



LIMSON MARKETING, INC.,
Opposer,

-versus-

WATTS REGULATOR CO.,
Respondent –Applicant.

x-----x

}
} IPC No. 14-2013-00115
} Opposition to:
} Appln. Serial No. 4-2012-502373
} Date Filed: 11 September 2012
} TM: "WATTS"

NOTICE OF DECISION

LUMANIOG & ASSOCIATES
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Quezon City

**ORTEGA BACORRO ODULIO
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GREETINGS:

Please be informed that Decision No. 2014 - 65 dated February 26, 2014 (copy enclosed) was promulgated in the above entitled case.

Taguig City, February 26, 2014.

For the Director:

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



LIMSON MARKETING, INC.,	}	IPC NO. 14-2013-00115
Opposer,	}	
	}	Opposition to:
- versus -	}	Application Serial No. 4-2012-502373
	}	Date Filed: 11 September 2012
WATTS REGULATOR CO.,	}	Trademark: WATTS
Respondent-Applicant.	}	
x-----x		Decision No. 2014 - <u>65</u>

**DECISION
BASED ON COMPROMISE AGREEMENT**

LIMSON MARKETING, INC., (“Opposer”) filed an opposition to Trademark Application Serial No. 4-2012-502373. The application filed by WATTS REGULATOR CO. (“Respondent-Applicant”) covers the mark WATTS for use on goods under Class 06. The opposition is anchored on Section 123.1 (d) of R.A. 8293 otherwise known as The Intellectual Property Code of the Philippines.

On 22 July 2013, the Respondent-Applicant filed its Answer refuting the material allegations of the Opposer.

In compliance to Office Order No. 154, s. 2012 (“Rules of Procedure for IPO Mediation Proceedings”) and Office Order No. 197, s. 2010 (“Mechanics for IPO Mediation and Settlement Period”), this Bureau issued on 19 September 2013 Order No. 2013-212 referring the case to mediation.

On 12 February 2014, the ADR Services of this Bureau submitted a Mediation Report indicating a settlement by the parties. Attached to the report is the parties' COMPROMISE AGREEMENT, the pertinent portion of which reads:

“NOW THEREFORE, for and in consideration of the foregoing premises and of the mutual covenants hereinafter set forth, the PARTIES agree as follows:

- “1. **THE MARKS:** This Agreement shall cover the ownership and use of (1) Philippine Trademark Registration No. 4-2009-000033 for WATTS SANITARY WARES & W DESIGN; (2) Philippine Trademark Application No. 4-2012-502373 for WATTS; (3) Philippine Trademark Application No. 4-2013-010273 for WATTS; (4) Philippine Trademark Application No. 4-2013-010274 for W (RIBBON DESIGN); (5) Philippine Trademark Registration No. 4-2012-502374 for W (RIBBON DESIGN); and (6) the FIRST PARTY's

internationally well-known WATTS and W RIBBON DESIGN marks (herein after referred to collectively as the 'Marks').

"II. **SCOPE OF THE AGREEMENT:** This Agreement shall be effective and recognized not only in the Philippines but also globally.

"III. **UNDERTAKINGS OF THE SECOND PARTY:**

(1) The SECOND PARTY does hereby irrevocably assign to the FIRST PARTY all rights, title and interest in and to Philippine Trademark Registration No. 4-2009-000033 for WATTS SANITARY WARES & W DESGIN and any other pending applications for identical or confusingly similar marks, including but not limited to, all rights to the registration, all rights to create and use derivative marks, and all rights to use the mark in different classes of goods.

(2) The SECOND PARTY undertakes to withdraw its opposition to Philippine Trademark Application No. 4-2012-502373 for WATTS in accordance with the attached draft *Motion to Withdraw* (Annex 'C') within three (3) business days from execution of this Agreement.

(3) The SECOND PARTY undertakes not to file an application for the registration of the Marks, or any of its derivatives with any government agency or use the Marks in trade except under the circumstances described in clause IV below. The SECOND PARTY further undertakes not to be involved directly or indirectly with any third party that files an application for the registration of any mark identical or confusingly similar to the Marks or otherwise uses the Marks in trade.

