



GALLERIA FLOOR CENTER, INC.,
Opposer,

-versus-

THE WORLD OF TILES, INC.,
Respondent- Applicant.

X-----X

}
} IPC No. 14-2010-00240
} Opposition to:
} Appln. Serial No. 4-2009- 500615
} Date filed: 01 September 2009
} TM: "FC LOGO "

NOTICE OF DECISION

KING CABANGON DE GUZMAN & SALVE LAW OFFICES

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GREETINGS:

Please be informed that Decision No. 2013 - 97 dated May 31, 2013 (copy enclosed)
was promulgated in the above entitled case.

Taguig City, May 31, 2013.

For the Director:


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



GALLERIA FLOOR CENTER, INC.	}	IPC No. 14-2010-00240
<i>Opposer,</i>	}	Opposition to:
	}	Appln. Serial No. 4-2009-55000615
-versus-	}	Date Filed: 1 September 2009
	}	
THE WORLD OF TILES, INC.,	}	TM: "FC LOGO"
<i>Respondent-Applicant.</i>	}	
X-----X		Decision No. 2013- 97

DECISION

GALLERIA FLOOR CENTER, INC. ("Opposer")¹ filed on 26 July 2010 an opposition to Trademark Application Serial No. 4-2009- 500615. The trademark application, filed by THE WORLD OF TILES ("Respondent-Applicant")², covers the mark "FC LOGO" for use on "ceramic and granite tiles" falling under Class 19 of the International Classification of goods.³

GROUND FOR OPPOSITION

- "A. GFCI is the owner of the trade name FC logo and has a current application which includes the FC Logo being applied for by WOT
- "B. Trade name like FC LOGO which was previously used and not abandoned in the Philippines by GFCI cannot be registered by WOT
- "C. An unregistered trade name like FC Logo used by GFCI is entitled to protection against subsequent use as a trade name by WOT
- "D. GFCI has personality to file and prosecute the present opposition to WOT's application for registration of the FC LOGO."

The Opposer's evidence consists of the following:

1. Joint Affidavit of Ms. Teresita and Sarah Maherolnaghsh;
2. Certificate of Registration from Securities and Exchange Commission (SEC) showing date of incorporation of Galleria Floor Center, Inc. on October 16, 1996;
3. SEC certificate of registration and Articles of Incorporation of Respondent-Applicant;

¹ A domestic corporation duly organized and existing under the laws of the Philippines, with office address Suite 501, Gold Hill Tower No. 5 Anapolis St., Greenhills San Juan City
² A domestic corporation duly organized and existing under Philippine laws with address at Unit 314, Level 3, SM City North, EDSA, Quezon City,
³ The Nice Classification is a classification of goods and services for the purpose of registering trademark and services 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.

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N/A

4. Copy of IPO application for registration and pictorial illustration of Opposer;
5. Secretary's Certificate of Opposer on company letter head
6. Print out of IPO website showing trademark application of Respondent-Applicant
7. Joint Affidavit of Teresita and Sarah Maherolnaghsh;
8. Floor Center Membership Card
9. Compliance with Board Resolution authorizing Ms. Teresita Maherolnaghsh to sign verification
10. Print-out from IPO website that FLOOR CENTER & FC LOGO with applicant The World of Tiles, Inc. was refused registration
11. SEC Certificate of Non-registration of FLOOR CENTER, INC.

The Respondent-Applicant filed its Answer on 25 May 2011, alleging among other things, the following:

SPECIAL AND AFFIRMATIVE DEFENSES

"6. At the outset, Respondent-Applicant respectfully moves for the immediate dismissal of this case pursuant to Office Order No. 2010-930 dated August 17, 2010 issued by the Director of this Honorable Office which directed Opposer to submit within three (3) days from receipt of such Order a proof of authority of the signatory of the required verification/Certification in the notice of opposition. The same Order provides that Opposer's "failure to do so shall cause the dismissal of this case".

