Neutral Citation Number: [2026] EWHC 1287 (Pat)

Case No: HP-2025-000041

IN THE HIGH COURT OF JUSTICE
BUSINESS AND PROPERTY COURTS OF ENGLAND AND WALES
INTELLECTUAL PROPERTY LIST (ChD)
PATENTS COURT

The Rolls Building
7 Rolls Buildings
Fetter Lane
London EC4A 1NL

Date: Thursday, 21st May 2026

Before:

HIS HONOUR JUDGE HACON
(Sitting as a High Court Judge)

- -

Between:

MERCK SHARP AND DOHME (UK) LIMITED	**Claimant**
- and -	
HALOZYME, INC (a company incorporated under the laws of the State of California, USA)	**Defendant**

- -

- -

MR. ANDREW WAUGH KC and **MS MATHERIN MOGGRIDGE** (instructed by **Hogan Lovells International LLP**) for the **Claimant**

MR. MICHAEL TAPPIN KC and **MR. JAMES WHYTE** (instructed by **Quinn Emanuel Urquhart & Sullivan LLP**) for the **Defendant**

- -

APPROVED JUDGMENT
ON APPLICATION

Transcript of the Stenograph Notes
of Marten Walsh Cherer Ltd.,
2nd Floor, Quality House, 6-9 Quality Court,
Chancery Lane, London WC2A 1HP.
Telephone No: 020 7067 2900. DX 410 LDE
Email: info@martenwalshcherer.com
Web: www.martenwalshcherer.com

HIS HONOUR JUDGE HACON:

1. This is an application for summary judgment. The claimant ("Merck") alleges that two patents owned by the defendant ("Halozyme") are invalid. Halozyme has counterclaimed alleging infringement of the patents by Merck.

2. Halozyme has now consented to the revocation of one of the patents and is content that there be an order to that effect. The patent to be revoked is European patent UK number 2 797 622 which I will refer to as "EP 622".

3. Merck says that an order merely revoking EP 622 is not enough. I leave aside costs, which will be the subject of argument in due course. Merck seeks an order for summary judgment revoking EP 622 with the order recording that Halozyme has no real prospect of succeeding on its counterclaim for infringement of the patent.

4. On one view, this is a dispute about nothing at all. Self-evidently, if there is an order revoking the patent, Halozyme has no prospect of succeeding on its counterclaim for infringement. Halozyme suspects an ulterior motive, namely that the order will be used in parallel proceedings in Germany relating to the German designation of EP 622 and possibly in parallel proceedings elsewhere in Europe, to demonstrate that Merck has thrown in the towel in England because it had no *bona fide* belief in its case on infringement or something along those lines.

5. I am not satisfied that there is any practical need for the order that Merck seeks. I have been given no reason why Merck should have such an order, save simply that it is entitled to the order because Halozyme can have no prospect of succeeding on infringement.

6. I cannot dismiss the possibility that Merck does have an intention to invite the German court to draw an inference from the order in this jurisdiction which extends further than is appropriate. Since that is a possibility, it seems to me that the order should not be worded in a manner which might encourage such an inference, see *Teva UK Limited v Novartis AG* [2022] Civ 1617 at [51].

7. I should note that this application for summary judgment is to be followed by an argument about costs. What is decided in relation to costs will depend on the arguments advanced and reasons will be given in due course. That is a separate matter from this application. The reason that the counterclaim for infringement is to be dismissed is only that EP 622 is to be revoked, nothing more. I see no reason for summary judgment.

8. The application for summary judgment is dismissed.

(For continuation of proceedings: please see separate transcript)

9. Merck applies for its indemnity costs in relation to Halozyme's counterclaim for infringement of EP 622. The principles on which an order for indemnity costs may be made were set out by Coulson J (as he then was) in *Noorani v Calver (No. 2 Costs)* [2009] EWHC 592 (QB) where he stated:

"6. CPR 44.3 (4) and (5) provide as follows:

'*(4) In deciding what order (if any) to make about costs, the court must have regard to all the circumstances including-*

a) The conduct of all the parties;

b) Whether a party has succeeded on part of his case, even if he has not been wholly successful; and

c) Any payment into court or admissible offer to settle made by a party which is drawn to the court's attention and which is not an offer to which costs consequences under Part 36 apply.

