



THE GENERICS PHARMACY INC.
and THE GENERICS PHARMACY
FRANCHISING CORPORATION,
Complainants,

}
}
}
}
}
}
}
}
}

IPV Case No. 10-2010-00004

For: Infringement and Unfair
Competition

-versus-

JAYSON SY YANG, Proprietor
of JAYSON GENERICS FARMACIA,
Respondent.

X-----X

NOTICE OF DECISION

VILLARAZA CRUZ MARCELO & ANGANGCO
Counsel for the Complainants
11th Avenue corner 39th Street
Bonifacio Triangle, Bonifacio Global City
Taguig City

ATTY. JOSE VOLTAIRE A. BAUTISTA
Counsel for Respondent.
LAQ International Placement Compound
548 B. Viscarra St., Malibay
Pasay City

GREETINGS:

Please be informed that Decision No. 2013 - as dated April 11, 2013 (copy enclosed)
was promulgated in the above entitled case.

Taguig City, April 11, 2013.

For the Director:

ATTY. PAUSI J. SAPAK
Hearing Officer
Bureau of Legal Affairs



THEGENERICS PHARMACY INC.
and THEGENERICS PHARMACY
FRANCHISING CORPORATION,
Complainants,

-versus-

JAYSON SY YANG, Proprietor
of JAYSON GENERICS FARMACIA,
Respondent.

IPV NO. 10-2010-00004

For: Infringement and Unfair Competition

Decision No. 2013- 05

DECISION

THEGENERICS PHARMACY INC. and THEGENERICS PHARMACY FRANCHISING CORP. ("Complainants")¹, filed a complaint against JASON SY YANG ("Respondent")² for Infringement and Unfair Competition.

The complaint alleges the following:

"2.1 Complainant TGPI is the owner of the following marks registered with the Intellectual Property Office ("IPO"):

- a. Mark : THE GENERICS PHARMACY
- Registration No. : 4-2007-002353
- Date Registered : 08 October 2007
- Class : 35
- Goods : retail store of drugs and other consumer goods

Representation of Mark :



- b. Mark : THE GENERICS PHARMACY & LOGO
- Registration No. : 4-2007-005675
- Date Registered : 08 December 2008
- Class : 05

¹ Domestic corporations with principal address at 459 Quezon Avenue corner Banawe, Quezon City.
² A Filipino, with address at 155-B J.P. Rizal Street, Makati City.

Goods : medicines, medical and pharmaceutical preparations, tablets, capsules, vitamins, syrups, suspensions, drops, antibiotics, analgesics, antipyretics, anti-cough, anti-tb, anti-gout, anti-malarias, anti-diarrhea, anti-spasmodic, steroids, anti-asthma, trichomonazides, sanitary preparations, disinfectants and other similar goods.

Representation of Mark :



Certified true copies of the Certificates of Registration issued by the IPO for the above marks are hereto attached as Exhibits "C" and "D", respectively.

"2.2 Complainants or their predecessor-in-interest, Pacific Insular Co., Inc. has been in the business of providing medicines for Filipinos for six (6) decades.

"2.2.1. The original company, Pacific Insular Co., Inc. ("Pacific Insular"), was established in 1949. In 1959, when a group of Filipino entrepreneurs took over, Pacific Insular began importing and wholesaling pharmaceutical products.

"2.2.2. In 1989, with the increasing prices of medical and pharmaceutical products, and in the wake of the passage of Republic Act No. 6675 entitled "AN ACT TO PROMOTE, REQUIRE AND ENSURE THE PRODUCTION OF AN ADEQUATE SUPPLY, DISTRIBUTION, USE AND ACCEPTANCE OF DRUGS AND MEDICINES IDENTIFIED BY THEIR GENERIC NAMES", Pacific Insular decided to venture into the direct sale of drugs, primarily to government hospitals.

"2.3 In 1999, Pacific Insular became Pacific Pharmaceutical Generics, Inc., which in 2001 started to engage in the retail business of selling drugs and medicines to the public through the promotion of the generic names, instead of the brand names, of drugs and medicines.

"2.4 In February 2007, recognizing the dire need for quality drugs in the provinces, Pacific Pharmaceutical Generics, Inc. decided to expand the retail arm of the business to franchising opportunities. Franchising experts from Francorp, an international franchising consultancy firm, were engaged. Hence, the establishment of Complainant-companies and the conception of the Generics Pharmacy, and the proliferation of The Generics Pharmacy outlets all over the country, which now number approximately seven hundred thirty (730). Such proliferation within a short period of time resulted in tremendous recognition of the tradename The Generics Pharmacy by the general public.

"2.4.1 At the time the name "The Generics Pharmacy" was conceptualized, the pharmaceutical industry was dependent on easily recognizable and

popular brand names of drugs to drive business. There were no drugstores, drug outlets nor pharmacies that were actively promoting the generic names of medicines. The creation of The Generics Pharmacy was thus an innovative concept that not only promoted and popularized the generic name of the drugs being sold in the market; its establishment also contributed significantly in debunking the myth that popular, branded, and expensive drugs are more effective than their unpopularity-branded, less-expensive counterparts.

"2.5 As evidence of the popularity of the Generics Pharmacy's franchising concept, in August 2009, The Generics Pharmacy was awarded by the Philippine Franchise Association and Entrepreneur Magazine as the "Most Promising Filipino Franchise of the Year 2009". Copies of the photograph and article appearing on pages H-1 and H-4 of the 03 August 2009 Features section of The Philippine Star, which featured the Philippine Franchise Association's 10th Franchise Excellence Awards, are attached as Exhibits "E" and "F", respectively. Importantly, this was not the first public recognition of the company's innovative business model:

"2.5.1 Previously, in the 02 December 2007 publication of the Philippine Daily Inquirer, an article written by Margie Quimpo-Espino, entitled "Making drugs at arm's length desire", featured the rapid growth of the Generics Pharmacy franchise. A copy of the said article is hereto attached as Exhibit "G".

"2.5.2 In the October 2008 edition of Entrepreneur Magazine, "THE GENERICS PHARMACY" was featured as a successful business in an article entitled "Good health for all" written by Cindy V. Escobin. The article recognized that "The Generics Pharmacy owes its success to the low price of non-branded medicines it sells and its unique ties with its franchisees". By that time, and just one and a half (1 ½) years since The Generics Pharmacy became available for franchising, the number of the Generics Pharmacy outlets had grown to a little under two hundred (200) nationwide. A copy of the said article is hereto attached as Exhibit "H".

