



Republic of the Philippines
Court of Appeals
Manila

FIRST DIVISION

ABBOTT LABORATORIES,

CA-G.R. SP No. 131908

Petitioner,

Members:

- versus -

PJ, Reyes, Jr., Chairperson
Bruselas, Jr. and
Gaerlan, JJ

VINCENT S. CHAN,

Promulgated:

Dec 15, 2014

Respondent.

x=====x

D E C I S I O N

Bruselas, Jr. J.

This is a petition for review under Rule 43 of the Rules of Court that seeks to set aside the *Decision*¹ of the Director General of the Intellectual Property Office (IPO) that sustained the earlier *Decision*² of the Director of Bureau of Legal Affairs (BLA) which dismissed the opposition of herein petitioner Abbott Laboratories to the trademark application of herein respondent Vincent S. Chan.

In the assailed decision, the Director General held:

“WHEREFORE, premises considered, the appeal is hereby DISMISSED. Let a copy of this Decision and the records of this case be furnished and returned to the Director of Bureau of Legal Affairs for appropriate action. Further, let also the Director of the Bureau of Trademarks and the library of the Documentation, Information and Technology Transfer Bureau be furnished a copy of this Decision for information, guidance, and records purposes.

1 Written by Director General Ricardo R. Blancaflor on 02 September 2013, Rollo, pp. 39-45.

2 Written by Atty. Nathaniel S. Arevalo, Director IV, Bureau of Legal Affairs, on 10 August 2012, Rollo, pp. 358-360.

=====

SO ORDERED.”³

On 21 December 2010, the respondent filed an application for the registration of the mark “**Eye Q**” to be used on “*pencils, crayon, water and poster color, rulers, scissors, punchers, staplers, templates, artist brush, chalk, coloring paint, sharpeners, pens, adhesive, fastener, expanding file, paper clips, stamp pad, plastic material for packaging, blades, staple wire, dater, numbering machine*” under Class 16 of the Nice International Classification⁴ and was docketed as Trademark Application No. 4-2010-013859.

Upon publication of the respondent's application, the petitioner filed a verified *Notice of Opposition*⁵ where it claimed that it was the prior user and the first registrant of the “EYE-Q” trademarks in the Philippines. The petitioner sought the denial of the respondent's trademark application on the ground that the respondent's mark “**Eye Q**” is confusingly similar, if not identical, to its registered “EYE-Q” trademarks and so, it would violate paragraphs (d), (e), (f) and (g) of Section 123.1 of Republic Act No. 8293, also known as the Intellectual Property Code of the Philippines, (IP Code). The petitioner further argued that the respondent's registration of “**Eye Q**” for goods under class 16 would likely cause confusion, mistake and deception to the purchasing public. Finally, it asserted that the mark “**Eye Q**” is visually and aurally similar to its own mark such that the registration and use of the respondent's applied mark will enable it to obtain benefit from the petitioner's reputation and goodwill which will lead the public into believing that the respondent is, in

³ Rollo, p. 45.

⁴ The Nice Classification is a classification of goods and services for the purpose of registering trademarks and service marks, based on the multilateral treaty administered by the World Intellectual Property Organization.

⁵ Rollo, pp. 53-62.

any way, connected to the petitioner.

Petitioner Abbott's mark

Respondent Chan's mark

EYE-Q

Eye Q

(font is times new roman; font size is 18; colors are black & white; all letters are in uppercase and there's a dash in between EYE and Q.)⁶

(font is rockwell extra bold; font sizes are 18 and 24; color is red; only letters E and Q are in uppercase; no dash in between the two letters)⁷

The BLA issued a *Notice to Answer* and served a copy of the same upon the respondent but the latter did not file an *Answer*, and thus, the case was submitted for decision.

On 10 August 2012, the BLA dismissed the petitioner's opposition. The Director noted that while the respondent's mark "**Eye Q**" was identical to the petitioner's mark "EYE-Q," the goods covered by the two marks were neither the same nor closely related, and so, there could not be any confusing similarity between the mark of the petitioner and that of the respondent. He added that there was no commonality as to composition, purpose, and/or use between the goods of the petitioner and that of the respondent's. Thus, there was no reason to believe that the respondent's use of the mark "**Eye Q**" would indicate a connection between its goods and that of the petitioner's. The BLA therefore held:

"WHEREFORE, premises considered, the opposition is hereby DISMISSED. Let the file wrapper of Trademark Application

⁶ Based on DG-IPO's decision.

⁷ Based on DG-IPO's decision and affidavit of Elisa M. Valenzona, trademark counsel of the petitioner.

Serial No. 4-2010-013859 be returned, together with a copy of this Decision, to the Bureau of Trademark for information and appropriate action.

