

ABBOT LABORATORIES,
Opposer,

-versus-

**PROSEL PHARMACEUTICALS
& DISTRIBUTORS INC.,**
Respondent- Applicant.

}
} **IPC No. 14-2009-00287**
} Opposition to:
} Appln. Serial No. 4-2009-004503
} Date Filed: 08 May 2009
} **TM: "KLAXID"**
}

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NOTICE OF DECISION

BARANDA & ASSOCIATES

Counsel for the Opposer
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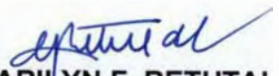
**QUIASON MAKALINTAL BAROT
TORRES IBARRA & SISON**

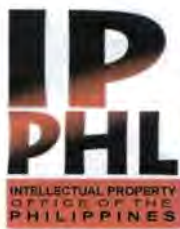
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GREETINGS:

Please be informed that Decision No. 2016 - 407 dated November 11, 2016 (copy enclosed) was promulgated in the above entitled case.

Taguig City, November 11, 2016.


MARILYN F. RETUAL
IPRS IV
Bureau of Legal Affairs



ABBOTT LABORATORIES,
Opposer,

- versus -

**PROSEL PHARMACEUTICALS &
DISTRIBUTORS INC.**

Respondent-Applicant,

x-----x

IPC No. 14-2009-00287

Opposition to:

Appln No. 4-2009-004503

Date Filed : 08 May 2009

Trademark : "KLAXID"

Decision No. 2016 - 407

DECISION

ABBOTT LABORATORIES ("Opposer"),¹ filed a verified opposition to Trademark Application Serial No. 4-2009-004503. The application, filed by PROSEL PHARMACEUTICALS & DISTRIBUTORS INC. ("Respondent-Applicant")², covers the mark "KLAXID" for the use on Class 05³ namely: "*medicine and antibacterial.*"

The Opposer anchored this instant opposition on Sec. 123.1 (d) of R.A. 8293, also known as the Intellectual Property Code of the Philippines ("IP Code"). The Opposer alleges that the trademark KLAXID is confusingly similar to its registered marks KLARICID and KLACID, which are also used for antibacterial, preparations for the treatment of upper and lower respiratory infections, soft tissue infections, and disseminated or localized Mycobacterial Infections. The goodwill attached to the Opposer and its KLACID and KLARICID marks are entitled to protection. The Opposer further alleged that the Respondent-Applicant submitted documents beyond the period allowed by the applicable rules, thus, cannot be admitted to form part of Respondent's evidence.

The Opposer's evidence consists of the following:

1. Verified Notice of Opposition;
2. Special Power of Attorney;
3. Affidavit of Mary L. Winburn, detailing the history of the Opposer;
4. Printouts of relevant pages from Opposer's website;
5. Website printout of Opposer's major products;
6. Opposer's website A-to-Z list of products;
7. Opposer's 1994 Annual Report;
8. List of countries where KLARICID and KLACID antibiotics are sold;
9. Worldwide sales report;
10. KLARICID PEDIATRICO banner, brochure, pamphlet/literature, advertisements used in various countries, including the Philippines;

¹ A corporation duly existing and registered under the laws of Illinois, U.S.A. with address at 100 Abbott Park Road, Abbott Park, Illinois 60064-6008, U.S.A.

² A domestic corporation with principal address at 9724 Pililia St. corner Baler, Brgy. Valenzuela, Santiago Village, Makati City.

³ The Nice Classification is a classification of goods and services for the purpose of registering trademarks and service marks, based on a multilateral administered by the World Intellectual Property Organization. This treaty is called the Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks concluded in 1957.

11. List of KLARICID registrations worldwide;
12. Certified true copies of KLARICID registration in Australia, Great Britain, Singapore;
13. List of KLACID registrations worldwide;
14. Certified true copies of KLACID registration in Hong Kong, Community Trademark Registration;
15. Philippine Registration No. 4-2003-006334 for KLARICID in Philippines;
16. Affidavit of Rodrigo Gregorio;
17. Print-out of information about KLARICID and KLACID; and,
18. Report by IMS AG.CHAM on prescription analysis and doctors using KLARICID in 2007;

On 04 May 2010, the Respondent-Applicant filed its Answer citing the Rules of Court, which provides for instances when a party may supplement its original pleading should there be transactions, occurrences or events since the date of filing of the original pleading. It alleged that the liberal construction of the rules should be applied in this case in furtherance of substantial justice. It likewise contended that the mark KLAXID should be allowed registration for it is not confusingly similar to the marks of the Opposer, KLACID and KLARICID.

The Respondent-Applicant's evidence consists of the following:

1. Package sample of KLAXID; and,
2. Medicinal Details of KLARICID LV and KLARICID PEDIATRIC of Abbott (Zuellig).

Thereafter, the preliminary conference was held and terminated. The parties were directed to file their respective position papers.⁴

Should the Respondent-Applicant be allowed to register the trademark KLAXID?

