

TECNOGAS, S.P.A
Opposer,
- versus -

IPC 14-2006-00077

Opposition to:
TM Application No. 4-2001-002946
(Filing Date: 26 April 2001)

TECHNOGAS (PHIL) MFG.
CORPORATION
Respondent-Applicant.
X-----X

TM: "TECNOGAS"

Decision No. 2007-28

DECISION

Before us is a Notice of Opposition filed by Tecnogas S.p.A., a limited liability company organized and existing under the laws of Italy, with principal office and domicile at Strada Statale 63 N. 111, 42044 Gualteri (RE), Italy, for the registration of the mark "Tecnogas" used for "built in cook tops, range hoods, electric and gas ovens, built in ovens, gas stoves, electric stoves, electric fans, turbo broilers, oven toasters, rice cookers, electric kettles" under 11 which application was filed on April 21, 2001 by Technogas (Phil.) Manufacturing Corporation, a corporation organized under the laws of the Philippines with principal office at 8295 Dr. A. Santos Avenue, Paranaque City.

The subject trademark application was published for opposition in the IPO Electronic Gazette, which was officially released for circulation on January 18, 2006.

Opposer relied on the following grounds for opposition:

"3.1. Opposer is the true, lawful and rightful owner of the trademark "TECNOGAS" having been the first to appropriate such mark for commercial use in different markets worldwide and in the Philippines.

"3.2. Opposer is the legitimate proprietor of the mark "TECNOGAS" having obtained the trademark registrations for the said mark in more than thirty (30) countries worldwide.

"3.3. The mark "TECNOGAS" is an internationally well-known mark having acquired a meaning in the international sphere exclusively identified with Opposer's goods and having become synonymous with Opposer's goodwill and business identity worldwide.

"3.4. Respondent-applicant has no right to apply for the registration of the "TECNOGAS" mark because it was merely the Opposer's former authorized manufacturer and distributor in the Philippines, who was granted the right to use the "TECNOGAS" mark for manufacture, advertising, promotion and distribution purposes only of the licensed goods and without the right to appropriate such mark as its own property or to register the same in its own name.

"3.5. Respondent-Applicant's registration of the trademark "TECNOGAS" will represent a false ownership of such mark in its name to the damage and prejudice of the mark's true, lawful and rightful owner, namely, the Opposer.

"3.6. Respondent-Applicant's registration of the trademark "TECNOGAS" will wrongfully attribute to Respondent the goodwill that belongs to Opposer to the damage and prejudice both of Opposer and the consuming public.

“3.7. Respondent-Applicant’s registration of the trademark “TECNOGAS” will falsely suggest a connection between it and the Opposer and deceive the consuming public as to the affiliation, connection, association or commercial activity of either or both the said entities or as to the origin, sponsorship or approval of the goods bearing the subject mark.

“3.8. Respondent-Applicant’s registration and use of the “TECNOGAS” mark, which is identical to Opposer’s own “TECNOGAS” mark, constitutes an unlawful appropriation of a trademark already owned by another which is internationally well-known.

ANNEX	DESCRIPTION
A	Authenticated and Legalized Secretary’s Certificate
B	Duly organized and authenticated certified copy of Certificate of Registration No. 171699 issued in Italy on 21 September 1965
C	Duly organized and authenticated certified copy of Certificate of Registration No. 89-06872 issued in Malaysia on 7 November 1989
D	Duly legalized and authenticated certified copy of Certificate of Registration No. 558835 of the International Trademark Register issued in 24 October 1990 under the Madrid Agreement Concerning International Registration
E	Duly legalized and authenticated certified copy of Certificate of Registration No. 371843 issued in Indonesia on 18 October 1996
F	Duly legalized and authenticated certified copy of Certificate of Registration No. T97/11016A issued in Singapore on 4 September 1997
G	Duly legalized and authenticated certified copy of Certificate of Registration No. 759072 issued in Australia on 06 April 1998
H	Duly legalized and authenticated certified copy of Certificate of Registration No. 199909929 issued in Hongkong on 4 June 1998
I	Opposer’s Philippine trademark application No. 4-2003-0002421
J	Original Business Plan
K	Original Flyer
L	Original Brochure
M	Original Pamphlet
N	Original Flyer
O	Original Advertisement
P	Original Advertisement
Q	Original Flyer
R	Original Advertisement
S	Original Pamphlet
T	Original Brochure

