

GONZALO M. DINGAL
Opposer,
- versus -

IPC 14-2006-00025

Opposition to:
TM Application No. 4-2004-005037
(Filing Date: 09 June 2004)

TERESITA P. VILLANUEVA
Respondent-Applicant.
x-----x

TM: "MAGIC CREAM"

Decision No. 2007-14

DECISION

Before us is a Verified Opposition filed by Gonzaldo M. Dingal, Filipino, of legal age and with address at 17-21 Apple Street, Malabanas, Angeles City, Pampanga against the application filed on June 9, 2004 by Teresita P. Villanueva with address at No. 0253 Melencio Extension, Capitan Pepe Subdivision, Cabanatuan Cit bearing Serial No. 4-2004-005037 for the registration of the mark "MAGIC CREAM" used for cosmetics, facial cream under Class 3 of the international classification of goods, which application was published for opposition in the IPO E-Gazette on October 28, 2005.

Opposer filed its Verified Notice of Opposition on February 27, 2006. The grounds for Opposition are as follows:

"4.1 Opposer is the creator and first user of the stylized "MAGIC" in the phrase "Amira Skin Whitening Cream" and/or "Amira Magic Cream" and/or "Magic Cream" in connection with commercial sales and distribution of skin whitening products in the Philippines.

4.1.1. Sometime in 1993, while Opposer was in Saudi Arabia, he met a Syrian chemist who became a regular client in a small cargo forwarding business that he set up.

4.1.2. In the course of years, Opposer and the Syrian gentlemen became very good friends that the latter introduced Opposer to his business and occupation of preparing a special cream that helped develop fair skin on the user. Under the supervision and tutelage of his Syrian friend, Opposer learned the process of preparing a skin-whitening cream.

4.1.3. In or about 1994, Opposer began making his own preparations of the facial cream. He packed, initially, in hospital bottles, and marked the "Magic Cream" by using labels printed by a personal computer.

4.1.4. Opposer sold them first to Filipino friends in Saudi Arabia; later, demand expanded rapidly. Filipino users of Opposer's "Magic cream" who came back to the Philippines were looking for the products in domestic store. When Opposer learned about it, he thought of trying to sell his product in the Philippines.

4.1.5. Beginning in or about 1995, Opposer shipped to the Philippines increasing quantities of the product, which were distributed in different parts of Luzon.

4.1.6. In or about the same year, Mrs. Justina Santos Urbano, now aged 74 and owner of J Pharmacy, located along Mac Arthur highway in Apalit, Pampanga began selling "Magic Cream" from stocks brought to her by Raymundo Timbol, a distributor of Opposer.

4.1.7. In later years, as the product became more popular, other products bearing the "Magic Cream" name stated to proliferate in the market.

4.1.8. One such product is being distributed by Respondent whom Opposer knew way back in 2000 because Respondent then used to purchase from Opposer commercial quantities of "Magic cream" for sale to Filipino end users in Saudi Arabia.

4.1.9. In 2003, Opposer decided to return to the Philippines to expand the distribution of "Magic Cream".

4.1.10. On July 19, 2004, Opposer applied for and was issued by the Bureau of Food and Drugs Certificate of Product Registration No. 20311.

4.2. As such creator and first user to the stylized "MAGIC" in the phrase "Amira Magic Cream and/or "Magic Cream", Opposer will be gravely damaged and prejudiced if such registration is allowed.

4.2.1. Under Section 168.1 of the IP Code, it is provided that:

168.1. A person who has identified in the mind of the public the goods he manufactures or deals in, his business or services from those of others, whether or not registered mark is employed, has a property right in the goodwill of the said goods, business or services so identified, which will be protected in the same manner as other property rights.

4.3. NOT being the creator and first user of stylized "MAGIC" in the phrase "Magic Cream", Respondent is not only entitled to the registration of the mark, but also guilty of unfair competition.

