

MUSTANG BEKLEIDUNGSWERKE
GMBH & CO.

IPC 4311

Opposer,
- versus -

Opposition to:
TM Application No. 56672
(Filing Date: December 17, 1993)

HUNG CHIU MING,
Respondent-Applicant.
x-----x

TM: "MUSTANG"

Decision No. 2006 – 95

DECISION

For resolution is the petition for cancellation filed by petitioner, Mustang Bekleidungswerke GmbH & Co., a German corporation with business address at 10, Austrasse, D- 7118, Kunzelsau Germany against the Trademark Registration No. 56672 for the trademark MUSTANG covering T-shirts, shoes, pants, jeans, blouses, dresses, jackets, shorts, skirts, polo shirts, polo's, lingerie, brassieres, briefs issued on 17 December 1993 to Hung Chiu Ming of 3273 2nd St. V. Mapa, Sta. Mesa, Metro Manila.

Petitioner relied on the following grounds in support of its petition:

- a.) Petitioner possesses the exclusive title to and interest in the mark MUSTANG by virtue of its prior registration and use thereof. It has been using the mark MUSTANG for clothing articles since 1932
- b.) The mark MUSTANG applied for by respondent-registrant is not only confusingly similar but deliberately identical to petitioner's trademark MUSTANG which the petitioner owns and has not abandoned.
- c.) The Petitioner will be damaged and prejudice by the registration of the mark MUSTANG in the name of respondent-registrant, and its business reputation and goodwill suffer great and irreparable injury.
- d.) Respondent-registrant's adoption and use of the identical mark MUSTANG on similar and related goods constitute an unlawful appropriation of a trademark owned and currently used by Petitioner.
- e.) The registration of the mark Mustang in favor of respondent-registrant was obtained fraudulently and contrary to paragraph (d) of Section 4, Republic Act No. 166, as amended, as well as the pertinent rules of the Revised Rules of Practice in Trademark Cases and will be violative of the treaty obligation of the Philippines under the Paris Convention.
- f.) Petitioner does not only use MUSTANG and the Horse Design/Device as a trademark but also a part of its company name and logo."

On 8 March 2002, petitioner filed a Manifestation and Motion praying for the withdrawal of the case premised on the belief that respondent failed to file an affidavit of use. Order No. 2001-51 dated 21 October 2001 was issued granting petitioner's motion. On 8 December 2001, petitioner filed a motion for reconsideration requesting for the reinstatement of the petition for cancellation on the grounds that upon verification, petitioner found out that an affidavit of use/non-use was filed by respondent, this Bureau issued Resolution No. 2002-05 dated 2 April 2002 granting petitioner's motion.

On 1 July 2002, respondent-registrant filed his answer and alleged the following special and affirmative defenses:

“12. He repleads, by reference the foregoing allegations and incorporates the same herein;

13. At the onset, it should be emphasized for purposes of resolving the present Petitioner for Cancellation that Respondent-Registrant filed and prosecuted its trademark registration under the old Trademark Law (R.A No. 166). For this purpose, the Respondent-Registrant’s priority right in use and filing, as mandated by R.A. No. 166, should apply;

14. Respondent-Registrant is the owner of the trademark “MUSTANG” used for “t-shirts, shoes, pants, jeans, blouses, dresses, jackets, shorts, skirts, polo shirts, polos, lingerie, brassieres, and briefs”.

15 To protect its ownership over the subject trademark “MUSTANG” being the first one to adopt and use said mark in the Philippines for “t-shirts, shoes, pants, jeans, blouses, dresses, jackets, shorts, skirts, polo shirts, polos, lingerie, brassieres, briefs”, he applied for registration of the subject trademark under Serial No. 80948 with “August 16, 1968” as the date of first use. After undergoing a thorough process of examination, the said Application Serial No. 80948 was found registrable by the Examiner and it was recommended for allowance. The recommendation was approved by Chief Trademark Examiner and finally by the Director of Patents, Trademarks and Technology Transfer, after which the said application was published in the Official Gazette for opposition purposes. Despite having been given opportunity to oppose the subject registration, herein Petitioner failed to file a Notice of Opposition which failure constitute as a waiver to contest the validity of the subject registration;

16. Respondent-Registrant has prior use over and continues to use the trademark “MUSTANG” for “*t-shirts, shoes, pants, jeans, blouses, dresses, jackets, shorts, skirts, polo shirts, polo skirts, polos, lingerie, brasseries, briefs*”. Respondent-Registrant has established goodwill in the Philippines through its presence for many years and continuous to undertake advertisements and promotions to date;

