

NEWTREE SALES CORPORATION,
Petitioner,

IPC No. 14-2008-00145
Petition for Cancellation:

- versus -

Reg. No.: 4-2003-0011764
Date Issued: 11 August 2005
Trademark: "PHIL"

PIGEON HOBBYIST ASSOCIATION
(PHA-PHIL),
Respondent-Registrant,
x-----x

Decision No. 2009-96

DECISION

This pertains to a Verified Petition filed on 30 June 2008 by herein opposer, Newtree Sales Corporation, a corporation duly organized and existing under the laws of Philippines with principal office at No. 42 8th Avenue, Caloocan City, against the registration of the trademark "PHIL" bearing Registration No. 4-2003-011764 on 11 August 2005 used for bird's leg band (ring type) under class 22 of the classification of goods, issued in favor of herein respondent-registrant Pigeon Hobbyist Association (PHA PHIL), likewise a corporation organized and existing under Philippine laws with principal office at 471 Gen. Luna Street, Intramuros, Manila.

The grounds for this instant petition are as follows:

- a. The "PHIL" mark is not susceptible of registration as a trademark.
- b. The registration of the "PHIL" mark was done in evident bad faith and with malicious and fraudulent intent.
- c. The registration of the "PHIL" mark inhibits competition in the sale of pigeon leg bands and restrains the freedom of the public to use the word "PHIL" on pigeon ring bands.
- d. The registration of the "PHIL" mark enables respondent-registrant to file harassing, unreasonable, and unmeritorious actions against other persons dealing with the "PHIL" mark vis-a-vis pigeon ring bands."

The allegations of facts are provided as follows:

"4. The registration of the word "PHIL" violates and contravenes the provisions of Section 123.1U) of Republic Act No. 8293, otherwise known as the Intellectual Property Code ("IP Code").

4.1 To more clearly see the unregistrability of the "PHIL" word, the nature and functions of trademarks should be visited.

a. Under Section 121.1 of the IP Code, a trademark is defined x x x. Meanwhile, Section 38 of Republic Act No. 166 provides: "The term 'trademark' includes any word, name, symbol, emblem, sign or device or any combination thereof adopted and used by a manufacturer or merchant to identify his goods and distinguish them from those manufactured, sold or dealt in by others." x x x

c. The Supreme Court has recognized the specific functions of trademarks, to wit: (1) they indicate origin or ownership of the articles to which they are attached; (2) they

guarantee that those articles come up to a certain standard of quality; and (3) they advertise the articles they symbolize. (Mirpuri v. Court of Appeals, 318 SCRA516 [1999]).

d. A trademark is a creation of use. The underlying reason for this is that purchasers have come to understand the mark as indicating the origin or wares. x x x

e. In addition, the nature of the use incident to the creation of the trademark is always within the context of a particular trade. x x x In the case of Remington Products v. North American Philips Corp. (13 USPQ 2d, 1444, 1448) it was ruled that marks must be considered in connection with the goods.

4.2 However, in the case at bar, the “PHIL” trademark “consists exclusively of a sign designate the kind, or of an indication that may serve in trade to quality, quantity, intended purpose, value, geographical origin, time and production of the goods or other characteristics of the goods.

- a. Among pigeon hobbyists, certain abbreviations, such as “GB” (Great Britain), “BELG” (Belgium), “NL” (Netherlands), and “PHIL” (Philippines), are used to designate the origin of a pigeon participating in a contest. (A copy of photographs of these bird ring bands are herewith attached as Exhibit “D”) The abbreviations are placed in ring bands shackled around a pigeon’s leg. Thus, in the context of the pigeon ring band industry, abbreviations such as “PHIL” are not used as a trademark to identify the manufacturer; but rather, it is used to identify the country of origin of the pigeon upon which such ring band is placed.
- b. The use of “PHIL” as an abbreviation for Philippines has long been used by the pigeon ring band industry. As early as 1979, or more than twenty three (23) years prior to the filing by the Respondent’s of its trademark application in December 23, 2003, the word “Phil” was already used as abbreviation for Philippines. (A photograph of a series of bird ring bands from 1979 to 2007 are herewith attached as Exhibit “E”)
- c. Through long and continued use, the abbreviation “PHIL” has always been understood among pigeon hobbyists to mean the country “Philippines”. (The affidavits of Cheryl C. Mapue, Renato Pangilinan, Conrad Francisco, are hereto attached as Exhibits “F”, “G”, “H” respectively, in support hereof)

