



ZHAO LIN QING,
Opposer,

-versus-

WILLIAM CHAN,
Respondent-Applicant.

x-----x

}
} IPC No. 14-2010-00148
} Opposition to:
} Appln. Serial No. 4-2006-006720
} Date Filed: 23 June 2006
} TM: "XTREME"

NOTICE OF DECISION

ZHAO LIN QING
Opposer
Lot 3, Block 4, Phase 2
Little Tikes, Sterling Industries Park
Iba, Meycauayan, Bulacan

RAYMUND FORTUN LAW OFFICES
Counsel for Respondent-Applicant
No. 137 CRM Avenue cor. CRM Marina
BF Homes Almazan, 1750 Las Piñas City

GREETINGS:

Please be informed that Decision No. 2013 - 68 dated April 17, 2013 (copy enclosed) was promulgated in the above entitled case.

Taguig City, April 17, 2013.

For the Director:

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



ZHAO LIN QING,

Opposer,

- versus -

WILLIAM CHAN,

Respondent-Applicant.

x-----x

IPC NO. 14 – 2010-00148

Opposition to:

Appln Serial No. 42006006720

Date filed: 23 June 2006

TM: "XTREME"

Decision No. 2013- 68

DECISION

Zhao Lin Qing (Opposer)¹ filed an opposition to Trademark Application No. 4-2006-06720. The application filed by William Chan (Respondent-Applicant)², covers the mark "XTREME", for use on "*Washing Machine, TV, LCD/CRT, Bluetooth, Memory Card, Cellphone & Accessories, Karaoke, Microphone, Computer & Accessories, Speakers, Subwoofers, Amplifiers, Compact Disc (Audio/Video), Calculators, Radio, MP3/MP4, Video Games, Casette Tapes, Clock, Watches, Electrical and Electronic Musical Instruments, Adhesives, Glue, Cases for Stamps, Writing Instruments, Other Similar Products Made of Paper, Cardboard and Plastics, Plastic Toys, Production of Radio and TV Programs, Production of Shows, Entertainment, Designing (websites)*" falling under the Classes 07, 09 14, 15, 16, 28, 35, 41, and 42 of the International Classification of Goods.³ The pertinent allegations in the Opposition are quoted as follows:

"GROUNDS FOR OPPOSITION

"3. The Opposer will be damaged by the registration of the Application and respectfully submits that the Application should be denied for the reasons set forth below.

"4. The Opposer is entitled to the benefits granted to foreign nationals under Section 3 of Republic Act No. 8293, otherwise known as the Intellectual Property Code of the Philippines ("IP Code")

'Section 3. International Convention and Reciprocity – Any person who is a national or who is domiciled or has a real and effective industrial establishment in a country which is a party to any convention, treaty or agreement relating to intellectual property rights or the repression of unfair competition, to which the Philippines is also a party, or extends reciprocal rights to nationals of the Philippines by law, shall be entitled to benefits, to

¹ A Chinese Citizen with address at Lot 3, Block 4, Phase 2 Little Tikes, Sterling Industrial Park, Iba, Maycauayan, Bulacan, Philippines

² A businessman with address at 4/F, 532 Tomas Mapua Street, Sta Cruz, Manila

³ The Nice Classification of Goods and Services is for registering trademarks and service marks based on multilateral treaty administered by the WIPO, called the Nice Agreement Concerning the International Classification of Goods and Services for 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

the extent necessary to give effect to any provision of such convention, treaty or reciprocal law, in addition to the rights to which any owner of an intellectual property rights is otherwise entitled by this Act.’

“5. The registration of the application violates Section 123.1 (d) of the IP Code which expressly prohibit the registration of a mark if it is

5.1. Identical to 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.[Section 123.1 (d) of the IP Code]

FACTS

“6. The Opposer is a legitimate investor with authority to do business under R.A. 7042 otherwise known as the Foreign Investment Act of 1991. Attached as Annex A of this Opposition is the Affidavit of Zhao Lin Qing (the “Zhao Lin Qing Affidavit”) to support this Opposition.

