

Contributing firm
Luzzatto & Luzzatto Patent Attorneys



Authors

Kfir Luzzatto and Ronen Sasson

Selection, clearance and registration

Clearance

When a pharmaceutical company chooses a trademark for a new drug, it is advisable to conduct a search in the Trademark Register before using the mark or filing a trademark application with the Trademark Office. The search is intended to determine whether there are prior registrations or applications for trademarks that are confusingly similar to the proposed mark and cover identical goods or goods of the same description as the requested goods. In such a case, the trademark may not be registered and the use of the mark may infringe the rights of third parties.

Common law searches for unregistered marks in databases are not available in Israel. However, it is possible to search the online database of the Israeli Drugs Registry (at www.health.gov.il) or a trade guide (eg,

Medic) in order to determine the names of drugs that are in use in Israel. These may constitute an obstacle to the registration and use of the proposed mark.

List of goods

An application for the registration of a pharmaceutical trademark may be filed with the Trademark Office for the full list of goods in Class 5 of the Nice Classification. However, examiners routinely request that the list of goods be limited to those for which the mark is intended to be used.

The Trademark Office will usually accept a trademark application for a broad list of goods in Class 5 if the mark:

- is a house mark; or
- is intended to be used for a wide variety of Class 5 goods.

Pharmaceutical companies often file trademark applications for a broad list of goods, since, at the time of filing, the preparations for which the mark is intended to be used are still under development. According to the Trademark Office's

guidelines (Circular MN 39), if the applicant submits an affidavit declaring that the preparations for which the mark is intended to be used are still in the development stage, the registration may be granted for a broad list of goods. However, the registration of the mark is conditional on the applicant undertaking to limit the list of goods to the preparations for which the mark is actually intended within five years of the filing date.

Three-dimensional marks

Pharmaceutical companies may wish to register three-dimensional marks, such as the shape of a tablet or the packaging of a drug. Under the Israeli Trademarks Ordinance 1972 (New Version), a 'mark' may consist of, among other things, a three-dimensional sign.

The Supreme Court has issued decisions with regard to three-dimensional marks (see *Ein Gedi Cosmetics Ltd v The Registrar of Patents, Designs and Trademarks* (Case CA 3776/06) and *August Storck KG v Alfa Intuit Food Productions Ltd* (Case CA 11487/03)). The Supreme Court ruled that, in principle,

a three-dimensional shape may be registered as a trademark. The court held that the shape of a product cannot be inherently distinctive, but may be eligible for registration if:

- it has acquired distinctiveness through use; and
- it is capable of identifying the source of the goods.

In addition, the court highlighted that a three-dimensional mark must not possess a functional or aesthetic value. The court did not decide whether the packaging of a product can be inherently distinctive. An applicant may thus have to prove that the packaging has acquired distinctiveness through use in order to register it as a trademark.

In practice, the examiner will reject applications for three-dimensional trademarks and refer the applicant's response to the registrar of trademarks, who will give a decision based on the material on file. It is possible to request a hearing before the registrar in order to try and demonstrate that a mark is eligible for registration.

Parallel imports and repackaging

Parallel imports are lawful under Israel's trademark law. In this respect, the Supreme Court held that a trademark owner cannot prevent the parallel importation of goods manufactured abroad with its consent (Case CA 471/70). The court pointed out that trademarks aim to identify the true origin of the goods. Therefore, parallel imports were held to be lawful provided that the goods were manufactured with the consent of the trademark owner.

In the period between 1999 and 2000, substantive legislative changes opened the door to the parallel importation of pharmaceuticals in Israel.

In 1999 the Knesset (the Israeli Parliament) amended the Pharmacists Ordinance 1981 (New Version) in order to allow the parallel importation of pharmaceutical preparations registered in the Drugs Registry. In 2000 the minister of health established a regulatory regime for the approval of parallel imports by amending the Pharmacists Regulations [Preparations] 1986. These regulations specify, among other things, the various conditions for obtaining an import permit (eg, compliance with appropriate storage and shipment conditions).

According to Section 6(a) of the regulations, an import permit shall not be granted unless the following cumulative conditions are met:

- The preparations have been shipped to Israel by authorized traders from recognized countries (under the regulation, the 'recognized countries' are Australia, Canada, the EU member states, Iceland, Israel, Japan, New Zealand, Norway, Switzerland and the United States); and
- The preparations have been stored only in recognized countries.

Under Israel's trademark law, the parallel importation of pharmaceutical preparations cannot be prohibited, unless the preparations undergo substantial changes such that they can no longer be attributed to the trademark owner.

