

Who Can Be A Defendant In Biosimilar Patent Litigation?

By **Brian D. Coggio and Ron Vogel** (April 11, 2019)

Can a party that did not submit an abbreviated biologics license application or an abbreviated new drug application, but will market the biosimilar or generic product after U.S. Food and Drug Administration approval, be sued for patent infringement or for a declaratory judgment alleging future infringement?

This question is pending before the U.S. District Court for the District of New Jersey in *Amgen Inc. v. Adello Biologics LLC*, where co-defendants Amneal Pharmaceuticals LLC and Amneal Pharmaceuticals Inc. seek dismissal, alleging that Amgen failed to state a claim under Federal Rule of Civil Procedure 12(b)(6) and further, because subject matter jurisdiction is lacking under FRCP 12(b)(1).[1]

Amgen's complaints allege that Adello Biologics LLC infringed under Section 271(e)(2)(C) of the Patent Act by submitting an aBLA to manufacture a biosimilar of Amgen's Neupogen.[2] Amgen further alleges that Amneal will infringe under Section 271(g) by importing and selling the biosimilar, which Adello manufactures using processes allegedly covered by Amgen's patents.

In its motion to dismiss, Amneal argues that Amgen fails to state a claim for infringement under Section 271(e)(2)(C) because Amneal did not "submit" the Neupogen aBLA. Amneal further argues that there is no "current case or controversy of sufficient immediacy and reality" to support jurisdiction over a declaratory judgment action because it will only be responsible for the future "marketing, selling and pricing" of the accused biosimilar after FDA approval.[3]

After examining the different types of conduct that could trigger and support a Biologics Price Competition and Innovation Act or ANDA litigation, we examine the arguments presented in Amneal's and Amgen's briefs.

Submission of an aBLA or ANDA Is an "Act of Infringement"

The submission of an aBLA — like the submission of an ANDA — is an "artificial act of infringement" allowing a patent owner to file suit.[4] But against whom can it file?

Amneal did not submit the aBLA for Neupogen, and argues that it did not infringe under this provision. In support, it cites the U.S. Supreme Court's statements in *Sandoz Inc. v. Amgen Inc.* that "[t]he complex statutory scheme [of the BPCIA] establishes processes both for obtaining FDA approval of biosimilars and for resolving patent disputes *between manufacturers of licensed biologics and manufacturers of biosimilars.*"[5] According to Amneal, this "carefully calibrated scheme" limits actions for infringement to "submitters," and it therefore is not an infringer.[6]

Although only Adello submitted the aBLA, courts have held that multiple parties can be "submitters." For example, in *Cephalon Inc. v. Watson Pharmaceuticals Inc.*, both Watson Pharmaceuticals and Watson Pharma Inc., its whollyowned subsidiary, "took part in preparing the ANDA," as "employees of each prepared and executed ANDA-related



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documents.”[7] The court held that both defendants “submitted” the ANDA. Other decisions have also relied on the corporate relationship between two affiliates in holding that both “submitted” an ANDA.[8]

One factor to consider in evaluating who submits an FDA application is whether the purported “submitter” will benefit from FDA approval. In *In re Rosuvastatin Calcium Patent Litigation*, Apotex Corp., the U.S. subsidiary of Apotex Inc., “signed and filed” an ANDA on behalf of Apotex Inc. The paragraph IV certification, however, was made by Apotex Inc. Astra Zeneca filed suit against Apotex Corp. — and not Apotex Inc.[9]

Apotex Corp. moved to dismiss, arguing it did not submit the ANDA within the meaning of Section 271(e)(2)(A). The court denied the motion, finding that Apotex Corp. was a “submitter” because it “filed the ANDA and actively participated with Apotex Inc. in preparation of the ANDA, and [it] intend[ed] to directly benefit from the ANDA by selling the drug product in the United States ... upon approval of the ANDA.”[10] Although a parent-sub subsidiary relationship existed between defendants, the U.S. Court of Appeals for the Federal Circuit emphasized the relevance of future marketing and sale of the generic product in finding jurisdiction.[11]

Here, Amneal did not submit the Neupogen aBLA, because it did not commit an act of infringement under Section 271(e)(2)(C). And yet although it does not have a corporate relationship with Adello, Amneal will “benefit directly” if Adello’s aBLA is approved. The question is whether this fact should be considered and if so, is it enough to establish a case or controversy supporting jurisdiction?