"2.5.3 In the 27 July publication of People's Journal Tonight, an article narrates that Mr. Benjamin Liuson, president of Complainant-companies, was honored by President Gloria Macapagal-Arroyo, for his support in the joint project of the government and the Pharmaceutical and Healthcare Association of the Philippines, Project NARS (Nurse Assigned in Rural Service). A copy of page 15 of the said publication, on which the article and accompanying photograph appear, is hereto attached as Exhibit "I". A similar article appears on the 29 July 2009 publication of Bandera, a copy of page 9 of which is hereto attached as Exhibit "J", and on the 24 July 2009 publication of Pilipino Star Ngayon, a copy of page 11 of which is hereto attached as Exhibit "K".

"2.5.4 In the 18 September 2009 publication of Pilipino Star Ngayon, the Generics Pharmacy was featured as a participant in the 102nd Philippine Medical Association Annual Convention and 13th Medical Association of South East Asian Nations Mid-term Council Meeting. Among others, the feature mentioned that The Generics Pharmacy is currently selling over three hundred (300) kinds of foreign and local generic medicines, holds free medical check ups, and gives a twenty percent (20%) discount to senior citizens. A copy of page 7 of the said publication, on which the article and accompanying photograph appear, is hereto attached as Exhibit "L". A similar feature appeared in the 14 September 2009 publication of People's Journal Tonight, a copy of page 3 of which is hereto attached as Exhibit "M",

as well as the 09 September publication of the Philippine Daily Inquirer, a copy of page B-9 of which is hereto attached as Exhibit "N".

"2.6 Complainants' business has acquired a sturdy and solid reputation for providing quality medicines to the public. In fact, "THE GENERICS PHARMACY" has become a household name and is associated with low-cost medicines that the greater majority of the Philippine population can afford.

"2.6.1 In the 15 March 2008 publication of the Philippine Daily Inquirer, an article boldly declares, "The Generics Pharmacy reaches out to poor people." A copy of the said article is hereto attached as Exhibit "O".

"2.6.2 In the 03 May 2008 publication of Manila Bulletin, an article entitled "Pharmacy to benefit from cheaper medicine bill" narrates that even while the bill for the Cheaper Medicines Act was still pending in Congress, Complainants had been engaged in retail pharmacy operations and selling unpopularly-branded medicines that have the same efficacy as their popularly-branded counterparts, to Filipinos as early as 1989. A copy of the said article is hereto attached as Exhibit "P".

"2.7 To protect their market and further promote their business, Complainants have extensively advertised in media. Complainants regularly avail of advertisement spaces in broadsheets such as the Philippine Daily Inquirer and Manila Bulletin and magazines such as the iFranchise Gazette, to promote their business, as well as invite prospective entrepreneurs to take advantage of franchising opportunities. Samples of their advertisements are hereto attached as Exhibits "Q" to "W".

"2.7.1 In the month of November 2009 alone, Complainants spent Two Million One Hundred Thirty Eight Thousand One Hundred Fourteen and 72/100 Pesos (P2,138,114.72) for commercials in various radio and television programs such as ABSCBN DZMM, GMA DZBB, MBC DZRH, GMA Eat Bulaga, GMA 24-Oras, and GMA Unang Hirit. A copy of the Billing Invoice issued by the advertising firm B&W for the said commercials is attached as Exhibit "X".

"2.8 Sometime in July 2009, Complainants learned that Respondent Yang has been using the mark "JAYSON GENERICS FARMACIA" in relation to his business of selling pharmaceutical products and other consumer goods. Upon an inspection of the "JAYSON GENERICS FARMACIA" outlet located at J.P. Rizal Street, Makati City, Complainants' agents discovered that Respondent Yang is also using a signage with a logo shockingly similar to that of Complainants.

Attached as Annex A to the affidavit executed by Mr. Aries I. Buela, site evaluator of The Generics Pharmacy, Inc. is a photograph taken sometime in August 2009 of the external premises of "JAYSON GENERICS FARMACIA" showing the store signage similar to the registered mark "THE GENERICS PHARMACY & LOGO". Mr. Buela's Affidavit attesting to the authenticity of the photograph is attached as Exhibit "Y".

"2.9 In a letter dated 30 July 2009, Complainants, through undersigned counsel, demanded that Respondent Yang immediately and absolutely cease and desist from using the name "GENERICS" and the mark "THE GENERICS PHARMACY & LOGO", or any other similar mark, in trade, marketing or advertisement. A copy of the said letter dated 30 July 2009, duly received on 03

August 2009 by a certain Ms. Marivic Ladera of JAYSON GENERICS FARMACIA, is attached herewith as Exhibit "Z".

"2.10 In an email dated 04 August 2009 addressed to undersigned counsel, Respondent Yang categorically admitted that the mark "JAYSON GENERICS FARMACIA" used in his outlet violates Complainants' registered marks and stated that he is willing to comply with Complainants' demand by making a few changes to the appearance of the mark "JAYSON GENERICS FARMACIA". A copy of Respondent Yang's e-mail dated 04 August 2009 is attached herewith as Exhibit "AA".

"2.11 In an e-mail dated 18 August 2009, a copy of which is attached as Exhibit "BB", Respondent Yang attached a copy of the proposed new lay-out of his mark "JAYSON GENERICS FARMACIA". However, it did not deviate significantly from the original appearance of the same. For easier reference, the original mark "JAYSON GENERICS FARMACIA" and the proposed new mark are reproduced hereunder:



"2.12 On 13 October 2009, Complainants' counsel received a letter dated 04 September 2009 from Mr. Neal J. Chua of Chua Legal Services, counsel of Respondent Yang. In the said letter, Mr. Chua alleged that as the registered owner of the business name "JAYSON GENERICS FARMACIA", Respondent Yang has the absolute right to use the same in his business. It was also alleged that there is no confusing similarity between Respondent Yang's business name and the mark "THE GENERICS PHARMACY". A copy of Mr. Chua's letter dated 04 September 2009 is attached herewith as Exhibit "CC".

"2.13 To date, Respondent Yang continues to use the infringing mark in his retail outlet. He merely altered the color scheme of his infringing store signage.

