

# Law Lore & Practice

PTMG



Pharmaceutical  
Trade Marks Group

February 2009



## Editorial: Health resolutions

The end of one year and the beginning of another is a time for taking stock and making resolutions. This particular new year brings a deluge of anxious news and one would be unwise to pretend that one could avoid all consequences of the evolving global financial situation.

Against this background of continual belt tightening, the August 2008 Report from the Commission on Social Determinants of Health (under the World Health Organisation umbrella) entitled 'Closing the Gap in a Generation' makes even more worrying reading.

In their report, the authors maintain that the disparities in people's health are proportional to their environment, their lifestyle and their wealth.

Whilst not groundbreaking in themselves, taken as a whole and read conversely, these conclusions raise concerns. Could they mean that, since we are all going to undergo budget restrictions in our lifestyles sometimes even as far as the fundamentals of our shopping trolley, populations in general will become less healthy in the years to come?

For pharmaceutical companies, the key challenges remain to weather the current financial storm whilst continuing to plan for medicines which help the wealthier worldwide population to maintain its health and striving to improve the health of those already considered 'poor' by 2009 standards.

This is one of no doubt many topics for discussion during lunch at the Spring conference to be held in Geneva, where I look forward to seeing many of you again. Happy New Year!

**Vanessa**

### Forthcoming PTMG Conferences

#### Spring 2009

Monday 23rd March to Tuesday 24th March  
Geneva

includes the Alan Cox Memorial Lecture,  
to be given by Francis Gurry,  
newly appointed  
Director-General of WIPO

go to [www.ptmg.org](http://www.ptmg.org) for conference details  
and to register

#### Autumn 2009

Wednesday 30th September to  
Friday 2nd October  
Lisbon

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# Attention please all consumers!

Frédérique Potin, Simmons & Simmons, Paris

The long-running opposition proceedings initiated by Aventis Pharma SA (Aventis) on the basis of its Benelux trade mark registration for PREZAL against Nycomed GmbH's (Nycomed) Community trade mark application for PRAZOL have enabled the Court of First Instance (CFI) to adopt a new position regarding the level of attention of the consumer to over the counter (OTC) pharmaceutical products in its judgement of 21 October 2008 (Case T-95/07).

## Facts

Nycomed filed a Community trade mark application for PRAZOL on 28 April 1999 for 'medicines' in Class 5 of the Nice Classification. This application was opposed by Aventis under Article 8(1)(b) of Regulation No 40/94, on the basis of its Benelux trade mark registration for PREZAL which covers 'pharmaceutical, veterinary and hygienic products' in Class 5 of the Nice Classification.

Following discussions regarding use of the earlier mark, the Opposition Division found by decision of 26 January 2005 that there was a likelihood of confusion between the conflicting signs, having regard to the identical nature of the products concerned and to the strong similarity between the signs.

Nycomed filed an appeal and on 8 February 2007, the Fourth Board of Appeal annulled the decision on the basis that the clear phonetic difference would dispel any risk of confusion for the relevant public which consisted of end-consumers and medical professionals who *'are likely to exercise a relatively high degree of attention given that the goods are meant to affect a person's physical state of health'*.

Aventis subsequently appealed the decision up to the Court of First Instance who annulled the Fourth Board of Appeal's decision on the basis that there is a likelihood of confusion between the conflicting signs. When deciding the case, the CFI focused, in particular, on the level of attention of the relevant public.

## The relevant public

When assessing whether there is a risk of confusion between two signs, all the factors relevant to the circumstances of the case, such as the level of attention

of the relevant public must be taken into account. The higher the level of attention, the lower the risk of confusion. In this respect, according to case-law, the average consumer is deemed to be 'reasonably well-informed and reasonably observant and circumspect'. However 'the average consumer's level of attention is likely to vary according to the category of goods or services in question' (ECJ, Case T-342/97, Lloyd).

This is particularly applicable to pharmaceutical products which are deemed to constitute 'risky' purchases. In this respect, the Opposition Division and the Boards of Appeal were initially of the view that when buying a pharmaceutical product, the average consumer will pay a higher degree of attention with respect to these products, irrespective of whether they are sold on prescription or over the counter.

This general assumption was, however, abandoned in 2001 in favour of a more complex analysis of the type of pharmaceutical product being sold under the conflicting signs.

Under the new approach, the average consumer was to be regarded as more attentive only in relation to prescription pharmaceuticals, since they are generally prescribed by a doctor and purchased by the consumer from a pharmacist.

Regarding over the counter pharmaceuticals which are not sold on prescription, the level of attention of the consumer was considered as being likely to vary, depending, in particular, on the therapeutic indications of the product sold, i.e. its specific purpose, need or effect (Third Board of Appeal, Case R401/2000-3, Gastrin/Eugastrim). When assessing the likelihood of confusion between signs which cover such pharmaceuticals, it was therefore necessary to analyse on a case-by-case basis the type of OTC products sold under the signs in order to determine the level of attention of the average consumer and whether such consumer would be able to distinguish between pharmaceuticals with small differences.

In the PRAZOL case, each sign covered medicines or pharmaceutical products in general. Therefore, the relevant public consisted of both medical professionals (as consumers of

prescription drugs) and end-consumers (as consumers of prescription drugs and OTC pharmaceuticals).

In respect of each type of consumer concerned, the CFI decided that: 'medical professionals display a high degree of attention when prescribing medicinal products' and 'with regard to end-consumers, it can be assumed, where pharmaceutical products are sold without prescription, that the consumers interested in those products are reasonably well informed, observant and circumspect, since those products affect their state of health, and that they are less likely to confuse different versions of such products'. Paragraph 29 of the decision states that 'even supposing a medical prescription to be mandatory, consumers are likely to display a high degree of attention when the products in question are prescribed, having regard to the fact that they are pharmaceutical products'.

It would therefore appear that the CFI has moved away from the complex analysis of the type of pharmaceutical products sold under the conflicting signs and is reviving the Office for the Harmonisation of the Internal Market's original approach that all consumers of pharmaceutical products are 'in all events likely to display an above-average level of attention' (paragraph 31 of the Decision), irrespective of the nature of the pharmaceutical products.

However, it is not good news for Nycomed, as the Court then goes on to find that, given the identical nature of the goods concerned and the strong visual and phonetic similarity between the signs, the fact that the relevant public has an above average level of attention is not sufficient to dispel any risk of confusion.

## Conclusion

The CFI adopts a more simple approach to the question of pharmaceutical products which no doubt reflects more closely consumer practice when faced with 'risky' products, be they prescription only or OTC products. This may also help to develop a more consistent line of case-law on the degree of similarity required between conflicting signs, where the targeted consumers are of an above-average level of attention.

# Dilution of trade marks in the EU - the ECJ's ruling in Intel

Bill Ladas, Senior Associate, SJ Berwin LLP

In December 2008, the ECJ handed down its ruling in *Intel Corporation Inc ('Intel') v CPM United Kingdom Ltd ('CPM')* (Case C-252/07) on what constitutes a sufficient "link" between a mark with a reputation and a later identical or similar mark and the circumstances giving rise to dilution, an issue that European trade mark law has grappled with for some time.

The decision clearly raises the bar for brand owners in the pharma industry seeking to enforce their rights based on the dilution provisions. This is because the ECJ has held that, to prove dilution, there must be a change in the economic behaviour of the average consumer (or a serious likelihood of such a change). It remains to be seen how such a change will be evidenced in practice.