Inducement of Infringement Under Section 271(b)

Amgen did not assert a claim of inducement under Section 271(b) against Amneal.[12] The Federal Circuit, however, has recognized that inducement claims are possible in Hatch-Waxman actions. But in most instances the inducement claim was lodged against the ANDA filer — not a third party such as Amneal.[13]

Inducement of Filing an FDA Application

In *Shire LLC v. Amneal Pharmaceuticals LLC*, the Federal Circuit held that conduct that merely assists another party in filing an ANDA is protected by the Hatch-Waxman safe harbor, 35 U.S.C. § 271(e)(1).[14] There, the court held that Johnson Matthey, which supplied the active ingredient to Amneal to allow it to file an ANDA, was not liable because “these sales and the ANDA defendants use of the API for filing the ANDA were ... protected by the safe harbor of § 271(e)(1).”[15]

Inducement of Future Commercial Conduct

Inducement claims have been allowed against non-related entities that will supply and market an infringing product after FDA approval. For example, in *Cephalon Inc. v. Watson Pharmaceuticals Inc.*, the district court sustained inducement claims lodged against related defendants and recognized that future “manufacturing, marketing or selling” was relevant. [16] Moreover, in *SmithKline Beecham Corp v. Geneva Pharmaceuticals Inc.*, the court permitted SmithKline to amend its complaint to add Sumika, a third party that would manufacture and sell the generic product after FDA approval.[17]

The Federal Circuit specifically addressed inducement by third parties in *Forest Laboratories Inc. v. Ivax Pharmaceuticals Inc.*[18] There, Forest sued Ivax, the ANDA filer, and Cipla, the

intended supplier of the generic drug, after FDA approval. The court enjoined both Ivax and Cipla from making, using, and selling the generic drug because the arrangement between the two “was undoubtedly a cooperative venture, and Cipla was to manufacture and sell infringing products to Ivax for resale in the United States.”[19] As particularly relevant here, the court held that the defendants were “partners.”[20]

Here, Amneal will not manufacture — but only sell — the Neupogen biosimilar. But since courts have allowed claims for inducement of future conduct after FDA approval,[21] it is conceivable that Amgen could have alleged an inducement claim against Amneal.

Declaratory Judgment Actions Based on Future Conduct

Amgen and Amneal dispute whether jurisdiction in a declaratory judgment action can be based solely on the future marketing and sales by the accused defendant. Amneal stresses the lack of an actual controversy of “sufficient immediacy” to warrant a declaratory judgment, while Amgen argues that allowing the actions to proceed against Adello and Amneal will promote judicial economy and efficiency since both actions have critical facts in common.

Amneal Argues That No Justiciable Controversy Exists

Amneal stresses the lack of an actual controversy of “sufficient immediacy” to warrant declaratory relief.[22] Citing Sandoz, it argues that allowing Amgen’s action to proceed “would upend the complex statutory scheme Congress established on the BPCIA for litigating biosimilar cases,”[23] especially because Adello’s aBLA has not been approved.[24] In other words, “[t]hat Amneal *might* someday *infringe*” does not satisfy the case or controversy requirement.[25]

Stressing the absence of FDA approval, Amneal cites *Abbott Diabetes Care Inc. v. DexCom Inc.*, where the court dismissed Abbott’s declaratory judgment claim because “the absence of FDA approval is evidence that the dispute between the parties is neither real nor immediate.”[26] But although the court dismissed the declaratory judgment claim in *Abbott*, it still addressed the merits of dispute; it did not dismiss the direct infringement claim because the defendant had exhibited two purported infringing devices at a trade show.[27]

