



CHIU MING HUNG,
Petitioner,

-versus-

MUSTANG-BEKLEIDUNGSWERKE
GmbH. + CO. KG,
Respondent-Registrant.

}
}
}
}
}
}
}
}
}
}
}

IPC No. 14-2010-00219
Cancellation of:
Reg. No. 4-2006-004693
Date Issued: 20 April 2009
TM: "MUSTANG"

x-----x

NOTICE OF DECISION

SAPALO VELEZ BUNDANG & BULILAN

Counsel for Petitioner
11th Floor, Security Bank Centre
6776 Ayala Avenue, Makati City

ORTEGA, BACORRO, ODULIO CALMA & CARBONELL

Counsel for Respondent-Registrant
5th and 6th Floors, ALPAP I Bldg.
140 L.P. Leviste St., Salcedo Village
Makati City

GREETINGS:

Please be informed that Decision No. 2015 - 107 dated June 01, 2015 (copy enclosed) was promulgated in the above entitled case.

Taguig City, June 01, 2015.

For the Director:


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



CHIU MING HUNG,
Petitioner,

- versus -

MUSTANG-BEKLEIDUNGSWERKE
GmbH. +CO.KG,
Respondent-Registrant.

X ----- X

IPC No. 14-2010-00219

Cancellation of:
Reg. No. 4-2006-004693
Date Issued: 20 April 2009
Trademark: "MUSTANG"

Decision No. 2015 - 107

DECISION

CHIU MING HU ("Petitioner"),¹ filed a petition for cancellation of Trademark Registration No. 4-2006-004693. The registration, issued to MUSTANG-BEKLEIDUNGSWERKE GmbH. +CO.KG (Respondent-Registrant)², covers the mark "MUSTANG" for use of goods under class 18 namely: *goods of leather and imitation of leather, namely bags and other containers not adapted to the product they are intended to contain as well as small articles of leather, etc.*; and, class 25³ namely: *clothing namely jeans, pants, trousers, bermudas, shorts, etc..*"

The Petitioners alleged the following:

"1. Petitioner is the first to adopt, use and register the trademark MUSTANG in the Philippines, under Trademark Registration No. 56672, for several goods, among which are 't-shirts, shoes, pants jeans, blouses, dresses, jackets, shorts, skirts, polo shirts, polos, lingerie, brassieres, briefs', and therefore enjoys under Section 147 of Republic Act (R.A.) No. 8293 the right to exclude others from registering or using an identical or confusingly similar mark such as Respondent's trademark MUSTANG for clothing, namely jeans, pants, trousers, among others.

"2. The MUSTANG mark of Respondent is identical to the MUSTANG mark of Petitioner and is used for similar goods, i.e., jeans, pants, trousers, as to be likely to deceive or cause confusion as contemplated under section 123(d), R.A. 8293.

"3. The Respondent, in adopting MUSTANG for retail sales of clothing, i.e., jeans, pants, trousers, is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection or association with Petitioner, or as to origin, sponsorship, or approval of its goods by Petitioner, for which it is liable for false designation of origin, false description or representation under Section 169 of R.A. No. 8293.

"4. The registration of the mark MUSTANG in favor of Respondent was obtained fraudulently and contrary to the provisions of R.A. 8293, particularly Section 123 (d) on registrability, for having been issued during the term of Petitioner's TM Registration No. 56672 for MUSTANG."

¹ With address at 187 AN. Domingo Street, San Juan City, Metro Manila.

² With address at Austrasse 10, D-74653 Kunzelsau, Germany.

³ The Nice Classification of goods and services is for registering trademark and service marks, based on a 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.

The Petitioners' evidence consist of the following:

1. Certified true copy (Ctc) of Certificate of Registration no. 56672 on 17 December 2013;
2. Copies of Affidavits of Use for 5th and 10th anniversary of registration;
3. Advertising contracts for the promotion of MUSTANG mark in various commercial centers in the country; and,
4. Statements of accounts and sales invoice by advertising agency for billboard advertisement for MUSTANG.

On 26 May 2011, Respondent-Registrant filed its Answer with the following allegations:

"10.1 The trademark application for MUSTANG was first filed in 1958 and was registered by respondent in the Federal Republic of Germany as early as March 2, 1959 under German Trademark Reg. No. 7222.702 for goods in class 25.

"10.2 The trademark MUSTANG (stylized) as it is presently used now, which mark is characterized by its stylized letters 'M' and 'G' that are slightly wider than the rest of the letters, has been used since 1985 and registered in 1987 in Germany. The particular MUSTANG (stylized) is shown on the cover of the MUSTANG price list and the certified extract of the German Trademark Reg. No. 2105766 for goods in class 25.

"10.3 Respondent also owns registrations and pending applications in various countries for the mark MUSTANG for goods in class 25.

