

WATSON ENTERPRISES LIMITED	}	IPC NO. 14-2005-00061
Opposer	}	Opposition to:
	}	Appl'n. Ser. No. 4-2003-003714
-versus-	}	Date Filed: April 24, 2003
	}	TM: "WATSON SUPERMART
	}	LOGO OF W INSIDE A
BUDGET CLUB SUPERMART, INC.	}	CIRCLE"
Respondent-Applicant.	}	
x-----x		Decision No. 2006 – 18

DECISION

Before us is an Opposition filed against the application for registration of the mark "WATSON SUPERMART LOGO OF W INSIDE A CIRCLE" used for "grocery, convenience store" under Class 35 of the international classification of goods, bearing Application Serial No. 4-2003-003714 which was published in the Intellectual Property Office Electronic Gazette on February 17, 2005.

Opposer, WATSON ENTERPRISES LIMITED, is a limited liability company organized under the laws of British Virgin Islands, having a principal place of business at Trident Chambers, Road Town, Tortola, British Virgin Islands. Respondent-Applicant, on the other hand, is BUDGET CLUB SUPERMART, INC., existing and incorporated laws of the Philippines with address at No. 227 EDSA, Calocan City.

The grounds for Opposition to the registration of the mark are as follows:

"1. The registration of the Respondent-Applicant's mark is contrary to the provisions of Section 123.1 (d), (e) and (f) of Republic Act No. 8293, as amended;

"2. The Opposer is the owner of the mark WATSONS, which has been applied for registration in the Opposer's name with the Intellectual Property Office ("IPO").

"3. The term WATSON in the Respondent-Applicant's mark is almost identical to Opposer's WATSONS mark. As such, the word WATSON in the Respondent-Applicant's mark so nearly resembles the Opposer's WATSON mark as to be likely to deceive or cause confusion. Hence, the registration of the Respondent-Applicant's mark will be contrary to the provisions of Section 123.1 (d) of Republic Act No. 8293.

"4. The Opposer's WATSONS mark is well-known and famous mark. Hence, the registration of the Respondent-Applicant's mark will constitute a violation of Sections 123.1 (e) and 123.1 (f) of Republic Act 8293.

"5. The use by the Respondent-Applicant of its mark in association with services that are similar, identical, or closely related to services that originate from, or are under the sponsorship of Opposer or even with respect to goods or services which are not similar to those with respect to which registration of the Respondent-Applicant's mark is applied for will mislead the public into believing that such goods or services under the Respondent-Applicant's mark are produced by, originate from, or are under the sponsorship of the opposer.

"6. The word WATSONS forms part of the trade name of the Opposer. As such, it is also entitled to protection under Section 165.2 (a) of Republic Act No. 8293;

"7. The denial of the application, which is the subject of this Opposition, is authorized under the other provisions of Republic Act 8293.

The Opposer relied on the following facts to support its contentions on this Opposition:

"1. The Opposer is the owner of the WATSONS mark, which has been applied for registration in its name with the Intellectual Property Office.

"2. The WATSONS mark has been registered and applied for registration in several countries worldwide, including the Philippines.

"3. The Opposer has been commercially using the WATSONS mark prior to the filing date of the opposed application.

"3.1 The Opposer's use of the well-known WATSONS mark in commerce, in connection with various goods and services, began at least as early as 1828 in Guangzhou, China and has been continuous and uninterrupted ever since the.

"3.2 In the Philippines, the mark was first used on goods and services as early as 2002.

"3.3 The Opposer has operated retail establishments in Hong Kong, China, Taiwan, Macau, Malaysia, Philippines, Korea, Singapore, Turkey and offered goods and services using the WATSONS mark for a period of 177 years.

"4. By reason of spelling, pronunciation and appearance, the word WATSON forming part of the Respondent-Applicant's mark is confusingly similar to the Opposer's WATSONS mark.

"5. The Opposer has not abandoned its WATSONS mark and continues to use it in trade and commerce in the Philippines and in other countries.

"6. By virtue of the prior and continuous use by the Opposer of the WATSONS mark throughout the world, the WATSONS mark has become popular and internationally well-known and has established for the Opposer valuable goodwill with the public which has identified the Opposer as the source of goods and services bearing the said mark.

