

NOVARTIS AG,  
Opposer,

-versus-

BAYER AG,  
Respondent- Applicant.

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} IPC No. 14-2011-00147  
} Opposition to:  
} Appln. Serial No. 4-2010-008068  
} Date Filed: 23 July 2010  
} TM: "BAYZITH"  
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}

**NOTICE OF DECISION**

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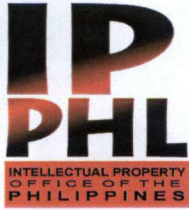
**GREETINGS:**

Please be informed that Decision No. 2016 - 94 dated March 31, 2016 (copy enclosed) was promulgated in the above entitled case.

Taguig City, March 31, 2016.

For the Director:

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



NOVARTIS AG,  
*Opposer,*

versus-

BAYER AG,  
*Respondent-Applicant.*

x-----x

IPC NO. 14-2011-00147

Opposition to:  
Appln. Ser. No. 4-2010-008068  
Filing Date: 23 July 2010  
Trademark: BAYZITH

Decision No. 2016 - 94

### DECISION

NOVARTIS AG<sup>1</sup> ("Opposer") filed a Verified Opposition to Trademark Application No. 4-2010-008068. The application, filed by BAYER AG.<sup>2</sup> ("Respondent-Applicant") covers the mark BAYZITH for use on "*pharmaceutical preparations and substances*" under Class 5 of the International Classification of goods<sup>3</sup>.

The Opposer alleges the following grounds for the opposition:

"3. The trademark BAYZITH being applied for by respondent-applicant is confusingly similar to opposer's trademark AZYTH, as to be likely, when applied to or used in connection with the goods of respondent-applicant, to cause confusion, mistake and deception on the part of the purchasing public.

"4. The registration of the trademark BAYZITH in the name of respondent-applicant will violate Section 123.1, subparagraph (d) of Republic Act No. 8293, otherwise known as the Intellectual Property Code of the Philippines xxx:

x x x

"5. The registration and use by respondent-applicant of the trademark BAYZITH will diminish the distinctiveness and dilute the goodwill of opposer's trademark AZYTH.

"6. The registration of the trademark BAYZITH in the name of respondent-applicant is contrary to other provisions of the Intellectual Property Code of the Philippines."

The Opposer's evidence consists of the following:

1. Exhibit "A" -copy of Certificate of Reg. No. 4-2007-009510 for the trademark AZYTH;
2. Exhibits "B" - copy of Certificate of Product Registration No. DRP-1285 issued by BFAD (now FDA);
3. Exhibit "C" - copy of Certificate of Product Registration No. DRP-1286 issued by FDA;
4. Exhibit "D" - product packaging of goods bearing the mark AZYTH (box);
5. Exhibit "E" - product packaging of goods bearing the mark AZYTH (250mg);
6. Exhibit "F" - product packaging of goods bearing the mark AZYTH (500mg);

<sup>1</sup> A corporation duly organized and existing under the laws of Switzerland with principal office at CH-4002 Basel, Switzerland.

<sup>2</sup> A corporation duly organized and existing under the laws of Germany with address at Kaiser-Wilhelm-Allee, 51373 Leverkusen, Germany.

<sup>3</sup> The Nice Classification is a classification of goods and services for the purpose of registering trademark 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 the Registration of Marks concluded in 1957.

Republic of the Philippines

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7. Exhibits "G" and "G-1" - copy of purchase order of products bearing the mark AZYTH;
8. Exhibit "H" - copy of invoice for the AZYTH product;
9. Exhibit "I" - copy of the authenticated Corporate Secretary's Certificate;
10. Exhibit "J" with sub-markings - Legalized Joint Affidavit of Marcus Goldbach and Andrea Felbermeir; and
11. Exhibit "K" to "K-3" - pages from Novartis AG Annual Report for 2010.

This Bureau issued on 06 June 2011 a Notice to Answer and personally served a copy thereof to the Respondent-Applicant's counsel in the Philippines on 15 June 2011. After two motions for extension of time to file answer, Respondent-Applicant filed the Verified Answer on 11 August 2011. In its Answer, Respondent-Applicant alleges the following Special and Affirmative Defenses:

"8. The registration of respondent-applicant's 'BAYZITH' will not prejudice the opposer. The claim that respondent-applicant's 'BAYZITH' closely resembles the opposer's mark 'AZYTH' is totally without any factual and legal basis.

