TRADE MARKS ACT 1994

IN THE MATTER OF Trade Mark Registration Nº. 2113102 in the name of Vision Pharmaceuticals Limited

and

An Application under Nº. 9705 for a declaration of invalidity by Pharmacia & Upjohn AB.

BACKGROUND

PROLONID, the mark at issue, was applied for on 18th October 1996 for 'Ophthalmic and ophthalmological solutions for use in ophthalmic surgery, none containing thyroid glandular extracts' in Class 5. It now stands registered in the name of Vision Pharmaceuticals Limited (the RPs), of Fernbank House, Tytherington Business Park, Springwood Way, Macclesfield, Cheshire SK10 2XA.

On 12th August 1997, Pharmacia & Upjohn AB applied for a declaration of invalidity of the RPs' mark. They base their grounds on ss 5(2)(b), 5(4)(a) and 3(6) of the Act. The RPs deny the grounds, and both parties ask for their costs. The applicants have the registration Nº. 1053597 for HEALONID, for: 'Pharmaceutical preparations, but not including pharmaceutical preparations for use on the skin.' It was applied for on 16th October 1975.

The matter came to be heard on 14th November 2000, when the RPs were represented by Mr Mellor of Counsel, instructed by Hammond Suddards, their trade mark agents. The applicants were represented by Mrs Maddox of W P Thompson & Co.

I have carefully studied the evidence and propose not to summarise it in detail. It is not disputed that both parties sell, under their respective trade names, a solution of sodium hyaluronate as a viscous preparation which is used to maintain the cornea in a moist environment during eye surgery, and that the applicants have done so for a longer period than the RPs.

The request for the declaration of invalidity is made under ss 47(1) and 47(2)(a) of the Act. These state:

> '47.-(1) The registration of a trade mark may be declared invalid on the ground that the trade mark was registered in breach of section 3 or any of the provisions referred to in that section (absolute grounds for refusal of registration).
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> (2) The registration of a trade mark may be declared invalid on the ground-
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> (a) that there is an earlier trade mark in relation to which the conditions set out in section 5(1), (2) or (3) obtain, or,
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> (b) that there is an earlier right in relation to which the condition set out in section 5(4) is satisfied.'

S 72 of the Act provides a registered proprietor with a presumption of validity; the onus is thus on the applicants to make their case. As indicated above, they base their grounds on the following sections of the Act:

> '5(2) A trade mark shall not be registered if because
> ..
>
> (b) it is similar to an earlier trade mark and is to be registered for goods or services identical with or similar to those for which the earlier trade mark is protected,
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> there exists a likelihood of confusion on the part of the public, which includes the likelihood of association with the earlier trade mark.'

> '5(4) A trade mark shall not be registered if, or to the extent that, its use in the United Kingdom is liable to be prevented
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> a) by virtue of any rule of law (in particular, the law of passing off) protecting an unregistered trade mark or other sign used in the course of trade..'

I will deal with this latter ground first. Following from *Wild Child* [1998] RPC 455, at page 460*ff*, to succeed in a passing off action, it is necessary for the opponents to establish, at the relevant date (18th October 1996) that: (i) they had acquired goodwill under their mark; (ii) that use of the applicants' mark would amount to a misrepresentation likely to lead to confusion as to the origin of their goods; and (iii) that such confusion is likely to cause real damage to their goodwill. This provides them with the 'earlier right' as required by s 5(4)(a).

On the evidence, the applicants pass the first test. Their product has been sold in the UK since 1982. Turnover amounts to an average of £6 million per annum between 1990 and 1996, with hundreds of thousands of pounds being spent on advertising each year over the same period. In his declaration dated 5th March 1998, Mr Nilsson describes the means by which their product is promoted, encloses a list of hospitals which have purchased the product (Exhibit PU3) and provides various examples of promotive and informative documentation (Exhibit PU4).

