

NOVARTIS AG,	}	IPC No. 14-2007-00135
Opposer,	}	Case Filed : 18 May 2007
	}	
-versus-	}	Opposition to :
	}	Serial No. : 4-2005-008214
VALENAT PHARMACEUTICALS	}	Date Filed : 23 August 2005
NORTH AMERICA,	}	
Respondent-Applicant.	}	Trademark : "DIASTAT"
x-----x	}	Decision No. 2009-13

DECISION

This pertains to a Verified Opposition filed on 18 May 2007 by herein opposer, NOVARTIS AG, a foreign corporation duly organized and existing under the laws of Switzerland, with business address at Novartis AG, 4002 Basel, Switzerland, against the application filed on 23 August 2005 bearing Serial No. 4-2005-008214 for the registration of the trademark "DIASTAT" used for goods in Class 05 namely, pharmaceutical preparations for the treatment of neurological disorders and pharmaceutical preparations, namely, diazepam rectal gel, which application was published in the Intellectual Property Office Official Gazette, officially released for circulation on 19 January 2007.

The respondent-applicant in this instant opposition is Valeant Pharmaceuticals North America with registered business address at 3300 Hyland Avenue, Costa Mesa, California 92626, U.S.A.

The grounds of the instant opposition are as follows:

1. The trademark DIASTAT being applied for by Respondent-Applicant is confusingly similar to Opposer's trademark DIAFAT, as to be likely, when applied to or used in connection with the goods of Respondent-Applicant, to cause confusion, mistake and deception on the part of the purchasing public.
2. The registration of the trademark DIASTAT in the name of Respondent-Applicant will violate Section 123.1 (d) of Republic Act No. 8293, otherwise known as the Intellectual Property Code of the Philippines.
3. The registration and use by Respondent-Applicant of the trademark DIASTAT will diminish the distinctiveness and dilute the goodwill of Opposer's trademark DIAFAT.
4. The registration of the trademark DIASTAT in the name of Respondent-Applicant is contrary to other provisions of the Intellectual Property Code of the Philippines."

The allegation of facts are provided as follows:

1. Opposer is the owner of and/or registrant of and/or applicant in many trademark registrations of the trademark DIAFAT around the world under International Class 05 more particularly for "pharmaceutical preparations for human use."
2. In the Philippines, Opposer s the registrant of the trademark DIAFAT, as follows:

Trademark	:	DIAFAT
Certificate of Regn. No.	:	4-2002-006920
Date Issued	:	July 23, 2005

Registrant : NOVARTIS AG

A copy of Certificate of Registration No. 4-2002-006920 is attached herewith as Annex "A" and made an integral part hereof.

3. By virtue of Opposer's prior registration of the trademark DIAFAT in the Philippines and its prior application and/or registration and ownership of this trademark around the world, said trademark has therefore become distinctive of Opposer's goods and business.

4. The registration and use of the trademark DIASTAT by Respondent-Applicant will deceive and/or confuse purchasers into believing that Respondent-Applicant's goods and/or products bearing the trademark DIASTAT emanate from or are under the sponsorship of Opposer Novartis AG, owner/registrant of the trademark DIAFAT.

5. There is no doubt that Respondent-Applicant's DIASTAT covering "pharmaceutical preparations for the treatment of neurological disorders and pharmaceutical preparations, namely, diazepam rectal gel and Opposer's mark DIAFAT covering "pharmaceutical preparations for human use" and sold or marketed in the same channels of commerce and trade. An ordinary and/or casual purchaser buying under normal prevalent conditions in trade is not expected to exercise a careful scrutiny between two (2) products bearing confusingly similar trademarks as in Opposer's trademark DIAFAT vis-à-vis Respondent-Applicant's trademark DIASTAT and will most likely be confused and deceived to buy one product for the other.

6. The registration and use of the trademark DIASTAT by Respondent-Applicant will therefore diminish the distinctiveness and dilute the goodwill of Opposer's trademark DIAFAT.

