

JOHNNY K. LIM  
Petitioner,

-versus-

HERDSMAN ENTERPRISES CO. LTD.,  
X-----X

IPC NO. 3770  
Petition for Cancellation

Regn. No.: 49882  
Issued: January 28, 1991

Trademark: "BEANNE"

Decision No. 97-02

## DECISION

This case pertains to a Petition filed on March 23, 1992 for cancellation of Certificate of Registration No. 49882 for the trademark "BEANNE" used on perfume, face cream, powder make-up, rouge cream, lipsticks, eye shadow, perfume soap, shampoo, nail enamel, hand cream, skin lotion, skin toner and toning freshener in Class 3 of the International Classification of Goods issued on January 28, 1991 in the name of Herdsman Enterprises Co.

Petitioner Johnny K. Lim is doing business under the name and style of Yvonne Creazion Laboratory with address at No. 9 Santol Street, Bo. Potrero, Malabon, Metro Manila while Respondent-Registrant, Herdsman Enterprises Co. Ltd., is a firm organized and existing under the laws of Taiwan, Republic of China with offices at 6th Floor, No. 166, Sec. 5 Roosevelt Road, Taipei, Taiwan, Republic of China.

The grounds relied upon for the cancellation of the above-mentioned registration are as follows:

- "1. The respondent-registrant is not entitled to register the mark BEANNE because it is not the true owner thereof but petitioner herein who was the first adopter and user of the said mark BEANNE pursuant to the principle that ownership of a mark is acquired by means of adoption and use in commerce in the Philippines.
2. The allowance of Registration No. 49882 was in violation of Sections 2 and 2-A of Republic Act No. 166, as amended, considering that respondent-registrant has not used the mark in commerce for at least two (2) months prior to the actual filing of the application on June 24, 1988.
3. On the other hand, petitioner has commenced use of the trademark BEANNE for face cream since November 1984 and until the present time soon after approval of his application for registration thereof with the Bureau of Food and Drugs (BFAD) in accordance with Republic Act No. 37200 otherwise known as Food, Drug and Cosmetics Act as shown by the attached copy of Certificate of Registration marked hereto as Annex "A".
4. The registration of the mark BEANNE in the name of respondent-registrant has caused and will continue to cause great and irreparable injury and damage to the petitioner herein."

Petitioner relied on the following facts to support its petition for cancellation.

- "1. The claim in the application of respondent-registrant subject of this cancellation that it has first used the mark BEANNE in trade and commerce in the Philippines on March 25, 1988 is a falsity. Respondent-Registrant has never used and could not have used the said mark since March 25, 1988 in the Philippines there being no license or permit issued to it by BFAD before any sale of cosmetic products to the public is made as mandated by R.A. 3720. In fact, the records of this Honorable Office pertaining to Regn. No. 49882 do

not show that the applicant therein has submitted copy of the certificate of label approval from the BFAD as required by the Revised Rules of Practice in Trademark Cases. Hence, respondent-registrant was able to obtain registration for the trademark BEANNE through fraud and misrepresentation. Thus, respondent-registrant is ever for civil damages to herein petitioner pursuant to Section 26 of R.A. 166, as amended, aside from liability for perjury.

2. Respondent-Registrant's mark BEANNE is exactly identical to petitioner's mark BEANNE considering that the former is a virtual reproduction of the latter. Further, the goods covered by both marks are identical or are closely related to each other. Under the circumstances, the registration of the mark BEANNE in the name of respondent-registrant herein will surely cause confusion, mistake and deception of the buying public and that the public is likely to believe that respondent-registrant's products are those of the petitioner.

3. The trademark BEANNE has come to be, and is now associated with petitioner's business of manufacture and sale of cosmetics particularly face cream. Hence, the petitioner has already established an invaluable goodwill over the trademark BEANNE which must be protected from trademark pirates like respondent-registrant herein.

4. The registration by respondent-registrant of the mark BEANNE is an unwarranted invasion of petitioner's proprietary rights over the trademark BEANNE which had caused not only great and irreparable injury to the petitioner but has also prejudice the public in general.

On April 2, 1992, a Notice to Answer was sent to Respondent-Registrant in which the required Answer was filed on May 27, 1991 through Counsel invoking the following affirmative allegations and denials:

"1. Respondent-Registrant is a firm organized and existing under the laws of Taiwan, Republic of China, with offices at 6th Floor, No. 166, Sec. 5, Roosevelt Road, Taipei, Taiwan, Republic of China.

2. Respondent-Registrant has, for many years, been engaged in the manufacture and sale of perfume, skin cream, face powder make-up, rouge creme and other related cosmetics, which have been commercially marketed in several countries, throughout the world including the Philippines.

3. Respondent-Registrant's products have gained the acceptance and recognition of the consuming public for their high quality and competitive pricing.