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 out into the market a superior 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.⁵

Records show that the Respondent-Applicant filed its trademark application for the mark KLAXID on 08 May 2009⁶. At that time, the Opposer already has an existing Registration No. 4-2003-006334 for KLARICID in the Philippines dated 03 September 2006⁷. However, the Opposer has no registration nor trademark application for KLACID in the Philippines. This Bureau noticed that the goods indicated in the Respondent-Applicant's trademark application are similar to those covered by the Opposer's trademark registration for KLARICID, and those bearing the mark KLACID, specifically, as anti-bacterial medicine.

⁴ Order No. 2014-327. Filed on 31 October 2014.

⁵ Pribhdas J. Mirpuri v. Court of Appeals, G.R. No. 114508, 19 Nov. 1999. See also Article 15, par. (1), Art. 16, par. 91 of the Trade-related Aspect of Intellectual Property (TRIPS Agreement).

⁶ File wrapper records.

⁷ Exhibit "JJ" of Opposer.

For comparison, the subject marks are depicted below:

Klacid KLARICID

Opposer's Trademarks

KLAXID

Respondent-Applicant's Trademark

The foregoing marks are all composed of the prefix "KLA" and ends in "ID". In fact, "KLACID" and "KLAXID" are almost identical to each other. When these marks are pronounced, the "C" in "KLACID" and the "X" in "KLAXID" produce similar sound. Similarly, the Opposer's another mark KLARICID creates significant resemblance in appearance with Respondent-Applicant's KLAXID because of the identical prefix "KLA" and suffix "ID", despite the presence of the middle syllable "RI".

Succinctly, because the aforementioned marks are used on goods that are similar or closely related to each other, which flow on the same channels of trade and both, particularly that falling under Class 05 for pharmaceutical product/antibiotic, it is likely that the consumers will have the impression that these goods or products 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:⁸

Callman 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. Hence, 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 which, in fact does not exist.

The public interest, therefore, requires that the 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. It is emphasized that the function of 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.⁹

⁸ Converse Rubber Corporation v. Universal Rubber Products Inc., et al., G.R. No. L-27906, 08 Jan. 1987.

⁹ Pribhdas J.Mirpuri v. Court of Appeals, G.R. No. 114508, 19 Nov. 1999.

It is stressed that the Philippines implemented the TRIPS Agreement when the IP Code took into force and effect on 01 January 1998. Art. 15 of the TRIPS Agreement reads:

Section 2: Trademarks
Article 15
Protectable Subject Matter

1. Any sign, or any combination of signs, capable of distinguishing the goods or services of one undertaking from those of other undertakings, shall be capable of constituting a trademark. Such signs, in particular words, including personal names, letters, numerals, figurative elements and combinations of colours as well as any combination of such signs, shall be eligible for registration of trademarks. Where signs are not inherently capable of distinguishing the relevant goods or services, members may make registrability depend on distinctiveness acquired through use. Member may require, as a condition of registration, that signs be visually perceptible.
2. Paragraph 1 shall not be understood to prevent a Member from denying registration of a trademark on other grounds, provided that they do not derogate from the provision of the Paris Convention (1967).
3. Members may make registrability depend on use. However, actual use of a trademark shall not be a condition for filing an application for registration. An application shall not be refused solely on the ground that intended use has not taken place before the expiry of a period of three years from the date of application.
4. The nature of the goods or services to which a trademark is to be applied shall in no case form an obstacle to registration of the trademark.
5. Members shall publish each trademark either before it is registered or promptly after it is registered and shall afford a reasonable opportunity for petitions to cancel the registration. In addition, Members may afford an opportunity for the registration of a trademark to be opposed.

Article 16 (1) of the TRIPS Agreement states:

1. The owner of a registered trademark 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 for goods or services which are identical or similar to those in respect of which the trademark is registered where such use would result in a likelihood of confusion. In case of the use of an identical sign for identical goods or services, a likelihood of confusion shall be presumed. The rights prescribed above shall not prejudice any existing prior rights, nor shall they affect the possibility of Members making rights available on the basis of use.

Significantly, Sec. 121.1 of the IP Code adopted the definition of the mark under the old Law on Trademark (Rep. Act No. 166), to wit:

121.1. "Mark" means any visible sign capable of distinguish the goods (trademark) or services (service mark) of an enterprise and shall include a stamped or marked container of goods; (Sec. 38, R.A. No. 166a)

Sec. 122 of the IP Code states:

Sec. 122. How Marks are Acquired. - The rights in a mark shall be acquired through registration made validly in accordance with the provision of this law. (Sec. 2-A, R.A. No. 166a)

There is nothing in Sec. 122 which says that registration confers ownership of the mark. What the provision speaks of is that the rights in a mark shall be acquired through registration, which must be validly in accordance with the provision of the law.

