

J.H. FENNER & CO., LTD.,
Opposer,
- versus -

IPC NO. 14-2007-00085

Opposition to:
Appln No. 4-2004-007515
Date Filed: 17 AUGUST 2004)
Title: " HALLITE"

VENSON D. PAZ
Respondent-Applicant.

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Decision No. 2007-112

DECISION

This pertains to the verified NOTICE OF OPPOSITION filed on March 30, 2007 to the application for the registration of the trademark "HALLITE" for goods under Class 17, namely, oil seal; o-ring; hydraulic packing; pneumatic packing; mechanical seal; gasket (in the material of; synthetic rubber or natural rubber); polytetrafluoroethylene (PTFE) products; extruded rod; extruded tube; extruded sheet; extruded tapes; molded rod; molded tube; molded sheet; hose; hydraulic seal; felt; engineering plastic; usage as sealing device to prevent leakage of air, gas, liquid (chemicals or water, oil, acid) under application Serial No. 4-2004-007515 lodge by the J. F. Fenner & CO. Limited and published for opposition in the Intellectual Property (IP) Property electronic gazette on November 30, 2006.

Opposer is a foreign corporation organized and existing under the laws of the United Kingdom with business address at Hesslewood Country Office Park, Ferriby Road, Hessle, East Yorkshire HU13 OPW 320377 England.

On February 28, 2007, oppose filed through counsel a MOTION FOR ADDITIONAL TIME TO FILE NOTICE OF OPPOSITION which this Office Granted: Opposer was given until March 30, 2007 within which to file its notice of Opposition to the trademark application on March 30, 2007, oppose filed a Verified NOTICE OF OPPOSITION.

The grounds for opposition are as follows:

1. Opposer was founded by Joseph Henry Fenner in 1861 at 21¹/₂ Bishop Lane in Hull, England.
2. Opposer initially manufactured leather belting which formed the link between the driving engines and driven machines today;
3. By the 1890's oppose was exporting its products to India and widely across Europe in addition to selling to the Far East through various agents;
4. In 1921, opposer began developing woven tactile belting and soon thereafter produced some of the finest transmission belting in the market, and at the same time developing processes that would form the basis Fenoplast conveyor belt thirty (30) years later.
5. In 1937, opposer commended the manufacture of textile-reinforced v-belts and a wide range of pulleys which became a mainstay in the power transmission business, and oppose became a public company with share capital of GBL250,000,00;

6. After World War II, opposer began to expand on a worldwide basis; establishing companies in Australia, South Africa, and India; and introduced new products in the market giving it a more diversified bases within which to operate;
7. Opposer's success was documented by Dr. Ralph Davis, Professor of Economic History at the university of Leicester, in His book entitled, "*twenty-one and a half Bishop Lane: A History of J. H. Fenner & Co. Ltd., 1861-1961*" published in 1961;
8. Opposer, which is a direct subsidiary of Fenner PLC, is Involved in heavyweight conveyor belting; precision polymer products such as detachable V-belts, thermoplastic belts, and precision timing belts; reinforced thermoplastic ducting; high temperature hoses; composite pulleys; sprockets and bearing Housings; conveyor guide systems; keyless bushings; and Belt/chain tensioners; and advanced sealing technologies;
9. Opposer is currently the world leader in reinforced polymer technology and operates across five (5) continents with over twenty-five (25) manufactured facilities plus a network of sales/service companies based throughout the world;
10. In 2006, oppose earned GBL379 million in revenue;
11. As the leader in reinforced polymer technology. Opposer is the world's number one producer of heavyweight belting using PVC fabric and steel reinforced rubber;
12. Opposer's advance sealing technologies provide hydraulic sealing solutions that are well-regarded within the world's fluid power industry;
13. Opposer's principal market include underground and hardrock mining; aggregates; power generation; grain; forestry; package handling; food processing; baggage handling; moving walkways; paper handling; computer peripherals; copiers; electrical or mechanical equipment; agricultural machinery; heating, ventilating, and air conditioning; truck or bus engines; pharmaceuticals; machine tools; mobile hydraulics; off-highway machines; mechanical handling; construction equipment; process industries; and electronics; oil; gas; and aerospace;
14. The wide array of opposer's seal and sealing solutions is called Fenner Advance Sealing technologies ("FAST") which is made up of two distinct internationally recognized brands "CDI and " HALLITE";
15. Opposer's products and components bearing the mark "HALLITE" are used in hydraulic cylinders and pneumatic assemblies; lingwall mining equipment; mobile hydraulics; off-highway, agricultural, and mechanical handling; in automotive and construction sectors; these products included HALLITE 506, HALLITE 533, HALLITE 621, HALLITE 714, HALLITE 735, HALLITE 80, HALLITE 83, HALITE 860, HALLITE 862;
16. Oppose sells and distributes products bearing the mark 'HALLITE" worldwide, particularly in the United Kingdom, Europe, North America, South America, South Africa, Australia, New Zealand, China, Singapore, the Republic of Korea, Japan, India, Thailand, Taiwan, Hong Kong, Malaysia and the Philippines;
17. Oppose and its subsidiaries such as Hallite Seals International Limited ("HSIL) transact either directly or indirectly through their authorized service partners