7. It is evident that the adoption of the trademark DIASTAT by Respondent-Applicant was not made in good faith but rather, there is apparently an intent by Respondent-Applicant to "ride on" the goodwill established and "pass-off" Respondent-Applicant's goods as those of Opposer.

8. A boundless choice of words, phrases and symbols are available to a person who wishes to have a trademark sufficient unto itself to distinguish its product or services from those of others. There is no reasonable explanation therefore for Respondent-Applicant to use the word DIASTAT which can easily be mistaken for Opposer's mark DIAFAT. The field for selection of its mark was so broad, yet Respondent-Applicant picked a confusingly similar trademark as Opposer's. Respondent-Applicant obviously intends to trade and is trading on Opposer's goodwill."

Thereafter, this Bureau issued a Notice to Answer dated 01 June 2007 to respondent-applicant. After two motions for extension of time by the latter were granted, the third Motion for Extension of Time dated 07 September 2007, was denied in Order No. 2007-1671 dated 12 September 2007. Then, respondent-applicant filed a Motion for Reconsideration dated 24 September 2007, and pending resolution thereof, submitted its Verified Answer with Motion to Admit dated 10 October 2007. After due consideration of the grounds adduced in the said motion and the subsequent pleadings filed, this Bureau issued Resolution No. 2008-10 dated 18 September 2008, which in fine granted respondent-applicant's Motion for Reconsideration and Motion to Admit Verified Answer, and setting aside Order No. 2007-1671 dated 12 September 2007.

Respondent-applicant's Verified Answer dated 09 October 2007 admitted the allegations in the Verified Opposition as contained in the following paragraphs: 2 and 3 in so far as the trademark DIAFAT was registered prior to the application for registration of the trademark DIASTAT. It denied all other allegations in the said opposition, setting forth the following counter-discussions and arguments:

“3.1 On its face, the mark DIASTAT is obviously not identical to the mark DIAFAT. On the contrary, the two marks are distinct and distinguishable from each other. A copy of Respondent-Applicant's trademark application is attached hereto as Exhibit 3. Clearly, the two marks are distinct and distinguishable from each other.

3.2 Taking into consideration the entirety of the Opposer's mark and that of the Respondent-Applicant, and not just the common syllables “DIA”, it is evident that the Opposer's mark DIAFAT is not identical and not confusingly similar with the mark DIASTAT of the Respondent-Applicant. In the trademark DIAFAT, the common syllables DIA are modified by the syllable FAT to form the mark DIAFAT while in DIASTAT, the common syllables DIA are modified by the syllable STAT. The presence therefor of the syllable STAT in the mark DIASTAT coupled with the presence of the syllable FAT in Opposer's mark DIAFAT clearly prove that the mark DIAFAT is not identical and not confusingly similar with the mark of the Opposer. It is established in Philippine trademark practice that the presence of a common syllable in trademarks or a common word in trademarks consisting of compounded words, by itself, does not invalidate one another on the ground of confusing similarity. x x x

3.6 The fact that trademarks with the syllable DIA may co-exist in the Trademark Registry of the Intellectual Property Office as long as the other syllables of the marks are different is admitted by the Opposer itself. During the prosecution of the application of Opposer's mark DIAFAT, the Trademark Examiner cited the marks DIAHALT under registration No. 37595 and DIACAP under Application No. 4-1999-009808 as marks which will bar the registration of Opposer's trademark DIAFAT. A copy of Office Action, Paper No. 2 is attached hereto as Exhibit 4. In its Response to Office Action, Paper No. 2, attached hereto as Exhibit 5, the Opposer argued that its trademark DIAFAT is not confusingly similar to the trademarks DIAHALT and DIACAP because the presence of a common syllable in word marks, by itself, does not invalidate one another on the ground of confusing similarity. The Opposer cannot now claim that trademarks with a common syllable cannot co-exist in the trademark Registry of the Intellectual Property Office.

