

GORDON & RENA MERCHANT PTY LTD, as Assignor and GSM (OPERATIONS) PTY., LTD, as Assignee,	}	Inter Partes Case No. 14-2000-00021
	}	Opposition to:
<i>Opposer</i>	}	Application Serial. No.93293
	}	Date Filed : 16 June 1994
	}	Trademark : "BILLABONG"
	}	Goods : T-shirts, polo shirts, etc.,
	}	
-vs-	}	
	}	
	}	
CELINE MARKETING CORP.,	}	Decision No. 2004 – 15
<i>Respondent-Applicant.</i>	}	
X-----X	}	

D E C I S I O N

This case pertains to the Notice of Opposition filed by GORDON & RENA MERCHANT PTY., LTD., as Assignor and GSM (OPERATIONS PTY. LTD., as Assignee, (hereinafter, "Opposer"), which are corporations duly organized and existing under the laws of Australia, with principal offices at 1 Billabong Place, Burleigh Heads, Queensland, 4220 Australia against the registration of the trademark BILLABONG filed by Celine Marketing Corporation, a corporation duly organized and existing under Philippine Laws with business address at 1803 Centerpoint Condominium, Julia Vargas Avenue corner Garner St., Pasig City, for t-shirts, polo shirts, blouses, jeans, skirts, blazers and shoes, among others.

The said trademark application was published for opposition on page 31 Volume II No. 6, November-December 1999 issue of the Intellectual Property Office Official Gazette and officially released for circulation on June 19, 2000.

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

- "1. Opposers are the first user and the true owner of the trademark BILLABONG, which they have been using on clothing, clothing accessories and other goods in Class 25 long before Applicant appropriated it for identical goods. Applicant's trademark BILLABONG for identical or related goods so resembles Opposer's identical trademark BILLABONG for goods in Class 25, that is 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;
- "2. The registration of the trademark BILLABONG in the name of the Applicant will violate Section 37 of Republic Act No. 166, Section 123.1 (e) of the Intellectual Property Code, Article 6bis of the Paris Convention for the Protection of Industrial Property Rights, to which the Philippines and Australia are parties;
- "3. The registration and use by Applicant of the trademark BILLABONG will diminish the distinctiveness and dilute the goodwill of Opposer's trademark BILLABONG, which is an arbitrary trademark for goods in Class 25, and which is an internationally well-known trademark, within the meaning of the above treaties on industrial and intellectual property rights and the provisions of the Intellectual property Code;

- “4. Applicant adopted the trademark BILLABONG in identical or related goods with the obvious intention of misleading the public into believing that their goods bearing the trademark originate from, or are licensed or sponsored by Opposers, which have been identified in the trade and by consumers as the source of goods bearing the trademark BILLABONG;
- “5. The approval of the Applicant’s trademark BILLABONG is based on the fraudulent misrepresentation that it is the true owner and first user of the trademark;
- “6. The registration of the trademark BILLABONG in the name of the Applicant is contrary to other provisions of the Intellectual Property Code and International Treaties and conventions to which the Philippines and Australia adhere.”

To support its opposition, Opposer relied upon the following facts, among others:

- “1. Opposers manufacture a wide variety of goods in Class 25, Opposers have adopted and used the trademark BILLABONG for goods in Class 25, which Opposers have been actively promoting and selling in worldwide markets for many years. Opposers have been commercially using the trademark BILLABONG long before the appropriation and use of BILLABONG by Applicant;
- “2. Opposers own the trademark BILLABONG, which they have applied for registration with the Intellectual Property Office for goods in Class 25, and have registered, applied for registration and used in many other countries worldwide;
- “3. The Opposer’s trademark BILLABONG is an internationally well-known trademark within the meaning of international conventions and treaties on intellectual property rights to which Philippines and Australia adhere. Opposer’s trademark BILLABONG is protected against appropriation and use by other parties without Opposer’s consent;
- “4. Opposer’s trademark BILLABONG is an arbitrary trademark when used on goods in Class 25 and is entitled to broad legal protection against unauthorized users like the Applicant which has appropriated it for identical goods;
- “5. Opposers are the first users of the trademark BILLABONG ON GOODS IN class 25, which Applicant has appropriated for the obvious purpose of misleading the public into believing that its goods originate from, or are licensed or sponsored by Opposers;
- “6. Applicant has fraudulently misrepresented that it is the first user of the trademark BILLABONG;
- “7. Applicant’s infringing use of the trademark BILLABONG, which rightfully belongs to Opposers, is not lawful use of the trademark in commerce, and cannot be the basis for trademark pre-emption;
- “8. The registration and use of a confusingly similar 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 Opposers, for the following reasons:

- i) the trademarks are identical;
- ii) the trademarks are applied on identical goods;
- iii) the parties are engaged in competitive business; and
- iv) the goods on which the trademarks are used are brought by the same class of purchasers and flow through the same channels of trade.

“9. The registration and use of a confusingly similar trademark by Applicant’s will diminish the distinctiveness and dilute the goodwill of Opposer’s trademark.

The Notice to Answer was served to Respondent-Applicant through registered mail on September 29, 2000. A Motion to declare the Respondent-Applicant in default was filed by the Opposer for failure of Respondent to file an Answer within the reglementary period.

In Order No. 2001-59 dated September 21, 2001, the motion was denied to wit:

“Although the proper sending through mails is presumed to reach the sendee in due time, the same cannot be the basis for declaration of said party in default when he failed to file an answer. Jurisdiction cannot be acquired over the defendant without service of summons, even if he knows of the case against him, unless he voluntarily submits to the jurisdiction of the court. *Habana vs. Vamenta et.al.*, L-27091, June 30, 1970; *Trimica, Inc., vs. Polaris Marketing Corporation*, 60 SCRA 321. “Until notice is given to the defendant of the action of proceedings against him and he is thereby given the opportunity to appear and be heard, the court has no jurisdiction to proceed to judgment against him even through the court may have jurisdiction over the subject matter. *Echevaris vs. Parsons Hardware Co.*, 51 Phil. 980.” This is true whether the action or proceeding is one *In rem* or *in personam*. Thus, to declare Respondent-Applicant in default at this point in time is bereft of any basis.

x x x

Accordingly, Opposer is directed to serve upon Respondent-Applicant the Notice to Answer with attached copy of Opposition either personally or through publication and to inform this Office of compliance thereof with proof.

x x x

On September 27, 2002, the Opposer filed its Manifestation and submission of affidavit of the fact that alias Notice to Answer was published in a news paper of general circulation.

Bu Order dated 13 October 2003, Respondent-Applicant was declared in DEFAULT and Opposer was allowed to present its evidence *ex-parte*. On 14 January 2004, Opposer presented the affidavit of its witness, Derek O’Niell, which had been marked in evidence as Exhibit “A” with submarkings Exhibits “A-1” to “Y-4” for the annexes. On 11 February 2004, Opposer formally offered its evidence in these proceedings consisting of Exhs “A” to “Y-4” including submarkings consisting of:

Exhibits	Description
A to A-4	Affidavit of Derek O’Niell consisting of 6 pages
A-5	Signature of Derek O’Niell
A-6	Notarial Seal and Signature of John Cordon, Notary Public for the State of Australia

