



LEXANI WHEEL CORPORATION,
Opposer,

-versus-

MACRO AUTO CORPORATION,
Respondent- Applicant.

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}
} **IPC No. 14-2009-00312**
} Opposition to:
} Appln. Serial No. 4-2008-007755
} Date Filed: 30 June 2008
} **TM: "LEXANI"**

NOTICE OF DECISION

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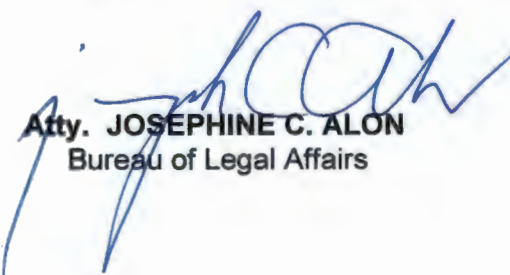
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GREETINGS:

Please be informed that Decision No. 2014 - 164 dated June 23, 2014 (copy enclosed) was promulgated in the above entitled case.

Taguig City, June 23, 2014.

For the Director:



Atty. JOSEPHINE C. ALON
Bureau of Legal Affairs



LEXANI WHEEL CORPORATION

Opposer,

-versus-

MACRO AUTO CORPORATION,

Respondent-Applicant.

IPC No. 14-2009-00312

Case Filed: 07 April 2009

Opposition to:

Application No. 4-2008-007755

Date Filed: 30 June 2008

Trademark: "LEXANI"

Decision No. 2014- 164

DECISION

LEXANI WHEEL CORPORATION¹ ("Opposer") filed an opposition to Trademark Application Serial No. 4-2008-007755. The application, filed by Macro Auto Corporation² ("Respondent-Applicant"), covers the mark "LEXANI" for use on "tires" under Class 12 of the International Classification of Goods and Services.³

The Opposer alleges:

x x x

"GROUNDS RELIED UPON FOR THIS OPPOSITION"

"The grounds for this *Verified Notice of Opposition* are as follows:

"4. The allowance of the mark 'LEXANI' in the name of Respondent-Applicant will violate and contravene Section 123.1 (e) and (g) of Republic Act No. 8293 ('R.A. No. 8293' or the 'IP Code').

"5. The mark 'LEXANI' is identical to and resembles the Opposer's well-known mark, 'LEXANI', as to likely deceive or cause confusion with Opposer's goods when applied to or used in connection with the Respondent-Applicant's sought-to-be covered goods.

"6. The use by Respondent-Applicant of the mark 'LEXANI' on goods that are similar, identical or closely related to the goods that are produced by, originate from, or are under the sponsorship of Opposer, will greatly mislead the purchasing public into believing that the Respondent-Applicant's goods are produced by, originate from, or are under the sponsorship of herein Opposer.

¹ A foreign corporation duly organized and existing under the laws of the State of California, United States of America Philippines, with principal place of business at 2380 Railroad Street, Building 101, Corona, California 92880, United States of America.

² With office address at 8th Floor, Unit 808 West Tower PSE Bldg. Exchange Road, Ortigas Center, Pasig City, Philippines.

³ The Nice Classification is a classification of goods and services for the purpose of registering trademark and service marks, based on a 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 Purposes of the Registration of Marks concluded in 1957.

"7. Opposer has not abandoned the use in many countries around the world, including here in the Philippines, of its 'LEXANI' mark.

"8. Opposer submits that its mark is a well-known mark which is entitled to broad protection under Article 6bis of the Paris Convention for the Protection of Industrial Property (the 'Paris Convention') and Article 16 of the Trade-Related Aspects of Intellectual Property (the 'TRIPS Agreement'), to which the Philippines and the United States of America are signatories.

"9. The registration of Respondent-Applicant's 'LEXANI' mark contravenes the provisions of R.A. No. 8293, the Paris Convention and the TRIPS Agreement, hence, is subject to non-allowance for registration under the pertinent provisions of R.A. No. 8293, the Paris Convention, and the TRIPS Agreement.

"10. In support of this Opposition, Opposer shall prove and rely upon, among others, the following:

"(a) The Opposer is the true owner of the mark 'LEXANI' which has been registered in the Opposer's name and/or is the subject of application/s for registration, to wit:

x x x

"(b) Opposer has been commercially using its 'LEXANI' mark in the United States since 1996, elsewhere around the world since 2000, which use antedate the use, if any, made by Respondent-Applicant of its 'LEXANI' mark. Attached as Exhibit 'M', to form an integral part hereof is a copy of the Invoice Register showing the exportation of LEXANI goods to Australia in the year 2000. Also attached as Exhibits 'N' to 'N-3', to form integral parts hereof, are copies of the invoices representing goods exported by the Opposer to the Philippines.

