

No. 26-

IN THE
Supreme Court of the United States

ACORDA THERAPEUTICS, INC.,

Petitioner,

v.

ALKERMES PLC,

Respondent.

**ON PETITION FOR A WRIT OF CERTIORARI TO THE
UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT**

PETITION FOR A WRIT OF CERTIORARI

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QUESTIONS PRESENTED

1. Whether the court of appeals erred in holding that federal patent law, as construed in *Brulotte v. Thys Co.* and *Kimble v. Marvel Entertainment, LLC*, does not require a patentee to disgorge royalties it collected after the licensed patent expired, and in permitting a state-law doctrine—New York’s Voluntary Payment Doctrine—to authorize the patentee’s retention of those royalties notwithstanding this Court’s categorical rule that all benefits from a patent must end when the patent expires—a rule that gives effect to Congress’s decision, under the Constitution’s “limited Times” power, to grant only a time-limited patent monopoly. In so ruling, the court of appeals expanded the period of invention exclusivity beyond the statutory grant of the patent.
2. Whether an arbitrator “manifestly disregards” governing federal law within the meaning of the Federal Arbitration Act when the arbitrator acknowledges federal law—here, *Brulotte*’s prohibition on post-expiration patent royalties—finds that all post-expiration payments were unlawful, and orders restitution as the remedy for a federal law violation, but then invokes conflicting state law to apply that rule to only part of the remedy.

**PARTIES TO THE PROCEEDING
AND RULE 29.6 STATEMENT**

Petitioner Acorda Therapeutics, Inc. was the petitioner-appellant in the court of appeals and the petitioner in the district court below. Respondent Alkermes plc was the respondent-appellee in the court of appeals and the respondent in the district court below. In the courts below, the real party in interest for Alkermes was identified as Alkermes Pharma Ireland Limited.

Rule 29.6 Statement. Acorda Therapeutics, Inc. has no parent corporations, and no publicly held company owns 10% or more of its stock.

Alkermes PLC is on the NASDAQ under the ticker symbol ALKS.

STATEMENT OF RELATED CASES

- *Acorda Therapeutics, Inc. v. Alkermes PLC*, No. 25-1896, U.S. Court of Appeals for the Second Circuit. Judgment entered July 15, 2026.
- *Acorda Therapeutics, Inc. v. Alkermes PLC*, No. 23-CV-223, U.S. District Court for the Southern District of New York. Judgment entered August 7, 2023.

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OPINIONS BELOW

The summary order of the United States Court of Appeals for the Second Circuit (Sullivan, Bianco, Nathan, JJ.), issued July 15, 2026, in No. 25-1896, is unpublished and is reprinted at Pet. App. 1a.

The opinion of the United States District Court for the Southern District of New York (Buchwald, J.), in No. 1:23-cv-00223-NRB, denying Acorda's petition to modify the arbitral award, is reprinted at Pet. App. 9a.

The arbitral award of the Tribunal (Judges Gajarsa, Linares, and Smith) is reprinted at Pet. App. 60a.

JURISDICTION

The United States Court of Appeals for the Second Circuit issued its summary order on July 15, 2026. This petition is timely filed within 90 days of the date of the order. This Court has jurisdiction under 28 U.S.C. § 1254(1).

CONSTITUTIONAL AND STATUTORY PROVISIONS INVOLVED

U.S. Const. art. I, § 8, cl. 8 provides:

The Congress shall have Power . . . To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries.

U.S. Const. art. VI, cl. 2 provides:

This Constitution, and the Laws of the United States which shall be made in Pursuance thereof . . . shall be the supreme Law of the Land; and the Judges in every State shall be bound thereby, any Thing in the Constitution or Laws of any State to the Contrary notwithstanding.

35 U.S.C. § 154(a)(2) provides in relevant part:

Subject to the payment of fees under this title, such grant shall be for a term beginning on the date on which the patent issues and ending 20 years from the date on which the application for the patent was filed in the United States

9 U.S.C. § 10(a) provides in relevant part:

In any of the following cases the United States court in and for the district wherein the award was made may make an order vacating the award upon the application of any party to the arbitration—(1) where the award was procured by corruption, fraud, or undue means; (2) where there was evident partiality or corruption in the arbitrators . . . ; (3) where the arbitrators were guilty of misconduct . . . ; or (4) where the arbitrators exceeded their powers

9 U.S.C. § 11 provides in relevant part:

In either of the following cases the United States court in and for the district wherein the

award was made may make an order modifying or correcting the award upon the application of any party to the arbitration—(a) Where there was an evident material miscalculation of figures or an evident material mistake in the description of any person, thing, or property referred to in the award; (b) Where the arbitrators have awarded upon a matter not submitted to them . . .; (c) Where the award is imperfect in matter of form not affecting the merits of the controversy.

STATEMENT OF THE CASE

A. The Parties, the '938 Patent, and Alkermes's Post-Expiration Royalty Demand

This case arises out of a patent-licensing relationship between Petitioner Acorda Therapeutics, Inc. ("Acorda") and Respondent Alkermes plc ("Alkermes"). In the 1990s, Acorda was developing the compound dalfampridine into an FDA-approved drug treatment for multiple sclerosis, and Alkermes was prosecuting a patent application claiming a sustained-release formulation of dalfampridine that issued as U.S. Patent No. 5,540,938 (the "'938 Patent"). Pet. App. 66a.

In 1998, Acorda and Alkermes entered into a joint venture agreement by which Alkermes licensed the '938 Patent to Acorda. Pet. App. 67a. In 2003, the parties dissolved the joint venture and restructured the arrangement into two contracts—a License Agreement and a Supply Agreement. Although restructured, the 2003 agreements continued to require that Acorda pay

Alkermes an 18% royalty on sales of Acorda's multiple-sclerosis drug, Ampyra®. Pet. App. 67a,-68a; 76a.

The '938 Patent expired on July 30, 2018. Pet. App. 62a. After the patent expired, Acorda asked Alkermes to confirm that Acorda was no longer required to pay royalties for use of the expired patent. Joint Appendix (ECF No. 39.1 ("Sec. Cir. Joint App'x Vol. 1")), *Acorda Therapeutics, Inc. v. Alkermes plc*, No. 25-1896-cv, at 69, 76–77 (2d. Cir. Nov. 10, 2025); Joint Appendix (ECF No. 40.1 ("Sec. Cir. Joint App'x Vol. 2")), *Acorda Therapeutics, Inc. v. Alkermes plc*, No. 25-1896-cv, at 202, 206 (2d. Cir. Nov. 10, 2025). Alkermes responded that it would study the matter, but ultimately demanded that Acorda continue to pay post-expiration royalties even though Alkermes's own in-house patent agent had reported in 2009 that expiration of the '938 Patent would "no longer trigger a royalty." Sec. Cir. Joint App'x Vol. 2 at 168, 228. Acorda, dependent on Alkermes for most of its supply of dalfampridine necessary to sell its product, feared that Alkermes would cut off its supply if Acorda refused to pay. Sec. Cir. Joint App'x Vol. 2 at 52, 77–78. Acorda therefore acceded to Alkermes's demand and continued making royalty payments. Sec. Cir. Joint App'x Vol. 2 at 52.

In April 2020, Acorda again informed Alkermes that the License Agreement was unenforceable, citing this Court's decisions in *Brulotte v. Thys Co.*, 379 U.S. 29 (1964), and *Kimble v. Marvel Entertainment, LLC*, 576 U.S. 446 (2015). See Sec. Cir. Joint App'x Vol. 2 at 202; Pet. App. 83e. Nevertheless, Alkermes continued to demand royalty payments. Sec. Cir. Joint App'x Vol. 2 at 143, 206–07. In July 2020, Acorda formalized its protests against paying royalties on an expired patent by making each

payment under the License Agreement under protest. Pet. App. 49a, 71a. All told, Acorda paid approximately \$82,183,983 in post-expiration royalties—roughly \$65.6 million before formal protests, Pet. App. 10a, and roughly \$16.5 million under protest, Pet. App. 2a.

B. The Arbitration and the Tribunal’s Federal-Law Findings

On July 28, 2020, Acorda filed a Demand for Arbitration with the American Arbitration Association, asserting eight claims against Alkermes, including a claim for unjust enrichment based on Alkermes’s demand for, and collection of, royalties after the ’938 Patent expired in violation of *Brulotte*. Pet. App. 11a, 62a. The arbitral tribunal consisted of three retired federal judges: the Honorable Arthur J. Gajarsa, the Honorable Jose L. Linares, and the Honorable Robert Smith (the “Tribunal”). In 2021, the parties filed cross-motions for summary judgment. Pet. App. 60a.

The Tribunal’s findings on the application of *Brulotte* were categorical and unequivocal. The Tribunal held that Alkermes’s “use of a royalty agreement that projects beyond the expiration date of the patent” was “unlawful *per se*.” Pet. App. 69a (quoting *Brulotte*, 379 U.S. at 32). It further held that “in leveraging its patent to illegally obtain royalties beyond the life of the ’938 Patent,” Alkermes was engaged in “precisely the conduct that was outlawed under *Brulotte*.” Pet. App. 71a. As this Court has acknowledged, any other rule allows a patentee to expand the patent monopoly beyond the statutory period authorized by Congress.

The Tribunal found that the License Agreement and Supply Agreement “operate as a single unified business agreement” and that both are unenforceable under *Brulotte*. Pet. App. 80a. And, critically, the Tribunal held that “[a]ll of the payments Acorda made after the ’938 Patent expired were improper as Alkermes was no longer . . . entitled to any royalty payments.” Pet. App. 81a. The Tribunal ordered disgorgement of the royalties as a remedy. Pet. App. 82a. Alkermes did not seek to vacate or modify these legal conclusions in the district court or on appeal, and they therefore were not before the Second Circuit.

C. The Tribunal’s State-Law Limitation of the Remedy

Despite finding that every post-expiration royalty payment was “unlawful *per se*,” Pet. App. 72a, under federal law and that Alkermes was not “entitled to any royalty payments,” Pet. App. 82a, after the patent expired, the Tribunal limited Acorda’s disgorgement remedy. The Tribunal invoked New York’s Voluntary Payment Doctrine (the “NYVPD”), Pet. App. 82a, a common-law state doctrine that bars recovery of payments made “with full knowledge of the facts, and in the absence of fraud or mistake of material fact or law.” *Utica Mut. Ins. Co. v. Am. Re-Ins. Co.*, 193 N.Y.S.3d 594, 597 (N.Y. App. Div. 2023) (internal quotation marks omitted). Because the Tribunal found that Acorda did not begin formally protesting its payments until July 2020, the Tribunal held that Acorda could recover only the \$16.5 million it had paid under protest—but not the \$65.6 million it had previously paid without a formal protest. Pet. App. 82a.

The practical effect of this ruling was to permit Alkermes to retain \$65,629,716 in royalties that the Tribunal itself found were “unlawful *per se*” under federal patent law.

D. The Second Circuit’s Summary Order

Acorda petitioned the United States District Court for the Southern District of New York to modify or vacate the arbitral award. The district court (Buchwald, J.) denied the petition, holding that Acorda “failed to establish that the Tribunal manifestly disregarded the law.” Pet. App. 27a. The district court found no “clear guidance on whether royalties that have already been paid under offending contracts are recoverable” and could not “conclude that the Tribunal refused to apply a clear legal principle on th[e] issue.” Pet. App. 24a, 25a. The district court also found that Acorda had forfeited its preemption theory. Pet. App. 26a–27a. In affirming, the Second Circuit addressed those issues and independently considered the question of appropriate federal patent remedies in light of the uncontested violation of the rule of *Brulotte* and federal patent law.

In the summary affirmance issued July 15, 2026 (Sullivan, Bianco, Nathan, JJ.) and reprinted at Pet. App. 1a, the panel first framed the dispositive federal question: “Acorda’s arguments thus fail unless it can demonstrate that patent law explicitly requires a patent-holder to return royalties that its licensee paid after the patent expired.” Pet. App. 5a.

The panel then stated: “Pointing to the Supreme Court’s decisions in *Brulotte v. Thys Co.*, 379 U.S. 29, 85

S. Ct. 176, 13 L. Ed. 2d 99 (1964), and *Kimble v. Marvel Entertainment*, 576 U.S. 446, 135 S. Ct. 2401, 192 L. Ed. 2d 463 (2015), Acorda contends that federal patent law does just that.” Pet. App. 5a. The panel “disagree[d].” Pet. App. 5a. Although it acknowledged that *Brulotte* and *Kimble* hold that “a clause requiring a party to pay post-expiration royalties will not hold up in court,” it declined to find that those decisions require “complete and mandatory restitution” for a party that makes such payments because “neither *Brulotte* nor *Kimble* addressed damages.” Pet. App. 5a–6a. The panel thus recognized this Court’s holdings but refused to apply the statutory and constitutional limit those holdings construe: Congress granted only a time-limited patent monopoly, bounded by the Constitution’s “limited Times” power, Pet. App. 29a, and the 20-year term in 35 U.S.C. § 154(a)(2). A patentee may not extend that monopoly by receiving or retaining royalties post-expiration. In doing so, the panel did not explain how allowing Alkermes to retain post-expiration royalties could be reconciled with *Brulotte*’s holding that such royalties are “unlawful *per se*,” *Brulotte*, 379 U.S. at 32, or *Kimble*’s categorical principle that “all patents, and all benefits from them, must end when their terms expire,” *Kimble*, 576 U.S. at 463, in light of those constitutional and statutory limits. Instead, it treated the historical absence of a prior restitution award as sufficient to conclude that no “explicit, well-defined principle of federal patent law” requires full restitution. Pet. App. 7a.

The panel also rejected Acorda’s argument that the Tribunal had awarded “legally incompatible relief”—disgorging some royalties under federal law while permitting Alkermes to retain the rest under the NYVPD. Pet App. 7a. The panel said the Tribunal’s use of state

law “made sense” because Acorda had sought “general contract damages or a finding of unjust enrichment” under New York law. Pet. App. 7a. But Acorda’s alternative state-law theories did not concede that state law could override the federal rule the Tribunal had already applied or permit retention of payments the Tribunal found unlawful under *Brulotte*.

The panel’s concluding holding on the patent-law question was: “In sum, the Tribunal did not ignore an explicit, well-defined principle of federal patent law in declining to award Acorda full restitution of voluntary post-expiration payments. By deciding to make such payments, Acorda slept on its rights.” Pet. App. 7a. That holding supplies the federal-law conflict presented in Question 1: it treats Acorda’s failure to protest as a basis for retaining benefits the Tribunal found unlawful under *Brulotte* and, more fundamentally, as a basis for extending the limited, time-bound patent monopoly those cases enforce beyond the term Congress authorized. It also frames Question 2: the Tribunal recognized the federal rule, found all post-expiration payments unlawful, and ordered restitution, yet invoked the NYVPD to withhold that remedy for unprotested payments.

REASONS FOR GRANTING THE PETITION

I. THE COURT SHOULD GRANT CERTIORARI BECAUSE THE DECISION BELOW DECIDES AN IMPORTANT FEDERAL QUESTION IN CONFLICT WITH THIS COURT’S RELEVANT DECISIONS.

Rule 10(c)’s second clause identifies as a prime candidate for certiorari a case in which “a court of appeals has decided an important question of federal law . . . in a way that conflicts with relevant decisions of this Court.” U.S. Sup. Ct. R. 10(c). This case falls squarely within that provision. The Second Circuit decided that *Brulotte* and *Kimble*, which construe the constitutional and statutory limit on the duration of the patent monopoly, do not require a patentee to disgorge royalties collected after a patent expires, and it affirmed an award allowing Alkermes to retain \$65,629,716 in post-expiration royalties even though the Tribunal found every such payment “unlawful *per se*” and ordered disgorgement as the remedy. Pet. App. 72a, 87a. That construction conflicts with this Court’s categorical commands, which implement Congress’s decision to grant a monopoly of limited duration. By allowing Alkermes to retain post-expiration royalties, the decision below judicially extends the patent monopoly beyond the statutory term, contrary to the congressional scheme that *Brulotte* and *Kimble* enforce. The order is nonprecedential, see Pet. App. 1a, but its reasoning and disposition present the conflict for this Court’s review.

The question is important not because the Second Circuit left the remedial issue unresolved, but because it resolved that issue against Acorda in a way that conflicts

with this Court’s categorical precedents, and encourages patentees other than Alkermes to engage in similar unlawful abuse of the patent system. The panel held that *Brulotte* and *Kimble* do not require disgorgement of royalties already collected and affirmed an award permitting Alkermes to retain tens of millions of dollars of payments this Court has characterized as “illegal.” That holding conflicts with this Court’s holdings, which prohibit extending the patent monopoly beyond the time Congress authorized, and the recurring nature and economic consequences of the question, particularly in light of the Second Circuit’s decision, reinforce the need for review.

The Second Circuit’s decision also frames Question 2 and the need for review: the Tribunal did not confront an open remedial issue, but recognized the federal rule prohibiting receipt of the royalties Alkermes was allowed to retain, and ordered restitution before invoking state law to withhold that remedy for the bulk of the payments Alkermes illegally received.

A. The Decision Below Conflicts with *Brulotte* and *Kimble*.

The Second Circuit framed the issue as whether patent law “explicitly requires a patent-holder to return royalties that its licensee paid after the patent expired,” and then answered that question in the negative and against *Acorda*. Pet. App. 5a. The panel construed *Brulotte* and *Kimble* as prohibiting only prospective enforcement of a royalty clause, not requiring disgorgement of royalties already collected, and affirmed an award allowing Alkermes to retain \$65,629,716, Pet. App. 10a, even though the Tribunal

found every post-expiration payment “unlawful *per se*” and ordered disgorgement as the legally required remedy. That holding cannot be reconciled with this Court’s command that the patent monopoly and its benefits end at patent expiration.

In *Kimble*, this Court held that the limited grant of exclusive rights under the patent laws requires a “categorical principle that all patents, and all benefits from them, must end when their terms expire.” 576 U.S. at 463. That principle is not a freestanding policy rule; it is the necessary construction of the limited patent monopoly Congress authorized under the Constitution’s “limited Times” power. Pet. App. 29a, and the 20-year term prescribed by 35 U.S.C. § 154(a)(2). The Court warned that “[a]llowing even a single company” to pay for an expired patent would “impermissibly undermine the patent laws.” *Id.* at 452. Those statements describe the consequences of that limit under federal law, not a presumption that depends on whether a patentee has already received the prohibited benefit. A patentee that retains tens of millions of dollars derived from an expired patent continues to enjoy a benefit from that patent beyond the period of expiration mandated by Congress.

Brulotte is equally categorical. In rejecting an attempt to continue extracting royalties after the patent expired, this Court held that “any attempt[] . . . whatever the legal device employed, runs counter to the policy and purpose of the patent laws.” *Brulotte*, 379 U.S. at 31 (quoting *Scott Paper Co. v. Marcalus Mfg. Co.*, 326 U.S. 249, 256 (1945)). And this Court *declared* post-expiration royalty obligations “unlawful *per se*.” *Id.* at 32. Because the monopoly ends when its congressionally fixed term

expires, retaining the economic benefit of that monopoly is itself a forbidden extension, whatever “the device employed,” including state law, as this Court made plain in *Kimble*. *Kimble*, 576 U.S. at 453 (“Any attempt to limit a licensee’s post-expiration use of the invention, ‘whatever the legal device employed, runs counter to the policy and purpose of the patent laws.’” (quoting *Brulotte*, 379 U.S. at 31)).

