



LOST INTERNATIONAL, LLC.,  
Opposer,

-versus-

JOHN DAVIDSON T. LIM,  
Respondent-Applicant.

X-----X

}  
} IPC No. 14-2008-00111  
} Opposition to:  
} Appln. Serial No. 4-2007-001445  
} Date filed: 13 February 2007  
} TM: "LOST ENTERPRISES  
} AND DEVICE"

**NOTICE OF DECISION**

**SYCIP SALAZAR HERNANDEZ & GATMAITAN**  
Counsel for Opposer  
SSHG Law Centre  
105 Paseo de Roxas, Makati City

**MR. JOHN DAVIDSON T. LIM**  
Respondent-Applicant  
9L RDC Compound, Reparo Street  
Potrero, Malabon, Metro Manila

**GREETINGS:**

Please be informed that Decision No. 2012 - 99 dated June 15, 2012 ( copy enclosed) was promulgated in the above entitled case.

Taguig City, June 15, 2012.

For the Director:

  
**Atty. GINALYN S. BADIOLA**  
Hearing Officer, BLA

CERTIFIED TRUE COPY  
*Sharon S. Alcantara*  
SHARON S. ALCANTARA  
Records Officer II  
Bureau of Legal Affairs, IPO



**LOST INTERNATIONAL, LLC,**  
Opposer,

- versus -

**JOHN DAVIDSON T. LIM,**  
Respondent-Applicant.

**IPC No. 14-2008-00111**

Opposition to:

Appln. Ser. No. 4-2007-001445

Date Filed: 13 February 2007

Trademark: **LOST ENTERPRISES  
AND DEVICE**

Decision No. 2012 - 99

### DECISION

LOST INTERNATIONAL, LLC<sup>1</sup> ("Opposer") filed on 19 May 2008 a Notice of Opposition to Trademark Application No. 4-2007-001445. The application, filed by JOHN DAVIDSON T. LIM<sup>2</sup> ("Respondent-Applicant"), covers the mark LOST ENTERPRISES AND DEVICE for use on *"t-shirts, polo, jackets, jeans, pants, shorts, skirts, blouses, jogging pants, brief, supporters, socks, pajama and men's underwear"* under Class 25 of the International Classification of Goods<sup>3</sup>.

The Opposer alleges the following:

"1. Opposer is the assignee and rightful owner of the trade name and trademarks LOST (BLOCK LETTERS), LOST ENTERPRISES (BLOCK LETTERS), LOST (STYLIZED), LOST ENTERPRISES (STYLIZED), LOST FISH GENERATION, LOST (WORD MARK), LOST ENERGY, LOST FIVE 0, LOST PERFECT 10 (hereinafter collectively referred to as the 'LOST Trademarks') for a wide variety of goods and services in Classes 9, 14, 25 and 28 in at least 29 countries and territories around the world.

Opposer is the assignee and registered owner of the LOST Trademarks and trade name for goods in International Class 25 and 28, specifically for 'T-shirts, polo, jackets, jeans, pants, shorts, skirts, blouses, jogging pants, brief, supporters, socks, pajama and men's underwear' and other closely related goods, under Registration Nos. 2,059,484; 2,907,728; 2,909,689; and 2,671,562 issued by the trademarks office of the United States of America on July 22, 1996; December 7, 2004; December 14, 2004 and January 7, 2003, respectively, long before applicant appropriated the confusingly similar trademark LOST ENTERPRISES DEVICES for 'T-shirts, polo, jackets, jeans, pants, shorts, skirts, blouses, jogging pants, brief, supporters, socks, pajama and men's underwear' in class 25. Opposer has also obtained at least 49 registrations of its LOST Trademarks for goods in Class 25 in at least 25 other countries and territories worldwide, namely, Argentina, Australia, Brazil, Canada, China, Chile, European Union, Dominican Republic, El Salvador, France, Hong Kong, Japan, Malaysia,

<sup>1</sup> A limited liability company duly organized under the laws of the State of California, U.S.A., with principal office at 9600 Research Drive, Irvine, California, U.S.A.

<sup>2</sup> With address on record at 9L RDC Compound, Reparo Street, Potrero, Malabon, Metro Manila.

<sup>3</sup> The Nice Classification is a classification of goods and services for the purpose of registering trademarks and service marks, based on a multilateral 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 the Registration of Marks concluded in 1957.

