



OFFICE OF THE DIRECTOR GENERAL

BELL FILMS, INC.,  
Appellant,

-versus-

UNIVERSAL CITY STUDIOS, INC.,  
Appellee.

x-----x

APPEAL NO. 14-2013-0001  
IPC No. 14-2001-00033  
Opposition to:

Application No. 4-1995-99358  
Date Filed: 30 March 1995  
Trademark: UNIVERSAL RECORDS

NOTICE

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**IPOPHL LIBRARY**  
Documentation, Information  
and Technology Transfer Bureau  
Intellectual Property Office  
Taguig City

**NATHANIEL S. AREVALO**  
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Intellectual Property Office  
Taguig City

**IPPHL LIBRARY**  
DATE: DEC 18 2014  
BY: *[Signature]*

GREETINGS:

Please be informed that on 15 December 2014, the Office of the Director General issued a Decision in this case (copy attached).

Taguig City, 15 December 2014.

Very truly yours,

*[Signature]*  
**ROBERT NEREO B. SAMSON**  
Attorney V

**IPPHL**  
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DATE: *[Signature]*

**ROBERT NEREO B. SAMSON**  
ATTORNEY V  
Office of the Director General



OFFICE OF THE DIRECTOR GENERAL

BELL FILMS, INC.,  
Respondent-Appellant,

Appeal No. 14-2013-0001

-versus-

IPC No. 14-2001-00033

Opposition to:

UNIVERSAL CITY STUDIOS, INC.,  
Opposer-Appellee.

Application No. 4-1995-99358

Date Filed: 30 March 1995

Trademark: UNIVERSAL RECORDS

X-----X

DECISION

BELL FILMS, INC. ("Appellant") appeals the decision<sup>1</sup> of the Director of Bureau of Legal Affairs ("Director") sustaining the opposition to the registration of the mark "UNIVERSAL RECORDS".

Records show that UNIVERSAL CITY STUDIOS, INC. ("Appellee") opposed the registration of the Appellant's Trademark Application No. 4-1995-99358 for UNIVERSAL RECORDS for use on music phonograph products such as cassette tapes, company discs, laser discs, and digital audio tapes. The Appellee claimed that it would be damaged by the registration of UNIVERSAL RECORDS.

The Appellee maintained that it is the owner of the mark "UNIVERSAL" which it has registered around the world including the Philippines and that it has been issued certificates of registration for use on films, entertainment services, namely, productions of motion picture films for theatrical and television use and distribution of such films. The Appellee asserted that UNIVERSAL RECORDS so resembles its mark as to be likely when applied to or used in connection with the goods of the Appellant, to cause confusion, mistake and deception on the part of the purchasing public by misleading them into thinking that the Appellant's goods either come from the Appellee or are sponsored or licensed by it. The Appellee claimed that the Appellant's registration and use of UNIVERSAL RECORDS will diminish the distinctiveness and dilute the goodwill of UNIVERSAL. The Appellee stated that UNIVERSAL is protected under the provisions of the Trademark Law, the Intellectual Property Code of the Philippines ("IP Code"), the Paris Convention, and the Agreement on Trade-Related Aspects of Intellectual Property Rights ("TRIPS Agreement").

In answer to the Appellee's opposition, the Appellant maintained that it has prior use of, and continuous to use UNIVERSAL RECORDS with respect to music products and has established goodwill in the Philippines through its presence in the

<sup>1</sup> Decision No. 2012-224 dated 15 November 2012.



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music industry. The Appellant claimed that it has been the producer, manufacturer and distributor of top grossing music albums using UNIVERSAL RECORDS and it continues to undertake massive advertisements, promotions; and sponsorships of its artists and their record albums under the label UNIVERSAL RECORDS. The Appellant averred that in most record stores, music albums displayed the mark UNIVERSAL RECORDS and hence, the Filipino consumers are familiar with UNIVERSAL RECORDS. According to the Appellant, its prior use is preferred over the alleged rights of the Appellee under the provisions of the Paris Convention and the TRIPS Agreement. The Appellant contended that confusion is highly unlikely because it and the Appellee use "UNIVERSAL" in different products, and the general appearance of their respective marks are different. The Appellant alleged that the Appellee is not engaged in the actual and commercial use of UNIVERSAL in music products but only with the production and distribution of motion pictures and films.

After the appropriate proceedings, the Director ruled in favor of the Appellee and held that there is a likelihood of confusion considering that the parties deal with similar or closely related goods and that "UNIVERSAL" is the standout feature in the Appellant's mark. The Director found the Appellee as having used "UNIVERSAL" long before the Appellant appropriated it and that the registration of this mark in favor of the Appellant will forestall the normal potential expansion of the Appellee's film business. According to the Director, the evidence shows that the Appellee has ventured into the music business in several countries around the world.

