

BIOMEDIS, INC.,

*Opposer,*

-versus-

KOTRA PHARMA (M) SDN. BHD.,

*Respondent-Applicant.*

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IPC No. 14-2007-00226

Case Filed: 31 July 2007

Opposition to:

Serial No. : 4-2006-003828

Filed : 06 April 2006

Trademark: APPETON

Decision No. 2008-234

## DECISION

Before this Office is an Opposition filed by Biomedis, Inc., a corporation duly organized and existing under the laws of the Philippines with principal office located at 750 Shaw Boulevard, Mandaluyong City, against the registration of the trademark APPETON for goods under Class 05 with Application Serial No. 4-2006-003828 and filed on 06 April 2006 in the name of Kotra Pharma (M) SDN. BHD., a corporation organized and existing under and by virtue of the laws of Malaysia with business address at No. 1, Jalan TTC 12, Cheng Industrial Estate, 75250 Melaka, Malaysia.

The grounds for the opposition to the registration of the trademark APPETON are as follows:

"1. The trademark "APPETON" so resembles "APPEBON 500" trademark, registered with this Honorable Office prior to the publication for opposition for the mark "APPETON". The trademark "APPETON", which is owned by Kotra Pharma, will likely cause confusion, mistake and deception on the part of the purchasing public, most especially considering that the opposed trademark "APPETON" is applied for the same class and good as that of trademarks "APPEBON 500", i.e. Class (5);

"2. The registration of the trademark "APPETON" in the name of the Respondent-Applicant will violate Sec. 123 of Republic Act No. 8293, otherwise known as the "Intellectual Property Code of the Philippines", which provides, in part, that a mark cannot be registered if it:

(d) *"Is identical with a registered mark belonging to a different proprietor or a mark with an earlier filing or priority date, in respect of:*

- (i) *the same goods or services, or*
- (ii) *closely related goods or services, or*
- (iii) *if it nearly resembles such a mark as to be likely to deceive or cause confusion; (Emphasis supplied)*

Under the above-quoted provision, any mark which is similar to a registered mark shall be denied registration in respect of similar or related goods or if the mark applied for nearly resembles a registered mark that confusion or deception in the mind of the purchasers will likely result.

"3. Respondent-Applicant's use and registration of the trademark "APPETON" will diminish the distinctiveness and dilute the goodwill of Opposer's trademark "APPEBON 500".

Opposer relied on the following facts and circumstances to support its contentions in this Opposition:

“4. Opposer BIOMEDIS, the registered owner of the trademark “APPEBON 500”, is engaged in the marketing and sale of a wide range of pharmaceutical products. The Trademark Application for the trademark “APPEBON 500” was filed with the Intellectual Property Office on May 1985 by BIOMEDIS and was approved for registration by this Honorable Office on 24 January 1989 and valid a period of twenty (20) years or until 24 January 2009. The Opposer’s registration of the “APPEBON 500” trademark subsists and remains valid to date. A copy of the Certificate of Registration Number 42788 for the trademark “APPEBON 500” is hereto attached as Annex “B”.

“5. The trademark “APPEBON 500” has been extensively used in commerce in the Philippines.

“5.1. Opposer dutifully filed Affidavits of Use pursuant to the requirement of law, to maintain the registration of “APPEBON 500” in force and effect. Copies of the Affidavits of Use filed by Opposer are hereto attached as Annex “C”, “C-1” and “C-3”.

“5.2. No less than the Intercontinental Marketing Services (IMS) itself, the world’s leading provider of business intelligence and strategic consulting services for the pharmaceutical and healthcare industries with operations in more than 100 countries, acknowledged and listed the brand “APPEBON 500” as one of the leading brands in the Philippines in the category of “Appetite Stimulant” in terms of market share and sales performance.. (Attached is a copy of the certification and sales performance marked as Annex “D”).

“5.3. A sample product box bearing the trademark “APPEBON 500” actually used in commerce is hereto attached as Annex “E”.

