

CHAO YIANG CO.,LTD.	}	IPC NO. 2075 & 3092
Petitioner-Opposer,	}	Pet. for Cancellation/Opposition
	}	
-versus-	}	TRADEMARK : EGRET
	}	
REDFIEL INT'L., INC.,	}	
Respondent-Applicant.	}	
	}	DECISION NO. 2000-10
x-----x		

DECISION

This is a consolidated case of the Petition for Cancellation of Supplemental Registration No. SR-7236 for the mark "EGRET" for padlocks and drawers' locks issued on March 11, 1986 in the name of REDFIEL INTERNATIONAL, INC., and Opposition to REDFIEL'S application for the registration of the mark "EGRET" bearing Serial No. 55297 covering the same class of goods which application was filed on December 9, 1984. The Petition for Cancellation as well as the Notice of Opposition were both filed by Chao Yiang Company, Ltd.

The herein Petitioner-Opposer, CHAO YIANG COMPANY LIMITED, is a company organized and existing under the laws of Hongkong, with office address at Room 2806, 28th Floor-wing Center, 111 Connaught Road Center, Hongkong.

The herein Respondent-Registrant is REDFIEL INTERNATIONAL, INC., a domestic corporation with office address at 264 N. Domingo St., San Juan, Metro Manila.

On August 1987, CHAO YIANG COMPANY LIMITED, filed the Petition for Cancellation invoking the following grounds to wit:

- "1. Respondent has abandoned the trademark.
- "2. The registration was obtained fraudulently, or contrary to the provisions of Section 4(d), Chapter II of R.A. 166, as amended, which prohibits registration of:

"A mark or tradename which so resembles a mark or tradename 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 services of the applicant, to cause confusion or mistake or to deceive purchasers."
- "3. The registration of the trademark EGRET was likewise obtained in breach of the Paris Convention for the protection of the Industrial Property to which the Philippines is a signatory hence bound to observe the same. It likewise violates Executive Order No. 913 and is contrary to the Memorandum of the then Minister of Trade and Industry dated October 20, 1983.
- "4. The trademark EGRET is known elsewhere in the world as one being owned by CHAO YIANG Company Limited;
- "5. Petitioner relied on the following facts to support its petition for cancellation:
 - a. The petitioner is the owner of the internationally well-known mark "EGRET & Device". It has used and adopted said mark in the Philippines

as early as 1978, and in other foreign countries, at a much earlier date. Photocopies of product brochures showing the mark as used on petitioner's goods are herewith enclosed as Annex "A", "B", and "C".

- b. Petitioner holds in its name trademark registrations issued in different countries. In the Philippines, a trademark application, now bearing Serial No. 59324 was filed on July 8, 1986.
- c. Because of the superior quality of its products and the advertisements made thereon, petitioner's products have gained popularity and acceptance in the Philippines and the world over;
- d. The mark in question and the manner in which it is presented is exactly the same as the trademark of herein petitioner and any use by respondent of said mark will be unjust and unfair to petitioner and will cause substantial damage to its business. Such use will also cause confusion upon the general public with respect to the source or origin of the goods bearing subject mark.
- e. Petitioner has a prior and exclusive right to the mark EGRET, adequately secured by the protective mantle of the Paris Convention, Executive Order No. 913, and the Ministry of Trade and Industry memorandum dated October 20, 1983."

In its Answer, Respondent "REDFIEL" denied specifically the material averments contained in the Petition for Cancellation and invoked the following as its special affirmative defenses.

- "1. Petitioner has no cause of action against Respondent. The Respondent has legally registered with this Honorable Office the trademark "EGRET" for its products and was given a very clear that the owner of the trademark has no right of property to prevent others from manufacturing, producing, or selling the same articles to which it is attached. The trademark confers no exclusive rights in the goods to which the mark has been applied. Such right can be acquired only under the patent or copyright laws. Anyone, unless prevented by a copyright or patent, may make an sell goods, similar in all aspects to the goods sold by another under the trademark, and may also use the trademark article in his business, and advertise to that effect. (Sec. 63, J., Sec. 12)
- "2. The alleged trademark of the respondent has not been registered in the Philippines as required under Chapter XI, Section 37 of R.A. 166 as amended."

