Practical and Legal Issues for Paediatric SPCs

John Lisman highlights inconsistencies in interpreting European Union legislation governing supplementary protection certificates and paediatric extensions.

When European Union legislators drafted the law governing supplementary protection certificates (SPCs) for extending protection for medicinal products – and especially when they created provisions for the paediatric extension – they failed to take into account practicalities. Regulation (EEC) No 1768/92 (the SPC regulation) – which came into force in January 1993 and was codified in Regulation (EC) No 469/2009 – has led to a number of questions of interpretation and has resulted in uncertainty.

This article examines the consequences of non-compliance by competent authorities and the acceptability of negative term SPCs.

The SPC was introduced to compensate beneficiaries of a patent for a regulated medicine for the time the patent cannot be used because of the lengthy marketing authorisation process involved. Regulation (EEC) No 1768/92 applies to medicinal products for human and veterinary use.

The basic provision of the SPC legislation is in Article 3 of the regulation and provides the requirements that must be fulfilled to receive the certificate. In the concerned EU member state, a valid basic patent must be in place; the product must have a marketing authorisation; and it must not have already been granted an SPC. Furthermore, the application for the SPC must be made in the first six months of the product having received its first EU marketing authorisation (Article 7(1) of the SPC regulation).

An SPC is a *sui generis* intellectual property right, extending the protection a patent offers beyond the validity of the patent. From the moment the patent expires, the SPC starts its protection until – in general – 15 years after the date of the first EU marketing authorisation (Article 13(1) of the SPC regulation). If the first marketing authorisation is granted five years after the patent was filed, the SPC is – in principle – useless, because the initial patent will remain valid for 15 years, ie for just as long as the SPC. If the first marketing authorisation is granted ten years after the patent is filed, the SPC will be valid for five years. If the first marketing authorisation is granted 15 years after the patent is filed, the protection period will nonetheless be five years, because this is the maximum protection period the SPC regulation offers (Article 13(2) of the SPC regulation).

For the innovating pharmaceutical industry, the SPC is by far the most important protection mechanism against generic competition. Even though the protection offered by an SPC is limited to the protection the basic patent offered, the fact that the protection lasts until 15 years after the date of the first European marketing authorisation – four years longer than the regulatory data exclusivity that is either ten years or 11 years – is of high commercial value.

On 26 January 2007, Regulation (EC) No 1901/2006 (the Paediatric Regulation) entered into force and introduced an extension to the validity of an SPC in cases where clinical studies in children have been performed.

The Paediatric Regulation

As the EU finds that children, like adults, are entitled to medicinal products that meet high regulatory standards, the Paediatric Regulation aims to promote clinical research in the paediatric population. The regulation offers a reward when clinical trials in children are performed in accordance with a previously approved paediatric investigation plan (PIP). The reward is a six-month extension of the validity of the SPC (Article 36(1) of the Paediatric Regulation).

Sponsors applying for a marketing authorisation of a new medicinal product or for a line extension of an authorised medicinal product can only lodge their application if, prior to the application, they have received approval of a PIP from the European Medicines Agency’s Paediatric Committee or if the committee has waived or deferred their need to perform clinical trials in children. Once the marketing authorisation is granted or extended and the PIP has been completed, the holder can request its reward, whether the paediatric trials showed benefit in children or not (Article 36(2) of the Paediatric Regulation).

For authorised medicinal products that are still protected by a patent or an SPC, the paediatric extension can be obtained if paediatric research is performed on a voluntary basis. These paediatric extensions have led to the following two practical and legal questions:

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Applying for a paediatric extension

To obtain the paediatric extension for a product that has already been on the market – either for a new indication or on a voluntary basis – the holder of the SPC relies on the actions of many different authorities: the EMA’s Paediatric Committee has to certify compliance with the PIP; all competent authorities for the granting of the marketing authorisation of the product in the EU must approve the paediatric variation to the marketing authorisation; and the competent authorities for patents must grant the extended certificate. The time frame for taking all these steps is narrow, especially for medicinal products approaching the expiration of the SPC. According to Article 7(4) of the SPC regulation, the paediatric extension must be applied for at least two years before the expiration date of the SPC. Under transitional law, until 26 January 2012 the paediatric extension can be applied for until six months before the expiration date (Article 7(5) of the SPC regulation). Some of the competent authorities struggle with backlogs, which could lead to delays for product approval.

This is exactly what happened to El du Pont Numours & Co (Dupont). Dupont was the holder of an SPC for Cozaar (marketed by Merck, active substance losartan), valid until 1 September 2009. Losartan paediatric clinical trials on the basis of an approved PIP had been performed so Dupont qualified for the paediatric extension. Unfortunately, the SPC regulation does not only require that all scientific work and approval has taken place, it also requires all regulatory authorities to update the marketing authorisations with the new paediatric data.