4.3 Therefore, the “PHIL” mark, apart from not being exclusively used by respondent prior to its registration, is not a distinct mark being merely descriptive of the geographic origin of respondent’s goods and an abbreviation of the word “Philippines”. x x x A mark or trade name which, when applied to or used in connection with the goods, business or services of a merchant, is primarily geographically descriptive x x x.

- a. x x x No one has a right to appropriate geographical names as trademarks or trade names in connection with the goods or services in the place or locality, so as to restrain others from the use of such geographical names in connection with similar products or services (*E Spinner & Co. v. Neuss Hasslein Corp.*, 54Phil. 224 [1930]). The reason is that mere geographical names are ordinarily regarded as common property, and as such, cannot, as rule, be appropriated as exclusive trademark or trade name (*Ang Si Heng v. Wellington Department Store, Inc.*, 92 Phil. 448 [1953]).
- b. Neither does the corruption or contraction of descriptive words or phrases render the resulting corrupted or contracted word or phrase a valid mark or trade name, for it will not make the word or phrase non-descriptive of the goods on which it is applied, unless the corrupted word or phrase is used in a fanciful or arbitrary manner and without any relation to the goods on which it is affixed (see *People v. Chan Chin*, 45 a.G. 3964). In the present case, the “PHIL” mark is not used in a fanciful or arbitrary manner as can be seen in the above discussion. xxx

5. It must be emphasized at the time respondent-registrant applied for the registration of the trademark "PHIL" for pigeon ring bands, it knew very well that the same is used in the industry to designate the origin of the pigeons; i.e. from the Philippines. x x x

5.1. Section 162 of the IP Code provides that "any person who shall procure registration in the Office of a mark by a false or fraudulent declaration or representation, whether oral or in writing, or by any false means, shall be liable in a civil action to any person injured thereby for any damages sustained and consequence thereof."

- a. In the case at bar, respondent-registrant was not the exclusive prior user of the "PHIL" mark on pigeon ring bands; yet, he submitted the required declaration of actual, and exclusive use of such mark.
- b. The required reproduction of the "PHIL" mark is represented in respondent-registrant's application in a vertical manner, (See Exhibit "I" & "1-1") when in truth and in fact, the "PHIL" mark is printed in a horizontal manner in respondent-registrants' pigeon ring bands.

5.2. The word "PHIL" is known and acknowledged by respondent-registrant as an abbreviation for "Philippines" because:

- a. Respondent-registrant's own SEC Registration, (attached herewith as Exhibit "J"), clearly shows that "PHIL" is used as such abbreviation.
- b. Respondent-registrant's knowledge that the word "PHIL" is used in pigeon rings as an abbreviation for "Philippines" can be gleaned from the trademark application of respondent where it represented the "PHIL" mark in a vertical manner to mislead the examiner into believing that the mark is not an abbreviation of the "Philippines". (See attached Exhibit "1-2")

6. Petitioner, not to mention other manufacturers and dealers of bird's leg bands, will be damaged and prejudiced by the registration of the mark "PHIL" for bird's leg band (ring type) in the name of respondent-registrant, as the latter will inhibit competition in the sale of pigeon leg bands and will curtail the freedom of the public to use the word "PHIL" on pigeon ring bands. Consequently, this will result to a monopoly or restraint of trade in violation of Section 19, Article XII of the Philippine Constitution.

6.1. A common or generic name of an article or a word or phrase which is merely descriptive of the character, qualities, or composition of an article cannot be monopolized as a trademark or trade name (*East Pacific Merchandising Corp. v. Director of Patents*, 110 Phil. 443 [1960]; *Masso Hermanos, S.A. v. Director of Patents*, 94 Phil. 136 [1953]).

