

**MEGA LIFESCIENCES PTY. LIMITED,**  
Complainant,

-versus-

**INTERNATIONAL APEX PHARMACEUTICALS  
INC.,**  
Respondent.

IPV No. 10-2008-00013

For: Trademark Infringement,  
Unfair Competition and  
Damages

**NOTICE OF DECISION**

**CASTILLO LAMAN TAN PANTALEON & SAN JOSE**  
Counsel for the Complainant  
2<sup>nd</sup>, 3<sup>rd</sup> and 4<sup>th</sup> Floors, The Valero Tower  
122 Valero Street, Salcedo Village  
Makati City

**SUA & ALAMBRA LAW OFFICES**  
Counsel for Respondent  
Rm. 622, BPI Condominium  
150 Plaza Cervantes  
Binondo, Manila

**GREETINGS:**

Please be informed that Decision No. 2015 - 12 dated December 02, 2015 (copy enclosed) was promulgated in the above entitled case.

Taguig City, December 02, 2015.

For the Director:

*Edwin A. Datin*  
Atty. **EDWIN DANILO A. DATIN**  
Director III  
Bureau of Legal Affairs



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*Respondent(s).*

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**Decision No. 2015- 12**

### DECISION

MEGA LIFESCIENCES PTY. LIMITED<sup>1</sup> ("Complainant"), filed a complaint against INTERNATIONAL APEX PHARMACEUTICALS, INC.<sup>2</sup> ("Respondent") for Trademark Infringement, Unfair Competition and Damages on 11 November 2011.

Complainant alleges, among others, the following:

"6. By virtue of Certificate of Product Registration No. DR - XY28739 issued by the Bureau of Food and Drugs on September 14, 2005 to Metro Drug, Inc. as distributor and importer, complainant's Acnetrex has been marketed and sold in the Philippines in 10mg softgel capsule form since September 2005 through Metro. The mark Acnetrex was first used in February 2004.

"7. Complainant is the owner of Acnetrex and Acnetrex 10 trademark under Registration Nos. 4-2007-014040 and 4-2005-002571 issued by the Intellectual Property Office. Registration No. 4-2007-014040 is about to be issued a certificate after complainant paid the fee therefor. On the other hand, Registration No. 4-2005-002571 has been issued a certificate on April 26, 2006. These registrations are valid and subsisting.

"8. Isotretinoin is a prescription drug that comes in a more potent form of Vitamin A prescribed by most dermatologist for the treatment of severe acne that otherwise could not be addressed with other milder form of therapy. It is especially recommended if cysts are present and when the body, apart from the face, is likewise affected. Isotretinoin has been regarded as revolutionary product, as it makes sebaceous glands less productive, reducing the size of the sebaceous gland and the inflammation of the skin. It affects the development of pimples and blackheads and reduces the amount of the bacteria known as propionibacterium acnes.

"9. Acnetrex is an invented mark derived from combining 'acne' and 'trex'. 'Trex' in turn is a derivative of 'tretinoin'. There are several words relating to skin, which is the organ of the human body directly affected by acne, that could be combined with

<sup>1</sup> Filipino with business address at 3-A General Maxilom Avenue, 6000 Cebu City, Cebu.

<sup>2</sup> Filipino with business address at 3/F Home Market, Market Market, Global City, Taguig City.

'trex' to come out with a trademark for any tretinoin-based pharmaceutical product indicated for the treatment of acne. Complainant chose Acnetrex, a combination of 'acne' and 'trex' to identify and by which it could market its product. It had the mark registered and established a market for said product in the Philippines by reason of the promotion of the mark Acnetrex.

"10. Complainant first marketed in September 2005 and continues to market its isotretinoin product in white rectangular boxes that contain 30 soft gel capsules. Complainant's Acnetrex 10 trademark appears below the generic name isotretinoin enclosed in a rectangular frame. xxx

"11. Sometime in July 2007, complainant was informed by the pharmaceutical healthcare representatives of Metro and on the basis of pharmaceutical product directory, MIMS 3rd Issue 2007, that Apex was selling and distributing 10 mg soft gel capsule forms of isotretinoin under the brandname Acutrex. On information, no application for, or certificate of, trademark registration has ever been filed or obtained by Apex for its Acutrex brand.

"12. Apex's Acutrex product is likewise packaged in pink rectangular packages of 30 soft gel capsules. xxx

"13. Of the numerous word associated with acne or the human skin that are available to respondent by which, in combination with 'trex' it could come out with a trademark for its own isotretinoin-based pharmaceutical product for the treatment of severe acne, respondent deliberately chose the root word 'acu', which is so similar to 'acne' both visually and aurally, and combined it with 'trex' to come up with Acutrex as a trademark for its product. This is a classic case of trademark infringement and unfair competition.