"(c) In support of Opposer's claims that [i] it is the originator of the 'LEXANI' mark, [ii] the date/period of first use thereof; [iii] products bearing said mark have been distributed, offered for sale, sold in many jurisdictions around the world, by virtue of which the Opposer has made extensive use worldwide of its 'LEXANI' mark, Opposer manifests that it has made substantial investments from 1996 to 2008 in the approximate amount of US \$43 Million to promote its goods internationally. Marked and attached hereto as Opposer's Exhibit 'L' to form an integral part hereof, is a duly executed, notarized and legalized Affidavit of Frank J. Hodges, the President of the Opposer-Company, attesting to the foregoing matters/sales figures.

"(d) In further support of Opposer's claim that its aforementioned mark has gained international notoriety, it asserts that it has undertaken and made extensive publicity and promotions of said mark in internationally available publications, aside from Opposer's own websites, and www.lexani.com, www.lexanitires.com (LEXANI Performance Tires Website), www.lexanilifestyle.com (LEXANI All Coast Brand Website) and www.lexani.net, which are all accessible throughout the world, including in the Philippines. Exhibits 'O' and 'O-1', to form integral parts hereof, show the number of pages viewed and hits received worldwide by the Opposer's

website/s for the years 2005 and 2009. In addition thereto, the duly executed, notarized and legalized Affidavit of Mr. Hodges, particularly paragraphs 6,7 and 10 thereof, include/cite/attach copies/web page print-outs of sample advertisements featured in the aforementioned websites, third-party websites and various publications around the world. The Opposer even launched its own magazine on July 2001, the 'Lexani Magazine Lifestyle' (attached as Exhibit 'T' of the Affidavit of Mr. Hodges), which featured an article on an event called 'Lexani Nights' held in Japan in 2008, as well as identifying celebrity clients, and advertisements of goods containing the 'LEXANI' mark.

"(e) Lexani's fame in the Philippines is evident in reviewing search results for the term 'LEXANI' made on Google's Philippine website, www.google.com.ph and E-bay's Philippine website, www.ebay.com.ph. Web page print-outs of the search results from these websites are marked and attached hereto as Exhibits 'R' and 'S' of the Affidavit of Mr. Hodges, to form integral parts hereof. The search results on these websites show discussions and offering for sale LEXANI branded products, none of which refers to the Applicant or its products. As part of Exhibit 'L', further marked and attached hereto as Opposer's Exhibits 'L-1' to 'L-13' to form integral parts hereof, are various documents x x x, in support of the assertions made by Opposer's witness Mr. Frank J. Hodges in his Affidavit.

"(f) By spelling, representation and appearance, the mark 'LEXANI' is identical to and confusingly similar to the Opposer's mark, 'LEXANI'.

"(g) Opposer continues to use its 'LEXANI' mark worldwide, including here in the Philippines.

"(h) By virtue of the prior and continued use of the 'LEXANI' mark in the Philippines and other countries around the globe by herein Opposer, said mark has become popular and internationally well-known and has established valuable goodwill for the Opposer with the general purchasing public, which has identified Opposer as the owner and the source of goods bearing the said mark.

The Opposer's evidence consists of copies of registrations and applications for the mark "LEXANI" abroad; affidavit of Frank J. Hodges, the President of the Opposer-Company; statement of information showing that Mr. Hodges is the President of the Opposer Company; copies of catalogs and advertisements of the Opposer's wheels, grills, rims and tires; screen shots of opposer's websites, www.lexanitires.com and www.lexanilifestyle.com ; record of domain ownership in the name of the Opposer for the websites lexani.com, lexanitires.com, lexanilifestyle.com and lexani.net; screen shorts of the search results for the term "LEXANI" in www.google.com.ph and www.ebay.com.ph ; screen shorts from www.lexani.com and www.lexani.lifestyle.com ; reports for the years 2005 to 2009 reflecting the number of pages viewed and hits received worldwide by the Opposer's website/s; copy of the invoice register showing exportation of LEXANI goods to Australia in the year 2000; copies of Opposer's invoice

and invoices for LEXANI goods imported to the to the Philippines; ; and copy of magazine, the "Lexani Lifestyle Magazine".⁴

This Bureau issued a Notice to Answer and served a copy thereof upon Respondent-Applicant on 13 May 2009. Said Respondent-Applicant, however, did not file an Answer.

