



Opposition (the verified version having been filed on October 19, 1999) alleging the following grounds:

- “1. The trademark “TRANSSTAR” being applied for registration by Respondent-Applicant is confusingly similar to Opposer’s trademark and trade name “TRANSTAR” as to be likely, when applied to or used in connection with the goods of Respondent-Applicant to cause confusion, mistake and deception on the part of the purchasing public.
- “2. The registration of the trademark “TRANSSTAR” in the name of the Respondent-Applicant will violate and contravene the provisions of Section 123 (e) and Sec. 165 of Republic Act No. 8293 because said mark is confusingly similar to the trademark and trade name “TRANSTAR” owned by the Opposer, as to be likely, when applied to or used in connection with the goods of Respondent-Applicant, to cause confusion or mistake on the part of the purchaser thereof. Sec. 165 of R.A. 8293 clearly states that any subsequent use of the trade name by a third party, whether as a trade name or a mark or collective mark or any such use of a similar trade name or mark, likely to mislead the public, shall be deemed unlawful.
- “3. Rule 103 (b) of the Rules and Regulations further states that notwithstanding any laws or regulations providing for any obligation to register trade names, such names shall be protected, even prior to or without registration, against any unlawful act committed by third parties.
- “4. The trademark and trade name “TRANSTAR” is known in numerous countries to be owned by Opposer and is covered by worldwide trademark registrations. Hence, the registration of the confusingly similar trademark “TRANSSTAR” in the name of Respondent-Applicant will be a breach of the clear provisions of Article 6bis of the Paris Convention for the Protection of Industrial Property now enforced in the Philippines by virtue of the Memorandum (sic) of the Minister of Trade dated November 20, 1980 and October 25, 1983 directing the Director of Patents to cancel and/or reject all unauthorized registrations that are identical or confusingly similar to world-famous marks, Sec. 123 (e) of R.A. 8293, the Intellectual Property Code, and by Rule 102 of the rules implementing R.A. 8293 regarding criteria for determining well-known marks.
- “5. That the registration of Respondent-Applicant’s trademark “TRANSSTAR” will cause grave and irreparable injury and damage to the business reputation and goodwill of the Opposer within the meaning of Section 134 of Republic Act No. 8293.”

On October 22, 1999, this Office issued a Notice requiring Respondent-Applicant to file its Answer to the Opposition within fifteen (15) days from receipt thereof. Respondent-Applicant, however, failed to file its Answer despite proper service and receipt of the Notice. On motion of the Opposer, Respondent was later declared in default in accordance with Order No. 99-662 dated December 20, 1999.

During the *ex-parte* presentation of evidence, Opposer presented Exhibits “A” to “S” consisting of copies of certificates of registration of its mark in several countries, the affidavit-testimony of Stephen Duke, invoice, bill of lading, and documents containing an exchange of communication with its Philippine agent. Upon formal offer, these documents were admitted in

evidence per Order No. 2000-394 dated August 30, 2000. Opposer filed its Memorandum on October 22, 2001, hence, the instant decision.

The issue to be resolved is whether Respondent-Applicant's trademark "TRANSSTAR" is confusingly similar to Opposer's "TRANSTAR" and who between the parties has the right to register the mark TRANSSTAR.

A resolution of this issue requires a comparison of the two marks as well as a determination of who as between the parties has a better right to use and register the mark considering that the application for registration of Respondent was filed under Rep. Act No. 166 while the application of Opposer was filed under Rep. Act No. 8293.

The mark of Respondent as appearing in the Bristol board contained in the file wrapper consists of the word "TRANSSTAR" with the letters "SS" slightly enlarged in size. As per its home registration with Registration No. 354701 issued in Korea on January 24, 1997, said mark is being used on buses under Class 37 of the International Classification of Goods.

On the other hand, the mark of Opposer as appearing in its application for registration filed with the Intellectual Property Office on May 24, 2000 consists of the word "TRANSTAR" written in plain capitalized text and is being used on transmission replacement parts for automobiles and light duty trucks in Class 12 of the International Classification of Goods.

A comparison of the two (2) marks shows that, except for the additional letter "S" in Respondent's mark, there is almost no difference in terms of spelling and sound. Also, the slightly enlarged font of the letters "SS" in Respondent's mark does not make it significantly distinct from Opposer's mark.

In addition to the similarity of the marks, we also find that the goods on which they are used are related. Respondent's mark is being used on buses under Class 37 while Opposer's mark is being applied on replacement parts for automobiles and trucks under Class 12. While the goods are non-competing and do not have the same descriptive properties, they are related because one is a replacement part of the other. Although they do not have the same price range, they flow within the same channel of commerce and are purchased by the same segment of the buying public. Ordinarily, vehicle owners themselves purchase spare parts from retailers and car dealers. It is not uncommon to find manufacturers of vehicles selling components, parts and accessories bearing similar trademark or brand name as the vehicle they assemble or produce. Under the circumstances, we find strong likelihood of confusion as to the source of origin of goods since the marks are the same and are used on related goods.

