



OFFICE OF THE DIRECTOR GENERAL

MARVIN VILLAFLORES,
Respondent-Appellant,

-versus-

BINA'S AUTO SUPPLY, INC.,
Opposer-Appellee.

Appeal No. 14-09-51

Inter Partes Case No. 14-2006-00144

Opposition to:

Application No. 4-2004-006105

Date Filed: 09 July 2004

Trademark: MEIJI

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DECISION

MARVIN VILLAFLORES ("Appellant") appeals Decision No. 2007-55, dated 28 May 2007, and Resolution No. 2008-29(D), dated 18 May 2009, issued by the Director of the Bureau of Legal Affairs ("Director") sustaining the opposition of BINA'S AUTO SUPPLY, INC. ("Appellee") to the Appellant's application for the registration of the mark "MEIJI".

Records show that the Appellant filed on 09 July 2004 Trademark Application No. 4-2004-006105 for MEIJI for use on automotive spare parts¹ that fall under Class 12 of the Nice Classification.² The trademark application was published in the Intellectual Property Office Electronics Gazette for Trademarks on 18 August 2006. On 13 October 2006, the Appellee filed a "NOTICE OF OPPOSITION" alleging the following:

1. It is engaged in the business of distribution of automotive spare parts in different parts of the country for the past fifty (50) years and is an

¹Brake master assembly, brake master cylinder, clutch master assembly, wheel cylinder, clutch operating assembly, clutch cover, clutch operating kit, clutch disc, cv joint, piston assembly, tie rod end, engine valve, cylinder liner, water pump assembly, brake shoe, brake pads, ball joint, idler arm, pitman arm, rack end, bell crank, drag link, center link, suspension shaft kit, piston liner, stabilizer link, steering boots, cv brende, stabilizer link, muffler support, spring bushing, stabilizer bushing, suspension arm assembly, suspension arm bushing, shock mounting, control arm bushing, center bearing assembly, engine mount, shock mounting stopper, cab cushion, stabilizer bushing, suspension bushing, bumper support, spring bushing, radiator support, center bearing assy., full-set overhauling gasket (oil seal, valve seal, copper washer, valve cover gasket, cylinder head gasket, oil fan gasket, manifold gasket, o-rings, collar packing), cylinder head gasket, engine valve seal, engine o-rings, engine oil seal, engine seal kit, engine hydraulic & pneumatic seal, hose & tubing, packing & sealant, fan belt, timing belt, rubber belt, transmission belt, fuel & oil hose, brake hose, clutch hose, alternator hose, air pressure, pneumatic hose, engine support, transmission support.

²The Nice Classification is a classification of goods and services for the purpose of registering trademarks and service marks, based on a multilateral treaty administered by the World Intellectual Property Organization. This treaty is called the Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks concluded in 1957.

active and bona fide member of the Philippine Automotive Traders' Association;

2. It filed on 14 September 2006 Trademark Application No. 04-2006-010179 for MEIJI for use on automotive spare parts;
3. It has the legal and beneficial right and ownership to use MEIJI and is the first to adopt and use it in actual trade and commerce in the different parts of the Philippines;
4. It has built good business name, reputation and goodwill in the automotive spare parts industry carrying the mark MEIJI;
5. Through its brand development and continuous distribution efforts, MEIJI has gained recognition and acceptance through the years;
6. Trademarks, service marks and trade names are symbols or devices used in trade and commerce to distinguish goods, business and services from those of others; a merchant or trader who employs them for the purpose or who, by the use thereof, identifies in the public his goods, business or services from those of others acquire property rights not only in the symbols or devices but also in the reputation or goodwill generated thereby; the law on trademarks, service marks, and trade names is intended to protect the merchant or the manufacturer against invasion of his property rights, and the buying public against deception or mistake of purchasing the goods or services of one person as those of another;
7. The registration of MEIJI in favor of the Appellant violates Sec. 123.1 (e) of Rep. Act No. 8293 or the Intellectual Property Code of the Philippines ("IP Code") and the Appellant's act of coming before this Office to claim ownership of MEIJI is tantamount to usurping what is not rightfully his in the first place;
8. Evidence of use of a mark is shown by the sale of the goods or wares bearing the mark to the public; sales invoices provide the best proof that there were actual sales of the trader's product in the country and that there was actual use for certain period of the trader's trademark;
9. It submitted on 11 October 2006 a Declaration of Actual Use ("DAU") of MEIJI stating that the mark was actually used and is in use in trade and commerce in the Philippines; the DAU showed that the Appellee has used MEIJI in commerce and has continuously engaged in the trading of automotive spare parts since 1996; it has also used MEIJI in its marketing and promotional items, such as t-shirts and tarpaulin banners distributed to its network of customers in different parts of the country;