Perhaps on a more positive note, the ECJ has left open the possibility of making out the required reputation among a select group of consumers ('niche fame') rather than across the general public, which may to some extent favour the enforcement of pharma marks under the dilution provisions, if the change to the economic behaviour of those niche consumers (or a serious likelihood of such a change) can be evidenced.

## Background

CPM owns a UK registration for INTELMARK (abbreviating 'Integrated Telephone Marketing') for 'marketing and telemarketing services' in class 35 registered as of 31 January 1997. In 2003, Intel sought a declaration of invalidity based on a large number of earlier UK and CTM registrations for INTEL covering dissimilar goods and services in classes 9, 16, 38 and 42 (related to computers). The Hearing Officer and Patten J on appeal rejected Intel's application. The judgment of the Court of Appeal was given by Jacob LJ who referred a number of questions to the ECJ for an interpretation of Article 4(4)(a) of the Directive. This provision provides that:

4. Any Member State may ... provide that a trade mark shall not be registered or, if registered, shall be liable to be declared invalid where, and to the extent that:
  - (a) the trade mark is identical with, or similar to, an earlier national trade mark ... and is to be, or has been, registered for goods or services which are **not similar** to those for which the earlier trade mark is registered, where the earlier trade mark has a reputation in the Member State

concerned and **where the use of the later trade mark without due cause would take unfair advantage of, or be detrimental to, the distinctive character or the repute of the earlier trade mark.** [emphasis added.]

It was accepted by the Court that Intel enjoyed a huge reputation in its INTEL mark at all relevant times and that the mark was unique. Further, Patten J had held that the reputation enjoyed by INTEL was enough that the average consumer would see INTELMARK and 'bring to mind' INTEL. The issue was whether 'mere bringing to mind' was enough. Intel contended that 'any kind of mental association between the later mark and the earlier mark; would be sufficient, based on Advocate-General Jacobs' interpretation in *Adidas-Salmon v Fitness World* (Case C-408/01) and the statement in *General Motors v Yplon SA* (Case C-375/97) that 'the stronger the earlier mark's distinctive character and reputation the easier it will be to accept that detriment has been caused to it'. Jacob LJ's view, however, was that distinctive brands should be robust enough to withstand 'a mere passing bringing to mind' and that 'a mere possibility or assertion of damage is just too remote and would leave trade mark owners in too monopolistic a position'.

The Court referred 3 questions on Article 4(4)(a), in summary asking:

1. Where:
  - (a) the earlier mark has a huge reputation for certain specific types of goods or services,
  - (b) those goods or services are dissimilar or dissimilar to a substantial degree to the goods or services of the later mark,
  - (c) the earlier mark is unique in respect of any goods or services,
  - (d) the earlier mark would be brought to mind by the average consumer when he or she encounters the later mark used for the services of the later mark,are those facts sufficient in themselves to establish (i) 'a link' ... and/or (ii) unfair advantage and/or detriment ...?
2. If no, what factors should the national court take into account?
3. What is required for detriment to distinctive character? Does (i) the earlier mark have to be unique, (ii) is

a first conflicting use sufficient and (iii) must there be an effect on the economic behaviour of the consumer?

## The ECJ's decision - preliminary observations

The ECJ began its judgment with the following preliminary observations. First, the wording of Articles 4(4)(a) and 5(2) (the corresponding infringement provision) of the Directive was 'essentially identical and ... designed to give trade marks with a reputation the same protection'. This suggests that its interpretation in Intel will also apply in infringement proceedings. Secondly, detriment to distinctive character will arise when a mark's ability to identify the goods and services for which it is registered is weakened as 'use of the later mark leads to dispersion of the identity and hold upon the public mind of the earlier mark'.

As for the 'link' in the minds of the public between the earlier and the later mark, it was unlikely (but not impossible) that detriment could occur without such a connection being made. However, the existence of such a link was not itself sufficient.

In terms of the relevant public, the ECJ held that the position must be judged from the viewpoint of the average consumer of the goods or services for which the earlier mark was registered.

## The referred questions

Dealing with the first two questions, the ECJ held that the factors listed by the Court of Appeal (e.g. huge reputation and uniqueness of earlier mark) did not necessarily imply that there was a link between the conflicting marks. However, the fact that the later mark called the earlier mark to mind was in itself 'tantamount to the existence of such a link'. A court had to carry out a global appreciation, taking into account all factors relevant to the circumstances of the case. These could include: the degree of similarity between the conflicting marks, the nature of the goods/services, the strength of the earlier mark's reputation and distinctive character and the likelihood of confusion (albeit this was not a requirement).

As for detriment to distinctive character (question 3), the Court made the following comments:

- the earlier mark does not have to be 'unique' but, the more unique it is, the

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greater the likelihood detriment will occur;

- a first use of an identical or similar conflicting mark may cause actual or likely detriment to distinctive character;
- the owner of the earlier mark must submit evidence of an actual change in the economic behaviour of the average consumer of the goods/services of the earlier mark, because of the use of the later mark (or a serious likelihood of such a change).

The last point is clearly the most significant feature of the judgment. However, the ECJ has provided no guidance as to the degree of change of economic behaviour required or the type of evidence to be provided to substantiate it (and it will be particularly difficult in, for example, opposition cases). The Court of Appeal will now have to consider what constitutes the necessary change in economic behaviour. It will also be interesting to see the types of evidence brought forward to establish such changes in the behaviour of consumers in future cases, particularly considering recent cases

where the use of expert evidence and the conduct of surveys have been criticised.

#### **Comment**

This decision is bound to impact on brand enforcement by pharma companies in the opposition and invalidity action contexts. In such cases, proof that the use of the later mark will change the economic behaviour of consumers, or evidence demonstrating that there is a serious likelihood of such a change in the future, will be needed.

On one reading of the ECJ's decision, this could mean that dilution is likely only to occur where there is a likelihood of confusion (even though the ECJ has held that confusion is not a requirement) or an incorrect belief that there is an economic connection between the earlier and later mark.

Critics will no doubt argue that aligning the concepts of likelihood of confusion and dilution in this way is at odds with the doctrinal basis of each provision, namely to protect consumers against confusion as to source on the one hand, and to protect the distinguishing power of the brand on the other. Further, the judgment

seems to swing dilution law in a contrary direction to the recently adopted standard in the United States under the Trademark Dilution Revision Act 2006 (TDRA), which only requires a likelihood of dilution. The US law was amended after the US Supreme Court required actual dilution in *Moseley v V Secret Catalogue, Inc.*

Perhaps on a more positive note, pharma companies may well be able to seize on the niche fame of their marks to their advantage. This is because the ECJ has reiterated that the distinctiveness and reputation of the mark must be judged by reference to the 'relevant public' rather than the public at large. This provides a further contrast against US dilution law under the TDRA (which requires fame across the general consuming public of the United States).

Finally, the ECJ's decision would suggest that this test will also apply to the corresponding infringement provisions. Further guidance from the ECJ will possibly be forthcoming in its judgment in *L'Oréal SA v Bellure NV* (the Advocate General will hand down their opinion on 10 February 2009).

