



OFFICE OF THE DIRECTOR GENERAL

FARLING INDUSTRIAL CO. LTD.,
Opposer-Appellee,

-versus-

CYMAR INTERNATIONAL, INC.,
Respondent-Appellant.

Appeal No. 14-2010-0023
Inter Partes Case No. 14-2008-00186
Opposition to:
Application No. 4-2007-009126
Date Filed: 22 August 2007
Trademark: FARLIN BLUE
BUNNY AND
BUNNY DEVICE

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DECISION

CYMAR INTERNATIONAL, INC. ("Appellant") appeals Decision No. 2009-191, dated 22 December 2009, of the Director of the Bureau of Legal Affairs ("Director") sustaining the opposition of FARLING INDUSTRIAL CO. LTD. ("Appellee") to the Appellant's Trademark Application No. 4-2007-009126 for the mark "FARLIN BLUE BUNNY AND BUNNY DEVICE".

Records show that the Appellant filed on 22 August 2007 the trademark application for the following goods: sterilizer set (Class 11); feeding bottles, feeding nipples, pacifiers, teethers, training cup, multi stage training cup, spill proof cup, silicone spoon, fork and spoon set diaper clip, feeding bottle cap ring, feeding bottle hood (Class 10); cotton buds, cotton balls, absorbent cotton/cotton roll (Class 05); disposable diapers (Class 16); and toothbrush, milk powder container, powder case with puff, rack and tongs set, tong (Class 21). The application was published in the Intellectual Property Office e-Gazette for Trademarks on 27 June 2008.

On 26 August 2008, the Appellee filed a "VERIFIED NOTICE OF OPPOSITION" to the Appellant's application for registration, alleging that:

1. It is the true and actual owner of "FARLIN" which is the main and dominant feature of the Appellant's trademark application; FARLIN was first registered with the Republic of China Trademark Chamber on 01 November 1978;
2. It has worldwide registration for FARLIN and it extensively advertises, promotes and sells products bearing this mark in various countries;
3. The Appellant is a mere importer and/or distributor of the goods bearing the mark FARLIN;

4. It never ceded nor transferred to the Appellant the ownership of FARLIN;
5. The Appellant's use in commerce of FARLIN inures to the benefit of the foreign manufacturer and actual owner of FARLIN;
6. The registration of FARLIN & Design in the name of the Appellant is contrary to the provisions of Rep. Act No. 8293 ("IP Code");
7. It filed petitions for cancellation of the certificates of registrations for FARLIN issued in favor of the Appellant; this Office in a decision dated 22 October 2003 held that it is the owner of FARLIN; the Appellant fraudulently obtained the certificates of registrations for FARLIN;
8. The Court of Appeals in its decision dated 26 July 2005 upheld the findings that the Appellant improperly appropriated the mark FARLIN;
9. A trademark owner is entitled to use it to the exclusion of others and to register and perpetually enjoin others from using it; the Appellee will be effectively deprived of these rights by the invalid and fraudulent registration of FARLIN & Design by the Appellant;
10. It has established goodwill for FARLIN due to its substantial expenditure of effort, time and money through promotions, advertisements, sales and quality build-up of its products; the Appellant is marauding on this established goodwill and reputation to the obvious damage of the Appellant; and
11. Since 1983, no royalty has been paid by the Appellant to the Appellee for the use of FARLIN.

The Appellant filed on 19 November 2008 a "VERIFIED ANSWER", alleging the following:

1. The opposition should be dismissed outright because the Appellee violated the rule against forum shopping;
2. The evidence of the Appellee against the Appellant in CA-G.R. SP No. 80350 (Inter Partes Case Nos. 4045-4049) and the ruling thereon of the Court of Appeals does not apply to the instant case; these Inter Partes Cases were decided under Rep. Act No. 166 ("RA 166") while the subject trademark application was filed under the IP Code which recognizes the rights of the "First to File" registrant and discarded the "First to Use" doctrine of RA 166.
3. The Appellee has no cause of action as "FARLING" is different from FARLIN, phonetically and in spelling;
4. It has registered FARLIN in the Philippines while the Appellee did not file an application for the registration of FARLIN in the Philippines;