On 02 January 2013, the Appellant filed an "APPEAL MEMORANDUM" citing the following assignment of errors:

IV  
ASSIGNMENT OF ERRORS

A  
THE HONORABLE BUREAU ERRED IN FAILING TO CONSIDER THAT APPELLANT'S PRIOR USE OF THE MARK ENTITLES IT TO PREFERENCE OVER THE ALLEGED RIGHTS OF THE APPELLEE.

B  
THE HONORABLE BUREAU GRAVELY ERRED IN FINDING THAT APPELLANT'S MUSIC PRODUCTS VIS-À-VIS APPELLEE'S MOTION PICTURES/FILMS ARE SIMILAR OR RELATED GOODS.

C  
THE HONORABLE BUREAU SERIOUSLY ERRED IN FINDING THAT CONFUSION IS LIKELY TO OCCUR BETWEEN THE COMPETING MARKS.



Universal

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Office of the Director General

The Appellant argues that it has acquired a preferred right over UNIVERSAL RECORDS on the basis of its prior use and that it filed and chose to continue the prosecution of its trademark application pursuant to the provisions of the old Trademark Law, Republic Act No. 166 ("RA 166").<sup>2</sup> The Appellant claims that the Appellee has not shown any evidence that it has used UNIVERSAL for music products in the Philippines. On the other hand, the Appellant alleges that it has established goodwill in the Philippines through its presence in the music industry for more than two decades. The Appellant contends that its music products are different from the Appellee's films/motion pictures and that if their goods were similar or related, the Trademark Examiner would not have allowed the trademark application. The Appellant maintains that the general appearance of UNIVERSAL RECORDS is substantially dissimilar with UNIVERSAL that confusion is highly unlikely to occur or even impossible in the eyes of the discerning public. The Appellant asserts that UNIVERSAL RECORDS has acquired popularity and goodwill on its own efforts and any goodwill attached to this mark has been acquired independent of the alleged popularity of the Appellee's mark.

On 15 February 2013, the Appellee filed a "COMMENT (On Appellant's Appeal Memorandum dated December 27, 2012)" maintaining that it secured the registration of UNIVERSAL under RA 166 on the basis of its home registration of this mark which does not require actual use in commerce in the Philippines. The Appellee avers that any claim of preferred right on account of prior and actual use of the mark must be based on good faith. According to the Appellee, the Appellant's trademark application was filed in bad faith because evidence shows that Appellant has prior knowledge of the Appellee as the user and owner of UNIVERSAL even for music. The Appellee argues that its mark UNIVERSAL is not only registered for films in the Philippines but is also a well-known mark that is protected even for unrelated or dissimilar goods. The Appellee asserts that music is within the natural zone of expansion of its film business. The Appellee contends that the word "UNIVERSAL" is the dominant feature in the Appellant's and Appellee's marks and there is visual and aural similarity between these marks which translates to confusing similarity.

On 19 February 2013, this case was referred to the IPOPHL Alternative Dispute Resolution (ADR) Services pursuant to Office Order No. 154, Series of 2010, Rules of Procedure for IPO Mediation Proceedings. Subsequently, on 26 April 2013, this Office received a copy of the "MEDIATOR'S REPORT" stating the termination of the mediation proceedings.

The main issue in this case is whether the Director was correct in sustaining the opposition to the registration of the mark UNIVERSAL RECORDS in favor of the Appellant.

<sup>2</sup> AN ACT TO PROVIDE FOR THE REGISTRATION AND PROTECTION OF TRADEMARKS, TRADE-NAMES AND SERVICE-MARKS, DEFINING UNFAIR COMPETITION AND FALSE MARKING AND PROVIDING REMEDIES AGAINST THE SAME, AND FOR OTHER PURPOSES.



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The Appellant's application to register UNIVERSAL RECORDS was filed on 30 March 1995 or before the IP Code took effect on 01 January 1998. Sec. 235.2 of the IP Code provides that:

235.2. All applications for registration of marks or trade names pending in the Bureau of Patents, Trademarks and Technology Transfer at the effective date of this Act may be amended, if practicable to bring them under the provisions of this Act. The prosecution of such applications so amended and the grant of registrations thereon shall be proceeded with in accordance with the provisions of this Act. If such amendments are not made, the prosecution of said applications shall be proceeded with and registrations thereon granted in accordance with the Acts under which said applications were filed and said Acts are hereby continued in force to this extent for this purpose only, notwithstanding the foregoing general repeal thereof.