## **New drug legislation in Denmark regarding counterfeit medicines**

Malene Fagerberg Rosendahl, Associate Lawyer, MAQS Law Firm, Copenhagen

### **Alarming EU reports about counterfeit medicines**

The latest reports from European Union customs reveal a sharp increase in numbers of seized counterfeit medicines. Statistics evidence 2,711,410 custom seizures in 2006 of counterfeit medicines, an increase of 384% compared to the year before. Thus, counterfeit medicines have already accessed the European market. It is estimated that up to 5% of the European market of medicines is counterfeit. In USA the numbers are as high as 10%. In the medicine sector, India is the number one source of manufacture of counterfeit medicine, followed by United Arab Emirates and China.

It is a difficult battle to win for the right holder, since the tendency of counterfeit medicine is rapidly growing. However, the right holder has certain enforcement mechanisms that they should utilise in order to seize counterfeit medicines and ensure injunction of further sales and imports.

### **New drug legislation in Denmark**

The Danish Law on Drugs was amended on 1 July 2008. The amendments included a new section with the heading 'Counterfeit medicines'.

Article 43(b) of the Law on Drugs obliges the owner of a market authorisation to immediately inform the Danish Medicine Agency about any knowledge of counterfeit medicines. This obligation also includes reports of knowledge about counterfeit medicines that are not their own products, meaning belonging to other companies. This new implement is an unusual weapon against counterfeits where the medical industry becomes the investigators and competing companies collaborate in the fight against counterfeit medicines.

Article 43(c) of the Law on Drugs determines that if the Danish Medicine Agency suspects circulation of counterfeited medicines of products belonging to a market authorisation owner, the Agency will inform the owner about their suspicion. In case of counterfeit medicines the Danish Medicine Agency and the market authorisation owner will work together in order to obtain information regarding the counterfeits, manufacturer, shipment routes and supply chains.

### **Injunction and seizure**

According to article 46 of the Law on Drugs, the Danish Medicine Agency can prohibit and ensure that counterfeit

medicines are withdrawn from the market. The Danish Medicine Agency will inform the European Drug Agency about any such decisions.

Furthermore, according to the Danish Administration of Justice Act, in case of trade mark infringement or infringement of other intellectual property rights, the Bailiff's court can issue an injunction against the market, sale and import of the counterfeits and seize the goods, including boxes, wrapping and accounts. Likewise, the police can seize counterfeit medicines in cases where the right holder has filed a police complaint on file regarding the counterfeit medicines.

However, since Denmark has now implemented a notification procedure to the Danish Medicine Agency, the right holder has to give notice to the Danish Medicine Agency before initiating civil enforcement proceedings.

### **Danish authorities take it seriously**

The amendments to the Danish law on drugs should be seen as a sign that the authorities are willing to deal with the issue of counterfeit medicines and are ready to take relevant steps to prevent counterfeits from reaching consumers and/or patients.

# US Update

James A. Thomas and Bess Hilliard, Troutman Sanders LLP, Raleigh, USA

A federal district court in California found that despite the fact the trade marks NUTRISHARE and NUTRITHRIVE both included the common suggestive element 'NUTRI', they were not likely to be found confusing and thus denied the plaintiff's request for a preliminary injunction. In so holding, the court dismissed declarations from medical professionals that actual confusion already existed in the marketplace. The court explained that most of these declarations were based on only second-hand reports and requests for clarification from medical professionals. Furthermore, the court found that the only first-hand account submitted was too ambiguous as to establish actual confusion. *Nutrishare, Inc. v BioRx, LLC*, 2008 U.S. Dist. LEXIS 86923.

A federal district court in New York granted Pfizer Inc. a preliminary injunction against defendants' use of Pfizer's VIAGRA

trade marks in connection with outdoor mobile advertising services. The individual defendant had towed a US Air Force missile featuring the Pfizer mark VIVA VIAGRA in front of the Pfizer world headquarters in a pickup truck that also displayed the defendants' website address on a banner. In addition, defendants' website featured images of a VIAGRA-branded missile at various locations in New York City. The court found that although clear differences existed between Pfizer's VIAGRA products and the defendants' services, consumers were likely to be confused regarding the relationship between Pfizer and the defendants' advertising. The court rejected the defendants' freedom-of-speech defence under the First Amendment of the US Constitution because the defendants acknowledged that their use of the VIAGRA marks was a

means to create an association with Pfizer. Therefore, the court found that the defendants' uses were likely to cause significant confusion and was therefore ineligible for First Amendment protection. *Pfizer Inc. v Arye Sachs and Jetangel.com*, 2008 U.S. Dist. LEXIS 79230.

Electronic prescribing in the US received a significant boost when Congress passed the Medicare Improvements for Patients and Providers Act of 2008 earlier this year. As part of the Act, doctors participating in the US Medicare system will be entitled to incentive payments if they issue a sufficient number of electronic prescriptions. Many expect this development to push the US health system generally to e-prescribing within a few years. The impact, however, of such a widespread development on the use and selection of pharmaceutical trademarks remains to be seen.

## New Federal Drug Administration pilot project

James A. Thomas and Bess Hilliard, Troutman Sanders LLP, Raleigh, USA

In October 2008, the Food and Drug Administration issued its concept paper on its Pilot Project for Proprietary Name Review under the Prescription Drug User Fee Act (PDUFA Pilot). The issuance of this concept paper represents the culmination of the FDA's multi-year effort to develop and implement a pilot programme that would allow pharmaceutical companies to conduct their own trade mark evaluations consistent with best practices and to submit the data generated from those evaluations to the FDA for review. The pilot is designed to allow the FDA to compare this new model for name submissions versus the existing model whereby industry submits a name and the FDA conducts its own de novo review of the name.

In brief, participation will be voluntary although traditional submissions will still be accepted.

Enrollment is expected to begin by 30 September 2009, and the pilot will run for two years.

The FDA plans to accept one or two submissions per month for a total of 25 to 50 submissions under the programme during its term. A complete copy of the FDA concept paper is available at <http://www.fda.gov/cder/guidance/8455%20FINALConcept%20Paper.pdf>.

Pharmaceutical companies intending to participate in the PDUFA Pilot should begin to consider immediately its

processes for trade mark clearance and review in anticipation of submissions it may wish to make under the pilot in 2009 and 2010. Indeed, the initiation of the PDUFA Pilot combined with recent related legal developments may well impact pharmaceutical trade mark clearance in the US beyond simply the mechanics of preparing a pilot-version submission.

As the FDA prepares to accept submissions under PDUFA Pilot, the legal environment for conducting these reviews is also changing. For example, in December 2007 Dennis Quaid and his wife filed an action against Baxter Healthcare Corp. alleging that Baxter should be held liable for a mix-up involving medications given to their children. The medications were manufactured by Baxter and the Quaid's allege that Baxter's use of allegedly similar labels on the medications caused the mix-up. This case remains pending.

At the same time, in the case of *Wyeth v Levine* the US Supreme Court is deliberating whether and to what extent pharmaceutical and medical device manufacturers may be held liable under state court claims for harm caused by FDA-approved products. A ruling from the Court in this case will likely determine the degree to which approval of a product by the FDA may prevent manufacturers from being held liable for harm caused by such approved products. The outcome of these cases will likely affect materially how

pharmaceutical manufacturers conduct trade mark and label reviews and to what degree they provide relevant data to the FDA in support of approval of the chosen trade mark and label.

In light of this, the potential impact of the model being proposed by the FDA in the PDUFA Pilot on the pharmaceutical trade mark attorney should not be underestimated. For example, if the data and output of the legal clearance work is to become an integrated part of the safety review process and if this safety review could also impact potential exposure to liability arising from harm caused by mix-ups, then the analysis and decisions of the pharmaceutical trade mark attorney in evaluating confusion issues involving other pharmaceutical brands may no longer be distinct from the safety review process, at least as a practical matter. As a result, the judgment and expertise of the pharmaceutical trade mark attorney on issues of confusion may be extended by necessity to the regulatory approval process as well.

