

BINNEY & SMITH COMPANY,	}	INTER PARTES CASE NO. 4100
Opposer,	}	Opposition to:
	}	
	}	Serial No. : 84460
-versus-	}	Filed : 16 February 1993
	}	Trademark : "CRAYOLA"
	}	Goods : T-shirts, brief, sando
GRACE ANG KING,	}	bra, socks, panties
Respondent-Applicant.	}	
x-----x		Decision No. 2001-33

DECISION

This pertains to the Opposition filed by BINNEY SMITH COMPANY, a corporation duly organized under the laws of the State of New Jersey, U.S.A., with principal office at No. 41 East 42nd Street, New York, U.S.A., against the registration of the trademark "CRAYOLA" for t-shirts, briefs, sando, bra, socks, panties, blouse, shorts and undershirts, bearing Application Serial No. 84460 and filed on 16 February 1993 by GRACE ANG KING.

Respondent-Applicant, Grace Ang King, is engaged in the business of manufacturing and selling clothes, clothing materials and other similar items under the name and style New Tender Touch creation. Respondent-Applicant may be served with summons, notices and processes at her address at No. 7 New Jersey Street, New Manila, Quezon City.

The subject application was published on page 24, Volume VII, No.4, July-August 1994 issue of the Official Gazette, which was officially released for circulation on September 13, 1994. Opposer filed a Verified Notice of Opposition on November 22, 1994.

The grounds for the opposition to the registration of the trademark CRAVOLA are as follows:

- "1 Opposer is the first user and registered owner of the trademark "CRAYOLA" first used on crayons, pencils, chalk and marking substances used in the manufacture of said crayons, pencils and chinks, among others. Opposer's CRAYOLA trademark is now not only a world famous trademark for these goods, but has also been licensed for used on clothing. Opposer has used the CRAYOLA trademark not only on goods sold to the general public but also in advertising and in connection with Opposer's other extensive promotional activities. Applicant's use of Opposer's CRAYOLA trademark for t-shirts and other goods in Class 25, therefore so resembles Opposer trademark CRAYOLA, as to be likely, when applied to or used in connection with the goods of Applicant, to cause confusion, mistake and deception on the part of the purchasing public by misleading them into thinking that Applicant's goods either come from Opposer or are sponsored or licensed by it.

- "2. The registration of the trademark CRAYOLA in the name of the Applicant will violate Section 37 of Republic Act No. 166, as amended, and Section 6bis and other provisions of the Paris Convention for the Protection of Industrial Property to which the Philippines and the United States of America are parties.

- "3. The registration and use by Applicant of the trademark CRAYOLA will diminish the distinctiveness and dilute the goodwill of Opposer's trademark CRAYOLA.
- "4. Applicant adopted Opposer's self-promoting trademark CRAYOLA on its own goods with the obvious intention of misleading the public into believing that its goods bearing the trademark originate from, or are licensed or sponsored by Opposer which has been identified in the trade and by consumers as the source of goods bearing the trademark CRAYOLA.
- "5. The approval of Applicant's trademark CRAYOLA is based on the misrepresentation that it is the originator, true owner and first user of the trademark, which was merely copied from Opposer's CRAYOLA trademark.
- "6. Applicant has not lawfully used the trademark in commerce in the Philippines for the required period prior to the filing of the application, or has abandoned such use after the filing of the application.
- "7. Applicant's appropriation and use of the trademark CRAYOLA infringe upon Opposer's exclusive right to use the trademark CRAYOLA, which is protected under Section 37 of the Trademark Law.
- "8. The registration of the trademark CRAYOLA in the name of the Applicant is contrary to other provisions of the Trademark Law.

Opposer relied on the following facts to support its contentions in this Opposition:

- "1. Opposer has adopted and used the trademark CRAYOLA not only for crayons, pencils and chinks but also for goods in Class 25. Although Opposer initially registered and used CRAYOLA as a trademark for crayons, pencils and chalk, Opposer has now also used it or licensed its use as a trademark for clothing, as a merchandising tool for the promotion of the trademark and the products on which it is used. Opposer has been commercially using the trademark CRAYOLA prior to the appropriation and use of the trademark CRAYOLA by Applicant.
- "2. Opposer is the owner of the trademark CRAYOLA, which had been registered in its name with the Bureau of Patents, Trademarks and Technology Transfer. Opposer has also used and registered or applied for the registration of the trademark CRAYOLA in many countries worldwide.
- "3. Opposer's trademark CRAYOLA is an arbitrary trademark when used on crayons, pencils and chalk, and on clothing and is entitled to broad legal protection against unauthorized users like Applicant who has appropriated it for identical or related class of goods.
- "4. Opposer is the first user of the trademark CRAYOLA for the above-mentioned goods. Applicant has appropriated Opposer's trademark CRAYOLA for the obvious purpose of capitalizing upon the renown of Opposer's self-promoting trademark by misleading

the public into believing that its goods originate from, or licensed or sponsored by Opposer.

