

LYLE & SCOTT LIMITED,
Opposer,

-versus-

WILLIAM KUO
Respondent-Applicant.
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IPC No. 14-2008-00249
Opposition to:

Appl'n Serial No. 4-2008-000493
Date Filed: 15 January 2008
Trademark: "LYLE & SCOTT &
DEVICE"

Decision No. 2011 -44

DECISION

LYLE & SCOTT LIMITED ("Opposer"), a corporation duly existing and registered under the laws of the United Kingdom, with business address at Unit 3, Ashted Lock, Dartmouth Middleway, Aston Science Park, Birmingham B7 4AZ England, filed on 16 October 2008 an opposition to Trademark Application No. 4-2008-000493.¹ The application was filed by WILLIAM KUO ("Respondent-Applicant"), with registered address at 707 Bagbaguin, Malinta Valenzuela City, Metro Manila, for use on "*watches*" and, "*skins, hides, trunks, travelling bags, umbrellas, parasols, walking sticks, whips, harness and saddler, handbags, school bags*" falling under classes 14 and 18 respectively, of the NICE International Classification of goods.

The Opposer's ground for the opposition and the allegations are as follows:

"The company was established in 1874. From its original home in the Scottish Borders' town of Hawick, Lyle & Scott has built a reputation as a high quality brand with a 130 year history in the design and manufacture of authentic Scottish knitwear handled with the hereditary skills of generations of fine craftsmen and women. It is a leading manufacturer of superior quality knitwear, sportswear and accessories initially sold in the United Kingdom and now sold widely throughout Europe and across the world. The worldwide sales of goods under the Lyle & Scott and eagle design for the period 2002-2007 (to October) in wholesale figures are: US\$ 17,385,472 in 2003; US\$ 21,390,230 in 2004; IJS\$ 20,073,235 in 2005; US\$ 27,936,928 in 2006 and US\$ 30,713,231 in 2007.

"It is the owner of the international well-known trademark Lyle & Scott and of the Eagle design trademark logo. The Lyle & Scott name is an internationally respected clothing brand and synonymous with excellence in knitwear and sports clothing the world over. The trademark Lyle & Scott and the Eagle design trademark logo are tied with the world famous and prominent reputation of Lyle & Scott Limited and have become distinctive of the international fame and world class reputation of its products for excellence and quality. These trademarks are registered in the United Kingdom as well as in more than 52 countries worldwide. Copies of the United Kingdom Certificate of Registration Nos. 1492464, 1109611, 1491809 and 1303137 are hereto attached as Annexes 'A', 'A-1', 'A-2' and 'A-3', respectively, and made integral parts hereof, An illustrative and not exhaustive Schedule listing the other countries and registration details where Lyle & Scott Limited owns registrations for both of marks LYLE & SCOTT and EAGLE DESIGN, together with copies of the pertinent Trademark Registrations referred to in the schedule, marked as Annexes 'B' to 'B-1' to 'B-45' and also made integral parts hereof are, by reason of their volume, placed in a separate folder of Annexes accompanying this Verified Notice of Opposition.

"Since at least as early as the 1960's, the company has used a distinctive eagle logo design to identify a wide variety of clothing, sportswear apparel and related goods sold across Europe and around the world through licensees, distributors and group companies. These products found in some of the leading retail outlets throughout the world are clearly recognizable by its trademark eagle logo.

"Its authentic foundation in casual wear began by clothing some of the world's greatest sports personalities and the dressing of prestigious tournaments since the sixties. The history plus the design team's unique skills makes Lyle & Scott a brand leader in the production of fit-for-purpose fashion led ranges.

