

BARON PHILIPPE DE
ROTHCHILD S.A.,
Opposer,

- versus -

WONG CHU KING HOLDINGS, INC.,
Respondent-Applicant.
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IPC No. 14-2008-00041
Case Filed: 18 February 2008
Opposition to:
Appln. Serial No." 4-2007-004971
Date Filed: 17 May 2007
Trademark: "CADET 100'S LABEL
MARK"

DECISION

Before this Bureau is a Notice of Opposition filed by Baron Philippe De Rothchild S.A., a French company with principal address at rue de grassi, 33250 Pauillac, France, against Application Serial No. 4-2007-004971 for registration of the trademark CADET 100'S LABEL MARK for cigarettes under Class 34, filed on 17 May 2007 in the name of Wong Chu King Holdings, Inc., a domestic corporation with business address at 9109 Sultana St., Brgy. Olympia, Makati City.

The grounds upon which the opposition to the registration of the mark CADET 100'S LABEL MARK were anchored are as follows:

"1. Opposer is the lawful owner of the trademark "MOUTON CADET" either singly or in combination with other words and devices, in various jurisdictions around the globe.

- 1.1 "Attached as Annex "A" to form an integral part hereof is the usual representation of the Opposer's mark as it is actually used.
- 1.2 "Attached as Annex "B" is the representation of Respondent-Applicant's mark covered by Application No. 4-2007-004971.
- 1.3 "Attached as Annex "c" is an inventory of the Opposer's "MOUTON CADET" trademark registrations and pending applications throughout the world evidencing a more than substantial level protection for the mark worldwide in International Classes 14, 32, 33 and 34. Notably, most of these registrations/pending applications are in/for International Classes 33 and 34.
- 1.4 "Attached as Annexes "0" to "0-9" are select registration certificates for the mark in major foreign jurisdictions in International Class 33.
- 1.5 "Attached as Annexes "E" to "E-5" are select registration certificates for the mark in major foreign jurisdictions in International Class 34.

"2. Opposer maintains a website (www.bpdr.com) that showcases, inter alia, its various products in Class 33 that could be purchased from various outlets worldwide, including the Philippines. As can be gleaned from the website, the worldwide reach and geographical presence of Opposer's products cannot be gainsaid.

- 2.1 "The website is readily accessible to everyone including the Philippine market.
- 2.2 "Attached as Annex "F" to form integral parts hereof are relevant pages of the website that establish, inter alia, the availability of the Opposer's products in the Philippines.

2.3 “In fact, there have been continuous and regular sales of “MOUTON CADET” wines in the Philippines in various wine houses such as the Tia Nia Wine Cellar, Inc. (formerly, Anthony’s Wine Cellar, Inc.) located at Unit 8, Southway Condominium, 7435 Yakal St., San Antonio Village, Makati City, and the Landmark Supermart in Ayala Center, Makati Avenue, also in Makati City. Attached as Annexes “G” and “H”, respectively, are invoices issued by said retail outlets evidencing the circulation in local commerce of the Opposer’s wines bearing the mark “MOUTON CADET”.

“3. The Opposer was the first to adopt and use the above-named trademark in actual trade and commerce for various international classes throughout the world, and was in fact first used by Opposer in France for Class 33 in 1928 and for Class 34 in 1980. In the Philippines, sales of goods bearing the mark “MOUTON CADET” started in 1999.

“4. The worldwide reach and popularity of the Opposer’s mark is well established. Attached as Annex “I” to form an integral part hereof is an article about the history, notoriety, annual sales and other relevant information about the mark “MOUTON CADET” owned by the Opposer.

“5. Registration of the mark ‘CADET 100’S Label’ in favor of Respondent-Applicant will be violative of Section 123.1 (e) & (g) of Republic Act No. 8293.’ the pertinent provision of which reads:

“x x x

x x x

Section 123. Registrability. – 123.1 A mark cannot be registered if it:

x x x

x x x

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 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;

x x x

x x x”

h) “It is likely to mislead the public, particularly as to the nature, quality, characteristics or geographical origin of the goods or services (underscoring supplied for emphasis).

x x x

x x x

5.1 “That the Opposer’s mark is well known is supported by the fact of its registration in numerous countries worldwide in international classes 33 and 34. Further enhancing this worldwide notoriety is the Opposer’s website that is accessible to all countries of the world that has access to the Internet, not to mention published accounts about the quality, sales, growth and popularity of the brand, as exemplified by articles printed in

reputable international publications like Service Communications Negoce and Business Week, copies of which are herein attached as Annexes “J” and “K”, respectively.

