

ACTELION PHARMACEUTICALS, LTD
Opposer,

- versus -

GETZ BROS. PHILIPPINES, INC.,
Respondent-Applicant.

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IPC NO. 14-2009-00112
Case Filed: 13 April 2009
Opposition to:
Appln. Serial No. 4-2008-004254
Date Filed: 14 April 2008
Trademark: "ZAVESCA"

Decision No. 2010-45

DECISION

ACTELION PHARMACEUTICALS, LTD. ("Opposer"), a corporation organized and existing under the laws of Switzerland, with principal address at Gewerbestrasse 16, 4123 Allschwil, Switzerland, filed on 13 April 2009 an opposition to Trademark Application Serial No. 4-2008-004254. The application, filed by Getz Bros. Philippines, Inc. ("Respondent-Applicant"), with business address at 5th Floor, Ortigas Building, Ortigas Avenue, Pasig City, Metro Manila, Philippines on 14 April 2008 covers the mark ZAVESCA for use on *pharmaceutical product used for the treatment of major depressive episodes, panic disorder with or without agoraphobia; social anxiety disorder, generalized anxiety disorder, and reduced hepatic function* under Class 05.¹

The Opposer alleges the following:

"4. The Opposer is the owner of internationally well-known ZAVESCA mark by prior actual use in commerce, to wit:

"4.1. The Opposer uses its mark ZAVESCA on the pharmaceutical product *Miglustat*, the only pharmaceutical product found to be safe and effective in treating Type 1 Gaucher disease and Niemann-Pick type C disease worldwide. Differently stated, in the medical field and in the pharmaceutical industry, the mark ZAVESCA is automatically associated with the Opposer's pharmaceutical product.

"4.2. The Opposer has been using its ZAVESCA mark for its pharmaceutical product used to treat Type 1 Gaucher disease and Niemann-Pick type C disease since the year 2000.

"5. On April 14, 2008, the Respondent-Applicant filed with this Honorable Office Trademark Application No. 4-2008-004254 for ZAVESCA covering '*pharmaceutical product used for the treatment of major depressive episodes, panic disorder with or without agoraphobia, social anxiety disorder, generalized anxiety disorder and reduced hepatic function*' to wit:

"6. The Opposer has extensively been promoting its pharmaceutical product bearing its ZAVESCA mark worldwide and has been doing so prior to the filing of the Respondent-Applicant's trademark application for ZAVESCA with this Honorable Office on April 14, 2008.

"7. The Opposer has not consented to the Respondent-Applicant's use and registration of the ZAVESCA mark, or any other mark confusingly similar to the Opposer's ZAVESCA mark for that matter.

"IV GROUNDS IN SUPPORT OF THIS OPPOSITION

¹ The Nice Classification is a classification of goods and services for the purpose of registering trademark and service marks based a multilateral treaty administered by the World Intellectual Property Organization. The treaty is called the Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks concluded in 195

“8. The Respondent-Applicant’s application for registration of the mark ZAVESCA should not be given due course by this Honorable Office because such registration is contrary to Section 123.1 (e) of the Intellectual Property Code, which prohibits the registration of a mark that:

x x x

and Article 6bis of the Paris Convention to which the Philippines is a signatory, viz:

x x x

“9. It is well-settled that Sections 123.1 (e) and (f) of the Intellectual Property Code provide that the fame of a trademark may be acquired through promotion or advertising of the trademark, not only through actual use in commerce. The intent to give well-known marks stronger protection is evident from the fact that they need not be known to the public in general but need only to be known, ‘in the relevant sector of the public’, as a result, not of actual use, but of knowledge in the member country concerned which has been obtained as a result of the promotion of the trademark.

“10. Applying the foregoing to the matter at hand, the Respondent-Applicant’s application should be denied by this Honorable Office because the registration of the Respondent-Applicant’s ZAVESCA mark, a mark that is identical and confusingly similar to the Opposer’s internationally well-known ZAVESCA mark, is a clear violation of existing law, rules and jurisprudence.

“11. In determining whether a mark is internationally well-known, the following criteria or any combination thereof may be taken into account by the competent authority of the Philippines:

x x x

“12. The Opposer’s ZAVESCA mark is a well known-mark, in that:

“12.1. The Opposer’s ZAVESCA mark has been registered and has pending applications for registration in various countries around the world. Copies of letter of overseas counsel and certificates of foreign registration of the Opposer’s ZAVESCA mark are attached as ANNEX ‘A’ and made integral parts hereof.

