



OFFICE OF THE DIRECTOR GENERAL

VLSIS MANAGEMENT
CORPORATION,
Respondent –Appellant,

Appeal No. 14-2010-0020

Inter Partes Case No. 14-2008-00184

-versus-

Opposition to:

Application No. 4-2007-012295

Date Filed: 07 November 2007

Trademark: OKASYON BY:

MICHELLE V. LIM & DESIGN

SARI-SARI GROUP OF
COMPANIES, INC.,
Opposer-Appellee.

X-----X

DECISION

VLSIS MANAGEMENT CORPORATION (“Appellant”) appeals Decision No. 2009-176, dated 16 December 2009, of the Director of the Bureau of Legal Affairs (“Director”) sustaining the opposition of SARI-SARI GROUP OF COMPANIES, INC. (“Appellee”) to the Appellant’s application for the registration of the mark “OKASYON BY: MICHELLE V. LIM & DESIGN”.

Records show that the Appellant filed on 07 November 2007 the trademark application for accessories of semi-precious stones, namely, bracelets, necklaces and earrings (Class 14 of the Nice Classification¹), bags (Class 18), accessories of non-precious stones, like plastics namely: bracelets, necklaces and earrings (Class 20), and clothes and shoes (Class 25). The application was published in the Intellectual Property Office e-Gazette for Trademarks on 18 April 2008. The Appellee filed on 19 August 2008 a “VERIFIED NOTICE OF OPPOSITION” claiming that it would be damaged by the registration of OKASYON BY: MICHELLE V. LIM & DESIGN and alleging that:

1. It is a manufacturer and distributor of the collection of clothes identified by the famous “Sari-Sari” marks and has been in the fashion industry for more than two decades;
2. In its continuing effort to cater to changing fashion styles through the years, it introduced the marks “SARI-SARI OKASYON” and “OKASYON”; the word “Okasyon” serves to distinguish its particular line of clothing and accessories distinct from those covered by its other “Sari-Sari” marks; using the word “Okasyon”

¹The 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.

and affixing “Sari-Sari” serve to identify the Appellee’s formal wear used during special events such as weddings;

3. It conceptualized and commenced the use of SARI-SARI OKASYON and OKASYON in the Philippines as early as 01 March 1997 which predates the Appellant’s filing date for OKASYON BY: MICHELLE V. LIM & DESIGN;
4. It has participated in various fashion and road shows displaying its creations under the label and mark SARI-SARI OKASYON and OKASYON;
5. It filed on 23 November 2007 Trademark Application No. 4-2007-013048 for SARI-SARI OKASYON for goods under Classes 9, 14, 18, 25, 26 and 35; while the Appellant’s trademark application was filed earlier, it was filed in bad faith and should not be allowed registration;
6. In 2001, The Beads Work, a partnership composed of Michelle V. Lim (using her then maiden name Michelle M. Varela), Mamerta Lagrosa and Cecilia M. Varela, entered into a consignment agreement with the Appellee whereby the Appellee agreed to consign its “Sari-Sari” goods to The Beads Work;
7. The consignment agreement clearly recognizes the Appellee as the owner of OKASYON and that The Beads Work is prohibited from using OKASYON or any colorable imitation thereof without the written approval of the Appellee;
8. The Appellant is being used by Michelle V. Lim as a mere shield to circumvent the clear prohibition on the consignment agreement that OKASYON or any colorable imitation thereof may not be appropriated to the prejudice of the Appellee;
9. On 10 April 2007, or ten (10) years after the formation of The Bead Works as a partnership, Michelle V. Lim formed the Appellant together with Miguel B. Varela, Cecilia M. Varela, Ma. Angelica M. Varela and Melissa M. Varela;
10. The Appellant is a close corporation since there is an identity in its ownership and management; one salient feature of this type of corporation is that ownership of its shares is limited either to the members of a family or a group of friends or business associates;
11. The separate personality of a corporation may be disregarded under the doctrine of piercing the veil of corporate fiction whenever the

- notion of a corporate entity is used to defeat public convenience, justify a wrong, protect fraud or defend crime;
12. In the case at bar, there is legal basis to hold that the contractual obligation of The Bead Works not to use and register OKASYON also binds the Appellant; the two incorporators of the Appellant interlock with the two partners of The Bead Works which proves a unity in control and management of the two entities; the business purpose of the two entities are identical which is to engage in the business and trading of goods such as clothing and dress accessories on retail basis; the Appellant and The Bead Works are merely alter egos of each other and must be treated as one and the same for the purpose of applying the prohibition on the Appellant's using and registering OKASYON;
 13. The Appellant's application for OKASYON BY: MICHELLE V. LIM & DESIGN was in evident bad faith and cannot ripen into ownership, much less registration; the Appellant, through its director Michelle V. Lim, knew of the Appellee's prior use and ownership of OKASYON in connection with its clothing and accessories business; Michelle V. Lim was Associate Vice-President of the Appellee in 2003;
 14. Even if the Appellant has an earlier application date for the registration of OKASYON BY: MICHELLE V. LIM & DESIGN, this mark cannot be registered considering that it has been shown that the Appellant is not the true originator and owner of OKASYON;
 15. To register OKASYON BY: MICHELLE V. LIM & DESIGN will cause confusion among the public as to the origin of the goods or the respective businesses of the parties; the striking similarity of the competing marks buttresses the fact that confusion will surely ensue; the products bearing the competing marks are sold or marketed through the same channels of trade; and
 16. It has used OKASYON for a longer period than the Appellant and it has already gained goodwill over this mark and the registration of OKASYON BY: MICHELLE V. LIM & DESIGN in the name of the Appellant would not only violate the Appellee's intellectual property rights but will also cause the Appellant to unfairly benefit from, and free-ride on, the business reputation and goodwill of the Appellee over SARI-SARI OKASYON and OKASYON.

