



**DREAMVENTURES PROPERTY
MANAGEMENT CORPORATION** doing
business under the name and style
COCOON BOUTIQUE HOTEL,
Petitioner,

-versus-

AYALA HOTELS, INC.,
Respondent-Registrant.

IPC No. 14-2012-00163
Petition for Cancellation of:
Reg. No. 4-2010-011327
Date Issued: 09 June 2011
TM: "KUKUN HOTEL"

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NOTICE OF DECISION

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GREETINGS:

Please be informed that Decision No. 2013 - 106 dated June 18, 2013 (copy enclosed) was promulgated in the above entitled case.

Taguig City, June 18, 2013.

For the Director:


ATTY. EDWIN DANILO A. DATING
Director III
Bureau of Legal Affairs



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 -versus-
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DECISION

DREAMVENTURES PROPERTY MANAGEMENT CORPORATION¹ ("Petitioner") filed a Petition for Cancellation of Trademark Registration No. 4-2010-011327. The registration issued to AYALA HOTELS, INC.² ("Respondent-Registrant"), covers the mark "KUKUN HOTEL" for use on real estate projects and developments under Class 37 of the International Classification of Goods.³

The Petitioner alleges the following:

"3. COCOON BOUTIQUE HOTEL is a corporation engaged in the hotel services business. It is the prior adopter and user of the service name and trade name COCOON HOTEL/COCOON BOUTIQUE HOTEL in the Philippine market.

"4. Petitioner was incorporated on 5 September 2007 under the corporate name DREAMVENTURES PROPERTY MANAGEMENT CORPORATION. Its Articles of Incorporation ("AOI") state that the corporation was formed "to engage in the general business of operating, conducting and maintaining hotel, resort or any like establishment which will cater to the general public, both non-residents and residents, and do such ancillary activities incident to said purpose and in conformity with the law."

"5. The AOI further indicates that Mrs. Regina Cielo M. Vinzon, President and Atty. Rafael Ma. C. Vinzon, Vice-President, hold a combined share of 90% of the total subscribed capital stock at 5,000,000 shares each.

"6. As early as 2005, the spouses Atty. Rafael Ma. C. Vinzon and Mrs. Regina Cielo M. Vinzon ("Spouses Vinzon") envisioned a hotel with a boutique concept that has rapidly grown in popularity in the United States and in Europe and sought to provide a haven for relaxation to locals, foreign tourists, and travelers. The Spouses Vinzon thought it was perfect to give the hotel a name that will make it "unique," "green" and conform with initiatives on "medical tourism" without losing its appeal. Hence, the name search was focused on making the individuals and hotel guests, transformed, metamorphosed, renewed, rejuvenated, invigorated and recharged while giving them a retreat, haven, sanctum, respite, get away, escape, enclave. The Spouses Vinzon thought that the perfect name for the hotel that captures all these is a "COCOON," a real nesting place where one comes out as a beautiful butterfly.

¹ A domestic corporation doing business under the name and style COCOON BOUTIQUE HOTEL with address at No. 61 Scout Tobias corner Scout Rallos Streets, Barangay Laging Handa, Quezon City
² A domestic corporation with principal business at 19th Flr. Tower One and Exchange Plaza, Ayala Triangle, Ayala Avenue, Makati City
³ The 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 Registration of Marks concluded in 1957.

"7. The vision was turned into reality as soon as the 784.70 sq. m. property located at No. 61 Scout Tobias corner Scout Rallos Streets, Barangay Laging Handa, Quezon City was purchased by DREAMVENTURES PROPERTY MANAGEMENT CORPORATION in September 2007.

"8. After purchasing the property in September 2007, Petitioner procured the registration of COCOON HOTEL with the Department of Trade and Industry ("DTI"). On 15 October 2007, a Certificate of Business Name Registration was issued by the DTI for the name COCOON HOTEL to DREAMVENTURES PROPERTY MANAGEMENT CORPORATION which is valid until 15 October 2012.

