

Contributing firm
Bereskin & Parr LLP



Authors

Susan J Keri and Megan Langley Grainger

Selection, clearance and registration

Trademark registration v regulatory approval

In Canada, the brand name for a prescription drug must be selected bearing in mind not only trademark registration issues pursuant to the Trademarks Act and within the domain of the Canadian Trademarks Office, but also regulatory matters handled by the Therapeutic Products Directorate of Health Canada. While both deal with brand name approval and issues of confusion, their underlying focus is quite different. Under the Trademarks Act, the registrability of a mark is assessed, in part, based on the likelihood of confusion with another mark as to the source of manufacture. By contrast, Health Canada's primary focus when assessing drug name confusion is the health and safety risks associated with similar drug names.

Pursuant to the Canadian Food and Drug Regulations (Sections C.08.002 and C.01.014.1), the name of a proposed drug must be submitted to Health Canada as part of the drug approval process and before the product will be officially approved for sale in Canada. In the case of different drug products that have orthographic similarities and/or similar phonetics, the name will be assessed for potential safety risks, with the aim of reducing the risk of errors in prescribing or dispensing medications, or in the administration of a product by a patient. If the proposed name is considered to look and/or sound similar to another drug name, it may be disallowed.

However, the drug name approval process in Canada is separate and distinct from trademark registration. If a product name is approved by Health Canada, it does not necessarily follow that the name will be registrable as a trademark. Similarly, if a name is found to be registrable as a trademark, this does not ensure that the name will be accepted by Health Canada.

In the case of trademark registration, the

Trademarks Office must determine whether the co-existence of two similar drug names is likely to cause confusion in the marketplace as to the source of origin of the products. Public health concerns such as medical risks associated with drug name mistakes are not, strictly speaking, relevant to the issue of trademark registration. However, recent Canadian jurisprudence suggests that health and safety concerns may become increasingly relevant when assessing confusion between drug names for trademark registration purposes.

In *Sanofi-Aventis v GlaxoSmithKline Biologicals SA* (2010 TMOB 200), the Trademarks Opposition Board did, in fact, consider the issue of medication error as a surrounding circumstance in assessing the likelihood of confusion as to source. In this case an application for PACIRIX for vaccines was successfully opposed by the owner of the PLAVIX mark for cardiovascular medications, despite the fact that the products associated with the respective marks were notably different. In support of its decision, the board noted that both

products were “human pharmaceutical preparations”, and that since the applicant’s application was not restricted to a specific type of vaccine, the likelihood of confusion must be assessed bearing in mind that the applicant could conceivably develop vaccines overlapping in the field related to the opponent’s cardiovascular product (although there was no evidence of any such product development). The hearing officer’s position was perhaps best summarised by his comment on the connection between medication errors and the test of confusion for trademark application purposes: “Although the possibility of errors in prescribing, dispensing or administering drugs is not directly related to the likelihood of confusion as to the source of the product, which is the issue for decision in this case,... mistake and confusion are not mutually exclusive... mistaking one trade-mark for another necessarily implies that there is a high degree of resemblance between the marks, which is one of the factors to be considered in the test for confusion pursuant to s. 6(5)(e) of the Act” (at p9).

However, where a pharmaceutical trademark consists of elements common in the industry, the Trademarks Office considers the likelihood of confusion to be much lower. In *Novartis Pharmaceuticals Canada Inc v Graceway Pharmaceuticals LLC* ((2010), 88 CPR (4th) 116 (TMOB)), an application for the trademark ESTRASORB for topical hormone preparations was allowed, despite an opposition on the basis of the trademarks ESTRADERM, ESTRADERM TTS and ESTRACOMB covering various hormonal preparations. The Opposition Board noted that the first or dominant portion of the marks was the ‘ESTRA’ component, and that it would readily be perceived as a shortened form of the chemical name oestrogen. As such, the relevant consuming public would tend to discount the importance of the ESTRA prefix and focus more on the suffix components of the marks, which the board found to be sufficiently distinguishable.

Non-traditional marks – colour and shape

In Canada, a trademark consisting of a combination of product shape and colour is inherently registrable. However, there is a high evidential burden on the applicant to establish that the mark serves to distinguish its goods or services from those of others.

The case of *Apotex v Registrar of Trademarks* ((2010), 81 CPR (4th) 459 (FC); aff’d (2010), 91 CPR (4th) 320 (FCA); leave to appeal refused), involved a successful attack on a trademark registration consisting of the

colours dark purple and light purple applied to the visible surface of portions of a plastic spherical inhaler device containing medication for the treatment of asthma and chronic obstructive pulmonary disease. The trademarks ADVAIR and DISKUS also appeared on the product.