SO ORDERED.”⁸

Dismayed, the petitioner filed an appeal⁹ with the Director General of the IPO. It insisted that the respondent trademark application should be denied because the latter's mark “**Eye Q**” is both visually and aurally, confusingly similar and identical to that of the former. Relying heavily on *Dermaline, Inc. v. Myra Pharmaceuticals, Inc.*,¹⁰ it asserted that the respondent's use of “**Eye Q**” would result to a confusion of businesses between it and that of the respondent's where it might be reasonably assumed that the goods of the respondent originated from it. Applying the second type of confusion, that is, “confusion of business,” mentioned in *Dermaline, Inc.*, it posited that there can be confusing similarity between competing marks even though the goods for which they are registered or applied for belong to different classes. It further claimed that since its mark is an internationally well-known mark, it can be assumed that the respondent was riding on the goodwill of its mark resulting to its own detriment and damage.

Because the respondent failed to submit its *Comment*, the appeal was deemed submitted for decision.

As with the BLA, the Director General also found that the competing marks were not confusingly similar. While the competing marks were obviously identical in all aspects of their

⁸ Rollo, p. 360.

⁹ Rollo, pp. 362-375.

¹⁰ G.R. No. 190065, 16 August 2010.

visual presentation, he agreed with the BLA that the respondent's goods were neither identical nor similar, not even closely related, to that of the petitioner. He opined that the resemblance between the competing marks could not cause confusion or deception to the purchasing public because the parties use their respective marks on different and unrelated goods, and so, confusion, mistake or deception is unlikely. Furthermore, he rejected the petitioner's contention that the principle of normal expansion of business applies because the petitioner failed to explain why dealing with office supplies can be considered a normal expansion of its infant formula business. Finally, he did not dwell on the petitioner's claim that its mark is a well-known mark because under Section 123. 1, paragraphs (e) and (f) of the IP Code, the protection given to well-known marks applies only when the marks are confusingly similar, used on identical or similar goods or services, or if not similar, would indicate a connection between the parties and the goods or services, and where the owner of the well-known mark will be damaged. In the case of the petitioner, he noted that the petitioner failed to demonstrate a connection or damage to its marks that would arise from the respondent's use of "**Eye Q.**"

Not satisfied, the petitioner filed the instant petition for review. Except for the newly-raised argument that its "EYE-Q" mark is a fanciful mark that enjoys protection even to unrelated goods, the petitioner simply reiterates its assertions in its earlier appeal to the Director General.

In his *Comment to Petition*,¹¹ the respondent counters that if the mark "EYE-Q" is a fanciful mark that should be accorded the

¹¹ Rollo, pp. 849-854.

highest form of protection, the petitioner should have already stopped applying for the said trademark in different forms and variations. He posits that his use of the mark “**Eye Q**” will not create any confusion with the mark of the petitioner because his products are entirely different from that of the petitioner as found by the Director General. He also avers that when he applied for the registration of the mark “**Eye Q**,” he made it in good faith because he had no knowledge that a similar word had already been registered in favor of the petitioner. Thus, he concludes that it is wrong for the petitioner to assume that he is riding on the goodwill of the petitioner's mark.

In its *Reply*,¹² the petitioner maintains that its filing of multiple fanciful trademark applications that are similar in nature serves to strengthen its ownership over such mark.

We find no merit in the instant petition for review.

The petitioner's opposition is anchored on paragraphs (d) to (g) of Section 123.1 of the IP Code which provide that a mark cannot be registered if it:

“(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;

(e) Is identical with, or confusingly similar to, or constitutes a translation of a mark which is considered by the competent authority of the Philippines to be well-known internationally and in the Philippines, whether or not it is registered here, as being already the

¹² Rollo, pp. 858-863.

=====

mark of a person other than the applicant for registration, and used for identical or similar goods or services: Provided, That in determining whether a mark is well-known, account shall be taken of the knowledge of the relevant sector of the public, rather than of the public at large, including knowledge in the Philippines which has been obtained as a result of the promotion of the mark;

(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 services 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;

(g) Is likely to mislead the public, particularly as to the nature, quality, characteristics or geographical origin of the goods or services;"

It cannot be gainsaid that the petitioner's mark "EYE-Q" and the respondent's mark "**Eye Q**" are identical. It is also undisputed that the petitioner had registered in the Philippines the mark "EYE-Q" and its variations, prior to the filing of the respondent's trademark application. The petitioner's registrations, however, are for goods under class 5¹³ (infant formula, ingredients for infant formula) while the respondent's application for trademark "**Eye Q**" is for goods under class 16¹⁴ (pencils, crayon, water and poster color, rulers, scissors, punchers, staplers, templates, artist brush, chalk, coloring paint, sharpeners, pens, adhesive, fastener, expanding file, paper clips, stamp pad, plastic

13 Goods falling under class 05 includes pharmaceutical, veterinary and sanitary preparations; dietetic substances adapted for medical use, food for babies; plasters, materials for dressings; material for stopping teeth, dental wax; disinfectants; preparations for destroying vermin; fungicides, herbicides"

14 Goods falling under class 16 includes paper, cardboard and goods made from these materials, not included in other classes; printed matter; bookbinding material; photographs; stationery; adhesives for stationery or household purposes; artist's materials; paint brushes; typewriters and office requisites (except furniture); instructional and teaching material (except apparatus); plastic materials for packaging (not included in other classes); playing cards; printer's type printing blocks.