Amneal also cites *In re Rosuvastatin Calcium Patent Litigation*, where a declaratory judgment action for infringement was dismissed while the action under Section 271(e)(2) proceeded.[28] Because the Hatch-Waxman 30-month stay precluded imminent marketing of the generic product, dismissal of the declaratory judgment claim in *In re Rosuvastatin* had little, if any, effect on resolving the pending dispute.[29]

Amneal next cites *Eisai Co. Ltd. v. Mutual Pharmaceutical Co. Inc.*,[30] *Reckitt Benckiser Pharmaceutical Inc. v. Biodelivery Sciences, International Inc.*,[31] and *Abbott Laboratories v. Zenith Laboratories, Inc.*[32] where declaratory judgment actions were dismissed.[33] But in *Eisai* and *Reckitt*, paragraph IV certifications were lacking, and thus no actions were proper under Section 271(e)(2). This apparently influenced the courts to dismiss the declaratory judgment actions as well. In *Abbott*, the asserted patent was not listed in the Orange Book when the ANDA was filed and therefore, *Abbott* could not assert a Section 271(e)(2) claim. Allowing the declaratory judgment claim to proceed in that case could have undermined the Hatch-Waxman procedure.

In sum, Amneal alleges that Amgen’s claims “are based entirely on speculation about what Amneal may do sometime in the future,” and “[t]hese types of forward-facing allegations”

do not support a claim for infringement, much less a declaratory judgment action.[34]

But Amneal's criticism of the forward-looking nature of Amgen's allegations may not have fully considered the "real world" aspects of Hatch-Waxman or BPCIA litigation, which allows infringement actions even though no actual infringement has occurred. In this regard, the Federal Circuit and district courts have recognized that a generic's "future intended acts" determine both personal jurisdiction and venue in Hatch-Waxman actions. The authors recognize that determinations of venue and personal jurisdiction are distinct from subject matter jurisdiction. But should future conduct at least be considered in determining whether a present case or controversy exists?

In *Acorda Therapeutics Inc. v. Mylan Pharmaceuticals Inc.*,[35] the Federal Circuit held that personal jurisdiction in Hatch-Waxman actions exists wherever a defendant intends to market a generic product after FDA approval. In its decision, the court specifically considered "the real-world actions for which approval is sought," i.e., the "manufacture, use or sale of the new drug for which the application is submitted." [36]

Indeed, the Federal Circuit had previously noted that an infringement inquiry under the Hatch-Waxman Act is "whether, if a particular drug were put on the market, it *would* infringe the relevant patent." [37] The Supreme Court has also recognized the forward-looking nature of the Hatch-Waxman Act, stating that an "act of infringement [under § 271(e)(2)] ... consists of submitting an ANDA ... containing ... [a] certification that is in error as to whether commercial manufacture, use, or sale of the new drug (none of which, of course, has actually occurred) violates the relevant patent." [38]

As to venue, the U.S. District Court for the District of Delaware in *Bristol-Myers Squibb Co. v. Mylan Pharmaceuticals Inc.*, held that venue exists wherever the defendant intends to market its generic product after FDA approval. [39] As in *Accorda*, "intended, planned future (after FDA approval) acts" were considered crucial:

In the Court's view, the best, most reasonable conclusion after *Acorda* is that an ANDA filer's future, intended acts must be included as part of the "acts of infringement" analysis for purposes of determining if venue is proper under the patent venue statute. In *Acorda*, the Federal Circuit plainly held that intended, planned future (after FDA approved) are acts that must be considered now in determining [jurisdiction in Hatch Waxman actions]. [40]

The question remains whether such post-approval conduct should be considered in determining jurisdiction in declaratory judgment actions. [41]

Amgen Argues That Judicial Efficiency Warrants Sustaining Both Actions

Amgen does not contend that Amneal violated the BPCIA, but rather seeks a declaratory judgment that Amneal infringes or will infringe under Section 271(g) by offering to sell or selling the accused biosimilar made by processes covered by Amgen's patents. [42]

Amgen contends that a justiciable controversy exists because: (1) clinical trials for the Neupogen biosimilar have been completed; (2) an aBLA was filed; (3) a notice of intent to market was served; and (4) Amneal will be Adello's exclusive licensee to price, market, and sell the biosimilar in the U.S. [43] Amgen emphasizes these factors to distinguish cases cited by Amgen because the defendants in those cases had not reached the advanced stage of market introduction that Amneal had, and thus had not created a case or controversy to support jurisdiction.

