

DIAMOND LABORATORIES, INC.,
Opposer,

-versus-

KARIHOME, INC.,
Respondent-Applicant.

X-----X

IPC No. 14-2013-00029

Opposition to:

Appln. Serial No. 4-2012-008446

Date Filed: 12 July 2012

**TM: EAU THERMALE AVENE SAVE
OUR SKIN AND LOGO**

NOTICE OF DECISION

REYES CABRERA ROJAS & ASSOCIATES

Counsel for Opposer

Unit 1502 Jollibee Plaza Building,
F. Ortigas Jr. Road, Ortigas Center
Pasig City

KARIHOME, INC.


Respondent- Applicant

Unit 204, 2nd Floor, SEDCCO I Building
Rada corner Legaspi Streets, Legaspi Village
Makati City

GREETINGS:

Please be informed that Decision No. 2016 - 304 dated 14 September, 2016
(copy enclosed) was promulgated in the above entitled case.

Taguig City, 14 September 2016.


Atty. GINALYN S. BADIOLA
Adjudication Officer
Bureau of Legal Affairs

**Republic of the Philippines
INTELLECTUAL PROPERTY OFFICE**

Intellectual Property Center # 28 Upper McKinley Road, McKinley Hill Town Center, Fort Bonifacio,
Taguig City 1634 Philippines • www.ipophil.gov.ph
T: +632-2386300 • F: +632-5539480 • mail@ipophil.gov.ph



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IPC NO. 14-2013-00029

Opposition to:

Application No. 4-2012-008446

Date Filed: 12 July 2012

Trademark: **"EAU THERMALE
AVENE SAVE OUR SKIN AND
LOGO"**

Decision No. 2016- 304

DECISION

DIAMOND LABORATORIES INC. ("Opposer"),¹ filed an opposition to Trademark Application Serial No. 4-2012-008446. The application filed by KARIHOME INC. ("Respondent-Applicant"),² covers the mark "EAU THERMALE AVENE SAVE OUR SKIN AND LOGO" for use on "*cleaner, toner, moisturizers, creams, lotions, water spray gel, cleanser, toner, moisturizers, creams, lotions*" and for "*outreach programs, medical missions*" under classes 03 and 45 of the Nice Classification, respectively.³

The Opposer alleges that Respondent-Applicant's subject application is not registrable for being deceptive and misleading pursuant to Section 123.1 (a), (d) and (g) of Republic Act No. 8293, also known as the Intellectual Property Code of the Philippines ("IP Code"). According to the Opposer, the Respondent-Applicant has no right to the trademark "EAU THERMALE AVENE SAVE OUR SKIN AND LOGO" because the Opposer has previously filed two (2) trademark applications for the same "Save Our Skin"/"SOS" marks in 19 June 2009. The goods it cover fall under class 03 particularly, nourishing and whitening. In fact, it started using the "Save Our Skin"/"SOS" trademarks nationwide as early as 2006. On 14 July 2016, the Opposer was issued registration for the trademark "Save Our Skin" for class 03 goods, namely anti-acne.

It was further stated that the Opposer also used said marks in commerce in the whole country as early as 2006. Accordingly, the subject trademark applications will likely mislead the public in general, particularly as to the nature, quality, characteristics or geographical origin of the subject goods or services because DLI was the prior filer and registrant of the Save Our Skin trademark. Simply put, DLI is the true owner, prior registered owner and prior user of the subject Save Our Skin trademark. More so, Opposer's products having the Save Our Skin trademark is circulated nationwide.

¹ A corporation duly organized and existing under Philippine laws with address at No. 8 FERIA Road, Commonwealth Avenue, Diliman, Quezon City.

² A corporation with address at Unit 205, 2nd Floor, SEDCCO I Building, Rada corner Legazpi Streets, Legaspi Village, Makati City.

³ The Nice Classification of goods and services is for registering trademark and service marks, based on a multilateral treaty administered by the WIPO, called the Nice Agreement Concerning the International Classification of Goods and Services for Registration of Marks concluded in 1957.