with major original equipment manufacturers and end-users in the sale and distribution of "HALLITE" products;

18. Oppose is the prior user and registered owner of the mark "HALLITE"; Opposer registered or applied for the Registration of the "HALLITE" mark either in its name or in the name of HSIL in several countries including France, Australia, Singapore, the Republic of Korea, South Africa, Japan, Italy, Ireland, India, Australia, Thailand, Switzerland, Peru, Norway, Germany, Canada, Hong Kong, Taiwan, Sweden, Poland, New Zealand, Mexico, China, Greece, the United States of America, Spain, Portugal, Malaysia, Hungary, and Guatemala;

19. As the owner of the well-know mark " HALLITE", Opposer has a vested right to the exclusive use of its mark for this goods and services to the exclusive of others;

20. To promote its mark "HALLITE" oppose created and maintains the domain name www.hallite.com;

21. Oppose likewise spent GBL51,000,00 in 2006 to promote its mark "HALLITE" worldwide, and as a result of its extensive promotion, oppose earned approximately BGL11,3 million from sales of its "HALLITE" products;

22. In the Philippines, opposer commenced using the mark "HALLITE" in 1997 when oppose, through HSIL, appointed simplex Industrial Corporation ("SIC") as exclusive distributor of "HALLITE" products and components in the Philippines;

23. SIC has been opposer's exclusive distributor of "HALLITE" in the Philippines for approximately eight (8) years, and respondent-applicant Venson D. Paz is the chairperson of the Board of Directors and general manager of SIC;

24. Apart from appointing SIC/respondent-applicant as exclusive distributor, opposer also advertises and promotes its "HALLITE" products in the Philippines by distributing posters and catalogues to prospective customers , and oppose spent approximately GBL3,000,00 in promoting its "HALLITE" mark in the Philippines in 2006;

25. Based on its own website, SIC 1) is a direct importer as oil seals, o-rings, hydraulic packings, hydraulic hoses, and hydraulic pumps, and it also deals in rubber fabrication, Teflon Rod/sheet, and pneumatic packing; 2) has allegedly five (5) Branches in the Philippines, namely, Manila, Caloocan City, Cebu, Davao, and Cagayan De Oro City; and 3) has its own Rubber fabrication factory located in Meycauayan, Bulacan;

26. The same webpage also states that SIC was appointed by Marcrotect, Polyseal (U.S.A.), Payen Automotive Seals (U.K.), Carrara Mechanical Packing (ITALY), and Hallite Hydraulic Seal (U.K.) to be their exclusive distributor in the Philippines;

27. The reference to Hallite Hydraulic Seal (U.K) in SIC's website was erroneous because such company does not exist; in Truth, SIC was appointed by HSIL as exclusive distributor of "HALLITE" products in the Philippines;

