

# Law Lore & Practice

PTMG



Pharmaceutical  
Trade Marks Group

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## Editorial

As some readers may already know, in addition to my editorial capacity for *Law, Lore & Practice*, I have the privilege of being an elected member of my town council. In a population of slightly more than 5,000 inhabitants, more than 1000 are young people, most of whom attend schools in the town. One action specifically aimed at these youngsters is a magazine covering all sorts of information, much of it sport and culture orientated but also tackling more serious subjects.

Last week, I was informed of a new phenomena called 'strawberry quick' which was reportedly circulating in schools. Looking like a strawberry flavoured sweet, it supposedly contained crystal meth and the long list of side effects were enough to make anyone's blood run cold. What is crucial here is that the original message circulating around the email world had an official government endorsement. Further research on the Internet led me to a site claiming such messages to be hoax.

So, in the world of WikiLeaks, where knowledge is sacrosanct, what exactly can one believe? This need to question information does not date from the 21st century and lawyers more than anybody are aware of the pitfalls of not verifying sources. However, are we sure that the younger generation is being properly equipped to question that which surrounds them both in the real and the virtual world?

As last-minute Christmas shopping looms and against the backdrop of recent studies which show that an average youngster today spends more than two hours a day in front of a screen (excluding television screens), I will try not to succumb to the attraction of instant gratification toys. Presentations at two recent PTMG conferences advised us of the legal concerns regarding product placement and infringements within this virtual environment but – what's more, I ask myself – how can we pre-empt our children from being tempted by all types of dependency?

Wherever you are, however you spend the festive season, I trust it will be one of good health and cheer. Best wishes for 2011,

**Vanessa**

## US Law Update

James A Thomas, Troutman Sanders LLP

The Trademark Technical and Confirming Amendment Act of 2010 became effective on 17 March 2010. Among other things, the Act corrected certain inconsistencies between the grace periods applicable to US registrations pursuant to the Madrid Protocol and those applicable to all other US registrations. Prior to the Act, there was no grace period available for filing the initial affidavit of use for a US registration pursuant to the Madrid Protocol and only a three-month grace period for renewal filings. Owners of all other US registrations, however, enjoyed a six-month grace period for each such filing. The Act now conforms these grace periods so that post-registration maintenance filings for all US registrations enjoy the same six-month grace periods. In addition, the Act also provides that all US registration owners may cure deficiencies in post-registration filings outside the statutory period upon payment of a surcharge, specifically including when the filing is not in the name of the owner of the registration. Previously, such opportunity to cure deficiencies was not applicable to US registration pursuant to the Madrid

Protocol and deficiencies curable for all other US registrations did not include when the filing was not in the name of the owner of the registration.

This Act also directed the United States Patent and Trademark Office (the 'USPTO') to conduct a study on 'the extent to which small businesses may be harmed by litigation tactics by corporations attempting to enforce trademark rights beyond a reasonable interpretation of the scope of the rights granted to the trademark owner.' As a result, the USPTO issued a notice requesting comments from trademark owners, practitioners, and others 'regarding their experiences with litigation tactics, especially those involving an attempt to enforce trademark rights beyond a reasonable interpretation of the scope of the rights granted to the trademark owner.' Comments and suggestions must be submitted no later than 7 January 2011. Currently, US trademark law does not recognise any action or defense for 'trademark misuse'.

Finally, in a recent non-precedential decision (in re *Follica, Inc.*, Serial No.

77665184 (TTAB 30 September 2010), the Trademark Trial and Appeal Board (the 'TTAB') affirmed the refusal of an application for the mark FOLLICA for, *inter alia*, 'pharmaceutical preparations for hair growth treatments', in International Class 5 because of a prior registration for the mark PROFOLLICA, registered for 'shampoos; hair care kits comprising non-medicated hair care preparations, namely, a shampoo and activator gel; hair gel', in International Class 3. In so holding, the TTAB found that the only difference between the goods involved was the fact that the applicant's goods were medicated whereas the registrant's goods were non-medicated. Noting a number of other third party registrations that included both medicated and non-medicated goods in classes 3 and 5, the TTAB found that this difference was not sufficient to avoid a finding that the goods were related. In addition, the TTAB found that there was no evidence in the record that 'pharmaceutical preparations' referred only to preparations purchased on prescription and that therefore applicant's goods were not limited to prescription products only.

# Advocate General delivers opinion on pharmaceutical advertising in Estonia

Chris McLeod and Ellen Forrest-Charde, Hammonds LLP, London, United Kingdom

In *Novo Nordisk AS v Ravimiamet* (Case C-249/09), 19 October 2010), Advocate General Niilo Jääskinen has issued his Opinion on a preliminary reference from the Estonian Court of Appeal regarding advertising directed at professionals under Directive 2001/83 (the Community Code).

## Background

The reference arose from a dispute over an advertisement for LEVEMIR®, a branded injectable insulin DETEMIR published in a medical journal supplied to healthcare professionals. Ravimiamet, the national regulator of medicinal products, required LEVEMIR's manufacturer, Novo Nordisk, to stop using the advertisement because it contained information which, in its view, contradicted the summary of product characteristics.

The advertisement claimed:

- effective control of blood sugar levels with a reduced risk of hypoglycaemia;
- that 68% of patients did not gain weight, some even lost weight; and
- that 82% of patients in clinical studies were injected with LEVEMIR each day.

However, the summary of product characteristics stated that:

- hypoglycaemia is the most common side-effect;
- comparative studies using other forms of insulin found that members of the LEVEMIR group gained very little weight or none at all;
- LEVEMIR is administered twice daily.

The Estonian Court of Appeal referred two questions to the CJEU:

- a) Must Article 87(2) of Directive 2001/83 of the Community Code relating to medicinal products for human use (as amended) be interpreted as extending to citations from medical journals or other scientific works which are included in advertising directed at persons qualified to prescribe or supply medicinal products?
- b) Must Article 87(2) be interpreted as prohibiting in advertisements for medicinal products the publication of claims which contradict the summary of product characteristics whilst not requiring that all claims in advertising for medicinal products be included in the summary or be derivable from information in the summary?

