

DSM IP ASSETS B.V.,
Opposer,

-versus-

AMBICA INTERNATIONAL CORP.,
Respondent-Applicant.

X-----X

}
}
}
}
}
}
}
}

IPC No. 14-2015-00413
Opposition to:
Appln. Serial No. 4-2015-003860
Date Filed: 13 April 2015

TM: AZO

NOTICE OF DECISION

CESAR C. CRUZ AND PARTNERS LAW OFFICES

Counsel for Opposer
3001 Ayala Life-FGU Center
6811 Ayala Avenue, Makati City 1227

GENER CABOTAJE SANSAET

Counsel for Respondent- Applicant
West Tower 2005-A, PSE Centre,
Exchange Road, Ortigas Center,
Pasig City

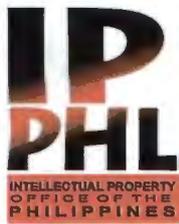
GREETINGS:

Please be informed that Decision No. 2017 - 70 dated 14 March 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, 15 March 2017.


MARILYN F. RETUAL
IPRS IV
Bureau of Legal Affairs



DSM IP ASSETS B.V.,

Opposer,

-versus-

AMBICA INTERNATIONAL CORP.

Respondent-Applicant.

x-----x

IPC No. 14-2015-00413

Opposition to:

Application No. 4-2015-003860

Date Filed: 13 April 2015

Trademark: "AZO"

Decision No. 2017- 70

DECISION

DSM IP ASSETS B.V.¹ ("Opposer") filed an opposition to Trademark Application Serial No. 4-2015-003860. The application, filed by Ambica International Corporation² ("Respondent-Applicant"), covers the mark "AZO" for use on "pharmaceutical preparations namely anti-bacterial" under Class 05 of the International Classification of Goods and Services.³

The Opposer alleges:

x x x
V.

DISCUSSION

"12. The Respondent-Applicant's application for the registration of the mark AZO should not be given due course by this Honorable Office because its registration is contrary to Section 123.1 (d) and Section 123.1 (f) of the Intellectual Property Code, which prohibit the registration of a mark if a mark:

x x x

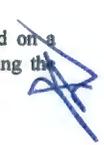
"13. The Respondent-Applicant's mark is identical to, or closely resembles, the Opposer's AZO MARKS that were previously registered all over the world, such that confusion is likely to result.

- "13.1 Both marks are purely word marks;
- "13.2 Both marks contain the identical letters 'A', 'Z' and 'O';
- "13.3 Both marks form the identical word mark 'AZO';
- "13.4 Both marks are undoubtedly phonetically similar; and
- "13.5 Both marks are used for similar goods, namely pharmaceutical products.

¹With address on record at Het Overloon 1, 6411 TE Heerlen, The Netherlands.

²With address at #9 Amsterdan Extension, Merville Park Subdivision, Paranaque City, Metro Manila, Philippines.

³The Nice Classification is a classification of goods and services for the purpose of registering trademark and service marks, based on a 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 Purposes of the Registration of Marks concluded in 1957.



"14. The resemblance of the Opposer's and the Respondent-Applicant's respective marks is most evident upon a juxtaposition of the said marks, to wit:

x x x

"15. In *American Wire & Cable Co. v. Director of Patents*, 31 SCRA 544, 547-548 (1970), the Supreme Court through Justice J.B.L. Reyes ruled:

x x x

"16. Notwithstanding the boundless choice of words, phrases, symbols and designs available, the Respondent-Applicant adopted a mark that is practically identical to the Opposer's registered AZO marks. In the absence of any plausible explanation, it can be logically concluded that the Respondent-Applicant was aware of the existence, prior use and registration of the Opposer's internationally well-known AZO MARKS prior to its filing of its own application for the registration of the identical mark AZO.