On September 27, 2006, Respondent-Applicant filed its Answer admitting the admitting the allegations in the NOTICE OF OPPOSITION in regard to respondent-applicant’s corporate personality and business address; specifically denying the rest of the allegations more particularly 1.1, 1.2, 4.1, 4.2, 4.3, 4.4, 3.1, 3.2, 3.3, 3.4, 3.5, 3.6, 3.7, 3.8, 4.10, 4.12, and 4.17; and alleging the following special and affirmative defenses:

1. The essence of Opposer's Notice of Opposition is that it is the true, lawful, and rightful owner of the mark "Tecnogas", an internationally well-known mark. Opposer claims that the grant of registration to respondent-applicant of said mark under Trademark Application No. 4-2001-002946 filed on April 26, 2001 will represent false ownership of the mark and wrongfully attribute to respondent-applicant the goodwill that supposedly belongs to Opposer.

2. However, opposer's opposition readily fails on the basis of the following grounds:

- A. Respondent-Applicant is the rightful owner of the mark "Tecnogas" by being the first to register the mark and by establishing goodwill in the Philippines.
 - (1) Respondent was the first to register the mark "Tecnogas".
 - (2) It was through the efforts of respondent-applicant that the mark "Tecnogas" gained goodwill among the Filipinos.
- B. Opposer failed to establish ownership over the mark.
 - (1) Opposer failed to show that its mark is world-renowned and synonymous with its business identity.
 - (2) Opposer's evidence does not show that respondent-applicant acknowledges opposer's ownership of the mark.

Respondent-Applicant attached in its Answer documentary evidences to wit:

EXHIBITS	DESCRIPTION
1	A certified Machine Copy of Certificate of Filing of Amended Articles of Incorporation
2	Certified Photocopy of Certificate of Registration in the Supplemental Register dated September 9, 1974.
3	Affidavit of Mr. Ernesto Ramos
4	Respondent-Applicant's brochure, pamphlet, advertisement, flyer and a picture of the plaque of certification of membership in PANA.
5	Copy of Certificate of Registration No. 4-2001-00186 signed on August 29, 2002 by Emma C. Francisco

Preliminary conference was set to, and terminated on November 21, 2006 during which the parties were directed to file their respective position papers and, if desired, draft decisions within a non-extendible period of ten (10) days from receipt of the order. Opposer filed its Position Paper on December 19, 2006 whereas Respondent-applicant filed its Position Paper and Draft Decision on January 2, 2007.

The main issue to be resolved in this case is whether or not Respondent-Applicant is entitled to the registration of the mark "Tecnogas".

Opposer contends that since Respondent-Applicant failed to specifically deny the allegations contained in Paragraph 4.6, 4.7, 4.8, and 4.9 of the Opposition, to wit:

"4.6 In the year 1969, Opposer began in TECNOGAS products in the Philippines. At that time, Mr. Julio Esparaz, Respondent-Applicant's President, started importing "Tecnogas Products into the country. Opposer's presence in the Philippines

grew further when, in 1970, it entered into a Joint Cooperation Agreement with Respondent-Applicant for the local manufacture of "Tecnogas" products.

"4.7 Under the Joint Cooperation Agreement, Respondent-Applicant agreed to manufacture gas and electric ranges in the Philippine using Opposer's technology. Thus, Respondent-Applicant became Opposer's authorized manufacturer and distributor of "Tecnogas" products in the Philippines until 1998.

"4.8. Consequently, manufacturing equipment and technology were brought in from Opposer's manufacturing plants in Italy to Respondent-Applicant's plants in the Philippines. In fact, Mr. Rino Zardini, one of the plant supervisors of Opposer, was assigned to the Philippine Factory from August 1971 to February 1976 to oversee the production process of "Tecnogas" products in the Philippines. (They duly legalized and authenticated affidavit of Mr. Zardini stating that he was assigned as a plant supervisor in the Philippines by the Opposer to oversee the factory of Respondent-Applicant is attached hereto as Annex "U" and made an integral part hereof. When production subsequently commenced by Respondent-Applicant, it began paying royalties to Opposer based on the number of manufactured units

"4.9. Opposer permitted Respondent-Applicant to use the "Tecnogas" mark for the purpose of promoting, advertisement and distributing the "Tecnogas" products manufactured in the Philippine factory. From the very beginning, Respondent-Applicant was never authorized by Opposer to apply for the registrations of "Tecnogas" mark in its own name.

it is the analysis of Opposer that Respondent-Applicant therefore admitted the same. Opposer further contends that in view of Respondent-Applicant's admission, it is settled that Respondent-Applicant was Opposer's distributor in view of the agreement.

