



OFFICE OF THE DIRECTOR GENERAL

ABBOT LABORATORIES,
Appellant,

Appeal No. 14-2012-0057
IPC No. 14-2011-00365

- versus -

VINCENT S. CHAN,
Appellee.

Opposition To:
Application No. 4-2010-013859
Date Filed: 21 December 2010
Trademark: **Eye Q**

x-----x

DECISION

ABBOT LABORATORIES ("Appellant") appeals Decision No. 2012-144, dated 10 August 2012, of the Director of the Bureau of Legal Affairs ("Director") denying the Appellant's opposition to Trademark Application No. 4-2010-013859 filed by VINCENT S. CHAN ("Appellee").

Records show that on 21 December 2010, the Appellee filed an application for the registration of the mark "Eye Q" for use on "*pencils, crayon, water and poster color, rulers scissors, punchers, staplers, templates, artist brush, chalk, coloring paint, sharpeners, pens, adhesive, fastener, expanding file, paper clips, stamp pad, plastic material for packaging, blades, staple wire, dater, numbering machine*" under Class 16 of the Nice International Classification.¹

Upon publication of the application, the Appellant filed on 13 October 2011 an Opposition, essentially alleging that it is the first user and owner of the mark "EYE Q" and the first registrant thereof in the Philippines. Citing Section 123.1, paragraphs (d) to (g) of Republic Act No. 8293, also known as the Intellectual Property Code of the Philippines ("IP Code"), the Appellant sought the denial of the subject trademark application on the ground that the Appellee's mark "Eye Q" is confusingly similar to its registered mark in many countries of the world, including in the Philippines. The Appellant based its opposition on its prior registrations for "Eye-Q" for goods under Class 05, the earliest having been registered on 20 November 2005.

The Bureau of Legal Affairs issued a Notice to Answer and served a copy of the same upon the Appellee on 09 November 2011. However, the Appellee did not file an Answer, and the case was submitted for decision.

¹ The Nice Classification is a classification of goods and services for the purpose of registering trademarks and service marks, based on the multilateral treaty administered by the World Intellectual Property Organization. The treaty is called the Nice Agreement Concerning the International Classification of Goods and Services for the Purpose of Registration of Marks, and was concluded in 1957.

After the appropriate proceedings, the Director rendered the subject Decision, dismissing the Appellant's Opposition. Resolving the issue of whether the Appellee's respective trademark applications should be rejected upon the grounds cited by the Appellant, the Director noted that there is no doubt that the Appellee's mark "Eye Q" is identical to the Appellant's mark. However, the Director ruled that the goods covered by the two marks are neither the same nor closely related goods, and that there is no confusing similarity between the mark of the Appellant and that of the Appellee. According to the Director, there is no commonality as to composition, purpose, and/or use between the goods under Class 16 for which the Appellee seeks to register his mark, and that of the goods under Class 05 for which the Appellant has registered his mark. Based on the foregoing, the Director held that there is simply no reason to believe that the Appellee's use of the mark Eye Q would indicate a connection between its goods and that of the Appellant.

Dissatisfied, the Appellant filed the subject appeal, seeking the reversal of the Director's Decision and praying that the Appellee's trademark application be rejected. According to the Appellant, the two competing marks are exactly identical and confusingly similar, and the Appellant being the first registrant, it has the exclusive right to use the Eye-Q mark in the goods for which it is registered, in other related goods and classes, and within the zone of natural expansion of the business, to the exclusion of others, especially those marks that are confusingly similar to it. The Appellant also claims that its mark is an internationally well-known mark, and as such is protected not only in the Nice Classification to which it is registered, but also for other related classes and for classes within the zone of natural expansion of the business. As an internationally well-known mark, the Appellant further posited that it can be reasonably assumed that the Appellee is riding on the goodwill of the Appellant's mark, to the detriment and damage of the Appellant.

On 17 October 2012, this Office issued an Order giving the Appellee thirty (30) days from receipt of the same, to submit its Comment on the Appeal filed by the Appellant. Records show that a copy of such Order was received by the Appellant on 31 October 2012. However, the Appellee failed to file his Comment on the Appeal, and in an Order dated 29 January 2013, this Office considered the Appellee to have waived his right to file his Comment. Pursuant to the Uniform Rules on Appeal, as amended, the subject appeal was deemed submitted for decision.

The issue to be resolved in this appeal is whether the Director was correct in denying the opposition on the ground that the competing marks are not confusingly similar.

In this regard, Sec. 123.1 paragraphs (d) to (g) of the IP Code, states 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;

(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-known, account shall be taken of the knowledge of the relevant sector 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, That use of the mark in relation to those goods or services would indicate a connection between those goods or services, and the owner of the registered mark: Provided further, That the interests of the owner of the registered mark are likely to be damaged by such use;

(g) Is likely to mislead the public, particularly as to the nature, quality, characteristics or geographical origin of the goods or services;

There is no dispute that the Appellant had registered in the Philippines the mark "Eye-Q" and its derivatives, prior to the filing of the Appellee's trademark application. Such trademarks were registered for goods under Class 05, namely *ingredients for infant formula* and for *nutritional preparations, namely infant formula for children and ingredients for formulas for infants and children*. But the question to be resolved herein is whether the Appellee's mark being applied for is confusingly similar with the Appellant's registered marks.

