



SAVIENT PHARMACEUTICAL, INC.,
Opposer,

-versus-

AJANTA PHARMA PHILIPPINES, INC.,
Respondent –Applicant.

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IPC No. 14-2011-00276
Opposition to:
Appln. Serial No. 4-2011-000191
Date filed: 06 January 2011
TM: "KRYSTA"

NOTICE OF DECISION

BUCOY POBLADOR & ASSOCIATES

Counsel for the Opposer
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AJANTA PHARMA PHILIPPINES, INC.

c/o **WILHEMINA M. ISIDRO**
For Respondent-Applicant
Unit 710, Axa Life Center, 1286 Sen. Gil Puyat Avenue
cor. Tindalo St., Brgy. San. Antonio
Makati City

GREETINGS:

Please be informed that Decision No. 2014 - 41 dated February 12, 2014 (copy enclosed) was promulgated in the above entitled case.

Taguig City, February 12, 2014.

For the Director:

Edwin O. Dating
Atty. EDWIN DANILO A. DATING
Director III
Bureau of Legal Affairs



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Decision No. 2014 - 41

DECISION

SAVIENT PHARMACEUTICALS, INC. ("Opposer")¹ filed an opposition to Trademark Application Serial No. 4-2011-000191. The application, filed by AJANTA PHARMA PHILIPPINES, INC. (Respondent-Applicant)², covers the mark "KRYSTA" for use on "*pharmaceutical drug product, taken orally indicated for the treatment of Chronic Hyperuricemia in condition where urate deposition has already occurred (including a history, or presence of, tophus and/or gouty arthritis)*" under Class 5 of the International Classification of goods.³

The Opposer alleges, among other things, that the registration of the mark KRYSTA in the name of the Respondent-Applicant violates Sec. 123.1 pars. (d), (e) and (g), of Rep. Act No. 8293, also known as the Intellectual Property Code of the Philippines ("IP Code"). According to the Opposer, the mark KRYSTA resembles its trademark "KRYSTEXXA", which has been registered in various jurisdictions worldwide; hence, when applied to or used in connection with the goods covered by the opposed application will likely cause confusion, mistake and deception on the part of the public. The Opposer claims that KRYSTEXXA was first used, applied for, and registered in the United States of America, in Class 05 under Reg. No. 3920201. The Respondent-Applicant's trademark application, the Opposer points out, seeks to cover goods that relate to a type of ailment similarly addressed by the goods covered by KRYSTEXXA.

In support of its opposition, the Opposer submitted the Affidavit of John C. Petrolino, copies of trademark registrations in various countries, Philippine Trademark Application No. 4-2011-011644 filed on 28 September 2011 for the mark KRYSTEXXA for goods under Class 5, and U.S. Trademark Reg. No. 3,920,201 for the mark KRYSTEXXA in Class 5 issued on 15 February 2011.⁴

This Bureau issued a Notice to Answer and served a copy thereof upon the Respondent-Applicant on 11 November 2011. The Respondent-Applicant, however, did not file an Answer.

¹ A Delaware Corporation with principal place of business at One Tower Center Boulevard, 14th Floor, East Brunswick, New Jersey, United States of America

² A Philippine Corporation with address at Unit 710, Axa Life Center, 1286 Sen. Gil Puyat Avenue, corner Tindalo Street, Barangay San Antonio, Makati City, 1203

³ The Nice Classification is a classification of goods and services for the purpose of registering trademark and services 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 the Registration of marks cancelled in 1957.

⁴ Marked as Exhibits "A" to "C", inclusive.

Should the Respondent-Applicant's Trademark Application be allowed?

It is emphasized that the essence of trademark registration is to give protection to the owners of the trademarks. The function of a trademark is to point out distinctly the origin or ownership of the goods to which it is applied; 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 to 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 product⁵. This purpose will not be served by the co-existence in the market of the competing marks, shown below:

KRYSTEXXA

Opposer's mark

KRYSTA

Respondent-Applicant's mark

Jurisprudence says that a practical approach to the problem of similarity or dissimilarity is to go into the whole of the two trademarks pictured in their manner of display. Inspection should be undertaken from the viewpoint of the prospective buyer. The trademark complained should be compared and contrasted with the purchaser's memory of the trademark said to be infringed. Some factors such as sound; appearance; form, style, shape, size or format; color, idea connoted by the mark; the meaning, spelling and pronunciation of the words used; and the setting in which the words appear may be considered for indeed, trademark infringement is a form of unfair competition.⁶

The only difference between the competing marks is the presence of the letters "EXX" between "KRYST" and "A" in the Opposer's mark. This distinction, however, is of no consequence because of the resemblance in the over-all appearance and sound of the marks. There is strong possibility or probability that one can be confused with one another or one could be presumed to be just a variation of the other. Even if "EXX" is absent in the Respondent-Applicant's mark, it is likely for the consumers to identify or associate it with the Opposer's because the letters/syllable "KRYST" alone possesses distinctive properties, such that one sees or encounters a mark that starts with "KRYST" and used on the same goods bearing the mark KRYSTEXXA, it is likely that the consumers will assume that there is a connection between the two marks and/or with or between the parties themselves. Aply, confusion cannot be avoided by merely adding, removing or changing some 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 one supposing it to be the other⁷.