=====

material for packaging, blades, staple wire, dater, numbering machine). Since the goods of the petitioner and the respondent are not identical or similar, the latter's trademark application for “**Eye Q**” cannot be denied based on paragraph (e) of Section 123.1 which requires that the competing marks be used for identical or similar goods or services.

The respondent's application is not also proscribed under paragraphs (d), (f) and (g) of Section 123.1 because the similarity between the competing marks is not likely to deceive or to cause confusion, or to mislead the public.

Likelihood of confusion is admittedly a relative term, to be determined rigidly according to the particular (and sometimes peculiar) circumstances of each case.¹⁵ There are two types of confusion that must be considered in determining the existence of confusing similarity. In the earlier case of *Sterling Products International, Inc. v. Farbenfabriken Bayer Aktiengesellschaft*,¹⁶ the Supreme Court distinguished the two types of confusion, thus:

“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*: "Here 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 the belief that there is some connection between the plaintiff and defendant which, in fact, does not exist.”

15 *Mighty Corporation v. E&J Gallo Winery*, G.R. No. 154342, 14 July 2004, 434 SCRA 473.

16 G.R. No. L-19906, 30 April 1969, 27 SCRA 1214, cited in *Societe Des Produits Nestle, S.A. v. Dy*, G.R. No. 172276, 08 August 2010.

=====

Confusion of goods is evident where the litigants are actually in competition; but confusion of business may arise between non-competing interests as well.¹⁷

In this case, there can be no confusion of goods because the goods involved are not identical, similar, related and the businesses of the petitioner and the respondent are not in competition.

With respect to confusion of business or origin, the question that usually arises is whether the respective goods or services of the senior user and the junior user are so related as to likely cause confusion of business or origin, and thereby render the trademark or tradenames confusingly similar. Goods are related when they belong to the same class or have the same descriptive properties; when they possess the same physical attributes or essential characteristics with reference to their form, composition, texture or quality. They may also be related because they serve the same purpose or are sold in grocery stores.¹⁸

Obviously, the goods of the petitioner and the respondent are not related and will not likely cause any confusion of business or origin. There is a whale of a difference between infant formula, ingredients for infant formula, on one hand, and pencils, crayon, water and poster color, rulers, scissors, punchers, staplers, templates, artist brush, chalk, coloring paint, sharpeners, pens, adhesive, fastener, expanding file, paper clips, stamp pad, plastic material for packaging, blades, staple wire, dater, numbering machine, on the other hand. These two kinds of goods neither

¹⁷ *Mighty Corporation v. E&J Gallo Winery, supra.*

¹⁸ *Canon Kabushiki Kaisha v. Court of Appeals*, G.R. No. 120900, 20 July 2000, 336 SCRA 266 (citations omitted)

belong to the same class nor possess the same physical attributes or essential characteristics with respect to their form, composition or quality. They do not also serve the same purpose. As correctly noted by the BLA, a consumer would find them on different and separate outlets, locations, or stores. Thus, it is inconceivable for a consumer on the look-out to buy the petitioner's products to be deceived or to commit a mistake into purchasing the respondent's products instead or *vice versa*.

Furthermore, Section 138 of the IP Code provides that 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 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. Since the petitioner's marks are used on infant formula, the protection given to its registered mark "EYE-Q" is limited to such goods and those related thereto. Clearly, as discussed above, the goods of the respondent are not related in any way to infant formula or its ingredients and the like. Thus, the protection given to the petitioner for its registered mark cannot be used against the respondent's trademark application for the same mark. It has been held that when a trademark is used by a party for a product in which the other party does not deal, the use of the same trademark on the latter's product cannot be validly objected to.¹⁹

Hence, as held in the following cases, identical trademark can be used by different manufacturers for products that are non-competing and unrelated:

¹⁹ *Canon Kabushiki Kaisha v. Court of Appeals, supra.*

A. In *Shell Company of the Philippines vs. Court of Appeals*,²⁰ in a minute resolution, the Supreme Court dismissed the petition for review for lack of merit and affirmed the Patent Office's registration of the trademark SHELL used in the **cigarettes** manufactured by respondent Fortune Tobacco Corporation, notwithstanding Shell Company's opposition as the prior registrant of the same trademark for its **gasoline and other petroleum products**;

