

OFFICE OF THE DIRECTOR GENERAL

SANOFI AVENTIS,

Appellant,

-versus-

GLENMARK PHARMACEUTICALS,
LTD.,

Appellee.

x-----x

Appeal No. 14-2013-0024

IPC No. 14-2011-00089

Opposition to:

Application No. 4-2010-500747

Date Filed: 01 June 2010

Trademark: STILOZ

NOTICE

**CESAR C. CRUZ AND PARTNERS
LAW OFFICES**

Counsel for Appellant
3001 Ayala Life-FGU Center
6811 Ayala Avenue, Makati City

LENY B. RAZ

Director, Bureau of Trademarks
Intellectual Property Office
Taguig City

A.Q. ANCHETA & PARTNERS

Counsel for Appellee
Suites 1008-1010 Paragon Plaza Bldg.,
EDSA corner Reliance Street
Mandaluyong City

IPOPHL LIBRARY

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

NATHANIEL S. AREVALO

Director, Bureau of Legal Affairs
Intellectual Property Office
Taguig City



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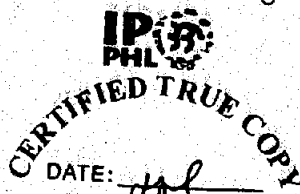
DATE: DEC 18 2014

BY: *[Signature]*

GREETINGS:

Please be informed that on 15 December 2014, the Office of the Director General issued a Decision in this case (copy attached).

Taguig City, 15 December 2014.



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

Very truly yours,

[Signature]
ROBERT NEREO B. SAMSON
Attorney V



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SANOFI-AVENTIS,
Opposer-Appellant,

Appeal No. 14-2013-0024

-versus-

IPC No. 14-2011-00089

Opposition to:

GLENMARK PHARMACEUTICALS,
LTD.,

Application No. 4-2010-500747

Date Filed: 01 June 2010

Respondent-Appellee.

Trademark: STILOZ

x-----x

DECISION

SANOFI-AVENTIS ("Appellant") appeals the decision of the Director of Bureau of Legal Affairs ("Director") dismissing the Appellant's opposition to the registration of the mark "STILOZ" filed by GLENMARK PHARMACEUTICALS, LTD. ("Appellee").

Records show that the Appellee filed on 01 June 2010 Trademark Application No. 4-2010-500747 to register STILOZ for use on *pharmaceutical and medicinal preparations for the reduction of intermittent claudication*. On 15 November 2010, the trademark application was published in the Intellectual Property Office Electronics Gazette for Trademarks. Subsequently, on 15 March 2011, the Appellant filed an opposition alleging that STILOZ is confusingly similar with "STILNOX" and that the registration of this mark is proscribed under Section 123.1 (d) and (e) of the Intellectual Property Code of the Philippines ("IP Code").

The Appellant maintained that since 1988 and before the Appellee filed its trademark application for STILOZ, it has extensively promoted and sold worldwide pharmaceutical products bearing the internationally well-known mark STILNOX. The Appellant claimed that the act of the Appellee in adopting STILOZ is clearly an attempt to trade unfairly on the goodwill, reputation, and awareness of STILNOX resulting in the diminution of the value of STILNOX. The Appellant asserted that if the products of the Appellee are inferior in quality, there will be irreparable injury to the Appellant's goodwill, and its internationally well-known mark STILNOX will have unfavorable connotation. According to the Appellant, STILOZ is applied for the same class of goods as that of the Appellant's registration for STILNOX which would likely deceive or cause confusion as to the goods or the origin of the goods.

The Appellee filed on 05 August 2011 an "ANSWER" alleging that the registration of STILOZ does not violate the provisions of the IP Code as there is no confusing similarity between STILOZ and STILNOX. The Appellee claimed that these marks appear distinctly from each other and consist of letters arranged and



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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: +632-5539480 • www.ipophil.gov.ph

pronounced differently. The Appellee asserted that the goods covered by these marks are not identical and that the marks' respective purposes and intended uses are vastly different. The Appellee maintained that STILNOX is indicated for the treatment of the central nervous system (i.e., a sleeping pill) while STILOZ is used for reduction of symptoms of intermittent claudication – a disease that causes pain in the lower leg while walking. The Appellee averred that the products covered by these marks can be administered only in the presence of and with the assistance of a physician, thus, obliterating any deception and confusion to the consuming public. According to the Appellee, since its goods and those of the Appellant's are medicinal products, the margin of error in the acquisition of one product for the other product is remote because purchasers are more cautious of the nature of the goods they are buying so that confusion or deception on the products is unlikely. The Appellee argued that the Appellant has not sufficiently discharged the burden of proving that STILNOX is a well-known mark.

After appropriate proceedings, the Director dismissed the opposition and held that the similarity in STILOZ and STILNOX is not sufficient to reach a conclusion that there is the likelihood of confusion, much less deception. The Director held that the last syllable of the Appellee's mark is visually and aurally different from the last syllable of the Appellant and that the goods covered by STILNOX are different from those indicated in the Appellee's trademark application. The Director ruled that STILOZ meets the function of a trademark and that the Appellant has not established that STILNOX is a well-known mark.

