

MCXMOTOR PHILS., INC.,
Respondent-Appellant,

-versus-

SUMITOMO RUBBER INDUSTRIES,
LTD.,

Opposer-Appellee.

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Appeal No. 14-09-60

Inter Partes Case No. 14-2009-00105

Opposition to:

Application No. 4-2008-006490

Date Filed: 04 June 2008

Trademark: FALCON

DECISION

MCXMOTOR PHILS, INC. ("Appellant") appeals the decision of the Director of the Bureau of Legal Affairs ("Director") sustaining the opposition of SUMITOMO RUBBER INDUSTRIES, LTD. ("Appellee") to the registration of the mark "FALCON" 111 favor of the Appellant.

Records show that the Appellant filed on 04 June 2008 Trademark Application No. 4-2008-006490 covering the goods motorcycles and scooters which fall under Class 12 of the Nice Classification.¹ The application was published in the Intellectual Property Office Electronics Gazette for Trademarks on 12 December 2008. On 07 April 2009, the Appellee filed a "VERIFIED NOTICE OF OPPOSITION" alleging die following:

1. It is one of the world's biggest manufacturers of tires, sporting goods and other rubber related products; it is under die umbrella of the Sumitomo Rubber Group of Companies ("Group") and has global strategic overseas offices in the United States of America, Canada, Belgium, Germany, Australia, United Arab Emirates, Saudi Arabia, Singapore, Chile, China, and Russia;
2. In addition to overseas subsidiaries in China and Indonesia, and a factory 111 Thailand, the Group carries out tire production and sales in Europe and North America in joint ventures with the Goodyear Tire & Rubber Company; in the tire business, it manufactures and market tires for passenger cars, construction vehicles, agricultural vehicles, race and rally, motorcycles, and new transportation system, and aluminum wheels under the internationally Nvel.1-known marks *Falken*, *Dunlop*, *Goodyear*, *Sumitomo* and *Ohtsu* brands;
3. It is the registered owner of the mark "FALKEN" issued on 04 November 2002 and the registration of FALCON in the name of the Appellant will damage and prejudice its rights and interests;
4. FALCON is identical with, or confusingly similar with FALKEN and cannot be registered under Sec. 123.1 (d) of the Intellectual Property Code ("IP Code");
5. As the registered owner of FALKEN, it can prevent the registration of FALCON under Sec. 147.1 of the IP Code;
6. FALKEN is a well-known mark and the approval for registration of FALCON "Violates Sec. 123.1 (e) and (f) of the IP Code;
7. The Appellant's use and registration of FALCON will cause confusion, mistake and deception upon the consuming public and mislead them as to the origin, nature, quality and characteristics of the goods on which it is affixed;

8. The approval of FALCON will violate die proprietary rights and interests, business reputation and goodwill of the Appellee considering that FALCON is identical to FALKEN; FALKEN is a highly distinctive mark and it has exclusive use and registration of this mark in numerous countries worldwide;
9. The approval of FALCON will enable the Appellant to unfairly profit commercially from the goodwill, fame and notoriety of FALKEN to the damage and prejudice of the Appellee and there would be trademark dilution under the Supreme Court ruling in the case of *Levi Strauss Co., & Levi Strauss (Phils.), Inc. vs. Clinton Aparelle, Inc.*,² and
10. The Appellant is riding on the goodwill and popularity of FALKEN, especially since the goods covered are closely related and that the Appellant has a boundless choice of words to identify its goods.

The Appellee submitted the following evidence to support its opposition:

1. Affidavits of Akihiro Takeuchi, executed on 06 February 2009 and 19 October 2007;³
2. Annual Reports for 2000 to 2007;⁴
3. Affidavits of Jan Abigail L. Ponce, dated 03 April 2009 and 12 September 2007;⁵
4. Special Power of Attorney;⁶
5. Verified Notice of Opposition, dated 12 September 2007;⁷
6. Advertising materials including printouts from relevant -websites;⁸
7. Letter dated 30 October 2007 with the supplement of C! Magazine;⁹
8. Certificate of registration for FALKEN;¹⁰
9. Printouts from the www-uspto.gov website for FALKEN;¹¹
10. Certificates of registration for FALKEN in various countries;¹² and
11. Listing of the Appellee's trademark registrations for FALKEN worldwide.¹³

The Appellant filed on 08 July 2009 an "ENTRY OF APPEARANCE AND MOTION TO ADMIT ANSWER" alleging that it failed to immediately finalize the engagement of its counsel resulting 1-11 the delay of the submission of its answer and, thus, seeks that its answer be admitted and considered in the resolution of the opposition.

