

# Czech Republic

Contributing firm  
**Čermák Hořejš Matějka a spol**



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## **Selection, clearance and registration**

### **Relevant laws**

The main statute regulating marks is the Trademark Act (441/2003), which determines:

- what may constitute a trademark;
- the legal scope of the rights of trademark holders;
- the registration procedure; and
- some aspects of enforcement.

The enforcement of trademark rights is chiefly governed by Act 221/2006 on the Enforcement of Industrial Property Rights.

The Civil Code (Act 40/1960) and the Commercial Code (Act 513/1991) may be of relevance – for example, when determining time limitation of claims and other general legal issues. The Commercial Code also contains provisions prohibiting unfair competition.

The Civil Procedure Code (Act 99/1963) and the Administrative Procedure Code (Act 500/2004) are relevant for any proceedings filed with the courts, and government departments or administrative bodies.

Act 378/2007 on Medicines provides an almost complete code for the registration and regulation of the pharmaceutical industry.

### **Protected rights**

The Czech Republic offers legal protection to the following trademarks:

- national Czech trademarks registered with the Industrial Property Office;
- Community trademarks registered with the Office for Harmonization in the Internal Market (OHIM);
- international trademarks registered with the World Intellectual Property Organization (WIPO) and designating the Czech Republic; and
- unregistered trademarks that are well known in the Czech Republic.

Unregistered signs used in trade can be afforded protection under the laws

prohibiting unfair competition. If such rights are senior to registered trademarks, their use cannot be restricted by the junior registered mark.

### **Effect of a trademark**

A trademark registration confers exclusive rights to use the sign in trade and excludes others from using a sign that is confusingly similar to the trademark for identical or similar goods. The scope of the right is strictly territorial (ie, limited to the Czech Republic).

Unregistered signs may be used where their use pre-dates the application date of the registered trademark. Trademark rights for the Czech Republic are exhausted where a sale takes place with the consent of the trademark holder within the European Union.

The use of a registered trademark must not contravene the laws prohibiting unfair competition. Any conduct contrary to good morals of business is considered unfair competition if it is capable of causing harm to a competitor. Use of the trademark must not encroach on the prior trade name of a third party.

### Selection and clearance

As in any other case, it is essential that a pre-registration trademark search be carried out for pharmaceutical trademarks. This shall ensure that the sign:

- fulfils basic registration criteria and is therefore:
  - capable of being a trademark;
  - recordable in graphic form;
  - not descriptive or a common word;
  - not contrary to public order;
  - not misleading as to the source of goods; and
  - not a protected sign or a sign of high cultural value;
- is not confusingly similar to a third party's prior trademark rights; and
- is not in conflict with a trade name of another.

In the case of pharmaceuticals, the Industrial Property Office sets high standards when considering the similarity of trademarks. The high standards are justified by the fact that:

- the goods at issue are usually identical; and
- public health may be put at risk should confusion occur.

While historically a difference was made between over-the-counter and prescription-only medication, this is gradually disappearing given the general trend set by OHIM and the European Court of Justice. Therefore, arguing that two trademarks are not confusingly similar because the end users are informed medical professionals (as opposed to members of the public) is becoming less effective because patients can now ask their pharmacist to supply a bioequivalent-product instead of the prescribed medication.

In the case of pharmaceutical trademarks, it is also essential that the trademark should:

- not be in conflict with the name of another pharmaceutical product (even where this was refused registration);
- not mislead as to the drug's composition or medicinal effect; and
- not be confusingly similar to the international non-proprietary name (INN) or any other scientific/common name of the product, or, if identical to the INN or the scientific/common name of the product, be accompanied by the name of the entity seeking its registration.

The State Institute for Drug Control of the Czech Republic, rather than the Industrial Property Office, will consider the above criteria. Thus, while a trademark registration

may succeed, the institute may refuse its use in relation to a medical product.

### Non-traditional trademarks

The Trademark Act allows the registration of marks that are capable of graphical representation only. This means that three-dimensional, colour, holographic and sound (in the form of musical scores) marks are protectable, although registration is usually sought at Community level though OHIM. No smell trademark application has yet been accepted for registration.