"9. Contrary to the Opposer's unsupported and self-serving claim that Opposer is the owner of the "FC Logo" tradename, Respondent-Applicant rightfully owns the "FC LOGO" mark along with the mark "FLOOR CENTER" from which the former mark was derived. Specifically, Respondent-Applicant's predecessor/owner is the first to adopt and use the "FLOOR CENTER" and "FC LOGO" trademarks for its goods falling under class 19 in the Philippines. Specifically, the "FLOOR CENTER" trademark from which the "FC LOGO" trademark was derived, was conceptualized, created and coined by the Opposer's incorporator/corporator, Dr. Rebecca W. Halabisaz Zanjani, sometime in the 1990's for the latter's business. As a matter of fact, Dr. Halabisaz Zanjani was one of the incorporators and major stockholders of the Respondent-Applicant and remains to be as such as shown in Respondent-Applicant's SEC registration. She is also one of the major stockholders of the Floor Center (SM City), Inc., which was organized almost simulatenously as that of the Respondent-Applicant. Copy of the Articles of Incorporation of Respondent-Applicant and Floor Center (SM City), Inc., dated October 16, 1996 and April 22, 1997, respectively, are hereto

attached as Exhibits "1" and "2".

After the opening and success of Dr. Halabisaz Zanjani's Persian Carpet Palace in SM City, North Edsa and the flourishing of the construction business in the Philippines in the early 1990's, Dr. Halabisaz Zanjani decided to venture into trading of finishing materials for construction. She and her husband then undertook an intensive study for the viability of a one-stop-shop for flooring and walling materials. Hence, the Floor Center (SM City), Inc. was organized and incorporated. "It was a natural direction to go for diversification coming from a highly successful 15-year experience in the carpet business.

In 2002, Respondent-Applicant was incorporated and named "The World of Tiles, Inc., doing business under the name and style of "FLOOR CENTER" with Dr. Halabisaz Zanjani as the majority stockholder. Copies of the Respondent-Applicant's Article of Incorporation and Amended Article of Incorporation dated August 28, 2011 and September 25, 2001, respectively, are hereto attached as Exhibits "4" and "5". Aside from directly importing ceramic and granite tiles from China and Spain, Respondent-Applicant also sells tile grout, adhesives, tile trims, water closets and other locally-produced finishing materials. Since it was organized, Respondent-Applicant has expanded to several branches in Metro Manila, North Luzon, Visayas, and Mindanao and supplied tiles and finishing materials to a number of dealers nationwide. Copies of the sample sales receipts, delivery receipts, invoices and inventories are attached as Exhibits "6" series. Also, affidavit of respondent-applicant's witness is hereto attached as Exhibit "7".

"10. Opposer barely alleged that it created the subject tradename to comply with the BIR requirement, hence, it is the owner of the tradename "FC Logo". Further, in the joint affidavit of certain Teresita Maherolnaghsh and Sarah Maherolnaghsh, the latter claimed that she drew the subject logo. However, it must be pointed out that supposed witnesses for the Opposer miserably failed to establish their capacity, qualifications and authority to execute the affidavit for the Opposer. As such, the credibility and veracity of their statements remain dubious. Moreover, the capacity and authority of Sarah to "draw" the subject mark for the Opposer were noticeably without proof. Hence, Opposer's alleged ownership of the subject tradename is baseless and unfounded.

"11. Respondent-Applicant has been openly and continuously using the "FC LOGO" mark for many years. This is known by the Opposer since one of its major incorporators, Teresita Maherolnaghsh, was also one of the incorporators of Respondent-Applicant. Opposer's failure for a long period of time to challenge in any manner Respondent-Applicant's early commercial use and adoption of the "FC LOGO" trademark constitutes both waiver and laches on the part of the Opposer such that it can no longer claim the relief prayed for in the instant Opposition case. Such inaction amounts to outright abandonment.