B. In *Esso Standard Eastern, Inc. vs. Court of Appeals*,²¹ the Supreme Court dismissed ESSO's complaint for trademark infringement against United Cigarette Corporation and allowed the latter to use the trademark ESSO for its **cigarettes**, the same trademark used by ESSO for its **petroleum products**,

C. In *Canon Kabushiki Kaisha vs. Court of Appeals and NSR Rubber Corporation*,²² the Supreme Court affirmed the rulings of the Patent Office and the Court of Appeals that NSR Rubber Corporation could use the trademark "CANON" for its **sandals** (Class 25) despite Canon Kabushiki Kaisha's prior registration and use of the same trademark for its **paints, chemical products, toner and dyestuff** (Class 2).

D. In *Mighty Corporation v. E&J Gallo Winery*,²³ the Supreme Court found no trademark infringement for the petitioners' use of the trademark "GALLO" for their **cigarettes** despite the respondents' prior registration of such mark for their **wines**.

20 G.R. No. L-49145, 21 May 1979.

21 G.R. No. L-29971, 31 August 1982, 116 SCRA 336.

22 *Supra*.

23 *Supra*.

Even in the following cases where the goods are somehow related, the Supreme Court ruled that the use of an identical mark does not, by itself, lead to a legal conclusion that there is trademark infringement:

A. In *Philippine Refining Co., Inc. vs. Ng Sam and Director of Patents*,²⁴ the Supreme Court upheld the Patent Director's registration of the same trademark "CAMIA" for Ng Sam's **ham** under Class 47, despite Philippine Refining Company's prior trademark registration and actual use of such mark on its **lard, butter, cooking oil** (all of which belonged to Class 47), **abrasive detergents, polishing materials and soaps**;

B. In *Hickok Manufacturing Co., Inc. vs. Court of Appeals and Santos Lim Bun Liong*,²⁵ the Supreme Court dismissed Hickok's petition to cancel private respondent's "HICKOK" trademark registration for its Marikina **shoes** as against petitioner's earlier registration of the same trademark for **handkerchiefs, briefs, belts and wallets**;

The petitioner cannot take shelter from the ruling in *Dermaline, Inc. v. Myra Pharmaceuticals, Inc.*²⁶ because unlike in this case, the products therein involved, albeit they belong to different classifications, both pertain to treatments for the skin and so, the products are very closely related. The Supreme Court therefore held in that case:

"Further, Dermaline's stance that its product belongs to a separate and different classification from Myra's products with the registered trademark does not eradicate the possibility of mistake on the part of the purchasing public to associate the former with the latter,

24 G.R. No. L-26676, 30 July 1982, 115 SCRA 472.

25 G.R. No. L-44707, 31 August 1982, 116 SCRA 387.

26 *Supra*.

=====

especially considering that both classifications pertain to treatments for the skin.

xxx

xxx

xxx

Thus, the public may mistakenly think that Dermaline is connected to or associated with Myra, such that, considering the current proliferation of health and beauty products in the market, the purchasers would likely be misled that Myra has already expanded its business through Dermaline from merely carrying pharmaceutical topical applications for the skin to health and beauty services. "

There is also no reason to believe that the respondent's use of the mark "**Eye Q**" would indicate a connection between its goods and that of the petitioner's because, aside from the great disparity between the latter's goods and that of the respondent's, it has not been shown that the petitioner has ventured or intended to venture into producing goods under class 16. The possibility of the petitioner incurring damage therefore is very remote.

Finally, the petitioner's assertion that its mark "EYE-Q" is a fanciful mark deserves no consideration because this argument was never raised by the petitioner in the proceedings before the BLA and even on appeal with the Director General. This assertion has been raised for the first time in this petition for review. It is a settled rule that an issue raised for the first time on appeal and not raised seasonably in the proceedings in the lower court or tribunal, in this case in the BLA and the IPO, is barred by *estoppel*.

Thus, the Director General therefore committed no error in sustaining the ruling of the BLA that dismissed the petitioner's opposition to the respondent's trademark application.

WHEREFORE, the petition for review is DENIED DUE COURSE and consequently DISMISSED.

IT IS SO ORDERED.

Original Signed
APOLINARIO D. BRUSELAS, JR.
Associate Justice

WE CONCUR:

Original Signed
ANDRES B. REYES, JR.
Presiding Justice

Original Signed
SAMUEL H. GAERLAN
Associate Justice

CERTIFICATION

Pursuant to Article VIII, Section 13 of the Constitution, it is hereby certified that the conclusions in the above decision were reached in consultation before the case was assigned to the writer of the opinion of the Court.

Original Signed
ANDRES B. REYES, JR.
Presiding Justice
Chairperson, First Division