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A German perspective on pharmaceutical protection

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According to information available from the Federal Ministry of Economics and Technology website, for many years the Germany pharmaceutical industry has played a significant role on the world stage. In 2011 898 companies were registered as pharmaceutical companies in Germany, of which 269 had more than 20 employees. That same year, revenues amounted to €39.2 billion – an increase of 4.5% on the previous year. The country's pharmaceutical industry employed 105,400 staff in 2011 and exported pharmaceuticals with a total value of €50.4 billion. In sales terms, Germany is the world's third largest pharmaceutical market.

Meanwhile, the export ratio for pharmaceutical companies in Germany has increased from approximately 48% in 2000 to more than 65% in 2011. As a result of the international orientation of German companies, increasing numbers of conflicts must be resolved at an international level – in particular at EU level.

Case law

There is a noticeable difference between recent case law emanating from the Office for Harmonisation in the Internal Market (OHIM) – in particular, the Boards of Appeal – and the German Federal Patent Court regarding the assessment of likelihood of confusion between pharmaceutical trademarks.

According to OHIM's Manual Concerning Opposition – Identity and Likelihood of Confusion: "Specific pharmaceuticals are considered to be similar to other specific pharmaceuticals. This is because several, if not all criteria for similarity are usually met: they share the same nature because they are specific chemical products; their purpose is, broadly speaking, healing and/or curing;

they are sold in the same places, namely, pharmacies; and they come from the same source, which is the pharmaceutical industry. This industry manufactures a wide variety of drugs with various therapeutic indications, something the general public is aware of. Furthermore, their method of use might be the same and they might be in competition with one another (see judgment of 17/11/2005, T-154/03, 'Artex', para. 48)" (Part 2.2, page 43).

On January 14 2013 the First Board of Appeal (R 1149/2012-1) held that no likelihood of confusion existed between the trademark BESIRO, applied for the contested goods "vaccines for human use, namely meningitis vaccines" (Class 5), and the opposing German trademark BETIGO, registered for "pharmaceutical preparations as well as preparations for health care, namely pharmaceutical preparations for the treatment of vertigo of different origins and Ménière's symptom complex" (Class 5). OHIM's Opposition Division upheld the opposition for all contested goods and rejected the applied-for mark in its entirety. The board found that the conflicting goods shared the same nature as pharmaceutical products, which were usually manufactured by the same company and sold through the same distribution channels. However, the board further decided that the goods completely differed in their respective therapeutic indications. Thus, these goods were neither complementary nor in competition, and the patients for each would also generally be different. The board found that the signs compared also showed a low degree of similarity; thus, the opposition was rejected.

In contrast, on August 9 2012 the German Federal Patent Court (30 W (pat) 31/11) ruled that the German trademark SORTIS, registered for, among other

things, "medicines, only available on prescription, namely lipid lowering agents" (Class 5), was confusingly similar to the later trademark SORTISTATIN, registered for "pharmaceutical and veterinary products; medicines, dietetic substances for medical purposes, food for babies" (Class 5). While the German Patent and Trademark Office considered there to be no likelihood of confusion, the court found the conflicting goods to be partially identical and partially similar. In its reasoning, it stated that while lipid-lowering agents are used to regulate increased cholesterol levels, a corresponding diet also has an influence on such levels, so a change in diet is one part of the therapy. With regard to the conflicting trademarks themselves, the court decided that the element 'statin' is a common suffix for active ingredients that are used as cholesterol-lowering agents for influencing lipid metabolism. Due to the fact that this indication would be recognised by the addressed professionals and the general public, the identical and more observed prefix 'sorti' was sufficient to find a likelihood of confusion. This decision strengthens the protection of pharmaceutical trademarks in Germany.

In order to avoid a likelihood of confusion between pharmaceutical trademarks, on March 20 2013 the Federal Institute for Drugs and Medical Devices published new guidance for the designation of pharmaceutical products. Although this guidance is not mandatory, it is recommended procedure for pharmaceutical companies and approval authorities trying to implement state of the art. With regard to the designation of pharmaceutical products, the principle is that the greater the differences and the application risk, the greater the differences

in the marking of the products.