"7. The Opposer has also extensively promoted the WATSONS mark internationally. Over the years, the Opposer has obtained significant exposure of the goods and services with which the WATSONS mark is used, in various media including advertisements, internet promotion and other promotional events.

Immediately, a Notice to Answer the Verified Notice of Opposition dated May 24, 2005 was sent to the herein Respondent-Applicant. However, for failure to file the required Answer to the Certified Notice of Opposition within the reglementary period, Respondent-Applicant was declared in DEFAULT per Order No. 2005-607 dated August 17, 2005. Pursuant to the Order of Default, Opposer initially presented its evidence *ex-parte* consisting of Exhibits "A" inclusive of submarkings.

Due to the amendment of the Regulations in Inter Partes Proceedings to Summary Procedure, Opposer was directed to submit all its evidence in accordance with Section 7 and subsection 7.1 of Office Order No. 79 under Order No. 2005-882 dated October 13, 2005. On January 2, 2006 Opposer submitted its Compliance attaching therewith as its evidence Exhibits "A" to "C" consisting of the affidavits of Andre P.G. Betita and Ian Francis Wade as well as the Notice of Opposition. On January 11, 2006, this Office issued Order No. 2006-57 which noted and made of record the Compliance submitted by Opposer and directed Opposer to submit its Memorandum within fifteen (15) days from receipt of the Order. After several extension, Opposer filed its Memorandum, on February 27, 2006. Hence, this Decision.

The main issue to be resolved in this case is: Whether or not Respondent-Applicant's mark WATSON SUPERMART LOGO OF W INSIDE A CIRCLE is confusingly similar to Opposer's WATSONS mark.

It should be noted that the trademark application subject of the opposition was filed on April 24, 2003, thus, the applicable law in this case is Republic Act No. 8293, as amended, particularly Section 123.1 (d) (e) and (f) of which provides:

"Section 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 as to be likely to deceive or cause confusion;

"(e) Is identical with or confusingly similar to, or constitutes a translation of a mark which is considered by the competent authority of the Philippines to be well known internationally and in the Philippines, whether or not it is registered here, as being already the mark of a person other than the applicant for registration and used for identical or similar goods or services; Provided, That in determining whether a mark is well-know, account shall be taken of the knowledge of the relevant section of the public, rather than of the public at large, including knowledge in the Philippines which has been obtained as a result of the promotion of the mark;

"(f) Is identical with, or confusingly similar to, or constitutes a translation of a mark considered well-known in accordance with the preceding paragraph, which is registered in the Philippines with respect to goods or services which are not similar to those with respect to which registration is applied for: Provided further, That the interests of the owner of the registered mark are likely to be damaged by such us."

A cursory examination of all documentary evidence submitted by Opposer show that the contending mark contain the word "WATSON". Furthermore, records would also indicate that Opposer has pending applications for the mark "WATSONS" and "WATSONS PHARMACY SELF CARE & JIAN KANG ZHI IN CHINESE CHARACTERS & DEVICE" for grocery, convenience store under Class 35 of the International Classification of goods, which applications for registrations were filed on September 20, 2001 and May 16, 2002 respectively (Exhibit "A"- Affidavit of Mr. Betita) which filing dates are clearly much earlier that Respondent-Applicant's application for the same mark i.e. on April 24, 2003. The evidence likewise show that the application for registration of Respondent-applicant's mark is also under Class 35.

Moreover, the evidence also show that the mark "WATSONS" have been used by Opposer and its affiliates since 1862, as a trade name of a dispensary located in Hong Kong, and which mark was derived from the surname of Alexander Skirving Watson, the then manager of the dispensary. The mark was also first used in the Philippines in a pharmacy established in Manila in 1884 since then the mark has been used as trade mark and trade name for retail stores and pharmacies. Incidentally, to date Watson's Personal Care Stores (Phils.) Inc., an affiliate of Opposer has 120 Watsons Store in the Philippines (Exhibit "B"- Affidavit of Mr. Wade).