On the other hand, Respondent-Applicant argues that failure to specifically deny Opposer's allegations contained in the Opposition does not necessarily mean that it already admitted the same considering that Officer Order No. 79, Series of 200. that amends the Regulations on Inter Partes Proceedings had done away with the formal requirement of specifically denying allegations in the opposition in the preparation of answers and that Rule 8, Section 11 of the Rules of Court was misapplied by opposer since the Rules of Court cannot be suppletorily applied in this instance.

We find for the Opposer.

It must be noted that Office Order No. 79 merely state that "within three (3) working days from receipt of the petition or opposition, the Bureau shall issue an order for the respondent to file an answer together with the affidavits of witnesses and originals of documents xxx." It is silent as to what must be embodied in the Answer. Considering that Office Order No. 79 is silent on the matter, the provisions of the Rules of Court shall be applied suppletorily.

Section 10, Rule 8 of the Revised Rules of Court provides:

"Specific denial. – A defendant must specify each material allegation of fact the truth of which he does not admit and, whenever practicable, shall set forth the substance of the matters upon which he relies to support his denial. Where a defendant desires to deny only a part of an averment, he shall specify so much of it as is true and material and shall deny only the remainder. Where a defendant is without knowledge or information sufficient to form a belief as to the truth of a material averment made in the complaint, he shall so state and this shall have the effect of a denial."

The allegations in the Opposition more particularly in paragraphs 4.6, 4.7, 4.8, and 4.9 not having been specifically denied by respondent in its answer, were deemed admitted by respondent-applicant pursuant to Section 11, Rule 8 of the 1997 Revised Rules on Civil Procedure:

“Material averment in the complaint, . . . shall be deemed admitted when not specifically denied.”

Respondent-Applicant's contention that although it made no specific denials on those paragraphs, it nevertheless refutes the same by claiming that it is the owner of the “Tecnogas” mark is untenable. Such negation nonetheless, amounts to admission considering that the allegations in the opposition are not squarely or specifically denied.

Clearly, it is established that Respondent-Applicant is a mere distributor of Opposer's products bearing the mark “Tecnogas” by reason of its implied admission of the following:

1. That in 1969, Opposer began dealing in TECNOGAS products in the Philippines. At that time, Mr. Julio Esparaz, Respondent-Applicant's President, started importing “Tecnogas Products into the county. Opposer's presence in the Philippines grew further when, in 1970, it entered into a Joint Cooperation Agreement with Respondent-Applicant for the local manufacture of “Tecnogas” products.
2. That under the Joint Cooperation Agreement, Respondent-Applicant agreed to manufacture gas and electric ranges in the Philippines using Opposer's technology. Thus, Respondent-Applicant became Opposer's authorized manufacturer and distributor of “Tecnogas” products in the Philippines until 1998.
3. That consequently, manufacturing equipment and technology were brought in from Opposer's manufacturing plants in Italy to Respondent-Applicant's plants in the Philippines. In fact, Mr. Rino Zardini, one of the plant supervisors of Opposer, was assigned to the Philippine Factory from August 1971 to February 1976 to oversee the production process of “Tecnogas” products in the Philippines. (The duly legalized and authenticated affidavit of Mr. Zardini stating that he was assigned as a plant supervisor in the Philippines by the Opposer to oversee the factory of Respondent-Applicant is attached hereto as Nanex “U” and made an integral part hereof. When production subsequently commenced by Respondent-Applicant, it began paying royalties to Opposer based on the number of manufactured units.
4. That Opposer permitted Respondent-Applicant to use the “Tecnogas” mark for the purpose of promoting, advertising and distributing the “Tecnogas” products manufactured in the Philippine factory. From the very beginning, Respondent-Applicant was never authorized by Opposer to apply for the registration of “Tecnogas” mark in its own name

Moreover, Respondent-Applicant likewise failed to specifically deny the existence and contents of the correspondences between it and Opposer and other documentary evidence i.e. copy of an old advertisement attached to the Verified Notice of Opposition. Said documents bolster Opposer's claim that there is a fiduciary relationship between the parties despite failure of Opposer to submit a copy of the Joint Cooperation Agreement. Among these correspondences/documents are the following:

1. The letter (telex) dated January 28, 1994 signed by Mr. Julio Esparaz, President of Technogas (Phil) Mfg. Corporation on behalf of the latter addressed to Tecnogas S.P.A thru Mr. Claudio Galli, Opposer's President. In the said letter, Mr. Esparaz stated that in line of their

marketing and promotional campaign this year (1994) to aggressively push the “Tecnogas” brand of products nationwide, they are pleased to inform Opposer that they have instituted a program of standardizing all “Tecnogas” brand products using Opposer new trademark and logo (Note: the new mark “Tecnogas” and the logo was reproduced in the letter). (Annex “W” of the Verified Opposition)

2. Opposer’s letter (telex) Reply dated March 22, 1994 signed on its behalf by its President, Mr. Claudio Galli addressed to Mr. Julio Esparaz. In reply to Respondent-Applicant’s letter dated January 28, 1994, Opposer confirmed Respondent-Applicant’s authorization to use the trademark “Tecnogas” and logo relative to the latter’s marketing and promotional campaign in 1994. (Annex “X” of the Verified Opposition)

3. An electronic mail (e-mail) message dated 04 July 2003 from Mr. Francis Tan, Respondent-Applicant’s representative that was sent to Mr. Francesco Cavazoni. In the said e-mail message, Mr. Tan informed Mr. Cavazoni that they are preparing for a business re-launch by importing a fresh line of products from Opposer, and because of this, Respondent-Applicant requested for a “fresh set of brochures/catalogs and price list to be sent to Mrs. Rosa Esparaz, c/o Tecnogas Phils. Mfg. Corp. at Respondent-Applicant’s address. (Annex “Y” of the Verified Opposition)

4. A copy of an old advertisement published by Respondent-Applicant in Volume VI, Nos. 07-07 of the Asian Industrial Journal which was attached as Annex “B” to the Affidavit of Mr. Ernesto Ramos attached as Annex “H” in support of Respondent-Applicant’s Appeal Memorandum in a cancellation case between Opposer and Respondent-Applicant. A perusal of the said print advertisement of Respondent-Applicant would reveal/show the statement: “*UNDER LICENSE BY TECNOGAS, ITALY*”. (Annex “Z” of the Verified Opposition)

Sections 7 and 8, Rule 8 f the 1997 Revised Rules n Civil Procedure provide:

“Sec. 7. Action or defense based on document. – Whenever an action or defense is based upon a written instrument or documents, the substance of such instrument or document shall be set forth in the pleading, and the original or a copy thereof shall be attached to the pleading as a exhibit, which shall be deemed to be a part of the pleading or said copy may with like effect be set forth in the pleading.

Sec.8. How to contest such documents.- Where an action or defense is founded upon a written instrument, copied in or attached to the corresponding pleading as provided in the preceding section, the genuineness and due execution of the instrument shall be deemed admitted unless the adverse party, under oath, specifically denies them, and sets forth what he claims to be the facts; but the requirement of an oath does not apply when the adverse party does not appear to be a party to the instrument or when compliance with an order for an inspection of the original instrument is refused.”

Applying the foregoing rules, when an action or defense is anchored on a document or instrument the substance of such instrument or document were set forth in the pleading, or a copy thereof were attached to the pleading as an exhibit, it shall be deemed to be part of the pleading or said copy may with like effect be set forth in the pleading and the genuineness or due execution of the said documents shall be deemed impliedly admitted unless the defendant, under oath, specifically denies them, and sets forth what he claims to be the facts.

In the case at bar, Respondent-Applicant did not specifically deny the genuineness or due execution of Annexes "W", "X", "Y" and "Z", attached to the Verified Notice of Opposition, therefore, the genuineness and due execution of the same is deemed to have admitted by it.

More importantly, Respondent-Applicant stated in its Answer that "since the early 1970's, respondent-applicant has been engaged, among others, *in the sale and distribution* of gas and electric stoves, electric and gas ovens, built-in cook tops, range hoods, built-on ovens and other kitchen cooking appliances under the mark "Tecnogas". This statement alone would believe the claim of Respondent-Applicant that it is the owner of the mark "Tecnogas" considering its claim that it is engaged in the sale and distribution of various kitchen products bearing the mark "Tecnogas". Now if Respondent-Applicant is only engaged in the sale and distribution of these products bearing the mark "Tecnogas" then it must have acquired the products from a certain source or from a principal, and as what has been established by the records and the evidence, from the herein Opposer.

