

NOVARTIS AG,
Opposer,

- versus -

WELLNESS AG, INC.,
Respondent-Applicant,
x-----x

IPC No. 14-2009-00019
Opposition to:

Appln. Serial No. 4-2008-008963
Date Filed: 25 July 2008
Trademark: "LORAM"

Decision No. 2010-79

DECISION

NOVARTIS AG ("Opposer"), a corporation duly organized and existing under and by virtue of the laws of Switzerland, with business address at CH-4002 Basel, Switzerland filed on 20 October 2008 an opposition to Trademark Application Serial No. 4-2008-008963. The application, filed by WELLNESS AG, INC. ("Respondent-Applicant"), with address at G/F Jose Melo Building, No. 109 Erestein Street cor. K 2nd, Kamuning, Quezon City, on 25 July 2008, covers the trademark "LORAM" for use on pharmaceutical preparations namely chloramphenicol¹ under Class 05.²

The Opposer alleges the following:

"1. The trademark LORAM¹ being applied for by respondent-applicant is confusingly similar to opposer's trademark LORANO, as to 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 LORAM in the name of respondent-applicant will violate Section 123.1, subparagraph (d), (e) and (f) of Republic Act No. 8293, otherwise known as the Intellectual Property Code of the Philippines and Section 6bis and other provisions of the Paris Convention for the Protection of Industrial Property to which the Philippines and Switzerland are parties.

"3. The registration and use by respondent-applicant of the trademark LORAM will diminish the distinctiveness and dilute the goodwill of opposer's trademark LORANO.

"4. The registration of the trademark LORAM in the name of respondent-applicant is contrary to other provisions of the Intellectual Property Code.

"In support of this opposition, opposer will prove and rely upon the following facts, among others:

"1. Opposer is the owner of and/or registrant of and/or applicant in many trademark registrations and/or applications of the trademark LORANO around the world under International Class 5, more particularly for 'pharmaceutical, veterinary and sanitary preparations. Dietetic substances adapted for medical use, food for babies. Plasters, materials for dressings. Material for stopping teeth, dental wax.'

"2. In the Philippines, opposer is the applicant of the trademark LORANO, as follows:

Trademark	:	LORANO
Appln. No.	:	4-2008-004889
Date Filed	:	April 25, 2008

¹ The application was published in the Intellectual Property Office Official Gazette, officially released for circulation on 19 September 2008.

² The Nice Classification of goods and services is for registering trademark and service marks, based on a multilateral treaty administered by the WIPO, called the Nice Agreement Concerning the International Classification of Goods and Services for Registration of Marks concluded in 1957.

Goods : Pharmaceutical, veterinary and sanitary preparation. Dietetic substances adapted for medicinal use, food for babies. Plasters, materials for dressing. Material for stopping teeth dental wax.'

"3. By virtue of opposer's application of the trademark LORANO 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 trademark LORAM of respondent-applicant Wellness AG Inc. is confusingly similar with the registered trademark LORANO of opposer Novartis AG since:

- a. Both marks cover similar goods under International Class 5.

Opposer's mark LORANO covers:

'pharmaceutical veterinary and sanitary preparations. Dietetic substances adapted for medical use, food for babies. Plasters, materials for dressings. Material for stopping teeth dental wax.'

while respondent-applicant's mark LORAM covers:

'pharmaceutical preparations namely chloramphenicol'.

The goods being similar, they are sold, marketed and/or found in the same channels of business and trade, thus compounding the chance of confusion.

- b. The letters L-O-R-A in opposer's mark are present in respondent-applicant's mark. The only difference is the presence of the letter M in respondent-applicant's mark.
- c. The first four (4) identical letters of both marks are placed in similar positions. The letters L-O-R-A are the first, second, third, and fourth letters of both marks.
- d. Both marks also sound alike when pronounced due to the similarity of the letters and their respective positions.
- e. Both marks are word marks in plain letterings and not stylized. Neither are in color nor are compounded with a unique device or design. Hence, similarity between the two (2) marks is even more pronounced or enhanced.

"5. 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 products from those of others. There is no reasonable explanation therefore for respondent-applicant to use the word LORAM in its mark when the field for its selection is so broad.

"6. The registration and use of the mark LORAM by respondent-applicant will deceive and/or confuse purchasers into believing that respondent-applicant's goods and/or products bearing said mark emanate from or are under the sponsorship of opposer Novartis AG, owner/registrant of the trademark LORANO. This will therefore diminish the distinctiveness and dilute the goodwill of Opposer's trademark.

"7. The allowance of Application Serial No. 4-2008-008963 in the name of respondent-applicant will be in violation of the treaty obligations of the Philippines under the Paris Convention for the Protection of Industrial Property, to which the Philippines and Switzerland are member-states."