5. The Appellee's and its products are different;
6. It has been using FARLIN in the Philippines since 1983 while the Appellee failed to allege actual use of FARLIN in the Philippines;
7. It has spent substantial time, money and efforts through advertisements, sales, and quality product build-up in the promotion and development of the goodwill of FARLIN in the Philippines;
8. The Appellee has not spent more substantially in the Philippines on FARLIN and therefore, has no goodwill in the Philippines that would be damaged by the registration of FARLIN in the name of the Appellant;
9. It has five (5) earlier registrations for FARLIN which are protected by the doctrine of presumption of validity unless and until set aside and cancelled in a final judgment;
10. The Appellee has granted a written authorization to it waiving any claim or right against it for the intellectual property right/copyright of FARLIN; and
11. The documents supporting the opposition violate the Regulations on Inter Partes Proceedings ("Regulations"), have no evidentiary value and are inadmissible.

In sustaining the opposition, the Director ruled that the evidence showed that the Appellant and the Appellee had engaged in several business transactions, that the Appellant is an importer of the products of the Appellee, and that their business relation dates back to the 1980's. The Director held that being a mere importer, the Appellant cannot feign ownership of FARLIN and that only an owner of a mark may apply for its registration. According to the Director, while the records show that the Appellant had spent a considerable amount of money and exerted efforts to advertise and promote FARLIN in the Philippines, the goodwill obtained by such promotional efforts do not inure to the benefit of the distributor or importer, but to the owner of the mark.

Dissatisfied, the Appellant filed its "APPEAL MEMORANDUM" on 12 March 2010, alleging that:

1. Its evidence were all certified true copies while the Appellee's evidence are not authenticated and the Appellee's Exhibit "D" is not evidence because it is merely a copy of the formal offer of evidence by the Appellee in Inter Partes Case Nos. 4045 to 4059;
2. It is the first and prior user of FARLIN in the Philippines and is the first to file the trademark application for this mark;
3. It has presented evidence of its efforts, industry, promotions and advertisements worth millions of Pesos to develop, promote and maintain the goodwill of FARLIN in the Philippines;
4. The products covered by the Appellee's "FARLING" are different from the products covered by the Appellant's "FARLIN"; and

5. The Appellee submitted a defective certification of non-forum shopping.

The Appellee filed on 14 April 2010 its "COMMENT", alleging that:

1. It has complied with the requirements of the certification against forum-shopping;
2. The pieces of evidence in the cases covered by the decision in IPC Nos. 4045-4049 are relevant and applicable in the instant case because they show that the Appellant is not the owner of FARLIN;
3. The adoption of these pieces of evidence is consistent with the requirements of fair play and presents a just, speedy and inexpensive disposition of the case;
4. The Appellant is not the owner of FARLIN and was not authorized to register the same;
5. The Appellant cannot claim that it owns the goodwill of FARLIN; and
6. The Appellee will be damaged by the registration of FARLIN in favor of the Appellant.

In an Order dated 01 February 2011, this case was referred to mediation pursuant to Office Order No. 197, series of 2010, on the Mechanics for IPO-Mediation and Settlement Period. The parties were thus ordered to appear in person, with or without counsel, at the IPOPHL Multi-Purpose Hall on 24 February 2011 for the purpose of considering the possibility of settling the dispute through mediation. However, according to the Mediator's Report, the Appellee requested the termination of the mediation proceedings, to which the Appellant agreed. Hence, there was a failure to settle the case through mediation, and the case was returned to the Office of the Director General for appropriate disposition.

The issues to be resolved in this appeal are the following:

1. Whether the opposition has complied with the provisions of the Regulations including the submission of a certification against forum shopping; and
2. Whether the Director was correct in sustaining the opposition to the registration of FARLIN BLUE BUNNY AND BUNNY DEVICE in favor of the Appellant.



Regarding the first issue, Rule 2 Sections 7.1, 7.2 and 7.3 of the Regulations provide that:

Rule 2 x x x

7.1. The petition or opposition, together with the affidavits of witnesses and originals of the documents and other requirements, shall be filed with the Bureau, provided, that in case of public documents, certified copies shall be allowed in lieu of the originals. The Bureau shall check if the petition or opposition is in due form as provided in the Regulations particularly Rule 3, Section 3; Rule 4, Section 2; Rule 5, Section 3; Rule 6, Section 9; Rule 7, Sections 3 and 5; Rule 8, Sections 3 and 4. For petition for cancellation of layout design (topography) of integrated circuits, Rule 3, Section 3 applies as to the form and requirements. The affidavits, documents and other evidence shall be marked consecutively as "Exhibits" beginning with the letter "A".