The operative verbs in these decisions confirm the point. *Brulotte* and *Kimble* speak of it being unlawful to “collect,” “charge,” and “receive” royalties after patent expiration. See *Kimble*, 576 U.S. at 449, 450; *Brulotte*, 379 U.S. at 30. The Second Circuit’s conclusion that retention is permitted under this Court’s holding forbidding receipt is a contradiction in terms. Once the post-expiration royalty has been received, a prohibition on receipt requires restoring the money to the party from whom it was taken. Otherwise, adherence to the categorical rule that all benefits must end is left to the vagaries of commercial relationships, state laws, and other devices used to extend the patent monopoly beyond the term Congress authorized.

Read together, the construction of federal law in *Brulotte* and *Kimble* leaves no room for that result. Those decisions construe the duration of the federal patent monopoly, not merely the prospective enforceability of a contract. The point is not whether either case used the word “restitution” in the context of a completed payment—neither case involved those facts. The point is whether a patentee may continue to possess the economic benefit of an expired patent after this Court has held that all such benefits must end under federal law. It may not.

Full disgorgement is the means of giving effect to that rule on the facts presented here; it is not a new remedy untethered to precedent.

Respondent may rely on the district court’s observation that “*Brulotte* and its progeny have not clearly articulated a rule on the refund of royalties.” *See* Pet. App. 27a. But that observation concerns the posture of those cases, not the scope of the rules they announce. Neither case involved a restitution claim because each addressed prospective unenforceability. Nothing in their procedural posture authorizes a lower court to convert the absence of a prior refund award into permission to retain benefits that those decisions say may not be collected, charged, or received. The relevant question is not whether this Court has previously entered the same remedial order; it is whether the Second Circuit may allow the very post-expiration benefit that this Court’s construction of the limited patent monopoly expressly forbids.

This Court has applied the same principle—that patented inventions must pass into the public domain after expiration—through multiple factual settings. In *Scott Paper*, 326 U.S. at 257–58, the Court protected the public’s right to use an expired invention even though the direct issue before the Court involved assignor estoppel rather than restitution. In *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225, 231–32 (1964), and *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 167–68 (1989), the Court likewise rejected state-law rules that restricted access to patented inventions that had expired. Those decisions confirm that the absence of a prior case using the word “restitution” does not authorize a lower court to preserve the very post-expiration benefit of an invention

that federal law places in the public domain. The question is whether to enforce the statutory construction of a limited patent monopoly that this Court announced, not whether the rule has previously been applied in precisely these circumstances.

B. The Question Is Important and the Case Is a Proper Vehicle for Resolving It.

Patent licensing is a large and economically significant form of commercial activity. Licenses routinely run for decades, often spanning the life of a patent portfolio and extending beyond the expiration of particular patents. The governing principle is categorical: as this Court emphasized in *Kimble*, 576 U.S. at 463, “all patents, and all benefits from them, must end when their terms expire.” The Second Circuit’s construction of *Brulotte* and *Kimble* leaves parties without a consistent federal rule for what happens when a patentee has collected post-expiration royalties. Because such provisions recur in long-term licenses, the question will recur unless this Court resolves it.

Moreover, if the Second Circuit’s approach stands, licensors will be encouraged to attempt to collect post-expiration royalties contrary to federal law. Whether the licensee is unaware of the rule against post-expiration royalties (as the licensee in *Kimble* was), the patentee exerts commercial pressure to collect post-expiration royalties (as here), the patentee seeks to take advantage of a patchwork of state laws that may aid its violation of federal law (also as here), or some other means is used, the mandates of this Court’s decisions and federal law will go unfulfilled if full disgorgement is denied.

Prospective relief alone does not restore money already extracted, and it creates a perverse incentive: a patentee can demand payment after expiration and retain at least a substantial portion of the proceeds if the licensee does not immediately protest. That incentive is irreconcilable with the categorical rule this Court has twice reaffirmed.

No court has issued a precedential merits decision resolving whether post-expiration royalties must be returned. The two district court decisions on which the Second Circuit relied do not fill that gap. In *Tessera, Inc. v. Toshiba Corp.*, No. 15-cv-2543-BLF, 2019 WL 5395158, at *6 (N.D. Cal. Oct. 22, 2019), the district court determined that *Brulotte* did “not apply” because the licensee had continued to “ma[k]e royalty payments based on *other* patents it believed were unexpired, valid, and enforceable.” The district court stated that *Brulotte* “would only exclude” a patentee’s affirmative claim for unpaid post-expiration royalties, but that decision is a single unpublished district court ruling that is neither precedential nor controlling and was never reviewed on that question. *Id.* In *Zila, Inc. v. Tinnell*, No. 2:00-cv-1345, 2004 U.S. Dist. LEXIS 35476, (D. Nev. Apr. 22, 2004), *rev’d and remanded on other grounds*, 502 F.3d 1014 (9th Cir. 2007), the court addressed the issue only in passing, and the Ninth Circuit reversed on other grounds without reaching it. Neither decision was reviewed on the restitution question the Second Circuit decided here. The Second Circuit nevertheless treated these inapposite decisions as support for denying effect to this Court’s categorical construction of federal patent law. *See* Pet. App.6a. That reliance underscores the need for review.

Nor does the absence of a precedential appellate decision counsel against review. The Second Circuit’s non-precedential summary order expressly construed *Brulotte* and *Kimble* and affirmed retention of royalties that the Tribunal found unlawful *per se*. See Pet. App. 5a–6a. Leaving that construction uncorrected would invite other courts to replicate it—or require licensees and licensors to litigate the same issue piecemeal—before this Court supplies a uniform rule. Rule 10(c) does not require the Court to await a formal circuit conflict when a court of appeals has already placed its own construction on patent law in conflict with this Court’s determinations.

This case is an especially clean vehicle to address the questions presented. The Second Circuit reached the dispositive federal question and affirmed an award permitting Alkermes to retain \$65,629,716, see Pet. App. 7a, even though the Tribunal found these post-expiration payments to be “unlawful *per se*” as a result of this Court’s precedent. Pet. App. 71a–72a. The Second Circuit’s conclusion that Acorda had not shown that patent law “requires the full repayment of post-expiration royalties,” Pet. App. 6a, necessarily rests on a legal conclusion about the determinations in *Brulotte* and *Kimble*. That conclusion was necessary to the judgment, which disregarded the limits of patent law; the question is preserved, squarely presented, and ripe for review. The Court need not await a more developed split to correct a lower court’s conflict with this Court’s own precedents.

The issue is purely legal and requires no additional fact-finding. The relevant facts are undisputed: Alkermes collected \$65,629,716 in royalties for Acorda’s use of the ’938 Patent after the patent expired; the Tribunal found

those payments “unlawful *per se*” under *Brulotte*; and the Tribunal denied restitution for the unprotested payments by invoking state law, the NYVPD. Pet. App. 82a–84a. The issue is what this Court’s construction of federal patent law requires when a patentee retains benefits obtained through a post-expiration royalty arrangement. This Court can resolve that issue on the existing record.

Moreover, the Court need not create a new remedy untethered to precedent. The Tribunal found every post-expiration payment improper, recognized disgorgement as the *remedy* for a violation of federal law, and then limited restitution through state law. The petition asks the Court to enforce federal law as this Court construed it—not to devise a new cause of action or second-guess disputed facts.

Nor does any question about forfeiture counsel against granting this application. Acorda argued throughout the proceedings below that federal patent law required restitution of post-expiration royalties—a principle the Tribunal adopted but then allowed state law to override its conclusion. The preemption theory is the necessary corollary of that same legal principle: the *Brulotte/Kimble* rule requires disgorgement, and state law cannot authorize retention of benefits that federal law forbids. This Court may consider a legal theory fairly encompassed by the questions presented and supported by the record. See *Lebron v. Nat’l R.R. Passenger Corp.*, 513 U.S. 374, 379 (1995).

**II. THE COURT SHOULD RESOLVE WHETHER
“MANIFEST DISREGARD” REACHES
AN ARBITRAL AWARD IN WHICH THE
ARBITRATOR ACCEPTS A FEDERAL RULE OF
DECISION BUT APPLIES IT TO ONLY PART OF
THE REMEDY.**

Question 2 presents an independent reason to grant review. It asks whether the “manifest disregard of the law” standard for vacatur reaches an award in which the arbitrator identifies and accepts a governing federal rule—here, *Brulotte*’s prohibition on post-expiration royalties—finds that all post-expiration payments are unlawful, and orders restitution for some of them, but then invokes a conflicting state-law doctrine to permit retention of the rest. Put differently, does an arbitrator manifestly disregard the law when it purports to adopt a governing federal legal principle but limits and contradicts its application based on state law? This question arises in the specific context of patent law, but it implicates a structural question in arbitration jurisprudence that can recur whenever an award recognizes a federal rule yet applies it with deference to state law.

A. The Question Is Discrete and Legal.

The Tribunal’s own findings frame the question with unusual precision. It found that all of Acorda’s post-expiration royalty payments were “improper” and “unlawful *per se*” under *Brulotte*. Pet. App. 71a–72a, 81a. It further held that Alkermes was no longer entitled to any royalty payments and ordered disgorgement as the remedy for the violation of federal law. Pet. App. 71a, 81a. The Tribunal then invoked the NYVPD to limit

the remedy federal law required, denying disgorgement of the \$65,629,716 in royalties Acorda had paid without contemporaneous protest. Pet. App. 82a–84a. The award thus provides legally incompatible relief: it recognizes the federal rule and the resulting remedy, then uses state law to undermine the federal principle it recognized and withhold that remedy for payments it found equally “unlawful *per se*.” The question is whether that award reflects “manifest disregard of the law”—whether the arbitrator “knew of a governing legal principle yet refused to apply it.” *Smarter Tools Inc. v. Chongqing SENCI Imp. & Exp. Trade Co.*, 57 F.4th 372, 383 (2d Cir. 2023). Again, the relevant facts are undisputed: the Tribunal knew the *Brulotte* rule, applied it to find expressly that all post-expiration payments were unlawful, ordered restitution, and then refused to apply the same rule to the unprotested payments by invoking the NYVPD. The issue is therefore legal and discrete: whether manifest disregard reaches an award that recognizes a governing federal rule but applies a conflicting state-law limitation to only part of the remedy.

This is not a case in which the arbitrator weighed competing legal principles and reached a reasonable accommodation within the range of arbitral discretion. The Tribunal did not find that *Brulotte* was inapplicable to the unprotested payments or that federal law left the NYVPD free to control. It found *all* payments “unlawful *per se*” under federal law, recognized restitution as the remedy, and then denied restitution for a subset on a ground that operated in direct contrast with the federal rule it had just applied. The award is therefore not merely an arguable choice among permissible outcomes; it is an

internally inconsistent application of a legal principle the Tribunal expressly acknowledged.

B. This Is a Recurring Problem That Federal Courts Confront in Every Circuit.

The question is recurring. The manifest disregard standard is applied by every federal court. Although this Court has not definitively resolved whether manifest disregard survives as an independent ground for vacatur after *Hall Street Assocs., LLC. v. Mattel, Inc.*, 552 U.S. 576 (2008), see *Stolt-Nielsen S.A. v. AnimalFeeds Int’l Corp.*, 559 U.S. 662, 672 n.3 (2010) (explicitly declining to answer the question of “whether ‘manifest disregard’ survives . . . *Hall Street* . . . as an independent ground for review), circuit courts continue to apply the doctrine, each applying some version of the rule that an arbitrator may not knowingly refuse to apply governing law. The recurring question here is narrower: what follows when the arbitrator acknowledges the governing rule, applies it to part of the remedy, and then departs from it for the rest?

No circuit court has squarely addressed the structural defect presented here. Cases generally involve an arbitrator who ignores the governing rule altogether or reaches a result that can be characterized as consistent with it. This case presents a different category: the arbitrator acknowledges the rule, applies it to some payments, and then invokes conflicting law to deny its application to others found equally subject to the federal prohibition. That question affects arbitration practice across every area of federal law in which parties submit statutory claims to arbitrators.

The issue is not confined to patent disputes. Indeed, it may arise whenever a state remedy is applied to address a federal law violation. Whether manifest disregard reaches such an internally inconsistent award is a question of federal review of arbitration decisions, not merely patent law. Its resolution would give lower courts and arbitrators a workable rule for reviewing partial applications of federal law.

C. The Panel's Answer Is Inadequate.

The Second Circuit's treatment of that question does not supply a workable answer. It stated only that "the Tribunal's use of state law made sense" because Acorda had pleaded New York claims. Pet. App. 7a. But alternative state-law theories supplied possible routes to relief; they did not authorize the Tribunal to use state law to override a federal rule it had already recognized, and Acorda did not in any respect concede that the NYVPD could permit retention of payments found unlawful under *Brulotte*.

The presence of a state-law claim does not authorize an arbitrator to subordinate federal law or to treat a state-law defense as a license to withhold a remedy that federal law requires. The Second Circuit's reasoning would make manifest disregard unavailable whenever an award involves both federal and state claims—precisely the setting in which the question matters most.

The Second Circuit also did not address the award's central structural defect. The question is not whether an arbitrator may apply state law where state law properly governs. It is whether an arbitrator may recognize a federal rule, apply it to one portion of the remedy, and

then invoke conflicting state law to deny the same rule's application to another portion of the remedy that the arbitrator found equally subject to the federal prohibition. The Second Circuit's decision neither reconciles that result with the Tribunal's findings nor provides guidance for future cases.

Nor did the NYVPD operate in a field left open to state law. The Supremacy Clause preempts a state rule that "stands as an obstacle to the accomplishment and execution of the full purposes and objectives" of federal law. *See Hines v. Davidowitz*, 312 U.S. 52, 67 (1941). This Court has repeatedly rejected state doctrines that restrict free access to formerly patented inventions or provide protection that clashes with federal patent policy. *See Bonito Boats*, 489 U.S. at 156–57; *Sears*, 376 U.S. at 231.

As applied here, the NYVPD permitted Alkermes to retain \$65,629,716 in benefits that the Tribunal found "unlawful *per se*" under *Brulotte* merely because Acorda had not made a formal protest at the time of payment. Calling the amount a "voluntary payment" rather than a royalty does not change its economic substance: it remains a benefit derived from an expired patent and therefore an extension of the time-limited patent monopoly. The federal rule operates "*per se*," without regard to the parties' knowledge or intent. *See Brulotte*, 379 U.S. at 32. A state defense conditioned on the payor's knowledge of the federal prohibition cannot authorize retention of a benefit that federal patent law forbids. The Tribunal's reliance on the NYVPD was not an independent resolution of an open remedial question; it was an application of conflicting state law to override a federal rule the Tribunal had already

recognized and applied. That is the manifest disregard question presented here.

D. Recent Denials Do Not Counsel Against a Grant Here.

This Court has denied certiorari in recent cases involving the manifest disregard doctrine, including *Zeidman v. Lindel Mgmt. LLC*, 146 S. Ct. 1472 (2026) (mem.), and *Malkin v. Shasha*, 146 S. Ct. 2623 (2026) (mem.). But those petitions presented a fundamentally different question: whether the doctrine survives *Hall Street* at all. That threshold question—whether the doctrine exists—is distinct from the question here, which assumes the doctrine’s continued vitality (as circuit courts have) and asks how it applies to a specific, recurring structural defect in an arbitral award.

Whether the manifest disregard doctrine survives is a broad doctrinal dispute, although the circuits have largely converged on continuing to apply manifest disregard in some form—whether as an independent ground for vacatur or as a “judicial gloss” on the statutory grounds in 9 U.S.C. § 10. The question presented here is narrower and more tractable. Assuming the doctrine exists, does it reach an award in which the arbitrator acknowledges a federal rule, applies it to some payments, and refuses to apply it to others that the arbitrator found equally subject to that rule? Resolving that question does not require the Court to decide the broader survival issue, and the denial of certiorari on that broader question is no reason to deny review here.

Moreover, this case presents the question in an unusually clean posture. The Tribunal's own findings—that all payments were “improper” and “unlawful *per se*”—eliminate any factual dispute about whether the governing legal principle applied to the payments at issue. The only question is whether the Tribunal's refusal to apply that concededly applicable rule to the full remedy constitutes manifest disregard of the law. The record therefore presents the issue without the factual or procedural complications that could obscure it in another case.

CONCLUSION

For the foregoing reasons, the petition for a writ of certiorari should be granted.

Respectfully submitted,

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**APPENDIX A — SUMMARY ORDER OF THE
UNITED STATES COURT OF APPEALS FOR THE
SECOND CIRCUIT, FILED JULY 15, 2026**

UNITED STATES COURT OF APPEALS
FOR THE SECOND CIRCUIT

No. 25-1896

ACORDA THERAPEUTICS, INC.,

Petitioner-Appellant,

v.

ALKERMES PLC,

Respondent-Appellee.

Filed July 15, 2026

Appeal from a judgment of the United States District
Court for the Southern District of New York (Naomi Reice
Buchwald, Judge).

PRESENT:

RICHARD J. SULLIVAN,
JOSEPH F. BIANCO,
ALISON J. NATHAN,
Circuit Judges.

SUMMARY ORDER

Appendix A

UPON DUE CONSIDERATION, IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that the August 7, 2023 judgment of the district court is **AFFIRMED**.

Acorda Therapeutics, Inc. (“Acorda”) appeals the district court’s judgment denying its petition to vacate or modify an arbitral award. While that award puts \$16.5 million in Acorda’s pocket — compelling Alkermes PLC (“Alkermes”) to pay that sum in restitution — Acorda contends that it should have received an additional \$65 million, and that the district court thus erred in confirming the award without modifying it. We assume the parties’ familiarity with the underlying facts, procedural history, and issues on appeal, to which we refer only as needed to explain our decision.

Acorda licensed a patent from Alkermes. Although that patent expired in 2018, Acorda continued to pay royalties on it, as required by its contracts with Alkermes. After roughly two years, however, Acorda demanded arbitration and began making its royalty payments under protest. An arbitral tribunal of three retired judges (the “Tribunal”) concluded that (i) as to substantive law, the contractual clauses requiring Acorda to pay post-patent-expiration royalties were unenforceable; and (ii) as to remedies, Acorda could recover only the roughly \$16.5 million that it had paid under protest — and not the larger sums it had previously (and willingly) forked over — because New York’s Voluntary-Pay Doctrine (“NYVPD”) bars recovery of sums paid “with full knowledge of the facts.” Sp. App’x at 10, 19 (quoting *Dillon v. U-A Columbia Cablevision of*

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Westchester, 292 A.D.2d 25, 740 N.Y.S.2d 396, 397 (App. Div. 2003)). Acorda subsequently asked the district court to modify the Tribunal’s decision so that it would receive the full amount in restitution; the district court denied Acorda’s petition because it “failed to establish that the Tribunal manifestly disregarded the law.” Sp. App’x at 44.

