

PHILIPPINE HEALTH CARE
PROVIDERS, INC.,
Complainant,

-versus-

MAXICARE HEALTH
SYSTEM-PLUS, INC.,
Respondent.

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IPV No. 10-2001-00011
For:
Infringement of Service Mark
and Business Name and
Unfair Competition

Decision No. {IPV} 2002-03

DECISION

Submitted for our decision is the case for infringement of service mark and business name and unfair competition filed by Philippine Health Care Providers, Inc., herein complainant against Maxicare Health System-Plus, Inc., herein respondent for the use of the complainant's service mark and business name "MAXICARE".

On August 24, 2001, Philippine Health Care Providers, Inc., a corporation organized and existing under Philippine laws with address at 19th Floor Medical Plaza Makati, Amorsolo cor. De la Rosa Sts., Legaspi Village, Makati City, filed this complaint against Maxicare Health System-Plus, Inc., a corporation organized and existing under Philippine laws with address at Quimson Street corner Maharlika Road, Cabanatuan City.

Complainant is engaged in the business of conducting and operating a pre-paid group practice health care delivery system or health maintenance organization since 1987. It is the registered owner of the service mark and business name "MAXICARE". On August 26, 1997, the complainant decided to change their corporate name to "MAXICARE PCIB CIGNA HEALTHCARE CORPORATION" but was prevented by the SEC from amending their articles of incorporation to effect the change in their corporate name for the reason that the word "MAXICARE" was the dominant word in the corporate name of the respondent, Maxicare Health Systems Plus, Inc. Upon investigation, complainant discovered that the respondent was incorporated in October 12, 1995. Feeling aggrieved by the respondent's alleged unlawful use of the word "Maxicare" in its corporate name, the complainant instituted this suit on August 24, 2001. Accordingly, on August 27, 2001, a Notice to Answer was issued which was served by personal service to the respondent. However, the Sheriff of the Bureau of Legal Affairs failed to personally serve the Notice to Answer upon the respondent since it could no longer be found in its last known address. Hence, on October 10, 2001, complainant moved for leave to serve summons by publication, attaching thereto the Affidavit of Non-Service. On February 14, 2002, Order No. 2002-29 was issued demanding from complainant proof of service of summons by publication. In compliance thereto, complainant submitted original copies of Balita Newspaper dated February 22, March 1 and 4, 2002 as well as the Affidavit of Publication executed by the advertising manager of Balita newspaper. For failure to file an answer and in accordance with Section 8(b), Rule 2 of the Rules and Regulations on Administrative Complaints for Violation of Laws Involving Intellectual Property Rights, respondent Maxicare Health System-Plus Inc. was declared IN DEFAULT and complainant was allowed to present evidence ex-parte.

The issue is whether (lie registration and use of the service mark "MAXICARE" by respondent as its corporate name constitutes an infringement of Service Mark and Business Name and Unfair Competition of Complainant's MAXICARE.

Admitted in evidence for the complainant are Exhibits "I3" to "Q" inclusive of the sub markings which consist of the following:

- a) Certificate of Registration No. 4965 0 issued in January 10, 1995 for the mark "Maxicare" used on health care services issued by the Bureau of Patents, Trademark and Technology Transfer in favor of Complainant;

- b) Secretary's Certificate dated January 16, 2001;
- c) SEC Certificate of Incorporation No. AS095-01 t1229 of Maxicare Health System-Plus, Inc.;
- d) Articles of Incorporation of Maxicare Health System-Plus, Inc.;
- e) Affidavit of Vissia S. Sarabillo signed on May 6, 2002;
- f) SEC Certificate of Incorporation No. 141994 of Philippine Health Care Providers, Inc.;
- g) Articles of Incorporation of Philippine Health Care Providers, Inc.;
- h) Certificate of Registration of business name "Maxicare" dated April 13, 1988 in favor of Complainant;
- i) Certificate of Registration of business name "Maxicare" issued on June 24, 1998 likewise in favor of Complainant;
- j) Complainant's Maxicare Brochure;
- k) clinic outpatient summary report;
- l) list of affiliated hospitals, clinics, medical counselors;
- m) Maxicare advertisements in Philippine Daily Inquirer dated October 24, 2001;
- n) SEC Name Verification Certificate dated June 28, 2000 and demand letter dated June 19, 2000.

As borne out by the evidence, complainant's use of the service mark "Maxicare" for health care services dates back to May 8, 1987. It has obtained registration of its service mark "Maxicare" on January 10, 1995 as evidenced by Certificate of Registration No. 59650 which is Exhibit "B" as per case record. As owner of the registered mark, "MAXICARE", complainant Philippine Health Care Providers, Inc. is now bestowed the following rights by virtue of Section 147 of Republic Act 8293, which provides:

Section 147. *Rights Conferred.* 471.1 "The owner of a registered mark 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 or containers 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 the case of use of an identical sign for identical goods or services, a likelihood of confusion shall be presumed." (Underscoring supplied)

Preceding therefrom, complainant has the right to prevent any unauthorized use of its mark and is entitled to the remedies granted under Section 155 of Republic Act 8293, to wit:

"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 the 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 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 herein set forth x x x”

As per evidence presented, both parties are engaged in the same line of business. The primary purpose of complainant's corporation is "to establish, maintain, conduct and operate a pre-paid group practice health care delivery system or a health maintenance organization to take care of the sick, diseased and disabled persons who are enrolled in health care plan and to provide for the administrative, legal and financial responsibilities of the organization (Exhibit On the other hand, Respondent company's primary purpose is "to extend cost discount on primary medical services and related medical expenses to its cardholders through accredited physicians and medical dispensing outlets. (Exhibit It being ascertained that both parties offer similar health care services, respondent's adoption of the word "Maxicare" in its corporate name is very likely to cause confusion and mislead persons availing of health care services to mistake the health care service of one to be the health care service of the other.