"12. Respondent-Applicant has registration over "TILE DEPOT and FC

LOGO”mark for tile products under Registration No. 42008014356 issued on November 24, 2008 by the Intellectual Property Office. Copy of the said registration is attached as **Exhibit “8”**. As can be gleaned from the said registered mark, “FC LOGO” is a dominant part of the “TILE DEPOT and **FC LOGO**” mark. Therefore, respondent-applicant can, as a matter of course, register the “FC Logo” alone.

“13. Opposer has repeatedly alleged ownership over FC Logo as a mere tradename. It did not assert or prove that it owns FC Logo as a trademark. A tradename, also known as a trading name or a business name, is the name which a business trades under for commercial purposes, while a trademark is any visible sign that distinguishes the products of an individual or enterprise from those of others. In other words, Opposer cannot prevent respondent-applicant from registering the subject “FC LOGO” mark which it has created since Opposer alleges ownership and use of a mere tradename.

“14. Opposer has failed to present/attach evidence that will prove use of its tradename, hence, Opposer has no right to even claim ownership over it. Bare allegations without substantial proof cannot stand or uphold Opposer's claim. Therefore, there is no other recourse but to deny the subject opposition case.

“15. Prior use, if not “trademark use” in the legal sence, will not afford protection. Granting for the sake of argument that Opposer is able to show proof of use of the tradename, still, such use will not make it distinctive of the tile products which Opposer sells. As such, Opposer has no basis whatsoever to prevent respondent-applicant from registering its “**FC LOGO**” mark. It is in fact, respondent-applicant which owns the subject mark as evidenced by the prior registration of the “TILE DEPOT and **FC LOGO**” as a trademark for tile products. A certificate of registration is evidence of registrant's ownership of the mark and of the registrant's exclusive right to use the said mark in connection with the goods and related goods specified in the certificate.”

The Respondent-Applicant's evidence consists of the following:

1. Copy of Articles of Incorporation Galleria Floor Center, Inc.
2. Copy of Articles Floor Center (SM City) Inc.
3. Letterhead with World of Tiles, Inc.
4. Copy of Articles of Incorporation of The World of Tiles, Inc.
5. Copy of Certificate of filing of Amended Articles of Incorporation
6. Various delivery receipts, official receipts and inventory sheets
7. Affidavit of Amalia Honrado

8. Copy of certificate of registration of Tile Depot and FC Logo

On 11 January 2012, the Preliminary Conference was terminated. Then after, the parties filed their position papers on 24 January 2012.

Should the Respondent-Applicant be allowed to register in its favor the mark FC LOGO?

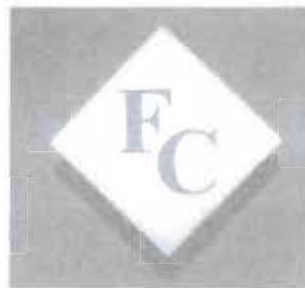
Records and evidence show that the Opposer has the right to oppose the subject trademark application under Sec. 134 of the IP Code which provides:

Sec. 134. Opposition. Any person who believes that he will be damaged by the registration for a may upon payment of the required fee and within thirty (30) days after the publication referred to in Sec. 133.2 file with the Office an opposition to the application xxx

The Opposer has established that it has been using the mark FC on goods that are indicated in the Respondent-Applicant's trademark application. Opposer filed on 3 March 2009 Trademark Application Serial No. 4-2009-002245. There is no doubt that the Opposer's mark is similar to the mark applied for by the Respondent-Applicant as shown below:



Opposer's mark



Respondent-Applicant's mark

The letters "FC" is a dominant or prominent component or feature of the Opposer's mark, "FLOOR CENTER & LOGO". Also, the logo of the Opposer's mark composed of the letters "F" and 'C' inside a diamond shaped polygon which cast a shadow is practically identical to the Respondent-Applicant's applied mark. It is likely therefore that consumers may be confused or deceived to believe that the Respondent-Applicant's products and Opposer's are the same or originated from the same source or

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manufacturer. The likelihood of confusion would subsist not only on the purchaser's perception of goods but on the origins thereof as held by the Supreme Court.⁴

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, the 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 the belief that there is some connection between the plaintiff and defendant which, in fact does not exist.⁵

Succinctly, public interest requires that confusion, mistake and deception should be avoided. It is 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.⁶ As such, the registration of the mark applied for by the Respondent-Applicant will give such party the exclusive right to use it on goods that are indicated in its application.

