

RD TUNA CANNERS, LTD
Opposer,
- versus -

IPC 14-2004-00003

Opposition to:
TM Application No. 4-1999-0087939
(Filing Date: 11 November 1999)

FRABELLE FISHING CORP.
Respondent-Applicant.

TM: "DIANA"

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Decision No. 2006-118

DECISION

This pertains to the VERIFIED NOTICE OF OPPOSITION lodged by the RD Tuna Canners, Ltd. to the application for registration of the trademark "DIANA" for goods falling under Class 29, namely processed canned and bottled sardines and mackerel fish under Application Serial No. 4-1999-008739 filed by the Frabelle Fishing Corporation, and published for opposition in the Intellectual Property Philippines (IPPhil.) Official Gazette, Volume VI, No. 11 p. 67 which was officially released for circulation on December 18, 2003.

The Opposer, RD Tuna Canners, Ltd., is a foreign corporation organized and existing under the laws of Papua New Guinea with office address at Portion 1004, Siar, North Coast Road, Madang, Madang Province, Papua New Guinea.

On January 22, 2004, Opposer filed through counsel the VERIFIED NOTICE OF OPPOSITION.

The grounds for opposition are as follows:

1. Opposer's mark "DIANA" is identical or confusingly similar with respondent-applicant's mark "DIANA";
2. Opposer's mark "DIANA" is well-known internationally;
3. Respondent-applicant failed to use the mark "DIANA" within the required three (3) year period from date of filing of the application;
4. Respondent-applicant's application for registration of the mark "DIANA" was intended to take advantage of the goodwill attached to opposer's mark;
5. The registration of respondent-applicant's mark "DIANA" will cause grave and irreparable injury and damage to the business reputation and goodwill of opposer;
6. Opposer's mark "DIANA" as an internationally well-known mark is entitled to protection under Article 6bis of the Paris Convention for the Protection of Industrial Property and the pertinent provisions of the TRIPS Agreement and the Intellectual Property against the registration of identical or confusingly similar marks; and
7. Being identical or confusingly similar with opposer's internationally well-known mark "DIANA", respondent-applicant's mark "DIANA" should be denied registration pursuant to Section 123.1 (e) of the Intellectual Property Code (IP Code) and Rule 101 (e) of the Rules and Regulations on Trademarks, Service Marks, Trade Names and Marked or Stamped Containers.

Pursuant to A Notice To Answer dated January 29, 2004, respondent-applicant filed an ANSWER on February 18, 2004 which specifically denied the allegations in the opposition and put forth the following affirmative defenses:

1. The Opposition is not verified as the verification attached to the Opposition bears the signature of a person who claims to be an officer of opposer but is without any supporting documents to evidence his authority to sign on opposer's behalf:
2. The standard for determining whether or not a mark is well-known as provided in Article 6bis of the Paris Convention, the TRIPS Agreement and Section 123.1 of the IP Code has not been met by opposer failed to present evidence that its goods are internationally well-known apart from its registration of the mark "DIANA" in Papua New Guinea on December 22, 1997 and that its mark is being advertised in the Philippines before respondent-applicant filed the subject application for registration;
3. It is highly illogical that opposer's mark is internationally well-known at the time respondent-applicant filed its application for registration on November 11, 1999 as opposer's mark had just been registered in Papua New Guinea on December 22, 1997 or two (2) years before respondent-applicant filed the subject application for registration, and opposer's mark was used only a year before said subject application for registration;
4. Section 123.1 (e) of the Intellectual Property Code (IP Code) and Rule 101 (e) of the Rules and Regulations On Trademarks, Service Marks, Tradenames and Marked Or Stamped Containers are not applicable considering and first to use its mark "DIANA" for processed seafood products;
5. Respondent-applicant is the first to file the subject application for registration which was on November 11, 1999 while it was not until August 23, 2002 that an alleged subsidiary or opposer, Philbest Canning Corporation ("Philbest") filed a trademark application for the use of the mark "DIANA" and until August 18, 2003 that opposer itself filed its trademark application for the same mark;
6. Respondent-applicant filed a Declaration of Actual Use on November 11, 2002 which identifies the date of its first use of the mark "DIANA" on November 11, 1999 while Philbest commercially launched its "DIANA" products in the Philippines three (3) years after respondent-applicant used the subject mark, making respondent-applicant the first to use the mark "DIANA" in the Philippines;
7. Respondent-applicant could not have intended to take advantage of opposer's goodwill, of which the measure of value is the product of the average net profits for a period of years, considering that opposer did not have such goodwill on the Philippines at the time of respondent-applicant's application for registration: Opposer is not conducting business in the Philippines except for its allegation that it is exporting goods to the Philippines from Papua New Guinea; and
8. Whether or not opposer will suffer damages by the registration of respondent-applicant's mark "DIANA" cannot be attributed to respondent-applicant who has first used and applied for the registration of said mark.

