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Trademark Litigation Review

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Specialist Chapter: Key Cases Spotlight Challenges of Litigating Pharmaceutical Trademarks in Germany

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The second edition of the WTR Trademark Litigation Review casts an expert eye on some of the most pressing issues facing those involved in litigation on both sides of the divide, blending analytic insight with on-the-ground expertise from the key regions of the Americas, the Asia-Pacific, and Europe, the Middle East and Africa.

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Specialist Chapter: Key Cases Spotlight Challenges of Litigating Pharmaceutical Trademarks in Germany

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Summary

IN SUMMARY

Pharmaceuticals play a decisive role in society. They enhance our quality of life. Pharmaceutical trademarks are important tools for product differentiation and convey messages of product quality. This article considers the key issues around litigating pharmaceutical trademarks in Germany, including creating a valid registration, the scope of protection, justifications for non-use of trademarks and objections to registration of infringing marks.

DISCUSSION POINTS

- The basis for litigating pharmaceutical trademarks: a valid registration
- Scope and maintenance of protection of pharmaceutical trademarks
- Objecting to registration of infringing pharmaceutical trademarks
- Likelihood of confusion
- Objecting use of infringing signs in the pharmaceutical sector and choice of venue
- Preliminary injunction proceedings and main court actions
- Available remedies
- Exhaustion: parallel imports
- Combating product piracy

REFERENCED IN THIS ARTICLE

- *Injekt/Injex*
- *Immunine/Imukin*
- *CJEU, file no. C-668/17*
- *Travatan/Trivastan*

THE BASIS FOR LITIGATING PHARMACEUTICAL TRADEMARKS: A VALID REGISTRATION

The conditions for registering a pharmaceutical trademark generally follow the usual criteria, including non-descriptiveness and distinctiveness. In the field of pharmaceutical trademarks, international non-proprietary names (INNs) also play a relevant role. INNs are assigned to pharmaceutical substances by the World Health Organisation so that each substance can be recognised by a unique name. INNs are needed for identification and prescription purposes and can therefore not be monopolised. They can thus be used freely as they are in the public domain. There is an absolute ground for refusal where the sign applied for is an INN or where it appears within a sign next to other arguably descriptive or non-distinctive components.

German practice has traditionally been quite restrictive, meaning that the German Patent and Trademark Office and the Federal Patent Court are rather reluctant to allow for the registration of a trademark if the underlying sign is based on a descriptive term, even if it substantially differs from it. The Federal Patent Court is rather strict when it comes to

assessing the registrability of designations seeking protection for class 5 goods. Recent examples include:

- 'Natursanft' ('nature soft'; Federal Patent Court, April 17, 2023, file no.: 26 W (pat) 527/22), where the term merely describes the condition and impact of the goods to be registered;
- 'SoulBites' (Federal Patent Court, March 23, 2023, file no.: 30 W (pat) 528/22); and
- 'bio-apo' (Federal Patent Court, December 14, 2022, file no.: 25 W (pat) 58/21), 'apo' here being understood as an abbreviation of 'Apotheke,' which is the German word for pharmacy.

If there are doubts as to whether the office would allow for the registration of a certain designation, it may be recommendable to add a sufficiently distinctive figurative or word component.

SCOPE OF PROTECTION

Nevertheless, pharmaceutical trademarks with a relatively low level of distinctiveness have still proved efficient tools by which to oppose similar applications. In its judgment of 6 February 2020 (file no.: I ZB 21/19 – Injekt/Injex), the German Federal Supreme Court held that when examining the similarity of signs, descriptive elements cannot be excluded from the outset. However, they must be taken into account when examining the overall impression of the conflicting signs. In the case of Injekt/Injex, it was not only the final consonants 'KT' and 'X' that were to be considered as the decisive elements. With this judgment, the Federal Supreme Court may have strengthened weak trademarks.

MAINTENANCE OF PHARMACEUTICAL TRADEMARKS: JUSTIFICATION FOR NON-USE

In its judgment of 3 July 2019 in case C-668/17 P, the ECJ held that a clinical study carried out in order to prepare an application to authorise a new medicinal product cannot be used to justify the non-use of a trademark. A clinical trial may be a legitimate reason for non-use of a trademark only where the use is impossible or unreasonable. This obstacle must be independent of the will of the trademark owner. However, it must be noted that the application for conducting the clinical trial was filed more than three years after registration of the trademark at issue. Hence, clinical trials still can constitute a justification for non-use (see German Federal Supreme Court in Immunine/Imukin) in other factual constellations. Yet the trademark owner must always substantiate and prove that there was no delay in furthering the admission procedure.

