



PRIMAL ENTERPRISES CORPORATION,
Opposer,

-versus-

CHRISTIAN ALBERT LEON,
Respondent- Applicant.

X-----X

}
} **IPC No. 14-2008-00137**
} Opposition to:
} Appln. Serial No. 4-2007-012747
} Date Filed: 15 November 2007
} **TM: "X XENONWORX**
} **AUTOMOTIVE SOLUTIONS**
} **& DEVICE"**

NOTICE OF DECISION

JORGE CESAR M. SANDIEGO
Counsel for Opposer
15M Torre Venezia 170 Sct. Santiago
St. cor. Timog Avenue
Quezon City

ATTY. CHITO DIMACULANGAN
Counsel for Respondent-Applicant
Suite 2016 Cityland Ten Tower One
6815 N Ayala Avenue, Makati City

GREETINGS:

Please be informed that Decision No. 2014 - 170 dated June 20, 2014 (copy enclosed) was promulgated in the above entitled case.

Taguig City, June 20, 2014.

For the Director:


Atty. JOSEPHINE C. ALON
Bureau of Legal Affairs



PRIMAL ENTERPRISES CORPORATION
Opposer,

-versus-

CHRISTIAN ALBERT LEON,
Respondent-Applicant.

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IPC NO. 14-2008-00137
Case Filed: 20 June 2008
Opposition to:
Appln. Serial No. 4-2007-012747
Date Filed: 15 November 2007
Trademark: "X XENONWORX"
AUTOMOTIVE SOLUTIONS
& DEVICE
Decision No. 2014- 170

DECISION

PRIMAL ENTERPRISES CORPORATION¹ ("Opposer") filed an opposition to Trademark Application Serial No. 4-2007-012747. The application, filed by Christian Albert Leon² ("Respondent-Applicant"), covers the mark "X XENONWORK AUTOMOTIVE SOLUTIONS & DEVICE" for use on "high intensity discharge kits or automotive headlamp and motorcycle headlamp lightning equipment" under Class 09 of the International Classification of Goods and Services.³

The Opposer alleges the following:

"GROUNDS FOR OPPOSITION

"1. The mark sought by the Respondent to be registered has the dominant word XENONWORX which is identical to the mark used by the Opposer in the market i.e. XENONWORX.

"1.1 Both marks are also used for the same class or types of goods, i.e. high intensity discharge headlamps for vehicles.

"1.2 In view of the marks involved being identical and used on the same types of goods, confusion is very likely.

¹ A corporation duly organized and existing under the laws of the Republic of the Philippines with principal office at #8 Miller St., Barangay Bungad SFDM Quezon City.

² With address at 1621 State Avenue, Holy Hill, Florida 32117, United States of America.

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.

Republic of the Philippines
INTELLECTUAL PROPERTY OFFICE

Intellectual Property Center, 28 Upper McKinley Road, McKinley Hill Town Center
Fort Bonifacio, Taguig City 1634 Philippines

T: +632-2386300 • F: +632-5539480 • www.ipophil.gov.ph

"2.0 On the other hand, Opposer's application for registration of the mark XENONWORX is pending in the Bureau of Trademarks as Application No. 4-2006-006713 dated 23 June 2006.

"2.1 Clearly, the filing date of Opposer's application (23 June 2006) is more than a year earlier than Respondent's application (15 November 2007).

"2.2 Thus, under the first to file rule enshrined in the Intellectual Property Code, the Opposer has a better right to the registration of the mark XENONWORX.

The Opposer's evidence consists of the application for registration of the mark XENONWORX in the name of the Opposer; list of outlets for Opposer's XENONWORX products; declaration of actual use submitted by the opposer in relation to exhibit "B"; other evidence of the use of said mark by the Opposer; and Affidavit of Charlie Tiu, National Marketing Manager of Opposer.⁴

This Bureau issued a Notice to Answer and served a copy thereof upon Respondent-Applicant's counsel, Atty. Chito B. Dimaculangan, on 11 July 2008. The Respondent-Applicant filed his Answer on 10 November 2008 and avers the following:

"1. He partially admits the allegations in the opening paragraph of the Notice of Opposition in so far as they aver the particulars of his trademark application for X XENONWORX AUTOMOTIVE SOLUTIONS & Device under Application No. 4-2007-012747 lodged on 15 November 2007, the respective personal and juridical circumstances and the capacities to sue and be sued of the herein parties but specifically denies that oppose will be damaged by the registration of the said trademark the truth being those stated in the Special Defenses hereunder;

"2. He admits the allegations in paragraphs 1.0, 1.1, 1.2, 2.0 and 2.1 of the Notice of Opposition;

"3. He specifically denies all the allegations in paragraph 2.2 of the Notice of Opposition the truth of the matter being that the "first-to-file rule" is not an absolute rule as will be shown in the Special Defenses hereunder.