"9. Petitioner broke ground in July 2008 which signalled the metamorphosis and realization of its vision. Through the active administration of the Spouses Vinzon, Petitioner started constructing the hotel in July 2008, and called it "COCOON HOTEL." The "COCOON HOTEL" shared its vision with its designers, architects and engineers whose services contributed in building the infrastructure and the brand as well.

"10. In the course of building the hotel, the project has always been introduced to contractors as "COCOON HOTEL."

"11. Later on 26 August 2011, Petitioner amended its Articles of Incorporation to reflect the name, "DREAMVENTURES PROPERTY MANAGEMENT CORPORATION DOING BUSINESS UNDER THE NAME AND STYLE OF COCOON BOUTIQUE HOTEL; AND ABUELA'S COMFORT FOOD." This reaffirms the use of the trade name "COCOON HOTEL" which is duly registered with the DTI and the insertion of the word "Boutique" in the trade name, and the registration of the trade name of the hotel's coffee shop, "Abuela's Comfort Food."

"12. From the time Petitioner commenced its operations, it has also been popularly known to suppliers as "COCOON BOUTIQUE HOTEL." The same is true with Petitioner's contracts with its clients who recognize it as the "COCOON BOUTIQUE HOTEL."

"13. In a similar way that COCOON as a service name was envisioned to be the revelation of beauty hidden underneath strings of silk, Petitioner's business grew from its humble beginnings, to be the first and only "green" boutique hotel in the Philippines to date.

"14. The growing popularity of COCOON BOUTIQUE HOTEL is attributable to its unique theme and quality of services. It boasts of being the Philippine's first truly-green hotel located in Quezon City. True to its vision, it serves under the slogan — "Cocoon Boutique Hotel — Where Luxury is Responsible." Going beyond the profitable aspect of business, Petitioner is driven to inspire their guests to share the commitment to an environmentally sustainable luxury.

"15. The logo representing "COCOON BOUTIQUE HOTEL" embodies the symmetry of beauty, luxury and nature.

a. A story of one where luxury just naturally flows with the guiding principles of responsibility — a story of balance, of environmentally sustainable luxury. The emblem, depicted by a plant, is a symbol of life.

b. On its own, it reminds everyone of the need to consciously help care for the environment. The same emblem is a visual representation of the precious resources that "COCOON BOUTIQUE HOTEL" endeavors to help conserve — ENERGY radiating from the sun visually represented by the flower, and gushing WATER in the image of the leaves.

c. Finally, the same emblem symbolizes the human figure, the flower as a head and leaves as outstretched arms. This represents "COCOON BOUTIQUE HOTEL's" interaction with the community. Designed for the health and well-being of its guests and staff, it aims for sustainable relationships with the community.

The meaning behind the logo conforms to Petitioner's mission: to be the Philippines' first deluxe boutique hotel that is truly green — thus the tagline, "Cocoon Boutique Hotel, Where Luxury is Responsible."

"16. A few months after it opened to the public in August 2011, the COCOON BOUTIQUE HOTEL had already garnered substantial publicity. In a full-page feature in Lifestyle Travel of the Philippine

Daily Inquirer, COCOON BOUTIQUE HOTEL's branding and green orientation was admittedly the hotel's added value:

xxx

"17. The luxury of being "green" was again showcased in the Home & Shelter Magazine, "myhome: A beautiful home for every Filipino." Entitled Grand and Green: Sustainable luxury at Cocoon Boutique Hotel, the article recognized that "the modern tropical interiors...make guests feel like they are in a resort away from the city." The article further reads, that without sacrificing quality and luxury, "[t]he guests rooms come with five-star amenities with four-fixture bathrooms completing the ensemble. All-organic and natural personal care products packaged in plasticized cornstarch are provided in each bath."

