



**COOPERATIVA MURATORI &
CEMENTISTI – CMC DI RAVENNA,**
Petitioner,

-versus-

CMC DI RAVENNA (ASIA), INC.,
Respondent.

X-----X

IPC No. 14-2009-00281
Cancellation of:
TM Reg. No. 4-2002-005725
Date Issued: 10 Feb. 2005
TM: "CMC DI RAVENNA (ASIA)
INC. and LOGO (in colour)"

NOTICE OF DECISION

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GREETINGS:

Please be informed that Decision No. 2012 – 150 dated August 17, 2012 (copy enclosed) was promulgated in the above entitled case.

Taguig City, August 17, 2012.

For the Director:

Catherine Socorro O. Estrada
Atty. CATHERINE SOCORRO O. ESTRADA
Hearing Officer, Bureau of Legal Affairs

CERTIFIED TRUE COPY

Marilyn F. Retual
MARILYN F. RETUAL



COOPERATIVA MURATORI &
CEMENTISTI -- CMC DI RAVENNA,
Opposer,

IPC NO. 14-2009-000281
Cancellation of:

TM Reg. No. 4-2002-005725
Date Issued: 10 Feb 2005

- versus -

CMC DI RAVENNA (ASIA), INC.,
Respondent.

TM: "CMC DI RAVENNA (ASIA)
INC. and LOGO (in colour)"

X-----X

Decision No. 2012- 150

DECISION

COOPERATIVA MURATORI & CEMENTISTI – CMC Di RAVENNA, ("Petitioner")¹ filed a petition for the cancellation of Trademark Reg. No. 4-2002-005725. The registration, issued to CMC Di Ravenna (Asia), Inc. ("Respondent-Registrant")² on 10 February 2005, covers the mark "CMC DI RAVENNA (ASIA), INC. and LOGO (IN COLOR)" for use on the services "*construction, general engineering, general contractors*" under Class 37 of the International Classification of services³.

The Petitioner alleges, among other things, that:

"6. Petitioner was founded way back in 1901 in Ravenna, Italy and has since been continuously engaged in the business of general engineering and construction in Italy and overseas since 1975. Through the century, it has been involved in numerous projects in various countries worldwide, maintaining offices in Rome, Algeria, Angola, China, Mozambique, South Africa, Sudan, Swaziland and Malawi, among others. Due in large part to its valuable contribution to vital infrastructure projects all over the world, CMC Italy has gained a world-wide reputation for executing first-class designs from roads, buildings and subways, water irrigation works and sewage systems, to ports and marine works. As of 2008, it is the 119th biggest contractor in the world.

"7. To set itself apart from other construction companies, petitioner incorporated its place of origin – Ravenna, Italy – in its business name and various corporate logos. First used in Italy and overseas in 1975, CMC Italy's trademarks had been continuously and notoriously depicted in all its communications and transactions as follows:⁴

¹ A foreign corporation organized and existing under the laws of Italy, with business address at 76 Via Trieste, Ravenna, Italy

² A corporation organized and existing under the laws of the Philippines with business address at 24th Floor, Orient Square, Emerald Avenue, Ortigas Center, Pasig City, Metro Manila.

³ The Nice Classification is a classification of goods and services for the purpose of registering trademark and service marks, based on the multilateral treaty administered by the World Intellectual Property Organization. The treaty is called the Nice Agreement Concerning the International Classification of Goods and Services for the Purpose of the Registration of Marks concluded in 1957.

⁴ See reproductions of CMC Italy's various trademarks, attached as Annexes "D" to "D-3" of R. Macri's Sworn Statement.



Hereinafter referred to as the 'CMCMarks'.

"8. Although the various trademarks and business names slightly vary, e.g. in order to specify the location in which each branch is located, the CMC Marks nonetheless uniformly adopt (a) the two circular devices cast in red background; (b) the 'C.M.C.' acronym; (c) the word 'Ravenna'; and (d) the blue rectangular devices, the last of which is interspersed with three white lines at the lower right-hand corner.

"9. Since 1975, the CMC Marks have continually and openly been used in connection with the advertisement and delivery of CMC Italy's services. CMC Italy's labels, receipts, advertising, promotional and collateral materials bearing the CMC Marks have obtained significant exposure in various media, including advertisements, news articles, internet promotion and other promotional events. Several of these advertising and promotional materials are published in various publications that are widely available in the Philippines and all over the world, as well as Petitioner's own websites, www.cmcra.com, www.cmc.coop and www.cmcafricaaustral.com, which had readily been accessible to Filipino consumers since 2000.⁵

"10. In the course of petitioner's extensive and notorious use and appropriation of the CMC Marks to identify its services throughout the world, the CMC Marks were firmly established and have obtained goodwill and general international consumer recognition as belonging to only one source, *i.e.*, Petitioner and its worldwide facilities. Accordingly, the consuming public has closely identified the CMC Marks to refer to Petitioner's wide range of high-quality and technologically advanced construction services.⁶

"11. In the Philippines, CMC Italy's business name and trademark likewise became well-known through the promotion of its services in September 1994, followed by the registration of a representative office in Manila on 29 February 1996 and the conversion hereof into a Branch office on 8 March 2000 upon the authority of the SEC. Thereafter, CMC actively engaged, indirectly as set out in paragraph 5 above and 14 below, in the promotion and construction of projects in the provinces of Nueva Vizcaya and Nueva Ecija, among others.