Undisputedly, the records also show that the Opposer obtained a Certificate of Home Registration from Italy for the mark "Tecnogas" as early as September 21, 1965 as evidence by the duly legalized and authenticated certified copy of Certificate of Registration No. 171699 (attached as Annex "B"). On the other hand, Tecnogas (Phil.) Mfg. Corporation was registered with the Securities Exchange Commission (SEC) only sometime in 1974 considering that it filed its Amended Articles of Incorporation on November 20, 1974 (Certified Machine copy of the Certificate of Amended Articles of Incorporation was attached as Exhibit 1). These documents show that Opposer, Tecnogas S.P.A was formed or created of the Respondent-Applicant.

The above documents, together with the allegations 4.6, 4.7, 4.8 and 4.9 of the Notice of Opposition which were not specifically denied by Respondent-Applicant as well as Annexes "W" to "Z" of the Verified Notice of Opposition tend to clearly establish that Respondent-Applicant, Technogas (Phil.) Mfg. Corporation is a mere distributor of herein Opposer, Tecnogas, S.P.A.

"The right to register trademark is based on ownership. When the applicant is not the owner of the being applied for, he has no right for the registration of the same. The term "owner" does not include the importer of the goods bearing the trademark, trade name, service mar of other mark of ownership unless such Importer is actually the owner thereof in the country from which the goods are imported. A local importer however, may take application for the registration of a foreign trademark, trade name or service mark, if he is duly authorized by the actual owner of the same."

Likewise, "the exclusive distributor does not acquire any proprietary interest in the principal's trade mark. In the absence of any equitable conduct on the part of the manufacturer, an exclusive distributor who employs the trademark of the manufacturer does not acquire proprietary interest in the mark which will extinguish the rights of the manufacturer."

Being a mere distributor if the goods covered by the trademark "Tecnogas", Respondent-Applicant, Technogas (Phil.) Mfg. Corp. cannot claim ownership of the said trademark.

Respondent-Applicant likewise claims that through its employment of a widespread marketing and promotional strategies, the mark "Tecnogas" became a household name in the Philippines insofar as kitchen equipment and appliances were concerned. Having been established per the record that there is a principal distributor relationship between the parties, any other act or acts that imply a continuity of commercial dealings or arrangements of the promotion and advertisement of these products are normally incident to or for the attainment of the purpose and objective of the distributorship agreement. These activities do not benefit the principal alone but also the Respondent-Applicant.

Lastly, Opposer argues that its mark is a well-known mark, which deserves protection as a consequence of our adherence to the Paris Convention.

This Bureau rules in the negative.

Section 123.1, paragraph (e) of the Intellectual Property Code provides that in determining whether a mark is internationally well-known, the mark must be identical with, or confusingly similar to, or constitutes a translation of a mark which is considered by the competent authority of the Philippines to be well-known internationally and in the Philippines, whether or not it is registered here, as being already the mark of a person other than the application for registration, and used for identical or similar goods or services x x x.

A careful perusal of opposer's evidence shows that per the aforementioned criteria, no sufficient proof was presented such as would merit opposer's mark to be considered as well known: Opposer's mark is registered only in a number of countries in Europe and Asia; opposer's evidence does not show that it was advertised or patronized in a vast geographical area or in the main regions around the world but only in selected countries in Europe and Asia. Although Opposer submitted copies of the brochures and flyers of its products, the same are not sufficient proof that would make the mark internationally well known. Also, it failed to submit evidence of the use of its mark through commercial sales such as sales invoices or receipts to establish sales of its products around the world.

WHEREFORE, in view of the foregoing, the VERIFIED NOTICE OF OPPOSITION filed by the Opposer TECNOGAS, S.P.A. is hereby SUSTAINED. Consequently, Application Serial No. 4-2001-002946 for the registration of the mark "TECNOGAS" on goods under Class 11 filed on April 21, 2001 by Technogas (Phil.) Manufacturing Corporation is, as it is hereby, REJECTED.

Let the filewrapper of TECNOGAS subject matter in the instant case be forwarded to the Bureau of Trademarks (BOT) together with a copy of this Decision for appropriate action.

SO ORDERED.

Makati City, 05 March 2007.

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