4.1.1. Under Section 168.3 of the IP Code, it is provided that the following shall be deemed guilty of unfair competition:

(a) Any person, who s selling his goods and gives them the general appearance of goods of another manufacturer or dealer, either as to the goods themselves or in the wrapping of the packages in which they are contained, or the devices or words thereon, or in any other feature of their appearance, which would likely influence the purchasers to believe that the goods offered are those of a manufacturer or dealers, other than the actual manufacture or dealer, or who otherwise clothes the goods with such appearance as shall deceive the public and defraud another of his legitimate trade, or any subsequent vendor of such goods or any agent s of any vendor engaged in selling such goods with a like purpose;

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(b) Any person who shall make any false statement in the course of trade or who shall commit any other act contrary to good faith of a nature calculated to discredit the goods, business or services of another."

4.4 Respondent's use of the mark "Magic Cream" should not be countenanced because it "is being used xxx to misrepresent the source of the goods or services on or in connection with which the mark is used" is a ground for cancellation. Hence, even before the mark is registered, Respondent has given a ground for it s cancellation.

4.4.1. Respondent committed acts of deception and misrepresentation when it published a NOTICE, which appeared on page D3 of the Philippine Daily Inquirer last April 29, 2005.

4.4.2. Respondent falsely claimed that it “is the sole and exclusive owner of the brand “MAGIC CREAM”.

4.4.3. Respondent’s only basis, if at all, for its false claim is the instant trademark application. However, under Section 147.1 of the Intellectual Property Code, only “the owner of a registered marks shall have the exclusive right to prevent all third parties not having the owner’s consent from using in the course of trade or similar signs or container for good or services which are identical or similar to those in respect of which the trademark is registered.” Therefore, without a registered mark in its name, Respondent cannot validly make the claim that it “is the sole and exclusive owner of the brand “MAGIC CREAM”

4.5. Respondent made a false and misleading claim in that NOTICE to that is registered with Bureau of Food and drugs as skin whitener and moisturizer.

4.5.1. The fact is the Respondent’s product does not have a Certificate of Product registration. It only has a Certificate of Product Listing (CL-11712)

4.5.2. This legal distinction is significant because a cosmetic product that is merely listed, such as Respondent’s cannot make the claim that it is “for skin whitener”

4.5.3. Respondent deliberately glossed over this distinction when it gratuitously proclaimed that “Respondent Cosmetics Philippines is the sole and exclusive owner of the brand MAGIC CREAM for skin whitener and moisturizer which is registered with the Bureau of Food and drugs (BFAD).

4.5.4. By so doing, Respondent created the wrong impression that it has a Certificate of Product Registration, which it does not.

4.6. Respondent made a false and misleading claim in that NOTICE that it is “for skin whitener” and thus, violated Adm. Order No. 29-A, Series of 1994.

4.6.1. As earlier stated, a cosmetic product that is merely listed, such as Respondent’s cannot make the claim that it is “for skin whitener”. But this is precisely what Respondent claimed in the Notice – that is its product is for “skin whitener”.

4.6.2. Further, while Respondent’s product listing is “Respondent Magic Cream for Face and Body”, the pictures of the product for Respondent as shown in the Notice indicate that they are “Skin Whitener”.

4.6.3. Under Section D-5.1.10 of Adm. Order No. 29, Series of 1994, “Cosmetic products found to be misbranded or adulterated during monitoring shall be a ground for recall of the product from the market and cancellation of certificate of Products Listing.”

4.6.4. Also, under Article 40 (b), in relation to Article 41, of the Consumer Code of the Philippines, misbranding or any cosmetic product is subject to imprisonment of not less than one (1) year but not more than five (5) years, or a fine of not less than Five Thousand Pesos (P5, 000.00) but not more than Ten Thousand Pesos (P10, 000.00), or both such imprisonment and fine, in the discretion of the Court.

A Notice to Answer dated March 17, 2006 was issued by this Bureau requiring the Respondent-Applicant to file an Answer. Respondent-Applicant filed the Answer on July 27, 2006. Thereafter, this case was set for preliminary conference on September 6, 2006. For failure of the parties to settle the case amicably, the preliminary conference was terminated and the parties were Respondent-Applicant filed a Position Paper. On the other hand, Opposer filed a Position Paper on October 5, 2006. Hence, this Decision.

The main issued to be resolved in this case is: Whether or not Respondent-Applicant is entitled to the registration of mark "MAGIC CREAM".