"17. While there may be no rigid rules in ascertaining whether one trademark is confusingly or deceptively identical to, or is a colorable imitation of, another, jurisprudence has established two tests to determine the same, which was extensively discussed by the Supreme Court in the case of *Mighty Corporation, et. al. vs. E. & J. Gallo Winery, et. al.*, thus:

x x x

"18. In *Societe Des Produits Nestle, S.A. vs. Dy, Jr.*, the Supreme Court ruled that:

x x x

"19. Applying the dominancy test, and a mere perusal of the above marks, will clearly illustrate the Respondent-Applicant's poor attempt to imitate or reproduce the Opposer's internationally well-known AZO marks, that is associated with the Opposer's products. It can be readily concluded that the mark 'AZO' of the Respondent-Applicant so closely resembles the Opposer's trademark 'AZO', such that confusion is likely to result, to the detriment of the ordinary purchasing public. Hence, the registration of said mark violates Section 123.1 (d) of the Intellectual Property Code.

"20. Clearly, the Respondent-Applicant seeks to adopt the dominant feature of the Opposer's 'AZO MARKS'. The Opposer's and the Respondent-Applicant's marks are identical both aurally and visually and will undoubtedly leave the same impression upon the purchasing public.

"21. In addition, under the 'rule of idem sonans', it is clear that there is a confusing aural similarity between the marks. The Supreme Court has held that the mark 'Gold Top' is 'aurally' similar to 'Gold Toe'. Furthermore, in *McDonald's vs. L.C. Big Mak*, citing *Marvex Commercial Co., Inc. vs. Petra Hawpia & Co., et al.*, the Supreme Court held:

x x x

"22. This rule is well settled in the United States, as evinced in the case of *American Distilling Co. vs. Bellows & Co.*, citing *Sun-Maid Raisin Growers of California vs. Mosesian*:

x x x

"23. Recently, this Honorable Office, in observance of the above cited jurisprudence held that, Biomedis, Inc. and Biomed, Lexapro and Dexapro, Axillin and Excillin, Myra and Myrevit, Luxottica and Luxotica are confusingly or deceptively similar marks and similarly ruled in this wise:

x x x

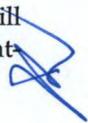
"Considering that both marks are composed of the identical letters 'A', 'Z', and 'O' it cannot be denied that the two marks are aurally and visually similar and would likely cause confusion among Filipino consumers. It cannot be denied that the Opposer's Products will be seen as mere variants of the Respondent-Applicant's goods since the Respondent-Applicant appropriated the word 'AZO' to the utter detriment of the Opposer who developed the market for these goods.

"It also cannot be denied that the Consuming public may take the reverse tack and find that the Respondent-Applicant's goods are variants of the Opposer's thus also causing the Opposer grave injury since the use by the Respondent-Applicant of the mark AZO will allow the Respondent-Applicant to 'ride-on' the popularity of the Opposer's goods.

"24. Of all the possible combinations of the letters of the alphabet and words, the Respondent-Applicant chose to use the mark AZO to identify its goods in International Class 05, which are in direct competition with the Opposer's goods, also in International Class 05 and identified by the internationally well-known trademark AZO MARKS. It cannot be gainsaid that confusion will arise inasmuch as the goods are similar to the same kind of goods and flow through the same channels of trade, thus making the Opposer and the Respondent-Applicant competitors in the same product industry. No conclusion can be drawn surrounding the case other than the fact that the Respondent-Applicant is knowingly and deliberately attempting to trade on the valuable goodwill and to ride on the notoriety of the Opposer's internationally well-known AZO MARKS that has been used throughout the world for several decades.

"25. Clearly, the registration and use of the Respondent-Applicant's mark's AZO is a usurpation of the internationally well-known mark AZO MARKS, a mark legally owned by the Opposer, as well as the goodwill associated therewith and/or passing off its own products, as those manufactured by the Opposer.

"25.1. By the Respondent-Applicant's attempt to register and use the mark AZO for its goods in International Class 05, it is plain that the Respondent-Applicant seeks to take advantage of the worldwide and nationwide reputation of the internationally well-known mark AZO that the Opposer has gained by ingenious and persistent marketing and the expenditure of considerable sums of money to promote the same, by confusing and misleading the trade and the Filipino public in passing off its own products as those of the Opposer and/or suggesting that they are being sold or are approved by the Opposer.