(5) The conduct of the parties includes-

a) Conduct before, as well as during, the proceedings, and in particular the extent to which the parties followed any relevant pre-action protocol;

b) Whether it was reasonable for a party to raise, pursue or contest a particular allegation or issue;

c) The manner in which a party has pursued or defended his case or a particular allegation or issue;

d) Whether a claimant who has succeeded in his claim, in whole or in part, exaggerated his claim.'

7. In addition, CPR 36.14(1) and (2) provides that, unless the court considers it unjust, a claimant who fails to obtain a judgment more advantageous than a defendant's Part 36 offer will have to pay the defendant's costs.

8. Indemnity costs are no longer limited to cases where the court wishes to express disapproval of the way in which litigation has been conducted. An order for indemnity costs can be made even when the conduct could not properly be regarded as lacking in moral probity or deserving of moral condemnation: see *Reid Minty v Taylor* [2002] 1 WLR 2800). However, such conduct must be unreasonable 'to a high degree. "Unreasonable" in this context does not mean merely wrong or misguided in hindsight': see Simon Brown LJ (as he then was) in *Kiam v MGN Limited No2* [2002] 1 WLR 2810.

9. In any dispute about the appropriate basis for the assessment of costs, the court must consider each case on its own facts. If indemnity costs are sought, the court must decide whether there is something in the conduct of the action, or the circumstances of the case in question, which takes it out of the norm in a way which justifies an order for indemnity costs: see Waller LJ in

> *Excelsior Commercial and Industrial Holdings Limited v Salisbury Hammer Aspden and Johnson* [2002] EWCA Civ 879. Examples of conduct which has led to such an order for indemnity costs include the use of litigation for ulterior commercial purposes (see *Amoco (UK) Exploration v British American Offshore Limited* [2002] BLR 135); and the making of an unjustified personal attack by one party by the other (see *Clark v Associated Newspapers* [unreported] 21st September [January] 1998, BAILII: [1998] EWHC Patents 345). Furthermore, whilst the pursuit of a weak claim will not usually, on its own, justify an order for indemnity costs, the pursuit of a hopeless claim (or a claim which the party pursuing it should have realised was hopeless) may well lead to such an order: see, for example, *Wates Construction Limited v HGP Greentree Alchurch Evans Limited* [2006] BLR 45."

10. Coulson LJ (as he now is) returned to this in the Court of Appeal in *Lejonvarn v Burgess* [2020] EWCA Civ 114, where he said:

> "[44] There is a separate strand of authority concerned with speculative, weak, opportunistic or thin claims. It has long been the position that a defendant's eventual defeat of such claims can give rise to an order for indemnity costs. In *Three Rivers District Council v The Governor and Company of the Bank of England* [2006] EWHC 816 (Comm), at paragraph 25, Tomlinson J (as he then was) summarised the position:
>
> > '(5) where a claim is speculative, weak, opportunistic or thin, a claimant who chooses to pursue it is taking a high risk and can expect to pay indemnity costs if it fails.'
>
> [45] There are a number of cases where costs have been awarded on an indemnity basis because of the weakness of the claimant's underlying claims: see by way of example *Wates Construction Limited v HGP Greentree Alchurch Evans Limited* [2006] BLR 45. In my summary of these principles in *Elvanite Full Circle Limited v AMEC Earth and Environmental (UK) Limited* [2012] EWHC 1643 (TCC), I referred to *Wates* as an example of a "hopeless" claim, because on the facts of the case, that is what it was. I did not intend by that shorthand to indicate any sort of gloss on the conventional description of claims which were "speculative, weak, opportunistic or thin" giving rise to the possibility of indemnity costs."

11. I was also referred to the judgment of Tomlinson J in *Three Rivers District Council v The Governor and Company of the Bank of England* [2006] EWHC 816 (Comm) who said:

> "[14] The significance of costs being ordered to be paid on an indemnity as opposed to the standard basis is that, although the beneficiary of such an order will still only be paid costs which

> have been reasonably incurred, there is no requirement of proportionality and in cases of doubt on assessment it is for the payer to show that the costs were not reasonably incurred. Whilst an indemnity costs order does carry at least some stigma the purpose of such an order is not to punish the paying party but to give a more fair result for the party in whose favour a costs order is made: - see *Petrotrade Inc v. Texaco Ltd (Note)* [2002] 1 WLR 947, per Lord Woolf MR, at p.949 and *Victor Kermit Kiam II v. MGN Ltd* [2002] EWCA Civ 66 at paragraph 12 per Simon Brown LJ."