- "5. Applicant has fraudulently misrepresented that it is the originator and first user of the trademark CRAYOLA or that it has used the trademark in commerce in the Philippines for the required period before the filing of the application.
- "6. Applicant's infringing use of the trademark CRAYOLA, which is an exact copy of Opposer's trademark, is not lawful use of the trademark in commerce and cannot be the basis for trademark pre-emption.
- "7. The registration and use of an identical trademark by the Applicant will tend to deceive and/or confuse purchasers into believing that Applicant's products emanate from or are under the sponsorship of Opposer, for the following reasons:
 - "a) The trademarks are identical in all respects;
 - "b) Opposer has been using CRAYOLA as a trademark on crayons, pencils and chalk and has also licensed its use on clothing as a merchandising tool for the promotion of its trademark and the goods on which it is used.
 - "c) Applicant used CRAYOLA on its own products as a self-promoting trademark to gain public acceptability for its products through its association with Opposer's popular CRAYOLA trademark.
 - "d) The goods on which the trademarks are used are bought by the same class of purchasers and flow through the same channels of trade.

Applicant obviously intends to trade, and is trading on, Opposer's goodwill.

- "8. The registration and use of an identical trademark by Applicant will diminish the distinctiveness and dilute the goodwill of Opposer's trademark."

In her Answer, Respondent-Applicant raised the following defenses to defeat the Opposition and support her Application:

- "A Respondent-Applicant is the one who first used the trademark CRAYOLA in the Philippines for t-shirts, blouses, socks, undershirts, briefs, sando, brassieres, and panties. The Opposer has not been commercially using the trademark CRAYOLA for the said goods prior to the use of the same by Respondent-Applicant. Respondent-Applicant has been using the trademark CRAYOLA as early as February 1993.
- "B. If ever there is an existing registration in favor of the Opposer, the goods for which the trademark was registered – crayons, pencils and chalk - are totally unrelated to the goods covered by the present

application. No confusion of goods and of origin would result to the approval of Respondent-Applicant's application for registration.

- "C. Another reason that the public would not be deceived that the Respondent-Applicant's goods originated from the Opposer is that the trademarks are not identical in all respects and they are not bought by the same class of purchasers nor do they flow through the same channels of trade.
- "D. The use of Respondent-Applicant's trademark and the application for its registration were all done in good faith and without intent to a capitalize on any goodwill of any person or entity. The verified opposition should, therefore, be denied.
- "E. The verified Opposition should likewise be summarily dismissed/denied for non-compliance with Administrative Circular No. 09-94 of the Supreme Court. The copy of the Opposition furnished to Respondent-Applicant likewise show that it has not been verified before a duly authorized officer under Philippine laws"

For consideration in particular is the propriety of Application Serial No. 84460. The issue hinges on the determination of whether or not Respondent-Applicant is entitled to register the trademark CRAYOLA on goods belonging to Class 25.

Considering that Republic Act No. 166, as amended was the law in force at the time the subject trademark application was filed, likewise, at the time the Notice of Opposition thereto was filed, this Office shall resolve the instant Opposition under said law so as not to adversely affect rights already acquired prior to the effectivity of the new Intellectual Property Code (R.A. 8293).

Section 4 (d) of Republic Act 166, as amended, provides that:

"Section 4. Registration of trademarks, trade names and service marks on the principal register --- xxx The owner of a trademark, trade-name or service mark used to distinguish his goods, business or services from the goods, business or service of others shall have a right to register the same on the Principal Register, unless it:

"x x x

"(d) Consists of or compromises a mark or trade-name which so resembles a mark or trade-name registered in the Philippines or a mark or trade-name previously used in the Philippines by another and not abandoned, as to be likely, when applied to or used in connection with the goods, business or service of the applicant, to cause confusion or mistake or to deceive purchasers."

We agree with and find for the Opposer.

It is clear from a reading of the preceding section that the purpose of the Trademark Law is to provide protection not only to the owner of the trademark, likewise, and more importantly, to the unwary public who may be confused, mistaken or deceived by the goods they are buying.

In the instant case, taking the entirety of the two trademarks pictured in their manner of display, the two labels are the same in color, spelling, pronunciation and style of lettering, in fact, Respondent's mark, CRAYOLA with Serpentine Device, is obviously identical to Opposer's mark, CRAYOLA, which mark has been widely and popularly used and not abandoned by Opposer. Taking into account the general appearances of each mark as a whole, the possibility of

confusion is likely. Similarly, by using the same or identical mark, Respondent did not satisfy the statutory requirement for trademark registration, which is individuality and distinctiveness.

Moreover, Opposer's trademark CRAYOLA is an arbitrary mark, meaning it is not descriptive of the article or product intended and therefore may be appropriated for exclusive use by the owner thereof. Thus, in *Asia Brewery, Inc. vs. Court of Appeals*, 224 SCRA 437, the Supreme Court said that:

“As to whether words employed fall within the prohibition, it is said that the true test is not whether they are exhaustively descriptive of the article designated, but whether in themselves and as they are commonly used by those who understand their meaning, they are reasonably indicative and descriptive of the thing intended, if they are thus descriptive, and not arbitrary, they cannot be appropriated from general use and become the exclusive property of anyone.”

