



OFFICE OF THE DIRECTOR GENERAL

PRETTY DOOR INDUSTRIAL
SALES CO.,

Opposer-Appellant,

- versus -

CHENG YU CHENG,

Applicant-Appellee.

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Appeal No. 14-2010-0038

Inter Partes Case No. 14-2006-00137

Trademark Opposition

Application No. 4-2002-009918

Date Filed: 19 November 2002

Trademark: "PD"

DECISION

PRETTY DOOR INDUSTRIAL SALES CO. ("Appellant") appeals Decision No. 2008-107, dated 26 May 2008, and Resolution No. 2010-09, dated 22 June 2010, of the Director of the Bureau of Legal Affairs ("Director") denying the Appellant's opposition to the registration of the mark "PD" in the name of CHENG YU CHENG ("Appellee").

Records show that the Appellee filed on 19 November 2002 Trademark Application No. 4-2002-009918 for PD covering goods under classes 19 and 20 for PVC Doors, PVC Frame, and PVC Cabinets. On 01 September 2006, the application was published in the Intellectual Property Office Official Gazette. Subsequently, the Appellant filed on 22 September 2006 a "VERIFIED NOTICE OF OPPOSITION" alleging the following:

1. It has been engaged in the business of manufacturing all kinds of doors for many years now. It has been operating under the trade name PRETTY DOOR INDUSTRIAL SALES CO., the said name being registered with the Department of Trade and Industry since July 25, 2000;
2. Together with the use and adoption of the above-mentioned trade name is the prior use and adoption of the "PD" mark and logo by the Appellant way back when the company commenced to operate, much prior to the illegal use of the Appellee and the herein application for trademark registration;
3. In fact, applicant and other officers of Pretty Door Manufacturing Corporation (PDMC), a company which also copied the trade name and logo of the Appellant, knew of the prior existence of such trade name, trademark, and log since they were previously associated with PDIS before the Appellee embarked on the same business, operating under the deceptive name Pretty Door Manufacturing Corporation;

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pretty-door(s) vs. cheng yu cheng
page 1 of 7

4. More importantly, the said mark and logo is now a registered trademark under the name of the Appellant;
5. With fraudulent intent, Appellee and PDMC with whom the Appellee was associated with, engaged in the same business and 1) used the trade name PRETTY DOOR and 2) imitated the trademark and logo of the Appellant to cause deception and confuse the consumers and the public;
6. Additionally, two (2) separate search warrants have been issued by different courts and executed by the operatives and agents of the National Bureau of Investigation, one in Mandaue City and the other in Caloocan City for the seizure of infringing materials and other supplies used by PDMC in committing the criminal acts;
7. The Opposition is based on the ground that the mark sought to be registered consists of or comprises of a mark or trade name which so resembles that of the Appellant who has registered the same in the Philippines or previously and continuously used it in commerce and has not abandoned, as to be likely, when applied to or used in connection with the goods, business or services of the Appellee, to cause confusion or mistake or to deceive purchasers and that the Appellant has not consented to its registration by the Appellee;
8. Moreover, the trademark application of PDMC is still in the name of the late Cheng Yu Cheng, contrary to the rules regarding registration of trademarks that when the applicant dies, became insane or otherwise incapacitated, the legally appointed executor, administrator, guardian, conservator or representative of the dead or insane or incapacitated applicant may prosecute the application, by himself or through counsel, in behalf of the heirs and successors-in-interest of the applicant.
9. Based on the foregoing rule, the original applicant Cheng Yu Cheng should have been replaced by any of his authorized representatives on the occasion of his demise, which leaves the question as to who is the proper party who should continue prosecuting the application for the registration of their copied mark if the applicant or his heirs are still interested. Their inaction shows lack of interest.

In support of its Opposition, the Appellant submitted the following evidence:

1. Special Power of Attorney;
2. Printed copy of the Appellee's application for registration of the mark PD from the IPO website;
3. Photocopy of the Certificate of Registration of the Business Name of Pretty Door Industrial Sales Co.; and
4. Photocopy of the Certificate of Registration No. 4-2002-010360 for the Appellant's mark PD issued by the IPO on 25 June 2006.

On 19 January 2007, the Appellee filed its verified Answer alleging the following:

1. PDMC is the lawful assignee of the Applicant and thus entitled to prosecute the application for trademark registration;
2. The registered trademark of PDIS should be cancelled for having been issued in violation of the IP Code;
3. The Opposition should be dismissed on the ground that the Oppositor-Appellant has no legal capacity to bring this action; and
4. The Opposition must be dismissed on the ground that the Oppositor-Appellant submitted a false Certification Against Forum Shopping.