17. Respondent-Registrant’s prior use is preferred over the alleged rights of Petitioner under Section 4(d) R.A No. 166 and Article 8 of the Paris Convention. Respondent-Registrant has acquired exclusive ownership over the trademark “MUSTANG” on the basis of its prior and actual and registration thereof, as compared to petitioner, which never use subject mark in the Philippines;

18. Respondent-Registrant has priority in filing over the trademark “MUSTANG” the same being filed way back June 1, 1992. Under the “first to file” rule, Respondent-Registrant’s has preference and priority over the trademark “MUSTANG”.

19. Petitioner’s trademark and design is NOT well- known. Rule 102 of R.A No.8293. Even on its face, the Petition for Cancellation miserably failed to show even scintilla of proof that the Petitioner’s trademark and design is “well-known” in accordance with the afore-quoted criteria; xxx

20. Petitioner’s trademark and design has no local application and use. The Petition for Cancellation is silent on whether or not the Petitioner has filed for registration or even commercially using in the Philippines the subject matter;

21. Petitioner is guilty laches or acquiescence when it allowed Respondent-Registrant to use the trademark “MUSTANG” for almost thirty-four (34) years. Respondent-Registrant managed to build up valuable goodwill around the subject mark

and as a result, acquired distinctive reputation with respect therewith. In all those years, Petitioner never bothered to challenge Respondent-Registrant's use and registration. Through its inaction and silence, Petitioner tolerated the use of the trademark "MUSTANG" by Respondent-Registrant for "t-shirts, shoes, pants, jeans, blouses, dresses, jackets, shorts, skirts, polos, lingerie, brassieres, brief". Respondent-Registrant is a legitimate businessman and its trademark "MUSTANG" has been very visible in the Philippines. Surely, the large scale of publicity, sale and distribution of Respondent-Registrant's products under the trademark "MUSTANG" could not have gone unnoticed by the Petitioner and/or its representatives/agents in this country;

22. The Petition for Cancellation is not properly verified by a respondent officer of the Petitioner MUSTANG BEKLEIDUNGSWERKE GMBH & CO. The Affiant, PETER PYTIK, did not even submit a Board Resolution and /or Special Power of Attorney (SPA) authorizing him to file the instant Petition. The Petition for Cancellation should be treated as a mere scrap of paper for failure to comply with the requirements of this Honorable Office.

The pre-trial conference was set on 24 September 2002 and while currently undergoing pre-trial, the Intellectual Property Office promulgated Office Order No. 79 prescribing summary rules in the disposition of inter partes case. As such, the both parties were required to submit all its evidence.

Petitioner submitted the following evidence:

EXHIBIT	DESCRIPTION
"A"- "BB"	Certified copy of affidavits of Mr. Heiner Sefranek Affidavit of Ms. Maria Jasmin R. Blancaflor

On the other hand, Respondent submitted the following evidence:

EXHIBIT	DESCRIPTION
"1"	Affidavit of Hung Chiu Ming, respondent-registrant herein, dated December 12, 2005
"2"	Certificate of Registration No. 56672 dated December 17, 1993 for the trademark "MUSTANG" in the name of Hung Chiu Ming
"3"	Certificate of Copyright Registration No. 094-150 dated March 3, 1994 for the copyright "MUSTANG" in the name of Hung Chiu Ming
"4-13"	Labels of the trademark "MUSTANG" as used in "t-shirts, shoes, pants, jeans, blouses, dresses, jackets, shorts, skirts, polo shirts, polos, lingerie, brassieres, briefs."
"14"	Advertising Contract dated July 8, 1996 between 818 Apparel Corporation and Prime Spots, Inc. for SM Southmall- Cavite for the trademark "MUSTANG"
"15"	Advertising Contract dated July 3, 1998 between 818 Apparel Corporation and Prime Spots, Inc for SM Southmall- Cavite for the trademark "MUSTANG"
"16"	Advertising Contract dated February 9, 1999 between 818