Amgen disputes Amneal's argument that "no immediate controversy" exists because the FDA has not yet approved the Neupogen biosimilar, arguing that the Federal Circuit and many district courts have allowed declaratory judgment claims to accompany Section 271(e)(2) claims.[44] But in the cited cases, both claims were asserted against the same defendant or against a party that itself had committed an act of infringement supporting jurisdiction.[45]

For instance, in *Glaxo Inc. v. Novopharm Ltd.*, the court allowed Glaxo to file a declaratory judgment action for infringement under Section 271(g) even though the ANDA was not yet approved and the generic product would not launch for 18 months.[46] In denying Novopharm's motion to dismiss, the court stated that "the threat of Novopharm entering the U.S. market was not 'years away' nor was there doubt that Novopharm wished to sell some form of [the accused] product." [47] While the language certainly supports Amgen's position, Novopharm had committed an act of infringement under Section 271(e)(2). Thus, the declaratory judgment claim was an "add-on," unlike here, where it is the only claim against Amneal.

Amgen criticizes Amneal's reliance on *Takeda Pharmaceutical Co. v. Mylan, Inc.*, [48] where the court dismissed a declaratory judgment action as duplicating similar claims lodged against the same party — which is "completely different from the situation here where claims are being asserted against different parties." [49] But the difference between asserting declaratory judgment and infringement claims against the same party versus asserting only a declaratory judgment claim against a third-party (as here) is significant. And Amgen's cited cases must be reviewed in that light.

In sum, Amgen's principal argument is that the substantial overlap between the two actions warrants denying Amneal's motion. For example, Amgen argues that it must prove that Adello infringes by practicing processes covered by Amgen's patents, whereas it must prove that Amneal infringes or will infringe by selling or offering to sell the product manufactured by those same processes.[50] According to Amgen, this "common element" demonstrates that whether Adello's manufacturing process infringes Amgen's patents is key to both actions. It argues that allowing both to proceed will therefore promote judicial economy and efficiency.[51] One could argue, however, that Amgen's judicial economy argument is somewhat questionable because if Amgen proved that Adello's processes infringed in a separate action, Amneal would be hard pressed to proceed with its defense, even if it were not barred by the prior judgment.

Observations

A clear answer to the precise question — whether the future marketing and sale of a biosimilar drug is sufficient to establish declaratory judgment jurisdiction — is pending in the District of New Jersey.

Decisions stressing the relevance of future "marketing and distribution" in inducement actions (e.g., *Cephalon*) or the recognition that an ANDA submitter and its distributor exhibit a "cooperative venue" or are even "partners" (e.g., *Forest Labs*) were not cited in the briefs. At a minimum, these decisions accentuate the close commercial relationship between an FDA "submitter" and its future "distributor," and may be worthy of consideration.

Recent decisions emphasizing "the real world actions" and consequences of Hatch-Waxman litigations (e.g., *Acorda*) could also be pertinent. If "planned future conduct" and "intended acts" "must" be considered in determining an "act of infringement" under Section 271(e)(2)

(e.g., Bristol-Myers), they may also be relevant in determining jurisdiction of declaratory judgment claims.

We await the court's decision on this important yet unsettled, issue addressing jurisdiction in declaration judgment actions filed by a patent owner against a biosimilar or ANDA defendant.

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[1] Amgen Inc. and Amgen Mfg., Ltd. v. Adello Biologics, LLC, Amneal Pharmaceuticals, LLC and Amneal Pharmaceuticals, Inc., C.A. No. 2:18-cv-03347-CCC-MF (D.N.J.).

[2] As relevant here, the initial and amended complaints are equivalent.

[3] Defendants Amneal Pharmaceuticals LLC's and Amneal Pharmaceuticals, Inc.'s Brief in Support of Motion to Dismiss the Claims Against Them in First Amended Complaint ("Amneal Brief") at 3-4. (citation omitted). Portions of Amgen's opposition and Amneal's reply are redacted, and their possible effect the outcome of the motion are necessarily not discussed herein.