BAYZITH and AZYTH do not look and sound alike. The mark 'AZYTH' starts with a single letter 'A' whereas respondent-applicant's mark starts with the syllable 'BAY'. A close perusal of the two marks would readily show that they differ in spelling, number of letters and also in sound when pronounced, to wit:

x            x            x

AZYTH is used for pharmaceutical preparations with the generic name 'Azithromycin'. Clearly, 'AZYTH' is merely a shortcut for the generic name 'Azithromycin'. Moreover, opposer's mark as appearing on the actual labels and on the Certificate of Product Registration with the Food and Drug Administration (FDA) is used with different font i.e. 'Azyth'. It is only the first letter that is capitalized, whereas the letters on respondent-applicant's mark are all in capital letters.

x            x            x

"9. While the products covered by the two marks fall under the same class, there is no way that the consumers or buying public will be confused in dealing with the products covered by respondent-applicant's mark and that of the opposer. We all know that every product has its own separate threshold for confusion of origin. The typical consumer can be expected to be more careful and circumspect in buying the proper medical products that they will need for their medical conditions.

x            x            x

"10. Opposer's claim that the goodwill it allegedly derived from its use of the mark 'AZYTH' would be prejudiced by the registration of the mark 'BAYZITH' is also unmeritorious.

The mark 'BAYZITH' was applied for registration by the respondent-applicant without any reference to the mark of the opposer. It has no intention whatsoever to ride on the Opposer's claim of goodwill, popularity and general acceptance.

It should be noted that the first syllable 'BAY' of the respondent-applicant's mark 'BAYZITH' was derived from its company name 'BAYER AG' (BAYER Aktiengesellschaft). It has been the practice of the respondent-applicant to use the syllable 'BAY' on its trademarks in order to distinguish it from the other marks in the market.

BAYER AG is a highly renowned global enterprise with core competencies in the fields of health care, nutrition and high-tech materials. Its products and services are designed to benefit people and improve their quality of life. In the field of health care, it is a leading developer and manufacturer of various pharmaceutical preparations for disease prevention, diagnosis and treatment. It is the originator, true owner and first user of various internationally well-known marks, containing the

syllable 'BAY', used on pharmaceutical, veterinary preparations and substances, duly registered not only in the Philippines but also in other jurisdictions worldwide under Class 5 of the Nice Classification. These internationally-known marks are as follows, to wit:

x x x

Respondent-applicant has adopted and continuously used the aforesaid marks on its products up to the present. It is undisputed that the respondent-applicant has already developed and exceedingly valuable goodwill worldwide on the aforesaid marks. Thus, respondent-applicant has every right to seek the registration of the mark **BAYZITH** in this jurisdiction. xxx

Respondent-applicant's various pharmaceutical preparations have likewise been advertised significantly in the internet at its website: [www.bayer.com](http://www.bayer.com), which is easily accessible to Filipino consumers. xxx

"11. The two marks are distinct from each other in every respect such that the purchasers of the goods represented by the two marks will not be induced to believe that the 'AZYTH' products are mere derivatives of 'BAYZITH' products.

"12. Even assuming for the sake of argument that the mark AZYTH has been identified with opposer. still, opposer cannot claim that the alleged goodwill derived from the use of said mark will have a spillover effect unto other marks such as BAYZITH. Mere use by the opposer of the mark 'AZYTH' is not sufficient to support its claim that the other marks such as 'BAYZITH' must be denied registration in view of its alleged vested right to exclusively appropriate the mark 'AZYTH' to the exclusion of all other entities, regardless of the products covered."

Respondent-Applicant's evidence consists of the following:

1. Exhibit "1" - copy of Certificate of Registration No. 56833 for the mark BAYER;
2. Exhibit "2" - copy of Certificate of Registration No. 56786 for the mark BAYER CROSEE INSIDE A CIRCLE;
3. Exhibit "3" - copy of Certificate of Registration No. 043507 for the mark BAYTRIL;
4. Exhibit "4" - copy of Certificate of Registration No. 62855 for the mark BAYMIX;
5. Exhibit "5" - copy of Certificate of Registration No. 038287 for the mark BAYCOX;
6. Exhibit "6" - copy of Certificate of Registration No. 4-1996-112022 for the mark CIPROBAY issued on 18 October 1999;
7. Exhibits "7" to "10" - copy of the list of countries where the marks BAYER, BAYMIX, BAYCOX and CIPROBAY are registered;
8. Exhibit "11" - print-out of Respondent-Applicant's website page [www.bayer.com](http://www.bayer.com); and
9. Exhibit "12" - Affidavit of Service.

On 19 August 2011, Opposer filed a Reply. During the preliminary conference on 24 February 2012, the preliminary conference was terminated and the parties were directed to submit position papers. On 05 March 2012, Opposer and Respondent-Applicant file their respective Position Papers.

Should the Respondent-Applicant be allowed to register the mark **BAYZITH**?

