



Usage of court injunctions in IP disputes. What may be done by market players?

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SPEED READ

The mechanism of court injunctions may effectively protect the exclusive rights of market players. The APC¹ provides enough instruments to protect the business. Therefore, it is not necessary to change the existing laws and regulations. However, the usage of court injunctions in IP-related pharmaceutical disputes is not that simple. The court's opinion in such cases is influenced by the complexity of pharmaceutical patents and the social factor. Thus, it is crucial to form a positive judicial practice to protect the IPR² of pharmaceutical manufacturers (specifically in cases related to IP protection during state procurement of medicines). Below, we provide the roadmap on current practical gaps in this sphere, and possible ways to move things forward.

WHAT IS "COURT INJUNCTION" UNDER RUSSIAN LAWS?

According to Article 90 of the APC, "injunction" means an urgent temporary measure applied to secure the action or property interest of the claimant. The list of possible injunctions is open, and the APC does not restrict the applicant when choosing the necessary protection.³

Injunctions may be applied: (1) if the performance of the judicial act may become impossible or difficult without such measures; or (2) to prevent adverse effects on the claimant (Article 90(2) of the APC).

Based on the recommendations of the Russian Supreme Arbitration Court,⁴ when using injunctions, the Russian courts must pay attention to: (1) the rationale behind the claim for an injunction; (2) possibility of adverse effects for the applicant; (3) balance

of interests of all concerned parties; and (4) prevention of public interest violations.

WHAT PHARMACEUTICAL MANUFACTURERS USUALLY CLAIM FROM THE COURT?

Based on current practice, in order to protect their IPR, the originator pharmaceutical manufacturers usually claim:

- seizure of generic products that are in the warehouse of the generic manufacturer or its distributor;
- prohibiting the generic manufacturer or its distributors from bidding in state tenders, as well as from entering into state supply contracts or executing such contracts;
- suspension of the state tender for purchase of medicines, due to the risks of IPR violations.

WHY INJUNCTIONS DO NOT WORK?

In practice, the courts usually reject the application of the above-mentioned measures, claimed by pharmaceutical manufacturers. Court cases, briefly described below, clearly demonstrate the reasoning behind the relevant decisions.

In one of the cases, an originator pharmaceutical manufacturer asked the court to protect its IPR through the above-mentioned injunctions. However, the Court for Intellectual Property Rights stated that usage of such measures might impair the interests of patients, because product seizure, as well as prohibition on generic bidding could prevent patients' access to necessary treatment. The court also concluded that such injunctions could stop the

¹ Means the Arbitration Procedural Code of the Russian Federation dated 24 July 2002 No. 95-FZ (further the "APC").

² Means the Intellectual Property Rights.

³ Article 91(1) of the APC includes a list of injunctions, and states that arbitration court may apply other measures, or apply several of them simultaneously.

⁴ Statement of the Supreme Arbitration Court of the Russian Federation dated 12 October 2006 No. 55 "On the Application of Injunctions by Arbitration Courts".

generic manufacturer's business for an uncertain period, and thus breach the balance of interests among market players.⁵

A similar court approach was used in response to some other claims for injunctions, filed by the same pharmaceutical company.⁶ Moreover, the common feature of these cases is that the originator was ready to provide monetary security to support its claim, but the courts stated that the monetary security cannot be an independent basis for the application of court injunctions.

WHEN INJUNCTIONS ACTUALLY WORKED?

More positive court practice exists in MDs⁷ sector. For instance, one of the cases connected with medical reagents may be considered as a positive example of application of such court injunction as product seizure. In this case, the global MDs manufacturer asked the court to apply seizure of all the products unlawfully delivered under state procurement contract and marked with the company's trademarks. Courts of the first and appeal instances agreed and applied the injunction.⁸

CASES IN WHICH MARKET PLAYERS SUCCEEDED?

Notwithstanding the non-positive court trend when it comes to injunctions, the abovementioned pharmaceutical cases were eventually decided in favour of the originator.⁹

Another remarkable case is related to the MDs market. An international MDs manufacturer found out that a parallel distributor supplied products to the state purchaser of medical devices, which were actually counterfeit, due to the absence of a supply agreement with the right holder in Russia. The company asked the court to prohibit the parallel distributor from placing goods with the manufacturer's trademarks into circulation in Russia. As a result, the court upheld the claim of the MDs manufacturer.¹⁰ Moreover, in this case, the court awarded one million roubles of compensation to the medical devices company.¹¹

ARREST OF GOODS V ARREST OF MONEY

The Federal Antimonopoly Service of Russia suggested an alternative way to protect the IPR of pharmaceutical manufacturers. The key idea was to seize money, rather than arrest the infringing pharmaceutical products. However, implementation of such injunctions might require certain amendments of the current state procurement regulations.

CONCLUSIONS AND RECOMMENDATIONS

A court injunction is a court order applied early in a lawsuit that prohibits taking a disputed action until the court can decide on the merits of the case.

According to the APC,¹² the claimant may apply for court injunctions at any time prior to the final court ruling. The claim for injunction must, **inter alia**, address the sub-

⁵ Resolution of the Court for Intellectual Property Rights dated 17 September 2015 in case No. A40-30124/2015.

⁶ Resolution of the Court for Intellectual Property Rights dated 23 September 2015 in case No. A40-30012/2015.

⁷ Means the Medical Devices.

⁸ Resolution of the Thirteenth Arbitration Court of Appeal dated 8 April 2014 in case No. A21-9440/2013.

⁹ Resolution of the Court for Intellectual Property Rights dated 7 September 2016 in the case No. A40-30124/2015.

¹⁰ Resolution of the Court for Intellectual Property Rights dated 13 May 2015 in the case No. A45-12967/2014.

¹¹ MDs manufacturer of the medical reagents also received compensation for the defendant's infringement, but the amount of the relevant compensation was rather small. See the Resolution of the Court for Intellectual Property Rights dated 18 July 2016 in the case No. A76-5078/2015.

¹² Articles 92 and 93 of the APC.

ject matter of the dispute, reasoning behind the claim, and requested protection measures. The court must consider the application within 24 hours from its submission, which makes the court injunction a simple and effective way to protect the interests of the claimant. However, award of the injunction remains a matter of court discretion.

The APC provides enough instruments to protect the business. Therefore, it is not

necessary to change the existing laws and regulations. However, based on the above-mentioned, we may conclude, that it is necessary to change the existing judicial practice in relation to the awarding of court injunctions and advocate in favour of the approaches used in the pharmaceutical industry (e.g., through issue of the specific guidelines of the Court for Intellectual Property Rights).

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