

THE VALSPAR CORP. & NIPPON PAINT (PHIL.) INC., Petitioner,	}	Inter Partes Case No. 3247 & 3251 Petition for Cancellation:
	}	
	}	Registration No.: 35607 & SR-3710
-versus-	}	Date Issues : May 21, 1986 December 27, 1978
	}	
VICENTE SY HENG HO, Respondent-Registrant.	}	Trademark: "SOLID VALSPAR & S.V. DEVICE"
x-----x	}	Decision No. 200-27

DECISION

For the decision are the consolidated cases docketed as Inter Partes Case No.3247 FILED ON 27 September 1988 and Inter Partes Case No. 3251 filed on 17 October 1988. Inter Partes Case No. 3247 refers to a Petition for Cancellation of the trademark "SOLID VALSPAR & S.V. DEVICE" bearing Registration No. 35607 while Inter Partes Case No. 3251 refers to a Petition for Cancellation of the trademark "SOLID VALSPAR" with Registration SR 3710 both covering the goods "Varnish".

Petitioner in both cases are The Valspar Corporation, a corporation duly organized and existing under the laws of the United States of America, with address at 1101 Third Street South, Minneapolis, MN. 55415, U.S.A. and Nippon Paint (Philippines), Inc., a corporation organized under Philippine laws with address at 29 First Avenue, Sta. Maria Estate, Bagumbayan, Taguig Metro Manila, Philippines licensee of Valspar Corporation, while respondent-registrant in both cases is Vicente Sy Heng Ho. Petitioners claim that they will be damaged by the registration of SOLID VALSPAR & S.V. DEVICE and relied on the following grounds for cancellation:

- "1. Respondent was not entitled to register the trademark SOLID VALSPAR & S.V. DEVICE at the time of his application for registration because it was in violation of, and ran counter to, Section 4(d) of Republic Act No. 166. It is confusingly similar to the "SUPER VALSPAR" and other trademarks using the name of "VALSPAR" which are trademarks of the Valspar Corporation. Respondent's registrations have caused, is causing and will cause confusion, mistake and deception to the purchasing public because respondent's mark covers varnish, thus falling under International Class 2, namely paints, etc. which is the same class for the goods covered by petitioner's marks, namely "SUPER VALSPAR" and "NITRO VALSPAR" which are for paints and painter's materials, paint, enamels, stains and varnishes, lacquer, primer surfacer and lacquer putties in International Class 2 and which are sold in the same channels of trade.

- "2. Respondent's registration of the mark SOLID VALSPAR & S.V. DEVICE, which is confusingly similar to petitioner's marks previously and still are being used and well-known in the Philippines for goods similar to those covered by respondent's registrations, will confuse and mislead the purchasing public and make it convenient for unscrupulous dealers to pass off the goods of respondent as those of the petitioner's which are famous all over the world, including the Philippines, to the injury of both the petitioners and the buying public.

- “3. Petitioner’s trademarks are well-known marks the world over, including the Philippines, and as such are entitled to protection under Article 6bis of the Paris Convention of 1884.
- “4. Respondent was in bad faith when he applied for the mark and was aware that it belongs to petitioner because he used to be a salesman of paint products including those bearing petitioner’s trademarks and therefore may have been guilty of perjury when he claimed under oath that he owns the mark.”

A Notice to Answer was sent to respondent-registrant through registered mail on 18 October 1988 and after two Motions for Extension of Time to File Answer which were favorably granted by this Office, the respondent filed his answer on 31 March 1988. In his answer, respondent-registrant specifically denied the allegation contained in the complaint and raised the following arguments:

“ x x x petitioner’s claim that they have continuously used their alleged trademark and that they have spent and are spending large amounts for advertising and popularizing said alleged trademarks worldwide and that said trademarks have generated immense goodwill have no basis in fact and in law. On the contrary, respondent has successfully established goodwill for his trademark SOLID VALSPAR & S.V. DEVICE in the market and that products bearing that trademark are the only one legally available in the market and that respondent is generally known to be the manufacture(d) or source of said products.”

- “6. Respondent’s registrations have been subject of similar proceedings between the same parties and resolved in favor of respondent and which should be considered as *res judicata*.”