“6. There is no doubt that by virtue of the above-mentioned Certificates of Registration, the uninterrupted use of the trademarks “APPEBON 500”, and the fact that they are well known among consumers as well as to internationally known pharmaceutical information provider, the Opposer and its predecessors in interest have acquired an exclusive ownership over the “APPEBON 500” mark to the exclusion of all others.

“7. “APPETON” is confusingly similar to “APPEBON 500”.

“7.1. There are no set rules that can be deduced in particularly ascertaining whether one trademark is confusingly similar to, or is a colorable imitation of, another. Nonetheless, jurisprudence provides enough guidelines and tests to determine the same.

“7.1.1. In fact, in *Societe’ Des Produits Nestle’*, S.A. vs. Court of Appeals [356 SCRA 207, 216,] the Supreme Court, citing *Etepha v. Director of Patents*, held “[I]n determining of colorable imitation exists, jurisprudence has developed two kinds of tests – the Dominancy Test and the Holistic Test. The test of dominancy focuses on the similarity of the prevalent features of the competing trademarks which might cause confusion or deception and thus constitute infringement. On the other side of the spectrum, the holistic test mandates that the entirety of the marks in question must be considered in determining confusing similarity.

“7.1.2. It is worthy to note at this point in *Societe’ Des Produits Nestle’, S.A. vs. Court of Appeals* [Supra, p. 221,] the Supreme Court held “[T]he totality or holistic test only relies on visual comparison between two trademarks whereas the dominance test relies not only on the visual but also on the aural and connotative comparisons and overall impressions between the two trademarks.”

“7.1.3. Relative thereto, the Supreme Court in *McDonalds’ Corporation vs. L.C. Big Mak Burger, Inc.* [437 SCRA 10] held:

This Court, however, has relied on the dominance test rather than the holistic test. The dominance test considers the dominant features in the competing marks in determining whether they are confusingly similar. Under the dominance test, courts give greater weight to the adoption of the dominant features of the registered mark, disregarding minor differences. Courts will consider more than aural and visual impressions created by the marks in the public mind, giving little weight to factors like prices, quality, sales outlets and market segments.

Thus, in the 1954 case of *Co Tiong Sa v. Director of Patents*, the Court ruled:

. . . It has been consistently held that the question of infringement of a trade is to be determined by the test of dominance. Similarity in size, form and color, while relevant, is not conclusive. If the competing trademark contains the main or essential or dominant features of another, and confusion and deception is likely to result, infringement takes place. Duplication or imitation is not necessary; nor is it necessary that the infringing label should suggest an effort to imitate. (*G. Heilman Brewing Co. vs. Independent Brewing Co.*, 191 F. 489, 495, citing *Eagle White Lead Co. vs. Pflugh* (CC) 180 Fed. 579). The question at issue in cases of infringement of trademarks is whether the use of the marks involved would be likely to cause confusion or mistakes in the mind of the public or deceive purchasers. (*Auburn Rubber Corporation vs. Honover Rubber Co.*, 107 F. 2d 588; . . .) (Emphasis supplied.)

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“7.1.4. In this case, it is clear that the dominant feature in the Opposer’s marks is the word “APPEBON” and applying the dominance test, it can be readily concluded that the trademark “APPETON”, owned by Respondent-Applicant, so resembles the trademarks “APPEBON 500”, that it will likely cause confusion, mistake and deception on the part of the purchasing public.

“7.1.4.1. First, “APPETON” sounds almost the same as “APPEBON”;

“7.1.4.2. Second, the first four (4) letters of the contending marks are exactly the same;

“7.1.4.3. Third, “APPEBON” and “APPETON” have both 3 syllables;

“7.1.4.4. Fourth, both “APPEBON” and “APPETON” are composed of seven letters;

“7.1.5. Clearly, the Respondent-Applicant adopted dominant features of the Opposer’s marks “APPEBON 500”.

