JELLY BELLY CANDY COMPANY, Opposer, **-versus-** **COLUMBIA INTERNATIONAL FOOD PRODUCTS, INC.,** Respondent-Applicant.	}	**IPC No. 14-2010-00002** Opposition to: Appln No. 4-2008-014197 Date filed: 20 November 2008 **TM: "POTCHI SPORTS BEAN"**

NOTICE OF DECISION

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GREETINGS:

Please be informed that Decision No. 2014 - 303 dated November 25, 2014 (copy enclosed) was promulgated in the above entitled case.

Taguig City, November 25, 2014.

For the Director:

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

JELLY BELLY CANDY COMPANY,
Opposer,

-versus-

COLUMBIA INTERNATIONAL FOOD PRODUCTS, INC.,
Respondent-Applicant.
x ---------- x

IPC No. 14-2010-00002

Opposition to Trademark
Application No. 4-2008-014197
Date Filed: 20 November 2008

Trademark: **POTCHI SPORTS BEAN**

Decision No. 2014-303

DECISION

Jelly Belly Candy Company,[1] ("Opposer") filed an opposition to Trademark Application Serial No. 4-2008-014197. The contested application, filed by Columbia International Food Products, Inc.[2] ("Respondent-Applicant"), covers the mark "SPORTS BEAN" for use on *"candies"* under Class 30 of the International Classification of Goods[3].

The Opposer claims to be the owner of the allegedly well-known mark "SPORT BEANS", for which the Opposer has various pending trademark applications and registrations abroad. In the Philippines, it filed an application for registration of the mark on 14 October 2009. It avers that it has started selling "SPORT BEANS" candies in United States of America (USA) since 2005 and eventually in other countries. It also maintains to have caused extensive promotions and advertising of its mark all over the world and that its websites, www.jellybelly.com and www.sportbeans.com, are accessible by anyone.

The Opposer contends that the trademark "POTCHI SPORTS BEAN" being applied by the Respondent-Applicant is almost identical to and confusingly similar with its own mark, especially since the marks both cover candies. It insists that the dominant feature of the Respondent-Applicant's mark is "SPORTS BEAN", which is almost identical to "SPORT BEANS". It further laments that the Respondent-Applicant obviously intends to trade on its goodwill since there is no reasonable explanation for the latter to use the applied mark when the field for selection is so broad.

In support of its Opposition, the Opposer submitted the following:

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[1]A corporation duly organized and existing under and by virtue of the laws of State of California, United States of America, with business address at One Jelly Belly Lane, Fairfield, California 94533, USA.
[2]A corporation organized and existing under the laws of the Philippines with business address at 128 J.L. Escoda Street, Navotas, Metro Manila.
[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.

1. certified copies of its trademark registrations issued by the European Community, USA, Russia, Japan, Australia, Canada, Thailand, Hong Kong, Macau, South Korea and Taiwan;
2. photocopies of its trademark registrations issued by China, European Community, Australia, Japan, South Korea, Taiwan, Thailand and USA;
3. copies of its pending applications in Canada and Ukraine;
4. articles published in USA in several local and national newspapers, industry newsletters and magazines, including the Time magazine, when it launched "SPORT BEANS" in 2005;
5. certified copies of relevant pages of its official newsletter, Candy Chronicle, showing promotion of its product;
6. certified copies of press-releases, write-ups, photos, print-outs from the Internet, and other documents in relation to sponsorships in the Philippines, Australia, Canada, Switzerland and the United Kingdom of Opposer using the mark;
7. certified copies of "SPORT BEANS" print plans for international magazine advertising and international circulation for the fiscal year 2010;
8. certified list of authorized distributors of Opposer's products all over the world;
9. photos of "SPORT BEANS" booth in 2008 Tokyo Gift Show;
10. certified sales figures for "SPORT BEANS" and "EXTREME SPORT BEANS" in the USA from 2005 to 2009;
11. certified sales figures for "SPORT BEANS" and "EXTREME SPORT BEANS" in Australia, Canada, Hong Kong, Germany, Japan, United Kingdom, Korea, Philippines, Spain, Latin America, Middle East, Scandinavia and other regions from 2006-2009;
12. leaflet of "SPORT BEANS" candies handed out and distributed to the Philippine public;
13. print-out of Philippine blogs on the Internet;
14. photos of promotional items handed out at a Philippine racing event sponsored by Health and Beyond;
15. actual packaging material as distributed to Philippine retailers, candy stores and/or chains;
16. photos of store displays of "SPORT BEANS" candies on branches of Candy Corner in Greenbelt 5, SM Megamall and Mall of Asia;
17. copies of vouchers/invoices proving sales in the Philippines;
18. printouts of its websites; and
19. duly notarized and legalized affidavit-testimony of Robert M. Simpson.[4]