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The Opposer's evidence consists of the following:

1. Diamond Laboratories, Inc. duplicate original copy Secretary's Certificate;
2. Certified true copy of DLI's application number 4-2009-006021 for the mark Save Our Skin under Class 3 for nourishing and whitening (First DLI SOS Application);
3. Certified true copy of DLI's application number 4-2009-006022 for the mark Save Our Skin under Class 3 for anti-acne (Second DLI SOS Application);
4. Certified True Copy of DLI's SOS product registration application with the then Bureau of Food and Drugs "BFAD", now, Food and Drug Administration "FDA" filed sometime in March 2006 and corresponding follow up for the application;
5. Certified True Copy of the Certificate of Registration for the SOS product, issued by the BFAD to DLI, with a validity of five (5) years from 21 November 2006 or until 21 November 2011;
6. Certified True Copy of DLI's Notification of Cosmetic Product for its SOS product, filed with the BFAD on 18 December 2008;
7. Certified True Copy of DLI's request for the extension of shelf life of its SOS product, filed with the BFAD on 24 March 2009;
8. Certified True Copy of DLI's Notification of Cosmetic Product for its SOS product, filed with the FDA on 16 December 2010;
9. Certified True Copy of DLI's application for renewal of registration for its SOS product, filed with the FDA on 18 October 2011;
10. Certified True Copy of Certificate of Product Registration issued by the FDA in favor of DLI on 25 October 2011;
11. Paper No. 2 issued by the IPO Bureau of Trademarks on 26 October 2009;
12. Paper No. 3 issued by the IPO Bureau of Trademarks on 17 November 2010;
13. Request for Revival filed by DLI on 21 February 2011;
14. Paper No. 5 issued by the IPO Bureau of Trademarks on 21 March 2011;
15. Responsive Action filed by DLI dated 17 November 2009;
16. Notice of Allowance issued by the Bureau of Trademarks on 13 January 2010;
17. Receipt of DLI's payment for the publication in the IPO Official Gazette;
18. Certified True Copy of the Certificate of Registration issued for the Second DLI SOS Application;
19. Certified True Copies of the Trademark Application for the re-filed First DLI SOS Application and re-filed Second DLI SOS Application;
20. Copies of Declaration of Actual Use;
21. Judicial Affidavit of Ms. Suzette Reyes;
22. Judicial Affidavit of Mr. Irvin Saet;
23. Certified True Copies of Charge Sales Invoices for DLI SOS products from 2009 until January 2013;
24. Certified True Copies of official receipts for DLI SOS products;
25. Six (6) samples of SOS whitening creams manufactured in 2009 and 2010, and roll-ons manufactured as early as 2007; and,
26. Sample of SOS advertisement by DLI on "Chalk" Magazine dated August 2007;

On 18 July 2013, Respondent-Applicant "Karihome" filed its Answer stating that Eau Thermale Avene is already popular among top dermatologists in Metro Manila and also to well-traveled consumers. Since Avene is a premium skincare brand catering to Class ABC+ consumers, Respondent-Applicant explored a partnership with several shopping malls with highly popular upscale destination i.e. Shangri-la Mall and Trinoma Mall to launch and create a brand awareness of the healing properties of Avene through its Save Our Skin campaign. Respondent-Applicant engaged in advertising and marketing campaigns, utilized social media tools, Facebook and Twitter as part of its promotional campaign.

In its Affirmative Defenses, Respondent-Applicant maintains that its mark Eau Thermale Avene is not confusingly similar to Opposer's trademark. In the application of the Dominancy and Holistic Tests, Respondent-Applicant vehemently denies that the competing marks are confusingly similar to each other with the following notable differences: *a. As to color:* Opposer has white with black border, while Karihome has salmon pink color; *b. As to font used:* Opposer has roundlike font like Arial, while Karihome has pointed ends like Times New Roman; *c. As to spaces in between the words:* Opposer has no spaces in between, while Karihome has words spread out; *d. As to the accompanying words:* Opposer has the generic name and the letters SOS, while Karihome has the brand name written in French; and, *e. As to dominant words and their accompanying words:* Opposer has SOS, while Karihome has Avene. Respondent-Applicant likewise affirmed that there is no confusion as to product and source of origin, price, brand name, product source as appearing in the packaging, and the dominant words in the packaging.