The Opposer's evidence consists of the following:

1. Exhibits "A" to "A-8" - Affidavit Testimony of Marcus Goldbach and Manuela Hillewaert;
2. Exhibits "B" to "B-1" - Pages from Novartis' Annual Report 2007;
3. Exhibits "C" to "C-2" - Certified Copy of Certificate of Registration No. 56016 for the mark LORANO in Bulgaria;
4. Exhibit "D" - Certified Copy of Certificate of Registration No. 1021800 for the mark LORANO in Australia;
5. Exhibit "E" - Certified Copy of Certificate of Registration No. 2001/10622 for the mark LORANO in South Africa;
6. Exhibit "F" to "F-2" - Certified Copy of Certificate of International Registration No. 751415 for the mark LORANO issued by WIPO;
7. Exhibit "G" - Certified Copy of Certificate of Registration No. 39943653 for the mark LORANO in Germany;
8. Exhibits "H" to "H-3" - Certified Copy of Application No.214908 for the mark LORANO in Qatar;
9. Exhibit "I" - photocopy of promotional material for the mark LORANO in the Philippines;
10. Exhibit "J" to "J-2" - Sales invoices, distribution contract, purchase orders and airway bills for products bearing the mark LORANO.

On 17 April 2009, the Respondent-Applicant filed its Verified Answer, dated 16 April 2009, alleging the following:

"1. Respondent-Applicant admits the allegations in the preliminary statement of the Verified Notice of Opposition filed by Opposer Novartis AG, only insofar as it is alleged that Respondent-Applicant has filed Application No. 4-2008-008963 for the registration of the trademark 'LORAM' on 25 July 2008 and has caused the publication of the same in the Official Gazette, officially released for circulation on September 19, 2008.

"19. In support of its Specific Denials and Affirmative Defenses, Respondent-Applicant respectfully states that:

"20. The instant case should be dismissed for lack of capacity to sue on the part of the Opposer. In its Opposition, Opposer merely alleged that it is a 'corporation duly organized under and by virtue of the laws of Switzerland.' However, Section 4, Rule 8 of the Rules of Court expressly requires the following:

'Facts showing the capacity of a party to sue or be sued or the authority of a party to sue or be sued in a representative capacity or the legal existence of an organized association of persons that is made a party, must be averred.'

This provision of the Rules of Court is suppletorily applicable to opposition cases as per Section 5, Rule 2 of the Amended Regulations on Inter Partes Proceedings, such as the instant case.

“21. Foreign corporations, such as the Opposer, is burdened to allege and prove that it is either: a) doing business in the Philippines with a license; b) not doing business in the Philippines but suing on an isolated transaction; or c) in actions involving opposition, cancellation, infringement, unfair competition, or false designation of origin and false description under the IP Code, it is not doing business in the Philippines but is a national or is domiciled or has real and effective industrial establishment in a country which is a party to any convention, treaty or agreement relating to intellectual property rights or the repression on unfair competition, to which the Philippines is also a party, or extends reciprocal rights to nationals of the Philippines by law.

“22. In the Opposition filed by the Opposer, it merely alleged where its place of incorporation and where it is domiciled. There is no allegation or proof as to its capacity to sue. This allegation is not sufficient as the Respondent-Applicant nor this Honorable Office cannot verify whether the Opposer falls under any of the three instances mentioned above wherein a foreign corporation may sue in the Philippines.

“23. Considering that Opposer did not properly allege its capacity to sue, the instant Opposition should be dismissed. This was the conclusion held upon similar circumstances by the Supreme Court in the case of *Atlantic Mutual Ins. V. Cebu Stevedoring* (17 SCRA 1037, 1966) wherein the complainant merely alleged that it is a foreign corporation without further indicating that it is exempt from the requisite of a license. It was further declared by the Supreme Court that qualifying circumstances is an essential part of the element of one’s capacity to sue and must be affirmatively pleaded.

“24. Further, there is no likelihood of confusion between Respondent-Applicant’s mark ‘LORAM’ and Opposer’s mark ‘LORANO’, hence, the proscription imposed by Sections 123.1 (d), (e), and (f) of the IP Code are not applicable.

“25. Opposer’s mark ‘LORANO’ has a different number of syllables when pronounce or read when compared with that of Respondent-Applicant’s mark ‘LORAM’. The usual accents in their pronunciation are also very different, so that the sounds created by the combination of letters are clearly distinct and, thus, a likelihood of confusion is impossible.

