

NOVARTIS AG,

Opposer,

-versus-

MERCK SHARP & DOHME CORP.,


Respondent-Applicant.

IPC No. 14-2015-00084

Opposition to:

Application No. 4-2014-000778

Date Filed: 17 January 2014

Trademark: 

X-----X

NOTICE OF DECISION

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GREETINGS:

Please be informed that Decision No. 2016- 310 dated 14 September 2016 (copy enclosed) was promulgated in the above entitled case.

Taguig City, 14 September 2016.


Atty. JOSEPHINE C. ALON

Adjudication Officer

Bureau of Legal Affairs

NOVARTIS AG,

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Decision No. 2016- 310

DECISION

NOVARTIS AG¹ ("Opposer") filed an opposition to Trademark Application Serial No. 4-2014-000778. The application, filed by MERCK SHARP & DOHME CORP.² ("Respondent-Applicant"), covers the mark "" for use on "pharmaceutical preparations" under Class 05 of the International Classification of Goods and Services.³

The Opposer alleges:

x x x
"FACTS AND CIRCUMSTANCES
IN SUPPORT OF THE OPPOSITION
x x x

"14. The mark  of respondent-applicant is confusingly similar with the trademark  of opposer Novartis AG. Both marks are in the shape of a droplet with three white lines running across it diagonally from the lower left portion toward the upper right portion of the device. Both devices are monochromatic and do not contain any verbal elements, words or letters to distinguish one from the other. The minor difference in color and fine details do not preclude the likelihood of confusion and/or deception. The marks 'look' alike; the purchasing public will easily recognize and remember the droplet shape and the three diagonal lines, hence, it is very easy to mistake one with the other.

"15. The test of confusing similarity which would preclude the registration of a trademark is not whether the challenged mark would actually cause confusion, mistake or deception in the minds of the purchasing public but whether the use of such mark would likely cause confusion or mistake. The law does not require that the competing marks must be so identical as to produce actual error or mistakes. It is sufficient that the similarity between the two marks be such that there is a possibility or likelihood of the purchaser of the older brand mistaking the newer brand for it. x x x

¹A foreign corporation duly organized and existing under the laws of Switzerland, with business address at 4002 Basel, Switzerland.

²With address at One Merck Drive Whitehouse Station, New Jersey, 08889, United States of America.





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.

"16. It is settled jurisprudence that identity or similarity in the dominant features of two (2) competing marks will cause mistake or confusion in the minds of the purchasing public. The case of *Co Tiong Sa vs. Director of Patents* (95 Phil. 1 [1954]) categorically held, as follows: x x x



"17. Similarly, the Supreme Court, in the case of *Phil. Nut Industry, Inc. vs. Standard Brands, Inc.* (G.R. No. L-23035, 31 July 1975, 65 SCRA 575) that: x x x

"18. The dominance test was applied by the Supreme Court in many other cases including *Lim Hoa vs. Director of Patents* (100 Phil 214 [1956]), *Converse Rubber Corporation vs. Universal Rubber Products, Inc.* (G.R. No. L-27906, 08 January 1987, 147 SCRA 154) and *Asia Brewery, Inc. vs. Court of Appeals* (G.R. No. 103543, 05 July 1993, 224 SRA 437).

"19. In the case of *McDonald's Corporation, et al. vs. L.C. Big Mak Burger, et al.* (G.R. No. 143993, August 18, 2004), the Supreme Court likewise applied the test of dominance in determining that the mark BIG MAC of McDonald's Corporation and the mark BIG MAK of L.C. Big Mak Burger are confusingly similar. The Court ruled as follows: x x x

"20. The reasoning in the McDonald's case (*supra*) applying the Dominancy Test is relevant in the instant case. The dominant features in opposer's mark  are the droplet shape and the three white lines running across it diagonally from the lower left portion toward the upper right portion of the device which are identical to those in respondent-applicant's mark . The minor difference in color and fine details do not sufficiently distinguish respondent-applicant's mark from opposer's mark as the two (2) marks are very much similar in appearance. As such, the marks are, for all intents and purposes, practically identical and confusingly similar. The purchasing public will easily recognize and remember droplet shape and the three white lines running it diagonally, and hence, it is very easy to mistake respondent-applicant's products bearing the mark  for opposer's goods bearing the mark .