“7.1.6. As further ruled by the High Court in McDonalds’ case, supra, [pp. 33 to 34]:

In short, aurally the two marks are the same, with the first word of both marks phonetically the same, and the second word of both marks also phonetically the same. Visually, the two marks have both two words and six letters, with the first word of both marks having the same letters and the second word having the same first two letters. In spelling, considering the Filipino language, even the last letters of both marks are the same.

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“The Court has taken into account the aural effects of the words and letters contained in the marks in determining the issue of confusing similarity.”

“7.2. The trademark “APPEBON 500” and Respondent-Applicant’s trademark “APPETON” are practically identical marks in sound and appearance that they leave the same commercial impression upon the public.

“7.2.1. Thus, the two marks can easily be confused for one over the other, most especially considering that the opposed trademark “APPETON” is applied for the same class and goods as that of trademarks “APPEBON 500”, i.e. Class (5); to Opposer’s extreme damage and prejudice.

“7.3. Yet, Respondent-still filed a trademark application for “APPETON” despite its knowledge of the existing trademark registration of “APPEBON 500” which is confusingly similar thereto in both its sound and appearance.

“8. Moreover, Opposer’s intellectual property right over its trademark is protected under Section 147 of Republic Act No. 8293, otherwise known as the Philippine Intellectual Property Code (“IP Code”), which states:

“The owner of a registered mark shall have the exclusive right to prevent all parties not having the owner’s consent from using in the course of trade identical or similar to those in respect of which the trademark is registered where such use would result in a likelihood of confusion.” [Emphasis supplied]

“9. To allow Respondent-Applicant to continue to market its products bearing the “APPETON” mark undermines Opposer’s right to its mark. As the lawful owner of the mark “APPEBON 500”, Opposer is entitled to prevent the

Respondent-Applicant from using a confusingly similar mark in the course of trade where such would likely mislead the public.

“9.1. Being the lawful owner of “APPEBON 500”, Opposer has the exclusive right to use and/or appropriate the said marks and prevent all third parties not having its consent from using in the course of trade identical or similar marks, where such would result in a likelihood of confusion.

“9.2. By virtue of Opposer’s ownership of the trademark “APPEBON 500”, it also has the right to prevent third parties, such as Respondent-Applicant, from claiming ownership over Opposer’s marks or any depiction similar hereto without its authority or consent.

“9.3. Moreover, following the illustrative list of confusingly similar sounds in trademarks which the Supreme Court cited in McDonald’s Corporation, McGeorge Food Industries, Inc. vs. L.C. Big Mak Burger, Inc., 437 SCRA 268 (2004), it is evident that the mark “APPETON” is aurally confusingly similar to Opposer’s mark “APPEBON 500”.

“9.4. To allow Respondent-Applicant to use its “APPETON” mark on its product would likely cause confusion or mistake in the mind of the public or deceive purchasers into believing that the “APPETON” products of Respondent originated from or is being manufactured by Opposer, or at the very least, is connected or associated with the “APPEBON 500” products of Opposer, when such connection does not exist.

“9.5. In any event, as between the newcomer, Respondent, which by the confusion loses nothing and gains patronage unjustly by the association of its products bearing the “APPETON” mark with the well-known “APPEBON 500” mark, and the first user and actual owner of the well-known mark, Opposer, which by substantial investment of time and resources and by honest dealing has achieved favor with the public and already possesses goodwill, any doubt should be resolved against the newcomer, Respondent, considering that Respondent, as the latter entrant in the market had a vast range of marks to choose from which would sufficiently distinguish its products from those existing in the market.

“10. By virtue of Opposer’s prior and continued use of the trademark “APPEBON 500”, the same have become well-known and established valuable goodwill to the consumers and the general public as well. The registration and use of Respondent’s confusingly similar trademark on its goods will enable the latter to obtain benefit from Opposer’s reputation, goodwill and advertising and will tend to deceive and/or confuse the public into believing that Respondent is in any way connected with the Opposer.