10. The sales invoices, the sworn statements of its buyers/clients and the different depictions/photographs of automotive spare parts with the mark MEIJI show that it has the clear right to MEIJI; as prior user of this mark, it has proprietary right to the mark to the exclusion of others, including the Appellant;
11. Nearly three (3) years since the Appellant filed his trademark application, he has not filed a DAU; the Appellant is not known as an industry player and a search in the database of this Office would show that he applied for several trademarks, which to the Appellee's knowledge as a major industry player belongs to other entities;
12. It is immaterial that the Appellant preceded the Appellee in applying for the registration of MEIJI; the Appellee has clearly shown that it is the prior user of the mark and it has been continuously using it for at least a decade now; not only has the Appellee the property rights but it has also developed the reputation and goodwill in the industry to be associated with MEIJI; the Appellant's use of this mark makes him liable for unfair competition; and
13. As the lawful owner of MEIJI, it comes before this Office for the protection of its right to prevent the Appellant from using in the course of trade this mark; such use by the Appellant would result not only to the damage of the business name and goodwill of the Appellee built around MEIJI, but more so in the greater likelihood of confusion in the eyes of that segment of the buying public who would be misled or mistaken into buying or adopting products of inferior quality.

The Appellee submitted the following evidence to support the opposition:

1. List of members of the Philippine Automotive Traders' Association (PATA);³
2. Trademark Application No. 04-2006-010179 for MEIJI;⁴
3. Declaration of Actual Use (DAU), executed on 03 October 2006 (with annexes);⁵
4. Affidavits of the Appellee's clients/customers;⁶ and
5. Printout of a database indicating the Appellant's trademark applications.⁷

The Appellant filed on 02 January 2007 an "ANSWER" alleging the following:

1. The IP Code which took effect on 01 January 1998 governs the acquisition, enjoyment, and disposition of intellectual property rights in the Philippines;

³ Exhibit "A".

⁴ Exhibit "B".

⁵ Exhibit "C".

⁶ Exhibits "D" to "I".

⁷ Exhibit "J".

2. The IP Code gave way to the change in the concept of ownership of trademarks, trade names, and service mark from Actual Use Rule or First User-Owner Rule, which was then the rule under the old law, to the First-to-File Rule or First-Filer-Owner Rule;
3. The First-Filer-Owner Rule means that the first one who filed the trademark application shall have the exclusive use of the mark and that the right to the registration of the mark attaches to the one who is first in filing the application for registration;
4. This rule is the one practiced worldwide because of the Agreement on Trade-Related Aspects of Intellectual Property Rights ("TRIPS Agreement"); the adoption of this new concept of ownership of the mark is a commitment of the Philippines to the world through the TRIPS Agreement;
5. It is quite clear that this new system works in respect of acquiring ownership or the right to the exclusive use of the mark through registration which commences upon the filing of an application for registration with the Intellectual Property Office;
6. The Appellee admitted in its notice of opposition that the Appellant was the first one to file an application to register MEIJI, hence, prior to the actual registration of MEIJI, the Appellant's rights to the mark MEIJI as an applicant is a property that can be properly or legally be the subject of transactions;
7. Assuming for the sake of argument that the Appellee was correct in its claim to be the first to use MEIJI, the Appellee, under the IP Code cannot claim a better right against the Appellant who first filed, in good faith, an application to register MEIJI;
8. The Appellee has been deafeningly silent and invisible during all the time that the Appellant was using and spending so much money promoting and expanding the coverage of MEIJI in the Philippines; this deafening silence and invisibility of the Appellee could only have been motivated by an evil scheme;
9. A perusal of the sales invoices submitted by the Appellee show that these invoices were altered by inserting the word "MEIJI" at the end of every item written on the sales invoices to make it appear that the mark has been carried by the Appellee for more than ten (10) years now;
10. The word "MEIJI" which was forcibly inserted at the end of every item in the sales invoices was only an after thought on the part of the Appellee motivated by a scheme to take away from the Appellant the

right to register MEIJI, a mark which the latter spent money to promote and made known for its quality; the way the word "MEIJI" was written is different from how the items on the sales invoice were written;