Therefore, one of the less obvious – but equally important – aspects of the PDUFA Pilot may be its effect on the role of the pharmaceutical trade mark attorney. To the extent pharmaceutical trade mark attorneys are not already playing a central role in both the legal and regulatory aspects of trade mark clearance and approval, the PDUFA Pilot combined with the developing legal environment will likely thrust such a role upon them.

# Autumn 2008 Conference Report

## New Lamps for Old - Letting the Genie Out of the Bottle

Istanbul, Turkey, 1- 4 October 2008

Lisa Ritchie, Simmons & Simmons, London

There was a collective exclamation of excitement at the Gala Dinner in Budapest last year when Istanbul was announced as the host city for the 77th PTMG Conference. PTMG members were clearly looking forward to a favourite event in the trade mark calendar in one of the most beautiful cities in the world. Istanbul is a city steeped in history and traditions, which is nevertheless forging bravely into the future: as Turkey works towards EU membership, part of which includes fulfilling IP obligations, Istanbul felt like a particularly appropriate place for PTMG members to reflect on current topical issues and future directions of pharmaceutical trade marks.

The Conference began with the usual Welcome Reception, where old friendships were consolidated and new

the intriguing theme of *New Lamps for Old - Letting the Genie Out of the Bottle*.

The opening talks of the day tackled an issue of topical interest to trade mark practitioners: the implications on trade marks of the expansion of the EU, particularly in relation to enforcement. **Marianne Gumaelius** (EU Commission DG Trade) kickstarted with *A View from Brussels*. She discussed the importance of bilateral and multilateral dialogue and cooperation in EU enforcement strategies. Marianne echoed the sentiments of everyone in the room as she discussed the importance of making counterfeiting an international priority, which requires cooperation between the public and private sectors. Marianne touched on enforcement issues in Turkey, as it strives towards EU membership. In particular, she noted the recent

need for improvement in some areas, particularly enforcement, Turkey has a body of well reasoned case law from which it can continue to develop.

**Ozlem Futman** (Ofo Ventura) took the stage after morning coffee to present on *The Latest Developments in Turkish Trade Mark Law*. After an entertaining and informative overview of Turkish history and culture, Ozlem discussed recent case law on the comparison of pharmaceutical trade marks, customs practices and most interestingly, a recent case where a client used a *fatwa* to prevent counterfeiting in Saudi Arabia, with dramatically successful results.

The next speaker was **Farrukh Khan** (United Trade Mark and Patent Services), who spoke on the pertinent subject of *The Impact of Sharia law on Trade Mark*

*Rights*. Sharia law is the body of Islamic law which regulates public and private aspects of day to day life, including politics, economics and contractual relations. Farrukh discussed the various schools of thought of Sharia law regarding IP rights: the 'minority view' that knowledge cannot be the property of an individual and the 'majority view' that Sharia law does not explicitly prevent a person from benefiting from knowledge and is therefore consistent with enforceable IP rights. He discussed some of the

consequences of Sharia law in the field of trade marks, for example, the inability to register marks for alcohol and gambling services. It was an eye-opening talk, as Farrukh emphasised the importance of brand owners appreciating local cultural/market issues in relation to their goods/services.

After a wonderful lunch, a full and happy audience attended the presentation by **Steve Allen** (Pfizer) on *Counterfeiting in Turkey and its Impact on the Pharmaceutical Industry*. Steve gave a harrowing glimpse into the true scale of counterfeiting in Turkey. Equally, he made it clear that there have been successful enforcement strategies, as pharmaceutical companies have worked together with customs agencies to help reduce a crime that has



**Richard Heath, PTMG Vice Chairman, opens the conference**



**Farrukh Khan (United Trade Mark and Patent Services)**

contacts formed. There is no doubt that members enjoy the networking and social opportunities provided by each PTMG conference equally to the programme itself. Business cards were swapped and tips for exploring Istanbul shared: everyone was in agreement that the Conference was packed with exceptional speakers and social events. Those with the energy to hit the town headed out to sample some of Istanbul's renowned restaurants, while others took the opportunity for an early night. Either way, everyone was looking forward to the genie finally being let out of the bottle, and to the beginning of the Conference.

The next morning, PTMG Vice Chairman **Richard Heath** welcomed everyone to Istanbul and opened the Conference with

controversial decision of the Turkish Constitutional Court which held that intellectual property (including trade mark infringement) is regulated under decree law and therefore is not punishable. Nevertheless, she affirmed that IPR dialogue is open between the EU and Turkey and that the country is on the path towards meeting its IPR benchmarks.

**Aydin Deris** (Deris Patents and Trademarks Agency) gave a counterbalance view in his presentation on the *Turkish Perspective* of EU enlargement. Aydin noted that Turkey is a globally important political and economic force, with a long relationship with Europe. He emphasised that Turkey is a country at the crossroads: it has a long history of IP protection and its preparations for EU membership on the IP front are well under way. Despite a

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deleterious consequences for consumer health.

On the same theme, **Aline Plançon** (Interpol) followed Steve with a presentation on *WHO IMPACT and Interpol Initiatives in Combating Counterfeit Medical Products*. Aline painted a picture of sophisticated counterfeiters just one step behind every new protection mechanism developed by pharmaceutical companies. Similarly to Steve, Aline gave strong examples of successful raids as evidence of an active, continuing commitment by pharmaceutical companies and international organisations in the fight against pharmaceutical counterfeiters.

**Bob Lee** (Eli Lilly) concluded the first day's presentations with a talk on the

on 1 June 2008. The objective of the REACH Regulation is to assess the risk of chemicals used as ingredients. It has particular impact on cosmetic ingredients and will necessitate identifying chemical uses/risks, completing chemical safety reports and complying with a 'registration timeline' for notifying chemical substances. Companies have a short timeframe to confirm the status of chemical ingredients under the REACH Regulation and to take regulatory action.

**John Cooper** (Wragge & Co.) then took the stage to discuss *The EU Health & Nutrition Claims Regulation and its Impact on the Healthcare Industry*. The Regulation regulates nutrition claims on products (generally permitted), health claims, claims to reduce disease risks (very restricted)

pharmaceutical company caught in the storm. James discussed the US case in which actor Dennis Quaid's twins almost died after being given high dosage HEPARIN rather than low dosage HEP-LOCK. Companies would be well advised to address the risks by taking a consistent approach to FDA disclosure during the drug testing stages.

Next to take the stage was **Anthony Taubman** (WIPO), discussing *Bio-piracy: Traditional Knowledge and Indigenous Rights*. Anthony discussed the complexity of protecting traditional knowledge, which involves both loss prevention and protection against misuse. Despite some media misreporting on the issue, Anthony emphasised that IP systems are aimed at preserving and protecting intangible rights, and not at misappropriating them.

IP rights are specifically mentioned in the UN Declaration of the Rights of Indigenous People: there is certainly no inherent contradiction between IP systems and community-based knowledge.

In entertaining style, **Katrina Burchell** (Unilever) gave PTMG members a glimpse into *A Day in the Life of an In-House Trade Mark Practitioner*. Everyone in the audience was entirely impressed with Katrina's ability to juggle the varied aspects of her job and the cheerful way in which she tackles

issues as diverse as consumer complaints regarding the chocolate man in Unilever's LYNX advertisements!

