L.E.S. Italy

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Experimental use exemption for clinical trials: Europe vs. North America

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Clinical trials before patent expiry: what is at stake?

- If clinical trials not permitted before patent expiry: generic drug entry delayed for years
- If clinical trials authorized: effective drug entry as soon as the patent expires

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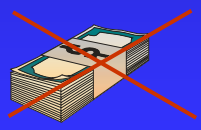
The rationale of the experimental use exemption

- The experimental use exemption is aimed at enabling scientific research pending patent validity

- The experimental use exemption is not aimed at enabling acts having a commercial or regulatory purpose



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Experimental use in the U.K.

- Trials aimed at demonstrating that a product works as claimed = infringement
- Trials aimed at discovering something unknown or testing a hypothesis = experimental use (Monsanto v. Stauffer 1985)

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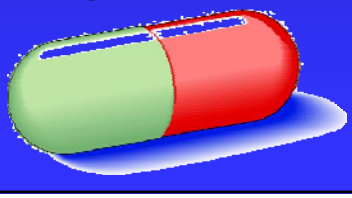
Experimental use in The Netherlands

- Large scale clinical trials predominantly aimed at obtaining product registration = infringement (Serono / Organon 1994)
- Trials aimed at finding new indications for the patented medicine = experimental use (Kirin-Amgen / Boehringer Manheim 1994)



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Experimental use in Germany (1)

- « Clinical trials » I

Trials having a regulatory and a scientific aim (discovering new properties) = experimental use

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Experimental use in Germany (2)

- « Clinical trials » II

The experimental use exemption covers tests intended to yield knowledge on the subject matter of the patent, regardless of a possible economical orientation or commercial objective

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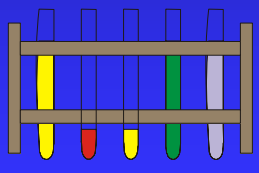
Experimental use in Italy

Trials having an administrative and a scientific aim (discovering new properties) = experimental use

(Squibb & Sons v. Testaguzza 1995)



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Experimental use in France (1)

- Recent case law from the Court of Appeal of Paris (Parienti v. Peugeot, July 3, 2002):

« *If, with a view not to hinder technical progress, the legislator brought to patent monopoly the above-mentioned exception, this exception is to be construed strictly and can apply only to experimental acts aiming to take part to the verification of the technical interest of the invention or to its improvement in order to expand knowledge, but not, as in the present case, to acts with a commercial purpose* »

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Experimental use in France (2)

- Bioequivalence trials = infringement because mere regulatory goal
- Clinical trials aimed at discovering new galenic forms (Wellcome v. Parexel), new medical use or new properties = experimental use

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Experimental use in France (3)

- « Dissenting » recent judgments of the Court of First Instance of Paris: producing a patented drug, or carrying out trials on it, is not infringement when it is in made in view of the granting of a marketing authorization, the latter not being an act of infringement
(Science Union vs. AJC Pharma,
Science Union vs. Biophelia)

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Experimental use in France (4): the French attempt to authorize clinical trials

- 1999 French Act
- Bolar-type provision held unconstitutional for legislative procedural reasons

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The E.C.J.'s firm view

- Smithkline & French v. Generics (E.C.J., 1997):
  - NL former statute: an application for a marketing authorization had to come together with samples
  - Generics provided samples with its application
  - SKF obtained that Generics' market entry be delayed for a period equivalent to the average duration of an authorization procedure
  - The ECJ held that such delay, although contrary to Article 30 of the Treaty, was justified by Article 36

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Experimental use in the U.S.A. (1)

- Very narrow scope of experimental use exemption: applies only to acts performed « *for amusement, to satisfy idle curiosity, or for strictly philosophical inquiry* »

(Roche Products v. Bolar Pharmaceutical, 1984)

- Use not experimental if it has the « *slightest commercial implication* »

(Embrex v. Service Engineering, 2000)

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Experimental use in the U.S.A. (2)

C.A.F.C. decision: Madey v. Duke University (October 3, 2002):