"21. Respondent-applicant's mark and opposer's mark cover similar goods under International Class 5.





"22. Both opposer and respondent-applicant's trademarks cover the same goods 'pharmaceutical preparations'. These goods are sold in pharmacies, drug stores, hospitals, clinics and similar establishments. The goods therefore are sold in the same channels of business and trade. Hence, the potential confusion on the consuming public is greater. Confusion on the consuming public with respect to products bearing the mark  and products bearing the mark  is almost certain.


"23. Moreover, both products possess the same characteristics and properties and serve the same purpose. They are both health-related products. Considering all these, the likelihood of confusion between the marks of opposer and respondent-applicant is enhanced.

"24. In the case of *Esso Standard Eastern, Inc. vs. Court of Appeals, et al.* (G.R. No. L-29971, August 31, 1982), the Supreme Court held that: x x x

"25. In view of the similarity of the covered goods under International Class 5, the purchasing public will most likely be deceived to purchase respondent-applicant's goods in the belief that they are purchasing opposer's goods. This will thus result to damage to the public and to opposer's established business and goodwill, which should not be allowed.

"26. In the Philippines, opposer is the registrant of the trademark , as follows: x x x



"27. Opposer's application for registration of the mark  on August 13, 2013 was much earlier than respondent-applicant's application for registration of the confusingly similar mark  on January 17, 2014. Moreover, opposer's mark has been registered since March 20, 2014. Hence, opposer's mark  will bar the successful registration of respondent-applicant's confusingly similar mark .


"28. As the prior registrant, opposer has the exclusive right to use the mark  in connection with the same or related goods and/or services. Under Section 138 of the IP Code, a certificate of registration shall be prima facie evidence of the validity of (a) registration, (b) registrant's ownership of the mark, and (c) registrant's exclusive right to use the same in connection with the same or related goods or services.


x x x

"29. Furthermore, Section 147.1 also of the IP Code vests upon the owner of a registered mark the exclusive right to prevent all third parties, without its consent, from the use of identical or similar signs which would result in likelihood of confusion.

x x x

"30. Therefore, as the prior registrant and user of the mark , opposer possesses the rights conferred by Section 147.1 of the IP Code, in particular 'to prevent all third parties (i.e. respondent-applicant herein) not having the owner's consent (i.e. opposer herein) 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 (i.e. ).




"31. By virtue of opposer's prior application as well as subsequent registration of the trademark  in the Philippines, said trademark has become distinctive of opposer's goods and business.



"32. A boundless choice of words, phrases and symbols is available to a person who wishes to have a trademark sufficient unto itself to distinguish its products from those of others. There is no reasonable explanation therefore for respondent-applicant to use the mark  when the field for its selection is so broad. Respondent-applicant obviously intends to maliciously trade and is maliciously trading on opposer's goodwill.

"33. In the case of American Wire & Cable Co. vs. Director of Patents (G.R. No. L-26557, February 18, 1970), the Supreme Court held that: x x x

"34. Moreover, it has been held in many other cases, like the foregoing, that:


x x x

"35. Indubitably, the registration and use of the trademark  by respondent-applicant will deceive and/or confuse purchasers into believing that respondent-applicant's goods and/or products bearing the trademark  emanate from or are under the sponsorship of opposer Novartis AG, owner/prior applicant of the trademark . This will therefore diminish the distinctiveness and dilute the goodwill of opposer's trademark.

"36. Opposer Novartis AG and respondent-applicant Merck are two of the world's leading pharmaceutical companies. They are at the very center of the pharmaceutical industry, on local levels, as well as globally. Their names are recognized everywhere including in the Philippines. It is virtually impossible not to mistake  and  as products of one or the other.

