

Abbott Wins \$26M Against Retailer In Test Strips TM Row

By **Andrew Karpan**

Law360 (January 4, 2023, 4:42 PM EST) -- A New York federal judge has ordered a gray-market diabetes test strip seller to cough up almost \$26.5 million to Abbott Laboratories over allegations of breaking trademark laws by selling test strips made for the European marketplace in the U.S. — not quite the nearly \$40 million that Abbott's lawyers asked for.

The final ruling from U.S. District Judge Carol Bagley Amon came down Dec. 28 in one of the more litigated trademark disputes in a campaign Abbott initiated in 2015, accusing various distributors and pharmacies of selling Abbott's FreeStyle brand of blood glucose test strips in the U.S. that the company had marketed to be sold in other countries.



Geoffrey Potter

Although the U.S. and international strips are identical, Abbott claims those companies capitalized on how much cheaper the company sells the strips in Europe and received undeserved reimbursement payments from insurance companies, costing the pharmaceutical giant millions of dollars.

Abbott's case against a suburban Detroit company called H&H Wholesale Services Inc., which had also targeted the company's CEO, Howard Goldman, and his wife and employee, Lori Goldman, had exploded in legal controversy over three years ago after U.S. Magistrate Judge Lois Bloom wrote that H&H and the Goldmans deserve "the harshest sanction" for using search terms they knew would not turn up results during discovery and specifically removing damning documents.

In 2020, Judge Amon wholly agreed with Judge Bloom and has spent the years since deciding how much H&H owes Abbott. In the order last week, the judge wrote out that H&H and the Goldmans owed a total of \$26,491,380, which reflected double the \$13,245,690 amount of losses from H&H's sales that Abbott's lawyers were able to tally in early 2021.

Abbott had pushed for the judge to triple that number, which would have brought the judgment to a total of \$39,737,070.

"Failure to award treble damages would pose a moral hazard and incentivize repeat offenders like the H&H defendants to continue their willful infringement and to fraudulently cover up their tracks if they get caught," it wrote, noting that the additional \$13.2 million was also needed to cover "intangible benefits" such as the "deprivation of Abbott's legitimate market share" caused by the sale of the cheaper FreeStyle strips.

Judge Amon disagreed.

"Abbott's reliance in seeking enhancement on the 'intangible benefits' that the H&H defendants obtained is not persuasive," he wrote.

In the judge's opinion, the nearly \$26.5 million was punishment enough. He likened the idea of awarding more to a "lottery-level windfall."

"The award of actual damages here is substantial; tripling such a sum would likely produce a figure greater than the award needed to fully compensate Abbott and deter further conduct," he observed.

However, the judge did agree that the case was "exceptional" enough for Abbott's lawyers at Patterson Belknap Webb & Tyler LLP to be owed compensation for legal fees and costs associated with the dispute with H&H and sent the matter to Magistrate Judge Bloom to decide on the numbers from Abbott's lawyers, which have not yet been specified in filings.

Representatives for Abbott Laboratories did not return a request for comment.

"After two years, the court has issued a very serious decision and the H&H defendants are examining, quite closely, what their options are," H&H's current attorney, Derrelle M. Janey of Gottlieb & Janey LLP, told Law360 in an interview on Wednesday, declining to say whether he plans on filing an appeal.

Janey has been involved in the lawsuit since it began in 2015, but only began representing H&H in early 2019, after half a dozen changes in representation for the Michigan company. He also represents several other distributors targeted in Abbott's ongoing legal campaign.

On Tuesday, Judge Amon ordered the remaining defendants to confer in light of the ruling in the H&H case and decide by Feb. 3 whether they want to proceed to trial or use the damages figures the judge had signed off on to broker settlements.

"Back in the day, [on the defense side], there were upwards of 30 lawyers; the courtroom was unbelievable," Janey says. "It's still a very, very, very complicated case."

Abbott is represented by Geoffrey Potter, Timothy Waters and R. James Madigan III of Patterson Belknap Webb & Tyler LLP.

H&H and the Goldmans are represented by Derrelle M. Janey of Gottlieb & Janey LLP.

The case is Abbott Laboratories et al. v. Adelpia Supply USA et al., case number 1:15-cv-05826, in the U.S. District Court for the Eastern District of New York.

--Additional reporting by Dani Kass. Editing by Vaqas Asghar.