"The Lyle & Scott brand and its trademark Eagle logo have been promoted and advertised in many countries of the world including the Philippines. Global expenditure by Lyle & Scott in marketing the Lyle & Scott and Eagle Design, not including those of its agents, licensees and distributor was US\$ 1,311,250.00 in 2005; US\$ 1,638,226.00 in 2006 and US\$ 1,226,342.00 in 2007. The company maintains an Internet web site, accessible throughout the world including the Philippines with a URL address of www.lyleandscott.com where its products are sold online. Likewise its products are advertised and sold online in numerous internet web sites by leading retail outlets throughout the world. Copies of samples of advertisements and promotional materials for the company's mark and logo marked as Annexes 'C'. 'C-r to 'C-8' and made integral parts hereof are placed in a separate Folder of Annexes accompanying this Verified Notice of Opposition.

An illustrative samples of worldwide use, advertisements and promotion use of the marks marked as Annexes D', 'Di' to 'D-5' and made integral parts hereof are contained, likewise, in a separate Folder of Exhibits accompanying this Verified Notice of Opposition.

"Lyle & Scott has ended 2007 and started 2008 with the continued defence of its trademark. During 2007, Lyle & Scott successfully challenged four parties for infringement of their famous Eagle, including Sainsbury and Next in the UK. The New Year has started with a further challenge to another major High Street chain in the UK and the Scottish Heritage brand continues to light an action against major US fashion retailer, American eagle Outfitters. The terms of settlement of the out of court settlement of the trade mark infringement actions taken against Sainsburys and Next in the United Kingdom are, however confidential and cannot be disclosed in this Opposition

Evidently, any imitation or reproduction or any registration of the trademarks by any other persons or entities was done in bad faith and designed to ride on the popularity and reputation of the world famous trademarks of Lyle & Scott Limited.

Under Application Serial No. 4-2008-000493, respondent-applicant William Kuo seeks to register the trademark 'LYLE & SCOTT AND DEVICE'. The mark and logo, while designated as 'the representation of a flying hawk', are exactly the same mark and logo as that of Lyle & Scott Limited. At the very least, they are identical with or confusingly similar to or constitutes a translation or Lyle & Scott Limited's internationally well-known and Eagle logo used for identical or similar goods.

"Aside from allowing applicant to unjustly benefit from the established reputation and goodwill of Lyle & Scott Limited's marks, the registration of the trademark and logo applied for would likely deceive the public into purchasing applicant's products as those of Lyle & Scott Limited's or would mislead the public into believing that applicant is the local licensee of the former. The respondent's use and adoption in bad faith of the trademark Lyle & Scott and Eagle logo aside from falsely tending to suggest a connection or affiliation with Lyle & Scott Limited's products as to constitute a fraud upon the general public would further cause the dilution of the distinctiveness of Lyle & Scott Limited's internationally well-known marks to its prejudice and irreparable damage.

"Even prior to the enactment of the Intellectual Property Code, Republic act No. 8293, and the incorporation therein of the provisions of Sec. 133(e), the Philippines was already bound to extend protection to well-known marks pursuant to the provisions of art.

6bis of Convention of Paris for the Protection of Industrial Property, otherwise known as the Paris Convention, to which both the United Kingdom and the Philippines are signatories.

“The new Intellectual Property code (IPC), Republic Act No. 8293, undoubtedly shows the firm resolve of the Philippines to observe and follow the Paris Convention by incorporating the relevant portions of the Convention such that persons who may question a mark (that is, oppose registration, petition for the cancellation thereof, sue for unfair competition) include persons whose internationally well-known mark, whether or not registered, is identical with or confusingly similar to or constitutes a translation of a mark that is sought to be registered or is actually registered. (Shangri-La International Hotel Management, Ltd. Vs. Developers Group of Companies, Inc., *ibid.*)

“Taking into account the extent of the marks registration in various countries around the world; the comprehensive advertisements and promotions therein; the records of successful protection of the rights in the marks; the degree of the inherent or acquired distinction of the mark; the exclusivity of the registration attained by the marks in the world; the extent to which the marks have been used in the world; the exclusivity of use attained by the marks in the world; the quality-image or reputation acquired by the marks, among others, the Lyle & Scott brand and its trademark Eagle logo more than adequately satisfy the criteria set forth in Rule 102 in determining whether a mark is well known.”

