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Supreme Court Ruling on Marks Similar to Pharma INNs

In Thailand, the names ascribed by generic drug manufacturers to their pharmaceutical products are often similar to the names of pharmaceutical substances identified under the International Nonproprietary Name (INN) system, a World Health Organization (WHO) naming system designed to facilitate the identification of pharmaceutical substances or active pharmaceutical ingredients. Generic drug manufacturers gain an advantage through this practice, as names which closely resemble an INN are easily recognizable, and thus, are more likely to be sold by pharmacists and purchased by consumers.

Under Thai trademark law, it is prohibited to register a mark that is similar or identical to an INN. In practice, however, this modicum of law is often contravened and marks that are similar or identical to INNs are frequently registered. In an apparent effort to rectify this, the Supreme Court recently issued a decision confirming the law and emphasizing that the use of a trademark similar to an INN accrues unjust benefits for a generic manufacturer and causes unfair competition. In this article, we will look at the significance of the Supreme Court's ruling.

Case Background

An innovator drug company filed a petition with the Board of Trademarks (BOT) in Thailand to cancel the registration of a Thai generic drug manufacturer's mark, VALATAN. The mark VALATAN had been registered for use with pharmaceutical products in Class 5. The pharmaceutical products were drugs for the treatment of hypertension and were named with the INN, "Valsartan."

The innovator drug company's petition was based on the grounds that the Thai generic drug manufacturer's mark VALATAN was similar to the INN of the drug Valsartan, as supported by Notification of the Ministry of Commerce Notification No. 5 B.E. 2543 (2000), which prohibits the registration of a trademark that is similar to an INN.

The BOT cancelled the registration of the mark VALATAN, which prompted the Thai generic drug manufacturer to file an appeal with the Intellectual Property and International Trade Court (IP&IT Court), contending that the BOT's order was unjust. In the civil suit at the IP&IT Court, the Thai generic drug manufacturer was the plaintiff, while the Department of Intellectual Property (DIP), which oversees the BOT, was the first defendant. The innovator drug company, which originally launched the trademark cancellation, filed a motion to join the case as a co-defendant with the DIP and the BOT. The IP&IT Court allowed the motion, as one of the plaintiff's main arguments was that the petitioner—the innovator drug company—was, from the beginning, not an interested party to file the petition with the BOT.

Issues of the Case

During the trial, the first issue in dispute was whether the co-defendant (i.e., the innovator drug company) was an interested party for the purpose of filing the petition at the

BOT. The plaintiff argued that, from the outset, the co-defendant did not have any legal standing to file the petition, because the co-defendant's trademarks for the same products—DIOVAN and CO-DIOVAN—were not similar to the plaintiff's mark, thus making them unlikely to cause confusion among the public.

The IP&IT Court considered the fact that the pharmaceutical products of the co-defendant and the plaintiff were the same, since both products contain the same active ingredient. The Court further recognized that both companies are in the same business, and hence, are competitors. As a result, sales of the plaintiff's products directly affect the sales of the petitioner's products, and thus, the co-defendant has legal standing in the case.

The IP&IT Court ruled that the difference in the trademarks of both parties was irrelevant and determined that the key issue was the similarity between the plaintiff's trademark and the INN. The Court found that the similarity between the plaintiff's mark and the INN was likely to cause confusion among the public. Therefore, the Court stated that use of a trademark which is similar to an INN reaps unjust benefits and leads to unfair competition.

The second issue was whether the trademark VALATAN bore similarity to the INN Valsartan. The IP&IT Court determined that both words consisted of three syllables and the beginning and end syllables of both marks were identical. After considering the appearance and pronunciation of both words, the Court concluded that both words were similar, and therefore, the plaintiff's mark would be prohibited from registration.

The third issue was whether the trademark VALATAN was prohibited from registration under Section 8(13) of the Thai Trademark Act, as the plaintiff argued that Notification No. 5, which provides a restriction on the registration of a trademark that is similar to an INN, is in conflict with the Trademark Act B.E. 2534 (1991). The IP&IT Court ruled that the Ministry's Notification prohibiting the registration of trademarks that are identical or similar to INNs is not beyond the scope of Section 8(13) of the Trademark Act, and so the Notification is not contrary to the Constitution of the Kingdom of Thailand, as argued by the plaintiff.