The competing marks are illustrated below for comparison:

EYE-Q

Appellant's Mark

Eye Q

Appellee's Mark

The competing marks are obviously identical in all aspects of their visual presentation. However, this Office agrees with the Director that the Appellee's goods are neither identical nor similar, not even closely related, to the Appellant's goods.

In determining the existence of confusing similarity, there are two types of confusion. The first is "confusion of goods" when an otherwise prudent purchaser is induced to purchase one product in the belief that he is purchasing another, in which case defendant's goods are then bought as the plaintiff's and its poor quality reflects badly on the plaintiff's reputation. The other is "confusion of business" wherein the goods of the parties are different but the defendant's product can reasonably (though mistakenly) be assumed to originate from the plaintiff, thus deceiving the public into

believing that there is some connection between the plaintiff and defendant which, in fact, does not exist.²

In cases of confusion of business or origin, the question that usually arises is whether the respective goods or services of the senior user and the junior user are so related as to likely cause confusion of business or origin, and thereby render the trademark or tradenames confusingly similar.³ Goods are closely related when they belong to the same class or have the same descriptive properties or when they possess the same physical attributes or essential characteristics with reference to their form, composition, texture or quality. In determining whether goods are closely related, the purposes they serve and the channels of commerce through which they are sold should also be considered.⁴

Jurisprudence has thus held the following goods to be closely related: shoes and slippers vis-à-vis pants and shirts⁵; soap vis-à-vis hair pomade⁶; perfume, lipstick and nail polish vis-à-vis laundry soap⁷; and haberdashery goods vis-à-vis shoes⁸.

On the other hand, the following goods were held as not closely related: medicines vis-à-vis chemicals⁹; edible oil vis-à-vis soy sauce¹⁰; lard, butter, cooking oil, abrasive detergents, polishing materials and soaps vis-à-vis ham¹¹; handkerchiefs, briefs, belts and wallets vis-à-vis shoes¹²; gasoline and other petroleum products vis-à-vis cigarettes¹³; and paints, chemical products, toner and dyestuff vis-à-vis sandals¹⁴.

Confusion of goods is evident where the litigants are actually in competition; but confusion of business may arise between non-competing interests as well. Non-competing goods may be those which, though they are not in actual competition, are so related to each other that it can reasonably be assumed that they originate from one manufacturer, in which case, confusion of business can arise out of the use of similar marks. They may also be those which, being entirely unrelated, cannot be assumed to have a common source; hence, there is no confusion of business, even

2 *Mighty Corporation vs. E & J Gallo Winery*, G.R. No. 154342, 14 July 2004; *Sterling Products, International, Inc. vs. Farbenfabriken Bayer Aktiengesellschaft*, 27 SCRA 1214, 1227 [1969] citing 2 Callman, *Unfair Competition and Trademarks*, 1945 ed., p. 1006.

3 *Canon Kabushiki Kaisha vs. Court of Appeals*, G.R. No. 120900, 20 July 2000.

4 *Esso Standard Eastern, Inc. vs. Court of Appeals*, G.R. No. L-29971, 31 August 1982; *Canon Kabushiki Kaisha vs. Court of Appeals*, *supra*.

5 *Ang vs. Teodoro*, G.R. No. 48226, 14 December 1942.

6 *Ng Khe vs. Lever Brothers Company*, G. R. No. 46817, 18 April 1941.

7 *Chuaa Che vs. Philippine Patent Office*, G.R. No. L-18337, 30 January 1965.

8 *Sta Ana vs. Malawit*, G.R. No. L-23023, 31 August 1968.

9 *Sterling Products International, Inc. vs. Farbenfabriken Bayer Aktiengesellschaft*, G.R. No. L-19906, 30 April 1969.

10 *Acoje Mining Co., Inc. vs. Director of Patents*, G.R. No. L-28744, 29 April 1971.

11 *Philippine Refining Co., Inc. vs. Ng Sam*, G.R. No. L-26676, 30 July 1982.

12 *Hickok Manufacturing Co., Inc. vs. Court of Appeals*, G.R. No. L-44707, 31 August 1982.

13 *Shell Company of the Philippines vs. Court of Appeals*, G.R. No. L-49145, 21 May 1979, and *Esso Standard Eastern, Inc. vs. Court of Appeals*, *supra*.

14 *Canon Kabushiki Kaisha vs. Court of Appeals*, *supra*.

though similar marks are used.¹⁵ Thus, there is no confusion if the public does not expect the plaintiff to make or sell the same class of goods as those made or sold by the defendant.¹⁶

Applying the foregoing to the present case, this Office notes that the Appellant's marks are used on infant formula. A certificate of trademark registration confers upon the trademark owner the exclusive right to use the same in connection with the goods or services and those that are related thereto specified in the certificate.¹⁷ Hence, the protection given to the Appellant's registered mark "Eye-Q" is limited to the goods and services and those related thereto as specified in the corresponding certificates of registration. The Appellant's certificates of registration only show protection for ingredients in infant formula, which are not in any way related to the Appellee's goods of pencils, crayons, scissors, and various office supplies, among others. The protection given to the Appellant's products bearing the mark "Eye-Q" cannot extend to the entirely different goods of the Appellee's products.