"18. The growing reputation of the COCOON BOUTIQUE HOTEL is also attributable to its accessibility via its official website "www.thecocoonhotel.com" which features key areas of the hotel. The domain name "thecocoonhotel.com" was created as early as 7 July 2011 and prior to the hotel's soft opening sometime in August of the same year. xxx

"19. With only a few months into the hotel business, the COCOON BOUTIQUE HOTEL immediately found its way into the 10th Anniversary issue of the AsianTraveler.

"20. The COCOON BOUTIQUE HOTEL sustained its publicity through monthly features in popular domestic magazines and broadsheets.

"21. Mr. Garceau describes the COCOON HOTEL as an oasis of tranquility in the heart of Quezon City. He adds, "Cocoon, a new green boutique hotel in the area, offers just that: a retreat from the hectic urban landscape, yet still within walking distance of the area's nightlife. It just might be the staycation you're looking for."

"22. Other features are found in glossy magazines such as Celebrity Living's February-March 2012 issue, and Chalk magazine, February and March 2012 issues, and Sense and Style, March 2012 issue.

"23. ABS CBN, GMA, and TV5 in no time, spotted the hotel as a perfect site for location shoots. Thus, the TV networks rented portions of the hotel for the shoot of a number of episodes of several popular primetime teleseryes namely — My Binondo Girl (starred by Kim Chu), Maria del Barrio (starred by Erich Gonzales and Enchong Dee), Glamorosa (starred by Lorna Tolentino and Alice Dickson), Walang Hanggan (starred by Coco Martin and Julia Montes) and Legacy (starred by Heart Evangelista).

"24. COCOON BOUTIQUE HOTEL has also been the chosen venue for the recent Album Launch of Christian Bautista; Fashbook hosted by Ms. Solenn Heusaff; as well as a Painting/Sketching Session attended by a host of popular artists and masters, led by no less than two (2) national artists themselves, Ben Cabrera and Arturo Luz.

"25. ANC, Studio 23 and TV5 have also featured "COCOON BOUTIQUE HOTEL" in several shows, namely, "Green Living" hosted by Paolo Abrera, a full 17-minute feature highlighting the green aspect of the hotel; "Life without Borders" hosted by Ms. Cory Quirino; "Day Off" hosted by Pekto Nacua and Carmina Villaruel; and "Mondo Manu" hosted by Manu Sandejas.

"26. COCOON BOUTIQUE HOTEL has also had its share of exposure in worldwide television through several features in TFC Connect hosted by Ms. Bianca Gonzales, as well as the airing on TFC(The Filipino Channel) of the Cocoon Boutique Hotel feature at "Life Without Borders" hosted by Ms. Cory Quirino

"27. COCOON BOUTIQUE HOTEL's broad and strong following has garnered it top recognition in the hotel industry through the leading internet booking site "www.agoda.com" and the highly influential travel portal "www.tripadvisor.com." Intripadvisor.com, COCOON BOUTIQUE HOTEL ranks first in Quezon City, with Crowne Plaza and Eastwood Richmond ranking second and fourth respectively. COCOON BOUTIQUE HOTEL also ranks second in Metro Manila, next only to Makati Shangri-la with The Peninsula Manila at third place; and followed by Marriot Hotel and Pan Pacific Manila, in the fourth and fifth spots, respectively.

"28. It was only in the latter part of 2011 that Petitioner found out that Respondent has

registered the mark "KUKUN HOTEL" with the Intellectual Property Philippines ("IPO Phil.") on 9 June 2011, notably much later than Petitioner's DTI registration and exclusive use of the service marks and tradenames "COCOON HOTEL" and "COCOON BOUTIQUE HOTEL" from 2007 up to present.

"29. On 13 December 2011, Petitioner had requested Respondent to cease from using "KUKUN HOTEL" as its business name. However, Respondent, in a reply dated 17 January 2012, raised its application of the name "KUKUN HOTEL" on 14 October 2010, and its subsequent registration on 9 June 2011 xxx.