A further decision issued by the General Court on May 17 2013 (T-502/11) dealt with the likelihood of confusion between two device trademarks for pharmaceutical preparations. Swiss company Mundipharma AG applied for a Community trademark in 2006. French company Sanofi Pasteur MSD SNC filed an opposition against this application based on its prior marks. Both OHIM's Opposition Division and the Boards of Appeal rejected the opposition, arguing that no likelihood of confusion existed.

The General Court confirmed the Boards of Appeal's decision. Although the mutual goods were found to be identical, the court held that, according to settled case law, the relevant public – comprising professionals and average consumers – pay an increased degree of attention when buying pharmaceutical products because such products affect their health, so consumers are particularly interested in them and are thus more vigilant. Next, the court held that the mutual signs were visually significantly different from each other. With regard to the distinctiveness of the opposing marks, the court ultimately affirmed OHIM's judgment that this was low. The devices were comprised of two simple geometric figures and would not attract consumers' attention by themselves. In that regard, basic geometric figures (eg, triangles or circles) have weak distinctiveness, as do structures such as ellipses or sickles.

Antitrust law

Although not directly a trademark conflict, the European Commission rendered an interesting decision (COMP/39226 – *Lundbeck*, June 19 2013) in an antitrust law case regarding so-called 'pay for delay' or 'reverse payment' settlements, which may have a significant impact on settlement agreements concluded in particular during patent litigation proceedings.

The European Commission imposed a fine of €93.8 million on Danish pharmaceutical company Lundbeck and fines totalling €52.2 million on several producers of generic medicines, including German company Merck KGaA.

In 2002 Lundbeck agreed with each of the companies to delay the market entry of cheaper generic versions of its Citalopram brand – a blockbuster anti-depressant, which was its bestselling product at the time. After Lundbeck's basic patent for the citalopram molecule had expired, it held only a number of related process patents which provided more limited protection.



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One producer of generic medicines had actually started selling its own generic version, and several other producers had made serious preparations to do so. Instead of competing, the generic producers agreed with Lundbeck in 2002 not to enter the market in return for substantial payments and other inducements amounting to tens of millions of euros (so-called 'pay for delay' or 'reverse payment' settlements).

Commission Vice President Joaquín Almunia, in charge of competition policy, said: "It is unacceptable that a company pays off its competitors to stay out of its market and delay the entry of cheaper medicines. Agreements of this type directly harm patients and national health systems, which are already under tight budgetary constraints. The Commission will not tolerate such anticompetitive practices."

It remains to be seen whether this decision will be upheld, as Lundbeck and one of the generic producers have announced their intention to appeal the decision before the General Court. However,

some legal uncertainty remains as to the conditions under which patent litigation can be concluded by a settlement between the parties.

New gTLDs

In 2012 the Internet Corporation for Assigned Names and Numbers (ICANN) launched its new generic top-level domain (gTLD) programme, under which anyone can apply for new top-level domains, such as brands, generic terms or geographic locations. Since then, ICANN has received almost 2,000 applications. Further and new gTLD application processes will follow.

German pharmaceutical company Merck KGaA applied for the gTLD strings '.merck' and '.emerck'. US pharmaceutical company Merck & Co, Inc objected to these applications pursuant to the new gTLD dispute resolution procedure at the World Intellectual Property Organisation (WIPO) Arbitration and Mediation Centre. Both groups of companies have a common history, as Merck & Co, Inc was founded as a subsidiary of Merck KGaA. At the end of the First World War, it became an independent US company as a result of US confiscation legislation. In the 1930s, the companies agreed to co-exist, which was amended in the 1970s. Merck & Co, Inc owns various trademarks – MERCK in the United States and Canada – whereas Merck KGaA owns MERCK throughout the world, including in Germany and the European Union.

The WIPO panel rejected the objections (LRO2013-0068 and LRO2013-0069, July 30 and 31 2013), finding that the potential use of the disputed gTLD strings would not:

- take unfair advantage of the distinctive character or reputation of Merck & Co, Inc's registered or unregistered trademark or service mark;
- unjustifiably impair the distinctive character or reputation of the trademarks; or
- otherwise create an impermissible likelihood of confusion between the disputed gTLD strings and their trademarks.

The panel further found that Merck KGaA may take necessary measures, such as geo-targeting, in order to minimise possible confusion.

The rejections of the legal rights objections filed in accordance with the new gTLD dispute resolution procedure are in line with determinations in other cases, which have mostly been rejected. However, these cases were some of the first which involved non-dictionary terms. [WTR](#)