The Appellee's evidence consisted of the following:

1. Deed of Sale of Rights and Goodwill;
2. Certified true copy of the Articles of Incorporation of Pretty Door Manufacturing, Corp.;
3. Certified true copy of the Trademark Application No. 4-2002-009918 filed on 19 November 2002;
4. Certified true copy of the DTI Business Name registration of Pretty Door Manufacturing Corp.;
5. Certified true copy of the Deed of Sale of Shares of Stock;
6. Certified true copy of Death Certificate of Cheng Yu Cheng;
7. Certified true copy of a letter dated 9 May 2006 to the Director of Trademarks re: Notification of Death of Cheng Yu Cheng;
8. Certified true copy of Assignment of Trademark Application and Registered Industrial Design with Special Power of Attorney;
9. Certified true copy of a Letter dated 24 May 2006 addressed to the Director of Trademarks re: Response to letter dated 27 April 2006 with attachments; and
10. Certified true copy of the Articles of Partnership of Pretty Door Industrial Sales Co..

In denying the Appellant's Opposition the Director ruled that the marks of the contending parties are identical and similar to each other, and that they are used on related goods considering that the Appellant's mark is used in the "manufacture and trading of PVC plastic and wooden doors for indoor purposes" under Class 35, while the Appellee's similar mark is used in "PVC doors, PVC frame" under Class 19 and "PVC Cabinets" belonging to Class 20. The Director further held that Appellee filed its application for the registration of its mark "PD" on 19 November 2002 while the Appellant's application for the same mark "PD" was filed on 4 December 2002, which is a much later date than the Appellee's filing date. Hence, the Appellee is the first filer of the application for such trademark, and under the "first-to-file" rule, has a better right over the mark "PD". Even if the Appellant's mark is already registered, the fact that Appellee is the first filer cannot be disregarded when no other evidence was presented by the Appellant to prove that it has a better right over the mark "PD".

The Appellant thereafter filed a Motion for Reconsideration on 31 May 2008, which the Director denied in his Resolution No. 2010-09. Not satisfied, the Appellant filed on 09 July 2010 an "APPEAL MEMORANDUM" contending that it is the owner of PD by virtue of its prior adoption and use of this mark and that the Appellee has no legal standing to prosecute the subject trademark application. The Appellant argues that the alleged Deed of Sale was never consummated and was mutually cancelled. The Appellant further claims that *Cheng Yu Cheng* had sold his rights over PD and seeks to adduce "newly-discovered evidence" to support this claim.

The Appellee filed on 03 September 2010 a "COMMENT (Re: Appeal Memorandum dated 07 June 2010)" alleging that it is the lawful assignee to the trademark application filed by *Cheng Yu Cheng*. The Appellee maintains that the Appellant is not the lawful owner of PD as the entire business including goodwill of the Appellant was sold to *Cheng Yu Cheng* who secured the right over PD under the first-to-file regime in the IP Code. The Appellee further contends that no new evidence may be admitted on appeal and that the Appellant failed to comply with the requisites regarding newly-discovered evidence. In any case, according to the Appellee, the Appellant's purported newly-discovered evidence only proved that the legal personality of the Appellant had already been dissolved, and that the Appellant has no right to the Pretty Door Industrial Sales partnership and business, much more to the "PD" trademark.

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 23 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.

The main issue to be resolved in this appeal is whether the Appellee's mark "PD" should be registered.

In this regard, Section 123.1 (d) of Republic Act No. 8293, or the Intellectual Property Code of the Philippines ("IP Code") proscribes the registration of a mark which is confusingly similar to another mark, to wit:

Section 123. Registrability. - 123.1. A mark cannot be registered if it:

xxx

xxx

xxx

(d) Is identical with a registered mark belonging to a different proprietor or a mark with an earlier filing or priority date, in respect of:

- (i) The same goods or services, or
- (ii) Closely related goods or services, or
- (iii) If it nearly resembles such a mark as to be likely to deceive or cause confusion;

xxx

Sec. 134 of the IP Code further 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. xxx

In the present case, the Appellant opposed the trademark application of the Appellee on the basis of the Appellant's alleged prior use and adoption of the "PD" mark, as well as its Trademark Registration No. 4-2002-010360 for the said mark.

The marks of the Appellant and the Appellee are shown below for comparison:



Appellant's mark
Reg. No. 4-2002-010360



Appellee's mark
App. No. 4-2002-009918

At a glance, one can immediately see the similarity between the marks. As the marks are used on the same goods, such as PVC doors, the purchasing public may assume that the Appellant's products originated from or are sponsored by the Appellee, or vice versa. The public would be deceived that there is some connection between the Appellant and the Appellee, which, in fact, does not exist.