"12. Said promotional activities were carried out by De Rossi himself, who was then authorized by CMC Italy through a Contract of Coordinated and Continuative Work dated 26 August 1994. De Rossi's contract was effective from 1 September 1994 to 31 August 1997, and was later renewed on 26 November 1997 and 16 May 2000, extending its effectivity up to 31 August 2003.

"13. In Petitioner's application to establish a Representative Office in the Philippines, dated 9 January 1996 and its application to establish a Branch Office dated 22 November 1999 De Rossi attested to his authority as CMC Italy's Resident Agent and submitted the same to the SEC in compliance with relevant rules and regulations. In his letter to the SEC dated 8 October 2002 applying for the revocation of CMC Italy's license to do business in the Philippines, De Rossi signed as CMC Italy's Area Manager.

"14. One of CMC Italy's main projects in the Philippines as a member of the CP Casecan Consortium (an Italian consortium duly established in accordance with articles 2602, et seq.

⁵ Printouts of certain pages of CMC Italy's website are attached hereto as Annexes "F" to "H".

⁶ Copies of descriptions/details of some of CMC Italy's significant projects are attached as Annexes "C" to "C-20" of R. Macri's Sworn Statement.

of the Civil Code of Italy) was the US\$260 Million Casecnan Multi-purpose Irrigation and Power Project, a hydroelectric facility composed of two impounding dams and connecting tunnel, an underground power house connected by a 26-km tunnel, a switchyard and a further tunnel discharging water to an existing impounding dam. It aimed to provide adequate irrigation for Central Luzon, the Philippines' main rice producing region and to provide extra power for Luzon's electrical supply by harnessing the waters of the Casecnan River (Denip and Taan rivers) in Nueva Vizcaya. However, due to losses suffered in connection with one of its major projects, Petitioner subsequently closed its Branch office in the Philippines.

"15. Sometime in 2001, Petitioner's decision to close its Philippine operations was communicated to De Rossi, who was later tasked to ensure the closure of CMC Italy's Branch office by October 2002.

"16. However, before the cessation of Petitioner's operations in the Philippines, de Rossi proposed the establishment of a Philippine corporation to Petitioner, to be called 'CMC di Ravenna (Asia), Inc.' CMC Italy, however, dismissed/rejected de Rossi's proposal.

"17. Apparently, however, De Rossi made plans of his own. He established Respondent company without Petitioner's knowledge and consent. In so doing, Respondent not only appropriated Petitioner's own business name, but likewise exploited Petitioner's CMC Marks and applied for the registration thereof in the Philippines.

17.1 In 2001, de Rossi purchased Respondent company, which was then called 'Empower Philippines, Inc.' Petitioner neither funded nor approved any operation related to Empower.

17.2 On 11 June 2001, Empower's corporate name was amended to 'CMC di Ravenna (Asia) Inc.' Respondent's use of the name 'CMC di Ravenna' was not authorized by Petitioner.

17.3 On 24 August 2001, Respondent increased its authorized capital stock, falsely indicating Petitioner as one of its major stockholders. Petitioner never had any involvement in the SEC filings or in the operation of Respondent; neither did it subscribe to shares or pay any subscription therein.

17.4 On 12 July 2002, once again without Petitioner's knowledge or consent, Respondent filed an application for the registration of the mark entitled 'CMC DI RAVENNA (ASIA), INC. AND LOGO (IN COLOUR)' with this Honorable Office.

"18. To reiterate, none of the foregoing was ever made or undertaken with the consent or authorization of Petitioner. Not even on 25 July 2002, when Petitioner and de Rossi entered into an Agreement pre-terminating the Contract of Coordinated and Continuative Work by 31 October 2002, by which de Rossi was tasked to ensure the closure of CMC Italy's Branch office in the Philippines immediately thereafter.

"19. On October 30, 2002, the SEC issued a Certificate of Withdrawal of License of a Foreign Corporation, approving CMC Italy's petition to withdraw its license to do business in the Philippines, which was filed by de Rossi himself. In connection with CMC Italy's petition for withdrawal of license, de Rossi submitted the following documents to the SEC:

- Formal Application letter dated 8 October 2002 to the SEC, signed by De Rossi as CMS Italy's Area Manager, for the revocation of CMC Italy's license as a Branch office;
- Authentication by the Philippine Embassy in Milan, Italy of the Minutes of the Extraordinary Meeting of Shareholders of CMC Italy held on 22 June 2002; and
- Minutes of the Extraordinary Meeting of Shareholders of CMC Italy held on 22 June 2002, which included the winding up of operations of its Branch office in the Philippines

"20. Notably, the foregoing documents show that de Rossi was personally involved in the process of closing CMC Italy's Branch office and terminating its operations in the Philippines.