The court reinforced the principle that the relevant consumers – namely, physicians, pharmacists and patients – must relate the trademark to a single source of manufacture and thereby use the mark to make their prescribing, dispensing or purchasing choices. Moreover, the court noted that the distinctiveness of a mark consisting of colour and shape may be diminished when the pharmaceutical product is also used in association with a well-known word mark. To support a finding of distinctiveness, the trademark must be capable of being recognised on its own. In this case the court found that the essential problem with GlaxoSmithKline’s evidence was that the inhaler device was never marketed without the brand-name label, and that therefore the evidence showing that the colour and shape mark was the primary distinguishing feature of the product was purely hypothetical – witnesses were opining on a situation that never presented itself.

GlaxoSmithKline’s position was further weakened by the fact that unlike the word marks ADVAIR and DISKUS, no trademark notice was given of the colour and shape mark on the product packaging or the device itself to reinforce the commercial association in the mind of the purchaser at the time of sale.

Canadian trademark law will also protect the shape of a pharmaceutical tablet, capsule or device; however, such protection can be obtained only by way of a distinguishing guise registration. This requires the filing of evidence establishing that the mark or ‘guise’ has been so used in Canada as to have become distinctive as of the filing date, and that the exclusive use of the mark or guise by the applicant is unlikely to limit the development of the industry – a very difficult burden to discharge.

Parallel imports and repackaging

Pharmaceutical preparations that are to be sold in Canada must receive prior Health Canada approval to market, without which sales of the product will be prohibited. Moreover, all such preparations must comply with Canadian labelling requirements as set out in the Food and Drug Regulations, including Section

C.01.005, which requires that the inner and outer label of a drug display the drug identification number (DIN) assigned for that product. Accordingly, the parallel importation of pharmaceutical preparations into Canada that have not received Health Canada approval and that do not bear the requisite DIN is illegal, even though the drug has been approved for sale in another country.

Given the low cost of pharmaceuticals in Canada compared to many other countries (due in large part to substantial regulations and price caps on pharmaceuticals), Canada has the potential to expand exports of less expensive drugs into the United States and other countries. However, the Canadian Pharmacists Association, the Canadian Medical Association and Health Canada have all produced position papers against the exportation of cheaper drugs from Canada into other countries, especially where the patient has no relationship with a Canadian pharmacist and doctor or where there are drug shortages in Canada. Such dialogue has resulted in several initiatives that have reduced the flow of pharmaceuticals out of Canada over recent years.

Anti-counterfeiting and enforcement

The magnitude of counterfeit pharmaceuticals in Canada remains relatively small in comparison to other industrialised countries, but nevertheless the problem exists.

The applicable legislation dealing with the sale of counterfeit health products and the procedures and remedies available to prevent their importation and sale in Canada is the Customs Act, the Trademarks Act, the Copyright Act, the Criminal Code and, in some cases, the Patent Act.

The Royal Canadian Mounted Police may act on information provided by a rights holder about suspected counterfeit goods and pursue action. Given the potential health and safety risks associated with counterfeit pharmaceuticals, these are the types of product that are more likely to attract police involvement.

On May 5 2011 Royal Canadian Mounted Police investigators intercepted a package containing approximately 15,000 suspected counterfeit VIAGRA brand pills destined for a warehouse leased by the accused. At the warehouse, investigators subsequently seized approximately 100,000 suspected counterfeit VIAGRA and CIALIS brand pills in blister packs, as well as boxes used to prepare the pills for resale. The estimated total value of the seized counterfeit drugs exceeded C\$1 million. The accused was

charged with possession of property obtained by crime, contrary to Section 384(1) of the Criminal Code and in breach of Section 31 of the Food and Drugs Act.

In the wake of this seizure, Health Canada issued a warning to Canadians regarding the potentially serious health problems associated with counterfeit drugs. In this case the counterfeit CIALIS tablets contained sildenafil, whereas the authorised version of CIALIS tablets, manufactured by Eli Lilly, contains tadalafil.

In May 2010 Health Canada released a document entitled "Policy on Counterfeit Health Products". The document is intended to facilitate compliance by the regulated parties with the Food and Drugs Act and associated regulations, with the aim of mitigating the health and safety risks posed by counterfeit health products.

Advertising

Section C.01.044 of the Food and Drug Regulations restricts consumer-related advertising for prescription drugs to the mention of the name, price or quantity. Under this regulatory framework, Health Canada has permitted two types of prescription drug message directed to consumers: 'reminder ads' and 'help-seeking messages'.

Reminder ads, where only the name of a prescription drug is mentioned but not the disease, are interpreted as not going beyond the name, price and quantity restrictions of Section C.01.044. Help-seeking messages, where a disease state is discussed but there is no reference to a specific prescription drug product, are considered 'information' and not 'advertising', provided that they meet the criteria outlined in Health Canada's policy entitled "The Distinction Between Advertising and Other Activities".

