

ENDO PHARMACEUTICALS INC., v. ACTAVIS, INC., Appeal Nos. 2013-1658 and 2013-1662 (Fed. Cir. March 31, 2014). Before Newman, Dyk and Moore. Appealed from S.D.N.Y. (Judge Grisea).

Background:

Endo sued Roxane and Actavis for infringement of three patents based upon each defendant's filing of an ANDA to market generic versions of Endo's patented Opana® ER product. The litigation was terminated when Endo granted licenses on the three patents and any continuations thereof to Roxane and Actavis.

Endo subsequently sued Roxane for infringement of two patents that shared a common provisional application with a licensed patent but were not continuations of any licensed patent. Endo sued Actavis for infringement of the same two patents, and for infringement of a third patent purchased by Endo.

In district court, Roxane and Actavis argued that they had been given an express license to market and distribute their generic formulations based upon the licensing agreement, and also that they had an implied license by reason of legal estoppel. The district court found that Endo was legally estopped from claiming that Roxane and Actavis infringed the newly asserted patents, and denied Endo's motions for a preliminary injunction.

Issue/Holding:

Did the district court abuse its discretion in denying Endo's motion for a preliminary injunction? Yes, reversed.

Discussion:

The Federal Circuit confirmed that none of the asserted patents were continuation applications of any of the previous three licensed patents. Thus, the court found that Roxane and Actavis do not have an express license to practice the asserted patents.

The Federal Circuit also found that Roxane and Actavis do not have an implied license to practice the asserted patents. The Federal Circuit remarked that a license of certain patents does not convey to the licensee an absolute right to make, use or sell a product. Further, the Federal Circuit distinguished *TransCore* by explaining that *TransCore*'s finding of legal estoppel was limited to a situation where the newly asserted patent had a claim scope that fully encompassed that of the claims of one of the licensed patents, such that the prior license would be inoperative without an implied license to the same subject matter in the asserted patent. Under the facts of the instant case, though the asserted patents may have prevented Roxane and Actavis from marketing their generic product, these patents were not covered by the license agreement, and granting an implied license to practice these patents would have afforded Roxane and Actavis broader rights than those conferred from the license agreement. The Federal Circuit thus held that even though Roxane and Actavis held a license to practice other similar patents, the license agreement did not confer an implied license to practice the asserted patents.

Judge Dyk agreed with the majority on its holding as it applied to Roxane, but argued that Actavis had an implied license due to the specifics of its licensing agreement. The Actavis licensing agreement had further indicated that Actavis' license was not extended to any products other than the Opana® ER generic products. Judge Dyk read this as providing a license to all Opana® ER generic product patents, whereas Roxane's agreement only said that the license was not extended to any patents other than the licensed patents (thus extending the Roxane license, under Judge Dyk's view, to only the licensed patents).