“26. While it is undeniable that both the Respondent-Applicant’s mark ‘LORAM’ and opposer’s mark ‘LORANO’ use the letters ‘L’, ‘O’, ‘R’ and ‘A’, it bears stressing that ‘the mere fact that one person has adopted and used a particular trademark for his goods does not prevent the adoption and use of the same trademark by others on articles of a different description’ (*Mighty corp. v. E. & J. Gallo Winery*, G.R. No. 154342, 14 July 2004). As above mentioned in its application, Respondent-Applicant’s article is limited to a pharmaceutical preparation, namely chloramphenicol.

“27. Also, the Opposer failed to satisfy the criteria prescribed by the IP Code and the Rules and Regulations on Trademarks, Service Marks, Trade Names and Marked or Stamped Containers (hereinafter referred to as the ‘Trademark Regulations’) with respect to well-known marks, as it did not submit sufficient evidence to prove that its ‘LORANO’ Mark is indeed a well-known mark.

On 29 April 2009, the Opposer filed its Reply, dated 28 April 2009, alleging that the Respondent-Applicants Verified Answer was filed out of time and that the Verification was fatally defective, rendering the document a mere scrap of paper. The Opposer also claims that the Respondent-Applicants contention of lack of capacity to sue on the part of the Opposer is bereft of merit and that the competing marks are identical or confusingly similar. According to the Opposer, it has shown by substantial evidence that its mark LORANO is well-known internationally and locally.

On 10 August 2009, the Preliminary Conference was terminated after the parties failed to reach an amicable settlement. Subsequently, this Bureau issued Order No. 2010-127 on 12 January 2010, stating that the instant case is submitted for decision.

On the technical issues raised by the Opposer, records show that the Respondent-Applicant received a copy of the Notice of Answer on 16 March 2009. The Respondent-Applicant filed its Verified Answer on 17 April 2009.

Rule 2, Section 82 of the Regulations on Inter Partes Proceedings, as amended, provides:

“The respondent shall file the answer within thirty (30) days from receipt of the Notice to Answer together with the duly marked affidavits of witnesses and other documents serving copies thereof upon the petitioner or opposer. Upon proper motion and payment of the applicable fee, the Bureau may grant an additional thirty (30) days within which to file the answer. No further extension shall be granted except for the most compelling reason and in no case shall the period exceed 120 days from receipt of the Notice to Answer.” (Emphasis Supplied)

Based on the above-quoted rule, the Respondent-Applicant had until 15 April 2009 to file its Answer. Considering that the Respondent-Applicant did not file a motion for extension, its filing of the Answer on 17 April 2009, was out of time.

In this regard, “rules of procedure, especially those prescribing the time within which certain acts must be done, have oftentimes been held as absolutely indispensable to the prevention of needless delays and to the orderly and speedy discharge of business.”³

Also, this Bureau agrees with the Opposer that the Respondent-Applicant’s Answer was fatally defective because of the absence of Corporate Secretary’s Certificate to authorize its representative Pepito M. Chavoso, Jr., to verify Respondent-Applicant’s Answer. The Verification and Certification of Non-Forum Shopping, attached in the Verified Opposition, was signed and sworn to by Pepito M. Chavoso, Jr. on 01 April 2009. There is no proof of Chavoso’s authority to execute and sign the said documents.

In this regard, while a verification is merely a formal requirement of the law, and not jurisdictional in nature, it does not make it less a rule, for “what is at stake is the matter of verity attested by the sanctity of an oath to secure an assurance that the allegations in the pleading have been made in good faith, or are true and correct and not merely speculative.”⁴ Thus, there being no proof of authority, Chavoso has no personality to execute, sign and swear to the preparation of the Answer which is intended to secure an assurance that the allegations in the pleading are true and correct and the pleading is filed in good faith. Significantly, the Respondent-Applicant did not even file a Rejoinder to Opposer’s Reply to rebut the issue of lack of authority and provide a persuasive explanation thereof.

Accordingly, the Answer having been considered as not filed on the aforementioned grounds, the instant opposition case, pursuant to Sec. 11 of Rule 2 of the Regulations shall be decided on the basis of the opposition and evidence submitted by the Opposer.

With respect to the claim of the Opposer that its mark is a well-known mark, Rule 102 of the Rules on Trademarks, Service Marks, Trade Names and Marked or Stamped Containers, states:

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

³ *Land Bank of the Philippines v. Ascot Holdings and Equities, Inc.*, C.R. No. 175163, October 19, 2007. citing *Lazaro v. Court of Appeals*, G.R. No. 137761, April 6, 2000, 330 SCRA 208.

⁴ *Hun Hyung Park v. Eung Won Choi*, G.R. No. 165496, February 12, 2007

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 of 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.