This Bureau issued and served upon the Respondent—Applicant a Notice to Answer on 10 November 2008, and an Alias Notice to Answer dated 09 November 2009. Respondent-Applicant however, did not file an answer. Rule 2, Sec. 11 of the Regulations on Inter Partes Proceedings, as amended, provides that in case the respondent fails to file an answer, or if the answer is filed out of time, the case shall be decided on the basis of the opposition, the affidavits of the witnesses and the documentary evidence submitted by the oppose.

The Opposer submitted the following pieces of evidence:

1. Annex “A”-Certified copy of UK Reg. No. 1492464;
2. Annex “A-1” to “A-3”-Certified copy of UK Reg. Nos. 1109611, 1491809 & 1303137;
3. Annex “B” -Photocopy of trademark registrations list in various countries;
4. Annex “B-i” & “B-2”-Photocopy without English translation of Argentina’s Titulo de Marca No. 1.952.354 & 1.697.465;
5. Annex “B-3” & “B-4”-Photocopy of Australia’s Reg. Nos. A572021 & 572020;
6. Annex “B-5” & “B-6”-Photocopy without English translation of Brasil’s Certificado de Registro de Marca No. 817026339 & 816191239;
7. Annex “B-7” & “B-8”-Photocopy of Canadian Cert. of Renewal Reg. No. TMA256,000 & TMA6 14,282;
8. Annex “B-9” & “B-10”-Photocopy without English translation of Chile Registro de Marcas No. 608.137 & 608.134;
9. Annex “B-11”-Photocopy without English translation of Egypt Trademark Nos. 56846, 57207 and its Assignment of Ownership;
10. Annex “B-13” to “B-18”-Photocopy of CTM-ONUNE-Detailed trade mark information;

11. Annex "B- 19"-Photocopy without English translation of Finland Registernummer 121916;
12. Annex "B-20" to "B-22"-Photocopy of HK Trademark Record Sheet Reg. Nos. 9201/1997, 8462/1996 and 2278/1981;
13. Annex "B-23" & "B-24"-Photocopy of Indian Trademark Registry Nos. 579026 and 273540;
14. Annex "B-25" - Photocopy of Korean Reg. No. 0588666;
15. Annex "B-26" - Photocopy of a document without English translation;
16. Annex "B-27" - Photocopy of Korean Reg. No. 161809;
17. Annex "B-28" & "B-29"-Photocopy without English translation of Mexicano Registration;
18. Annex "B-30" & "B-31"-Photocopy of Trademark Reg. No. 665599 and IP Database Extract Report for Trademark No. 152754;
19. Annex "B-32" & "B-33" -Photocopy of Norway Reg. No. 99516; and 109268 without English translation;
20. Annex "B-34" & "B-35" - Photocopy of Russian Reg. Nos. 119087 and 19086;
21. Annex "B-36" to "B-38"- Photocopy of Singapore Reg. Nos. T0215085C; 97287; and T92031681;
22. Annex "B-40" - Photocopy of South Africa Reg. No. B804579;
23. Annex "B-41" & "B-42" -Photocopy of Taiwan Reg. No. 387563 and 471372;
24. Annex "B-43" -Photocopy of China Reg. No. 1081391;
25. Annex "B-44" & "B-45" -Photocopy of Thailand Reg. Nos. Kor83088 and Kor18569;
26. Annex "C", "C-i" to "C-8"-Photocopy of samples of advertisements and promotional materials; and
27. Annex "D", "D-1" to "D-5"-Photocopy of samples of worldwide use, advertisements and promotional use.

Is the Opposer's mark well-known?