The Opposer, however, anchors its case on the argument that the Respondent-Applicant has no right to register the mark FC LOGO because it is the creator, owner and prior user thereof.

In defense, the Respondent-Applicant also raises the issue of ownership. It argues that it rightfully owns the FC LOGO through its predecessor. According to the Respondent-Applicant, the mark was conceptualized and created by Dr. Rebecca W. Halabisaz Zanjani, one of the incorporators of Opposer. Zanjani is a major stockholder of both parties. By making these assertions, Respondent-Applicant therefore concedes that the Opposer is the originator and prior user of the FC LOGO. Indeed, the evidence shows that the Opposer registered the Galleria Floor Center with the Securities and Exchange Commission (SEC) where it used the FLOOR CENTER and FC LOGO as early as 16 October 1996. In fact, Zanjani is an incorporator, director and stockholder to the extent of thirty six point five percent (36.5%) of the outstanding capital stock or 4,563 shares while Teresita Maherolnaghsh who executed a joint affidavit attesting to the creation of the FLOOR CENTER and FC LOGO owns of majority of the shares of the Opposer consisting of 7,562 shares . On the other hand, the Respondent-Applicant was registered with the SEC only in 28 August 2001. Furthermore, Teresita Maherolnaghsh is also a shareholder and incorporator of FLOOR CENTER (SM CITY) INC. which was

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See *Converse Rubber Corporation v. Universal Rubber Products, Inc. et. al* G.R. L. No. 08 January 1987
Sterling Products International Inc. v. Farbenfabriken Bayer Aktiengesellschaft, et. al, G.R. No. L-19906, 30 April 1969.
Pribhdas J. Mirpuri vs. Court of Appeals, G.R. No. 114508, 19 Nov. 1999.

incorporated on 22 April 1997 where she owns the same number of shares as Dr. Halabisaz Zanjani.

This Bureau finds untenable Respondent-Applicant's argument that the Opposer's failure to challenge the adoption and use of "FC LOGO" constitutes waiver and laches, the inaction amounting to outright abandonment. Abandonment which is in the nature of disuse must be permanent and not ephemeral; it should be intentional and voluntary, and even involuntary or even compulsory. Opposer submitted its letterhead and membership card to indicate its use of the mark. This and the fact that Opposer filed the instant opposition do not indicate an intention on the part of the Opposer to abdicate on its rights and interests over the contested tradename/trademark.

Respondent-Applicant argues that Opposer's use of "FC LOGO" is merely as a tradename and therefore the latter cannot prevent it from registering the mark as a trademark. But the mark FLOOR CENTER from where the initials FC was obtained is part of the corporate name or service name of Opposer's company, GALLERIA FLOOR CENTER, INC. The legal protection of corporate name has been strengthened by the IP Code, such that any subsequent use of the trade name by a third party, whether as a trade name or mark or collective mark, or any such use of similar trade name or mark, likely to mislead the public, shall be deemed unlawful.⁷ In *Philipps Export B.V. v. Court of Appeals*⁸, the Supreme Court held "that a corporation has an exclusive right to the use of its name. The right proceeds from the theory that it is a fraud on the corporation which has acquired a right to that name and perhaps carried on its business thereunder, that another should attempt to use the same name, or the same name with a slight variation in such a way as to induce persons to deal with it in the belief that they are dealing with the corporation which has given a reputation to the name."

Section 165.2 (a) of the IP Code provides:

Sec. 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 a 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.