Further, Respondent-Applicant alleged that it has no intent to appropriate the supposed goodwill associated with the Opposer's alleged mark. It adopted "Save Our Skin" mark because of the healing "effect" its product can give to the users as shown in an evaluation made of the soothing effect of Avene Thermal Spring Water by thermography in its post-laser treatment wherein the results yielded significant decrease in skin temperature and significant decrease of laser-induced side effects. Finally, the packaging of Eau Thermale Avene's products do not show the words "Save Our Skin" because it is only used in their promotional campaigns.

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

1. Affidavit of Ms. Marie Cheryl S. Segismundo;
2. Copy of Karihome's Trademark Application form;
3. Copy of the Registrability Report issued by the Bureau of Trademarks on 11 September 2012;
4. Copy of Letter of Karihome to the IPO dated 18 September 2012;
5. Copy of Paper No. 4 issued by the Bureau of Trademarks issued on 17 October 2012;
6. Copy of Karihome's letter dated 13 November 2012, amending its application and simplifying its mark;
7. Copy of Notice of Allowance issued by the Bureau of Trademarks dated 27 November 2012;
8. Samples of promotional materials of Karihome involving the mark "Save Our Skin".

During the Preliminary Conference on 04 March 2014, Respondent-Applicant failed to attend the proceedings despite notice of hearing. Thus, Respondent-Applicant waived its right to file a position paper. The Opposer on the other hand, submitted its position paper on 14 March 2014.

Should the Respondent-Applicant be allowed to register the trademark EAU THERMALE AVENE SAVE OUR SKIN AND LOGO?

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.⁴

⁴ 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).

The pertinent portions of Sec. 123.1 of R.A. No. 8293, also known as the Intellectual Property Code ("IP Code") provides:

"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;

x x x

Records show the Opposer filed two applications for registration of the mark Save Our Skin in the Intellectual Property Office of the Philippines on 19 June 2009.⁵ The first application was cancelled with finality for failure to file a responsive action on time⁶, while the second application was issued Certificate of Registration No. 4-2009-006022 for the mark "SAVE OUR SKIN AND DEVICE" on 18 March 2010.⁷ However, this was removed from the Trademark Registry on 20 June 2012 for failure to file the required Declaration of Actual Use (DAU). The Respondent-Applicant, on the other hand, filed its application for the registration of the mark "EAU THERMALE AVENE SAVE OUR SKIN AND LOGO" on 12 July 2012.

The competing marks are hereby reproduced for comparison:



Opposer's Trademark

Save Our Skin

Respondent-Applicant's Trademark

Initially, Respondent Applicant's trademark application was for the mark "EAU THERMALE AVENE SAVE OUR SKIN AND DEVICE"⁸ with the words "Save Our Skin" containing a device on top, further followed by the mark containing the words "EAU THERMALE AVENE" on top of the said device. However, the registrability report of the Bureau of Trademarks found that such mark may not be registered because it nearly resembles a registered mark belonging to a Pierre Fabre DermoCosmetique and the resemblance is likely to deceive or cause confusion, citing Sec. 123.1 [d] [ii].⁹ In a letter dated 13 November 2012, Respondent-Applicant simplified its applied word mark to "Save Our Skin"¹⁰, which was subsequently allowed.¹¹

⁵ Exhibit "A" of the Opposer.

⁶ Exhibit "L" of the Opposer.

⁷ Exhibit "S" of the Opposer.

⁸ Exhibit 2 of the Respondent-Applicant.

⁹ Exhibit 3 of the Respondent-Applicant.

¹⁰ Exhibit 6 of the Respondent-Applicant.

¹¹ Exhibit 7 of the Respondent-Applicant.

Consequently, the contending marks solely consist of the words "Save Our Skin", with the first letter of each word capitalized or larger than the rest. While the two marks differ in font and color, both marks predominantly contain the identical words "Save Our Skin". The competing marks were registered/sought to be registered for use in goods under Class 03, albeit Respondent-Applicant's mark also covers Class 45.

The Supreme Court has ruled that the confusion or mistake brought about by similar or closely related marks subsists not only on the purchaser's perception of goods but on the origin thereof. Thus, in *Societe Des Produits Nestle, S.A., v. Martin T. Dy, Jr.*¹², the Court distinguished the two types of confusion:

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, defendants goods are then bought as the plaintiffs, and the poorer quality of the former reflects adversely on the plaintiffs reputation. The other is the *confusion of business*: Here though the goods of the parties are different, the defendants 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.

