



OFFICE OF THE DIRECTOR GENERAL

S. V. MORE PHARMA CORP.,
Respondent-Appellant,

-versus-

GALDERMA PHARMA S.A.,
Opposer-Appellee.

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Appeal No. 14-2013-0023

IPC No. 14-2010-00198

Opposition to:

Application No. 4-2009-011712

Date Filed: 16 November 2009

Trademark: ORACID

DECISION

S. V. MORE PHARMA CORP. (“Appellant”) appeals the decision¹ of the Director of Bureau of Legal Affairs (“Director”) sustaining the opposition of GALDERMA PHARMA S. A. (“Appellee”) to the registration of the mark “ORACID”.

On 16 November 2009, the Appellant filed Trademark Application No. 4-2009-011712 for ORACID for use on *pharmaceutical preparation as antibacterial*. The trademark application was published in the Intellectual Property Office Electronics Gazette for Trademarks on 11 May 2010. On 07 September 2010, the Appellee filed a “NOTICE OF VERIFIED OPPOSITION” alleging that it would be damaged by the registration of ORACID.

The Appellee maintained that ORACID is confusingly similar with its registered mark “ORACEA” that is also used for pharmaceutical preparations. The Appellee claimed that ORACEA is a well-known mark that is protected under the provisions of the Intellectual Property Code of the Philippines (“IP Code”) and the Paris Convention. According to the Appellee, the Appellant’s adoption of ORACID is designed to ride on the goodwill of ORACEA, to diminish the distinctiveness and dilute the goodwill established by ORACEA, and to compete unfairly with the Appellee.

The Appellant filed a “VERIFIED ANSWER” dated 03 December 2010 alleging that ORACID is not confusingly similar to ORACEA and that the goods on which these marks are used are entirely different. The Appellant maintained that there is no possibility of causing prescription, dispensing, and medication errors since these marks have different generic names that there is no possibility of ever interchanging the two marks no matter how illegible the physician’s penmanship may be. The Appellant averred that more credit should be given to the purchaser or discerning public particularly as to drugs or medicines.

¹ Decision No. 2013-75 dated 26 April 2013.

After the appropriate proceedings, the Director held that the use and registration of ORACID would likely cause confusion, or even deception. The Director ruled that ORACEA is a highly distinctive mark which covers pharmaceutical products that are considered “anti-bacterial” which means that the Appellant’s mark if registered could also be used on wide ranging “anti-bacterial” products. According to the Director, even if a consumer detects the difference in the last two letters of these marks, the likelihood of committing mistake in assuming that there is a connection between the competing marks and/or between the parties, persists. The Director stated that the consumer is likely to think that ORACID is just a variation of ORACEA and that the confusion will not only dilute the distinctive character of a prior mark but can also cause a potential harm on the general public.

The Appellant filed a “MEMORANDUM OF APPEAL” dated 20 June 2013 contending that ORACID and ORACEA are entirely different and cannot cause confusion among its ordinary purchasers. The Appellant argues that in comparing trademarks, the entire trademark should be considered as a whole because a discerning eye would focus not only upon the predominant words but also on the other features appearing on the labels. The Appellant further argues that while ORACEA and ORACID are being marketed as antibiotics, they have different applications and generic names indicating that they are used as treatments for different ailments. The Appellant reiterates its position that regard should be given to the class of persons who buy the particular product and the circumstances ordinarily attendant to its acquisition.

In response to the appeal, the Appellee filed its “COMMENTS ON THE MEMORANDUM OF APPEAL” dated 02 August 2013 maintaining that ORACID cannot be registered because it is confusingly similar to its highly distinctive, fanciful, and arbitrary mark ORACEA. The Appellee reiterates its position that the Appellant’s adoption of ORACID is designed to ride on the goodwill of the mark, to diminish the distinctiveness and dilute the goodwill established by ORACEA, and to compete unfairly with the Appellee.