This Bureau also finds unmeritorious Respondent-Applicant's argument that it owns the mark "FC LOGO" because it has a registration over "TILE DEPOT and FC LOGO" for tile products under Registration No. 42008014356 issued on November 24, 2008. In this instance, this Bureau finds that it is not the application or registration that confers ownership of the mark, but it is the ownership of the mark that confers the right to registration. The Philippines implemented TRIPS Agreement when the IP Code took into force and effect on 01 January 1998. Article 15 of the TRIPS Agreement reads:

⁷ Section 165.2 (a), par. 2. *supra*.
⁸ G.R. No. 96161, 21 February 1992, 205 SCRA 457

Section 2: Trademarks
Article 15
Protectable Subject Matter

1. Any sign, or any combination of signs, capable of distinguishing the goods or services of one undertaking from those of other undertaking, shall be capable of constituting a trademark. Such signs, in particular words including personal names, letters, numerals, figurative elements and combinations of colours as well as any combination of such signs, shall be eligible for registration as trademarks. Where signs are not inherently capable of distinguishing the relevant goods or services, Members may make registrability depend on distinctiveness acquired through use. Members may require, as a condition of registration, that signs be visually perceptible.

2. Paragraph 1 shall not be understood to prevent a Member from denying registration of a trademark on other grounds, provided that they do not derogate from the provisions of the Paris Convention (1967).

3. Members may make registrability depend on use. However, actual use of a trademark shall not be a condition for filing an application for registration. An application shall not be refused solely on the ground that intended use has not taken place before the expiry of the period of three years from the date of application.

4. The nature of the goods or services to which a trademark is to be applied shall in no case form an obstacle to registration of the trademark.

5. Members shall publish each trademark either before it is registered or promptly after it is registered and shall afford a reasonable opportunity for petitions to cancel the registration. In addition, Members may afford an opportunity of a trademark to be opposed.

Article 16 (1) of the TRIPS Agreement states:

Article 16
Rights Conferred

1. The owner of a registered trademark shall have the exclusive right to prevent all third parties not having the owner's consent from using in the course of trade identical or similar signs for goods for goods or services which are identical or similar to those in respect of which the trademark is registered where such use would result in a likelihood of confusion shall be presumed. The rights described above shall not prejudice any

existing prior rights, nor shall they affect the possibility of Members making rights available on the basis of use.

Significantly, the IP Code adopted the definition of the mark under the old law on Trademarks (Rep. Act 166), to wit:

12.1. "Mark" means any visible signs capable of distinguishing the goods (trademark) or services (service mark) of an enterprise and shall include a stamped or marked container of goods;⁹

Sec. 122 of the IP Code states:

Sec. 122. How marks are acquired. The rights in a mark shall be acquired through registration made validly in accordance with the provisions of this law. (Sec. 2-A, R.A. No. 166a)

There is nothing in Sec. 122 which says that registration confers ownership of the mark. What the provision speaks of is that the rights in a mark shall be acquired through registration, which must be made validly in accordance with the provision of the law.

Corollarily, Sec. 138 of the IP Code provides:

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. (emphasis supplied)

Clearly, it is not the application or the registration that confers ownership of a mark, but it is 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.¹⁰ The registration 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*¹¹, the Supreme Court held:

⁹ Sec. 38, R.A. No. 166.

¹⁰ See Section 236 of the IP Code.

¹¹ G.R. No. 183404, 13 October 2010.

“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 the one who first used it in trade.”

In this instance, the Opposer proved that as between the parties, it is the owner of the contested mark. The records and evidence show that at the time the Respondent-Applicant filed its trademark application, the Opposer has already been using the mark FLOOR CENTER and FC LOGO as its tradename.

Accordingly, this Bureau finds and concludes that the Respondent-Applicant's trademark application is proscribed by Sec. 123.1 (d) of the IP Code.

WHEREFORE, premises considered, the instant Opposition is hereby **SUSTAINED**. Let the filewrapper of Trademark Application Serial No. 4-2009-500615 together with a copy of this Decision be returned to the Bureau of Trademarks (BOT) for information and appropriate action.

SO ORDERED.

Taguig City, 31 May 2013.


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