(4) Except for the purpose of disposing its existing inventory specified in clause V below, the SECOND PARTY undertakes not to conduct any kind of activities that might infringe the trademarks of the FIRST PARTY, including, but not limited to, any form of manufacturing and/or distribution of the FIRST PARTY's products unless authorized by the FIRST PARTY in writing.

(5) The SECOND PARTY undertakes to never contest the validity of the Marks or the rights and interests of the FIRST PARTY over the same.

"IV. **CONSIDERATION:** In consideration for the conditions set forth in this Agreement, the FIRST PARTY shall pay the SECOND PARTY the sum of TEN THOUSAND US DOLLARS (US\$10,000.00) at the time of the signing of this

Agreement.

"V. **DISPOSAL OF INVENTORY:** The SECOND PARTY shall be given a period of one (1) year from the signing of this Agreement within which to dispose of all of its remaining inventory of products that bear any of the Marks. The inventory, as provided by the SECOND PARTY to the FIRST PARTY, is attached hereto as Annex 'D'.

Within the one (1)-year period to dispose of the inventory, the SECOND PARTY shall have no right to manufacture, advertise, distribute, or be involved with any third party to manufacture, advertise, or distribute products that bear the Marks or any identical or confusingly similar derivative mark.

At the end of the one (1) year disposal period, the SECOND PARTY shall provide a report to the FIRST PARTY showing the remaining inventory not disposed of or if all inventory has been disposed of, a statement to that effect. The report must be verified by the SECOND PARTY. All remaining inventory not disposed after the one (1) year period shall be surrendered to the FIRST PARTY, or its designated agent in the Philippines, for destruction.

"VI. **REPRESENTATIONS AND WARRANTIES:** Each of the PARTIES represents that:

(1) FIRST PARTY is duly incorporated, validly existing and in good standing under the laws of the United States of America, whereas the SECOND PARTY is duly incorporated, validly existing and in good standing under the laws of the Philippines.

(2) The PARTIES have their principal offices at the addresses indicated herein, and are registered or qualified to do business in the jurisdiction where such registration or qualification is necessary;

(3) The PARTIES have full legal right, power and authority to carry on their present business, to own properties and assets, to incur the obligations provided for in this Agreement, to execute and deliver this Agreement, and to perform and observe the terms and conditions hereof and thereof;

(4) All appropriate and necessary corporate and legal action has been taken by the PARTIES to authorize the execution, delivery and performance of this Agreement;

(5) The signatories to this Agreement are fully authorized to sign the Agreement;



(6) This Agreement constitute the PARTIES' legal, valid and binding obligations;

(7) There is no provision in the Articles of Incorporation, By-Laws or any other constitutive documents of the FIRST PARTY and the SECOND PARTY or any laws in the country of the FIRST PARTY and SECOND PARTY which would be contravened by the execution and delivery of this Agreement, or by the performance of any provision, condition, covenant or other term hereof; and

(8) The PARTIES have obtained all consents, licenses, approvals and authorizations and have effected all declarations, filings and registrations necessary for the due execution and delivery of this Agreement. All consents, licenses, approvals and authorizations and all declarations, filings and registrations necessary for the performance, validity or enforceability of the Agreement shall be obtained and effected and shall be in full force and effect prior to the date of the initial signing of this Agreement.

"VII. SURVIVAL OF WARRANTIES AND REPRESENTATIONS: All representations and warranties made by each of the PARTIES to this Agreement shall survive the execution hereof. Each of the PARTIES agrees to indemnify and hold the other PARTY harmless against and in respect of any damage or deficiency resulting from their respective misrepresentations.

"VIII. REGISTRATION OF AGREEMENT; JOINT MOTION TO DISMISS; AND OF DEED OF ASSIGNMENT: After the Agreement has been executed, the PARTIES shall move that a Judgment based on the Compromise Agreement be issued to end the aforesaid opposition as well as submit a Joint Motion to Dismiss for the dismissal of the aforesaid petition for cancellation. Further, a copy of a separate notarized Assignment document shall also be submitted for the Bureau of Trademarks for the recordal of the assignment of the ownership of Philippine Trademark Registration No. 4-2009-000033 for WATTS SANITARY WARES & W DESIGN from the SECOND PARTY to the FIRST PARTY. The cost of registration of the Deed of Assignment shall be borne by the FIRST PARTY.

