



CECILIA DERIQUITO MERCADO,
Petitioner,

-versus-

DINA STALDER,
Respondent-Registrant.

}
} **IPC No. 14-2010-00144**
} Petition for Cancellation:
} Reg. No. 4-2007-012921
} Issued on: 19 April 2008
} **TM: "TYROWHITE"**
}
}
}
}
}
}
}

X-----X

NOTICE OF DECISION

ATTY. ESTRELLITA BELTRAN-ABELARDO
Counsel for Petitioner
Rm. 411 Executive Center Bldg.
cor. Sen. Gil Puyat Avenue and Makati Avenue
Makati City

GARAY CRUZ & ASSOCIATES
Counsel for Respondent-Registrant
Real cor. Arzobispo Sts.
Intramuros, Manila

SIOSON SIOSON & ASSOCIATES
Counsel for Respondent-Registrant
Unit 903, AIC-Burgundy Empire Tower
ADB Avenue, cor. Garnet & Sapphire Roads
Ortigas Center, Pasig City

GREETINGS:

Please be informed that Decision No. 2015 - 56 dated April 10, 2015 (copy enclosed) was promulgated in the above entitled case.

Taguig City, April 10, 2015.

For the Director:


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



CECILIA DEREQUITO MERCADO,
Petitioner,

IPC Case No. 14-2010-00144
Petition for Cancellation

- versus -

Reg. No. 4-2007-012921
Issued on: 19 April 2008

DINA STALDER,
Respondent-Registrant.

Trademark: "TYROWHITE"

X-----X

Decision No. 2015- 56

DECISION

CECILIA DERIQUITO MERCADO ("Petitioner")¹, filed a petition to cancel Trademark Registration No. 4-2007-012921. The registration, issued to **DINA STALDER**, ("Respondent-Registrant")², covers the mark "TYROWHITE" for use on "*soaps, astringents, face and body whitening lotion, skin whitening cream, toners, serum*" falling under Class 3 of the International Classification of goods.³ The Petitioner alleges the following:

"1. Respondent-registrant was not entitled to register the trademark TYRO-WHITE at the time of her application thereof. Petitioner is the owner of the mark 'SKINCEUTIQUE TYROWHITE' which she applied for registration with the Bureau of Food and Drugs as early as August 24, 2006 and was issued the corresponding Certificate of Product Registration (CPR) for SKINCEUTIQUE TYROWHITE cream and toner on October 18, 2006.

"2. Petitioner through her company, DS Cosmeceutical Manufacturing Laboratory, was the first to adopt and use the brand name or mark 'SKINCEUTIQUE TYROWHITE' for goods cream and toner, having manufactured and sold the same as early as March 2007 and that she continuously manufactures, distributes, sells, uses and owns the mark 'SKINCEUTIQUE TYROWHITE' cream and toner products throughout the Philippines since 2007 up to the present, so that it has already established a good name and goodwill pursuant to Section 168 of Republic Act No. 8293 (Intellectual Property Code) which provide as follows:

x x x

Therefore, Respondent –registrant cannot just obliterate at will and claim that she is the owner of the mark 'TYRO-WHITE' which is the dominant part of petitioner's SKINCEUTIQUE TYROWHITE just because she had applied for and obtain a registration from the Intellectual Property Office without the knowledge and consent of the petitioner;

"3. At the time of the filing her application for registration of the mark TYROWHITE with the Intellectual Property Office, Respondent-Registrant is not the owner nor licensee of the mark TYRO-WHITE nor has she been authorized by the Petitioner who is the real and rightful owner of

¹ With address at No. 119 Matimtiman Street, Sikatuna Village, Quezon City.

² With address at No. 1570 Dela Paz Building, Dapitan Street, Sampaloc, Manila.