The pre-trial conference was set on 8 May 1989 and the case proceeded to trial thereafter. Petitioner’s evidence consisted of the following:

- a) Authenticated affidavit of Mr. David Olfe dated 6 October 1989;
- b) Deposition of Mr. David Olfe taken before Vice Consul of the Philippines Grace P. Escalante dated 29 January 1991;
- c) License Agreement dated July 1, 1968 between Valspar Corp & Marque Chemical Corp.;
- d) Amendment to License Agreement date July 1, 1968;
- e) BPTTT Certificate of Reg. No. 1033 dated April 26, 1990 with License Agreement dated July 1, 1968
- f) License Agreement between The Valspar Corp. & Nippon Paint (Phil.) Inc. dated July 1, 1988.
- g) Conforme by the Valspar Corporation to acceptance by Nippon Paint (Phils.), Inc. of general terms and conditions imposed by the Bureau of Patents Trademarks and Technology Transfer for the License Agreement signed by D.C. Olfe dated 23 February 1990;
- h) General Terms and Conditions of the aforementioned Conforme;
- i) Statement of Cable Transfer-sold (applied for by Marque Chemical Corporation for payment to Valspar;

- j) Official envelope of the Consulate General of the Philippines containing the exhibits;
- k) Certified copy of the Certificate of registration No. 594,791 dated September 7, 1954 for the trademark "VALSPAR VELVET" with the United States Patent Office;
- l) Certified Copy of the Certificate of Registration No. 304, 158 dated June 20, 1933 for trademark "SUPER VALSPAR" with the United States Patent Office;
- m) Certified Copy of Certificate of Registration No. 97292 dated May 26, 1974 for the trademark "VALSPAR" with the United States Patent Office.

The initial presentation of respondent-registrant's evidence was set on March 15, 1994. Counsel for respondent-registrant requested for the postponement of said hearing and both parties agreed to inform the office of their next hearing date. For failure of either of the parties to make any manifestation, this Office set the case for hearing on October 26, 1994 with a warning that failure of either of the parties to appear on the scheduled hearing will result to the dismissal of the instant case. The hearing on December 1, 1994 was reset to January 6, 1995 and later to March 2, 1995 at the instance of the petitioner. On March 2, 1995, the hearing was reset to April 4, 1995 upon request of the respondent. On June 21, 1995 the Office issued a Notice of Hearing for August 1, 1995 for the initial presentation of evidence respondent with warning that no further postponement shall be allowed. On August 1, 1995, due to respondent's failure to appear despite notice, petitioner, by counsel moved for that respondent be deemed to have waived its right to present its evidence. On 9 December 1996, Order No. 96-630 was issued by this Office, granting petitioner's oral motion to declare respondent to have waived his right to present his evidence and directing Petitioner to file its Memorandum. In the meantime, respondent-registrant filed on February 11, 1997 a Motion for Reconsideration of Order No. 96-630 alleging that his failure to appear at the August 1, 1995 hearing was due to an honest oversight. In their Opposition dated February 21, 1997, petitioners pointed out that they have submitted their Formal Offer of Evidence on February 24, 1992 and their Supplemental Offer of Evidence on November 3, 1993, yet respondent still failed to present his evidence. Thus, on October 29, 1998, this Office resolved to deny respondent's Motion for Reconsideration and instead directed him to submit its Memorandum. While petitioner's Memorandum was received by this Office on February 21, 1997, respondent was not able to submit its Memorandum as a consequence of which Office Order No. 2000-582 was released declaring respondent-registrant to have waived his right to submit memorandum.

Since the mark subject of this petition for cancellation was registered in the Supplemental Register in 1978 and in the Principal register in 1986, this case will be decided under the provisions of the old trademark law, Republic Act No. 166.

The issues to be resolved in this case are as follows:

- 1) Whether the Respondent-Registrant's trademark "SOLID Valspar and S.V. Device" is confusingly similar with Petitioner's trademark "Super Valspar" and "Nitro Valspar".
- 2) Whether or not Respondent-Registrant is entitled to use the mark "Solid Valspar".

A comparison of the petitioners' and respondents' marks show that the word "VALSPAR" is the dominant feature in both respondent's mark "Solid Valspar", and petitioners' marks "Super Valspar". Based on the labels submitted by the petitioners, the word Valspar is written in bold, black, stylized letters and the word "super" is written in small letters and placed on top of the letter "V" in the word "valspar". On the other label, "Valspar" is written in big red stylized manner

and the word "Nitro" is written in blue ink and affixed before the word "Valspar". On the other hand, the labels submitted by respondent show that the word "Valspar" is written in big, stylized letters in skyblue, and the word "solid" is written in stylized solid blue color. The word "Solid" is situated on top of the letter "V" in the word "Valspar". Although the graphic and visual presentation of all the labels are distinct from one another when the different style of lettering and color are considered, it is still remarkable, however, that the word "VALSPAR" is the word that distinctly stands out to identify the goods in each and every label. The word "VALSPAR" stands out as a distinct and catchy mark, original with no dictionary meaning.

Furthermore, it appears that respondent's mark "SOLID VALSPAR" is used for goods "varnish" under International Class 2 while the registration of petitioner is also for goods under International Class 2. Paints, varnishes, lacquer are usually sold in hardware stores and the usual customers are carpenters and workers and laborers. Being that the goods of both parties are sold in the same channels of trade, purchasers guided by the term "VALSPAR" in making their purchases may unwittingly be made to believe that all products bearing the word "VALSPAR" originates from the same producer or owner.