28. Per its webpage, SIC claims to be the exclusive distributor of Bridgestone hydraulic hose from Japan; Carrara packing and gaskets; Gapi o-ring and Teflon products; and omnia engineering plastic from Italy; Hallite hydraulic seal, Payen automotive oil seals, and Ritelok adhesive from the United Kingdom; and Macrotech/polyseal hydraulic packing, Michigan shaft seal and QMI metal products and lubricant from the United States of America;

29. In the course of opposer's extensive and notorious use and appropriation of the "HALLITE" mark to identify its advanced sealing technologies business, the "HALLITE" mark was firmly established; and has obtained goodwill and general international consumer recognition as belonging to only one source, i.e., opposer for which reason the consuming public has closely identified the "HALLITE" mark to refer to opposer's advanced sealing technologies business and no other;

30. Respondent-applicant's use of the "HALLITE" mark would indicate a connection between respondent-applicant's goods and oppose outside of the exclusive distributorship arrangement and would clearly damage opposer's interests; the consuming public will likely perceive that respondent-applicant's goods are approved, sponsored, or sold with Opposer's consent; or that respondent-applicant's products originate from oppose especially considering that respondent-applicant's Application Serial No. 4-2004-007515 covers goods under International Class 17, particularly oil seal; o-ring; hydraulic packing; pneumatic packing; mechanical seal; gasket in the material of synthetic rubber or natural rubber; Polytetrafluoroethylene (PTFE) products such as extruded rod, extruded tube; extruded sheet; extruded tapes, molded rod, molded tube, hose, hydraulic sea, felt, engineering plastic, usage as sealing device to prevent leakage of air, gas, and liquid (chemicals or water, oil, and acid);

31. It is apparent that respondent-applicant's mark is calculated to ride on or cash in on the popularity of the "HALLITE" mark which undoubtedly has earned goodwill and reputation through opposer's extensive use and promotion for 1994;

32. Oppose was informed that on August 17, 2004, Respondent-applicant filed in bad faith and in abuse of its rights without securing opposer's consent an application for registration of the mark "HALLITE" owned by opposer;

33. Juxtaposing respondent-applicant's and opposer's mark it is very clear that respondent-applicant marks is identical to opposer's "HALLITE" mark which oppose has exclusively appropriated and used, and has become distinctive of its business;

34. Considering the substantial investment made by opposer in promoting its "HALLITE" mark and respondent-applicant's deceitful conduct in applying for registration of opposer's mark, it is plain that oppose would be greatly damage and prejudiced while respondent-applicant would be unduly enriched at Opposer's expense with the registration of the mark "HALLITE" in respondent-applicant's name;

35. Oppose will suffer grave and irreparable injury to its goodwill, reputation, and business as a whole with the registration of the mark "HALLITE" in favor of respondent-applicant;

36. Opposer respectfully opposes respondent-applicant's application on the following grounds; 1) respondent-applicant's "HALLITE" mark is identical with the internationally well-known mark "HALLITE" owned by opposer; 2) opposer has the exclusive right to use the "HALLITE" mark being the prior owner and user of the mark; and 3) respondent-applicant, being the exclusive distributor of opposer's "HALLITE" products in the Philippines. Applied for registration of the "HALLITE" mark in bad faith and without securing opposer's prior consent; and

37. Under the foregoing circumstances, respondent-applicant's Application Serial No. 4- 2004-007515 for the mark "HALLITE" must be denied;

A Notice To Answer issued by this Bureau was received by respondent-applicant on May 3, 2007. No answer was filed within the reglementary period. Per Section 5 of Office Order No.79

in relation to Section 11 of the Regulations On *Inter Parties* Proceedings, this case shall be decided on the basis of the Verified NOTICE OF PPOSITION and the evidence attached thereto in the Form by required by said Office Order No.79.

It is to be noted that opposer puts in issue what it alleges to be distributorship arrangement between it and SCI/respondent-applicant. It is, thus imperative that his issue be first addressed: if a distributorship arrangement does exist, then respondent-applicant does not have right to the registration of the subject mark but if no such distributorship arrangement exist, then the issues pertaining to confusing similarity and what opposer alleges to be its mark being well-known; and the fact that opposer has pending application for registration likewise of the mark "HALLITE" shall be considered so as to arrive at a just conclusion.