Rule 102 of the Trademark Regulation sets forth the criteria in determining whether a mark is considered to be well-known to wit:

Rule 102. *Criteria for determining whether a mark is well-known.* In determining whether a mark is well-known, the following criteria or any combination thereof may be taken into account:

(a) the duration, extent and geographical area of any use of the mark, in particular, the duration, extent and geographical area of any promotion of the mark, including advertising or publicity and the presentation, at fairs or exhibitions, of the goods and/or

services to which the mark applies;

(b) the market share, in the Philippines and in other countries, of the goods and/or services to which the mark applies;

(c) the degree of the inherent or acquired distinction of the mark;

(d) the quality-image or reputation acquired by the mark;

(e) the extent to which the mark has been registered in the world;

(f) the exclusivity of registration attained by the mark in the world;

(g) the extent to which the mark has been used in the world;

(h) the exclusivity of use attained by the mark in the world;

(i) the commercial value attributed to the mark in the world;

(j) the record of successful protection of the rights in the mark;

(k) the outcome of litigations dealing with the issue of whether the mark is a well-known mark; and

(l) the presence or absence of identical or similar marks validly registered for or used on identical or similar goods or services and owned by persons other than the person claiming that his mark is a well-known mark.

It is stressed that the law confers substantial rights in terms of protection to trademarks that are declared to be well-known. Thus, the process of declaring a mark well-known requires submission of competent evidence to show that at least a combination of the criteria set forth in the above-quoted rule concurs. Not even the personal knowledge of the person who is deemed the "competent authority" regarding the subject trademark could supplant evidence or proof.

Accordingly, evaluating the documents submitted by the Opposer, this Bureau finds them not sufficient to declare the mark well-known under Rule 102 of the Trademark Regulations. Except those with respect to UK trademark registrations, the Opposer's submissions were just photocopies. The rules require the originals, or at least certified copies in case of public documents. Some "documents" are without English or Filipino translation.

The foregoing finding notwithstanding, this Bureau finds that the Respondent-Applicant should not be allowed to register the mark LYLE & SCOTT & DEVICE OF A FLYING HAWK.

It is emphasized that the function of a trademark is to point out distinctly the origin or ownership of the goods to which it is affixed; to secure to him, who has been instrumental in bringing into the market a superior article of merchandise, the fruit of his industry and skill; to assure the public that they are procuring the genuine article; to prevent fraud and imposition; and to protect the manufacturer against substitution and sale of an inferior and different article as his product.⁶ In this regard, the Philippines implemented the TRIPS Agreement when the IP Code took into force and effect on 01 January 1998. Art. 15 of TRIPS Agreement reads:

Section 2: Trademarks
Article 15

Protectable Subject Matter

1. Any sign, or any combination of signs, capable of distinguishing the goods or services of one undertaking from those of other undertakings, shall be capable of constituting a trademark. Such signs, in particular words including personal names, letters, numerals, figurative elements and combinations of colours as well as combination of such signs, shall be eligible for registration as trademarks. Where signs are not inherently capable of distinguishing the relevant goods or services. Members may make registrability depend on distinctiveness acquired through use. Members may require, as a condition of registration, that signs be visually perceptible.
2. Paragraph I shall not be understood to prevent a Member from denying registration of a trademark on other grounds, provided that they do not derogate from the provisions of the Paris Convention (1967).
3. Members may make registrability depend on use. However, actual use of a trademark shall not be a condition for filing an application for registration. An application shall not be refused solely on the ground that intended use has not taken place before the expiry of a period of three years from the date of application.
4. The nature of the goods or services to which a trademark is to be applied shall in no case form an obstacle to registration of the trademark.
5. Members shall publish each trademark either before it is registered or promptly after it is registered and shall afford a reasonable opportunity for petitions to cancel the registration. In addition, Members may afford an opportunity for the registration of a trademark to be opposed.

Art. 16(1) of the TRIPS Agreement states:

1. The owner of a registered trademark 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 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. The rights described above shall not prejudice any existing prior rights, nor shall they affect the possibility of Members making rights available on the basis of use.