7.2. The prescribed fees under the IPO Fee Structure shall be paid upon the filing of the petition or opposition otherwise, the petition or opposition shall be considered as not filed.

7.3. If the petition or opposition is in the required form and complies with the requirements including the certification of non-forum shopping, the Bureau shall docket the same by assigning the Inter Partes Case Number. Otherwise, the case shall be dismissed outright without prejudice. A second dismissal of this nature shall be with prejudice.

In this case, the Appellee submitted a VERIFIED NOTICE OF OPPOSITION and the supporting documents to the opposition. The Appellant, however, argues that the Appellee violated the rule on non-forum shopping because there is still a pending case in the Supreme Court involving the same parties and issues as in the instant case.

The Appellant's argument is not tenable. The essence of forum shopping is the filing of multiple suits involving the same parties for the same cause of action, either simultaneously or successively, for the purpose of obtaining a favorable judgment.¹ In this instance, the Appellee filed the opposition to prevent the registration of the FARLIN BLUE BUNNY AND BUNNY DEVICE in favor of the Appellant pursuant to Sec. 134 of the IP Code, which provides that:

SEC. 134. Opposition.- Any person who believes that he would be damaged by the registration of a mark may, upon payment of the required fee and within thirty (30) days after the publication referred to in Subsection 133.2, file with the Office an opposition to the application. x x x

The pending case in the Supreme Court was filed by the Appellant and involves the cancellation of the certificates of registration for FARLIN issued in favor of the Appellant. Clearly, the subject matter and the causes of action in the instant opposition case and the pending case in the Supreme Court are different. On the other hand, the

¹See *Sps. Apolinario Melo and Lilia T. Melo and Julia Barreto vs. The Honorable Court of Appeals and Arsenia Coronel*, G. R. No. 123686, 16 November 1999.

pending cases before the IPO, namely IPC No. 14-2006-00188² and IPC No. 14-2007-0252³, involve the Appellee's opposition to the Appellant's trademark applications for the marks "Farlin Your Baby is Our Concern (With Mother & Child Logo)" and "Farlin Disposable Baby Diapers (With Mother & Child Icon)", respectively, as opposed to the subject mark of this case, "Farlin Blue Bunny and Bunny Device". Moreover, if the Appellee would not file an opposition to the registration of FARLIN BLUE BUNNY AND BUNNY DEVICE, the Appellant's application for the registration of this mark may be given due course. Thus, the Appellee's opposition was filed to prevent the registration of FARLIN BLUE BUNNY AND BUNNY DEVICE and should not be construed as an act of forum shopping. Consequently, the Appellee's certification against forum shopping is proper and the opposition is compliant with the requirements of the IP Code and the Regulations.

Going now to the second issue, it is emphasized that the essence of trademark registration is to give protection to the owners of trademarks. The function of a trademark is to point out distinctly the origin or ownership of the goods to which it is affixed; to secure to him, who has been instrumental in bringing into the market a superior article of merchandise, the fruit of his industry and skill; to assure the public that they are procuring the genuine article; to prevent fraud and imposition; and to protect the manufacturer against substitution and sale of an inferior and different article as his product.⁴

The Director correctly held that being a mere importer, the Appellant cannot feign ownership of FARLIN which is derived from the company name of the Appellee.⁵ As discussed by the Director citing the case of *Unno Commercial Enterprises, Incorporated vs. General Milling Corporation and Tiburcio S. Evalle*,⁶:

Only the owner of a trademark, trade name or service mark may apply for its registration and an importer, broker, indenter or distributor acquires no rights to the trademark of the goods he is dealing with in the absence of a valid transfer or assignment of the trade mark.⁷

The Appellant, however, asserts that it is the first to file an application for FARLIN and that it submitted evidence showing its efforts, industry, promotions and advertisements worth millions of pesos to develop and maintain the goodwill of FARLIN in the Philippine market. The Appellant argues that the Appellee's "FARLING" covers plastics and resinous products and all other commodities belonging to this class while its FARLIN covers infant and baby care products and accessories.

The Appellant's arguments are not tenable.

² In which the Appellant subsequently appealed Decision No. 2009-27 of the Director of the Bureau of Legal Affairs to this Office under Appeal No. 14-09-49.

³ In which the Appellant subsequently appealed Decision No. 2009-28 of the Director of the Bureau of Legal Affairs to this Office under Appeal No. 14-09-47.