On the other hand, the Respondent-Applicant asserts that it is the first to file for the registration of the trademark "POTCHI SPORTS BEAN" when it lodged the application of the said mark on 20 November 2008. It claims to be neither aware, conscious, informed or knowledgeable of "SPORT BEANS". It defends its mark

[4] Marked as Exhibit "A" to "QQQQ".

stating that the same is graphically, phonetically and connotatively different from the Opposer's mark. It reasons that appearance-wise, its mark has three words and that the invented and coined word "POTCHI" is the most distinctive portion thereof. It moreover states that in term of sound, the coined word "POTCHI" gives its mark a completely different pronunciation and syllabification compares to that of the Opposer's. It argues that connotatively, the phrase "SPORT BEANS" means a kind of jelly bean geared for sports enthusiasts while "POTCHI SPORTS BEAN" has no meaning because the term "POTCHI" is but a coined word. It further states that the Opposer cannot appropriate "SPORT BEANS" to the exclusion of other for being descriptive.

The Respondent-Applicant's evidence consists of the following:

1. sworn declaration of Mr. Reynaldo Y. Go;
2. print-out of the publication of the Opposer's application released on 19 April 2010;
3. copy of a primer on engineered sports food;
4. copy of the online dictionary of "SPORTS" and "JELLY BEANS", and
5. copy of the press release that appeared in the July 2005 issue of the US magazine Candy Industry.[5]

The Preliminary Conference was conducted and terminated on 06 September 2006. Thereafter, the parties filed their respective Position Papers.

The issue to be resolved is whether the Respondent-Applicant's mark "POTCHI SPORTS BEAN" should be registered in favor of Respondent-Applicant.

The competing marks are reproduced below for comparison:

SPORT BEANS	POTCHI SPORTS BEAN
Opposer's mark	*Respondent-Applicant's mark*

The Respondent-Applicant practically appropriates the Opposer's mark. In this regard, the Bureau finds the mark "SPORT BEANS" highly creative and distinctive as a trademark for *"candies"*. Certainly, "SPORT BEANS" is not descriptive as far as candies are concerned. Thus, it is likely that consumers will be confused or have the wrong impression that the contending marks and/or the parties are connected or associated with one another. The likelihood of confusion persists even if the Respondent-Applicant added the word "POTCHI" to "SPORTS BEAN". 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

[5] Marked as Exhibits "1" to "6".

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.[6]

Now, who between the Opposer and Respondent-Applicant has a right to register its mark?

Records reveal that at the time Opposer filed an application for its mark "SPORT BEANS" on 14 October 2009. The Respondent-Applicant, on the other hand, filed its application for "POTCHI SPORTS BEAN" on 20 November 2008. Therefore, the Respondent-Applicant filed the earlier application.

Aptly, the Opposer disputes the right of the Respondent-Applicant to register the contested mark on the issue of ownership.

It is stressed that the Philippines implemented the TRIPS Agreement when the IP Code took into force and effect on 01 January 1998. Article 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 provision 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.***

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[6] Societe des Produits Nestle,S.A. vs. Court of Appeals, GR No. 112012, 04 April 2001.

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.

Further, Article 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, 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) f 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.[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 ownership of the trademark and to the TRIPS Agreement requirement that no existing prior rights shall be prejudiced. In **Shangri-la International Hotel Management, Ltd. vs. Developers Group of Companies**[8], the Supreme Court held:

> ***"By itself, registration is not a mode of acquiring ownership. When the applicant is not the owner of the trademark applied for, he has no right to apply the registration off the same."***

Corollarily, a registration obtained by a party who is not the owner of the mark may be cancelled. In **Berris v. Norvy Abyadang**[9], the Supreme Court made the following pronouncement:

> ***"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 if 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. 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 case, the Opposer clearly proved that it has used and appropriated the mark "SPORT BEANS" even before the Respondent-Applicant filed the contested

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[7] See Section 236 of the IP Code.
[8] G.R. No. 159938, 31 March 2006.
[9] G.R. No. 183404, 13 October 2010.

application. The advertising materials, articles, photos and sales figures corroborate its claim of prior use. Moreover, it was also able to show earlier registrations such as Certificate of Registration No. 01213016 issued by the Intellectual Property Office of the Republic of China on 01 June 2006[10].

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. To allow Respondent-Applicant to register the subject mark, despite its bad faith, will trademark registration simply a contest as to who files an application first with the Office.

WHEREFORE, premises considered, the instant Opposition to Trademark Application No. 4-2008-014197 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, 25 November 2014.

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

[10] Marked as Exhibit "M".