"14. Thus, complainant, through the undersigned counsel, sent a letter dated August 28, 2008, demanding, among others, that respondent cease and desist from using Acutrex for its products, recall all Acutrex product that had been and are being sold in the market, and execute an undertaking not to use complainant's trademark and design or any colorable imitation thereof. However, respondent unjustly and wantonly disregarded complainant's valid and lawful demands.

"15. To date, respondent continues to use the Acutrex brand and sell its products in packaging materials that infringe and unfairly compete with complainant's trademark, to the great damage, and prejudice complainant and to its goodwill. Further, Acutrex is still advertised in the 2008 117th Edition of MIMS.

#### **"First Cause of Action**

"Complainant pleads the foregoing and further states;

"16. Section 155 of the IP Code grants the following rights in favor of the owner of a registered mark, thus:

xxx

"17. Complainant's registered mark is composed of two distinct features, i.e., (1) the word Acne; and (2) the suffix 'trex'. It must likewise be noted that complainant's Acnetrex trade box is white and rectangular, distributed in batches of 30 soft gel capsules.

"18. Not only is the respondent's brand name Acutrex confusingly similar in sound, spelling and visual representation with complainant's Acnetrex mark, the packaging material used for respondent's goods demonstrate clear similarities with complainant's trade box, which forms and integral part of complainant's registered mark. The package in which respondent's Acutrex products are sold likewise contains 30 soft gel capsules and a combination of white and pink colors with fading effects which easily may be mistaken for complainant's products.

"19. Likewise, the confusing similarity between the two marks and respondent's effort to deliberately imitate complainant's mark and confuse the public are unmistakably clear in the former's promotional materials which surely attempts to imitate complainant's marks. xxx

20. Quite clearly, respondent not only copied and colorably imitated complainant's registered mark, but likewise reproduced and used such imitations in commerce in connection with the sale, offering for sale, distribution or advertising of its goods or in connection which such use is likely to cause confusion or mistake among, or to deceive, the public. Such act of respondent were carried out without the consent of, or authority from, complainant, thus making respondent liable for trademark infringement.

"21. Based on the foregoing, acts of trademark infringement, complainant's right must be recognized and vindicated. Respondent should therefore be assessed the amount of P1,000,000.00 as and by way of nominal damages and enjoined from committing said act.

#### "Second Cause of Action

"Complainant pleads the foregoing and further states:

"22. Furthermore, by appropriating complainant's trademark and colorably imitating complainant's tradebox by which complainant has been doing business through the years, respondent committed acts, constituting unfair competition proscribed not only under Article 28 of the Civil Code, but under Section 168 of the IP Code as well, thus:

xxx

"23. Since complainant's Acnetrex products first became available in the market in September 2005, complainant has established a formidable share in the Philippine market and has, together with the innovator product Roaccutane of the multinational pharmaceutical company, Roche, created the vital goodwill and reputation necessary for the buying public to repose its trust on the revolutionary effects of isotretinoin, which undoubtedly entailed significant monetary investment, among others. The quality of complainant's Acnetrex, as well as its expertise in dealing with after sales concerns, has acquired goodwill and reputation that is valuable property right in and of itself.

"24. Respondent deceptively imitated complainant's brand, trademark and trade box to stir great confusion among the consuming public, particularly since both Acnetrex and Acutrex are both isotretinoin formulations that may easily be mistaken for the other by the doctors, pharmacists and patients alike. In fact, complainant has had the occasion to clarify with its customers that respondent's Acutrex products are in no way related to Acnetrex. For causing damage to complainant's goodwill, a separate property right protected against invasion by unfair competition, respondent should be ordered to pay complainant the amount of P1,000,000.00 as and by way of nominal

damages and enjoined from committing the said act.

**"Third Cause of Action**

"Complainant repleads the foregoing and further states:

"25. By way of example or correction for the public good, with the objective of promoting respect for the intellectual property rights of the complainant and others who may be similarly situated, and to prevent others from committing the same acts committed by respondent, respondent should be assessed at least P500,000.00 in exemplary damages.

**"Fourth Cause of Action**

"Complainant repleads the foregoing and further states:

"26. On the account of willful and deliberate refusal of respondent to respect complainant's rights, complainant was constrained to engage the services of undersigned counsel and institute the instant complaint to protect its interest. Due to the intricacies of this case, complainant expects to incur attorney's fees of at least P500,000.00 and litigation expenses of not less than P100,000.00.

This Bureau issued a Notice to Answer. On 06 January 2009, Respondent filed its Answer alleging, among others, the following Affirmative Defenses, to wit:

**"A. Complainant lacks personality to sue**

"12. Complainant's self-serving averment is that it is the registered owner of Acnetrex and Acnetrex 10 trademarks under Registration Nos. 4-2007-014040 and 4-2005-002571 issued by the Intellectual Property Office. It admitted, however, that the owner of the CPR issued by the BFAD for Acnetrex is a certain company called Metro Drug, Inc., which also marketed and sold the 10 mg soft gel capsule since September 2005.