"2.13.1 Attached as Annex B to Exhibit "Y" is another photograph taken sometime in the last week of November 2009 by Mr. Aries I. Bueta of the external premises of "JAYSON GENERICS FARMACIA" showing the store signage still similar to the registered mark "THE GENERICS PHARMACY & LOGO".

The Respondent filed his Answer on March 24, 2010, averring the following:

"1. Respondent denies the allegations stated under paragraphs 1.1 and 1.2 of the complaint for lack of knowledge or information sufficient to form a belief as to the truthfulness thereof.

"2. Respondent admits the allegation stated under paragraph 1.3 of the complaint.

"3. Respondent denies the allegations under paragraphs 2.1 up to 2.7, inclusive of their sub-paragraphs, for lack of knowledge or information sufficient to form a belief as to the truthfulness thereof.

"4. Respondent admits paragraph 2.8 of the complaint but only to the extent that respondent has been using the mark "JAYSON GENERICS FARMACIA" in relation to his business of selling pharmaceutical products and other consumer goods. The allegation that respondent is using a signage with a logo shockingly similar to that of complainants is specifically denied for reasons stated under paragraphs 11 to 11.7 hereinbelow. The rest of the allegations under this paragraph is denied for lack of knowledge or information sufficient to form a belief as to the truthfulness thereof.

"5. Paragraph 2.8.1 of the complaint is denied for lack of knowledge or information sufficient to form a belief as to the truthfulness thereof.

"6. Respondent admits paragraph 2.9 of the complaint.

"7. Respondent admits paragraphs 2.10 of the complaint but only as to the existence of the e-mail of 04 August 2009 and the making of few changes to the appearance of the mark "JAYSON GENERICS FARMACIA". However, respondent denies that he made a categorical admission that he violated/infringed complainant's mark. The phrase in the e-mail, "no longer violates", refers not only to respondent's proposed new mark but likewise to respondent's original mark, because the new mark, to borrow complainant's statement, did not deviate significantly from the original appearance of the same. In other words, respondent is simply being consistent with his entrenched position that there is no violation of the law on his part, as it is his firm belief from the start that his mark did not infringe complainant's mark and that there is no confusing similarity between the two marks. Respondent decided to change the color scheme as a way of buying peace and amicably settle the issue without however admitting any violation on his part. If respondent's intention in the said e-mail was to admit that he violated complainant's mark, then, he should have not merely proposed for a change in the color scheme, but should have altogether revised his whole mark and change it with a completely different mark far different from that of his original mark.

"8. Respondent admits paragraphs 2.11 and 2.12 of the complaint.

"9. Respondent admits paragraph 2.13 of the complaint but only to the extent that, to-date, he still uses complained mark (under a new color scheme) in his outlet, but denies the allegation that said mark and store signage infringe complainants' mark and logo, for reasons stated under paragraphs 11 to 11.7 hereinbelow.

"10. Under paragraph 2.13.1 of the complaint, the allegation on the taking of the photograph of the respondent's outlet by Mr. Buena is denied for lack of knowledge or information sufficient to form a belief as to the truthfulness thereof. The allegation in the same paragraph that the store signage is still similar to the registered mark "The Generics Pharmacy and Logo is specifically denied for reasons stated under paragraphs 11 to 11.7 hereinbelow.

"11. Paragraphs 3.3 up to 3.3.6 are all specifically denied for the following reasons:

"11.1 The marks JAYSON GENERICS FARAMACIA and THE GENERICS PHARMACY & LOGO are not confusingly similar. They are far different, as even a plain reading thereof would readily reveal that the only similarity is on the word GENERICS, which, as we shall elucidate anon, is a common word incapable of being appropriated or owned by anyone, being part of the public domain.

"11.2. The colors of the dominant word "GENERICS" in the two subject marks are different, that of complainants' is RED, while that of respondent's is MAROON. These two shades are distinguishable from each other and cannot confuse ordinary consumers. It is of judicial notice that the colors red and maroon are discernable by our naked eyes. This is exemplified by the teams in the basketball collegiate league University Athletic Association of the Philippines (UAAP), where the jerseys of two teams, University of the East (UE) and University of the Philippines, are colored RED and MAROON, respectively, and yet, there is no confusion among the players as well as their respective fans on the color scheme of their teams whenever they play against each other. Had there been such confusion, the UAAP would have long ago discarded either the red or maroon color.

Moreover, respondent has, since receiving complainant's counsel's demand letter dated 30 July 2009, ceased from using the former color scheme of maroon and black, and changed the same to orange and blue, as explained under paragraph 7 of this Answer.

"11.3 While the word "JAYSON" in respondent's mark is printed in smaller font, it is farfetched to be confused with the word "THE" appearing in complainants' mark. The two words are too different from each other to be confused; even the word "JAYSON" is not too small to be mistaken as the word "THE".

"11.4. The alleged "mortar and pestle" similarity is likewise misplaced. Complainants' logo is actually a depiction of the acronym TGP, short for the Generics Pharmacy, and is merely a loose outline drawing of a mortar and pestle. The red letter "G" which complainants' claim is a depiction of a mortar, may even be confused for a paperclip. On the other hand, respondent's mortar and pestle logo is a true depiction of such objects, without any representation of any acronym, and cannot be mistaken for any other object. The color of the mortar is also different (maroon, now blue, as against complainants' red), and very unlike complainants' logo, there is an inscription of the sign "Rx" on the side of the pestle.

"11.5 The taglines on respondent's mark, "Mabisang Gamot sa Murang Halaga", is not a clear imitation of complainants' MABISA NA. MATIPID PA. First, the latter statement is the subject of a disclaimer by complainants in the Certificate of Registration of The Generics Pharmacy & Logo issued by the Bureau of Trademarks (p.2 of Exh. "D" of the complaint). Accordingly, anyone, aside from complainants, may use the said phrase in business. Second, the stark difference between the two phrases speaks for themselves, as the only word they are similar is "mabisa".

