

UNITED COLORS OF CAT GAS, INC.,
Petitioner,

IPC No. 14-2008-00258

Petition for Cancellation:

- versus -

Reg'n. No. : 4-2008-002759
Reg'n. Date : 07 July 2008
Trademark : "MANILA GAS"

ISLAND AIR PRODUCTS CORPORATION,
Respondent-Registrant.

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Decision No. 2009-105

DECISION

For decision is the Petition for Cancellation filed by United Colors of Cat Gas, Inc., (hereinafter referred to as Petitioner), a corporation organized and existing under the laws of the Philippines, with address at NO.31 Visayas Avenue, Tandang Sora, Quezon City against Registration No. 4-2008-002759 for the mark MANILA GAS, registered on 7 July 2008, in the name of Island Air Products Corporation, (hereinafter referred to as Respondent-registrant), a corporation organized and existing under the laws of the Philippines, with address at 137 Virata St., Pasay City.

Petitioner relied in the following grounds:

"A. The registration of Respondent's trademark was obtained fraudulently and/or by misrepresentation.

B. The Respondent does not have the right to register its trademark under Section 4 (d) of Republic Act 166 and under Sections 123 and 123.1 (par. (d), (i), (ii) and (iii) of the Intellectual Property Code.

C. The Petitioner is the first user and lawful owner of the trademark MANILA GAS and its registration and subsequent use in commerce by the Respondent will amount to an infringement of Petitioner's intellectual property rights.

D. The Petitioner's goods are identical and related to those of Respondent and the latter's use of the marks thereon will likely mislead the buying public into believing that its goods are produced by, originate from, or are under the sponsorship of the Petitioner."

Petitioner submitted the following evidence in support of the petition:

ANNEX	DESCRIPTION
"A"	Application for registration
"B"	Certificate of Registration of MANILA GAS and Flame Device
"C"	Copy of letter dated 22 June 2006 by president of respondent-registrant
"D"	Copy of letter dated 25 June 2006 by petitioner
"E"	Certification issued by petitioner
"F"	Copy of declaration of Actual Use

“G”	Copy of application for registration
“H”	Certificate of Copyright Registration and Deposit
“I”	Copy of Registrability Report
“J”	Copy of Letter dated 22 July 2008
“K”, “L”, “M”, “N” “O”, “P”, “Q”	Sworn statement of clients
“R”	Copy of Sales Invoice
“S”	Sworn statement of Petitioner
“T”	Secretary's certificate

Respondent-registrant filed its Verified Answer on 12 February 2009 wherein it raised the following specific denials and the following affirmative defense, to wit:

1. For reasons stated and in view of the facts set forth in the Affirmative Allegations and Affirmative Defenses, and in addition to the denial of mere conclusions of law, inferences and evidentiary matters, Respondent-Registrant specifically denies the following allegations in the Verified Petition for Cancellation.
2. The ground relied upon by the Petition for Cancellation insofar as Petitioner's legal conclusion that the Registration of Respondent's trademark was obtained fraudulently and/or by misrepresentation.
3. The ground that Respondent-Registrant does not have the right to register its trademark under the Trademark Law.
4. The ground that the Petitioner is the first user and lawful owner of the trademark "MANILA GAS" and its registration and subsequent use in commerce by the Respondent-Registrant will amount to an infringement of Petitioner's Intellectual Property Rights as this allegation is but without any legal basis but a mere Petitioner's conclusion of law.
5. The ground that Petitioner's goods are identical and related to those of the Registrant and the use by the latter of the trademark "MANILA GAS" will likely mislead the buying public into believing that its goods are produced by, originated from or are under the sponsorship of the Petitioner. The truth of the matter is that Registrant is the origin of the goods covered by the Registered Mark "MANILA GAS" and not herein Petitioner, hence the Petitioner conclusion is without any legal basis but its own opinion.

AFFIRMATIVE ALLEGATIONS

The trademark "MANILA GAS" is owned by Respondent-Registrant as it is the party having registered and first use the said mark in commerce in the Philippines and its registration with the Intellectual Property Office of the Philippines was obtained in good faith as its application matured to registration has passed a rigid and thorough examination by the Bureau of Trademark pursuant to Rules and regulations in trademark cases.”

