

COURT OF APPEAL DISMISSES APPEAL BY PARALLEL IMPORTER WHO INFRINGED PHARMACEUTICAL TRADE MARK

- ▶ Tension between trade mark infringement and the free movement of goods within the EEA
- ▶ Public campaigns about product properties and trade mark significance
- ▶ Is a trade mark enforceable against an importer of an identical product produced by the same manufacturer?

What's it about?

The respondent, Flynn Pharma Limited (**Flynn**), was a pharmaceutical company using the name FLYNN, a UK and EU registered trade mark, in respect of its products. On 24 September 2012, Flynn launched the anti-epileptic drug Phenytoin Sodium Flynn (**PSF**), which had been previously sold in the UK, by Pfizer, under the brand name Epanutin.

Pfizer and subsequently Flynn went to great lengths to inform both patients and healthcare professionals that PSF and Epanutin were chemically the same product.

The appellants, DrugsRUs Limited and Tenolo Limited, were parallel importers of Epanutin, purchased from Spain and imported for sale on the UK market. However, MHRA guidelines require pharmacists to supply the specific branded product prescribed.

PSF was the preferred product given its prominence and stable supply. The appellants therefore wished to re-label their product PSF but include a disclaimer as to its true origins. Flynn claimed trade mark infringement against the defendants/appellants in relation to this use of the FLYNN mark.

The defendants argued that Flynn's actions were equivalent to a disguised restriction of trade between member states contrary to Article 36 of the TFEU. Furthermore, the defendants asserted that Flynn's use of the mark was only as a description of the goods, without which they could not be readily prescribed.

At first instance, the High Court ruled that the imported goods infringed Flynn's trade mark, a decision that was subsequently appealed by the defendants.

Why does it matter?

The Court of Appeal dismissed the appeal. In relation to the trade mark use, the court disagreed with the appellants' suggestion that Flynn's information campaign had resulted in the trade mark losing its significance. The use of the mark FLYNN did not signify a characteristic of PSF.

In relation to the disguised restriction, the court's decision was two-fold. Firstly, that Flynn had no control over the Epanutin that had been produced by Pfizer that the appellants sought to import. The products had been placed on the market for sale by Pfizer, not Flynn. Secondly, nor was Flynn's use of the trade mark or the specification of PSF under Pfizer's control.

Consequently, Flynn had a legitimate interest in the enforcement of its mark against a product that it had not placed on the market but was sold under its mark and over which it would have no control. The appellants would be able to trade off Flynn's reputation; a reputation that could be damaged by a defective batch of Epanutin. This applied even though the imported Epanutin was chemically identical to PSF and produced by the same manufacturer.

Now what?

This judgment will be welcome news for trade mark proprietors who are seeking to protect their legitimate interests against parallel importers.

It also highlights that the key issue will be that of "control" and specifically, whether it is the trade mark proprietor itself that has placed the products on the market for sale in the EEA.

Current indications suggest leave to appeal this judgment to the Supreme Court has been sought.

[*Flynn Pharma Ltd v Drugsrus Ltd and another \[2017\] EWCA Civ 226, 6 April 2017*](#)

For further information on this or any other IP related matter please contact [Andrew Bayley](#) on 0161 934 6436

10-18423495-1

addleshawgoddard.com

Aberdeen, Doha, Dubai, Edinburgh, Glasgow, Hong Kong, Leeds, London, Manchester, Muscat, Singapore and Tokyo*

*a formal alliance with Hashidate Law Office