- Apparel Corporation and Prime Spots, Inc for SM City- Manila for the trademark "MUSTANG"
- "17" Advertising Contract dated June 14, 1999 between 818 Apparel Corporation and Prime Spots, Inc for SM Southmall-Cavite for the trademark "MUSTANG"
- "18" Advertising Contract dated December 23, 1999 between 818 Apparel Corporation and Prime Spots, Inc for SM North- Edsa for the trademark "MUSTANG"
- "19" Advertising Contract dated February 23, 2000 between 818 Apparel Corporation and Prime Spots, Inc for SM Centerpoint-Sta. Mesa for the trademark "MUSTANG"
- "20" Statement of account dated January 10, 2002 issued by Dynamic Signmaker Outdoor Advertising Services, Inc. for billboards for the trademark "MUSTANG" in the following; a) a. Bonifacio Avenue, Balintawak, Quezon City; b) Aurora Boulevard corner Anonas, Quezon City; c) Vitasa Bldg., Coastal Road, Bacoor Cavite; d) Quezon Avenue corner EDSA, Quezon City; and e) Ortigas Extension
- "21" Sales invoice No. 20645 dated November 27, 2001 issued by Dynamic Signmaker Outdoor Advertising Services, Inc. for Billboard for the trademark "MUSTANG" in A. Bonifacio Avenue, Balintawak Quezon City
- "22" Sales Invoice No. 20715 dated December 27, 2001 issued by Dynamic Signmaker Outdoor Advertising Services, Inc. for Billboard for the trademark "MUSTANG" In A. Bonifacio Avenue, Balintawak Quezon City
- "23" Sales Invoice No. 20649 dated November 27, 2001 issued by Dynamic Signmaker Outdoor Advertising Services, Inc. for Billboard for the trademark "MUSTANG" Ortigas Extension;
- "24" Sales Invoice No. 2071 dated December 27, 2001 issued by Dynamic Signmaker Outdoor Advertising Services, Inc. for Billboard for the trademark "MUSTANG" in Ortigas Extension;
- "25" Sales Invoice No. 20648 dated November 27, 2001 issued by Dynamic Signmaker Outdoor Advertising Services, Inc. for Billboard for the trademark "MUSTANG" in Quezon Avenue corner EDSA, Quezon City;
- "26" Sales Invoice No. 20718 dated December 27, 2001 issued by Dynamic Signmaker Outdoor Advertising Services, Inc. for Billboard for the trademark "MUSTANG" in Quezon Avenue corner EDSA, Quezon City;
- "27" Sales Invoice No.20647 dated November 27, 2001 issued by Dynamic Signmaker Outdoor Advertising Services, Inc. for Billboard for the trademark "MUSTANG" in Vitasa Bldg., Coastal Road, Bacoor, Cavite;

- “28” Sales Invoice No. 20717 dated December 27, 2001 issued by Dynamic Signmaker Outdoor Advertising Services, Inc. for Billboard for the trademark “MUSTANG” in Vitasa Bldg., Coastal Road, Bacoor, Cavite;
- “29” Sales Invoice No.20646 dated November 27, 2001 issued by Dynamic Signmaker Outdoor Advertising Services, Inc. for Billboard for the trademark “MUSTANG” in Aurora Boulevard corner Anonas, Quezon City;
- “30” Sales Invoice No.20716 dated December 27, 2001 issued by Dynamic Signmaker Outdoor Advertising Services, Inc. for Billboard for the trademark “MUSTANG” in Aurora Boulevard corner Ancones Quezon City;

It must be borne in mind that there is no hard and fast rule in determining confusing similarity. Each case turns on its own set of facts. The Supreme Court in *Societe des Produits Nestle v. Court of Appeals*, G.R. No. 112012, explains:

“It must be emphasized that infringement or in trademark cases in the Philippines, particularly in ascertaining whether one trademark is confusingly similar to or is a colorable imitation of another, no set of rules can be deduced. Each case must be decided on its own merits. (*Emerald Garment Manufacturing Corporation v. Court of Appeals*, 251 SCRA 600) In *Esso Standard, Inc. v. Court of Appeals* (116 SCRA 336), we ruled that the likelihood of confusion is a relative concept; to be determined only according to the particular, and sometimes peculiar, circumstances of each case. In trademark cases, even more than in any litigation, precedent must be studied in the light of the fact of the particular case. The wisdom of the likelihood of confusion test lies in its recognition that each trademark infringement case presents its own unique set of facts. Indeed the complexities attendants to an accurate assessment of likelihood of confusion require that entire panoply of elements constituting the relevant factual landscape be comprehensively examined. (*Thomson Medical Co. v. Pfizer, Inc.*, 735F. 2d 208, 225m USPQ 124 (2d Cir 1985) .”

