DERMALINE, INC., PETITIONER, VS. MYRA PHARMACEUTICALS, INC., RESPONDENT.

G.R. No. 190065. August 16, 2010

Ponente: NACHURA, J.

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NACHURA, J.:

This is a petition for review on certiorari[1] seeking to reverse and set aside the Decision dated August 7, 2009[2] and the Resolution dated October 28, 2009[3] of the Court of Appeals (CA) in CA-G.R. SP No. 108627.

The antecedent facts and proceedings--

On October 21, 2006, petitioner Dermaline, Inc. (Dermaline) filed before the Intellectual Property Office (IPO) an application for registration of the trademark "DERMALINE DERMALINE, INC." (Application No. 4-2006011536). The application was published for Opposition in the IPO E-Gazette on March 9, 2007.

On May 8, 2007, respondent Myra Pharmaceuticals, Inc. (Myra) filed a Verified Opposition[4] alleging that the trademark sought to be registered by Dermaline so resembles its trademark "DERMALIN" and will likely cause confusion, mistake and deception to the purchasing public. Myra said that the registration of Dermaline's trademark will violate Section 123[5] of Republic Act (R.A.) No. 8293 (Intellectual Property Code of the Philippines). It further alleged that Dermaline's use and registration of its applied trademark will diminish the distinctiveness and dilute the goodwill of Myra's "DERMALIN," registered with the IPO way back July 8, 1986, renewed for ten (10) years on July 8, 2006. Myra has been extensively using "DERMALIN" commercially since October 31, 1977, and said mark is still valid and subsisting.

Myra claimed that, despite Dermaline's attempt to differentiate its applied mark, the dominant feature is the term "DERMALINE," which is practically identical with its own "DERMALIN," more particularly that the first eight (8) letters of the marks are identical, and that notwithstanding the additional letter "E" by Dermaline, the pronunciation for both marks are identical. Further, both marks have three (3) syllables each, with each syllable identical in sound and appearance, even if the last syllable of "DERMALINE" consisted of four (4) letters while "DERMALIN" consisted only of three (3).

Myra also pointed out that Dermaline applied for the same mark "DERMALINE" on June 3, 2003 and was already refused registration by the IPO. By filing this new application for registration, Dermaline appears to have engaged in a fishing expedition for the approval of its mark. Myra argued that its intellectual property right over its trademark is protected under Section 147[6] of R.A. No. 8293.

Myra asserted that the mark "DERMALINE DERMALINE, INC." is aurally similar to its own mark such that the registration and use of Dermaline's applied mark will enable it to obtain benefit from Myra's reputation, goodwill and advertising and will lead the public into believing that Dermaline is, in any way, connected to Myra. Myra added that even if the subject application was under Classification 44[7] for various skin treatments, it could still be connected to the "DERMALIN" mark under Classification 5[8] for pharmaceutical products, since ultimately

these goods are very closely related.

In its Verified Answer,[9] Dermaline countered that a simple comparison of the trademark "DERMALINE DERMALINE, INC." vis-à-vis Myra's "DERMALIN" trademark would show that they have entirely different features and distinctive presentation, thus it cannot result in confusion, mistake or deception on the part of the purchasing public. Dermaline contended that, in determining if the subject trademarks are confusingly similar, a comparison of the words is not the only determinant, but their entirety must be considered in relation to the goods to which they are attached, including the other features appearing in both labels. It claimed that there were glaring and striking dissimilarities between the two trademarks, such that its trademark "DERMALINE DERMALINE, INC." speaks for itself (Res ipsa loquitur). Dermaline further argued that there could not be any relation between its trademark for health and beauty services from Myra's trademark classified under medicinal goods against skin disorders.