It should be noted 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.¹

As the holder of the certificate of registration for PD, the Appellant was given the exclusive right to use this mark in connection with the manufacture of PVC doors and related goods. However, a certificate of registration is only a *prima facie* evidence of the validity of the registration² and can, thus, be cancelled upon showing that the registration was issued contrary to the provisions of the law. In this case, the Appellee adduced evidence that invalidated the Appellant's presumptive ownership and certificate of registration for PD. On the other hand, the herein Appellant's pieces of evidence

¹ *Pribhdas J. Mirpuri vs. Court of Appeals*, G.R. No. 114508, 19 November 1999, citing *Etepha vs. Director of Patents*, supra, *Gabriel V. Perez*, 55 SCRA 406 (1974).

² See Sec. 138 of the IP Code.

failed to support the legal validity of its ownership of PD and even strengthened the herein Appellee's claim that the Appellant had no right to register the mark PD.

This conclusion was likewise held by this Office in the appealed case involving the same parties with regard to the herein Appellee's petition for cancellation of the herein Appellant's trademark registration.³ As held in such case, so do we rule in this appeal. It is an undisputed fact that the Appellee filed its trademark application for "PD" on 19 November 2002, while the Appellant's filing date is much later, on 04 December 2002. Thus, contrary to the Appellant's arguments, under Sec. 123.1 (d) of the IP Code, the Appellee's earlier filing date entitles the Appellee to the registration of the mark "PD". Consequently, the Appellee's earlier filing date bars the Appellant from registering a mark that resembles PD and which would likely deceive or cause confusion. The Appellant's certificate of registration for PD was, thus, contrary to the provisions of the IP Code. As correctly pointed out by the Director:

In the instant case, Respondent-Applicant filed its application for registration of its mark "PD" on November 19, 2002 while Opposer's application for registration of the mark "PD" was filed on December 4, 2002 which is a much later date than Respondent-Applicant's filing of its application, hence, Respondent-Applicant is the first filer of the application for such trademark under "the first-to file" rule and as such, has better right over the mark "PD". Even if Opposer's mark is already registered, the fact that Respondent-Applicant is the first filer cannot be disregarded when no other evidence was presented by Opposer to prove that it has a better right over the mark "PD".

As to the Appellant's contention questioning the Appellee's personality or authority to prosecute the subject trademark application, this Office rules that based on the evidence presented by both parties, the Appellee was the proper assignee of the trademark application by the heirs of the original applicant, Cheng Yu Cheng. The Appellee has shown by substantial evidence that Cheng Yu Cheng acquired the business and goodwill of the Appellant pursuant to a Deed of Sale executed on 23 February 2000. While the Appellant claims that the Deed of Sale did not push through and was cancelled by mutual agreement of the parties, there is nothing in the records which supports this claim. The alleged confirmation of rescission was only executed several years after the execution of the Deed of Sale, and after the death of Cheng Yu Cheng. Cheng Yu Cheng then applied for the registration of PD in 2002, which he would have not done so if the Deed of Sale was not consummated. Neither was there any indication in the records that the Appellant attempted to stop Cheng Yu Cheng from using PD if indeed the Deed of Sale did not push through. Moreover, this Office agrees with the findings of the Director that:

Opposer further argued that the application cannot continue as a result of the demise of the applicant and that PDMC is not the lawful assignee of the application. However, Respondent-Applicant's assignee Pretty Door Manufacturing Corporation (PDMC) was able to present an Assignment of Trademark Application and Registered Industrial Design executed by the wife and children of Respondent-Applicant Cheng Yu Cheng assigning the trademark PD to PDMC which is the subject trademark in this case. The wife and children of Cheng Yu Cheng acquired the right over the "PD" mark subject matter of this case by operation of law through succession upon the death of the husband/father (herein Respondent-Applicant) and as heirs, they have every right to assign the same to PDMC.

³ Appeal No. 14-09-39, Pretty Door Industrial Sales Co. vs. Pretty Door Manufacturing Corporation.


Consequently, being an assignee, PDMC has the right to defend the application against the instant opposition.

Furthermore, the Appellant's claim of newly-discovered evidence will not help its cause. Even if this Office would set aside technicalities and admit the alleged newly-discovered evidence, such documentary evidence only weaken the Appellant's position that the 23 February 2000 Deed of Sale between Cheng Yu Cheng, Chang Jen Hwa, Eddie Belena, and Baby Ventura, did not push through. If indeed the Deed of Sale was not consummated, then Cheng Yu Cheng had no interest in the Appellant's business which he could transfer to third parties. Thus, there was no need for this alleged newly-discovered evidence which purportedly showed the transfer to third parties of Cheng Yu Cheng's interest in the Appellant's business. In any event, there is nothing in this piece of evidence that mentioned the transfer by Cheng Yu Cheng of his interest or right to his trademark application for PD.

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

SO ORDERED.

AUG 24 2012 Taguig City.


RICARDO R. BLANCAFLOR
Director General 