In a particular case, a district court ruled that the parallel importation of perfume bottles was lawful even though the defendants had removed the code attached to the bottom of the packaging and to the bottles themselves (Case TA 1171/97). The court concluded that the removal of the code did not mislead consumers as to the origin of the goods, since the original packaging of the goods and the goods themselves remained unchanged. Furthermore, the court highlighted that physical changes to a product do not necessarily result in trademark infringement. For example, appropriate repackaging will not be considered as trademark infringement. Although this case did not refer to pharmaceuticals, its principles are also applicable to this type of goods.

Anti-counterfeiting and enforcement

Seizure by Customs

Under the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPs), Israel must prevent the trade in goods that infringe IP rights. Accordingly, the Customs Ordinance (New Version) was amended and Sections 200(a) to (e) were added.

Under these provisions, the owner of a trademark registered in Israel may petition Customs to seize a shipment of goods which are suspected of infringing its rights. The trademark owner must provide Customs with, among other things:

- a copy of the certificate of registration;
- a sample of its goods or a catalogue illustrating the goods; and
- an undertaking to indemnify the importer and Customs for any unjustified damages that may result from the seizure.

Customs authorities may also initiate the seizure of goods suspected to be counterfeit of their own accord. In such cases, Customs

will notify the trademark owner's agent and hold the goods for a period of three working days. This time limit may be extended by an additional period of three working days at the request of the trademark owner. Customs may provide photographs or samples of the goods. The trademark owner must deposit a bank guarantee in the amount determined by Customs within three working days. This time limit may be extended by an additional period of three working days. The bank guarantee is intended to cover any expenses relating to the seizure or to compensate Customs and the importer if the seizure is found to be unjustified. In addition, the trademark owner must file a civil claim against the importer within 10 working days. This time limit may be extended by an additional period of 10 working days. If the trademark owner fails to deposit a bank guarantee or file a civil claim within the appropriate deadlines, the goods will be released.

Where a small shipment is involved, Customs has discretion to apply another procedure. This procedure is more convenient for the trademark owner, since the burden to file a civil claim shifts to the importer. In this case, the trademark owner is not required to deposit a bank guarantee and file a civil claim. Instead, it must provide Customs with:

- a written opinion explaining the reasons why it believes that the goods are counterfeit;
- a written undertaking to compensate the importer for damages and to indemnify Customs if it is found that the seizure was unjustified; and
- a written undertaking to be joined as co-defendant if the importer files a civil claim against Customs.

If the importer does not take legal action against Customs and/or the trademark owner, the goods will be destroyed.

Criminal proceedings

The importation of counterfeit pharmaceuticals is a criminal offence under the Trademarks Ordinance and the Merchandise Marks Ordinance. A police department specializing in the enforcement of IP rights was created to comply with the requirements of the TRIPs Agreement. The state or the trademark owner may initiate criminal proceedings by filing a private complaint. In criminal proceedings, it is possible to obtain court orders for the search, seizure and destruction of the goods.

In several criminal cases, individuals who had imported and traded in counterfeit tablets bearing the VIAGRA and CIALIS

marks have been convicted. For instance, in one particular case the state claimed that the defendant had imported 159,700 counterfeit Viagra tablets (Case 8842/04). The court convicted the defendant under, among other things, the Trademarks Ordinance and the Customs Ordinance. The defendant was sentenced to 15 months' imprisonment, 12 months' conditional imprisonment and a fine of IS70,000 (approximately \$18,500).

Civil proceedings

The trading and importation of counterfeit pharmaceuticals may constitute an infringement of the pharmaceutical company's rights under trademark law, the tort of passing off, unjust enrichment and consumer deception. The trademark owner may file a civil claim coupled with a motion for a preliminary injunction, including a *quia timet* injunction, as well as a petition for search and seizure.

Advertising

The advertising of branded medicines helps increase the awareness of professionals and consumers. The commercial freedom of speech (including advertising) is recognized by Supreme Court decisions and protected by the Basic Law: Freedom of Occupation. Under the law, the commercial freedom of speech may be restricted for an appropriate purpose. The Pharmacists Ordinance and the Pharmacists Regulations restrict the advertising of drugs. The rational justifying such restrictions is that erroneous or inaccurate advertising may lead to the inappropriate use of the drugs, which may harm public health.

In most cases, the physician will decide which drug is suitable and the patient will buy a specific brand. Therefore, regulating the advertising of medicines to professionals (eg, in professional magazines) appears to be the most critical issue. On the other hand, the public has little – if any – knowledge of medicines and is thus more exposed to manipulation.