## The interpretation of 'all parts of advertising'

Advocate General Jääskinen dealt expeditiously with the first question, with

a common sense reading of the phrase "all parts of the advertising" which, in his opinion, included citations from medical journals or scientific works. Within his reasoning, the Advocate General asserted that the decision in *Gintec International Import-Export GmbH v Verband Sozialer Wettbewerb eV* (Case C 374/05), applied equally to advertising directed at persons qualified to prescribe or supply medicines and to consumer advertising. It was also noted that subsequent provisions regulating advertising directed specifically at professionals recognised the use of quotations within said advertising.

## Article 87(2) in context

The second question was subject to closer scrutiny and the Advocate General considered that the issue was whether Article 87(2) prohibited the inclusion of supplemental information which did not appear in the summary or which could not be derived from it.

In his initial observations, the Advocate General noted that Article 87(2) should not be read in isolation, but in context with Articles 91 and 92 of the Community Code, which only require that advertising contain 'essential information compatible with the summary of product characteristics' and that quotations must be 'faithfully reproduced and the precise sources indicated'.

## The interpretation of 'must comply with': three options

The Advocate General felt that three conclusions could be drawn from the wording in Article 87(2):

- that all statements appearing in advertising for a medicinal product must be within the summary;
- that all statements must be in the summary or derivable from it; and/or
- that all statements were acceptable, provided that they did not contradict the summary.

The Advocate General did not accept that these were mutually exclusive choices, as many situations might fall within any number of them. For example, the use of synonyms would fall within the first and second, whilst mentioning findings from a clinical trial with narrower parameters might fall within the second and third.

The Advocate General was of the view that the first interpretation was too strict, given that Article 91 of the Community Code requires only 'compatibility' rather than 'conformity', and given further that Recital 47 of the Community Code only states that advertising "contributes" to the

information of professionals. In the authors' view, the first interpretation amounts to a form of censorship, because its necessary result is that only the information contained in the summary, which does not always lend itself to creative advertising copy, can be used.

In contrast, the Advocate General felt that, without qualification, the third interpretation was too liberal towards advertisers and, if later endorsed, there was a risk that companies would choose low quality or broad studies, favourable to the particular drug promoted by that company but not subjected to the rigorous authorisation procedures required under Article 23 of the Code for the statements in the product summary. The Advocate General also had concerns that companies would not use statutory licence variation procedures to update the product summary but would instead use the medium of advertising to convey new findings to professionals.

However, the Advocate General recognised that some new information could benefit the work of healthcare professionals, without needing to be regulated by the authorities. As examples of permissible evidence, the Advocate General suggested new findings which supported statements already in the product summary or the provision of more precise details of scientific findings or otherwise useful information, such as patient satisfaction surveys or preferred methods of administering the advertised product. He added the proviso that such claims must always comply with the remaining provisions of the Code (i.e. not be misleading, be properly referenced etc).

Accordingly, the Advocate General concluded that Article 87(2) prohibits statements that contradict the product summary but does not prohibit those that can be derived from the product summary. By way of example, the Advocate General cited the following as examples of acceptable advertising practices:

- statements which complete information required under Article 11 of the Community Code and which are already within the product summary, provided that such statements specify or confirm such information without distorting it;
- statements not required by Article 11 but which complete the product summary, provided that such statements are faithfully reproduced

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and properly referenced, that they are not misleading and do not contravene other requirements of the Code.

### **Freedom of Commercial Expression/Proportionality**

In the underlying case, Novo Nordisk had attempted to defend its actions by citing the principles of freedom of commercial expression and proportionality. The Advocate General rejected these, noting that the European Court of Human Rights had previously ruled that public health aims could prevail over economic concerns such as freedom of expression notwithstanding the fact that the freedom was generally considered to be a fundamental right.

Moreover, the Advocate General did not consider that proportionality limited the right to health in favour of freedom of

expression because the protection of public health also guaranteed the right to life, which is the first and foremost principle.

### **Comment**

Opinions regarding the content of pharmaceutical advertising have been divided ever since the introduction of the Community Code. Pharmaceutical companies often raise the argument that some flexibility is essential to ensure that healthcare professionals are aware of and use the latest pharmaceutical formulations, which generates revenue for laboratories, stimulating further innovation. However, the methodologies used by advertisers who consistently exceed the boundaries of the law are often criticised in mass media as being akin to manipulation to the detriment of the patient.

Whilst this opinion opens the way for pharmaceutical companies to include wider claims in their advertising, it is obvious that the Advocate General had this background controversy in mind when he issued this Opinion, which appears to draw a very narrow, almost cautious line between what is acceptable extra information under the Community Code and what is not. The result is that the authorisation regime remains sacrosanct and the summary of product characteristics is king. Whether the distinctions drawn by the Advocate General will work in practice remains to be seen. What is certain is that any distinction drawn hereafter by the Court of Justice of the European Union (CJEU) will most certainly be challenged and tested by the continually evolving world of pharmaceutical advertising.

## **Members News**

### **New Members**

We are delighted to welcome the following new members to the Group:

**Matt Powell** of Patrix IP Helpware, Backebols Gard, 422 59 Hisings Backa, Sweden

**Jennifer Fajelagutan** of Patrick Mirandah Co. (Asia) Pte. Ltd, Suite 813 Renaissance 2000, Meralco Avenue, Pasig City 1604, Philippines

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**Klara Daroczi** of Egis Pharmaceuticals Plc, 1475 Budapest 10, Pf.100, Hungary

#### **Moves and Mergers**

**Dietrich Beier** has left Bardehle Pagenberg in Munich to establish his own firm, Rossbach & Beier at Prinzregentenplatz 14, 81675 Munich, Germany

**Tom Farrand** has left ip21 to join Harrison Goddard Foote at 40-43 Chancery Lane, London WC2A 1JA

**Abida Chaudri**, formerly with Davenport Lyons, has joined the Museum of Brands, Advertising & Packaging at 1 Colville Mews, Lonsdale Road, Notting Hill, London W11 2AR

**Torsten Dilly** has now left Ashurst LLP and can be found at Bruderstrasse 5, 80538 Munich, Germany

**David-Irving Tayer** has recently established his own firm, WITETIC Avocats at 21 rue Leon Jost, F-75017 Paris, France

#### **Erratum**

My apologies to **Paul Steinhauser**. I incorrectly reported in the previous edition that he had left Arnold + Siedsma. In fact he has joined that firm at their office in AJ Ernststraat 595 F, NL-1082LD, Amsterdam, The Netherlands.