4. Since July 1979, these perfumes, skin cream, powder make-up and other related cosmetics for medicinal and cosmetics purposes under the trademark "BEANNE" & Device has gained the acceptance by consumers as the distinctive identifying symbol of the products which the respondent-registrant has been, and is continuously manufacturing, selling and/or dealing with up to the present.

5. Being a property right of substantial value to respondent-registrant which symbolizes its immense goodwill and excellent quality products, the trademark "BEANNE" & Device has been registered in the Republic of China since July 16, 1979. Since then, the said trademark has been registered or applied for registration and used in several countries of the world including the Philippines.

6. In the Philippines, the "BEANNE" & Device trademark has been registered for perfume, face cream, powder make-up, rouge creme, lipstick, eye shadow, perfume soap, shampoo, nail enamel, hand cream, skin lotion, skin toner and toning freshner under Certificate of Registration No. 49882 issued on January 28, 1991. The said mark

"BEANNE" & Device has been used in commerce in the Philippines since March 23, 1988 continuously up to the present.

7. Respondent-Registrant denies the allegations contained in the prefatory paragraph of the petition insofar as it relates to the petitioner who is allegedly doing business under the tradename and style of YVONNE CREAZION LABORATORY for lack of knowledge or information sufficient to form a belief as to the truth or falsity whereof.

7.1. Respondent-Registrant hereby further specifically denies the allegation that petitioner believes that he would be damaged by the registration of the mark "BEANNE & Device" for being merely a gratuitous assumption without any legal or factual basis.

8. Respondent-Registrant specifically denies the allegations contained in paragraph 1, grounds relied upon for cancellation, for being merely a conclusion of petitioner without any legal or factual basis and on the further grounds alleged in the Affirmative and Special Defenses hereinafter set forth.

9. Respondent-Registrant vehemently denies the averments contained in paragraphs 2 and 3, grounds relied upon for cancellation, the same being merely an unfounded and baseless conclusion of the petitioner and on the further grounds as alleged in the Affirmative and Special Defenses hereinafter set forth.

10. Respondent-Registrant specifically denies the allegations contained in paragraph 4, grounds relied upon for the cancellation, the same being merely a gratuitous assumption of the petitioner without any legal or factual basis and on the further grounds as alleged in the Affirmative and Special Defense hereinafter set forth.

11. Respondent-Registrant specifically denies the allegations contained in paragraphs 1, 2, 3 and 4, facts to support the petition for cancellation, the same being merely conclusionary, bereft any legal or alleged in the Affirmative and Special Defenses hereinafter set forth."

The parties were not able to come out of the pre-trial with an amicable settlement. Consequently, trial on the merit was conducted.

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

1. Whether or not the Petitioner is the true owner of the trademark "BEANNE & Device" and corollarily,
2. Whether or not Registration No. 49882 for the same trademark should be cancelled.

This Bureau rules in the negative as to the two issues.

As clearly borne out by the records, Herdsman Enterprises Co. is the registrant of the trademark "BEANNE & DEVICE" for perfume, face cream, lipstick and other related products under Registration No. 49882 issued on 28 January 1991. Hence, the said registration is considered by law as a prima facie evidence of ownership of the mark according to Section 20 of R.A. 166 which reads:

Section 20 of the Trademark Law R.A. No. 166 as amended provides:

Section 20. Certificate of Registration prima facie evidence of validity. - A Certificate of Registration of a mark or tradename shall be prima facie evidence of the validity of the registration, the registrant's ownership of the mark or tradename, and of the registrant's exclusive right to use the same in connection with the goods, business or

services specified in the certificate, subject to any conditions and limitations stated therein.

Such being the case, any party may contest the said presumption and can even destroy the same. This could be done legally through the Inter Partes Case of Cancellation which is the very nature of this case. As Petitioner, Johnny K. Lim has the burden of proof of establishing his better right over the trademark in question by presenting pieces of evidence which are clear and convincing.

The very essence of rights over trademarks stems from the principle that ownership of a trademark is acquired by its adoption and use in trade and commerce (Gabriel vs. Perez 55 SCRA 406). This principle finds statutory basis in Section 2-A of R.A. 166 which reads:

Section 2-A. Ownership of trade-marks, trade-names 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 service rendered, may appropriate to his exclusive use a trade-mark, a trade-name, or a service-mark not so appropriated by another, to distinguish his merchandise, business or service of others. The ownership or possession of a trade-mark, 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 the property rights known to the law (underscoring supplied)

In the event of conflict of rights between two parties over the same trademark, the party who can establish "first use" in the Philippines should prevail. He would then be entitled to use it to the exclusion of others, register the same in this Bureau (Chung Te vs. Ng Kian Giab, 18 SCRA 747 and to perpetually enjoin others from using it (Ed Keller vs. Mariyabu Co., 57 Phil 262).

Was the Petitioner able to show proof of prior use of the trademark BEANNE and that he has a better right over the said trademark?