"13. Complainant therefore is not the proper party-in-interest to file this action as the CPR for the brand names Acnetrex and Acnetrex 10 is the name Metro Drug, Inc. and not that of Complainant's. As market authorization remains with Metro Drug, Inc., it is the latter which stands, or which may claim, to be injured by any purported act of trademark infringement in so far as the drug product is concerned. As distributor, it is expected that there is a standard undertaking on the part of Metro Drug to protect the rights of the principal or trademark owner, Complainant herein. Yet it conveniently omits to attach a copy of the distributorship Agreement between Complainant and Metro Drug, to avoid scrutiny perhaps?

"14. Likewise, notable is the fact that if Metro Drug is not authorized in their Distributorship Agreement to institute this action before the Intellectual Property Office, then it should have been instituted in the name of MEGA NUTRACEUTICALS LTD. which is clearly the name and style under which it has registered itself before the Securities and Exchange Commission of the Philippines as a Representative Office.

"15. Thus, it is unavoidable that this action must be dismissed as it has been

improperly instituted by an entity not authorized to do so. With the involvement of an improper party, there is no basis for this action to proceed until this material defect is cured.

**"B. Complainant fails to state a cause of action**  
**"There is no trademark infringement**

"16. Contrary to complainant's allegations, respondent did not commit nor attempt to commit trademark infringement. Respondent's 'ACUTREX' is not a reproduction, counterfeit, copy or colorable imitation of, nor does it infringe on, the mark 'ACNETREX'. Neither is there any confusing similarity between these two marks that would cause, or to be likely to cause, mistake or deception on the consuming public.

X X X

"22. xxx [T]he case at hand calls for the application of the totality rule or holistic test. Complainant's mere perception that the two brand names, 'ACNETREX' and 'ACUTREX' are identical is not a ground for filing a trademark infringement or unfair competition case.

"23. Additionally, even a slim possibility that the consuming public or purchaser would be confused or mistaken in choosing 'ACUTREX' over 'ACNETREX' is unlikely considering that the antibiotic drug 'Isotretinoin' that both brand carry is categorized as prescription drug and, thus, could not be dispensed with to the other purchaser/patient without the requisite written prescription from a medical practitioner.

"24. This peculiar characteristic of being a prescription drug as compared to those readily available over-the-counter that may be freely bought or obtained by anyone even without medical prescriptions was likewise judiciously considered by the Supreme Court in the Ethepa case, to wit:

X X X

"25. More so in this case where the dermatological products of the respondent are not available in the trade channels availed of by the complainant. Respondent sell through its distributors (independent contractors) and through prescribing doctors such as dermatologists at the St. Luke's Medical Center and Makati Medical Center. Due to the efforts of respondent's medical sales representatives, these dermatologists specifically prescribe ACUTREX, thus there is no room for confusion among them. The same is true with other doctors who would prescribe the complainant's ACNETREX or even other competing brands such as ISOTREX and ROACCUTANE.

"26. Incidentally, ACUTREX, ACNETREX and ROACCUTANE are all available in soft gel capsules packaged as 10 mg x 30's. As such, it is presumptuous of the complainant to claim that respondent copied its trade box for ACNETREX. Complainant does not have a monopoly of creative ideas. The packaging happens to be the most logical and practical way to package the product.

"27. More importantly, the enactment into law of the Generics Act completely eliminates any possibility of confusion either by the doctor, the pharmacist or by the consuming public. All doctors, whether in the public or private sector, are mandated under the Generics Act to use generic terminology or generic names in all transactions related to purchasing, prescribing, dispensing and administering of all drugs and

medicines.

"28. Under the afore-cited law, even if the pharmacist misreads the particular brand name prescribed by the doctor with bad handwriting, the pharmacist is tasked by law to inform the buyer of any and all other products having the same generic name together with their corresponding prices.

"28.1. Aside from the brand names, the more important factor that is made available to the buyer in exercising his option is the price. The law has provided safeguards against the likelihood of confusion among the relevant public (buyers, doctors, nurses, pharmacists, etc.)

"28.2. The purchaser of the drug and medicines, under the Generics Act, as amended by R.A. 9502 is not the 'completely unwary consumer' but an 'ordinarily intelligent buyer' who can consciously and deliberately discriminate between and among the choices presented to him by the pharmacist. Both the pharmacist and the buyer, therefore, perform very deliberate acts that leave no room for a likelihood of confusion. A rigorous compliance of the law is expected from the pharmacists, otherwise, a violation thereof may result in the imposition of criminal and administrative sanctions.

"29. Given the foregoing circumstances, complainant must be aware that it has to deploy medical sales representatives in most hospitals and medical clinics to ensure that the brand names of its products are specifically written out along with the generic name. There is, absolutely no room for confusion among the doctors.

