New Jersey Law Journal

VOL. CLXXVII – NO. 10 – INDEX 916 SEPTEMBER 6, 2004 ESTABLISHED 1878

IN PRACTICE

INTELLECTUAL PROPERTY LAW

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Trademark Confusion Is Not Just About Misdispensed Prescriptions

Drug makers should consider confusion of the ultimate consumer

The Third Circuit's recent decision in *Kos Pharm., Inc. v. Andrx Corp.*, 369 F.3d 700 (3d Cir. 2004), held that Andrx's ALTOCOR trademark for cholesterol medication infringed on ADVICOR®, the name for Kos's cholesterol medication. In doing so, the Third Circuit made clear that the sophistication and expertise of prescribing physicians, while relevant, was not determinative of likely confusion. In particular, the Third Circuit stated that parties other than the prescribing physician should be considered in determining confusion and revived the "greater care" doctrine, which holds that greater care must be taken to adopt a nonconfusing drug name so as to avoid the danger of misfilled prescriptions.

Kos Pharmaceuticals, Inc. owns the mark ADVICOR®, which it uses in connection with prescription medication to treat cholesterol-related conditions. Kos sued and moved for preliminary injunctive relief against Andrx to prevent it from using the mark ALTOCOR for its cholesterol-lowering medication. The District Court denied the motion, without an evidentiary hearing, based largely on its assessment that misdispensing was unlikely in light of certain differences between the drugs and the sophistication of doctors and pharmacists.

The Third Circuit reversed and remanded with instructions to enter a preliminary injunction enjoining use of the ALTOCOR name. The Court cited two legal errors that warranted reversal. First, the District Court focused "on whether prescriptions are likely to be mis-filled, to the apparent exclusion of all other types of confusion with which the Lanham Act is concerned." Second, the District Court discussed only two of the so-called *Lapp* factors in its likelihood of confusion analysis.

With respect to misdispensings, the Third Circuit first clarified that the Lanham Act is concerned with more than just what it called "confusion of products" — it also protects against confusion as to affiliation, endorsement or sponsorship. Thus, it concluded that the District Court's focus on whether physicians or pharmacists would misdispense the medicines (i.e., confuse the products) was too narrow and should have addressed other types of confusion that might damage Kos's good will in the mark. These types of confusion included "medical professionals providing patients the wrong drug samples ... , doctors complaining to Kos representatives about 'Advicor,' when their complaints really concerned Altocor, and medical professionals confusing Altocor samples with Advicor samples, Altocor representatives with Advicor representatives, or Altocor-sponsored events with Advicor-sponsored events." *Kos Pharm.*, 369 F.3d at 720. The Third Circuit credited testimony of Kos's Vice President of Marketing, recounting approximately sixty such instances of actual confusion, a factor the Court concluded weighed in favor of injunctive relief.

The opinion also raises, but does not decide, whether the confusion of ultimate consumers of prescription medicines should be considered in the infringement analysis. Id. at 716 n.12. Although noting that "doctors and pharmacists play a gate-keeping role between patients and prescription drugs," the Third Circuit raised the possibility, especially in the age of direct-to-consumer marketing of prescription drugs, that the question of confusion of the ultimate consumer might also be relevant to the

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analysis. *Compare Pharmacia Corp. v. Alcon Labs., Inc.*, 201 F.Supp.2d 335, 374 (D.N.J. 2002) ("In trademark cases involving competing prescription drugs, the relevant consumers are physicians because patients do not choose their prescription drugs.").

Finally, the Third Circuit addressed the balance between the sophistication of the prescribing physician — a factor that typically weighs against a finding of confusing similarity — and the risk of misprescriptions and the great harm that can result. Citing its 1958 decision in *Morgenstern Chem. Co. v. G. D. Searle & Co.*, 253 F.2d 390 (3d Cir. 1958), which examined the question of confusingly similar drug names under analogous state unfair competition law, the Third Circuit held that "greater care should be taken to avoid confusion in connection with medications which affect the health of the patient" and that this greater care can "outweigh[] ... the expertise of the physicians and pharmacists" in a given case. While not adopting the *Morgenstern* "possibility of confusion" test in pharmaceutical cases, but instead reinforcing the "likelihood of confusion" test set forth in the Third Circuit's en banc decision in A&*H Sportswear, Inc. v. Victoria's Secret Stores, Inc.*, the Third Circuit emphasized that the ultimate lesson from *Morgenstern* was that "drug manufacturers cannot use marks that would be confusingly similar to non-experts" and "medical expertise is not enough, in and of itself, to lessen the likelihood of confusion in prescription drug cases." *Kos*, 369 F.3d at 716 n.13. In light of the greater care doctrine, the instances of probative actual confusion and other factors, the Third Circuit found that confusion was likely and remanded with instructions to enter a preliminary injunction.

What is the significance of the *Kos* decision? For one thing, it means that misdispensed prescriptions are not the only kind of confusion that must be considered. Moreover, especially where drugs are marketed directly to consumers, the proper universe for determining confusion may consist not only of physicians and pharmacists, but also end consumers. This has practical implications not only in the clearance process, but also in determining the proper universe for confusion and/or dilution consumer surveys. The "greater care" doctrine underscores the need for careful trademark selection and clearance in an increasingly "crowded" field. In particular, it bespeaks caution in selecting names that are similar to the names of other similar drugs, particularly if the names are made-up or computer generated as so many drug names are today. As *Kos* itself makes clear, the FDA's approval of a name is not determinative. The FDA had approved the ALTOCOR name over *Kos*'s objections, but it was the Third Circuit's ultimate determination of likely confusion that mattered under the Lanham Act.[1]

Footnote:

1. The FDA subsequently changed course and ordered a name change. ALTOCOR is now called ALTOPREV. ■