SIC is juridical person/entity separate and distinct from respondent-applicant Venson D, Paz who is a natural person as a rule. Thus, a distributorship arrangement, if any, between opposer and SIC does not necessarily mean a distributorship arrangement between opposer and respondent-applicant. This general rule, however, is subject to the exception provided by the doctrine in the case of *Filmerco Commercial Co. Inc. et al., v. IAC, et al.*, G.R. No. 70661, April 9, 1987, citing earlier jurisprudence, as follows:

"The doctrine that a corporation is a legal entity distinct and separate from the members and stockholders who compose it is recognized and respected in all cases which are within reason and the law. (*Borja v. Velasquez*, 74 Phil. 56), when the fiction is urged as a means of perpetrating a fraud or an illegal act or as a vehicle for the evasion of an existing obligation, the circumvention of statues, the achievement or perfection of a monopoly or generally the perpetration of knavery or crime, (*Koppel Phil. v. Yatco*, 77 Phil. 496; *Commissioner v. Norton & Harrison Company*, G.R. No. L-17618, Aug 31, 1964; and *Guevarra, Phil. Corp Law 1961 ed., p. 7*) the veil with which the law covers and isolates the corporation from the members or stockholders who compose it will be lifted to allow for its consideration merely as an aggregation of individual." (*Villa Rey Transit, Inc. v. Ferrer*, 25 SCRA 845-857)."

In the instant case, opposer offered as evidence certified true copies of the Certificate of Incorporation, Articles of Incorporation, and General Information Sheet issued by the Securities and Exchange Commission (SEC) pertaining to the incorporation of one Simplex Industrial Corporation (SIC) for which Respondent-applicant Venson D. Paz is an incorporator and Chairman (Exhibit "I" and submarking), being an incorporator and Chairman of SIC, it may be reasonably presumed that respondent-applicant is aware of the business dealings of SIC with opposer such as the distributorship arrangement between Opposer and SIC the existence of which shall be further discussed hereafter. The doctrine of piercing the veil of corporate fiction applies to respondent-Applicant in view of this presumption which, moreover, is not rebutted as Respondent-applicant did not file an answer and supporting evidences to the contrary. Consequently, thus, the distributorship arrangement between opposer and SIC may be taken against respondent-applicant who is presumed, in the absence of evidence to the contrary, to be in the know about the business dealings between opposer and SIC such as the aforesaid distributorship arrangement.

To reiterate, this Bureau finds that notwithstanding the absence of an express instrument/evidence showing a distributorship arrangement between Opposer and SIC for which, as earlier mentioned. Respondent-applicant is an Incorporator and Chairman. There is substantial evidence to show that such distributorship arrangement exists.

Offered as evidence by and for opposer are pages in its website showing that it produces "Hydraulic Seals" such as the "720 Unitised Piston Seal", that the Philippines is one of the countries where it distributes it's a products, and the SIC is a distributor of its products in the Philippines which include those under Class 17 bearing the "HALLITE" MARK (Exhibits "D", "G", and "H"). It is to be noted, further, that opposer made an allegation as to the non-existence of the

company in the United Kingdom name Hallite Hydraulic Seal which respondent-applicant alleges by way of a page in its website (Exhibit "L") to be a foreign principal for which it distributes hydraulic seals, but which allegation respondent-applicant did not rebut by way of filing an answer and supporting evidences.