OBJECTING TO REGISTRATION OF INFRINGING PHARMACEUTICAL TRADEMARKS

Cancellation of a registered trademark is usually sought by filing an opposition within the relevant opposition deadline. Since 2020, invalidity proceedings based on prior rights have also become available before the German Patent and Trademark Office. This is particularly relevant when the opposition deadline has already passed. Before 2020, a cancellation action based on prior rights had to be initiated before the civil courts. The new invalidity proceedings are more cost efficient, but they tend to last longer.

LIKELIHOOD OF CONFUSION

In opposition, invalidity or infringement proceedings, the most relevant issue is often the likelihood of confusion. In this context, the following aspects play an important role.

The Relevant Public And Its Level Of Attention

As in many countries, the relevant public comprises both the public at large and health professionals such as physicians or pharmacists. The common denominator of all cases in this field is that the level of attention is at least average, or even higher than average, since pharmaceuticals are considered important products due to their impact on health. An average level of attentiveness can only be stated in cases of over-the-counter products where the consumer does not pay too much attention to the brand at issue. All in all, the principal reasoning established by the CJEU in the Travatan/Trivastan case (C-412/05) still applies.

Similarity Of Goods And Services

Finding a similarity between goods that are all classified in class 5 is sometimes not as easy as it would seem. Pharmaceuticals with different purposes of treatment can be held to be dissimilar, for example. On the other hand, pharmaceuticals (eg, specific ointments) and cosmetic products will be likely considered similar to each other due to the fact that they are complimentary. In addition, cosmetic products can – under certain circumstances – have a medical purpose.

The aspect of complementarity was discussed in a decision issued by the Fifth Board of Appeal on 2 June 2023 (file No.: R 2071/2022-5). Here it was held that goods are complementary if there is a close connection between them in the sense that one good is indispensable or important for the use of the other, so that consumers (ie, patients) might think that responsibility for producing them lies with the same undertaking. Therefore, in assessing whether goods are complementary, the relevant public's perception of the importance of a particular good or service for the use of another good or service must ultimately be considered. Yet it was also held that since the specific arrangements for marketing the goods or services in question may vary over time and according to the wishes of the trademark owners, they could not be considered in a future analysis of the likelihood of confusion. It can be assumed that this reasoning only applies to matters of opposition or cancellation, as the specific arrangements for marketing of goods are often important in the context of assessing the similarity of goods when it comes to infringement.

Nevertheless, there is no strict legal rule that can be generalised. One issue that has become important in practice is the similarity between pharmaceutical products and medical services in class 44. This is because pharmaceuticals are regularly administered when medical services are provided. This somewhat broadens the scope of protection for pharmaceutical trademarks.

Finally, the broader scope of protection for pharmaceutical trademarks becomes even more apparent when offices or courts are dealing with the question of similarity between retail or wholesale services in the fields of pharmacy, medicine and health on the one hand, and pharmaceutical preparations on the other. The Federal Supreme Court stated some time ago that it is sufficient for the assumption of similarity if the services relate to the corresponding goods and the target public assumes on the basis of this relationship that the goods and services originate from the same companies. This could even be assumed for the relationship between goods and their related retail services if large trading houses in the relevant goods sector also offer goods with their own trademarks in addition to the sale of third-party goods. These conditions can be met in cases like the one described before (see Federal Patent Court, decision 29 W (pat) 37/17, 11 March 2020).

OBJECTING USE OF INFRINGING SIGNS IN THE PHARMACEUTICAL SECTOR AND CHOICE OF VENUE

After a trademark owner has successfully fought the registration of a trademark, the owner of the challenged trademark will nevertheless commence or continue to use it. In case a trademark owner then wishes to also object to the use of the infringing sign, the first step is a cease and desist letter, containing a request for discontinuation of use, assertion of claims for information as to source and generated turnover, compensation of damages and the reimbursement of attorney´s fees. If the infringer does not follow this request, the trademark owner must first decide in which court to bring an infringement action. In trademark matters, the district courts are competent and many of them are the right venue where the claim is based on a German trademark. Somewhat fewer district courts are competent where the claim is based on an EU trademark (Düsseldorf is the EU Trademark Court in North-Rhine Westphalia, for example, but not Cologne, where, on the other hand, infringement actions based on German trademarks can be brought). In most cases, the infringing product is available all over Germany, meaning that the court action can be brought before any district court.

