

BERNILO G. PACHECO,
Petitioner,

- versus -

COVER THE WORLD, INC.,
Respondent-Registrant.
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IPC No. 14-2009-00289
Case Filed: 19 December 2009
Cancellation of:
Reg. No. 4-2005-004350
Date Issued: 18 December 2006
Trademark: "F2020"

Decision No. 2010-82

DECISION

BERNILO G. PACHECO ("Petitioner"), Filipino, with principal office at No.2 PISCOR Compound, Amang Rodriguez Avenue, Manggahan, Pasig City, filed on 16 December 2009, a petition to cancel Trademark Registration No. 4-2005-004350.

The assailed registration, issued on 12 May 2005 in favor of Cover The World, Inc. ("Respondent-Registrant"), a domestic corporation duly registered under the laws of the Republic of the Philippines, covers the mark "F2020" for use on chemical fuel additives for enhancing the performance of lubricating oils, greases and internal combustion engine fuels under Class 01.¹

The petitioner alleges the following:

1. Petitioner is of legal age, Filipino, married and with principal office at No. 2 PISCOR Compound, Amang Rodriguez Avenue, Manggahan, Pasig City. He was issued Certificate of Trademark Registration No. 4-2006-006277 for 'F20202 Fuel Saver' that is used for fuel additive products. Said certificate was issued on November 10, 2008. A copy of the said certificate is hereunto attached and marked as Annex -A.
2. Respondent is a domestic corporation duly registered under the laws of the Republic of the Philippines and with principal office at 14-B Goldland Tower Condominium, #10 Eisenhower St., Greenhills, San Juan City, where it may be served with summons and other processes.
3. Respondent also has a Certificate of Trademark Registration No. 4-2005-004350 for 'F2020' for chemical fuel additives. Its certificate was issued on December 18, 2006. A copy of the said certificate is hereunto attached and marked as Annex - B.
4. Respondent's certificate of registration was obtained fraudulently or contrary to the provision of Republic Act No. 8293 otherwise known as the Intellectual Property Code of the Philippines.
5. The trademark 'F2020' was registered under the name of the respondent despite the fact that it is exactly the same with the trademark of the petitioner that has been previously used since January 2004-by the latter in all his manufactured fuel additive products. Petitioner sells his manufactured products in the local market thru his earlier formed company, PALMTEC INTERNATIONAL TRADING CORP. (Palmtec-for short), and presently, both in local and foreign markets thru his other corporation, F2020 INTERNATIONAL CORPORATION (F2020 INTERNATIONAL-for short).

¹ The Nice Classification is a classification of goods and services for the purpose of registering trademark and service marks, based on a multilateral treaty administered by the World Intellectual Property Organization. The 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.

6. Petitioner is the controlling stockholder in Palmtec being the holder of fifty percent of the subscribed capital shares thereof, as evidenced by the hereunto attached Articles of Incorporation that is marked as Annex -C hereof He holds a substantial portion of the subscribed capital shares in F2020 INTERNATIONAL, as evidenced by the hereunto attached Articles of Incorporation that is marked as Annex -D hereof
7. The trademark 'F2020' was registered in the name of the respondent, at a latter date, May 12,2005, despite the fact that the latter knows it is identical with and is confusingly similar with the mark already being used by the petitioner in his company's manufacturing and business operations. It was done in violation of Section 123.1 (d) and (e) of the Intellectual Property Code of the Philippines, which provides:

x x x

8. Petitioner has been using the mark 'F2020 Fuel Saver' in all of the fuel additives that he himself invented and manufactured. Alarmed by his observation in the local market of the introduction of fuel additive products that bear the exact and identical container and packaging as that of his own products, petitioner registered his trademark 'F2020 Fuel Saver' with the Intellectual Property Office (IPO -for short) on June 14, 2006. He was then issued Certificate of Registration No. 4-2006-006277 on November 10, 200S (Annex A hereof).
9. Petitioner, being a formulator, has been engaged in the fabrication and manufacture of 'F2020 Fuel Saver' products since January 2004-. He has caused its distribution, advertising and sale both in the local and international markets under the approved trademark thru his above-mentioned corporations. This fact is evidenced by the hereunto attached Summary of Sales Invoices, Bills of Lading and other business records showing the sale by petitioner of 'F2020' products from 2005 up to the present, and is marked as Annex E hereof The supporting original duplicate copies of those commercial documents are attached to said Summary as Annexes -E-1 to inclusive.
10. Petitioner has been issued by the Department of Energy (DOE -for short) with a Permanent Registration under CFAR Registration Number PR07-05-D62S/FCF-T, as evidenced by the official letter of DOE Secretary Raphael P.M. Lotilla and the Certificate of Fuel Additive Registration dated May 25, 2007, that are attached and marked as Annexes F and G, respectively. This registration is in consonance with Section 27 of Republic Act S74-9 (The Philippine Clean Air Act of 1999) and proves that 'F2020 Fuel Saver' is recognized by a competent authority in the Philippines to belong to fuel additives manufactured and sold by F2020 INTERNATIONAL
11. Petitioner has also been issued by the Environmental Management Bureau (EMB for short) with a PMPIN Compliance Certificate under Code Number PMPIN-2006-118, as evidenced by the said certificate that is hereunto attached and marked as Annex -H. This registration is in consonance with Republic Act 6969 (Toxic Substances and Hazardous Wastes Control Act) and proves that 'F2020 Fuel Saver' is recognized by another competent authority in the Philippines to belong to fuel additives manufactured and sold by F2020 INTERNATIONAL.
12. Petitioner has also been issued by the Procurement Service of the Department of Budget and Management (DBM -for short) with a Certificate of Registration under Certificate No. PhilGEPS -207-36497 dated July 30, 2009, which is attached and marked as Annex -I hereof. This registration is in consonance with Section 8.5 of

the Implementing Rules and Regulations of Republic Act 9184 (Government Procurement Reform Act) and further proves that 'F2020 Fuel Saver' is recognized by another competent authority in the Philippines to belong to fuel additives manufactured and sold by F2020 INTERNATIONAL.

13. Petitioner was also issued by the Industrial Technology Development Institute of the Department of Science and Technology (DOST -for short) with an Environmental Technology Verification dated August 2009, which is attached and marked as Annex -J hereof This is another proof that 'F2020 Fuel Saver' is recognized by another competent government authority in the country to belong to fuel additives that are manufactured and sold by F2020 INTERNATIONAL.

14. The petitioner has been widely recognized in the country as the inventor and creator of the 'F2020 Fuel Saver' product that effectively 'cuts fuel consumption'. His feats and accomplishments were fully documented by leading newspapers and official recognitions that conclusively prove that 'F2020 Fuel Saver' is his invention and that said tradename belongs to him and can only be used by himself and his formed corporations. In support of the foregoing, petitioner hereby attaches and marks the following:
 - a) newspaper article of SUN STAR CEBU dated July 14, 2008- Annex – K
 - b) newspaper article of THE FREEMAN dated July 15, 2008 – Annex – L
 - c) newspaper article of THE PHILIPPINE FISCALIZER dated October 2, 2006- Annex – M
 - d) newspaper advertisement in THE PHILIPPINE STAR dated August 8, 2005 – Annex – N
 - e) certificate of participation dated November 20, 2008 issued by the Office of the President – Annex – O
 - f) Philippine Marketing Excellence Award dated November 14, 2005 given to Palmtec by the Philippine Marketing Association – Annex – P
 - g) official letter by DOE to Francisco L. Fernandez, Chairman, Bids and Awards Committee, Cebu City – Annex – Q