The Bureau of Legal Affairs in. an Order No. 2009-1224, dated 06 August 2009, denied the Appellee's motion to admit the answer and ruled that the case is deemed submitted for decision on the basis of the opposition, the affidavits of witnesses and the documentary evidence submitted by the Appellee.

Notwithstanding the Order No. 2009-1224, on 26 August 2009, the Director rendered a decision which cited the Appellant's answer, including the Appellant's pieces of evidence. The Director sustained the opposition to the registration of FALCON and ruled that FALCON is confusingly similar to FALKEN and that the goods covered by these marks fall under the same Class 12 of the Nice Classification. According to the Director, the two trademarks are composed of two (2) syllables each and die first syllable "FAL" of both marks has exactly the same letters and pronunciation. She held drat the word "FALKEN" is a German word which means "Falcon" in English and drat the approval of FALCON violates die right of the Appellee to the exclusive use of its registered mark on the goods listed in the certificate of registration and those that are related thereto.

Not satisfied, the Appellant filed on 21 October 2009 an "APPEAL (Re: Decision No. 2009-107 dated 26 August 2009)" contending drat FALKEN does not distinguish the Appellee's sign covering almost all sorts of goods or products of different varieties as against the Appellant's one particular brand name of motorcycle. The Appellant claims that the registration of a specific mark does not carry with it the registration of its equivalent term in other languages. The Appellant asserts that FALCON is not confusingly similar to FALKEN and that its goods flow through a different channel of trade. The Appellant argues that the consumers buying motorcycles exercise a great amount of diligence, and various factors like safety considerations

are measured which are not availing to the consumers of the Appellee's products. The Appellant maintains that the Appellee cannot claim ownership over FALCON because the Appellee's certificate of registration grants it the exclusive rights to those goods actually specified in the certificate.

The Appellee filed on 27 November 2009 a "COMMENT (On Appellant's Appeal)" alleging that FALKF.N as a registered mark enjoys the presumption of law that it is distinctive and that FALKEN is a clear and perfect example of a distinctive mark, because it is a name for a type of bird drat is given to tires. The Appellee maintains that its adoption of the German word "FALKEN" is perfectly legal and drat that there is nothing indie IP Code which employs as a requisite before a mark can be registered, that the mark must be a word that can come only from the national language of the applicant. The Appellee claims that the Appellant's and its goods belong to the same class and are, therefore, related. The Appellee argues that FALCON is confusingly similar to FALKEN and it has die legal right to prevent the Appellant from using FALCON which is obviously an attempt by the Appellant to ride on the goodwill of FALKEN

Pursuant to Office Order No. 197, Series of 2010, Mechanics for IPO-Mediation and Settlement Period, this Office ordered the parties to appear in the IPOPHL Mediation Office on 25 February 2011 to consider die possibility of settling the dispute.¹⁴ However, on 21 July 2011, the IPOPHL Arbitration and Mediation Center ("IPOPHL AMC") notified this Office of the failure by the parties to settle this case and submitted a "MEDIATOR'S REPORT" stating the unsuccessful mediation.

The issue to be resolved in this case is whether the Director was correct in sustaining the opposition to the registration of FALCON in favor of the Appellant. Sec. 123.1(d) of the IP Code, states that a mark cannot be registered if it:

- (d) Is identical with a registered mark belonging to a different proprietor or a mark with an earlier filing or priority date, in respect of:
 - (i) The same goods or services, or
 - (ii) Closely related goods or services, or
 - (iii) If it nearly resembles such a mark as to be likely to deceive or cause confusion;

The Appellee was issued on 04 November 2002 a certificate of registration for FALKFN covering the goods vehicle wheel tires, vehicle wheel tubes, vehicle wheel rims, vehicle wheels, non-skid devices for vehicle wheel tires.¹⁵ On the other hand; the Appellant is applying the registration of FALCON for motorcycles and scooters. Tires or wheels are indispensable to operate motorcycles and scooters and these products fall under the same class of goods. The Appellant's and Appellee's goods are, therefore, related. As correctly pointed out b y the Appellee:

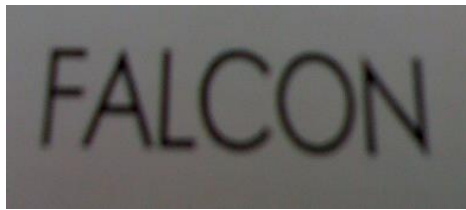
28. Related goods are best defined ill the Canon¹⁶, which ironically, Appellant also cites in its Appeal. The Canon definition is as follows:

Goods are related when they belong to the same class or have the same descriptive properties; when they possess the same physical attributes or essential characteristics with reference to their form, composition, texture or quality. They may also be related because they serve the same purpose or are sold in grocery stores.

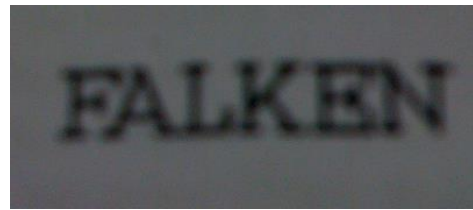
29. Clearly, an instance of related goods is when they belong to the same class.

30. It cannot be denied that in the instant case, FALKEN is used for goods under Class 12, which is the same class of goods that FALCON is being sought to be registered by Appellant.¹⁷

The relevant question, therefore, is whether FALCON resembles FALKEN as to be likely to deceive or cause confusion. Below are the illustrations of the Appellant's and Appellee's marks:



Appellant's mark



Appellee's mark

A scrutiny of FALCON and FALKEN show that they are both word marks consisting each of six (6) letters and two syllables. Their first syllable is identical and composed of the letters "F", "A" and "L" while their respective last letter in the second syllable ends in the letter "N". Thus, their only difference is the presence of the letters "C" and "O" in the Appellant's mark and the letters "K" and "E" in the Appellee's mark. Moreover, FALKEN is a German word, the English translation of which is "Falcon". As observed by the Director:

In the case at bar, the two trademarks are composed of two (2) syllables each and the first syllable "FAL" of both marks is exactly the same letters and pronunciation. When pronounced, the competing trademarks as a whole sounds almost the same. In addition, to the circumstances as stated, the word "FALKEN" is a German word which means "Falcon" in English. WHEREFORE, in totality, the two competing marks are confusingly similar to each other, and are both applied and used on the same goods particularly in Class 12 of the international classification of goods.¹⁸

From the foregoing, FALCON cannot be registered for motorcycles and scooters in favor of the Appellant. There would be a likelihood of confusion if FALCON shall be registered in the name of the Appellant. It is not necessary that the Appellee first establish an actual confusion to sustain the opposition to the registration of FALCON. A likelihood of confusion to the purchasing public is sufficient to render two marks confusingly similar so as to deny or cancel registration of the junior mark or to constitute the latter as an infringement of the former.¹⁹

In this instance, the goods covered by the competing marks are related. The Appellant's motorcycles and scooters cannot be used without tires which are valuable components of these products. The Appellant's products may be assumed to originate with the Appellee deceiving the public that there is some connection between the Appellant and the Appellee, which, in fact, does not exist. It is not uncommon that stores selling motorcycles and scooters would have spare parts for their products which would include tires. The buying public can, therefore, associate the source of the goods of the Appellant as from the Appellee.

In the case of *Sterling Products International, Inc. vs. Farbenfabriken Bayer Aktiengesellschaft, et. al*,²⁰ the Supreme Court of the Philippines held that:

Callman notes two types of confusion. The first is the confusion of goods in which event the ordinarily prudent purchaser would be induced to purchase one product in the belief that he was purchasing the other. In which case, defendant's goods are then bought as the plaintiff's and the poorer quality of the former reflects adversely on the plaintiff's reputation. The other is the confusion of business. Here, though the goods of the parties are different, the defendant's product is such as might reasonably be assumed to originate with the plaintiff, and the public would then be deceived either into that belief or into the belief that there is some connection between the plaintiff and defendant which, in fact does not exist.

