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Generic use of trademarks in Branded Products

1 Case of Sandoz vs Beecham Group and Laboratoire GlaxoSmithKline, May 24, 2011[a].

Two opposing standards are at work: comparative advertising law and trademark law. A drug, Deroxat, that is now in the public domaine was used by Sandoz, maker of the generic, for comparative advertisement in a trade journal for pharmacists: *"paroxetine, the Deroxat generic"*. The international non-proprietary (INN) name is paroxetine, the brandname is Deroxat . The owner of the brandname, the Beecham pharmaceutical company, pleaded brand protection. The Court of Appeals of Versailles ruled in their favor. The case was taken to the Supreme Court,where the maker of the generic argued that departure from trademark law is mandated in comparative advertising intended to inform the public and ensure safety.

We must then examine the decisions issued by the EUCJ (European Union Court of Justice), keeping in mind the possibility of requesting a preliminary ruling. However, this request may prove superfluous, as the Court of Justice has issued a number of broad-scope rulings, except, regrettably, in stock market law. The principles by which intellectual property law, consumer law and comparative advertising may be linked can be drawn from these rulings. In a case dealing with perfumes, submitted by an English court, the EUCJ ruled that when describing its reference methods, a perfume maker may not name competing brands, to do so would be considered an infringement. The methods themselves may be described by competitors. The case dealt with the comparative approach to colors for the purpose of perfume recognition – but specifically mentioning a competiting brand - on the grounds that the public should be informed - thereby weakening brandname protection -- . The English judge who had requested the preliminary ruling, and subsequently ruled it a case of infringement, stated that if the same question had been submitted to him on a health issue, he would have

[a] Arrêt n°519, Sandoz c/ Beecham Group et Laboratoire GlaxoSmithKline, 24 mai 2011 (09-70.722), Cour de cassation, Chambre commerciale.

considered first and foremost the protection of the public. In the case of Sandoz vs Beecham, the Supreme Court gave the benefit to comparative advertising, arguing that health care workers are entitled to any and all information. Indeed, the EUCJ protects consumers, patients and pharmacists – who are considered drug consumers – more than trademark owners.

Thus, the principles drawn by the Court of Justice prevail, while respecting the international judge's approach. In this particular case, patient health overrides brand protection. Does the margin of assessment of the national judge imply arbitrariness? Changes may occur over successive proceedings, depending on the judge's subjective assessment. For some, the information involved was not aimed at the *"average consumer"*, as stipulated by European law, but at pharmacists, assumed to be familiar with all INN's (or chemical names ) without needing in addition the brand name. The Court of Appeals had in fact considered that the trade journal aimed at health care professionals, should not have mentioned the brandname insofar as it was not necessary to the pharmacist. In contrast, the Supreme Court wished to limit any reasoning error or knowledge gap. The possibility that a pharmacist may not know everything must be considered. Granted, Deroxat may be not a good example, as paroxetine is a very well known drug, but the concept should be extended to lesser known drugs. The pharmacists therefore benefits from a two-fold verification: the INN (chemical name) and the brandname. This efficiency reading falls to the judge's subjective assessment, and there are 14 judges. The decision is made by majority vote, with the vote of the presiding judge carrying no extra weight. There are not quite 14 votes as the reporting counsel does not vote but may influence the preliminary debate.

2 Striking the right balance between competition and trademark law

Innovation is essential for stimulating economic growth and developing consumer benefit throughout the world.
before globalisation and the digital revolution, innovation was closely linked to intellectual property rights and economics. According to the TRIPS imposed by the WTO, national laws are harmonized : “droits d’auteur” and “marques” in Europe, copyrights and trademarks in America and emerging countries.

Does too much trademark protection hinder research and innovation?
Should competition law have priority over intellectual property law to reduce trademark constraints ?
If it does not, illegal parallel markets of counterfeit products will develop and upset the legitimate markets.

It is very difficult to strike the proper balance between competition and trademark law, yet this has long been the goal of the national authorities.

Have drugs companies in our countries been buying out generic companies ?
Why are drug companies allowed to own drug companies which make generics of their own drugs ?

There are no immediate solutions but all possibilities should be considered.
Do you think that the WTO should regulate the practice ?
We must not forget that digital technologies have changed the name of the game.

Of course, it is not clear how much innovation is due to trademarks and how much can be attributed to antitrust law. The EU Commission has recently begun to argue that intellectual property rights are in similar categories as property rights. Several recent court cases, such the case of Glaxosmithkline, have demonstrated that it is important for competitors not to rely on the dominant firm's facilities but rather for them to develop innovative services. The key point is protecting original research rather developing minor modifications of manufacturing products.

3 Proposals for the future

The involvement of the WTO is demanded and European and American laws are undergoing mutations.

The conflicts of interests between corporate rights and human rights have to be taken into consideration.

As well as in the patent area, thorough investigation calls for looking at both the legal and economic aspects so as to make appropriate legal recommendations for amending international and nation law to ensure equity and feasible strategies