“11. Likewise, the fact that Respondent-Applicant seeks to have its mark “APPETON” registered in the same class (Nice Classification 5) as the trademark “APPEBON 500” of Opposer will undoubtedly add to the likelihood of confusion among the purchasers of these two goods.

“12. Thus, Opposer’s interests are likely to be damaged by the registration and use of the Respondent-Applicant of the trademark “APPETON”. In further support of its claim, Opposer’s representative executed a sworn statement and attached a product label sample marked as Annex “F”.

The Notice to Answer dated 16 August 2007 directed Respondent-Applicant to file its Verified Answer within thirty (30) days from receipt of the said notice. For failure of Respondent to file the required Answer within the said period, this Bureau in Order No. 2008-1837 considered Respondent-Applicant to have waived its right to file the same, hence, this Bureau resolved to submit the case for decision.

Considering that the case was mandatorily covered by the Summary Rules under Office Order No. 79, this Bureau directed Opposer to file all evidence in original and duplicate copies, and in compliance with said Order, Opposer through Counsel filed its evidence on 01 August 2007.

Filed as evidence for the Opposer, based on the records, are the following:

- |    |  |   |                                   |
|----|--|---|-----------------------------------|
| 1. | Copy of IPO E-Gaxette  | - | <i>Annex “A”</i>                  |
| 2. | Copy of Certificate Registration Number 42788 for the trademark “APPEBON 500”    | - | <i>Annex “B”</i>                  |
| 3. | Copy of Affidavits of Use  | - | <i>Annex “C”, “C-1” and “C-3”</i> |
| 4. | Copy of the certification and sales performance                                  | - | <i>Annex “D”</i>                  |
| 5. | Sample product box bearing the trademark “APPEBON 500” actually used in commerce | - | <i>Annex “E”</i>                  |
| 6. | Product label sample   | - | <i>Annex “F”</i>                  |

Tersely, the issue for the resolution of this Office is the propriety of Application Serial No. 4-2006-003828; whether or not Respondent-Applicant is entitled to register the mark APPETON covering goods in Class 5 specifically for *dietetic substances adapted for medical use; health supplements for medical use; vitamins and vitamin supplements; minerals and mineral supplements; nutritional supplements; herbal remedies; food for babies; tonics used in connection with humans; chemical reagents for medical purposes.*

As to the main issue/s of the instant suit or opposition proceeding, it is undeniable that the competing marks of Opposer and Respondent-Applicant both bear the letters A, double P, E, O and N. Although as established in several jurisprudence, that the mere adoption and use of one person of a trademark will not automatically prevent another from adopting and using the same trademark, a careful review and consideration of the facts and evidence presented should be taken in determining whether confusion is likely to arise by the adoption of the same or substantially similar trademark.

In the language of R.A. 8293, more particularly Section 123 (d), it is said that:

Section 123. Registrability. – 123.1. A mark cannot be registered if it:

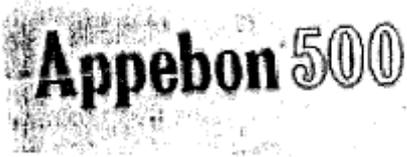
- (e) *Is identical with a registered mark belonging to a different proprietor or a mark with an earlier filing or priority date, in respect of:*
  - (i) *The same goods or services, or*
  - (ii) *Closely related goods or services, or*

(iii) *If it nearly resembles such a mark as to be likely to deceive or cause confusion;*

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Opposer filed its application for the trademark APPEBON 500 for medicinal preparation for use as appetite normalizer under Class 05 on 20 May 1985 and was granted registration on 24 January 1989 under duly issued Certificate of Registration No. 42788. Respondent applied for the registration of the mark APPETON on 06 April 2006, or more than two (2) decades after Opposer filed its trademark APPEBON 500 for medicinal goods falling under the same Class 05. Although Opposer has shown prior registration thereof, were the evidence sufficient to prove confusing similarity in both trademarks?