PRELIMINARY INJUNCTION PROCEEDINGS

Whether to choose the Munich, Düsseldorf, Berlin, Braunschweig, Mannheim or Hamburg District Court largely depends on how much time has passed since the trademark owner first had knowledge of the infringing act. Some courts (eg, Munich and Cologne) do not consider there to be the required urgency in preliminary injunction matters if the claimant has had knowledge for more than one month. Other district courts (eg, Düsseldorf and Hamburg) are more generous and allow for urgency even if up to six or even eight weeks have passed. Such tactical considerations can be very important for building the right strategy.

MAIN COURT ACTIONS

If preliminary injunction proceedings are not an option, a main court action can be initiated. The main difference from preliminary injunction proceedings is that all facts that are contested by the defendant must be proven and not just made credible. The time frame is also considerably longer.

AVAILABLE REMEDIES

Alongside the traditional claim to cease and desist from using an infringing sign, the German Federal Supreme Court has, in the last few years, confirmed the obligation of the infringer to recall the objected products as part of that claim. The 'recall' claim can cause considerable detriment to the infringer, making it an effective weapon, especially if the parties enter into negotiations.

EXHAUSTION: PARALLEL IMPORTS

In the field of pharmaceutical products, a company will often import an original medicine from another EU or EEA member state into Germany and then place it on the market next to the higher priced original. The parallel importer benefits from the price differences in the pharmaceutical market. In many cases, the imported pharmaceuticals are also given new packaging. A large number of complex cases could be referred to here.

In 2019, the so-called Falsified Medicines Directive came into force. There exists a tension between the rights of the trademark owner and the requirements for the free movement of

goods in the EU internal market. With the arrival of the Falsified Medicines Directive, the safety of medicinal products comes into play. According to the directive, all prescription medicines must be provided with a product code that makes each product uniquely identifiable, and an anti-tampering device (ATD). Using the product code, the whereabouts of each individual drug can be tracked within the entire logistics chain.

The CJEU has issued landmark judgments that serve as clarification in particular with regard to the differentiation between reboxing and relabelling in view of the new anti-falsification rules (see Cases C 224/20, C 253/20 and C 254/20). The judgments have as their object under which circumstances the Falsified Medicines Directive permits parallel importers to completely repackage medicines. According to the CJEU, articles 9(2) and 15 of Regulation 2017/1001 and articles 10(2) and 15 of Directive 2015/2436, read in conjunction with articles 34 and 36 of the TFEU, must be interpreted as meaning that the proprietor of a trademark is entitled to oppose the marketing, by a parallel importer, of a medicine repackaged in new outer packaging to which that trademark is affixed where the replacement of the anti-tampering device of the original outer packaging carried out in accordance with article 47a(1) of Directive 2001/83 would leave visible or tangible traces of that original outer packaging having been opened, provided that:

- there is no doubt that those traces of opening are attributable to the repackaging of that medicinal product by that parallel importer; and
- those traces do not cause, in the market of the member state of importation or in a substantial part of it, such strong resistance from consumers to the repackaging that it would constitute a barrier to effective access to that market.

When repackaging medicinal products, the original packaging must therefore be reused as a matter of priority, even if an ATD leaves visible, palpable traces of opening after it has been repackaged. The CJEU found that the owner of a trademark can oppose a parallel import "where that product has been repackaged in new outer packaging to which the trademark of the reference medicinal product has been affixed". It is said that these judgments favour the owners of pharmaceutical trademarks, even if they leave room for argumentation in individual cases. As a result, a trademark owner can principally oppose the repackaging by a parallel importer of an original product in new external packaging (known as 'reboxing') where the parallel importer is able to create packaging which may be marketed in the member state of importation simply by affixing new adhesive labels to the original secondary packaging (ie, 'relabelling').

COMBATING PRODUCT PIRACY

Counterfeiting in the field of medicinal products is a threat to public health and causes economic and social damage. Useful measures against parallel imports are to apply for custom seizures according to EU Regulation 608/2013. If parallel imported products are detained, the trademark owner is required to initiate legal proceedings against the alleged infringer. The procedure is simple and favours the trademark owner. In case of detention, the shipment is seized and will not be put on the market if the trademark owner confirms that the seized pharmaceuticals are counterfeit. If the purchaser does not object, then the seized goods will be destroyed without further need for action from the trademark owner. This is the so-called simplified procedure. However, if the recipient files an objection against the seizure, a trademark infringement action must be initiated with the civil courts. As wilful trademark infringement is punishable under German criminal law, trademark owners

can file – in parallel – a criminal complaint. Experience shows that criminal action is not as efficient as civil action, however, simply because the somewhat understaffed public prosecution authorities are often unable to have a clear focus on criminal complaints relating to trademark infringements.

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