Being that the petition for cancellation was filed and the challenged trademark having been granted under the provisions of old Trademark law or Republic Act 166, the instant case shall be decided based on the provisions thereof so as not prejudice vested rights of the parties.

The main issue in this petition is whether the petitioner is the creator and originator of the mark “MUSTANG” and whether the respondent-registrant has obtained registration for the mark contrary to the provisions of Republic Act 166. Corollary is issue of whether the subjects mark. The applicable provisions of Republic Act 166 provide:

“Sec4. Registration of trademarks, tradenames and service marks in the principal register.- xxx The owner of a trademark, tradename or service mark, to distinguish his goods, business or services of others shall have the right to register the same on the principal register, unless it: xxx

(d) Consist of or comprises a mark or a trade name which so resembles a mark or a tradename registered in the Philippines or a mark or trade name previously used in the Philippines by another and not abandoned, as t be likely, when applied to or used in connection with the goods, business or services of the applicant, to cause confusion or mistake or deceive purchaser.”

Evidence show that the mark “MUSTANG” was never registered by the petitioner in the Philippines. Petitioner’s registration of the mark “MUSTANG” for goods: clothing is from the German Patent Office under Trademark Registration No. 722702 on 2 March 1959 and

Registration No. 2104766 on 26 March 1987. (Exhibit "A" - submarkings) Being that petitioner secured earlier registrations of the mark "MUSTANG" bearing an identical stylized letter "M" and "G" slightly wider than the rest of others letters of the Mustang word, petitioner believes that it is the creator, prior adopter and user of the mark MUSTANG and hence the lawful owner of the same.

On the other hand, respondent secure a registration for the mark "MUSTANG" under certificate of Registration No. 56672 dated 17 December 1993 and was able to submit advertising contracts from various dates in 1996, 1998, 1999, 2000 (Exhibit "14" to "19") to prove it exhibited and displayed poster display in prime spots at SM Malls. Labels bearing the mark "MUSTANG" (Exhibit "4", "5", "6", "7", "8", "9", "10", "11", "12", "13", "14") use on its goods submitted. The earliest sales invoice statement of account proving payment for "MUSTANG" photographic display billboards submitted were invariably dated from 2001 and 2002. (Exhibits "21" - "30").

It must be borne in mind that the acquisition of right to a trademark under the old law may be through lawful, actual, commercial use in the Philippines. The law is clear and explicit on this point. Sections "2" and "2-a" of Republic Act 166 provide:

Sec.2 What are registrable. - Trademarks, tradenames, and service marks own by persons, corporations, partnerships or associations domiciled in the Philippines. Provide, That said Trademarks, tradenames, and service marks are actually in use in commerce and services not less than two months in the Philippines before the time the applications for registrations are filed: And provided, further, That the country of which the applicant for registration is a citizen grants by law substantially similar privileges to citizens of the Philippines, and such fact is official certified through copy of the foreign law translated into the English language, by the government of foreign country translated into English language, by the government of the foreign country to the Government of the Republic of the Philippines.

Sec 2. - A Ownership of Trademarks, tradenames 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 trademark, tradename or service-marks not so appropriated to distinguish his merchandise, business or service of others. The ownership of a trade mark, tradename or service-mark, hereof or hereafter appropriated as in this section provided, shall be recognized and protected in the same manner and to the same extent as are other property rights known to the laws.

Use in the Philippines basis for ownership cannot be overemphasized. In the more recent case, the High Court in the case of Philip Morris, Inc. Benson & Hedges (Canada), Inc. and Fabriques De Tabac Reunies, S.A. v. Fortune Tobacco Corporation, GR No.15859, 27 June 2006 (pages 9, 10, 12) held:

"(t) The fact that their respective home countries, namely, the United States, Switzerland and Canada, are together with the Philippines, members of the Paris Union does not automatically entitle petitioners to the protection of their trademark in this country absent actual use of the mark in the local commerce and trade.

True, the Philippines' adherence to the Paris Convention effectively obligates the country to honor and enforce its provision as regards the protection of Industrial property of foreign nationals in this country. However, any protection accorded has to be made subject to the limitations of the Philippine laws. Hence, despite Article 2 of the Paris Convention which substantially provides that (1) national of member- countries shall have in this country right specially provided by the Convention as are consistent with the Philippine laws, and enjoy the privileges that Philippine laws now grant or may hereafter grant to its nationals , and (2) while no domicile requirement in the country where

protection is claimed shall be required of person entitled to the benefits of the Union for the enjoyment of industrial property rights, foreign nationals must still observe and comply with the conditions imposed by Philippine laws on its nationals.