The parties failed to settle amicably. Consequently, the preliminary conference was terminated and they were directed to file their respective position papers.[10]

On April 10, 2008, the IPO-Bureau of Legal Affairs rendered Decision No. 2008-70[11] sustaining Myra's opposition pursuant to Section 123.1(d) of R.A. No. 8293. It disposed--

> WHEREFORE, the Verified Opposition is, as it is, hereby SUSTAINED. Consequently, Application Serial No. 4-2006-011536 for the mark `DERMALINE, DERMALINE, INC. Stylized Wordmark' for Dermaline, Inc. under class 44 covering the aforementioned goods filed on 21 October 2006, is as it is hereby, REJECTED.
>
> Let the file wrapper of `DERMALINE, DERMALINE, INC. Stylized Wordmark' subject matter of this case be forwarded to the Bureau of Trademarks (BOT) for appropriate action in accordance with this Decision.
>
> SO ORDERED.[12]

Aggrieved, Dermaline filed a motion for reconsideration, but it was denied under Resolution No. 2009-12(D)[13] dated January 16, 2009.

Expectedly, Dermaline appealed to the Office of the Director General of the IPO. However, in an Order[14] dated April 17, 2009, the appeal was dismissed for being filed out of time.

Undaunted, Dermaline appealed to the CA, but it affirmed and upheld the Order dated April 17, 2009 and the rejection of Dermaline's application for registration of trademark. The CA likewise denied Dermaline's motion for reconsideration; hence, this petition raising the issue of whether the CA erred in upholding the IPO's rejection of Dermaline's application for registration of trademark.

The petition is without merit.

A trademark is any distinctive word, name, symbol, emblem, sign, or device, or any combination thereof, adopted and used by a manufacturer or merchant on his goods to identify and distinguish them from those manufactured, sold, or dealt by others.[15] Inarguably, it is an intellectual property deserving protection by law. In trademark controversies, each case must be scrutinized according to its peculiar circumstances, such that jurisprudential precedents should only be made to apply if they are specifically in point.[16]

As Myra correctly posits, as a registered trademark owner, it has the right under Section 147 of R.A. No. 8293 to prevent third parties from using a trademark, or similar signs or containers for goods or services, without its consent, identical or similar to its registered trademark, where such use would result in a likelihood of confusion.

In determining likelihood of confusion, case law has developed two (2) tests, the Dominancy Test and the Holistic

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or Totality Test.

The Dominancy Test focuses on the similarity of the prevalent features of the competing trademarks that might cause confusion or deception.[17] It is applied when the trademark sought to be registered contains the main, essential and dominant features of the earlier registered trademark, and confusion or deception is likely to result. Duplication or imitation is not even required; neither is it necessary that the label of the applied mark for registration should suggest an effort to imitate. The important issue is whether the use of the marks involved would likely cause confusion or mistake in the mind of or deceive the ordinary purchaser, or one who is accustomed to buy, and therefore to some extent familiar with, the goods in question.[18] Given greater consideration are the aural and visual impressions created by the marks in the public mind, giving little weight to factors like prices, quality, sales outlets, and market segments.[19] The test of dominancy is now explicitly incorporated into law in Section 155.1 of R.A. No. 8293 which provides--

> 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 other 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; (emphasis supplied)

On the other hand, the Holistic Test entails a consideration of the entirety of the marks as applied to the products, including labels and packaging, in determining confusing similarity. The scrutinizing eye of the observer must focus not only on the predominant words but also on the other features appearing in both labels so that a conclusion may be drawn as to whether one is confusingly similar to the other.[20]

Relative to the question on confusion of marks and trade names, jurisprudence has noted two (2) types of confusion, viz: (1) confusion of goods (product confusion), where the ordinarily prudent purchaser would be induced to purchase one product in the belief that he was purchasing the other; and (2) confusion of business (source or origin confusion), where, although the goods of the parties are different, the product, the mark of which registration is applied for by one party, is such as might reasonably be assumed to originate with the registrant of an earlier product, and the public would then be deceived either into that belief or into the belief that there is some connection between the two parties, though inexistent.[21]

In rejecting the application of Dermaline for the registration of its mark "DERMALINE DERMALINE, INC.," the IPO applied the Dominancy Test. It declared that both confusion of goods and service and confusion of business or of origin were apparent in both trademarks. It also noted that, per Bureau Decision No. 2007-179 dated December 4, 2007, it already sustained the opposition of Myra involving the trademark "DERMALINE" of Dermaline under Classification 5. The IPO also upheld Myra's right under Section 138 of R.A. No. 8293, which provides that a certification of registration of a mark is 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 and those that are related thereto specified in the certificate.