The essence of trademark registration is to give protection to the owners of trademarks. The function of a trademark is to point out distinctly the origin or ownership of the goods to which it is affixed; to secure to him who has been instrumental in bringing into the market a superior article of merchandise, the fruit of his industry and skill; to assure the public that they are procuring the genuine article; to prevent fraud and imposition; and to protect the manufacturer against

substitution and sale of an inferior and different article as his product.<sup>4</sup>

Sec. 123.1 (d) of the IP Code provides:

SECTION 123. Registrability. — 123.1. A mark cannot be registered if it:

x        x        x

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;

A perusal of the records of this will show that at the time Respondent-Applicant filed its application for registration of its mark BAYZITH on 10 July 2010, Opposer already has an existing registration for the mark AZYTH issued on 18 February 2008. Opposer's AZYTH mark is used on "*pharmaceutical, veterinary and sanitary preparations, dietetic substances adapted for medical use, food for babies, plasters, materials for dressings, materials for stopping teeth, dental wax*" under Class 5 while that of Respondent-Applicant's BAYZITH mark is used for "*pharmaceutical preparations and substances*" under Class 5 also. It appears that the parties goods are similar and/or related.

But, are the competing marks, shown below, resemble each other such that confusion or even deception is likely to occur?

**AZYTH**

Opposer's Mark

**BAYZITH**

Respondent-Applicant's Mark

Based on the Certificate of Product Registration issued by the Food and Drug Administration (then Bureau of Food and Drugs), Opposer's mark AZYTH is used for "*azithromycin*". Thus, it can be inferred that Opposer's mark was derived from the generic name "*azithromycin*". On the other hand, Respondent-Applicant's mark BAYZITH is composed of two syllables "BAY" and "ZYTH". The syllable or word "BAY" was taken from its company name BAYER as explained by Respondent-Applicant while it can also be inferred that the syllable ZITH was derived from "*azithromycin*" which is an antibacterial medicine. Thus, the combination of BAY and ZITH to make the mark BAYZITH makes it distinctive and distinguishable from Opposer's mark AZYTH. Accordingly, the likelihood of confusion between Opposer's and Respondent-Applicant's marks is remote.

Further, this Bureau in several occasions has already ruled on various opposition cases filed by Opposer involving its mark AZYTH, to wit:

There is sufficient reason to infer or conclude that the syllables "azit" and/or "azyth" are derived from the generic word "*azithromycin*" which is the product covered by the Opposer's and Respondent-Applicant's respective marks. This observation is supported by the product samples

<sup>4</sup>See *Pribhdas J. Mirpuri v. Court of Appeals*, G. R. No. 114508, 19 Nov. 1999.

submitted by the Opposer as evidence, which indicates that the generic name of the pharmaceutical "AZYTH" covers. A trademark that consists of, ends or begins with "azit" or "azyth", as in the case of Opposer's mark, and is used for *azithromycin* is a suggestive mark and, therefore, a weak mark. There is no real creativity or ingenuity in the adoption of the mark AZYTH as the Opposer merely dropped the letters/syllables "ROMYCIN" from azithromycin. The mark or brand name itself suggests or tells the consumers the goods or service it covers and/or its kind, use, purpose or nature thereof.

Descriptive terms, which may be used to describe the product adequately, cannot be monopolized by a single user and are available to all. It is only natural that the trade will prefer those marks which bear some reference to the article itself. What will set apart or distinguish such mark from another which is also derives from its generic name are the letters and/or syllables that precede or succeed the same. In this instance, the difference between the contending marks is sufficient to eliminate the likelihood of confusing one mark from the other. It is highly unlikely that the consumers will be confused, much more deceived, into believing that the Respondent-Applicant's goods originated from the Opposer's. Respondent-Applicant's mark is pronounced as /a-zi-tar/ which is far from the Opposer's mark which is simply pronounced with two syllables /a-zyth/.

This Bureau, therefore is constrained from sustaining the opposition, to do so would have the unintended effect of giving the Opposer the right to exclude others from appropriating a trademark with a prefix "azyth" which is just a shortened version of the generic name azithromycin<sup>5</sup>

Accordingly, in this Bureau cannot sustain the instant opposition.

**WHEREFORE**, premises considered, the instant opposition is hereby **DISMISSED**. Let the filewrapper of Trademark Application Serial No. 4-2010-008068, together with a copy of this Decision, be returned to the Bureau of Trademarks for information and appropriate action.

**SO ORDERED.**

Taguig City, 31 March 2016.

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

<sup>5</sup> See Decision No. 2013-209 promulgated on 23 October 2013, IPC No. 14-2012-0086. See also Decision No. 2015-85 dated 08 May 2015 in IPC No. 14-2010-00158 and Decision No. 2015-179 in IPC No. 14-2011-00231.