



OFFICE OF THE DIRECTOR GENERAL

ROTAM LTD.,  
Opposer-Appellant,

-versus-

THE GENERICS PHARMACY, INC.,  
Applicant-Appellee.

X-----X

APPEAL NO. 14-2014-0006  
IPC No. 14-2012-00314  
Opposition to:

Application No. 4-2011-012366  
Date Filed: 13 October 2011  
Trademark: LODAM

NOTICE

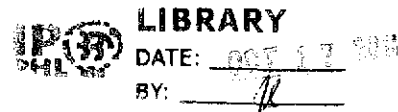
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**IPOPHL LIBRARY**  
Documentation, Information  
and Technology Transfer Bureau  
Intellectual Property Office  
Taguig City



**GREETINGS:**

Please be informed that on 07 October 2014, the Office of the Director General issued a Decision in this case (copy attached).

Taguig City, 07 October 2014.

Very truly yours,

  
**ROBERT NEREO B. SAMSON**  
Attorney V





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Trademark: LODAM

DECISION

ROTAM LTD. ("Appellant") appeals the decision<sup>1</sup> of the Director of Bureau of Legal Affairs ("Director") dismissing the Appellant's opposition to the registration of the mark "LODAM".

On 13 October 2011, the Generics Pharmacy, Inc. ("Appellee") filed Trademark Application No. 4-2011-012366 for LODAM for use on pharmaceutical preparation used in the management of pain and fever. The trademark application was published in the Intellectual Property Office Electronics Gazette for Trademarks on 11 June 2012.

On 10 September 2012, the Appellant filed an opposition to the registration of LODAM alleging that this mark resembles its marks "ROTAM" and "ROTAM & LEAF DEVICE". The Appellant claimed that the use of LODAM would falsely tend to suggest a connection with the Appellant and would, therefore constitute fraud and further cause dilution of the distinctiveness of the Appellant's marks to the prejudice and irreparable damage of the Appellant. The Appellant maintained that the registration of LODAM would violate the provisions of the Intellectual Property Code of the Philippines ("IP Code").

On 19 September 2012, the Bureau of Legal Affairs (BLA) issued a notice to the Appellee requiring it to answer the opposition within thirty (30) days from receipt of the notice. The Appellee did not file its answer and consequently, the BLA issued an Order declaring the Appellee to have waived its right to file the answer.<sup>2</sup>

In dismissing the opposition, the Director held that the similarity in ROTAM and LODAM is not sufficient to conclude that confusion among the consumers is likely to occur. The Director ruled that the goods indicated in the Appellee's trademark application are different from those covered by the Appellant's trademark

<sup>1</sup> Decision No. 2014-22 dated 28 January 2014.

<sup>2</sup> Order No. 2013-350 dated 28 February 2013.

*ospl*

registrations. According to the Director, the goods covered by the Appellant's mark are different from the Appellee's goods as to composition, purpose, and application.

On 05 March 2014, the Appellant appealed to this Office assigning the following errors:

#### "V. ASSIGNMENT OF ERRORS

5.1. The Honorable Bureau of Legal Affairs erred in ruling that the similarity between the Appellee-Applicant's mark LODAM and the Appellant-Opposer's marks ROTAM and ROTAM & LEAF DEVICE is NOT sufficient to conclude that confusion among the consumers is likely to occur

5.2. The Honorable Bureau of Legal Affairs erred in finding that NO confusion is likely to result because the Appellant-Opposer's marks cover goods which are different from that of Appellee-Applicant's."<sup>3</sup>

The Appellant contends that ROTAM and LODAM are confusingly similar. The Appellant maintains that while the spelling of ROTAM is different from LODAM, these marks are still confusingly similar based on the dominancy test. The Appellant argues that both marks have two syllables and that three (3) out of five (5) letters are identical in these marks. According to the Appellant, the marks' similarity is so significant as these are the dominant letters of each mark and that they produce similar sound if pronounced. The Appellant claims that it is in the process of developing under the marks ROTAM and ROTAM & LEAF DEVICE brands for the Philippine market covering a wide range of pharmaceutical products such as anti-gout drugs, drugs for central nervous system, cardiovascular drugs, digestive system drugs, anti-allergic drugs, orthopaedic drugs, anti-fungal drugs, anti-viral drugs, and weight loss drugs. The Appellant asserts that this indicates an expansion of its business and that the Appellee's use of LODAM is likely to result in confusion as to the source of the goods.

This Office issued an Order on 19 March 2014 giving the Appellee thirty (30) days from receipt of the Order to submit comment on the appeal. The Appellee did not file its comment and this case was deemed submitted for decision.

The issue in this appeal is whether the Director was correct in dismissing the Appellant's opposition to the registration of LODAM.

The appeal is meritorious.