"21. On 31 October 2002, 13 December 2002, and 29 July 2004, Petitioner sent letters to De Rossi demanding that the latter stop using Petitioner's name and service mark.

"22. In the meantime, as Petitioner had no knowledge thereof, Respondent's trademark application for 'CMC DI RAVENNA (ASIA), INC. AND LOGO (IN COLOUR)' later ripened into registration, with the issuance by this Honorable Office of Registration No. 4-2002-005725 in Respondent's favor on 10 February. The mark appears as follows:



"23. On 14 February 2008, CMC Italy sent a cease and desist letter to De Rossi and Respondent demanding, among others, that Respondent and de Rossi cease and desist from using Petitioner's business name, corporate logo, or any of the CMC Marks. To date, however, Respondent refused and continues to refuse to comply with CMC Italy's demand.

"24. Hence, this petition for cancellation, in accordance with Section 151 of the IP Code, which provides: xxx

Grounds

- (a) Petitioner is the prior user of CMC Marks in the Philippines, well before the filing date of Respondent's registration;
- (b) Petitioner's trade name 'CMC di Ravenna' is protected under the Paris Convention and Section 165 of the IP Code; hence, the Respondent's incorporation thereof in its business name is unlawful;
- (c) Respondent's mark is confusingly identical with the CMC Marks, a well-known mark owned by Petitioner, and thus runs contrary to Sec. 123 of the IP Code;
- (d) The services for which Respondent intends to use its mark are identical, similar or related to the services offered by Petitioner;
- (e) The continued registration of Respondent's mark will work to impede the natural expansion of the Petitioner's use of its CMC Marks in the Philippines;
- (f) Respondent's mark was fraudulently obtained and unfairly competes with Petitioner's CMC Marks, which is prohibited under Section 168 of the IP Code;
- (g) Respondent's mark amounts to a false designation of origin or representation likewise proscribed under Section 169 of the IP Code; and
- (h) Other provisions of the IP Code and related international agreement or convention on the subject of intellectual property rights warrant the cancellation by this Honorable Office of the Respondent's trademark registration.

Arguments

"25. As stated above, Petitioner's trade name, 'CMC di Ravenna', is protected under the Paris Convention, which was incorporated into Philippine law by virtue of Section 2, Article II of the Philippine Constitution, as evidenced by the clear provisions of Section 165 of the IP Code itself. Article 8 of the Paris Convention states: xxx

On the other hand, Section 165 of the IP Code provides: xxx

"26. Apart therefrom, Petitioner respectfully submits that its CMC Mark has attained the status of a well-known mark. As such, Petitioner is entitled to protect its CMC Marks against

marks that are liable to create confusion in the minds of the public or used in bad faith under article 6bis of the Paris Convention, thus: xxx

The foregoing has been recognized under Section 123 (e) and (g) of the IP Code: x x x

"27. Furthermore, it may not be amiss to point out that Respondent's use of its mark 'CMC di Ravenna (Asia), Inc.' amounts to a false designation of origin proscribed under Section 169 of the IP Code: x x x

"28. Unlike Petitioner, Respondent cannot claim to be 'from Ravenna, Italy' as it is clear that Respondent was, until recently, a mere domestic corporation formerly known as 'Empower Philippines, Inc.', which in turn was previously known as 'New Energy Resources Corporation'. Neither may Respondent claim to have any relation to, much less any affiliation with, CMC Italy, as all the acts of de Rossi, particularly the registration of the subject mark, were committed without CMC Italy's knowledge or consent.

"29. Finally, not only was Respondent successful in fraudulently acquiring its infringing mark in utter bad faith, it is clear that respondent continues to make false representations to the public in an attempt to pass off its services as that of, or sponsored by, CMC Italy. This amounts to a violation of Petitioner's goodwill, a property right separately protected under Philippine law, and downright unfair competition proscribed under Article 10bis of the Paris Convention, Article 28 of the Civil Code and Section 168 of the IP Code: x x x

On the other hand, Article 28 of the Civil Code and Section 168 of the IP Code provide: x x x

"30. A cursory examination of the articles posted on Respondent's own website, www.cmcsiainc.net, readily reveal that Respondent adopted Petitioner's CMC Marks to ride on the latter's goodwill and exceptional heritage.

30.1. In an article entitled '*CMC di Ravenna (sic): An Epic Vision*', Respondent boasts of its supposed heritage since 1901, when CMC di Ravenna (Petitioner herein) was founded 'by a small group of workers' and 'expanded through the years' including the Philippines.

30.2. In an article entitled '*CMC di Ravenna's Record Finishing of the Casecnan Multipurpose Power Project*', 'Armando de Rossi (supposedly) deserves every congratulation that comes his way' as 'CMC (Asia) Inc.'s President', who again supposedly led his 'global company, the largest construction cooperative in Europe, in undertaking (the) massive \$640 million Casecnan Multipurpose Power Project in Pantabangan, Nueva Ecija, and actively saw to its completion in record time.'

30.3. In '*Armando de Rossi: The Man at the Helm*', de Rossi was plainly referred to as 'C.M.C. (Asia) Inc.'s President', who was sent to the Philippines by 'his construction company' in 1976 to manage the first stage of the Kalayaan Hydropower Pumped Storage Plant in Laguna.