“We review a district court’s decision to confirm . . . an arbitration award . . . *de novo* as to legal issues, and for clear error as to factual findings.” *Smarter Tools Inc. v. Chongqing SENCI Imp. & Exp. Trade Co.*, 57 F.4th 372, 378 (2d Cir. 2023). A district court may vacate or modify an award only for the reasons set forth, respectively, in Sections 10 and 11 of the Federal Arbitration Act (the “FAA”). *See T.Co Metals, LLC v. Dempsey Pipe & Supply, Inc.*, 592 F.3d 329, 338 (2d Cir. 2010). Applying “a judicial gloss on the specific grounds for vacatur of arbitration awards under [Section 10],” we have recognized that an award may also be vacated if it exhibits “manifest disregard of the law.” *Id.* at 340. But this doctrine is “severely limited,” *id.* (internal quotation marks omitted), and involves “[a]n extremely deferential standard of review” that requires “[o]nly a barely colorable justification for the outcome reached by the arbitrators,” *Smarter Tools*, 57 F.4th at 378 (internal quotation marks omitted).¹ Similarly, as discussed below, we have also

1. The district court observed that, since the Supreme Court’s decision in *Hall St. Assocs., L.L.C. v. Mattel, Inc.*, 552 U.S. 576, 128 S. Ct. 1396, 170 L. Ed. 2d 254 (2008), the manifest-disregard doctrine “has only been recognized by the Second Circuit as a basis for vacatur, not modification.” Sp. App’x at 38. We need not resolve whether the doctrine permits modification, however, because we

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suggested that a district court may vacate an award if it violates “public policy.” *Schwartz v. Merrill Lynch & Co.*, 665 F.3d 444, 452 (2d Cir. 2011) (quoting *W.R. Grace & Co. v. Local Union 759, International Union of the United Rubber, Cork, Linoleum & Plastic Workers*, 461 U.S. 757, 766, 103 S. Ct. 2177, 76 L. Ed. 2d 298 (1983)).²

On appeal, Acorda asserts that the Tribunal (i) manifestly disregarded federal patent doctrine, which preempts any state law “limiting restitution”; and (ii) “contravene[d] . . . public policy.” Acorda Br. at 18-19. While these challenges technically arise from different doctrinal origins, they share a common element. To show manifest disregard, petitioners must point to “well-defined” and “explicit” law that the arbitrators ignored. *Smarter Tools*, 57 F. 4th at 383 (internal quotation marks omitted). And to prevail on a public-policy challenge, they must show that the award “violates some *explicit* public policy” that is “well[-]defined and dominant” and is “ascertained by

agree with the district court that “[i]n any event, . . . the Tribunal did not manifestly disregard the law.” *Id.*

2. There is some ambiguity in our caselaw about whether parties may still challenge arbitral awards on public-policy grounds. See *Malato v. DigitalOcean LLC*, No. 25-2319 (KPF), 2026 U.S. Dist. LEXIS 50590, 2026 WL 686004, at *11 (S.D.N.Y. Mar. 11, 2026) (“This Court’s review of case law in the area discloses a dispute among district courts regarding a federal court’s ability under the FAA to vacate an arbitral award on public[-]policy grounds.” (collecting cases)). Compare *Porzig v. Dresdner, Kleinwort, Benson, N. Am. LLC*, 497 F.3d 133, 139 (2d Cir. 2007) (declining to recognize public-policy grounds), with *Schwartz*, 665 F.3d at 452 (discussing public-policy grounds). For this appeal, we assume without deciding that the public-policy attack survives.

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reference to the laws and legal precedents.” *Schwartz*, 665 F.3d at 452 (quoting *W.R. Grace*, 461 U.S. at 766).³

Acorda’s arguments thus fail unless it can demonstrate that patent law *explicitly* requires a patent-holder to return royalties that its licensee paid after the patent expired. Pointing to the Supreme Court’s decisions in *Brulotte v. Thys Co.*, 379 U.S. 29, 85 S. Ct. 176, 13 L. Ed. 2d 99 (1964), and *Kimble v. Marvel Entm’t, LLC*, 576 U.S. 446, 135 S. Ct. 2401, 192 L. Ed. 2d 463 (2015), Acorda contends that federal patent law does just that. We disagree. In *Brulotte*, a patent-holder sued its counterparty for “refus[ing] to make [contractually required] royalty payments” that “accru[ed]. . . after the expiration of the patents.” 379 U.S. at 30. The Supreme Court rejected this argument and held that clauses in “licensing agreement[s]” requiring post-expiration royalties are categorically “unenforceable.” *Id.* at 34. Fifty years later, “[t]he sole question presented” in *Kimble* was “whether [the Supreme Court] should overrule *Brulotte*,” which it “declin[ed] to do” on *stare decisis* grounds. 576 U.S. at 449. In other words, *Brulotte* and *Kimble* explicitly held only that a clause requiring a

3. Acorda also appears to argue that we may modify an award for a separate, third reason - *i.e.*, because confirming the award would “aid the commission of an illegal act.” Acorda Br. at 19. But as Alkermes points out — and as Acorda does not appear to dispute — Acorda’s illegal-act theory is essentially identical to its against-public-policy one. See *DiRussa v. Dean Witter Reynolds Inc.*, 121 F.3d 818, 825 (2d Cir. 1997) (explaining that public-policy challenges “derive[] from the basic notion that no court will lend its aid to one who founds a cause of action upon an immoral or illegal act” (quoting *United Paperworkers Int’l Union v. Misco, Inc.*, 484 U.S. 29, 42, 108 S. Ct. 364, 98 L. Ed. 2d 286 (1987))).

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party to pay post-expiration royalties will not hold up in court; they *did not* say that a party that knowingly decides to make post-expiration payments is entitled to complete and mandatory restitution. Indeed, as Acorda itself acknowledged during the arbitration, “neither *Brulotte* nor *Kimble* addressed damages.” J. App’x 214; *see id.* at 208, 213 (referring to restitution as a form of “damages”). Acorda therefore cannot rely on *Brulotte* or *Kimble* to establish the kind of “well-defined” and “explicit” law required for it to show manifest disregard. *Smarter Tools*, 57 F. 4th at 383 (internal quotation marks omitted).

Tellingly, Acorda has not been able to identify a single case where any court has *ever* held that federal law requires the full repayment of post-expiration royalties. In fact, the handful of courts that have reached this issue have found that parties may *not* seek total restitution. *See Tessera, Inc. v. Toshiba Corp.*, No. 15-cv-2543-BLF, 2019 U.S. Dist. LEXIS 184355, 2019 WL 5395158, at *6 (N.D. Cal. Oct. 22, 2019) (“[T]he claim at issue is [the licensee’s] claim for refund of . . . royalty payments. *Brulotte* would only exclude [the patent-holder’s] *affirmative claim* for unpaid royalties due after expiration of a patent.” (emphasis added)); *Zila Inc. v. Tinnell*, No. 00-cv-1345, 2004 U.S. Dist. LEXIS 35476, at *4 (D. Nev. Apr. 22, 2004) (similar), *rev’d on other grounds*, 502 F.3d 1014, 1023-27 (9th Cir. 2007). Regardless of the ultimate answer to this disputed legal question, Acorda has failed to show that patent law *explicitly* mandates restitution in full.

In a last-ditch effort to salvage its claim, Acorda argues that the Tribunal itself found that the clause

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was unenforceable and that it accordingly “awarded legally incompatible relief by ordering disgorgement of certain unlawful royalties under federal patent law while simultaneously permitting Alkermes to retain the balance under the NYVPD.” Reply Br. at 14. But the Tribunal’s use of state law made sense. Acorda had after all, sought “general contract damages or a finding of unjust enrichment” under *New York law*. J. App’x at 205 (discussing “breach[es] of contract . . . under New York law”). The Tribunal therefore (i) determined that, under federal patent law, the clauses requiring payment of “post-patent royalties” were not “enforceable”; (ii) moved on to calculate the “monetary award” for Acorda’s state-law “unjust enrichment/restitution” claims; and (iii) concluded that the NYVPD limited Acorda’s remedy. Sp. App’x at 11, 18-19.

* * *

In sum, the Tribunal did not ignore an explicit, well-defined principle of federal patent law in declining to award Acorda full restitution of voluntary post-expiration payments. By deciding to make such payments, Acorda slept on its rights. It cannot now manufacture an explicit conflict between state and federal law — and prove that the Tribunal lacked even a “barely colorable justification” for its decision, *Smarter Tools*, 57 F.4th at 378 (internal quotation marks omitted) - simply by conflating the rights that it abandoned with the remedies now available to it.

We have considered Acorda’s remaining arguments and find them to be without merit. Accordingly, we **AFFIRM** the judgment of the district court.

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Appendix A

FOR THE COURT:

Catherine O'Hagan Wolfe, Clerk of Court.

/s/ Catherine O'Hagan Wolfe

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**APPENDIX B — MEMORANDUM AND ORDER
OF THE UNITED STATES DISTRICT COURT FOR
THE SOUTHERN DISTRICT OF NEW YORK,
FILED AUGUST 4, 2023**

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

23 Civ. 223 (NRB)

ACORDA THERAPEUTICS, INC,

Petitioner,

- against -

ALKERMES PLC,

Respondent.

Filed August 4, 2023

MEMORANDUM AND ORDER

**NAOMI REICE BUCHWALD
UNITED STATES DISTRICT JUDGE**

Petitioner Acorda Therapeutics, Inc. (“petitioner” or “Acorda”) brings this petition under the Convention for the Recognition and Enforcement of Foreign Arbitral Awards of June 10, 1958 (the “New York Convention”), 21 U.S.T. 2517, 330 U.N.T.S. 38, and the Federal Arbitration Act (“FAA”), 9 U.S.C. §§ 10-12, 201-208, to confirm in part and modify in part an award of \$16,554,267 plus interest

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and costs (the “Award”) issued in an arbitration between Acorda and Alkermes PLC (“respondent” or “Alkermes”). *See* ECF No. 1 (“Pet.”). While Acorda believes that the Tribunal’s “core rulings were indisputably correct” and should be confirmed, Acorda claims that the Tribunal manifestly disregarded the law in its damages analysis, resulting in an improper damages reduction of \$65,629,716. *See* ECF No. 3 (“Pet. Br.”) at 7. For the reasons stated below, Acorda’s petition to modify the Award in part is denied and the Award is confirmed in its entirety.

BACKGROUND**A. Factual Background****1. Dispute Concerning Royalty Payments**

This case arises from a dispute concerning royalty payments owed under two agreements -- the Amended and Restated License Agreement (the “License Agreement”) and the Supply Agreement (collectively, the “Agreements”) -- between Acorda and Elan Corporation, PLC, the predecessor in interest to Alkermes, which were executed in 2003. *See* Pet. ¶ 9; ECF Nos. 6-2, 6-3. Acorda is the developer of Ampyra, a medication to improve walking in people with multiple sclerosis. *See* Pet ¶ 9. Alkermes was the owner of the now-expired patent, U.S. Patent No. 5,540,938 (the “’938 Patent”), “which covered the sustained release of dalfampridine, the active pharmaceutical ingredient in Ampyra.” Pet ¶ 10. Pursuant to the Agreements, Alkermes agreed to license the ’938 Patent to Acorda and manufacture Ampyra exclusively

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for Acorda. Pet ¶¶ 9, 10. In exchange, Acorda agreed to pay Alkermes a “specified royalty rate” of 18 percent and to “purchase a minimum percentage of Ampyra from Alkermes.” Pet ¶ 9. The 18 percent royalty rate was split between the License Agreement, which provided for a 10 percent royalty, and the Supply Agreement, which provided for an 8 percent royalty. *See* Pet. Br. at 10.

After the ’938 Patent expired in July 2018, Acorda contended that “the expiration of the ’938 Patent, at the very least, altered the Agreements’ royalty provisions” and “therefore sought a reduction in the price it was paying to Alkermes for future orders of Ampyra.” *See* Pet ¶ 11. Alkermes disagreed. *See* Pet. Br. at 10. However, Acorda never terminated the Agreements and continued to pay royalties to Alkermes without protest until July 2020. *See id.* at 8. At that point, Acorda formally objected to its ongoing royalty charges under the License Agreement on the basis that those payments violated *Brulotte v. Thys Co.*, 379 U.S. 29, 85 S. Ct. 176, 13 L. Ed. 2d 99 (1964), which held that post-expiry patent leveraging is improper. *See id.* at 6, 11; ECF No. 20 (“Resp. Opp.”) at 7. Acorda’s objection did not reference the Supply Agreement. *See* Resp. Opp. at 7.

2. The Arbitration

i. Pleadings

On July 28, 2020, Acorda commenced arbitration proceedings against Alkermes in the American Arbitration Association’s (“AAA”) International Centre for Dispute

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Resolution (“IDCR”) Tribunal in New York, New York. *See* Pet. ¶¶ 16, 18. The Tribunal consisted of three distinguished, retired judges: the Honorable Robert S. Smith, the Honorable Arthur J. Gajarsa, and the Honorable Jose L. Linares. *See id.* ¶ 18; ECF No. 6-1 (the “Award”) at 2; Resp. Opp. at 7.

Acorda asserted claims for: “(1) declaratory judgment as to whether Alkermes was entitled to patent-licensing royalties after the ’938 Patent expired on July 30, 2018; (2) declaratory judgment as to whether Alkermes was entitled to supply royalties above a fair market rate after July 30, 2018; (3) declaratory relief as to a return of overpayment; (4) unjust enrichment by retaining overpayment; (5) breach of the License Agreement; (6) monopolization in violation of Section 2 of the Sherman Act and the Donnelly Act; (7) attempted monopolization in violation of Section 2 of the Sherman Act and the Donnelly Act; and (8) breach of the implied covenant of good faith and fair dealing.” Pet. ¶ 16. “Acorda sought a ruling from the Tribunal that Alkermes’s ongoing royalty charges violated [*Brulotte*] . . . and that, as a result, Acorda is entitled to a refund of all royalties paid after the expiration of the ’938 Patent.” Pet. ¶ 16.

On August 17, 2020, Alkermes filed an answer, requesting that the Tribunal deny Acorda’s claims. Pet. ¶ 17. Alkermes later filed an amended answer, in which it raised two counterclaims: “(1) correction of inventorship pursuant to 35 U.S.C. § 256; and (2) a declaratory judgment that the unexpired patents must be assigned to Alkermes.” *Id.*

*Appendix B***ii. Motion Practice**

The parties engaged in extensive motion practice in advance of an evidentiary hearing. Acorda filed motions to dismiss Alkermes' counterclaims and for an order permitting all future royalty payments to be held in escrow. *See* Pet. ¶ 19; Award at 4. After those motions were fully briefed and oral argument was held, the Tribunal granted Acorda's motion to dismiss Alkermes' counterclaims and denied Acorda's motion to hold future payments in escrow. *See* Award at 5. Subsequently, the parties engaged in discovery, which was completed on July 23, 2021. *See* Pet. ¶ 19. The parties then filed six motions for summary judgment, which were fully briefed on November 23, 2021. *See* Pet. ¶ 20.

Following oral argument, the Tribunal issued a decision on April 11, 2022 regarding the summary judgment motions, which "(1) dismissed Acorda's claims for breach of contract and breach of the implied covenant of good faith and fair dealing; (2) denied Alkermes's motion as to Acorda's unjust enrichment/restitution claims; (3) denied Acorda's affirmative motion as to its claims for monopolization and attempted monopolization; and (4) granted Alkermes's motion as to Acorda's claims for monopolization and attempted monopolization." Pet. ¶ 21; *see also* Award at 5-6. In their decision, the Tribunal held that any recovery obtained by Acorda in connection with their claims of unjust enrichment and restitution would be limited to the recovery of royalty payments made after Acorda formally raised its *Brulotte* objection to Alkermes. *See* Pet. ¶ 23; ECF No. 6-5 ("SJ Opinion") at 7.

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In so holding, the Tribunal pointed to a “no-refund” clause in the Agreements, and noted that, due to the existence of the clause, it need not address Alkermes’ additional argument that the New York Voluntary Pay Doctrine (“NYVPD”) prevents Acorda from seeking a return on the payments it made between July 2018 and July 2020. *See* SJ Opinion at 11-14.

In pre-hearing briefing, Acorda argued that the Tribunal’s limitation on its requested recovery was improper because, if the Tribunal found that a *Brulotte* violation occurred, then the Agreements would be rendered unenforceable and all improper royalty payments made after the ’938 Patent expired would be recoverable. *See* Pet. ¶ 25. After Alkermes responded and Acorda filed a reply, *see* Pet. ¶ 26-27, the Tribunal rejected Acorda’s argument on May 27, 2022, stating that the Tribunal “already reviewed and rendered a determination on this issue” and thus would “not entertain evidence regarding payments made prior to July 2020 as said payments are no longer pertinent to this Arbitration,” ECF No. 6-9 at 2.

iii. Evidentiary Hearing

The Tribunal held a final evidentiary hearing from June 1, 2022 to June 7, 2022. *See* Pet. ¶ 29. After post-hearing briefs and findings of fact and conclusions of law were filed, closing arguments were held on September 7, 2022. *See* Award at 6.

*Appendix B***iv. The Award**

On October 13, 2022, the Tribunal issued the Award, which spanned 23 pages.¹ *See* Award. The Tribunal held that Alkermes’ royalty charges post-dating the expiration of the ’938 Patent violated *Brulotte*, and that the Agreements providing for those payments were thus unenforceable. *See id.* at 9-11 (“[In *Brulotte*], the Supreme Court explicitly held that ‘use of a royalty agreement that projects beyond the expiration date of the patent is unlawful *per se*’ . . . [and] [t]he conduct that the Supreme Court prohibited in 1964 is precisely what took place in the transaction between the Parties here . . . [thus] these post-patent royalties charged by Alkermes are ‘unlawful *per se*’ and are not enforceable.”); *id.* at 11-15 (finding no *Brulotte* exceptions apply).

However, the Tribunal limited Acorda’s “ability to recover unjust enrichment/restitution damages [to] all payments it made under protest.” *Id.* at 18. As such, it awarded Acorda \$16,554,267, which constituted the royalty payments it made under the License Agreement, after it formally protested those payments. *See id.* at 19 (“[While] [a]ll of the payments Acorda made after the ’938 Patent expired were improper as Alkermes was no longer to entitled to any royalty payments . . . [u]nder the NYVPD, payments that are made with full knowledge of the facts, even if made under mistake of law are not recoverable.”) (internal citations and quotation marks

1. The Award was modified on November 7, 2022 to correct a clerical error. *See* Pet. at 1; Award.

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omitted). The Tribunal did not award Acorda any damages under the Supply Agreement because, in its “July 2020 protest letter[,] Acorda explicitly only referenced the License Agreement” and “never formally protested the payments it made under the Supply Agreement.” *Id.* at 20. The Tribunal acknowledged that “while it is true that the Tribunal has concluded that the License and Supply Agreement are so intertwined that they must be treated as a single agreement for purposes of the unenforceability analysis above . . . New York’s law requires the protest to be in writing and explicit as to the rights being asserted and/or preserved.” *Id.*

Accordingly, the Tribunal awarded Acorda the \$16,554,267 in royalty payments that it held Acorda was owed under the License Agreement with 9 percent pre-judgment interest of \$1,689,528.49 and \$13,219.67 in arbitration costs. *See id.* at 22-23. “Alkermes has paid the sums awarded in the Award.” Pet. ¶ 40.