"30. It is noteworthy that the assailed application for registration of "KUKUN HOTEL" on 14 October 2010 which was approved only on 9 June 2011 was followed by Respondent's application of the mark "HOTEL KUKUN & DEVICE," on 24 February 2011, which Respondent later abandoned with finality.

"31. Not contented with the assailed "KUKUN HOTEL," Respondent filed a belated application for registration of the mark "COCOON HOTEL VERBAL TM" with the IPO Phil. on 12 September 2011, and "COCOON BOUTIQUE HOTEL," an exact duplication of Petitioner's trade name and service name, on 7 October 2011."

Petitioner's evidence consists of the following:

1. Exhibit "A" - Special Power of Attorney and Secretary's Certificate issued by COCOON BOUTIQUE HOTEL in favor of BNU;
2. Exhibits "B" and "B-1" - the Affidavit of Atty. Rafael Ma. C. Vinzon; certified true copy of Petitioner's Amended Articles of Incorporation;
3. Exhibit "B-3" - copy of the Certificate of Business Name Registration;
4. Exhibits "B-4" - Construction/Building Permit issued by the Local Government of Quezon City in favor of Dreamventures Property Management Corporation;
5. Exhibits "B-5" to "B-7" - Contracts for Services relating to the construction of "COCOON HOTEL";
6. Exhibit "B-8" - Memorandum of Agreement with Jen Tourist Transport;
7. Exhibits "B-9" to "B-24" - sample of Petitioner's contracts;
8. Exhibits "B-25" and "B-26" - copy of Petitioner's request dated 13 December 2012 addressed to Mr. Antonio T. Aquino of Ayala Land, Inc. And the Letter-Reply from Respondent dated 17 January 2012;
8. Exhibit "C" - copy of Petitioner's business profile as published in <http://www.thecocoonhotel.com>;
9. Exhibit "D" - copy of the feature article entitled "For the country's first green hotel, sustainability makes good business" as published in the *Philippine Daily Inquirer* dated 17 December 2011.
10. Exhibit "E" - copy of the feature article entitled, Grand and Green: Sustainable luxury at Cocoon Boutique Hotel as published in the Home & Shelter Magazine, "myhome: A beautiful home for every Filipino." dated December 2011-January 2012;
11. Exhibits "F" to "F-2" - copy of the hotel's fact sheet;
12. Exhibit "G" - copy of the domain name registration for "thecocoonhotel.com."
13. Exhibit "H" - copy of the feature article entitled, "Responsible Luxury in Cocoon Boutique Hotel" in *AsianTraveler*, 10th Anniversary Issue (January 2012);
14. Exhibit "I" - a feature by Mr. Scott R. Garceau entitled, "How about a Valentine's staycation" published in the Lifestyle Section of the *The Philippine Star* dated 12 February 2012;
15. Exhibits "J" to "M" - Celebrity Living's feature entitled Valentine's Nest: *Wrapped in a Cocoon* by Apple Dacayan Ocampo; Chalk magazine photofeature entitled *You and I*; Chalk magazine feature article entitled, Green Cradle: Have a very green sleepover at Cocoon Boutique Hotel; and COCOONING by Margaux Salazar, respectively;
16. Exhibits "N" to "R" - documentations of the location shoots for My Binondo Girl; Maria del Barrio; Glamorosa; Walang Hanggan; and Legacy, respectively;
17. Exhibits "S" and "T" - copies of Agreements to provide a venue for Christian Bautista's Album Launch; and *Fashbook* hosted by Ms. Solenn Heusaff, respectively;

