



MANZEN LLC,
Opposer,

-versus-

STERLING LINK INTERNATIONAL CORP.,
Respondent-Applicant.

x-----x

IPC No. 14-2012-00528
Opposition to Trademark:
Application No. 4-2012-001903
Date filed: 16 February 2012
TM: "XYIENCE AND DEVICE"

NOTICE OF DECISION

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STERLING LINK INTERNATIONAL CORPORATION
Respondent-Applicant
230-Stall ABC, 10th Avenue
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GREETINGS:

Please be informed that Decision No. 2014 - 107 dated April 14, 2014 (copy enclosed) was promulgated in the above entitled case.

Taguig City, April 14, 2014.

For the Director:

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



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Trademark: **"XYIENCE AND
DEVICE"**

Decision No. 2014- 107

DECISION

Manzen LL¹ ("Opposer") filed an opposition to Trademark Application Serial No. 4-201-001903. The contested application, filed by Sterling Link International Corporation² (Respondent-Applicant), covers the mark "XYIENCE AND DEVICE" for use on *"car and motorcycle parts and accessories, namely, front and rear shock absorber, handle bar, axle, hub"* under Class 12 of the International Classification of Goods³.

The Opposer alleges that the trademark applied by the Respondent-Applicant is identical with its own "XYIENCE AND DEVICE" mark. According to the Opposer, although its mark is not registered in the Philippines, the same is a well-known mark. It avers that its company is best known for dietary and nutritional supplements but it also produces articles of clothing, footwear and headgear under Class 25 and beverages under Class 32. It maintains that dietary and nutritional supplements bearing the "XYIENCE AND DEVICE" marks were first sold in the United States (US) on 20 May 2004 and that at present, its products are available in more than one hundred fifty (150) countries.

The Opposer also alleges that it is the transferee of the intellectual property rights of Xyience Incorporated, which filed bankruptcy in 2008. It claims that by virtue of its prior use, registration and ownership of the contested mark around the world, the same became distinctive with its goods and services. It also insists that as a well-known mark, the same is accorded broader scope of protection such that regardless whether the Respondent-Applicant's products are non-competing and/or unrelated with its own, the protection remains.

¹ A limited liability company organized and existing under and by virtue of the laws of the United States of America, with business address at 1335 East Sunset Road, Las Vegas, Nevada 89119, USA..

² With address at 230-Stall ABC, 10th Avenue, Grace Park Caloocan City, Metro Manila, Philippines.

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.

In support of its opposition, the Opposer submitted the following as evidence:

1. printout from www.bodybuilding.com, a licensed distributor of its products, the list of all the countries where the XYIENCE products are available for purchase online;
2. photocopies and/or certified true copies of its certificates of registrations issued by various jurisdictions;
3. notarized and legalized Officer's certificate executed by Michael Levy; and
4. notarized and legalized affidavit-testimony of Michael Levy⁴.

This Bureau issued and served on 19 April 2013 a Notice to Answer upon the Respondent-Applicant. The Respondent-Applicant, however, did not file an Answer. Accordingly, the Hearing Officer issued on 02 July 2013 Order No. 2013-1120 declaring the Respondent-Applicant in default and the case submitted for decision.

Should the Respondent-Applicant be allowed to register the trademark "XYIENCE AND DEVICE"?

The Opposer admits that its mark pertains to unrelated and/or non-competing goods vis-à-vis Respondent-Applicant's. The contending marks, however, are obviously identical without any substantial difference in their font style and manner of display. Both marks consist of the word "XYIENCE" below a representation of a bar code as shown below:



Opposer's mark



Respondent-Applicant's mark

Thus, it is still likely that the consumers will have the impression that these goods or products 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 in **Converse Rubber Corporation v. Universal Rubber Products Inc.**⁵, to wit:

⁴ Marked as Exhibits "A" to "EEE-EEE-17", inclusive,

⁵ G.R. No. L-27906, 08 January 1987.

"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. Hence, 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."

While this Bureau finds that the evidence submitted by the Opposer is insufficient for its mark to be declared well-known under Rule 102 of the Rules and Regulations of Trademarks, Service Marks, Tradenames and Marked or Stamped Containers⁶, the Respondent-Applicant still cannot be allowed to register the applied mark in its favour. The mark "XYIENCE AND DEVICE" is highly distinctive. Although it is pronounced like the common word "SCIENCE", the modification in spelling and the addition of a barcode above the wordmark lend to the mark's uniqueness. Thus, it is highly incredible that Respondent-Applicant came up with a mark that mirrors that of the Opposer's merely by pure chance or coincidence. Noteworthy, it was given ample opportunity to defend its case and yet, Respondent-Applicant did not file an Answer.