The Director himself stated that the Appellant's and Appellee's "marks are similar with respect to the second "O" and the last two letters, ("AM")." Below are the illustrations of these marks:

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<sup>3</sup> APPEAL MEMORANDUM dated 04 March 2014, page 6.

*ajher*  
*apl*

# ROTAM

# LODAM

*Appellant's mark*

*Appellee's mark*

These marks are both word marks which differ in their first and third letter. However, these differences in the first and third letter are overshadowed by the similarity in sound and the other letters. As correctly pointed out by the Appellant:

Similarly, there is no doubt that when ROTAM and LODAM are pronounced, the sound effects are confusingly similar especially so that ROTAM marks also cover goods in Class 05. Applying the Dominancy Test, the sound of "O" in the first syllable and the sound of "AM" in the second syllable are unmistakably prevailing in "ROTAM" marks such that LODAM may be confused with ROTAM.<sup>4</sup>

A mark cannot be registered if it nearly resembles a registered mark belonging to a different proprietor or a mark with an earlier filing or priority date which will likely to deceive or cause confusion.<sup>5</sup> In this case, the similarity in the majority of the letters of LODAM and the Appellant's registered mark ROTAM, and in their pronunciation and sound, bar the registration of LODAM. The registration of this mark in the name of the Appellee will likely create confusion especially because LODAM and ROTAM are used in the same class of pharmaceutical products.

While the goods covered by these marks are different, they are not entirely unrelated. They all belong to the same class of pharmaceutical products. In this regard, the likelihood of confusion may not necessarily be on the goods, but as to the source of the goods. The discussion by the Supreme Court of the Philippines in the case of *Sterling Products International, Inc. v. Farbenfabriken Bayer Aktiengesellschaft*<sup>6</sup> 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."

x x x

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

<sup>4</sup> APPEAL MEMORANDUM, dated 04 March 2014, page 10.

<sup>5</sup> IP Code, Sec. 123.1 (d).

<sup>6</sup> 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.

Moreover, the Appellee failed to dispute the Appellant's contention that the latter is in the process of developing under the mark ROTAM, brands for the Philippine market covering a wide range of pharmaceutical products such as anti-gout drugs, drugs for central nervous system, cardiovascular drugs, digestive system drugs, anti-allergic drugs, orthopaedic drugs, anti-fungal drugs, anti-viral drugs, and weight loss drugs. Accordingly, the likelihood of confusion appears to be greater with the Appellant's use of ROTAM on the same class of human medicines where the Appellee intends to use LODAM.

As the prior user and registered owner of ROTAM, the Appellant is entitled to the protection of this mark on goods within the normal potential expansion of its business. In this case, the Appellant should be given protection from the use of similar marks in human medicines which is within the scope of the nature of business of the Appellant. The case of *Sta. Ana vs. Maliwat*,<sup>7</sup> also applies in this case.

Modern law recognizes that the protection to which the owner of a trademark is entitled is not limited to guarding his goods or business from actual

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<sup>7</sup> G. R. No. L-23023, 31 August 1968.

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*Handwritten signature*

market competition with identical or similar products of the parties, but extends to all cases in which the use by a junior appropriator of a trade mark or trade name is likely to lead to a confusion of source, as where prospective purchasers would be misled into thinking that the complaining party has extended his business into the field (see 148 ALR 56 et seq; 52 Am Jur. 576) or is in any way connected with the activities of the infringer; or when it forestalls the normal potential expansion of his business (v. 148 ALR., 77, 84; 52 Am. Jur. 576, 577).

Significantly, the Appellant and the Appellee are members of the pharmaceutical industry. It is not farfetched that the Appellee knew of the Appellant'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.<sup>8</sup>

The Appellant has established that it has brought in the market the products bearing the trademark ROTAM for several years now. As the registered owner of ROTAM, the Appellant 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 Appellee has "millions of terms and combinations of letters and designs available" for its use on its products. Why it insists on using LODAM betrays its intention to take advantage of the goodwill generated by ROTAM.

In addition, the Appellee's failure to participate in the opposition proceedings against its mark LODAM also betrays the weakness of this mark and the Appellee's true intention in registering this mark. Up to this time, the Appellee has not yet given the explanation on how it arrived in using the mark LODAM.

The Appellant is, therefore, entitled to the protection of its registered trademark for ROTAM. 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.<sup>9</sup>

WHEREFORE, premises considered, the appeal is hereby granted.

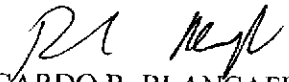
<sup>8</sup> American Wire & Cable Company v. Director of Patents, G. R. No. L-26557, 18 February 1970.  
<sup>9</sup> Societe Des Produits Nestle, S. A. v. Court of Appeals, G. R. No. 112012, 04 April 2001.

*asl*

Let a copy of this Decision as well as the trademark application and records be furnished and returned to the Director of the 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.

07 OCT 2014 Taguig City

  
RICARDO R. BLANCAFLOR  
Director General

*asl*