On record, Petitioner submitted a certification issued by the Dir. Catalina C. Sanchez dated November 16, 1984 that the brand name BEANNE EXTRA PEARL CREAM was registered in the Bureau of Food and Drug as of the same date for a period of one year (Exh. "B"). At the onset said date of November 16, 1984 is earlier than the date of first use declared by Respondent which is March 25, 1988.

However, adoption alone of a mark or tradename is not sufficient to acquire ownership thereof nor give exclusive right thereto. Such right grows out of its actual use in commerce. Adoption is not use. One may make advertisements, issue circulars, give out price lists on certain goods, but these alone would not give exclusive right of use, unless the goods or services on which the mark or tradename used are sold in the market. The underlying reason for all these is that purchasers have come to understand the mark as indicating the origin of the wares. Flowing from this principle is the trader's right to protection of the mark or tradename built up and the goodwill he has accumulated from the use of the mark or tradename.

Evidence of use of a mark is shown by the sale of goods or wares bearing the mark to the public. Sales invoices provide the best proof that there were actual sales of the trader's products in the country and that there was actual use for certain period of the trader's trademark through these sales. The most convincing proof of use of a mark in commerce is the testimony of witnesses as customers or the orders of buyers during a certain period of time. Any sale made by a legitimate trader from his store is a commercial act establishing trademark rights since such sale is made in due course to the general public, not only to limited individuals. It is a matter of public knowledge that all brands of goods filter into the market, indiscriminately sold by jobbers, dealers and merchants not necessarily with the knowledge or consent of the manufacturers.

Such actual sale of goods in the local market establishes trademark use which serves as the basis for any action aimed at trademark pre-emption.

In the case at bar, The Petitioner failed to present a single sales invoice to prove sales of goods bearing the trademark BEANNE. Hence, such registration in the BFAD would only mean adoption or intent to use in commerce of the said trademark. As aptly written by Justice Jose C. Vitug and quoted by the Petitioner in his memorandum

“A trademark is a creation of use, its mere adoption is not enough. Actual use is pre-requisite to exclusive ownership” (Pandect of Commercial Law and Jurisprudence, 1984 edition p. 285)

On the other hand, Respondent had established by way of evidence that its trademark BEANNE and Device used on perfume, face cream, powder, make-up, rouge cream, lipsticks, eye shadow, perfume soap, shampoo, nail enamel, hand cream, skin lotion, skin tones and toning freshner covered by Certificate of Registration No. 49882 issued by this Office on January 28, 1991 are registered in different countries such as Republic of China, France, Kingdom of Jordan, Kuwait, United Arab Emirates, Bahrain, Kingdom of Saudi Arabia, Serian Arab Republic, Pakistan, Socialist Republic of Vietnam with Certificates of Registration issued from 1973 up to 1996 ( Exhs. “3” to “12-D”), that it has sold its products as early as April 12, 1988 (See Exhs. “21” to “23-F”) through its sole distributor Gallant Commercial of 821 Ilaya St., Binondo, Manila, through a Memoranda of Agreement between herein Respondent, Herdsman Enterprises Co, Ltd. and Gallant Commercial, Addendum and Power of Attorney (Exhs. “13” and “13-A” and “15-b” and Exhs. “16”, “17” and “18”). That Gallant Commercial as sole distributor had a License to Operate as a Drug/ Distributor/ Importer issued by the Bureau of Food and Drugs on 25 April 1989 for “Beanne Medicated cream only” (Exh. “19”) and that its business name is duly registered with the Department of Trade and Industry (Exh. 20-A).

Petitioner raised the issue that Respondent's sale of cosmetic products bearing the trademark BEANNE is illegal for violating R.A. 3720 otherwise known as the Food, Drug and Cosmetic Act. Specifically, the said law provides that cosmetic specialty such as Respondent products bearing the trademark shall be distributed and sold only after having been registered with BFAD.

This allegation of Petitioner, however, though founded on the provision of Section 12 (a) of RA 3720 is not within the jurisdiction of this Office to pass upon. The provision in point provides that failure to secure label approval prior to actual sale is an omission calling for penal sanctions. Thus since the illegality of use in commerce proceeds only from a court declaration that a person is guilty of the crime charged, then this Office is without jurisdiction to proceed with said issue in an administrative proceeding.

There being no sufficient evidence to prove that Petitioner has a better right over the trademark BEANNE for perfumes, face creams and the like, this Petition for Cancellation should fall.

WHEREFORE, this Petition for Cancellation is as it is hereby, DENIED. Accordingly, Registration No. 49882 issued on January 28, 1991 shall remain in full force and effect unless terminated in accordance with law.

Let the filewrapper of this case be forwarded to the Patent/Trademark Registry and EDP Division for appropriate action in accordance with this Decision with a copy thereof to be furnished the Trademark Examining Division for information and to update its record.

SO ORDERED.

Makati City, October 27, 1997.

EMMA C. FRANCISCO  
Director