Re-branding by parallel importers

- High Court holds that the re-branding by parallel importer has infringed the pharmaceutical trade mark of the proprietor
- No exhaustion of rights: drugs not previously placed on the market in the EU by the Claimant

What's it about?

Flynn Pharma Limited (**Flynn**) is a pharmaceutical company that sells drugs for which the patents have expired. Drugsrus and Tenolol (the **Defendants**) are companies in the same group who, between them, hold licences to import and sell drugs in the UK.

The pharmaceutical giant Pfizer sells the anti-epilepsy drug phenytoin sodium under the brand name EPANUTIN in the EU. Flynn entered into contractual arrangements with Pfizer (and obtained the appropriate regulatory licence) to allow it to sell the drug in the UK under the name Phenytoin Sodium Flynn.

The Defendants also wanted to source EPANUTIN from elsewhere in the EU and import it into the UK. However, this is a prescription-only drug, and the Defendants were concerned that if they called it EPANUTIN it would not get prescribed (due to concerns about the ongoing availability of drugs imported as parallel imports). Further, if they called it "phenytoin sodium", this would fall foul of regulatory rules which required patients to stay on the same source of drugs. So, the Defendants labelled the drugs Phenytoin Sodium Flynn and Flynn started proceedings for trade mark infringement, because it owned a registered trade mark for FLYNN.

The questions for the court to consider were: had the Defendants infringed Flynn's trade mark, or where they using the name merely to describe the goods? The court held, yes: consumers would take the use of the name to be a mark of origin, and had Flynn's rights been exhausted, on the basis that the drugs had already been put on the market with its consent? No: it was Pfizer and not Flynn which had originally placed the drugs on the market. Although Pfizer and Flynn had a contractual relationship, this was not sufficient to conclude that Flynn itself had placed the drugs on the market in the EU.

Why does it matter?

This is the latest in a line of cases concerning the parallel importation of pharmaceuticals and highlights the potential conflicts between intellectual property law and regulatory rules.

Interestingly, the outcome of this case would have been different had the Defendants been able to show that Flynn had itself consented to putting the drugs on the market in the EU. In that case, the argument would have shifted to a consideration of whether the Defendants could satisfy the "BMS conditions". The BMS conditions arise out of another parallel importation of drugs case involving the company Bristol-Myers Squibb, and help establish the situation where a parallel importer is permitted to re-brand or re-package the drugs that it has imported to reflect the branding used in the country of import.

Now what?

This case is a good reminder of the kinds of issues that are faced by companies who wish to source medicines from elsewhere in the EU and sell them in the UK. A network of regulatory rules and practices determines the branding under which certain drugs should be sold.

Flynn Pharma Ltd v Drugsrus Ltd & Anor [2015] EWHC 2759 (Ch) (06 October 2015)

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