"AFFIRMATIVE ALLEGATIONS

"4. Respondent-applicant is engaged in the manufacture, production and sale of high intensity discharge (HID) bulbs since 1998. He started using the trademark X XENONWORX AUTOMOTIVE SOLUTIONS & Devices on 31 July 2005 in connection with the manufacture and sale of HID ballasts and HID kits;

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

"5. The XENONWORX products of respondent-applicant are sold in China and the rest of Asia, Europe, Middle East, Africa, North and South America. Respondent-applicant is also selling HID bulbs directly to factories that produce HID kits in Japan and Korea;

"6. On 08 April 2008, respondent-applicant was issued Registration No. 3,409,127 by the United States Patent and Trademark Office for its trademark X XENONWORX AUTOMOTIVE SOLUTIONS & Device as used on kit comprising lights for vehicles; kits comprising rear lights and headlights for vehicles;

"7. Respondent-applicant has built a substantial business on his XENONWORX products and has spent and will continue to spend considerable sums of money, time and effort in advertising and promoting its XENONWORX products. In fact, respondent-applicant has a website for its XENONWORX products which can be accessed at the following address www.xenonworx.com;

"8. Respondent-applicant is the true, real and genuine owner of the trademark XENONWORX as used on HID bulbs, ballasts and kits;

"9. Opposer, on the other hand, is a mere importer, trader and seller of the XENONWORX products of the respondent-applicant in the Philippines;

"10. In fact, opposer is not authorized by its charter to manufacture and produce any product, goods or merchandise;

"11. In support of the Affirmative Allegations above, respondent-applicant submits the Sworn Declaration of undersigned counsel which is attached and made a part hereof as Exhibit "1";

"SPECIAL DEFENSES

"12. The foregoing allegations are reproduced and repleaded herein by way of reference;

"13. Opposer has no cause of action against the respondent-applicant and has no valid and justifiable legal ground to oppose the registration of respondent-applicant's trademark X XENONWORX AUTOMOTIVE SOLUTIONS & Device;

"14. The "first-to-file rule" under which opposer anchors its case is not an absolute rule. On 13 March 2008, the Director General of this Honorable Office in a decision rendered in Appeal No. 14-06-26 clarified that,

x x x

"15. The Director General further held in Appeal No. 14-06-26 that:

x x x

"16. The holding in Appeal No. 14-06-26 cited above is applicable in the instant case between the herein parties because opposer knew all along and very well that the true, actual and real owner of the trademark XENONWORX is respondent-applicant having imported and sold in the Philippines the HID products bearing the trademark in question of the latter;

"17. Opposer is, without doubt, in bad faith when it appropriated the trademark of respondent-applicant. This bad faith appropriation of respondent-applicant's trademark XENONWORX will never ripen into ownership in favor of the opposer notwithstanding the "first-to-file rule" that it steadfastly relies on;

"18. The ruling in *Shangri-La International Hotel Management, Ltd. V. Development Group of Companies, Inc.*, G.R. No. 159938, March 31, 2006, comes into focus on the issue of bad faith appropriation of a trademark, *Shangri-La*, supra, held that,

x x x

"19. But that is not all. The rule is well settled in this jurisdiction that an importer or distributor/seller/trader like the herein opposer do not acquire ownership of the trademark on the goods imported or distributed. This is the clear and unambiguous holding of the Supreme Court in many a case namely, *Gabriel v. Perez*, 55 SCRA 406 (1974); *Unno Commercial Enterprises v. General Milling Corporation*, 120 SCRA 804 (1983); *Marvex Commercial Co., Inc. v. Petra Hawpia and Co.*, 18 SCRA 1178 (1966); *Operators, Inc. v. Director of Patents*, 15 SCRA 147 (1965);

"20. The verity is, there is no realistic prospect of the public being confused with the products of the herein parties because the use of the trademark XENONWORX by the opposer constitutes use by and will benefit the respondent-applicant only;

"21. Respondent-applicant has every right to register the trademark X XENONWORX AUTOMOTIVE SOLUTIONS & Device in the Philippines because it is the true and rightful owner of the said trademark by reason of its real, actual and absolute use of the mark in the concept of owner;

"22. The application for registration of the trademark X XENONWORX AUTOMOTIVE SOLUTIONS & Device of respondent-applicant was allowed by the Bureau of Trademarks in accordance with the provisions of Republic Act No. 8293 and implementing rules with respondent-applicant complying and completing all the pertinent requirements for registration and after the closest scrutiny and examination conducted by the Trademark Examiner and the Director of that Bureau;

"23. Respondent-applicant adopted and started the use of the trademark X XENONWORX AUTOMOTIVE SOLUTIONS & Device in good faith.