12. Merck alleges on the basis of inferences which I will come to that Halozyme's case on infringement was always either speculative, weak or thin and that Halozyme knew this before it filed its counterclaim. Merck also argues that Halozyme's conduct is such as to take the case out of the norm within the meaning given to that expression in the authorities to which I have just referred.

13. EP 622 is concerned with an enzyme which occurs naturally in the human body, a type of hyaluronidase known as PH20. PH20 enables the subcutaneous delivery of drugs in greater volumes than would otherwise be possible. EP 622 discloses PH20 in a modified form, having certain amino acid substitutions.

14. Claim 1 of EP 622 claims this modified form of PH20 with the stated requirement in the claim that it exhibits increased stability in the presence of phenolic preservatives.

15. At the CMC before Mellor J in October 2025 the judge found that Halozyme had failed to plead its case on infringement adequately, in particular Halozyme's argument regarding the requisite stability of Merck's PH20 . Mellor J ordered Halozyme to serve a Statement of Case on Infringement to clarify how it puts its case.

16. The Statement of Case was served but in Merck's view it was still inadequate. Correspondence back and forth followed. In a letter dated 9th January 2026 Halozyme's solicitors stated that Halozyme's *bona fide* belief that Merck's product satisfied the increased stability requirement of claim 1 – with the consequence that Merck had been able to sign statements of truth at the end of the relevant pleadings – was based on experiments conducted for parallel proceedings in Germany. I will call these the "German Experiments".

17. The German Experiments had earlier been used to support Halozyme's successful application in Germany for a preliminary injunction, granted by a court in Munich. Halozyme told Merck that it would also be conducting experiments in the English proceedings.

18. There was a hearing before Richards J on 21st January 2026 in which he found that the Statement of Case on Infringement served by Halozyme had not complied with Mellor J's order. He ordered Halozyme to serve a compliant amended pleading by 4th February 2026. An amended Statement of Case was served on that date.

19. Meanwhile, Halozyme stated it was continuing with its experiments for these proceedings and sought successive extensions of time to serve its Notice of Experiments, with a final deadline of 2nd April 2026. Two days before that deadline, on 31st March 2026, Halozyme's solicitors sent a letter stating that Halozyme would consent to the revocation of EP 622.

20. Halozyme's position is that the experiments conducted for the English proceedings (the "English Experiments") are materially different from the German Experiments.

21. I must assume that it is also Halozyme's position that there is nothing in any of the experimental work done for either the German or English proceedings which is inconsistent with its case in Germany or alternatively which could be said to indicate that any part of its case as presented to the German courts has been misleading.

22. Merck, however, infers that Halozyme was unable to perform English Experiments which support its case that the Merck PH20 has the relevant stability in the presence of phenolic preservatives.

23. Merck also draws more detailed inferences. First, that Halozyme cannot rely on the German Experiments and never could, despite what was said in the letter of 9th January 2026 and the statements of truth signed in Halozyme's English pleadings.

24. Secondly, the reason must be that there were work-up experiments done before the final German Experiments as presented to the German court or alternatively, that the German Experiments as presented omitted results; one way or the other the full picture of what was done in the course of the totality of the German experimentation undermined Halozyme's case on infringement. Merck notes that the German procedure does not require Halozyme to disclose in full what was done by way of experimental work. For instance, work-up experiments may be kept back. Merck infers that Halozyme knew at all relevant times that the entire picture would emerge if the German Experiments were referred to in Halozyme's pleaded case in these proceedings, such as to require their full disclosure according to the procedural rules which apply in this court. Merck says that Halozyme's case on infringement would have been exposed as lacking in substance had the entirety of the German experimentation been the subject of scrutiny in this jurisdiction.

25. Thirdly, Merck infers that Halozyme sought to avoid scrutiny of the German Experiments in this jurisdiction by making the English Experiments materially different from the German Experiments, or by saying that they are, and therefore contending that the German Experiments have no relevance in these proceedings.

26. Fourthly, Merck infers that Halozyme found that the English Experiments did not prove its case either. To avoid this coming to light, Halozyme bit the bullet and consented to the revocation of the UK designation of EP 622. This avoided the disclosure of any experimentation which would have prejudiced its case on EP 622 in Germany or elsewhere.