In the case of Philippine Nut Industry, Inc. vs. Standard Brands, Inc. (G.R. No. L-23035, July 31, 1975), the Supreme Court, held:

" x x x While it is true that PLANTERS is an ordinary word, nevertheless it is used in the labels not to describe the nature of the product, but to project the source or origin of the salted peanuts contained in the cans. x x x

It is correctly observed by respondent Director that the merchandise or goods being sold by the parties herein are ordinary commodities purchased by the average person and many times by the ignorant and unlettered and these are the person who will not as a rule examine the printed small letterings on the container but will simply be guided by the striking mark PLANTERS on the label. Differences there will always be, but whatever differences exist, these pale into significance in the face of an evident similarity in the dominant feature and over-all appearance of the labels of the parties. "It is not necessary, to constitute trademark 'infringement' that every word of a trademark should be appropriated, but it is sufficient enough that enough be taken to deceive the public in the purchase of the protected article." (Bunte Bros. V. Standard Chocolates, D.C. Mass., 45 F. Supp. 478-471).

"A trade-name in order to be an 'infringement' upon another need not be exactly like it in the form or sound, but it is enough if the one so resembles another as to deceive or mislead persons of ordinary caution into the belief that they are dealing with the one concern when in fact they are dealing with the other." (Foss v. Culbertson, 136 P. 2d 711, 718, 17 Wash. 2d 610).

"Where a trade-name contains a dominant or distinguishing word, and the purchasing public has come to know and designate the article by such dominating word, the use of such word by another in marking similar goods may constitute infringement though the marks aside from such dominating word may be dissimilar." (Queen Mfg. Co. v. Isac Ginsberg & Bros., C.C.A. Mon., 25 F. 2d 284, 287)."

Thus, the observation of the Supreme Court sits well with the facts in the instant case, wherein the use of the dominant word "VALSPAR" in respondent-registrant's goods which are similar to the goods of the opposer and are sold in the same channels of trade is liable to create confusion in the minds of the buying public.

With respect to petitioners' claim that the word "VALSPAR" are owned by the The Valspar Corporation and the trademarks "SUPER VALSPAR" and "NITRO VALSPAR" are used and registered in the Philippines, we reproduce hereunder for reference the pertinent paragraphs in their Memorandum dated 5 February 1997 (page 4):

"The petitioner started using the marks "SUPER VALSPAR" and "NITRO VALSPAR" in the Philippines in 1940 and 1925, respectively, continuously up to the present, through its licensees. (Please see par. 1, page 3 of the Petition for Cancellation). After the petitioner obtained its certificate of registration over its trademarks, renewal registrations were likewise obtained subsequently, as follows:

Renewal Registrations Nos. 2175 and 2193 were issued by the Philippines Patent Office for "SUPER VALSPAR" and "NITRO VALSPAR" to The Valspar Corporation on July 28, 1980 and April 23, 1980, respectively. "SUPER VALSPAR" was registered originally under Certificate of Registration No. 8341 on July 28, 1960 while "NITRO VALSPAR" was first registered in the Philippines on January 19, 1959 under Original Certificate of Registration No. 7085. (Ibid)."

We observed, however, that petitioners did not submit proof of the any of the aforementioned registrations. Even in the deposition of its witness David C. Olfe, Mr. Olfe acknowledged the cancellation of it's a mark, to wit:

QUESTION NO. 6: Do you know that Registrations Nos. R-2775 and SR-2193 have been cancelled before the expiration of their respective terms?

Answer: Yes.

QUESTION NO. 7: Do you know the reason for the cancellation of the registrations?

Answer: Due to Valspar's oversight resulting in failure to file the required affidavits of use on the 5th year of registration. (Exhibit "B")

Nevertheless, we shall take into consideration records in this Office indicating that it was granted registration of the mark "NITRO- VALSPAR" on December 17, 1997 under Registration No. 065532, indicating date of first use as early as February 28, 1925. We are likewise convinced of its use in the Philippines. Petitioner presented its License Agreement dated 1 July 1968 with Marque Chemical Corporation, a Philippine corporation, wherein it gave Marque Chemical Corporation license to manufacture and distribute paints, varnishes, lacquers, enamels and related products manufactures and distributed by Valspar Corporation in the Philippines for a period of ten years from July 1, 1968. Petitioner also presented a License Agreement with Nippon Paints (Philippines), Inc. a Philippine corporation whereby it granted Nippon Paints (Philippines), Inc. the sole and exclusive right to manufacture and distribute VALSPAR products under VALSPAR labels, trademarks and tradenames using VALSPAR technology. In this License Agreement, it was mentioned that Valspar previously extended a license to the predecessor companies of Nippon paints (Philippines), Inc. namely H.G Henares & Sons, Inc., Amalgamated Paint Corporation, and Marque Chemical Corporation. Petitioner's license with the later was also presented shown to this Office. Notably, it showed three registrations of VALSPAR in the United States: Trademark "SUPER VALSPAR" for the goods paints, Enamels, Stains and Varnishes, registered on June 20, 1933; Trademark "VALSPAR" for the goods, enamels, ready-mixed paints, varnishes, varnish removers, paints and painters materials, registered on May 26,