Mexico, New Zealand, Panama, Peru, Singapore, South Africa, Spain, Taiwan, Thailand, United Arab Emirates, United Kingdom and Venezuela.

The LOST Trademark originally belonged to Matt Biolos and Mike Reola, who together formed a partnership named LOST Enterprises. The design was created in 1987 and was primarily used in connection with surfboards and related accessories. In 1992, the clothing line was launched under the label LOST.25

In 1999, the Opposer (a California limited liability company) was formed, and the LOST Trademarks were all assigned by LOST Enterprises in favor of the Opposer. Thus, the Opposer is the current lawful owner of the LOST Trademarks, and licenses the LOST Trademarks to third parties who manufacture and distribute goods in Classes 25 and 28.

Dysfunctional Clothing, LLC ('Dysfunctional') a corporation duly organized and existing in the United States is the main licensee of the LOST Trademarks. Dysfunctional manufactures and sells clothing in the United States, and also supplies goods to the foreign distributors throughout the world.

Opposer or its predecessors-in-interest first used its LOST Trademarks for goods in Class 28 in 1987 and in Class 25 in 1992. Opposer's or its predecessors-in-interest's dates of first use of the LOST Trademarks, for goods and services in other classes are as follows:

In the Philippines, the Opposer has filed an application for the registration of the mark LOST (STYLIZED) on August 21, 2007, which was assigned Application No. 42007009043.

"2. Applicant's trademark LOST ENTERPRISES AND DEVICE so resembles Opposer's LOST Trademarks and trade name as to be likely, when applied to or used in connection with the goods of Applicant, to cause confusion, mistake and deception on the part of the purchasing public by misleading them into thinking that Applicant's goods either come from Opposer or are sponsored or licensed by it.

"3. The registration and use by Applicant of the trademark LOST ENTERPRISES AND DEVICE will diminish the distinctiveness and dilute the goodwill of Opposer's LOST Trademarks, which are arbitrary and well-known trademarks when used on Opposer's products.

"4. Applicant appropriated and used the identical and confusingly similar trademark LOST ENTERPRISES DEVICE on its own goods with the obvious intention of misleading the public into believing that its goods bearing said trademark originate from, or are licensed or sponsored by Opposer, which has been identified in the trade and by consumers as the manufacturer of 't-shirts, polo, jackets, jeans, pants, shorts, skirts, blouses, jogging pants, brief, supporters, socks, pajama and men's underwear' and a wide variety of goods bearing the LOST Trademarks from which applicant's confusingly similar mark LOST ENTERPRISES DEVICE has been copied.

"5. The approval of applicant's trademark LOST ENTERPRISES DEVICE is based on the false representation that it is the originator, true owner and first user of the trademark, which was merely copied/derived

from Opposer's LOST Trademarks and trade name.

"6. Opposer is the first user of the LOST Trademarks and trade name in the United States of America and in numerous countries worldwide. Opposer as rightful owner of the LOST Trademarks in the United States of America and in numerous other countries worldwide will be prejudiced by the unauthorized registration of a confusingly similar mark in the name of the Applicant. In fact, under Section 147 of the Intellectual Property Code, 'in case of the use of an identical sign for identical goods or services, a likelihood of confusion shall be presumed.'

"7. Applicant's appropriation and use of the confusingly similar trademark LOST ENTERPRISES DEVICE infringes upon Opposer's exclusive right to the trade name and registered LOST Trademarks, which are well-known trademarks protected under Sections 123.1 (e) and (f), and 147 of the IP Code, Article 6bis of the Paris Convention and Article 16 of the Agreement on Trade Related Aspects of Intellectual Property Rights to which the Philippines and the United States of America adhere.

"8. The Opposer uses LOST not only as a trademark but also as trade name - Lost International, LLC. Opposer's LOST Trademarks are, therefore, protected by Article 8 of Paris Convention which provides that 'a trade name shall be protected in all countries of the Union without the obligation of filing or registration, whether or not it forms part of a trademark' as well as by Section 165.2 (a) of the IP Code which provides that '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.' In appropriating LOST ENTERPRISES DEVICE as a mark, Respondent-Applicant betrayed its awareness of Opposer's existence and the prior use and renown of Opposer's LOST Trademarks. This Office must implement the provisions of the Paris Convention and the IP Code by confirming Opposer's rightful ownership of its LOST Trademarks and trade name.

"9. The registration of the trademark LOST ENTERPRISES DEVICE in the name of the applicant is contrary to other provisions of the IP Code."