"10.4 Respondent has existed under the name of MUSTAN Bekleidungswerke Gmbh + Co. since March 14, 1975 thereby appropriating the name MUSTANG as its own corporate or trade name by which it distinguishes itself from the other entities as a clothes manufacturer as shown by a certification from the Commercial Registry in Germany.

x x x

"10.6 Respondent's business of manufacturing clothes in class 25 traces its origin since 1932. Respondent exports its MUSTANG jeans and other clothes under class 25 to countries such as, Belgium, Netherlands, Austria, France, Switzerland, Iceland, Portugal, Hungary, Italy, Poland, Greece, Turkey, Malaysia, etc. x x x

"10.10 As much as respondent wanted to engage in the sale and distribution of its goods in class 25 bearing the mark MUSTANG (Stylized) in the Philippines, it was barred by petitioner's then Philippine Trademark Registration No. 56672 issued on December 17, 1993 for the identical mark MUSTANG in the same class 25. because of petitioner's registration of the identical mark MUSTANG in bad faith, respondent could not engage in sale of its legitimate products in the face of a possible infringement suit.

"10.11 Aside from the sale of goods bearing the respondent's mark MUSTAG (Stylized) in neighboring Asia countries, the German magazines 'Textilwirtschaft' and 'Sportswear International' where the mark MUSTANG (stylized) was advertised also reached the Philippines and other Asian countries.

"10.12 The German magazine 'Tetilwirtschaft', where the respondent's mark MUSTANG (stylized) was advertised, reached the Philippines as early as 1978 and was subscribed to and patronized by Filipino entities such as, Monasteria Knitting Inc., Quelle (Far East) & Co., and Trumpf International (Phils.) Inc. until 1992, as shown by the list of subscribers.

"10.13 Such presence of respondent in the Philippines and in other neighboring countries before the filing date of the trademark application for MSUTANG in 1992 in the name of petitioner

HUNG CHIU MING will show that it could not have been impossible for petitioner, moving in the same field of business as respondent, to have known of the respondent's mark MUSTANG, copied the same for its own similar goods, and finally sought its registration.

"10.14 The mark applied for and eventually registered in the name of petitioner shows that it is deliberately identical to respondent's mark MUSTANG with the letters 'M' and 'G' slightly wider than the rest of the letters. The copy of the certificate of Philippine Trademark Registration No. 56672 and labels show the mark MUSTANG and his trademark MUSTANG is identical to respondent's trademark MUSTANG.

x x x

"10.16 Further, petitioner also adopted and used the mark MUSTANG with an identical Horse Device which is identical to respondent's Horse Device registered in 1970. Such use of the identical font and horse device as discussed hereof, was obviously done in bad faith, and with prior knowledge of the existence, reputation and international goodwill of the mark MUSTANG (stylized).

"10.17 Not only did petitioner adopt and register the mark MUSTANG in bad faith, but petitioner also filed trademark application for other foreign-owned marks such as, (a) ARMANI x x x (b) PRADA x x x.

"10.19 In 1977, upon knowledge by respondent of petitioner's wilful imitation and use of the mark MUSTANG for similar goods in class 25, respondent filed a Petition for Cancellation of Philippine Trademark Registration No. 56672 on the basis of petitioner's fraudulent registration of the mark MUSTANG.

"10.20 The registration of the mark MUSTANG in favor of petitioner was obtained fraudulently and contrary to Section 2-A of Republic Act No. 166, as amended, and it violated the treaty obligations of the Philippines under the Paris Convention.

"10.21 The Office of the Director General issued a Decision dated August 29, 2007 ordering the cancellation of Philippine TM Reg. No. 56672 for having been obtained fraudulently, and reversing the resolution of the Bureau of Legal Affairs."

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

1. Certified copy of the Affidavit of Mr. Heiner Sefranek;
Certification of commercial registry in Germany re: existence of Mustang Bekleidungswerke GmBh +Co.
2. Certified extract of German Reg. No. 722702 for MUSTANG on 02 March 1959;
3. Certified copy of the 1985 pricelist showing the mark MUSTANG;
4. Certified extract of German Reg. No. 2105766 for MUSTANG;
5. Certified extract of German Reg. No. 39536135 for MUSTANG (Stylized word);
6. Certified extract of German Reg. No. 2009149 for MUSTANG (word and device);
7. Certified extract of German Reg. No. 866398 for MUSTANG (device);
8. Certified extract of German Reg. No. 988571 for MUSTANG (device);
9. Certified extract from WIPO of TM Reg. No. 366706 for MUSTANG + HORSE DEVICE;
10. Certified extract from WIPO of TM Reg. No. 354173 for MUSTANG;
11. List of trademark applications and registrations for MUSTANG;
12. Magazine Der Spiegel article of MUSTANG's reputation;
13. Brochure of MUSTANG company;
14. Extracts from "Who's Who in the European Sportswear Market"