Published articles about Mouton Cadet has likewise been featured in a popular Filipino website” www.ing7.net, a copy of which is hereto attached as Annex “L” to form an integral part hereof.

5.2 “The Opposer’s wine products originate from, and are in fact inextricably intertwined and identified with the Bordeaux region of France (see Annex “I”, infra). Thus, the mark “MOUTON CADET’ has been largely associated with Bordeaux, and any other mark containing the words “MOUTON CADET’, collectively or singly/separately, will mislead the public as to its geographical origin.

“6. Additionally, being internationally well-known, Opposer’s mark is protected not only under Section 123 (e) and (8) of Republic Act No. 8293, but likewise under Article 6 bis of the Paris Convention for the Protection of Industrial Property. Said Provision is quoted in part below:

x x x

x x x

Article 6 bis

(2) “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 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;

x x x

x x x

“7. Owing to the international renown of the Opposer’s products, not least of which due to said products’ ready accessibility at the internet through Opposer’s website, and its availability in various wine stores in the Philippines, the Respondent-Applicant took advantage of said popularity and now wishes to parlay the same to its advantage by fraudulently misappropriating the Opposer’s mark.

“8. Indeed, riding on the popularity of the Opposer’s mark is readily apparent in Respondent-Applicant’s filing of an application for registration in Class 34 of the mark “CADET 100’s Label” for the goods “cigarettes”, products that are concededly similar in nature and purpose to, and in fact, closely allied with, the Opposer’s “wines”.

“9. Clearly then, Respondent-Applicant’s application for registration of the same mark is manifestly violative of Opposer’s right under the aforequoted provisions of Republic Act No. 8293, the Paris Convention and the general principles of good faith, equity and fair play. Having become a by-word in consumer products throughout the world in Classes 33 and 34, and if the various trademark registrations worldwide, accessibility in the internet and international publications are any indication, the popularity of Opposer’s mark, indeed, cannot be gainsaid. Unlawfully riding on said popularity, therefore, should not be countenanced.

"10. Over the years, Opposer's mark has gained distinction and earned tremendous goodwill throughout the world. Allowing Respondent-Applicant's application to mature into a registration will undoubtedly be injurious to Opposer's lawful interests which it has painstakingly cultivated throughout the years.

The Notice to Answer dated 06 March 2008 was sent to Respondent Corporation and was in fact received by Julian Linsangan III. It directed Applicant to file their Verified Answer within thirty (30) days from receipt thereof. The Bureau received Respondent's Verified Answer with Manifestation on May 27, 2008.

Respondent in its Answer interposed the following:

1. "Paragraph 5 of the opposer's verified opposition is admitted with respect to the trademark "Mouton Cadet", but vehemently denies as to the oppose(s) sole ownership of the word "Cadet" as far as registration and ownership of its trademark for "Class 34", the word "Cadet" being universal and generic in sense and meaning to which no one can claim exclusivity and ownership;
 - 1.01. "A perusal of the opposer's wine products easily shows that its trademark "Mouton Cadet" is marketed in the Philippines under "Class 33" for the goods of wines, the prices of said goods (wines ranges from One Thousand Pesos (P1 ,000.00) and above; and "Mouton Cadet" Cigarettes are not in the local markets, if at all; whereas the intended markets for "Cadet 100" is the local markets particularly in the provinces, the price of which is affordable to the "common tao" particularly in the far-flung towns and Barangays; thus, the allegations in paragraphs "6 to 6.6" is immaterial and irrelevant to the respondent-applicant's "Cadet 100" which had been registered with this office under "Class 34" under registration no. 42003009159 under application no. 42003009159 in contrast to Mouton Cadet's application under "Class 33 and 34" which were refused registration of the opposer's application no. 41999006894
 - 1.02. "Even for argument's sake that the registration of "Mouton Cadet" would not have been refused, still the respondent-applicant's goods (Cadet 100) could not be considered competitive to the opposer's goods as a comparison of the two (2) products, wine and cigarettes does not per se connote competition nor cause confusion to the ordinary customer; considering that the likelihood of deception to the average purchaser is unlikely since the goods are noncompeting and unrelated (Hickock Manufacturing vs. C.A. G.R. No. L-44707, August 31, 1982), Faberge vs. IAC, G.R. No. 71189, November 4, 1992).
 - 1.03. "Aside from being "non-competing goods", Mouton Cadet and Cadet 100 possess whale of extrinsic and intrinsic differences in terms of packaging, font and presentation and the pronunciation/sound of "cadet 100", which is totally different from that of Mouton Cadet. As to its intrinsic differences; the price of the two non-competing goods are obviously different Cadet 100 Label maybe sold at less than Fifteen Pesos (P15.00) per pack whereas the opposer's wine product as alleged by the opposer is sold at Nine Hundred Eight Pesos (P908.00) and above; the consumers between the two goods as earlier stated are entirely different as the market of the opposer's goods are in the popular malls in the cities whereas the market of the respondent-applicant's Cadet 100 are the "Sari-Sari Store" or the small "Suking Tindahan", hence the fear of deception and on conclusion allege by the opposer is far from reality; thus, the allegations in paragraphs 7,8,9 and its sub-paragraphs are hereby denied for lack of merit; as section 123.1 of R.A. 8293 does not apply in the instant case;
2. "Anent the allegations in paragraphs 10, 11, 12, 13 and 14, the same are hereby denied for equally lack of merit;