18. Exhibits "U" and "V" - copies of the features "Green Living" and "Life without Borders" reduced in cd format;
19. Exhibit "W" - copy of the Agreement for the show "Day Off";
20. Exhibits "X" and "Y" - print-out copies of the webpages of Trip Advisor, showing Cocoon Boutique Hotel as first place in Top Hotels in Quezon City (out of 36 hotels) and the second place (out of 233 hotels) in the Top-rated Hotels in the National Capital Region;
21. Exhibits "Z" to "Z-4" - copies of reviews from top travel sites, www.tripadvisor.com, www.agoda.com;
22. Exhibit "AA" - copy of the Leisure Escape Packages for 2012-2013 Tariff Edition, featuring a full page advertisement of COCOON BOUTIQUE HOTEL. COCOON BOUTIQUE HOTEL;
23. Exhibits "BB" - copy of the abandoned mark "HOTEL KUKUN & DEVICE";
24. Exhibits "CC" and "DD" - copy of Respondent's applications for registration of the mark "COCOON HOTEL VERBAL TM" filed on 12 September 2011 and "COCOON BOUTIQUE HOTEL," filed on 7 October 2011;

This Bureau issued on 17 April 2012 a Notice to Answer and personally served a copy thereof to the Respondent-Registrant's representative on 30 April 2012. On 29 June 2012, Respondent-Registrant filed its Answer alleging the following:

"1. AHI is the true, lawful and rightful owner of the "KUKUN HOTEL" mark. Its registered trademark with the IPO enjoys a presumption of validity.

"31. Respondent is the prior applicant and registrant of "KUKUN HOTEL." As such, it is the *prima facie* owner of the said trademark. This ownership is confirmed by Respondent's adoption and prior use via launching of "KUKUN HOTEL" as early as April 2011, or long before Petitioner's opening of its hotel in August 2011.

"32. Section 138 of the Intellectual Property Code of the Philippines ("ICPC") 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." Thus, whoever disputes the presumption of validity of said registration, ownership and exclusive right to use shall have the burden of proving otherwise. Petitioner has not discharged such burden. There is no iota of evidence which supports Petitioner's claims that it is being damaged by Respondent's "KUKUN HOTEL" marks. Furthermore, as Petitioner itself admitted, it opened its "COCOON BOUTIQUE HOTEL" only in August 2011, which is almost a year after Respondent applied for the registration of its "KUKUN HOTEL".

"33. Additionally, the mark "KUKUN HOTEL" was published in the IPO's e-Gazette for opposition on 9 May 2011 for third parties who would be damaged thereby to oppose within thirty (30) days from publication, or until 9 June 2011. Petitioner **did not** file any opposition to Respondent's "KUKUN HOTEL" mark, proof that this Petition is a nuisance afterthought.

"34. Petitioner's claim that Respondent is merely riding on the goodwill that has inhered to its business name is also baseless. Respondent was the first to file its application for the registration of "KUKUN HOTEL" and was the first to adopt said mark as shown by its launching announcement (13 April 2011), domain name registration (as early as 23 October 2010) and advertisement boards (August 2011). Thus, it is the Respondent which has established its own goodwill and reputation as far as its "KUKUN HOTEL" is concerned. Petitioner admitted to such goodwill in favor of Respondent when it stated in its Petition that the supposed hotel guests who asked a taxi driver to bring them to "COCOON HOTEL," were

instead brought to the "KUKUN HOTEL" site in Bonifacio Global City. Glaringly, Petitioner has not built any "goodwill" and "reputation" in its favor.

"35. Petitioner's documentary evidence on its supposed "goodwill" and "reputation" lend no support to its claims, to wit:

- a. The Building Permit allegedly granted to Petitioner was issued in favor of the name "Dreamventures Property Management Corporation." On its face, there was no mention of "COCOON HOTEL" as the infrastructure to be built.
- b. The Contracts for Services (allegedly entered into were actually made in the name of a certain "Mr. Rafael Ma. C. Vinzon" as the owner, and not "COCOON HOTEL."
- c. By the time Petitioner allegedly amended its AOI on 26 August 2011 to reflect the name "Dreamventures Property Management Corporation Doing Business under the Name and Style of Cocoon Boutique Hotel; and Abuela's Comfort Food," Respondent AHI had already launched "KUKUN HOTEL" months prior thereto and had advertisement boards in Bonifacio Global City.
- d. Contracts entered into by Petitioner, are dated between September 2011 to February 2012, long after Respondent AHI had launched its KUKUN HOTEL and used the said trademark in its advertisements.
- e. Petitioner's supposed "publicity" in magazines and newspapers, the earliest of which appears to be a full-page feature article in the Lifestyle Travel of the Philippine Daily Inquirer dated **17 December 2011**, is, as stated above, immaterial, and came eight (8) months after AHI launched its "KUKUN HOTEL
- f. While Petitioner claims that the domain name "thecocoonhotel.com" was created as early as **7 July 2011**, Respondent AHI purchased the domain name "kukunhotels.com" **as early as 23 October 2010**, and registered the domain names "kukun.ph" and "kukun.com.ph" **as early as 28 October 2010**. Moreover, on **5 November 2010**, AHI registered the following domain names: "kukunhotels.ph" and "kukunhotels.com.ph".

"36. The documents attached to the Petition demonstrate that Respondent is the prior adopter and user of "KUKUN HOTEL" and any perceived damage by Petitioner arising from Respondent's use of the said mark vis-à-vis its "COCOON HOTEL" is defeated by such prior use and adoption.

II. There is no confusing similarity between "KUKUN HOTEL" and "COCOON HOTEL." On their faces, these marks are distinct and distinguishable from each other.

"37. Petitioner falsely claims that there is likelihood of confusion between "COCOON BOUTIQUE HOTEL" and Respondent AHI's "KUKUN HOTEL." A comparison of the marks shows that there can be none. Respondent's marks are for: (1) a word mark, and (2) a device which consists of an organic form of stylized cocoon that distills in its curves and captures the core values of constancy and variety. On the other hand, **Petitioner's unregistered device mark** consists of a square outline with a flower and leaves inside, and the words "COCOON BOUTIQUE HOTEL." A visual comparison of these marks shows how one cannot be confused with the other xxx.

"38. The plain, ordinary and common usage or meaning of the word "identical" is thus:

“...2: being the same: having complete identity xxx 3 a: showing exact likeness: characterized by such entire agreement in qualities and attributes that may be assumed – often used with *with* and sometimes with to <a replica that is – with the original> xxx”

“39. A visual examination of the “KUKUN HOTEL” word and device mark in comparison with that of Petitioner’s would readily show that there is no “complete identity,” “exact likeness” or “entire agreement in qualities and attributes” between them. This Honorable Office simply cannot ignore the marked differences between a mark which prominently displays an organic form of stylized cocoon with the words “KUKUN HOTEL” beneath it, with Petitioner’s mark containing a square outline with a flower and leaves inside.

“40. Neither can it be said that there is a resemblance between the subject marks that will likely deceive or cause confusion to the public. The presence of an organic form of stylized cocoon with the words “KUKUN HOTEL” is strikingly eye-catching and/or attention-grabbing. The design in which the organic form of stylized cocoon on top of the words “KUKUN HOTEL” was intended by Respondent to be the essential and indispensable, visual element thereof.

41. Since Respondent’s subject mark and Petitioner’s own device mark are not identical, it is improbable for the registration of Respondent’s “KUKUN HOTEL” mark to cause confusion or lead to deception. A plain comparison of the two marks readily yields the conclusion that apart from containing the word “HOTEL,” the two marks are not visually identical. Likelihood of deception is, therefore, practically inexistent.

“42. In addition, the common experience of reserving rooms in a hotel must be considered. People choose their hotels via advertisements in newspapers, television, directories and the internet. In point of fact, both Petitioner and Respondent purchased domain names. The very distinct and distinguishable “KUKUN HOTEL” and “COCOON BOUTIQUE HOTEL” marks are shown in these advertisements, as well as in the domain names. The chance, therefore, of mistaking one hotel for the other, at the point when customers reserve rooms in their chosen hotel, is nil.”