3.7 Moreover, the fact that respondent-applicant's mark surpassed the objections of the Examiner of this Honorable Office where the registration of the Opposer was cited proves that this Honorable Office considered Respondent's mark as not confusingly similar to Opposer's mark. The Intellectual Property Office, more particularly its Trademark Examiners are considered by law to be “experts” in the field of Trademarks Law, hence, their initial findings to allow Respondent-Trademarks Law, hence, their initial findings to allow Respondent-Applicant's registration should be given proper consideration.

3.8 Furthermore, the likelihood of confusion between Respondent-Applicant's mark DIASTAT and Opposer's mark DIAFAT is further dispelled and by the fact that the goods covered by both marks are distinct and unrelated to each other. Respondent-Applicant's mark DIASTAT is used for “pharmaceutical preparations, namely diazepam rectal gel” and comes in the form of a gel while Opposer's mark DIAFAT covers “pharmaceutical preparations for human use”. The former is a gel which is utilized by applying it topically at the rectal area while the latter's product

is an oral hypoglycemic which is taken orally. By no stretch of imagination can one mistake a gel for a tablet. x x x

3.11 Moreover, the trademark DIASTAT is used for “pharmaceutical preparations, namely diazepam rectal gel” which are prescription drugs. Hence, it is unlikely that the consuming public will be confused when purchasing DIASTAT because in order to purchase DIASTAT, a consumer must show to the pharmacist a doctor’s prescription specifically indicating DIASTAT as the name of the drug. Under the generics law, the doctor should indicate the name of the drug DIASTAT, the buyer must present a doctor’s prescription indicating not only the mark DIASTAT but also the generic name “diazepam rectal gel”. Confusion on the part of the consuming public is almost next to impossible.

3.12 Opposer claims that their mark DIAFAT is well-known. However, it has failed to establish such allegation. x x x

3.16 Sections 123 (e) and (f) do not only require the Opposer’s mark to be well-known internationally, the mark should also be well-known locally. Opposer failed to prove that its mark is well-known locally. This is for the reason that its mark is not well-known in the Philippines. In fact, Opposer’s mark is practically unheard of in the Philippines. xx x

3.19 As opposed to opposer’s lack of proof that it is a well-known mark, the Respondent-Applicant has proof that the trademark DIASTAT is a well-known mark. Assuming arguendo that marks with the syllable DIA may not co-exist in the trademark registry, it is the mark of the Opposer, DIAFAT, which should be cancelled for being similar to Respondent-Applicant’s internationally well-known mark DIASTAT. Whereas the Opposer failed to present certificates of Registration issued by Intellectual Property Office in different countries, the respondent-applicant attaches herewith as Exhibits 6, 7, 8, 9 and 10 the Certificates of Registrations issued by Singapore, Thailand, Malaysia, U.S.A. and Hong Kong. The fact that the registration of the trademark DIASTAT in different countries were not contested by the Opposer is further proof that the trademark DIASTAT is not considered by the Opposer as confusingly similar to its trademark DIAFAT. The trademark laws as well as the market environment in Singapore, Thailand, Malaysia, U.S.A. and Hong Kong are similar to those in the Philippines. Hence, there is no reason not to adopt the situation in these countries. Similar to Singapore, Thailand, Malaysia, U.S.A. and Hong Kong, Respondent-Applicant’s mark DIASTAT should also be registered in the Trademark Registry of the Philippines.”

The Special and Affirmative Defenses are further stated as follows:

“4.1 The Verified Notice of Opposition should be denied outright on the ground that it lacks the proper Verification and Certification Against Non-Forum Shopping. Verification should state that the allegations in the pleading are based on “personal knowledge or authentic records.” (Garcia vs Sandiganbayan et al., GR No. 167103, August 31, 2003) The Opposer’s verification states that “the contents therein contained are true and correct to my own knowledge and belief”.

