



OFFICE OF THE DIRECTOR GENERAL

Therapharma, Inc.,  
Appellant,

-versus-

ARDOL B.V.,  
Appellee.

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APPEAL NO. 14-2014-0014  
IPC No. 14-2013-00329  
Opposition to:

Application No. 4-2012-00008316  
Date Filed: 10 July 2012  
Trademark: LIANOL

NOTICE

**OCHAVE & ESCALONA**  
Counsel for Appellant  
66 United Street  
Mandaluyong City

**PATENTPROSE**  
Agent for Appellee  
1013-a edsa, Veterans Village  
Project 7, Quezon City

**NATHANIEL S. AREVALO**  
Director, Bureau of Legal Affairs  
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

**LENY B. RAZ**  
Director, Bureau of Trademarks  
Intellectual Property Office  
Taguig City

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OFFICE OF THE DIRECTOR GENERAL

THERAPHARMA, INC.,  
Opposer-Appellant,

Appeal No. 14-2014-0014

-versus-

IPC No. 14-2013-00329

Opposition to:

Application No. 4-2012-008316

ARDOL B. V.,  
Respondent-Appellee.

Date Filed: 10 July 2012

Trademark: LIANOL

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DECISION

THERAPHARMA, INC. ("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 "LIANOL".

On 10 July 2012, ARDOL B. V. ("Appellee") filed Trademark Application No. 4-2012-008316 for LIANOL for use on pharmaceutical and veterinary preparations; hygienical products for veterinary purposes; nutritional additives for medical or veterinary purposes; dietetic substances for medical or veterinary purposes; medicinal additives for foodstuffs for animals; preparations for destroying vermin; fungicides, herbicides; nutritional additives for animals; non-medicinal additives for foodstuffs for animals. On 08 July 2013, the trademark application was published in the Intellectual Property Office Electronics Gazette for Trademarks.

On 05 August 2013, the Appellant filed a "VERIFIED NOTICE OF OPPOSITION" alleging that it will be extremely damaged and prejudiced by the registration of LIANOL. The Appellant claimed that it is engaged in the marketing and sale of a wide range of pharmaceutical products and that it is the registered owner of the mark "LLANOL". The Appellant maintained that LIANOL so resembles LLANOL which will likely cause confusion, mistake and deception on the part of the purchasing public, most especially considering that LIANOL is applied for the same class and goods as that of LLANOL, i.e. pharmaceutical preparations. The Appellant contended that the registration of LIANOL will violate Sec. 123.1 (d) of the Intellectual Property Code of the Philippines ("IP Code") which prohibits the registration of a mark that is similar to a registered mark in respect of similar or related goods or if the mark applied for nearly resembles a registered mark that confusion or deception in the mind of the purchasers will likely result. The Appellant asserted that the registration of LIANOL will diminish the distinctiveness of LLANOL.

<sup>1</sup> Decision No. 2014-35 dated 03 February 2014.

The Bureau of Legal Affairs ("BLA") issued on 27 August 2013 a notice to the Appellee requiring it to answer the opposition. The Appellee did not file its answer and, consequently, the BLA issued an Order declaring the Appellee in default and submitting the case for decision on the basis of the opposition, affidavit of witness and documentary or object evidence submitted by the Appellant.<sup>2</sup>

In dismissing the Appellant's opposition, the Director held that the similarity of the marks is not sufficient to conclude that confusion among the consumers is likely to occur. According to the Director, the goods carried by the marks are different as to purpose, composition, and descriptive properties. The Director ruled that there is no possibility of confusion considering that the goods are primarily sold or course through different channels of trade and that one can hardly find veterinary medicines or products in the drug stores intended for human consumption. Corollarily, the Director stated that establishments dealing with veterinary medicines or products make it clear and conspicuous that the goods are for animal consumption.