Please remember to let us know of any changes to your contact details. You can notify me either via the PTMG website [www.ptmg.org](http://www.ptmg.org) or directly to [Lesley@ptmg.org](mailto:Lesley@ptmg.org) or by writing to me at Tillingbourne House, 115 Gregories Road, Beaconsfield, Bucks, HP9 1HZ

#### **Lesley Edwards**

PTMG Secretary

**A new edition of the  
PTMG Members  
Handbook  
will be published early in 2011**

**If your contact details have recently changed, please be sure to let Lesley Edwards know, by return, by one of the routes mentioned above, so that the correct details can be listed for you**

# Advocate General gives opinion on legality of advertising of prescription-only medicines

Chris McLeod, Hammonds LLP, London, United Kingdom

In Case C-316/0 *MSD Sharp & Dohme GmbH v Merckle GmbH* (November 24 2010), Advocate General Verica Trstenjak has issued her opinion in response to a reference from the Bundesgerichtshof, the German Federal Supreme Court, on the interpretation of Article 88(1)(a) of Directive 2001/83/CE relating to medicinal products for human use, which prohibits advertising to the general public of medicinal products available only on prescription.

The background is litigation between the parties in which Merckle sought to prevent MSD from distributing on the internet advertising materials relating to MSD's prescription-only medicines. Merckle's success was contingent on whether MSD's conduct legally constituted unauthorised advertising to the general public of prescription-only medicines. The problem before the AG was the balance between protection of public health and the public's right to information.

MSD presented on the internet freely accessible information relating to its prescription-only medicines VIOXX, FOSAMAX and SINGULAIR by reproducing the product packaging, the therapeutic indications and use notice.

Merckle requested the Landgericht, the German regional court, to order MSD to cease this advertising, which the Landgericht did. The Oberlandesgericht, the German higher regional court, rejected MSD's appeal against the decision of the Landgericht.

The question which was referred to the General Court is whether Article 88(1)(a) also prohibits advertising to the public which consists solely of information communicated to the relevant authority in the context of the authorisation procedure which is also accessible by any person buying the product and by anyone searching for it on the internet.

According to Bundesgerichtshof case law, advertising takes place as soon as the required information is separated from the specific form required by the legislation relating to pharmaceutical products and is used for separate communication purposes, for example as a newspaper advertisement. The

judge at the Bundesgerichtshof wondered whether a more liberal interpretation would constitute an excessively restrictive interpretation of Article 88(1)(a). In this regard the AG felt that it should be noted that the dissemination of information is carried out by the manufacturer and that such information could prevent or reduce the risk of 'ill-informed self-medication'.

Written submissions to the GC were made by MSD and the governments of Portugal, the Czech Republic, Denmark, Hungary, Poland and the United Kingdom. Lawyers for MSD and representatives of the governments of Portugal, Denmark and Sweden and of the European Commission made oral submissions.

The governments of Poland, Hungary and Portugal were in favour of limiting advertising to the public. MSD, naturally, the governments of Denmark, Sweden and the United Kingdom, and the Commission were against such limitations.

The AG concentrated her opinion principally on the following areas: taking into consideration fundamental rights in the context of interpretation, the fundamental right to expression of opinions, freedom of information, freedom of enterprise, freedom of passive consumer information, the object of the information, the content of the information, the intended recipients of the information and the technical characteristics of the media.

She concluded that an interpretation consistent with the fundamental rights of the concept of advertising of medicines was appropriate in order to reconcile protection of public health, on the one hand, with the fundamental rights of consumers and manufacturers on the other. As for the distinction between advertising and information, the determining criterion was that of the objective and then that of the message. It was therefore for the national judge to establish whether there was any promotional intention, considering the areas outlined above.

The AG recommended that the GC should respond to the question

referred by the Bundesgerichtshof by stating that Article 88(1)(a) must be interpreted as not prohibiting advertising to the public of prescription-only medicines to the extent that it consists solely of indications communicated to the competent authority in the context of the authorisation procedure and is accessible by any person buying the product. This to the extent that it is not presented to a person without them requesting it but is accessible over the internet only to a person seeking to obtain it.

## Comment

This is a relatively forthright opinion. If the GC follows the AG's recommendation, as is usually the case, we can expect a rush by pharmaceutical companies to place prescription-only product information on the internet, subject to compliance with the above criteria which seem intended to prevent promotion to consumers as opposed to informing them about products with the same materials which accompany products when they are dispensed, such as patient information leaflets.

**82ND PTMG CONFERENCE**

**Brighton**

**21st and 22nd March 2011**

**booking opens in January  
via the website**

**83RD PTMG CONFERENCE**

**Prague**

**12th to 14th October 2011**

# Today, Tomorrow and the Future

Stephanie Loeffler, Marks & Clerk

## Wednesday 29 September

Despite the strikes and demonstrations, all delegates eventually made it to the Intercontinental Hotel on a balmy evening in Athens and the Welcome Reception located in the Aphrodite Room of our Hotel. As I crossed the threshold of the Aphrodite Room, I was met by two young gentlemen attending their first PTMG conference, which I thought was a rather poignant coincidence since I recalled that my first PTMG conference was in the same city, although I had yet to see the Parthenon!

After an exchange of greetings with old friends and new, delegates dispersed in time-honoured fashion to cocktail parties and dinners in wonderful and exclusive locations.

## Thursday 30 September

**Christina Masoulas**, confidently taking over the mantle from her father, who

informed me that the Greek Trade Marks Office is open only between the hours of 10 a.m. and 3 p.m.!

**Alexander von Muhlendahl** followed with an update on the review conducted by the Max Planck Institute on the European Trade Mark System, reminding us that the two main issues which gave rise to the study were the delicate subject of the Office for the Harmonization of the Internal Market's surplus and the controversial subject of use in one EU Member State being sufficient to maintain a Community Trade Mark registration throughout the Community. With OHIM currently receiving some 900,000 applications, the divergence between the initial financial estimate and the current reality means that the surplus is not really a surprise at all.

**Sue Evans**, our wonderful Chairwoman, then made an executive decision to break with tradition – rather than encourage

development at the European Medicines Agency. One could summarise the thrust of Alan's focus by relying on Bob Dylan's song, *The Times They are a-Changing*, which kicked off Alan's presentation. I am certain that this talk has generated a few hours of thought-provoking discussion. In essence, Alan looked at the challenges faced by the EU Regulatory system and how it is responding to the challenges in the context of the dilemma facing the healthcare industry – the increasing pressure both in Europe and the US to reduce the cost of healthcare treatment against the increasing size of an ageing population and the availability of new products. One study suggests that only 30% of approved medicines demonstrated a therapeutic innovation.

