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|-----------------------|---|--------------------------|
| SOUTH CONE, INC.,     | } | IPC No. 14-2010-00084    |
| Opposer,              | } | Opposition to:           |
|                       | } |                          |
|                       | } | Appln. No. 4-2009-006384 |
| -versus-              | } | Date filed: 29 June 2009 |
|                       | } |                          |
|                       | } |                          |
| CINDY MARIE VERAR,    | } | Trademark: "SUNREEF"     |
| Respondent-Applicant. | } |                          |
| x-----x               |   |                          |

**NOTICE OF DECISION**

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**GREETINGS:**

Please be informed that Decision No. 2013 – 122 dated July 9, 2013 (copy enclosed) was promulgated in the above entitled case.

Taguig City, 11 July 2013.

For the Director:

  
**Atty. EDWIN DANILO A. DATING**  
Director III, Bureau of Legal Affairs



**SOUTH CONE, INC.,**

Opposer,

-versus-

**CINDY MARIE VERAR,**

Respondent-Applicant.

X ----- X

IPC No. 14-2010-00084

Opposition to Trademark

Application No. 4-2009-006384

Date Filed: 29 June 2009

Trademark: "**SUNREEF**"

Decision No. 2013- 122

### DECISION

South Cone, Inc.<sup>1</sup> ("Opposer") filed on 20 April 2010 an opposition to Trademark Application Serial No. 4-2009-006384. The contested application, filed by Cindy Marie Verar<sup>2</sup> (Respondent-Applicant), covers the mark "SUNREEF" for use on "*slippers, sandals, shoes, dress, pants, shorts, t-shirts*" under Class 25 of the International Classification of Goods<sup>3</sup>.

Opposer states that it is the first to adapt, use and register the trademark "REEF" in the Philippines and worldwide for "*clothing namely shirts, t-shirts, shorts, jackets, sweatshirts, pants, sweatpants, swimwear, bikinis, bathing suits, socks and head gear, surf and beach wear, all types of beach sport, technical and casual wear, skate and active wear; footwear*" under International Class 25. It asserts that its website would show that its product reach and geographical presence are extensive. In the country, it claims to be distributing its products through Ark Trends, Inc. since 2005. The latter allegedly has sold and marketed its products in more than one hundred (100) stores nationwide and has generated revenue for approximately Twenty Million Pesos (P20,000,000.00) in 2009 alone.

Opposer contends that its trademark "REEF" is internationally well-known mark as it has been registered in more than fifty (50) countries and has been used, promoted and advertised for a considerable duration of time. It recounts that the 25-year heritage traces back to two brothers who fueled with their passion for surfing and armed with entrepreneurial spirit, decided to create high quality, comfortable and active lifestyle

<sup>1</sup> A corporation organized and existing under the laws of California, USA, with business address at 9660 Chesapeake Drive, San Diego, California, USA.

<sup>2</sup> With address at 1B 12-14, New Galleria, Baclaran Mall, Taft Avenue Extension, Pasay City.

<sup>3</sup> 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.

sandal. Santiago "Santi" Aguirre first moved to California in the 80s and was later followed by his brother, Fernando, where they founded the "REEF" mark. Opposer alleges that the brand has evolved since then and has included men's apparel in 2003, girls' swim and apparel in 2008 and recently, Reef Redemption program.

Opposer insists that Respondent-Applicant's mark "SUNREEF" is identical or confusingly similar to its "REEF" mark in violation of Section 123.1 paragraphs (d) and (e) of the Republic Act No. 8293, otherwise known as the Intellectual Property Code (IP Code). It asseverates that the subject mark misleads the public into believing that its goods originates from, or are licensed or sponsored by Opposer or that Respondent-Applicant is associated with it. It accused the Respondent-Applicant of aiming to capitalize on the goodwill and popularity of its own mark.

This Bureau issued a Notice to Answer dated 30 April 2010 and served a copy thereof upon the Respondent-Applicant. The Respondent-Applicant, however, did not file an Answer. Accordingly, the Hearing Officer issued on 18 April 2012 Order No. 2012-555 declaring the Respondent-Applicant in default and the case submitted for decision.

The issue to be resolved in this case is whether the trademark application by Respondent-Applicant should be allowed.