We agree with the findings of the IPO. As correctly applied by the IPO in this case, while there are no set rules that can be deduced as what constitutes a dominant feature with respect to trademarks applied for registration; usually, what are taken into account are signs, color, design, peculiar shape or name, or some special, easily remembered earmarks of the brand that readily attracts and catches the attention of the ordinary consumer.[22]

Dermaline's insistence that its applied trademark "DERMALINE DERMALINE, INC." had differences "too striking to be mistaken" from Myra's "DERMALIN" cannot, therefore, be sustained. While it is true that the two marks are presented differently - Dermaline's mark is written with the first "DERMALINE" in script going

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diagonally upwards from left to right, with an upper case "D" followed by the rest of the letters in lower case, and the portion "DERMALINE, INC." is written in upper case letters, below and smaller than the long-hand portion; while Myra's mark "DERMALIN" is written in an upright font, with a capital "D" and followed by lower case letters - the likelihood of confusion is still apparent. This is because they are almost spelled in the same way, except for Dermaline's mark which ends with the letter "E," and they are pronounced practically in the same manner in three (3) syllables, with the ending letter "E" in Dermaline's mark pronounced silently. Thus, when an ordinary purchaser, for example, hears an advertisement of Dermaline's applied trademark over the radio, chances are he will associate it with Myra's registered mark.

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

Indeed, the registered trademark owner may use its mark on the same or similar products, in different segments of the market, and at different price levels depending on variations of the products for specific segments of the market. The Court is cognizant that the registered trademark owner enjoys protection in product and market areas that are the normal potential expansion of his business. Thus, we have held -

> Modern law recognizes that the protection to which the owner of a trademark is entitled is not limited to guarding his goods or business from actual market competition with identical or similar products of the parties, but extends to all cases in which the use by a junior appropriator of a trade-mark or trade-name is likely to lead to a confusion of source, as where prospective purchasers would be misled into thinking that the complaining party has extended his business into the field (see 148 ALR 56 et seq; 53 Am Jur. 576) or is in any way connected with the activities of the infringer; or when it forestalls the normal potential expansion of his business (v. 148 ALR 77, 84; 52 Am. Jur. 576, 577).[23] (Emphasis supplied)

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.

Verily, when one applies for the registration of a trademark or label which is almost the same or that very closely resembles one already used and registered by another, the application should be rejected and dismissed outright, even without any opposition on the part of the owner and user of a previously registered label or trademark. This is intended not only to avoid confusion on the part of the public, but also to protect an already used and registered trademark and an established goodwill.[24]

Besides, the issue on protection of intellectual property, such as trademarks, is factual in nature. The findings of the IPO, upheld on appeal by the same office, and further sustained by the CA, bear great weight and deserves respect from this Court. Moreover, the decision of the IPO had already attained finality when Dermaline failed to timely file its appeal with the IPO Office of the Director General.

WHEREFORE, the petition is DENIED. The Decision dated August 7, 2009 and the Resolution dated October 28, 2009 of the Court of Appeals in CA-G.R. SP No. 108627 are AFFIRMED. Costs against petitioner.

SO ORDERED.

Carpio, (Chairperson), Peralta, Abad, and Mendoza, JJ., concur.

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[1] Rollo, pp. 3-18.

[2] Penned by Associate Justice Martin S. Villarama, Jr. (now a member of this Court), with Associate Justices Vicente S.E. Veloso and Normandie B. Pizarro, concurring; id. at 19-32.

[3] Id. at 32.

[4] Id. at 78-86.

[5] 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;

x x x (Emphasis supplied.)

[6] SEC. 147. Rights Conferred. -- 147.1. 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 case of the use of an identical sign for identical goods or services, a likelihood of confusion shall be presumed.