This Bureau finds that the issue of confusing similarity can best be resolved by comparative examination or analysis of the marks in question. This Bureau reproduced Opposer's as well as Respondent-Applicant's marks for purposes of comparison:

	
<u>Opposer's APPEBON 500 trademark</u> <i>Registration No. 42788</i>	<u>Respondent-Applicant's APPETON mark</u> <i>Application No. 42006003828</i>

The marks APPEBON 500 and APPETON are phonetically the same, of almost identical sounds with similar consonant and vowel content. Although Applicant's mark use letter T in place of the letter B in Opposer's APPEBON trademark, when they are pronounced the two marks are almost the same, APPEBON is not all phonetically different from APPETON notwithstanding the accompanying number 500 in Opposer's trademark. Having shown resemblance of the marks at issue, we now delve on the matter of confusion of goods which certainly has decisive effects in the adjudication of the case. The use of the letter T in place of the letter B in Applicant's APPETON is insubstantial to claim distinctiveness under the Trademark law. The court observed in *Philippine Refining Co., Inc., vs. Dir. Of Patents and Sparklets Corp. vs. Walter Kidde Sales Co.*, 104 F. 2d 396, that "a trademark is designed to identify the user. It should be so distinctive and sufficiently original as to enable those who come into contact with it to recognize instantly the identity of the user. It must be affirmative and definite, significant and distinctive, capable to indicate the origin. Likewise, our trademark law does not require identity, confusion is likely if the resemblance is so close between two trademarks. Bolstering this observation is the pronouncement by the court in the case of *Forbes, Munn & Co. (Ltd.) vs. Ang San To*, 40 Phil. 272, 275) where it stated that *the test was similarity or "resemblance between the two (trademarks) such as would be likely to cause the one mark to be mistaken for the other. . . . [But] this is not such similitude as amounts to identity."*

Having shown resemblance of the marks at issue, we now delve on the matter of confusion of goods which certainly has decisive effects in the adjudication of the case.

The right to register trademarks, trade names and service marks is based on ownership. Only the owner of the mark may apply for its registration (*Bert R. Bagano v. Director of Patents, et al.*, G.R. No. L-20170, August 10, 1965). And where a trademark application is opposed, the Respondent-Applicant has the burden of proving ownership (*Marvex Commercial Co., Inc. v. Peter Hawpia and Co.*, 18 SCRA 1178). In the instant case, Opposer Biomedis, Inc. on 24 January 1989 obtained from the then Bureau of Patents, Trademarks and Technology Transfer (BPTTT), now Intellectual Property Philippines (IPP) registration of the trademark APPEBON 500

for medicinal preparation for use as appetite normalizer under Class 05. On the other hand, Respondent-Applicant filed its application for registration of the mark APPETON on 06 April 2006 for pharmaceutical products namely, *dietetic substances adapted for medical use; health supplements for medical use; vitamins and vitamin supplements; minerals and mineral supplements; nutritional supplements; herbal remedies; food for babies; tonics used in connection with humans; chemical reagents for medical purposes* under Class 05, more than fifteen (15) years later.

Having thoroughly discussed and resolved issues on confusion and priority in use and application, we shall now be delving on the goods involved.

The pharmaceutical products involved are the same, they pertain to over-the-counter pharmaceutical products: Opposer's APPEBON 500 for *medicinal preparation as appetite normalizer* and Respondent-Applicant's APPETON for *dietetic substances adapted for medical use; health supplements for medical use; vitamins and vitamin supplements; minerals and mineral supplements; nutritional supplements; herbal remedies; food for babies; tonics used in connection with humans; chemical reagents for medical purposes*, all falling under Class 05 of the International Classification of Goods/Services. Thus, applying these competing marks to the same pharmaceutical products and marketed similarly, may lead to confusion in trade and would damage Opposer's goodwill or reputation which it has painstakingly earned and established for quite considerable period of time.