B. Procedural History

On January 10, 2023, Acorda filed this petition to: (1) “[m]odify[] the Award, in part, pursuant to 9 U.S.C. §§ 10-12, to rectify that portion of the Award in which the Tribunal manifestly disregarded applicable law by giving effect to the unlawful and unenforceable Agreements by allowing Acorda to recover the royalties paid under the License Agreement during the period July 2018 through July 2020, and the royalties paid under the Supply Agreement after July 2018”; (2) “[c]onfirm[] and recogniz[e] the Award, as modified pursuant to th[e]

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Petition, pursuant to 9 U.S.C. § 207”; and (3) “[e]nter[] judgment in Acorda’s favor and against Alkermes in the amount of the Award, as modified pursuant to th[e] Petition to include the \$65,629,716 in damages . . . that the Tribunal improperly excluded from the Award, with pre-and post-award interest and costs as provided therein and as authorized by law, plus the costs of this proceeding.” Pet. ¶ 52. On February 8, 2023, Alkermes filed an opposition to Acorda’s petition, in which it asked the Court to “deny the petition, reject any modification, and confirm the Award.” *See* Resp. Opp. at 7. Acorda filed a reply in support of its petition on February 22, 2023. *See* ECF No. 28 (“Pet. Reply”).²

LEGAL STANDARD**A. The FAA and New York Convention**

Both the FAA and the New York Convention are implicated in this case: the FAA because the Award was entered in the United States, and the New York Convention because one of the parties, Alkermes, is a foreign corporation. *See* Pet ¶¶ 1-4; ECF No. 5 at 2; *Beijing Shougang Mining Inv. Co. v. Mongolia*, 11 F.4th 144, 159 (2d Cir. 2021); *Scandinavian Reins. Co. v. Saint Paul Fire & Marine Ins. Co.*, 668 F.3d 60, 71 (2d Cir. 2012) (hereinafter “*Scandinavian Re*”); *Zeiler v. Deutsch*, 500 F.3d 157, 164 (2d Cir. 2007).

2. The Court granted the parties’ requests for extensions on their respective deadlines to file their opposition and reply briefs. *See* ECF No. 11.

*Appendix B***B. Standard of Review**

“The role of a district court in reviewing an arbitration award is ‘narrowly limited.’” *Kolel Beth Yechiel Mechil of Tartikov, Inc. v. YLL Irrevocable Trust*, 729 F.3d 99, 103 (2d Cir. 2013) (hereinafter “*Kolel Beth*”) (quoting *Tempo Shain Corp. v. Bertek, Inc.*, 120 F.3d 16, 19 (2d Cir. 1997)). Although the FAA empowers the Court to “confirm and/or vacate the award, either in whole or in part . . . a petition brought under the FAA is not an occasion for *de novo* review of an arbitral award,” *Scandinavian Re*, 668 F.3d at 71 (internal quotation marks omitted), nor an occasion for the court to conduct a “reassessment of the evidentiary record,” *Wallace v. Buttar*, 378 F.3d 182, 193 (2d Cir. 2004); see also *Scinto v. Life Ins. Co. of North Am.*, 20 F. App’x 45, 47 (2d Cir. 2001) (“An arbitrator’s error in fact finding does not provide a grounds for reversal”).

Instead, “arbitration panel determinations are generally accorded great deference under the FAA.” *Tempo Shain*, 120 F.3d at 19; see also *Porzig v. Dresdner, Kleinwort, Benson, N. Am. LLC*, 497 F.3d 133, 138 (2d Cir. 2007) (“This Court has repeatedly recognized the strong deference appropriately due [to] arbitral awards and the arbitral process, and has limited its review of arbitration awards in obeisance to that process.”). The purpose of such deference is to vindicate the “twin goals of arbitration, namely settling disputes efficiently and avoiding long and expensive litigation.” *Kolel Beth*, 729 F.3d at 103 (quoting *Telenor Mobile Commc’ns AS v. Storm LLC*, 584 F.3d 396, 405 (2d Cir. 2009)) (internal quotation marks omitted).

*Appendix B***C. Grounds to Confirm, Modify, or Vacate Under the FAA**

Under the FAA, “any party to the arbitration may apply to the court so specified for an order confirming the award, and thereupon the court must grant such an order unless the award is vacated, modified, or corrected as prescribed in sections 10 and 11 of this title.” 9 U.S.C. § 9. Generally, a district court may vacate an arbitral award “only upon finding a violation of one of the four statutory bases [enumerated in the FAA],³ or, more rarely, if [the court] find[s] a panel has acted in manifest disregard of the law.”⁴ *Porzig*, 497 F.3d at 139; *see also Kellner v.*

3. The four statutory bases for vacatur are: “(1) where the award was procured by corruption, fraud, or undue means; (2) where there was evident partiality or corruption in the arbitrators, or either of them; (3) where the arbitrators were guilty of misconduct in refusing to postpone the hearing, upon sufficient cause shown, or in refusing to hear evidence pertinent and material to the controversy; or of any other misbehavior by which the rights of any party have been prejudiced; or (4) where the arbitrators exceeded their powers, or so imperfectly executed them that a mutual, final, and definite award upon the subject matter submitted was not made.” 9 U.S.C. § 10(a).

4. The Supreme Court has cast doubt on the ongoing viability of the manifest disregard doctrine. *See Hall St. Assocs., L.L.C. v. Mattel, Inc.*, 552 U.S. 576, 584-91, 128 S. Ct. 1396, 170 L. Ed. 2d 254 (2008) (holding that §§ 10 and 11 of the FAA specify the exclusive grounds for vacating, modifying, or correcting an arbitration award); *cf. Stolt-Nielsen S.A. v. AnimalFeeds Int’l Corp.*, 559 U.S. 662, 672 n. 3, 130 S. Ct. 1758, 176 L. Ed. 2d 605 (2010) (“We do not decide whether ‘manifest disregard’ survives our decision in [*Hall Street Associates*] as an independent ground for review or as a judicial gloss on the enumerated grounds for vacatur set forth at 9 U.S.C. § 10.”).

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Amazon, No. 22-734, 2023 U.S. App. LEXIS 4621, 2023 WL 2230288, at *1 (2d Cir. Feb. 27, 2023) (summary order); *T.Co Metals, LLC v. Dempsey Pipe & Supply, Inc.*, 592 F.3d 329, 339-40 (2d Cir. 2010); *Wallace*, 378 F.3d at 189.

“A litigant seeking to vacate an arbitration award based on alleged manifest disregard of the law bears a heavy burden, as awards are vacated on grounds of manifest disregard only in those exceedingly rare instances where some egregious impropriety on the part of the arbitrator is apparent.” *Smarter Tools Inc. v. Chongqing SENCI Imp. & Exp. Trade Co.*, 57 F.4th 372, 383 (2d Cir. 2023) (quoting *T.Co*, 592 F.3d at 339); *see also DiRussa v. Dean Witter Reynolds Inc.*, 121 F.3d 818, 821 (2d Cir. 1997) (“[T]he manifest disregard standard . . . gives extreme deference to arbitrators.”). The party seeking vacatur must establish that: “(1) the arbitrators knew of a governing legal principle yet refused to apply it or ignored it altogether, and (2) the law ignored by the arbitrators was well-defined, explicit, and clearly applicable to the case.” *Smarter Tools Inc.*, 57 F.4th at 383 (quoting *Porzig*, 497 F.3d at 139).

“A federal court cannot vacate an arbitral award merely because it is convinced that the arbitration panel made the wrong call on the law.” *Wallace*, 378 F.3d at 190. Indeed, “[o]nly a barely colorable justification for the outcome reached by the arbitrators is necessary to confirm

Nevertheless, the Second Circuit has concluded that the doctrine has survived. *See Sutherland Glob. Servs., Inc. v. Adam Techs. Int’l SA de C.V.*, 639 F. App’x 697, 699 (2d Cir. 2016); *T.Co*, 592 F.3d at 340.

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the award,” *D.H. Blair & Co., Inc. v. Gottdiener*, 462 F.3d 95, 110 (2d Cir. 2006), even if the “court[] disagree[s] with it on the merits.” *Wallace*, 378 F.3d at 190. “A ‘barely colorable justification’ exists so long as the arbitrators had reasoning on which they ‘could have justifiably rested their decision.’” *Smarter Tools Inc.*, 57 F.4th at 383 (quoting *Willemijn Houdstermaatschappij, BV v. Standard Microsystems Corp.*, 103 F.3d 9, 13-14 (2d Cir. 1997)) (“finding that an offered justification satisfied the ‘barely colorable’ standard because it presented no error ‘that an average person qualified to serve as an arbitrator should have instantaneously perceived and corrected’”). However, “[t]he arbitrator’s rationale for an award need not be explained, and the award should be confirmed if a ground for the arbitrator’s decision can be inferred from the facts of the case.” *D.H. Blair & Co.*, 462 F.3d at 110 (internal citations and quotation marks omitted).

Additionally, the court may only modify or correct an arbitral award: (1) “[w]here there was an evident material miscalculation of figures or an evident material mistake in the description of any person, thing, or property referred to in the award; (2) “[w]here the arbitrators have awarded upon a matter not submitted to them, unless it is a matter not affecting the merits of the decision upon the matter submitted;” or (3) “[w]here the award is imperfect in matter of form not affecting the merits of the controversy.” 9 U.S.C. § 11.

*Appendix B***DISCUSSION****A. Modification of the Award**

Acorda argues that the Award should be modified in part, but it does not assert any of the FAA's statutory bases for modification. *See* 9 U.S.C. § 11. Rather, Acorda argues that the Tribunal “manifestly disregarded applicable and preemptive federal law.” Pet. Br. at 6. However, since the Supreme Court cast doubt on the ongoing viability of the manifest disregard doctrine in *Hall St. Assocs., L.L.C.*, 552 U.S. at 584-91, the doctrine has only been recognized by the Second Circuit as a basis for vacatur, not modification. *See e.g., Sutherland Glob. Servs., Inc.*, 639 F. App'x at 699 (“[A]s judicial gloss on the specific grounds for vacatur of arbitration awards in the FAA, an arbitrator’s manifest disregard of the law or of the terms of the arbitration agreement remains a valid ground for vacating arbitration awards.”) (internal citations and quotation marks omitted); *cf. Berkowitz v. Gould Paper Corp.*, No. 21 Civ. 6582 (VEC), 2022 U.S. Dist. LEXIS 6533, 2022 WL 118232, at *2 (S.D.N.Y. Jan. 12, 2022) (finding petitioner’s attempt to “confirm the arbitration award’s finding of age discrimination but vacate damages through what he has termed a petition to modify” was “inappropriate” “gamesmanship”); *Josephthal & Co. v. Cruttenden Roth Inc.*, 177 F. Supp. 2d 232, 239 (S.D.N.Y. 2001) (“‘Manifest disregard of the law,’ which JCI has asserted here, will simply never justify a request to modify an arbitration award, only as grounds to vacate.”). In any event, the Court finds that the Tribunal did not manifestly disregard the law.

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Acorda asserts two arguments in support of its claim that the manifest disregard standard has been met. First, Acorda argues that “the Tribunal manifestly disregarded the law by invoking state law,” which “allow[ed] Alkermes to retain illegal royalty payments that it demanded after expiration of its patent” and “upend[ed] the entire framework governing the Patent Act as set forth in *Brulotte* and its progeny.” Pet. Br. at 8 (citing *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 152, 165, 109 S. Ct. 971, 103 L. Ed. 2d 118 (1989)). Second, Acorda argues that “by allowing Alkermes to keep the tens of millions of dollars in royalty payments it demanded and collected after the expiration of its patent, the Award also gives effect to licensing agreements that the Tribunal (and Supreme Court) determined were illegal” and “therefore violates the fundamental rule that ‘no court will lend its assistance in any way towards carrying out the terms of an illegal contract.’” Pet. Br. at 8-9 (citing *Kaiser Steel Corp. v. Mullins*, 455 U.S. 72, 77, 102 S. Ct. 851, 70 L. Ed. 2d 833 (1982); *Fleetwood Servs., LLC v. Ram Cap. Funding, LLC*, No. 20 Civ. 5120 (LJL), 2022 U.S. Dist. LEXIS 148032, 2022 WL 3536128, at *6 (S.D.N.Y. Aug. 17, 2022)). Neither argument meets the standard for manifest disregard.

In *Brulotte*, the defendants-petitioners were sued by plaintiff-respondent after they “refused to make royalty payments accruing both before and after the expiration of [plaintiff-respondent’s] patents.” 379 U.S. at 30. During the litigation, the defendants-petitioners asserted an affirmative defense of “misuse of the patents through extension of the license agreements beyond the expiration

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date of the patents.” *Id.* The trial court ruled in favor of the plaintiff-respondent, and the Supreme Court of Washington affirmed. *Id.* The Supreme Court “reversed [the judgment below] insofar as it allows royalties to be collected which accrued after the last of the patents incorporated into the machines had expired.” *Id.* As a result, the defendants-petitioners did not owe the plaintiff-respondent its unpaid royalties from the period after the subject patent expired. *Id.*

This case presents a different set of facts. While the Agreements similarly provided for royalty payments after the expiration of the ’938 Patent, Acorda -- unlike the defendants-petitioners in *Brulotte* -- continued to pay Alkermes over \$80 million in royalties for years after the expiration of the ’938 Patent. *See* Pet. Br. at 8. As a result, Alkermes does not seek to recover unpaid royalties, like the plaintiff-respondent in *Brulotte* had. Instead, Acorda commenced arbitration proceedings to obtain a refund of their payments. *See* Pet. ¶ 52.

Accordingly, the Tribunal held that *Brulotte* rendered the Agreements unenforceable but did not dictate whether the royalties that had already been paid by Acorda needed to be refunded. *See* Award at 19; SJ Opinion at 14. Indeed, *Brulotte* and its progeny do not provide clear guidance on whether royalties that have already been paid under offending contracts are recoverable. *See Kimble v. Marvel Ent., LLC*, 576 U.S. 446, 446, 135 S. Ct. 2401, 192 L. Ed. 2d 463 (2015) (“[*Brulotte*] held that the post-patent royalty provision was ‘unlawful per se.’”); *Brulotte*, 379 U.S. at 34 (holding that the parties’ licensing agreement that

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provided for post-expiry royalties was “unenforceable”); Resp. Opp. at 24 (“Acorda has not cited any case law to this Court holding that *Brulotte* itself requires a refund of post-expiration royalties.”). As such, this Court cannot conclude that the Tribunal refused to apply a clear legal principle on that issue.

Without a bright-line rule, it appears that the Tribunal looked elsewhere for guidance on whether Acorda’s royalties should be refunded. In its summary judgment decision, the Tribunal focused on the language of the Agreements’ “no-refund” clause and held that, under that clause, payments that were made voluntarily (*i.e.*, not under protest) should not be refunded. *See* SJ Opinion at 13-15. The Tribunal further noted that the “NYVPD might [similarly] preclude any refund remedy for payments by Acorda that were made voluntarily,” but it did not reach that argument given the “no-refund” provision alone “rendered such a refund unavailable.”⁵ *Id.* at 13-14. After receiving additional pre-hearing briefing from the parties on this issue, the Tribunal denied Acorda’s request for reconsideration, holding that it “already reviewed and rendered a determination on this issue.” ECF No. 6-9 at 2. In the Award, the Tribunal reiterated its holding that payments made without protest would not be refunded by relying on the NYVPD. *See* Award at 19 (“Under the NYVPD, payments that are ‘made with full knowledge of the facts, even if made under mistake of law’ are not recoverable.” (citing *Dillon v. U-A Columbia Cablevision*

5. Contrary to Acorda’s suggestion, the Tribunal did *not* “squarely reject” Alkermes’ attempt to rely on the NYVPD in its summary judgment decision. *See* Pet. Br. at 21; SJ Opinion at 13-14.

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of *Westchester, Inc.*, 292 A.D.2d 25, 26, 740 N.Y.S.2d 396 (2d Dep't 2002)).

The Tribunal's reliance on these sources and ultimate decision to not award restitution for payments made without protest is further supported by some district courts' post-*Brulotte* holdings that that royalties paid after the expiration of a patent should not be refunded. See Resp. Br. at 23 (citing *Zila, Inc. v. Tinnell*, No. 2:00-cv-1345 (KJD), (D. Nev. Apr. 22, 2004), ECF No. 172, *rev'd and remanded on other grounds*, 502 F.3d 1014 (9th Cir. 2007), in which the district court found that royalties paid under an agreement rendered unenforceable by *Brulotte* should not be refunded because "a party has no claim in restitution for performance that he has rendered . . . in return for a promise that is unenforceable on grounds of public policy" (citing Restatement (Second) of Contracts § 197 (1981)), and *Tessera, Inc. v. Toshiba Corp.*, 15 Civ. 2543 (BLF), 2019 U.S. Dist. LEXIS 184355, 2019 WL 5395158, at *6 (N.D. Cal. Oct. 22, 2019), in which the district court rejected the defendant's "counterclaim for refund" of royalties under *Brulotte* because "*Brulotte* would only exclude [an] affirmative claim for unpaid royalties due after expiration of a patent"); cf. *MedImmune, LLC v. PDL BioPharma, Inc.*, No. 08-5590 (JF) (HRL), 2011 U.S. Dist. LEXIS 1721, 2011 WL 61191, at *22-23 (N.D. Cal. Jan. 7, 2011) (holding petitioner was not entitled to restitution of royalty payments based on an invalidated patent).

Acorda's new argument that the NYVPD is pre-empted by federal patent law -- which was not specifically raised before the Tribunal and fails for that additional

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reason -- does not change this outcome, given *Brulotte* and its progeny have not clearly articulated a rule on the refund of royalties. *See* Resp. Opp. at 25-26; ECF Nos. 6-4, 6-6; *Wallace*, 378 F.3d at 197 (“[Because] the Panel had no argument before it to the effect that punitive damages could not be awarded . . . we find no basis for holding that this portion of the Award was based on a manifest disregard of the law.”). Nor does Acorda’s argument that the Tribunal manifestly disregarded the law by giving effect to an illegal contract hold weight. As noted, the Tribunal held that *Brulotte* did, in fact, render the Agreements unenforceable. *See* Award at 18. The Tribunal’s decision to limit restitution to payments made under protest is not equivalent to upholding the Agreements. Therefore, Acorda’s petition to modify the Award in part is denied.

B. Confirmation of the Award

Acorda “has not asserted any separate arguments in opposition to the confirmation order, and an arbitration award should be confirmed where, as here, there are no grounds for modification or vacatur.” *Kellner*, 2023 U.S. App. LEXIS 4621, 2023 WL 2230288, at *3 (citing 9 U.S.C. § 9). Thus, the Award is confirmed in its entirety.

CONCLUSION

In sum, Acorda has failed to establish that the Tribunal manifestly disregarded the law in rendering the Award. Accordingly, Acorda’s petition to modify the Award in part is denied and the Award is confirmed in its

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entirety. The Clerk of Court is respectfully instructed to enter judgment for respondent and close the case.

SO ORDERED.

Dated: New York, New York
August 4, 2023

/s/ Naomi Reice Buchwald
NAOMI REICE BUCHWALD
UNITED STATES DISTRICT JUDGE

**APPENDIX C — RELEVANT CONSTITUTIONAL
AND STATUTORY PROVISIONS**

U.S. Const. Art. I, § 8, cl. 8

Section 8, Clause 8. Patents and Copyrights

The Congress shall have Power . . . To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries.

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U.S. Const. Art. VI, cl. 2

This Constitution, and the Laws of the United States which shall be made in Pursuance thereof; and all Treaties made, or which shall be made, under the Authority of the United States, shall be the supreme Law of the Land; and the Judges in every State shall be bound thereby, any Thing in the Constitution or Laws of any State to the Contrary notwithstanding.

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9 U.S.C.A. § 10. Same; vacation; grounds; rehearing

(a) In any of the following cases the United States court in and for the district wherein the award was made may make an order vacating the award upon the application of any party to the arbitration--

(1) where the award was procured by corruption, fraud, or undue means;

(2) where there was evident partiality or corruption in the arbitrators, or either of them;

(3) where the arbitrators were guilty of misconduct in refusing to postpone the hearing, upon sufficient cause shown, or in refusing to hear evidence pertinent and material to the controversy; or of any other misbehavior by which the rights of any party have been prejudiced; or

(4) where the arbitrators exceeded their powers, or so imperfectly executed them that a mutual, final, and definite award upon the subject matter submitted was not made.