A-7	Certification of Kate Rigden Charlton, Officer of the Department of Foreign Affairs and Trade
A-8	Certificate of Authentication issued by Consul Alan Albert Campbell Grummitt of the Republic of the Philippines, in and for Brisbane, Queensland Australia
B to B-3	Youth Report which shows the result of a survey conducted by "Dolly", a mainstream teen girls magazine wherein BILLABONG was held to the top clothing brand of highest recognition
B-4	Authentication of John Gordon, Notary Public for the State of Australia
C to C-9	Relevant pages from the prospectus for Billabong International Limited
C-10 to C-56	Relevant pages from Annual reports of Billabong International Limited
C-57	Authentication of John Gordon, Notary Public for the States of Australia
D to D-2	A copy of the advertisement published in the May 1998 issue of SURFING magazine (a corresponding advertisement appeared in SURFER magazine) together with a list of the countries where the magazine is circulated which includes the Philippines
D-3	Authentication of John Gordon, Notary Public for the State of Australia
E	A copy of the Application for the BILLABONG trademark filed on 4 October 1996
E-1	Authentication of John Gordon, Notary Public for the State of Australia
F to F-60	Copies of invoices in connection with the supply of the goods sold under the Billabong mark throughout Asia, including the Philippines, from 1995 to 2003
F-61	Authentication of John Gordon, Notary Public for the State of Australia
G to G-4	Copies of various newspaper articles published in the Philippines evidencing the fame of the Billabong Trade Marks
G-5	Authentication of John Gordon, Notary Public for the State of Australia
H to H-54	List of trade mark registrations / applications consisting of or including the word BILLABONG held by Billabong and copies of a section of registration certificate in other countries included in the above list
H-55	Authentication of John Gordon, Notary Public for the State of Australia
I to I-98	Copies of a representative selection of advertising and promotional material comprising a copy of a photograph of a wall size lightbox advertisement for BILLABONG products, BILLABONG product catalogues and posters. The product catalogues show the wide range of goods marketed and sold under the BILLABONG trademark
I-99	Authentication of John Gordon, Notary Public for the State of Australia
J to J-2	Selected pages of a Special supplement to SURFER magazine titled "The History of the Billabong Pro AAAAA North Shore Hawaii" regarding the history of the BILLABONG PRO surfing contest
J-3	Authentication of John Gordon, Notary Public for the State of Australia
K to K-14	A selection of historical newspaper reports and magazine article on Billabong which appeared in various countries
K-15	Authentication of John Gordon, Notary Public for the State of Australia
L to L-9	Copies of advertisement placed by Billabong or its predecessors in title in magazines with international circulation distributed to a large number of countries world-wide
L-10	Authentication of John Gordon, Notary Public for the State of Australia
M	A certificate of Recognition presented by the House of Representatives, Hawaii 1988 in honor of the contributions of Billabong to Surfing in Hawaii
M-1	Authentication of John Gordon, Notary Public for the State of Australia
N	A certificate from the Association of Surfing Professionals (Australiasia) certifying that the BILLABONG trade mark is famous in the surfing world
N-1	Authentication of John Gordon, Notary Public for the State of Australia

O	A letter from Austrade in Indonesia regarding the fame of the BILLABONG trade mark
O-1	Authentication of John Gordon, Notary Public for the State of Australia
P to P-5	A copy of an official notice of issued by the Thai Trade Marks Office rejecting a conflicting application for the BILLABONG & WAVE Device trade mark in Class 25 as a result of a successful opposition by Billabong's predecessor in title
P-6	Authentication of John Gordon, Notary Public for the State of Australia
Q	A copy of an official notice issued by the Indonesia Trade Marks Office rejecting a conflicting application for the BILLABONG & WAVE Device trade mark in Class 25 as a result of a successful opposition
Q-1	Authentication of John Gordon, Notary Public for the State of Australia
R to R-2	A copy of an English translation of a decision issued by the Korean Trade Marks Office in which Billabong's predecessor successfully opposed a trade mark application for BILLABONG in Korean Class 27 on the based on (i) earlier registration in Korean Class 45; and (ii) the fact that the BILLABONG trade mark is well known and that the applicant had sought to exploit the reputation of the BILLABONG trade mark
R-3	Authentication of John Gordon, Notary Public for the State of Australia
S to S-1	Details of a recent court decision in Spain rejecting the mark QUICK BILABON on the basis of its similarity to and the fame of the BILLABONG trade mark
S-2	Authentication of John Gordon, Notary Public for the State of Australia
T	A copy of an earlier decision of the Spanish Trade Marks Office in which Billabong's predecessor successfully opposed a conflicting application for BILLABONG in CLASS 25
T-1	Authentication of John Gordon, Notary Public for the State of Australia
U to U-6	A copy of the recent decision in Hungary, again based on the fame of the BILLABONG trade mark
U-7	Authentication of John Gordon, Notary Public for the State of Australia
V to V-1	A copy of an official notice issued by the Turkish Trade Marks Office rejecting a conflicting application for the BILLABONG trade mark in Classes 23, 24 and 25 as a result of a successful opposition by Billabong's predecessor
V-2	Authentication of John Gordon, Notary Public for the State of Australia
W to W-4	A copy of an Official Resolution of the Trade Marks Office in Peru in which Billabong's predecessor successfully opposed registration of a conflicting application on the basis that the applicant for registration tried to take illegal advantage of the well known reputation of the BILLABONG trade mark in the surfing industry
W-5	Authentication of John Gordon, Notary Public for the State of Australia
X to X-1	A copy of the official notice of the resolution issued by the Trademarks Office in Uruguay regarding withdrawal of an appeal to rejection of an application for the wave device
X-2	Authentication of John Gordon, Notary Public for the State of Australia
Y to T-3	A copy of a Decree of the Trade Marks Office in Venezuela declaring the fame of the BILLABONG trade mark
Y-4	Authentication of John Gordon, Notary Public for the State of Australia

