

**EIP**

# EPO Revocation helps Mylan sleep Neurim's win from right under them

In the latest bout between Neurim v Mylan in this pharmaceutical patent case concerning the treatment of insomnia and what looks to be Round 5 in the court room, on 12 March 2021, the English Patents Courts handed down its consequential judgment, following a second consequential hearing.

Here, Mr Justice Marcus Smith, was faced with a situation of inconsistent outcomes between parallel UK and EPO Proceedings. Marcus Smith J had to decide whether the court had jurisdiction to vary orders which were made at the first consequential hearing (16 December 2020) following a decision in the EPO (18 December 2020), which came two weeks after judgment in the UK Proceedings. And, if so, the effect on those orders.

## Background

On 4 December 2020, Marcus Smith J found in favour of Neurim and held that the patent was valid and infringed, but accepted Mylan's arguments relating to the nature of the licence granted by Neurim to Flynn (the second claimant) finding it was not an exclusive licensee – the "Exclusive Licence Point".

On 16 December 2020 at the first consequential hearing, Marcus Smith J made a series of orders (the "16 December Orders") which encompassed matters including an injunction, permission to appeal, various declarations and costs.

On 18 December following expedition of an appeal to the Technical Board of Appeal of the EPO ("TBA") over a decision of the Opposition Division of the EPO ("OD") in relation to the patent in suit. The TBA upheld the OD's decision that the patent was to be revoked ab initio

. It was as if the patent never was.

p2

# Consequential Judgment

In light of the EPO proceedings outcome, Marcus Smith J had to consider whether the Court had jurisdiction to vary the 16 December Orders and to what extent it should exercise that jurisdiction. Marcus Smith J concluded he did have jurisdiction and went on to consider the question of costs and Neurim's permission to appeal the "Exclusive Licence Point".

## Costs

Under CPR 44.2, the court has a general discretion as to costs and if it decides to make an order about costs "the general rule is that the unsuccessful party will be ordered to pay costs of the successful party". Marcus Smith J noted in this curious case that, but for the outcome of the EPO proceedings, it was uncontroversial that Neurim was the "winner" and Mylan the "loser". But post the EPO appeal decision, and concluding that the UK Proceedings and the EPO Proceedings were inter-relatable, and because the patent was revoked ab initio, Mylan now found themselves in the "winner's" position. Thus, the judge ordered Neurim to pay Mylan's costs.

There was no suggestion of untoward behaviour from either party but Marcus Smith J suggested several times in his judgment that the court should have been notified about the imminent appeal hearing date of the EPO Proceedings, which had been known months before the trial date. As he had previously been informed that a final decision on the appeal would not be made before 2022 at the earliest. Therefore, in not doing so, Marcus Smith J surmised that the costs of the UK Proceedings were costs thrown away because the decision of the TBA rendered the trial in the UK Proceedings unnecessary. And since it was within Neurim's power to bring this issue before the court and thus could have been avoided, they would have to pay these costs. Marcus Smith J did point out that had the situation been reversed and the interaction between the EPO Proceedings and the UK Proceedings favoured Neurim, then the costs order would have been made against Mylan as it would have been in their power to bring the issue before the court.

## Permission to appeal the

# Exclusive Licence Point

Marcus Smith J reversed his initial decision from the 16 December Orders and ordered that permission to appeal on this point should be refused on account that the patent in suit had been revoked ab initio.

## Take away points

Whilst the circumstances of this case were specific, this judgment makes clear that parallel UK proceedings and EPO proceedings concerning the same patent are inter-related and will be a matter for consideration on the question of stay; the making of a costs order or an order providing injunctive relief; and whether such an order, having been made, should be reviewed or varied.

The judgment also highlights the importance of keeping the court informed of any major developments in parallel EPO proceedings throughout ongoing UK proceedings. The judgment is available [here](#).

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