There was no opportunity to cat nap after lunch as **Stacey King**, the Senior Internet and IT Counsel for Richemont, gave a fascinating and entertaining talk on



Clockwise from top left: Christina Masoulas; Alexander von Muhlendahl; Alan Hunter; Stacey King; Myrtha Hurtado Rivas; and Brett Lewis

presented at the previous PTMG conference in Athens some 10 years ago, guided us through a comprehensive overview of trade mark protection and enforcement in Greece. If one is fortunate enough to sail through the examination process, it is possible to obtain registration of a trade mark in 18 months. Otherwise, a problematic examination procedure can result in many years delay. Perhaps not entirely surprising, given that one delegate

delegates to return to the auditorium to the familiar sounds of *Also Sprach Zarathustra*, we virtually skipped back to the livelier tune of *Zorba the Greek*,

with Sue leading the way!

Following the morning break, **Dr Assimakis Komninos** led us through the complexities of pricing policies for pharmaceuticals in Europe and their impact on parallel importation, focusing primarily on two Glaxo SmithKline cases, the Greek Lelos case and a Spanish case dealing with dual pricing.

The morning presentations concluded with **Alan Hunter's** talk on the latest

the challenges facing brand owners in controlling rampant abuse of their trade marks whilst at the same time avoiding negative public opinion. Public opinion is shifting, as there is a growing sense that brand owners' interests are moving away from protection of the consumer to protecting their business. Stacey illustrated her initial premise of 'when should one not litigate' with such cases as Louis Vuitton's action against 'Chewy Vuiton' and Disney's attempts to stop a British couple from using the image of Winnie the Pooh on their child's gravestone. On a lighter note, the National Pork Board ran a promotional campaign using the strapline 'The other white meat' but undermined its own efforts to promote its message by

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sending a 12-page cease and desist letter to the owners of the Think Geek website, when it launched a fake product, 'Unicorn Meat' with the promotional message 'Unicorn, the new white meat'!

**Maria Lazarimou** of Burson Marsteller then provided an interesting insight into the workings of a journalist's brain and gave useful guidelines on managing the media and media relations. Adjectives used to describe a typical journalist



**Clockwise from top left: Ian Dodds-Smith, Lisa Ritchie; Mark Peroff; Peter Gustav Olsen**

included 'cynical, badly paid, under pressure' and as a final pointer, we were reminded that one well known journalist always asks himself before any interview - 'why is this b\*\*\*\*\* going to lie to me?'. Against this background, I found myself thinking that developing a communication strategy with the media was likely to be a 'marathon' (weak Greek pun!) test for any legal advisor.

The day ended with a presentation from **Brett Lewis**, a Partner at Davies Collison & Cave. Brett drew a creative horticultural analogy between the path to creating, registering and avoiding erosion of a brand and nurturing and raising a plant from seedling to full growth.

Following Sue's instructions to wear comfortable shoes, possibly even 'flip flops', we were taken by coach to an idyllic location on the beach, appropriately entitled 'Dreams'. After cocktails on the beach and a beautiful late summer sunset, we all sat down to a mammoth buffet and enjoyed traditional Greek dances. As the evening wore on, many delegates tried their hand at

Syrtaki, which gave rise to numerous anecdotes the next morning!

### Friday 1 October

Any lingering hangovers or malaise from the excesses of the previous night would have been swept away in an instant by **Myrtha Hurtado Rivas'** vivacious and insightful presentation on trade marks in a generic world. With a growing demand for medicines, rapidly emerging market growth, increased access to healthcare,

unremitting cost pressures and many products going off-patent, pharma companies are increasingly turning their attention to the generic landscape and considering alternative branding strategies including the use of INNs combined with company names, launching their own generic products and even creating a generics division. Myrtha also highlighted the different strategies required and challenges faced when marketing products in a commodities market (a 'mature pharmaceutical market') versus an emerging market (a 'developing pharmaceutical market').

We then had a US and UK perspective on generic substitution. **Bob**

**Lee** of Eli Lilly analysed past and present US legislation, which has assisted in expediting bringing generic products to market. This was demonstrated by an interesting statistic that in 2009 generic products accounted for about 69% of prescription pharmaceutical sales; back in 1984, only 10% of pharmaceutical sales were generics. **Ian Dodds-Smith** of Arnold & Porter also provided some interesting figures highlighting that the UK spends £9 billion on branded products. In 1994, only 54% of prescriptions in the UK related to generic products; by 2008, the figure had increased to 83%. Contrasting the UK position with the US, the overriding objective seems to be to preserve the prescriber's autonomy and therefore rather than amend primary legislation, the Government is looking to introduce an opt in/opt out system.

The morning session ended with **Richard Dissman** of Bird & Bird reviewing different levels of liability and enforcement strategies in relation to social media. Richard first considered the

position in Germany, looking at a number of cases including a very recent decision in which You Tube was considered liable for copyright infringement of a pancake recipe on its own platform because it was held that, essentially, it offered the recipe as its own content. Richard went on to contrast the position in Germany with that of the US and other EU countries.

The latest developments on comparative advertising could have been a good opportunity to digest our delicious buffet lunch but **Lisa Ritchie** soon put paid to that. Excellent multimedia material and an inimitable style certainly helped: only an Australian could actually say those words at a conference and not blush! Lisa chose to use comparative advertising examples from the airline industry which is always a good way to focus the attention of delegates and she proceeded to provide both the legal framework for the subject matter and some essential practical tips.

A light-hearted reference to the need for the pharmaceutical industry to seize the business opportunity offered by Internet addiction use kicked off the speech from **Mark Peroff**. At the end of his whistle-stop tour of Internet advertising from a US perspective and the various limitations to intellectual property protection for this environment, one could not help wanting to hear more of his persuasive arguments for an International treaty for the regulation of this 'borderless marketplace'.

Our last speaker, **Peter Gustav Olson**, provided a fascinating overview of the serious problems faced by trade mark owners in the strange world of Second Life, where consumers can purchase giant VIAGRA pills or PROZAC chill pill costumes for parties! PROZAC seems to feature prominently both on Second Life and IMVU, the 'little sister' of Second Life, which is primarily targeted at teens and currently has 50 million registered users.