On September 1, 2005, Office Order No. 79 came into effect and both parties were directed per Order No. 2005-894 to inform the Bureau whether or not they agree to be governed by the summary rules therein. Both having agreed to be governed by the summary rules, opposer and respondent-applicant were directed per Order No. 2006-356 to file and complete their respective evidence within thirty (30) days from receipt of said Order. Opposer, which received said Order on March 21, 2006, filed a SUBMISSION on April 11, 2006 and attached thereto documentary evidences in support of its Opposition. Respondent-applicant, to whom the Order was sent through registered mail on March 7, 2006, filed a COMPLIANCE by registered mail on April 7, 2006 and attached thereto photocopies of documentary evidences in support of

its ANSWER. On April 11, 2006, respondent-applicant filed an EX-PARTE MANIFESTATION which contains a prayer that a special hearing be conducted to compare the originals of the documents indicated in the EX-PARTE MANIFESTATION with photocopies thereof, and thereafter to mark said photocopies.

On July 20, 2006, a hearing was held for the purpose stated in the EX-PARTE MANIFESTATION. Respondent-applicant compared the originals of its documentary exhibits with photocopies thereof in the presence of opposer's counsel, and caused said photocopies to be marked as exhibits.

On July 27, 2006, another hearing was held for the continuation of the marking one (1) exhibit for respondent-applicant, and the re-marking of exhibits for opposer whose counsel moved at the hearing on July 20, 2006 that opposer RD Tuna Cannery Ltd. be allowed to retrieve the originals of the documentary evidences if filed with this Office after comparison thereof with photocopies as opposer needs said originals for its business. The motion was granted in the interest of justice. Opposer through counsel caused to be compared the originals of its documents with photocopies thereof, the latter of which opposer's counsel thereafter caused to be marked as exhibits.

The case was deemed submitted for decision with the filing by opposer of a MANIFESTATION on August 14, 2006 and by respondent-applicant of a MANIFESTATION OF COMPLIANCE on August 28, 2006.

Before Office Order No. 79 took effect, pre-trial conference ensued on July 14, 2005 and a Pre-Trial Order pursuant thereto was issued. A circumspect perusal of the issues as stated in the Pre-Trial Order would show that these issues may be pared down as follows:

1. Who between opposer and respondent-applicant has a better right to the mark "DIANA"; and
2. Whether or not respondent-applicant is entitled to the registration of the mark "DIANA".

The resolution of these issues will necessarily resolve the issues posed in the Pre-Trial Order.

A careful perusal of the records shows that respondent-applicant filed on November 11, 1999 an application for registration of the mark "DIANA" for Class 29 goods, denominated as Application Serial No. 4-1999-008739, while opposer likewise filed on August 23, 2002 an application for registration of the same mark for the same of goods, denominated as Application Serial No. 4-2002-0007072.

The records, moreover, show the respondent-applicant filed on November 11, 2002 a Declaration of Actual Use.

Opposer, though, alleges in its Position Paper that respondent-applicant failed to use the subject mark within 3 years from the filing date of its application as there was no evidence of use attached to its Declaration such as original or certified copies of purchase orders, sales invoices, official receipts, and more importantly, five (5) labels actually used on the goods as mandatorily required by law. Opposer alleges that though actual use is not necessary as a condition precedent to the application, it is a condition for the subsequent prosecution of the application and the maintenance of the registration. Opposer, this, maintains that by failing to present evidence of actual use in filing its Declaration of Actual Use, respondent-applicant failed to comply with the mandatory requirement of the IP Code, which should automatically result in the refusal of the application.

Section 124.2 of the IP Code provides:

“The applicant or the registrant shall file a declaration of actual use of the mark with evidence to that effect, as prescribed by the Regulations within three (3) years from the filing date of the application. Otherwise, the application shall be refused or the mark shall be removed from the Register by the Director.”

In the implementation of said provision of law, Rules 204 and 205 of the Rules on Trademarks, Service Marks, Trade Names and Marked or Stamped Containers respectively provides (“Trademarks Rules”):

“The Office will not require any proof of use in commerce in the processing of trademark application. However, without need of any notice from the Office, all applicants or registrants shall file a declaration of actual use of the mark with evidence to that effect within three years, without possibility of extension, from the filing date of the application. Otherwise, the application shall be refused or the mark shall be removed from the register by the Director *motu proprio*.”