“12.2. The Opposer is extensively and continuously promoting its pharmaceutical product bearing the trademark ZAVESCA on the internet. There is a website easily accessible to users from the Philippines, among others, devoted solely to the pharmaceutical product bearing the mark ZAVESCA, i.e., <http://zavesca.com/>. A printout of pages of said website is hereto attached as ANNEX ‘B’ and made an integral part hereof.

“13. Evidently, the Respondent-Applicant’s ZAVESCA mark is identical to and is exactly the same as the Opposer’s ZAVESCA mark. Both the Opposer’s and the Respondent-Applicant’s mark use exactly the same seven letters and the same arrangement thereof, thereby making the probability of confusion among the consuming public inevitable.

“14 . The mark ZAVESCA is a fanciful term and coined word, with no meaning in the English language. It cannot therefore be said that the same coined word coincidentally was adopted by the Respondent-Applicant.

“15. The probability of confusion becomes even more certain when these identical marks are applied to similar goods, that is, both are pharmaceutical products in Class 05.

“16. The confusion of goods brought about by the Respondent-Applicant’s adoption and registration of the ZAVESCA mark by this Honorable Office will undoubtedly endanger the health

of the general public since the goods involved are pharmaceutical products which, if taken improperly or by mistake, may be fatal.

“17. The Respondent-Applicant’s adoption and attempted registration of ZAVESCA mark for its pharmaceutical products which are similar to Opposer’s product bearing its ZAVESCA mark is contrary to law, applicable rules and jurisprudence. Furthermore, the Respondent-Applicant’s application for registration of ZAVESCA mark is clearly an attempt to trade unfairly on the goodwill, reputation and awareness of the Opposer’s internationally well-known ZAVESCA mark.

“17.1. The good will in business is a valuable asset and in modern commercial life, it is frequently built upon a trademark. Correspondingly, any trademark which has gained a pecuniary value or a business advantage becomes a property right and as such, is entitled to the protection afforded by this Honorable Office. It would therefore be a gross injustice and abuse of discretion of this Honorable Office to permit the Respondent-Applicant to usurp the Opposer’s internationally well-known ZAVESCA mark and to trade thereupon in the Philippines, in fraud of the public and of the Opposer, who is the true and lawful owner of the ZAVESCA mark.

“17.2. Therefore, the denial of the Respondent-Applicant’s Application No. 4-2008-004254 for ZAVESCA by this Honorable Office is warranted.

“V
EVIDENCE

“18. Simultaneous with the filing of this instant Notice of Opposition and in addition to the evidence mentioned supra, the Opposer likewise submits as ANNEX ‘C’, List of foreign registrations and applications for registration of the ZAVESCA mark worldwide and ANNEX ‘D’, the Affidavit of Ms. Sandra Burgin Peltzer, legal counsel of the Opposer, both to show that the Opposer’s ZAVESCA mark is registered and/or has pending applications for registration in numerous other countries. ANNEXES “8” and “D” are made integral parts hereof.

“18 .1. The Opposer further reserves its right to present additional evidence to rebut evidence that will be presented by the Respondent-Applicant in support of its Answer to this Notice of Opposition.

The Opposer’s evidence consists of the following:

1. Annex “A” - Copies of letter of overseas counsel and certificates of foreign registration of the Opposer’s ZAVESCA mark;
2. Annex “B” - Print-out of pages of Opposer’s website;
3. Annex “C” - List of foreign registrations and applications for registration of the ZAVESCA mark worldwide; and
4. Annex “D” - Affidavit of Ms. Sandra Burgin Peltzer, legal counsel of Opposer.

This Bureau issued and served upon the Respondent-Applicant a Notice to Answer on 13 May 2009. Respondent-Applicant, however, did not file an answer. Thus, Rule 2, Sec. 11 of the Regulations on Inter Partes Proceedings, as amended, provides:

Sec. 11. *Effect of failure to file Answer* -In case the respondent fails to file an answer, or if the answer is filed out of time, the case shall be decided on the basis of the petition or opposition, the affidavits of the witnesses and the documentary evidence submitted by the petitioner or opposer.

