

NEUTROGENA CORPORATION,	}	INTER PARTES CASE NO. 4125
Opposer,	}	Opposition to: Application Serial
	}	No. 81944
	}	
-versus-	}	Filed: August 7, 1992
	}	Trademark: NEUTROGIN
	}	For: Pharmaceutical
	}	Product
CHUGAI SEIYAKU KABUSHIKI	}	
KAISHA (CHUGAI PHARMACEUTICAL	}	
CO., LTD.)	}	
Respondent-Applicant.	}	Decision No. 2001-30
x-----x		

DECISION

This pertains to the Opposition filed by NEUTROGENA CORPORATION, a corporation organized and existing under the laws of the State of Delaware, U.S.A., with principal office at 5760 West 96 Street, Los Angeles, California, U.S.A., against the registration of the trademark "NEUTROGIN" for goods under Class 5, bearing Application Serial No. 81944 and filed on 07 August 1992 in the name of CHUGAI SEIYAKU KABUSHIKI KAISHA, a corporation organized and existing under the laws of Japan, with principal office at No. 5-1, 5 chome, Ukima, Kita-ku, Tokyo, Japan.

The subject application was published on page 7, Volume VII, No.5, September-October 1994 issue of the Official Gazette, which was officially released for circulation on 08 November 1994. Opposer filed the Verified Notice of Opposition on 09 January 1995, having been granted by this Office an extension of time to do so, upon Motion for Extension filed by the Opposer on 07 December 1994.

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

"1. Opposer is the first user and owner of the trademark NEUTROGENA, of which NEUTROGIN is a derivative, for goods in Class 51 including soaps and shampoo. Opposer's first use of its NEUTROGENA trademark in the Philippines dates back to December 1, 1972. The trademark NEUTROGENA had been previously registered with the Bureau of Patents, Trademarks and Technology Transfer in the name of the Opposer under Regn. No. 23021 dated April 23, 1976 for goods in Class 51 and Regn. No. 58119 dated May 12, 1994 for goods in Class 5.

"2. Applicant's use of the trademark NEUTROGIN for medicine for leukopenia and for other therapeutic purposes so resembles Opposer's trademark NEUTROGENA, as to be likely, when applied to or used in connection with goods of the Applicant, to cause confusion, mistake and deception on the part of the purchasing public by misleading them into thinking that Applicant's goods either come from Opposer or are sponsored or licensed by it.

"3. The registration and use by Applicant of the trademark NEUTROGIN will diminish the distinctiveness and dilute the goodwill of Opposer's trademark NEUTROGENA, which is an arbitrary trademark when applied on the above-mentioned goods.

"4. Applicant adopted the trademark NEUTROGIN on its own goods with the obvious intention of misleading the public into believing that its goods bearing the trademark originate from, or are licensed or sponsored by Opposer, which has been identified in the trade and by consumers as the source of goods bearing the trademark NEUTROGENA.

"5. The approval of Applicant's trademark NEUTROGIN is based on the representation that it is the originator, true owner and first user of the trademark, which was merely derived from Opposer's NEUTROGENA trademark.

"6. In contrast to Opposer, Applicant has not used the trademark NEUTROGIN in Philippine commerce.

"7. Applicant's appropriation and use of the trademark NEUTROGIN infringe upon Opposer's exclusive right to use the trademark and tradename NEUTROGENA, which are protected under Section 37 of the Trademark Law.

"8. The registration of the trademark NEUTROGIN in the name of the Applicant is contrary to other provisions of the Trademark Law."

To support its opposition, Opposer relied upon the following facts, among others:

"1. Opposer has adopted and used the trademark NEUTROGENA for goods in Classes 5 and 51, including soap and shampoo and pharmaceutical skin preparations, among others. Opposer has been commercially using the trademark NEUTROGENA prior to the appropriation and filing of the application for the registration of the trademark NEUTROGIN by the Applicant.

"2. Opposer is the first user and registered owner of the trademark NEUTROGENA. Opposer has also used and registered or applied for the registration of the trademark NEUTROGENA in the United States of America and other countries worldwide.