30.4. In '*The Casecnan Multipurpose Power. . .*', de Rossi once again traces Respondent's roots to CMC Italy, noting the latter's 'centenary' on March 2001, when in truth and in fact, there is no connection between CMC Asia and CMC Italy to even speak of.

30.5. In '*Casecnan Multipurpose Power Project: A Milestone Achievement*', de Rossi was referred to as 'the indefatigable Regional Director for Asia of C.M.C Ravenna', which is Europe's largest cooperative' consistently ranked as one of the top five major Italian construction Companies in the last 10 years.

30.6. Finally, in an article entitled 'Build good relations with staff and clients, and money will come', de Rossi was falsely referred to as the 'President of C.M.C. di Ravenna, an Italian construction firm'. According to the article:

With this people-friendly executive at the helm, C.M.C di Ravenna has become one of the leading construction companies in the region, with operations that include infrastructure works, hydraulic engineering, rural development projects and marine works.

C.M.C di Ravenna has offices in four continents and 11 countries such as Malaysia, Taiwan, Africa and the Philippines.

30.7. As stated, it was CMC Italy's Branch office, that was, indirectly as set out above, responsible for implementing the Casecnan Multi-Purpose Irrigation and Power Project, not CMC Asia. Moreover, CMC Italy ceased its direct operations in the Philippines as early as 2002, with the withdrawal of its license to do business by the SEC. Hence, any reference to any direct operations in the country thereafter is a blatant lie. Lastly, there is simply no connection between CMC Asia and CMC Italy so as to justify Respondent's unrelenting reference to CMC Italy's heritage or achievements as its own.

"31. To be sure, if Respondent were to be allowed to continually use its mark in connection with the advertisement or delivery of its services that are similar, identical, or closely related to Petitioner's own services, the consuming public would no doubt be misled, as they have indeed been misled, into assuming or believing that Respondent's services are delivered by, originate from, or are under the sponsorship of Petitioner. After all, Petitioner is likewise in the business of delivering construction services all over the world, which services are identical to Respondent's services under International Class 37.

31.1 For instance, under date 10 October 2006, CMC Italy received a letter by facsimile from Mr. Jimmy Kim, Director of CMSS (PNG) Ltd., a subsidiary company of S&S group of South Korea. In the letter, Mr. Kim stated that CMSS is 'currently working on three (3) road projects won by CMC Di Ravenna in Papua New Guinea'. He further stated that de Rossi (a) misrepresented to CMSS that 'CMC (Asia) and CMC (Italy) were the same company and CMC (Italy) had a 30% shareholding in CMC (Asia)'; and (b) 'showed documents like financial statements, past projects, etc. [with] the CMC Ravenna logo to prove his claim'. According to Mr. Kim, CMSS' relationship with de Rossi has 'began to sour' and that unless the conflict is resolved, they 'will have no option but to go to International Court . . . in the event that CMC refuses to have any discussion with [CMSS]' and that CMSS 'will not hesitate to name CMC (Italy) as one of the defendants.'

31.2 Furthermore, Petitioner had recently come to know that Respondent had been, in fact, the subject of an investigation by the Asian Development Bank with respect to its bid for a project in Papua New Guinea, wherein one of the issues raised was CMC Asia's act of portraying itself as being the same as CMC Italy or as being associated with it and/or used information about CMC Italy to qualify for and win the bid. Thus, to pre-qualify for said projects, it used the name 'CMC di Ravenna' without the words '(Asia), Inc.' In addition, CMC Asia also submitted a Special Power of Attorney from CMC Estero S.p.A. (i.e. CMC Italy's affiliate set up under Italy's laws on 8 February 1999 and merged back into CMC Italy on 9 November 2001) appointing De Rossi as institor (i.e. dated 19 November 1999) of 'CMC Philippines Branch', to attempt to establish a connection between CMC Asia and CMC Italy, and prequalify for the project.

"32. In other words, Respondent's use of its mark would indicate a connection between Respondent's services and Petitioner's, when in truth and in fact there is none. This no doubt results in the clear irreparable damage of Petitioner's goodwill and reputation. It is apparent that Respondent's mark is calculated to ride on or cash in on the popularity of the CMC Marks, which undoubtedly has earned goodwill and reputation worldwide through Petitioner's extensive use and promotion since 1901. By adopting the CMC Marks, CMC Asia is fraudulently portraying itself as owned by and affiliated with CMC Italy, which is one of the largest and most prestigious construction companies in Europe and the 119th biggest contractor in the world as of 2008 – which lends great credibility to CMC Asia, a company with insubstantial assets and little track record, in bidding for construction contracts in Asia.

"33. Moreover, considering that substantial investment incurred by Petitioner in promoting its services and identifying itself throughout the world through the CMC Marks, it is clear

that Respondent's deceitful conduct in securing the registration of a mark similar to Petitioner's and in exploiting the same is aimed towards unduly enriching itself at the expense of Petitioner.