"11.6 Complainants further claim that respondent's use of the word "GENERICS" in his mark is unauthorized, considering that the said word

"GENERIC" is the dominant feature of complainants' mark, allegedly causing confusion between respondent's and complainants businesses. It bears stress, however, that the word GENERICS is a common and descriptive word. GENERIC (plural: GENERICS), is defined as a drug sold without a brand name or trademark (The American Heritage Stedman's Medical Dictionary, 2002). As a common and descriptive word, it is incapable of being exclusively owned or appropriated by any individual or entity, being part of the public domain. Thus, in *Asia brewery, Inc. vs. Court of Appeals, et al.* (G.R. No. 103543), July 5, 1993), the Supreme Court held:

*The words "pale pilsen" may not be appropriated by SMC for its exclusive use even if they are part of its registered trademark: SAN MIGUEL PALE PILSEN, any more than such descriptive words as "evaporated milk," "tomato ketchup," "cheddar cheese," "corn flakes" and "cooking oil" may be appropriated by any single manufacturer of these food products, for no other reason than that he was the first to use them in his registered trademark. In *Masso Hermanos, S.A. vs. Director of Patents*, 94 Phil. 136, 139 [1953], it was held that a dealer in shoes cannot register "Leather Shoes" as his trademark because that would be merely descriptive and it would be unjust to deprive other dealers in leather shoes of the right to use the same words with reference to their merchandise. No one may appropriate generic or descriptive words. They belong to the public domain (*Ong Ai Gui vs. Director of Patents*, 96 Phil. 673, 676 [1955]):*

A word or a combination of words which is merely descriptive of an article of trade, or of its composition, characteristics, or qualities, cannot be appropriated and protected as a trademark to the exclusion of its use by others inasmuch as all persons have an equal right to produce and vend similar articles, they also have the right to describe them properly and to use any appropriate language or words for that purpose, and no person can appropriate to himself exclusively any word or expression, properly descriptive of the article, its qualities, ingredients or characteristics, and thus limit other persons in the use of language appropriate to the description of their manufacturers, the right to the use of such language being common to all. This rule excluding descriptive terms has also been held to apply to trade-names. As to whether words employed fall within this prohibition, it is said that the true test is not whether they are exhaustively descriptive of the article designated, but whether in themselves, and as they are commonly used by those who understand their meaning, they are reasonably indicative and descriptive of the thing intended. If they are thus descriptive, and not arbitrary, they cannot be appropriated from general use and become the exclusive property of anyone. [52 Am. Jur. 542-543].

Accordingly, not only complainants, but respondent and any other individuals are authorized to use the word GENERICS in their business name, and cannot be held liable for infringement and unfair competition by the use thereof.

"11.7. In view of the foregoing, there can be no confusing or stark similarity between the subject marks of respondent and complainants in this case. A mere glance at the two subject marks (pls. see page 8 of the complaint) would readily reveal that they are not confusingly similar. Because the said marks are different from each other, respondent's mark did not infringe that of complainants'. Hence, respondent cannot be properly held liable for infringement and unfair competition.

"12. Paragraphs 3.4.1 and 3.4.2 of the complaint are specifically denied for reasons stated under paragraphs 11 to 11.7 hereinabove.

"13. Paragraph 3.6 of the complaint is admitted but only to the extent that the mark "JAYSON GENERICS FARMACIA" is used for identical or similar goods and/or services of complainants. The rest of the allegations under the same paragraph are specifically denied for reasons stated under paragraphs 11 to 11.7 hereinabove.

"14. Paragraph 3.7 of the complaint is denied for lack of knowledge sufficient to form a belief as to the truthfulness thereof.

"15. Paragraphs 3.8, 3.8.1, and 3.8.2 of the complaint are, except as to the existence of the 04 August 2009 e-mail and change in the color scheme of his store signage, specifically denied, for reasons stated under paragraph 7 of this Answer.

"16. Paragraph 3.9 of the complaint is specifically denied, as respondent has not committed any infringing acts against complainants' mark, for reasons stated under paragraphs 11 to 11.7 of this Answer.

"17. Paragraph 4.4 of the complaint is denied for lack of knowledge or information sufficient to form a belief as to the truthfulness thereof.

"18. Paragraph 4.5 of the complaint is denied for lack of knowledge or information sufficient to form a belief as to the truthfulness thereof. The allegation that respondent's mark is appallingly similar to complainant's is likewise denied for reasons stated under paragraphs 11 to 11.7 of this Answer.

"19. Paragraph 4.6 of the complaint is specifically denied because there is no intention on the part of the respondent to defraud the public and pass off his business as that of complainant's, considering that the subject marks are not confusingly similar for reasons stated under paragraphs 11 to 11.7 of this Answer.

"20. Paragraphs 4.6.1 to 4.6.4 of the complaint are specifically denied for reasons stated under paragraphs 11 to 11.7 of this Answer.

"21. Paragraphs 4.7 to 4.7.4 of the complaint are specifically denied considering that the product and price list of respondent's business has a distinct and dissimilar letterhead from that of complainants'. The minor similarities are incidental that are not calculated to fraudulently pass off respondent's products as those of complainant's, considering that the dominant features in respective price lists of respondent and complainants, are the tradenames "JAYSON GENERICS FARMACIA" and "THE GENERICS PHARMACY", which, as earlier discussed, are distinct marks. Besides, the price list is not the very reason that a consumer may be misled to believe that a business is that of another's business, as it is the business name and appearance that are the primary reasons that may lead a consumer to believe as such. In this case, there is no such confusing similarity between the business name and appearance of respondent's and complainants'.

"22. Paragraph 4.8 of the complaint is denied for reasons stated under paragraph 21 above. The allegation on the franchise fee is likewise denied for lack of knowledge or information sufficient to form a belief as to the truthfulness thereof.

"23. Paragraphs 4.9, 4.11 and 4.12 of the complaint are specifically denied for reasons stated under paragraphs 11 to 11.7 and 21 of this Answer.

"24. Paragraph 5.3 is denied for lack of knowledge or information sufficient to form a belief as to the truthfulness thereof.

"25. Paragraph 5.4 of the complaint is specifically denied for reasons stated under paragraph 11.6 of this Answer.

"26. Paragraph 6.2 of the complaint is specifically denied for reasons stated under paragraphs 11 to 11.7 and 21 of this Answer.

"27. Paragraph 6.3 of the complaint is denied for lack of knowledge sufficient to form a belief as to the truthfulness thereof.

"28. Paragraph 6.4 of the complaint is denied, as complainants have no cause of action against respondent in view of the reasons hereinbefore discussed.