On 13 August 2013, this case was referred to the IPOPHL Alternative Dispute Resolution (ADR) Services pursuant to Office Order No. 154, Series of 2010, Rules of Procedure for IPO Mediation Proceedings. Subsequently, on 18 September 2013, the IPOPHL ADR Services furnished this Office a “MEDIATOR’S REPORT” stating that the parties failed to settle this case in the mediation proceedings.

The main issue in this case is whether the Director was correct in sustaining the opposition to the registration of the mark ORACID.

It is emphasized that the essence of trademark registration is to give protection to the owners of trademarks. The function of a trademark is to point out distinctly the origin or ownership of the goods to which it is affixed; to secure to him, who has been instrumental in bringing into the market a superior article of merchandise, the fruit of his industry and skill; to assure the public that they are procuring the genuine

article; to prevent fraud and imposition; and to protect the manufacturer against substitution and sale of an inferior and different article as his product.²

Thus, Sec. 123.1(d) 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;

In this regard, the relevant question in this case is whether ORACID is confusingly similar with ORACEA.

In trademark cases, particularly in ascertaining whether one trademark is confusingly similar to or is a colorable imitation of another, no set of rules can be deduced. Each case is decided on its own merits.³ As the likelihood of confusion of goods or business is a relative concept, to be determined only according to the particular, and sometimes peculiar, circumstances of each case,⁴ the complexities attendant to an accurate assessment of likelihood of such confusion requires that the entire panoply of elements constituting the relevant factual landscape be comprehensively examined.⁵

Below are the illustrations of the Appellant's and Appellee's marks:

ORACID

Appellant's mark

ORACEA

Appellee's mark

At a glance, one can see the similarity in these word marks which have identical first four letters, "O", "R", "A", and "C" and consequently have similar first two syllables in "O" and "RA". These similarities easily catch the attention of the purchasing public. Thus, the way these marks are presented and used for pharmaceutical products gives the impression that they are owned by the same person. Accordingly, the Appellant's adoption and use of ORACID may lead to a mistake or confusion that the Appellant's products are those of the Appellee or vice versa. This is very likely considering that the Appellee has been using ORACEA as early as in

² Pribhdas J. Mirpuri vs. Court of Appeals, G.R. No. 114508, 19 November 1999.

³ Emerald Garment Manufacturing Corporation v. Court of Appeals, 251 SCRA 600 (1995).

⁴ Esso Standard Eastern, Inc. v. Court of Appeals, 116 SCRA 336 (1982).

⁵ Societe Des Produits Nestle, S.A. v. Court of Appeals, G.R. No. 112012, 04 April 2001.

2008⁶ or prior to the Appellant's filing of trademark application for ORACID in 2009. The public may be misled that ORACID is just a variation of the Appellee's existing products.

Significantly, the Appellee is correct in pointing out that ORACEA is a highly distinctive mark that is arbitrary and fanciful.⁷ On the other hand, in insisting to register ORACID which resembles ORACEA, the Appellant has the burden to show that it is not riding on the goodwill generated by ORACEA. The Appellant and the Appellee are members of the pharmaceutical industry. It is not farfetched that the Appellant knew of the Appellee's products which have been in the market earlier than the Appellee's products. In this regard, the statement by the Supreme Court in one case is instructive:

Of course, as in all other cases of colorable imitations, the unanswered riddle is why, of the millions of terms and combinations of letters and designs available, the appellee had to choose those so closely similar to another's trademark if there was no intent to take advantage of the goodwill generated by the other mark.⁸

As the registered owner of ORACEA, the Appellee is entitled to the exclusive right to prevent other persons from using a trademark that resembles its mark as to be likely to deceive or cause confusion. The Appellant has "millions of terms and combinations of letters and designs available" for its use on its products. Why it insists on using ORACID betrays its intention to take advantage of the goodwill generated by ORACEA.

Moreover, the difference in the kind of goods by the parties is not sufficient to allow the registration of ORACID. The Appellant's and Appellee's marks are both used on pharmaceutical preparation which increases the likelihood of confusion. The discussion by the Supreme Court of the Philippines in the case of *Sterling Products International, Inc. v. Farbenfabriken Bayer Aktiengesellschaft*⁹ is worth noting in this case.

Callmann 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, "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."

