

KARELIA TOBACCO COMPANY, INC.,
Opposer,
- versus -

IPC 14-2007-00029

Opposition to:
Application Serial No. 04-2004-009458
(Filing Date: 11 October 2004)

MILAD INTERNATIONAL, LIMITED.
Respondent-Applicant.
X-----X

TM: "KARELIA"

Decision No. 2007-56

DECISION

This is an opposition to the registration of the mark "KARELIA" bearing application No. 4-2004-009458 filed on October 11, 2004 covering the goods "cigarettes" under class 34 of the International Classification of goods which application was published in the Electronic Gazette (E-Gazette) of the Intellectual Property Philippines (IPP) on September 22, 2006.

The Opposer in the instant opposition is "KARELIA TOBACCO COMPANY, INC.," a corporation duly recognized and existing under the laws of Greece, with principal address at Athinon St., 241 Kalamata, Greece.

On the other hand, the Respondent-Applicant is "MILAND INTERNATIONAL LIMITED" with given address at 1006 Worldwide House, 19 Des Voeux Road, Central, Hongkong.

The grounds for the opposition are as follows:

- "1. The mark KARELIA traces its roots in 1888 when the predecessor of the Opposer WAS first founded. Below is a brief background and history of the Opposer and the mark KARELIA.

"Karelia Tobacco Company, Inc., (The Company) was first established as a family enterprise in 1888. In 1925, it traded under the corporate name G. KARELIA Bros. Co. In 1962, the corporate name was amended to Tobacco Industry G. Karelia Bros. S.A. and the Company was listed on the Greek Stock Exchange on 23 February 1976. Throughout this time, the Company operated under a trade name prominently incorporating the term KARELIA.

The Company has since established numerous subsidiary Countries around the world, including the following:

- A subsidiary was established in Belgium in 1995. It is entitled Karelia Belgium Limited SPRL and aims to market its goods throughout Europe.

- Meridian SA is another subsidiary of Karelia, which is based in Piraeus, Greece;
- A new subsidiary, KARELIA premium brands to the English domestic market.

The Company currently employs approximately 480 individuals and is therefore, a sizeable enterprise.

All products sold by the Company are manufactured in Greece and are directly exported from Greece to 66 countries abroad, including the Philippines. They are sold throughout domestic channels, major stores and specialist tobacconist, and are also available from numerous duty-free airport stores and border shops.

- “2. The affidavit-Direct Testimony of Andreas Kareliasi, Managing Director of Karelia Tobacco Company, Inc., attest to the foregoing history of the mark KARELIAS as well as other facts stated in this Verified Notice of Opposition. The Affidavit –Direct Testimony is attached hereto as Exhibits “D” to “D-5”. It is apparent from the foregoing that Opposer, by itself and through its predecessors, was the prior adopter, user and owner of the internationally well-known trademark KARELIA for goods under Class 34.
- “3. Opposer has obtained and continues to obtain registration for its well-known trademark KARELIA from the Intellectual Property Offices of various countries around the world, including the Philippines. Attached as Annex “A” to the thereto as Exhibit “E” is a schedule of the Opposer’s active registrations and pending applications worldwide for the KARELIA word mark. Said list show that the Opposer has applied for and registered the mark KARELIA in several countries and international organizations abroad, namely, Afghanistan, Albania, Algeria, Australia, Belarus, Bulgaria, CTM, Cyprus, Czech Republic, Egypt, Gaza Strip, Guinea, Hungary, India, Iraq, Israel, Jordan, Kazakhstan, Kenya, Kyrgyzstan, Lebanon, Lebanon, Liberia, Libya, Morocco, Nigeria, OAPI Countries, Oman, Pakistan, Philippines, Qatar, Romania, Saudi Arabia, Sierra Leone, Singapore, Slovak Republic, Sudan, Tanganyika, Tangier, Tunisia, Turkey, U.A.E., Uganda, West Bank, Yugoslavia, Zanzibar.
- “4. In the Philippines, the Opposer is the applicant of the mark KARELIA SLIMS AND DEVICE with filing particulars as follows:

Trademark : KARELIA SLIMS AND DEVICE

Application No. : 4-2004-011353

Goods : Tobacco; smoker's articles; matches and all other goods under class 34.

Filing Date : December 2, 2004

A copy of Application No. 4-2004-011353 is attached Herewith as Exhibits "F" to "F-1".