³The 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.

the mark SKINCEUTIQUE TYROWHITE for toner and cream being the registered owner of the brand name with the Bureau of Food and Drugs and as the 'FIRST ADOPTER AND ACTUAL USER' of the mark in the Philippines which is the basis for acquiring ownership of the mark which has been upheld in many cases by the Supreme Court;

"4. Respondent-Registrant has not applied nor registered her TYRO-WHITE cosmetic products with the Bureau of Food and Drugs as evidenced by the attached letter signed by JESUSA JOYCE N. CIRUNAY, Chief, Product Services Division of the Bureau of Food and Drugs stating that 'xxx Please be informed that as per FDA database, NO RECORD of product application/notification from other companies having the brand name "TYROWHITE" or same name but in a different presentation other than under your company', in response to the letter of petitioner dated June 23, 2010, inquiring whether other companies aside from Petitioner, has applied/registered the brand name TYROWHITE cream, attached and marked as Exh. 'E-2'

"4.1 Section 2 of Administrative Order No. 2005-0016, issued by the Office of the Secretary, Department of Health, on the subject of General Policies and Guidelines Governing Brand names products for Registration with the Bureau of Food and Drugs, provides as follows:

Section 2. only the following brand names shall not be allowed:

- (a) Names that are identical to those already registered with the BFAD in the same product classification; and
- (b) Names that are offensive, obscene, scandalous, or otherwise contrary to public, morals, and policy,

Petitioner being the first to register her brand name SKINCEUTIQUE TYROWHITE on cream and toner products, Respondent-Registrant Dina Stalder can no longer be allowed to use the brandname TYROWHITE as provided by Section 2 of Administrative Order 2005-0016 of the Department of Health, copy attached as Exhibit 'H' for reference.

"5. Considering that Respondent-Registrant has not registered with the brand TYRO-WHITE on cosmetic products with the Bureau of Food and Drugs before manufacturing and marketing the same, her acts is one prohibited under Section 119a) and 12 of Republic Act 9711 promulgated on August 18, 2009 which provides as follows:

Section 11. The following acts and the causing thereof are prohibited:

'(a) The manufacture, importation, exportation, sale, offering for sale, distribution, transfer, non-consumer use, promotion, advertising or sponsorship of any health product that is adulterated, unregistered or misbranded.'

To support her petition, the Petitioner submitted the following as evidence:

1. Exhibit "A"- Affidavit of the Petitioner;
2. Exhibits "A-1" and "A-2"- Certification by Accord International Inc, certifying purchase of Tyrostat-11 dated 30 January 2006 with corresponding sales invoices;
3. Exhibit "B"- License to Operate as a Cosmetic laboratory issued by the Bureau of Food and Drugs (BFAD) to DS Cosmeceutical Mfg. Laboratory;
4. Exhibit "B-1"-Letter to Bureau of Food and Drugs ("BFAD") for renewal of license to operate dated 17 May 2010;
5. Exhibit "B-2"- BFAD certificate of product registration no. CR22965 dated 18 October 2006 for the product SKINCEUTIQUE TYROWHITE;
6. Exhibit "B-3"- Joint Manifestation signed by both Petitioner and Respondent-Registrant;

7. Exhibits "B-4" and "B-5"- Notification of cosmetic product issued by BFAD for cream, and toner;
8. Exhibit "C" –Certificate of Minerva Printing Corporation dated 28 November 2006, that it printed labels and packages of SKINCEUTIQUE TYROWHITE toner and cream of DS Cosmeceutical Manufacturing Laboratory;
9. Exhibit "D"- Delivery receipts invariably dated from March 2007 to 2010 of SKINCEUTIQUE TYROWHITE products to different dermatologists, Joint Motion to Dismiss signed by both parties dated 8 February 2006;
10. Exhibit "E"- Affidavit of Waysinet Deriquito as to the formulation of the products KINCEUTIQUE TYROWHITE;
11. Exhibit "F"- Application of respondent-registrant Dina Stalder with BFAD and issued only on 19 April 2008;
12. Exhibit "G"- Application for registration of SKINCEUTIQUE TYROWHITE dated 28 June 2010; and
13. Exhibit "H"- Copy of Administrative order No. 2005-0016, dated 21 June 2005.

The Respondent-Registrant filed her Answer on 21 October 2010, alleging the following:

"1. The trademark 'TYROWHITE' it must be emphasized, was registered under the name of herein Respondent DINA B. STALDER as Registrant in the Intellectual Property Office (IPO) as appearing in the IPO Certificate of Registration No. 4-2007-012921 dated 19 April 2008.

"2. Respondent-Registrant is the Owner, President and Chief Executive Officer (CEO) BCP DERMATOLOGICAL CORPORATION ("BCP" for brevity).