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In the present state of development of the law on Trade-Marks, Unfair Competition, and Unfair Trading, the test employed by the courts to determine

⁶ Certificate of Registration No. 4-2008-011668 for ORACEA with a filing date of 23 September 2008.

⁷ COMMENTS ON THE MEMORANDUM OF APPEAL dated 02 August 2013, page 9.

⁸ *American Wire & Cable Company v. Director of Patents*, G. R. No. L-26557, 18 February 1970.

⁹ G. R. No. L-19906, 30 April 1969.

whether noncompeting goods are or are not of the same class is confusion as to the origin of the goods of the second user. *Although two noncompeting articles* may be classified under two different classes by the Patent Office because they are deemed not to possess the same descriptive properties, they would, nevertheless, be held by the courts to belong to the same class if the simultaneous use on them of identical or closely similar trademarks would be likely to cause confusion as to the origin, or personal source, of the second user's goods. They would be considered as not falling under the same class only if they are so dissimilar or so foreign to each other as to make it unlikely that the purchaser would think the first user made the second user's goods.

Such construction of the law is induced by cogent reasons of equity and fair dealing. The courts have come to realize that there can be unfair competition or unfair trading even if the goods are noncompeting, and that such unfair trading can cause injury or damage to the first user of a given trademark, first, by prevention of the natural expansion of his business and, second, by having his business reputation confused with and put at the mercy of the second user. When noncompetitive products are sold under the mark, the gradual whittling away or dispersion of the identity and hold upon the public mind of the mark created by its first user, inevitably results. The original owner is entitled to the preservation of the valuable link between him and the public that has been created by his ingenuity and the merit of his wares or services. Experience has demonstrated that when a well-known trademark is adopted by another even for a totally different class of goods, it is done to get the benefit of the reputation and advertisements of the originator of said mark, to convey to the public a false impression of some supposed connection between the manufacturer of the article sold under the original mark and the new articles being tendered to the public under the same or similar mark. As trade has developed and commercial changes have come about, the law of unfair competition has expanded to keep pace with the times and the element of strict competition in itself has ceased to be the determining factor. The owner of a trademark or trade-name has a property right in which he is entitled to protection, since there is damage to him from confusion of reputation or goodwill in the mind of the public as well as from confusion of goods. The modern trend is to give emphasis to the unfairness of the acts and to classify and treat the issue as a fraud.

The Appellant is, therefore, entitled to the protection of its registered trademark for ORACEA. The protection of trademarks is the law's recognition of the psychological function of symbols. If it is true that we live by symbols, it is no less true that we purchase goods by them. A trademark is a merchandising short-cut which induces a purchaser to select what he wants, or what he has been led to believe he wants. The owner of a mark exploits this human propensity by making every effort to impregnate the atmosphere of the market with the drawing power of a congenial symbol. Whatever the means employed, the aim is the same --- to convey through the mark, in the minds of potential customers, the desirability of the commodity upon which it appears. Once this is attained, the trademark owner has something of value. If another poaches upon the commercial magnetism of the symbol he has created, the owner can obtain legal redress.¹⁰

With the foregoing discussion of confusing similarity between the ORACID and ORACEA, this Office finds no need to rule on whether ORACEA is a well-

¹⁰ Societe Des Produits Nestle, S. A. v. Court of Appeals, G. R. No. 112012, 04 April 2001.

known mark entitled to protection under the IP Code. As correctly pointed out by the Director:

But even if the Opposer's [Appellee's] mark is not declared as a well-known mark, the use and registration of ORACID would still likely cause confusion, or even deception.¹¹

Wherefore, premises considered, the appeal is hereby dismissed. Let a copy of this Decision be furnished to the Director of Bureau of Legal Affairs and the Director of Bureau of Trademarks for their appropriate action and information. Further, let a copy of this Decision be furnished to the library of the Documentation, Information and Technology Transfer Bureau for records purposes.

SO ORDERED.

NOV 25 2014 , Taguig City.


RICARDO R. BLANCAFLOR
Director General

¹¹ Decision No. 2013-75 dated 26 April 2013, page 5.