

## **Flynn Pharma Ltd v Drugsrus Ltd and Tenolol Ltd [2015] EWHC 2759 (Ch)**

*Judgment of the UK High Court 6 October 2015*

### **Background**

The Defendants proposed to import into the UK pharmaceutical products which had been sold in other EU Member States under the brand name 'Epanutin' and affixing to them the name 'Phenytoin Sodium Flynn' (phenytoin sodium being a pharmaceutical ingredient which controls excessive activity in the brain that leads to epilepsy). The Claimant, Flynn Pharma Limited ('Flynn Pharma'), alleged that this would constitute an infringement under section 10(1) of the Trade Marks Act 1994 of its UK and CTM trade mark registrations for FLYNN in Class 5 because it is use of the identical sign for identical goods, and sought an injunction.

The Defendants sought to rely on two defences: 1) that such imports would not be an infringement of Flynn Pharma's mark because they would not be making trade mark use of the word 'Flynn', rather that it is a description of the goods as allowed under section 11(2)(b) of the Act; or 2) that the reliance by Flynn Pharma on its trade mark rights under domestic legislation to stop these imports constitutes a disguised restriction on trade and is contrary to the free movement provisions of the Treaty on the Functioning of the European Union ('TFEU').

### **Decision**

Does the Defendants' use of the word FLYNN amount to trade mark use?

The Judge held that the Defendants' use of the word FLYNN is not a description of the goods. It is not a word associated with medicines or ingredients or otherwise denoting the qualities or characteristics of the medicine. It will be perceived by consumers as a mark of origin because there is no evidence that consumers will interpret the sign in the way the Defendants suggest, namely as an indication of the source of the Active Pharmaceutical Ingredient (API) or the site of the manufacture of the product. They will interpret it as being an indication of the holder of the marketing authorisation of the product and therefore as indicating that the product originates with Flynn Pharma as being the entity responsible for the quality of the goods. The Judge concluded that this is clearly a trade mark use of the sign.

The Defendants sought to rely on the following disclaimer: "Flynn is a trademark of Flynn Pharma Ltd. However, this product is not manufactured or sold by Flynn Pharma Ltd but has been imported from the EU as Epanutin by Tenolol Limited. It is

considered by the Medicines and Healthcare products Regulatory Agency to be equivalent to Phenytoin Flynn". However, the Judge did not regard the disclaimer as sufficient to clarify for the patient the nature of the relationship between the product and Flynn Pharma. The Judge held that the use of a word in naming a product where the word is clearly a brand name is not gainsaid by small print explaining that the product has not been made or marketed by the entity which owns the rights to use that name.

Is the prevention of these parallel imports contrary to EU law? Article 34 TFEU provides that: "Quantitative restrictions on imports and all measures having equivalent effect shall be prohibited between Member States". This is tempered by Article 36 which provides that: "The provisions of Article 34 shall not preclude prohibitions or restrictions on imports justified on grounds of the protection of industrial and commercial property... Such prohibitions or restrictions shall not, however, constitute a means of arbitrary discrimination or a disguised restriction on trade between Member States".

The Judge looked in detail at existing case law in this area. She found that the question in this case was whether the existing cases are authority for the proposition that it does not matter whether the goods were placed on the market in the exporting state by the same entity that is now trying to stop them being imported, so long as the goods are identical so that there are no public health issues arising. The Judge held that they are not. She held that the Defendants can only rely on Article 36 to defeat the claim of infringement if they can show that Epanutin was placed on the market in the exporting Member State by the same entity as is now seeking to prevent its import into the UK. While Flynn Pharma is responsible for placing its product on the market in the UK, Pfizer (with whom Flynn Pharma has an agreement), is responsible for placing Epanutin on the market in other Member States. Therefore, Flynn Pharma's trade mark rights were not exhausted in respect of Epanutin placed on the market in other Member States, and Flynn Pharma's claim for infringement succeeded.

### **Comment**

The Defendants' arguably inventive attempt to rely on the TFEU in this case was not successful, and it would seem rightly so. Mrs Justice Rose's decision explored in detail the current position regarding parallel imports and her conclusion seems wholly justified, but it will be interesting to see whether the Court of Appeal agrees should the Defendants choose to appeal this High Court decision.



**Rachel Conroy** is a UK Registered and European Trade Mark Attorney and works at Boulton Wade Tennant in London. She advises clients in the pharmaceutical sector and is a member of the Pharmaceutical Trade Marks Group (PTMG). Rachel has considerable experience in trade mark searching and practices all aspects of trade mark law, including prosecution and contentious matters, both in the UK and European Community.