Notably, the complainant also registered "Maxicare" as its business name under Certificate of Registration No. 15271 on April 7, 1988 (Exhibit "I") and Certificate of Registration No. 538910 on June 24, 1999, (Exhibit "J") with the Department of Trade and Industry.

The prior adoption of the service mark "Maxicare" evidenced by a certificate of registration issued in January 10, 1995 coupled with its continuous use of the "Maxicare" service mark since 1987 in its health care services entities complainant to the exclusive right to use the name "MAXICARE", hence, the appropriation by respondent of the word "Maxicare" to form part of its corporate name is tantamount to infringement.

The Supreme Court underscores the essence of the law on trademarks in *La Chemise La Coste S.A. vs. Fernandez* (129 SCAR. 373) thus, law on trademark and tradenames is based on the principle of business integrity and common justice. This law, both in letter and spirit, is laid upon the premise that, while it encourages fair trade in every way and aims to foster, and not to hamper, competition no one, especially a trader, is justified in damaging or jeopardizing another's business by fraud, deceit, trickery or unfair methods of any sort. This necessarily precludes the trading by one dealer upon the good name and reputation built by another (*Baltimore v Moses*, 182 Md 229, 34 A (2d) 338).

Likewise, the Supreme Court in *Converse Rubber Corporation vs. Universal Rubber Products, Inc.* had the opportunity to deny registration for a trademark on goods which mark is similar to an existing tradename. Thus, the high court held-

"From a cursory appreciation of the petitioner's corporate name "CONVERSE RUBBER CORPORATION," it is evident that "CONVERSE" is the dominant word which identifies petitioner from other corporations engaged in similar business. x x x The risk of damage is not limited to a possible confusion of goods but also includes confusion of reputation if the public could reasonably assume that the goods of the parties originated from the same source. (Citing *Callman*, Vol. 4, p. 2186)"

In applying this reasoning in light of the facts of this instant case, the adoption of the word "Maxicare" in respondent's corporate name on October 12, 1995 (Exhibits "1)", "D"-1), for a

company which offers the same service as that for which complainant's service mark has been in use for the past eight (8) years or since May R, 1997 (Exhibit "B"-1), is likely to cause confusion.

Moreover, due to Complainant's continuous use of the mark MAXICARE, it has already gained goodwill for its business of health care which is protected by law. Section 168 of RA 8293 states:

"Section 68. *Unfair Competition. Rights. Regulation and Remedies.* –

"168.1. A. person who has identified in the mind of the public the goods that 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 service so identified, which will be protected in the same manner as other property rights.

"168 .2. Any person who shall employ deception or another means contrary to good faith by which lie 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 therefore.

Based on the evidence presented, the complainant has sufficiently proven that it has generated goodwill by its continued use of its service mark. It was able to present a Maxi care Brochure, Exhibit "K" which advertises the centers, services available at the center and the types of health care plans. It also showed a "clinic patient utilization summary report", Exhibit "L", which appears to be a form used in the process of availment of complainant's services. Exhibit "M" is a 45-page booklet with a "maxicare" mark on the cover containing a list of affiliated hospitals, clinics and medical counselors. The list is extensive enough to include hospital networks in the National Capital Region, Luzon, Visayas and Mindanao. Likewise, the list is replete with affiliated medical centers, laboratories, clinics and hospitals nationwide. Finally Exhibits "N" and "O" are advertisements in the newspaper the Philippine Daily Inquirer of complainant's health maintenance service and the international coverage of MAXICARE.

In conclusion, respondent's appropriation of complainant's service mark "MAXICARE" as dominant part of its corporate name constitutes infringement of complainant's registered mark and its use in respondents similar line of business displays respondent's intent to cash in on complainant's established goodwill.

Section 156 of the Intellectual Property Code provides the criteria for the granting damages, it provides:

"Section 156. *Actions and Damages and Injunctions for Infringement.* The owner of a registered mark may recover damages from any person who infringes his rights, and the measure of damages suffered shall be either the reasonable profit which the complaining party would have made had the defendant not infringed his rights, or the profit which the defendant actually made out of the infringement, or in the event such measure of damages cannot be readily be ascertained with reasonable certainty, then the court may award as damages a reasonable percentage based upon the amount of gross sales of the defendant or the value of the services in connection with which the mark or trade name was used in the infringement of the rights of the complaining party."(underscoring supplied)

There being no evidence of amount of actual damages sustained, this Office cannot award damages as no evidence was presented as basis for the same. Likewise, attorney's fees cannot also be awarded for failure to present any evidence to substantiate payment of attorney's fees.

WHEREFORE, premises considered, the complainant having established a case for infringement of its service mark "MAXICARE" and for unfair competition against respondent, this case is resolved in its favor. Consequently, respondent is hereby ordered to permanently CEASE and DESIST from using the word MAXICARE, or any reproduction, counterfeit, copy or a colorable imitation thereof in its corporate name, products and service.

Cost of suit against the Respondent.

The complainant is hereby ordered to serve this decision upon the respondent, Maxicare Health System-Plus, Inc. by publication in a newspaper of general circulation at its own expense. Complainant is hereby further ordered to make a return of service of decision within five days from service by publication.

SO ORDERED.

Makati City, 16 August 2002.

ESTRELLITA BELTRAN-ABELARDO
Director, Bureau of Legal Affairs