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## **Intellectual Property, Taiwan**

### **Is appearance design of drugs subject to protection under Fair Trade Act?**

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#### **Introduction**

With regard to the protection of trade dress of goods or services, Article 22(1)(1) of the Fair Trade Act stipulates that:

[n]o enterprise shall conduct any of the following acts with respect to the goods or services it supplies:

1. use in the same or similar manner in the same or similar category of commodity the personal name, business or corporate name, or trademark of another, or container, packaging, or appearance of another's goods, or any other symbol that represents such person's goods, commonly known to the public, so as to cause confusion with such person's goods; or sell, transport, export, or import goods bearing such representation.

In a recent case, the IP Court adopted a negative stance on the issue of whether the appearance design of drugs may be regarded as trade dress of goods or services and thus be subject to the foregoing stipulation.

#### **Facts**

The plaintiff asserted that for many years it had used an appearance design on its pharmaceutical capsule that comprised orange text on a white background. Moreover, the plaintiff asserted that major medical institutions introduce its capsule as the drug with the appearance design of "orange text on white background", which demonstrates its distinctiveness and uniqueness and thus it should be regarded as a well-known trade dress.

Thus, the plaintiff asserted that the defendant's use of the appearance design with "orange text on white background" on its product violated Article 22(1)(1) of the Fair Trade Act.

#### **Decision**

On 2 August 2019 the IP Court issued its first-instance decision (2018 Min-Zhuan-Su-Zi 72), which indicated that the drugs involved in this case all require a prescription. The court thus analysed the trade characteristics of prescription drugs from the perspective of physicians, pharmacists and patients, respectively, and concluded that the appearance design of prescription drugs is not a basis for drug identification and no confusion will arise due to the appearance design due to the following:

- A physician's prescription is issued based on information such as ingredients, indications, pharmacological properties, medication, contraindications, precautions and side effects.
- A pharmacist then dispenses the drugs according to the physician's prescription, not the appearance design.
- Having no access to prescription drugs through free trade in the market, patients are unable to choose or purchase a prescription drug based on its appearance design.

The defendant appealed the case.

On 4 June 2020 the IP Court upheld its first-instance position in its second-instance decision (2019 Min-Zhuan-ShangZi 38). In addition to adopting the position of the first-instance decision from the perspective of the buyers (ie, physicians, pharmacists and patients) that appearance design is not the basis for identifying prescription drugs, the IP Court recognised that the capsule's "orange text on white

background" design as asserted by the plaintiff was not original and lacked distinctiveness and uniqueness. Therefore, Article 22(1)(1) of the Fair Trade Act did not apply in this case.

**Comment**

The drugs involved in the foregoing case were prescription drugs that can be obtained only with a physician's prescription. It remains to be seen whether there is any difference in legal application with respect to non-prescription drugs.

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