There is enough here, to establish a goodwill under the HEALONID for goods that are identical to the RPs'. Mr Nilsson also emphases the uniqueness of the name: in particular, competitors products are listed, and none include the -LONID suffix. It is thus part of the applicants' submissions that they have a reputation in this suffix, which would, inevitably in their view, lead to misrepresentation.

I have accepted that the applicants have a reputation in their HEALONID mark. It is less clear that this will extend to the -LONID suffix. Their evidence includes declarations from two pharmacists (Michael Adrian Sutton and Victor Andrews), who will go as far as to say that they are not aware of any other product used in eye surgery which has the same suffix, thus confirming the applicants' assertions. It is difficult for me, however, to conclude that this amounts to a reputation in -LONID as such. As was pointed out by Mr Mellor - and I agree- the HEAL- prefix is also a strong element, and I would need more evidence before I was to feel comfortable with a finding that discerned a reputation in subsections of a mark.

However, I am happy that the applicants have cleared the first hurdle in establishing passing off in that they have a goodwill in the name HEALONID. The next is misrepresentation. And this is where, I believe, their case under this ground falters. I was referred to *Waggamama Ltd. v City Centre Restaurants plc* [1995] FSR 713, at 736, where a similar suffix was enough to cause misrepresentation. However, I think the circumstances are quite different. In that case evidence of confusion was provided, and for reasons that will become clear, I do not think these cases are similar: one involves restaurant services where (in Laddie J's words) '..much of the plaintiff's business is likely to come from oral recommendation'; this one two pharmaceuticals purchased by the procurement systems of UK hospitals.

It is this method of procurement which, in my view, precludes confusion, despite the facts that the goods at issue are identical, and the suffixes in the marks are duplicated. The Declaration by Mr Howard Gibson Tebby, on behalf of the RPs, describes the procedures in some detail. Mr Tebby is a senior NHS pharmacist with 16 years experience of drug procurement. He is employed as the Principal Pharmacist on behalf of The Leeds Teaching Hospitals NHS Trust and is thereby responsible for the largest pharmaceutical store in the NHS which has an annual budget of approximately £22m. Further, he is NHS officer responsible for drug procurement for the area which used to be known as the Yorkshire Regional Health Authority and he is Chairman of the Procurement and Distribution Interest Group, which is a special interest committee of the Guild of Healthcare Pharmacists. Mr Tebby makes the following statement, and I make no apology for quoting it at length:

> 'Among my responsibilities is the procurement of viscoelastic fluids for use in ophthalmic surgery ... This means that I have personal knowledge and experience of the process of procuring fluids such as those sold under the marks Prolonid and Healonid. I believe that my experience is typical of other procurement departments in the NHS. ... the market for Prolonid and Healonid is exclusively comprised of the drug procurement departments of the major hospitals. In practice, this means that qualified pharmacists like myself are responsible for purchasing and dispensing these drugs to the ophthalmic surgeons. .....
>
> [T]here are two stages to the procurement of surgical products like Healonid and Prolonid. Firstly, the product must be selected, tested and approved by the hospital for use in a given application; secondly, once the product has been selected, repeat orders will be made to replenish stocks of it.
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> Confusion is inherently unlikely to occur during the selection stage, not least because this is when those involved will be most alert to the differences between competing products. In practice, the decision to use a new product in eye-surgery would be made jointly by one of the hospital's consultant ophthalmic surgeons in consultation with the hospital's procurement policy group including a qualified pharmacist. Broadly, the surgeons' role in this process is to represent the clinical interests, the pharmacist's to balance clinical considerations with budgetary ones. ...
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> There are a number of administrative procedures and requirements attendant upon the selection of a new surgical product, which would also make confusion with other products or about their origin extremely unlikely. In particular, before ordering a new product, the

procurement officer would typically seek the following information, either from the supplier, or from other sources:

1 . Summary of product characteristics in the form of an SPC Data Sheet or equivalent NIDA information form;