The declaration shall be under oath, must refer only to one application or registration, must contain the name and address of the applicant or registrant declaring that the mark is in actual use in the Philippines, list the goods where the mark is attached; list the name or names and the exact location or locations of the outlet or outlets where the products are being sold or where the services are being rendered, recite sufficient facts to show that the mark describe in the application or registration is being actually used in the Philippines and, specifying the nature of such use. The declarant shall attach five labels actually used on the goods or the picture of the stamped or marked container visibly and legibly showing the mark as well as proof of payment of the prescribed fee.”

It appears that notwithstanding the apparent lack of evidence attached to the Declaration of Actual Use such as the 5 labels required under Rule 205 of the Trademark Rules, respondent-applicant’s application as recommended for allowance and publication for purposes of opposition, pursuant to which a Notice of Allowance And Payment Of Publication Fee was issued, and the application was in fact published to which this Opposition has been filed. Such Declaration, thus, was accorded the presumption of regularity and which presumption subsists until and unless the Director of the Bureau of Trademarks (“Trademark Director”) refuses the registration of the application. Use by respondent-applicant of the subject mark is presumed, this, with filing of the Declaration notwithstanding the failure to attach the 5 labels, and the presumption subsist as the Trademarks Director has not yet refused the application.

It is to be noted, moreover, that it is not only within the discretion but also, more importantly, within the jurisdiction of the Trademarks Director to pass upon the merits or sufficiency of a declaration of actual use. The Director of the Bureau of Legal Affairs (“Legal Affairs Director”) may not delve into either the merits or sufficiency of the declaration of actual use as the “Director” referred to in Section 124.2 of the IP Code and Rule 204 of the Trademarks Rules refers to the Trademarks Director, not the Legal Affairs Director. This is clearly spelled out by the Director General in its decision in an appeal of the Legal Affairs Director’s Order in the case “Tecnogas S.P.A. v. Technogas (Phil.) Mfg. Corp.” (Appeal No. 14-06-01).

In the aforesaid case, petitioner-appellee Tecnogas S.P.A. filed a petition for cancellation of respondent-registrant-appellant Technogas (Phil) Mfg. Corp.’s registration of the mark “TECNOGAS”. Before respondent-registrant-appellant was able to file an Answer, petitioner-appellee moved that the file wrapper of the mark “TECNOGAS” registered in favor of respondent-registrant-appellant be examined to ascertain whether or not the latter timely filed a Declaration of Actual Use (“DAU”) and if it did not, to cancel respondent-registrant-appellant’s registration. The Legal Affairs Director issued the assailed Order cancelling the registration of the mark “TECNOGAS” in favor of respondent-registrant-appellant for lack of a DAU and dismissing petitioner-appellee’s petition for being moot and academic. A motion for reconsideration was filed but this was denied. The Order was thus appealed to the Director of General.

The Director General sustained the appeal. The pertinent portions of Decision rendered in the case on September 19, 2006 are hereunder provided:

“The Director has no authority to cancel “Certificates of Registration No. 4-2001-00186 pursuant to Section 124.2 of Republic Act No. 8293 (IP Code) and Rule 204 of the Trademarks Regulations. . .”

The ‘Director’ referred to in Section 124 of the IP Code and Rule 204 of the Trademark (sic) Regulations is the Director of the Bureau of Trademarks and not the Director of the BLA (Underscoring supplied.). These provisions govern the processes on trademark application and registration.

Section 121.5, which is one of the introductory provisions in Part III of the IP Code, states that the use of the term “Director” in Part III means the Director of Trademarks. Similarly, Rule 100(d) of the Trademark (sic) Regulations clearly states that the reference to the “Director” in the regulations shall have the meaning of the Director of the Bureau of Trademarks. Thus, the Director of the Bureau of Trademarks has the authority to refuse trademark applications or remove registered trademarks from the Trademark (sic) Register on the ground of failure of the registrant to file the required DAU (Underscoring supplied.).”

While it concedes that actual use is not necessary as a condition precedent to the application, opposer alleges that it is condition for the subsequent prosecution of the application and the maintenance of the registration. At this point, however, this Bureau reiterates that as opposer alleges non-use of the subject mark by respondent-applicant in view of the non-attachment to the latter’s Declaration Of Actual Use of any evidence showing actual use such as the mandatorily required 5 labels of the subject mark as actually used on respondent-applicant’s goods, and which non-attachment is already a determination of the merits or sufficiency of the Declaration Of Actual Use which, again, is presumed to have been passed upon by the Trademarks Director who, having the jurisdiction to do so as expressly declared by the Director General, has not refused, at this point, the application, the Legal Affairs Director may not delve into such merit or sufficiency of the Declaration of Actual Use as prayed for by opposer.

On the other hand, this Bureau finds that opposer has not proven by substantial evidence its use of the subject mark in the Philippines.