"29. Paragraph 7.2 of the complaint is specifically denied, for reasons stated under paragraphs 11 to 11.7 and 21 of this Answer. The allegation that complainants painstakingly created its goodwill at their own expense is denied for lack of knowledge or information sufficient to form a belief as to the truthfulness thereof.

"30. Paragraph 7.3 of the complaint is denied, as complainants have no cause of action against respondent in view of the reasons hereinbefore discussed.

"31. Paragraph 8.2 of the complaint is denied as respondent never used the marks THE GENERICS PHARMACY and "THE GENERICS PHARMACY LOGO". Respondent did not likewise persist in infringing activities.

"32. Paragraph 8.3 of the complaint is denied, as the filing of the complaint against respondent is without factual and legal basis because, as discussed hereinabove, respondent has not committed any acts of infringement and unfair competition against complainants.

The Complainants filed their Reply On April 08, 2010. On 13 July 2010, this Bureau issued an Order granting the Complainants' application for the issuance of a temporary restraining order. Subsequently, on 02 November 2010, an Order was issued granting the Complainants' application for preliminary injunction.

Pursuant to Office Order No. 154, s. 2010 (Rules of Procedure for IPO Mediation Proceedings) and Office Order No. 197, s. 2010 (Mechanics for IPO Mediation and Settlement Period), the case was referred to mediation. The mediation, however, was unsuccessful. Accordingly, the preliminary conference was conducted and terminated on 04 May 2009 on 06 January 2011.

The Complainants offered the following evidence:

1. Certificate of Incorporation of THEGENERICS PHARMACY INC.;
2. Certificate of Filing of Amended Articles of Incorporation of THE GENERICS PHARMACY FRANCHISING CORPORATION;

3. Certificate of Registration No. 4-2007-002353 for the Mark "THE GENERICS PHARMACY" issued by the Intellectual Property Office ("IPO") on 08 October 2007;
4. Certificate of Registration No. 4-2007-005675 for the Mark "THE GENERICS PHARMACY & LOGO" issued by the Intellectual Property Office ("IPO") on 08 December 2008;
5. Photograph appearing on page H-1 of the 03 August 2009 Features section of the Philippine Star;
6. Article appearing on page H-4 of the 03 August 2009 Features section of the Philippine Star;
7. Article written by Margie Quimpo-Espino, entitled "Making drugs at arm's length desire" in the 02 December 2007 publication of the Philippine Daily Inquirer;
8. Article entitled "Good health for all" written by Cindy V. Escobin in the 2008 edition of Entrepreneur Magazine;
9. Page 15 of the 27 July 2009 publication of People's Journal Tonight;
10. Page 9 of the 29 July 2009 publication of Bandera;
11. Page 11 of the 24 July 2009 publication of Pilipino Star Ngayon;
12. Page 7 of the 18 September 2009 publication of Pilipino Star Ngayon (The Generics Pharmacy was featured as a participant in the 102nd Philippine Medical Association Annual Convention and 13th Medical Association of South East Asian Nations Midterm Council Meeting);
13. Page 3 of the 14 September 2009 publication of People's Journal Tonight;
14. Page B-9 of the 09 September publication of the Philippine Daily Inquirer;
15. Article entitled "The Generics Pharmacy reaches out to poor people" appearing in the 15 March 2008 publication of the Philippine Daily Inquirer;
16. Article entitled "Pharmacy to benefit from cheaper medicine bill" appearing in the 03 May 2008 publication of Manila Bulletin;
17. Samples of advertisements in broadsheets such as the Philippine Daily Inquirer, the Philippine Star, and Manila Bulletin Samples of advertisements in the July 2008 issue of iFranchise Gazette;
18. Billing Invoice by the advertising firm B&W for commercials in various radio and television programs such as ABSCBN DZMM, GMA DZBB, MBC DZRH, GMA Eat Bulaga, GMA 24-Oras, and GMA Unang Hirit, for the month of November 2009, in the amount of Two Million One Hundred Thirty Eight Thousand One Hundred Fourteen and 72/100 Pesos (P2,138,114.72);
19. Affidavit executed by Mr. Aries Buela, site evaluator of THE GENERICS PHARMACY INC.;
20. Signature of Mr. Aries Buela appearing on page 1 of Exhibit "Y";
21. Photograph of the store signage and premises of "JAYSON GENERICS FARMACIA" taken sometime in August 2009;
22. Photographs of the store signage and frontage of "JAYSON GENERICS FARMACIA" taken on 25 November 2009;
23. Complainants' product and price list;
24. Respondent's product and price list;
25. "THE GENERICS PHARMACY" franchising opportunity flyer;
26. Photographs of the store signage and premises of "JAYSON GENERICS FARMACIA" taken on 06 March 2010;
27. Photographs of the store signage and premises of "THE GENERICS PHARMACY" outlet located on A.P. Reyes St., Makati City on 06 March 2010;
28. Advertisements of "THE GENERICS PHARMACY" that appeared in the Philippine Daily Inquirer on 26 March 2010;