Sec. 123.1 (d) of the IP Code provides that a mark cannot be registered if it is identical with a registered mark belonging to a different proprietor or a mark with an earlier filing or priority date, in respect of the same goods or services or closely related goods or services or if it nearly resembles

⁵ *Pribhdas J. Mirpuri v. Court of Appeals*, G.R. No. 115508, 19 Nov. 1999.

⁶ *Clark V. Manila Candy Co.*, 36 Phil. 100, 106; *Co Tiong Sa vs. Director of Patents* 95 Phil.1, 4

⁷ *Societe Des Produits Nestle, S.A. v. Court of Appeals*, G.R. No. 11202, 04 April 2001, 356 SCRA 207, 217

such mark as to be likely to deceive or cause confusion. In this regard, the Respondent-Applicant's filing of the trademark application on 06 January 2011 preceded the Opposer's filing of an application for the trademark KRYSTEXXA (28 September 2011). Hence, Sec. 123.1 (d) of the IP Code is not applicable.

Neither can this Bureau rule in favor of the Opposer pursuant to Sec. 123.1(e) of the IP Code which states that a mark cannot be registered if it:

(e) Is identical with, or confusingly similar to, or constitutes a translation of a mark with 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 public at large, including knowledge in the Philippines which has been obtained as a result of the promotion of the mark;*"

Rule 102 of the Trademark Regulations state that in determining whether a mark is well-known, the following criteria or any combination thereof may be taken into account:

1. 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 advertising or publicity and the presentation, at fairs or exhibitions, of the goods and/or services to which the mark applies;
2. the market share, in the Philippines and in other countries, of the goods and/or services to which the mark applies;
3. the degree of the inherent or acquired distinction of the mark;
4. the quality-image or reputation acquired by the mark;
5. the extent to which the mark has been registered in the world;
6. the exclusivity of registration attained by the mark in the world;
7. the extent to which the mark has been used in the world;
8. the exclusivity of use attained by the mark in the world;
9. the commercial value attributed to the mark in the world;
10. the record of successful protection of the rights in the mark;
11. the outcome of litigations dealing with the issue of whether the mark is a well-known mark; and
12. the presence of 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."

In this regard, the Opposer only submitted evidence to prove the extent to which the mark KRYSTEXXA has been registered in the world.

Be that as it may, the controversy boils down to the issue of ownership.

It is stressed that the Philippines implemented the TRIPS Agreement when the IP Code took into force and effect on 01 January 1998. Art. 15 of the TRIPS Agreement reads:

Protectable subject Matter

1. Any sign, or any combination of signs, capable of distinguishing the goods or services of one undertaking from those of other undertakings, shall be capable of constituting a trademark. Such signs, in particular words, including personal names, letters, numerals, figurative elements and combinations of colours as well as any combination of such signs, shall be eligible for registration as trademarks. Where signs are not inherently capable of distinguishing the relevant goods or services, members may make registrability depend on distinctiveness acquired through use. Members may require, as a condition of registration, that signs be visually perceptible.
2. Paragraph 1 shall not be understood to prevent a Member from denying registration of a trademark on other grounds, provided that they do not derogate from the provision of the Paris Convention (1967).
3. Members may make registrability depend on use. However, actual use of a trademark shall not be a condition for filing an application for registration. An application shall not be refused solely on the ground that intended use has not taken place before the expiry of a period of three years from the date of application.
4. The nature of the goods or services to which a trademark is to be applied shall in no case form an obstacle to registration of the trademark.
5. Members shall publish each trademark either before it is registered or promptly after it is registered and shall afford a reasonable opportunity for petitions to cancel the registration. In addition, Members may afford an opportunity for the registration of a trademark to be opposed.

Article 16 (1) of the TRIPS Agreement states:

1. The owner of a registered trademark shall have the exclusive right to prevent all third parties not having the owner's consent from using in the course of trade identical or similar signs 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 case of the use of an identical sign for identical goods or services, a likelihood of confusion shall be presumed. The rights described above shall not prejudice any existing prior rights, not shall they affect the possibility of Members making rights available on the basis of use.

