

Trade Mark Case: Merck v Merck – When is “use” a use?

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On 20 May 2020, we received another decision in the long-running dispute between Merck KGaA (“Merck Global”) and their former US subsidiary (“Merck US”). This case dealt with the following five issues remitted by the Court of Appeal:

1. Further consideration of partial revocation of Merck Global’s registered marks;
2. Whether the activities of Merck US constitute use in the UK in the course of trade in relation to any relevant goods or services;
3. Whether any uses of the kind identified in 2 fall to be regarded as *de minimis*;
4. The form of relief to be granted by way of final order in respect of the claim for breach of contract and the claim for infringement;
5. Questions of interest arising from the setting aside of orders for interim payments.

The bulk of the decision dealt with point 2 above, and if reading this decision in isolation, this would be the most interesting point of discussion. However, before looking at this decision, a quick history is helpful.

Background

Merck Global, a German company, is a long running pharmaceutical company.

Following the first world war the US subsidiary was confiscated and set up as an independent business, eventually coming to operate as Merck Sharp and Dohme (MSD) outside the US. In 1955 the two parties entered into a co-existence agreement confirming that Merck US would only use the Merck brand in the US and Canada, and Merck Global would use it elsewhere. This agreement was further updated in 1970 to confirm that the parties could operate in each other's countries using their full names.

Then the internet happened, and the agreement was no longer fit for purpose. Merck Global launched infringement proceedings against Merck US in the UK for trade mark infringement on the basis of their use of MERCK on various US websites, social media posts and email addresses that Merck Global claimed were targeting the UK market. Outside of the points above that had been remitted to the Court, Merck Global for the most part was successful.

Use in the court of trade

As stated above, the most interesting point discussed by Sir Alastair Norris was whether the activities of Merck US constituted use in the UK in the course of trade. The reason this was in dispute was because Merck US never actually sold any wares in the UK using the Merck brand. However, Merck US did use the Merck branding alone on websites and social media posts that Merck Global argued targeted the UK market and would establish in the mind of the average consumer a link between the sign constituting the company or trade name and the products. Essentially, by way of Merck US's promotional activity, the UK market would see them as a provider of Merck products even though they haven't sold any Merck branded products in the UK, meaning it still impacts on the essential function of Merck Global's trade mark rights.

The decision looked at various examples in great detail, but the essential finding was that there could be use in the course of trade without any actual sales. This was especially the case where this promotional activity appeared to be targeted at the UK deliberately (not incidentally). This is not a new concept, but it is always helpful to have further discussion on this point, and more examples to compare with as precedent.

The key takeaway

The key takeaway from this dispute is not really what we have learnt about the law

but rather a cautionary tale. Firstly, it is not wise to walk the fine line between acceptable behaviour and breaching behaviour when locked into a co-existence agreement. Merck US did this in our view. Whether they deliberately targeted the UK or not, what they were doing was risky.

Additionally, and perhaps most importantly, what in 1955/1970 may have seemed like a good agreement for these parties, resulted in years of legal dispute and undoubtably significant cost. Whilst it is difficult to blame them for not foreseeing the impact of the internet, it is a reminder to think of all possible complications before the need to settle them in court.