"34. Finally, Petitioner will suffer grave and irreparable injury to its goodwill, reputation and business as a whole with the continued registration and use of the subject mark by Respondent.

"35. Under the circumstances, Respondent's trademark registration for 'CMC DI RAVENNA (ASIA), INC. AND LOGO' under Registration No. 4-2002-005727, issued on 10 February 2005, must be cancelled.

Petitioner prays, thus for the cancellation of respondent-registrant's registration for the mark 'CMC DI RAVENNA (ASIA), INC. and LOGO (IN COLOR)' for services under Class 37 namely, 'construction, general engineering, general contractors'.

The Petitioner's evidence consists of the following:

1. Exh. "A": original verified and authenticated Petition for Cancellation;
2. Exh. "B" to "B-1": original and authenticated Power of Attorney, dated 23 Dec. 2008, on the authority of Roberto Macri, as Joint Chief Executive Officer of Petitioner, to verify the Petition for Cancellation and execute the certificate of non-forum shopping and the authority of the counsel to represent the Petitioner and the corresponding certified true copy of the Minutes of the Board of Directors, dated 19 December 2008, and English translations;
3. Exh. "C": original and authenticated Affidavit, dated 22 May 2009, of Roberto Macri and attachments:
 - "C-1": copies of notarized and authenticated Power of Attorney, dated 23 Dec. 2008, and certified true copy of the Minutes of the Board of Directors, dated 19 Dec. 2008, along with their respective English translations as attested by the Law Court of Ravenna, Italy;
 - "C-2": authenticated copies of the Petitioner's Articles of Association;
 - "C-3": Petitioner's Memorandum and Articles of Incorporation, with their corresponding English translations;
 - "C-4": list of major projects undertaken by CMC Italy in the last 10 years;
 - "C-5" to "C-23": certified true copies of the Petitioner's project catalogues of significant constructions projects in many countries including the Philippines;
 - "C-24": certified true copy of the Petitioner's catalogue providing details on main projects, operations in the field of infrastructure and large construction projects, transportation, hydraulic and irrigation works, buildings, and ecological and environmental works throughout the world;
 - "C-25": certified true reproductions of the Petitioner's well-known marks as used all over the world;
 - "C-26": certified true copy of the Petitioner's License to do Business as Representative Office issued by the Securities and Exchange Commission ("SEC");
 - "C-27": Petitioner's Application to Establish a Representative Office in the Philippines;
 - "C-28": certified true copy of the Petitioner's Amended License to do Business as a Branch Office issued by the SEC;
 - "C-29": Petitioner's Application to Establish a Branch Office in the Philippines;
 - "C-30": authenticated copies of the Contract of Coordinated and Continuative Work with Armando de Rossi, dated 26 Aug. 1994;
 - "C-31": Contract of Coordinated and Continuative Work with Armando de Rossi, dated 26 Nov. 1997;
 - "C-32": Confirmation of Appointment of de Rossi, dated 15 May 2000 and their corresponding English translations;

"C-33": authenticated copy of the Agreement with de Rossi, dated 25 July 2002;

"C-34": authenticated copy of the revocation of de Rossi's Authority, dated 05 Aug. 2002;

"C-35": certified true copies of SEC Certificate of (Petitioner's) Withdrawal of License as a Foreign Corporation, dated 20 Oct. 2002;

"C-36": Cover Sheet for Closure of (Petitioner's) Branch Office;

"C-37": letter of de Rossi to the SEC regarding the cessation of operations of the Branch Office on 31 Oct. 2002;

"C-38": copy of authenticated Minutes of the Extraordinary Meeting of (Petitioner's) Shareholders held on 22 June 2002;

"C-39": certified true copy of the SEC Certificate of Filing of Amended Articles of Incorporation, dated 12 Mar. 1998 and Amended Articles of Incorporation of Empower Philippines, Inc.;

"C-40": certified true copy of the SEC Certificate of Filing of Amended Articles of Incorporation, dated 11 June 2001 and Respondent-Registrant's amended Articles of Incorporation, changing its name from Empower Philippines, Inc. to CMC di Ravenna (Asia), Inc. and amending its primary and secondary purposes;

"C-41": certified true copy of the Respondent-Registrant's SEC Certificate of Filing of Amended Articles of Incorporation, dated 27 Sept. 2001 and Amended Articles of Incorporation, increasing its authorized capital stock;

"C-42": authenticated letter of 7 Sept. 2001 of de Rossi to the Petitioner;

"C-43": certified copies of the Respondent-Registrant's Certificate of Filing of Certificate of Increase of Capital Stock, dated 27 Sept. 2001;

"C-44": Respondent-Registrant's Board of Directors' Certificate, dated 11 Sept. 2001;

"C-45": Respondent-Registrant's Treasurer's Affidavit, dated 11 Sept. 2001;

"C-46": Respondent-Registrant's Secretary's Certificate, dated, 11 Sept. 2001;

"C-47": certified true copies of the Respondent's Registrant's General Information Sheet ("GIS"), dated 15 March 2007;

"C-48": Respondent-Registrant's GIS, dated 25 March 2008;