The issues to be resolved in the instant Opposition case are:

1. Is the Opposer’s mark well-known? and

2. Should the Opposition to Trademark Application Serial No. 4-2008-004254 be sustained?

On the first issue, Rule 102 of the Trademark Regulations sets forth the criteria for determining whether a mark is well-known, to wit:

Rule 102. Criteria for determining whether a Mark is Well-known. In determining whether a mark is well-known, the following criteria or any combination thereof may be taken into account:

- a. the duration, extent and geographical area of any use of the mark, in particular, the duration, extent and geographical area of any promotion of the mark, including advertising or publicity and the presentation, at fairs or exhibitions, of the goods and/or services to which the mark applies;
- b. the market share, in the Philippines and in other countries, of the goods and/or services to which the mark applies;
- c. the degree of the inherent or acquired distinction of the mark;
- d. the quality-image or reputation acquired by the mark;
- e. the extent to which the mark has been registered in the world;
- f. the exclusivity of registration attained by the mark in the world;
- g. the extent to which the mark has been used in the world;
- h. the exclusivity of use attained by the mark in the world;
- i. the commercial value attributed to the mark in the world;
- j. the record of successful protection of the rights in the mark;
- k. the outcome of litigations dealing with the issue of whether the mark is a well-known mark; and
- l. The presence or absence if identical or similar marks validly registered for or used on identical or similar goods or services and owned by persons other than the person claiming that his mark is a well-known mark.”

This Bureau noticed that the Opposer only submitted proof of the registration and pending applications of its mark in several countries. No other evidence was submitted to show concurrence of at least a combination of the criteria under Rule 102 of the Trademark Regulations.

The foregoing finding notwithstanding, the Respondent-Applicant's trademark should not be allowed.

Sec. 134, IP Code, states in part that:

Sec. 134. Opposition. -Any person who believes that he would be damaged by the registration of a mark may, upon payment of the required fee and within thirty (30) days after the publication referred to in Subsection 133.2, file with the Office an opposition to the application.

x x x

This provision allows any party to file an opposition to a trademark application if that person believes that he would be damaged by the registration. Once filed, the opposition proceeding becomes, basically, a review of the trademark application in question to determine if the legal requirements for registration have been satisfied. The entire proceeding is not necessarily a “contest” between the opposer and the applicant as to which of them has an earlier trademark application or the better right to register the mark. In fact, any party who believes he will be damaged by the registration of the mark may oppose the application, even if the opposer himself does not own, or apply for the registration of an identical or confusingly similar mark in the Philippines.²

The competing marks are shown below:

ZAVESCA

Opposer’s trademark

Zavesca

Respondent-Applicant’s mark

The Respondent-Applicant’s trademark application covers, among other things, goods under Class 05, specifically, “*pharmaceutical product used for the treatment of major depressive episodes, panic disorder without agoraphobia; social anxiety disorder, generalized anxiety disorder, and reduced hepatic function* “. These goods are similar or closely related to the goods or pharmaceutical products covered by the Opposer’s trademark. The Opposer submitted evidence that it has been using the mark for a substantial number of years prior to the filing of the Respondent-Applicant’s application, consisting of documents showing the said party’s registration of its mark in Argentina, Canada, China, European Union, Japan, Peru, Russian Federation, South Korea, Switzerland and U.S.A.

Just by looking at the Respondent-Applicant’s mark would likely create an impression that this is owned by the Opposer and vice-versa. The consumers may assume that the Respondent-Applicant’s products originate from the Opposer or believe that there is a connection between them, as in a trademark licensing agreement. The likelihood of confusion would subsist not only on the purchaser’s perception of goods but on the origins thereof as held by the Supreme Court:³

Callman notes two types of confusion. The first is the confusion of goods in which event the ordinarily prudent purchaser would be induced to purchase one product in the belief that he was purchasing the other. In which case, defendant’s goods are then bought as the plaintiffs and the poorer quality of the former reflects adversely on the plaintiff’s reputation. The other is the confusion of business. Here, though the goods of the parties are different, the defendant’s product is such as might reasonably be assumed to originate with the plaintiff, and the public

² Sees, 131.3 and 134 of the IP Code provide:

131.3. Nothing in this section shall entitle the owner of a registration granted under this section to sue for acts committed prior to the date on which his mark was registered in this country: Provided, That, notwithstanding the foregoing, the owner of a well-known mark as defined in Section 123.1(e) of this Act, that is not registered in the Philippines, may, against an identical or ~ confusingly similar mark, oppose its registration, or petition the cancellation of its registration or sue for unfair competition, without prejudice to availing himself of other remedies provided under the law.

