



SMITH & NEPHEW INC.,
Opposer,

-versus-

LIVINGSTONE HEALTHCARE CORP.,
Respondent- Applicant.

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IPC No. 14-2014-00176
Opposition to:
Appln. Serial No. 4-2013-006980
Date Filed: 17 June 2013
TM: "ADLER"

X-----X

NOTICE OF DECISION

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GREETINGS:

Please be informed that Decision No. 2017 - 27 dated February 01, 2017 (copy enclosed) was promulgated in the above entitled case.

Pursuant to Section 2, Rule 9 of the IPOPHL Memorandum Circular No. 16-007 series of 2016, any party may appeal the decision to the Director of the Bureau of Legal Affairs within ten (10) days after receipt of the decision together with the payment of applicable fees.

Taguig City, February 01, 2017.


MARILYN F. RETUTAL
IPRS IV
Bureau of Legal Affairs

SMITH & NEPHEW INC.,

Opposer,

-versus-

LIVINGSTONE HEALTHCARE CORP.,

Respondent-Applicant.

X -----X

IPC No. 14-2014-176

Opposition to Trademark

Application No. 4-2013-006980

Date Filed: 17 June 2013

Trademark: **"ADLER"**

Decision No. 2017- 27

DECISION

Smith & Nephew Inc.¹ ("Opposer") filed an opposition to Trademark Application Serial No. 4-2013-006980. The contested application, filed by Livingstone Healthcare Corporation² ("Respondent-Applicant"), covers the mark "ADLER" for use on "*surgical instruments*" under Class 10 of the International Classification of Goods³.

The facts, according to the Opposer, are as follows:

More than one hundred fifty (150) years ago, Smith & Nephew Inc. started as a small enterprise. In 1856, Thomas James Smith opened a small pharmacy in Hull, England. Forty years later, shortly before his death, he was joined by his nephew, Horatio Nelson Smith, and the business then came to be known as T.J. Smith and Nephew. It acquired several companies specializing in orthopaedics, wound management, sports medicine and trauma, including Adler Mediequip Private Limited in 2013. The latter company was initially a part of Sushrut-Adler Group of Companies since 1992 to manufacture and distribute mid-tier orthopaedic products in the areas of trauma, intramedullary nailing, spine, reconstruction and arthroscopy.

The "ADLER" mark has been used and extensively promoted within Asia and parts of Eastern Europe. Initially, Adler Mediequip's distribution network was located in India where it had at least 150 distributors. Efforts to reach international shores began in the 1990s. Even before the Opposer acquired Adler Mediequip, the latter already had presence in twenty nine (29) countries. In the Philippines, the "ADLER" mark has been used by Sushrut-Adler Group since 2000 and products thereof has been distributed by authorized distributors in the country. It has pending application for the mark "ADLER" filed on 27 December 2013.

¹A corporation established under the laws of United States of America with address at 1450 Brooks Road, Memphis, Tennessee 38116, USA.

²With known address at 217 Biak na Bato, Barangay Manresa, Quezon City.

³The Nice Classification is a classification of goods and services for the purpose of registering trademark and services 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.

In support of its Opposition, the Opposer submitted the affidavits of Louis Strudwick, with annexes, and website printouts.⁴

A Notice to Answer was issued and served upon the Respondent-Applicant on 22 August 2014. The latter, however, did not file its Answer. Thus, on 13 January 2015, the Adjudication Officer issued Order No. 2015-65 declaring Respondent-Applicant in default and the case submitted for resolution.

The issue to be resolved is whether Respondent-Applicant should be allowed to register the trademark "ADLER".

The Opposer anchors its opposition on Section 123.1 (a) of R.A. No. 8293, also known as the Intellectual Property Code of the Philippines ("IP Code"), which provides that:

"Section 123. Registrability. - 123.1. A mark cannot be registered if it:

(a) Consists of immoral, deceptive or scandalous matter, or matter which may disparage or falsely suggest a connection with persons, living or dead, institutions, beliefs, or national symbols, or bring them into contempt or disrepute; x x x"

Records reveal that the Respondent-Applicant filed an application for registration of the mark "ADLER" on 17 June 2013. The Opposer, on the other hand, filed its application for the same mark only on 27 December 2013.