Significantly, the IP Code adopted the definition of the mark under the old law on Trademarks (Rep. Act No. 166), which is according to Sec. 121.1 is *"any visible sign capable of distinguishing the goods (trademark) or services (service mark) of an enterprise and shall include a stamped or marked container or goods.* Also, Sec. 122 of the IP Code states that *"The rights in a mark shall be acquired through registration made validly in accordance with the provisions of this law. (Sec. 2-A, R.A. No. 166a, 1'.* There is nothing in Sec. 122 which says that registration confers ownership of the mark. What the provision speaks of is that the rights in a mark shall be acquired through registration, which must be made validly in accordance with the provisions of the law. Significantly, Sec. 122 refers to Sec. 2-A of R.A. 166, as amended (the old Law on Trademarks), which states:

Sec. 2-A. Ownership of trademarks, tradenames and service marks; how acquired. - Anyone who lawfully produces or deals in merchandise of any kind or who engages in any lawful business, or who renders any lawful service in commerce by actual use thereof in manufacture or trade, in business and in the name, or a service-mark not so appropriated by another, to distinguish his merchandise, business or service from the merchandise, business or services of others. The ownership or possession of a trademark, trade-name, service-mark, heretofore or hereafter appropriated, as in this section

provided, shall be recognized and protected in the same manner and to the same extent as are other property rights known to the law.

In *Shangri-La International Hotel Management, Ltd., et al v. Developers group of Companies, Inc.*⁷¹ the Supreme Court defined the import and scope of Sec. 2-A of R.A. No. 166, thus:

x x x For, while Section 2 provides for what is registrable Section 2-A, on the other hand, sets out how ownership is acquired. These are two distinct concepts.

Under Section 2, in order to register a trademark, one must be the owner thereof and must have actually used the mark in commerce in the Philippines for 2 months prior to the application for registration. Since “ownership” of the trademark is required for registration. Section 2-A of the same law sets out to define how one goes about acquiring ownership use in commerce is also the test of ownership but the provision went further by saying that the mark must not have been so appropriated by another. Additionally, it is use of p trademark must be within the Philippines. Hence, under R.A. No. 166, as amended, one may be an owner of a mark due to actual use thereof but not yet have the right to register such ownership here due to failure to use it within the Philippines for two months. (Underscoring Supplied)

Further Sec. 138 of the IP Code, provides:

Sec. 138. Certificates of Registration - A certificate of registration of a mark shall be 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 or service and those that are related thereto specified in the certificate. (Emphasis supplied)

Clearly, it is not the application or the registration that confers ownership of a mark, but it is the ownership of the mark that confers the right to registration. In this regards Sec. 134 of the IP Code states in part that *“Any person who believes that he would be damaged by the registration of a mark may, upon payment of the required fee and within thirty (30) days after the publication referred to in Subsection 1332, file with the Office an opposition to the application”*. This provision allows any party to file an opposition to a trademark application if that person believes that he would be damaged by the registration. Once filed, the opposition becomes, basically, a review of the trademark application in question to determine if the legal requirements for registration have been satisfied. The entire proceeding is not necessarily a “contest” between the opposer and the applicant as to which of them has an earlier trademark application or the better right to register the mark. In fact, any party who believes he will be damaged by the registration of the mark may oppose the application, even if the opposer himself does not own, or apply for the registration of an identical or confusingly similar mark in the Philippines.

In this instance, this Bureau finds that the Opposer has the right to oppose the Respondent-Applicant’s trademark application. The Respondent-Applicant’s trademark application covers, among other things, goods under Classes 14 and 18, namely: watches, skins, hides, trunks, travelling bags, umbrellas, parasols, walking sticks, whips, harness and saddler, handbags, school bags, respectively. These goods may be considered closely related to the goods covered by the Opposer’s trademark, specifically goods under Class 25, namely: jumpers, cardigans, gilets, slipovers, trousers, body warmers, shirts, t-shirts, shorts, jackets, articles of underclothing⁹. In *ESSO v. Court of Appeals*⁹, it was held:

“[g]oods are related when they belong to the same class or have the same descriptive properties; when they possess the same physical attributes or essential characteristics with reference to their form, composition, texture or quality. They may also be related when they serve the same purpose or are sold in grocery stores. Thus biscuits were held related to milk because they are both food products. Soap and perfume, lipstick and nail

polish are similarly related because they are common household items nowadays. The trademark 'Aug Tibay' for shoes and slippers and pants was disallowed to be used for shirts and pants because they belong to the same general class of goods. Soap and pomade, although non-competitive, were held to be similar or to belong to the same class, since both are toilet articles".