As a measure against these types of confusion, the public interest therefore requires that two marks identical or closely resembling each other and used on the same or closely related goods, but utilized by different proprietors, should not be allowed to co-exist. The reason is to shield the public from confusion, mistake, deception, and even fraud. This is in keeping with the function of a trademark which 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 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.¹³

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).

¹² G.R. No. 172276, August 8, 2010 (citing *Sterling Products International, Inc. v. Farbenfabriken Bayer Aktiengesellschaft*, G.R. No. L-19906, April 30, 1969).

¹³ *Pribhdas J. Mirpuri v. Court of Appeals*, G.R. No. 114508, 19 Nov. 1999.

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.¹⁴ The registration system is not to be used in committing or perpetrating an unjust and unfair claim. A

¹⁴ Sec. 236, IP Code.

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.*¹⁵, 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.

Applying law and jurisprudence to this case, it can therefore be considered that it is the Opposer who has effectively proven ownership over the mark "Save Our Skin". It has submitted evidence of prior and actual use of the mark in products manufactured since 2007, which is even earlier to its application for registration back in 2009.¹⁶ More importantly, it has also submitted evidence of its continued use even after the registration was cancelled for failure to file the requisite DAU in 2012.¹⁷

On the other hand, Respondent-Applicant's own arguments and evidence belie its contentions. To begin, Respondent-Applicant attempts to differentiate the two marks to support its argument that its mark is not confusingly similar with that of Opposer.¹⁸ It repeatedly referred to its mark as "EAU THERMALE AVENE SAVE OUR SKIN", while this was already simplified to "Save Our Skin" before the Bureau of

¹⁵ G.R. No. 184850, 20 October 2010.

¹⁶ Exhibit "CC" of the Opposer.

¹⁷ Exhibit "Y" of the Opposer.

¹⁸ Paragraphs 7.4 and 7.5 of the Answer (pp. 17-18), citing *Skechers U.S.A., Inc. v Interpacific Industrial Trading Corp. et. al.*, G.R. No. 164321, 23 March 2011.



Trademarks¹⁹ to remove "EAU THERMALE AVENE". Thus, the contending marks are now visually and aurally identical.

Furthermore, Respondent-Applicant alleges that it adopted "Save Our Skin" mark because of the healing effect its product can give to its user. However, records show and in fact, Respondent-Applicant admitted, that the mark "Save Our Skin" is merely used for the promotional campaigns of Eau Thermale Avene. The actual packaging of the products do not show the mark "Save Our Skin". Respondent-Applicant submitted no other use of its mark other than a lone promotional picture²⁰ which contains no evidence of when it was actually used. The promotional poster for an event where the subject mark was used indicated that the event was dated 23 March 2013. Thus, there appears no actual use of the mark visible in the product.

Finally, its promotional materials and images of the actual products sold²¹ contain no such mark of "Save Our Skin", but only that of "Eau Thermale Avene" which is a mark of a different proprietor. The Opposer's evidence of its actual and continued use of the mark containing the words "Save Our Skin" is therefore stronger as compared to Respondent-Applicant's own evidence. Respondent-Applicant was unable to show substantial use of the mark to prove ownership.

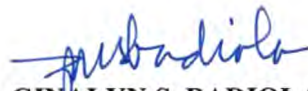
Succinctly, the field from which a person may select a trademark is practically unlimited. As in all other cases of colorable imitations, the unanswered riddle is why, of the million of terms and combination of letters and designs available, the Respondent-Applicant had to come up with a mark identical or so closely similar to another's mark if there was no intent to take advantage of the goodwill generated by the other mark.²²

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. 4-2012-008446 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 SEP 2016



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

¹⁹ Id at 10 and 11.

²⁰ Reproduced in Paragraph 5.12 of the Answer; Exhibits 9 and 12 of Respondent-Applicant.

²¹ Paragraph 7.13 of the Answer; Exhibits 8, 9, 10, 10a., 11, 13a, 13b, 13c, 13d, 13e, and 13f of Respondent-Applicant.

²² American Wire & Cable Company v. Director of Patents, G.R. No. L-26557, 18 February 1970.