Should the Respondent-Applicant be allowed to register the trademark LEXANI?

This Bureau takes cognizance via judicial notice of the fact that, based on the records of the Intellectual Property Office of the Philippines, the Opposer filed a trademark application for LEXANI on 14 April 2009. The application covers the following goods: tires; wheels for land vehicles; automotive accessories and parts namely license plate frames, grilles, side vents, trunk wings, and automotive body kits. On the other hand, the Respondent-Applicant filed the trademark application subject of the opposition on 30 June 2008.

The competing marks are shown below:

LEXANI

Opposer's trademark

LEXANI

Respondent-Applicant's mark

In this regard, the competing marks are used on similar and/or closely related goods, particularly, tires. Thus, it is likely that the consumers will have the impression that these goods originate from a single source or origin. The confusion or mistake would subsist not only on the purchaser's perception of goods but on the origin thereof as held by the Supreme Court, to wit:

Callman notes two types of confusion. The first is the confusion of goods in which event the ordinary 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.⁵

⁴ Marked as Exhibits "A" to "O", inclusive.

⁵ Converse Rubber Corp. v. Universal Rubber Products, Inc. et. al., G.R. No. L-27906, 08 Jan. 1987.

Public interest therefore requires, that two marks, identical to or closely resembling each other and used on the same and closely related goods, but utilized by different proprietors should not be allowed to co-exist. Confusion, mistake, deception, and even fraud, should be prevented. 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.⁶

The Respondent-Applicant's filing of their trademark application may be earlier than the Opposer's, but the latter raises the issues of trademark ownership, fraud and bad faith on the part of the Respondent-Applicant.

In this regard, this Bureau emphasizes that 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 of registration. The Philippines implemented the World Trade Organization Agreement "TRIPS Agreement" when the IP Code took into force and effect on 01 January 1998. Art 16(1) of the TRIPS Agreement states:

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 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. In case of the use of an identical sign for identical goods or services, 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, Sec. 121.1 of the IP Code adopted the definition of the mark under the old Law on Trademarks (Rep. Act No. 166), to wit:

121.1. "Mark" means any visible sign capable of distinguishing the goods (trademark) or services (service mark) of an enterprise and shall include a stamped or marked container of goods; (Sec. 38, R.A. No. 166a)

Sec. 122 of the IP Code also 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 provisions of the law.

Corollarily, Sec. 138 of the IP Code provides:

⁶ *Pribhdas J. Mirpuri v. Court of Appeals*, G.R. No. 114508, 19 November 1999, citing *Ethepa v. Director of Patents, supra*, *Gabriel v. Perez*, 55 SCRA 406 (1974). See also Article 15, par. (1), Art. 16, par. (1), of the Trade Related Aspects of Intellectual Property (TRIPS Agreement).

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.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 the R.A. 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, 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. 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.

In this instance, the Opposer proved that he is the originator and owner of the contested mark. Respondent-Applicant's filing of their trademark application on 30 June 2008 was subsequent to the invoice register showing Opposer's exportation of LEXANI goods to the Philippines (14 May 2007) and Opposer's trademark registration in the United States of America (02 March 1999). Opposer has been commercially using and/or manufacturing products bearing the trademark LEXANI since 1996 and continuously using its LEXANI mark worldwide, including here in the Philippines.

In contrast, the Respondent-Applicant despite the opportunity given, did not file an Answer to defend their trademark application and to explain how they arrived at using the mark

⁷ See Sec. 236 of the IP Code.

⁸ G.R. No. 183404, 13 Oct. 2010.

LEXANI which is exactly the same as the Opposer's. It is incredible for the Respondent-Applicant to have come up with exactly the same mark for use on similar goods by pure coincidence.

Succinctly, the field from which a person may select a trademark is practically unlimited. As in all other cases of colorable imitations, the unanswered riddle is why of the millions of terms and combinations of letters and designs available, the Respondent-Applicant had to come up with a mark identical or so closely similar to another's mark if there was no intent to take advantage of the goodwill generated by the other mark.⁹

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.

WHEREFORE, premises considered, the instant Opposition to Trademark Application No. 4-2008-007755 is hereby SUSTAINED. Let the filewrapper of the subject trademark application be returned, together with a copy of this Decision, to the Bureau of Trademarks for information and appropriate action.

SO ORDERED.

Taguig City, 23 June 2014.


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

⁹ *American Wire & Cable Company v. Director of Patents*, G.R. No. L-26557, 18 Feb. 1970.