The Respondent-Applicant's evidence consists of the affidavit of witness Chito B. Dimaculangan; copy of amended articles of incorporation of opposer; photograph of XENONWORX HID kit sold at Blade Asia of SM Mall of Asia; photograph of XENONWORX HID kit sold at Blade Asia at Robinson's Metro East; print-out of the front page of the website of the respondent-applicant at www.xenonworx.com; print-out from the online database of the USPTO for the trademark X XENONWORX AUTOMOTIVE SOLUTIONS & Device under registration no. 3,409,127; photographs of XENONWORX ballasts and harnesses of the respondent-applicant; photographs of XENONWORX bulbs of the respondent-applicant; and photographs of XENONWORX packaging and containers of the respondent-applicant.⁵

Should the Respondent-Applicant be allowed to register the trademark X XENONWORX AUTOMOTIVE SOLUTIONS & DEVICE?

Before delving into the issue of whether or not the Respondent-Applicant's trademark application for X XENONWORX AUTOMOTIVE SOLUTIONS & DEVICE should be granted, this Bureau deems it essential to first resolve the technical issue raised by the Opposer in its position paper.⁶

The Respondent-Applicant filed on 10 November 2008 an Answer with the verification portion signed by counsel, Atty. Chito B. Dimaculangan. In this regard, Rule 2, Section 9 of the Regulations on Inter Partes Proceedings, as amended, provides:

Sec. 9. Petition or Opposition and Answer must be verified - Subject to Rules 7 and 8 of these regulations, the petition or opposition and the answer must be verified. Otherwise, the same shall not be considered as having been filed.

If, for any reason, the main party cannot sign the Opposition, the one signing in his behalf should have been authorized. In *Hyung Hyung Park vs. Eng Won Choi*, G.R. No. 165496, February 12, 2007, the court said:

Verification is not an empty ritual or a meaningless formality. Its import must never be sacrificed in the name of mere expedience or sheer caprice. For what is at stake is the matter of verity attested by the sanctity of an oath to secure an assurance that the allegations in the pleading have been made in good faith, or are true and correct and not merely speculative.

⁵ Marked as Exhibits "1" to "9", inclusive.

⁶ Opposer's position paper filed on 17 March 2009.

It is emphasized that an opposition case is basically a review of the trademark application in question; that is, whether or not there is a ground or basis to proceed to or prohibit the registration of the mark. Essentially, defending the trademark application is a continuation on the part of the Respondent-Applicant, of the prosecution thereof. Succintly, the filewrapper of the trademark application includes a document entitled Power of Attorney and Appointment of Resident Agent. Clearly, Atty. Dimaculangan is authorized to prosecute the trademark application. Defending the application in the opposition case is an extension of that authority. Thus, Atty. Dimaculangan has authority to issue and sign the Verification attached to the Answer.

Thus, and going now to the main issue, the Respondent-Applicant's trademark application for X XENONWORX AUTOMOTIVE SOLUTIONS & DEVICE should be registered. The competing marks are shown below:

XENONWORX

Opposer's trademark



Respondent-Applicant's mark

The Respondent-Applicant's trademark application covers "*high intensity discharge kits or automotive headlamp and motorcycle headlamp lighting equipment*" under Class 09. These goods are similar to the goods covered by the Opposer's trademark, specifically, "*HID (high intensity discharge) lamp, components & halogen bulbs*" under Class 11 and "*igniter, ballasts, wire for HID*" under Class 09.

Although Opposer filed his trademark application on 23 June 2006, the Respondent-Applicant raises the issues of trademark ownership, fraud and bad faith on the part of the Opposer.

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:

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

⁷ See Sec. 236 of the IP Code.

ownership of the trademark and to the TRIPS Agreement requirement that no existing prior rights shall be prejudiced.

In this instance, Respondent-Applicant proved that he is the originator and owner of the contested mark X XENONWORX AUTOMOTIVE SOLUTIONS & DEVICE. Opposer's filing of their trademark application on 23 June 2006 may be earlier than Respondent-Applicant's trademark application in the Philippines (15 November 2007). However, records show that Respondent-Applicant obtained registration of the trademark X XENONWORX AUTOMOTIVE SOLUTIONS & DEVICE in the United States of America in 2008 with date of first use recorded on 31 July 2005. Respondent-Applicant has been commercially using and/or manufacturing products bearing the trademark X XENONWORX AUTOMOTIVE SOLUTIONS & DEVICE since 2005 and continuously using its trademark worldwide.

By virtue of Respondent-Applicant's use of the mark X XENONWORX AUTOMOTIVE SOLUTIONS & DEVICE since 2005 in connection with its High Intensity Discharge lamp, Respondent-Applicant has vested rights to and is the owner of the same. Trademark ownership inures to the legal entity who is in fact using the mark as a symbol of origin.⁸

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 Notice of Opposition is, as it is hereby **DISMISSED**. Let the filewrapper of Trademark Application Serial No. 4-2007-012747, together with a copy of this Decision, be returned to the Bureau of Trademarks for appropriate action.

SO ORDERED.

Taguig City, 20 June 2014.


NATHANIEL S. AREVALO
Director, Bureau of Legal Affairs

⁸ see *McCarthy on Trademarks and Unfair Competition*, Vol. Fourth E., § 16.13, pp. 16-44.