"5. In addition to the KARELIA word mark, which is the Opposer's house brand, the Opposer sells its goods using other trademarks which incorporate the word KARELIA (hereinafter collectively referred to as "KARELIA marks"). The most current of these trademarks include, but are not limited to:

- KARELIA SLIMS
- KARELIA LIGHTS
- KARELIA ROYALS
- KARELIA MENTHOL
- KARELIA ULTRA LOW
- KARELIA SPECIAL
- KARELIA BLUES
- KARELIA REDS
- GEORGE KARELIAS AND SONS
- KARELIA ULTRA
- KARELIA REX LIGHTS

"6. The Opposer has used the KARELIA marks listed above for many years. The following is the list of dates on which KARELIA marks were first used internationally by the Opposer:

Mark	Date of First Use
KARELIA LIGHTS	1992
KARELIA SPECIAL	1992
KARELIA ULTRA	1993
GEORGE KARELIAS AND SONS	1993
KARELIA ULTRA LOW	1995
KARELIA SLIMS	1995

Mark	Date of First Use
KARELIA REX LIGHTS	1995
KARELIA MENTHOL	1996
KARELIA ROYALS	1999
KARELIA BLUES	2005
KARELIA REDS	2006

"7. The Opposer holds on extensive portfolio of trademark applications and registrations for these trademarks throughout the world.

"8. Goods bearing KARELIA marks are extensively sold worldwide. The Company directly exports its KARELIA branded goods to 66 countries, including in Asia and more specifically, the Philippines.

- “9. Attached as Annex “B” of the Affidavit-Direct Testimony and marked as EXHIBITS “G” and “G-1” of the Verified Notice of Opposition are invoices showing sale of KARELIA brand cigarettes in Subic Bay, Philippines on July 31, 2002 and September 21, 2004. Both of these dates show use by the Company of KARELIA trademarks on the goods prior to the filling date of the opposed mark.
- “10. Worldwide sales of KARELIA branded goods have been widespread and significant. The following is a summary of the number of cartons of goods bearing the KARELIA marks which have been sold by the Opposer over the past 10 years. A carton contains 10 packs of cigarettes.

Year	Number of cartons sold in Asia	Number of cartons sold worldwide
1995		142,869
1996		237,351
1997	40	227,450
1998	520	177,314
1999	180	207,080
2000	435	243,720
2001	1215	325,089
2002	2312	553,084
2003	4907	875,534
2004	4044	1,038,920
2005	4721	1,085,539
2006	6980	937,575
Anticipated 2007		1,000,000

- “11. The extensive sales of goods bearing KARELIA marks sold by the Opposer in Asia and around the world evidences its popularity and notoriety throughout the world.
- “12. The Opposer displays its KARELIA trademarks prominently on packaging for the goods, cartons, each individual cigarettes, business cards and letterhead.
- “13. The Opposer spends considerable amounts of money in advertising and marketing its goods bearing KARELIA trademarks throughout the world. Attached as Annex C of the Affidavit-Direct Testimony and marked hereto as Exhibits “H” to “H-3” is a schedule of the Opposer’s expenditure on marketing and advertising in Asia over the past 10 years.
- “14. By reason of the reputation borne by extensive use and promotion worldwide of the KARELIA marks as outlined above,

these marks have become well-known throughout the world as distinctive of the goods of the Opposer.

“15. The use of KARELIA by parties other than the Opposer in relation to identical goods will likely mislead the public into thinking that the goods were produced by the Opposer and are of similar quality and style as the goods of the Opposer.

“16. The reputation and goodwill of the KARELIA trademarks carried around the world by the Opposer is brought home to residents of the Philippine virtue of:

- Use of the Company’s products within the Philippines as a result of purchases made by duty free by Philippines residents abroad on returning to their country;
- Online advertising and exposure at conferences; and
- Advertisements appearing in International media.

“17. The use of the trademark KARELIA by Miland International Limited will cause significant harm to the distinctiveness and reputation of the trademarks of the Opposer which it has developed over the past 100 years.

“18. The registration of the trademark KARELIA in the name of Respondent-Applicant will violate the following provisions of Republic Act No. 8293, to wit:

Sec. 123. Registrability - 123.1. A mark cannot be registered if it:

(e) Is identical with, or confusingly similar to, or constitute a mark which is considered by a competent authority of the Philippines to be well-known internationally and in the Philippines, whether or not it is registered here as being already the mark of a person other than the applicant for registration, and used for identical or similar goods or services; Provided, That in determining whether a mark is well-known, account shall be taken of the knowledge of the relevant sector of the Public, rather than of the public at large, including knowledge in the Philippines which has been obtained as a result of the promotion of the mark.

x x x x x x

(f) Is identical with, or confusingly similar to, or constitutes a translation of a mark considered well-known in accordance

with (e), which is registered in the Philippines with respect to goods or services which are not similar to those with respect to which registration is applied for: Provided, That use of the mark in relation to those goods or services would indicate a connection between those goods or services and the owner of the registered mark: Provided further, That the interests of the owner of the registered mark are likely to be damaged by such use.