It is emphasized that the function of 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

⁶ Rule 102. *Criteria for determining whether a mark is well-known.* In determining whether a mark is well-known, the following criteria or any combination thereof may be taken into account:

- (a) the duration, extent and geographical area of any use of the mark, in particular, the duration, extent and geographical area of any promotion of the mark, including advertising or publicity and the presentation, at fairs or exhibitions, of the goods and/or services to which the mark applies;
- (b) the market share, in the Philippines and in other countries, of the goods and/or services to which the mark applies;
- (c) the degree of the inherent or acquired distinction of the mark;
- (d) the quality-image or reputation acquired by the mark;
- (e) the extent to which the mark has been registered in the world;
- (f) the exclusivity of registration attained by the mark in the world;
- (g) the extent to which the mark has been used in the world;
- (h) the exclusivity of use attained by the mark in the world;
- (i) the commercial value attributed to the mark in the world;
- (j) the record of successful protection of the rights in the mark;
- (k) the outcome of litigations dealing with the issue of whether the mark is a well-known mark; and,
- (l) the presence or absence of identical or similar marks validly registered for or used on identical or similar goods or services and owned by persons other than the person claiming that his mark is a well-known mark.

manufacturer against substitution and sale of an inferior and different article as his product.⁷

Significantly, Section 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)

Section 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 Section 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, Section 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 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.⁸ 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 idea of "registered owner" does not mean that ownership is established by mere registration but that registration establishes merely a presumptive right of ownership. Aptly, the Supreme Court held in **E.Y. Industrial Sales, Inc. vs. Shen Dar Electricity**⁹ that:

⁷ Pribhdas J. Mirpuri v. Court of Appeals, G.R. No. 114508, 19 Nov. 1999.

⁸ See Section 236 of the IP Code.

⁹ G.R. No. 184850, 20 October 2010.

"RA 8293 espouses the "first-to-file" rule as stated under Sec. 123.1(d) which states:

X X X X

Under this provision, the registration of a mark is prevented with the filing of an earlier application for registration. This must not, however, be interpreted to mean that ownership should be based upon an earlier filing date. While RA 8293 removed the previous requirement of proof of actual use prior to the filing of an application for registration of a mark, proof of prior and continuous use is necessary to establish ownership of a mark. Such ownership constitutes sufficient evidence to oppose the registration of a mark.

Sec. 134 of the IP Code provides that "any person who believes that he would be damaged by the registration of a mark x x x" may file an opposition to the application. The term "any person" encompasses the true owner of the mark^{3/4}the prior and continuous user.

Notably, the Court has ruled that the prior and continuous use of a mark may even overcome the presumptive ownership of the registrant and be held as the owner of the mark. As aptly stated by the Court in *Shangri-la International Hotel Management, Ltd. v. Developers Group of Companies, Inc.*:

Registration, without more, does not confer upon the registrant an absolute right to the registered mark. The certificate of registration is merely a prima facie proof that the registrant is the owner of the registered mark or trade name. Evidence of prior and continuous use of the mark or trade name by another can overcome the presumptive ownership of the registrant and may very well entitle the former to be declared owner in an appropriate case.

X X X X

Ownership of a mark or trade name may be acquired not necessarily by registration but by adoption and use in trade or commerce. As between actual use of a mark without registration, and registration of the mark without actual use thereof, the former prevails over the latter. For a rule widely accepted and firmly entrenched, because it has come down through the years, is that actual use in commerce or business is a pre-requisite to the acquisition of the right of ownership.

X X X X

By itself, registration is not a mode of acquiring ownership. When the applicant is not the owner of the trademark being applied for, he has no right to apply for registration of the same. Registration merely creates a prima facie presumption of the validity of the registration, of the registrant's ownership of the trademark and of the exclusive right to the use thereof. Such presumption, just like the presumptive regularity in the performance of official functions, is rebuttable and must give way to evidence to the contrary."(Emphasis supplied.)

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 "XYIENCE AND DEVICE" trademark long before the filing of the Respondent-Applicant's trademark application. Nowhere in the provisions of the IP Code does it state that trademark registration is a simple contest as to who filed first. Otherwise, no recourse shall be available for actual owners to file a petition for cancellation where there registration is obtained fraudulently. As in this case where the Respondent-Applicant is clearly attempting to register in its favour an imitation, the same cannot be allowed. 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 combination 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.¹⁰

WHEREFORE, premises considered, the instant Opposition to Trademark Application No. 4-2012-001903 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, 14 April 2014.


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

¹⁰ American Wire & Cable Company v. Director of Patents, G.R. No. L-26557, 18 February 1970.