

Trade marks for pharmaceuticals: What will qualify as being deceptively similar?

Kowa Corporation Ltd v NV Organon [2005] FCA 1282, 13 September 2005

On 13 September 2005, Lander J of the Federal Court found, on Appeal from the Trade Marks Office, that the trade mark LIVALO was not substantially identical with or deceptively similar to the pre-existing mark for LIVIAL (“the Appeal”). Both marks are brand names of prescription pharmaceuticals.

19 October 2005

Lander J also dismissed an application seeking partial removal of the trade mark LIVIAL for non-use, in respect of most the goods for which the mark is registered, as the outcome of the Appeal removed the basis of Kowa Corporation Ltd’s claim that it is an “aggrieved person”.

FACTS

The Applicant, Kowa Corporation Ltd (“Kowa”), is a Japanese manufacturer of a pharmaceutical preparation for the treatment of hyperlipidemia. On 11 November 1999, Kowa applied to register the trade mark LIVALO for “pharmaceutical preparations” in class 5. The word LIVALO was derived by combining the first two letters of each of the words “lipid”, “vascular” and “lower”.

The Respondent, NV Organon (“Organon”) opposed Kowa’s application on the basis that LIVALO was deceptively similar to Organon’s pre-existing LIVIAL mark registered in class 5 for “pharmaceutical products for human use”. Organon manufactures and supplies the LIVIAL brand of pharmaceutical products containing the steroid “tibolone”, which is used for the treatment of menopausal syndrome in women. Organon has been the registered proprietor of the trade mark “LIVIAL” since 13 September, 1984. In May 2000, the Therapeutics Goods

Administration (“TGA”) granted approval for Organon to sell the LIVIAL product in Australia to treat symptoms resulting from natural or surgical menopause and to prevent post-menopausal osteoporosis. Organon commenced its sales of LIVIAL products in Australia in September 2000. LIVIAL is only available in Australia by doctor’s prescription.

The Registrar of Trade Marks allowed Organon’s opposition and refused the registration of Kowa’s LIVALO mark. Kowa appealed to the Federal court (“the Appeal”).

Kowa also filed an application for partial removal of the mark LIVIAL from the Register on the basis that Organon had not used the LIVIAL mark in Australia in relation to any goods for which it was registered (namely, “pharmaceutical products for human use”) other than steroids for the treatment of menopausal syndrome in humans. The Registrar referred the application to the Federal Court (“the Non-Use Application”).



THE DECISION

The Appeal

As the trade marks were visually and aurally different, Lander J concluded that the marks were not substantially identical.

Lander J also found that the LIVIAL and LIVALO trade marks were not deceptively similar; that is, the trade marks did not so nearly resemble each other such that the use of the LIVALO trade mark was likely to cause consumers to wonder whether the LIVIAL and LIVALO products came from the same source.

In relation to the likelihood of confusion, Organon submitted that similarly named prescription pharmaceuticals may contribute to medication misadventure when they are confused due to poor handwriting, look alike or sound similar when verbal instructions are given. Instances were identified where transcription, administration and dispensing errors may arise as a result of confusion between similarly named pharmaceuticals. However, Organon did not present any evidence to establish the prevalence of these errors. Significantly, Organon's evidence did not establish whether there was actual confusion or the likelihood of confusion between the LIVALO and LIVIAL marks.

Lander J found that the LIVIAL and LIVALO products would only be available by prescription. In the circumstances, Lander J considered the most relevant class of persons, in determining whether there is a likelihood of deception or confusion (for the purposes of determining deceptive similarity), was the treating medical practitioner prescribing the appropriate pharmaceutical. Lander J focused on the risk of a doctor misprescribing one drug for the other.

In the absence of evidence to the contrary, Lander J was of the opinion that:

- prescription drugs are not likely to be confused with each other even when they are sold under a mark which looks or sounds similar to the mark of another drug;
- it was unlikely that medical practitioners would confuse LIVIAL and LIVALO; and,
- the chances of a pharmacist, nurse or patient confusing LIVIAL with LIVALO were remote.

As the LIVALO and LIVIAL marks were not deceptively similar, Lander J dismissed Organon's opposition to Kowa's registration, based on its pre-existing LIVIAL trade mark.