[4] 35 U.S.C. § 271(e)(2)(C). ("It shall be an act of infringement to submit . . . an application for approval of a biological product . . ."). Most cases discussed herein relate to ANDA litigation, but the holdings are equally applicable to BPCIA litigation.

[5] Amneal Brief at 3-4 (quoting Sandoz Inc. v. Amgen Inc., 137 S. Ct. 1664, 1669 (2017) (emphasis in original) (internal quotes omitted)).

[6] *Id.* at 4-5.

[7] Cephalon, Inc. v. Watson Pharmaceuticals, Inc., 629 F. Supp. 2d 338, 349 (D. Del. 2009).

[8] See, e.g., Wyeth v. Lupin Ltd., 505 F. Supp. 2d 303 (D. Md. 2007); Aventis Pharma Deutschland GMBH v. Lupin Ltd., 403 F. Supp. 2d 484 (E.D. Va. 2005); Novo Nordisk A/S v. Caraco Pharma. Labs., Ltd., 450 F. Supp. 2d 757 (E.D. Mich. 2006).

[9] Apotex Canada was not a party to this suit only because, at its request, the infringement case against Apotex Canada was transferred to the Southern District of Florida.

[10] 703 F.3d 511, 527 (Fed. Cir. 2012).

[11] *Id.* at 528 n.20 (citation omitted). In a concurring opinion, Judge Plager opined that the real party-in-interest is the "commercial manufacturer," who is the entity that "submits" the application and thus commits an act of infringement. *Id.* at 529, 530 (Plager, J., concurring).

[12] In its reply brief, Amneal notes this fact in distinguishing various cases cited by Amgen. Defendants Amneal Pharmaceuticals LLC's and Amneal Pharmaceuticals, Inc.'s Reply in Support of Motion to Dismiss the Claims Against Them in the Second Amended Complaint ("Amneal Reply") at 12 n.2.

[13] See, e.g., *Allergan, Inc. v. Alcon Labs., Inc.*, 324 F.3d 1322 (Fed. Cir. 2003); *Warner-Lambert Co. v. Apotex Corp.*, 316 F.3d 1348 (Fed. Cir. 2003).

[14] *Shire LLC v. Amneal Pharmaceuticals, LLC*, 802 F.3d 1301 (Fed. Cir. 2015).

[15] *Id.* at 1310. Before *Shire*, confusion existed regarding induced infringement in Hatch-Waxman actions. Some courts held that assisting in an ANDA filing was protected by the safe harbor. See *Astra Zeneca AB v. Mylan Labs., Inc.*, 265 F. Supp. 2d 213, 217-18 (S.D.N.Y. 2003) (proposed defendants supplied API and other technical information to ANDA filer); *Pfizer Inc. v. Ranbaxy Labs., Ltd.*, 321 F. Supp. 2d 612, 618 (D. Del. 2004) (Safe Harbor applied even though proposed defendant and ANDA filer enjoyed a parent-subsidary relationship); *Ortho-McNeil Pharma., Inc. v. Mylan Labs., Inc.*, 267 F. Supp. 545, 548-49 (N.D.W. Va. 2003) (supplying API to ANDA filer is protected by safe harbor). Others courts disagreed. See, e.g., *SmithKline Beecham Corp. v. Pentech Pharms., Inc.*, 2001 WL 184804 (N.D. Ill. 2001) (proposed defendant participated in research for and the filing of ANDA).

[16] *Cephalon, Inc. v. Watson Pharmaceuticals, Inc.*, 629 F. Supp. 2d 338, 350 (D. Del. 2009).

[17] 287 F. Supp. 2d 576, 585 (E.D. Pa. 2002). Sumika had filed the Drug Master File for the generic product and authorized Genera to rely on it. See also *SmithKline Beecham Corp. v. Pentech Pharms., Inc.*, 2001 WL 184804, *7 (N.D. Ill. Feb. 20, 2001); *Wyeth v. Lupin Ltd.*, 505 F. Supp. 2d 303, 308 (D. Md. 2007); *Aventis Pharma Deutschland GMBH v. Lupin Ltd.*, 403 F. Supp. 2d 484, 495 (E.D. Va. 2005).