**There is no unfair competition**

"30. Under the misplaced assumption that there is here infringement of trademark, complainant went on to harp on yet another unfounded imputation that the respondent copied the trademark 'ACNETREX' just to ride on the complainant's alleged goodwill over it and that respondent's selling and distribution of the product 'ACUTREX' is an act calculated to produce confusion and, hence, constitutes unfair competition.

"31. As defined, 'unfair competition' is the employment of deception or any other means contrary to good faith by which a person shall pass off the goods manufactured by him or in which he deals, or his business, or services, for those of another who has already established goodwill for his similar goods, business or services, or any acts calculated to produce the same result.

X X X

"34. If anything, the Complaint only serves to clarify the fact that there is no trademark infringement due to the differences pointed out, such as the font styles of the printed words on the trade box, the color and the general appearance of the trade box itself and the promotional materials of the two competing products. Respondent's promotional material highlights the affordability of the product while that of complainant's promotes the product as the last option for acne treatment. That being said and considering that it is a prescriptive drug, Complainant's unfounded claim must necessarily fail.

"35. Succinctly, there is here no room to even suppose that the purchaser/patient already wary of his dermatological problem and equipped with a written medical prescription would likely be misled into believing that, and in therefore

buying, 'ACUTREX' as 'ACNETREX' or vice-versa. Hence, in the absence of any plausible probability that the deception or confusion is likely to arise, even the mere idea of 'ACUTREX' passing off as 'ACNETREX' becomes and impossibility and therefore deplorable. There is, thus, no unfair competition to speak of in this case.

"36. Additionally, even a slim possibility that the consuming public or purchaser would be confused or mistaken in choosing 'ACUTREX' over 'ACNETREX' is unlikely considering that the antibiotic drug 'Isotretinoin' that both brands carry is categorized as prescriptive drug ONLY. This prescription drug is patient-specific in the sense that the dose of Isotretinoin a patient receives is dependent on his body weight and the severity of his condition. As such, it could not be dispensed with to the purchaser/patient without the requisite written prescription from a medical practitioner or skin specialist."

On 12 January 2009, Complainant filed a Reply. Respondent filed its Rejoinder on 04 February 2009. On 13 January 2009, the Notice of Pre-Trial Conference with Invitation to Mediate was issued by this Bureau. Complainant filed its Pre-Trial Brief on 09 February 2009 while Respondent filed its Pre-Trial Brief on 16 February 2009. Upon the manifestation of both parties, the case was referred to Mediation. It was later on referred back to this Bureau for Failure of Mediation. On 06 July 2009, Complainant filed a Motion for Issuance of a Writ of Preliminary Injunction. Respondent filed its Comment/Opposition to the Motion for Issuance of a Writ of Preliminary Injunction. A Reply, Rejoinder and Sur-Rejoinder was filed thereto. During the hearing on the application for issuance of a writ of preliminary injunction, Complainant presented four witness, namely, Dr. Gina Antonina Santiago Eubanas, Mr. Brandomir Montiel, Ms. Michelle Rosell, Mr. Christopher dela Rosa and Ms. Cielito Lazana-Bella who identified various documentary evidence. After Complainant rested its presentation of evidence, it was directed to file its formal offer of evidence. On 29 July 2009, Complainant filed its Offer of Documentary and Object Evidence which consist of the following exhibits:

Exhibit "A" to "A-4-a" - Judicial Affidavit of Dr. Gina Antonina Santiago Eubanas;  
Exhibit "B" to "B-2" - Curriculum Vitae of Dr. Gina Antonina Santiago Eubanas;  
Exhibit "C" to "C-2-a" - Judicial Affidavit of Mr. Brandomir Montiel;  
Exhibit "D" - Small leave-behind folder of Acutrex;  
Exhibit "E" to "E-2-a" - Judicial Affidavit of Ms. Michelle Rosell;  
Exhibit "F" to "F-3" - Judicial Affidavit of Mr. Christopher dela Rosa;  
Exhibit "G" to "G-1" - Promotional material (folder) of Acutrex;  
Exhibit "H" - Box of Acutrex;  
Exhibit "I" - Promotional material (folder) of Acnetrex;  
Exhibit "J" - Box of Acnetrex;  
Exhibit "K" to "K-3" - Judicial Affidavit of Ms. Cielito Lazana- Bella;  
Exhibit "L" - Dummy prescription for Acutrex which is the Certificate of Consent form for Acutrex;  
Exhibit "M" - Mercury Drugstore Official receipt for Acnetrex instead of Acutrex; and  
Exhibit "N" to "N-3" - Acnetrex product together with the box and product information sheet, dispensed by the pharmacist of Mercury Drugstore.

On 10 August 2009, Respondent filed its Comment-Opposition to the offer of documentary and object evidence and Complainant filed its Reply. Thereafter, the offer of documentary and object evidence was admitted by this Bureau.