“7. In 1998, the Opposer entered into a limited partnership known as Classic Particles Mktg. Ltd. Co. which is registered with the Securities and Exchange Commission on 26 March 1998 for the following purpose: ‘To engage in, conduct, and carry on the business of buying, selling, distributing, marketing and wholesale insofar as may be permitted by law, all kinds of goods, commodities, wares and merchandise or every kind and description; to enter into all kinds of contracts for export, import, purchase, acquisition, sale at wholesale and other disposition for its own account as principal or in representative capacity as manufacturer’s representative, merchandise broker, indentor, commission merchant, factors or agent, upon consignment of all kinds of goods, wares, merchandise or products whether natural or artificial.’

xxx

“9. In January 2006, the Opposer invented the word XTREME as a brand for use with washing machines. XTREME signifies the quality of the products such as durability, utility and affordability. As such, the product can withstand extreme conditions of use.

“10. XTREME products were patronized by consumers and by the last quarter of 2006, XTREME products expanded to include other products such as electric fan, electric kettle, over toaster, blender, flat iron, stove, rice cooker, washing machine, water dispenser, and scales.

“11. The mark XTREME is covered by the following registration and applications filed with the Intellectual Property Office:

Mark	Application No.	Filing Date	Registration Date	Goods
XTREME	42006005257	17 May 2006	25 February 2008	Class 7 – washing machine, laundry dryers, blenders, (electric), machine tools, vacuum cleaners, dish washers, grinders, compressors, carpet shampooing machine, electric beaters.
XTREME	42008000425	14 January 2008	11 August 2008	Class 6 – lpg tank Class 4 – liquefied petroleum gas

XTREME	42009006280	26 June 2009		Class 7 – washing machine, laundry dryers, blenders (electric), machine tools, vacuum cleaners, dishwashers, grinders, compressors, carpet shampooing machine, electric beater
XTREME	42005000475	17 January 2005		Class 20 – plastic ware, plastic kitchen wares, plastic furniture and other products concerning plastic use for home and office, namely drawers, cabinets, chairs, tables, desks, folding and reclining beds, benches, stalls, racks, shelves, hangers, clothes, hampers, dish cabinets, kitchen drawers, dish crates, pallets and crates Class 11 – electric kettle, electric fan, rice cooker, oven toaster, electric stove, coffee maker, sandwich maker Class 21 – plastic wares, plastic kitchen wares, plastic furniture and other products concerning plastic use for home and office, namely, trash boxes, planter's boxes, dish drainer, pails, cup containers, food containers, food covers, fruit baskets, trays dripping board, wash board, trash containers
XTREME	42009003615	14 April 2009		Class 21 – vacuum flasks

xxx

“12. XTREME was first use since its invention in 13 February 2006 for washing machine.

“13. By the last quarter of 2006, other XTREME products were introduced in the market such as electric fan, electric kettle, over toaster, blender flat iron, stove, rice cooker, water dispenser and scales.

“14. The demand for XTREME products has increased over the years and currently, there are about 16 outlets selling XTREME products nationwide. x x x

“15. The annual average sales of all XTREME products in the Philippines are about Php900,000.00 annual average sales for the past 2 years are shown below.

Year	Annual Sales
2009	1,003,404.02
2008	860,909.58

"16. The use of XTREME mark for over three (3) years has created goodwill and reputation for the mark. For this reason, the Opposer is very conscious in the quality of his product. XTREME products are guaranteed to be free from defects in material and workmanship under normal use. Guarantee certificates and warranty coverage are issued for each XTREME product purchased. xxx

"17 As part of after sales service, he has established service and drop centers nationwide. Today, there are more than 25 service center nationwide.

"18. The Opposer is consciously promoting his mark and his products nationwide. He has invested on the advertisement of XTREME products and has built a considerable goodwill over the XTREME mark and the products. The advertising spend per year are about P500,000."

The Respondent-Applicant filed his Verified Answer on 11 January 2010. The pertinent allegations of Respondent-Applicant's Verified Answer are as follows:

"x x x

Respondent-Registrant (the certificate of registration as transferred from Doris Chan to William Chan) is the owner of the mark 'XTREME' with Registration No. 4-2003-011492 which was filed on 15 December 2003 and registered on 25 December 2005 in the Respondent-Registrant's name with the Intellectual Property Office (IPO) for DVD and VCD under the Nice Classification 9. Respondent-Registrant's had been using the mark 'XTREME' since December 2003, as declared under oath in her Declaration for Actual Use submitted in support of her application.