Respondent-Registrant’s evidence consists of the following:

1. Exhibit “1” – certified copy of Application No. 4-2012-005937 for the mark HOTEL KUKUN & DEVICE;
2. Exhibit “2” – Judicial Affidavit of Aileen Anne J. Escobido;
3. Exhibit “3” – Judicial Affidavit of Theresa de Guzman-Prieto;
4. Exhibit “4” – Judicial Affidavit of Johanna Yuzon Prieto;
5. Exhibit “5” – copy of B & C Design, Inc. Presentation of potential boutique hotel brand names on 28 May 2010;
6. Exhibit “6” – copy of the research document prepared for the development of Boutique Hotels Brand;
7. Exhibit “7” – copy of email request sent by AHI to AGL;
8. Exhibit “8” – certified copy of Trademark Application No. 4-2010-011327 for the mark KUKUN HOTEL/Verbal TM;
9. Exhibit “9” – copy of email confirming the purchase of domain name “kukunhotels.com”;
10. Exhibit “10” – copy of email confirming the purchase of domain names “kukun.ph” and “kukun.com.ph”;
11. Exhibit “11” – copy of email confirming the purchase of domain names “kukunhotels.ph” and “kukunhotels.com.ph”;

12. Exhibits "12" to "12-b" - certified copies of Trademark Application No. 4-2011-002026 for HOTEL KUKUN & DEVICE and acknowledgement receipt;
13. Exhibit "13" - certified copy of the Notice of Allowance for the mark KUKUN HOTEL;
14. Exhibits "14" to "14-b" - copy of ALI's 2010 Integrated Annual and Sustainability Report;
15. Exhibits "15" to "15-f" - photographs of the advertisement board for the construction site for KUKUN HOTEL in Bonifacio Global City; and
16. Exhibit "16" - copy of the renewal confirmation for the domain name www.kukunhotels.com.

During the preliminary conference, Petitioner moved to admit newly discovered evidence consisting of newspaper articles. The Hearing Officer required the Petitioner to submit certified copies of the said newspaper articles. On 12 December 2012, a Motion to Admit was filed by Petitioner attaching thereto the certified true copies of the newspaper articles which was marked as Exhibits "EE" to "II-4". Respondent-Registrant filed its Comment on 07 January 2013. On 08 January 2013, the preliminary conference was terminated and parties were directed to submit their position paper. On 18 January 2013, the parties submitted their respective Position Papers.

Should Trademark Registration No. 4-2010-011327 for the mark KUKUN HOTEL be cancelled?

Petitioner submitted a Business Name Registration issued by the Department of Trade and Industry on 15 October 1997 for the trade name COCOON HOTEL. On the other hand, Respondent submitted its Trademark Registration No. 4-2010-011327 for KUKUN HOTEL that was applied for registration on 14 October 2010 and registered by this Office on 09 June 2011 for use on *real estate projects and developments* under Class 37.

Without a doubt, Respondent's KUKUN HOTEL mark is similar to Petitioner's trade name. While they differ in spelling, their similarity is appreciable because when pronounced both marks reverberate the same sound. Moreover, Respondent's mark KUKUN is a translation of Petitioner's trade name COCOON. This fact is bolstered by Respondent's explanation of its mark in its application indicating that: "KUKUN - FILIPINIZED VERSION OF COCOON; PHONETICS PROVIDE AN ASIAN FLAVOR WHILE REMAINING CONTEMPORARY CONNOTES A SAFE SPACE WHERE ONE CAN GROW AND BE ONESELF, AND A CENTRAL GUEST EXPERIENCE OF BEINGSHELTERED, FINDING NEST." In addition, Petitioner's trade name and that of Respondent's mark are both used on hotel business. As such, their similarity will likely cause confusion, mistake or deception on the part of the public that COCOON and KUKUN are one and the same.