Over-the-counter (OTC) drugs are less potent than prescription drugs. However, since the public can buy OTC drugs without prescription, there is a concern that advertising such drugs will result in the consumption of unnecessary and excessive quantities of medicines. With regard to prescription drugs, the concern is that advertising will lead patients to put pressure on physicians to prescribe unnecessary medicines. In addition, consumers may request that the government include certain drugs in the list of subsidized drugs provided

by health maintenance organizations (which would have significant commercial value).

Under Regulation 28(a) of the Pharmacists Regulations, the following types of advertisement are prohibited:

- advertisements that contradict the registration in the Drugs Register; and
- advertisements for off-label indications.

Regulation 28(a) governs all types of drug advertisement, including on the Internet. Regulation 28(b)(2) states that each advertisement to the public must be pre-approved by the Ministry of Health. However, the criteria to obtain approval are not provided. In principle, the ministry objects to the advertising of prescription drugs to the public (except in the case of leaflets handed out by physicians to their patients). The ministry also prohibits the use of laudatory terms and the comparison between the properties of different drugs.

Generic substitution

Under Section 27(a) of the Pharmacists Ordinance, a pharmacist must not:

- change a prescription;
- replace an ingredient indicated in the prescription by another ingredient;
- change the dosage indicated in the prescription;
- prepare drugs from ingredients or in quantities other than those required.

Section 27(b) provides the exception to this rule: if the physician does not indicate a specific brand in the prescription, the pharmacist has discretion to replace the drug indicated in the prescription by a generic drug (ie, a drug that has the same active ingredient, the same dosage strength and the same dosage form).

Online issues

Pharmaceutical companies sometimes discover that a third party has registered their famous trade name or trademark as a domain name. This may cause confusion among internet users, as they are led to the websites of unrelated entities.

Cybersquatters usually contend that they have registered domain names lawfully and offer to sell them to the pharmaceutical companies. From a commercial point of view, the pharmaceutical companies may decide to pay 'nuisance money' in order to settle the matter and avoid significant legal costs. However, the owners of the domain names often demand important sums of money.

Such cases may be dealt with at the domain name registry level through dispute resolution mechanisms. Additionally, under

Israeli case law (see district court decisions 810/01, 2308/02 and 9136/07), use by a third party of a domain name that is confusingly similar to a registered trademark constitutes infringement of the trademark owner's rights. The test to determine whether a domain name is confusingly similar to a registered trademark is the same as that applied in traditional trademark infringement cases. Among other things, the following factors will be taken into account:

- the phonetic, visual and conceptual similarity between the domain name and the mark;
- the relevant marketing channels; and
- the target markets.

The courts consider that the prefix 'www' and suffixes such as '.co.il' or '.com' are not distinctive.

Under Israeli law, use of a domain name may constitute an infringement of a pharmaceutical company's rights under the tort of passing off, even if the company has not registered its trademark. In order to succeed on a claim of passing off, the plaintiff must prove that:

- the trademark has acquired goodwill with respect to the goods at issue; and
- consumers may be misled into believing that the defendant's domain name is that of the plaintiff, or that the defendant is associated with the plaintiff.

The use of domain names which are confusingly similar to registered trademarks may also constitute an infringement under the Unjust Enrichment Law and the Commercial Wrongs Law. [WTR](#)



Biographies

Luzzatto & Luzzatto Patent Attorneys

Luzzatto & Luzzatto Patent Attorneys

Omer Industrial Park (head office),

Omer 84965, Israel

Tel +972 732 262 626

Fax +972 86 467 080

Web www.luzzatto.com



Kfir Luzzatto

Partner

kfirl@luzzatto.co.il

Kfir Luzzatto was born and educated in Italy. After serving in the Israeli army he acquired his technical education in Israel, where he received a doctorate in chemical engineering. He has been awarded a number of academic awards, including the Landau Award for Research. He has taught university courses on patents and technology, and is the author of numerous technical, scientific and professional articles, including an educational series of articles in the Hebrew press.

Mr Luzzatto is the author of *The World of Patents*, published in 2002 in Israel by Globes Press. In addition to his professional activity, he publishes literary work. His personal website is www.kfir-l.com.



Ronen Sasson

Lawyer

ronens@luzzatto.co.il

Ronen Sasson holds a law degree from Tel-Aviv University and a master's degree in law from the University of London (focusing on intellectual property). He has been a member of the Israeli Bar Association since 1990.

Mr Sasson joined Luzzatto & Luzzatto in 2005 with a wide experience in IP law. He works in the legal department at the Tel-Aviv office of the firm. He deals with various aspects of trademarks and patents, including opposition and cancellation proceedings, as well as trademark prosecution and enforcement.