6.2. Neither can a word or phrase which would practically give the possessor a monopoly in the sale of goods other than those produced or made by him be employed as a mark or trade name (*Standard Paint Co. v. Trinidad Asphalt Mfg. Co.*, U.S. 446, 36 L.Ed. 536).

7. As a corollary, there is a real, imminent, and apparent possibility of respondent-registrant filing numerous, albeit harassing, unreasonable, and ungrounded, infringement suits against other pigeon ring band manufacturers and distributors who use "PHIL" when advertising and describing their own products.

7.1. The damages and harassing infringement suits claimed by petitioner are not theoretical, but has in fact already been inflicted upon petitioner itself.

7.2. On the basis of its invalid registration being assailed herein, respondent-registrant caused the raid upon petitioner's store, thus resulting not only in economic loss but loss in goodwill and business repute on the part of petitioner as well.

7.3. Actually, respondent-registrant through its distributor has filed an infringement action against herein petitioner currently pending before the Department of Justice. It must be pointed out that the case filed against petitioner is utterly without merit, and was filed in bad faith."

On 24 November 2008, this Bureau received respondent-registrant's Verified Answer dated 22 November 2008 admitting only the allegations of the petition regarding the issuance of Registration No. 4-2003-011764 on 11 August 2005 in the latter's favor for the trademark "PHIL on bird's leg bands (ring type), and the allegations regarding the corporate circumstance and address of petitioner as shown in Exhibit "A". All other matters alleged in the said petition are denied, to wit:

"3. It specifically denies the claim of Petitioner in paragraph 3 of its petition that it will be damaged by the registration of the trademark "PHIL" in favor of Respondent-Registrant x x x.

- a) There is neither legal nor factual basis for Petitioner's claim that it will be damaged by the issuance of Registration No. 4-2003-011764 in favor of Respondent-Registrant.
- b) The word "PHIL" is capable of registration as a trademark, as in fact, it has been registered in favor of Respondent-Registrant.
- c) Registration No. 4-2003-011764 does not violate any provision of the IP Code
- d) Respondent-Registrant applied for, and prosecuted its application for the registration of the mark "PHIL" in good faith. e) The issuance in favor of Respondent-Registrant of Certificate of Registration No. 4-2003-011764 created a prima facie presumption of the validity of the registration of the mark "PHIL" in its favor, of Respondent-Registrant's ownership of said mark and its exclusive right to use the same in connection with bird's leg bands (ring type) as specified in the certificate of registration, pursuant to Section 13 of the IP Code.

4. Registration No. 4-2003-011764 issued in favor of respondent-Registrant last August 11, 2005 for the trademark "PHIL" for use on bird's leg bands (ring type) under Class22 complies with the IP Code.

- a) The trademark "PHIL" was adopted in good faith and in accordance with law, while Application Serial No. 4-2003-011764 was filed on December 23, 2003, likewise in good faith.

Photocopies of the originals of the Acknowledgment of Filing, Trademark Application Form, and Drawing taken from the file wrapper of subject registration are hereto attached as Exhibits "1", "1-a" to "1-c", and made integral parts hereof.

- b) The examination and approval for publication of Application Serial No. 4-2003-011764 was done pursuant to, and in accordance with the provisions of the IP Code and the Implementing Rules and Regulations on Trademarks, etc.

Photocopies of the Recommendation for Allowance and the Notice of Allowance taken from the file wrapper of subject registration, are hereto attached as Exhibits "2" and "3" respectively, and made integral parts hereof.

- c) Registration No. 4-2003-011764 was issued only after due examination and publication of Respondent's application, without any opposition having been filed against its approval, not even by Petitioner.

A printout of the e-Gazette containing the publication of the application is hereto attached as Exhibit "4", while a photocopy of the Notice of issuance and Publication Fee taken from the file wrapper of subject registration, is hereto attached as Exhibit "5", and a copy of certificate of Registration No. 4-2003-011764 is hereto attached as Exhibit "6" and all three exhibits are made integral parts hereof.