The doctrine of confusion of origin is based on cogent reasons of equity and fair dealing. The courts have come to realize that there can be unfair competition or unfair dealing even if the goods are non-competing, and that such unfair trading can cause injury or damage to the first user of a given trademark, first by prevention of the natural expansion of business and, second having his business reputation confused with and put at the mercy of the second user. When non-competing goods products are sold under the same or similar mark, the gradual whittling away or dispersion of the identity and hold upon the public of the mark created by its first user inevitably results. The original owner is entitled to the preservation of the valuable link between him and the public that has been created by his ingenuity and the merit of his wares and services. See *Ang v. Teodoro*, 74 Phil. 50 (1942); *Sterling Products International, Inc. v. Farbenfabriken Bayer*, 27 SCRA 1214 (1969).

In this case, there is a strong possibility that a person who buys replacement parts from Opposer would mistake it as coming from or being manufactured by Respondent, and vice versa. This is precisely one of the situations that the law seeks to prevent from happening; not only does it impair the business reputation of merchants, but, more importantly, buyers become confused as to the source origin of the goods.

Having determined the likelihood of confusion from the use of the two (2) marks, we now proceed to a determination as to who between the parties has the right to use and register the mark.

Respondent's application for registration was filed on August 12, 1994 in accordance with the provisions of Rep. Act No. 166 which followed the first-to-use principle, while Opposer's application for registration was filed on May 24, 2000 under Rep. Act No. 8293 which followed the first-to-file rule.

Under Sec. 2-A of Rep. Act No. 166, ownership of a mark can be acquired by actual use thereof, while under Sec. 122 of Rep. Act No. 8293, ownership of a right in a mark shall be acquired by registration thereof. These two provisions can be reconciled to mean "that there are two ways of acquiring ownership of a mark, namely: (1) by registration thereof without alleging or claiming use, and (2) by actual use of the mark in trade or commerce with or without registration thereof. The two provisions are not inconsistent, nor incompatible, such that Sec. 122 of Rep. Act No. 8293 can be enforced without nullifying Sec. 2-A of Rep. Act No. 166." *Agpalo, The Law on Trademark, Infringement and Unfair Competition, 2000 ed., pp. 8-9.* Moreover, Section 236 of Rep. Act No. 8293 makes reference to preservation of existing rights in marks acquired prior to the effective date of said law.

Thus, even if the application of Opposer was filed under Rep. Act No. 8293, it is not precluded from claiming prior rights acquired before the effective date of Rep. Act No. 8293. On this point, Opposer contends that its mark is well-known and therefore protected under the provision of Article 6bis of the Paris Convention, and that it has been using the mark in the Philippines as early as 1990 and is therefore the prior user entitled to the registration of said mark.

In support of its argument that its mark is well-known, Opposer presented certificates of registration in several countries (Exhibits "A" to "Q") as well as the testimony of Stephen Duke who stated in his affidavit (Exhibits "S" to "S-1") that the company generated sales revenues amounting to over US\$140,000,000.00 for the year 1999 and that it has spent approximately US\$ 390,000.00 in advertisements and promotions for the same year.

A perusal of the exhibits would reveal that it was only in 1993 when Opposer was able to obtain for the first time its certificates of registration for the mark (Exhibits "D", "F", "G", "P" and "Q" referring to the certificates of registration in Hongkong, Singapore, South Africa, Mexico and Benelux), while the registrations in other countries were obtained only during the period 1994 up to 1999. It must be also noted that the number of countries where the mark has been registered or is pending registration does not appear to be significant enough as to entitle it to claim the status of a well-known mark in accordance with the Ongpin Memorandum and Rule 102 of Trademark Rules and Regulations in relation to Article 6bis of the Paris Convention for the Protection of Industrial Property. Other than the bare assertion in Stephen Duke's affidavit, Opposer failed to show documents establishing the amount of revenues generated from the sale of goods bearing the TRANSTAR mark. There is also no sufficient evidence confirming the extent of advertising and market share of said goods.

However, as shown by documents (Exhibits "S-21" to "S-29") containing exchanges of communication between Opposer and with a certain Ben Cua who appears to be the sales agent in the Philippines for Opposer's goods, Opposer has been using the mark as early as 1990 which is prior to Respondent's adoption and use of its mark. These documents support Opposer's contention that it had in fact established presence and solicited business in the country by the appointment of an agent or distributor in the Philippines. These documents strongly indicate that Opposer was previously engaged in actual commercial activity for the sale of goods bearing the mark "TRANSTAR" as early as 1990. The bill of lading and sales invoice dated 1999 (Exhibits "S-19" and "S-20") further underscore that the conduct of business has been continuous since 1990 and interrupted only by fluctuations in market demand.

The date of prior use by Opposer is several years earlier than the date of filing by Respondent of its application for registration on August 12, 1994. More so, Respondent's home registration in Korea was issued only on January 4, 1997. Hence, it is clear that Opposer being the prior user since 1990 has a valid right to oppose Respondent's application for registration.

WHEREFORE, in view of the foregoing, the instant Opposition is hereby SUSTAINED. Accordingly, Application Serial No. 96295 for the mark "TRANSSTAR" filed by Ssangyong Motor Company is hereby REJECTED.

Let the filewrapper of the trademark TRANSSTAR subject matter of the instant case be forwarded to the Administrative, Financial and Human Resource Development Services Bureau (AFHRDSB) for appropriate action in accordance with this DECISION with a copy thereof to be furnished the Bureau of Trademarks (BOT) for information and update of its record.

SO ORDERED.

Makati City, 28 November 2001.

ESTRELLITA BELTRAN-ABELARDO  
Director, Bureau of Legal Affairs