To sustain Opposer's contentions in the Opposition, he reasoned out in his Position Paper that the First-to-File rule does not import that an earlier filed application of a later used mark will automatically be given preference over a later-filed application of an earlier used mark, if during the opposition paper prior use is established. Opposer further contends that the mark "MAGIC CREAM" is generic and therefore cannot be registered. In contrast, Respondent-Applicant asseverated that he is the first user of the subject mark and not Opposer and that he is also the first to file the application for the registration of said mark.

In support if his contention, Opposer presented evidence which consist of the Affidavit of Justina Santos Urbano (Exhibit "A"), Affidavit of Raymundo L. Timbol (Exhibit "B"), photocopy of the Certificate of Product Registration of the product Amira Magic Facial and Body Cream (Exhibit "C") and photocopy of a Notice of the Public made by Pervil Cosmetics Philippines ("Exhibit "D"). On the other hand, Respondent-Applicant's evidence are the following: Affidavit of Teresita Villanueva (Exhibit "1"), Affidavit of Virginia C. Perez (Exhibit "2"), Affidavit of Cathy Armecin (Exhibit "3"), Affidavit of Ofelia Posada (Exhibit "4"). Affidavit of Relly Villegas (Exhibit "5"), Affidavit of Ma. Theresa P. Rivera (Exhibit 6"), various Trust Receipt Agreements (Exhibits "8" to "8-z"), Certification issued by DTI, Cabanatuan City as to registration of the business name Pervil Cosmetics Philippines [Exhibit 9], Certificate of Product Listing and Product Registration issued by BFAD [Exhibit 9], Certificate of Product Listing and Product Registration issued by BFAD [Exhibit "10" and "11"] and a License to Operate also issued by BFAD [Exhibit "12"].

Republic Act No. 8293 otherwise known as "The Intellectual Property Code of the Philippines" specifically Section 123.1 (d) and (j) thereof provides:

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

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(d) 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

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(j) Consist exclusively of signs or of indications that may serve in trade to designate the kind, quality, quantity, intended purpose, value, geographical origin, time or production of the goods or rendering of the services, or other characteristics of the goods or services."

A perusal of the records of this case as well as the evidence submitted by the parties would show that it is only Respondent-Applicant who has a pending application for registration of the mark "MAGIC CREAM", which application is now subject of this Opposition. While Opposer

claims that he applied for registration of the mark "The Real Amira Magic Cream Skin Whitening and Design" under Application No. 4-2004-006898 on August 3, 2004 and the mark "Amira Magic" under Application No. 4-2006-000946 filed on January 27, 2006, he did not submit any document to show that he indeed filed such applications. What is more, Opposer admitted in his Position Paper that he refrained from applying for the registration of the mark "Magic Cream" to avoid registrability issues. As such, it is Respondent-Applicant who is the first to file an application for the mark "Magic Cream".

Albeit, the fact that Respondent-Applicant is the first to file an application for the mark "Magic Cream", we still find it necessary to delve on the question of who is the prior user if only to settle doubts on such issue which has been raised by both parties which has a bearing on the determination of whether Respondent-Applicant is entitled to the registration of the same. Opposer claims that he first used the mark "magic cream" by using the same as labels of a facial cream packed in hospital bottles which he personally prepared and made. That he shipped and distributed the facial cream with the mark "magic cream" in the Philippines starting 1995. However, there is no proof that would show that Opposer really used such mark in his own preparation of a facial cream. Although, Opposer submitted as part of his evidence Affidavits of certain Ms. Justina Urbano who stated that she sold "Magic Cream" in her pharmacy in 1995 and Mr. Raymundo Timbol who stated that he distributed to various drug stores "Magic Cream", their affidavits failed to show that the "Magic Cream" they sold and distributed were sourced or bought from Opposer. So that it cannot be admitted as proof that Opposer first used the subject mark in 1995. Neither could the Certificate of Product Registration issued by the Bureau of Food and Drugs prove that Opposer used the mark "magic cream" in 1995 as the certificate was issued only on July 19, 2004 and that it was issued to Gerden Pharmaceutical Laboratories and Company, Inc. not to Opposer. No invoices or sales receipts were presented by Opposer to show that he started distributing or selling facial cream bearing the mark "Magic Cream" to the Philippines sometime in 1995.