On the part of Respondent, it presented two witness in support of its opposition to the prayer for issuance of a preliminary injunction, namely, Dr. Ma. Lourdes De Veyra and Mr. Jonas A. Depalac who identified various documentary evidence. After the presentation of its evidence, Respondent filed its Formal Offer of Evidence on 07 December 2009 which consists of the following exhibits:

- Exhibit "1" to "1-a" - Affidavit of Dr. Ma. Lourdes De Veyra (In lieu of Direct Testimony);
- Exhibit "2" - Curriculum Vitae of Dr. Ma. Lourdes De Veyra;
- Exhibit "3" - Certificate of membership from the American Academy of Dermatology;
- Exhibit "4" - Certificate from the Philippine Board of Dermatology;
- Exhibit "5" - Certificate from Philippine Dermatological Society, Inc.;
- Exhibit "6" - Certificate from the Faculty of Medicine, Ramathibodi Hospital, Mahidol University, Bangkok, Thailand;
- Exhibit "7" - Certificate from the Professional Regulation Commission Board of Medicine;
- Exhibit "8" - Diploma (M.D.) from the West Visayan State University;
- Exhibit "9" - Affidavit of Jonas A. Depalac (In lieu of Direct Testimony); and
- Exhibit "10" - Answer to Question 11 in the Judicial Affidavit of Cielito Lazana-Bella.

Complainant filed its Comment to the formal offer was filed by Respondent on 12 December 2009. After which, this Bureau admitted Respondent's Formal Offer of Evidence on 21 December 2009 and the parties were directed to file their respective memoranda. On 22 January 2010, the parties filed their respective Memorandum. A Reply, Comment and Rejoinder was filed also. On 07 July 2010, this Bureau issued Order No. 2010-60 denying Complainant's application for issuance of a preliminary injunction. Motion for Reconsideration and Supplemental Motion for Reconsideration was filed on 16 August 2010 and 19 August 2010, respectively. In the meantime, Complainant presented its additional witness Ms. Ma. Flores Escano who identified documentary evidence also. On 20 September 2010, Complainant filed its Offer of evidence adopting the evidence offered and admitted during the application for preliminary injunction and the additional evidence marked as Exhibits "O" to "O-63" which pertains to various Statements of Accounts and Official Receipts issued by Castillo Laman Tan Pantaleon & San Jose Law Offices as part of the testimony of Ms. Ma. Flores Escano. An Omnibus Comment-Opposition was filed by Respondent on 27 September 2010 and Complainant filed a Reply thereto. On 26 November 2010, this Bureau admitted Complainant's Offer of Evidence. The hearing continued on the presentation of Respondent's evidence on 24 February 2011. On 28 February 2011, Complainant filed an Urgent Manifestation and Motion stating that it will no longer conduct cross-examination on Respondent's witness Jonas Depalac. After resting its case, Respondent filed its Formal Offer of Evidence on 25 March 2011 adopting the evidence it formally offered and admitted by this Bureau during the hearing on the application for preliminary injunction and in addition offered Exhibit "11" which is the Affidavit of Jonas A. Depalac on 23 February 2011. Complainant filed its Comment on 15 April 2011. On 25 April 2011, this Bureau admitted Respondent's Formal Offer of Evidence and directed the parties to file their Memorandum. On 27 May 2011, Complainant filed its Memorandum. Hence, the case is now submitted for resolution.

The main issue in this case is whether Respondent is liable for trademark infringement and/or unfair competition.

Section 155. 1 of Republic Act No. 8293 otherwise known as the Intellectual Property Code of the Philippines ("IP Code") provides:

**Section 155. Remedies; Infringement.** - Any person who shall, without the consent of the owner of the registered mark:

155.1. Use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark or the same container or a dominant feature thereof in connection with the sale, offering for sale, distribution, advertising of any goods or services including other preparatory steps necessary to carry out the sale of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive; or

155.2. Reproduce, counterfeit, copy or colorably imitate a registered mark or a dominant feature thereof and apply such reproduction, counterfeit, copy or colorable imitation to labels, signs, prints, packages, wrappers, receptacles or advertisements intended to be used in commerce upon or in connection with the sale, offering for sale, distribution, or advertising of goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive, shall be liable in a civil action for infringement by the registrant for the remedies hereinafter set forth: Provided, That the infringement takes place at the moment any of the acts stated in Subsection 155.1 or this subsection are committed regardless of whether there is actual sale of goods or services using the infringing material.