The Opposer's evidence to show that its mark is well-known consists only of three (3) certified copies of foreign registrations, a registration issued by the World Intellectual Property Office, and the application for registration in another foreign country. The promotional materials and invoices submitted by the Opposer cannot be admitted as they are mere photocopy of the original document.⁵ Thus, the allegation of Opposer that its mark is well-known remains a mere allegation. It is stressed that allegations must be proven by sufficient evidence. Simply stated, he who alleges a fact has the burden of proving it; mere allegation is not evidence.⁶

Going now to the issue of whether the competing marks are confusingly similar, it is emphasized that the essence of trademark registration is to give protection to the owners of trademarks. 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.⁷ Sec. 123.1 (d), of the IP Code provides 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;

⁵ Rule 2, Sec. 7, of the Regulations on Inter Partes Proceedings, as amended.

⁶ *Lupo Atienza vs. Yolanda De Castro*, G.R. No. 169698, 29 Nov. 2006

⁷ *PribhdasJ. Mirpuri v. Court of Appeals*, G.R. No. 114508, 19 Nov. 1999, citing *Etepha v. Dir. of Patents, supra, Gabriel v. Perez*, 55 SCRA 406 (1974). See also Article 15, par. (l), Art. 16, par 91), of the Trade related Aspect of Intellectual Property (TRIPS Agreement).

At the time the Respondent-Applicant filed its trademark application on 25 July 2008, the Opposer already has an existing trademark registration for the mark LORANO. This trademark registration No. 4-2008-004889, is valid until 11 August 2018.⁸

But, are the marks identical and used on the same or closely related goods or services? Or, do they resemble each other that deception or confusion is likely to occur?

The competing marks are reproduced below for comparison:

Lorano

Opposer's Trademark

LORAM

Respondent-Applicant's Trademark

The marks are not identical. Also, although both marks are used on pharmaceutical products, their respective products are not similar as to the composition, indications or purposes.

However, this Bureau finds that the competing marks so resemble one another that confusion, if not deception, is likely to occur, taking into account the following factors:

1. the goods involved are pharmaceutical products and therefore, in the same channels of business and trade, compounding the chance of confusion;
2. the letters "L-O-R-A" in the Opposer's mark are present in the Respondent-Applicant's mark, the only difference being the presence of the letter "M" in the Respondent-Applicant's mark;
3. the first four (4) identical letters of both marks are juxtaposed in similar arrangement or manner;
4. both marks sound alike when pronounced due to the similarity of the letters and their respective positions; and
5. both are word marks in plain, uncolored and uncompounded with a unique device or design.

It is stressed that the conclusion (of similarity) created by the 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, adding or changing one of the letters of a registered mark.⁹ 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.¹⁰ The copycat need not copy the entire mark, but it is enough that he takes one feature which the average buyer is likely to remember.¹¹

Considering that the competing marks resemble each other, it is likely for the consumers to commit mistake, or be deceived or confused. Corollary, the law does not require actual confusion, it being sufficient that confusion is likely to occur.¹²

⁸ See also Sec. 147 of the IP Code.

⁹ Reference: *Continental Connector Corp. v. Continental Specialties Corp.*, 207 USPQ.

¹⁰ See *Societedes Produits Nestle, S.A. v. Court of Appeals*, G.R. No. 112012, 04 April 2001.

¹¹ Ref. *Nims, The Law of Unfair Competition and Trademarks*, 4th Ed. Vol.2, pp.678-679

¹² See *Philips Export B. V., et al. v. Court of Appeals, et al.*, G.R. No. 96161, 21 February 1992

Even if we assume that there is no intention on the part of the Respondent-Applicant to imitate or copy the trademark of the Opposer, this does not negate the fact that LORAM's aural and visual resemblance to the Opposer's LORANO trademark generates peril or danger to the buying public in purchasing the correct pharmaceutical product, and on the part of the pharmacists or the small time drugstore sellers, in conveying or dispensing the proper medicine. For instance, unsuspecting or ignorant mothers whose intention are to purchase dietetic substances or food for babies, by mistake and confusion, or even by fault of the pharmacists or sellers, get a hold of "LORAM" which is medicine, particularly for the treatment of tuberculosis. This is very detrimental and noxious to the health, especially the babies and the children who have the propensity to acquire infections and injurious side effects because of their sensitive nature and lack of immunity.

Accordingly, the Respondent-Applicant's application is proscribed by Section 123.1 (d) and, therefore, should not be allowed.

WHEREFORE, premises considered, the instant OPPOSITION is hereby SUSTAINED. Let the filewrapper of Trademark Application No. 4-2008-008963, together with a copy of this Decision, be returned to the Bureau of Trademarks (BOT) for appropriate action.

SO ORDERED.

Makati City, 25 November 2010.

NATHANIEL S. AREVALO
Director, Bureau of Legal Affairs
Intellectual Property Office