"C-49": certified true copies of Respondent-Registrant's Company Data Maintenance Form;

"C-50": Respondent-Registrant's Certificate of Registration with the Bureau of Internal Revenue;

"C-51": certified true copy of the Respondent-Registrant's Cert. of Trademark Reg. No. 4-2002-005725 issued on 10 Feb. 2005;

"C-52": certified true copy of the Respondent-Registrant's Contractor's Identification as filed by de Rossi with the Philippine Contractors' Accreditation Board;

"C-53": certified true copy of the Respondent-Registrant's SEC Certificate of Filing of Certificate of Increase of Capital Stock, dated 27 Sept. 2001;

"C-54": Certificate of the Respondent-Registrant's Board of Directors, dated 11 Sept. 2001;

"C-55": Respondent-Registrant's Treasurer's Affidavit, dated 11 Sept. 2001;

"C-56": certified true copies of Respondent-Registrant's GIS for 2007;

"C-57": certified true copy of Respondent-Registrant's Secretary's Certificate, dated 11 Dec. 2007, setting forth its stockholders and directors;

"C-58" and "C-59": electronic copies of screenshots taken from the Respondent-Registrant's website;

"C-60": authenticated copy of letter, dated 10 Oct. 2006, of Jimmy Kim, Managing Director of CMSS (PNG) Ltd., addressed to the Petitioner demanding clarification regarding its relationship to the Respondent-Registrant;

"C-61": authenticated copy of Special Power of Attorney executed by CMC Estero S.p.A and supporting Resolution of CMC Estero S.p.A. Board of Directors, along with their English translations;

“C-62”: authenticated copy of the Petitioner’s letter of 31 Oct. 2002 to de Rossi demanding that he stop using the CMC Italy’s name, trademark, service mark, and slogans, among others;

“C-63”: authenticated copy of Petitioner’s letter of 13 Dec. 2002 to de Rossi reiterating its demand;

“C-64”: authenticated copy of letter of 24 June 2004 of Petitioner’s counsel, Studio Ghidini, Girino E Associati, to de Rossi, demanding that he stop using CMC;

“C-65”: certified true copy of Petitioner’s counsel’s letter of 14 Feb. 2008 demanding that the Respondent-Registrant acknowledge in writing that 1) Petitioner is not a shareholder in CMC Asia and does not have any involvement with its management; 2) amend Respondent-Registrant’s Articles of Incorporation, GIS and other corporate records with the SEC to remove the name of the Petitioner as shareholder, 3) amend the corporate name of Respondent-Registrant as it is similar to CMC Italy, 4) cease and desist from using the words “CMC di Ravenna” in Respondent-Registrant’s website, business cards, invoices, receipts and other documents provided to its clients, 5) cease and desist from further using the Petitioner’s company information in applications for tender pre-qualification and contract tenders, and 6) provide a sworn undertaking to comply with the foregoing;

4. Exh. “D”: original and authenticated affidavit, dated 02 March 2009 of Mauro Clandrini, Administrative Director of the Petitioner’s Mozambique Branch;
5. Exh. “E”: original and authenticated Affidavit, dated March 2009 of Vittorio Morigi, Petitioner’s General Manager and Managing Director;
6. Exh. “F” and “F-1”: original and authenticated affidavit, dated March 2009 of Dario Foschini, Petitioner’s Chief Executive Officer, and a copy of the letter of 10 Oct. 2006 of Jimmy Kim, Managing Director of CMSS (PNG) Ltd., addressed to the Petitioner, demanding clarification regarding the relationship between the parties;
7. Exh. “G” and “G-1”: original and authenticated affidavit, dated March 2009, of Tamara Magalotti, Petitioners’ Contract Manager in the Contract Management Department, and a copy of the letter of 10 Oct. 2006 of Jimmy Kim; and
8. Exh. “H”: electronic copies of screenshots taken from the Petitioner’s official websites, (www.cmcr.com, www.cmc.coop, and www.cmcafricastral.com), accessed on 17 Feb. 2009.

The Respondent-Registrant filed an Answer on 10 June 2010. The following day, it filed a “MOTION TO ADMIT ATTACHED DOCUMENTARY EVIDENCE” alleging that a portion of the documentary evidence comprising of witness Armando De Rossi’s Affidavit Testimony and the annexes thereto were separated from the ANSWER due to inadvertence and oversight. On 28 June 2010, the Petitioner filed an “OPPOSITION AND MOTION TO EXPUNGE (Respondent-Registrant’s Answer dated 9 June 2010 and Motion to Admit Attached Documentary Evidence dated 9 June 2010)” alleging that the Answer was not properly verified. According to the Petitioner, Armando De Rossi’s signature on the Verification page is a mere photocopy pasted on a document, and that the notarization remains highly suspect as De Rossi did not personally appear before the notary public to attest to the truth and veracity of the allegations in the Answer based on his Rossi’s personal knowledge or authentic documents in his possession. Furthermore, the MOTION TO ADMIT ATTACHED DOCUMENTARY EVIDENCE was not set for hearing and, thus, should be treated as a mere scrap of paper that should be stricken off the records, and De Rossi’s Affidavit and the evidence submitted in support of the Answer are mere photocopies.