In support of its defense, respondent-registrant submitted the following evidence:

EXHIBIT	DESCRIPTION
"1"	Verified Answer
"2"	Affidavit of Verification
"3"	Certification for Iwata Annudin
"4"	Affidavit of Maria Febe Annudin
"5"	Certification for Teodora Miranda
"6"	Affidavit of Teodora Miranda
"7"	Certification for Joselito Perlata
"8"	Affidavit of Joselito Peralta
"9"	Certification for Helevicle Trading
"10"	Affidavit of Victor Abion
"11"	Certification for Royal
"12"	Affidavit of Zobel Monastrial
"13"	Certification for Edison Store
"14"	Affidavit of Benjamin Manalo
"15"	Certification for ACM Enterprises
"16"	Affidavit of Antonio C. Monastrial
"17"	Certification for 83EM Enterprises
"18"	Affidavit of Efren C. Monastrial
"19"	Certification for Serafico
"20"	Affidavit of Jesusa Ang
"21", "22", "23", "24"	Cash Invoices
"25"	Charge Sales Invoice
"26"	SEC Registration
"27"	Secretary's Certificate

The preliminary conference was initially set on 23 October 2008 and reset to 21 May 2009, but no amicable settlement was reached by the parties hence they were directed to submit their respective position papers.

The issues for resolution are whether the respondent-registrant's registration was fraudulently obtained or validly registered under the provisions of the IP Code. Simultaneously, the issue of registrability, prior use and ownership will be discussed. Since, the challenged registration was issued under the provisions of Republic Act 8293, otherwise known as the Intellectual Property Code, this instant petition shall be resolved under its provisions.

The law provides that a mark can be cancelled by any person who will be damaged by the registration of the mark, if the registration was obtained fraudulently or contrary to the provisions of the law. Section 151 of the IP Code states:

"Section 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 he 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.
- (b) At any time, if the registered mark becomes generic for the goods or services, or a portion thereof, for which it is registered, or has been abandoned, or its registration obtained fraudulently or contrary to the provisions of this Act.."

Evidence show that previously, petitioner obtained a registration for the mark MANILA GAS & FLAME DEVICE under Registration No. 4-2004-005630 (Annex "B") which was granted in 12 August 2006 for goods under class 4, namely "liquefied petroleum gas", issued from Application No. 4-2004-005630 (Annex "A") with a filing date of 28 June 2004. According to petitioner, the registration was considered abandoned for its failure to file a Declaration of Actual Use. To rectify the error, petitioner on 2 April 2008 belatedly filed a Declaration of Actual Use. In addition to this, petitioner refiled its application for MANILA GAS & FLAME DEVICE on 12 March 2008 (Annex "G").

On the other hand, filer wrapper show that respondent-registrant filed an application for the mark MANILA GAS also for goods under class 4, namely "liquefied petroleum gas" on 7 March 2008, before petitioner was able to lodge its refiling of its registration No. 4-2004-005630 (for non-filing of DAU).

Petitioner contends that respondent-registrant's act of securing registration for the mark MANILA GAS was fraudulent and not done in good faith, it violating the terms of their agreement. For its part, respondent-registrant argues that it is the owner of the mark MANILA GAS under the first-to-file rule when it filed its application in 7 March 2008 while petitioner refiled its application for MANILA GAS & FLAME device on 12 March 2008 (Annex "G"). Respondent-registrant further points out that it is the prior user and adopter as shown by its sales receipts invariably dated in 2000 (Exhibit "21", "22", "23", "24") while the sales receipts (Exhibit "R") presented by petitioner were dated in 2005.

Upon consideration of the evidence presented by both parties, this Bureau believes that petitioner is entitled to the mark MANILA GAS and that respondent-registrant filed an application for MANILA GAS in clear violation of their previous agreement. Evidence of the agreement was in the form of two letters executed by petitioner's president, Jerome D. Gutierrez (Annex "D"), dated June 25, 2006, that they are withdrawing their application for M-Gas & Flame but will pursue their application for the exclusive use of the name MANILA GAS & FLAME DEVICE and respondent-registrant's president and general Manager, Carlito P. Monastrial (Annex "C"), dated June 22, 2006, that it interposes no objection to the application for the mark MANILA GAS & FLAME for use on liquefied petroleum.

Curiously, respondent-registrant never mentions any previous certificate of registration nor submitted any evidence to the effect that it exists. It is the petitioner who pointed this out through the submission of a copy of the registrability report (Annex "1-2") that indicated the following details "Application No.1 Registration No. 42004005273 (Registered) Filed/Regn. Date

10/24/2005", which show that respondent-registrant did not pursue its application/registration of the mark MANILA GAS pursuant to their agreement for it to desist in any objections to petitioner's use of MANILA GAS mark. These facts lend credence to petitioner's allegation that indeed, in 2006, an agreement existed between the parties which required petitioner to withdraw its application for the registration of the mark M-Gas & Flame under Application Serial No. 4- 2004-005629 in exchange for respondent-registrant's undertaking not to impose any objection to petitioner's application for the mark MANILA GAS & FLAME DEVICE.