4.2 This verification is not proper because it does not state that Ms. Myrtha Hurtado Rivas knows that the allegations in the Verified Notice of Opposition are true and correct based on her personal knowledge or authentic records.
x x x

4.5 In the case of Clavecilla vs Teresito Quitain (GR No. 147989, February 20, 2006), the Supreme Court held that a pleading with a verification alleging that

the contents thereof are true and correct based on own knowledge and belief should be dismissed outright for violation Sec. 7, rule 4 of the Rules of Court and should be treated as an unsigned pleading x x x

During the Preliminary Conference set on 11 November 2008, only counsel for opposer appeared. Consequently, in Order No. 2008-1828 dated 13 November 2008, respondent-applicant is deemed to have waived its right to submit its position paper, whereas opposer was given ten (10) days to submit its position paper, or draft decision, upon receipt of a written notice.

In compliance to Office Order No. 79, series of 2005, the following pieces of documentary evidence are submitted by this Bureau: for the opposer, Exhibits "A" to "E", inclusive of sub-markings, as attached to the Opposition; and for the respondent-applicant, Exhibits "1", "2", "6" to "10", as attached to the Answer. All other evidence not mentioned are inadmissible for being mere photocopies of the original documents.

The issues -

- I Whether or not the instant Opposition should be dismissed because of defective Verification.
- II Whether or not there is confusing similarity between opposer's registered mark "DIAFAT" and respondent-applicant's applied mark "DIASTAT".

Preliminary, this Bureau shall tackle respondent-applicant's allegation that opposer's Opposition should be denied outrightly on the ground that it tackles the proper Verification and Certification Against Non-Forum Shopping because it does not state that Ms. Myrtha Hurtado Rivas known that the allegations in the Verified Notice of Opposition are true and correct based on her personal knowledge or authentic records.

Records show that opposer's verification are stated as follows:

"I, Myrtha Hurtado Rivas, after being sworn to in accordance with law, hereby depose and say:

x x x
3. That I have read the contents therein contained as true and correct to my own knowledge and belief;"
x x x (page 4, Opposition)

This Bureau resolves that the questioned verification is a substantial compliance with the requirement provided for under Section 4, Rule 7 of the Rules of Court, as amended by A.M. 00-2-10, May 1, 2000, quoted hereunder:

"SEC. 4 Verification – Except when otherwise specifically required by law or rule, pleadings not be under oath, verified or accompanied by affidavit.

A pleading is verified by an affidavit that the affiant has read the pleading and that the allegations therein are true and correct of his personal knowledge or based on authentic records.

A pleading required to be verified which contains a verification based on "information and belief", or upon "knowledge, information and belief", or lacks a proper verification, shall be treated as an unsigned pleading."

While the Rules provide that an unsigned pleading produces no legal effect, this Bureau may, in its discretion, relax the application of procedural rules as it appears that such was due to

inadvertence without utter disregard of the rules. This Office holds that a liberal construction of the rules on verification is in order.

“Verification is simply intended to secure an assurance that the allegations in the pleading are true and correct and not the product of the imagination or a matter of speculation, and that the pleading is filed in goods faith.” (Bank of Philippine Islands vs Court of Appeals, et al., GR 146923, April 30, 2003) There is no gross circumvention of this objective by the mere statement that the allegations contained in the opposition are based on “own knowledge and belief”. More significantly, Myrtha Hurtado Rivas attested under oath to the truthfulness and correctness of its pleadings and that includes documents forming part of the opposition.

Ergo, substantial compliance is legally sufficient because the requirement as provided by the law is imply a condition affecting the form of pleadings, and noncompliance therewith does not necessarily render it fatally defective. Verification is only a formal, not a jurisdictional requirement.