29. Centerfold advertisement of "NEGOSTAR FAIR" that appeared in the Philippine Star on 23 March 2010, paid for by Globe Business, featuring Mr. Benjamin Liuson, the owner of "GENERICS PHARMACY", as a "Globe Negostar";
30. "GENERICS PHARMACY" as printed under the picture of Mr. Benjamin Liuson;
31. Map drawn by the witness, Mr. Benjamin Liuson, during his testimony on 26 March 2010;
32. Affidavit of Mr. Benjamin Liuson, President of Complainants;
33. Signature of Mr. Benjamin Liuson appearing on page 5 of Exhibit "LL-1";
34. Affidavit of Ms. Fatimah Joraida, pharmacist at "THE GENERICS PHARMACY", A.P. Reyes, Makati City branch;
35. Signature of Ms. Fatimah Joraida appearing on page 1 of Exhibit "MM";
35. Affidavit of Mrs. Victoria L. Eran;
36. Signature of Mrs. Victoria L. Eran;
37. Affidavit of Mr. Philip S. Tan, consisting of four (4) pages;
38. Signature of Mr. Philip S. Tan appearing on the last page of the Affidavit;
39. Signature of Mr. Philip S. Tan appearing on the lower left-hand corner of page 1 of the Affidavit;
40. Signature of Mr. Philip S. Tan appearing on the lower left-hand corner of page 2 of the Affidavit;
41. Signature of Mr. Philip S. Tan appearing on the lower left-hand corner of page 3 of the Affidavit;
42. Official Receipt No. 17984 dated 03 December 2010, issued by United Neon Sign Services to CNN Generics Distribution Inc., a corporation owned by the same family that owns Complainants, in the amount of P2,000,000.00 for deposit fee rental, as well as its accompanying voucher;
43. Official Receipt No. 17985 dated 06 December 2010, issued by United Neon Sign Services to CNN Generics Distribution Inc., a corporation owned by the same family that owns Complainants, in the amount of P2,194,411.52 for "tarpaulin material" and "printing of 90 units 'GENERICS PHARMACY' photographic material installed nationwide, as stated in its accompanying voucher;
44. Official Receipt No. 18115 dated 19 January 2011, issued by United Neon Sign Services to CNN Generics Distribution Inc., a corporation owned by the same family that owns Complainants, in the amount of P810,335.64 for "ad-TGP", as stated in its accompanying voucher;
45. Official Receipt No. 0038 dated 19 November 2010, issued by B & W OmniMedia, Inc., to CNN Generics Distribution Inc., a corporation owned by the same family that owns Complainants, in the amount of P1,851,744.75, in relation to radio and television advertisements;
46. Official Receipt No. 30615 dated 14 December 2010, issued by Adformatix, to CNN Generics Distribution Inc., a corporation owned by the same family that owns Complainants, in the amount of P6,060,682.76, in relation to radio and television advertisements;
47. Official Receipt No. 0041 dated 17 December 2010, issued by B&W OmniMedia, Inc., to CNN Generics Distribution Inc., a corporation owned by the same family that owns Complainants, in the amount of P1,826,730.66, in relation to radio and television advertisements;
48. Official Receipt No. 14799 dated 15 December 2010, issued by the Philippine Bible Society to the Generics Pharmacy Franchising Corporation in the amount of P2,674,062.75 in consideration of the printing of bible units with the trademark "THE GENERICS PHARMACY & LOGO" printed at the back thereof;
49. Official Receipt No. 15230 dated 17 January 2011 issued by the Philippine Bible Society to the Generics Pharmacy Franchising Corporation in the amount of P4,975,000.00 in consideration of the printing of bible units with the trademark "THE GENERICS PHARMACY & LOGO" printed at the back thereof;

50. Official Receipt No. 299457 dated 26 January 2011 issued by PhilSTAR Daily, Inc. to CNN Generics Distribution Inc., a corporation owned by the same family that owns Complainants, in the amount of P169,949.34, for "advertising receivables";
51. Official Receipt No. 08109 dated 30 November 2010 issued by INQUIRER PUBLICATIONS, INC. to CNN Generics Distribution Inc., a corporation owned by the same family that owns Complainants, in the amount of P98,175.00, for print advertisements;
52. Official Receipt No. 223235 dated 30 November 2010 issued by MANILA BULLETIN PUBLISHING CORP. to CNN Generics Distribution Inc., a corporation owned by the same family that owns Complainants, in the amount of P154,158.60, for print advertisements;
53. Table containing information on all 1,059 "THE GENERICS PHARMACY" branches nationwide as of 07 February 2011;
54. The figure "1,059" appearing at the bottom of the table, signifying the number of "THE GENERICS PHARMACY" branches nationwide as of 07 February 2011;
55. Standard proposal given to a prospective franchisee desiring to establish a "THE GENERICS PHARMACY" branch along J.P. Rizal Avenue, Makati City on 15 August 2009;
56. Copy of the standard Franchise Agreement executed by single proprietorship franchisees of "THE GENERICS PHARMACY";
57. Official Receipt No. 19148 dated 02 October 2009, issued by Villaraza Cruz Marcelo & Angangco to the Generics Pharmacy Franchising Corp. in the amount of P42,000.00 for professional fees for legal services rendered in relation to the instant case;
58. Official Receipt No. 19196 dated 18 September 2009, issued by Villaraza Cruz Marcelo & Angangco to The Generics Pharmacy Franchising Corp. in the amount of P350,000.00 for professional and acceptance fees for legal services rendered in relation to the instant case;
59. Official Receipt No. 21653 dated 12 July 2010, issued by Villaraza Cruz Marcelo & Angangco to The Generics Pharmacy Franchising Corp. in the amount of P40,249.00 advances spent in relation to the instant case;
60. Official Receipt No. 22130 dated 20 September 2010, issued by Villaraza Cruz Marcelo & Angangco to The Generics Pharmacy Franchising Corp. in the amount P280,000.00 for professional fees for legal services rendered in relation to the instant case;
61. Receipt No. 22840 dated 06 January 2011. issued by Villaraza Cruz Marcelo & Angangco to The Generics Pharmacy Franchising Corp. in the amount of P280,000.00 for professional fees for legal services rendered in relation to the instant case;³

The Respondent on the other hand filed on 07 April 2011 a Manifestation stating that he will no longer present evidence and instead submit the case for decision which this Bureau noted in its Order dated 24 August 2011.

The issue to be resolved in this case is whether or not the Respondent is guilty of infringement and/or unfair competition.

Sections 155 and 166 of R.A. 8293 otherwise known as the Intellectual Property Code of the Philippines provide:

"Sec. 155. Remedies; Infringement

Any person who shall, without the consent of the owner of the registered mark:

³ Marked as Exhibit "A" to "WW", inclusive.

"155.1. Use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark or the same container or a dominant feature thereof in connection with the sale, offering for sale, distribution, advertising of any goods or services including other preparatory steps necessary to carry out the sale of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive; or

"155.2. Reproduce, counterfeit, copy or colorably imitate a registered mark or a dominant feature thereof and apply such reproduction, counterfeit, copy or colorable imitation to labels, signs, prints, packages, wrappers, receptacles or advertisements intended to be used in commerce upon or in connection with the sale, offering for sale, distribution, or advertising of goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive, shall be liable in a civil action for infringement by the registrant for the remedies hereinafter set forth: Provided, That the infringement takes place at the moment any of the acts stated in Subsection 155.1 or this subsection are committed regardless of whether there is actual sale of goods or services using the infringing material."

x x x

"SEC. 168. Unfair Competition, Rights, Regulation and Remedies

"168.1. A person who has identified in the mind of the public the goods he manufactures or deals in, his business or services from those of others, whether or not a registered mark is employed, has a property right in the goodwill of the said goods, business or services so identified, which will be protected in the same manner as other property rights.