In contrast, Respondent-Applicant claims first use of the mark "Magic Cream" in the Philippines in January 1, 2002 as per the Declaration of Actual Use (DAU) filed on November 22, 2004. This claim by Respondent-Applicant of its first use of the mark in 2002 is bolstered by the Trust Receipts Agreement submitted as part of her evidence, which were all issued in the year 2002. While Respondent-Applicant stated in her affidavit that she started compounding the "Magic cream" for her own use and as "pasalubong" to her friends in the Philippines in 1992 and in 1999 she started expanding the production of the "Magic Cream", no evidence was presented to support such allegation. Moreover, the statements of respondent's witnesses did not clearly state as to when respondent first used the mark in the Philippines. Their bare allegation that they bought facial creams from respondent deserves scant consideration, as bare allegations do not constitute evidence.

Nevertheless, even if respondent was able to establish her use of the mark "Magic Cream" only in 2002, she is still considered the first user because Opposer while claiming that he used the mark "Magic Cream" in 1995, failed to substantiate it by presenting concrete evidence.

Opposer also posits that the mark "Magic Cream" consists of two words that are generic for the product that the said words are intended to identify and that "Magic Cream" per se, has been regarded in the market to designate or describe the kind or intended purpose or other characteristics of the cream. It bears stressing that Respondent-Applicant has already disclaimed the word "cream". However, the disclaimer does not mean that respondent-Applicant's mark is descriptive or generic. The purpose of the disclaimer is only to make of record that a significant element of the mark is not being exclusively appropriated by itself apart from the mark as shown. A disclaimer only shows that the applicant is not making a claim to exclusive appropriation of the disclaimed matter except in the precise relation and association in which it appears in the drawing and description. The disclaimer does not have the effect of removing from the mark the matter disclaimed. It disclaims only any exclusive right in those disclaimed words or symbols per se. That is, the applicant is merely stating that he is claiming only the whole composite mark as his property, and makes no claim to those particular portions disclaimed.

Generic marks are common words that describe an entire class of goods or services. Generic terms are those which constitute "the common descriptive name of an article or substance," or comprise the "genus of which the particular product is species," or are "commonly used as the name or description of a kind of goods," or "imply reference to every member of a genus and the exclusion of individuating character," or "refer to the basic nature of the wares or services provided rather than to the more idiosyncratic characteristics of a particular product," and are not legally protectable. On the other hand a term is descriptive and therefore invalid as a trademark if, as understood in its normal and natural sense, it "forthwith conveys the characteristics, functions, qualities or ingredients of a product to one who has never seen it and does not know what it is," or "if it forthwith conveys and an immediate idea of the ingredients, qualities or characteristics of the goods," or if it clearly denotes what goods or services are provided in such a way that the consumer does not have to exercise powers of perception or imagination. The word "magic" means "a supposed supernatural power that makes impossible things happens or that gives somebody control over the forces of nature." By its definition when applied to cosmetics and facial creams do not constitute the common descriptive name of the said article or product nor is it descriptive of the characteristics, functions, qualities or ingredient of the product. As such, the use by Respondent-Applicant of the composite mark "Magic Cream" on cosmetics and facial creams are not proscribed under the law and therefore can be registered.

WHEREFORE, premises considered, the Notice of Verified Opposition filed by Opposer, GONZALO M. DINGAL against respondent-applicant TERESITA P. VILLANUEVA is, as it is hereby DENIED. Consequently, the trademark application for mark "MAGIC CREAM" bearing Serial No. 4-2004-005037 filed on 09 June 2004 by Respondent-Applicant under Class 03 of the International Classification of goods is, as it is hereby. GIVEN DUE CORSE.

Let the filewrapper of "MAGIC CREAM" subject matter of the instant case together with a copy of this Decision be forwarded to the Bureau of Trademark (BOT) for appropriate action.

SO ORDERED.

Makati City, 19 January 2007.

ESTRELLITA BELTRAN-ABELARDO
Director, Bureau of Legal Affairs