- 2.01. "It is well-settled that foreign corporations, such as the opposer herein, may not successfully sue on the basis alone of their respective Certificates of Registration of trademarks, for as a condition to availment of the rights and privileges vis-a-vis their trademark in this country, they ought to show proof that, on top of Philippine registration, their country grants substantially similar rights and privileges to Filipino Citizens pursuant to Section 21-A of R.A. No. 166 (Philip Morris, Inc. vs. Fortune Tobacco Corp; 493 SCRA 333);
- 2.02. "Members of the Paris union does not automatically entitle petitioner (opposer in this case) to the protection of their trademarks in this country absent actual use of the marks in local commerce and trade; (Ibid)
- 2.03. "With due respect the opposer miserably failed to show proof of these requisites, necessarily the allegations in paragraph 10, 11, 12, 13 and 14 respectively must be denied for equally lack of merit;
3. "Respondent-applicant hereby reserves to present additional evidence as maybe deemed related and necessary to the cause of the respondent-applicant;

From receipt of the Answer, a reply and a rejoinder were subsequently filed by the parties. A Preliminary Conference of the instant suit was held on 27 November 2008 and on said date, the parties agreed to terminate the conference and submit the case for decision.

Issues

The issues to be resolved in the instant Opposition case are:

- (a) Whether or not Respondent-Applicant's trademark CADET 100'S LABEL MARK is confusingly similar to Opposer's MOUTON CADET trademark such that Opposer will be damaged by registration of the mark CADET 100'S LABEL MARK in the name of Respondent-Applicant; and
- (b) Whether or not Respondent-Applicant's trademark application for CADET 100'S LABEL MARK should be granted registration.

Considering that the case was mandatorily covered by the Summary Rules under Office Order No. 79, this Bureau required the parties through their counsels to submit their respective position paper/so Opposer filed their Position Paper on 22 January 2009 while Respondent-Applicant filed their Position Paper on 16 January 2009

In a Compliance filed by Opposer, the following evidence in support of this instant Opposition were submitted:

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| 1. Representation of Opposer's Mark | - | <i>Annex "A"</i> |
| 2. Representation of Respondent Applicant's mark | - | <i>Annex "B"</i> |
| 3. Inventory of Opposer's "Mouton Cadet" trademark registrations and applications | - | <i>Annex "C"</i> |
| 4. Select registration certificates for the mark in major foreign jurisdictions in Class33 | - | <i>Annexes "D"- "D-9"</i> |
| 5. Select registration certificates for the mark in major foreign jurisdictions in Class 34 | - | <i>Annexes "E"- "E-5"</i> |
| 6. Relevant pages of the website that establish the availability of Opposer's products in the Philippines | - | <i>Annex "F"</i> |
| 7. Invoices issued by retail outlets evidencing | | |

- | | | |
|--|---|------------------------------|
| the circulation in local commerce of Opposer's wines bearing the mark "MOUTON CADET" | - | <i>Annexes "G"&"H"</i> |
| 8. Article about the history, notoriety, annual sales and other relevant information about the mark "MOUTON CADET" | - | <i>Annex "I"</i> |
| 9. Articles printed in reputable international Publications | - | <i>Annexes "J"&"K"</i> |
| 10. Published articles about Mouton Cadet | - | <i>Annex "L"</i> |
| 11. Affidavit of Celine Baillet, Opposer's Trademark Counsel in France | | |
| - Firm's comprehensive computer records of registrations and pending applications for the mark "MOUTON CADET" | - | <i>Annex "A"</i> |
| - Copies of the registration certificates in different countries | - | <i>Annexes "B" to "B-14"</i> |