(b) If an award is vacated and the time within which the agreement required the award to be made has not expired, the court may, in its discretion, direct a rehearing by the arbitrators.

(c) The United States district court for the district wherein an award was made that was issued pursuant to section 580 of title 5 may make an order vacating the

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award upon the application of a person, other than a party to the arbitration, who is adversely affected or aggrieved by the award, if the use of arbitration or the award is clearly inconsistent with the factors set forth in section 572 of title 5.

*Appendix C***9 U.S.C. § 11. Same; modification or correction;
grounds; order**

In either of the following cases the United States court in and for the district wherein the award was made may make an order modifying or correcting the award upon the application of any party to the arbitration--

- (a) Where there was an evident material miscalculation of figures or an evident material mistake in the description of any person, thing, or property referred to in the award.
- (b) Where the arbitrators have awarded upon a matter not submitted to them, unless it is a matter not affecting the merits of the decision upon the matter submitted.
- (c) Where the award is imperfect in matter of form not affecting the merits of the controversy. The order may modify and correct the award, so as to effect the intent thereof and promote justice between the parties.

**APPENDIX D — OPINION AND ORDER OF THE
AMERICAN ARBITRATION ASSOCIATION,
FILED APRIL 11, 2022**

**BEFORE THE AMERICAN ARBITRATION
ASSOCIATION**

AAA Arbitration No. 01-20-0010-8421

ACORDA THERAPEUTICS, INC.,

Claimant,

v.

ALKERMES PLC,

Defendants.

Filed January 10, 2023

**OPINION AND ORDER (ORDER #23) REGARDING
MOTIONS FOR SUMMARY JUDGMENT**

This matter comes before the Tribunal (Hon. Jose L. Linares, Hon. Arthur J. Gajarsa, and Hon. Robert S. Smith presiding) by way of the Parties' six competing Motions for Summary Judgment.¹ Specifically, Acorda filed one combined Motion for Summary Judgment seeking the following relief: 1) judgment that Alkermes is liable for Unlawful Monopolization; and 2) a ruling that

1. While the Parties were granted leave to file a total of six distinct Motions for Summary Judgment, they were also permitted to combine said Motions in any manner they deemed appropriate. In doing so, the Parties have filed three sets of opening briefs; one by Acorda and two by Alkermes.

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contract and/or quasi-contract damages remain available to Acorda. (*See generally* Acorda’s Opening Brief in Support of Motion for Summary Judgment (“Acorda Mov. Br.”)). Alkermes filed two separate Motions for Summary Judgment, wherein it combined similar issues. Alkermes’ first Motion for Summary Judgment relates to Acorda’s antitrust claims and seeks dismissal of Acorda’s Counts VI and VII. (*See generally* Alkermes’ Opening Brief in Summary of Motion for Summary Judgment as to Acorda’s Antitrust Claims (“Alkermes. AT Mov. Br.”)). Additionally, Alkermes filed a separate Motion for Summary Judgment as to all of Acorda’s other claims, seeking the following relief: 1) judgment that Acorda is not entitled to a refund of payments made pursuant to the License Agreement; 2) dismissal of Acorda’s breach of contract claim; 3) dismissal of Acorda’s breach of the implied covenant of good faith and fair dealing claim; and 4) dismissal of Acorda’s unjust enrichment claim. (*See generally* Alkermes’ Opening Brief in Support of Motion for Summary Judgment as to Acorda’s Non-Antitrust Claims (“Alkermes’ Non-AT Mov. Br.”)).

Oppositions and Replies have been submitted and all of the aforementioned Motions were fully briefed on November 23, 2021. The Tribunal has reviewed the parties’ respective positions, entertained oral argument on March 4, 2022, and conferred. For the reasons set forth below, the Tribunal **GRANTS IN PART** and **DENIES IN PART** the Parties’ pending Motions for Summary Judgment.

*Appendix D***I. BACKGROUND²****A. The Parties' Relationship**

As this Tribunal has previously recognized, this Arbitration centers around the Parties' License and Supply Agreements, which were executed in 2003, covering the multiple sclerosis drug Ampyra®. (SMF ¶¶ 1-2, 5). Specifically, Alkermes is the owner of the now-expired U.S. Patent No. 5,540,938 (" '938 Patent"). (SMF ¶ 11). The '938 Patent claimed the basic molecular formula for the drug Ampyra® until it expired in 2018. (Id.). The expiration of the '938 Patent caused this previously harmonious business relationship to deteriorate.

Indeed, before the '938 Patent expired, the Parties had a relatively healthy contractual relationship. Pursuant to the License Agreement, Acorda was the exclusive licensee of the '938 Patent, which allowed it to research and develop what ultimately became Ampyra® in 2010. (SMF ¶¶ 4, 34, Acorda SMF ¶¶ 6-7). In exchange for that license, Acorda was to pay Alkermes a 10% royalty rate of the Net Sale Price ("NSP") of any product sold that was encompassed by the License Agreement. (Acorda SMF ¶ 9). Moreover, pursuant to the Supply Agreement,

2. This background is derived from the Parties' Joint Statement of Undisputed Material Facts and shall be cited as "SMF" followed by the appropriate paragraph number(s). Any undisputed material facts adopted by the Tribunal from the Parties' separate Statements of Undisputed Material Facts shall be cited as "Acorda SMF" or "Alkermes AMF" followed by the appropriate paragraph number(s).

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Acorda was to purchase certain quantities of Ampyra® from Alkermes and was to pay Alkermes 8% of the NSP. (Acorda SMF ¶ 12).

The parties operated under these Agreements up through the expiration of the '938 Patent without issue. The business relationship was proceeding seemingly well that, in 2016, the Parties entered into an “extension agreement,” which purportedly extended the life of the License Agreement by an additional five year. (Alkermes SMF ¶ 7). The landscape, however, changed upon the expiration of the '938 Patent on June 30, 2018. Sometime thereafter, relying on the terms of the License Agreement, Acorda contended that the License Agreement terminated pursuant to Section 12.5.1.³ (Acorda SMF ¶ 15).

Upon the expiration of the '938 Patent, Acorda also contended that it was no longer required to pay the aforementioned royalties in their current form. Despite certain conversations regarding the royalty rate, Acorda did not terminate the contract, nor has it done so to date. (Alkermes SMF ¶ 9). Rather, Acorda continued to place orders for Ampyra® and continued to make royalty payments pursuant to the Agreements. (Alkermes SMF ¶¶ 10, 27). Indeed, Acorda, despite having discussed the issues of the post-expiration royalties with Alkermes, continued to make royalty payments until July of 2020 when it made its royalty payment under protest. (Alkermes SMF ¶ 27).

3. Section I.B *infra* has a complete list and discussion regarding the pertinent contractual provisions from both the License and Supply Agreements.

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It was only then that Acorda advised Alkermes that it believed the stated royalty rates were improper, illegal, and a violation of *Brulotte v Thys Co.*, 379 U.S. 29, 32 (1964), . (Acorda SMF ¶ 23). Acorda contended, and continues to assert, that “Alkermes’ Supply Prices far exceeded competitive prices.” (Id.). Nonetheless, Acorda continued, and still continues, to order Ampyra® from Alkermes and pay the royalties pursuant to the License and Supply Agreements. (Alkermes SMF ¶ 36). Acorda maintains that it continued the business relationship because it “ha[d] no choice. [Acorda] must either retain Alkermes as virtually the sole-supplier for dalfampridine, or lose its rights to market and distribute Ampyra.” (Acorda’s response to Alkermes SMF ¶ 36).

B. License and Supply Agreements

This section outlines the provisions of the License and Supply Agreements that are central to this dispute.

The entirety of Article 2 defines the license granted to Acorda under the License Agreement. (*See* Acorda Ex. 8, at Article 2). Article 5.6, and more specifically Article 5.6.1, provides that Acorda shall pay Alkermes 10% of the NSP for all products sold by Acorda which are covered by any Elan Patent⁴ with a valid claim. (*See id.* at Article 5.6.1). Article 5.6.1 of the License Agreement also sets forth the valid time period for the Agreement. (*See id.* at Article 5.6.1).

4. Elan is Alkermes’ predecessor. Hence, any “Elan Patent” is now an Alkermes patent, including the ’938 Patent.

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Article 5.8 of the License Agreement states that there will be no refunds of any royalties paid by Acorda. (*See id.* at Article 5.8). Article 5.8 also notes that the no refund provision is subject to Article 5.9.5 of the License Agreement, which allows for a two-year look-back audit procedure. (*See id.*; *id.* at Article 5.9.5). Moreover, Article 5.9.7 establishes a procedure for the royalty rate to be reduced when necessary to conform “to the highest legally permissible or government-approved rate.” (*See id.* at Article 5.9.7). Lastly, Article 12.5.1.1 of the License Agreement sets forth the conditions for terminating the Agreement. (*See id.* at Article 12.5.1.1).

The Supply Agreement was made as essentially an extension of the License Agreement. (*See* Acorda Ex. 9, at “RECITALS” (“[Alkermes] and Acorda are desirous of entering into this Agreement to give effect to the arrangements described at Recitals (A) and (B)”). Clause 7.2 of the Supply Agreement limits Acorda’s ability to purchase its supply of Ampyra® from a secondary source to a maximum of 25%. (*See id.* at Clause 7.2; Clause 7.2.1). Thus, Acorda is required to purchase at least 75% of its annual supply of Ampyra® from Alkermes. (*Id.*). Finally, Clause 9.3.1 requires Acorda to pay an additional 8% royalty on its sale of Ampyra®. (*See id.* at Clause 9.3.1).

C. Procedural Posture

Acorda filed the subject Demand for Arbitration asserting the following claims: 1) Declaratory Judgment as to whether Alkermes is Entitled to Patent-Licensing Royalties after July 30, 2018; 2) Declaratory Judgment

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as to whether Alkermes is Entitled to Supply Royalties Above a Fair Market Rate after July 30, 2018; 3) Declaratory Relief as to a Return of Overpayment; 4) Unjust Enrichment by Retaining Overpayment; 5) Breach of the Amended and Restated License Agreement; 6) Monopolization in Violation of Section 2 of the Sherman Act and the Donnelly Act (New York law); 7) Attempted Monopolization in Violation of Section 2 of the Sherman Act and the Donnelly Act (New York law); and 8) Breach of the Implied Covenant of Good Faith and Fair Dealing. (*See generally* Acorda Demand for Arbitration). Ultimately, Acorda seeks a ruling from this Tribunal that Alkermes' ongoing royalty charges are, and have been, a violation of *Brulotte*, such that it is entitled to a refund of all royalties paid, or at the very least, a refund of some royalties based on an adjusted royalty rate. (Id.).

By way of Answer and Affirmative Defenses, Alkermes denied any wrongdoing and asserted various Counterclaims. (*See generally* Alkermes' Answering Statement). Alkermes' Counterclaims were dismissed by the Tribunal on July 2, 2021. (*See* Opinion and Order #13). Thus, the only remaining claims in this Arbitration belong to Acorda.

D. The Pending Motions

The six Motions for Summary Judgment currently before the Tribunal fall into two general categories: 1) those pertaining to *Brulotte* and antitrust violations; and 2) those sounding in contract. This is how the Parties have intelligently organized their Motions. Therefore, this is how the Tribunal will address the respective Motions.

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Before addressing each argument in detail, the Tribunal believes it is important to frame the issues, both those at large in the Arbitration and those relevant to the Summary Judgment Motions.

At the heart of this dispute is *Brulotte*, in which the United States Supreme Court held that “use of a royalty agreement that projects beyond the expiration date of the patent is unlawful *per se*.” The Supreme Court declined to overrule *Brulotte* in *Kimble v Marvel Entertainment, LLC*, 576 U.S. 446 (2015). Acorda asserts, and Alkermes denies, that the license agreement between the parties here violates *Brulotte*. However, neither side has moved for summary judgment on that issue. The motions now before us are concerned with secondary issues: whether, assuming a *Brulotte* violation has occurred, (1) Acorda may recover royalties it has already paid to Alkermes, and (2) Acorda’s antitrust claims against Alkermes have merit.

For the reasons that follow, the Tribunal holds that Acorda may be entitled to a remedy, but only as to royalty payments that were made under protest, and dismisses Acorda’s antitrust claims.

II. LEGAL STANDARD

The parties are in agreement over the appropriate summary judgment standard. (*Compares* Acorda Mov. Br. at 8 *with* Alkermes Non-AT Mov. Br. at 7).⁵ Briefly,

5. The Tribunal’s use of one Party’s cited case law over the other’s is no indication of how the Tribunal intends on ruling. Rather, this selection was made based on the Tribunal’s preference for certain language.

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summary judgment is appropriate “if the moving party can show that there is no genuine issue of material fact [such that] the moving party is entitled to judgment as a matter of law.” *AIU N. Am., Inc. v. Cassie Franco Neerlandise de Cautionnements*, 72 F. Supp. 2d 350, 353 (S.D.N.Y. 1999). If the moving party carries this burden, then the non-moving bears the burden of highlighting “specific facts showing a genuine issue for trial.” *Gen. Ins. Co. of Am. v. Starr Indem. & Liab. Co.*, 2016 WL 4120635, at *4 (S.D.N.Y. July 22, 2016). The Tribunal must grant “summary judgment, ... against a party who fails to make a showing sufficient to establish the existence of an element essential to that party’s case, and on which that party will bear the burden of proof at trial.” *Celotex Corp. v. Catrett*, 477 U.S. 317, 322 (1986).

III. DISCUSSION⁶

As noted above, this Opinion and Order resolves the pending Motions by category of argument. The Tribunal will first address the contract related arguments and then address the *Brulotte* and antitrust arguments.

6. The Parties’ arguments in favor and in opposition of the various summary judgment motions are frequently the same argument based on the each Party’s respective position with respect to the particular issued being argued; *i.e.*, movant or opponent. As such, the Tribunal shall cite to the various moving and opposing briefs as it deems fit. However, citation to one Party’s brief or recited case law should not be interpreted as an adoption of that Party’s position. Instead, this decision is based on the Tribunal’s preference and the clarity of a particular statement or legal theory.

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Acorda's non-antitrust claims all stem from the ongoing royalties that Acorda has paid since the '938 Patent expired. Acorda generally advances two related theories as to why it should be entitled to recoup these payments. First, Acorda believes that Alkermes breached the Parties' License and Supply Agreements by charging Acorda a royalty after the expiration of the '938 Patent, such that it is entitled to contractual damages. Next, Acorda also claims it is entitled to a refund of the payments based on the precise language of the License and Supply Agreements and the unenforceability of certain Articles and Clauses.

A. Contract Claims⁷

The parties contract based summary judgment arguments are as follows. Alkermes asserts that there has been no breach of contract and therefore no contract or quasi-contract damages are available. (*See* Alkermes Non-AT Mov. Br. at 24-30). Moreover, consistent with this theory Alkermes argues Acorda's demand for a refund is barred by the language of the License Agreement and the New York Voluntary Pay Doctrine. (*Id.* at 8-22). On the other hand, Acorda maintains that Alkermes' refusal to adjust the royalty rate after the '938 Patent expired is a breach of contract such that it is entitled to judgment as a matter of law that contract and quasi-contract damages remain available. (*See* Acorda Mov. Br. at 24-30). The Tribunal addresses each argument separately below.

7. Pursuant to the express terms of the License and Supply Agreements, and as this Tribunal has previously found, the Agreements are to be interpreted pursuant to New York law. (*See* Order #3 at 2).

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First, the Tribunal concludes that there was no breach of the License Agreement. As Acorda correctly states, “[t]he fundamental principle of contract damages is that ‘a party injured by a breach is entitled to recover damages that are the natural and probable consequences of the breach.’” (Acorda Mov. Br. at 21 (quoting *APL Co. PTE v. Blue Water Shipping U.S. Inc.*, 595 F.3d 108, 111 (2d Cir. 2010) (emphasis added))). Accordingly, in order for Acorda to prevail on this part of its summary judgment motion this Tribunal must conclude that a breach of contract occurred.

A review of the record leads to the opposite result. The record shows that, when read together, the License and Supply Agreements required Acorda to purchase at least 75% of its supply of Ampyra® from Alkermes and pay a combined royalty rate of 18% of the NSP in return. (Acorda SMF ¶¶ 9-11 (quoting selections from Article 5.6.1 of the License Agreement, Article 12.5.1.1 of the License Agreement, and Clause 7.2.1 of the Supply Agreement)). The License and Supply Agreements require Alkermes to provide Acorda with a supply of Ampyra® and in return Acorda is to pay Alkermes a set royalty rate.

Nothing in the record tends to show that either party has breached the aforementioned contractual obligations under the License and Supply Agreement. To date, Acorda continues to place orders for Ampyra®, Alkermes continues to fulfill those orders, and, albeit now under protest, Acorda continues to pay the set royalty rate. (Alkermes SMF ¶¶ 9, 26-27, 36; Acorda SMF ¶ 22; Acorda’s Response to Alkermes SMF ¶ 20). Hence, there

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has been no breach of any contractual obligation by either Party.

The Tribunal is not convinced by Acorda's arguments to the contrary. Acorda asserts that Alkermes breached the contract when it continued to overcharge Acorda royalties after the '938 Patent expired. (Acorda Mov. Br. at 22). However, this alleged overcharge is not a breach of the obligations under the License and Supply Agreements since the express Agreements between the Parties do not prohibit it. Rather, the Agreements provided for Acorda to buy a certain amount of Ampyra® from Alkermes and pay certain royalties. It is not a breach of contract even if, as it contends, Acorda is overpaying for Ampyra® after the '938 Patent expired.

Accordingly, the Tribunal concludes that there is no genuine issue of material fact regarding whether a breach of contract is present in this case, and that Alkermes is entitled to judgment on Acorda's breach of contract claims.

Additionally, Acorda's claim for breach of the implied covenant of good faith and fair dealing fails. Pursuant to New York law, the implied covenant is meant to be applied in a manner that would "aid and further... [the] other terms of the agreement of the parties." *Murphy v. Am. Home Prods. Corp.*, 461 N.Y.S.2d 232, 237 (1983). However, "[n]o obligation can be implied ... which would be inconsistent with other terms of the contractual relationship." *Id.* (emphasis added). In other words, the implied covenant cannot be interpreted in a manner that "would be inconsistent with the other terms of the

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contractual relationship.” *Midland Bank, N.A. v. Yorum*, 662 N.Y.S.2d 957, 959 (App. Div. 1997).

Acorda does not articulate the basis of its claim for breach of the implied covenant in its brief, but it is gleaned from the brief, along with Acorda’s oral argument presentation, that this claim is based on the premise that Alkermes is required to refund any royalty payments made after the ’938 Patent expired. (*See generally* Acorda Mov. Br.; Acorda Rep. Br.). Indeed, this is how Alkermes understands this claim as well. (*See* Alkermes Non-AT Mov. Br. at 27 (“Acorda’s claim is premised on the idea that Alkermes breached the implied covenant by not refunding royalty payments, but the License Agreement expressly makes such payments nonrefundable.”)).