This Office is of the Opinion that the resemblance between the competing marks cannot cause confusion or deception to the purchasing public. This is because the parties use their respective marks on different and unrelated goods, and thus, confusion, mistake or deception is unlikely.

Moreover, a very important circumstance to consider is whether there exists a likelihood that an appreciable number of ordinarily prudent purchasers will be misled, or simply confused, as to the source of the goods in question.¹⁸ The "purchaser" is not the "completely unwary consumer" but is the "ordinarily intelligent buyer" considering the type of product involved.¹⁹ He is "accustomed to buy", and therefore to some extent familiar with, the goods in question. The test of fraudulent simulation is to be found in the likelihood of the deception of some persons in some measure acquainted with an established design and desirous of purchasing the commodity with which that design has been associated. The test is not found in the deception, or the possibility of deception, of the person who knows nothing about the design which has been counterfeited, and who must be indifferent between that and the other. The simulation, in order to be objectionable, must be such as appears likely to mislead the ordinary intelligent buyer who has a need to supply and is familiar with the article that he seeks to purchase.²⁰ As succinctly pointed out by the Director:

Obviously, there is no commonality between the two classes of goods in terms of composition, purpose and/or use. A consumer would find them on different and separate outlets, locations, or stores.

15 *Mighty Corporation vs. E & J Gallo Winery, supra, citing, Esso Standard Eastern, Inc. vs. Court of Appeals*, G.R. No. L-29971, 31 August 1982.

16 *Mighty Corporation vs. E & J Gallo Winery, supra, citing I CALLMAN 1121 cited in Philippine Refining Co., Inc. vs. Ng Sam*, G.R. No. L-26676, 30 July 1982.

17 See Sec. 138 of the IP Code.

18 *Mighty Corporation vs. E & J Gallo Winery, supra, citing Mushroom Makers, Inc. vs. R.G. Barry Corp.*, 580 F. 2d 44, 47 (2d Cir. 1978), cert. denied, 439 U.S. 1116, 99 s. Ct. 1022, 59 L. Ed. 2d 75 [1979].

19 *Mighty Corporation vs. E & J Gallo Winery, supra, citing Emerald Garment Manufacturing Corporation vs. Court of Appeals*, 251 SCRA 600 [1995].

20 *Mighty Corporation vs. E & J Gallo Winery, supra, citing Dy Buncio vs. Tan Tiao Bok*, 42 Phil. 190 [1921].

Hence, it is inconceivable for a consumer looking to procure or buy the Opposer's [herein Appellant's] products, to be deceived or to commit a mistake by purchasing the Respondent-Applicant's [herein Appellee's] products instead, and *vice-versa*. Corollarily, it is unlikely that the consumer who purposely looked for and/or bought the Respondent-Applicant's product will think or be reminded of the Opposer's mark.

There is simply no reason to believe that the Respondent-Applicant's use of the mark Eye-Q would indicate a connection between its goods and the Opposer's. There is no evidence or indication that the Opposer has ventured or intends to venture into the business of producing goods under Class 16. Its trademark registrations in the Philippines all covers goods under Class 5. The possibility of the Opposer incurring damage in this instance, therefore, is very remote.

This Office finds untenable the Appellant's contention that the principle of normal expansion of business applies. Aside from the fact of the great disparity between the parties' respective businesses, goods and services, the Appellant has not explained as to why dealing with office supplies can be considered a normal expansion of its infant formula business. In addition, the ordinary purchaser must be thought of, as having, and credited with, at least a modicum of intelligence.²¹

With the finding that the competing marks are not confusingly similar, there is no likelihood of misleading the public as to the nature, quality, or characteristics of the goods of the Appellee under Section 123.1 (g) of the IP Code. There is also no need to dwell on the Appellant's argument that its mark is a well-known mark. Under Section 123.1 (e) and (f) of the IP Code, the protection given to well-known marks applies only when the marks are confusingly similar, used on identical or similar goods or services, or if not similar, would indicate a connection between the parties and the goods or services, and where the owner of the well-known mark will be damaged. The evidence of the Appellant failed to establish that the Appellee's mark "Eye Q" is confusingly similar to its "Eye-Q" marks. Neither was there any proof of connection or damage to the Appellant's marks arising from the Appellee's use of "Eye Q".

WHEREFORE, premises considered, the appeal is hereby **DISMISSED**. Let a copy of this Decision and the records of this case be furnished and returned to the Director of Bureau of Legal Affairs for appropriate action. Further, let also the Director of the Bureau of Trademarks and the library of the Documentation, Information and Technology Transfer Bureau be furnished a copy of this Decision for information, guidance, and records purposes.

SO ORDERED.

SEP 02 2013 Taguig City.


RICARDO R. BLANCAFLOR
Director General

²¹ *Fruit of the Loom, Inc. v. Court of Appeals and General Garments Corporation*, G.R. No. L-32747, 29 Nov. 1984.