



OFFICE OF THE DIRECTOR GENERAL

YSS LABORATORIES CO., INC.,
Appellant,

Appeal No. 14-2012-0066

IPC No. 14-2009-00276
Opposition to:
Application No. 4-2007-010971
Date Filed: 02 October 2007

- versus -

ABBOTT LABORATORIES
Appellee.

Trademark: "CLARITHROCID"

X-----X

NOTICE

JIMENEZ GONZALES BELLO VALDEZ
CALUYA & FERNANDEZ
Counsel for Appellant
6TH Floor, SOL Building
112 Amorsolo St. Legaspi Village Makati City

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

BARANDA & ASSOCIATES
Counsel for Appellee
Suite 1002-B Fort Legend Towers
3rd Ave., cor. 31st St., BGC, Taguig City

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NATHANIEL S. AREVALO
Director
Bureau of Legal Affairs
Intellectual Property Office, Taguig City

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GREETINGS:

Please be informed that on 09 September 2014, the Office of the Director General rendered a Decision in the above-titled case (copy attached).

Taguig City, 10 September 2014.

Very truly yours,

[Signature]
ROBERT NEREO B. SAMSON
Attorney V

CERTIFIED TRUE COPY
DATE: *[Signature]*
ROBERT NEREO B. SAMSON
ATTORNEY V
Office of the Director General



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- versus -

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DECISION


YSS LABORATORIES ("Appellant") appeals Decision No. 2012-205, dated 16 October 2012, of the Director of the Bureau of Legal Affairs ("Director") sustaining the opposition to Trademark Application No. 4-2007-010971 filed by ABBOTT LABORATORIES ("Appellee").

Records show that on 02 October 2007, the Appellant filed an application for the registration of the mark "CLARITHROCID" for use on "*antibacterial (antibiotic)*" under Class 5 of the Nice International Classification.¹

Upon publication of the application, the Appellant filed on 24 November 2009 an Opposition, essentially alleging that it will be damaged by the registration of the Appellant's mark on account of its prior registered mark, "KLARICID", and its mark "KLACID". Citing Section 123.1, paragraphs (d) and (e) of Republic Act No. 8293, also known as the Intellectual Property Code of the Philippines ("IP Code"), the Appellant sought the denial of the subject trademark application on the ground that the Appellant's mark "CLARITHROCID" is confusingly similar to its registered mark in many countries of the world, including in the Philippines. The Appellant based its opposition on its prior registration for "KLARICID" for "pharmaceutical product, namely antibiotic" under Class 05, which was filed on 16 July 2003 and registered on 03 September 2006.

The Bureau of Legal Affairs issued a Notice to Answer and served a copy of the same upon the Appellant on 26 January 2010. However, according to the appealed Decision, the Appellant allegedly failed to file an Answer, and the case was submitted for decision.

¹ The Nice Classification is a classification of goods and services for the purpose of registering trademarks and service marks, based on the multilateral treaty administered by the World Intellectual Property Organization. The treaty is called the Nice Agreement Concerning the International Classification of Goods and Services for the Purpose of Registration of Marks, and was concluded in 1957.


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ROBERT NEREO B. SAMSON
ATTORNEY V
Office of the Director General

Republic of the Philippines
INTELLECTUAL PROPERTY OFFICE

Intellectual Property Center, 28 Upper McKinley Road, McKinley Hill Town Center
Fort Bonifacio, Taguig City 1634 Philippines
T: +632-2386300 • F: +632-7980114 • www.ipophil.gov.ph

After the appropriate proceedings, the Director rendered the subject Decision, sustaining the Appellee's Opposition. Resolving the issue of whether the Appellant's trademark resembles the Appellee's registered trademark that confusion and deception is likely to occur, the Director held that the similarity in sound and in the majority of the literal elements of the subject marks may likely cause confusion and mistake among the purchasing public. The Director also considered that both marks are used on antibacterial products under Class 5, and are available in the same method of administration, which is by pediatric suspension.