On June 20, 1998, Petitioner CHAO YIANG filed a Notice of Opposition on respondent's application for registration of the mark "EGRET" in the Principal Register bearing Serial No. 55297, invoking the following grounds:

- "1. Respondent-Applicant has no bonafide use in commerce of the mark EGRET prior to the instant application for the registration thereof in the Principal Register;
- "2. The registration of the trademark EGRET in the name of Respondent-Applicant will violate and contravene Section 4(d) of Republic Act No. 166, as amended because said mark is identical to the trademark EGRET & Device owned and unabandoned by Opposer, as to be likely, when applied to or used in connection with the goods of the Respondent-Applicant to cause confusion or mistake or deceive purchasers thereof;

- “3. The trademark EGRET & Device is known worldwide, including the Philippines, to be exclusively owned by the Opposer. Hence, its registration in the name of the Respondent-Applicant will run counter to the clear provisions of Article 6bis of the Paris Convention for the Protection of Industrial Property which is now enforced in this jurisdiction by virtue of the Memorandum of the then Minister of Trade dated November 20, 1980 and October, 1983 directing the Bureau of Patents to cancel and/or reject/refuse all unauthorized registrations of world famous trademark;
- “4. The registration of trademark EGRET in the name of Respondent-Applicant will cause grave and irreparable damage to the Opposer within the meaning of Section 8, Republic Act No. 166, as amended.

Opposer relied on the following facts to support its opposition, to wit:

- “1. The Opposer is the owner of the world renowned trademark EGRET & Device used on padlocks and drawer locks in Class 6 under Certificate of Registration No. 620 issued by the Trademarks Registry, Registrar General’s Department of Hongkong;
- “2. Apart from the aforementioned trademark registration in its home country, Opposer has filed in the Philippines an application for the registration of the trademark EGRET & Device for padlocks and drawer locks in Class 6 under Serial No. 59324;
- “3. The Opposer has used in the Philippines its trademark EGRET & Device for padlocks and drawer locks for many years long before the filing date of the instant application for registration of Respondent-Applicant;
- “4. The Opposer has spent large sums of money for advertising and popularizing the products bearing the trademark EGRET & Device which, coupled with Opposer’s long use and unblemished and esteemed public reputation as a dealer, trader and seller of high quality products, has established and generated an immense and valuable goodwill for the trademark the world-over so much so that the trademark EGRET & Device has become strong and distinctive and therefore, not a mere ordinary, common and weak mark;
- “5. It may be further noted that the subject mark of Respondent-Applicant is used on goods similar and/or related to the products bearing the trademark EGRET & Device of the Opposer. This uncanny similarity in the mark and the goods of the Respondent-Applicant with those of the Opposer makes it very obvious that Applicant with those of the Opposer makes it very obvious that Respondent-Applicant is riding on the international popularity of Opposer’s trademark EGRET & Device and is passing-off its good as those of the latter;
- “6. Under the circumstances, the use and registration of trademark EGRET by Respondent-Applicant will surely cause confusion, mistake or deception to the unwary buying public on the source or origin of Respondent-Applicant’s goods to such an extent that the purchasers will likely believe that Respondent-Applicant’s products have been sponsored by or originated from the Opposer;
- “7. And more importantly, the use and registration of the mark EGRET by Respondent-Applicant will cause grave and irreparable injury or damage to the Opposer and will dilute the advertising value and goodwill that the trademark EGRET & Device has earned.”

In its answer, Respondent denied all the material allegations of the facts in the Opposer's Notice of Opposition and argued that the mark being applied is neither identical nor confusingly similar to the Opposer's mark.

On Motion of Petitioner, Order No. 88-451 was issued dated October 21, 1988 consolidating the opposition and cancellation cases.

The issues having been joined the consolidated cases were scheduled for pre-trial conference. Having failed to reach an amicable settlement, the parties went into trial and presented their respective documentary and testimonial evidence. An Order has been issued by this Office dated 13 October 1997 declaring Respondent-Applicant to have waived its right to formally offer its exhibits for failure to file the same despite due notice.

The issues to be resolved in this case are:

1. WHETHER OR NOT THE TRADEMARK OF THE RESPONDENT-REGISTRANT IS CONFUSINGLY SIMILAR WITH THAT OF THE PETITIONER.
2. WHO BETWEEN THE PETITIONER AND REGISTRANT IS THE PRIOR USER AND/ADOPTED OF THE MARK "EGRET".

In resolving the issues involved in these consolidated cases, the applicable provision of law is Sec. 4(d) of R.A. No. 166, as amended which provides:

"Sec. 4. – Registration of trademarks, tradenames and service marks on the principal register. There is hereby established a register of trademarks, tradenames and service marks which shall be known as the principal register. The owner of a trademark, tradename and service mark use to distinguish his goods, business or services from the goods, business or services of others shall have the right to register the same on the Principal Register, unless it:

x x x

(d) Consists of or comprises a mark or tradename which so resembles a mark or tradename registered in the Philippines or a mark or tradename 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 services of the applicant, to cause confusion or mistake or to deceive purchasers."

