



PHILIPS MORRIS BRANDS, SARL.,  
Opposer,

-versus-

KT & G CORPORATION,  
Respondent-Applicant.

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} IPC No. 14-2012-00316  
} Opposition to:  
} Appln No. 4-2012-001662  
} Date filed: February 10, 2012  
} TM: "ESSE COMPACT  
} Label"

### NOTICE OF DECISION

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#### GREETINGS:

Please be informed that Decision No. 2014 - 323 dated December 05, 2014 (copy enclosed) was promulgated in the above entitled case.

Taguig City, December 05, 2014.

For the Director:

  
Atty. EDWIN DANILO A. DATING  
Director III  
Bureau of Legal Affairs



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|-------------------------------------|---|---------------------------------|
| <b>PHILIP MORRIS BRANDS, SARL.,</b> | } | <b>IPC NO. 14-2012-00316</b>    |
| Opposer,                            | } | Opposition to:                  |
|                                     | } |                                 |
| -versus-                            | } | Appln. Serial No. 4-2012-001662 |
|                                     | } | Filing Date: 10 February 2012   |
|                                     | } | Trademark: <b>ESSE COMPACT</b>  |
| <b>KT &amp; G CORPORATION,</b>      | } | <b>Label</b>                    |
| Respondent-Applicant.               | } |                                 |
| x-----x                             |   | Decision No. 2014 - <u>323</u>  |

### DECISION

PHILIP MORRIS BRANDS, SARL. (Opposer)<sup>1</sup> filed an opposition to trademark Application Serial No. 4-2012-001662. The application, filed by KT & G CORPORATION (Respondent-Application)<sup>2</sup>, covers the mark “ESSE COMPACT Label”, for use on “Tobacco; cigarettes, cigars, snuff, cigarette papers, tobacco pipes not of precious metal, cigarettes filter, cigarette cases not of precious metal, tobacco pouches, cigarette lighters not of precious metal, matches, tobacco pipe cleaners, ashtrays for smokers, not of precious metal, cigarette cutters” under Class 34 of the International Classification of Goods<sup>3</sup>.

The Opposer anchors its opposition on the following grounds:

“9. The Opposer is the registered owner of the trademark COMPACT for tobacco; raw or manufactured; tobacco products; particularly cigars; cigarettes; cigarillos; tobacco for roll your own cigarettes; pipe tobacco; chewing tobacco; snuff tobacco; kretek; snus; tobacco substitutes (not for medical purposes); smokers’ articles particularly cigarette paper and tubes, cigarette filters, tobacco tins, cigarette cases and ashtrays, pipes, pocket apparatus for rolling cigarettes, lighters, matches under Class 34 of the NICE classification of Goods and Services. As the registered owner Opposer has the exclusive right under Section 147 of the Republic Act No. 8293 to prevent Respondent-Application from using COMPACT trademark in the trademark ESSE COMPACT Label for the identical or similar goods in the same class 34.

“10. The trademark ESSE COMPACT Label of the Respondent-Application is confusingly similar to the earlier trademarks COMPACT and MARLBORO COMPACT

<sup>1</sup>A corporation duly organized and existing under the laws of Switzerland with address at Quasi Jeanrenaud 3,2000 Neuchatel, Switzerland

<sup>2</sup>A foreign corporation with address at 100, Pyungchon-dong, Taedog-ku, Taejon, Republic of Korea



which registered or applied for by the Opposer for Class 34 goods in the Philippines. Hence, the application for registration of the ESSE COMPACT Label trademark by the Respondent-Application for the same goods violates Section 123.1 (d), (i), (ii), and (iii) of the IP Code of the Philippines.

Section 123. Registrability.-123.1. 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

“11. Opposer having registered the trademark COMPACT and MARLBORO COMPACT for class 34 goods in numerous countries is entitled to protection under Section 3 (International Convention and Reciprocity) of Republic Act 893 for the protection of its business, reputation, trademark and goodwill.

“12. The approval of the Respondent-Application’s trademark application will cause great and irreparable damage and injury to the herein Opposer.”

“13. Opposer, Philip Morris Brands, SARL is the owner of the trademark COMPACT for Class 34 goods which is duly registered with the Philippine Intellectual Property Office (IPO) under Certificate of Trademark Registration No. 4-2009-012422 on June 4, 2010.