Depictions of easily recognisable product packages (eg, blister packs, inhalers) that lead to the identification of the therapeutic indication of a prescription drug in reminder ads are considered to exceed the consumer advertising limitations described in Section C.01.044 and are therefore not permitted in Canada.

Advertising pre-clearance agencies review and pre-clear advertising material in order to help industry to ensure compliance with the regulatory provisions of the Food and Drugs Act and Regulations, the Natural Health Products Regulations and the various Health Canada guidance documents and codes of advertising. The agencies also offer independent mechanisms to resolve complaints on advertising for authorised health products.

Canada's research-based pharmaceutical companies also comply with a code of ethics as a requirement of their membership in their trade association, Rx & D. This code includes advertising guidelines. Violations of the code can result in fines of C\$10,000 for a first offence during a calendar year and up to C\$50,000 for each offence over the third offence in a calendar year. Recidivism or deliberate breach of the code may result in the expulsion of a member company from the trade association.

Generic substitution

Both the federal and provincial governments regulate the pharmaceutical industry in Canada. The federal government has jurisdiction over IP rights of manufacturers and the initial approval and labelling of prescription drugs. The provincial governments have jurisdiction over, and are responsible for, the funding of all healthcare services. Each provincial drug plan sets specific price and other cost-containment guidelines (eg, drug product substitution laws) with respect to the pharmaceutical coverage provided.

Drug substitution regulations have been in place in most provinces for many years. These regulations have typically focused on promoting the substitution of lower-priced generic drugs for brand-name drugs, through the implementation of product and price selection rules. Product selection involves switching from a branded to a generic drug, whereas price selection involves choosing the least costly generic available.

Online issues

The sale of prescription drugs through the Internet is not prohibited in Canada. However, in recent years the sale of innovator drugs by Canadian online pharmacies has largely been shut down by innovator companies refusing to supply them. Any innovator drug offered for sale by a Canadian e-pharmacy may well be counterfeit. Prescription drugs made by generics, which are not under patent, are generally available online.

In the Autumn of 2010, the Royal Canadian Mounted Police was part of a global effort to combat the sale of counterfeit drugs through online pharmacies. Codenamed 'Operation Pangea', the programme warned consumers that many of the websites claiming to be online Canadian pharmacies were, in fact, run from other countries around the world. The campaign resulted in suspects being arrested across the globe and the seizure of

thousands of doses of counterfeit drugs.

In September 2011 the Royal Canadian Mounted Police partnered with INTERPOL to participate in the fourth edition of Operation Pangea, targeting the online sale of counterfeit and illegal medicines. Operation Pangea IV focuses on websites supplying illegal pharmaceuticals and is the largest internet-focused scheme of its kind in support of the International Medical Products Anti-counterfeiting Taskforce.

On September 23 2011 the Royal Canadian Mounted Police Federal Enforcement Section of the Border Integrity Programme in British Columbia arrested a man in connection with the online sale of unauthorised products promoted for the treatment of erectile dysfunction. Previously seized product from the same investigation was tested by Health Canada, which resulted in identifying active ingredients known as sildenafil thione, sildenafil and tadalafil. Sildenafil is an ingredient commonly found in VIAGRA and tadalafil is commonly found in CIALIS; however, sildenafil thione is not approved for any health product in Canada.

Following the arrest, the police issued a statement encouraging the public to purchase such products through a legitimate pharmacy, as there is no guarantee that medication purchased online is genuine, safe and true to its claim. [WTR](#)

Biographies **Bereskin & Parr LLP**

Bereskin & Parr LLP

Scotia Plaza, 40 King Street West,
40th Floor, Toronto ON M5H 3Y2, Canada

Tel +1 416 364 7311

Fax +1 416 361 1398

Web www.bereskinparr.com



Susan J Keri

Partner

skeri@bereskinparr.com

Susan J Keri is a partner, barrister, solicitor and registered trademark agent with Bereskin & Parr LLP. Her practice focuses on trademark prosecution, enforcement and opinion work, and licensing and commercial transactions involving IP assets. Ms Keri is a leader in her field and often speaks on IP issues.



Megan Langley Grainger

Associate

mlangleygrainger@bereskinparr.com

Megan Langley Grainger is an associate, barrister, solicitor and registered trademark agent with Bereskin & Parr LLP. Her practice focuses on trademarks, related litigation, licensing, and marketing and advertising law. Prior to attending law school, Ms Langley Grainger spent several years gaining valuable industry experience in the field of consumer packaged goods marketing, while managing national brands.