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134. Any person who believes that he would be damaged by the registration of a mark may, upon payment of the required fee and within thirty (30) days after the publication referred to in Subsection 133.2, file with the Office an opposition to the application. Such opposition shall be in writing and verified by the oppositor or by any person on his behalf who knows that facts, and shall specify the grounds on which it is based and include a statement of the facts relied upon. Copies of certificates of registration of marks registered in other countries or other supporting documents mentioned in the opposition shall be filed therewith, together with~ the translation in English, if not in the English language. For good cause shown and upon payment of the required surcharge, the time for filing an opposition may be extended by the Director of Legal Affairs, who shall notify the applicant of such extension. The Regulations shall fix the maximum period of time within which to file the opposition. (Sec. 8, R.A.No. 165a)

³ See *Converse Rubber Corporation v. Universal Rubber Products, Inc., et al.*, G.R. No. L-27906, 08 Jan. 1987.

would then be deceived either into that belief or into belief that there is some connection between the plaintiff and defendant which, in fact does not exist.

Thus, the registration of the Respondent-Applicant's mark would cause damage to the Opposer. Not only would the Opposer be barred from using its own mark in the Philippines, but the Respondent-Applicant's products bearing the ZAVESCA marks would also be associated to the Opposer.

In this regard, it is emphasized that the function of a trademark is to point out distinctly the origin or ownership of the goods to which it is affixed; to secure to him, who has been instrumental in bringing into the market a superior article of merchandise, the fruit of his industry and skill; to assure the public that they are procuring the genuine article; to prevent fraud and imposition; and to protect the manufacturer against substitution and sale of an inferior and different article as his product.⁴ In this regard, the Philippines implemented the TRIPS Agreement when the IF Code took into force and effect on 01 January 1998. Art. 15 of TRIPS Agreement reads:

Section 2: Trademarks
Article 15
Protectable Subject Matter

1. Any sign, or any combination of signs, capable of distinguishing the goods or services of one undertaking from those of other undertakings, shall be capable of constituting a trademark. Such signs, in particular words including personal names, letters, numerals, figurative elements and combinations of colours as well as any combination of such signs, shall be eligible for registration as trademarks. Where signs are not inherently capable of distinguishing the relevant goods or services, Members may make registrability depend on distinctiveness acquired through use. Members may require, as a condition of registration, that signs be visually perceptible.
2. Paragraph 1 shall not be understood to prevent a Member from denying registration of a trademark on other grounds, provided that they do not derogate from the provisions of the Paris Convention (1967).
3. Members may make registrability depend on use. However, actual use of a trademark shall not be a condition for filing an application for registration. An application shall not be refused solely on the ground that intended use has not taken place before the expiry of a period of three years from the date of application.
4. The nature of the goods or services to which a trademark is to be applied shall in no case form an obstacle to registration of the trademark.
5. Members shall publish each trademark either before it is registered or promptly after it is registered and shall afford a reasonable opportunity for petitions to cancel the registration. In addition, Members may afford an opportunity for the registration of a trademark to be opposed.

Art. 16(1) of the TRIPS Agreement states:

Article 16
Rights Conferred

1. The owner of a registered trademark shall have the exclusive right to prevent all third parties not having the owner's consent from using in the course of trade identical or

⁴ *Pribhdas J. Mirpuri v. Court of Appeals, G.R. No. 114508, 19 Nov. 1999*

similar signs for goods or services which are identical or similar to those in respect of which the trademark is registered where such use would result in a likelihood of confusion. In case of the use of an identical sign for identical goods or services, a likelihood of confusion shall be presumed. The rights described above shall not prejudice any existing prior rights, nor shall they affect the possibility of Members making rights available on the basis of use.

Significantly, the IP Code adopted the definition of the mark under the old law on Trademarks (Rep. Act No. 166), to wit:

121.1 "Mark" means any visible sign capable of distinguishing the goods (trademark) or services (service mark) of an enterprise and shall include a stamped or marked container of goods; (Sec. 38, R.A. No. 166a).