The Opposer, in this case, basically raises the issue of ownership. It imputes fraud and bad faith on the Respondent-Applicant in procuring registration over the mark "ADLER" claiming that it is the lawful and rightful owner thereof.

It is stressed that the Philippines implemented the TRIPS Agreement when the IP Code took into force and effect on 01 January 1998. Article 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

⁴Marked as Exhibits "B" to "D", inclusive.

and combinations of colours as well as any combination of such signs, shall be eligible for registration as trademarks. Where signs are not inherently capable of distinguishing the relevant goods or services, members may make registrability depend on distinctiveness acquired through use. Members 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.*

Further, 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 described 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, Section 121.1 of the IP Code adopted the definition of the mark under the old Law on Trademarks (Rep. Act No. 166), to wit:

"121.1. 'Mark' means any visible sign capable of distinguishing 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)"

Section 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 provisions of this law. (Sec. 2-A, R.A. No. 166a)"

There is nothing in Section 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 made validly in accordance with the provisions of the law.

Corollarily, Section 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.⁵ 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 rights 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 **Shangri-la International Hotel Management, Ltd. vs. Developers Group of Companies**⁶, the Supreme Court held:

"By itself, registration is not a mode of acquiring ownership. When the applicant is not the owner of the trademark applied for, he has no right to apply the registration off the same."

Be that as it may, this Adjudication Officer finds that the Opposer failed to present substantial evidence to support its claim of ownership and prior use of the mark "ADLER". Substantial evidence is more than a mere scintilla of evidence. It

⁵ See Section 236 of the IP Code.

⁶ G.R. No. 159938, 31 March 2006.

means such relevant evidence as a reasonable mind might accept as adequate to support a conclusion, even if other minds equally reasonable might conceivably opine otherwise.⁷ The burden of proof still rests on the shoulder of the Opposer, notwithstanding the fact that the Respondent-Applicant has been declared in default.

Perusing the evidence submitted by the Opposer, nowhere therein establishes its connection with the mark "ADLER". Annexes "A" to "I" of Strudwick's affidavit⁸ pertain to the Opposer's history and awards while Annex "J" and "K" details the history and/or background of Sushrut Surgicals Pvt. Ltd. and Adler Mediequip Pvt. Ltd., respectively. However, none of these documents proves the Opposer's claim that it acquired Adler Mediequip Private Limited in 2013. The rest of the annexes of the Strudwick's affidavit and the remaining website printouts likewise fail to corroborate such claim. Even the supposed communications with Philippine distributors of "ADLER" products⁹ do not show the Opposer's participation in the said transactions as only the name of Sushrut Surgicals Pvt. Ltd. appears in these documents.

Absent any proof that the Opposer indeed acquired Adler Mediequip Private Limited, it cannot inure benefit of the latter's alleged use and/or ownership of the mark "ADLER". Since neither did it present proof its own actual use of the "ADLER" mark before the filing of the contested application, the opposition must fail. In so ruling, this Adjudication Officer simply defers to the basic rule in evidence that each party must prove his affirmative allegation. The basic rule is that mere allegation is not evidence, and is not equivalent to proof.¹⁰

WHEREFORE, premises considered, the instant Opposition to Trademark Application No. 4-2013-006980 is hereby **DISMISSED**. Let the filewrapper of the subject trademark application be returned, together with a copy of this Decision, to the Bureau of Trademarks for information and appropriate action.

SO ORDERED.

Taguig City, 07 FEB 2017


Atty. Z'SA MAY B. SUBEJANO-PE LIM
Adjudication Officer
Bureau of Legal Affairs

⁷ Primo C. Miro vs. Marilyn Mendoza Vda. De Erederos, G.R. No. 172532, 172544-55, 20 November 2013.

⁸ Exhibit "B".

⁹ Annex "M" to "S" of Strudwick's affidavit.

¹⁰ Hector C. Villanueva vs. Philippine Daily Inquirer, Inc., G.R. No. 164437, 15 May 2009.