On 24 February 2004, this Office issued an Order admitting the exhibits offered by Opposers.

The issues to be resolved in this particular case are as follows:

- (i) Who between the Opposer and the Respondent-Applicant is the prior user entitled to protection of the trademark BILLABONG?
- (ii) Whether there exist a confusing similarity between the Opposer's trademark BILLABONG, and the Respondent-Applicant's trademark BILLABONG.
- (iii) Whether Opposer's trademark BILLABONG is a well-known mark.

It is basic that the prior user of the trademark in the Philippines may validly oppose the registration of a trademark in the name of another. Registration merely creates a *prima facie* presumption of the validity of the registration, of the registrant's ownership of the trademark and of the exclusive right to use thereof. Registration does not perfect a trademark right. Prior use by one will controvert a claim of legal appropriation by subsequent users.

In the case at bar, more than ample uncontested evidence has been presented to show that the Opposer has prior rights to the trademark BILLABONG in the Philippines and elsewhere, to wit: (i) The first use of the BILLABONG trademark by Gordon Merchant and Rena Merchant, trading as the firm BILLABONG in partnership, was in Australia in the early 1970's. In August 1977, Gordon and Rena Merchant Pty. Ltd., was incorporated and all trademark registrations and pending applications together with the business were assigned to the company by Gordon and Rena Merchant Pty., Ltd. In 1999, the trademark rights to the BILLABONG trademarks in the Philippines were assigned to GSM (Operations) Pty. Ltd. To date, BILLABONG mark of the Opposer has acquired an extensive and valuable reputation and world-wide renown and recognition and merited various citations and recognition from countries all over the world.

The first use of the BILLABONG trademark in the Philippines in connection with apparel was at least as early as 1988, prior to Respondent-Applicant's alleged first use of the trademark BILLABONG, which is May 26, 1991 as stated in its trademark application which was not substantiated by any evidence. Opposer's use of the trademark BILLABONG became established in the Philippines through the sale of BILLABONG merchandise around the world and the publication of various articles and advertisements thereon. Far reaching advertising and promotional efforts have also been undertaken by the Opposer to further establish its name and reputation in the Philippines. Magazines and newspapers such as the Manila Bulletin, Manila Standard and the Philippine Daily Inquirer have featured the fashion shows and other activities sponsored by the Opposer for the promotion of its goods bearing the BILLABONG trademark.

Thus its is clear form the foregoing that as between the Opposer and the Respondent-Applicant, the former has sufficiently proven that it is the prior user of the Trademark BILLABONG in the Philippines and around the world and is therefore entitled to protection against unauthorized users like the Respondent-Applicant.

On the issue of whether there exist confusing similarity between Opposer's trademark BILLABONG and the Respondent's trademark BILLABONG, there is no doubt that the trademarks are not only confusingly similar. In fact, they are identical. Moreover, both trademarks cover goods in Class 25 such that the use of the trademark BILLABONG by Respondent-Applicant is likely to lead to a confusion of source.