- d) Under Section 230 of the IP Code, Petitioner is now estopped to seek the cancellation of Registration No. 4-2003-011764.

5. Registration no. 4-2003-011764 does not violate Section 123.1 (j) of the IP Code.

- a) Subparagraphs a), b), c), d) and e) under paragraph 4.1 are not allegations of facts but arguments which Petitioner may include in its Position Paper but not in its Notice of Opposition.
- b) The trademark "PHIL" is not exclusively a sign or an indication to designate the geographical origin of the goods upon which is used.

The word "PHIL" is a proper name, usually of a male person. In this case, the word "PHIL" is the name of the foundation cock (pigeon) of Mr. Luis Chiu which had bred him several champions. In honor of that super breeder cock, Mr. Chiu adopted and started using "PHIL" as a trademark for leg bands (ring type) under the auspices of the Philippine Homing Pigeon Association, Inc., of which he has been long a member.

The trademark "PHIL" (without a period) is not the abbreviation of Philippines as distinguished from the abbreviation "PHIL" in Respondent-Registrant's corporate name.

- c) In the latter part of 2003, by virtue of an agreement between him and PIGEON HOBBYIST ASSOCIATION (PHA-PHIL.) INC., Luis Chiu consented to and authorized Pigeon Hobbyist Association (PHA-PHIL.) Inc to register the trademark "PHIL" in its name for use on bird's leg bands (ring type), with the understanding that Verse Laga Poultry Supply, a sole proprietorship of Ms. Meriam Tapaya Chiu (Luis Chiu's wife) will become the exclusive and sole distributor of "PHIL" bird's leg bands (ring type). Attached hereto is the affidavit of Luis Chiu which has been marked as Exhibit "7", and the Certification attesting to the appointment of VERSE LAGA POULTRY SUPPLY as the exclusive and sole distributor of "PHIL" bird's leg bands (ring type) marked as Exhibit "8", and both exhibits are made integral parts hereof.
- d) Subparagraphs a), b), and c), under paragraph 4.2, including the allegations contained in Exhibits "F", "G" and "H", which are clearly biased, self-serving and not supported by independent evidence/proof, as well as subparagraphs a), b), and c), under paragraphs 4.3., are denied, the truth being as stated above and contained in the attached affidavit of Luis Chiu which has been marked as Exhibit "7" and the affidavit of Reynaldo So, President of Respondent-Registrant, marked as Exhibit "9", and made an integral part hereof.

6. The registration of the mark "PHIL" was done in good faith.

- a) The trademark "PHIL" was adopted in good faith and in accordance with law, while Application Serial No. 4-2003-011764 was filed on December 23, 2003, likewise in good faith (Exhibits "1", "1-a", to "1-c").

- b) The examination and approval for publication of Application Serial No. 4-2003-011764 was done pursuant to, and in accordance with the provisions of the IP Code and the Implementing Rules and Regulations on Trademarks, etc. (Exhibits “2” and “3”).
- c) Registration No. 4-2003-011764 was issued only after due examination and publication of Application No. 4-2003-011764, without any opposition having been filed against its approval, not even by Petitioner (Exhibits “4”, “5”, and “6”).
- d) Respondent-Registrant did not violate Section 162 of the IP Code in securing Registration No. 4-2003-011764. x x x
- e) Registration of the trademark “PHIL” in favor of Respondent-Registrant complies with the IP Code and does not violate any of its provisions. Accordingly, Petitioner cannot insist in using Respondent-Registrant’s registered mark “PHIL” on the bird’s leg bands that it is presently selling without being held liable for infringement of trademark and/or unfair competition. The bird’s leg bands bearing the mark “PHIL” in Petitioner’s Exhibits “D” and “E” are fake and did not come from Mr. Luis Chiu nor from Respondent-Registrant, the registered owner of said mark. The other bird’s leg bands shown in Exhibits “C”, “D”, and “E”, did not also come from Mr. Luis Chiu nor from Respondent-Registrant.