Time and time again, the organising committee surprise us with their choice of venue and location for the gala evening. This year we were treated to another unique venue, The Byzantine Estate, located on a hillside some 25 km out of the centre of Athens and surrounded by beautiful grounds. The Estate is a shrine to the preservation of Byzantine culture and houses many icons and other artefacts. Following a cocktail reception in the grounds of the Estate, we were then led to a huge hall and a wonderful candlelit dinner. Dinner was followed by the traditional disco but not without first entertaining delegates with what can only be described as a Greek Goddess playing the violin at various interludes during the meal.

# International Update

## CHINA: OEM liability for trademark infringement

August Zhang, Rouse & Co. International, Beijing

The current dominant practice is that Original Equipment Manufacturer (OEM) producers bear liability for trademark infringement if the foreign buyer is not the owner of the registered trade mark in China. Most enforcement agencies and Customs officers regularly seize goods on these grounds. However, the Shanghai court adopted a different view in the *Jolida Inc. vs Shenda* case.

Jolida Inc. is a US-based audio equipment manufacturer. The company registered the JOLIDA trademark in the United States and has used the trade mark since 1986. The plaintiff, Shenda, owns the JOLIDA trade mark in China. Shenda was originally established as a subsidiary of Jolida in 1996, but was sold to a third party in 1999, but for one reason or another, the trade mark was retained by Shenda. Jolida later established another Chinese subsidiary named Jiulide, which produces and exports JOLIDA branded products to the United States.

In August 2008, Shanghai Customs seized a shipment of JOLIDA branded products at Shenda's request. These products had been produced and exported by Jolida's subsidiary, Jiulide. In February 2009, Shanghai Customs informed Shenda that they could not conclude that Jiulide had committed trade mark infringement.

Shenda then filed a lawsuit against Jiulide in the Shanghai No. 1 Intermediate People's Court. The court determined that Jiulide did not infringe Shenda's trade mark rights. The court held that the key function of a trade mark is to identify the origin of products and services, and that the main purpose of the PRC Trade mark Law is to prohibit trade mark infringement and prevent consumer confusion. The goods concerned were produced subject to an OEM contract and were intended for export. The court therefore reasoned that Chinese consumers would not be confused and thus there was no infringement.

Shenda then appealed to the Shanghai Higher People's Court, which upheld the lower court's decision in November 2009.

While the judgment in the Shenda case does not set a precedent for other courts in China to follow, there is a chance that this decision and its reasoning will influence other judges and serve as persuasive authority.

## EUROPE: BOTOX prevents BOTUMAX from registration

Franck Soutoul and Jean-Philippe Bresson, Inlex IP Expertise

On 28 October 2010, the General Court held that there was a likelihood of confusion between the trade marks BOTOX and BOTUMAX for goods in Class 5. The Court found that consumers would pay greater attention to the identical beginning of the trade marks which also bore the same final sound on account of the letter 'x'. The middle sequence 'uma' was not regarded as self-standing for the relevant public.

The Court also considered that the earlier marks BOTOX had (i) a particularly high distinctive character with regard to pharmaceuticals for the treatment of wrinkles and (ii) an indisputable reputation with respect to these goods.

Based on Article 8(5) of the regulation, the Court confirmed that use of the BOTUMAX trade mark would take unfair advantage of the distinctive character or repute of the earlier trade marks and 'unquestionably' result in the dilution of their distinctive character.

## FRANCE: eBay liable but damages significantly reduced

Franck Soutoul and Jean-Philippe Bresson, Inlex IP Expertise, Pharminlex Department

The Court of Appeal of Paris confirmed on 3 September 2010, in three decisions, that eBay was liable for not taking appropriate measures in 2006 to prevent the sale of counterfeits and of products reserved for selective distribution on its auction sites. For the Court, eBay played an active role in helping sellers present the items put up for auction. The activities of eBay had to be considered as a whole covering both hosting and brokerage services and, as a broker, eBay was required to determine whether the items for sale on its auction platforms were fake or genuine.

However, the damages awarded to the plaintiffs at first instance were reduced from 40 million euros to 5.7 million euros due to an adjustment of the factors used to evaluate the prejudice in the first place.

## INDIA: guidelines for new service classes

Ranjan Narula, Ranjan Narula Associates, New Delhi

Following India's adoption of 9th edition of NICE classification, three new service classes were added to the Indian trade mark classification of goods and services, i.e. Classes 43 to 45. Previously, applications for services that could not be classified in other classes were being

accepted in class 42. The amendments required the applicant/registered proprietor to convert their applications and/or registered trade marks from Class 42 to the appropriate new class where the description of their services included those that would fall within Classes 43 to 45. However this has now been clarified and the following guidelines have been notified.

Trade Marks registered in Class 42:

- It is not mandatory for the registered proprietors to convert their registrations in Class 42 (that contain services falling within Classes 43 to 45) to the appropriate new class. However, they do have an option to do so.
- Trade marks currently registered in Class 42 will be renewed in the same class.
- Trade marks already published with a broad description of services will proceed to registration in Class 42.

Pending applications:

- At the examination stage, the examiner will inform the applicant of the appropriate classes into which the services fall. The applicant will be required to either:
  - delete the services which do not fall within Class 42; or
  - file a request for division of the application into appropriate classes. The priority date in such cases will be maintained.
- Where applications have been examined but not accepted and published, it will be re-examined and the applicant will be required to take steps as outlined above.

Finally, all new applications filed in Classes 43, 44 and 45 will be examined taking into account registrations in Class 42.

## ROMANIA: Conference Raises Alarm on Fake Medicine Trade

Source: French news agency Agence France-Presse (AFP), submitted by Petosevic

More than 120 counterfeit medicines experts from Romania, the Czech Republic, Hungary, Poland, Ukraine and Slovakia gathered on 21 and 22 October 2010 in Bucharest, Romania to increase efforts in the fight against the dangerous trade of fake medicines estimated to be worth EUR 54 billion (US\$74 billion) worldwide in 2010.

The specialists said that Eastern Europe is one of the major routes in the fake medicines trade, the same holding true for heroin and other illegal drugs. The

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experts, however, stressed that most countries in the region have adopted stricter regulations during the recent years and stated that in Romania, fake drugs smugglers have for the first time been sentenced to prison this year.