In *Prosource International, Inc. v. Horphag Research Management SA*<sup>3</sup>, the Supreme Court enumerated the elements of infringement under the IP Code to wit:

1) The trademark being infringed is registered in the Intellectual Property Office; however, in infringement of trade name, the same need not be registered;

(2) The trademark or trade name is reproduced, counterfeited, copied, or colorably imitated by the infringer;

(3) The infringing mark or trade name is used in connection with the sale, offering for sale, or advertising of any goods, business or services; or the infringing mark or trade name is applied to labels, signs, prints, packages, wrappers, receptacles or advertisements intended to be used upon or in connection with such goods, business or services;

(4) The use or application of the infringing mark or trade name is likely to cause confusion or mistake or to deceive purchasers or others as to the goods or services themselves or as to the source or origin of such goods or services or the identity of such business; and

<sup>3</sup> G.R. No. 180073. November 25, 2009.

(5) It is without the consent of the trademark or trade name owner or the assignee thereof.

In trademark infringement, the existence of trademark registration is an indispensable element. It is undisputed that Complainant has an existing registration for its trademark ACNETREX 10 under Registration No. 4-2007-014040 issued on May 12, 2008 for use on "medical preparations containing Isotretinoin as active ingredient in soft gelation capsule form used for human consumption." On the other hand, ACUTREX is also used in Isotretinoin product of Respondent.

The element of "likelihood of confusion" is the gravamen of the offense.<sup>4</sup> The validity of a cause for infringement is predicated upon colorable imitation. The phrase "colorable imitation" denotes such a "close or ingenious imitation as to be calculated to deceive ordinary persons, or such a resemblance to the original as to deceive an ordinary purchaser giving such attention as a purchaser usually gives, and to cause him to purchase the one supposing it to be the other."<sup>5</sup> Thus, in order to determine colorable imitation, this Bureau has to compare the marks of the parties which are herein reproduced:

The logo for ACNETREX, consisting of the word "ACNETREX" in a bold, sans-serif font, enclosed within a rectangular border.

**Complainant's Mark**

The logo for ACUTREX, consisting of the word "ACUTREX" in a bold, sans-serif font, enclosed within a rectangular border.

**Respondent's Mark**

Confusion is likely in this instance because of the resemblance of the competing trademarks. Both marks contain almost the same letters except the letters "N" and "E" in Complainant's mark ACNETREX which was omitted in Respondent's mark and replaced with letter "U" to form the mark ACUTREX. They also contain the same suffix "TREX" so much so that there are no appreciable disparities between the two marks so as to avoid the likelihood of confusing one for the other. Trademarks are designed not only for the consumption of the eyes, but also to appeal to the other senses, particularly, the faculty of hearing. Thus, when one talks about the Complainant's trademark or conveys information thereon, what reverberates is the sound made in pronouncing it. The same sound is practically replicated when one pronounces the Respondent's mark. Furthermore, the suffix "TREX" which is derivative of "tretinoin" is not a commonly used suffix in pharmaceutical products especially in dermatological products using tretinoin. In fact, in the Trademark Database of this Office, it is only Complainant who has been using it since 2006 when they applied for registration of the mark ACNETREX, up to the present. Registered marks for use on tretinoin-based product uses the word "tretinoin" in combination with other word such as "GLUTA TRETINOIN" and "TRETINOIN-DERM A".

<sup>4</sup> *Phillip Morris, Inc. v. Fortune Tobacco Corporation*, G.R. No. 158589, June 27, 2006

<sup>5</sup> *Etepha AG v. Director of Patents*, G.R. No. L-20635, March 31, 1966.

Confusion cannot be avoided by merely adding, removing or changing some letters of a registered mark. Confusing similarity exists when there is such a close or ingenious imitation as to be calculated to deceive ordinary persons, or such resemblance to the original as to deceive ordinary purchaser as to cause him to purchase the one supposing it to be the other<sup>6</sup>. Colorable imitation does not mean such similitude as amounts to identify, nor does it require that all details be literally copied. Colorable imitation refers to such similarity in form, context, words, sound, meaning, special arrangement or general appearance of the trademark or trade name with that of the other mark or trade name in their over-all presentation or in their essential, substantive and distinctive parts as would likely to mislead or confuse persons in the ordinary course of purchasing the genuine article<sup>7</sup>.

In this case, the parties presented conflicting testimonies regarding the likelihood of confusion that their similar marks may cause on the purchasing public. Complainant's witness gave the impression that the use of ACUTREX in the market for identical product created confusion because when the witness presented a Patient Consent Form to the pharmacy assistant in Mercury Drug, it was given an ACNETREX instead. On the other hand, Respondent's witness testified that when he approached a pharmacy assistant in another Mercury Drug branch, he was told that they do not sell ACUTREX so much so that there could not be confusion created as ACUTREX is not available in Mercury Drug. This Bureau cannot give weight or credence to these testimonies as they are self-serving. The pharmacy assistants did not testify on this matter and therefore the testimonies of the witnesses regarding the alleged confusion or non-confusion are mere hearsay.

Succinctly, the determination of whether the Respondent's use of the mark ACUTREX is likely to cause confusion, mistake or deception has to rely on a comparison of the competing marks. From a comparison of the competing marks a conclusion is drawn that it is likely for the public to commit mistake, be confused or deceived in this instance.