147.2. The exclusive right of the owner of a well-known mark defined in Subsection 123.1(e) which is registered in the Philippines, shall extend to goods and services which are not similar to those in respect of which the mark is registered: Provided, That use of that mark in relation to those goods or services would indicate a connection between 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.

[7] "FACIAL, BACK CLEANING, ACNE TREATMENT AND CONTROL SKIN PEELING (FACE BODY, ARMPIT, ARMS AND LEGS), SLIMMING, HAIR GROWER TREATMENT, SKIN BLEACHING (FACE, BODY, ARMPIT, BODY & LEGS), DERMALIFT (FACE LIFTING, BODY TONING, EYEBAG REMOVAL), EXCESSIVE SWEATING, BODY ODOR TREATMENT AND CONTROL, OPEN PORES TREATMENT, STRETCH MARK TREATMENT, BODY MASSAGE, EYELASH PERMING, TATTOO (EYEBROW, UPPER AND LOWER LID, LIP), WOMEN'S HAIRCUT, MEN'S HAIRCUT, KID'S HAIRCUT, BLOW-DRY SETTING, UP-STYLE (LADIES), PERMING, TINT (TOUCH UP), HIGHLIGHTS (CAP), HIGHLIGHTS (FOIL), CELLOPHANE, HAIR COLOR, HAIR RELAXING, HAIR TREATMENT/SPA, HOT OIL, FULL MAKE-UP, EYE MAKE-UP, FOOT SPA WITH PEDICURE, FOOT SCRUB, MANICURE, EYEBROW THREADING, UPPER LIP THREADING, FULL BODY MASSAGE, HALF BODY MASSAGE, SAUNA."

[8] "TOPICAL ANTIBACTERIAL, ANTIFUNGAL, ANTISCABIES PREPARATIONS FOR THE TREATMENT OF SKIN DISORDERS."

[9] Rollo, pp. 87-93.

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[10] Position Paper (For the Opposer), rollo, pp. 94-106; Position Paper for Dermaline, pp. 107-119.

[11] Id. at 37-50.

[12] Id. at.26.

[13] Id. at 52-53.

[14] Id. at 34-35.

[15] Prosource International, Inc. v. Horphag Research Management SA, G.R. No. 180073, November 25, 2009, 605 SCRA 523, 528; McDonald's Corporation v. MacJoy Fastfood Corporation, G.R. No. 166115, February 2, 2007, 514 SCRA 95, 107.

[16] Philip Morris, Inc. v. Fortune Tobacco Corporation, G.R. No. 158589, June 27, 2006, 493 SCRA 333, 356.

[17] Amigo Manufacturing, Inc. v. Cluett Peabody Co., Inc., 406 Phil. 905, 918 (2001).

[18] Philip Morris, Inc. v. Fortune Tobacco Corporation, supra at 359, citing Dy Buncio v. Tan Tiao Bok, 42 Phil 190, 196-197 (1921).

[19] McDonald's Corporation v. L.C. Big Mak Burger, Inc., 480 Phil. 402, 434 (2004).

[20] Mighty Corporation v. E. & J. Gallo Winery, 478 Phil. 615, 659 (2004).

[21] McDonald's Corporation v. L.C. Big Mak Burger, Inc., supra at 428, citing Sterling Products International, Incorporated v. Farbenfabriken Bayer Aktiengesellschaft, et al., 137 Phil 838, 852 (1969).

[22] Rollo, p. 47.

[23] McDonald's Corporation v. L.C. Big Mak Burger, Inc., supra at 432, citing Sta. Ana v. Maliwat, et al., 133 Phil. 1006, 1013 (1968).

[24] McDonald's Corporation v. L.C. Big Mak Burger, Inc., supra at 406, citing Faberge Incorporated v. Intermediate Appellate Court, G.R. No. 71189, November 4, 1992, 215 SCRA 316, 320 and Chuanchow Soy & Canning Co. v. Dir. of Patents and Villapania, 108 Phil. 833, 836.

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