The experts raised concerns about the proliferation of fake drugs on the Internet, 50% of which are counterfeit, according to the World Health Organization. Some of these drugs contain no active ingredients, some contain 8,000 times the required amount, and some contain life-threatening substances such as arsenic, lead-based paint, brick dust or floor wax.

### **RUSSIA: Prosecution of Suspected Fake Drug Spammer**

Source: RIA Novosti, *The Daily Telegraph*, Securing Pharma, submitted by Petosevic

The Russian authorities have filed criminal charges against the 31-year-old Russian businessman Igor Gusev, whose company Despmidia has been reportedly sending spam e-mails advertising fake pharmaceuticals to users in the United States, Canada and other countries through an online partner Glavmed.com. The company allegedly made US\$120 million (EUR 89 million) since 2007.

The police raided Gusev's home on 26 October 2010 and found the documents that may help in locating the Russian businessman, who is believed to have fled Russia. Moscow's business daily Kommersant reported that the counterfeit medicines he advertised originated in India.

According to the British newspaper *The Daily Telegraph*, Gusev might have also been involved in SpamIt.com, a website that paid spammers to promote a fake version of the anti-impotence drug VIAGRA. After the website closed down on 27 September 2010, the number of spam emails around the world temporarily fell by an estimated 50 billion a day.

There had been no lawsuits filed against spammers in Russia until this case in spite of the Russian Association of Electronic Communications (RAEK) estimates that Russia's economy lost approximately US\$462 million (EUR 342 million) due to spam last year, while the spammers earned US\$123 million (EUR 91 million) during the same time period.

### **RUSSIA: New Rules for Destruction of Fake Drugs**

Source: Securing Pharma, submitted by Petosevic

On 3 September 2010, the Russian government adopted new rules outlining the procedure for the destruction of substandard and counterfeit drugs.

Under the new rules, only the companies licensed to collect, transport and dispose of grade I to IV waste will be allowed to destroy substandard and counterfeit medications. These companies are required to have access to proper disposal facilities and equipment.

After Russia's federal health and social development service, Roszdravnadzor, identifies counterfeit or substandard medicines, the owner of the medicines is

obliged to remove them from circulation and destroy them within 30 days, at his or her own expense. The owner may however appeal by following a procedure also covered by the new set of rules.

### **SYRIA: Closer to a new patent law**

Peter Hansen, Hansen & Partners Ltd

Talk of a new patent law in Syria to replace the outdated 1946 law has been heard for a few years now. However, with the latest draft of the proposed law, we may see a new law enacted in 2011.

There are numerous forces at work to encourage the government to move more speedily to put a new law in place. Syria's WTO application has now been re-activated. It will eventually need to have a complete set of TRIPs compliance IP laws. The long awaited EU-Syria Association agreement apparently contains various IP clauses and obligations. Also, if Syria wants to draw on the patent examination expertise of other countries, its laws may need to contain familiar fundamentals.

Some will no doubt be anxious about a new patent law. The growing pharmaceutical manufacturing industry in Syria is known to be relying on the absence of strong patent laws for its development, but at the same time appears to accept that at some point Syria's IP laws will reach international standards. With a number of Syrian pharma-manufacturers now exporting to EU markets, the commercial reasons to respect foreign patent rights may also become stronger.

## **AdWords and Resellers: ECJ decides in Portakabin case**

Dr Birgit Clark, Boulton Wade Tennant, London

The Court of Justice of the European Union (ECJ) recently handed down its decision in the Portakabin case, the Dutch referral concerning keyword ('AdWord') advertising; (case reference: C-558/08, *Portakabin Ltd, Portakabin BV v Primakabin BV*, Court of Justice of the European Union (First Chamber) 8 July 2010). Following the ECJ's earlier guidance in the French, Austrian and German AdWord referrals, the Portakabin decision, *inter alia*, addressed the question of the permissibility of using a third party trade mark as a keyword where a re-seller advertiser is offering genuine, albeit second-hand goods via its website, a business model that has also become more and more prevalent in the field of pharmaceutical goods.

### **Introduction: 'AdWords'**

The search engine provider Google operates a system called 'AdWords',

which allows advertisements to be displayed under the heading 'sponsored links' alongside 'natural results' in response to keywords being entered by an internet user in the search engine. In this article the terms AdWord and keyword are used interchangeably. Following its initial guidance in the French referral *Google France v Louis Vuitton* (joint cases C-236-238/08), the Austrian referral *Die BergSpechte* (C-278/08) and the German referral *eis.de* (C-91/09), the ECJ in Portakabin had to, *inter alia*, examine the question as to whether resellers of second hand goods are liable for trade mark infringement in the cases of AdWord advertising.

### **The facts**

The claimant, Portakabin, was manufacturing and selling portable buildings under its registered trade mark Portakabin. Its competitor Primakabin

was leasing and selling new and second hand portable buildings which included its own Primakabin buildings as well as Portakabin buildings, some of which had been de-branded and offered as Primakabin buildings. Primakabin bought 'Portakabin' as well as misspellings, such as 'Portocabin' and 'Portacabin', as Google AdWords. Portakabin was not impressed and sued for trade mark infringement. Portakabin lost at the first instance court, which held that use of the Portakabin trade mark – and its misspellings – as a keyword did not constitute use of the trade mark in the course of trade.

Upon Portakabin's appeal, the Dutch Supreme Court stayed its proceedings and referred the matter to the ECJ for a preliminary ruling.

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## The decision

In its decision of 8 July 2010, the ECJ confirmed its earlier AdWord decisions and held that a trade mark proprietor can oppose to the use of an AdWord, which is identical with its trade mark, if that use is liable to cause detriment to any of the functions of that trade mark. The relevant function did not only comprise of the essential function of a trade mark of indicating trade origin to consumers, but also its other functions, such as guaranteeing the quality of the goods or services in question and those of communication, investment or advertising. Referring to its decision in *Google France*, the ECJ reiterated that trade mark infringement would have to be assumed where the origin indication of the trade mark was affected. This was to be assumed applied where an advertisement was 'vague' and presented in a manner that 'does not enable normally informed and reasonably attentive internet users, or enables them only with difficulty to ascertain whether the goods or services referred to by the ad originate from the proprietor of the trade mark or an undertaking economically linked to it, or on the contrary, originate from a third party'.