Section 123.1 (d) and (e) of the IP Code provides that:

"123.1. A mark cannot be registered if it:

(d) Is identical with a registered mark belonging to a different proprietor or a mark with an earlier filing or priority date, in respect of:

- (i) The same goods or services, or
- (ii) Closely related goods or services, or
- (iii) If it nearly resembles such a mark as to be likely to deceive or cause confusion;

(e) Is identical with, or confusingly similar to, or constitutes a translation of a mark which is considered by the competent authority of the Philippines to be well-known internationally and in the Philippines, whether or not it is registered here, as being already the mark of a person other than the applicant for registration, and used for identical or similar goods or services: Provided, That in determining whether a mark is well-known, account shall be taken of the knowledge of the relevant sector of the

public, rather than of the public at large, including knowledge in the Philippines which has been obtained as a result of the promotion of the mark;

xxx."

In this regard, with respect to the Opposer's claim that its mark is a well-known mark, the Opposer did not submit evidence to show that all or a combination of the criteria under Rule 102 of the Rules and Regulations on Trademarks, Service Marks, Tradenames and Marked or Stamped Containers concur.

Nevertheless, the records reveal that at the time Respondent-Applicant filed for an application of registration of its mark "SUNREEF" on 29 June 2009, Opposer has an existing and valid registration of its trademark "REEF" under Registration No. 4-1999-000228 issued on 1 October 2005. Clearly, Opposer is the prior registrant.

Now, to determine whether the marks of Opposer and Respondent-Applicant are confusingly similar, the two are shown below for comparison:



*Opposer's Mark*



*Respondent-Applicant's Mark*

From the illustration, it can be gleaned that the only glaring difference between the competing marks is the addition of prefix "SUN" in Respondent-Applicant's mark. This notwithstanding, the competing marks remain visually and aurally similar. This dissimilarity is not sufficient to eradicate the possibility of confusion to the purchasing public. Confusion cannot be avoided by merely adding, removing or changing some letters of a registered mark. Confusing similarity exists when there is such a close or ingenuous imitation as to be calculated to deceive ordinary persons, or such resemblance to the original as to deceive ordinary purchased as to cause him to purchase the one supposing it to be the other.<sup>4</sup>

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<sup>4</sup> Societe des Produits Nestle,S.A. vs. Court of Appeals, GR No. 112012, 04 April 2001.

This Bureau also quotes with favor the ruling of the Supreme Court in the case of Del Monte Corporation vs. Court of Appeals<sup>5</sup>, thus:

*"The question is not whether the two articles are distinguishable by their label when set side by side but whether the general confusion made by the article upon the eye of the casual purchaser who is unsuspecting and off his guard, is such as to likely result in his confounding it with the original. As observed in several cases, the general impression of the ordinary purchaser, buying under the normally prevalent conditions in trade and giving the attention such purchasers usually give in buying that class of goods is the touchstone."*

Succinctly, since the Respondent-Applicant will use or uses the mark "SUNREEF" to goods that are similar and/or closely related to that of Opposer's registered mark "REEF", the addition of the word "SUN" will not diminish the likelihood of the occurrence of confusion, mistake and/or deception. It is highly probable that the purchasers will be led to believe that Respondent-Applicant's mark is a mere variation of Opposer's mark. Withal, the protection of trademarks as intellectual property is intended not only to preserve the goodwill and reputation of the business established on the goods bearing the mark through actual use over a period of time, but also to safeguard the public as consumers against confusion on these goods.<sup>6</sup>

Moreover, it is settled that the likelihood of confusion would not extend not only as to the purchaser's perception of the goods but likewise on its origin. 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 the belief that there is some connection between the plaintiff and defendant which, in fact, does not exist."<sup>7</sup>

Finally, it is emphasized that the essence of trademark registration is to give protection to the owners of trademarks. 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

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<sup>5</sup> G.R. No. L-78325, 25 January 1990.

<sup>6</sup> Skechers, USA, Inc. vs. Inter Pacific Industrial Trading Corp., G.R. No. 164321, 23 March 2011.

<sup>7</sup> Societe des Produits Nestle, S.A. vs. Dy, G.R. No. 1772276, 08 August 2010.

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>8</sup> Based on the above discussion, Respondent-Applicant's trademark fell short in meeting this function. The latter was given ample opportunity to defend its trademark application but Respondent-Applicant did not bother to do so.

Accordingly, this Bureau finds and concludes that the Respondent-Applicant's trademark application is proscribed by Sec. 123.1(d) of the IP Code.

**WHEREFORE**, premises considered, the instant opposition is hereby **SUSTAINED**. Let the filewrapper of Trademark Application Serial No. 4-2009-006384 be returned, together with a copy of this Decision, to the Bureau of Trademarks for information and appropriate action.

**SO ORDERED.**

Taguig City, 09 July 2013.

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

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<sup>8</sup> Pribhdas J. Mirpuri vs. Court of Appeals, G.R. No. 114508, 19 November 1999.