(g) Is likely to mislead the public, particularly as to the nature, quality, characteristics or geographical origin of the goods or services.

- “19. It cannot be denied that the mark KARELIA used or applied in the goods of Respondent-Applicant is identical to Opposer’s well-known mark KARELIA.
- “20. This malicious intent to ride on the goodwill that Opposer has established for its internationally well-known mark is evident from the goods for which Respondent-Applicant’s mark KARELIA is to be applied. Respondent-Applicant’s mark covers “cigarettes” under Class 34. Similarly, Opposer’s mark KARELIA and its other related marks also cover goods under Class 34, more specifically, “Tobacco; smoker’s articles; matches and all other goods under class 34.” Clearly the goods covered by Respondent-Applicant’s mark KARELIA is closely related, if not identical, to the goods covered by Opposer’s mark KARELIA, both being covered by Class 34.
- “21. Opposer will be damaged in its proprietary rights/interest and business reputation by the registration of the mark KARELIA in the name of Respondent-Applicant considering that Opposer’s well-known mark has long been established and has obtained century-old goodwill and consumer recognition not only in the Philippines but in internationally as well. The distinctiveness of said well-known mark will be diluted, and will allow Respondent-Applicant to unfairly benefit from and get a free ride on the goodwill of Opposer’s well-known mark, thereby causing irreparable injury to Opposer.
- “22. By reason of the fact that Opposer’s KARELIA mark is well-known internationally and in the Philippines, the registration of the Respondent-Applicant’s KARELIA mark will create confusion in the mind of purchasers and consumers, who will be deceived into believing that Opposer and Respondent-Applicant are affiliated entities, or Respondent-Applicant has the sponsorship of Opposer, to the latter’s Great prejudice.

On February 2, 2007, a notice to Answer was issued which was duly received by the applicant. However, on March 8, 2007, instead of filing an answer, Respondent-Applicant filed a Motion for Extension of Time to file a Motion for Extension of Time to file the required answer for a period of thirty (30) days or until April 7, 2007.

On the last day to submit the answer together with the affidavit of it witness and other documents in support of its application, Respondent-Applicant failed to file the request answer, hence the same is considered waived.

Section 11 of the Summary Rules (Office Order No. 79, Series of 2005) provides:

“Section 11. Effect of failure to file an Answer – In case the Respondent-Applicant fails to file answer, or if the answer is filed out of time, the case shall be decided on the basis of the Petition or Opposition, the affidavit of the witness and documentary evidence submitted by the Petitioner or Opposer.”

The Opposer submitted the following exhibits as its evidence.

Exhibit	Description
Exhibit “A”	Certificate of Authentication issued by the Philippine Embassy, Athens Greece date January 11, 2007
Exhibit “B”	Verification and Certification of Non-Forum Shopping dated January 22, 2007
Exhibit “C”	Computer printout of IPP trademark search for the mark KARELIA under the name of Miland International Limited as registrant
Exhibit “D”	Certificate of Authentication issued by the Philippine Embassy, Athens Greece dated January 18, 2007
Exhibit “D-1”	Affidavit-Direct testimony of Andreas Karelias, page 1
Exhibit “D-2”	Affidavit-Direct testimony of Andreas Karelias, page 2
Exhibit “D-3”	Affidavit-Direct testimony of Andreas Karelias, page 3
Exhibit “D-4”	Affidavit-Direct testimony of Andreas Karelias, page 4
Exhibit “D-5”	Affidavit-Direct testimony of Andreas Karelias, page 5
Exhibit “E”	List of country registration of the mark KARELIA under the name of the Opposer.
Exhibit “F”	Intellectual Property Philippines (IPP) trademark application for the mark “KARELIA” Slims and Device”.
Exhibits “G” to “G-1”	Copy of Packing List & Invoice for duty Free Super Store, Subic Bay dated July 31, 2002.

Exhibits "H" to "H-3"	Marketing expenses for Karelia brands covering the year 2000-2006
Exhibits "I" to "I-5"	Picture of advertisements of KARELIA brands
Exhibits "I-6" to "I-8"	Computer printouts of the web page for Karelia brands
Exhibits "I-9 to "I-11"	Computer printouts of TFWA Asia Pacific list of exhibits and floor plan for 2007.
Exhibits "j" to "J-8"	Copy of Judgment No: 3305/2005, The Administrative Athens Court of Appeals 14 th Division – Three Members.
Exhibit "K"	Copy of the Karelia Tobacco Company, Inc. annual report for 2003
Exhibit "L"	Copy of the Karelia Tobacco Company, Inc. annual report for 2004
Exhibit "M"	Copy of the Karelia Tobacco Company, Inc. annual report for 2005
Exhibit "N"	of the Karelia Tobacco Company, Inc. brochures.