The Opposer also avers the following as facts:

"1. Opposer adopted and has been commercially using the LOST Trademarks and trade name for its goods in Class 25 and 28, among others, long before Applicant's unauthorized appropriation of the confusingly similar trademark LOST ENTERPRISES DEVICE.

"2. Opposer is the first user and registered owner of the LOST Trademarks and trade name in the United States of America, and in many other countries worldwide. Opposer has also used, registered and applied for the registration of the LOST Trademarks and trade name in many other countries worldwide. In the Philippines, the Opposer has filed an application for the registration of the mark LOST (STYLIZED) on August 21, 2007, which was assigned Application No. 42007009043.

"3. Opposer's LOST Trademarks are arbitrary trademarks and are entitled to broad legal protection against unauthorized users like Applicant

who has appropriated the confusingly similar trademark LOST ENTERPRISES DEVICE for similar or closely related goods.

"4. Opposer or its predecessor-in-interest is the first user of the LOST Trademarks for the above-mentioned classes of goods. Applicant has appropriated the identical or confusingly similar and derivative trademark LOST ENTERPRISES DEVICE in bad faith for the obvious purpose of capitalizing upon the renown of Opposer's self-promoting trademarks by misleading the public into believing that its goods originate from, or are licensed or sponsored by Opposer.

"5. Opposer has authorized distributors and licensee of its products and Applicant is not one of them. Opposer never authorized Applicant to use the LOST Trademarks.

"6. The registration and use of an identical or confusingly similar trademark by the Applicant will tend to deceive and/or confuse purchasers into believing that Applicant's products emanate from or are under the sponsorship of Opposer and will damage Opposer's interests for the following reasons:

- i) The Opposer's and Applicant's trademarks are identical or confusingly similar.
- ii) Applicant's unauthorized appropriation and use of the trademark LOST ENTERPRISES DEVICE will dilute the goodwill and reputation of Opposer's LOST Trademarks and trade name among consumers.
- iii) Applicant intends to use LOST ENTERPRISES DEVICE on his own products as a self-promoting trademark to gain public acceptability for them through their association with Opposer's popular LOST Trademarks and trade name from which Applicant's trademark LOST ENTERPRISES DEVICE has been derived.
- iv) The goods on which the trademarks are used are identical and are sold and advertised to consumers through the same channels of trade.
- v) Respondent-Applicant intends to trade, and is trading on, Opposer's goodwill.

"7. Opposer uses the LOST Trademarks not only as trademarks but also as its trade name - LOST International, LLC - and therefore, Opposer is protected against the use by others under Article 8 of Paris Convention and Section 165 of the IP Code.

"8. The registration and use of an identical or confusingly similar trademark by Applicant will diminish the distinctiveness and dilute the goodwill of Opposer's LOST Trademarks."

The Opposer's evidence consists of the following:

1. Annex "A" - copy of US Reg. Nos. 2,671,562, 2,907,728, 2,059,484, 2,909,689 in the name of the Opposer;
2. Annex "B" - list of the countries, territories and jurisdictions where the Opposer's Lost Trademarks are registered, or where applications to register the same have been filed or are pending;
3. Annex "C" - copies of the registration certificates in different countries, territories and jurisdictions worldwide;
4. Annex "D-1" - summary printout reflecting sales of the products bearing the Opposer's Lost Trademarks sold by Dysfunctional Clothing LLC (the exclusive licenses of the Lost Trademarks in the United States) to U.S. outlets;
5. Annex "D-2" - summary printout reflecting sales of the products bearing the Opposer's Lost Trademarks sold by Dysfunctional Clothing LLC to foreign distributors;
6. Annexes "E-1" to "E-13" - copies of sample commercial invoices reflecting sales by Dysfunctional Clothing LLC of products bearing the Opposer's Lost Trademarks to distributors in Argentina, Canada, Europe, Hong Kong, Israel, Japan, Korea, New Caledonia, New Zealand, Taiwan, Venezuela, Ecuador and Colombia;
7. Annexes "F-1" to "F-8" - copies of royalty statements received from licensee in Argentina, Brazil, Chile, Spain, Japan, New Zealand and Peru;
8. Annex "G" - copies of advertisements placed in major magazines with international distribution, including Japan, Great Britain, New Zealand, Australia, South Africa, Canada, United States and Philippines;
9. Annex "H" - samples of internet advertising materials showing Lost Trademarks;
10. Annex "AA" - verified and duly authenticated Notice of Opposition;
11. Annex "BB" - authenticated certificate of Opposer's Corporate Secretary evidencing Mr. Joel Cooper's authority to act on behalf of Opposer in the present proceedings;
12. Annex "CC" - notarized and duly authenticated Affidavit of Mr. Joel Cooper together with its annexes; and
13. Annex "DD" - notarized and duly authenticated Special Power of Attorney.