2. Clinical papers evaluating the performance of the product;

3. Product references;

4. Evidence of equivalence to a known standard i.e. comparative evaluation data;

5. Supplier information, for example a Dunn & Bradstreet report.

In addition, it is common for a hospital to request that free samples of a new product be supplied for a probationary period in order to allow the surgeons at the hospital to assess it in clinical practice. The whole evaluation period could take between 1 and 6 months. In other words, at the end of this procedure, the surgeons and the pharmacist responsible for deciding whether a given product will be used in the hospital will be familiar, not only with its brand name, but with its characteristics and provenance.

Once a drug has been selected for use, the first order will be placed. At the same time details of the drug and the supplier are entered on the Procurement Database. When the details of a drug and the supplier are entered on to the Procurement Database for the first time, this is done either by or under the supervision of a qualified pharmacist. The data on this database is used to produce the contractual documentation necessary to maintain stocks of the product. ... This means that, provided the details are entered onto the database correctly on the first occasion, there will be no room for confusion or error when repeat orders are placed.

On the Procurement Database, the data is held in a form which is consistent with the stock-holding system used by the hospital pharmacy. Under this system a given drug is not only referenced by its name, but also by a unique identifier or code. .... The whole system has been designed specifically to ensure that the hospitals receive supplies of the correct drugs at the correct times. In my experience of this system, mistakes are extremely rare...

It goes without saying that hospitals purchase in economical quantities and not on an individual patient basis, except on rare occasions. Although in the case of Healonid or similar products they would never be purchased on an individual patient basis because they are used in regular and routine operations. The volume of products purchased means that any mistake in selecting products or in placing orders for them could be extremely costly to the NHS, and ultimately the tax-payer. ...

There is one further reason why confusion concerning viscoelastic fluids or their origin is unlikely. In my experience, only one viscoelastic fluid is in use at a given hospital at any one time. .. This means that no artificial demand is likely to build up at a hospital for one

product as a result of confusion with another: the ophthalmic surgeons themselves would not request any other product and the hospital pharmacy would not be able to dispense it if they did.... I believe that Prolonid is highly unlikely to be confused with Healonid by potential purchasers of either, nor is the origin of either product ever likely to be in doubt amongst those responsible for selecting it for use or placing orders for it. In my view, this is not because the selection and procurement procedures have been designed with trade mark issues specifically in mind, but because they have been designed to avoid the possibility of mistakes of any kind.'

This all seems to me to echo the findings in *Hodgkinson & Corby Limited and Another v. Ward Mobility Services Limited* [1995] FSR 169 (The *Roho* case). At page 180 this states:

'The evidence establishes, as I have said, that these cushions are expensive. They are not bought casually. They are far removed from the "penny packets" of the Dolly Blue or the cheap plastic lemons of Jif. This sort of cushioning is invariably bought at the instance of and fitted by a healthcare professional. It is true that there may be occasional instances where one user may ask another about what cushion that other has. But even where that happens and the user would like to try a ROHO, the process of supply will intimately involve a healthcare professional. Not only will the make of cushion be determined by the healthcare professional, but the precise model will also be determined. Moreover the cushion, once obtained, will be adjusted by a healthcare professional.

Further it seems abundantly clear that Ward's will not be able to sell the FLOTAIR unless and until it has been evaluated and tested to the satisfaction of the healthcare professionals of its various potential customers. No doubt its salesmen will at least say it is as good as the ROHO (probably they will say it is better), but such is the care taken, that healthcare professionals will not prescribe it until they are satisfied themselves of its effectiveness.