On 18 June 2013, the Appellant filed an "APPEAL MEMORANDUM" contending that it is quite apparent that STILOZ closely resembles STILNOX and that under the rule of *idem sonans*, it is clear that there is confusing aural similarity between the marks. The Appellant claims that as the owner-registrant by prior adoption, registration, and use of STILNOX, it is entitled to enjoin the registration of STILOZ as it stands to be damaged and prejudiced by the slavish imitation of its mark. The Appellant avers that the Director's decision contravened the State policy of promoting and protecting the people's health as the possibility of confusion will have disastrous or harmful effects to consumers of the medicinal products involved. According to the Appellant, there is more reason that a possibility of confusion will occur as the goods involved are related and flow through the same channels of trade.

The Appellee filed on 15 November 2013 a "COMMENT TO APPELLANT'S APPEAL MEMORANDUM" maintaining that STILOZ is so distinctly different from STILNOX that there can be no likelihood of confusion. The Appellee claims that STILOZ covers only goods addressing a particular ailment that is different from the ailment addressed by STILNOX. The Appellee asserts that both drugs are prescription-only medication and that there can be no possibility of confusing similarity between the two marks considering the relevant class of persons involved. According to the Appellee, there can be no possibility of confusion as to the source of the goods in question given that the labels clearly indicate that STILNOX is manufactured by the Appellant while it manufactures STILOZ products.



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ATTORNEY V
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On 28 November 2013, pursuant to Office Order No. 154, Series of 2010, Rules of Procedure for IPO Mediation Proceedings, this case was referred to mediation. Subsequently, on 17 October 2014, this Office received a notice from the IPOPHL Alternative Dispute Resolution (ADR) Services that the parties were unsuccessful in settling their disputes.

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

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.¹

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;

It is not disputed that the Appellant owns a certificate of registration for STILNOX. In this regard, the relevant question in this case is whether STILOZ is confusingly similar with STILNOX.

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.² 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,³ 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.⁴


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

¹ Pribhdas J. Mirpuri v. Court of Appeals, G.R. No. 114508, 19 November 1999.

² Emerald Garment Manufacturing Corporation v. Court of Appeals, 251 SCRA 600 (1995).

³ Esso Standard Eastern, Inc. v. Court of Appeals, 116 SCRA 336 (1982).

⁴ Societe Des Produits Nestle, S.A. v. Court of Appeals, G.R. No. 112012, 04 April 2001.

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ATTORNEY V.
Office of the Director General

STILNOX

STILOZ

Appellant's mark

Appellee's mark

At a glance, one can see the similarity in these word marks which have identical first syllable containing the four letters, "S", "T", "I", and "L" and similar second to the last letter "O". These similarities easily catch the attention of the purchasing public visually and aurally. 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 Appellee's adoption and use of STILOZ 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 Appellant has used STILNOX as early as 1988 or prior to the Appellant's filing of trademark application for STILOZ in 2010. The public may be misled that STILOZ is just a variation of the Appellant's existing products.

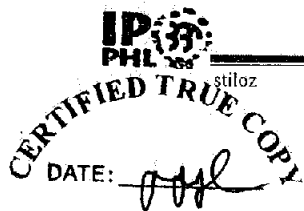
Significantly, when the Appellant adduced evidence of its prior use and adoption of the distinctive mark STILNOX, the burden of evidence shifted to the Appellee to show that it is not riding on the goodwill generated by this mark. The Appellant and the Appellee are members of the pharmaceutical industry. 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.⁵

The Appellee has "millions of terms and combinations of letters and designs available" for its use on its products. Why it insists on using STILOZ that is visually and aurally similar to STILNOX betrays its intention to take advantage of the goodwill generated by the Appellant's mark. In addition, the Appellee has not satisfactorily explained how it arrived in using STILOZ.

As the registered owner of STILNOX, 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. Moreover, the difference in the kind of goods by the parties is not sufficient to allow the registration of STILOZ. 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

⁵ American Wire & Cable Company v. Director of Patents, G. R. No. L-26557, 18 February 1970.



ROBERT NERED B. SAMSON
ATTORNEY V
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Philippines in the case of *Sterling Products International, Inc. v. Farbenfabriken Bayer Aktiengesellschaft*⁶ 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 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 STILNOX. The protection of trademarks is the law's recognition of the

⁶ G. R. No. L-19906, 30 April 1969.



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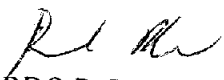
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ATTORNEY V
of the Director General

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.⁷


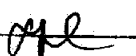
Wherefore, premises considered, the appeal is hereby GRANTED. Let a copy of this Decision be furnished to the Director of Bureau of Legal Affairs and the Director of Bureau of Trademarks for their appropriate action and information. Further, let a copy of this Decision be furnished to the library of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

SO ORDERED.

DEC 15 2014, Taguig City.


RICARDO R. BLANCAFLOR
Director General

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


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