In addition, in the case of *Sta. Ana vs. Maliwat*,²¹ was ruled that:

Modern law recognizes that the protection to which the owner of a trademark is entitled is not limited to guarding his goods or business from actual market competition with identical or similar products of the parties, but extends to all cases in which the use by a junior appropriator of a trade mark or trade-name is likely to lead to a confusion of source, as where prospective purchasers would be misled into thinking that the complaining party has extended his business into the field (see 148 ALR 56 et seq; 52 Am Jur. 576) or is in any way connected with the activities of the infringer; or when it forestalls the normal potential expansion of his business (v. 148 ALR., 77, 84; 52 Am. Jur. 576, 577).

Furthermore, the Appellant is not disputing that the English translation of FALKEN is FALCON. This similarity in the meaning or the connotation of FALKEN and FALCON strengthens the likelihood of confusion. FALKEN has been registered in favor of the Appellee as early as 2002. It is not farfetched that the Appellant knew of FALKEN as their products are related and are traded in the same channels of trade for motorized vehicles. In the case of *Emerald Garment manufacturing Corp. vs. Court of Appeals et al.*,²² the Supreme Court of the Philippines stated that:

Colorable imitation does not mean such similitude as amounts to identity. Nor does it require that all the details be literally copied. Colorable imitation refers to such similarity in form, content, words, sound, meaning, special arrangement, or general appearance of the trademark or tradename with that of the other mark or tradename in their over-all presentation or in their essential, substantive and distinctive parts as would likely mislead or confuse persons in the ordinary course of purchasing the genuine article.

The essence of trademark registration is to give protection to the owners of trademarks. The function of a trademark is to point out distinctly the origin or ownership of the goods to which it is affixed; to secure to him, who has been instrumental in bringing into the market a superior article of merchandise, the fruit of his industry and skill; to assure the public that they are procuring the genuine article; to prevent fraud and imposition; and to protect the manufacturer against substitution and sale of an inferior and different article as his product.²¹

FALKEN is a distinctive mark which is used by the Appellee to distinguish its vehicle wheel tires. It is highly incredible that the Appellant would also come up with a word or a mark with the same meaning as FALKEN and which is used on related goods. The only conclusion one can arrive at is that there is the intent by the Appellant to mislead the public on the characteristics and origin of its products or to ride on the goodwill generated by the confusingly similar mark FALKEN. The Appellant has in its disposal "millions of terms and combinations of letters and designs"²⁴ to come up with a mark to distinguish its goods or services.

WHEREFORE, premises considered, the appeal is hereby DISMISSED. Let a copy of this Decision as well as the trademark application and records be furnished and returned to the Director of the Bureau of Legal Affairs for appropriate action. Further, let also the Director of the Bureau of Trademarks and the library of the Documentation, Information and Technology Transfer Bureau be furnished a copy of this Decision for information, guidance, and records purposes.

SO ORDERED.

December 06, 2011

RICARDO R. BLANCAFLOR
Director General

FOOTNOTES:

1 The Nice Classification is a classification of goods and services for the purpose of registering trademarks and service marks, based on a multilateral treaty administered by the World Intellectual Property Organization. This treaty is called the Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks concluded in 1957.

2 G. R. No. 128900, September 30, 2005.

3 Exhibits "A" and "F".

4 Exhibits "B" and "Q", inclusive of sub-markings.

5 Exhibits "C" and "G", inclusive of sub-markings.

6 Exhibit "D".

7 Exhibit "E".

8 Exhibit "H", "O" and "P", inclusive of sub-markings.

9 Exhibit "I".

10 Exhibit "J".

11 Exhibit "K", inclusive of sub-markings.

12 Exhibits "T" and "N", inclusive of sub-markings.

13 Exhibit "M".

14 Order dated 01 February 2011.

15 Cert. of Reg. No. 41998001773.

16 *Canon Kabushiki Kaisha vs. Court of Appeals and NSR Rubber Corporation*, G. R. No. 120900, 20 July 2000.

17 See COMMENT (On Appellant's Appeal), dated 27 November 2009, page 11.

18 Decision No. 2009-107, dated 26 August 2009, page 5.

19 See Ruben E. Agpalo, *The Law on Trademark, Infringement and Unfair Competition*, 2000 First Edition, page 46.

20 G. R. No. L-19906, 30 April 1969.

21 G. R. No. L-23023, 31 August 1968.

22 G. R. No. 100098, 29 December 1995.

23 *Pribhdas J. Mirpuri vs. Court of Appeals* G.R. No. 114508, 19 November 1999.

24 See *American Wire & Cable Company vs. Director of Patents* G. R. No. L-26557, 18 February 1970.