It must be emphasized that the determinative factor in a contest involving trademark registration is not whether the challenged mark would actually cause confusion or deception of the purchasers but whether the use of such mark will likely cause confusion or mistake on the part of the buying public. To constitute an infringement of an existing trademark, patent and warrant a denial of an application for registration, the law does not require that the competing trademarks must be so identical as to produce actual error or mistake; it would be sufficient, for purposes of the law, that the similarity between the two labels is such that there is a possibility or likelihood of the purchaser of the older brand mistaking the newer brand for it.<sup>8</sup> The likelihood of confusion would subsist not only on the purchaser's perception of goods but on the origins thereof as held by the Supreme Court:<sup>9</sup> It has been held time and again that in cases of grave doubt between a newcomer who by the confusion has nothing to lose and everything to gain and one who by honest dealing has already achieved favour with the public, any doubt should be resolved against the newcomer in as much as the field from which he can select a desirable trademark to indicate the origin of his product is obviously a large one.<sup>10</sup>

<sup>6</sup> See *Societe Des Produits Nestle, S.A v. Court of Appeals, G.R. No. 112012, 4 Apr. 2001, 356 SCRA 207, 217.*

<sup>7</sup> See *Emerald Garment Manufacturing Corp. v. Court of Appeals, G.R. No. 100098, 29 Dec. 1995.*

<sup>8</sup> See *American Wire and Cable Co. v. Director of Patents et al., G.R. No. L-26557, 18 Feb. 1970.*

<sup>9</sup> See *Converse Rubber Corporation v. Universal Rubber Products, Inc., et al., G.R. No. L-27906, 08 Jan. 1987.*

<sup>10</sup> See *Del Monte Corporation et. al. v. Court of Appeals, GR No. 78325, 25 Jan. 1990.*

Aptly, 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." The Respondent's mark did not satisfy this function test.

As to the issue on unfair competition allegedly committed by Respondent, Section 168 of the IP Code states:

*Section 168. Unfair Competition, Rights, Regulation and Remedies.* - 168.1. A person who has identified in the mind of the public the goods he manufactures or deals in, his business or services from those of others, whether or not a registered mark is employed, has a property right in the goodwill of the said goods, business or services so identified, which will be protected in the same manner as other property rights.

168.2. Any person who shall employ deception or any other means contrary to good faith by which he shall pass off the goods manufactured by him or in which he deals, or his business, or services for those of the one having established such goodwill, or who shall commit any acts calculated to produce said result, shall be guilty of unfair competition, and shall be subject to an action therefor.

168.3. In particular, and without in any way limiting the scope of protection against unfair competition, the following shall be deemed guilty of unfair competition:

(a) Any person, who is selling his goods and gives them the general appearance of goods of another manufacturer or dealer, either as to the goods themselves or in the wrapping of the packages in which they are contained, or the devices or words thereon, or in any other feature of their appearance, which would be likely to influence purchasers to believe that the goods offered are those of a manufacturer or dealer, other than the actual manufacturer or dealer, or who otherwise clothes the goods with such appearance as shall deceive the public and defraud another of his legitimate trade, or any subsequent vendor of such goods or any agent of any vendor engaged in selling such goods with a like purpose;

(b) Any person who by any artifice, or device, or who employs any other means calculated to induce the false belief that such person is offering the services of another who has identified such services in the mind of the public; or

(c) Any person who shall make any false statement in the course of trade or who shall commit any other act contrary to good faith of a nature calculated to discredit the goods, business or services of another.

168.4. The remedies provided by Sections 156, 157 and 161 shall apply *mutatis mutandis*.

The essential elements of an action for unfair competition are (1) confusing similarity in the general appearance of the goods and (2) intent to deceive the public and defraud a competitor. The confusing similarity may or may not result from similarity in the marks, but may result from other external factors in the packaging or presentation of the goods. The

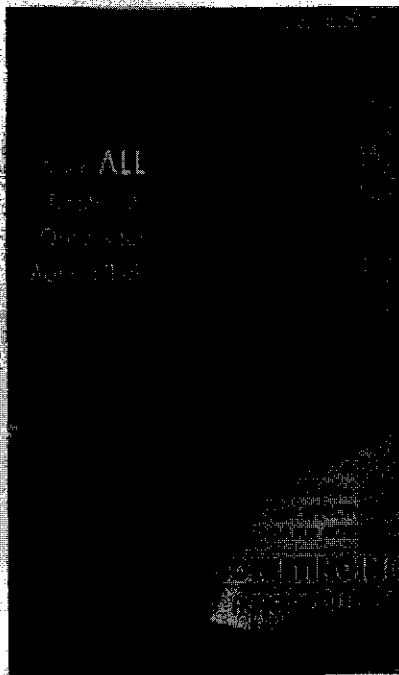
intent to deceive and defraud may be inferred from the similarity of the appearance of the goods as offered for sale to the public. Actual fraudulent intent need not be shown."<sup>11</sup>