The presentations concluded with **Fran Jagla** (Leydig, Voit & Mayer Ltd), **Richard Gilbey** (Gilbey Delorey) and **Dr Shlomo Cohen** (Dr. Shlomo Cohen & Co) giving their predictions for *The Future of Trade Marks - a Therapy Section*. While some of the prophecies were bleak, all emphasised the need for pharmaceutical companies to adapt to change in the brave new economic world.

Chairman **Sue Evans** concluded the Conference by remarking on the opportunities for education, professional development and networking at the PTMG Conference, and the formal part of the proceedings were closed.

In a glamorous end to the 77th Conference, the Gala Dinner was held at the exceptionally beautiful Ciragan Palace, where PTMG members were treated to a beautiful performance of traditional Turkish whirling dervishes.

The audience cheer that greeted the announcement that the next Autumn conference will be in Lisbon, Portugal, suggests that members are already looking forward to the next one...



**Steve Allen (Pfizer)**



**The Future of Trade Marks**

*Latest Developments in Online Counterfeiting*. Bob discussed the need for cooperation between trade mark owners and internet gatekeepers in policing sales of counterfeit pharmaceuticals. He acknowledged the complexities of IP enforcement in the internet space (e.g. jurisdictional issues) and put forward some of the proposals that have been mooted for tackling the issue, including a Counterfeiting Dispute Resolution Program (modelled after UDRP proceedings) and authenticity guarantees by gatekeeper websites.

Day One of the Conference ended with a colourful and entertaining evening of traditional Turkish food at Kumkapi Fisherman's Village. A sumptuous three-course meal was accompanied by belly dancers and Turkish music: a splendid conclusion to an informative day.

The audience on Day Two was slightly more tired than the previous day, but still enthusiastic about the programme. The presentations began with a talk by **Cyril Jacquet** (Keller and Heckman LLP) on *The Registration, Evaluation and Authorisation of Chemicals (REACH) Regulation 2006 and its Impact on the Cosmetic and Health Industries*. Cyril emphasised that the REACH Regulation has global impact: it affects all companies directly or indirectly trading with Europe and had its first effect

and claims to treat/cure diseases (prohibited). This has impact in the pharmaceutical trade mark arena: any trade mark that can be construed as a health claim must comply with the Regulation. Practitioners conducting searches on 'health claim' marks are advised to comment on the impact of the Regulation in any search report for that mark.

After the morning break, **David Bernstein** (Debevoise & Plimpton LLP) presented on *The Seven Deadly Sins – Internet Issues*. David took the audience on an entertaining journey through some of the recent internet issues faced by companies, including the new flood of GTLDs (should companies be taking defensive domain name registrations?), spoofing, phishing, pay-per-click webpages, keyword advertising, virtual infringements (is use of a trade mark in Second Life use in commerce?) and grey marketing on the internet. Complicated issues indeed!

Valiantly taking the Conference through to lunch, **James Thomas** (Troutman Sanders) gave a talk on *Quaid v Baxter: Where US Trade Mark Law and Product Liability Meet*. James discussed the thorny issue of confusion between pharmaceutical trade marks, which can have real consequences for consumer health and do severe reputational damage to any

# International Update

## France: BOTOX no longer trade mark

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

On 1 July, 2008, the French High Court decided that BOTOX could no longer identify the origin of its products. The mark BOTOX had indeed turned into the usual name for the toxin botulic.

In these proceedings, Allergan sued French company Jouve & Age for trade mark counterfeiting regarding its rights to BOTOX. The sued party counter-claimed (i) the cancellation of the mark BOTOX for non-use in respect of anti-wrinkle products and (ii) the dilution of the mark as having become usual for naming the botulic toxin. The Court of Appeal only upheld trade mark cancellation for non-use. The High Court however rejected the revocation of BOTOX for non-use but allowed that the mark had become usual for such toxins due to the lack of intervention by its owner.

This is one perfect illustration of the legal risks attached to uncontrolled or excessively successful trade marks. Trade marks gaining reputation should always bring increased care and defence measures so as to avoid any prejudicial inactivity ruining the monopoly at some later stage.

## Korea: a highly expedited trial track for inter partes trial actions

Ji Eun Kim and Kyumin Keum Lee, Kim & Chang, Seoul

Korean Intellectual Property Office (KIPO) announced that effective 1 November, 2008, KIPO is introducing a highly expedited track for adjudicating KIPO trial actions.

KIPO's new announcement expands the recent policy shift from fast-for-all examination to custom-tailored examination for patent applications to now include trial actions before the

Intellectual Property Tribunal (IPT), the administrative tribunal within KIPO.

This system will have three tracks: (a) highly expedited; (b) expedited; and (c) standard. Now, parties can expect to receive trial decisions within: (a) four months of filing petitions for highly expedited trial cases; (b) six months for expedited cases; and (c) nine months for standard cases.

The new highly expedited trial track is for inter partes trial actions only, such as invalidation and scope confirmation actions and both parties must consent to this new track. In a highly expedited case, it is expected that after an oral hearing within one month from the filing of the consent or response, a trial decision will issue within two months from the hearing.

After a pilot period of three months that began in November 2008, further modification of the proposed system may occur.

## India: India's first sound mark registration

Rachna Bakhru, Rouse, Dubai

The Indian Trade Marks Office recently allowed registration of Yahoo's 'yodel' sound as a trade mark. The registration has generated a lot of interest in the region, India being one of the first countries in Asia to have accorded trade mark protection to sounds.

It is, however, interesting to note that the Indian Trade Marks Act does not specifically mention or define unconventional marks such as smell, colour, taste and sound marks. Further, the Act does not lay down any special procedures or criteria to be followed when applying to register unconventional marks. However, the definition of 'trade mark' as set out in the Act, is sufficiently broad to cover such marks.

In the absence of any clear guidelines from the Trade Marks Office, the registration of

sound marks is still considered to be a grey area and one which will develop over time. However, given the important role that sounds, music, jingles and melodies play in publicising brands, India's first sound mark registration has created enthusiasm amongst brand owners.

## India: copyright & requisite threshold of 'originality'

Darshan Ramamurthy, Rouse, Dubai

Recently, in a case entitled *Dr. Reckeweg & Co. GmbH & Anr v Adven Biotech Pvt. Ltd [CS (OS) 1189/2007]*, the Delhi High Court has clarified the criteria for seeking a restraint order in cases involving copyright infringement and passing off. The Plaintiff, Reckeweg claimed exclusivity over a series of alphanumeric marks ranging from R1 to R95 used in relation to their homeopathic formulations. Reckeweg also claimed copyright ownership over the accompanying literature, compiled catalogues, and the unique compositions contained therein. Reckeweg sought to restrain Adven Biotech from dealing in identical formulations under a similar series of alphanumeric marks (using the letter 'A' instead of 'R'), and from substantially copying their literature and formulations.

After comparing various features of the rival marks, the Court opined that they are dissimilar, and that a case of passing off was not made. As regards copyright violation, the Court deliberated upon the requisite standard of originality for a work compilation to be considered copyrightable. After comparing judicial decisions from various jurisdictions (US, UK and Canada), the Court finally followed the standards adopted by the Indian Supreme Court in an earlier case *Eastern Book Company v DB Modak*. Rejecting Reckeweg's claim of copyright violation, the Court held that the compiled literary work did not contain the requisite threshold of originality in order to render it eligible for protection under copyright.