"3. Opposer's trademark NEUTROGENA is an arbitrary trademark when used on goods in Classes 5 and 51 and is entitled to broad legal protection against unauthorized users like Applicant who has appropriated the derivative NEUTROGIN for its own goods.

"4. Opposer is the first user of the trademark NEUTROGENA for the above-mentioned goods. Applicant has appropriated the trademark NEUTROGIN for the obvious purpose of capitalizing upon the renown of Opposer's self-promoting trademark by misleading the public into believing that its goods originate from, or are licensed or sponsored by Opposer.

"5. The registration and use of a confusingly similar trademark by the Applicant will tend to deceive and/or confuse purchasers into believing that Applicant's products emanate from or are under the sponsorship of Opposer, for the following reasons:

- i) The trademarks are substantially identical.
- ii) The parties are using the trademarks NEUTROGENA and NEUTROGIN on related goods.

iii) Applicant used NEUTROGIN on its own product as a self-promoting trademark to gain public acceptability for its product through its association with Opposer's popular NEUTROGENA trademark, which has been used in Philippine commerce since December 1, 1972.

iv) The goods on which the trademarks are used both flow through the same channels of trade.

"6. Applicant obviously intends to trade, and is trading on, Opposer's goodwill.

"7. The registration and use of an identical trademark by Applicant will diminish the distinctiveness and dilute the goodwill of Opposer's trademark.

The Notice to Answer, dated 16 January 1995, was sent to the Respondent-Applicant and received by Respondent-Applicant's counsel on 25 January 1995. For failure of the Applicant to file the required Answer within fifteen (15) days from receipt of aforesaid notice, the Applicant was declared in default by the Bureau of Patents, Trademarks and Technology Transfer as per Order No. 97-423 and the Opposer was allowed to present its evidence ex-parte.

Admitted in evidence for the Opposer are Exhibits "A" to "F-1" inclusive of sub-markings consisting of machine receipts, price tags, packaging and cash invoices for NEUTROGENA soaps and conditioners purchased from department stores; the affidavit of Mitchell Reback, Vice-President for Finance of Neutrogena Corporation; details of existing and pending registrations of NEUTROGENA; Certificates of Registration Nos. 23021 and 58119 issued by the BPTTT for Classes 51 and 5 respectively, in the name of the Opposer; and the affidavit of Maria Teresa D. Mercado.

The issues to be resolved in this particular case are: (a) whether or not there exists a confusing similarity between the Opposer's trademark NEUTROGENA and Respondent-Applicant's trademark NEUTROGIN; and (b) who between the Opposer and the Respondent-Applicant is the prior user entitled to protection under the Trademark Law.

Considering that the application subject of the instant opposition was filed under the old Trademark Law (R.A. 166, as amended), this Office shall resolve the case under said law so as not to adversely affect rights already acquired prior to the effectivity of the new Intellectual Property Code (R.A. 8293).

The applicable provision of the Trademark Law, Section 4(d) provides:

"Sec. 4. *Registration of trademarks, trade-names and service-marks on the principal register* - xxx The owner of a trademark, trade-name or service-mark used to distinguish his goods, business or services from the goods, business or service of others shall have a right to register the same on the Principal Register, unless it:

"xxx

"(d) Consists of or comprises a mark or trade-name which so resembles a mark or trade-name registered in the Philippines or a mark or trade-name previously used in the Philippines by another and not abandoned, as to be likely, when applied to or used in connection with the goods, business or service of the applicant, to cause confusion or mistake or to deceive purchasers."

The determinative factor in a contest involving registration of trademark is not whether the challenge mark would *actually* cause confusion or deception of the purchasers but whether the use of the mark would *likely* cause confusion or mistake on the part of the buying public. The law does not require that the competing trademarks must be so identical as to produce actual error or mistake. For infringement to exist, it would be sufficient that the similarity between the two trademarks is such that there is a possibility or likelihood of the older brand mistaking the newer brand for it.