As a result and in accordance with Section 8(13) of the Trademark Act and Section 2(1) of the Ministry of Commerce's Notification No. 5 on prohibited marks, the plaintiff's trademark was prohibited at the time of registration. Consequently, the IP&IT Court held that the BOT's order to cancel the registration of the plaintiff's trademark VALATAN was lawful, and the Court dismissed the case.

Appeal to the Supreme Court

The plaintiff was dissatisfied with the IP&IT Court's decision and proceeded to file an appeal to the Supreme Court. In the appeal, the plaintiff argued that the co-defendant's trademarks, DIOVAN and CO-DIOVAN, are clearly different from the plaintiff's trademark, VALATAN. Although the co-defendant is a manufacturer and distributor of products containing the active agent Valsartan, the co-defendant is unaffected by the plaintiff's registration of the trademark VALATAN, because the plaintiff's trademark VALATAN and the name Valsartan are different. Moreover, the plaintiff argued that in the guidelines on the use of INNs, it is readily seen that the WHO specifically aims to protect the INN for the pharmaceutical substance Valsartan and other names which are not designated by the WHO are not included. Therefore, the plaintiff's trademark VALATAN is not prohibited from being registered as a trademark, according to the WHO's guidelines.

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With respect to the issue of similarity between the plaintiff's trademark VALATAN and the INN Valsartan, the plaintiff contended that the name Valsartan contains "val" and the stem "-sartan," demonstrating that the active agent is for the treatment of hypertension. Other active agents in this group include Abitesartan and Azilsartan, which also have "-sartan" as a part of the word. Therefore, "-sartan" is an essential element in their names. The plaintiff's trademark VALATAN does not include the stem "-sartan" and would therefore not cause confusion to patients and healthcare providers.

As for the last issue regarding the legitimacy of Notification No. 5, the plaintiff argued that Clause 2(1) of the Notification broadens the scope of Section 8(13) of the Trademark Act by adding the phrase "identical or similar." Because the scope of Section 8(13) is limited by the phrase "possesses or consists of," the addition of the phrase "identical or similar" is beyond the scope and power received under the Trademark Act.

The plaintiff argued that because Notification No. 5 is beyond the scope and power received under the provision of the law, such Notification limits the rights and liberty of a person to use their registered trademarks for goods to be traded in the course of their occupation. Consequently, the Notification limits the right of occupation of a person and is contrary to the Trademark Act and the Constitution of the Kingdom of Thailand.

The Supreme Court issued its ruling in late 2014, confirming the IP&IT Court's decision. The Supreme Court determined that the plaintiff and co-defendant are in the same business and are competitors. Although the co-defendant's marks are not similar to the plaintiff's mark, the sale of the plaintiff's VALATAN product has a direct impact on the co-defendant. The plaintiff has an unfair advantage over other business operators, and therefore, the co-defendant had the legal standing to file a petition with the BOT.

The Supreme Court did not accept the plaintiff's argument regarding the dissimilarity of the mark VALATAN and the INN Valsartan, and instead, agreed with the IP&IT Court's analysis of the similarity between them. Lastly, the Supreme Court disagreed with the plaintiff's argument and opined that the issuance of Notification No. 5 was proper under the authority vested in Section 8(13) of the Trademark Act. As a result, the BOT's order to cancel the trademark VALATAN was in accordance with the law. The Supreme Court also confirmed the IP&IT Court's decision that the mark VALATAN should be cancelled.

Although Notification No. 5 of the Ministry of Commerce—which prohibits the registration of a mark that is similar or identical to an INN—was implemented in the year 2000, very few cases have been brought to court to test its application. In this instance, the IP&IT Court and the Supreme Court correctly applied the law and provided reasoning that was sensible and worthy of recognition. 🏠