

ACLEM PAPER MILLS, INC.,
Senior Party-Registrant)

INTER PARTES CASE NO. 3470

INTERFERENCE BETWEEN:

Serial No. 33529

Filed : October 13, 1977

Applicant : Aclem Paper Mills,
Inc.

Trademark : "DIAMOND BRAND
& DIAMOND DEVICE"

Used on : Mimeograph paper,
onion skin, bond
paper, notebooks,
memo pads, books
of accounts

- versus -

- and -

Serial No. 60683

Filed : January 9, 1987

Applicant : De Leon Import &
Export Co., Ltd.

Trademark : "DIAMANT AND DEVICE
OF A DIAMOND"

Used on : Tracing paper film,
airmail envelop,
mimeographing paper,
Xerox paper, bond
paper & onion skin,
white printing paper,
and sepia film

DECISION NO. 94-28 (TM)

DE LEON IMPORT & EXPORT CO.,)
Junior Party-Applicant.)

April 30, 1994

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DECISION

This refers to an interference declared by this Office between application Serial No. 33529 filed on October 13, 1977 by the herein Senior Party-Applicant, ACLEM PAPER MILLS, INC. for the trademark "DIAMOND BRAND & DEVICE" for mimeograph paper, onion skin, bond paper, notebooks, memo pads, books of accounts falling under class 16 of the international classification of goods, and application Serial No. 60683 filed on January 9, 1987 by the herein Junior Party-Applicant, DE LEON IMPORT & EXPORT CO. for the trademark "DIAMANT & DEVICE OF A DIAMOND" for tracing paper film, airmail envelop, mimeographing paper, Xerox paper, bond paper, & onion skin, white printing paper, and sepia film, falling under class 16 of the international classification of goods.

Records show that the herein Senior Party-Applicant (ACLEM for short) is a Philippine Corporation, with principal office at No. 501 Juan Luna Street, Binondo, Manila while the herein Junior Party-Applicant, is a company engaged in among others, the importation of goods into the Philippines for local distribution and with business address at Odelco Building, #128 Kalayaan Avenue, Diliman, Quezon City.

Having filed an earlier application on October 13, 1977, ACLEM PAPER MILLS, INC. was declared Senior Party-Applicant and DE LEON IMPORT & EXPORT CO. whose application was filed only on January 9, 1987, was considered Junior Party-Applicant with the burden of proving that it has a better right to the mark in question.

The corresponding notices of interference were sent to the herein Parties on October 2, 1989 by registered mail with return card requiring them to file the necessary motions within forty (40) days from date of mailing.

On March 13, 1990, the Parties filed a Joint Manifestation praying that a decision be rendered dismissing the same and allowing the application of Junior Party-Applicant, as they concluded that there is no confusing similarity between their trademarks, hence no interference exists.

This Office DENIED the same whereby ORDER NO. 91-117 dated February 6, 1991 was issued informing the parties that this case be tried on its merits on March 4, 1991 at 10:30 A.M.

The only issue to be resolved is the determination of "Who between the parties has the priority of adoption and use of the trademark in question" in accordance with the provisions of Section 10-A of R.A. No. 166, as amended.

The records of the case consist of the following:

- a. The trademark application filed by ACLEM PAPER MILLS, INC. for the trademark "DIAMOND BRAND & DIAMOND DEVICE" on October 13, 1977;
- b. The Certificate of Registration No. 29355 for the same trademark issued in the name of ACLEM PAPER MILLS, INC., based on the application filed by the herein Senior Party-Applicant bearing Serial No. 33529;
- c. The trademark application filed by the Junior Party-Applicant "DE LEON IMPORT & EXPORT CO. LTD." bearing Serial No. 60683 on January 9, 1987 for the trademark "DIAMANT & DEVICE OF A DIAMOND";
- d. The testimonies of witnesses in the form of an affidavit presented by them during the hearing of this case together with the Exhibits identified therein; and
- e. Their respective Memorandum.

The dates of first use alleged by the Applicant Junior Party in its application and the Registrant Senior Party in its Certificate of Registration are May 15, 1958 and January 1, 1975, respectively.

Assuming that herein Junior Party-Applicant is entitled to the registration of the mark, the date of first use of its mark in commerce in the Philippines is "OCTOBER 25, 1977" per Exhibit "L", its invoice evidencing sale, and not the date of first use claimed by it in its trademark application, which is May 15, 1958.

On the other hand, the Senior Party-Registrant ACLEM PAPER MILLS, INC., pursuant to Rule 173 of the Revised Rules of Practice in Trademark Cases is still the prior adopter and user of the mark "DIAMOND BRAND & DIAMOND DEVICE" as its application was filed on October 13, 1977. This is in line with the provisions of Rule 173 which is quoted hereunder.

"Rule 173. Allegations in the application not evidence on behalf of the applicant - - In all inter partes proceedings the allegations of date of use in the application for registration of the applicant or of the registrant cannot be used as evidence in behalf of the party making the same. In case no testimony is taken as

to the date of use, the party will be limited to the filing date of the application as the date of his first use."

(Underscoring ours)

1. Exhibit "3" a copy of the Sr. Party-Registrant trademark application
2. Exhibit "4" Party-Registrant's Certificate of Registration of the trademark in question.

It has been established, likewise, that on the basis of the records of evidence, Junior-party, DE LEON IMPORT & EXPORT CO. LTD., is merely an exclusive distributor of GEbr. HOESCH GmbH & Co. KG, a German corporation engaged in the business of manufacturing paper products including all kinds of DIAMANT tracing paper (Exhibits "B", "D-1", "E", "E-1", "F", "F-1", "I" and "G-1").

Being a mere distributor, the Junior party is not the owner of the trademark it filed hence, it cannot register the same as its own, pursuant to Section 4 of RA 166 and Rule 34 of the Revised Rules of Practice in Trademark Cases.

In one case (Gabriel vs. Perez, G.R. No. 24075, January 31, 1974, 55 SCRA 406) the Supreme Court stated that:

An exclusive distributor of a manufacturer's goods bearing the latter's mark or tradename cannot register the same as his own because he acquires no propriety right thereto, unless the manufacturer has sold the same to him. Ordinarily, the sale of goods bearing the mark or tradename does not include the transfer of ownership of the mark or tradename to the buyer. For instance, an agreement which provides that a distributor shall be "responsible for the cost as well as the design and manner of packing the same" does not make the distributor owner of the trademark affixed on the goods or on the packages, nor entitled him to register said mark in his name, because said agreement did not mention transfer of ownership of the trademark. The fact that the distributor spent money in the promotion of the products does not in any way change the situation in his favor, for such promotional expenses are part of the normal expenses of a distributor, which redounded to his benefit.

IN VIEW OF THE FOREGOING CONSIDERATIONS, the application of Junior Party-Applicant bearing Serial No. 60683 filed on January 9, 1987 for the trademark "DIAMANT & DEVICE OF A DIAMOND" is hereby REJECTED and the Certificate of Registration No. 29355 for the trademark "DIAMOND BRAND & DIAMOND DEVICE" issued in the name of the Senior Party-Registrant, ACLEM PAPER MILLS, INC. on May 22, 1981, remains valid and subsisting for the remainder of its term, unless sooner terminated, as provided for by law.

WHEREFORE, premises considered, Inter Partes Case No. 3470 is, as it is hereby, DISSOLVED.

Let the filewrapper of this case be transmitted to the Application, Issuance and Publication Division for appropriate action in accordance with this Decision and furnished the Trademark Examining Division to update its records.

SO ORDERED.

IGNACIO S. SAPALO
Director