27. Halozyme rejects the soundness of any of these inferences drawn by Merck. In a written brief to the *Oberlandesgericht* in the appeal from the order granting an interim injunction Halozyme has stated that its acceptance of the revocation of the UK designation of EP 622 was for "procedural economy". This is from a machine translation of Halozyme's submissions in the appeal:

> "With regard to the parallel UK proceedings, we wish to inform the Court, for the sake of completeness, that the plaintiff has decided to assert only EP 3 130 347 (which is based on a divisional application of the patent at issue here) in the United Kingdom against the market launch of Keytruda SC by MSD. The plaintiff considers its rights in the United Kingdom to be sufficiently protected by this action. For reasons of procedural economy, the plaintiff is therefore not pursuing further defense in the United Kingdom against the invalidity action concerning the UK portion of the patent at issue. Accordingly, the plaintiff has also refrained from making further submissions regarding the infringement of the UK portion of the patent in suit and from filing a 'Notice of Experiments' with respect to the UK portion of the patent in suit. However, this does not imply that, in the plaintiff's view, Keytruda SC does not infringe the UK portion of the patent in suit. No implications can be drawn from the plaintiff's decision in the United Kingdom for the present proceedings or the parallel proceedings in the Netherlands and France. The plaintiff will, of course, continue to defend itself against the nullity action in Germany, and the patent in suit will prove to be valid in the nullity proceedings — as the Patent Court's statement indicates."

28. Halozyme maintains that it had a *bona fide* belief with regard to infringement as pleaded in this court and that this was soundly based on the German Experiments. It did not plead reliance on the German Experiments here because they are not relevant. Halozyme intended to rely solely on the English Experiments it was conducting which were materially different from the German Experiments. However, as it has turned out and for the reasons Halozyme has stated to the German appeal court, it then took the decision not to press any case in relation to EP 622 and to consent to its revocation.

29. A point arose on privilege claimed by Halozyme. This was not completely straightforward because the precise nature of the matter in respect of which privilege is claimed has not, to my understanding anyway, been made clear. However, in argument Merck told me that what mattered was the privilege claimed in the reasons why Halozyme elected to consent to the revocation of EP 622 and in the results of the English Experiments. I was referred to *Phipson on Evidence*, 21st ed., Chapter 26, in particular the quotation from the judgment of Leggatt J in *Mohammed v Ministry of Defence* [2013] EWHC, 4478 (QB) at [14]:

> "The term 'waiver of privilege' is an imprecise one, which is capable of referring to at least five legally distinct ways in which a right to assert privilege may be lost:

> i) What might be called a 'true' waiver occurs if one party either expressly consents to the use of privileged material by another party or chooses to disclose the information to the other party in circumstances which imply consent to its use. Such a waiver may be either general or limited in scope.
>
> ii) Where a party waives privilege in the above sense by deliberately deploying material in court proceedings, the party also loses the right to assert privilege in relation to other material relating to the same subject matter: see e.g. *Great Atlantic Insurance Co. v Home Insurance Co*. [1981] 1 WLR 529. The underlying principle is one of fairness to prevent 'cherry picking': see e.g. *Brennan v Sunderland City Council* [2009] ICR 479, 483-4 at [16].
>
> iii) Similarly, a party who by suing its legal advisor puts their confidential relationship in issue cannot claim privilege in relation to information relevant to the determination of that issue. Again the governing principle is one of fairness: see e.g. *Paragon Finance v Freshfields* [1999] 1 WLR 1183.
>
> iv) Because privilege only protects information which is confidential, if the information concerned ceases to be confidential, privilege cannot be claimed. Where a party does an act which has the effect of making information public, this has sometimes been described as a waiver of privilege (see e.g. *Goldstone v Williams* (1899) 1 Ch 47), but it is more accurate to say that privilege cannot be claimed because confidentiality has been lost.
>
> v) Where a party comes into possession of privileged material by any means, and even if without the knowledge or consent of the other party, the receiving party is free to use such material subject to the equitable jurisdiction of the court to restrain a breach of confidence."

30. Merck's argument is that Halozyme has stated the reasons why it consented to the revocation of UK designation of EP 622 in its brief to the appeal court in Germany. Therefore Halozyme can no longer claim privilege in those reasons.