Dissatisfied, the Appellant filed the subject appeal, seeking the reversal of the Director's Decision and praying that the Appellant's trademark application be given due course. In its appeal, the Appellant argued that its right to due process was violated when the Director failed to consider the Appellant's pleadings and evidence on account of the finding that no Answer was filed. The Appellant further assailed the finding of likelihood of confusion between the two marks in question, contending that the disparity in spelling gives a different aural and visual impression, compounded by the practice of dispensation of prescription drugs. It also alleged that if the Director's Decision that the Appellant's mark copied almost all of the letters in the generic name of the subject drug is to be applied, then even the Appellee's KLARICID mark should not have been allowed for consisting exclusively of signs that are generic for the goods it seeks to identify.

On 20 December 2012, this Office issued an Order giving the Appellee thirty (30) days from receipt of the same, to submit its Comment on the Appeal filed by the Appellant. On 04 February 2013, the Appellee filed its Comment. Thereafter, the case was referred to mediation through an Order dated 08 February 2013. In a Memorandum dated 06 May 2013, the IPOP HL Alternative Dispute Resolution (ADR) Services informed this Office that the parties failed to reach a settlement.

The issue to be resolved in this appeal is whether the Director was correct in sustaining the opposition on the ground that the competing marks resemble each other, such that confusion and deception is likely to occur.

On the procedural issue of the Appellant's Answer which the appealed Decision states was not filed, the Appellant attached in its Appeal Memorandum² a copy of such Answer stamped received by the Bureau of Legal Affairs bearing the date of 23 April 2010. The Appellee's Reply dated 21 May 2010 also cites and directly responds to the allegations raised in the Appellant's Answer. In this regard, this Office deems it proper to consider the Appellant's allegations in its Answer and the evidence annexed thereto.

In the Appellant's Answer, it contends that:

28. It bears emphasis as well that respondent-applicant's Clarithroid is composed of 12 letters and read in four syllables, unlike opposer's Klaricid, which has eight letters and read in three syllables. Further, a reading [of] both marks will lead to different sounds as a result of Clarithroid being longer and having more syllables. Like the other

² Annex 'C', Appellant's Appeal Memorandum filed on 28 November 2012.

distinctions pointed out, these characteristics of the products will not lead to confusion; XXX

Proceeding to the substantive issue in this case, Sec. 123.1 paragraphs (d) and (e) of the IP Code, state 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;

XXX

XXX

XXX

(e) Is identical with, or confusingly similar to, or constitutes a translation of a mark which is considered by the competent authority of the Philippines to be well-known internationally and in the Philippines, whether or not it is registered here, as being already the mark of a person other than the applicant for registration, and used for identical or similar goods or services: Provided, That in determining whether a mark is well-known, account shall be taken of the knowledge of the relevant sector of the public, rather than of the public at large, including knowledge in the Philippines which has been obtained as a result of the promotion of the mark;

There is no dispute that the Appellant had registered in the Philippines the mark "KLARICID" prior to the filing of the Appellant's trademark application. Such trademark was registered for goods under Class 05, specifically "pharmaceutical product, namely antibiotic". But the question to be resolved herein is whether the Appellant's mark being applied for is confusingly similar with the Appellee's registered mark so as to present a likelihood that confusion and deception will occur.

The subject trademark application of the Appellant and the trademark registration of the Appellee bear the following illustrations of the marks in question:

