settlement agreement that included the possibility of trying the matter before the Court if certain conditions were not met. These conditions were not fulfilled and the American case went to trial - Apotex was ordered to pay upwards of \$500 000, in accordance with the terms of the settlement agreement which fixed any damages at 50% of the net sales of clopidogrel.

Once the US proceedings were settled, Sanofi took legal action in Canada, claiming infringement of the '777 patent in response to a patent impeachment action taken by Apotex. Apotex not only argued that the '777 patent was invalid, but that Sanofi could not sue Apotex a second time for the exact same clopidogrel for which they have already secured judgment and payment in the US.

Interestingly, the Court opined that Sanofi was not precluded from suing Apotex "a second time", as the Canadian case involved a completely different patent - the CA '777 patent - and a different infringing activity: importation vs. sale. Apotex argued that the parties had effectively settled the matter and had signed an agreement covering their alleged activities. The Court however, did not agree with Apotex and found that the signed settlement agreement involved only the US '265 patent and related to the American activities alone. In other words, if the parties had intended to

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settle all pending litigation in all jurisdictions, they should have expressly stated this in the agreement.

As is sometimes the case in this type of proceeding, the contractual interpretation made by the Court ended up being moot as it was found that the '777 patent was invalid for insufficient disclosure, and therefore, Sanofi's case for infringement was dismissed.

While this finding of invalidity is interesting on its own, from a purely business perspective, Sanofi could have been awarded further damages for the exact same clopidogrel that was sold in the US. It is said that a misplaced comma can cost you millions of dollars, and this case is almost a perfect example.

It is advisable to think twice when drafting the terms of a settlement agreement, and to always be aware of the impact that such an agreement may have on other jurisdictions. Had Apotex considered the impact of their US settlement agreement on outside litigation, they may have chosen to word things differently, sparing themselves the expense of a savoury double dip.



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