15. Petitioner has numerous official communications with government offices in connection with the accreditation and recognition of 'F2020 Fuel Saver' products as his own creation. These official communications would prove that petitioner is well-known by a relevant sector of the public as the one who created, conceptualized and manufactured the said fuel additive that has a wide following in both the local and international markets. Those official communications are as follows:
 - a) official letter by DOE to the petitioner dated January 2, 2006 -Annex -R
 - b) official letter by DOE to petitioner dated October 13, 2006 -Annex –S
 - c) official letter by DOE to petitioner dated August 2S, 2007 -Annex –T
 - d) official letter by DOE to petitioner dated January 16,2008 -Annex –U
 - e) fax letter by DOE to petitioner dated March 27, 2007 -Annex -V

- f) fax letter by Hon. Heherson T. Alvarez to petitioner dated November 3, 2008 – Annex –W
 - g) official letter by petitioner to President Gloria M. Arroyo dated November 23, 2005 – Annex – X.
 - h) official letter by petitioner to Zenaida V. Monsada (Monsada – for short), Director of the Oil Industry Management Bureau of the DOE dated September 1, 2006 – Annex – Y
 - i) official letter by petitioner to Monsada dated March 21, 2007 – Annex – Z
 - j) official letter by petitioner to Monsada dated July 12, 2007 – Annex – AA
 - k) official letter by petitioner to Secretary Rafael Lotilla, DOE, dated July 23, 2007 – Annex – BB
 - l) official letter by petition to Monsada dated September 8, 2008 – Annex CC
16. Petitioner created the ‘F2020 Fuel Saver’ trademark and those products have become famous through the former’s research and advertising efforts and the continuous use of said mark in commerce.
17. During the many years that it has been in use, the trademark ‘F2020 Fuel Saver’ has enjoyed well-earned patronage, fame and goodwill and has been identified as the fuel additive that:
- a) saves money on fuel consumption
 - b) reduces smoke emission and is environmental friendly
 - c) increases engine power and extends engine life
18. ‘F2020 Fuel Saver’ products have acquired invaluable goodwill and a well deserved reputation for its quality not only in the local markets but also in foreign markets. In fact it has an accreditation with the United States Environmental Protection Agency, a copy of which is hereunto attached and marked as Annex - DD.
19. Respondent adopted and appropriated the mark ‘F20202’ in utter bad faith in order to take advantage of and ride on the popularity and goodwill associated with the ‘F2020 Fuel Saver’ trademark. Respondent is engaged in the local trading of fuel additives that bear the exact and identical container and packaging as that of petitioner’s and under the name of ‘F20202 Fuel Saver’. This is a flagrant and deliberate imitation of petitioner’s trademark ‘F2020 ‘Fuel Saver’ and tends to suggest a connection between the former’s business and products with that of respondent, which constitutes a clear intent to defraud the public.
20. The illegal use by the respondent of the petitioner’s trademark ‘F2020 Fuel Saver’ can also be surmised from the former’s Certificate of Trademark Registration (Annex -B hereof) whose style of writing and dominant colors in the word ‘F2020’ is almost similar with the trademark that petitioner has been using on all his manufactured fuel additives since January 2004. It is an obvious attempt to trade upon and capitalize on the reputation and goodwill earned by petitioner. Respondent would just injure the goodwill and reputation of petitioner and the latter’s latest corporation F2020 INTERNATIONAL, even as at the same

time he earns income which otherwise should have gone to petitioner and his corporation.

21. Conclusively, there is a need to cancel Certificate of Registration No. 4-2005004-350 for 'F2020' issued in the name of the respondent for having been fraudulently issued and despite the prior use of almost exactly the same mark in favor of the petitioner, and because the concurrent registration of the two marks will cause irreparable damage to the petitioner and the business operations of his companies.

This Bureau issued and served upon the Respondent-Registrant a Notice to Answer on 25 May 2010. The Respondent-Registrant, however, did not file an answer. Thus, Rule 2, Sec. 11 of the Regulations on Inter Partes Proceedings, as amended, provides:

Sec. 11. *Effect of failure to file Answer* -In case the respondent fails to file an answer, or if the answer is filed out of time, the case shall be decided on the basis of the petition or opposition, the affidavits of the witnesses and the documentary evidence submitted by the petitioner or opposer.

