



PEBBLE BEACH COMPANY,
Opposer,

-versus-

MANSFIELD INTERNATIONAL, INC.,
Respondent-Applicant.

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} IPC No. 14-2011-00566
}
} Opposition to:
} Appln. Serial No. 4-2010-002351
} Date Filed: 03 March 2010
} TM: "PEBBLE BEACH"
}
}
}
}

NOTICE OF DECISION

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MANSFIELD INTERNATIONAL INC.


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For the Respondent-Applicant
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Quezon City

GREETINGS:

Please be informed that Decision No. 2013 - 56 dated April 04, 2013 (copy enclosed) was promulgated in the above entitled case.

Taguig City, April 04, 2013.

For the Director:


ATTY. PAUSI J. SAPAK
Hearing Officer
Bureau of Legal Affairs



PEBBLE BEACH COMPANY,
Opposer,

IPC No. 14-2011-00566
Case Filed: 20 February 2012

-versus-

Opposition to:
Appl. Serial No. : 4-2010-002351
Date Filed: 03 March 2010

MANSFIELD INTERNATIONAL INC.,
Respondent-Applicant.

TM: "PEBBLE BEACH"

x-----x

Decision No. 2013- 56

DECISION

PEBBLE BEACH COMPANY ("Opposer")¹ filed on 20 February 2012 an opposition to Trademark Application Serial No. 4-2010-002351. The application, filed by MANSFIELD INTERNATIONAL INC. ("Respondent-Applicant")², covers the mark "PEBBLE BEACH" for use on "backpacks, men's and/or women's garment/apparel, namely tops, jeans, socks, shorts, pants, skirts, jackets, caps, sun visors, belts, jogging pants, briefs, panties, sando, shirts, supporters, boxer shorts, boxer briefs, vest, polo, polo shirts, dress shorts, lingerie, brassiers and neck ties" under Classes 18 and 25.³

The Opposer alleges, among other things, the following:

1. Opposer is the true owner and rightful proprietor of the "PEBBLE BEACH" marks used on various goods and services in connection with its world famous PEBBLE BEACH RESORT.
2. Opposer's "PEBBLE BEACH" marks are internationally well-known marks and are thus, entitled to protection under Section 123.1 (e) of the IP Code.
3. Respondent-Applicant's "PEBBLE BEACH" mark, which is identical with or confusingly similar to Opposer's well-known "PEBBLE BEACH" marks, and is used on identical or similar goods as that of Opposer's cannot be registered by virtue of Section 123.1 (e) of the IP Code.

¹ A company organized and existing under the laws of California, with business address at 2700 17-Mile Drive, Pebble Beach, California.

² A Filipino corporation, with a address at 2/F, The Orete Square, Congressional Avenue, Project 8, 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.

4. Respondent-Applicant's application for registration of the "PEBBLE BEACH" mark was done in bad faith because it was already aware of the existence of Opposer's "PEBBLE BEACH" marks.

5. Actual good faith use of the "PEBBLE BEACH" marks by Opposer preceded Respondent-Applicant's application for registration of the "PEBBLE BEACH" mark by more than nine (9) decades, and such use has vested in Opposer exclusive rights over the "PEBBLE BEACH" marks.

6. Registration of Respondent-Applicant's "PEBBLE BEACH" mark covering goods under Class 18 and 25 dilutes the distinctiveness of Opposer's "PEBBLE BEACH" marks, causing irreparable damage to the latter.

The Opposer's evidence consists of the following:

1. Exhibits "A-1" to "A-74" – Representative samples of worldwide registration of PEBBLE BEACH marks;
2. Exhibits "B-1" to "B-8" – Copies of Opposer's promotional materials showing the PEBBLE BEACH marks contained in a drink;
3. Exhibits "C-1a" to "C-9" – Copies of the respective issues of magazines;
4. Exhibit "D" – Copy of the January 2012 issue of Travel + Leisure 500 contained in a disc;
5. Exhibit "E" – Copy of January 2012 issue of Conde Nast Traveler contained in a disc;
6. Exhibit "F" – Copy of the online article dated 11 November 2011 entitled Forbes Travel Guides Five-and-Four-Star Award Winners contained in a disc;
7. Exhibit "G" – Copy of the 2012 Golfweek's Best Resort Courses issue contained in a disc;
8. Exhibit "H" – Copy of the November 2011 issue of Golf Digest contained in a disc;
9. Exhibit "I" – Copy of the November 2011 issue of Conde Nast Traveler contained in a disc;
10. Exhibit "J" – Copy of the October 2011 issue of the Andrew Harper 2011 Readers Choice Awards contained in a disc;
11. Exhibits "K-1" to "K-6" – Copies of the respective issues of the magazines conferring these awards contained in a disc;
12. Exhibit "L" – Affidavit of David Stivers, Executive Vice President of Pebble Beach Company;
13. Exhibits "M-1" to "M-13" – Copies of the respective web pages contained in a disc;
14. Exhibits "N-1" to "N-2" – Copies of Opposer's PEBBLE BEACH magazines contained in a disc; and
15. Exhibits "O-1" to "O-15" – Copies of Opposer's PEBBLE BEACH magazines contained in a disc.