## Misspellings

The ECJ held that in relation to AdWords that contained 'minor spelling mistakes', it was for the national courts to determine whether the relevant keyword was either identical to the trade mark, or whether it contained differences that were so insignificant that they may go unnoticed by an average consumer within the ambit of Article 5(1)(a) [Directive 89/104], or whether the relevant keyword was similar to the registered mark and there was a likelihood of confusion within the ambit of Article 5(1)(b). Whether this was the case had to be assessed by the national court similarly to the question as to whether there was an adverse effect on the trade mark's origin function.

## Defences under Articles 6(1)(b),(c)

Turning to the exceptions to Article 5 as set out in Articles 6(1)(b),(c), the ECJ found that while these defences to Article 5 based on 'use of indications concerning the characteristics of goods' or 'indications of the intended purpose of the advertised goods', such as spare parts or accessories, could theoretically apply here, this was unlikely since both defences also required that Primakabin's use had to be 'in accordance with honest practices' in industrial or commercial matters. Whether this was the case was again to be determined by the national courts. In this context the ECJ stressed that where an AdWord was used in a way that adversely affected the respective

trade mark's origin function under Article 5, this could easily lead to a finding that the advertiser was also not acting in accordance with honest practices as required under Articles 6(1)(b),(c).

## Exhaustion of rights under Article 7

The ECJ then turned to the question of exhaustion of rights under Article 7 referring to its guidance established in cases of parallel imports of pharmaceuticals in *Boehringer Ingelheim* (C-348/04). Given that Primakabin had offered genuine Portakabin products, which had already been placed on the market in the European Economic Area under the Portakabin trade mark by Portakabin itself, there was an argument that Portakabin could no longer object to the use of its trade mark as an AdWord (and in advertising) in relation to goods unless it had legitimate reasons to object to a further commercialisation of goods under its mark within Article 7(2).

Here, the ECJ held that in cases of keyword advertising such a legitimate reason could be assumed where the use of the keyword either gave the impression that the reseller and the trade mark proprietor are economically linked (e.g. through affiliation or distribution agreements) or where such use was seriously detrimental to the trade mark's reputation.

## Guidance concerning 'legitimate reason'

Once more, the ECJ found that it was for the national trial courts to decide on a case by case basis whether there was a legitimate reason for the trade mark proprietor to object to an advertisement. In this regard, the ECJ provided some detailed, albeit non-exhaustive, guidance for the national courts. The mere fact that an advertiser used a competitor's trade mark with additional wording indicating that the goods were being resold, such as 'used' or 'second-hand', did not amount to a legitimate reason since it did not create the impression that the reseller and the trade mark proprietor were economically linked or that the advertisement was seriously detrimental to the reputation of that trade mark.

In this context the ECJ explained that the sale of second-hand goods under a trade mark was a well-established form of business with which the average consumer was familiar. The court further ruled that the national court was 'obliged' to find that there was a legitimate reason to oppose further commercialisation where the reseller had 'de-branded' a product by removing and/or concealing the trade mark from the goods without the trade mark

proprietor's consent, and by replacing the trade mark with its own mark, since such de-branding caused damage to the essential function of a trade mark. Finally, the ECJ advised the national court that a specialist reseller of second-hand goods (here: Primakabin) offered under a competitor's trade mark (here: Portakabin), whose use of the mark was otherwise honest and fair, '[could not] be prohibited from using that trade mark to advertise to the public its resale activities which also include other second-hand goods, unless the sale of those other goods, in the light of their volume, their presentation or their poor quality, risks seriously damaging the image which Portakabin has succeeded in creating for its trade mark.'

## Comment

In *Portakabin*, the ECJ has reiterated that keyword use that may confuse internet users is likely to be infringing use where an advertisement is 'vague' concerning the origin of the goods. The decision also helpfully confirms and clarifies that trade mark enforcement can also be sought where a keyword is a misspelling of a registered trade mark. While some observers were quick to criticise that the *Portakabin* decision has provided resellers with almost complete freedom to act, it has to be kept in mind that it is for the national European courts to determine their own case law based on the ECJ's principles. This, in turn, could lead to very different interpretations from the various national courts and to legal uncertainty, in particular since the ECJ has not further elaborated how to define the 'normally informed and reasonably attentive internet user'.

Having said that, the court in *Portakabin* has also clarified that the defences in Article 6 and 7 will rarely apply in cases of AdWord advertising since it will be difficult for re-seller advertisers to show that they acted 'in accordance with honest practices' and/or that their degree of further commercialisation of branded goods was within the boundaries set by the ECJ.

Finally, there also remains some hope that Arnold J's detailed questions in the AdWord referral from the High Court of England and Wales in *Interflora* (C-323/09) might lead to some further guidance from the ECJ, in particular on the question of whether use of AdWords might in some cases amount to taking unfair advantage under Article 5(2).

# High Court finds Initial Interest Confusion can lead to likelihood of confusion in the UK

Bill Ladas and Christiana Loizides, SJ Berwin LLP, London

On 20 October 2010, the High Court gave its judgment in (1) *Och-Ziff Management Europe Ltd* (2) *OZ Management LP v (1) OCH Capital LLP* (2) *Union Investment Management Ltd* (3) *Thomas Tadeus Antoni Ochocki*.

The Court held that that the First Defendant (OCH Capital), together with the Second and Third Defendants, had infringed Och-Ziff's Community trade mark registrations for OCH-ZIFF and OCH by using the sign 'OCH Capital', and various signs incorporating OCH/och in relation to identical services, and had committed passing off.

## Background

Och-Ziff are part of the Och-Ziff Group, a hedge fund founded in 1994 by Mr Daniel Och. The word OCH (pronounced OCK) derives from Mr Och's surname. The evidence showed that, at least occasionally, the Och-Ziff Group is referred to as Och or OCH for short by third parties. Whilst the Och-Ziff Group does not advertise its services, it has received substantial press coverage in the UK and has become very well known to investment professionals in the UK and high net-worth individuals.

Mr Ochocki, the Third Defendant, launched OCH Capital in 2009, providing stock broking services on an advisory and execution only basis to high net worth individuals. Mr Ochocki's evidence was that the name OCH was chosen to reflect his nickname (Tom O-C-H) with Capital being added to ensure that the public knew that they were dealing with a financial services firm.

This judgment is particularly interesting because it discusses and develops a number of key trade mark law concepts:

## Bad faith

The Defendants argued that Och-Ziff Management had acted in bad faith when it applied for the OCH trade mark (which it had applied for shortly before proceedings began) because it would have understood that a registration for the word OCH would cover both the name Och and also the three letters OCH when used as an acronym.