⁴ *Pribhdas J. Mirpuri vs. Court of Appeals*, G.R. No. 114508, 19 November 1999.

⁵ Decision No. 2009-27, 28 February 2009, page 7.

⁶ G. R. No. L-28554, 28 February 1983.

⁷ Decision No. 2009-27, 28 February 2009, *supra*.

As to the Appellant's contention that it was the first-to-file in the Philippines, and thus has the superior right to the mark, the Director correctly held that:

Respondent-applicant theorizes that being the first-to-file in the Philippines under the new law, it has a right to the FARLIN mark. This contention deserves scant consideration. The "first-to-file" rule could not have been intended to justify the approval of an application simply because the applicant was the first to file regardless of whether another person or entity has a superior right over the mark being applied for. Section 130 of the Intellectual Property Code provides:

"Sec. 138. Certificate of Registration. – A certificate of registration of a mark shall be prima facie evidence of the validity of the registration, the registrant's ownership of the mark, and the registrant's exclusive right to use the same in connection with the goods or services and those that are related therein specified in the certificate."

Clearly, the right conferred on the registrant, or the person who acquires the trademark registrations on account of being the first to file as being the owner of the mark is merely prima facie. In other words, a registrant's ownership can be impugned by one who has a superior right. Hence, the first person who files an application for a mark, is not necessarily assured of an irrevocable ownership of the mark in the face of proof showing that he is not the owner or originator of the mark.

Thus, there is no merit to the Appellant's claim that being the first to file the trademark application for FARLIN or the FARLIN BLUE BUNNY AND BUNNY DEVICE, its application should be given due course. A person who first filed an application to register a mark is not automatically entitled to its registration. The rights in a mark shall be acquired through registration made validly in accordance with the provisions of the law.⁸

The Appellant is not the owner of FARLIN, and thus, it cannot register this mark even if it is the first to file the trademark application for FARLIN or it has already spent millions of pesos in advertisement. The Appellant knew that FARLIN is derived from the Appellee and, therefore, it took that risk that its advertising expenses and its promotional efforts would also redound to the benefit of the true owner of FARLIN, which is the Appellee. To rule otherwise would only encourage infringers and defeat the very rationale of trademark registration.

Lastly, the Appellant's claim that the products covered by FARLIN BLUE BUNNY AND BUNNY DEVICE are different from the products of the Appellee is untenable. The Appellee's products cover baby products such as baby bottle, nipple, pacifier, aspirator, powder puff, rattle, cotton swabs, funnel, and milk container, among other things. These products are related to if not identical with the Appellant's baby care products under Classes 5, 10, 11, 16 and 21. In one case, the Supreme Court ruled that:

Modern law recognizes that the protection to which the owner of a trademark is entitled is not limited to guarding his goods or business from actual market competition with identical or similar products of the parties, but extends to all cases in which the use by a junior appropriator of a trade mark or trade-name is likely to lead to a confusion of source, as where prospective purchasers would be misled into thinking that the

⁸ See Sec. 122 of the IP Code.


complaining party has extended his business into the field (see 148 ALR 56 et seq; 52 Am Jur. 576) or is in any way connected with the activities of the infringer; or when it forestalls the normal potential expansion of his business (v. 148 ALR., 77, 84; 52 Am. Jur. 576, 577).⁹

In this case, the registration of FARLIN BLUE BUNNY AND BUNNY DEVICE in favor of the Appellant would prevent the Appellee from using FARLIN on its baby products. The registration of FARLIN BLUE BUNNY AND BUNNY DEVICE in favor of the Appellant would, therefore, damage the interests of the Appellee and would likely deceive or cause confusion to the purchasing public as to the source or origin of the products. The public may associate the Appellant's products as being sponsored or part of the business line of the Appellee.

WHEREFORE, premises considered, the instant appeal is hereby DISMISSED. Let a copy of this Decision and the records be furnished and returned to the Director of the Bureau of Legal Affairs for appropriate action. Further, let also the Director of the Bureau of Trademarks and the library of the Documentation, Information and Technology Transfer Bureau be furnished a copy of this Decision for information, guidance, and records purposes.

SO ORDERED.

SEP 03 2012 Taguig City.


RICARDO R. BLANCAFLOR
Director General *rl*

⁹ *Sta. Ana vs. Malawat*, G. R. No. L-23023, 31 August 1968.