- « *Our precedent does not immunize any conduct that is in keeping with the alleged infringer's legitimate business, regardless of commercial implications* »
- Duke, although an educational institution, infringed Madey's patents by using patented laser equipment for research: Duke's acts were « *in accordance with any reasonable interpretation of Duke's legitimate business objectives* »

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Conclusion on the experimental use exemption: a limited shield for clinical trials

In most countries:

- Only certain trials (new properties, new medical use, new galenic form) are covered
- Bioequivalence trials not covered by experimental use exception, because commercial or regulatory goal

Therefore: need for special provisions

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Beyond experimental use: Bolar-type provisions (pro generics statutory provisions)

- U.S.A.: after Roche v. Bolar, Hatch-Waxman Act created 35 U.S.C. 271 (e):

  « (1) *It shall not be an act of infringement to make, use, offer to sell, or sell within the United States or import into the United States a patented invention … solely for uses reasonably related to the development and submission of information under a Federal law which regulates the manufacture, use, or sale of drugs or veterinary biological products.* »
- Other countries: Argentina, Australia, Canada, Hungary, Israel

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The Hatch-Waxman Act: the loopholes (1)

Hatch-Waxman Act created two provisions (along with the Bolar provision), in order to strike a balance between research-based industry and generics producers:

- 30-month automatic delay of generic drug entry upon filing of a patent on the original drug in the « Orange book » if the patentee sues the generic manufacturer for infringement
- 180-day market exclusivity for the first generic producer to seek FDA approval

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The Hatch-Waxman Act: the loopholes (2)

- 30-month automatic stay: abuses through patent misuse (frivolous patent filing)
- 180-day market exclusivity: abuses through agreements between brand-name companies and first generic maker (delay generic competition)
- Consequences:
  - numerous antitrust suits and class actions
  - Greater Access to Affordable Pharmaceuticals Act to modify the Hatch-Waxman Act

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TRIPS v. Bolar-type provisions: EC v. Canada

- Art. 28.1 TRIPS:

  « A patent shall confer on its owner the following exclusive rights:
  … to prevent third parties not having the owner's consent from the acts of: making, using, offering for sale, selling, or importing for these purposes that product »
- Art. 30 TRIPS:

  « Members may provide limited exceptions to the exclusive rights conferred by a patent, provided that such exceptions do not unreasonably conflict with a normal exploitation of the patent and do not unreasonably prejudice the legitimate interests of the patent owner, taking account of the legitimate interests of third parties. »

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WTO panel: Bolar *per se* consistent with TRIPS

WTO panel report in EC v. Canada (17/03/2000) allowed regulatory review exception (Bolar):

- « *limited* » exception because confined to conduct needed to comply with requirements of regulatory approval process
- does not conflict with « *normal exploitation of the patent* »
- patentees' interest to impose, upon generic producers' market entry, delay corresponding to delay suffered in obtaining government approval is not « *legitimate* »

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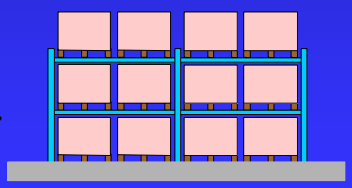
WTO panel: stock-piling inconsistent with TRIPS

- Curtailed patentee's rights of « making » and « using » (but not selling) before patent expiry
- Affected the patentee's *de facto* market exclusivity in the months after patent expiry derived from the exclusive right of « making » before patent expiry
- Therefore: stock-piling exception not « limited »



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The future: Europe = North America?

- Draft modifications of the directive 2001/83/EC on the Community code relating to medicinal products for human use (adopted by the Commission on 26/11/2002), Article 10:

« *1. The applicant shall not be required to provide the results of preclinical tests or of clinical trials if he/she can demonstrate that the medicinal product has been a generic of a reference medicinal product …*

« *4.* ***Conducting the necessary tests and trials****, the submission of an application, the submission of samples in accordance with Article 19, as well as the granting of a marketing authorization for a generic medicinal product … as well as for export,* ***shall not be regarded as contrary to patent rights*** »

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Thank you for your attention

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