[18] *Forest Laboratories, Inc. v. Ivax Pharmaceuticals, Inc.*, 501 F.3d 1263 (Fed. Cir. 2007).

[19] *Id.* at 1272.

[20] *Id.*

[21] See *Gilead Scis., Inc. v. Teva Pharms., Inc.*, 2011 WL 2462764 (S.D.N.Y. June 3, 2011); *In re Cyclobenzaprine Hydrochloride Extended-Release Capsules Patent Litig.*, 693 F. Supp. 2d 409, 418 (D. Del. 2010).

[22] Amneal Brief at 10-11. Moreover, even if declaratory judgment jurisdiction were present, Amneal argues that jurisdiction should be declined. *Id.* at 16-19. In its reply, Amneal stresses the same argument. Amneal Reply at 13-15.

[23] Amneal Brief at 11.

[24] *Id.* at 12.

[25] Amneal Reply at 3-4 (emphasis in original).

[26] *Abbott Diabetes Care, Inc. v. DexCom, Inc.*, 2006 WL 2375035 at *3 n.3 (D. Del. Aug. 16, 2006).

[27] *Id.* at *5.

[28] *In re Rosuvastatin Calcium Patent Litigation*, 2008 WL 5046424 at *13 (D. Del. Nov. 24, 2008).

[29] *Id.* at *12.

[30] *Eisai Co., Ltd. v. Mutual Pharmaceutical Co., Inc.*, 2007 WL 4556958 (D.N.J. Dec. 20, 2007).

[31] *Reckitt Benckiser Pharmaceutical, Inc. v. Biodelivery Sciences, Int'l, Inc.*, 2014 WL 2119822 (E.D.N.C. May 20, 2014).

[32] *Abbott Laboratories v. Zenith Laboratories, Inc.*, 934 F. Supp. 925 (N.D. Ill. 1995).

[33] Amneal Brief at 15-16.

[34] *Id.* at 6.

[35] *Acorda Therapeutics Inc. v. Mylan Pharmaceuticals Inc.*, 817 F.3d 755 (Fed. Cir. 2016).

[36] *Id.* at 760.

[37] *Bristol-Myers Squibb Co. v. Royce Labs, Inc.*, 69 F.3d 1130, 1135 (Fed. Cir. 1995) (emphasis in original). See also *Sunovion Pharms., Inc. v. Teva Pharms. USA, Inc.*, 731 F.3d 1271, 1278-79 (Fed. Cir. 2013) (the question is whether the product for which the ANDA filer seeks approval would infringe).

[38] *Eli Lilly & Co. v. Medtronic, Inc.*, 496 U.S. 661, 678 (1990).

[39] 2017 WL 3980155.

[40] *Id.* at *23-*24. At least one court has disagreed with the Bristol analysis. See *Galderma Labs., LP v. Teva Pharms. USA, Inc.*, 2017 WL 6505793 (N.D. Tex. Nov. 17, 2017).

[41] See generally *Forest Labs.*, 501 F.3d at 1272; *SmithKline Beecham*, 287 F. Supp. 2d at 585.

[42] See Amgen's Memorandum of Law in Opposition to Amneal's Motion to Dismiss ("Amgen's Brief") at 2. Amgen's allegations that Amneal has already infringed are unclear as portions of the briefs are redacted.

[43] *Id.* at 20-23.

[44] *Id.* at 18-19, 26, 26 n.4.

[45] Amneal Reply at 12-13 n.2.

[46] *Glaxo Inc. v. Novopharm, Ltd.*, 110 F.3d 1562, 1571 (Fed. Cir. 1997).

[47] *Id.*

[48] Takeda Pharmaceutical Co. v. Mylan, Inc., 62 F. Supp. 3d 1115 (N.D. Cal. 2014).

[49] Amgen Brief at 27.

[50] Id. at 24.

[51] Id.