"3. It is in this capacity as owner and CEO of BCP Dermatological Corporation that the trademark 'TYROWHITE' was issued under the name of the Respondent-Registrant. It must be emphasized at the outset that the rights in a trademark are acquired through registration with the Intellectual Property Office which shall then issue a certificate thereof. Section 122 of RA 8293, provides that:

'Section 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.'

"4. Notably, 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. The registration of a trademark gives the registrant, such as Respondent-Registrant, advantages denied non-registrants or ordinary users, like the petitioner in this case.

"5. Petitioner's claim to be true owner of the mark 'TYRO-WHITE' by actual and prior use therefore has neither legal nor factual basis considering that she has not even applied for registration of the mark with the Honorable Office and her alleged registration with the Food and Drugs Administration of the Philippines (FDA) had long EXPIRED as early as 31 December 2007 as shown in the Letter dated 5 August 2010 from the FDA.

"6. Further, another FDA letter dated 5 August 2010 clearly shows that Respondent-Registrant's DS Cosmeceutical Manufacturing Laboratory has a valid and existing registration of the brand name 'TYRO-WHITE' as of 5 August 2010 and is not due to expire until 2012.

"7. Moreover, Petitioner's filing of the present Petition for Cancellation of Respondent-Registrant's trademark registration with the Honorable Office on 16 July 2010 appears to be a mere afterthought, if not merely intended to gain bargaining leverage, considering that it was filed one month after operatives of the National Bureau of Investigation (NBI) already obtained and

implemented a search warrant against respondents on 21 June 2010 and filed a criminal complaint against her before the Office of the City Prosecutor of Manila docketed as I.S. No. XV-07-INV-10G-04926.

"8. Indeed what can be clearly gleaned from the present petition is the fact that petitioner merely attempts to escape criminal prosecution despite openly admitting the continuous use and sale of Respondent-Registrant's trademark on the sheer claim of an alleged ownership thereof through supposed actual and prior use. Suffice it to state that these are matters of defences which are best left for trial after a full blown trial of the merits considering that the Petitioner's own admissions and documents on record, there exists probable cause to hold petitioner for criminal prosecution for violation of Respondent-Registrant's intellectual property rights.

"9. Verily, no less than Hon. Judge Antonio M. Eugenio, Jr. Of the Regional Trial Court of Manila, in issuing the Search Warrant against Petitioner herein found *'that there is probable cause to believe that a violation of Section 155, in relation to Section 170 of Republic Act 8293 (trademark infringement) has been committed and is being committed and there are good and sufficient grounds to believe that Cecilia Derequito Mercado and/or occupants of DS Cosmeceutical Manufacturing Lab and Dermskin Pharmacy.. have in their possession and control TYROWHITE'*.

"10. Finally, in an apparent attempt to mislead the Honorable Office and use it as a mere subterfuge to escape and evade criminal prosecution, petitioner did not mention in her present petition the filing and pendency of the aforesaid criminal case for trademark infringement against her in the Verification and Certification of Non-forum shopping on page 13 of her petition despite full knowledge of the fact that she has raised the same issue of alleged ownership and actual use as her defense in the said criminal case."

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

1. Annex "1"- Copy of Certificate of Registration No. 4-2007-012921;
2. Annex "2"- Copy of Amended Articles of Incorporation;
3. Annex "3"- FDA letter dated 5 August 2010 addressed to Reynaldo Mercado;
4. Exhibit "4"- FDA letter dated 5 August 2010 addressed to Waysinet Derequito;
5. Exhibit "5"- Search Warrant No. 10-16088;
6. Exhibit "6"- Criminal Complaint for trademark infringement;
7. Exhibit "7"- Affidavit of Ms. Mary Harriet Gabayeron; and
8. Exhibit "8"- Copy of counter-affidavit.

The Hearing Officer issued on 18 November 2010 a notice setting the Preliminary Conference on 10 January 2011. After the Preliminary Conference, the Hearing Officer issued on 21 February 2011, Order No. 2011-267 directing the parties to submit their respective position papers. Both parties filed their respective position papers on 15 March 2011.