A cursory reading of paragraph (d), Section 123.1 of R.A. 8293 with emphasis on identicalness and/or confusing similarity of the marks in question states that:

"Section 123. Registrability. - 123.1. A mark cannot be registered if it:

xxx

(c) 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;"

In the preceding section, well-settled is the rule that an identical or confusingly similar mark cannot be registered. Opposer filed the application for its trademark MOUTON CADET under Classes 33 and 34 on 14 September 1999 under application no. 41999006894 for alcoholic beverages except beers under Class 33 and tobacco; smoker's articles; matches under Class 34. Respondent-Applicant applied for the registration of the mark CADET 100'S LABEL MARK on 17 May 2007 for cigarettes under Class 34 bearing Application Serial No. 4-2007-004971. . Although Opposer has shown prior application thereof, were the evidence sufficient to prove confusing similarity in both trademarks?

The issue stems or springs from Respondent-Applicant's appropriation of the mark CADET 100'S LABEL MARK which is the same in sound and spelling vis-a-vis the second word in Opposer's trademark, MOUTON CADET. Certainly, there can be no doubt about the similarity of the two marks in issue when it comes to adoption of the word CADET. The two competing marks are reproduced for purposes of comparison (*Annexes "A" and "B", Opposer*):

Opposer's MOUTON CADET mark

Respondent's CADET 100'S LABEL



MARK

Application No. 41999006894

Application No. 42007004971

To create some variations which are not significantly distinctive and in an effort to make registrable an otherwise unregistrable trademark because the subject mark is confusingly similar to a prior or previously applied trademark of Opposer, Respondent-Applicant's mark inserted the WORDS and NO."100'S LABEL MARK" after the word CADET.

Using the afore-quoted provision, the final outcome and/or general appearance of Respondent-Applicant's CADET 100'S LABEL MARK fell short of the requirement to be distinctive in that Respondent-Applicant's mark is for the most part likely to be mistaken or confused as Opposer's MOUTON CADET trademark with the adoption by Respondent of the word CADET written in the same spelling, printing style or horizontal form as Opposer's MOUTON CADET trademark.

The word CADET still dominates the whole appearance of Applicant's mark notwithstanding the insertion of the WORDS and No.. "100'S LABEL MARK" after the word CADET in Applicant's mark, thus, similarities in the dominant feature of both marks are not lost. It is noteworthy to cite at this juncture the ruling of the Supreme Court in the cases of *Co Tiong Sa v. The Director of Patents* (95 Phil 1 (1954)); *Sapolin Corp. vs. Balmaceda* (67 Phil. 705); and *Forbes Nurma & Co. vs. Ang San To* (40 Phil 272) which applied the dominancy test in determining the existence of confusing similarity between trademarks, that "if there is similarity with the essential or dominant feature of the trademark, despite some differences or variations in detail, there is infringement."

The word CADET remains to be the prominent and distinctive feature in the new mark, the combination or addition of the words and number written after the word CADET is insignificant as to yield a distinct appearance not only because the WORDS and NO."100'S LABEL MARK" after the word CADET are written to refer, emphasize and highlight the dominant word CADET, but the word CADET standing alone has continued to create confusion between the competing marks. Moreover, in the actual label as shown above, only the word CADET is conspicuously printed and striking to the merchant's or consumer's eye, thus, it only supported this Bureau's conclusion of the dominancy of the word CADET in Respondent-Applicant's mark.

In the case of *Emerald Garment Mfg. Corp. vs. Court of Appeals*, 251 SCRA 600, the court ruled, thus:

"While it is true 'that there are other words such as "STYLISTIC", printed in the appellant's label, such word is printed in such small letters over, the word "LEE" that it is not conspicuous enough to draw the attention of ordinary buyers whereas the word "LEE" is printed across the label in big, bold letters and of the same color, style, type and size of lettering as that of the trademark of the appellee. The alleged difference is too insubstantial to be noticeable."

