

Federal Court Awards Precedent-Setting Victory to Katten Client Apotex in Patent Infringement Dispute

November 9, 2022

In a victory with far-reaching implications for patent licensing and litigation, Deepro Mukerjee, chair of Katten's global Intellectual Property practice, Lance Soderstrom, co-chair of the firm's Patent Litigation practice, and Intellectual Property partner Joseph Janusz successfully obtained summary judgment on behalf of Katten client Apotex in a patent infringement dispute before the US District Court for the District of Delaware. Magistrate Judge Christopher J. Burke's November 7 decision, which was covered by *Law360* and *Bloomberg Law*, marks the second significant victory that the Katten IP team has secured for Apotex in the past two months.

Horizon Medicines LLC, Horizon Therapeutics Ireland DAC, HZNP Medicines LLC and HZNP Finance Ltd. (collectively Horizon) filed the patent infringement suit after Apotex launched its generic version of Horizon's Pennsaid 2%, which is a diclofenac sodium topical solution used for the treatment of osteoarthritis knee pain. At the heart of the matter were two key issues that Judge Burke deemed important to both the outcome of the case and the general area of patent licensing: (1) whether a licensor can grant "a license to a future continuation patent that does not ultimately issue to that licensor, and instead issues to a third party"; and (2) if legally possible, whether the language of a settlement agreement provided Apotex with a license to the patent at issue.

Horizon alleged that Apotex's generic product infringed US Patent No. 9,066,913 ('913 patent), which was issued to Horizon after it acquired Pennsaid 2% and related patent rights from another company through an asset purchase agreement. The intellectual property that Horizon purchased included an application that later led to the '913 patent — which is a continuation of a prior patent, US Patent No. 8,252,838 ('838 patent), that Horizon also acquired. Apotex argued that it had been granted a binding license to the '913 patent through a 2013 settlement agreement that had resolved a previous suit with separate plaintiffs, including the company that conveyed its Pennsaid 2% patent rights to Horizon. The settlement agreement granted Apotex a license to the '838 patent, which included future patents that issue from continuation applications of the '838 patent.

In granting summary judgment for Apotex, Judge Burke held that Apotex has an express license to the '913 patent that defeated Horizon's claim of infringement. Addressing the first issue, Judge Burke found that relevant legal principles and case law supported the conclusion that a licensor can "extend a license to a future-issued continuation patent, so that the licensee will know it is free from suit in the future as to that continuation patent — even if the continuance patent ultimately later issues to a third party." Moving to the second issue, he found that the 2013 settlement agreement clearly evinced the intent "for the license grant to extend to the '913 patent, which undisputedly issued from a continuation application of the '838 patent."

Katten's win was a swift resolution of the case, with Katten obtaining judgment in Apotex's favor less than six months after the suit was initiated — a rarity in the District of Delaware.

Read Magistrate Judge Christopher J. Burke's opinion.

"Apotex Dodges Horizon Patent Suit Over Generic Pennsaid," *Law360*, November 8, 2022

"Horizon Loses Patent Ruling on Apotex's Copy of Pennsaid 2% Drug," *Bloomberg Law*, November 8, 2022

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CONTACTS

For more information, contact your Katten attorney or any of the following attorneys.



Deepro R. Mukerjee
+1.212.940.8552
deepro.mukerjee@katten.com



Lance A. Soderstrom
+1.212.940.6330
lance.soderstrom@katten.com



Joseph M. Janusz
+1.704.344.3182
joseph.janusz@katten.com

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