Thus, the registration of the Respondent-Applicant's mark, if allowed, would cause damage to the Opposer. Not only would it bar the Opposer from using its own mark in the Philippines, the Respondent-Applicant's products bearing the mark LYLE & SCOTT & A DEVICE OF A FLYING HAWK, will also likely be associated or assumed to have come from the Opposer. A comparison of the mark applied by the Respondent-Applicant for registration with that of the Opposer, as shown below, reveals that they are practically identical:



Opposer's Mark



Respondent-Applicant's Mark

The Opposer submitted evidence that it owns the mark LYLE & SCOTT & A DEVICE OF A FLYING HAWK. The certified copy of the United Kingdom register of trademarks and other competent documentary evidence shows the Opposer's filing of application on 02 February 1992 and the subsequent registration of the mark on 04 February 1994, in the said country. This use and filing of a trademark application and registration took place long before the Respondent-Applicant's filing of the opposed trademark application in 2008. Also, the Opposer's mark is derived from its corporate name LYLE & SCOTT LIMITED. In essence, the Opposer's mark bearing English family names, among other things, is distinctive and unique.

It is highly improbable therefore that the Respondent-Applicant came up with a mark that is practically identical to the Opposer's for use on goods that are also similar and/or closely related to goods bearing the Opposer's mark by pure chance or coincidence. There is nothing in the records that explains how the Respondent-Applicant arrived at using the same mark, appropriating English surnames, and combining them with a device consisting of a figure of a flying hawk.

The field from which a person may select a trademark is practically unlimited. As in all other cases of colourable imitation, the unanswered riddle is why, of the millions of terms and combination of letters and designs available, the Appellee had to come up with a mark identical or so closely similar to another's mark if there was no intent to take advantage of the goodwill generated by the other mark.

Because the Opposer's mark is unique and highly distinctive, just by looking at the Respondent-Applicant's mark would likely create an impression that this is owned by the Opposer and vice-versa. The consumers may assume that the Respondent-Applicant's products originate from the Opposer or believe that there is a connection between them, as in a trademark licensing agreement. The likelihood of confusion would subsist not only on the purchaser's perception of goods but on the origins thereof as held by the Supreme Court:

Callman notes two types of confusion. The first is the confusion of goods in which event the ordinarily prudent purchaser would be induced to purchase one product in the belief that he was purchasing the other. In which case, defendant's goods are then bought as the plaintiff's and the poorer quality of the former reflects adversely on the plaintiff's reputation. The other is the confusion of business. Here, though the goods of the parties are different, the defendant's product is such as might reasonably be assumed to originate with the plaintiff and the public would then be deceived either into that belief or

into belief that there is some connection between the plaintiff and defendant which, in fact does not exist.

The intellectual property system was established to recognize creativity and give incentives to innovations. Similarly, the trademark registration system seeks to reward entrepreneurs and individuals who through their own innovations were able to distinguish their goods or services by a visible sign that distinctly points out the origin and ownership of such goods or services.

As the rightful owner of the mark LYLE & SCOTU ANT) A DEVICE OF A FLYING HAWK, the Opposer should be given protection against entities that merely wish to take advantage of the goodwill its marks have generated. Accordingly the Respondent-Applicant should not be allowed to register a mark, which in this instance is highly distinctive and unique, that has already been appropriated used and owned by another.

WHEREFORE, premises considered, the Notice of Opposition is, as it is hereby SUSTD. Let the filewrapper of Trademark Application No. 4200800493 be returned together with a copy of this Decision to the Bureau of Trademarks for information and appropriate action.

SO ORDERED.

Taguig City, 26 May 2011.