As to the issue of whether the mark BILLABONG is an internationally well-known mark, Section 123.1(e) of the Intellectual Property Code provides that a trademark application is barred: "*if the mark is identical with, or confusingly similar to, or constitutes a translation of a mark, which is considered by the competent authority to be well known internationally and in the Philippines, whether or not it is registered here, as being already the mark of another person than the applicant for registration and used for identical or similar goods or services; Provided, that in determining whether a trademark is well-known, account shall be taken of the knowledge of the relevant sector of the public rather than that of the public at large, including knowledge in the Philippines which has been obtained as a result of the promotion of the mark.*"

In the present case, Opposer's use of BILLABONG worldwide goes back to the early 1970's, far earlier than Respondent-Applicant's filing date of 16 June 1994. Over the years, Opposer has sufficiently proven that the trademark BILLABONG has become famous for goods in Class 25. The reputation of the BILLABONG trademark has also been achieved through extensive advertising and worldwide sale of products bearing the trademark, and the public recognition of the BILLABONG trademark through the promotional materials of the Opposer. Moreover, Opposer has received various awards, citations and recognitions from countries all over the world in recognition for its contributions and sponsorships, particularly in the surfing world, under the trademark BILLABONG (Exhibits M to O-1). Various courts all over the world have likewise acknowledged and recognized the worldwide renown of the BILLABONG trademark (Exhibits P to Y-4). Likewise, Opposer's testimonial and documentary evidences, Exhibits "A" to "A-4", "F" to "F-60", and "G" to "G-4" prove that Opposer's products bearing the trademark BILLABONG are commercially sold in the Philippines. Opposer's claim of exclusive right to its trademark BILLABONG is based upon the valuable goodwill and reputation that it has earned among the Philippine consumers as a result of its actual use in commerce hence, Opposer's BILLABONG trademark can be considered as an internationally well-known mark.

It is thus clear from the foregoing that as between the Opposer and the Respondent-Applicant, the former has sufficiently proven that it is the prior user of the trademark BILLABONG, in the Philippines and around the world, and is therefore entitled to protection from the unauthorized use by the Respondent-Applicant. Consequently, Respondent-Applicant's BILLABONG mark cannot be allowed registration for being confusingly similar to Opposer's BILLABONG trademark.

The grant of a registration certificate to Respondent-Applicant for the confusingly similar mark BILLABONG notwithstanding its lack of interest in defending its application, will not only dilute the goodwill and reputation of Opposer's trademark BILLABONG but will also put a premium on Respondent-Applicant's unauthorized appropriation of the confusingly similar mark BILLABONG to which it has not shown any color of title.

The purpose of the law in protecting a trademark cannot be over-emphasized. They are to point out distinctively the origin and ownership of the article to which it is affixed, to secure to him, who has been instrumental in bringing into a market a superior article of merchandise, the fruit of his industry and skill and to prevent fraud and imposition (*Etepha vs. Director of Patents*, 16 SCRA 502). Today, the trademark is not only a symbol of origin and goodwill, it is often the most effective agent for the actual creation and protection of goodwill. In other words, the mark actually sells the goods. The mark has become the "silent salesman". It has become a more convincing selling point than even the quality of the articles to which it refers (*Mirpuri vs. Court of Appeals*, 318 SCRA 516).

As sufficiently proven by the Opposer, its right to the exclusive use of the trademark BILLABONG arises from: (i) its use of the trademark BILLABONG for goods in Class 25, (ii) the extensive international fame of its BILLABONG trademark, and (iii) the fact that the opposed application covers in its entirety goods for which the BILLABONG trademark is famous or goods which are closely related to those items. Respondent-Applicant's choice of BILLABONG as a trademark for goods under Class 25 is clearly an attempt to capitalize on the worldwide reputation of the Opposer's BILLABONG trademark, which it has established through the use in commerce in the Philippines since 1988 and even earlier in other countries. Given the renown of the Opposer's BILLABONG trademark, applicant's choice of its as a trademark for clothing will allow it to reap the benefit of its popularity without any expense and dilute the distinctiveness of the Opposer's trademark.

WHEREFORE, PREMISES CONSIDERED, the Notice of Opposition is hereby SUSTAINED. Consequently, Application Serial No. 93293 for the registration of the mark BILLABONG filed by Celine Marketing Corporation dated June 16, 1994 is as it is hereby, REJECTED.

Let the file wrapper of this case be forwarded to the Administrative, Financial Human Resource Development Service Bureau (AFHRDSB) for appropriate action in accordance with this Decision and a copy thereof furnished the Bureau of Trademarks (BOT) for information and update of its records.

SO ORDERED.

Makati City, 21 October 2004.

ESTRELLITA BELTRAN-ABELARDO
Director, Bureau of Legal Affairs