The Opposer submitted the following pieces of evidence:

1. Annex "A"-Certificate of Trademark Registration No. 4-2006-006277;
2. Annex "B" - Certificate of Trademark Registration No. 4-2005-004350;
3. Annex "C" -Articles of Incorporation of Palmtec International Trading Corporation;
4. Annex "D" -Articles of Incorporation of Palmtec International Trading Corporation;
5. Annex "E", "E-1" to "E-46" -Summary of Sales Invoices, Bills of Lading and other business records;
6. Annexes "F" to "G" -CFAR Reg. # PR07-05-0623/FCF-T and Certificate of Fuel Additive Registration dated May 25, 2007;
7. Annex "H" -PMPIN Compliance Certificate under Code # PMPIN-2006 -118;
8. Annex "I" - Cert. No. PhilGEPS-207-361497 dated June 30, 2009;
9. Annex "J" Environmental Technology Verification dated August 2009;
10. Annexes "K" to "Q" -Newspaper articles, advertisements, certificate of participation, excellence award and
11. Annexes "R" to "CC" -Official communications with government offices.

Should Trademark Registration No. 4-2005-004350 be cancelled?

The competing marks are practically identical, as shown below:



Petitioner Mark



Respondent-Registrant's mark

The Respondent-Registrant's trademark registration covers "chemical fuel additives for enhancing the performance of lubricating oils, greases and internal combustion engine fuel"; goods that are similar or closely related to the Petitioner's, specifically, and 'fuel additives'.

In this regard, the mark F2020 is obviously a coined or invented "term", combining the letter "F" with the numbers "2" and "0". It has no meaning before it was used as a trademark. F2020 is a fanciful mark and therefore, highly distinctive. Hence, goods bearing the mark F2020 would likely create an impression that there is only one originator thereof. The consumers may assume that the Respondent-Registrant's products originate from the Petitioner and vice-versa. The likelihood of confusion would subsist not only on the purchaser's perception of goods but on the origins thereof as held by the Supreme Court: ²

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 plaintiffs 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 belief that there is some connection between the plaintiff and defendant which, in fact does not exist.

Accordingly, the competing trademarks as belonging and registered to two (2) different proprietors should not be allowed to co-exist. Sec. 138 of Rep. Act No. 8293, also known as the Intellectual Property Code of the Philippines (IP Code"), states:

Sec. 138. *Certificates of Registration.* -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

Corollarily, Sec. 151, IP Code, states in part that:

Sec. 151. *Cancellation.* -151.1. A petition to cancel a registration of a mark under this Act may be filed with the Bureau of Legal Affairs by any person who believes that he is or will be damaged by the registration of a mark under this Act as follows:

- (a) Within five (5) years from the date of the registration of the mark under this Act.

Thus, although a certificate of registration is *prima facie* evidence of the registrant's ownership of a mark, this presumption can be overcome by contrary evidence. The law allows any person to file a petition to cancel a trademark registration if that person believes that he would be damaged by the registration. Once filed, the cancellation proceeding becomes, basically, a review of the trademark registration in question to determine if the legal requirements for registration have been satisfied and if the maintenance or continuance of Respondent-Registrant's trademark in the trademark registry would damage the Petitioner. ³ Although a certificate of registration is *prima facie* evidence of the registrant's ownership of a mark, this presumption can be overcome by contrary evidence. The Supreme Court held:

² See *Converse Rubber Corporation v. Universal Rubber Products, Inc., et al.*, G.R. No.L-27906, 08 Jan. 1987.