On 06 July 2010, the Respondent-Registrant filed a “MOTION TO WITHDRAW ANSWER”, alleging that upon careful deliberation, it has decided to withdraw its Answer and all documents attached thereto.

With the move of the Respondent-Registrant, this case therefore was deemed submitted for decision on the basis of the Petition and the evidence submitted by the Petitioner.

Sec. 138 of Rep. Act No.8293, also known as the Intellectual Property Code of the Philippines (“IP Code”) provides that “*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 of the registrant’s exclusive right to use the same in connection with the goods or services and those that are related thereto specified in the certificate.*” However, the Respondent-Registrant’s purported ownership of the registered mark is only a presumption, and therefore may be overcome by an adverse superior claim and evidence of ownership. Corollarily, Sec. 151.1 of the IP Code provides among other things that

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 will be damaged by the registration of a mark under this Act as follows:

x x x (b) Any time, if the registered mark x x x or its registration was obtained fraudulently or contrary to the provisions of this Act, or if the registered mark is being used by, or with the permission of, the registrant so as to misrepresent the source of the goods or services on or in connection with which the mark is used. x x x

It is not the application or the registration, therefore, that confers ownership of a mark, but it is the ownership of the mark that confers the right to registration. While the country’s legal regime on trademarks shifted to a registration system, it is not the intention of the legislators not to recognize the preservation of existing rights of trademark owners at the time the IP Code took into effect.⁷ The registration system is not to be used in committing or perpetrating an unjust and unfair claim. A trademark is an industrial property and the owner thereof has property rights over it. The privilege of being issued a registration for its exclusive use, therefore, should be based on the concept of ownership. The IP Code implements the TRIPS Agreement and therefore, the idea of “registered owner” does not mean that ownership is established by mere registration but that registration establishes merely 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. In *Berris v. Norvy Abyadang*⁸, the Supreme Court held:

The ownership of a trademark is acquired by its registration and its actual use by the manufacturer or distributor of the goods made available to the purchasing public. Section 122 of R.A. No. 8293 provides that the rights in a mark shall be acquired by means of its valid registration with the IPO. A certificate of registration of a mark, once issued, constitutes *prima facie* evidence of the validity of the registration, of the registrant’s ownership of the mark, and of the registrant’s exclusive right to use the same in connection with the goods or services and those that are related thereto specified in the certificate. R.A. No. 8293, however, requires the applicant for registration or the registrant to file a declaration of actual use (DAU) of the mark, with evidence to that effect, within three (3) years from the filing of the application for registration; otherwise, the application shall be refused or the mark shall be removed from the register. In other words, the *prima facie* presumption brought about by the registration of a mark may be challenged and overcome, in an appropriate action, by proof of the nullity of the registration or of non-use of the mark, except when excused. Moreover, the

⁷ See Sec. 236 of the IP Code.

⁸ G.R. No. 183404, 13 Oct. 2010.

presumption may likewise be defeated by evidence of prior use by another person, *i.e.*, it will controvert a claim of legal appropriation or of ownership based on registration by a subsequent user. This is because a trademark is a creation of use and belongs to one who first used it in trade or commerce.

In a petition for cancellation, the inquiry goes beyond pitting the alleged rights of the Petitioner as against the Respondent-Registrant's. The primordial objective of resolving a petition to cancel a trademark registration is to ensure the integrity of the trademark registration system. It is emphasized that 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.⁹

Once filed, the cancellation proceeding grounded on fraud becomes basically a review of the trademark registration in question to determine if the legal requirements for registration have been satisfied and if the maintenance or continuance of the Respondent-Registrant's trademark in the register would damage the Petitioner.¹⁰

In this regard, the Petitioner is obviously a party who is adversely affected by the continuing trademark registration issued in favor of the Respondent-Registrant. Because the services covered by the Respondent-Registrant's registration are similar and/or closely related to the services dealt in by the Petitioner, there is no doubt that the customers and/or clients will have the impression that the parties are one and the same entity or connected to each other. As held by the Supreme Court, to wit:¹¹

Callman notes two types of confusion. The first is the confusion of goods in which event the ordinarily prudent purchaser would be induced to purchase one product in the belief that he was purchasing the other. In which case, defendant's goods are then bought as the plaintiff's and the poorer quality of the former reflects adversely on the plaintiff's reputation. The other is the confusion of business. Here, though the goods of the parties are different, the defendant's product is such as might reasonably be assumed to originate with the plaintiff and the public would then be deceived either into that belief or into belief that there is some connection between the plaintiff and defendant which, in fact does not exist.

Hence, information, assessment, perception or impression about the Respondent-Registrant's services may unfairly be cast upon or attributed to the Petitioner, and *vice-versa*. Moreover, the Petitioner would now find it very difficult, if not totally barred from, conducting business again in the Philippines using its own marks because of the Respondent-Registrant's trademark registration.