“14. As the true, rightful and registered owner of the trademark COMPACT, Opposer, has proprietary rights to the said trademark, including the exclusive right to prevent Respondent-Application and all third parties not having its consent from using the same or confusingly trademark. Xxx

“15. Opposer, through its predecessor Philip Morris Products S.A. has registered the trademark COMPACT for Class 34 goods in different countries of the world, namely: Armenia, Albania, Algeria, Austria, Aerbajin, Belarus, Benelux, Bosnia-Heregovina, Brazil, Bulgaria, China, Columbia, Costa Rica, Croatia, Cuba, Czech Republic, Egypt, European Union, France, Germany, Hungary, Iceland, India, Italy, Kazakhstan, Kosovo, Latvia, Liberia, Liechtenstein, Macedonia, Moldova, Monaco, Mongolia, Morocco, North Korea, Poland, Portugal, Romania, San Marino, Saudi Arabia, Serbia, Montenegro, Singapore, Slovakia, Slovenia, Sudan, Switzerland, Tajikistan, Turkey, Ukraine, Uruguay, Uzbekistan, Vietnam and WIPO.

“16. Likewise, Opposer is the owner of the trademark MARLBORO COMPACT for Class 34 goods. This trademark has a pending application

for registration with the {Philippines IPO under Application No. 4-2011-002709 filed on March 10, 2011. The trademark MARLBORO COMAPCT is also registered in different countries, namely: Argentina, Austria, Belarus, Brazil, Bulgaria, China, Columbia, Costa Rica, Croatia, Cuba, Czech Republic, Dominican Republic, Egypt, European Union, France, Germany, Hong Kong, Indonesia, Japan, Kazakhstan, Kosovo, Kuwait, Macao, Malaysia, Mexico, Montenegro, Paraguay, Russian Federation, Saudi Arabia, Serbia, Singapore, South Korea, Switzerland, Taiwan, Turkey, Ukraine, Uruguay and WIPO.

“17. The trademark COMPACT was first used in commerce in Italy as early as 2008 in combination with the internationally well-known trademark MARLBORO>

“18. The aforementioned use and global protection of the trademarks COMPACT and MARLBORO COMPACT confirms the true and rightful ownership of the Opposer over the said trademarks and to allow respondent-Applicant to registered its confusingly similar ESSE COMPACT Label trademark is an invasion of the vested right of the Opposer over its said trademarks.

“19. Respondent-Applicant, like Opposer is principally engaged in the tobacco industry. Opposer owns the trademarks COMPACT and MARLBORO COMPACT and for Respondent-Applicant to use the Opposer’s COMPACT trademark in combination with its ESSE trademark which is Respondent-Applicant’s principal trademark will obviously cause confusion to the public.

To support its opposition, the Opposer submitted as evidence the following:

1. Verified Notice of Opposition dated 7 September 2012;
2. Affidavit of Leonardo P. Salvador dated 7 September 2012;
3. Authenticated copies of Power of Attorney dated 13 July 2012;
4. Certified true copy of Philippine trademark registration no. 4-2009-012422 for the mark “COMPACT” issued on 4 June 2010;
5. Certified true copy of Philippine trademark registration no. 4-2011-002709 for the mark “MARLBORO COMPACT LABEL” issued on 25 October 2012;
6. Copy of Philippine application for registration of trademark “MARLBORO COMPACT” with application no. 4-2011-002709;
7. List of various registrations for the trademark **COMPACT** ;
8. Representative copies of certificates of registrations of the trademark COMPACT in the following countries, namely: Colombia, Costa Rica, Saudi Arabia and Turkey;
9. Representative copies of certificates of registration of the trademark MARLBORO COMPACT in the following countries, namely: Argentina,



China, Colombia, Costa Rica, Egypt, Hong Kong, Indonesia, Kuwait, Macao, Mexico, Paraguay, Singapore, Switzerland and WIPO;

10. Sample of MARLBORO COMPACT product and
11. Table showing sales volume of MARLBORO COMPACT.<sup>4</sup>

The Respondent-Application, in its Answer, allege among other things, the following:

“20. Contrary to the Opposer’s highly erroneous contention, Respondent Applicant’s ESSE COMPACT MENTHOL \$MG MENTHS PIPERITS & DESIGN mark is by no stretch of imagination, confusingly similar to the Opposer’s COMPACT and MARLBORO COMPACT marks.