The Appellee submitted the following evidence to support its opposition:

1. Articles of Incorporation and General Information Sheet;²
2. Invoices and cash register receipts;³
3. Print-outs from the website www.WeddingsAtWork.com and www.kasal.com;⁴
4. Trademark Application No. 4-2007-013048 for SARI-SARI OKASYON;⁵
5. Articles of Partnership of The Bead Works Co.;⁶
6. Agreement, dated 13 March 2001;⁷
7. Appellant's certificate of incorporation;⁸
8. Write-up of Michelle V. Lim from her webpage;⁹ and
9. Board Resolution, dated 14 August 2008.¹⁰

The Appellant filed a "VERIFIED ANSWER", dated 02 October 2008, alleging that:

1. The opposition is misleadingly, if not untruthfully based and/or attempts to acquire ownership of the Appellant's property/ies and/or to appropriate generic terms;
2. The trademark on which the Appellee based its claim is SARI-SARI OKASYON and not OKASYON; the opposition always make reference to SARI-SARI OKASYON and always carry the qualifying phrase or prefix "Sari-Sari";
3. Both "Sari-Sari" and "Okasyon" are generic *Tagalog* terms and may not be individually appropriated by the Appellee;
4. OKASYON BY: MICHELLE V. LIM cannot mislead customers and cannot be mistaken for SARI-SARI OKASYON;
5. The design and colors of its mark are far different from any design of the Appellee; the Appellee has not shown any trademark which could be infringed by the Appellant's mark;
6. Michelle V. Lim is the beneficial owner of "Okasyon ng Sari-Sari" having previously used said mark with the full knowledge and express assent of the Appellee; Michelle V. Lim would design, produce, and then consign clothes and other wearing apparel to the

² Exhibits "A" and "B".

³ Exhibits "C" to "R", inclusive of sub-markings.

⁴ Exhibits "S" and "T", inclusive of sub-markings.

⁵ Exhibit "U".

⁶ Exhibit "V".

⁷ Exhibit "W".

⁸ Exhibit "X".

⁹ Exhibit "Y".

¹⁰ Exhibit "Z".

Appellee, but Michelle V. Lim would at all times continue to own and be solely responsible for the goods;

7. Since all the wearing apparel and the clothes line consigned to the Appellee belong to the Appellant, then all labels thereon also belonged to the Appellant;
8. The Appellee has already acknowledged Michelle V. Lim's ownership of "Okasyon ng Sari-Sari" as shown by the "Summary of Payables" reflecting billings by the Appellant on the Appellee for sales on clothesline carrying OKASYON; and
9. The Appellee admitted that the Appellant filed ahead of time and thus, there is no longer any reason to withhold the approval of the application and the issuance of the certificate of registration;

The Appellant submitted the following evidence:

1. Definitions of "sari-sari" and "okasyon";¹¹
2. Appellant's proposed design for its mark;¹²
3. Copies of the identification tag and label "okasyon ng sari-sari";¹³
and
4. Summary of Payables.¹⁴

After the appropriate proceedings, the Director sustained the opposition and ruled that the words "SARI-SARI" and "OKASYON" are the dominant features of the Appellee's mark. According to the Director, the Appellant's adoption of the word "OKASYON" even if it appends the name "MICHELLE V. LIM" does not preclude the fact that it appropriates a portion of the dominant part of the Appellee's mark. The Director held that despite the earlier filing date of Appellant, OKASYON belongs to and is owned by the Appellee and that this word is suggestive and can be appropriated as a trademark.

On 11 February 2010, the Appellant appealed Decision No. 2009-176 contending that it originated the use of the term "OKASYON". The Appellant maintains that it was the first to design, produce, and sell clothes under the mark OKASYON and the first to file for registration of OKASYON BY. MICHELLE V. LIM & DESIGN. According to the Appellant, the Appellee has expressly acknowledged the Appellant's ownership of OKASYON both contractually and as a business practice. The Appellant asserts that the term "OKASYON" may be considered generic and open to use by both parties. The Appellant claims that the dominant feature of Sari-Sari Okasyon is "Sari-Sari" leaving the use of OKASYON open. The Appellant posits that the consignment agreement is a contract of adhesion

¹¹ Exhibits "1" and "1-A".