In Kowa's closing submissions, it sought to narrow its trade mark application so that there was no overlap with the goods within class 5 for which the LIVIAL mark is registered. Lander J allowed the Appeal and limited Kowa's registration to "prescription only pharmaceutical preparations for the treatment of hyperlipidemia".

The Non-Use Application

The relevant period of inquiry into the non-use of the LIVIAL mark is the three year period ending one month before the non-use application was filed, namely between 23 March 2000 and 23 March 2003. Organon led evidence of clinical trials that were published during the relevant period in relation to the use of the LIVIAL product to treat different diseases. Organon also caused clinical trials to be conducted relating to potential expanded uses for the steroid tibolone to treat osteoporosis and climacteric symptoms in women with breast cancer.

Lander J found that during the relevant period the LIVIAL mark was not used in Australia other than as a steroid for the treatment of menopausal syndrome in humans.



Lander J based this finding on the following:

- the lack of evidence that the LIVIAL mark was used for any other pharmaceutical products for any other diseases during the relevant period;
- if the steroid tibolone was modified to treat other conditions, the resulting steroid could not be called tibolone and the pharmaceutical product would be marketed under a different name. Organon did not intend to market during the relevant period a modified form of tibolone under the mark LIVIAL;
- the various clinical trials did not indicate any form of intention on Organon's part to use the LIVIAL product during the relevant period for purposes other than the uses presently approved by the TGA;
- Organon had not made any application to the TGA to extend the indications for which LIVIAL might be used; and,
- Organon did not establish that the mark was not used for any reasons either within the industry or peculiar to Organon because of an obstacle to the use of the LIVIAL mark during the relevant period.

Organon advanced a number of reasons why Lander J should exercise the Court's discretion not to partially remove the mark including that research results indicated other potential uses which have and continue to be the subject of ongoing substantial expenditure. Organon claimed that it should be given the opportunity to pursue the other indications and if proven worthwhile, to market the product using its mark without incurring the additional expense of choosing another mark and developing a new reputation and goodwill in the mark. Lander J found that Organon had not been in any way active in relation to other potential indications and that there was no basis upon which his discretion could be exercised.

His Honour concluded that should Kowa establish the threshold issue, that it is an aggrieved person, he would make an order to partially remove the LIVIAL registration.

Kowa claimed it is a person aggrieved (and therefore entitled to file an application to remove Organon's trade mark for non-use) on the basis that the only impediment to Kowa registering its LIVALO mark was the existence of Organon's LIVIAL registration and, further, that Organon had opposed Kowa's application.

Lander J noted that if the Appeal succeeded and the LIVALO mark is registered, on the basis that there is no overlap with the goods for which the LIVIAL mark is registered, Kowa would not qualify as a person aggrieved. Lander J allowed Kowa's Appeal and the limited registration of the LIVALO mark. As a result, Kowa's non-use application failed.

IMPLICATIONS

There has traditionally been a stricter approach to the assessment of deceptive similarity for pharmaceutical trade marks. This case suggests that this stricter approach may not apply for prescription only drugs.

It is important to file evidence of actual or likely confusion in any pharmaceutical trade mark case. A Court will likely take the view, unless the contrary is proven, that health professionals prescribing, administering and dispensing medication will not be confused by similar trade marks used in respect of different prescription pharmaceuticals.

The outcome of this case may have been different if evidence was presented to support the occurrence, or likelihood of medication misadventure resulting from the confusion of the LIVALO and LIVIAL pharmaceuticals.



In particular, evidence to establish the prevalence of transcription, administration and dispensing errors that occur as a result of confusion between similarly named pharmaceuticals, and more importantly, evidence to demonstrate that there is actual confusion or the likelihood of confusion between the respective trade marks, would have assisted Kowa's position.

This case is also a timely reminder that, trade mark owners seeking to avoid the threat of a non-use application should ensure that their mark is used in relation to the goods and services for which it is registered unless they can demonstrate that there is an obstacle to the use. If the registered trade mark is not used, or used only for some goods or services covered by the registration, then trade mark owners should consider maintaining a strategic re-filing programme to guard against non-use actions.

MORE INFORMATION

If you would like to learn more about trade mark law and deceptively similar marks, or any other area of intellectual property, Davies Collison Cave can customise a presentation to suit your intellectual property requirements.

For further information or advice on trade marks or any other intellectual property matters please contact one of our offices.



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