The records<sup>3</sup> show that the Appellee filed with this Office a notice manifesting that it elects to continue the prosecution of the trademark application for UNIVERSAL RECORDS under RA 166. In this regard, the provisions of RA 166 are applicable in this case. Section 4(d) of RA 166 states that:

Sec. 4. Registration of trademarks, trade names and service marks on the principal register.- There is hereby established a register of trademarks, trade names and service marks, which shall be known as the principal register. The owner of a trademark, trade name or service mark used to distinguish his goods, business or services from the goods, business, or services of others shall have the right to register the same on the principal register, unless it:

x x x

(d) Consists of or comprises a mark or trade name which so resembles a mark or trade name registered in the Philippines or a mark or trade name previously used in the Philippines by another and not abandoned, as to be likely, when applied to or used in connection with the goods, business or services of the applicant, to cause confusion or mistake or to deceive purchases: or

Under this provision, a mark cannot be registered if it so resembles a mark or trade name registered in the Philippines by another and not abandoned as to be likely when applied to or used in connection with the goods, business or services of the applicant, to cause confusion, or to deceive purchases.

It is not disputed that the Appellee has registered in the Philippines the mark UNIVERSAL for film and entertainment services. The relevant question, therefore, is whether the Appellant's mark UNIVERSAL RECORDS so resembles the Appellee's mark UNIVERSAL as to cause a likelihood of confusion. In this regard, below are the illustrations of the Appellant's and Appellee's marks:

<sup>3</sup> File wrapper for Trademark Application No. 4-1995-99358.



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*Appellant's mark*

UNIVERSAL

*Appellee's mark*

At a glance, one can see the similarity in these marks which both used the word "UNIVERSAL" and which easily catches one's attention. Thus, the way these marks are presented gives the impression that they are just variations of a mark owned by the same person. Accordingly, the Appellant's adoption and use of UNIVERSAL may lead to a mistake or confusion that the Appellant's products or services are those of the Appellee or vice versa. This situation goes against the rationale of trademark registration.

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, 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>4</sup>

As the registered owner of UNIVERSAL, the Appellee is entitled to the exclusive right to prevent other persons from using a trademark that resembles its mark as to be likely to deceive or cause confusion. The Appellant and the Appellee are considered to belong to the same industry that provides entertainment, music for the Appellant and films for the Appellee. Thus, it is not farfetched to consider that the owner of the mark UNIVERSAL used in both music and films belong to the same person. In addition, the right of the Appellee to exclude others from using UNIVERSAL is not limited to products on films but also to goods related thereto or within the normal potential expansion of its business. As correctly discussed by the Director:

Moreover, the allowance of Respondent-Applicant's mark will forestall the normal potential expansion of the film business of Opposer. As the evidence would show, the Opposer has ventured into the music business in several countries around the world using the same mark UNIVERSAL RECORDS. In the Philippines, the Opposer has a pending application for the mark UNIVERSAL RECORDS & GLOBE DESIGN filed as early as 23 August 1996 for use on goods under Class 9. Relative thereto, the Supreme Court in *Sta. Ana v. Maliwat* held that:

"Modern law recognizes that the protection to which the owner of a trademark is entitled is not limited to guarding his goods or business from actual market competition with identical or similar products of the parties,

<sup>4</sup> *Pribhdas J. Mirpuri vs. Court of Appeals*, G.R. No. 114508, 19 November 1999.



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but extends to all cases in which the use by a junior appropriator of a trademark or trade name is likely to lead to a confusion of source, as where prospective purchasers would be misled into thinking that the complaining party has extended his business into the field or is in any way connected with the activities of the infringer or when it forestalls the normal potential expansion of his business."<sup>5</sup>

Significantly, the registration of the Appellant's mark would prevent the Appellee from using UNIVERSAL in musical products damaging its interests on its registered mark. In addition, the statement below by the Supreme Court is instructive in this case.


Of course, 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 appellee had to choose those so closely similar to another's trademark if there was no intent to take advantage of the goodwill generated by the other mark.<sup>6</sup>

The Appellant has "millions of terms and combinations of letters and designs available" for its use on its products. Why it insists on using UNIVERSAL betrays its intention to take advantage of the goodwill generated by the Appellee which has proven ownership and prior use of UNIVERSAL.

Wherefore, premises considered, the appeal is hereby dismissed. Let a copy of this Decision be furnished to the Director of Bureau of Legal Affairs and the Director of Bureau of Trademarks for their appropriate action and information. Further, let a copy of this Decision be furnished to the library of the Documentation, Information and Technology Transfer Bureau for records purposes.

SO ORDERED.


DEC 15 2014, Taguig City.

  
RICARDO R. BLANCAFLOR  
Director General

<sup>5</sup> Decision No. 2012-224 dated 15 November 2012, page 15.

<sup>6</sup> American Wire & Cable Company v. Director of Patents, G. R. No. L-26557, 18 February 1970.



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