However, just as with the above analysis regarding breach of contract, the Tribunal is not convinced that Alkermes was under any express or implied obligation to refund the royalties collected. Indeed, the contract itself expressly prohibits any refund of royalties. (*See* Article 5.8 of the License Agreement). Moreover, Acorda continued to make payments *after* the ’938 Patent expired without any objection, for nearly two years. (March 4, 2022 Oral Argument Transcript (“Trans.”) at 23:25-24:9 (“JUDGE SMITH: Your side does not say, ‘Wait a minute, you can’t do that. Haven’t you read *Brulotte*...’ MR. SITZMAN: We didn’t communicate that to Alkermes.”)).

Thus, it is difficult to accept Acorda’s argument that Alkermes acted in bad faith in not refunding Acorda the royalties when the License Agreement itself prohibits such

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refunds and when Acorda failed to raise the issue until mid-2020. Accordingly, the Tribunal will grant Alkermes' Motion for summary judgment as to the breach of the implied covenant of good faith and fair dealing. Acorda's Motion for summary judgment that damages based on breach of contract and breach of the implied covenant of good faith and fair dealing remain available is denied.

B. Refunds and Non-Contractual Remedies

The foregoing analysis does not necessarily imply that Acorda is without remedy. Acorda has pled claims and demanded relief for restitution and unjust enrichment. (*See* Acorda Demand for Arbitration, Fourth Claim for Relief (Unjust Enrichment by Retaining Overpayments)). This claim is premised on the fact that the royalty payments, in part or in whole, were "above the fair market" value because of Alkermes' alleged *Brulotte* violation. (*Id.* ¶ 52). Stated differently, Acorda believes that Alkermes was unjustly enriched because it charged Acorda a royalty rate that could not be charged under *Brulotte*. This is a viable claim if certain facts are established at the Evidentiary Hearing.

Alkermes argues that these claims cannot lie because of the contractual prohibition of refunds. (Alkermes Opp. Br. at 28 ("A party in Acorda's position cannot recover under a quasicontract theory ... when a contract's express terms forbid the same recovery.")). Moreover, Alkermes asserts that a finding of a *Brulotte* violation would simply nullify the royalty obligation, but the "severability clause of Article 12.4 would also apply to delete the royalty

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provision ... but keep the remaining provisions (including Article 5.8) intact.” (Id.).

The Tribunal is not persuaded by Alkermes’ arguments to the extent that they relate to payments made under protest. As Acorda correctly explains, “restitution damages may be awarded where a party ‘renders performance under an agreement that is illegal or otherwise unenforceable for reasons of public policy.’” *Mazzei v. Money Stove*, 308 F.R.D. 92, 106 (S.D.N.Y. 2015), *aff’d* 829 F.3d 260 (2d Cir. 2016). While the no-refund clause may waive liability for a refund, that is true only where no protest is made. Acorda’s first real objection to the royalty rate was on April 22, 2020,⁸ when it advised Alkermes that, for the public policy reasons set forth in *Brulotte*, the royalties were “unenforceable.” (Alkermes’ SMF ¶ 24). Hence, if Acorda is successful on its *Brulotte* claim it could also be entitled to recover unjust enrichment/restitution damages for the time following that date because its performance under the License and Supply Agreements would have been pursuant to an unenforceable provision.

Based on the above, the Tribunal denies Alkermes’ Motion for Summary Judgment as to Acorda’s unjust enrichment/restitution claims. Additionally, the Tribunal grants Acorda’s Motion for Summary Judgment on these claims as well. However, to be clear, the relief granted herein is merely as to the possible recovery under these

8. Acorda first asserted its official *Brulotte* objection to the royalty charges on April 22, 2020. However, its first payment under protest was not made until July of 2020.

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theories. The Tribunal rules that these remedies remain to be proven by factual evidence. Nothing in this Opinion and Order should be construed as a ruling that said remedies are being, or will be, awarded. That determination is deferred to the end of the Evidentiary Hearing after the facts in support and opposition to said remedies have been more thoroughly presented.

The Tribunal need not address the Parties' arguments pursuant to the New York Voluntary Pay Doctrine ("NYVPD") in detail. (*See* Alkermes Non-AT Mov. Br at 17-23; Acorda Mov. Br. at 26-27). While the NYVPD might preclude any refund remedy for payments by Acorda that were made voluntarily, our analysis renders such a refund unavailable in any event for those payments made prior to July of 2020. *See Dillion v. U-A Columbia Cablevision of Westchester, Inc.*, 740 N.Y.S.2d 396, 397 (App. Div. 2002). Any potential remedy Acorda continues to have is one pursuant to a theory of unjust enrichment/restitution for payments made *under protest* beginning in July 2020.

New York Courts have explained that "[p]ayment under express protest is an indication that the tax [or fee] is not paid voluntarily." *Joy Apartments, LLC v. Town of Cornwall*, 75 N.Y.S.3d 249, 251 (2d Dept. 2018) (citations and internal quotations omitted). Accordingly, because Acorda began making payments under express protest as of July 2020, and because the Tribunal has found that unjust enrichment/restitution damages may be available from that time forward, the NYVPD does not have any implication for this Arbitration.

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The above analysis also leads the Tribunal to conclude that Acorda is not entitled to any refund where it failed to make any protest. First, as discussed, the Tribunal has dismissed all claims that sound in breach of any contractual obligation, express or implied. (*See* III.A *supra*). Accordingly, Acorda is not entitled to recover a refund based on a breach of contract or breach of implied warranty theory. This conclusion is supported by the clear language of Article 5.8 of the License Agreement (the “no-refund” provision). The Tribunal is not convinced by any of Acorda’s arguments that the other clauses of the License Agreement contemplated a refund in the face of this clear language.

Indeed, neither Article 5.9.5 (the audit provision) nor Article 5.9.7 (step-down provision) supports Acorda’s construction. Both of those Articles are targeted at specific scenarios and not a nullification of the no-refund provision. Article 5.9.5 makes clear that its purpose is to allow one or both parties to seek an audit by an accountant to assure that the assessed royalties for the previous two years were correct. (*See* Acorda Ex. 8, at Article 5.9.5 (explaining that the two-year look-back is “solely for the purpose of verifying the accuracy and reasonable compensation of the [royalty] calculation...”)).

Similarly, Article 5.9.7’s royalty step-down language is meant to save the Agreement from being frustrated or rendered null due to government regulations or royalty caps. (*See* *Id.* at Article 5.9.7 (“If the royalty rate specified in this [License] Agreement should exceed the permissible rate established in any country, the royalty rate for sales

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in such country shall be adjusted to the highest legally permissible or government-approved rate.”)). Neither Articles 5.9.5 or 5.9.7 contemplate being used to require a refund of Acorda’s royalties because Alkermes allegedly charged an inflated or allegedly anticompetitive rate, or a rate exceeding the permitted duration. More importantly, neither of these provisions expressly overrides the no-refund language in Article 5.8. As such, Articles 5.9.5 and 5.9.7 have no effect on the prohibition on royalty refunds.

Hence, the only potential viable remedy Acorda continues to have is one under a theory of unjust enrichment/restitution for payments made under protest.

C. *Brulotte* and Antitrust Claims

Not surprisingly, the Parties raise competing *Brulotte* and antitrust arguments. (See, e.g., Alkermes AT Mov. Br.; Acorda Mov. Br. at 9-21). On several occasions, the parties appear to conflate these arguments. (*Id.*; *id.*). The controlling law, however, does distinguish between the two. See, e.g., *Kimble v. Marvel Ent.*, 576 U.S. 446, 462-63 (2015). There, the Supreme Court considered and rejected arguments based on antitrust that were raised in an effort to sway the Court to “abandon *Brulotte*.” *Id.* The Court was not persuaded by those arguments, thereby establishing that *Brulotte* violations and antitrust violations are distinct. *Id.*

In arriving at this conclusion, the Court found that “*Brulotte* lies at the intersection of two areas of law: property (patents) and contract (licensing agreements).”

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Id. at 457. Thus, the *Kimble* Court had the opportunity to blend or combine the principles of antitrust with *Brulotte* but chose not to because, as the Court noted, “Congress’s continual reworking of the patent laws—but never of the *Brulotte* rule—” supported such a conclusion. *Id.* Accordingly, this Tribunal will address the *Brulotte* and antitrust claims separately.

The Tribunal begins with Acorda’s claim that Alkermes’ ongoing collection of royalty payments pursuant to the License and Supply Agreements after the ’938 Patent expired is a violation of *Brulotte*. (See Acorda Demand for Arbitration ¶¶ 41-44 (First Claim for Relief), ¶¶ 45-47 (Second Claim for Relief)). The Court in *Brulotte* held that, as a matter of public policy, post-expiry patent royalties are *per se* illegal and therefore unenforceable. *Brulotte*, 379 U.S. at 32. Hence, a violation of *Brulotte* renders the royalty unenforceable.

But Acorda’s *Brulotte* claim is not the subject of any Motion for Summary Judgment currently before the Tribunal. (See Order #18 (denying Acorda’s request to file a Motion for Summary Judgment on its *Brulotte* claim)). Rather, *Brulotte*, in this context, is used by Acorda as a supporting argument to show that Alkermes allegedly engaged in antitrust activity.

Under Acorda’s theory almost any *Brulotte* violation would automatically become an antitrust violation. *Brulotte* was not an antitrust case, as *Kimble* recognized. See *Kimble*, 576 U.S. at 457, 462-63. Not surprisingly, Acorda has not cited to any case law that would support

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conflating the *Brulotte* and antitrust issues. (See generally *Acorda Mov. Br.*). As such, the Tribunal declines to incorporate any *Brulotte* analysis in deciding whether an antitrust claim may proceed in this Arbitration.

Turning to the antitrust claims, the Tribunal finds that there is no evidence establishing Acorda's antitrust allegations sufficient to create a genuine issue of material fact. Thereby, the Tribunal concludes that Alkermes is entitled to summary judgment regarding same. "To establish a violation of § 2, plaintiffs must prove that defendants possessed monopoly power, and willfully acquired or maintained that power in the relevant market." *Geneva Pharms. Tech. Corp. v. Barr Labs.*, 386 F.3d 485, 495 (2d Cir. 2004) (citing *United States v. Grinnell Corp.*, 384 U.S. 563, 570-71 (1966)). "The willful acquisition or maintenance of monopoly power *is to be distinguished from growth or development that is the result of superior product, business acumen or historical accident.*" *Id.* (emphasis added). In other words, having monopoly power alone does not necessarily equate to an antitrust violation. *Pac. Bell Tel. Co. v. Linkline Commc'ns*, 555 U.S. 438, 447-48 (2009). Rather, for an antitrust violation to exist, the monopoly power must be "*accompanied by an element of anticompetitive conduct.*" *Verizon Commc'ns v. Law Offs. of Curtis V. Trinko, LLC*, 540 U.S. 398, 407 (2004) (emphasis added).

Similarly, a claim of attempted monopolization requires a plaintiff to show "(1) that the defendant engaged in predatory or *anticompetitive conduct* with (2) a specific intent to monopolize and (3) a dangerous probability of

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achieving monopoly power.” *PepsiCo v. Coca-Cola Co.*, 315 F.3d, 101, 105 (2d Cir. 2002) (quoting *Spectrum Sports v. McQuillan*, 506 U.S. 447, 456 (1993)) (emphasis added). Accordingly, both of Acorda’s antitrust-based claims require proof that Alkermes engaged in anticompetitive conduct. Furthermore, a finding of antitrust injury is precluded if there is no proof of anticompetitive conduct. *See Alt Richfield Co. v. USA Petroleum Co.*, 495 U.S. 328, 339 (1990). Hence, a failure to show such conduct supports judgment as a matter of law in favor of the accused party. *See, e.g., In re EpiPen Mktg., Sales Pracs. & Antitrust Litig.*, 507 F. Supp. 3d 1289, 1334-37 (D. Kan 2020).

“[A]nticompetitive conduct is injurious if it limits consumer options.” *Laumann v. Nat’l Hockey League*, 105 F. Supp. 3d 384, 397 (S.D.N.Y. 2015). Indeed, as Acorda explains, anticompetitive acts are those “that reduce consumer choice.” *MacDermid Printing Solutions, LLC v. Cortron Corp.*, 833 F.3d 172, 183 (2d Cir. 2016). “[I]ncreased prices, reduced output, and reduced quality” are also factors to consider when determining whether an antitrust violation occurred. *West Penn Allegheny Health Sys., Inc. v. UPMC*, 627 F.3d 85, 100 (3d Cir. 2010). However, the Supreme Court recently explained that courts, or in this case the tribunal, must “distinguish[] between restraints with anticompetitive effect *that are harmful to the consumer* and restraints stimulating competition that are in the consumer’s best interest.” *Ohio v. American Express Co.*, 138 S. Ct. 2274, 2284 (2018) (emphasis added).

Beginning with consumer choice, Acorda argues that Alkermes’ decision to charge the post-expiry royalties

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restricted a customer's ability to purchase Ampyra® from Acorda because Acorda could not "secure[] favorable formulary placements" while also paying the high royalties to Alkermes. (Acorda Mov. Br. at 19-20). The evidence simply does not support this proposition. First, Acorda has presented no evidence that consumers were faced with a limited consumer choice. Rather, after the expiration of '938 Patent, generics began entering the market. (Alkermes AT Mov. Br. at 6 (citing Ex. A, Teece Report at 12, tbl.1). Generic entry actually gave consumers more choices, or, at the very least, did not restrict their ability to choose. (*Id.* (citing Teece Report at 15, fig.2)). Thus, there is no evidence that Acorda's purported inability to compete with generics because of the royalties it was paying to Alkermes caused a restriction on consumer choice.

Similarly, Acorda does not point to any evidence to show that the price of Ampyra®, or generic dalfampridine for that matter, increased. Instead, the evidence shows that the price of generic dalfampridine averaged \$73 per bottle while Acorda was charging an average of \$2,012 per bottle for Ampyra®. (*Id.* (citing Teece Report at 15, fig.2 and 18, fig.5)). Thus, while Acorda argues that its price charged remained elevated due to the royalties being charged (Acorda Mov. Br. at 18-19), there is no evidence that Alkermes' conduct generally caused a price increase.

Additionally, Acorda cannot show that there has been any reduced output of dalfampridine, let alone a reduce output caused by Alkermes' conduct. As both Dr. Teece and Dr. Addanki noted in their competing expert reports, the total use of dalfampridine has remained stable since approximately 2017. (*See* Alkermes AT Mov. Br. at 26

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(citing Addanki Report at Exh. 7; Teece Report at 14 fig.1 & 16 fig.3)). Acorda does not dispute this, but instead argues theoretically that output would be *increased* if it did not have to pay the royalties to Alkermes because Ampyra® would be more readily available. (Acorda Mov. Br. at 20).

However, this argument fails for several reasons. First, the antitrust inquiry does not ask if output could be increased based on hypothesis and theories. Instead, it asks whether the alleged anticompetitive actor caused output to be *reduced*. *UPMC*, 627 F.3d at 100. Acorda does not point to any reduction. Acorda's argument is based on various "what ifs" and conjecture. Yet, as noted above, opposition to summary judgment must be supported by concrete evidence, which Acorda does not have. *See Starr Indem. & Liab. Co.*, 2016 WL 4120635 at *4. Hence, the Tribunal rejects Acorda's argument regarding output, and finds that the evidence supports a conclusion that Alkermes' decision to continue charging the royalties under the Agreements did not cause a reduction of output.

Finally, there is no evidence that Alkermes caused consumers to purchase dalfampridine that was of a reduced quality. Neither party has submitted any evidence to show that the quality of Ampyra® has degraded since the expiration of the '938 patent or that generic dalfampridine is of a lesser quality. (*See generally* Alkermes AT Mov. Br.; Acorda Mov. Br.).

The frailty of Acorda's arguments is that they focus on the impact *Acorda purportedly suffered*. However,

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antitrust law is not concerned with one particular market player. Indeed, Acorda cannot carry the “initial burden of showing that the challenged action has had an actual adverse effect *on competition as a whole*,” which it must do before it has the opportunity “to prove it has been harmed individually.” *Capital Imaging Assocs. v. Mohawk Valley Med. Assocs.*, 996 F.2d 537, 543 (2d Cir. 1993) (emphasis added).

Instead, antitrust law looks at the relevant market as a whole and asks whether that market has been subject to any improper restraint. *Id.* (“*Insisting on proof of harm to the whole market* fulfills the broad purpose of antitrust law that was enacted to ensure competition in general, *not narrowly focused to protect individual competitors.*”) (emphasis added). The Tribunal concludes that the answer as to whether Alkermes has engaged in anticompetitive conduct in this case is simply in the negative.

Hence, based on the foregoing Acorda’s claim cannot survive. The Tribunal finds that there is no evidence sufficient to raise a genuine issue of a material fact that Alkermes’ conduct had an anticompetitive effect, neither on the consumer nor on the market as a whole, which is a required element of any antitrust claim. Accordingly, Alkermes’ summary judgment motion as to Acorda’s monopolization claims is hereby granted. The Tribunal need not further analyze the balance of the arguments as Acorda’s claim may not proceed without evidence supporting anticompetitive conduct.

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IV. ORDER

IT IS on this 11th day of April, 2022,

ORDERED that Alkermes' Motion for Summary Judgment as to Acorda's claims Breach of Contract and Breach of the Implied Covenant of Good Faith and Fair Dealing (Fifth and Eight Claims of Relief) is hereby **GRANTED**; and it is further

ORDERED that Judgment is hereby entered in favor of Alkermes as to Acorda's claims Breach of Contract and Breach of the Implied Covenant of Good Faith and Fair Dealing (Fifth and Eight Claims for Relief); and it is further

ORDERED that Alkermes Motion for Summary Judgment as to Acorda's claim for Unjust Enrichment/ Restitution (Third and Fourth Claims for Relief) is hereby **GRANTED** only to the extent stated above and is otherwise **DENIED**; and it is further

ORDERED that Acorda's Motion for Summary Judgment as to its claims of Monopolization and Attempted Monopolization (Sixth and Seventh Claims for Relief) is hereby **DENIED**; and it is further

ORDERED that Alkermes' Motion for Summary Judgment to Acorda's claims of Monopolization and Attempted Monopolization (Sixth and Seventh Claims for Relief) is hereby **GRANTED**; and it is further

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ORDERED that Judgment is hereby entered in favor of Alkermes as to Acorda's claims of Monopolization and Attempted Monopolization (Sixth and Seventh Claims for Relief).

SO ORDERED.

/s/ Jose L. Linares

Hon. Jose L. Linares, U.S.D.J. (ret.)
For the Tribunal

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**APPENDIX E — FINAL ARBITRATION AWARD,
AMERICAN ARBITRATION ASSOCIATION,
FILED JANUARY 10, 2023**

**BEFORE THE AMERICAN ARBITRATION
ASSOCIATION**

International Centre for Dispute Resolution

ICDR Arbitration No. 01-20-0010-8421

ACORDA THERAPEUTICS, INC.,

Claimant,

v.

ALKERMES PLC,

Defendants.

Filed January 10, 2023

**AMENDED FINDINGS OF FACT, CONCLUSIONS
OF LAW, AND FINAL REASONED AWARD**

The Hon. Jose L. Linares, Hon. Arthur J. Gajarsa, and Hon. Robert S. Smith presiding over an Arbitration proceeding pursuant to and under the Commercial Arbitration Rules of the American Arbitration Association (“AAA Rules”). The process was commenced by Acorda Therapeutics, Inc.s’ (“Acorda”) Demand for Arbitration dated July 28, 2020. The Parties exchanged the appropriate discovery and, after motion practice was concluded, the Tribunal held an Evidentiary Hearing from June 1, 2022 to June 7, 2022. After post-Hearing

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Briefs were filed by the parties, on September 7, 2022, the Parties presented their legal closing arguments. The Tribunal has reviewed the parties' respective legal arguments, the relevant evidence, associated briefing, the parties' proposed findings of facts and conclusions of law, and conferred. For the reasons set forth below, the Tribunal issues the following Reasoned Award.