³ Sec. 154 of the IP Code provides: 154. Cancellation of Registration. -If the Bureau of Legal Affairs finds that a case for cancellation has been made out, it shall order the cancellation of the registration. When the order or judgment becomes final, any right conferred by such registration upon the registrant or any person in interest of record shall terminate. Notice of cancellation shall be published in the IPO Gazette. (Sec.19,R.A.No.166a)

“By itself, registration is not a mode of acquiring ownership. When the applicant is not the owner of the trademark being applied for, he has no right to apply for registration of the same. xxx

“Registration, without more, does not confer upon the registrant an absolute right to the registered mark. The certificate of registration is merely a prima facie proof that the registrant is the owner of the registered mark or trade name. Evidence of prior and continuous use of the mark or trade name by another can overcome the presumptive ownership of the registrant and may very well entitle the former to be declared the owner in an appropriate case.”⁴

Aptly, it is emphasized that 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.⁵ Thus, the right to register trademarks, trade names and service marks is based on ownership. Only the owner of the mark may apply for its registration.

The Petitioner submitted evidence that he has been using the mark prior to the filing of the Respondent-Registrant’s application on 12 May 2005. The evidence consists of the following:

1. Certificate of Incorporation of Palmtec International Trading Corp. with Reg. No. CS200500988 issued on 26 January 2005;
2. Sales Invoice No. 0003 dated 19 April 2005;
3. Sales Invoice No. 0009 dated 22 April 2005;
4. Sales Invoice No. 0014 dated 25 April 2005;
5. Sales Invoice No. 0017 dated 27 April 2005;
6. Sales Invoice No. 0027 dated 29 April 2005 and
7. Sales Invoice No. 0034 dated 03 May 2005.

On the other hand, the Respondent-Registrant’s Declaration of Actual Use filed on 05 December 2005 states that said party’s first use of the mark F2020 was on 12 May 2005. Hence, the Petitioner’s evidence of use of the contested mark prior to 12 May 2005 only shows that his claim of ownership of the mark is superior to the Respondent-Registrant’s.

Considering that the Respondent-Registrant is not the owner of the mark, it has no right to register it in its favor. Despite the opportunity given to it, the Respondent Registrant failed to explain why its mark is identical and/or similar to the Petitioner’s. It is incredible that the Respondent-Registrant came up with a mark that is exactly the same as the Petitioner’s on pure coincidence. Being on the same line of goods or business, it is a safe inference that the Respondent-Registrant has knowledge of the Petitioner’s mark prior to the filing of its trademark application. Yet, this is the mark that the Respondent-Registrant reproduced down to the minutest details sans the words fuel saver, for use in its favor, on goods that are similar to the Petitioner’s.

⁴ *Shangri-La international Hotel Management, Ltd. v. Developers Group of Companies, Inc.*, G.R. No. 159938, 31 March 2006.
⁵ *Pribhdas J. Mirpuri v. Court of Appeals*, G.R. No. 114508, 19 November 1999, citing *Etepha v. Director of Patents*, G.R. No. L20635, 31 March 1966.

The field from which a person may select a trademark is practically unlimited. As in all other cases of colorable imitations, the unanswered riddle is why, of the millions of terms and combinations of letters and designs available, the Respondent Registrant had to come up with a mark identical or so closely similar to another's mark if there was no intent to take advantage of the goodwill generated by the other mark.⁶

The intellectual property system was established to recognize creativity and give incentives to innovations. Similarly, the trademark registration system seeks to reward entrepreneurs and individuals who through their own innovations were able to distinguish their goods or services by a visible sign that distinctly points out the origin and ownership of such goods or services.

WHEREFORE, premises considered, the Petition for Cancellation is hereby GRANTED. Let the filewrapper of Trademark Registration No. 4-2005004350 be returned together with a copy of this Decision to the Bureau of Trademarks for information and appropriate action.

SO ORDERED.

Makati City, 20 December 2010.

NATHANIEL S. AREVALO
Director, Bureau of Legal Affairs
Intellectual Property Office

⁶ *American Wire & Cable Company v. Dir. of Patents*, G.R. No. L-26557, 18 Feb. 1970.