"26. The Respondent-Applicant seeks to register the mark AZO which is confusingly or deceptively identical to the Opposer's internationally well-known AZO MARKS, as to be likely, when applied to the goods of Respondent-Applicant, to cause confusion, mistake or deception to the Filipino public as to the source of goods, and will inevitably falsely suggest a trade connection between the Opposer and the Respondent-Applicant, is simply violative of the Intellectual Property Code of the Philippines. 

"27. Verily, the two marks can easily be confused for one over the other, thus confusing the purchasing public into believing that the Respondent-Applicant's products emanate from or are under the sponsorship of, or are promoted or licensed by, the Opposer, for the following reasons:

- "18.1 The trademarks are aurally and visually identical;
- "18.2 The trademarks are applied on identical or closely related goods under Class 05 of the International Classification of Goods;
- "18.3 The parties are direct competitors in the market;
- "18.4 The goods on which the trademarks are applied for, used or intended to be used will be made available through the same channels of trade.

"28. The two types trademark confusion was discussed by the Supreme Court in *Mighty Corporation, et. al. vs. E. & J. Gallo Winery, et.al.*, supra, thus:

x x x

"Allowing the Respondent-Applicant to use the mark AZO on its goods under International Class 05, would not only allow it to take a free ride and reap the advantages of the goodwill and reputation of the Opposer's mark, but it would also confuse the consuming public who would be led to believe that the products sold by the Respondent-Applicant are produced and manufactured by the Opposer, or at the very least, are a variant of the Opposer's products. Clearly, the risk of damage is not limited to a possible confusion of goods but also includes confusion of reputation, if the general purchasing could reasonably be misled into believing that the goods of the parties originated from one and the same source.

"29. Goods bearing the Opposer's mark AZO and the Respondent-Applicant's mark AZO are commercially available to the public through the same channels of trade such that an indiscriminating buyer might confuse and interchange the products bearing the Respondent-Applicant's mark AZO for goods bearing the Opposer's internationally well-known AZO MARKS. There is a great similarity and not much difference between the Opposer's well-known AZO MARKS and the Respondent-Applicant's mark AZO. Thus, confusion will likely arise and would necessarily cause the interchanging of one product with the other.

"30. The Respondent-Applicant's mark AZO so closely resembles the Opposer's internationally well-known AZO MARKS that the Filipino public will undoubtedly confuse one with the other or worse, believe that goods bearing the Respondent-Applicant's mark AZO originate from the Opposer or at least originate from economically linked undertakings. If the products of the Respondent-Applicant are inferior in quality, there will be further irreparable injury to the Opposer's valuable goodwill and its internationally well-known AZO MARKS will suffer from an unfavorable connotation created by the association of the Respondent-Applicant's mark AZO to the Opposer's well-known AZO MARKS.

"31. The Respondent-Applicant seeks to register the mark AZO which is confusingly or deceptively identical to Opposer's AZO MARKS, so as to be likely, when applied to the goods of the Respondent-Applicant, to cause confusion, mistake or deception of the other the public as to the source of the goods, and will inevitably falsely suggest a trade connection between the Opposer and the Respondent-Applicant.

"32. The act of Respondent-Applicant in adopting the mark AZO for its products in Class 05, is clearly an attempt to trade unfairly on the goodwill, reputation and awareness of the Opposer's internationally well-known AZO MARKS that were previously registered in various jurisdictions worldwide, resulting in the diminution of the value of the AZO MARKS.

"33. In American Wire & Cable Co. v. Director of Patents, the Supreme Court through Justice J.B.L. Reyes ruled:

x x x

"34. In Del Monte vs. Court of Appeals, it was ruled that in determining the existence, or the threat of infringement, a cursory examination will x x x, the Supreme Court has this to say:

x x x

"Thus, applying a cursory examination, the similarities of the two marks are undeniable and one would easily be misled to believe that Respondent-Applicant's products bearing the mark AZO are one and the same with the Opposer's goods bearing the international well-known AZO MARKS, or that Respondent-Applicant's products bearing the mark AZO originated from, or are products of the Opposer.