Notwithstanding the statement in SIC's webpage (Exhibit "K") that "Hallite Hydraulic Seal (UK)" is a company which is one of SIC's foreign principals and which appointed SIC as one of the exclusive distributors in the Philippines, a careful and circumspect analysis of another of SIC's webpage (Exhibit "L") shows that the "Hallite Hydraulic Seal" is a product coming from the UK in the manner that the other items listed in such page such as "Bridgestone Hydraulic Hose"; "Carrara Packing and Gaskets"; Gapi O-Ring and Teflon Products"; Omnia Engineering Plastic"; "Payen Automotive Oil Seals"; "Ritelok Adhesive"; "Macrotech/Polyseal"; Hydraulic packing; Michigan Shaft Steel'; QMI Metal Treatment Products and Lubricants"; Alfacoma Hydraulic Hose'; Chemstar Mechanical/packing'; CR Oil Seals'; "Loctite Industrial adhesive and sealant"; "National Oil Seal"; "Koyo CR Seals"; THO Oil Seals'; Valqua packing & Gasket'; and Polyhose are products coming from the countries written/indicated on the left part on which said products are written in the webpage. There is a heading which reads "EXCLUSIVE DISTRIBUTOR FOR (Certified ISO 9001/9002 Products)" which all the more confirms that these items are products rather than companies, and that these some from the different countries indicated therein "Seal"; "hose"; "Metal treatment products and lubricant"; "industrial adhesive and sealant"; among others, are products rather than "Partnerships" under which page these items are placed. Moreover, there is no indication in the manner in which these items are written to show the kind of juridical entities that they are. If so, what would as a rule be indicated, say, "X, Inc." for a corporation or "X Ltd." For a limited company.

The foregoing discussions weave a clear picture of opposer's and Respondent-applicants relationship, which is that of principal and distributor; it is substantially established that the corporation for which Respondent-Applicant, Chairman and Incorporator, SIC is a distributor of "Hallite Hydraulic Seal" and other products under Class 17 bearing the "Hallite" mark that is owned by Opposer.

A distributor cannot apply for the registration of his/its a principal's mark. In the case of *Heirs of Crisanta Y. Gabriel-Almoradie et al. v. Court of Appeals, G. R. No. 91385, January 4, 1994*, the Supreme Court reiterated its ruling in *Crisanta Y. Gabriel v. Dr. Jose R. Perez et al., G. R. No. L-24075, January 31, 1994* which affirmed the ruling of the Director of Patents in case wherein Petitioner who is distributor of soap bearing the mark "WONDER" sought to cancel the mark's registration in the name of respondent. On the issue of the mark's ownership put forth by petitioner-distributor to be in her favor, the director of patents ruled that the (exclusive) distributor does not acquired any proprietary interest in the principal's trademark. The Director ruled that "(I)n the absence of any inequitable conduct on the part of the manufacturer, an exclusive distributor who employs the trademark of the manufacturer does not acquire proprietary interest in the mark which will extinguish the rights of the manufacturer, and a registration of the trademark by the distributor as much belongs to the manufacturer, provide the fiduciary relationship does not terminate, before application for registration is filed. (87 CJS 258-259, citing cases.)"

By substantial evidence, thus opposer has proven herein that is a principal while respondent-applicant is a distributor of opposer's goods under Class 17 bearing the "HALLITE" mark. A fact may be deemed established in cases filed before administrative bodies such as this Bureau if it is supported in substantial evidence or that amount of relevant evidence which a reasonable mind might accept as adequate to justify a conclusion (Rule 133, Section 5, Rules of Court).

With the foregoing discussion, the issues pertaining to confusing similarity and what opposer alleges to be its mark being well-known; and the fact that opposer has a pending application for registration likewise of the mark "HALLITE" has become moot and academic.

WHEREFORE, in view of the foregoing, the verified NOTICE OF OPPOSITION filed by the opposer, J. F. Fenner & Co. Limited is hereby SUSTAINED. Consequently, application Serial No. 4-2004-007515 for the mark "HALLITE" on goods under Class 17 filed on August 17, 2004 by Venson D. Paz is, as it is hereby, REJECTED.

Let a copy of this Decision be forwarded to the Bureau of Trademarks (BOT) for appropriate action and the filewrapper be forwarded to the Administrative, Financial and Human Resource Development Services Bureau (AFHRDSB) for information and to update its records.

SO ORDERED.

Makati City, 31 July 2007

ESTRELLITA BELTRAN-ABELARDO
Director, Bureau of Legal Affairs
Intellectual Property Office