We now discuss the ultimate issue. Opposer legally anchored its opposition on Section 123.1 (d) of Republic act (R.A.) No. 8293, or the Intellectual Property Code, to wit:

“Sec. 123. *Registrability.* – 123.1 A mark cannot be registered if it:

x x x

(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 a to be likely too deceive or cause confusion;

x x x”

The foregoing deduced that the determining factor in the registration of marks is whether the use of the competing marks in connection with the goods or business will *likely cause confusion*.

In the instant case, the contending marks are opposer’s registered trademark “DIAFAT” and respondent-applicant’s applied mark “DIASTAT”, illustrated as follows:



Opposer's Trade mark



Respondent-Applicant's Trade mark

The examination of the foregoing marks shows that the first syllable "DIA" and the last two letters "A" and "T" produced visual and aural similarity. The difference between the marks' spelling is the replacement of the median letters "F" of opposer's "DIAFAT" and "S", "T" of respondent-applicant's "DIASTAT". Apparent still are the dominant and more pronounced beginning syllable "DIA" and ending letters "A" and "T" which when pronounced in entirety equates a similar sound sufficient to cause confusion under the rule of idem sonans as held in the case of Sapolin Co. vs Balmaceda, 67 Phil. 795, that confusion is likely to arise between words which when pronounced sounds alike.

As such, both products flow through the same channels of trade, therefore, confusion between the two trademarks would likely result to prospective buyers. In the case of Continental Connector Corp. vs. Continental Specialties Corp., 207 USPQ 60, the rule applied was that, that conclusion created by use of the same word as the primary element in a trademark is not counteracted by the addition of another term. By analogy, confusion cannot also be avoided by merely dropping or changing one of the letters of a registered mark. Confusing similarity exists when there is such a close or ingenuous imitation as to be calculated to deceive ordinary persons, or such resemblance to the original as to deceive ordinary purchaser as to cause him to purchase the one supposing it to be the other. (Societe Des Produits Nestle, S.A. vs. Court of Appeals, G. R. No. 112012, April 4, 2001) An unfair competitor need not copy the entire mark to accomplish its fraudulent purposes. It is enough if he takes the one feature which the average buyer is likely to remember. (Nims, The Law of Unfair Competition and Trademarks, 4th ed., Vol. 2, pp. 678-679) Indeed, measured against the dominant-feature standard, Respondent-Applicant's mark must be disallowed. For undeniably, the dominant and essential feature of the article is the trademark itself.

It is also worthy to note that the determinative factor in a contest involving registration of trademark is not whether the challenged 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 marks must be so identical as to produce actual error or mistake. It would be sufficient that the similarity between the two marks is such that there is possibility of the older brand mistaking the newer brand for it.

In so far as the goods covered by the contending marks, it is apparent that the goods are related because they cover pharmaceutical preparations falling under Class 5 of the Nice Classification of Goods. "Goods are related when they belong to the same class or have the same class or descriptive properties; when they possess the same physical attributes or essential characters with reference to their form, composition, texture or quality. They may also be related because they serve the same purpose or sold in grocery store. Thus biscuits were held related to milk because they are both food products." (American Foundries vs Robertson, 269 USPO 372, 381)

Finally, it must be emphasized that opposer's mark "DIAFAT" is a registered trademark bearing Registration No.4-2002-006920 issued on 23 July 2005 in favor of herein opposer (Annex "A"). Thus, opposer's protection finds basis in Section 147.1 of Republic Act No. 8293 which states in part, "The owner of a registered mark shall have the exclusive right to prevent all

third parties not having the owner's consent from using the course of trade identical or similar signs or containers 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 VIEW of all the foregoing, the instant Verified Opposition is, as it is hereby SUSTAINED. Consequently, trademark application bearing Serial No. 4-2005-008214 for the mark "DIASTAT" filed on 23 August 2005 for pharmaceutical preparations for the treatment of neurological disorders and pharmaceutical preparations, namely diazepam rectal gel is, as it is hereby, REJECTED.

Let the file wrapper of "DIASTAT", 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, 27 January 2009

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