Significantly, Sec. 121.1 of the IP Code adopted the definition of the mark under the old Law on Trademarks (Rep. Act No. 166), to wit:

121.1. "Mark" means any visible sign capable of distinguishing the goods (trademark) or services (service mark) of an enterprise and shall include a stamped or marked container of goods; (Sec. 38, R.A. No. 166a)

Sec. 122 of the IP Code states:

Sec.122. How Marks are Acquired. – The rights in a mark shall be acquired through registration made validly in accordance with the provisions of this law. (Sec. 2-A, R.A. No. 166a)

There is nothing in Sec. 122 which says that registration confers ownership of the mark. What the provision speaks of is that the rights in a mark shall be acquired through registration, which must be made validly in accordance with the provisions of the law.

Corollarily, Sec. 138 of the IP Code provides:

Sec. 138. Certificates of Registration. – A certificate of registration of a mark shall be prima facie evidence of the validity of the registration, the registrant's ownership of the mark, and the registrant's exclusive right to use the same in connection with the goods or services and those that are related thereto specified in the certificate. (Emphasis supplied)

Clearly, it is not the application or the registration that confers ownership of a mark. It is ownership of the mark that confers the right to registration. While the country's legal regime on trademarks shifted to a registration system, it is not the intention of the legislators not to recognize the preservation of existing rights of trademark owners at the time the IP Code took into effect.⁸ The registration system is not to be used in committing or perpetrating an unjust and unfair claim. A trademark is an industrial property and the owner thereof has property rights over it. The privilege of being issued a registration for its exclusive use, therefore, should be based on the concept of ownership. The IP Code implements the TRIPS Agreement and therefore, the idea of "registered owner" does not mean that ownership is established by mere registration but that registration establishes merely a presumptive right of ownership. That presumption of ownership yields to superior evidence of actual and real ownership of the trademark and to the TRIPS Agreement requirement that no existing prior rights shall be prejudiced. In *Berris v. Norvy Abyadang*⁹, the Supreme Court held:

The ownership of a trademark is acquired by its registration and its actual use by the manufacturer or distributor of the goods made available to the purchasing public. Section 122 of R.A. No. 8293 provides that the rights in a mark shall be acquired by means of its valid registration with the IPO. A certificate of registration of a mark, once issued, constitutes *prima facie* evidence of the validity of the registration, of the registrant's ownership of the mark, and of the registrant's exclusive right to use the same in connection with the goods or services and those that are related thereto specified in the certificate. R.A. No. 8293, however, requires the applicant for registration or the registrant to file a declaration of actual use (DAU) of the mark, with evidence to that effect, within three (3) years from the filing of the application for registration; otherwise, the application shall be refused or the mark shall be removed from the register. In other words, the *prima facie* presumption brought about by the registration of a mark may be challenged and overcome, in an appropriate action, by proof of the nullity of the registration or of non-use of the mark, except when excused.^{20[23]} Moreover, the presumption may likewise be defeated by evidence of prior use by another person, *i.e.*, it will controvert a claim of legal appropriation or of ownership based on registration by a subsequent user. This is because a trademark is a creation of use and belongs to one who first used it in trade or commerce.

The real issue therefore is whether the Respondent-Applicant is the owner of the mark that is sought to be registered. If it does, then it is entitled to register the mark and obtain exclusive right thereto. In this case, the Opposer has submitted evidence that it has been using the mark KYSTEXXA in various jurisdictions long before the filing of the

⁸ See Section 236 of the IP Code.

⁹ G.R. No. 183404, 13 Oct. 2010.

Respondent-Applicant's trademark application. While KRYSTA is not exactly identical to KRYSTEXXA, the latter is a unique and highly distinctive mark, especially for the goods to which it is attached. The field from which a person may select a trademark is practically unlimited. As in all cases of colourable imitation, the unanswered riddle is why, of the millions of terms and combination of letters and designs available, the Respondent-Applicant had come up with a mark identical or so clearly similar to another's mark if there was no intent to take advantage of the goodwill generated by the other mark¹¹.


Furthermore, the presumed "connection" between the two marks and/or the parties will likely mislead the public, particularly as to the quality of the goods bearing KRYSTA and which could be attributed to the Opposer. Sec. 123.1 (g) of the IP Code does not allow the registration of mark that would likely mislead the public as to the quality of the goods, among other things.

It must be emphasized that the intellectual property system was established to recognize creativity and give incentives to innovations. Similarly, the trademark registration system seeks to reward entrepreneurs and individuals who through their own innovations were able to distinguish their goods or services by a visible sign that distinctly points out the origin and ownership of such goods or services.

WHEREFORE, premises considered, the opposition is hereby **SUSTAINED**. Let the filewrapper of Trademark Application Serial No. 4-2011-000191, together with a copy of this Decision be returned to the Bureau of Trademark for information and appropriate action.

SO ORDERED.

Taguig City, 12 February 2014.


ATTY. NATHANIEL S. AREVALO
Director IV, Bureau of Legal Affairs

¹¹ *American Wire and Cable Co. v. Director of Patents et. al.*, (SCRA 544), G.R. No. L-26557, 18 Feb. 1970.