Considering the goods of Opposer vis-a-vis Applicant's products are the same, cigarettes and/or wines and cigarettes are related. Nowadays, and even in the past, wine and cigarettes are a perfect pair, they come together, as the saying goes "where one drinks, there he smokes". Thus, applying these competing marks to the same or related goods which passed through the

same channels of trade and marketed similarly, since most winehouses these days sell cigarettes as well, therefore, selling cigarettes together with wines using substantially similar marks may lead to confusion in trade and would damage Opposer's goodwill or reputation which it has painstakingly earned and established worldwide for a long time.

In like manner, the Supreme Court made the following pronouncements to the effect that:

"The tradename "L/ONPAS" for medicated plaster cannot be registered because it is confusingly similar to "SALONPAS", a registered trademark also for medicated plaster. x x x Although the two letters of "SALONPAS" are missing in "LIONPAS, the first letter a and the letter s. Be that as it may, when the two words are pronounced, the sound effects are confusingly similar." (*Marvex Commercial Co vs Hawpia & Co.*, 18 SCRA 1178),

"The similarity between the two competing trademarks, OURAFLEX and OYNAFLEX is apparent. Not only are the initial letters and the last half of the appellations identical but the difference exists in only two out of the eight literal elements of the designations. Coupled with the fact that both marks cover insulated flexible wires under Class 20; x x x no difficulty is experienced in reaching the conclusion that there is a deceptive similarity that would lead the purchaser to confuse one product with the other." (*American Wire and Cable Co. vs Director of Patents*, 31 SCRA 544),

Having shown and proven resemblance of the two marks, we now delve into the matter of ownership and priority in application which certainly has decisive effect in the adjudication of the case.

An examination of the documentary evidence confirms Opposer's earlier application of the mark MOUTON CADET for goods under Classes 33 and 34 as early as 14 September 1999 as compared to Respondent-Applicant's CADET 100's LABEL BARK only on 07 May 2007. Between the two contending parties, trademark application of Opposer came earlier by more or less eight (8) years vis-a-vis Respondent's application in 2007. True, the 1999 Trademark Application of Opposer for goods falling or covered by Classes 33 and 34, specifically, for wines and cigarettes, was refused registration in the Philippines but in the attached foreign registrations of Opposer in France, Brazil, China, India to name a few, the classes of goods bearing the trademark MOUTON CADET which were accorded registration are primarily for wines and cigarettes (*Annexes "B" to "B-14" in the Affidavit of Opposer's Trademark Counsel*). Moreover, Respondent-Applicant should not discount the fact that Opposer applied for registration of the trademark MOUTON CADET in 1999 and Opposer therefore is the prior applicant under the principle of "First to File" of R.A. 8293. Likewise, commercial use in the local market was proven by Opposer through purchases made at Landmark and at Tita Nia Wine Cellar in Makati City (*Annexes "G" to "H", Opposer*).

The right to register trademarks, trade names and service marks is based on ownership. Only the owner of the mark may apply for its registration (*Bert R. Bagano v. Director of Patents, et. al.*, G.R. No. L-20170, August 10, 1965). And where a trademark application is opposed, Respondent-Applicant has the burden of proving ownership (*Marvex Commercial Co., Inc. v. Peter Hawpia and Co.*, 18 SCRA 1178). In the instant case, it is Opposer and not Respondent-Applicant which has proven ownership, showed and presented proofs of an earlier application in 1999 and commercial use in the local market

Opposer is the owner, originator, prior applicant for trademark MOUTON CADET used on goods under Classes 33 and 34. The use and adoption by Respondent-Applicant of substantially the same mark as subsequent user can only mean that Applicant wishes to reap on the goodwill, benefit from the advertising value and reputation of Opposer's MOUTON CADET trademark.

In the case of *American Wire & Cable CO. VS. Director of Patents*, 31 SCRA 544, it was observed that:

“Why of the million of terms and combination of letters and designs available the -
appellee had to choose a mark so closely similar to another’s trademark if there was no intent to
take advantage of the goodwill generated by the other mark”

WHEREFORE, premises considered, the Notice of Opposition is, as it is hereby
SUSTAINED. Consequently, application bearing Serial No. 4-2007-004971 filed by Wong Chu
King Holdings, Inc. on 17 May 2007 for the registration of the mark “CADET 100’S LABEL
MARK” for cigarettes under Class 34 is, as it is hereby REJECTED.

Let the filewrapper of CADET 100’S LABEL MARK, subject matter of this case together
with a copy of this Decision be forwarded to the Bureau of Trademarks for appropriate action.

SO ORDERED.

Makati City, 31 July 2009.

ESTRELLITA BELTRAN-ABELARDO
Director, Bureau of Legal Affairs