Arnold J rejected this argument, holding that Och-Ziff Management had a legitimate interest in seeking to monopolise the use of OCH in relation to financial services, even if this meant that some consumers might perceive it as an acronym rather than as denoting the name Och. In addition, it had a bona fide and reasonable belief that third party use of OCH would damage or take advantage of its reputation and goodwill. Citing his earlier judgment in *Cipriani* and that of the European Court of Justice in *Lindt*, Arnold J reiterated that a party who applies for a trade mark will not be acting in bad faith merely because it knows that third parties are using the same mark in relation to identical goods or services.

## Internal use

Och-Ziff complained about the Defendants' use of six different signs, one of which OCH had occasionally been used in internal emails only. Arnold J considered whether this constituted 'use in the course of trade', that is 'in the context of commercial activity with a view to economic advantage and not as a private matter'.

Taking guidance from the ECJ's decisions in *Google France* and *Ansul*, Arnold J held that use of a sign in internal emails did not constitute 'use' of the sign and, even if did, it was not use 'in the course of trade' because the use was 'as a private matter'. Therefore, purely internal use will not be sufficient to found a claim for trade mark infringement.

## Initial Interest Confusion

Of particular interest is the Court's consideration of the US concept of initial interest confusion, that is confusion as to trade origin which is dispelled by the time the consumer comes to purchase the product or service in question and its place within EU trade mark law.

The Defendants argued that likelihood of confusion was restricted to confusion at the point of sale and, therefore initial interest confusion could not lead to a finding of infringement. Arnold J disagreed. Drawing support from decisions such as *O2* (regarding comparative advertising) and *BergSpechte* and *Portakabin* (regarding keywords), he

concluded that there can be a likelihood of confusion when a consumer views an advertisement, regardless of whether this actually led to a sale and that confusion arising from an advertisement could cause damage to the trade mark owner, even if the confusion was dispelled prior to any purchase. Whilst there may be no diversion of sales, a confusing advertisement might affect the reputation of the goods or services or erode the distinctiveness of the mark.

Despite this recognition of the doctrine, however, it remains to be seen what the exact scope of it should be and the extent to which claims of infringement based on likelihood of confusion will succeed when they would not otherwise have done so in the past.

## Own name defence

Finally, the Defendants sought unsuccessfully to rely on the own name defence, the Court finding the Defendants' use to be contrary to honest practices in industrial and commercial matters. Mr Ochocki did not conduct full searches, had been 'at least vaguely aware' of the Claimant's existence before setting up OCH Capital, and was put on notice of the Claimants' complaint at a time when he could have changed or modified the name relatively easily.

## A useful precedent for pharma brand owners

Whilst this case involved the financial services industry, it is interesting to consider what application the initial interest confusion doctrine, in particular, might have in the pharmaceutical context. One way in which the doctrine could develop is in the realm of look-alike cases for pharmaceuticals. That is, does packaging that imitates the look of a well known OTC medicine, which initially attracts the consumer's attention and may or may not result in a purchase, become an infringement even when any confusion as to trade origin is later dispelled through for example closer inspection of the packaging? Given the proliferation of such products, it can only be a matter of time before the scope of the initial interest confusion is tested in this area.



# PROFILE: Richard Heath

Currently Founder and Managing Director of Richard Heath (IP) Associates, International IP Public Policy Consultancy, Senior Policy Advisor ICC/BASCAP (co-chair from 2007-2010) and Chairman of the UK ACG. Managed IP in-house for almost 25 years. Prior to retirement from corporate life in March 2010 he was Vice President Legal & Global Anti-Counterfeiting Counsel for Unilever PLC. He was previously Head of Corporate Trade Marks and General Trade Mark Counsel from 1996 to 2005 and a senior trade mark attorney with the company from 1992 to 1996.

He served as INTA President for 2009 and in various officer and committee positions as well as on the Board of Directors since 1999.

Prior to 1992 he worked for Smith & Nephew PLC for 10 years, where he was Head of Trade Marks, at Hoffmann La Roche AG in Switzerland and in the UK in 1981, and at Amersham International PLC in 1980.

He is a Fellow of ITMA, a member of CIPA and a Director of the Pharmaceutical Trade Marks Group. He has been named as one of the top 50 most influential people in intellectual property by Managing Intellectual Property magazine for each of the past five years.



**Which sport do you play and/or enjoy?**

Squash.

**What is your all-time favourite film?**

True Lies and Goldeneye (or most spoof, action spy films especially the Brosnan/Craig era Bond movies, if I may be allowed more than once choice!).

**Which one person would you invite to dinner (other than a family member or relative)?**

Shakira (the Latin American rockstar and children's charity champion).

**What is your favourite food dish?**

Anything Asian, but especially Thai or Indian

**What is your favourite holiday destination?**

Mauritius.

**Do you have any unfulfilled ambitions?**

To travel to the polar regions, Svalbard, Greenland or Alaska in the North, Antarctica or South Georgia in the South.

**If you could save only three things from your burning home, what would they be?**

My family, my dog and my photos.

**What's the best invention ever?**

Flight, including space travel/rocket science.

**Where were you brought up and educated?**

Reading, Berkshire, UK.

**How did you become involved in trade marks?**

Whilst working for Smith & Nephew in the 80s I'd seen the IP system operate from the other side as a named inventor on a number of patents and created a couple of brands. So I crossed the divide and immediately preferred trade marks to patents so I specialised in trade marks and never looked back.

**What would you have done if you hadn't become involved in intellectual property?**

Remained in life science research.

**Which three words would you use to describe yourself?**

Pragmatic, persuasive, determined.

**Complete the sentence: If I have time to myself...**

...I take landscape photographs, walk the dog, read the papers or *National Geographic* and *Time* magazine.

**Complete the sentence: I'm no good at ...**

...dancing!!

**What do you wish more people would take notice of?**

Signs, notices and directions.

**What is a common misperception of you?**

My gregariousness - I'm quite happy in my own company, especially in wild and deserted landscapes.

**What is the best age to be?**

The age you are now.

**What is your philosophy in a nutshell?**

Always ensure preparation meets opportunity.

**Who was your mentor or role model?**

No-one - never aspire to be someone else, always be yourself.

**Which music recording would you take with you to a desert island?**

Allegrì's Miserere.

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