This Bureau served a Notice to Answer upon the Respondent-Applicant on 22 July 2008. The said party, however, did not file the Answer.

Should the Respondent-Applicant be allowed to register the trademark LOST ENTERPRISES AND DEVICE?

The competing marks are depicted below:



Opposer's mark



Respondent-Applicant's mark

The marks are obviously identical notwithstanding the difference in their font style and manner of display. The addition of the word "Enterprises" in the Respondent-Applicant's mark is inconsequential since it has been disclaimed in

the application. Moreover, the Respondent-Applicant uses its mark on goods that are similar or closely related to the Opposer's, particularly, clothing, namely, t-shirts, shirts, blouses, hats, jackets, dresses, pants, halter tops, underwear and beachwear, surf trunks, swimsuits, wetsuits, sweatshirts, sweaters, caps; footwear, namely sandals and athletic shoes which flow on the same channels of trade and both falling under Class 25. Thus, it is likely that the consumers will have the impression that these goods or products originate from a single source or the 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:<sup>4</sup>

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

The 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.<sup>5</sup>

In this regard, the records show that the Respondent-Applicant applied for registration of the mark LOST ENTERPRISES AND DEVICE on 13 February 2007, earlier than the filing of Opposer's trademark application for LOST (STYLIZED) on 21 August 2007. The Opposer, however, raises the fundamental issue of ownership of the contested mark.

It is stressed that the Philippines implemented the TRIPS Agreement when the IP Code took into force and effect on 01 January 1998. Art. 15 of the TRIPS Agreement reads:

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 undertakings,

<sup>4</sup> *Converse Rubber Corporation v. Universal Rubber Products Inc., et al.*, G.R. No. L-27906, 08 Jan. 1987.

<sup>5</sup> *Pribhdas J. Mirpuri v. Court of Appeals*, G.R. No. 114508, 19 Nov. 1999.

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 a 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 for the registration of a trademark to be opposed.

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, not 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:

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.<sup>6</sup> 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*<sup>7</sup>, 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.<sup>8[23]</sup> 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

<sup>6</sup> See Section 236 of the IP Code.

<sup>7</sup> G.R. No. 183404, 13 October 2010.

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 it is the owner of the contested mark. It has submitted evidence relating to the origin of its LOST trademark and the so-called family of LOST trademarks, and the marks' use in commerce long before the filing of the Respondent-Applicant's trademark application. Among the pieces of evidence are the affidavit<sup>9</sup> of its witness and copies of certificates of registration and applications<sup>10</sup> issued or filed in various countries a number of which were issued or filed prior to the filing of Respondent-Applicant's application, like the registration issued as early as 1997. The Opposer also submitted copies of commercial invoices<sup>11</sup> as proof of prior use.

In contrast, the Respondent-Applicant despite the opportunity given, failed to explain how he arrived at using the mark LOST ENTERPRISES AND DEVICE as he failed to file a Verified Answer. The mark LOST is unique and highly distinctive with respect to the goods it is attached with. It is incredible for the Respondent-Applicant to have come up with the same mark practically for similar goods by pure coincidence.

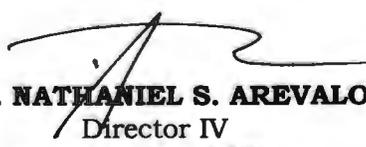
Succinctly, the field from which a person may select a trademark is practically unlimited. As in all other cases of colorable imitations, the unanswered riddle is why, of the millions of terms and combinations of letters and designs available, the Respondent-Applicant had to come up with a mark identical or so closely similar to another's mark if there was no intent to take advantage of the goodwill generated by the other mark.<sup>12</sup>

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. 4-2007-001445 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, 15 June 2012.

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

<sup>9</sup> Annex "CC".

<sup>10</sup> Annexes "A", "B" and "C".

<sup>11</sup> Annexes "E-1" series.

<sup>12</sup> *American Wire & Cable Company v. Director of Patents*, G. R. No. L-26557, 18 February 1970.