3. The products of the Respondent - Registrant were being distributed and sold in the Philippines then by Venus Electronics and starting in 2006 by Winbase Enterprise. In fact the Opposer who is doing business under the name of Classic Particles Mktg. Ltd. Co. was one of the distributors of Respondent-Registrant's product bearing the mark "XTREME." In fact in previous advertisements made, Classic Particles was authorized distributor of the products of the respondent-registrant as early as 2004. Clearly the Opposer acted in bad faith and copied exactly the mark which belongs to the Respondent-Registrant. How can he invent the mark "XTREME" in January 2006, when as shown by hereto attached Annex C, the Respondent-Registrant has been using the mark as early as 2004? The only conclusion is that the Opposer (being a previous distributor of the products of Respondent-Registrant) saw the goodwill created by the mark completely copied the same from the Respondent-Registrant and now claiming it as his own. This is ludicrous!
4. In view of the high quality of Respondent-Registrant's products and ever growing promotions, Respondent-Registrant was able to gain goodwill and reputation in the audio video industry as well as the electronics industry. Because of this goodwill, Respondent-Registrant's products were sold in SM supermalls. The Respondent-Registrant then expanded his business to include other products. To promote its XTREME brand, Respondent-Registrant then expanded his business to include other products. To promote its XTREME brand, Respondent-Registrant has set up intensive promotions and advertising in print as early as the year 2000. The Opposer had already spent for promotion and advertisement amounting to Php 3.4 Million for the past 5 years. Pertinently, the demand for the Respondent -Registrant's product bearing the mark "XTREME" grew tremendously. Respondent-Registrant sold his products in different well-known outlets among them are:
 - i. SM Branches - Bacoor, Dasmarinas Cavite, Sucat, Southmall, Bicutan, Batangas, Sta Rosa, Lucena, Mall of Asia, Megamall,

- Marikina, Makati, North Edsa, Sta Mesa, Manila, San Lazaro, Cubao, Baliuag Bulacan, Marilao, Pampanga, Rosales, Davao, Cagayan de Oro, Cebu city, Iloilo and Manduriao;
- ii. METRO Branches- Lucena, Market Market, Angeles, Legaspi, Colon and Ayala;
- iii. FC Branches – Novaliches, Alabang, Las Pinas, FTI, Guadalupe, Ever Gotesco;

Mark	Registration Application No.	Class/es
XTREME	42010002964	03
XTREME	42006006720	07, 09, 14, 15, 16, 28, 41 and 42
XTREME	42009012197	11, 20, and 21
XTREME	42010002721	09

- iv. NCC Davao, Tagum, and Palawan
- v. Unitop 30 branches; Unicity – 5 branches and Octagon -12 branches.

5. As compared to the Oppositor's branches, it is obvious that being the prior user and the legitimate owner of the mark "XTREME", Respondent-Registrant's products were able to penetrate well-known malls and commercial establishments. The scope of distribution of the products of Respondent-Registrant is nationwide.
6. Respondent-Registrant has also spent so much in the improvement of the quality and packaging of its products. Each product is covered by a warranty Certificate.
7. Respondent-Registrant is likewise serious and active in the protection of the mark 'XTREME.' Because of potential business expansion, he filed several applications for the said mark, thus –

Even prior to the aforecited applications, Doris Chan even submitted several applications because of the growing field of business expansion, thus –

Mark	Registration Application No.	Class/es
XTREME	42006006720	07, 14, 15, 16, 28, 35, 41, and 42
XTREME	42008007356	09
XTREME	42004007914	09
XTREME	42005009287	07, 09, 11 21 and 25

Furthermore, the Respondent-Registrant has started negotiations with suppliers for the distribution of plastic wares, sporting goods and various electronics and household appliances, and other commercially known items. What was once a simple businessman, Respondent-Registrant business grew at an enormous pace.