# Members' News

## New Members

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

**Julie Barrett-Major** of Norgine Limited, Chaplin House, Widewater Place, Moorhall Road, Harefield, Uxbridge, Middlesex UB9 6NS, UK

**Debbie Hallissey** of Norgine Limited, Chaplin House, Widewater Place, Moorhall Road, Harefield, Uxbridge, Middlesex UB9 6NS,

**Sylvain Hirsch** of IP Twins, 6 rue du Conservatoire, F-75009 Paris, France

**Asta Uhlback** of Benjon Oy, Fredrikinkatu 55 A 6, 00100 Helsinki, Finland

**Giulio Martellini** of SJ Berwin LLP, Via Lamarmora 39, 10128 Turin, Italy

**Deborah Portilho** of Deborah Portilho & Nara Saraiva Advogados Associados, Praia de Botafogo, 528/601B - Rio de Janeiro, RJ - 22250-040, Brazil

**Marjolein Bronneman** of De Brauw Blackstone Westbroek NV, PO Box 75084, 1070 AB Amsterdam, The Netherlands,

**Peter Sloane** of Ostrolenk, Faber, Gerb & Soffen LLP, 1180 Avenue of the Americas, New York, NY 10036, USA

**Magdalena Cybulska** of Clifford Chance, Lwowska Str 19, 00-660 Warsaw, Poland

**Dilek Ustun** of Istanbul Patent & Trademark Consultancy Ltd, Buyukdere CD. Plaza 33 No:33/16 Sisli 34381 Istanbul, Turkey

**Civgin Askın** of Grup Ofis Patents and Trademarks, Ataturk Bulvari 211/11, Kavklidere 06680, Ankara, Turkey

*continued on the next page*



**Tuba Yuksel** of Grup Ofis Patents & Trademarks, Atatürk Bulvarı 211/11 Kavaklıdere 06680, Ankara, Turkey

**Paul Mayaert** of Altius, Havenlaan 86 C B414, 1000 Brussels, Belgium

**Malene Fagerberg Rosendahl** of MAQS Law Firm, Pilestraade 58, 1112, Copenhagen K, Denmark

**Michael Hawkins** of Lovells, Avenida Maisonnave 22, 03003 Alicante, Spain

**Paola Ruggiero** of Barzano & Zanardo, Via Borgonuovo 10, 20121 Milan, Italy

**Pierick Rousseau** of Pierre Fabre SA, 17 avenue Jean Moulin, 81106 Castres cedex, France

#### Moves and Mergers

**Rosario Cruz Garcia** has left Garrigues, Cunha Ferreira Lda to join Raul Cesar Ferreira (Herd.) Lda of Rua do Patrocinio, 94, 1399-019 Lisbon, Portugal

**Angeliki Delicostopoulou** has established her own firm, A & A Delicostopoulou of 6 Sarantaporou str., GR 111 44 Athens, Greece

**Mark Peroff** and **Darren Saunders** have both joined Hiscock & Barclay LLP of Seven Times Square, New York, NY 10036, USA

**Lisa Ritchie** has left Howrey LLP to join Simmons & Simmons of CityPoint, One Ropemaker Street, London EC2Y

**Michael Blum**, formerly with Alpharma, is now with SUPERVALU Inc., 11840 Valley View Road, Eden Prairie, MN 55344, USA

**Lee & Lee** (member is **Yee Swan Boo**) has moved office to 7 Shenton Way, #07-00 UIC Building, Singapore 068808, Singapore

**Andrea Nowak-Over**, formerly with Jehle, Lang & Meyer-Rudolph has now joined Bach. Langheid & Dallmayr of Beethovenstrasse 5-13, D-50674 Koln

**Alastair Rawlence** has left Mewburn Ellis LLP to join William A Shepherd & Son Limited. The Novagraaf Group, Spring House, 42-44 Fountain Street, Manchester, M2 2AX

**Antonella Carminatti** and **Claudia Schulz** have merged their firm, Carminatti Schulz, with Barbosa, Mussnich & Aragao Advogados to form BM & A Propriedade Intelectual of Av. Almirante Barroso 52, 33 andar, 20031-000-Rio de Janeiro, RJ, Brazil

**Patrick van de Vorst** has left AvantIQ to join Knijff Trademark Attorneys of Leeuwendveldseweg 12, (Postbox 5054),

1380 GB Weesp, Near Amsterdam, The Netherlands

#### Where are they now?

Copies of the last edition of *LL&P* addressed to the following members have been returned. Do you know where they are now? If so, please let me know.

**Marieke Neervort** and **Bart-Jan Gorissen** of Baker & McKenzie, Amsterdam, The Netherlands

**Patrick Farrant** of Eversheds, Cambridge, UK

**Simon Miles** of Collyer Bristow, London, UK

**Ira Levy** of Darby & Darby, New York, USA

**Thera Adam van Straaten** of Simmons & Simmons, Rotterdam, 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

## Cancellation of certain provisions of the Trade mark Decree-law No. 556 by the Turkish Constitutional Court and possible effects on enforcement of trade mark rights

Ugur Aktekin, Partner, and Baris Kalayci, Senior Associate, Mehmet Gün & Partners

As background information, the Constitutional Court cancelled Article 61(a), Article 61(c), Article 9/I (b) and Article 9/II (b) of the Decree-law No. 556 pertaining to the protection of trade mark rights with the reason that these articles are contrary to the legality principle for the criminal penalties, which is defined as 'Penalties, and security measures inclusive of penal consequences, shall be prescribed only by codes' as per Article 38 of the Turkish Constitution on 3 January 2008, further to an application made by Ankara Criminal IP Court. The decision with respect to cancellation was published in the official gazette on 5 July 2008 and its entry into force was delayed until 5 January 2009 as per the decision, with an aim to give sufficient time to the parliament to enact a new code. However, despite the fact that the date of entry into force of the cancellation decision is now past, no codification has been made by the parliament that would replace the provisions cancelled by the Constitutional Court. Furthermore, it would appear that

there is no preparatory work in that respect under way.

As a result of the decision of Constitutional Court, from 5 January, 2009 onwards, *'the sale, distribution, putting to commercial use or importation, or holding for such purposes, of goods bearing a trade mark that is known or should be known to be an unlawful imitation'* as defined in Art 61(c) and by the reference of the Article 61(a) to Art 9, *'using any sign which, because of its identicalness or similarity to the registered trade mark and the identicalness or similarity of the goods or services covered by the registered trade mark and sign, creates a risk of confusion on the part of the public, including the risk of association between the sign and the trade mark'* stated at Art. 9/I(b) and *'offering the goods, placing them on the market or stocking them for those purposes under the sign, or offering or supplying services under it'* stated at Art.9/II(b) will no longer be considered as trade mark crimes.

The discussions on the said provisions are

not new since the constitutionality of the said was previously challenged in 2003 and 2004 and it had been found constitutional in both matters reviewed by the Constitutional Court. The problem arises from a purely theoretical issue with respect to non-applicability of the Decree-laws for regulating criminal penalties, which should be regulated by a code not by a decree-law as per the provisions of the Constitutional Code. From the right owners' angle it is much more important as to what would be the effects of the cancellation decision to the pending enforcement actions as well as those started after 5 January, 2009.