"168.2. Any person who shall employ deception or any other means contrary to good faith by which he shall pass off the goods manufactured by him or in which he deals, or his business, or services for those of the one having established such goodwill, or who shall commit any acts calculated to produce said result, shall be guilty of unfair competition, and shall be subject to an action therefor.

"168.3. In particular, and without in any way limiting the scope of protection against unfair competition, the following shall be deemed guilty of unfair competition:

(a) Any person, who is selling his goods and gives them the general appearance of goods of another manufacturer or dealer, either as to the goods themselves or in the wrapping of the packages in which they are contained, or the devices or words thereon, or in any other feature of their appearance, which would be likely to influence purchasers to believe that the goods offered are those of a manufacturer or dealer, other than the actual manufacturer or dealer, or who otherwise clothes the goods with such appearance as shall deceive the public and defraud another of his legitimate trade, or any subsequent vendor of such goods or any agent of any vendor engaged in selling such goods with a like purpose;

(b) Any person who by any artifice, or device, or who employs any other means calculated to induce the false belief that such person is offering the services of another who has identified such services in the mind of the public; or

(c) Any person who shall make any false statement in the course of trade or who shall commit any other act contrary to good faith of a nature calculated to discredit the goods, business or services of another.

"164. The remedies provided by Sections 156, 157 and 161 shall apply mutatis mutandis."

In *McDonald's Corporation and McGeorge Food Industries, Inc. vs. L.C Big Mark Burger, Inc. et al.*,⁴ the Supreme Court laid down the elements of trademark infringement, to wit:

"(1) the validity of plaintiff's mark; (2) the plaintiff's ownership of the mark ; (3) the use of the mark or its colorable imitation by the alleged infringer results in 'likelihood of confusion'. Of these, it is the element of likelihood of confusion that is the gravamen of trademark infringement."

On the other hand, unfair competition concerns the passing-off or attempting to pass-off to the public the goods or business of one person as and for the goods or business of another. Stated broadly, it is any conduct at the end and probable effect of which is to deceive the public or pass off the goods or business of one person as and for that of another.⁵ The universal test is whether the public is likely to be deceived⁶.

An examination of the evidence would show that the Complainants' has satisfactorily shown prior registration and use of their marks 'THE GENERICS PHARMACY' and 'THE GENERICS PHARMACY & LOGO'. Complainants THEGENERICS PHARMACY and THEGENERICS PHARMACY FRANCHISING CORPORATION were duly incorporated on 27 February 2007 and 04 May 2007 respectively.⁷ On the same year, the Complainant THEGENERICS PHARMACY applied with the Intellectual Property Office for the registration of the marks THE GENERICS PHARMACY which matured into Certificate of Registration No. 4-2007-002353 on 08 October 2007⁸ and THE GENERICS PHARMACY & LOGO which matured into Certificate of Registration No. 4-2007-005675 on 08 December 2008.⁹ Complainants presented evidence of their earlier use of their marks THE GENERICS PHARMACY and THE GENERICS PHARMACY & LOGO with the presentation of the above-cited registration and incorporation as well as promotional and advertisement articles, publications, and invoices. On his part, the Respondent failed to assert or prove by evidence any prior adoption or use of his mark JAYSON GENERICS FARMACIA.

⁴ G.R. No. 143993, 18 August 2004.

⁵ Amador, Vicente B., Trademarks Under the Intellectual Property Code, at 274.

⁶ Alhambra Cigar and Cigarette Manufacturing Co. vs. Pedro N. Mojica, G.R. No. L-8937, March 21, 1914.

⁷ Exhibits "A" and "B".

⁸ Exhibit "C".

⁹ Exhibit "D".

Having established Complainants' prior adoption of their marks the question now is whether the Respondent's mark JAYSON GENERICS FARMACIA is a colorable imitation of Complainants' marks.

To make out a case for infringement the validity of a cause for infringement should be predicated upon colorable imitation. Colorable imitation is such a "close or ingenuous imitation as to be calculated to deceive ordinary persons, or such a resemblance to the original as to deceive an ordinary purchaser giving such attention as a purchaser usually gives, and to cause him to purchase the one supposing it to be the other".¹⁰ The Complainants alleged that Respondent is using the mark GENERICS in his business and a signage and logo similar to the registered mark THE GENERICS PHARMACY & LOGO. The Respondent, on the other hand, claimed that the word GENERICS is a common and descriptive word thus, it is incapable of being exclusively owned or appropriated by any individual or entity, being part of the public domain.

The appropriation of the word GENERICS in Respondent's mark or trade name JAYSON GENERICS FARMACIA is a colorable imitation of the dominant, essential and distinguishing features of the Complainants' service and trademarks, the dominant being the word GENERICS. The adoption by the Respondent of the dominant portion of Complainants' service or trademarks for use on identical service/s which is retail store business selling low-cost medicines/drugs and other consumer goods constitutes an infringement of Complainants' trademark rights. Likewise, the word GENERICS forms part of the Complainants' corporate names THEGENERICS PHARMACY INC. and THEGENERICS PHARMACY FRANCHISING CORPORATION which were incorporated on 27 February 2007 and 04 May 2007 respectively.

In the case of Converse Rubber Corporation vs. Universal Products Inc. and Tiburcio S. Evalle the Court ruled, thus:¹¹

"From a cursory appreciation of the petitioner's corporate name "CONVERSE RUBBER CORPORATION", it is evident that the word "CONVERSE" is the dominant word which identifies petitioner from other corporations engaged in similar business x x x. Knowing, therefore, that the word "CONVERSE" belongs to and is used by petitioner, and is in fact the dominant word in petitioner's corporate name, respondent has no right to appropriate the same for use on its products which are similar to those being produced by petitioner."

The use by the Respondent of the word GENERICS even with the inclusion of the word JAYSON before it do not make Respondent's mark JAYSON GENERICS FARMACIA any different, the marked similarities of the two labels are more evident and pronounced. The two labels are shown below for comparison.

Complainants' mark



Respondent's mark



¹⁰ Etepha vs. Director of Patents, G.R No. L23635, March 31, 1966.