### National trademark registration

Any person may apply for a Czech national trademark with the Industrial Property Office. The filing date is the date of priority. Where the trademark does not fall foul of the absolute grounds for refusal, it is published in the *Trademarks Gazette*, from which time a non-extendable period of three months opens for the filing of oppositions. Where no absolute ground for refusal exists or no opposition succeeds, the trademark is granted for an extendable period of 10 years from the date of priority.

Following registration, the trademark may still be vulnerable to applications:

- for revocation for non-use after five years; and
- for invalidity for the same reasons as in the case of pre-registration opposition.

The decisions of the Industrial Property Office can be appealed to the president of the office. The president's decision is immediately enforceable. However, judicial review proceedings may be initiated. Judicial review is a full review process of law and fact, and a single appeal is possible through a cassation complaint.

### International trademark registration

The Industrial Property Office evaluates the registrability of international trademarks and whether they contravene any of the absolute grounds for refusal. The office may partially or completely refuse registration.

### Parallel imports and repackaging

#### Parallel imports

While trademark rights are normally exhausted once sale of the products bearing the trademark has taken place within the European Union, specific rules apply to pharmaceutical goods.

The importation from one EU country to another of a product registered under Regulation 726/2004 (on the EU procedures for the authorization and supervision of

medicinal products for human and veterinary use) is not considered parallel importation.

Parallel importation is allowed only where a party registered to distribute medical products in the Czech Republic obtains a permit from the State Institute for Drug Control in relation to the drug at issue. The imported product must have been registered in the exporting EU state and must be distributed in the Czech Republic in dosages and for purposes approved in that registration. Generics can be parallel imported if the reference product is being parallel imported and the generic:

- has the same medical effect;
- does not pose a danger to public health; and
- is used in a way specified for the imported reference product.

Any parallel-imported product must be in packaging written in Czech and accompanied by a patient information leaflet in Czech. Only a certified manufacturer can carry out repackaging.

### Repackaging

Repackaging of the product is considered as manufacturing of the product. Manufacturers of pharmaceutical products must be registered and in compliance with the manufacturing and documentation standards specified in the Act on Medicines.

### Anti-counterfeiting and enforcement

#### Relevant laws

The Czech Republic has implemented all of the essential EU legislation relating to the protection of IP rights.

The EU IP Rights Enforcement Directive (2004/48/EC) was implemented as Act 221/2006 on the Enforcement of Industrial Property Rights.

The EU Customs Regulation (1383/2003) is enforceable directly in the Czech Republic.

Act 634/1992 on Consumer Protection allows customs authorities to seize infringing goods on the internal market.

#### Enforcement in practice

It is possible for IP rights holders to file for protection of their rights with the customs authorities. Any goods suspected of infringing a protected right can be seized at the border while in transit, as well as in the internal market. The relevant rights holder must state whether the goods seized infringe its rights. Where a rights holder claims infringement but the counterparty denies it, the rights holder must initiate infringement proceedings before a court.

Customs may also take action under the Consumer Protection Act. This allows the rights holder to request, among other things, targeted searches anywhere in the Czech Republic.

Since January 1 2008, the City Court in Prague (which is hierarchically above the district courts, but under the High and Supreme Courts) has had exclusive jurisdiction over all industrial property disputes.

### Procedure

The Act on the Enforcement of Industrial Property Rights introduced a number of changes.

Licensees, as well as mark owners, may now enforce their rights directly. However, the licensee:

- must notify the owner first where no explicit consent to enforce is given; and
- may do so only if the mark owner itself has failed to take action within a month of the infringement coming to its knowledge.

The Czech system does not allow for discovery or disclosure. However, the parties involved must produce any evidence required by the court which is known to be in their possession. Rights holders may request that the alleged infringer provide information relating to the source, destination, price and volume of the infringing goods at issue. This right to information is enforceable only on order of a court, as part of existing infringement proceedings.