11. Trademark is adopted and used by a manufacturer or merchant to identify his goods and distinguish them from those manufacture, sold or dealt in by others; in the case of the Appellee, the mark MEIJI was sacrificed to be shortened to the word "MEI", instead of the description of the spare parts, by reason of the space limitations on its sales invoice; this is a complete disregard of the very purpose why trademarks are being adopted – to distinguish them from the rest;
12. This act of disregarding MEIJI in the issuance of its invoices manifests the Appellee's lack of concern over the mark for the reason that it never spent money to promote the mark but only profited for its distribution;
13. Under the IP Code, at the time of filing the application for registration of a mark, what governs is the Intend-to-Use Rule; at that stage, the applicant is not legally expected or required that the mark be in actual use; the declaration of actual use and the evidence of actual use is to be filed within three (3) years from the filing date of the application; assuming that the Appellee is correct that the Appellant has not yet filed the declaration of actual use, under the IP Code, the Appellant has three (3) years from the filing of the application to do so;
14. The word "MEIJI" does not automatically brings to the mind of every Filipino an automotive spare part from the Appellee, like when Filipinos speak of toothpaste, the word that will come out of their mouth is "Colgate";
15. The Appellee is just a distributor of MEIJI automotive parts, particularly automotive gaskets and cannot claim to have a better right to register MEIJI; and
16. It is the importer of automotive spare parts and brands it "MEIJI", and these spare parts extend to brake master assembly, brake master cylinder, clutch master assembly, wheel cylinder, clutch operating assembly, clutch cover, clutch operating kit, clutch disc, cv joint, piston assembly, tie rod end, engine valve, cylinder liner, water pump assembly, brake shoe, brake pads, ball joint, idler arm, etc..

In sustaining the opposition, the Director ruled that the Appellee is the actual and prior user of MEIJI in the Philippines. The Director held that the Appellant did not submit or introduce competent evidence to prove that his mark is being used in the Philippines. According to the Director, it is the use of the mark that gives rise to

ownership of the trademark and that the right to registration belongs to the owner who used or uses the same to distinguish his goods or services.

The Appellant filed on 04 July 2007 a "MOTION FOR RECONSIDERATION"⁸ which was denied by the Director. Dissatisfied, the Appellant filed on 01 July 2009 an "APPEAL MEMORANDUM" contending that the Appellee submitted tampered and fabricated sales invoices. According to the Appellant, the Director ruled that the Appellee is the rightful owner of MEIJI solely on the basis of these sales invoices and the sworn statements of the Appellee's customers. The Appellant maintains that the admissibility of the tampered and fabricated sales invoices is critical in this case.

The Appellee filed on 02 September 2009 its "COMMENT TO THE APPEAL (Dated 30 June 2009)" contending that the appeal was filed out of time. The Appellee maintains that the Appellant received a copy of the resolution on 08 June 2009 and not on 16 June 2009 as alleged by the Appellant. The Appellee claims that the appeal did not include a legible copy of the decision or resolution and that the appeal did not adduce new allegations that would merit a deviation from the decision and resolution of the Director.

Regarding the Appellee's contentions that the appeal was filed out of time and that the appeal did not include a legible copy of the decision or resolution of the Director, this Office has already issued an Order on 02 October 2009 which supported the Appellant's claim that the reckoning date of the Appellant's receipt of the copy of the Resolution No. 2008-29(D) is on 16 June 2009. The Order also gave the Appellant five (5) days from receipt thereof to submit a legible copy of the appealed decision. Consequently, the Appellant, in compliance to the Order of 02 October 2009, submitted legible copies of Decision No. 2007-55 and Resolution No. 2008-29(D).

Thereafter, 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, there was a failure to settle the case through mediation, and hence, the case was returned to the Office of the Director General for appropriate disposition.

Accordingly, the issue to be resolved in this appeal is whether the Director was correct in sustaining the Appellee's opposition to the registration of MEIJI in favor of the Appellant.

The appeal is not meritorious.

⁸The Appellant filed an Amended Motion for Reconsideration and a Supplemental Motion for Reconsideration on 16 July 2007 and 03 August 2007, respectively.

The Appellant argues against the veracity, authenticity and admissibility of the sales invoices introduced as evidence by the Appellee. However, after examining these pieces of evidence, this Office finds that the Appellant's argument has no basis. The sales invoices were included in the DAU submitted by the Appellee. The DAU was duly notarized and was admitted by the Director as part of the Appellee's evidence. This Office, thus, rules in favor of the admissibility of the Appellee's evidence in the absence of any convincing evidence to exclude them. The Appellee correctly pointed out that:

5. On the issue of the supposed tampered sales invoices, the Opposer would like to replead its Position Paper:

14. Respondent-Applicant took issue as well on the genuineness of the sales invoices submitted by the Opposer (pars. 18.4 to 18.9) citing that these were altered and the use of MEI instead of "MEIJI" was a "complete disregard of the very purpose of why trademarks are being adopted". Such baseless allegations deserve scant consideration by this Honorable Office.

14.1. In the interest of fairness, however, it is submitted that the sales invoices (Annexes B to L to the DAU) were not altered as alleged in paragraph 18.6 of the Answer. The Respondent-Applicant prays that the original documents be produced and be examined by this Honorable Office to prove the authenticity of the documents. The Opposer joins the Respondent-Applicant in this prayer. With the kind indulgence of this Honorable Office, a perusal of the DAU filed by the Opposer will show that indeed, all the sales invoices are original documents and none of these was either "altered" or "forcible inserted".