8. Seeing that the Oppositor is vent on riding the popularity of the trademark "XTREME", Doris Chan filed a Petition for Cancellation of the Mark 'XTREME' under Registration No. 4-2005-000475 of herein respondent-registrant under Classes 11, 20 and 21 and Registration No. 4-2006-005257 under Class 7. This Honorable Office directed the cancellation of the said registration in its Decision No. 2009-75 and 2009-72. The same is already rendered final and executory due to failure to appeal.

After the preliminary conference on 27 July 2011, only the Opposer filed his position papers on 4 August 2011.

The question to be resolved in this case is whether Respondent-Applicant should be allowed to register the trademark "XTREME"?

This Office resolves the same in the affirmative.

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.⁴ Moreover, 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.⁵

Evidently, the two contending marks, as shown below, are identical.

XTREME

Respondent-Applicant

XTREME

Opposer

Both marks consist of the word "XTREME", spelled exactly in the same way with underline and the letter "X" presented in the same stylized manner.

In relation to goods involved, whether of the Opposer or of the Respondent-Applicant, the mark "XTREME" is highly distinctive, in fact, very unique. Just by looking at the one party's goods bearing the "XTREME" mark would likely create an impression that it is owned by the other. The consuming public may also believe that there is a connection between them, as in a trademark licensing agreement. Clearly, likelihood of confusion would subsist not only on the purchaser's perception of goods but on the origins thereof as held by the Supreme Court:⁶

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.

⁴ *Pribhdas J. Mirpuri v. Court of Appeals, G.R. No. 114508, 19 Nov. 1999.*

⁵ *McDonald's Corporation v. MacJoy Fastfood Corporation* 215 SCRA 316, 320 (1992); and *Chuanchow Soy & Canning Co. v. Dir. of Patents and Villapania*, 108 Phil. 833, 836 (1960).

⁶ *See Converse Rubber Corporation v. Universal Rubber Products, Inc., et al., G.R. No. L-27906, 08 Jan. 1987.*

The Opposer primarily based its opposition on Section. 123.1(d) of the Intellectual Property Code, which provides that a mark cannot be registered if it 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.

However, upon careful examination of the records, this office finds that between the two parties, the Respondent-Applicant is the first user and earlier applicant and registrant of the contested mark. It filed the trademark application on 15 December 2003 and then after was issued Certificate of Registration No. 4-2003-011492 on 25 December 2005. Clearly, the highly distinctive mark subject of the present case is owned by the Respondent-Applicant being the original creator of the mark.

The claim of the Opposer that he invented the said mark in January of 2006 deserves scant consideration. It is incredible and highly improbable that the Opposer could have invented the same identical mark applied for registration by Respondent-Applicant as early as 2003. There is no plausible explanation as to how the Opposer arrived at using the same mark, appropriating in minutest details the features and style of the Respondent-Applicant's mark. In these kind of cases, the Supreme Court has consistently held that as between the newcomer who by confusion has nothing to lose and everything to gain and one who by honest dealing has already achieve favor with the public, any doubt should be resolved against the newcomer in as much as the field from which he can select a desirable trademark to indicate the origin of his product is obviously a large one.⁷

Furthermore, Opposer's contention that his own registrations for the said Mark particularly in classes 4, 6, 7, 11, 20 and 21 already entitled him for protection against Respondent-Applicant is without merit especially in the face of evidence that the Respondent-Applicant is the originator of the mark and the one with the superior right to the Mark "XTREME" over that of the Opposer.

Succinctly, 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 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*⁹, the Supreme Court held:

⁷ *Del Monte Corporation et. al. v. Court of Appeals, G.R. No 78325, 25 Jan. 1990.*

⁸ *See Sec. 236 of the IP Code.*

⁹ *G.R. No. 183404, 13 Oct. 2010.*

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.^{10[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.

WHEREFORE, premises considered, the instant opposition to Trademark Application Serial No. 4-2006-006720 is hereby **DISMISSED**. Let the filewrapper of Trademark Application Serial No. 42006006720 be returned, together with a copy of this **DECISION**, to the Bureau of Trademarks for information and appropriate action.

SO ORDERED.

Taguig City, 17 April 2013.



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