"35. In McDonald's Corporation vs. L.C. Big Mak Burger, Inc., the Supreme Court held that:

x x x

"36. The Opposer's internationally well-known AZO MARKS, being the more senior marks, enjoy protection over the junior mark AZO of the Respondent-Applicant. Jurisprudence has granted protection to trademarks that have prior, or a more senior registration. As elucidated in the case of Berris Agricultural Co. Inc., vs. Norvy Abyadang,

x x x

"As held by the Court, ownership of, and protection for a trademark is granted from its registration and actual use. The Opposer is undoubtedly the more senior registrant, being the first user and adopter of its AZO MARKS. The Court also held that registration of the mark also grants the registrant of the exclusive right to use the trademark, thereby precluding the Respondent-Applicant, the more junior applicant, from using the same.

"37. By virtue of the prior and continuous use by the Opposer and its subsidiaries and affiliates of the AZO MARKS all over the world, the AZO MARKS have become internationally well-known, which purchasers closely associate with the Opposer's products bearing the AZO MARKS.

"38. The Opposer has been using the AZO MARKS since 1996 or almost two (2) decades or almost twenty (20) years ago, long before the filing by the Respondent-Applicant of its application for the registration of its mark AZO. The Opposer has continuously used and continues to use the AZO MARKS to identify its products worldwide and is undeniably the more senior registrant.

"39. The registration of the trademark 'AZO' under the name of the Respondent-Applicant is contrary to the provisions of the Intellectual Property Code of 

the Philippines and established jurisprudence. Thus, the denial of the registration of Trademark Application No. 4-2015-003860 for the mark AZO by this Honorable Office is warranted under the premises.

x x x

The Opposer's evidence consists of the Special Power of Attorney executed by the Opposer in favor of Cesar C. Cruz and Partners Law Offices; copies of the Opposer's registered trademarks in different jurisdictions worldwide; and, the Affidavit executed by Sunny Van Goethem, Trademark Attorney of DSM IP ASSETS B.V.⁴

This Bureau issued a Notice to Answer and served a copy thereof upon Respondent-Applicant on 05 January 2016. Said Respondent-Applicant, however, did not file an Answer.

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

The Opposer anchors its opposition on the following provisions of Republic Act No. 8293, also known as the Intellectual Property Code of the Philippines ("IP Code"):

Sec. 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;"

- (f) Is identical with, or confusingly similar to, or constitutes a translation of a mark considered well-known in accordance with the preceding paragraph, which is registered in the Philippines with respect to goods or service which are not similar to those with respect to which registration is applied for: Provided, That use of the mark in relation to those goods or services would indicate a connection between those goods or services, and the owner of the registered mark: Provided further, That the interests of the owner of the registered mark are likely to be damaged by such use;

A comparison of the competing marks reproduced below:

⁴Marked as Annexes "A" to "C".





AZO

Opposer's trademark

Respondent-Applicant's mark

shows that the marks are obviously identical. This Bureau noticed that the products covered by the marks have different preparations. Respondent-Applicant's AZO products are pharmaceuticals (antibacterial). Opposer's products covered under the mark AZO are urinary pharmaceutical preparations. However, confusion is likely in this instance because of the close resemblance between the marks and that the goods are both medicines and pharmaceutical preparations or for human consumption. Both marks are purely word marks, containing identical letters "A", "Z" and "O" and hence, are phonetically similar. It could result to mistake with respect to perception because the marks sound so similar. Under the idem sonans rule, the following trademarks were held confusingly similar in sound: "BIG MAC" and "BIG MAK"⁵, "SAPOLIN" and LUSOLIN"⁶, "CELDURA" and "CORDURA"⁷, "GOLD DUST" and "GOLD DROP". The Supreme Court ruled that similarity of sound is sufficient ground to rule that two marks are confusingly similar, to wit:

Two letters of "SALONPAS" are missing in "LIONPAS": the first letter a and the letter s. Be that as it may, when the two words are pronounced, the sound effects are confusingly similar. And where goods are advertised over the radio, similarity in sound is of especial significance...."SALONPAS" and "LIONPAS", when spoken, sound very much alike. Similarity of sound is sufficient ground for this Court to rule that the two marks are confusingly similar when applied to merchandise of the same descriptive properties.⁸

The Respondent-Applicant's filing of their trademark application in the Philippines may be earlier than the Opposer's, but the latter raises the issues of trademark ownership, fraud and bad faith on the part of the Respondent-Applicant.