The following comment of the Supreme Court in American Wire & Cable Company v. Director of Patents, (G.R. No. L-26557, 18 February 1970), aptly applies to Petitioner. x x x

8. Petitioner has not overcome the presumption of validity of Registration No. 4-2003-011764. Section 138 of the IP Code provides: x x x

- c. Respondent-Registrant continues the lawful use of its registered mark “PHIL” as shown in the attached duplicate sales invoices of its authorized sole distributor, VERSE LAGA POULTRYSUPPLY located at FL 02 Suki Market, Kanlaon St., Quezon City, marked as Exhibits “10”, “10-a” to “10-d”, and made integral parts hereof.

Subsequently, petitioner filed its Reply on 08 December 2008 and respondent registrant filed its Rejoinder on 15 January 2009. In compliance with Office Order No. 79, series of 2005, petitioner submitted the following documentary evidence: Exhibits “A” to “K” inclusive of sub-markings. Likewise, respondent-registrant, submitted the following documentary evidence: Exhibits “1” to “10” inclusive of submarkings.

On 23 March 2009, the Preliminary Conference of this instant case was terminated after several joint motions for postponement for possible settlement.

After counsels manifested that parties failed to reach into common terms for settlement, Order No. 2009 - 589 dated 01 April 2009 was issued, and pursuant to Section 14.3 of Office Order No. 79, series of 2005, parties are directed to submit their respective position papers within ten (10) days from receipt thereof.

Thence, this case is now for resolution.

Issue:

Whether or not petitioner’s registered trademark “PHIL” warrants cancellation on the ground of non-registrability as geographical origin under Section 123.1 (j) of Republic Act (R.A.) No. 8293 or the Intellectual Property (IP) Code

The statute on registration, as a mode of acquiring ownership as enunciated in Section 138 of R.A. 8293, provides that, "A certificate of registration of a mark shall be prima facie evidence of the validity of the registration, the registrant's ownership of the mark and of the registrant's exclusive right to use the same in connection with the goods or services and those that are related thereto specified in the certificate." (Emphasis Supplied)

Prima facie evidence is defined as an evidence which, if unexplained or uncontradicted, is sufficient to sustain a judgment in favor of the issue it supports, but which may be contradicted by other evidence. (H. Black, et al., Black's Law Dictionary 1190 [6th ed., 1990])

Indeed, registration creates a prima facie evidence of a valid registration, ownership of the subject mark, and the exclusivity of use. This evidence establish a presumption which may be disputed by substantial evidentiary fact of petitioner's better right over the mark, or respondent-registrant's absence of right of ownership of the mark, thus, overturning the prima facie evidence.

In the instant case, petitioner legally anchored upon Section 123.1 (j) R.A. 8293, to upend the prima facie validity of the subject Registration No. 4-2003-011764 upon, to wit:

"A mark cannot be registered if it:

x x x

(j) Consists exclusively of signs or of indications that may serve in trade to designate the kind, quality, quantity, intended purpose, value, geographical origin, time or production of the goods or rendering of the services, or other characteristics of the goods or services."

Running through the evidence, petitioner submitted sample of bird's leg bands (Exhibit "C"), and original photographs of bird's leg bands (Exhibit "D" and "E"). The bird's leg bands bear words and numbers, including and more apparent are country names such as Taiwan, Brazil, and China. Likewise visible are the printed words such as USA, ENGL, GB and PHIL.

Examination of these bands obviously shows that the printed words are country names. In so far as the words US, ENGL, GB and PHIL, reasonable mind will conclude that these are acronyms of countries, such as USA for United States of America, ENGL for England, GB for Great Britain, and PHIL for Philippines.

The "PHIL" word which is the crux of this controversy cannot logically be treated apart from other words which are acronyms of countries because it appears that the printing of country names is the custom in the manufacture of pigeon leg bands.