Considering the similarity of the Respondent's trademark with Petitioner's trade name, the latter is a proper party to institute this cancellation proceeding. Section 151 of the Intellectual Property Code of the Philippines ("IP Code") provides:

Sec. 151. Cancellation. -151.1 A petition to cancel a registration of 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) At any time, if the registered mark becomes generic name for the goods or services, or a portion thereof, for which it is registered, or has been abandoned, 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 or in connection with which the mark is used. xxx

Thus, what is left to be determined is: Between Petitioner who has used the COCOON HOTEL as its trade name since 2007 and Respondent who has a trademark registration for the mark KUKUN HOTEL issued in 2011, who has a better right?

Section 138 of the IP Code provides, to wit:

Sec. 138. Certificates of Registration - A certificate of registration of a mark shall be prima facie evidence of the validity of the registration, the registrant's ownership of the mark, and 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.

In *Berris v. Norvy Abdayang*⁴, 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 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.** [Emphasis supplied.]

Clearly, it is not the application or registration of the mark which confers ownership. "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."⁵ Thus, while the certificate of registration issued to Respondent for its mark KUKUN HOTEL creates a *prima facie* presumption of the validity of registration and ownership thereof, such presumption can be controverted by evidence on the contrary, that is, by proving that the party seeking the cancellation of the mark has a prior right as against the registrant.

⁴ G.R. No. 183404, October 13, 2010.

⁵ See Decision, IPC No. 14-2008-00046, 21 January 2013, available at <http://onlineservices.ipophil.gov.ph/ipcaselibrary/> <accessed 10 June 2013.

Petitioner was able to prove that it was the prior adopter of the trade name COCOON which was adopted since 15 October 2007 as shown by the business name registration.⁶ Petitioner was also able to prove by substantial evidence that it used the trade name continuously since that time as shown by the various documents its presented like building permits used to construct the hotel itself, the contract for services relating to the construction of the hotel as well as the various contracts entered into by the hotel with third parties after it become operational.⁷ On the other hand, Respondent can be said to have adopted the mark KUKUN HOTEL only in 2010 when the application for registration of the mark was applied with the Bureau of Trademarks. Thus, having used the trade name COCOON HOTEL prior to Respondent's adoption of the confusingly similar mark KUKUN HOTEL, Petitioner has a better right as against Respondent.

Section 165 of the IP Code states that:

Sec. 165. Trade Names or Business Names. -

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.

In *Coffee Partners, Inc. v. San Francisco Coffee & Roastery, Inc.*⁸, the Supreme Court held:

Respondent has acquired an exclusive right to the use of the trade name "SAN FRANCISCO COFFEE & ROASTERY, INC." since the registration of the business name with the DTI in 1995. Thus, respondent's use of its trade name from then on must be free from any infringement by similarity.⁹

Succinctly, the registration of the Respondent's KUKUN HOTEL mark, which is confusingly similar to Petitioner's trade name adopted and used prior to that of the Respondent's, is contrary to the provisions of the IP Code. The maintenance of Respondent-Registrant's mark in the Trademark Register is damaging and prejudicial to the best interest of the Petitioner.

The intellectual property system was established to recognize creativity and give incentives to innovations. Similarly, the trademark registration system seeks to reward entrepreneurs and individuals who through their own innovations were able to distinguish their goods or services by a visible sign that distinctly points out the origin and ownership of such goods or services.¹⁰

⁶ See Exhibit "B-3" of the Petition.

⁷ See Exhibits "B-4" to "B-24" of the Petition.

⁸ G.R. No. 169504. March 3, 2010

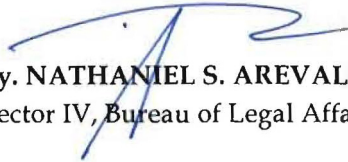
⁹ *Id.*

¹⁰ *Supra* note 5.

WHEREFORE, premises considered, the instant Petition for Cancellation is hereby GRANTED. Let the filewrapper of Trademark Reg. No. 4-2010-011327 be returned, together with a copy of this Decision, to the Bureau of Trademarks for information and appropriate action.

SO ORDERED.

Taguig City, 18 June 2013.



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