¹² Exhibit "2".

¹³ Exhibits "3" and "4".

¹⁴ Exhibit "5".

which should be interpreted in its favor and that the parties had agreed on the other's use of OKASYON.

The Appellee filed on 29 March 2010 a "COMMENT (To Memorandum of Appeal dated 05 February 2006)" reiterating its arguments that it is the true and rightful owner of "OKASYON" being the first and prior user thereof since 1997, that the registration of the Appellant's confusingly similar mark will cause confusion among the public as to the origin of the goods or the respective businesses of the parties, and that Michelle V. Lim's use of OKASYON was only with its tolerance as part of the consignment agreement which expressly provide that the Appellee owned the mark SARI-SARI OKASYON. The Appellee argues that the Appellant's trademark application was filed in bad faith since Michelle V. Lim had prior knowledge of the Appellee's use of SARI-SARI OKASYON and OKASYON. It further avers that it may appropriate the words "SARI-SARI" and "OKASYON" pursuant to the doctrine of secondary meaning through its substantially exclusive and continuous use in relation to its goods and business for more than a decade. The Appellee contends that there is no merit to the Appellant's allegation that the consignment agreement is a contract of adhesion and that this argument was only raised for the first time on appeal. It also maintains that the registration of the Appellant's mark will allow the Appellant to unfairly benefit from the business reputation and goodwill of the Appellee over its trademarks SARI-SARI OKASYON and OKASYON.

Pursuant to Office Order No. 197, Series of 2010, Mechanics for IPO-Mediation and Settlement Period, this Office issued an Order on 01 February 2011 referring this case to mediation. Subsequently, on 06 June 2011, the IPOPHL Mediation Office issued a "MEDIATOR'S REPORT" referring the case back to this Office for failure of the Appellee and its counsel to appear on the scheduled mediation conference.

In addition, the Appellant filed a "MANIFESTATION" dated 25 April 2011 stating that the Appellee ignored all notices of the scheduled mediation conference and that it appears that the Appellee has already ceased operations, having abandoned or closed its outlet/s at the different malls and that no goods have been placed on the market by the Appellee.

The issue in this appeal is whether the Director was correct in sustaining the opposition to the registration of OKASYON BY. MICHELLE V. LIM & DESIGN in favor of the Appellant.

The appeal is meritorious.

Sec. 134 of the Intellectual Property Code of the Philippines ("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 relevant question, therefore, is whether the Appellee would be damaged by the registration of OKASYON BY. MICHELLE V. LIM & DESIGN in the name of the Appellant.

In alleging that it would be damaged by the registration of the Appellant's mark, the Appellee claims prior use of SARI-SARI OKASYON and that it filed a trademark application for this mark. However, on 09 July 2012, the Bureau of Trademarks of the IPOPHL issued a "CERTIFICATION" stating that the registration for SARI-SARI OKASYON was cancelled on 24 November 2010 because of the Appellee's failure to file a declaration of actual use for this mark. There is nothing in the records that show that the Appellee is still using this mark. Neither was there an indication from the Appellee that it filed or intends to file another trademark application for SARI-SARI OKASYON. In this regard, the Appellee's claim that it would be damaged by the registration of the Appellant's mark has no leg to stand on.

Moreover, the registration of the Appellant's mark would not likely deceive or cause confusion as to the origin of this mark. The marks of the Appellant and the Appellee are shown below for comparison:



Appellant's mark



Appellee's mark

At a glance, one can see the differences in these marks. The Appellant's mark embodies the reference to "by Michelle V. Lim" while the Appellee's mark contains the term "Sari-Sari". The Appellant's mark also has a background design which is not present in the Appellee's mark. In this regard, one can easily distinguish the source or origin of these marks. 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.¹⁵

Significantly, the Appellant's mark clearly indicates that its mark is not from the Appellee and, hence, there is no likelihood of confusion that the purchasing public

¹⁵ Pribhdas J. Mirpuri v. Court of Appeals, G.R. No. 114508, 19 November 1999.

may be misled into believing that the goods covered by the Appellant's mark are from the Appellee. The absence of the term "SARI-SARI" from the Appellant's mark shows the intention of the Appellant not to relate to the Appellee or give connotation that its products are related to the Appellee's goods or services.


A trademark is a visible sign capable of distinguishing the goods of an enterprise.¹⁶ The records of this case show that the Appellant's mark is capable of distinguishing and indicating the source of the Appellant's goods. The rights in a mark shall be acquired through registration made validly in accordance with the provisions of the law.¹⁷ The Appellant's mark was allowed publication by the Bureau of Trademarks which means that it has complied with the provisions of the law for the registration of a mark. In the absence of any proof of damage to the Appellee, the subject trademark application is to be given due course.

WHEREFORE, premises considered, the appeal is hereby granted.

Let a copy of this Decision as well as the trademark application and 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 2013 Taguig City


RICARDO R. BLANCAFLOR
Director General

¹⁶ IP Code, Sec. 121.1.

¹⁷ Id. Sec. 122.