"IX. TERM AND TERMINATION: Should one PARTY unreasonably violate the terms of this Agreement by failing or refusing to perform its commitments in accordance with this Agreement, or to comply strictly with any terms of this Agreement, for any reason whatsoever, the other PARTY shall have the right to rescind this Agreement with immediate effect upon giving the violating PARTY written notice.

"X. **VENUE:** The PARTIES irrevocably agree that any action, suit or proceeding arising out of or relating to this Agreement shall be instituted in any court of competent jurisdiction within Metro Manila, Philippines.

"XI. **SEVERABILITY OF PROVISIONS:** If any provision of this Agreement or part thereof is rendered void, illegal or unenforceable by any legislation to which it is subject, or by a valid judgment rendered by a court of competent jurisdiction, the enforceability of the remaining provisions not otherwise affected shall in no way be affected or prejudiced. The invalidity, illegality or unenforceability of any provision in this Agreement under the laws of any one jurisdiction shall not in itself affect the validity, legality and enforceability of such provision under the laws of other jurisdiction.

"XII. **ATTORNEY'S FEES AND COSTS OF LITIGATION:** In case of any legal action or proceeding arising out of or connected with this Agreement, the aggrieved PARTY, in addition to any award granted by the Court, shall be entitled to recover: (1) attorney's fees in an amount equivalent to ten percent (10%) of all amounts recovered; and (2) expenses and costs of suit, all with interest at the legal rate, computed from the time the suit was commenced until fully paid.

"XIII. **AMMENDMENTS OR SUPPLEMENTS:** No amendment, modification, waiver, change or addition hereto shall be effective or binding on any of the PARTIES unless the same is made in writing and signed by the PARTIES hereto.

"XIV. **WAIVERS:** Any waiver by any of the PARTIES hereto of any right hereunder, or that arising from the Agreement must be made in writing, it being agreed that the rights of any of the PARTIES shall not be prejudiced or restricted by any indulgence or forbearance.

"XV. **EXECUTION IN PARTS:** This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one instrument having full binding legal effect.

"XVI. **MISCELLANEOUS PROVISIONS:** In the event that the terms of this Agreement shall be deemed to be in violation of their Articles of Incorporation and By-Laws (or any amendment thereof), or in violation of existing law or that may be enacted in the future, the PARTIES shall take such steps as are necessary to remedy the error in order to reflect the terms of this Agreement, so far as permitted by the relevant government agencies within sixty (60) days from the execution of this Agreement. If such amendments are deemed not permitted, the PARTIES shall immediately endeavor to rectify the same whether by amendment to this Agreement or to enter into such Agreement as may be deemed appropriate

under the premises.

All the terms of this Agreement shall be binding upon and inure to the benefit of the PARTIES, their permitted assigns and successors-in-interest. Except as otherwise provided herein, no PARTY shall assign its right and obligations hereunder without the prior written consent of the other PARTY.

This Agreement supersedes oral or verbal representations made by the PARTIES to each other with respect to the subject matter hereof.

Each of the PARTIES agrees that any other enabling document needed to proceed with this Agreement shall be produced by the PARTY concerned.

This Bureau evaluated the COMPROMISE AGREEMENT and finds that the same has been duly entered into by the parties with the terms and conditions thereof not contrary to law, morals, good customs, public order or public policy.

Accordingly, an approved Compromise Agreement shall have the effect of a decision or judgment on the case and shall be enforced accordingly in accordance with the pertinent rules of IPO and the Rules of Court (Sec. 5, Office Order No. 154, s. 2010).

Corollarily, on 12 February 2014, the Opposer filed a Motion to Withdraw praying that the instant opposition be dismissed on the ground that the parties have settled the case amicably to their full and mutual satisfaction.

WHEREFORE, premises considered, the parties' COMPROMISE AGREEMENT is hereby **APPROVED**. Accordingly, the instant opposition case is hereby **DISMISSED**. Let the filewrapper of Trademark Application Serial No. 4-2012-502373 be returned, together with a copy of this Decision, to the Bureau of Trademarks for information and appropriate action.

SO ORDERED.

Taguig City, 26 February 2014.


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