### Remedies

The court may order the withdrawal of infringing goods from the channels of commerce. The court may also order the destruction of infringing goods, in particular of items predominantly intended or used to produce counterfeits.

Damages are also available. They include:

- compensation for actual loss;
- lost profits;
- recovery of unjustified profits of the infringer; and
- reasonable compensation for non-economic harm caused.

The plaintiff may request the above as a lump sum amounting to at least double the licensing fee the mark owner would have charged the infringing product's manufacturer.

### Advertising

#### General considerations

The Advertising Regulation Act (40/1995) is the main law in this field.

'Advertising' is defined as any offer or information made available through any medium and aimed at promoting trade activities. Section 5 of the Advertising Regulation Act states that in cases of human medicinal products, advertising includes any provision of information, or attempts at persuasion and incitation aimed at increasing the prescription, supply, issuing or consumption of medicinal products.

The act provides a non-exhaustive list of prohibited activities.

Comparative advertising, generally prohibited, is permitted in the case of pharmaceutical products targeted at people who are authorized to prescribe or issue medicinal products. Such advertising must remain objective.

Advertising is allowed only in relation to medicines duly registered for the Czech Republic. It must:

- be in compliance with the Summary of Product Characteristics;
- remain objective without undue overstatement at all times; and
- encourage rational use only.

#### Over-the-counter medication

Advertising to the general public is authorized only for non-prescription medicines, which can be issued without prior diagnosis by a medical practitioner and under conditions specified by law.

#### Prescription-only medication

Advertising for prescription-only medicines is authorized when such advertising is targeted exclusively at medical practitioners. Again, the advertisement must remain completely impartial and not offer incentives for the sale of the product. The law also restricts the description in the advertisement of the benefits to be expected from the administration of the product.

All advertising must be retained on file and available to the supervising body for a period of at least five years from the last date of use.

Such advertising is overseen by the State Institute for Drug Control, which may issue fines in case of breach.

#### Generic substitution

The substitution of branded pharmaceutical products by generics has been allowed in the Czech Republic since early 2008.

Where drugs are held to be bioequivalent, the patient can request that the pharmacist issues a bioequivalent drug instead of the one prescribed by the medical practitioner. The prescribing practitioner

may in individual cases indicate that no substitution may be made.

Since the practice is relatively new, few relevant legal issues have arisen. Generic drugs registered via the procedure referring to an existing registered product procedure are presumed bioequivalent and therefore substitutable.

### Online issues

#### E-pharmacies

Any pharmacy can provide drugs online if these drugs:

- have been registered in the Czech Republic or under EU Regulation 726/2004; and
- are not prescription-only medications.

Pharmacies may advertise, without breaching the Advertising Regulation Act:

- the fact that they provide postal delivery;
- what products they offer for delivery; and
- their price lists and delivery costs.

#### Domain names

CZ NIC is the independent authority regulating the '.cz' country-code top-level domain.

CZ NIC requires that all domain name holders agree to a standing offer of arbitration.

It is important to note that basing domain name rights on existing trademark rights can be problematic. The courts now carefully consider whether the use of the domain name is in relation to the goods and services protected by the registered trademark. This is rarely the case. For example, a pharmaceutical company registered one of its competitors' trademarks as a domain name. Upon receiving a cease and desist letter from the mark owner, the domain name registrant transferred the name to one of its employees, who used it to host a fantasy literature website. The mark owner filed a complaint; the High Court found that no trademark infringement could be established against a private individual using a domain for purely private purposes (Case 3 Cmo 324/2005, January 2006).

Thus, pharmaceutical brand owners should always seek a preliminary injunction while the domain is held by a company or trader, or – better still – register their marks as domain names early. [WTR](#)

## Biographies

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Petr Kusy has been with the leading Czech IP law firm Čermák Hořejš Matějka since January 2007. As well as handling patent and trademark matters for many prominent clients, Mr Kusy has been involved in several major pharmaceutical disputes. This practical experience and his academic common law background means that Mr Kusy can provide Čermák Hořejš Matějka and its clients with a unique approach to solving complex legal problems.