On 18 March 2014, the Appellant filed an "APPEAL MEMORANDUM [Re: Decision No. 2014-35 dated 03 February 2014]" reiterating its arguments that LIANOL is confusingly similar with LLANOL and that the registration of LIANOL will diminish the distinctive character and reputation of LLANOL. The Appellant maintains that LLANOL and LIANOL are practically identical marks in sound and appearance that they leave the same commercial impression upon the public. The Appellant argues that to allow the Appellee to market products bearing the mark LIANOL undermines its right to the registered mark LLANOL. According to the Appellant, as the lawful owner of LLANOL, it is entitled to prevent the Appellee from using a confusingly similar mark.

This Office issued on 31 March 2014 an Order giving the Appellee thirty (30) days from notice to submit comment on the appeal. The Appellee did not file its comment. Accordingly, this case was deemed submitted for decision.

The main issue in this appeal is whether the Director correctly dismissed the Appellant's opposition to the registration of LIANOL in favor of the Appellee.

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.<sup>3</sup>

Thus, Sec. 123.1(d) of the IP Code, states that a mark cannot be registered if it:

<sup>2</sup> Order No. 2014-001 dated 03 January 2014.

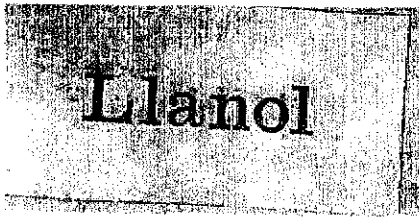
<sup>3</sup> *Pribhdas J. Mirpuri vs. Court of Appeals*, G.R. No. 114508, 19 November 1999.

*ASPL*

(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;

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



*Appellant's mark*



*Appellee's mark*

In this case, LLANOL has been registered in the name of the Appellant since 1973 for use on pharmaceutical goods namely "ALLOPURINOL, AN ANTIHYPERURICEMIC AGENT". On the other hand, the Appellee's application to register LIANOL was filed on 10 July 2012 for use on pharmaceutical and veterinary preparations and purposes. The question, therefore, in this case is whether LIANOL is confusingly similar with LLANOL. In other words, this case involves the question of whether the Appellee's use and registration of LIANOL creates a likelihood of deception or confusion.

At a glance, one can see the similarity in the aforementioned marks as referring to the word marks "Llanol" and "Lianol". These words easily catch the attention of the purchasing public. In this regard, the way these marks are presented and used for pharmaceutical products gives the impression that they are owned by the same person. Thus, the Appellee's use and registration of LIANOL may lead to a mistake or confusion that the Appellee's products are those of the Appellant or vice versa. This is very likely considering that the Appellant has been using LLANOL for several decades prior to the Appellee's trademark application. The public may be misled that LIANOL is just a variation of the Appellant's existing products.

As correctly argued by the Appellant:

34. Opposer-Appellant's trademark "LLANOL" and Respondent-Appellee's mark "LIANOL" are practically identical marks in sound and appearance that they leave the same commercial impression upon the public. Thus, the two marks can easily be confused for one over the other, most especially considering that

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the opposed mark "LIANOL" is applied for the same class as that of trademark "LLANOL", i.e, Class (5) of the International Classification of Goods.<sup>4</sup>

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>5</sup>

The Appellant has established that it has brought in the market the products bearing the trademark LLANOL for several years and decades. As the registered owner of LLANOL, 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 LIANOL betrays its intention to take advantage of the goodwill generated by LLANOL.

Moreover, the difference in the kind of goods by the parties is not sufficient to allow the registration of LIANOL. While it is true that LLANOL is used by the Appellant for human medicines while the Appellee is applying the registration and use of LIANOL for veterinary preparations and purposes, this distinction is not sufficient to prevent 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*<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."

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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 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*

<sup>4</sup> APPEAL MEMORANDUM [Re: Decision No. 2014-35 dated 03 February 2014] dated 18 March 2014, page 10.

<sup>5</sup> *American Wire & Cable Company vs. Director of Patents*, G. R. No. L-26557, 18 February 1970.

<sup>6</sup> G. R. No. L-19906, 30 April 1969.

*osrl*

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 LLANOL. 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>7</sup>

WHEREFORE, premises considered, the appeal is hereby GRANTED.

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

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<sup>7</sup> *Societe Des Produits Nestle, S. A. v. Court of Appeals*, G. R. No. 112012, 04 April 2001.

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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

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