31. I find this difficult to follow. The submission appears to be that there is no privilege in what Halozyme has said to the appeal court in Germany because it was stated publicly. Plainly not, but it does not follow that what has been said to the appeal court was untrue. The underlying grounds for the openly stated reasons of procedural efficiency, such as they may be, were not made public. Nor were the results of the English Experiments. I would need more detailed and better-supported argument to be persuaded that privilege claimed by Halozyme, whatever it is exactly, has now been waived.

32. Leaving privilege aside, I turn to Merck's substantive argument. I can understand why Merck takes the view that Halozyme's reluctance to allow the

German Experiments to be exposed to the scrutiny they would receive in this jurisdiction, in fact Halozyme's apparent determination that they should not be so exposed, leads to the suspicion that there may be something unsatisfactory about the German and/or English Experiments and that this would be revealed if the entirety of what was done for the proceedings in both jurisdictions were to be disclosed.

33. That said, I cannot be certain this is the case. Further, I have not been satisfied that privilege in the totality of the German experimentation has been waived. The same goes for the English Experiments and any other reasons there may be underlying Halozyme's abandonment of the UK designation of EP 622. I can draw no inference one way or the other from Halozyme's reliance on its entitlement to privilege.

34. However, I think there is a slightly different point. I am persuaded that Halozyme has been at some pains not to disclose either all experimentation done for the German proceedings or to disclose the English Experiments. As I have said, Halozyme's case is that it had a *bona fide* belief in its case on infringement because of the German Experiments. It seems to me that Halozyme cannot have it both ways. It is not obliged to disclose all relevant experimentation but it cannot at the same time invite the court to assume that what was done and the results obtained establish its claim to having had a *bona fide* belief. There is, in effect, nothing before the court to support its claimed *bona fide* belief.

35. That being so, and taking into account that Halozyme has never offered any alternative basis for its claimed belief and its apparent unwillingness to provide such a basis, I find on the balance of probabilities that when the counterclaim was filed, Halozyme had no reason to believe that its counterclaim for infringement of EP 622 was anything other than speculative, weak or thin. I also take the view that it is more likely than not that Halozyme came to realise that the English experiments were not supportive of its case on infringement either.

36. I have therefore reached the conclusion that I should make an order for indemnity costs in relation to Halozyme's counterclaim for infringement of EP 622.

POST SCRIPT

37. After the foregoing judgment had been delivered, counsel for Merck drew my attention to the second witness statement of David Lancaster dated 16 January 2026 at paragraphs 36 to 38. No particular attention had been given to Mr Lancaster's evidence up to that point. Counsel submitted that my finding that when the counterclaim was filed Halozyme had no reason to believe that the counterclaim for infringement was anything other than speculative, weak or thin, specifically that the German Experiments did not provide a basis for a *bona fide* belief supporting the counterclaim, was in effect a finding that Mr Lancaster was not telling the truth.

38. Nothing in my judgment should be taken to mean that Mr Lancaster has been in any way untruthful in what he has said. Mr Lancaster is a barrister working for

Halozyme's solicitors and had conduct of these proceeding on behalf of Halozyme. Mr Lancaster does not state that he had personal knowledge of what was done by way of experimentation for the German proceedings. What he says must be based on information provided by Halozyme. I have no reason to doubt that Mr Lancaster is truthfully reporting what he has been told and is basing his conclusions on what he has been told.

39. Halozyme could have provided evidence from a witness with personal knowledge of the experimentation done for the German proceedings. Such a witness could have stated that the whole of that experimentation and all results obtained were disclosed to the German court, removing any ambiguity about what was meant when Halozyme said that the German Experiments as presented in Germany supported a *bona fide* belief in its case on infringement as pleaded in this court. The witness could helpfully have explained in more detail than has already been done why, though the totality of the German experimentation provided such support, it was nonetheless necessary to conduct materially different experiments for the proceedings in this court. The witness could optionally have explained the outcome of the English Experiments and why they too support Halozyme's case on infringement if they do.

40. It was solely in the gift of Halozyme to provide evidence that its pleaded case on infringement, based on experimentation that had been done, was at all times better than speculative, weak or thin. The allegation that its counterclaim for infringement has never been supported by the available evidence was squarely raised by Merck. Halozyme chose not to provide evidence from a witness with direct relevant knowledge rebutting that allegation.

(For continuation of proceedings: please see separate transcript)