Sec. 122 of the IP Code also states:

Sec. 122. How Marks are Acquired. -The rights in a mark shall be acquired through registration made validly in accordance with the provisions of this law. (Sec.2-A, R.A.No. 166a)

There is nothing in Sec. 122 which says that registration confers ownership of the mark. What the provision speaks of is that the rights in a mark shall be acquired through registration, which must be made validly in accordance with the provisions of the law. Significantly, Sec. 122 refers to Sec. 2-A of R.A. 166, as amended (the old Law on Trademarks), which states:

Sec. 2-A. Ownership of trademarks, tradenames and service marks; how acquired. Anyone who lawfully produces or deals in merchandise of any kind or who engages in any lawful business, or who renders any lawful service in commerce by actual use thereof in manufacture or trade, in business, and in the name, or a service-mark not so appropriated by another, to distinguish his merchandise, business or service from the merchandise, business or services of others. The ownership or possession of a trade-mark, trade-name, servicemark, heretofore or hereafter appropriated, as in this section provided, shall be recognized and protected in the same manner and to the same extent as are other property rights known to the law."

In *Shangri-La International Hotel Management, Ltd., et al v. Developers Group of Companies, Inc.*,⁵ the Supreme Court defined the import and scope of Sec. 2-A of RA 166, thus:

x x x For, while Section 2 provides for what is *registrable*, Section 2-A, on the other hand, sets out how *ownership* is acquired. These are two distinct concepts.

Under Section 2, in order to register a trademark, one must be the owner thereof and must have actually used the mark in commerce in the Philippines for 2 months prior to the application for registration. Since "ownership" of the trademark is required for registration, Section 2-A of the same law sets out to define how one goes about acquiring ownership thereof. Under Section 2-A of the same law sets out to define how one goes about acquiring ownership thereof. Under Section 2-A, it is clear that actual use in commerce is also the test of ownership but the provision went further by saying that the mark must not have been so appropriated by another. Additionally, it is significant to note that Section 2-A does not require that the actual use of a trademark must be within the Philippines. Hence, under R.A. No. 166, as amended, one may be an owner of a mark due to actual use thereof but not yet have the right to register such ownership here due to failure to use it within the Philippines);² for two months. (Underscoring supplied)

Further, Sec. 138 of the IP Code, provides:

Sec. 138. Certificates of Registration. -A certificate of registration of a mark shall be prima facie evidence of the validity of the registration, the registrant's ownership of the mark, and

⁵ G.R. No. 159938, 31 Mar. 2006.

of the registrant's exclusive right to use the same in connection with the goods or services and those that are related thereto specified in the certificate. (Emphasis supplied)
Clearly, it is not the application nor the registration that confers ownership of a mark, but it is the ownership of the mark that confers the right to registration.

The Opposer submitted evidence that it owns the mark ZAVESCA having used it long before the Respondent-Applicant filed the opposed trademark application. The mark ZAVESCA is an invented word, and therefore unique as belonging to the creator or originator. Being on the same line of goods or business, it is not unlikely that the Respondent-Applicant has knowledge of the Opposer's mark prior to the filing of his trademark application. Yet, this is the mark that the Respondent-Applicant reproduced down to the minutest details, for use in his favor, on goods that are similar to the Opposer's.

The Respondent-Applicant, despite the opportunity given to him, failed to explain why his mark is identical and/or similar to the Opposer's. It is incredible that the Respondent-Applicant came up with a mark that is exactly the same as the Opposer's on pure coincidence. The field from which a person may select a trademark is practically unlimited. As in all other cases of colorable imitations, the unanswered riddle is why, of the millions of terms and combinations of letters and designs available, the Appellee had to come up with a mark identical or so closely similar to another's mark if there was no intent to take advantage of the goodwill generated by the other mark.⁶

As the rightful owner of the mark ZAVESCA, Opposer should be given protection against entities that merely wish to take advantage of the goodwill its marks have generated. Accordingly, considering that the Respondent-Applicant is not the owner of the mark, but a mere copycat, it has no right to register it in its favor.

The intellectual property system was established to recognize creativity and give incentives to innovations. Similarly, the trademark registration system seeks to reward entrepreneurs and individuals who through their own innovations were able to distinguish their goods or services by a visible sign that distinctly points out the origin and ownership of such goods or services.

WHEREFORE, premises considered, the Notice of Opposition is, as it is hereby SUSTAINED. Let the filewrapper of Trademark Application No. 4-2008-004254 be returned together with a copy of this Decision to the Bureau of Trademarks for information and appropriate action.

SO ORDERED.

Makati City, 29 July 2010.

NATHANIEL S. AREVALO
Director, Bureau of Legal Affairs

⁶ *American Wire & Cable Company v. Dir. of Patents, G.R. No. L-26557, 18 Feb. 1970.*