Clarithroid

Appellant's Trademark Application

KLARICID

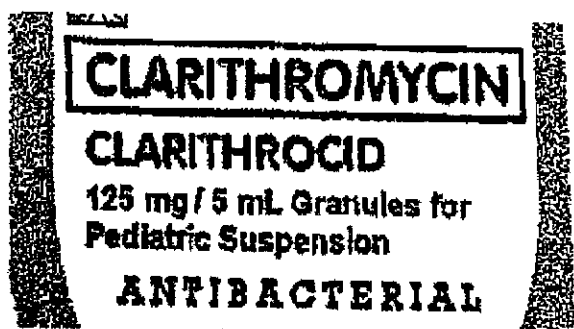
Appellee's Registered Mark



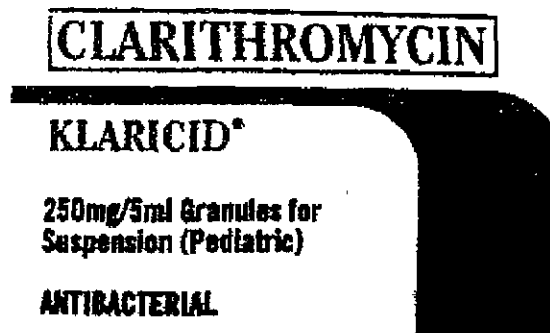
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ROBERT NEREO B. SAMSON
ATTORNEY V
Office of the Director General

Meanwhile, the packaging of the respective products of the Parties bearing the marks in question appear as follows:



Appellant's Packaging



Appellee's Packaging

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 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 confusion requires that the entire panoply of elements constituting the relevant factual landscape be comprehensively examined.⁵

At a glance, one can see the differences in these marks. The Appellant's mark has 12 letters and four syllables while the Appellee's KLARICID mark contains eight letters and three syllables, and its KLACID mark contains six letters and two syllables when pronounced. Even if the first letter "K" of the Appellee's mark is taken to be the aural equivalent of the first letter "C" of the Appellant's mark, the only commonality between the marks are the group of letters "K" or "C", "LARI" and "CID". In this regard, the Appellant has explained that its mark is generated from the generic name of its goods, "clarithromycin", while the suffix "cid" indicates the product's intended effect: bactericidal action.⁶ Moreover, the sixth to ninth letters of the Appellant's mark ("T", "H", "R", and "O") in between the afore-mentioned common letters confers on the Appellant's mark a character that makes it distinguishable from the Appellee's, as to composition, visual presentation, and sound. The distinction already manifests in the presence of an additional syllable in the Appellant's mark, which is not found in the Appellee's mark. Thus, while the marks have some letters common to them, still, the marks are two different words. The similarity of these letters is not sufficient to conclude that a person who sees these marks will associate CLARITHROCID with KLARICID or KLACID, or vice versa.

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

⁴ Esso Standard Easter, Inc. vs. Court of Appeals, 116 SCRA 336 (1982).

⁵ Société Des Produits Nestlé, S.A., et al. vs. Court of Appeals, et al., G.R. No. 112012, 04 April 2001.

⁶ Page 7, Appellant's Rejoinder dated 21 June 2010.

In addition, a person who would buy the Appellant's products would do so not on the basis of the mistaken belief that the product is that of the Appellee's, but because that is the product the person intends to buy. In this case, a very important circumstance to consider is whether there exists a likelihood that an appreciable number of ordinarily prudent purchasers will be misled, or simply confused, as to the source of the goods in question.⁷ The "purchaser" is not the "completely unwary consumer" but is the "ordinarily intelligent buyer" considering the type of product involved.⁸ He is "accustomed to buy", and therefore to some extent familiar with, the goods in question. The test of fraudulent simulation is to be found in the likelihood of the deception of some persons in some measure acquainted with an established design and desirous of purchasing the commodity with which that design has been associated. The test is not found in the deception, or the possibility of deception, of the person who knows nothing about the design which has been counterfeited, and who must be indifferent between that and the other. The simulation, in order to be objectionable, must be such as appears likely to mislead the ordinary intelligent buyer who has a need to supply and is familiar with the article that he seeks to purchase.⁹ In one case decided by the Supreme Court, it was held that the ordinary purchaser must be thought of, as having, and credited with, at least a modicum of intelligence.¹⁰

Furthermore, the products of the parties are not the everyday common goods or household items bought at a minimal cost. The nature and cost of the goods of the parties require a prospective buyer to be more aware and cautious in the purchase of the product. In this regard, the Supreme Court has held that:

In the solution of a trademark infringement problem, regard too should be given to the class of persons who buy the particular product and the circumstances ordinarily attendant to its acquisition. The medicinal preparations, clothed with the trademarks in question, are unlike articles of everyday use such as candies, ice cream, milk, soft drinks and the like which may be freely obtained by anyone, anytime, anywhere. Petitioner's and respondent's products are to be dispensed upon medicinal prescription. The respective labels say so. An intending buyer must have to go first to a licensed doctor of medicine: he receives instructions as to what to purchase; he reads the doctor's prescription; he knows that he is to buy. He is not of the incautious, unwary, unobservant or unsuspecting type; he examines the product sold to him; he checks to find out whether it conforms to the medicinal prescription. The common trade channel is the pharmacy of the drugstore. Similarly, the pharmacist or druggist verifies the medicine sold. The margin of error of one for the other is quite remote.¹¹

This Office likewise notes the common practice of pharmaceutical companies of adopting trademarks for their product that reflects or resembles its generic name, the predominant chemical compound contained in the pharmaceutical preparation,

7 *Mighty Corporation vs. E & J Gallo Winery, supra, citing Mushroom Makers, Inc. vs. R.G. Barry Corp.*, 580 F. 2d 44, 47 (2d Cir. 1978), cert. denied, 439 U.S. 1116, 99 S. Ct. 1022, 59 L. Ed. 2d 75 [1979].

8 *Mighty Corporation vs. E & J Gallo Winery, supra, citing Emerald Garment Manufacturing Corporation vs. Court of Appeals*, 251 SCRA 600 [1995].

9 *Mighty Corporation vs. E & J Gallo Winery, supra, citing Dy Buncio vs. Tan Tiao Bok*, 42 Phil. 190 [1921].

10 *Fruit of the Loom, Inc. vs. Court of Appeals and General Garments Corporation*, G.R. No. L-32747, 29 November 1984.

11 *Etepha, A. G. vs. Director of Patents and Westmont Pharmaceutical, Inc.*, G.R. No. L-20635, 31 March 1966.

the ailments sought to be treated, or the intended medical relief. In fact, this Office takes further note that other prior trademark registrations exist for "clarithromycin" or antibacterial pharmaceutical preparations that also adopt the "CLARI" or "ID" prefix or suffixes, among which are "CLARID", "CLARIZ", and "CLARIGET DS", which are not owned by the Appellee.¹²

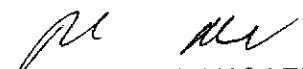
In the case of *Etepha, A. G. vs. Director of Patents and Westmont Pharmaceutical, Inc.*¹³, the Court held that a descriptive term in itself cannot be exclusively appropriated by anyone, and therefore cannot be registered as a trademark. However, the same case held that while a descriptive or generic term cannot thus be used exclusively to identify one's goods, it may properly become the subject of a trademark "by combination with another word or phrase" or even an additional prefix or suffix. In this case, we find that the Appellant's mark CLARITHROCID does not consist *exclusively* of signs or indications that are generic for the goods that they seek to identify, nor do they consist *exclusively* of signs or indications that designate the kind, quality, intended purpose, or other characteristics of such goods, so as to fall within the prohibition against the registration of descriptive or generic marks.

With the finding that the competing marks are not confusingly similar, there is no need to dwell on the Appellant's argument that its mark "KLACID" is a well-known mark. Under Section 123.1 (e) of the IP Code, the protection given to well-known marks applies only when the marks are confusingly similar. In the present case, the evidence of the Appellee failed to establish that the Appellant's mark "CLARITHROCID" is confusingly similar to its "KLARICID" and "KLACID" marks.

WHEREFORE, premises considered, the appeal is hereby GRANTED. Let a copy of this Decision and the records of this case be furnished and returned to the Director of 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.

09 SEP 2014 Taguig City.


RICARDO R. BLANCAFLOR
Director General

Registration No. 42011750069 for "CLARID" under Class 5 for "Antibiotics - Clarithromycin"; Registration No. 42007004474 for "CLARIZ" under Class 5 for "Pharmaceutical Products Namely Antibiotics whose Active Ingredient is Clarithromycin"; and Registration No. 42012012309 for "CLARIGET DS" under Class 5 for "Pharmaceutical Product (Clarithromycin)...".
G.R. No. L-20635, 31 March 1966.