Corollarily, Sec. 138 of the IP Code provides:

Sec. 138. Certificates of Registration. - A certificate of registration of a mark shall be prima facie evidence of the validity of the registration, the registrant's ownership of the mark, and the registrant's exclusive right to use the same in connection with the goods or services and those that are related thereto specified in the certificate. (Emphasis Supplied)

Clearly, it is not the application or the registration that confers ownership of a mark, but it is ownership of the mark that confers the right to registration. While the country's legal regime on trademarks shifted to a registration system, it is not the intention of the legislators not to recognize the preservation of existing rights of trademark owners at the time the IP Code took into effect.¹⁰ The registration system is not to be used in committing or perpetrating an unjust and unfair claim. A trademark is an industrial property and the owner thereof has property right over it. The privilege of being issued a registration for its exclusive use, therefore, should be based on the concept of ownership. The IP Code implements the TRIPS Agreement and therefore, the idea of "registered owner" does not mean that ownership is established by mere registration but that registration establishes merely a presumptive right of ownership. That presumption of ownership yields to superior evidence of actual and real ownership of the trademark and to the TRIPS Agreement requirement that no existing prior rights shall be prejudiced. In *E.Y. Industrial Sales, Inc. and Engracio Yap v. Shen Dar Electricity Machinery Co. Ltd.*¹¹, the Supreme Court held:

RA 8293 espouses the "first-to-file" rule as stated under Sec. 123.1(d) which states:

x x x

Under this provision, the registration of a mark is prevented with the filing of an earlier application for registration. This must not, however, be interpreted to mean that ownership should be based upon an earlier filing date. While RA 8293 removed the previous requirement of proof of actual use prior to the filing of an application for registration of a mark, proof of prior and continuous use is necessary to establish ownership of a mark. Such ownership constitutes sufficient evidence to oppose the registration of a mark.

Sec. 134 of the IP Code provides that "any person who believes that he would be damaged by the registration of a mark x x x" may file an opposition to the application. The term "any person" encompasses the true owner of the mark, the prior and continuous user.

Notably, the Court has ruled that the prior and continuous use of a mark may even overcome the presumptive ownership of the registrant and be held as the owner of the mark. As aptly stated by the Court in *Shangri-la International Hotel Management, Ltd. v. Developers Group of Companies, Inc.*

Registration, without more, does not confer upon the registrant an absolute right to the registered mark. The certificate of registration is merely a prima facie proof that the registrant is the owner of the registered mark or trade name. Evidence of prior and continuous use of the mark or trade name by another can overcome the presumptive ownership of the registrant and may very well entitle the former to be declared owner in an appropriate case.

¹⁰ See Sec. 236, IP Code.

¹¹ G.R. No. 184850, 20 October 2010.

In this instance, the Opposer proved its ownership and priority in use in its marks KLACID and KLARICID. It has submitted substantial evidence relating to the origin, history, and the tradition and the innovation of the Opposer's pharmaceutical business,¹² manifested through its various advertisements and product brochures¹³, sales details¹⁴ and products available for sale.¹⁵ The Opposer likewise submitted evidence of its ownership through the certificates of trademark registrations issued in various foreign jurisdictions for its trademark KLACID, and certificate of registration in the Philippines for its KLARICID mark.¹⁶

The field from which a person may select a trademark is practically unlimited. As in all other cases of colorable imitations, the unanswered riddle is why, of the million of terms and combination of letters and designs available, the Respondent-Applicant had to come up with a mark identical or so closely similar to another's mark if there was no intent to take advantage of the goodwill generated by the other mark.¹⁷

The intellectual property system was established to recognize creativity and give incentives to innovations. Similarly, the trademark registration system seeks to reward entrepreneurs and individuals who through their own innovations were able to distinguish their goods or services by a visible sign that distinctly points out the origin and ownership of such goods or services.

WHEREFORE, premises considered, the instant opposition is hereby **SUSTAINED**. Let the filewrapper of Trademark Application Serial No. 4-2009-004503 be returned, together with a copy of this Decision, to the Bureau of Trademarks for information and appropriate action.

SO ORDERED.

Taguig City. **11 NOV 2016**



Atty. GINALYN S. BADIOLA, LL.M.
Adjudication Officer, Bureau of Legal Affairs

¹² Exhibits "C", "D" of Opposer.

¹³ Exhibits "J" to "V" of Opposer.

¹⁴ Exhibits "G" and "I" of Opposer.

¹⁵ Exhibits "E" and "F" of Opposer.

¹⁶ Exhibits "X" to "EE" and "JJ" of Opposer.

¹⁷ *American Wire & Cable Company v. Director of Patents*, G.R. No. L-26557, 18 February 1970.