"37. As held by the ODG-IPO in the case of Korea United Pharm, Inc. vs. Beehcam Group P.L.C (Appeal No. 14-0 6-25, April 18, 2008), 'if there is any possibility of such confusion in the case of medicines, public policy requires that the use of the confusingly similar name be enjoined' to protect consumers from the constant threat of medicine switching because of confusingly similar marks for medicines.

x x x

The Opposer's evidence consists of a copy of Certificate of Registration No. 4-2013-009699 for the trademark  issued by the Intellectual Property Office of the Philippines; copy of Novartis AG's Annual Report for the year 2014; a copy of Corporate Secretary's Certificate dated May 10, 2012; and the Affidavit-Testimony of witnesses Susanne Groeschel-Jofer and Andrea Felbermeir dated March 23, 2015.⁴

This Bureau issued a Notice to Answer and sent a copy thereof upon Respondent-Applicant on 29 April 2015. The Respondent-Applicant filed their Answer on 24 June 2015 and avers the following:

x x x

"SPECIAL AND AFFIRMATIVE DEFENSES

x x x

"15. Respondent is a foreign corporation organized under the laws of the State of New Jersey, U.S.A. with principal office located at One Merck Drive, Whitehouse Station, New Jersey 08889, U.S.A.

"16. Opposer has no cause of action, and the opposition warrants dismissal/denial, on the following grounds:

- "A. This is no confusing similarity between respondent's applied-for mark and that of opposer;
- "B. The nature of the goods on which the competing marks will be used negates likelihood of confusion;

⁴Marked as Exhibits "A" to "D".

- "C. Respondent, not opposer, is the prior registrant of the drop design mark or the mark depicting the representation of a drop; and
- "D. In any event, the drop design per se is not capable of exclusive appropriation.

"17. The claim of confusing similarity between opposer's mark and respondent's applied-for trademark ELICA DROP DESIGN covered by Application Serial No. 4-2014-000778, is devoid of basis. Consider the following:

- "a) For a better evaluation as to whether there exist similarity or likelihood of confusion between opposer's mark and that of respondent's applied for mark, there is no better way to do it than to view the marks.
- "b) The inner design of the two (2) marks are distinctly dissimilar in appearance to an extent rendering remote and unlikely the possibility of confusion. In opposer's mark, there are concentric lines in white which completely traverses the middle of the drop design from its both ends, as a result of which the drop design appears to be broken. These concentric lines are conspicuously absent in respondent's mark, in lieu of which there are rays of light with bright tips at the end, which rays of light are within the drop design.
- "c) Secondly, the design of opposer's mark consists of just a dark shade with white concentric lines. On the other hand, the design of respondent's mark consists of different hues and gradations which are interspersed within the drop design, whose colors are of very much lighter shade as compared to that of opposer's mark.
- "d) Stripped of the differences in the inner design of opposer's and respondent's marks as discussed in the immediately preceding paragraphs, the semblance of similarity between the marks of opposer's and that of respondent's is clearly limited to the geometric shape of the outer drop designs.
- "e) But as will be discussed below, the drop design per se is not capable of exclusive appropriation. Consequently, what remains as the dominant feature of respondent's mark is the fanciful design inside the drop design. The overall appearance and presentation of this fanciful design, which is its dominant feature, is poles apart from opposer's mark and is readily distinguishable therefrom.

"18. It is worthy to mention that respondent's mark is for pharmaceutical preparations, consequently, its use will require intervention of a physician or pharmacist, a class of people as to whom confusion is remote since they possess specialized knowledge about medicines.

"19. It must be stressed that even without a doctor's prescription, the nature of the product on which respondent's mark will be affixed renders it unlikely that the potential buyer will be confused, because human nature dictates that nobody will buy medicine without being familiar with it, that is, a person buying medicine is inclined to be more cautious and discriminating, compared to when he is buying

an ordinary article of everyday use where he would be less deliberate. As held in one case: x x x

"20. In the determination of the issue of whether or not there is likelihood of confusion, it is important to determine who the purchasers of the competing products will be, since this will indicate the extent of scrutiny that will be made by them. If the product is food seasoning which is generally purchased from the neighborhood store by household help who are sometimes illiterate and are guided by pictorial representations which appear similar, the marks are confusingly similar because there is likelihood of confusion, as held in *Lim Hoa vs. Director of Patents*, 100 Phil. 214. On the other hand, if the product is medicine, as in the case at bar, the purchaser is considered as more discriminating hence not susceptible of being easily deceived even if there are similarities in the marks and even if they belong to the same class because, to borrow the language of the Supreme Court in one case 'the purchaser will be more wary of the nature of the product he is buying' (*American Cyanamid Co. vs. Director of Patents*, 76 SCRA 568, p. 575).