Jurisprudence also laid down the "true test" of unfair competition: whether the acts of the defendant have the intent of deceiving or are calculated to deceive the ordinary buyer making his purchases under the ordinary conditions of the particular trade to which the controversy relates. One of the essential requisites in an action to restrain unfair competition is proof of fraud; the intent to deceive, actual or probable must be shown before the right to recover can exist.<sup>12</sup>

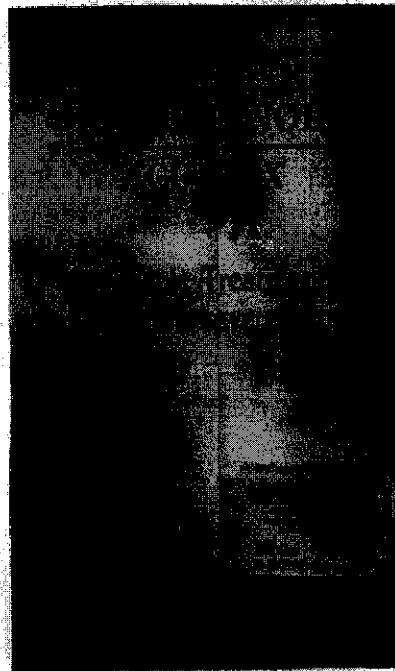
A perusal of evidence submitted, it is found that Respondent is guilty of unfair competition also. Aside from the confusing similarity of the marks, there is an *indicia* that Respondent is attempting to ride the goodwill of Complainant and there's an attempt to deceive the public and defraud the competitor. Complainant uses promotional material given to doctors to promote the sale of ACNETREX. A similar promotional material for ACUTREX are also distributed to doctors.

The promotional materials are hereunder reproduced.

**Complainant's Promotional Material**



**Respondent's Promotional Material**



<sup>11</sup> *In-n-Out Burger, Inc. v. S. Schwani, Inc.*, G.R. No. 179127, 24 December 2008.

<sup>12</sup> *Superior Commercial Enterprise, Inc. vs. Kunnan Enterprise Ltd.*, R. No. 169974, April 20, 2010.

Comparing the promotional materials, there is a glaring imitation by Respondent of the promotional materials of Complainant. Of all the colors available to be used in promoting its product, it chose pink which is the color used by Complainant. A lady is also depicted in said promotional material which is also present in Complainant's promotional material which strongly indicates an intent to pass its goods as that of Complainant having been in the market since 2005 and which already gained loyalty and brand recognition from medical practitioners as well as the public especially those with acne problems. The changes in the arrangement of images in the promotional materials, i.e., trade box with the blister pack appearing on the inside of the material in complainant's folder appears in the outside cover portion of Respondent's material. However, these changes does not avoid a finding of unfair competition.

Considering the finding of trademark infringement and unfair competition, Complainant is entitled to an award of damages. However, there is no sufficient basis to measure actual damages as no evidence was presented by Complainant. Instead, Complainants are entitled temperate damages. Taking into account the infringement committed by Respondent and its deliberate intent to engage in unfair competition, it is only proper that Complainant be awarded also exemplary damages. Article 2229 of the Civil Code provides that such damages may be imposed by way of example or correction for the public good, such as the enhancement of the protection accorded to intellectual property and the prevention of similar acts of unfair competition. However, "exemplary damages are not meant to enrich one party or to impoverish another, but to serve as a deterrent against or as a negative incentive to curb socially deleterious action."<sup>13</sup> Likewise, as Complainant was compelled to institute this case to protect its rights, under Article 2208(1) of the Civil Code, attorney's fees may likewise be awarded to it.

**WHEREFORE**, premises considered, this Bureau finds that Respondent is liable for trademark infringement and unfair competition and is hereby ordered to:

1. Immediately cease and desist using the mark ACUTREX in its products, brochures, signage, website and any other materials, whether electronic or printed;
2. Immediately cease and desist from using all promotional material similar to that of Complainant.
3. To pay Complainant as follows:
  - a. Temperate damages in the amount of Two Hundred Thousand Pesos (Php200,000.00);
  - b. Exemplary damages in the amount of Two Hundred Thousand Pesos (Php200,000.00); and,
  - c. Attorney's fees and cost of litigation in the amount of Two Hundred Thousand Pesos (Php200,000.00).

<sup>13</sup> *In-n-Out Burger, Inc. VS. Sehwan, Inc., G.R. No. 179127, 24 December 2008.*

All signage, brochures and other materials used by Respondent in committing trademark infringement and unfair competition are hereby ordered condemned.

**SO ORDERED.**

02 December 2015, Taguig City.



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