In like manner, the Supreme Court made the following pronouncements to the effect that:

*"The tradename "LIONPAS" for medicated plaster cannot be registered because it is confusingly similar to "SALONPAS", a registered trademark also for medicated plaster. x x x Although the two letters of "SALONPAS" are missing in "LIONPAS", the first letter a and the letter s. Be that as it may, when the two words are pronounced, the sound effects are confusingly similar."* (Marvex Commercial Co vs Hawpia & Co., 18 SCRA 1178),

*"The similarity between the two competing trademarks, DURAFLEX and DYNAFLEX is apparent. Not only are the initial letters and the last half of the appellations identical but the difference exists in only two out of the eight literal elements of the designations. Coupled with the fact that both marks cover insulated flexible wires under Class 20; x x x no difficulty is experienced in reaching the conclusion that there is a deceptive similarity that would lead the purchaser to confuse one product with the other."* (American Wire and Cable Co. vs Director of Patents, 31 SCRA 544),

Opposer is the registered owner, originator, prior applicant and user of the trademark APPEBON 500 for *dietetic substances adapted for medical use; health supplements for medical use; vitamins and vitamin supplements; minerals and mineral supplements; nutritional supplements; herbal remedies; food for babies; tonics used in connection with humans; chemical reagents for medical purposes*. As such, the use and adoption by Applicant of the mark as subsequent user can only mean that Applicant wishes to reap on the goodwill, benefit from the advertising value and reputation of Opposer's APPEBON 500 trademark.

As it now stands, we may safely deduce that Opposer, not the Respondent-Applicant, has priority of an earlier filing and/or registration and therefore, entitled to protection under Sections 123 and 147 of R.A. 8293.

Moreover, in the case of American Wire & Cable Co. vs. Director of Patents, 31 SCRA 544, it was observed that:

*"Why of the million of terms and combination of letters and designs available the appellee had to choose a mark so closely similar to*

*another's trademark if there was no intent to take advantage of the goodwill generated by the other mark"*

Finally, this Bureau cannot take for granted the inaction of Respondent-Applicant in defending its claim over the mark APPETON. Such inaction of Respondent-Applicant is evidenced by its failure to file its Answer despite receipt of the Notice to Answer the Notice of Opposition, contrary to the disputable presumption that "a person takes ordinary care of his concern", enunciated in Section 3(d) of Rule 131 of the Rules of Court.

It was the Respondent-Applicant's option not to defend its case, contrary to the declared policy of the Supreme Court to the effect that "it is precisely the intention of the law to protect only the vigilant, not those guilty of laches", as enunciated in the case of Pag-asa Industrial Corp. vs. Court of Appeals, 118 SCRA 526.

As provided for under Sec. 230 of R.A. 8293, otherwise known as the Intellectual Property Code of the Philippines:

*"Sec. 230. Equitable Principles to Govern Proceedings. – In all inter partes proceedings in the Office under this Act, the equitable principles of laches, estoppel, and acquiescence where applicable, may be considered and applied."*

As defined in the dictionary, laches means "slackness or carelessness toward duty or opportunity or neglect to do a thing at the proper time". (Webster Third International Dictionary, p. 1261)

WHEREFORE, premises considered, the Notice of Opposition is, as it is hereby SUSTAINED. Consequently, application bearing Serial No. 4-2006-003828 filed by Kotra Pharma (M) SDN. BHD. On 06 April 2006 for the registration of the mark "APPETON" for pharmaceutical product namely, *dietetic substances adapted for medical use; health supplements for medical use; vitamins and vitamin supplements; minerals and mineral supplements; nutritional supplements; herbal remedies; food for babies; tonics used in connection with humans; chemical reagents for medical purposes* falling under Class 05 is, as it is hereby REJECTED.

Let the filewrapper of APPETON, subject matter of this case together with a copy of this Decision be forwarded to the Bureau of Trademarks (BOT) for appropriate action.

SO ORDERED.

Makati City, 17 December 2008.

ESTRELLITA BELTRAN-ABELARDO  
Director, Bureau of Legal Affairs  
Intellectual Property Office