"21. Opposer's claim of priority in right due to its alleged prior registration, is grossly inaccurate and misleading. IPO records show that seven (7) years before opposer's mark was registered, or on July 09, 2007, the IPO issued Certificate of Registration No. 4-2005-006307 for the mark TEARDROP DESIGN in class 5 in the name of Merck & Co., Inc. which changed its name to Merck Sharp & Dohme Corp. This previously registered mark bears a striking similarity to opposer's mark inasmuch as they both employ the 'drop design'. And this previously registered mark belongs to respondent, hence its chronological precedence over that of opposer's mark makes respondent the senior registrant. This fact alone completely devalues the present opposition insofar as it is based on opposer's claimed previous registration. Copy of respondent's 2007 registration of the TEARDROP DESIGN is attached as an exhibit to the Sworn Statement of its witness.

"22. As early as 1921, the Philippine Supreme Court has promulgated the unbending rule that no one can acquire an exclusive right to standardized forms and styles commonly and immemorably used in the marketing of simple human needs (*Sy Bungco vs. Tan Tiao Bon*, 42 Phil. 190). Thus, common geometric shapes like an oval, a circle or a square are ordinarily not regarded as indicia of origin and are not capable of exclusive appropriation as trademarks (*Victorias Milling Co., Inc. vs. Ang Su*, GR No. 28499, Sept. 30, 1977, 79 SCRA 207).

"23. Indeed, ordinary geometric shapes such as circles, ovals square etc. even when not used as a background for other marks are regarded as non-distinctive and they protectable only upon proof of secondary meaning.

"24. The design of opposer's mark which depicts a drop of liquid is considered as a common geometric shape in the same manner as an oval, a circle or a square, and is not capable of exclusive appropriation.

"25. Indeed, the IPO has allowed several trademarks containing the representation of a drop, i.e. - the drop design - to co-exist side by side with each other. Thus, in the course of examination of herein assailed mark, respondent's

ELICA DROP DESIGN, the trademark examiner in her registration report cited the following marks with their particulars, to wit: x x x

"26. For whatever it may be worth, it may be stated that opposer's mark including that of respondent TEARDROP DESIGN were not among the marks cited by the trademark examiner. As stated above, the application for ELICA DROP DESIGN was filed in the name of MSD Consumer Care, Inc. and not respondent herein.


"27. It is worthy to mention here that the examiner's citation of other marks in her registrability report in effect strengthened respondent's application, in light of Rule 603 of the Trademark Regulations which pertinently state:

x x x

"28. On the contrary, the record of opposer's application of its mark does not show that it underwent the same rigorous scrutiny which respondent's application went through.

The Respondent-Applicant's evidence consists of the Sworn Statement of Christopher Bolinger, Director, Trademark & Copyrights, of MERCK SHARP & DOHME CORP.; a Certification issued by Merck Sharp & Dohme Corp. regarding the authority of Christopher Bolinger to sign the Verification and Certification contained in the Answer, Sworn Statement as well as the Power of Attorney to be filed in IPOPHL in connection with this case; a copy of Notice of Recordal of the assignment of Appln. No. 4-2014-000778 for the mark TEARDROP DESIGN executed by MSD Consumer Care, Inc. in favor of respondent-applicant; a copy of Certificate of Registration No. 4-2005-006307 issued on 9 July 2007 for the trademark TEARDROP DESIGN; a copy of the REGISTRABILITY REPORT with mailing date of July 02, 2014 in Appln. No. 4-2014-000778 for the mark ELICA DROP DESIGN; a copy of applicant's response to the REGISTRABILITY REPORT; and the Power of Attorney issued in favor of Santos Pilapil & Associates.⁵

On 20 January 2016, the Preliminary Conference was terminated and the parties were directed to file their respective position papers. Thereafter, the case was deemed submitted for resolution.