Six months before the expiration of the SPC, on 1 March 2009, national regulatory authorities were still waiting for the variation of the marketing authorisation to be processed by the Dutch Medicines Evaluation Board in its function of reference member state. The European Commission, having been made aware of the problem, sent a letter to the regulatory authorities, urging them to adhere to their legal timelines to prevent companies from not getting the reward they deserved.

The UK Comptroller General of Patents decided that the SPC regulation could not be interpreted extensively because for intellectual property rights third parties should be able to rely on strict interpretation of the law and, therefore, refused the paediatric extension. This decision was brought before the High Court of Justice (England and Wales). Judge John Baldwin agreed with the patent authority that, even though this seemed to be unfair for the beneficiary, the extension could not be granted if all requirements of the legislation were not met.

In the Netherlands, another approach was taken by the patent authority. The “Directeur van Octrooicentrum Nederland” referred to the ruling of Judge Baldwin, but took into account that the Medicines Evaluation Board had decided on 9 April 2009 to adopt a positive opinion on the paediatric variation. This positive decision means that, in due time, all EU marketing authorisations would be varied to reflect the paediatric indications. Therefore, it was already certain that all practical requirements of the SPC regulation would be met. The Dutch patent authority considered the interest of Dupont to receive the reward for its work as more important than adherence to the letter of the law. The SPC extension was granted in the Netherlands.

Consequently, in the appeal procedure before the Court of Appeal (England and Wales), the Dutch decision played an important role. The court finally decided in favour of Dupont and extended the SPC by six months.

As the granting of SPC extensions is a matter for the national patent authorities, the decisions made by the UK and Dutch authorities do not bind the authorities in other member states. This means that in the EU, it is possible that countries might reach different decisions on how to apply directly binding union legislation, until a ruling of the European Court of Justice clarifies the situation.

If patent authorities were to refuse the paediatric extension on the formal ground that the regulatory authorities did not comply with their legal deadlines, the result would be unfair: the SPC holder would be punished for the bad behaviour of the authorities. Arguably, the SPC holder should be able to claim damages from the regulatory authority as has been allowed by the ECJ for a different type of non-compliance by the UK regulatory authority.

It seems that these two issues were not contemplated when the Paediatric Regulation was drafted and adopted.
negative term SPCs

Introduction of the paediatric extension has led to a new question, because the six-month extension could extend the validity of an SPC that would expire before it would become valid, beyond this expiry date. This is the case if the date the first marketing authorisation was granted is between 15 years and 15 years and six months before the current date. For this reason applications have been made for SPCs that have a negative term.

The first – positive – decision in this respect was made by the UK Intellectual Property Office and related to Merck’s product Januvia (sitagliptin). This product received a marketing authorisation less than five years after the patent application was filed. Without a paediatric extension, the SPC would have expired before the basic patent – it would therefore have been a negative-term SPC serving no purpose. But the patent authority decided to grant the SPC anyway, referring to the possibility that a paediatric extension could extend the SPC until after the expiry of the patent, thereby turning the negative term into a positive term.

The Dutch patent authority (Octrooicentrum Nederland) followed the same approach and granted a negative term SPC for sitagliptin on the basis of the same arguments the UK patent authority had used. On the other hand, patent authorities in Portugal and Slovenia have refused to grant an SPC with a negative or zero term. In Greece a negative term SPC was refused, but a zero term SPC was accepted. The German patent authority also refused a negative term SPC for sitagliptin. The German case on sitagliptin, however, has been referred to the ECJ. The prejudicial question to be answered by the ECJ is:

Can an SPC be granted for a medicament if the period between the filing of the application for the basic patent and the time point of first authorization for marketing in the Community is shorter than five years?

In due course, therefore, guidance from the ECJ on the negative term SPC will become available.

Conclusion

The creation of the Paediatric extension by the Paediatric Regulation has led to practical legal questions concerning the consequences of non-compliance by competent authorities and the acceptability of negative-term SPCs. No certainty about the meaning of the legislation has been reached in either case: the non-compliance issue could lead to many more national legal procedures and the negative-term SPC is the topic of a long procedure at the ECJ. The legislator – especially the commission as the drafter of EU legislation – should have prevented this uncertainty, which is not only detrimental to the performance of clinical trials in children, but is also resulting in high legal cost. It should have applied a higher standard of care in the drafting process.

Legal practices should be introduced in the EU that would, at least, ensure that all foreseeable uncertainty is avoided. Clarification of unclear legislation through legal procedures takes too much time and is too expensive.

References

9. German case number: Case 15 W (pat) 36/08