On 28 March 2011, the Petitioner filed on a Manifestation with Motion to Expunge, questioning why the Respondent -Registrant belatedly raised in her position paper the issue of whether this Bureau can assume jurisdiction over the petition considering that Respondent-Registrant applied for a search warrant in Branch 24 of the Regional Trial Court of Manila. Petitioner also objects to Respondent-Registrant's submission of documents marked as Exhibits "9"- "14" namely: letter from Accord International Inc.; sales invoices, reports of clinical trial; certificate of registration from Food and Drugs Administration, templates for notification of cosmetic product, various sales invoices, and declaration of actual use filed on 25 March 2008. According to the Petitioner, the submission is contrary to Sec. 12 of Office Order 79, Series of 2005 ("Amendments to the Regulations on Inter Partes Proceedings"), to wit:

12. Evidence for the Parties-

12.1. The verified petition or opposition, reply if any, duly marked affidavits of the witnesses, and the documents submitted, shall constitute the entire evidence for the petitioner or opposer. The verified answer, rejoinder if any, and the duly marked affidavits and documents submitted shall constitute the evidence for the respondent. Affidavits, documents and other evidence not submitted and duly marked in accordance with the preceding sections shall not be admitted as evidence.

The Respondent-Registrant filed her Counter-Manifestation and Ex-parte Motion to expunge on 28 April 2011. She also filed a Manifestation with Submission on 12 March 2013 attaching thereto a Resolution of the Office of the City Prosecutor of Manila in IS I.S. No. XV-07-INV-10G-04926 dated 19 October 2012.

A scrutiny of the documents submitted by the Respondent-Registrants shows that certain Allan C. Herradura and Harriet L. Gabayeron filed on 1 July 2010 complaint against the Petitioner for trademark infringement and unfair competition ("I.S. No. XV-07-INV-10G-04926"). The Respondent-Registrant also filed a complaint against the Petitioner on 20 September 2010 ("I.S. XV 07-INV 101-07539"). These complaints were filed in the Office of the City Prosecutor of Manila. In this regard, Sec. 151.2 of Rep. Act No. 8293, also known as the Intellectual Property Code of the Philippines ("IP Code") provides:

Notwithstanding the foregoing provisions, the court or the administrative agency vested with jurisdiction to hear and adjudicate any action to enforce the rights to a registered mark shall likewise exercise jurisdiction to determine whether the registration of said mark may be cancelled in accordance with this Act. The filing of a suit to enforce the registered mark with the proper court or agency shall exclude any other court or agency from assuming jurisdiction over a subsequently filed petition to cancel the same mark. On the other hand, the earlier filing of petition to cancel the mark with the Bureau of Legal Affairs shall not constitute a prejudicial question that must be resolved before an action to enforce the rights to same registered mark may be decided. (Emphasis supplied)

While the filing of a complaint before the prosecutor may be considered an act to enforce rights to a registered trademark, the purpose however, is to determine whether or not there is probable cause that would warrant the filing of a case or information in the court. The prosecutor has no jurisdiction or authority to adjudicate trademark or intellectual property cases, much less cancel a trademark registration. The Supreme Court in *Orosa v. Roa*⁴ held:

Given the above perspective, the question of whether or not a preliminary investigation is a quasi-judicial proceeding, as petitioner posits, or whether or not the Secretary of Justice performs quasi-judicial functions when he reviews the findings of a state or city prosecutor is of little moment. The Court wishes, however, to draw attention to what it said in *Santos v. Go* where the Court, citing *Bautista v. Court of Appeals*,¹ stated:

[t]he prosecutor in a preliminary investigation does not determine the guilt or innocence of the accused. He does not exercise adjudication nor rule-making functions. Preliminary investigation is merely inquisitorial, and is often the only means of discovering the persons who may be reasonably charged with a crime and to enable the fiscal [prosecutor] to prepare his complaint or information. It is not a trial of the case on the merits and has no purpose except that of determining whether a crime has been committed and whether there is probable cause to believe that the accused is guilty thereof. While the fiscal [prosecutor] makes that determination, he cannot be said to be

⁴ G.R. 140423, 14 July 2006.

acting as a quasi-court, for it is the courts, ultimately that pass judgment on the accused, not the fiscal [prosecutor]. (Words in bracket ours)

Going now to the main issue of whether or not the Respondent-Registrant's mark should be cancelled, Sec. 151 of the IP Code provides:

Section 151. Cancellation – 151.1. A petition to cancel a registration of a mark under this Act may be filed with the Bureau of Legal Affairs by any person who believes that he is or will be damaged by the registration of a mark under this Act as follows:

- (a) Within five (5) years from the date of registration of the mark under this Act.
- (b) At any time if the registered mark becomes the generic name for the goods or services or a portion thereof, for which it is registered or has been abandoned, or its registration obtained fraudulently, or contrary to the provisions of this Act, or if the registered mark is used by, or with the permission of the registrant so as to misrepresent the source of the goods or services or in connection with which the mark is used. xxx

This provision allows any person to file a petition to cancel a trademark registration if that person believes that he would be damaged by the registration. Once filed, the cancellation becomes, basically, a review of the trademark registration in question to determine if the legal requirements for registration have been satisfied and if the maintenance or continuance of the Respondent-Registrant's trademark would damage the Petitioner. Moreover, the Petitioner raised the issue of ownership of the subject trademark.

In this regard, it must be 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.⁵

Sec.122 of the IP Code states that "*The rights in a mark shall be acquired through registration made validly in accordance with the provision of this law*". There is nothing in Sec.122, however, which says that registration confers ownership of the mark. What the provision speaks of is that the rights in the mark shall be acquired through registration, which must be made validly in accordance with the provision of the law. In fact, a trademark registration may be cancelled pursuant to Sec. 151 of the IP Code.

Clearly, it is not the application or the registration that confers ownership of a mark, but it is the ownership of the mark that confers the right of registration.

Sec. 138 of the IP Code provides that "*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 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.*" But, as in this instant, if the Petitioner is able to submit evidence to prove that the contested mark is not owned by the Respondent-Registrant but by somebody else, then the presumption does not hold.

As culled from the records, the Petitioner as early as January 2006 has been purchasing ingredients for the production of her cosmetic products as shown by certifications⁶ from the supplier.

⁵ *Pribhdas J. Mirpuri v. Court of Appeals*, G. R. No. 114508, 19 November 1999.

⁶ Exhibit "A"

Petitioner has certificates of product registrations from Bureau of Food and Drugs (BFAD)⁷ since 18 October 2006 to assure the lawful commercial manufacture, production and sale of the products bearing the SKINCEUTIQUE TYROWHITE mark. Also, she submitted proof of commercial sale of her products through delivery receipts dated 13 March 2007.

In contrast, the Respondent-Registrant, filed an application for the registration of the mark TYRO-WHITE in 20 November 2007. A letter⁸ indicates that she sought from BFAD Certificate of Product Registration for goods bearing an application for the mark/brand TYRO-WHITE in the data base of BFAD only on 26 June 2009.

Aptly, the prior filing by an applicant who is not the owner of a mark does not benefit the earlier filer. This principle has been enunciated by the Supreme Court in *E.Y. Industrial Sales, Inc. and Engracio Yap vs. Shen Dar Electricity Machinery Co. Ltd⁹*, to wit:


“Under this provision, the registration of a mark is prevented with the filing of an earlier application for registration. This must not, however, be interpreted to mean that ownership should be based upon an earlier filing date. While RA 8293 removed the previous requirement of proof of actual use prior to the filing of an application for registration of a mark, proof of prior and continuous use is necessary to establish ownership of a mark. Such ownership constitutes sufficient evidence to oppose the registration of a mark.”

Considering the mark or term TYROWHITE is an invented word, and as a mark highly distinctive with respect to the goods to which it is attached, it is incredible for the Respondent-Registrant to have come out with the same brand or mark without knowledge that such products are already in the market, bearing the same marks and owned by another, who is in fact, a competitor.

WHEREFORE, premises considered, the Petition for Cancellation is hereby **GRANTED**. Let the file wrapper of Trademark Registration No. 4-2007-012921 be returned, together with a copy of this Decision, to the Bureau of Trademarks for information and appropriate action.

SO ORDERED.

Taguig City, 10 April 2015.


NATHANIEL S. AREVALO
Director IV, Bureau of Legal Affairs

⁷ Exhibit “B”

⁸ Annex “4”

⁹ G.R. No. 184850, October 20, 1010