The records and evidence bear that the Petitioner is the originator of the mark.¹² It already exists and doing business long before the incorporation of the Respondent-Registrant as an entity known as Empower Philippines, Inc.¹³ The mark CMC di

⁹ *Pribhdas J. Mirpuri v. Court of Appeals*, G.R. No. 114508, 19 Nov. 1999.

¹⁰ Sec. 154 of the IP Code provides: 154. *Cancellation of Registration*. – If the Bureau of Legal Affairs finds that a case for cancellation has been made out, it shall order the cancellation of the registration. When the order or judgment becomes final, any right conferred by such registration upon the registrant or any person in interest of record shall terminate. Notice of cancellation shall be published in the IPO Gazette. (Sec. 19, R.A. No. 166a)

¹¹ *Converse Rubber Corporation v. Universal Rubber Products Inc., et al.*, G.R. No. L-27906, 08 Jan. 1987.

¹² Exh. "C", "C-1" to "C-4".

¹³ Exh. "C-39".

Ravenna is culled from the Petitioner's business or trade name "COOPERATIVE MURATORI & CEMENTISTI—CMC DI RAVENNA. Both business name and trade name carry the name of the city wherein it was founded in 1901—Ravenna, Italy. The Petitioner has been dealing services under the CMC Marks in many countries.¹⁴ It had been operating in the Philippines since the 1990s securing for that purpose licenses from the SEC to do business as representative office, and later as a branch office in the Philippines.¹⁵ The Petitioner appointed one Armando de Rossi as its resident agent in the Philippines from January 1994 up to August 2003.¹⁶ When the Petitioner decided to close its representative office, it revoked in August 2002 de Rossi's powers to represent the Petitioner and to run its branch office but at the same time conferred to him the powers to fulfill all requirements connected with the closure of the representative office.¹⁷ Although it withdrew from the Philippines, the Petitioner up to present continues to do business in other countries under the CMC Marks.

However, the records and evidence also reveal that in 2001, before the cessation of the Petitioner's business in the Philippines, a company named Empower Philippines, Inc. changed its name to CMC di Ravenna (Asia), Inc. It even increased its authorized capital stock. This entity is no other than the Respondent-Registrant, which in 2002 filed and obtained a trademark registration for CMC di Ravenna. It even represented before the SEC that the Petitioner is a stockholder thereof. Worse, it became apparent that Armando de Rossi is involved with the affairs of the Respondent-Registrant as a stockholder and an officer. Another multinational company, CMSS (PNG), transacted with the Respondent-Registrant and/or de Rossi assuming that they represent or are connected with the Petitioner. This prompted the Petitioner to demand repeatedly from the Respondent-Registrant to stop misusing the name and mark of the Petitioner.¹⁸

The conclusion that can be drawn from the records and evidence is that in applying and registering the mark CMC di Ravenna (Asia), the Respondent-Registrant either represented itself as the owner thereof or as an entity affiliated to or connected with the Petitioner (for Asia region) or one which was authorized by the Petitioner to register the mark in the Philippines. All of these are not true.

Thus, not being the owner of the mark nor authorized by the true owner thereof, the Respondent-Registrant has no right to register the mark and to maintain such registration in its favor. Its procurement of the trademark registration is tainted with bad faith and fraud. The Respondent-Registrant even appropriated the Petitioner's trade name "CMC DI RAVENNA" as its trade name and trademark. Sec. 165 of the IP Code provides:

x x x

- 165.2. (a) Notwithstanding any laws or regulations providing for any obligation to register trade names, such names shall be protected, even prior to or without registration, against any unlawful act committed by third parties.
- (b) In particular, any subsequent use of the trade name by a third party, whether as a trade name or a mark or collective mark, or any such use of a similar trade name or mark, likely to mislead the public shall be deemed unlawful.

¹⁴ Exh. "C-4" to "C-25".

¹⁵ Exh. "C-15", "C-26" to "C-29".

¹⁶ Exh. "C-30" to "C-33".

¹⁷ Exh. "C-34" to "C-38".

¹⁸ Exh. "C-39" to "C-65", "F-1", and "G-1".

165.3. The remedies provided for in Sections 153 to 156 and Sections 166 and 167 shall apply mutatis mutandis.

x x x

Corollarily, Sections 153 and 154 of the IP Code provide:

Sec. 153. Requirements of Petition; Notice and Hearing – Insofar as applicable, the petition for cancellation shall be in the same form as that provided in Section 134 hereof, and notice and hearing shall be as provided in Section 135 hereof.

Sec. 154.- Cancellation of Registration. – If the Bureau of Legal Affairs finds that a case for cancellation has been made out, it shall order the cancellation of the registration. When the order or judgment becomes final, any right conferred by such registration upon the registrant or any person in interest of record shall terminate. Notice of cancellation shall be published in the IPO Gazette.

WHEREFORE, the instant petition for cancellation is hereby **GRANTED**. Let the filewrapper of Trademark Reg. No. 4-2002-005725 be forwarded, together with a copy of this Decision, to the Bureau of Trademarks, for information and appropriate action in accordance with this Decision.

SO ORDERED.

Taguig City, 17 August 2012.


ATTY. NATHANIEL S. AREVALO
Director IV, Bureau of Legal Affairs