Opposer alleges that numerous articles on RD Tuna’s “DIANA” canned tuna product have appeared in newspaper and magazines published in the Philippines, and that several advertisement on “DIANA” tuna came out on radio, television and various print media in the Philippines (Exhibit “Q-1 [Affidavit of Philips Sanchez, Paragraph 11]; Exhibit “T”; Exhibit “KK”, [Affidavit of Jonathan Ebba, Paragraph 11]; Exhibits “UU” and “UU-1”. Opposer also alleges that expenses for advertising and other activities relating to opposer’s “DIANA” brand in the Philippines have reached Philippines Pesos: Fifty Two Million Four Hundred Seventy One Thousand Eight Hundred Fifty and fifty three centavos (Php. 52, 471, 850.33) (Exhibit “KK”, supra, Paragraph 12); Exhibits “VV” to “VV-7”). Opposer moreover alleges that the revenue generated by Philbest and Asia Pacific Tuna Canning Corporation (“APTCC”), the latter corporation to which Philbest assigned the manufacture and sale of “DIANA” products, for products bearing the “DIANA” mark has amounted to approximately Philippines Pesos: Thirty Eight million, Three Hundred Twenty Two Thousand, Seven Hundred Sixty Two Pesos (Php 38, 322, 762.00) from October 10, 2002 to 2005 (Exhibit “KK”, supra, Paragraph 10).

A careful perusal of Exhibit “DD” shows, though, that such evidence is only one article-cum-advertisement of opposer’s tuna product bearing the mark “DIANA” published albeit in a newspaper circulated in Papua New Guinea, not the Philippines. Even then, advertisements by themselves does not give exclusive right of use unless the goods on which the mark is used are sold in the market. The statement “revenue generated by Philbest and APTCC for products

bearing the "DIANA" trademark is at most equivocal: It does not necessarily connect to opposer's actual sale/s of goods bearing the mark "DIANA". It does not necessarily refer to revenues gained as a result of actual sales in the Philippines market of goods to which the "DIANA" mark is alleged to be used.

Opposer further alleges that it executed on September 2, 2002 with Philbest Canning Corporation a Trademark License Agreement covering the mark "DIANA", and that it commenced on October 10, 2002 in the Philippines the commercial manufacture and sale of the "DIANA" brand of its tuna as evidenced by labels actually used by Philbest for its "DIANA" tuna products (Exhibits "AA" [Affidavit of Ma. Minna Vistan, Paragraph 7 and 10; Exhibit "CC" [Trademark License Agreement; Exhibits "BB", supra, Paragraph 6, 8).

As in advertisement, labels by themselves do not show actual use of the mark on the goods alleged to be sold. The license agreement merely shows that RD Tuna Cannery grants Philbest the right to use the mark "DIANA" under the terms and condition therein.

Opposer's evidence, thus, does not clearly show actual use by opposer of the mark "DIANA" on Class 29 goods. No sales invoices or official receipt were presented by opposer to show that it actually uses in trade or commerce the mark "DIANA" on Class 29 goods.

Section 123.1 (d) of the IP Code (R.A. 8293) provides:

"A mark cannot be registered if it is identical with . . . a mark with an earlier filing or priority date, in respect of:

- (i) The same goods . . . "(Underscoring supplied)

In the case at bench, respondent-applicant was the first to file an application for registration of the mark "DIANA" for Class 29 goods covering processed sea foods: Respondent-applicant's Application Serial No. 4-1999-008739 for Class 29 goods was filed on November 11, 1999 while opposer's Application Serial No. 4-2002-0007072 for the same class of goods was filed on August 23, 2002.

As to the first issue, thus, respondent-applicant has a better right to the mark "DIANA". As to the second issue, respondent-applicant is entitled to the registration of mark "DIANA" in view of the First-to-File Rule under Section 123.1 (d) of the IP Code which is the law applicable in the instant case considering that the subject application was filed during the effectivity of the IP Code (R.A. 8293). Again, the subject application Serial No. 4-1999-008739 was not refused but was recommended for allowance and publication purposes of opposition by the Trademarks Director who has the competency and jurisdiction to do so. To reiterate, respondent-applicant's Declaration of Actual Use in accorded the presumption of regularity unless the Trademark Director rules otherwise.

WHEREFORE, premises considered, the Notice of Opposition is hereby DENIED. Consequently, Application Serial No. 4-1999-008739 for the mark "DIANA" used for processed sea foods under Class 29 of the international classification of goods filed on November 11, 1999 by Frabelle Fishing Corporation is as it is hereby, GIVEN DUE COURSE.

Let the filewrapper of "DIANA" subject matter of this case together with a copy of this Decision be forwarded to the Bureau of Trademarks for appropriate action.

SO ORDERED.

Makati City, October 20, 2006.

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