In support thereof are affidavits testifying on the fact that pigeon leg bands are inserted in pigeon's legs with identification marks, in most cases are names of country and series of numbers. While this Bureau noted that the affidavit of Cheryll Mapue is not fully credible as she is an employee of the petitioner, the affidavits executed by Renato Pangilinan (Exhibit "G") and Conrad Francisco (Exhibit "H"), confirming the allegations of petitioner that the word "PHIL" as printed in the bird's band or ring stands for Philippines, are credible corroboration of petitioner's allegations from disinterested persons.

More so, the registration documents of herein respondent-registrant, as issued by the Securities and Exchange Commission (Exhibit "J") established that the word "Phil" was used as abbreviation for the country name "Philippines".

On the part of respondent-registrant, it presented a counter allegation that the subject mark "PHIL" is not Philippines but is actually a proper name of the foundation cock (pigeon) of Luis Chiu, a breeder cock which had bred him several champions.

A review of the records shows no support to the said allegation except Luis Chiu's self-serving Affidavit (Exhibit "7"). Luis Chiu's testimony remains as bare allegation without leg to stand on. In fact, Luis Chiu revealed himself through his Affidavit that he is the husband of Merriam Tapaya Chiu, the sole proprietor of Verse Laga Poultry Supply. This was confirmed in the Certification of Reynaldo So, president of respondent-registrant (Annex "2"). Relative to the principle of absolute community of property, Luis and Merriam Tapaya Chiu own the Verse Laga Poultry Supply which is the exclusive and sole distributor of bird's leg bands to herein respondent-registrant. It follows therefore, that Luis Chiu has direct financial and pecuniary interest over the victory of herein respondent-registrant's appropriation of the mark "PHIL".

In principle, signs that designate geographical origin should remain open to use by traders to indicate a connection with a particular geographical area. In fact, a mark consisting of nothing more than a designation of geographical origin must be refused registration, as it is the specific provision of law enunciated in Section 123.1 (j), supra. The exception to this universal rule is when the geographical names have acquired a distinctive character in relation to particular goods or services, which is not applicable and was not shown in the instant case. As a matter of fact, internet websites confirm this information: "Each country issues its own racing pigeon rings and keeps records of ownership of each racing pigeon ring issued. It puts its own identification code on the racing pigeon rings, so no matter where it turns up, it will be traced, first of all, to its country of origin. When ownership of a racing pigeon changes, records are updated, usually in its country of origin." (Emphasis Supplied) (<http://www.irishhomingunion.com/page7.html>)

Likewise, same website and page show list of international codes, its origin and contact numbers, (<http://www.irishhomingunion.com/page7.html>). Among which are "FRANCE", "WHU or WALES", "BELG", "FRANCE", "LUXEMBOURG", "DAN", "PORT", "SWEDEN", and so forth, which stand for the country names: France, Wales, Belgium, France, Luxembourg, Denmark, Portugal and Sweden, respectively.

Thus, the subject mark "PHIL" which is obviously the acronym of Philippines, cannot be used as a trademark because it manifests a geographical origin. In the case of *Ang Si Heng v. Wellington Department Store, Inc.* 92 Phil. 448 [1953], it was held in substance that geographical names cannot be appropriated as trademarks or trade names because mere geographical names are ordinarily regarded as common property, and as such, cannot, as a rule, be appropriated as such.

Thus, an objective perusal of the documents and in-depth examination of the applicable laws and jurisprudence lead this Bureau to rule in favor of herein petitioner.

WHEREFORE, premises considered, the Verified Petition for Cancellation is hereby GRANTED. Accordingly, Certificate of Registration No. 4-2003-011764 issued on 11 August 2005 for the trademark "PHIL" carrying goods in Class 22, for "bird's leg band (ring type), issued in the name of Pigeon Hobbyist Association (PHAPHIL), is hereby ordered CANCELLED.

Let the file wrapper of this case be forwarded to the Bureau of Trademarks (BOT) for appropriate action in accordance with this Decision.

SO ORDERED.

Makati City, 09July 2009

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