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

The Opposer anchors its opposition on Sec. 123.1 (d) 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 :

⁵Marked as Exhibits "1" to "7".

- (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;"

Records show that at the time the Respondent-Applicant filed its trademark application on 17 January 2014, the Opposer has existing trademark registration for the mark  under Reg. No. 4-2013-009699 issued on 20 March 2014. This registration covers "pharmaceutical preparations; sanitary preparations for medical purposes; dietetic food and substances adapted for medical use; dietary supplements for humans; plasters, materials for dressings; material for stopping teeth, dental wax" under Class 05. On the other hand, Respondent-Applicant filed its trademark application for  for use on "pharmaceutical preparations" under Class 05. Also, Respondent-Applicant has obtained registration for TEARDROP DESIGN under Reg. No. 4-2005-006307 issued on 09 July 2007. This registration covers "human vaccine preparations namely vaccines to prevent infectious diseases" under Class 05.

The marks are shown below:



Opposer's trademark




Respondent-Applicant's mark

This Bureau finds that confusion or deception is unlikely to occur in this instance. Although both have the same DROP DESIGN, Opposer can not exclusively appropriate the DROP DESIGN as the use of DROP DESIGN may constitute a valid trademark for as long as it does not particularize the service or article it pertains, or the nature of the service it offers, as it was in this case. The visual properties in respect of the Respondent-Applicant's DROP DESIGN mark has rendered said mark a character that is distinct from the Opposer's, particularly as to the following:

"In opposer's mark, there are concentric lines in white which completely traverses the middle of the drop design from its both ends, as a result of which the drop design appears to be broken. These concentric lines are conspicuously absent in respondent's mark, in lieu of which there are rays of light with bright tips at the end, which rays of light are within the drop design."

"the design of opposer's mark consists of just a dark shade with white concentric lines. On the other hand, the design of respondent's mark consists of different hues and gradations which are interspersed within the drop design, whose colors are of very much lighter shade as compared to that of opposer's mark."

Moreover, Respondent-Applicant has already obtained registration for TEARDROP DESIGN under Reg. No. 4-2005-006307, likewise for pharmaceutical products, specifically, "human vaccine preparations namely vaccines to prevent infectious diseases" under Class 05 which filing date (06 July 2005) is earlier than Opposer's (13 August 2013) for the mark , under Reg. No. 4-2013-009699 issued on 20 March 2014.

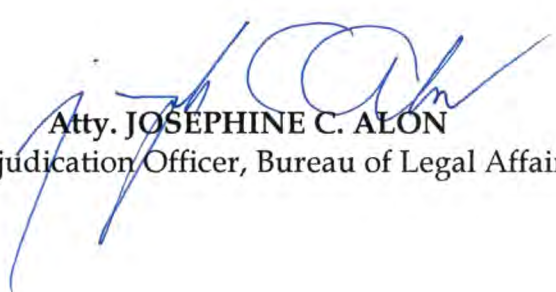
In fact, in the Trademark Registry, the contents of which the Bureau can take cognizance of via judicial notice, there are registered marks covering pharmaceutical products that have the DROP DESIGN, such as Water Drop with Reg. No. 4200700004675, The PowerDrop And Device with Reg. No. 4200800000765 and IGE DROP (Logotype in colour) with Reg. No. 420090005351, which are owned by entities other than the Opposer.

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 into the market a superior article of merchandise, the fruit of his industry and skill; to assure the public that they are procuring the 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.⁶ This Bureau finds that the Respondent-Applicant's mark sufficiently serves this function.

WHEREFORE, premises considered, the instant Opposition is hereby DISMISSED. Let the filewrapper of Trademark Application Serial No. 4-2014-000778 together with a copy of this Decision be returned to the Bureau of Trademarks (BOT) for information and appropriate action.

SO ORDERED.

Taguig City, 14 SEP 2016.


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

⁶Pribhdas J. Mirpuri vs. Court of Appeals, G.R. No. 114508, 19 Nov. 1999.