Such a situation shall negatively affect both criminal and civil proceedings. The civil courts should be reviewing the claims based in the pending actions and in case the claims are not based on other provisions of the trade mark law or unfair competition law, or even if they are based, it is not possible to apply them, then the actions will be under the risk of

continued on the next page

dismissal. The accused in the criminal action should in any way be benefiting from the provisions which are most favourable to them and accordingly they will not be punished in case the act does not constitute a crime under other applicable provisions.

Trade mark owners will have difficulty in protecting their rights in the pending court actions against infringers as well as in the prospective ones. In order to

minimise the losses claims introduced in the pending civil actions need to be reviewed and amended if required and as long as it is possible to avoid dismissals of the actions immediately. Further, this development should always be considered in determining the course of action before introduction of new actions based on trade mark rights.

It should be noted that a new Trade mark Code that will replace the Decree-law is

on the agenda of the government but it seems that enactment of such a law will take longer due to long discussions on the various drafts. Therefore, a new code amending the existing Trade mark Decree Law that would bring into force new provisions instead of the ones that are cancelled seems to be the best solution in the short term to cure the effects of the decision of the Constitutional Court.

## Gesundheit! Some recent decisions by the German Federal Supreme Court

Dr Birgit Clark, Boulton Wade Tennant, London

The German Federal Supreme Court (Bundesgerichtshof) recently handed down several cases in the field of pharmaceuticals.

In its pantoprazol decision of 27 May 2008 (ZB 31/06), the Federal Supreme Court decided on the interpretation of the term 'first authorisation to place the product on the market in the Community', as set out in Article 13(1) of Council Regulation (EEC) No. 1768/92. The court ruled that the term had to be defined as meaning any authorisation which was granted in a member state of the European Economic Community (EEC) after 31 December 1993 and prior to any other authorisations in the EEC in relation to the relevant product.

In its decision of 29 May 2008 (Pantohexal, I ZB 54/05), the Federal Supreme Court decided on the distinctiveness of a composite trade mark which combined the name of an active pharmaceutical substance with a business name; sections 9(1) No. 2, 73(1) of the German Trade Mark Act. The court held that in such cases, where a trade mark term strongly alludes to a descriptive term that is clearly recognisable to the relevant public (i.e. alludes to the name of the active substance of a pharmaceutical product), this trade mark will, per se, only be of 'below average' distinctiveness. The court further decided that if a later trade mark has been created by combining an earlier trade mark (here: PANTO) with the later trade mark owner's business name which itself is recognisable to the relevant consumers (here: HEXAL) to form a new single word trade mark (here: Pantohexal), then the earlier mark may retain an independent distinctive role within the later composite word mark.

### ECJ decision impacts national decisions

In its decision of 15 November 2007 (C-319/05), the European Court of Justice

(ECJ) had ruled that Germany had wrongly classified 'garlic preparations in capsule form' as medicinal products within the meaning of Directive 2001/83/EC on the Community Code relating to Medicinal Products for Human Use (Medicinal Products Directive), and by this had imposed a restriction on the free movement of goods as prohibited by Articles 28, 30 of the EC Treaty.

Two subsequent decisions issued by the Federal Supreme Court on 26 June 2008 take the ECJ's decision into account: In *L-Carnitin II* (I ZR 61/05), the Federal Supreme Court clarified that the term 'medicinal product by function' only covers products whose pharmacological properties have been scientifically proven and which have de facto been designed for a medical diagnosis or to restore, improve or otherwise affect physiological functions. A product, which includes a substance that is also ingested with normal nutrition is not a medicinal product if the product, when consumed in reasonable quantities, has no noticeable effects on the metabolism. In its *HBM Kapseln* decision (I ZR 112/05) of the same date, the court decided that a product which consists of a substance that is generated as a decomposition product in the human body as a result of normal nutrition is not a medicinal product if the direct ingestion of this substance has no further effect on the metabolism than the relevant foodstuff if consumed in reasonable quantities.

### Timely notifications and response

In its *Aspirin II* decision of 12 July 2008, the court ruled that trade mark owners cannot legitimately oppose further commercialisation of repackaged pharmaceuticals if they fail to object in a timely manner to a new type of repackaging after being notified of it by a parallel importer.

The court held that the notification requirement in parallel import cases was

in the mutual interest of both parties and, as such, constituted a special legal relationship which embodied itself in a relationship of statutory obligations between the trade mark owner and the parallel importer. On the basis of this relationship, the parallel importer may reasonably expect that the trade mark owner raises potential objections within a reasonable time frame after being notified. If a trade mark owner fails to object within a reasonable time after being notified, any later objection may be deemed to be in bad faith and the trade mark owner might forfeit its right to oppose further commercialisation of the imported goods. This decision clarifies that it is the duty of the trade mark owner to react to notifications by the parallel importer in a timely manner. As such, trade mark owners should react swiftly to ensure that their rights are maintained.

### Unfair competition ruling

Finally, a decision of 17 July 2008 (*In-vitro Diagnostika*, I ZR 133/07). The court decided that an importer, who imports medical products which neither included German language external packaging nor a German language information leaflet, from France to Germany with the purpose of further exporting these goods to a French speaking country, acted anti-competitively and in breach of Sections 3, 4 No. 11 of German Act against Unfair Competition (UWG) in combination with sections 6, 7 German Act on Medical Products (MPG). When he delivered those goods to an intermediary without ensuring through adequate means that the intermediary did in fact further export the goods and did not sell them to end consumers in Germany, such anti-competitive behaviour was established.

# Recycling trade marks

Deborah Portilho, Deborah Portilho & Nara Saraiva Advogados Associados, Brazil

A huge proportion of existing western-language words have already been adopted as trade marks. It is therefore not surprising to know that companies in different market segments all over the world have difficulty in finding available words, and even in coining words to be used as trade marks. Interesting, however, is the fact that, while there is a scarcity of possibilities for new trade marks, there is an abundance of duly registered trade marks simply sitting on the Register and not being used by their owners.

In Brazil, this is particularly true in the pharmaceutical area, where the situation is more complicated given that not just any word or coined name can be used to identify a pharmaceutical product, especially if it is a similar product. In this regard, it should be noted that it is easier to create a trade mark for an original reference product than for a similar product.

In fact, original reference products can be identified by fanciful trade marks, for example ALLEGRA (Aventis' fexofenadine). Furthermore, the manufacturers of reference products, which are normally the companies that developed the chemical substance, have the prerogative of adopting the Brazilian Common Denomination for the substance as the product's trade mark. A further option for these companies is to adopt only a portion of the Common Denomination, for example, Bayer's mark CIPRO for its ciprofloxacin product.

Similar products, however, have a more limited choice in terms of trade marks. In fact, in order to gain market recognition by doctors and consumers, and in order to compete in the market with other products already established in the same category, the trade mark of a similar product normally needs to meet one of the following conditions:

- it must recall the trade mark of the reference product;
- it must be formed by the radical of the name of the chemical substance, according to the International or Brazilian Common Denomination;
- it must recall the health problem or disease for which the product is intended for; or
- it must indicate the therapeutic purpose of the product. Of course, if there were to be massive

advertising for the launch of the similar product, it could be identified by a totally new unrelated trade mark, but the high investments in this case would hardly pay off.

In view of the above, and given that almost all possible combinations of radicals, prefixes, suffixes and descriptive terms that could be used to form a new trade mark have already been registered, manufacturers of similar products are left with few alternatives in creating their trade marks.