Based on the evidence submitted, Respondent-Applicant's "EGRET" is confusingly similar to Petitioner-Opposer's trademark "EGRET" as both are identical in sound, spelling and lettering. This is compounded by the fact that the goods of both parties where said trademarks are being used belong to the same Class 6, (padlocks) and therefore, low through the same channels of trade. The Petitioner's mark "EGRET" although accompanied by a device does not change the fact that the mark "EGRET" forms a dominant part of the mark owned by the Petitioner.

The Supreme Court has ruled that:

"An ordinary purchaser or an unsuspecting customer who had seen the opposer's label would not recognize the difference between the label and applicant's label. Furthermore, even if the customers would notice some variations between

the two marks, they would ignore these, believing that they were variations of the same trademark to distinguished one kind or quality of goods from another.” (Co Tiong Sa vs. Director of Patents, 95 Phil. 1)

Likewise, in connection with the use of a confusingly similar or identical mark, the Supreme Court has ruled that:

“Why of the million 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 good will generated by the other mark. (American Wire & Cable vs. Director of Patents, 31 SCRA 544)

“Why with all the birds in the air, and all the fishes in the sea, and all 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? xxx a cat, a dog, a carabao, a shark or an eagle stamped upon a container in which candies are sold would serve as a rooster for the product of defendant’s factory. Why did defendant select two rooster as its trademark? (Clark vs. Manila Candy Co., 36 Phil 100)”

In the case at bar, there is no doubt that the competing trademarks are confusingly similar to each other. Respondent-Applicant, by adopting “EGRET” mark has in fact taken advantage of the goodwill generated by mark.

Having resolved the issue of confusing similarity, the issue to be resolved then is WHO BETWEEN PARTIES IS THE PRIOR USER AND OWNER OF THE TRADEMARK “EGRET”.

The Petitioner/Opposer has proven substantially by overwhelming evidence that it was the one who first adopted and use the trademark “EGRET” in the Philippines as early as 1978. Petitioner presented as evidence certificate of registration of the mark “EGRET” issued by the Trademark Registry, Registrar General’s Department, Hongkong, bearing Registration No. 620 of 1985 dated 24 July 1984 (Exhibit “L”) and various commercial documents proving that “EGRET” brand padlocks have been sold and exported to the Philippines by Petitioner/Opposer as early as 1978 (Exhibits “B” to “K” and their submarkings). It has also presented evidence that the trademark “EGRET” for padlocks are sold not only in the Philippines but in other countries of the worlds (Exhibit “V”).

The Respondent-Applicant, in contrast, failed to introduce evidence to prove that its mark is being used in the Philippines earlier than that of the Petitioner-Opposer.

It is significant to note that the Certificate of Registration issued in the name of the herein Respondent-Applicant is under the Supplemental Register, hence not prima facie evidence of the validity of registration of the registrant’s ownership of the mark, and of the registrant’s exclusive right to use the mark.

Rule 124 Chapter III of the Rules of Practice in Trademark Cases provides:

“124. Effects of registration on Supplemental Register. – A certificate of registration on the Supplemental Register is not a prima facie evidence of validity of registration, the registrant’s ownership of the mark and his right to the exclusive use

thereof. It is merely a proof of actual use of the trademark and notice that the registrant has used or appropriated it."
(underscoring supplied)

Moreover, Respondent-Applicant has in fact abandoned the use of its mark "EGRET" under Certificate of Registration No. S.R. 7236 for its failure to file the required affidavit of use within one (1) year following its fifth, tenth, and fifteenth anniversary from issuance of Certificate of registration, hence, said mark is deemed cancelled.

WHEREFORE, premises considered the herein Notice of Opposition is hereby SUSTAINED. Accordingly, the Petition for Cancellation of the mark "EGRET" under Supplemental Registration No. S.R. 7236 becomes MOOT AND ACADEMIC as it has been deemed CANCELLED for failure to file the required affidavit of use. Consequently, Appln. Serial No. 55297 likewise filed by Redfiel International Inc. on December 9, 1984, is, as it is hereby REJECTED.

Let the filewrappers of subject matter of these cases be forwarded to the Administrative, Financial and Human Resource Development Services Bureau (AFHRDSB) for appropriate action in accordance with this Decision with a copy to be furnished the Bureau of Trademarks for information and update of its records.

SO ORDERED.

Makati City, August 28, 2000.

ESTRELLITA BELTRAN-ABELARDO
Director