¹¹ C.R. No. L-27906, January 18, 1987.

Noticeably, by mere looking at the questioned signage and trademark, one can readily observe that Respondent has indeed used and appropriated the dominant features of Complainants' business name, trade dress and trademark. In Complainants' mark and Respondent's original mark, both consist of three (3) layers of words in same color scheme, with the upper and bottom words in black, and the middle dominant word GENERICS in bright red for the Complainants and maroon¹² for the Respondent. They both use a mortar and pestle device and tag lines at the bottom of the label likewise in same color. The subsequent change of color scheme to orange and blue by the Respondent¹³ do not make the Respondent's mark any different, as the marked similarities of the two labels are more evident.

In *Co Tiong Sa v. Director of Patents*¹⁴, the Supreme Court ruled that:

"The question of infringement is to be determined by the test of dominancy. The dissimilarity in size, form and color of the label and the place where applied are not conclusive. If the competing label contains the trademark of another, and confusion or deception is likely to result, infringement takes place, regardless of the fact that the accessories are dissimilar. Duplication or exact 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, citing *Eagle Co. vs. Pflugh* (C.C.) 180 F., 579.)

In order to constitute infringement, it is not necessary that the trademark be literally copied. . . . Neither is it necessary that every word be appropriated. There may be infringement where the substantial and distinctive part of the trademark is copied or imitated . . . Dissimilarity in size, form and color of the label and place where it is applied are not conclusive against infringement. . . . The resemblances may so far dominate the differences as to be likely to deceive ordinary purchasers. (*Queen Mfg. Co. vs. Isaac Ginsberg Bros. Co.*, 25 F 2d, 284, 287. See also *Finchley, Inc. vs. George Hess Co., Inc., et al*, 24 F., Supp. 94.)"

This Bureau also noted the Respondent's use of a product and price list in the with similar features as of the Complainants, such as:

1. the presence of an arrow-shaped device enclosing the words "MURANG GAMOT DITO" at the left side of the header portion of both price list;
2. the presence of a check mark before the words "FREE BLOOD PRESSURE TEST" at the header portion;
3. the presence of a heart icon before the words "LIBRENG CHECK-UP!" and
4. the similar categorization of the available medicines in the and the Complainants Respondent's respective price list.

Consequently, as the Complainants and the Respondent are using their marks on identical service/s of retail store business selling low-cost medicines/drugs and other consumer goods, there is likelihood of confusion, mistake or deception on the buying

¹² Maroon is other shades of red and is defined as a dark red to purplish-red color.

¹³ Exhibits "GG" and "GG-1" of the Answer.

¹⁴ C.R. No. L-5379, 24 May 1954.

public. In *Sterling Products International Inc. v. Farbenfabriken Bayer Aktiengesellschaft, et. al*,¹⁵ the Supreme Court held:

Callman notes two types of confusion. The first is the confusion of goods in which event the ordinarily prudent purchaser would be induced to purchase one product in the belief that he was purchasing the other. In which case, the defendant's goods are then bought as the plaintiff's and the poorer quality of the former reflects adversely on the plaintiff's reputation. The other is the confusion of business. Here, though the goods of the parties are different, the defendant's product is such as might reasonably be assumed to originate with the plaintiff, and the public would then be deceived either into that belief or into the belief that there is some connection between the plaintiff and defendant which, in fact does not exist.

Through the years, the Complainants have identified in the mind of the public the outlets it has opened directly, as well as through various franchisees carrying the trademark THE GENERICS PHARMACY selling low cost generic named medicines, as a result of which Complainants have acquired property rights in the goodwill of the said business and services. Therefore, with the continued and unauthorized use by the Respondent of his mark JASON GENERICS FARMACIA which is confusingly similar to the duly registered corporate name, trade name and trademark of the Complainants THE GENERICS PHARMACY AND LOGO, constitute unfair competition as defined under Section 168 of the IP Code.

With this Bureau's findings of Respondent's acts as constitutive of trademark infringement and unfair competition, Complainants are, therefore, entitled to the recovery of damages.

The Complainants, however, have not presented sufficient basis to measure actual damages. There was no evidence to show that Complainants suffered losses in the amount of One Million Pesos during the period of Respondent's actual operation of JASON GENERICS FARMACIA business. Complainants, however, are entitled to temperate and exemplary damages for specific acts of infringement and unfair competition.

Likewise, attorney's fees are awarded as Complainants were compelled to litigate or incur expenses to protect their interest by reason of an unjustified act by the Respondent. It is well-settled that the award of damages, including attorneys fees, lies upon the discretion of the court in the context of the facts and circumstances of each case.¹⁶ However, this Bureau finds that the Complainants' claim of attorney's fees and litigation expenses in the amount of at least One Million Pesos is unjustifiable in view of the length of the services rendered by their counsel. Attorney's fees, as part of damages, are not necessarily equated to the amount paid by a litigant to a lawyer.¹⁷ The Complaint was instituted by the Complainant on 09 February 2010 and the case was already submitted for decision on 11 April 2011 or one year and two months later from filing. While a full-blown trial was conducted, the Respondent did not present evidence in support of his defense and nor did he appear in almost all of the scheduled hearings.

¹⁵ G.R. No. L-19906, 30 April 1969.

¹⁶ Bank of the Philippine Island v. Carlos Leobrera and Court of Appeals, G.R. No. 137147 : November 18, 2003.

¹⁷ Virgilio S. David v. Misamis Occidental II Electric Cooperative, Inc., G.R. No. 194785, July 11, 2012.

WHEREFORE, premises considered, this Bureau finds that Respondent is liable for trademark infringement and unfair competition and is hereby ordered to immediately cease and desist from using the word GENERICS as part of his mark in relation to his business of selling medicines and other consumer products and to pay the Complainants as follows:

1. temperate damages in the amount of three hundred thousand pesos (P300,000.00);
2. Exemplary damages in the amount of three hundred thousand pesos (P300,000.00); and
3. Attorney's fees and cost of litigation in the amount of two hundred thousand pesos (P200,000.00)

All signages, product lists and other materials used by the Respondent in committing trademark infringement and unfair competition are hereby ordered condemned.

SO ORDERED.

Taguig City, 11 April 2013.


Atty. NATHANIEL S. AREVALO
Director IV
Bureau of Legal Affairs



/vanj