I. INTRODUCTION¹

This Arbitration involves the Parties' License and Supply Agreements for the multiple sclerosis ("MS") drug Ampyra® ("Ampyra"). The subject agreements were entered into in 2003, although a predecessor agreement was executed by and between the Parties in the late 1990s. Pursuant to the agreements, Alkermes PLC ("Alkermes") would manufacture Ampyra exclusively for Acorda. In return, Acorda would pay Alkermes a specified royalty rate and purchase a minimum percentage of its total supply of Ampyra from Alkermes.

Before these agreements were executed, Alkermes owned certain patents. One patent in particular, U.S. Patent No. 5,540,938 (the "'938 Patent"), is at the heart of this dispute. According to Acorda, the expiration of the '938 Patent in July of 2018 caused the Parties' relationship to change.

1. This Introduction is not to be deemed part of the Findings of Fact or Conclusions of Law. It is merely an introductory statement of the case as background.

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As discussed in detail below, Acorda communicated to Alkermes that Acorda believed the expiration of the '938 Patent, at the very least, altered the License and Supply Agreements' royalty provisions. Based on this belief, Acorda sought a reduction in the price it was paying to Alkermes for future orders of Ampyra. Alkermes disagreed with Acorda's position and maintained that the License and Supply Agreements were unaffected by the expiration of the '938 Patent. This Arbitration followed.

II. BACKGROUND & PROCEDURAL POSTURE²

Acorda instituted this Arbitration against Alkermes by way of Demand for Arbitration on July 28, 2020. (See July 28, 2020 Demand for Arbitration). Therein, Acorda asserted the following claims for relief: 1) Declaratory Relief as to Whether Alkermes is Entitled to Patent-Licensing Royalties After July 30, 2018; 2) Declaratory Relief as to Whether Alkermes is Entitled to Supply Royalties Above a Fair Market Rate After July 30, 2018; 3) Declaratory Relief as to Overpayment; 4) Unjust Enrichment by Retaining Overpayment; 5) Breach of Amended and Restated License Agreement; 6) Monopolization in Violation of Section 2 of the Sherman Act, 15 U.S.C. § 2, and the Donnelly Act, NY Gen. Bus. Law § 340;) Attempted Monopolization in Violation of Section 2 of the Sherman Act, 15 U.S.C. § 2, and the Donnelly Act, NY Gen. Bus. Law § 340; and 8) Breach of the Implied Covenant of Good Faith and Fair Dealing.

2. This Background and Procedural Posture is derived from the Parties' pleadings, motions, and the Tribunal's prior Opinions and Orders.

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On August 17, 2020, Alkermes served its Answering Statement to the Demand for Arbitration denying any alleged wrongdoing and requesting that the Tribunal rule in Alkermes' favor. (*See* Alkermes' Answering Statement dated August 17, 2020). Thereafter, Alkermes filed an Amended Answering Statement, which included the following counterclaims: 1) Correction of Inventorship Pursuant to 35 U.S.C. § 256; and 2) Declaratory Judgment that the Unexpired Patents Must Be Assigned to Alkermes. (*See* Alkermes' Amended Answering Statement and Counterclaims dated October 1, 2020).

The Tribunal held a preliminary conference with the parties on January 8, 2021. (*See* Order #1). At that time, the Parties confirmed "that New York substantive law, supplemented by Federal Patent law, [would] govern this Arbitration." (*Id.* at 2). Additionally, the Parties were instructed on how to submit their requests to file any Rule 12-type motions for the Tribunal's consideration. (*Id.*). After said submissions and consideration, the Tribunal permitted the filing of the following motions: 1) Acorda's Motion to Dismiss Alkermes' Counterclaims; and 2) Acorda's Motion for an Order Permitting All Future Royalty Payments to be Paid into Escrow. (*See* Order #7).³ After the above motions were fully briefed, and after hearing oral argument, the Tribunal denied Acorda's Motion to Deposit Future Royalty Payments into Escrow (Order #9), but granted Acorda's Motion to Dismiss Alkermes' Counterclaims. (Order #13).

3. The Tribunal later permitted additional non-dispositive motion practice. None of those Motions or the corresponding Orders are pertinent to this Reasoned Award. (*See* Orders #14, 15).

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Discovery in this matter proceeded and was completed on July 23, 2021. While the Parties did request several extensions of time to complete discovery and to prepare for the filing of Rule 56-type motions (*see, e.g.*, Order #20, Order #21), the Tribunal rarely intervened on a substantive level in connection with any discovery disputes.

The Parties subsequently filed a total of six competing Rule 56-type motions which were fully briefed on November 23, 2021. (*See* Opinion and Order # 23). Specifically, Acorda filed one combined Motion for Summary Judgment seeking the following relief: 1) judgment that Alkermes is liable for Unlawful Monopolization; and 2) a ruling that contract and/or quasi-contract damages remain available to Acorda. (*Id.* at 1). Alkermes filed two separate Motions for Summary Judgment, wherein it combined similar issues. (*Id.*). Alkermes' first Motion for Summary Judgment related to Acorda's antitrust claims and sought dismissal of Acorda's Counts VI and VII. (*Id.*). Additionally, Alkermes filed a separate Motion for Summary Judgment as to all of Acorda's non-antitrust claims, seeking the following relief: 1) judgment that Acorda is not entitled to a refund of payments made pursuant to the License Agreement; 2) dismissal of Acorda's breach of contract claim; 3) dismissal of Acorda's breach of the implied covenant of good faith and fair dealing claim; and 4) dismissal of Acorda's unjust enrichment claim. (*Id.* at 1-2).

On March 4, 2022, the Tribunal held oral argument on the above Rule 56-type Motions. (*See generally Id.*). And, on April 1, 2022, the Tribunal issued their Opinion

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and Order on said Motions. The Tribunal subsequently entered the following judgements and rulings: 1) dismissal of Acorda's breach of contract and breach of the implied covenant of good faith and fair dealing claims; 2) denial of Alkermes' Rule 56-type motion regarding Acorda's unjust enrichment/restitution claims; 3) denial of Acorda's affirmative motion as to its claims for Monopolization and Attempted Monopolization; and 4) dismissal of Acorda's claims for Monopolization and Attempted Monopolization (Alkermes' competing Rule 56-type motion on this issue was granted).

The Tribunal scheduled the final Evidentiary Hearing for June 1, 2022. (*See* Order #25). The Evidentiary Hearing concluded on June 7, 2022 and the Tribunal provided the Parties with a Post-Hearing briefing schedule, and tentatively scheduled closing arguments for September 7, 2022. (*See* Order #28). The Parties timely submitted their Post-Hearing Briefs and proposed Findings of Fact and Conclusions of Law. Accordingly, closing arguments were held on September 7, 2022. The Hearing was officially closed by the Tribunal on September 13, 2022.

III. FINDINGS OF FACT & CONCLUSIONS OF LAW

The Tribunal must resolve the following questions: 1) whether Alkermes' conduct violated the *Brulotte* doctrine; 2) if so, whether Alkermes' conduct falls within one of the legal exceptions to the *Brulotte* doctrine; 3) if not, whether both the License and Supply Agreements are covered by the violation (*i.e.*, did Alkermes leverage its position with respect to both Agreements); 4) whether Alkermes was

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unjustly enriched; 5) if so, what relief is Acorda entitled to; and 6) what pre-judgment interest rate should be assessed. Each of these topics are discussed and analyzed below.

A. The Parties' Relationship

Prior to the underlying business relationship (*i.e.*, the License and Supply Agreements), Acorda was a company in somewhat dire straits. Its founder, Dr. Ron Cohen explained that Acorda entered into the relationship with Alkermes because Acorda “needed it” due to its small size and financial health. (Evidentiary Hearing Tr.⁴ 153:16-155:6). Acorda “needed” Alkermes primarily because Alkermes owned the patent rights to the now-expired U.S. Patent No. 5,540,938 (“’938 Patent”), which covered the sustained release of dalfampridine. (C9⁵; *see* Ron Cohen Declaration (“Cohen Decl.”) ¶¶ 15-16; Evidentiary Hearing Tr. 135:5-11). Acorda needed to obtain a license under the ’938 Patent in order for it to develop and market the pharmaceutical that eventually became known as Ampyra®. (C54; *see also* *Acorda Therapeutics, v. Roxanne Labs., Inc.*, 903 F.3d 1310, 1340 (Fed. Cir. 2018) (explaining that the ’938 Patent “blocked all others who

4. Transcripts from the Evidentiary hearing shall be cited as “Evidentiary Hearing Tr.” followed by the corresponding page and line numbers.

5. When the Tribunal accepts and adopts the Parties’ Proposed Findings of Fact it shall cite them by either a “C” (for Acorda, as the Claimant), or an “R” (for Alkermes, as the Respondent) followed immediately by the relevant statement number. In adopting these statements, the Tribunal also accepts and incorporates the evidence cited in support thereof.

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might have wanted to pursue commercial opportunities like Ampyra.”). Acorda did in fact obtain other patent coverage for its improvement, but those patents were subsequently invalidated by the Federal Circuit. *See generally Acorda Therapeutics*, 903 F.3d 1310.

In 1998, the Parties entered into a joint venture agreement. (U10 (citing J-11 and Cohen Decl. ¶ 13)). While that agreement is long and rife with provisions covering different topics, only a few are pertinent to the analysis herein. First, Alkermes agreed to give Acorda a license to the '938 Patent. (*See* J-015⁶ at 12, Appendix A). In return, Acorda agreed to make certain upfront payments. (*Id.* at 32-36). For example, Acorda agreed to make a \$15,000,000 payment upon the execution of the 1998 agreement. Additionally, Acorda agreed to pay 18% NSP (or net sale price) for any drug that was approved and sold as a result of the joint venture. (*Id.* at 36).

The terms of the joint venture agreement had to be amended in 2003 because of some concerns expressed by the Securities and Exchange Commission. (C57). Accordingly, the Parties entered into two separate agreements which allowed them to continue their business relationship in a different form. (C14-C15; *see also* Cohen Decl. ¶¶ 13-14; Evidentiary Hearing Tr. 357:11-359:9, 402:1-17). The first was the “Amended and Restated License Agreement.” (*See generally* J-001). Here, Alkermes continued providing Acorda with, *inter*

6. Joint Exhibits shall be cited as “J-” followed by the corresponding exhibit and page numbers.

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alia, a license to the '938 Patent in exchange for a 10% NSP royalty. (J-001 at Art. 5.6). The second agreement, called the "Supply Agreement," assured that Alkermes would manufacture and supply at least 75% of the Ampyra product Acorda needed. (*See generally* J-002). In return Acorda agreed to pay an additional 8% NSP. (J-002 at Cl. 9.3) Thus, when the terms and conditions of the License and Supply Agreements were viewed together, they provided each party with the same benefits as the original 1998 joint venture agreement. Acorda received access to the '938 Patent and Alkermes was compensated at 18% NSP. That compensation, by the terms of the agreements, would continue to be payable on all sales of Ampyra, regardless of patent expiration, with exceptions (described in footnote 8 below) not applicable to the facts of this case.

Ampyra received FDA approval in 2010. (Richie Paul Declaration ("Paul Decl.") ¶¶ 11-12; Cohen Decl. ¶ 25)). Upon its launch, Ampyra enjoyed great commercial success. (*See, e.g.*, C80, C-1012 at 914 (providing summary of Ampyra's pre-expiration sales from 2017 to 2019)).

The '938 Patent was set to expire in 2013, but, because of a patent term extension, the life of the patent was extended through July 2018. (Paul Decl. ¶ 19; *see also* R6). This was no surprise to either Party. Indeed, as early as 2009, Alkermes began researching the implications expiration of the '938 Patent would have on their ability to collect royalties on Ampyra. (C160 (citing R-337); *see also* Evidentiary Hearing Tr. 317:10-318:7 (Richie Paul testimony regarding his 2009 memorandum to Alkermes regarding patent protection over Ampyra)). Similarly,

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Acorda, uncertain of what the future had in store, agreed to a five year extension of the License Agreement. (R85; R 101). Thus, it is clear that the expiration of the '938 Patent, and what came with said expiration, was considered by both entities.

Ultimately, Acorda approached Alkermes to ascertain if Alkermes would be willing to renegotiate the terms of the royalties being paid for Ampyra under the License and Supply Agreements. (U33-U34, C106). After some conversations, Alkermes declined to modify the terms. Thus, Acorda continued to, and to this day does, pay a combined 18% on Ampyra. (C115). Shortly after these discussions fell through, Acorda began making its payments under the License Agreement under protest on the grounds that Alkermes was collecting an illegal royalty on an expired patent. (C118).

B. Alkermes Violated *Brulotte*

In 1964, the Supreme Court decided that post-expiry patent leveraging was inappropriate and against public policy. *See generally Brulotte v. Thys Co.*, 379 U.S. 29 (1964). There, the Supreme Court explicitly held that “use of a royalty agreement that projects beyond the expiration date of the patent is unlawful *per se*.” *Id.* at 32. The conduct that the Supreme Court prohibited in 1964 is precisely what took place in the transaction between the Parties here.

There is no dispute that the '938 Patent expired in July 2018. (*See* R130; *see also* Pre-Hearing Statement

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of Undisputed Facts ¶ 7). There is also no dispute that Acorda was paying Alkermes 18% NSP since the inception of the relationship, albeit divided between and under the individual License and Supply Agreements from 2003. (J-011 at -578; C202 (citing Order #23 at 5, 8; Order #27 at 8) *see also generally* J-001; J-002). More importantly, both the pre- and post-2003 agreements clearly outline that the price being charged is a patent royalty. (*Id.*; *id.*). This became clear after 2003 when the Parties executed the separate License and Supply Agreements. (J-001; J-002).

The License Agreement is clear that, since 2003, Acorda was to pay a 10% patent royalty on Ampyra. Article 5.6, titled “Royalty on Sales,” and specifically Article 5.6.1, sets forth that “in consideration of the rights and *license granted to the Elan Patent Rights*[, *i.e., the '938 Patent*] *while there is a Valid Claim thereunder*, ... Acorda shall pay Elan a royalty of ten per cent (10%) of the NSP of the Product.” (J-001 at Art. 5.6, Art. 5.6.1). Thus, this provision of the License Agreement itself contemplates that the royalty on the '938 Patent would end when all of the claims therein became invalid. However, in other places the License Agreement essentially contemplates that the royalties would continue be charged so long as Ampyra is sold. (*See, e.g.*, Art. 5.6.2 (describing how Alkermes is entitled to royalties in countries where the Elan Patents were not in operation), Art. 5.6.3 (providing an offset royalty payment Acorda must pay if it utilizes a non-Alkermes manufacturer), Art. 12.5.1.1 (setting forth different milestones for terminating the License Agreement)).

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Instead, in July of 2018, the '938 Patent expired. The expiration of the patent inherently rendered all the claims therein unenforceable. However, in contravention of *Brulotte*, Alkermes maintained it was entitled to collect this patent royalty after the '938 Patent expired. (*See* C110-C120; *see also* Evidentiary Hearing Tr. 690:6-691:12, 695:20-697:11, 700:14-701:15)

Acorda raised this issue with Alkermes over the course of several discussions. (C110-C- 120; R186-R191, R196). And while it took Acorda almost two years to formally assert its rights – a period which has been carved out of this case – Acorda ultimately began making payments under protest in July 2020 for precisely this reason. (R196; C224). In other words, albeit somewhat untimely, Acorda correctly protested further royalty payments on the grounds that Alkermes was leveraging its patent to illegally obtain royalties beyond the life of the '938 Patent. Simply put, this is precisely the conduct that was outlawed under *Brulotte*.

Hence, Alkermes violated the *Brulotte* doctrine because the License Agreement and the royalties being charged were not coterminous with the life of the '938 Patent. *Brulotte*, 379 U.S. at 33-34. The Supreme Court in *Kimble v. Marvel Entertainment, LLC*, 576 U.S. 446, 452 (2015) reaffirmed this principle and noted that “all patent-related benefits must end when the patent term expires.” But Alkermes continued to charge the same exact royalty after the '938 Patent expired. Thus, as *Kimble* explained, these post-patent royalties charged by

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Alkermes are “unlawful *per se*” and are not enforceable. *Kimble*, 576 U.S. at 452.

C. No Exception to *Brulotte* Saves the Charged Conduct

Having found that Alkermes violated *Brulotte*, the Tribunal must now resolve whether an exception to the *Brulotte* doctrine is applicable, which could save the License Agreement from being declared unenforceable. The Supreme Court set forth the following limited exceptions to the *Brulotte* rule: 1) “defer[ring] payments for pre-expiration use of a patent into the post-expiration period”; 2) when the license includes a step-down provision such that the post-expiration royalty payment is for clearly defined non-patent rights; and 3) when the parties are engaged in certain types of non-royalty based business arrangements, *e.g.*, a joint venture, “that enables [the] parties to share the risks and rewards of commercializing an invention.” *Kimble*, 576 U.S. at 454.

Alkermes has argued that, regardless of whether Alkermes has technically committed a *Brulotte* violation, it still is entitled to a ruling in its favor because two out of the three *Kimble* exceptions (step-down and collaborative business relationship), for different reasons, are applicable. (*See* Alkermes’ Pre-Hearing Brief at 5-12; Alkermes’ Post-Hearing Brief at 5-12)⁷. For the following

7. Alkermes has not argued that the running royalty in the License Agreement is a deferred patent payment that survived the expiration of the ’938 Patent.

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reasons, the Tribunal concludes that none of the *Kimble* exceptions support an outcome in favor of Alkermes.

1. No Evidence of a Step-Down

Alkermes asserts that the License Agreement contains a step-down because it is comprised of “both lump-sum royalty payments of approximately \$25 million (Arts. 5.2 & 5.3) and running royalty payments of 10% AMPYRA®’s NSP (Art 5.6.1).” (Alkermes Pre-Hearing Brief at 9 (emphasis removed)). Alkermes further claims that “the know-how royalty is comprised only of a 10% running royalty, which is reduced to 4.25% under certain conditions.” (*Id.* (citing Arts. 5.6.1 & 5.6.2) (emphasis removed)). Thus, Alkermes concludes that “[t]he lump-sum patent royalties must be taken into account in the *Brulotte* analysis because lump-sum royalties are often used to “buy down” the percentage rate used in the running royalty component.” (*Id.*).

This argument is unpersuasive, in light of the evidence. First, a comparison of the original 1998 agreement with the License and Supply Agreements reveals that the combined royalty rate was unchanged. Indeed, as discussed above, Acorda was required to pay 18% NSP for the ’938 Patent license under the 1998 agreement and pays a combined 18% under the License and Supply Agreements. (J-011 at -578; C202 (citing Order #23 at 5, 8; Order #27 at 8) *see also generally* J-001; J-002). This conclusion is supported by Alkermes’ own admission that Acorda and Alkermes negotiated over how to allocate the total 18% when they were contemplating and entering into

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the License and Supply Agreements in 2003. (*See, e.g.*, R39; *see also* R-330 at -919). Thus, it is obvious that the rate itself was not changed at any time – it was merely a split and reallocation of the 18% royalty rate via two separate documents.