In this regard, this Bureau emphasizes that it is not the application or the registration that confers ownership of a mark, but it is ownership of the mark that

⁵ *MacDonalds Corp. et. al v. L. C. Big Mak Burger*, G.R. No. L-143993, 18 August 2004.

⁶ *Sapolin Co. v. Balmaceda and Germann & Co.*, 67 Phil, 705.

⁷ *Co Tiong SA v. Director of Patents*, G.R. No. L- 5378, 24 May 1954; *Celanes Corporation of America vs. E. I. Du Pont de Nemours & Co.* (1946), 154 F. 2d 146 148.)

⁸ *Marvex Commerical Co., Inc. v. Petra Hawpia & Co., et. al.*, G.R. No. L-19297, 22 Dec. 1966.

A blue handwritten signature or mark in the bottom right corner of the page.

confers the right of registration. The Philippines implemented the World Trade Organization Agreement "TRIPS Agreement" when the IP Code took into force and effect on 01 January 1998. Art 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.

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.⁹ 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 *Berris v. Noroy Abyadang*¹⁰, the Supreme Court held:

The ownership of a trademark is acquired by its registration and its actual use by the manufacturer or distributor of the goods made available to the purchasing public. Section 122 of the R.A. 8293 provides that the rights in a mark shall be acquired by means of its valid registration with the IPO. A certificate of registration of a mark, once issued, constitutes *prima facie* evidence of the validity of the registration, the registrant's ownership of the mark, and of 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. R.A. 8293, however, requires the applicant for registration or the registrant to file a declaration of actual use (DAU) of the mark, with evidence to that effect, within three (3) years from the filing of the application for registration; otherwise, the application shall be refused or the mark shall be removed from the register. In other words, the *prima facie* presumption brought about by the registration of a mark may be challenged and overcome, in an appropriate action, by proof of the nullity of the registration or of non-use of the mark, except when excused. Moreover, the presumption may likewise be defeated by evidence of prior use by another person, i.e., it will controvert a claim of legal appropriation or of ownership based on registration by a

⁹ See Sec. 236 of the IP Code.

¹⁰ G.R. No. 183404, 13 Oct. 2010.

subsequent user. This is because a trademark is a creation of use and belongs to one who first used it in trade or commerce.

In this instance, the Opposer proved that it is the originator and owner of the contested mark. In contrast, the Respondent-Applicant despite the opportunity given, did not file an Answer to defend their trademark application and to explain how it arrived at using the mark AZO which is exactly the same as the Opposer's. It is incredible for the Respondent-Applicant to have come up with exactly the same mark for use on similar goods by pure coincidence.

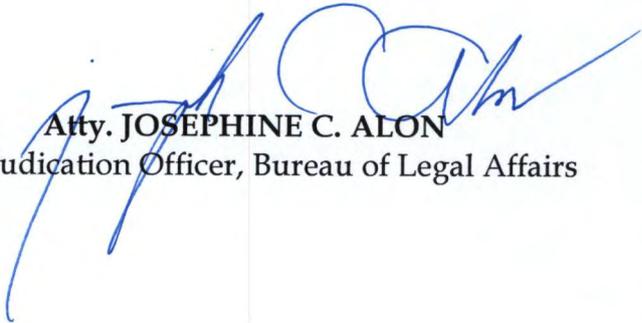
Succinctly, the field from which a person may select a trademark is practically unlimited. As in all other cases of colorable imitations, the unanswered riddle is why of the millions of terms and combinations of letters and designs available, the Respondent-Applicant had to come up with a mark identical or so closely similar to another's mark if there was no intent to take advantage of the goodwill generated by the other mark.¹¹

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 to Trademark Application No. 4-2015-003860 is hereby SUSTAINED. 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, 14 MAR 2017.


Atty. JOSEPHINE C. ALON
Adjudication Officer, Bureau of Legal Affairs

¹¹ *American Wire & Cable Company v. Director of Patents*, G.R. No. L-26557, 18 Feb. 1970.