“21. Section 123.1 (d) of R.A. 8293 provides in relevant part, to wit:

Section 123. Registrability.

123.1 A mark cannot be registered if it:

Is identical with a registration mark belonging to a different proprietor or a mark with an earlier filing or 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;

“22. Our Supreme Court, in a number of cases that it has decided, with rulings are still controlling to date, declared that in determining whether one mark is identical to or confusingly similar to another, the following test applies:

‘In determining whether two trademarks are confusingly similar, the two trademarks in their entirety as they appear in their respective labels must be considered in relation to the goods to which they attached; the discerning eye of the observer must focus not only on the predominant words but also on the other features appearing on both labels.

(Emphasis supplied; Del Monte Corporation vs. Court of Appeals, 181 SCRA 415-411116, citing Mead Johnson Co. vs N. V. J Van Doy Ltd.,<sup>7</sup> SCRA 768; and Bristol Myers Co., vs Director of Patents, 17 SCRA 128)

“23. Factors that should be considered are sound, appearance, form, style, shape, size, format, color ideas connoted by marks, the meaning, spelling, pronunciation of the words used, and the setting in which the words appear, the class of persons who buy the particular product and the circumstances ordinarily attendant to its acquisition xxx

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<sup>4</sup>Exhibits “A” to “H” inclusive of sub markings

“26. Respondent-Applicant’s mark and the Opposer’s MARLBORO COMPACT LABEL marks are both composite marks, while the Opposer’s Compact mark is a word mark. The mere presence of the term COMPACT in all of the mark, however, does not by itself, result in the automatic conclusion that said marks are confusingly similar to or with each other.

“27. The strength of a composite mark lies on the effect of a whole mark, not just of the individual terms. That is, every term in a mark may be ordinary, and yet the whole may be distinctive [S. Elias, Patent, Copyright and Trademark, 2<sup>nd</sup> ed (1977), at 342-343]

“28. The Respondent-Applicant’s mark consist of the term ‘ESSE’ accompanied by other terms namely ‘COMPACT’, ‘MENTHOL’, ‘4MG’, ‘MENTHIA’, ‘PIPERITA’, and a fancifully-designed four sided figure appearing on the upper right side of the term ESSE. A mere glance at this composite mark readily shows that it is the term ESSE that is the more prominent feature thereof. Thus, even adopting the Dominancy Test, it is indubitable that it is the term ESSE that is the dominant feature of Respondent-Applicant’s mark.

“29. While Respondent-Applicant’s application was pending examination before the Bureau of Trademark (‘BOT’), an office action (Paper No. 3) bearing mailing date of April 1, 2012 from IPRS-in- Charge, Ms. Carmelita C. Bartolome, was sent to Respondent-Applicant’s immediate past Philippine trademark prosecution counsel, requiring that a disclaimer be made by the Applicant over, among others, the term ‘COMPACT’. Said former counsel, via a letter submitted to the BOT last May 2, 2012 entered the required disclaimer. The trademarks Database page for the Respondent-Applicant’s mark readily shows therein that a disclaimer had already been made by Respondent –Applicant’s over the term COMPACT. Certified copies of the above cited Office Action, letter response thereto and the pertinent Trademark Database pages’ teams’ search for Application No. 4-2012-001662, are marked and attached hereto respectively as Respondent-Applicant’s Exhibit ‘1’ to ‘3’, to form integral part hereof. Said Disclaimer made over the term COMPACT, indicates that the Respondent-Applicant clearly lays no claim to the exclusive right to register said term alone in Applicant’s name, and neither does the Respondent-Applicant claim exclusive right to the use of the term COMPACT, Ergo, there is no basis whatsoever for the Opposition.

“30. Upon the other hand, the Opposer’s MARLBORO COMPACT LABEL mark likely Respondent-Applicant’s mark is also a composite one, and it can readily be gleaned from looking at the Opposer’s MARLBORO COMPACT LABEL mark, that the dominant feature thereof is the term ‘MARLBORO’ and not the term COMPACT. In fact, MARLBORO is the more well-known mark and not the term COMPACT. Thus, the Opposer’s citation of its MARLBORO COMPACT LABEL mark as one of the grounds supporting the filing of its Opposition is misplaced and *sans* any solid legal ground to stand.xxx”



The Respondent-Applicant submitted as evidence, the following:

1. Certified copies of Office Action dated 10 April 2012
2. Letter Response to Official Action dated 2 May 2012;
3. Pertinent pages of Trademark Database showing marks with "ESSE";
4. Certified true copy of trademark registration no. 4-2012-001849 for "ESSE COMPACT RED";
5. Certified true copy of trademark registrations for the marks with "ESSE COMPACT" in Japan and Korea; and
6. Copies of registrations for the mark "MARLBORO COMPACT"

The Hearing Officer issued on 25 March 2013 a notice setting the Preliminary Conference of the case. On 29 April 2013, the Preliminary Conference was terminated and both parties were directed to file their respective position papers.