On the other hand, Respondent-Applicant failed to file the required Answer and so with the affidavit of its witness and the documents in support of its application subject of the instant opposition.

The issue to be resolved in this particular case is:

WHETHER OR NOT THE RESPONDENT-APPLICANT IS ENTITLED TO THE REGISTRATION OF THE MARK "KARELIA".

The applicable provisions of the law is, Section 123 (d) of Republic Act No. 8293, which provides:

Sec. 123. Registrability-123.1. A mark cannot be registered if it:

(d) Is identical with a registered mark belonging to a different proprietor or mark with an earlier filing or priority date, in respect of:

- a. The same goods or services, or
- b. Closely related goods or services, or
- c. If it nearly resembles such as mark as to be likely to deceive or cause confusion;

Records will show that the "KARELIA" trademark of the herein Opposer traces its roots to 1888, at which time the predecessor of Karelia Tobacco Company, Inc., was founded. (Paragraph 6 of Exhibit "D-1").

The company was first established as a family enterprise in 1888. In 1925, it traded under the corporate name "G. KARELIA Bros., Co. In 1962, the corporate name was

amended to "Industry G. Karelia Bros. S.A. and the company was listed on the Greek Stock Exchange on February 23, 1976. Throughout this time, the company operated under a trade name prominently incorporating the term "KARELIA".

In the Philippines, the Opposers trademark "KARELIA SLIMS AND DEVICE" has been filed for registration bearing Serial No. 4-2004-011353 on December 2, 2004 covering the goods "tobacco; smoker's articles, matches and all other goods under class 34" of the International Classification of goods. (paragraph 7 of exhibit "D-2")

In the instant case, the marks of the parties are identical. They have the same spelling and pronunciation as well.

It is further observed, that the names of the two witnesses of the Opposer, are "Efstathios Karelias (Exhibit "A-1") and Andreas Karelias (Exhibit "D-1") in which the word "KARELIAS" appears to be their family name and they are the corporate secretary and the managing director of Karelia Tobacco Company, Inc., respectively of the herein Opposer.

Based on the testimony of the Opposer's witnesses, its mark "KARELIA" in which is part of its corporate name was established in 1888, a period of more than a hundred years ago, and since that time up to the present, it is being used by the Opposer on its goods not only in some other countries of the world but also in the Philippines as the same, being filed for registration in this jurisdiction, hence the said mark deserves protection.

Moreover as shown by Exhibits "G" to "G-1", bearing the mark "KARELIA" has been sold in Duty Free Stores in Subic since July 31, 2002.

There is no doubt that the trademark "KARELIA" which Respondent-Applicant seeks to register in its name is confusingly similar to the Opposer's mark "KARELIA" which is likewise part of its corporate name.

Being confusingly similar, the consuming public, particularly, the unwary consumers will be deceived, confused and mistaken into believing that the goods of the Respondent-Applicant come from or authorized by the Opposer.

In connection with the use of confusingly similar or identical mark, our Supreme Court on several occasions ruled that:

"Those who desire to distinguish their goods from the goods of another have a broad field from which to select a trademark for their wares and there is no such poverty in the English language or paucity of signs, symbols, numeral etc., as to justify one who really wishes to distinguish his products from those of all others entering the twilight zone of a field already appropriated by another" (Weco Products Co., vs. Milton Ray Co., 143 F. 2d, 985, 32 C.C.P.A Patents 1214)

"Why of the million of terms and combinations of letters and designs available, the appellee had to choose those so closely similar to another's trademark

if there was no intent to take advantage of the goodwill generated by the another mark.” American wire and & cable Co., vs. Director of Patents, 31 SCRA 544)

WHEREFORE, premises considered, the opposition is hereby SUSTAINED. Consequently, trademark application bearing Serial No. 4-2004-009458 filed by MILAND INTERNATIONAL LIMITED on October 11, 2004 for the registration of the mark “KARELIA” is hereby REJECTED.

Let the filewrapper of the trademark “KARELIA” subject matter of this case together with a copy of this DECISION be forwarded to the Bureau of Trademarks (BOT) for appropriate action.

SO ORDERED.

Makati City, 21 May 2007.

Atty. ESTRELITA BELTRAN ABELARDO
Director
Bureau of Legal Affairs