In trademark cases, jurisprudential precedents should be applied only to a case if they are specifically in point. The Supreme Court in a line of cases held: "that in cases involving infringement of trademarks, it has been held that there is infringement when the use of the mark involved would be likely to cause confusion or mistake in the mind of the public or to deceive purchasers as to the origin or source of the commodity; that whether or not a trademark causes confusion and likely to deceive the public is a question of fact which is to be resolved by applying the "test of dominancy" meaning, if the competing trademark contains the main or essential or dominant features of another by reason of which confusion and deception are likely to result, then infringement takes place; and that duplication or imitation is not necessary, a similarity of the dominant features of the trademark would be sufficient.

In latest case of *MCDONALD'S CORPORATION, ET. AL. vs. L.C. BIG MAK BURGER, INC., ET.AL.*, the Supreme Court pronounced, to wit:

"In determining likelihood of confusion, jurisprudence has developed two tests, the dominancy test and the holistic test. The dominancy test focuses on the similarity of the prevalent features of the competing trademarks that might cause confusion. In contrast, the holistic test requires the court to consider the entirety of the marks as applied to the products, including the labels and packaging, in determining confusing similarity. Xxx

This Court, however, has relied on the dominancy test rather than the holistic test. The dominancy test considers the dominant features in the competing marks in determining whether they are confusingly similar. Under the dominancy test, courts give greater weight to the similarity of the appearance of the product arising from the adoption of the dominant features of the registered mark, disregarding minor differences. Courts will consider more the 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*, 60 the Court ruled:

. . . It has been consistently held that the question of infringement of a trademark is to be determined by the test of dominancy. 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 test of dominancy is now explicitly incorporated into law in Section 155.1 of the Intellectual Property Code which defines infringement as the "colorable imitation of a registered mark . . . or a dominant feature thereof."

Opposer's mark "WATSONS" is reproduced and imitated in Respondent-Applicant's mark without the letter "s" at the end, which word is the dominant feature of the mark. Just like Opposer's mark the first letter is also capitalized and the colors of the mark are red, white and

blue although used interchangeably since instead of the background blue with the word "Watsons" in white, Respondent-Applicant used white as background and used the same shade of blue on the word "Watson". Their difference lies in the font used in the word "Watson" and in the fact that Respondent-Applicant's mark has a logo of "w inside a circle" placed above the word Watson. Nonetheless, their difference pale into insignificance in view of the presence of the main or essential or dominant feature of Opposer's mark WATSONS as to be likely, when applied to or used in connection with grocery and convenience store services, and similar or closely related services, to deceive and mislead the purchasing public into believing that Respondent-Applicant's services are under the sponsorship of the Opposer. An unfair competitor need not copy the entire mark to accomplish its fraudulent purposes. It is enough if he takes one feature which the average buyer is likely to remember. Indeed, measured against the dominant-feature standard, applicant's mark must be disallowed. For undeniably, the dominant and essential feature of the article is the trademark itself.

Furthermore, a boundless choice of words, phrases and symbols is available to one who wishes a trademark sufficient unto itself to distinguish his product from those of others. When, however, there is no reasonable explanation for the defendant's choice of such a mark through the field for his selection was so broad, the inference is inevitable that it was chosen deliberately to deceive.

In the case of American Wire & Cable Co. vs. Director of Patents, 31 SCRA 544, the Supreme Court held:

"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 choose a trademark so closely similar to another's trademark if there was no intent to take advantage of the goodwill generated by the other mark."

WHEREFORE, premises considered, the Notice of Opposition filed by Opposer, WATSON ENTERPRISES LIMITED against respondent-applicant BUDGET CLUB SUPERMART, INC. is, as it is hereby SUSTAINED. Consequently, the tradename application for "WATSON SUPERMART LOGO OF W INSIDE A CIRCLE" bearing Serial No. 4-2002-003714 filed on 24 April 2003 by respondent-applicant for grocery, convenience store under Class 35 of the International Classification of goods is, as it is hereby, REJECTED.

Let the filewrapper of instant case be transmitted to the Administrative, Financial and Human Resource Development Services Bureau (AFHRDSB) for appropriate action in accordance with this DECISION with a copy thereof furnished to the Bureau of Trademarks for update and record purposes.

SO ORDERED.

Makati City, 29 March 2006.

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