Considering that R.A. No. 166, as amended, specifically sections 2 and 2-A thereof, mandate actual use of the marks and/or emblems in local commerce and trade before they may be registered and ownership thereof acquired, the petitioner cannot, therefore, dispense with the element of actual use. Their being nationals of member-countries of the Paris Union does not alter the legal situation.”

Petitioner also relies on the Article 6bis of the Paris Convention on the protection of well-known marks. It points out that not only has it secured registration for its mark from the registry in Germany (Annex “B”, “C”; Annexes “E”, “F”, “G”, “H” of the affidavit witness, Heiner Sefraner) and in the International Office of the World Intellectual property Organization (Annex “D”, “E”, “F”; Annexes “I”, “J”, “K”, “L” of the affidavit witness, Heiner Sefraner) as well. Its witness, Heiner Sefraner (Annex “A”) testified on the brochures, price list and advertising of the mark “MUSTANG” abroad. (Annexes “I”, “J”, “K”). Petitioner also presented voluminous commercial invoices showing sales in Malaysia and Japan (Annex “T”). Finally, we note Annex “W” which petitioner submitted to proved that the magazine “Textilwirtschaft” which contained advertisements of Petitioner’s “Mustang” mark reached the Philippines through the subscription of one subscriber and the magazine “Sportswear International” had four subscribers.

The Bureau disagrees that this is enough to declare “MUSTANG” a well-known mark. In the Philippines, the mark is practically unknown until the efforts of the respondent to popularize the same. While the petitioner may have used it in a few countries abroad, this is not enough to bestow upon it the right of an internationally well known mark.

In this regard, the Supreme Court in a long line of cases highlighted the principle that actual use in the Philippines is a prerequisite to acquisition of rights to a trademark. In *Sterling Products International, Inc. vs. Farbenfabriken Bayer AG* 21 SCRA 1214, the Supreme Court explains thus:

“A rule widely accepted and firmly entrenched because it has come down through the years is that actual use in commerce or business is a prerequisite to the acquisition of the right of ownership over a trademark. xxx”

It would seem quite clear that adoption alone of a trademark would not give rise to its exclusive right thereto. Such right “grow out of their actual use.” Adoption is not use. One may make advertisements, issue circulars, give out price list on certain goods; but these alone would not give exclusive right of use. For trademark is a creation of use. 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 is the goodwill he has accumulated from use of the trademark.

Again, in *Philip Morris, Inc. vs. Court of Appeals* (L-91332, July 16, 1993), the Court clarifies:

“In other words, petitioners may have the capacity to sue for infringement irrespective of lack of business activity in the Philippines on account of Section 21.A of the Trademark Law But whether they have exclusive right to their symbol to justify issuance of the controversial writ will depend on the actual use of their trademark in the Philippines in line with Section 2 and 2-A of the same law.

xxx

Such foreign corporation may have the personality to file a suit for infringement but it may not necessarily be entitled to protection due to the absence of actual use of the emblem in the local market.”

Moreover, the applicability of Article 6bis has been discussed by the Supreme Court in the case of Kabushi Kaisha Isetan vs. Intermediate Appellate Court (203 SCRA 593):

“The Paris Convention for the Protection of Industrial Property does not automatically exclude all countries of the world who have signed it from using a trademark which happens to be used in one country. To illustrate – If a taxicab or bus company in a town in the United Kingdom or India happens to use the tradename “Rapid Transportation”, it does not necessarily follow that “Rapid” can no longer be registered in Uganda, Fiji, of the Philippines.

WHEREFORE, premises considered the instant PETITION FOR CANCELLATION is hereby DISMISSED. Accordingly, Trademark Registration No. 56672 issued in favor of Respondent Hung Chiu Ming, on 17 December 1993 for the trademark “MUSTANG” for the following goods: T-shirts, shoes, pants, jeans, blouses, dresses, jackets, shorts, skirts, polo shirts, polos, lingerie, brassieres, briefs, is as it is hereby UPHeld and is declared VALID AND SUBSISTING unless sooner cancelled by operation of law.

Let the filewrapper of “MUSTANG” subject matter in this case be forwarded to the Bureau of Trademarks for appropriate action in accordance with this Decision.

SO ORDERED.

Makati City, 27 September 2006.

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