More importantly, the plain language of the License Agreement makes no mention of a step-down based on patent expiration, except in circumstances that never occurred.⁸ (*See generally* J-001). Alkermes was free to, and fully capable of, including step-down language based solely on patent-expiration in the License Agreement if it desired this effect. As Acorda correctly points out, Alkermes previously included a properly structured step-down in its 1999 agreement with Janssen. (*See* C-011⁹). This further supports the conclusion that Alkermes itself did not believe a proper step-down clause was ever part of the License Agreement.

8. The License Agreement does make mention of step-downs for scenarios other than patent-expiration alone. For example, as noted above, Article 5.6.2 reduces the running royalty to 4.25% in countries where there are no Valid Claims under the patents, Alkermes is not manufacturing the product, and there is no competition in such country. (J-001 at Art. 5.6.2). Another example of a non-patent-expiration step-down can be found in Article 5.9.7, which essentially allows the royalty in the License Agreement to be adjusted to downward to match any legal restrictions imposed by a country on patent royalties. (*Id.* At 5.9.7). However, as discussed, none of the step-down provisions in the License Agreement are triggered simply by the expiration of the pertinent patents.

9. Acorda's Evidentiary Hearing Exhibits shall be cited as "C-" followed by the pertinent exhibit number.

*Appendix E***2. No Joint Venture or Other Comparable Collaborative Business Relationship**

Alkermes has also argued that its relationship with Acorda is collaborative in such a way that it should be afforded the same exception as a joint venture under *Kimble*. In making this argument, Alkermes begins by looking at the history of the Parties' relationship, noting that they originally entered into a formal joint venture in 1998, which created a new entity – Newco. (Alkermes Pre-Hearing Brief at 6 (citing J-011)). Alkermes notes that the only reason for the 2003 License and Supply Agreements was to appease the United States Securities and Exchange Commission's concerns. (*Id.* (citing J-251)). Hence, Alkermes asserts that its relationship began as a joint venture and the post-2003 relationship is a collaborative relationship that is akin to a joint venture. (*Id.*).

To support its position, Alkermes asserts that it made substantial contributions to the development and supply of Ampyra. (*Id.*). Alkermes also claims it provided Acorda with "its proprietary methods of analyzing and manufacturing" the drug which was needed for FDA approval. (*Id.*). Additionally, "Alkermes [argues that it] supplied the work for the chemistry, manufacturing, and controls ("CMC") section of the AMPYRA® NDA and provided support in addressing CMC questions raised by the FDA. (*Id.* at 6 (citing License Agreement, Art. 3.8)). For these reasons, Alkermes concludes that *Brulotte* is inapplicable to this matter because the relationship was so collaborative in nature it should be treated as a joint venture.

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The Tribunal finds that the joint venture exception to *Brulotte* is not applicable. While Alkermes has advanced some unique arguments, the reality is the necessary elements of a joint venture are simply not present. First, the plain language of the License Agreement makes this conclusion apparent. Specifically, Article 12.7 states “[n]othing in this Agreement is intended or is to be construed to constitute Elan and Acorda as *partners or joint venturers* or either Party as an employee of the other.” (See J-001 at Art. 12.7 (emphasis added)). Similarly, as Alkermes concedes, the 2003 License and Supply Agreements expressly dissolved any formal joint venture. (See J-001, J-002; *see also* C18, C33-34, C56-57, R22).

Tellingly, Alkermes’ presentation on this issue failed to show that the Parties’ relationship had any of the typical elements of a partnership or joint venture. Indeed, Alkermes shared none of the risks in the project nor did it share in the profits and losses. Rather, Alkermes simply collected a royalty every time Acorda sold Ampyra. Alkermes also did not have joint control over the business. Acorda was the entity responsible for obtaining FDA approval and marketing the drug. (R47; J-001 at Art. 6.2, Cohen Decl. ¶¶22-23, 25). A party “seeking to evidence the existence of a joint venture must establish [these] elements.” *Cosy Goose Hellas v. Cosy Goose USA, Ltd.*, 581 F. Supp. 2d 606, 620 (S.D.N.Y. 2008); *see also Kidz Cloz, Inc. v. Officially For Kidz, Inc.*, 320 F. Supp. 2d 164, 171 (S.D.N.Y. 2004) (setting forth the above as required elements for proving a joint venture exists).

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To summarize, Alkermes has not made any showing, let alone a convincing one, that the Parties are currently in any sort of business relationship that resembles a joint venture or partnership. The plain language of the operative agreements contradicts this position. Moreover, the conduct and interactions between the Parties since 2003 does not fall within the purview of such a relationship. Accordingly, the joint venture/partnership exception to *Brulotte* does is inapplicable.

D. No Meaningful Know-How

Even if the Tribunal were to conclude that License Agreement contained an appropriate step-down clause, Alkermes would still not be entitled to any ongoing royalty as it has not shown that there is any valuable Know-How. For a variety of reasons, Alkermes asserts that it is entitled to collect an ongoing royalty (potentially at a reduced rate) because it provided Acorda with significant proprietary Know-How. (Alkermes' Pre-Hearing Br. at 10-12; Alkermes' Post- Hearing Br. at 8-12). In part, Alkermes makes this argument to support its position that it should be allowed to collect, at the very least, a reduced Know-How royalty on Ampyra. (*Id.*; *id.*).

First, Alkermes claims that valuable Know-How is defined in the License Agreement. (Alkermes' Post-Hearing Br. at 8). Specifically, Alkermes asserts that "Acorda's obligation to pay [the ongoing royalty] stems from the license to the Elan Know-How it negotiated, which it needed for FDA approval and continues to use in

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the commercial manufacture of AMPYRA®.” (*Id.*). “That Know-How includes methods and data establishing that the AMPYRA® product has acceptable and controllable levels of impurities, and measuring and controlling the moisture content in the AMPYRA® tablets.” (*Id.*).

The Tribunal finds that there is little meaningful Know-How that is proprietary to Alkermes warranting any further royalty. This is because, as Acorda proved during the Evidentiary Hearing, all of the purported proprietary Know-How Alkermes claims ownership of is, and has been for quite some time, in the public domain.

Through credible evidence, Acorda successfully showed that all of Alkermes’ purported Know-How regarding tablet hardness, moisture control and impurities is generally known and routine in the drug manufacturing industry. (C163-C166, C179). For example, “the basic formulation of MXDAS sustained-released 4-AP was complete by mid-1995.” (C166 (citing Evidentiary Hearing Tr. 537:1-17)). Similarly, all of Ampyra’s 20-plus impurities have been identified and publicly disclosed in Ampyra’s NDA. (C176 (citing Evidentiary Hearing Tr. 449:22-452:7; Appel Decl. ¶¶60-62; C-826; C-858) (additional citations omitted)). Even “[t]he milling and blending equipment used by Alkermes is standard and commercially available.” (C188 (citing Evidentiary Hearing Tr. 622:11-14)).

This is also true with regard to the CMC. Once again, Alkermes claims proprietary Know-How in the information contained in the CMC. (Alkermes Post-Hearing Br. at 8-9). The evidence simply does not support

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this narrative. First, as noted above, the contents of the CMC are known to multiple regulatory agencies around the world. (C182-185). Moreover, this same information was disclosed in multiple peer reviewed articles and during the related Hatch- Waxman litigation. (*Id.*). More importantly, Acorda paid for, and owns, both the NDA and the CMC. (C156). One need not search far to reach this conclusion, as the information disclosed in the NDA and the CMC is explicitly referred to as “Acorda Know-How” in the License Agreement (*Id.* (quoting J-001 at Art. 1)).

Thus, it is apparent to the Tribunal that Alkermes possesses no valuable Know-How for purposes of this Arbitration. Alkermes simply did not present any evidence that tends to show that Alkermes is currently contributing something of value that it should be receiving a royalty on. The technology, formulation, and tablet manufacturing process for Ampyra are within the public domain and generally known to the drug manufacturing industry. Hence, Alkermes’ Know-How argument also fails.

E. Declaratory Relief

Having concluded that Alkermes committed a *Brulotte* violation, and that no *Kimble* exception is applicable, it is obvious that the Tribunal must declare the running royalties in the License Agreement unenforceable. This is precisely what *Brulotte* requires. *Brulotte*, 379 U.S. at 33; see also *Sandford Redmond, Inc v. Mid-America Dairymen, Inc.*, 1992 U.S. Dist. LEXIS 2376, at *17-18 (S.D.N.Y. 1992) (finding the entire contract unenforceable for *Brulotte* violations). But the Tribunal must first decide

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whether the License and Supply Agreements are, for all intents and purposes, one agreement. The Tribunal answers this question in the affirmative.

First, the Supply Agreement's term is directly tied to the life of the License Agreement. (J-002 Cl. 11.1 ("This [Supply] Agreement shall be deemed to have come into force on the Effective Date and *will expire upon expiry or termination of the License Agreement, howsoever arising.*") (emphasis added)). Next, as explained, the combined royalty rate of the License (10%) and Supply (8%) Agreements is identical to the pre-2003 1998 joint venture agreement of 18%. (*Compare* J-001 at Art. 5.6 and J-002 at Cl. 9.3 *with* J-015 at 12).

Moreover, the Supply Agreement inherently triggered obligations under the License Agreement because the Supply Agreement prohibited Acorda from obtaining more than 25% of its supply of Ampyra from any other entity other than Alkermes. (J-002 at Cl. 7.2.1). Thus, Acorda inherently needed to obtain at least 75% of its Ampyra supply directly from Alkermes. This, in effect, worked to assure that the running royalty in the License Agreement would also be triggered. In other words, despite being labeled two separate agreements, the License and Supply Agreement are so tied together they operate as a single unified business agreement.

Because of this the Tribunal must also declare the Supply Agreement unenforceable for the same reasons it has declared the License Agreement unenforceable. Said differently, the Tribunal must declare the License

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Agreement unenforceable under *Brulotte*. And, because the Supply Agreement is merely an extension of the License Agreement, the Tribunal must also declare the Supply Agreement unenforceable. Accordingly, it is the ruling of this Tribunal that both the License and Supply Agreements are **UNENFORCEABLE**.

**F. Monetary Relief for Unjust Enrichment/
Restitution**

As the Parties are aware, Acorda retains the ability to recover unjust enrichment/restitution damages for all payments it made under protest. (*See generally* Order #23). This section addresses that monetary award and resolves the following questions: 1) how much is Acorda entitled to in connection with its payments under the License Agreement; 2) whether its July 2020 protest letter is applicable to payments it made pursuant to the Supply Agreement; 3) whether the payment is made after the July 2020 protest letter on an invoice generated before said letter is recoverable; and 4) what prejudgment interest rate should be applied, if any.

1. Overpayment Under the License Agreement

Having resolved that the License Agreement is invalid due to the *Brulotte* violation, the Tribunal must now determine how much of its payments under the License Agreement Acorda is entitled to recover. All of the payments Acorda made after the '938 Patent expired were improper as Alkermes was no longer entitled to any royalty payments. However, as this Tribunal has

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acknowledged, the New York Voluntary Pay Doctrine¹⁰ (“NYVPD”) changes this calculus. Under the NYVPD, payments that are “made with full knowledge of the facts, even if made under mistake of law” are not recoverable. *Dillon v. U-A Columbia Cablevision of Westchester, Inc.*, 740 N.Y.S.2d 396, 397 (App. Div. 2002).

Based on this, the Tribunal has already concluded that the NYVPD has precluded any recovery by Acorda up until it made its formal protest in July 2020. (Order #23). Hence, Acorda may only recover payments it remitted after the July 2020 protest. The parties do not dispute that the aggregate of these payments is \$16,554,267¹¹. (See U61¹²; *see also* October 21, 2022 emails). Thus, the Tribunal hereby **AWARDS** Acorda \$16,554,267 for the overpayment it made under the now unenforceable License Agreement since it formally protested said royalty payments in July 2020. This includes the payment that Acorda made after the July 2020 protest that was for an invoice generated earlier than the protest letter.¹³

10. The Arbitration Clause in the License Agreement sets forth that New York law governs this Arbitration. The Parties have conceded this fact. (*See* Order #3).

11. This figure includes an additional licensing payment made by Acorda to Alkermes on August 15, 2022—after submission of the Undisputed Facts—in the amount of \$1,595,439.

12. Undisputed Statements of Facts submitted by the parties shall be cited as “U” immediately followed by the relevant statement number.

13. Despite Alkermes’ objections, the Tribunal’s award includes the one payment that was made by Acorda on an invoice

*Appendix E***2. No Overpayment Under the Supply Agreement**

The Tribunal reaches the opposite conclusion regarding Acorda's payments under the Supply Agreement. This is because in the July 2020 protest letter Acorda explicitly only referenced the License Agreement. (*See* R-315 (July 2020 purchase order stating "Acorda will be making payment on this order *as per the royalty rate state in the License Agreement.*")). That July 2020 purchase order also made reference to Acorda's April 22, 2020 letter to provide a more complete background. (*Id.*).

A review of the April 22, 2020 Acorda letter further confirms that Acorda was only protesting the royalties under the License Agreement. (*See generally* J-210). Indeed, the first sentence of the letter begins by noting that it is a follow-up to a conversation "regarding the *royalty rate paid by Acorda under our **amended and restated license agreement*** relating to Ampyra®." (*Id.* (emphasis added)). It does not end there. Acorda then states that it has analyzed the agreement and has concluded that "the continuation of the **10% royalty rate in the agreement** for U.S. sales is unenforceable following the expiration of" the '938 Patent. (*Id.* (emphasis added)).

generated before July 2020, but remitted thereafter. This is because once Acorda sent the July 2020 protest, it explicitly was asserting that all future payments under the License Agreement were unenforceable. Thus, logic dictates that, even though the invoice was generated before Acorda protested, Acorda clearly did not believe it owed any additional royalty payment under the License Agreement going forward. Hence, the protest attaches to all payments made from July 2020 forward.

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Thus, it is clear that Acorda never formally protested the payments it made under the Supply Agreement.

And, while it is true that the Tribunal has concluded that the License and Supply Agreement are so intertwined that they must be treated as a single agreement for purposes of the unenforceability analysis above, the same is not true here. This is because New York's law requires the protest to be in writing and explicit as to the rights being asserted and/or preserved. *See Overbay, LLC v. Henoch, Peterson, Peddy, & Fenchel, P.C.*, 128 N.Y.S.3d 56, 58 (App. Div. 2020) ("in order for a protest of payment to be characterized as appropriate, it must be in writing and made at the time of the payment."); *Turner Network Sales, Inc. v. DISH Network, L.L.C.*, 413 F. Supp. 3d 329, 340-41 (S.D.N.Y. 2019) ("Where, as here, a sophisticated party has for years remitted voluntary payments pursuant to an understanding of its legal obligations (and there is no indication that such understanding was fraudulently induced), courts have consistently held that such party's lack of diligence in determining what its contractual rights were precludes recoupment of voluntarily remitted funds.") (internal quotations and citations omitted)).

Here, Acorda was clearly well aware of the fact that Alkermes was seeking to extract an illegal royalty. However, for whatever reason, it chose to protest only the License Agreement royalty. Hence, Acorda is not entitled to recover any payments under the Supply Agreement as such recovery is barred by the NYVPD. The Tribunal will enter an award in favor of Alkermes on these payments.

*Appendix E***3. Pre-Judgment Interest**

The last item for this Tribunal to resolve is the matter of pre-judgment interest. Acorda has argued for the full amount permitted under New York law – *e.g.*, 9%. (*See* Acorda Post-Hearing Br. at 25 (citing N.Y.C.P.L.R. § 5001)). Alkermes opposes this request explaining that Acorda’s only remaining theory of recovery is unjust enrichment. (Alkermes Post-Hearing Br. at 24). Hence, Alkermes claims that the pre-judgment for equitable matters under New York law is discretionary and should be lower than 9% and should be based on the “risk-free rate” and current bond market interest rates. (*Id.* at 24-25).

The Tribunal concludes that Acorda is entitled to the full 9% pre-judgment interest rate as set forth in the CPLR. While it is true that this Tribunal has discretion to choose a lower rate, Alkermes has given the Tribunal no compelling reason to do so. Moreover, it is not lost on the Tribunal that if the roles were reversed and Alkermes had brought this action to enforce the License Agreement, this action would sound in contract and Alkermes, had it succeeded, would be entitled to the full 9%.

Accordingly, the 9% pre-judgment interest rate is appropriate here. The CPLR permits the Tribunal to select a “single reasonable intermediate date.” N.Y.C.P.L.R. § 5001(B). The Tribunal has conferred and has determined that the prejudgment interest shall run from August 26, 2021. This date is the exact mid-point

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between when the first protest letter was sent by Acorda and the date of this Final Reasoned Award and conclusion of this matter.

Thus, the total amount of interest due by Alkermes to Acorda is \$1,689,528.49. This amount was derived by multiplying the judgment amount of \$16,554,267 by 9% and then multiplying that result by 1.134, which is the decimal representation of the time that has elapsed from August 26, 2021 to October 13, 2022.

4. Arbitration Cost

Rule R-47(d) of the AAA Rules provide that the award may include an award of attorney's fees if all parties have requested an award or it is authorized by law or their arbitration agreement. The arbitration clause in the License Agreement matter provides that "the costs of the arbitration, including administrative and arbitrators' fees, shall be share equally by the Parties and each Party shall bear its own costs and attorneys' and witness' fees incurred in connection with the arbitration." (J-001 at Art. 12.14).

Consequently, the administrative fees and expenses of the International Centre for Dispute Resolution (ICDR) totaling \$80,339.35 shall be borne in **equal shares** by the parties. Therefore, Alkermes shall reimburse Acorda the sum of \$13,219.67, representing that portion of said fees in excess of the apportioned costs previously incurred by Acorda, upon demonstration that these incurred costs have been paid. The compensation and expenses of the

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arbitrators shall be borne by **in equal shares** by the parties in this matter.

IV. ORDER AND FINAL JUDGMENT

IT IS on this 7th day of November, 2022,

ADJUDGED that the 2003 License Agreement and Supply Agreement are hereby **DECLARED UNENFORCEABLE** for violations of the *Brulotte* doctrine; and it is further

ORDERED that Alkermes return to Acorda all royalty payments made under the License Agreement (\$16,554,267) within 30 days of this Reasoned Award and Final Judgment; and it is further

ORDERED that Alkermes shall also pay Acorda \$1,689,528.49 in pre-judgment interest, plus interest on the full amount of the Award, including the pre-judgment interest, up to the date of payment; and it is further

ADJUDGED that Acorda is not entitled to any recovery under the Supply Agreement; and it is further **ORDERED** that Alkermes shall pay Acorda \$13,219.67 in administrative fees for this Arbitration; and it is further

ORDERED that this award is the full resolution of all claims and counterclaims submitted to this Arbitration; and it is further

ORDERED that this Final Reasoned Award may be executed in any number of counterparts, each of

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which shall be deemed an original, and all of which shall constitute together one and the same instrument; and it is further

ORDERED that the Tribunal retains jurisdiction over the enforcement of this Reasoned Award and Final Judgment.

SO ORDERED.

We hereby certify that, for the purposes of Article I of the New York Convention of 1958, on the Recognition and Enforcement of Foreign Arbitral Awards, this Final Award was made in New York, New York, United States of America.

/s/ Jose L. Linares

Hon. Jose L. Linares, U.S.D.J. (ret.)

/s/ Arthur J. Gajarsa

Hon. Arthur J. Gajarsa, U.S.C.J. (ret.)

/s/ Robert S. Smith

Hon. Robert S. Smith, A.J. N.Y. Ct. App. (ret.)