Paramount in Opposer's CRAYOLA mark is its color green selection, which with its shade or color tone is similarly used and adopted by Respondent-Applicant in its questioned mark, CRAYOLA with Serpentine Device, and the disclaimed word SHIRT in the label is written and shaded in different colors which obviously depict crayons to show an association with Opposer's products, and for which, the purchasing public may be deceived into buying them under the mistaken belief that Respondent's mark originate from or is in some way associated with Opposer's mark and products. Noted as well in the label submitted by Respondent is the statement *"using the colors of Crayola crayons..."*. Why would Respondent chose to use the phrase if it has no intention of riding on the popularity and goodwill established by Opposer's mark through long, continued and exclusive use.

The Supreme Court in a long line of cases ruled thus:

“Those who desire to distinguish their goods from the goods of another have a broad field from which to select a trademark for their wares and there is no such poverty in the English language or paucity of signs, symbols, numerals etc. as to justify one who really wishes to distinguish his product from the other entering the twilight zone of or field already appropriated by another” (*Weco Products Co., Milton ray Co.*, 143 F. 2d. 985, 32 C.C.P.A. Patents 1214).

"why of the millions of terms and combinations of letters and designs available, the appellee had to choose those so closely similar to another's trademark if there was no intent to take advantage of the goodwill generated by the other mark" (*American wire & cable Co., vs. dir. Of Patents* 321 SCRA 544).

“xxx why, with all the birds in the air, and all fishes in the sea, and all the animals on the face of the earth to choose from, the defendant company (Manila Candy Co.) elected two roosters as its trademark. Although its directors and managers must have been well aware of the long continued use of a rooster by the plaintiff with the sale and achievement of its goods? x x x a cat, a dog, a carabao, a shark, or an eagle stamped upon he container in which candies are sold would serve as well as rooster for the product of defendants factory. Why did defendant select two roosters as its trademark?” (*Clarke vs. Manila Candy Co.*, 36 Phil 100).

Opposer had adopted and has been using the mark, CRAYOLA, since 1905, in its home registration in U.S.A. and in the Philippines as well under Registration No. 2158 issued on March 16, 1918, long before Respondent-Applicant's declaration of first use on 16 February 1993 of the mark, CRAYOLA, on goods belonging to Class 25.

As held in the case on Unno Commercial Enterprises, Inc. vs. General Milling Corporation "*prior use by one will controvert a claim of legal appropriation by subsequent users.*" It may be concluded inevitably that Respondent-Applicant's use of identical mark results in an unlawful appropriation of a mark previously used by Opposer and not abandoned, thereby contravening Section 4 (d) of Republic Act No. 166, as amended.

To prove that the mark CRAYOLA is widely and popularly used, Opposer presented several registrations and pending applications (Exhibits "Q-AAAAAAAAA") in its name in almost all the countries in the world and has enjoyed international reputation and goodwill for the quality of the products they sell bearing the trademark. Over the years, Opposer's principal products like crayons, pencils, chinks and marking substances bearing the CRAYOLA trademark have been sold by the Company, Binney & Smith Inc., Opposer herein, in the United States and in at least sixty (60) countries worldwide, including the Philippines. To enhance its international reputation for quality goods and to further promote goodwill over its name, marks and products, various publications (Exhibit "D-K-38") are circulated in the United States and many countries around the world, including the Philippines.

Of weight are the evidence submitted by Opposer to show registrations and pending applications of Opposer's mark, CRAYOLA with Serpentine device, used on similar goods belonging to the same class as Respondent's, which date of registration and/or application is way ahead of the application for registration of Respondent's mark in the Philippines. For instance, the Certificate of Registration in United States of America (Exhibit "MMMMMMMMMM") dated 14 June 1988, in Costa Rica (Exhibit "RRRRRRRRRR") dated 6 March 1992, in Australia dated 12 November 1992 (Exhibits "DDDDDDDDDD", "DDDDDDDDDD-11"), in Japan (Exhibits "FFFFFFFFF", "FFFFFFFFF-1"), and in Korea (Exhibit "HHHHHHHHH"), to name a few.

Given the established goodwill and international reputation for its high quality products bearing the mark, CRAYOLA, the trademark owner is entitled to protection when the use of the junior user, a Philippine applicant, "forestalls the normal expansion of their business". It is possible that the Company or its subsidiary may venture into diverse business such as the production of shirts or other goods belonging to Class 25.

Necessarily therefore, the inevitable conclusion is that Application Serial 84460 can not have any right superior to that of the trademark registration issued in favor of Opposer.

WHEREFORE, premises considered, the Notice of Opposition is hereby SUSTAINED. Consequently, Application bearing Serial No. 84460 filed by Grace Ang King for the registration of the mark "CRAYOLA" used on goods belonging to Class 25 is hereby REJECTED.

Let the filewrapper of CRAYOLA subject matter of this case be forwarded to the Administrative, Financial and Human Resource Development Services Bureau for appropriate action in accordance with this DECISION with a copy furnished the Bureau of Trademarks for information and to update its record.

SO ORDERED.

Makati City, December 19, 2001.

ESTRELLITA BELTRAN-ABELARDO
Director, Bureau of Legal Affairs
Intellectual Property Office