1914; and Trademark VALSPAR VELVET for the goods, Alkyd Flat Enamel, registered on September 7, 1954. Although the Supreme Court in the case of Sterling Products International, Inc. vs. Farbenfabriken Bayer Aktiengesellschaft (27 SCRA 1214) proclaimed that registration in the United States is not registration in the Philippines, we shall give weight to the submission of these U.S. trademark registrations in determining true ownership of the mark "VALSPAR".

Except for the bare allegation of respondent that the Philippine registrations have been cancelled albeit acknowledged by Petitioners' own witness, no proof was proffered by respondent's to show abandonment by petitioner of its mark or respondent's own earlier use of the mark "VALSPAR". On the contrary there is overwhelming evidence on record showing the continued use of the VALSPAR trademark by petitioner The Valspar Corporation in commercial trade in the Philippines.

The applicable provisions of law in the resolution of this case are reproduced, to wit:

Section 17, of Republic Act No. 166 provides:

Section 17. Grounds for Cancellation. – Any person who believes that he will be damaged by the registration of the mark or trade-name, may upon payment of the prescribed fee, apply to cancel said registration upon any of the following grounds:

(e) That cancellation is authorized by other provisions of this Act.

"Section 4(d) of Republic Act 166, states:

Section 4. *Registration of trademarks, tradenames and service marks on the principal register.* – There is hereby established a register of trademarks, tradenames and service marks used to distinguish his goods, business or services from the goods, business, or services of others shall have the right to register the same in the principal register, unless:

x x x

d) Consist of or comprises a mark or trade-name which so resembles a mark or trade-name registered in the Philippines or a mark or trade-name previously used in the Philippines by another and not abandoned, as to be likely when applied to or used in connection with the goods, business or services of the applicant, to cause confusion or mistakes or to deceive purchasers; or"

In view of the above cited provisions of law, and the evidence on records, it is our opinion that the registration of the mark "SOLID VALSPAR" registered under Certificate of Registration No. 35607 issued on May 21, 1986 should be cancelled. Only the owner of the trademark must apply for registration. In *Lim Kiah vs. Kaynee Company*, G.R. No. L-24802, October 14, 1968, the Supreme Court held "Under Rule 34 of the Revised Rules of Practice in Trademark Cases, only the owner of the trademark may apply for its registration. In this particular case, the term "VALSPAR" has already been appropriated by petitioner and used in commerce prior to respondent's adoption of the same in its mark "SOLID VALSPAR". A certificate of registration is only prima facie evidence of the registrant's owner of the mark. It may be cancelled if found to be confusingly similar to another mark which have adopted and used much earlier.

With respect to the registration of the "SOLID VALSPAR" in the Supplemental Register, Section 239.2 of Implementing Rules and Regulations of Republic Act 8293, provides:

239.2 marks registered under Republic Act No. 166 shall remain in force but shall be deemed to have been granted under this Act, and, upon renewal within the period provided for under this Act and, upon renewal shall be reclassified in accordance with the International Classification. Trade names and marks registered in the Supplemental Register under Republic Act No. 166 shall remain in force but shall no longer be subject to renewal.

Hence, due to the abolition of the Supplemental Register, the issue of whether respondent's registration of the mark SOLID VALSPAR in the Supplemental Register should be cancelled has become a moot and academic, considering its validity is until December 27, 1998 not anymore subject to renewal.

WHEREFORE, premises considered, the Petition for Cancellation of the trademark "SOLID VALSPAR & S.V. DEVICE" is hereby GRANTED. Accordingly, Registration Nos. 35607 issued last May 21, 1986 is hereby CANCELLED. With respect to Petition for Cancellation of the Supplemental Registration under registration SR-3710, the same becomes *moot and academic* since its validity is only until December 27, 1998.

Let the filewrapper of this case be forwarded to the Administrative, Financial Human Resource Development Service Bureau (AFHRDSB) for appropriate action in accordance with this Decision and a copy thereof furnished the Bureau of Trademarks (BOT) for information and update of its records.

SO ORDERED.

Makati City, 3 December 2002.

EDWIN DANILO A. DATING
Assistant Director/Officer-in-
Charge
Bureau of Legal Affairs