Now all the healthcare professionals I heard struck me particularly as not only caring but also careful people. Not one of them (and I heard from healthcare professionals called by both sides) suggested they would themselves be deceived. The process of ordering itself rules deception out. The main customer is the National Health Service, although, of course, there are also private customers such as charities and private hospitals and nursing homes. There are variations between the ways things are done between regions of the NHS and as to how private purchasers buy. None of this matters. Always it is a healthcare professional who initiates a purchase. Once such a professional decides a particular type of ROHO is needed, he or she puts in a written requisition. That must identify the particular type of ROHO wanted. If it does not, then the ordering department cannot move and must go back to the prescriber. Most orders mention ROHO by name (for instance the Welsh form requires the name of the maker). In some instances no name is used, but simply the model number. Those responsible for ordering (who are, of course, responsible for ordering a vast range of other things too) then process the order. In those circumstances the likelihood of deception seems to me to be non-existent.'

And I think this is the case here. Mr Mellor also referred to the *Roho* case; at page 1569:

> 'I turn to consider the law and begin by identifying what is not the law. There is no tort of copying. There is no tort of taking a man's market or customers. Neither the market nor the customers are the plaintiff's to own. There is no tort of making use of another's goodwill as such. There is no tort of competition. ..... At the heart of passing off lies deception or its likelihood, deception of the ultimate consumer in particular. .. Never has the tort shown even a slight tendency to stray beyond cases of deception. Were it to do so it would enter the field of honest competition, declared unlawful for some reason other than deceptiveness.'

Mr Mellor's point was the applicants have not shown that deception is possible in the circumstances, and I agree. Even if I were to accept a goodwill in the -LONID suffix, I do not think this finding would be disturbed.

Before finishing with the *Roho* case Jacob J, in the passage I quoted above, said: 'Now all the healthcare professionals I heard struck me particularly as not only caring but also careful people. Not one of them (and I heard from healthcare professionals called by both sides) suggested they would themselves be deceived.' The same, effectively, has happened here. The applicants' evidence from the two pharmacists (Mr Sutton and Mr Andrews), contain essentially same the words and support my finding of a reputation in the mark HEALONID. However, neither say they would confuse that preparation with the RPs' PROLONID.

The applicants have failed on this ground, but before I leave it I should note that they did respond to Mr Tebby's evidence. In Mr Nilsson's second declaration, it is argued that confusion could occur because the RPs supply under the name Spectrum Opthalmics, '..who deal in products from many different manufacturers so that the origin of the ... product may not always be clear' (paragraph 7). He says that it is possible that PROLONID could be taken in error as produced under licence from Pharmacia. I think this is speculative. I also find it hard to accept that the supplier information (see above, page 4, line 13), will not give an indication of the manufacturer of the product, as this would be critical to the confidence a pharmacist would place in a candidate pharmaceutical.

Finally, there is another reason why I believe that misrepresentation is unlikely. Though Mr Nilsson says in his second declaration that '..a procurement officer may very well come to the view that the PROLONID product is the same as the HEALONID product and may as well be bought as a substitute. .. the names would encourage him or her to think so..' I must ask the question why? If they perform essentially the same function (and are chemically the same) I doubt anyone would come to the conclusion they are from the same business as it is unlikely that a business would produce two products of the same formulation and performing the same function and call them different names. Further, Mr Baker has made it clear that the RPs offer their product at a competitive rate - saying this explains their success in sales (paragraph 3) - would a firm undercut itself on a very successful product, or allow licensees to do so?

The next ground is s 5(2)(b). The applicants do have an earlier mark on the basis of their HEALONID registration, and s 6(1). It is well established from the decisions of the ECJ is *Sabel BV v Puma AG* [1998] RPC 199 at 224, *Canon v MGM* [1999] ETMR 1 and *Lloyd*

Schufabrik Meyer & Co GmbH v Klijsen Handel BV [1999] ETMR 690 at 698, that a likelihood of confusion must be appreciated globally, *taking account of all relevant factors*, and that the matter must be judged through the eyes of *the average consumer of the goods/services in question*. It seems to me that the means by which drugs are procured is part of global appreciation and pharmacists are the average consumer. This amount to normal and fair use of the RPs mark. I note that Mrs Maddox referred to the Tebby evidence as part of her submissions on the s 5(2)(b) ground, saying:

> 'The applicants contend that the prospective purchasers, i.e. pharmacists in hospitals, may very well put in place trials and an evaluation of the PROLONID product on the basis of the belief that it was a Pharmacia product. The respondents'selling arm, Spectrum, is not just seen as the selling agent of the goods. They sell all sorts of goods. Product licences are bought and sold all the time so it is never clear in fact whose product it is. The manufacturer could be seen as a licensee of Pharmacia or economically linked in some way.'

I have already dealt with this unsupported conjecture above. The point is, is that Mrs Maddox acknowledges, as I do, that the procurement procedures of pharmaceuticals are relevant to the S 5(2)(b) grounds. And, if one accepts this, it is obvious that applicants must fail here too.

In passing - even without Mr Tebby's procurement information - were I to consider the *prima facie* case only - I think I would have found for the RPs anyway. Despite the goods at issue being identical: 'Ophthalmic and ophthalmological solutions for use in ophthalmic surgery, none containing thyroid glandular extracts', the applicants goods, are a subset of 'Pharmaceutical preparations, but not including pharmaceutical preparations for use on the skin', the opponents goods. The mark share the second two syllables, but the first is very different. The significance of this is well established in *London Lubricants (1920) Limited's Application* (1925) 42 RPC 264 at page 279, lines 36-40. Mrs Maddox asserted that the -LONID suffix was the most memorable part of the mark, but I, like Mr Mellor, struggle to accept this. He stated:

> 'The problem is you cannot just cut up the marks and take the bit that you like and discard the rest. You have got to, when comparing these marks, take each of the marks as a whole. When you consider the meaning, or the distinctive elements of the applicants' mark HEALONID, in fact the most distinctive part of it is the first syllable as with many marks, but in this particular case, the first syllable is HEAL. It conveys this wonderfully reassuring healing meaning of this mark and that is no doubt conferred to the product as well. It is that element of the mark which, in my submission, is clearly the most distinctive part of it. All you have at the end of it (LONID) is a meaningless suffix tacked on the end. It is the type of suffix that you see in many marks in the pharmaceutical sector. This sector is packed with invented words which are made up of a bunch of syllables that are supposed to sound technical and medicinal. None of them actually mean anything and yet here is one mark that actually has quite a distinctive meaning; the healing process. Of course, that distinctive element is entirely absent from the PROLONID mark.'

Thus, orally, visually and conceptually there are enough differences between the marks to prevent, in my view, a likelihood of confusion. This ground also fails.

Finally, the bad faith ground. S 3(6) states:

> 'A trade mark shall not be registered if or to the extent that the application is made in bad faith'.

I think it is obvious that there is 'bad blood' between the parties. The question is, however, whether this has translated into bad faith on behalf of the RPs in applying for their mark. I was referred to *Gromax Plasticulture Ltd v Don & Low Nonwovens Ltd* [1999] RPC 367, where Lindsay J stated at page 379:

> 'I shall not attempt to define bad faith in this context. Plainly it includes dishonesty and, as I would hold, includes also some dealings which fall short of the standards of acceptable commercial behaviour observed by reasonable and experienced men in the particular area being examined. Parliament has wisely not attempted to explain in detail what is or is not bad faith in this context; how far a dealing must so fall-short in order to amount to bad faith is a matter best left to be adjudged not by some paraphrase by the courts (which leads to the danger of the courts then construing not the Act but the paraphrase) but by reference to the words of the Act and upon a regard to all material surrounding circumstances.'

Thus bad faith can be exercised where there is no actual dishonesty, as such. Have the RPs fallen short of the standards of acceptable commercial behaviour, however? At the hearing, Ms Maddox's submission on this issue required me to infer that the identity between suffix in both marks, and the fact that Mr Baker was once employed by the applicants, was enough for me to come to a bad faith finding.