Moreover, the Bureau notes that in the letter of respondent-registrant dated 22 June 2006, in addition to posing no objection to the registration of MANILA GAS & FLAME, the signatory stated, to wit:

"Hoping that you would push through on the original agreement that you would withdraw immediately you "M-GAS & FLAME" application for registration at the Intellectual Property Office"

which bolsters the theory that an agreement on the use of the mark MANILA GAS and M-GAS & FLAME exists.

Petitioner argues that respondent-registrant's mark cannot be registered because it is generic and geographically descriptive, thus contrary to Section 123.1 (h) and (i). Respondent-registrant points out that petitioner disclaimed the exclusive use of the words "MANILA GAS". The marks of both parties are reproduced below for comparison.

Petitioner's mark	Respondent-registrant's mark
	<p data-bbox="906 1093 1214 1126">MANILA GAS</p>

Indeed, the petitioner in Application no. 4-2004-005630 (Annex "A") disclaimed the exclusive right to use the word "Manila Gas", apart from the mark as shown. In its refilled application, petitioner disclaimed all unregistrable matters on the caption of the mark. Respondent-registrant in a request for amendment narrowed down its disclaimer to the word GAS and not MANILA GAS.

The word GAS is generic of the goods liquefied petroleum gas and is unregistrable in that respect and should be disclaimed. The Supreme Court in *Societe Des Produits Nestle, SA v. Court of Appeals* [G.R. No. 112012. April 4, 2001.]

"Generic terms are those which constitute "the common descriptive name of an article or substance," or comprise the "genus of which the particular product is a species," or are "commonly used as the name or description of a kind of goods," or "imply reference to every member of a genus and the exclusion of individuating characters," or "refer to the basic nature of the wares or services provided rather than to the more idiosyncratic characteristics of a particular product," and are not legally protectable.

As regards the word MANILA, the same may indicate the origin of where the goods originate and are marketed and as such can be considered geographically descriptive of the source of the goods and therefore unregistrable under Section 123.1 (D). The High Court clarified in *Ang Si Heng v. Wellington Department Store* (G.R. No. L-4531. January 10, 1953.), to wit:

"Mere geographical names are ordinarily regarded as common property, and it is a general rule that the same cannot be appropriated as the subject of an exclusive trademark or trade name. xxx

The term "Wellington" is either a geographical name (see Webster's International Dictionary, where it is said to be the capital of New Zealand; urban district of Shropshire, England and of Somersetshire, England; co. seat, of Summer co., Kans, etc.), or the surname of a person. But mere geographical names are ordinarily regarded as common property, and it is a general rule that the same cannot be appropriated as the subject of an exclusive trademark or tradename. (52 Am. Jur., 548.)"

Thus, petitioner correctly disclaimed unregistrable components of the mark. Likewise, respondent-registrant may not appropriate the mark MANILA GAS for goods under class 4 even if it has shown earlier use of the mark in the year 2000. Citing *Ong Ai Gui vs. Director of Phil. Patent Office* (G.R. No. L-6235. March 28, 1955.), *Vicente B. Amador in Trademark under the Intellectual Property Code* explains:

"Prior use must be trademark use in the legal and protectable sense. Thus, if the trademark itself, like "Nylon" is not legally protectable, no length of use and no amount of advertising will make it distinctive of shirts or business of manufacturing them."

As regards to the word MANILA, a geographically descriptive term, the same may acquire distinction under Section 123.2 which provides:

"123.2. As regards signs or devices mentioned in paragraphs U), (k) and (l), nothing shall prevent the registration of such sign or device which has become distinctive in relation to the goods for which registration is requested as a result of the use that has been made of it in commerce in the Philippines.xxx"

As previously discussed, since the parties forged an agreement in 2006 as to who may register MANILA GAS and M-GAS & Device, they are bound to comply with the same. Having said this, respondent registrant is not entitled to the registration of the mark MANILA GAS which is confusingly similar MANILA GAS & FLAME DEVICE.

WHEREFORE, premises considered the instant PETITION FOR CANCELLATION filed by United Colors of Cat Gas, Inc. (petitioner), is hereby GRANTED. Accordingly, Registration No. 4-2008-002759 for the mark MANILA GAS for goods under class 4, namely "liquefied petroleum gas" granted on 7 July 2008 in the name of Island Air Products Corporation (respondent-registrant) is, as it is hereby CANCELLED.

Let the filewrapper of subject application together with a copy of this decision be forwarded to the Bureau of Trademark for appropriate action in accordance with this Decision.

SO ORDERED.

12 August 2009.

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