At the same time, the Brazilian Register is loaded with registered pharmaceutical trade marks which are simply not used by their owners. One of the reasons for this is that, before a new pharmaceutical product is launched in the market, laboratories file applications for several marks, in hope that at least one will achieve registration. Normally, more than one registration is granted, but only one is used. The others are usually kept for a possible future use, which does not always occur. Another reason for the great number of non-used marks on the Register is that, in Brazil, evidence of use is not required for renewal of trade marks. Therefore, even when a given trade mark is not being used, its owner can apply for its renewal and simply keep it on the Register until it decides to abandon the mark.

Most probably in view of this and the difficulty in creating new trade marks, there has been a noticeable tendency among Brazilian laboratories to adopt existing registered trade marks for their products. To accomplish this, these companies either look for registrations that have been deemed extinct, or institute cancellation actions based on non-use against the registration covering the trade mark of interest. Some examples are the marks VELAMOX, TRANIMET, SOMINEX, BACTOPEN, GENIOL, DERMOVAT AND ASTRINGOSOL, which were originally owned by GlaxoSmithKline and its predecessors in this country. These marks are still owned by GSK abroad, but have been either registered or attempted to be registered by Brazilian laboratories.

It is important to mention that, regardless of whether the company files a cancellation against a given registration, or chooses to adopt an already extinct trade mark, it must file a new application for the selected mark and wait at least

four or five years to obtain the registration, which is how long the Brazilian PTO is currently taking to grant registrations.

And yet, there are companies, especially multinationals, which have numerous registrations for trade marks that are not used and probably will never be. Every year these large companies abandon dozens of registered trade marks, consequently losing all of the investment made throughout the years in filing and maintaining these registrations.

In other words, there are companies losing money by abandoning the trade marks that are no longer of interest to them, while there are others spending time and money applying for registration of abandoned marks, sometimes of the very same marks. Would it not be better if, instead of losing, both sides could profit from this situation?

The answer, of course, is yes, and the solution is a simple one: instead of abandoning trade marks that are no longer of interest, the owners could put them up for sale on a specialised website. If a mark is sold, an assignment of the registration to the interested party can then be recorded. If not sold, its owner abandon it, as originally planned.

Another advantage of having a bank of undesired marks for sale is a possible reduction of the attempts to register those marks that are not used in Brazil, but are still of interest to their owners. But the most important aspect of this situation is that, no matter how one looks at the matter, there is no downside whatsoever for any of the parties involved – only advantages.

Accordingly, this possibility of 'recycling' trade marks not only seems to be feasible and equally beneficial for all the parties involved, but also an ideal situation which could be extended to all market segments and not just the pharmaceutical area.



# Free gifts are not genuine use in trade mark law ...

Maureen Daly, Beauchamps Solicitors, Dublin

Brand owners should note that affixing their trade mark to an item that is given, free of charge, to customers when they purchase another product, does not constitute genuine use of the mark under the Directive 89/104/EEC of 21st December 1988 to approximate the laws of the Member States relating to trade marks ('the Directive') in respect of the class covering those items. This is according to a decision of the European Court of Justice ('ECJ') in *Silberquelle GmbH v Maselli-Strickmode GmbH C-495/07* delivered on 15th January 2009.

The background to the case is as follows.

Maselli-Strickmode GmbH ('Maselli') manufactures and sells clothing and is the proprietor of the Austrian trade mark WELLNESS in Class 16 (printed matter), Class 25 (clothing) and Class 32 (alcohol-free drinks). When promoting the sales of its clothing, Maselli used the trade mark to designate an alcohol-free drink that was handed out as a (free) gift in bottles marked WELLNESS-DRINK along with the clothing sold. Reference was made to these gifts in Maselli's promotional material. Maselli had not, however, used the trade mark for drinks that were sold separately from its clothing.

Silberquelle GmbH, a company that sold alcohol-free drinks, applied for revocation of the trade mark WELLNESS for Class 32 (alcohol-free drinks) on the grounds of non-use. On 7th November 2006, the Cancellation Division of the Austrian Patent Office cancelled the registration. This was appealed to the Oberster Patent- und Markensenat where the proceedings were stayed following the referral of the following question to the ECJ for a preliminary ruling:

"Are Articles 10 (1) and 12(1) of the Directive to be interpreted as meaning that a trade mark is being put to genuine use if it is used for goods (here: alcohol-free drinks) which the proprietor of the trade mark gives, free of charge, to purchasers of his other goods (here: textiles) after conclusion of the purchase contract?"

## ECJ decision

Under Article 10(1) of the Directive, if within a period of five years from the date of completion of the registration procedure, a trade mark has not been put to genuine use in respect of the goods/services for which it is registered, or if such use has been suspended during an uninterrupted period of five years, the trade mark may be subject to the sanctions provided for in the Directive, unless there are proper reasons for non-use. Furthermore, under Article 12(1), a trade mark is liable to revocation if, within a continuous period of five years, it has not been put to genuine use in connection with the goods/services for which it is registered and there are no proper reasons for non-use. In the case at hand, revocation proceedings were brought only in respect of Class 32, namely, the (promotional) alcohol-free drinks.

The ECJ reiterated previous case-law that 'genuine use' within the meaning of the Directive refers to 'actual use, consistent with the essential function of a trade mark, which is to guarantee the identity of the origin of goods or services to the consumer or user by enabling him, without any possibility of confusion, to distinguish the goods or services from others which have another origin'.

It stated that the concept of 'genuine use' means that the protection afforded by a trade mark and the consequences of registering it in terms of its enforceability against third parties cannot operate if the trade mark 'loses its commercial *raison d'être*, which is to create or preserve an outlet for the goods or services that bear the sign of which it is composed, as distinct from the goods or services of other undertakings'.

The ECJ agreed with the statement of Advocate General Ruiz-Jarabo Colomer that it was important, in light of the number of trade marks registered and conflicts likely to arise as a result, to maintain the rights conferred by a trade mark for a given class only where that mark has been used on the market for goods/services belonging to that class.

This does not arise where promotional items are handed out as a reward for the purchase of and to encourage the sale of another item. In such circumstances, the promotional items are not being distributed with the aim of penetrating a particular market. Therefore, affixing a trade mark to the promotional items does not create an outlet for the items or distinguish them from those of other undertakings.

Accordingly, in response to the question raised, the ECJ stated that where a trade mark proprietor affixes a trade mark 'to items that it gives, free of charge, to purchasers of its goods, it does not make genuine use of that mark in respect of the class covering those items'.

## Comment

It is evident from the above and also from decisions such as *Case C-40/01 Ansul [2003] ECR I-2439* and *Case C-442/07 Verein Radetzky-Orden [2008] ECR I-0000* that a trade mark must be used in order to create or preserve an outlet for the goods/services that bear the trade mark. Furthermore, for use to be genuine, a brand owner must actually use their trade mark to identify and promote the goods or services for which they are registered.

The above has serious implications for those brand owners, including pharmaceutical companies, that include in their trade mark specifications the full range of promotional items on which their trade mark(s) will be affixed. Companies which distribute (or are about to market) promotional articles in conjunction with their pharmaceutical or para-pharmaceutical products, whatever the nature of such promotional material (e.g. mugs, caps, t-shirts, jackets, bags, calendars, umbrellas etc.) must therefore market such goods or other goods/services listed in their specifications in order to avoid their registrations being vulnerable to revocation if challenged on the grounds of non-use.

Therefore, there is no time like the present for all brand owners to review their IP portfolio before it is too late.

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