This Bureau issued a Notice to Answer and served a copy thereof upon the Respondent-Applicant on 14 March 2012. The Respondent-Applicant however, did not file its Verified Answer. Accordingly, the Hearing Officer issued an Order on 10 July 2012 declaring the

Respondent-Applicant in default and the case submitted for decision based on the opposition and the evidence submitted by the Opposer.

Should the Respondent-Applicant trademark application be allowed?

The Opposer is contesting the Respondent-Applicant's application on the ground that the latter's adoption and registration of the mark PEBBLE BEACH was obtained fraudulently and in bad faith, the Respondent-Applicant having no legal right to use the mark as it is not the true owner thereof.

After a judicious evaluation of the records and evidence, this Bureau finds merit in the Opposer's assertion that the Respondent-Applicant's adoption and use of the mark PEBBLE BEACH is tainted with fraud and bad faith. The Opposer's and the Respondent-Applicant's marks are practically identical as shown below:

PEBBLE BEACH

Pebble Beach

Opposer's Mark

Respondent-Applicant's Mark

Both marks consist of the words "PEBBLE" and "BEACH". Regardless of whether the words are written in script and in any font, the consumers will likely have the impression that goods or products bearing the mark 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: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, 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.

In this regard, public interest requires that confusion, mistake, deception and fraud should be avoided. 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

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

fraud and imposition; and to protect the manufacturer against substitution and sale of an inferior and different article as his product.⁵

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, 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:

⁵ Pribhadas J. Mirpuri v. Court of Appeals, G.R. No. 114508, 19 Nov. 1999.

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.⁶ 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*⁷, 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

⁶ See Sec. 236 of the IP Code.

⁷ G.R. No. 183404, 13 Oct. 2010.

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.⁸[23] 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 it is the owner of the contested mark. It has submitted evidence relating to the origin and history of the PEBBLE BEACH and its use in commerce long before the filing of the Respondent-Applicant's trademark application. The mark is essentially the Opposer's corporate name. Also, the Opposer submitted copies of certificates of registration for the mark and its variations issued or filed in various countries, most of which were issued before the filing of application by the Respondent-Applicant and are used on same classes of goods as that of the Respondent-Applicant's. In fact, the Opposer has previously registered its mark PEBBLE BEACH in the Philippines under Reg. No. 053166 issued on 12 July 1990 for goods under Classes 6, 14, 16, 18, 21, 25, 26 and 28. While this registration was cancelled motu proprio for failure to file the required affidavit of use, the cancellation was not an act of abandonment on the part of the Respondent-Applicant of the use of the mark. Abandonment, which is in the nature of a forfeiture of a right, must be shown by clear and convincing evidence⁹. To work for abandonment, the disuse must be permanent and not ephemeral; it should be intentional and voluntary and not involuntary or even compulsory¹⁰. The Opposer on 24 January 2012 even filed another trademark application for the mark PEBBLE BEACH bearing Serial No. 4-2012-000884 use on goods under Classes 25, 28 and 41 indicating that it has continuously used its mark in commerce even after the cancellation of its registration for its inadvertently failure to file the required 5th Anniversary Declaration of use in order to maintain the registration. More importantly, the active participation of the Opposer in the instant case indicates its intention to preserve and assert its right to its trademark PEBBLE BEACH.

It must be emphasized that the mark PEBBLE BEACH is unique and highly distinctive with respect to the goods it is attached with. It is incredible that the Respondent-Applicant came up with the same mark for use on goods that are similar and/or closely related to the Opposer's by mere coincidence. He has no plausible explanation on how he came up with the mark PEBBLE BEACH.

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.¹¹

⁹ 74 AM. Jur 2d, p. 722.

¹⁰ Philippine Nut v. Standard Brands Inc., 65 SCRA 575.

¹¹ American Wire & Cable Company v. Director of Patents, G.R. No. L-26557, 18 Feb. 1970.

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 is hereby **SUSTAINED**. Let the filewrapper of Trademark Application Serial No. 4-2010-002351 together with a copy of this Decision be returned to the Bureau of Trademarks (BOT) for information and appropriate action.

SO ORDERED.

Taguig City, 04 April 2013.



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



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