14.2. On the other hand, the use of MEI instead of MEIJI in more recent sales invoices merely reflects that the Opposer's business has grown and expanded over the years. The use of mechanized, modern and computerized technology in the running of daily business affairs instead of handwritten documentation is naturally associated with business growth and expansion. In no way can this be insinuated as an abrogation, much more, a disregard of the use of MEIJI mark. Can one be faulted for succeeding in business?⁹

Moreover, aside from these sales invoices, the DAU submitted by the Appellee and the affidavits of its clients and customers support the findings that the Appellee owns MEIJI and has been using it in automotive spare parts.

Conversely, the Appellant has failed to adduce any evidence to support the registration of MEIJI in his favor, other than the contention that he is the first filer of a trademark application for the said mark. On this point, the Director was correct in stating that:

There is no doubt at all and it is very clear, that in this jurisdiction, it is not the registration that confers ownership of trademark; rather, it is the use of the mark that gives rise to ownership of the trademark, which in turn gives the right to the owner to cause its registration and enjoy exclusive use thereof for the goods associated with it. While Republic Act No. 8293, does not contain express references to ownership of marks as a basis for their registration, the definition of the term "mark" implies that the right to registration belongs to the owner who "used or uses the same to distinguish his goods or services".

⁹ MEMORANDUM FOR THE OPPOSER-APPELLEE, dated 10 December 2009, pp. 7-8.

The "first-to-file" rule could not have been intended to justify the approval of a trademark application just because it was the first to file the application regardless of another better or superior right over the mark being applied for. The rule cannot be used to commit or perpetuate an unjust and unfair claim. A trademark is an industrial property and the owner thereof has property rights over it. The right of being issued a registration for its exclusive use therefore, should be based on the concept of ownership which in turn is based on actual use. Republic Act No. 8293, implements the TRIPS Agreement and therefore the idea of "registered owner" does not mean that ownership is established by mere registration but that registration merely establishes a presumptive right of ownership. That presumption of ownership yields to superior evidence of actual and real ownership of the trademark and to the TRIPS Agreement requirement that no existing prior rights shall be prejudiced.

On the basis of evidence submitted by Opposer, it has been established that it is the actual and prior user of the mark "MEIJI" in the Philippines. The affidavits of its witnesses showed/stated therein that they are distributors of the Opposer and buying "MEIJI" automotive spare parts from it for the past ten (10) years as shown by Exhibits "D" to "I".

Relatively, Sec. 134 of the IP Code provides in part 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 Appellee has shown its use of MEIJI in automotive parts and, therefore, the allowance for registration of MEIJI in favor of the Appellant would damage the interests of the Appellee. The marks of the Appellant and the Appellee, as submitted in black and white, are shown below for comparison:

MEIJI

Appellant's mark



Appellee's mark

As can be gleaned from these illustrations, the Appellant's and Appellee's marks are identical, if not similar, and the word "MEIJI" is the dominant feature in both marks. As these marks cover the same line of goods of automotive spare parts, there would certainly be confusion as the buying public would associate the goods bearing the mark MEIJI as coming from the same source or origin. Thus, the Appellant's goods bearing the mark MEIJI would be easily mistaken as the products of the Appellee or vice versa. In addition, the registration of MEIJI in favor of the Appellant would grant it the exclusive right to use this mark, thus, preventing the Appellee from using MEIJI in its own goods. Furthermore, the Appellee's business interests and reputation would be

damaged if the goods of the Appellant that bear the mark MEIJI, and which the Appellant are selling or would sell to the public, are inferior in quality.

When the Appellee filed its notice of opposition and presented pieces of evidence supporting its claim of prior use and ownership of MEIJI, it became incumbent upon the Appellant to adduce evidence that would convince this Office that he is using MEIJI in good faith. However, there is nothing in the records that indicates how the Appellant arrived in using the highly distinctive mark MEIJI. For two (2) persons to independently come up with an identical mark like MEIJI for the same line of goods, namely automotive parts, without any explanation, is very remote, if not impossible. The statement by the Supreme Court in one case is instructive.



Of course, as in all other cases of colorable imitations, the unanswered riddle is why, of the millions of terms and combinations of letters and designs available, the appellee had to choose those so closely similar to another's trademark if there was no intent to take advantage of the goodwill generated by the other mark.¹⁰

The Appellant has in his disposal "millions of terms and combinations of letters and designs" to come up with a mark to distinguish his goods or services. Thus, the Appellant's good faith in using MEIJI in his business is put into question by the Appellee's evidence of prior use and adoption of MEIJI and the Appellant's lack of explanation as to how he arrived at using the said mark.

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 12 2012 Taguig City.


RICARDO R. BLANCAFLOR
Director General 

¹⁰ *American Wire & Cable Company vs. Director of Patents*, G. R. No. L-26557, 18 February 1970.