In the case of *Etepha vs. Director of Patents (16 SCRA 502)*, the Supreme Court stated that:

"The essential element of infringement is colorable imitation. This term has been defined as "such a close or ingenious imitation as to be calculated to deceive ordinary purchasers, or such resemblance of the infringing mark to the original as to deceive an ordinary purchaser giving such attention as a purchaser usually gives, and to cause him to purchase the one, supposing it to be the other."

In the case of *Marvex Commercial Co. vs. Hawpia & Co. (18 SCRA 1178)*, THE Supreme Court found that:

"The tradename 'LIONPAS' for medicated plaster cannot be registered because it is confusingly similar to 'SALONPAS', a registered trademark also for medicated plaster. xxx 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. xxx"

In the case of *American Wire and Cable Co. vs. Director of Patents (31 SCRA 544)*, the Supreme Court observed that:

"xxx 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; xxx 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."

In the instant case, the only difference between the trademarks NEUTROGENA and NEUTROGIN is the replacement of the letter "e" *with* the letter "i" and the deletion of the last letter "a" in the latter trademark. All the other letters are the same such that when the two words are pronounced, the sound is almost the same.

Both trademarks also cover goods under Class 5. Opposer's trademark NEUTROGENA covers pharmaceutical skin preparations such that the use of the trademark NEUTROGIN by the Respondent-Applicant on its products, consisting of medicines for leukopenia, is likely to lead to a confusion of source.

In the case of *Sta. Ana vs. Maliwat (24 SCRA 1018)*, the Supreme Court ruled:

"Modern law recognizes that the protection to which the owner of a trademark is entitled is not limited to guarding his goods or business from actual market competition with identical or similar products of the parties, but extends to all cases in which the use by a junior appropriator of a trademark or trade name is likely to lead to a confusion of source, as where the prospective purchasers would be misled into thinking that the complaining

party has extended his business into the field or is in any way connected with the activities of the infringer; or when it forestalls the normal potential expansion of his business. Mere dissimilarity of goods should not preclude relief where the junior user's goods are not too different or remote from any that the owner would be likely to make or sell xxx."

As per the evidence presented, the trademark NEUTROGENA was first used by the Opposer on 01 June 1954. In the Philippines, the trademark was first used as early as 01 December 1972 for goods in Class 51, including soaps and shampoo. Subsequently, the Opposer applied for the registration of the subject trademark with the Bureau of Patents Trademark and Technology Transfer and was issued Certificate of Registration No. 23021 dated 23 April 1976 for goods in Class 51 and Certificate of Registration No. 58119 dated 12 May 1994 for goods in Class 5. On the other hand, no evidence was presented pertaining to the first use of the trademark NEUTROGIN by the Respondent-Applicant in the Philippines. Thus, it is clear from the foregoing that between the Opposer and the Respondent-Applicant, the former has sufficiently proven that it is the prior user of the trademark NEUTROGENA and is therefore entitled to protection from infringement thereof. Consequently, the mark NEUTROGIN of Respondent-Applicant cannot be allowed registration for being confusingly similar to Opposer's NEUTROGENA.

Also taken into consideration by this Office is the fact that NEUTROGENA is likewise the tradename of the Opposer Corporation, which in 1973 was founded under the name NEUTROGENA CORPORATION. In the case of *Converse Rubber Corporation vs. Universal Rubber Products, Inc. (147 SCRA 155)*, the Supreme Court ruled that a corporation is entitled to the cancellation of a mark that is confusingly similar to its corporate name. Appropriation by another of the dominant part of a corporate name is an infringement.

The risk of damage is not limited to the possible confusion of goods but also includes confusion of reputation if the public could reasonably assume that the goods of the parties originated from the same source.

WHEREFORE, premises considered, the Notice of Opposition is hereby SUSTAINED. Consequently, Application bearing Serial No. 81944 for the mark "NEUTROGIN" filed by CHUGAI SEIYAKU KABUSHIKI KAISHA on 07 August 1992 is hereby REJECTED.

Let the filewrapper of NEUTROGIN, subject matter of this case be forwarded to the Administrative, Financial and Human Resource Development Services Bureau for appropriate action in accordance with this DECISION with a copy furnished the Bureau of Trademarks for information and update of its records.

SO ORDERED.

Makati City, 19 December 2001.

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