Should the Respondent-Applicant be allowed to register the trademark ESSE COMPACT Label?

Records show that at the time Respondent-Applicant applied for registration of the mark "ESSE COMPACT Label", the Opposer already registered the mark COMPACT (Registration No. 4-2009-012422) and MARLBORO COMPACT (Registration No. 4-2011-002709). The goods covered by the Opposer's trademark registrations are similar to those indicated in the Respondent-Applicant's trademark application

The competing marks, depicted below, are identical in respect of the word "COMPACT".

**COMPACT**

Opposer's mark



Respondent-Registrat's mark

The evidence shows that the Opposer has registered not only the composite mark MARLBORO COMPACT but the word mark COMPACT, standing alone. Once registered, the Opposer has the right under Sec. 147 of Republic Act. 8293, to prevent the registration of Respondent-Applicant's mark, to wit:

Sec.147. Rights Conferred. 147. 1. The owner of a registered mark shall have the exclusive right to prevent all third parties not having the owner's consent from using in the course of trade identical or similar signs or containers for goods or services which are identical or similar to those respects of which the trademark is registered where such use would result in a likelihood of confusion. In case of the use, of an

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<sup>5</sup>Exhibits "1" to "9"

identical sign for identical goods or services, a likelihood of confusion shall be presumed.

This Bureau finds no merit in the Respondent-Applicant's argument that it had disclaimed<sup>6</sup> the word "COMPACT" in its composite mark, ESSE COMPACT and that the word MARLBORO in the opposer's mark is the dominant and more well-known mark. While it may be true that in disclaiming an unregistrable component of a mark, the applicant agrees that it would not have exclusive rights over the disclaimed part, it would be unfair in this instance to allow the Respondent-Applicant's application considering that the word COMPACT is used in similar fashion by the Opposer in its registered mark MARLBORO COMPACT. While the Respondent-Applicant may not have exclusive rights to the word COMPACT, as such has been disclaimed, the appearance of the word on goods under class 34, particularly "cigarettes" would lead to a likelihood of confusion among the purchasing public.

Succinctly, because the Respondent-Applicant uses its mark on goods that are similar or closely related to the Opposer's it is likely that the customers will have the impression that these goods originate from a single source or origin. The confusion or mistake would subsist not only on the purchaser's perception of goods but on the origin thereof as held by the Supreme Court, to wit:

Callman notes two types of confusion. The first is the confusion of goods in which event the ordinary 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 belief that there is some connection between the plaintiff and defendant which, in fact does not exist.<sup>7</sup>

The public interest, therefore, requires that two marks, identical to or closely resembling each other and used on the same and closely related goods, but utilized by different proprietors should not be allowed to co-exist. Confusion, mistake, deception, and even fraud, should be prevented.

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<sup>6</sup>Exhibit "4", "2"

<sup>7</sup>Converse Rubber Corp. v. Universal Rubber Products, Inc., et. Al., G. R. No. L-27906, 08 January 1987.




It is emphasized that 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>8</sup>

**WHEREFORE**, premises considered, the instant Opposition to Trademark Application No. 4-2012-001662 is hereby **SUSTAINED**. Let the file wrapper of the subject trademark be returned, together with a copy of this Decision, to the Bureau of Trademarks for information and appropriate action.

**SO ORDERED.**

Taguig City, 5 December 2014.

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

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<sup>8</sup>*Pribhdas J. Mirpuri v Court of Appeals*, G. R. No.114508, 19 November 1999, citing *Etepha v. Director of Patents, supra, Gabriel v. Perez*, 55 SCRA 406 (1974). See also Article 15, par. (1), Art. 16, par. (1), of the Table Related Aspects of Intellectual Property (TRIPS Agreement)