However, I do not think I am able to make such an inference. This is a matter which requires proof, and lays a significant burden on the applicants to provide such before a finding can be given - the moral condemnation intimated by such a finding rather demands this. Further, Mr Baker, did provide an explanation as to his choice of the name in his first declaration. He said:

> 'Although the Respondent has sold sodium hyaluronate continuously since 1988, it only began selling sodium hyaluronate under the name Prolonid in May 1997. Prior to May 1997, the Respondent had been selling its sodium hyaluronate product under the name "Viscorneal", but it was requested to change this name because, at about this time, its supplier, Societe Medicale de Precision S.A., granted exclusive rights in the name Viscorneal to a third party. Viscorneal is the trade mark of Comeal. Comeal own Societe Medicale de Precision S.A., who are the contract manufacturing arm of Comeal. Although the Respondent continues to purchase its supplies of sodium hyaluronate from Societe Medicale de Precision S.A., it must now resell this product under a different name. As a result, the Respondent was looking for a new name as of September 1996. I was, as joint MD, responsible for the renaming and at first I wanted to use the mark "Prolon" but I was advised by Elizabeth Dawson of the Respondent's trade mark agent's, A A Thornton & Co, that this mark was already the registered trade mark of another medicine (though not a viscoelastic fluid). As a result I suggested just adding the suffix "ID" at the end and was advised by AA Thornton & Co that this was probably registrable. Accordingly, I instructed A A Thornton to file an application for registration of this name. This they did on 18 October 1996. The application for registration of the Prolonid mark proceeded to registration on 13 June 1997. Prior to A A Thornton's receipt of a letter from the Applicant's trade mark agents, (see page 12 of "AFB1") on 9 June 1997, it never occurred

> to me that a pharmacist could conceivably think that anybody might buy the Respondent's viscoelastic fluid sold under the Prolonid mark because they would think it was the Applicant's product or associated with the Applicant in some kind of way. In choosing the Prolonid name I had no intention whatsoever of trading off any reputation in the Applicant's HEALONID name.'

I think the basis of the suggestion by Ms Maddox - that the name was constructed to trade on the applicants' established name - is rather undermined by the selection process for drugs I have cited above - of which Mr Baker would have been aware, and which rather supports his statement that it never occurred to him a pharmacist could conceivably think that anybody might buy the his company's product under the Prolonid mark because they would think it was the applicant's product or associated with them in some kind of way. It is clear from the evidence the HEALONID product was the first on the market and for many years had a virtual monopoly (see Mr Tebby's declaration, paragraph 5). It may well be that Mr Baker locked onto the suffix because it identified his product as a viscoelastic fluid for use in ophthalmic surgery. Or he was 'rushed' into making a decision of the choice of name. There may be other explanations, and while I might conclude on the facts that the choice was more than a coincidence, there is not enough here for me to find bad faith on behalf of the RPs. This ground fails, and so does the application.

The applicants have been unsuccessful and the RPs are entitled to an award of costs. Mr Mellor argued for an increase in costs because the allegations relating to the appropriation of the RPs mark 'were beyond the pale'. He referred to the correspondence in Exhibit AFB1, where letters concerning a breach of confidence are exchanged. Finally, he stated:

> 'It is about time the Registry let people know that there is going to be a penalty associated with bandying around these serious allegations when in reality they should be dropped .. the only sanction, aside from striking out at the start of a case, is registering one's displeasure in the form of an award of costs.'

I found above that the bad faith ground was unfounded. But I do not think I need to register this in costs. I order the applicants to pay the RPs the sum of £1200. This sum is to be paid within seven days the expiry of the appeal period or within seven days of the final determination of this case if any appeal against this decision is unsuccessful.

Dated this Day 21th of December 2000.

Dr W J Trott
Principal Hearing Officer
For the Registrar, the Comptroller General