15. Sales Invoices and reports on sales in Malaysia (1994-1996);
16. Sales Invoices and reports on sales in Japan (1983-1987);
17. Sales Invoices and reports on sales in Indonesia (1999-2002);
18. Magazine covers "Sportswear International, European Edition" and letters dated 27
19. March 1995 and 07 April 1995;
20. Media Information for 1994-1995 showing distribution of magazines;
21. List of subscribers and delivery dates for TextilWirtschaft in Asia;
22. Confirmation and English translation;
23. Certification from auditor Ernst & Young on MUSTANG sales;
24. Sample advertisements for MUSTANG;
25. Petitioner's mark and drawing;
26. Certified copy of the Affidavit of Ma. Jasmin R. Blancaflor with attachments;
27. Certified true copy of Decision dated 29 August 2007 in Appeal No. 14-06-20;
28. Certification by the Bureau of Trademarks on 29 March 2011; and
29. Copy of Petitioner's MUSTANG with the horse device in IPC No. 4311.

Hence, this case is deemed submitted for decision.

Should Respondent-Registrant's trademark MUSTANG be cancelled?

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, who has been instrumental in bringing out into the market a superior 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

Section 151.1 of the IP Code provides:

x x x 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:

x x x

(b) At any time, if the registered mark becomes generic name for these goods or services, or a portion thereof, for which it is registered, or has been abandoned, or its registration was obtained fraudulently or contrary to the provisions of this Act, or if the registered mark is being used by, or with the permission of, the registrant so as to misrepresent the source of the goods or services on or in connection with which the mark is used. x x x

In relation, Sec. 123.1 (d) of the IP Code provides:

A mark cannot be registered if it:

x x x

(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:

⁴ Pribhdas J. Mirpuri v. Court of Appeals, G.R. No. 114508, 19 Nov. 1999. See also Article 15, par. (1), Art. 16, par. 91 of the Trade-related Aspect of Intellectual Property (TRIPS Agreement).

- (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;

The following marks are hereby reproduced for comparison:

MUSTANG

Petitioner's Trademark

MUSTANG

Respondent-Registrant's Trademark

The foregoing marks are identical, even on fine details like the style and font of the letters, and the emphasis in the letters "M" and "G" which are wider and in bold character. Moreover, the aforementioned marks are used on goods that are similar or closely related to each other, which flow on the same channels of trade and both, particularly that falling under Class 18 and 25. Thus, it is likely that the consumers will have the impression that these goods or products originate from a single source or origin. The confusion or mistake would subsist not only on the purchaser's perception of goods but on the origin thereof as held by the Supreme Court, to wit:⁵

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. Hence, 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 which, in fact does not exist.

The public interest, therefore, requires that the two marks, identical to or closely resembling each other and used on the same and closely related goods, but utilized by different proprietors should not be allowed to co-exist. Confusion, mistake, deception, and even fraud, should be prevented. It is emphasized that the function of 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.⁶

It is stressed that the Philippines implemented the TRIPS Agreement when the IP Code took into force and effect on 01 January 1998. Art. 15 of the TRIPS Agreement reads:

⁵ Converse Rubber Corporation v. Universal Rubber Products Inc., et al., G.R. No. L-27906, 08 Jan. 1987.

⁶ Pribhdas J.Mirpuri v. Court of Appeals, G.R. No. 114508, 19 Nov. 1999.

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 of trademarks. Where signs are not inherently capable of distinguishing the relevant goods or services, members may make registrability depend on distinctiveness acquired through use. Member 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.
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.

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 prescribed 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, Sec. 121.1 of the IP Code adopted the definition of the mark under the old Law on Trademark (Rep. Act No. 166), to wit:

121.1. "Mark" means any visible sign capable of distinguish the goods (trademark) or services (service mark) of an enterprise and shall include a stamped or marked container of goods; (Sec. 38, R.A. No. 166a)

Sec. 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 provision of this law. (Sec. 2-A, R.A. No. 166a)

There is nothing in Sec. 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 validly in accordance with the provision of the law.

Corollarily, Sec. 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 right 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 *E.Y. Industrial Sales, Inc. and Engracio Yap v. Shen Dar Electricity Machinery Co. Ltd.*⁸, the Supreme Court held:

RA 8293 espouses the "first-to-file" rule as stated under Sec. 123.1(d) which states:

x x x

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.

Sec. 134 of the IP Code provides that "any person who believes that he would be damaged by the registration of a mark x x x" may file an opposition to the application. The term "any person" encompasses the true owner of the mark, the prior and continuous user.

Notably, the Court has ruled that the prior and continuous use of a mark may even overcome the presumptive ownership of the registrant and be held as the owner of the mark. As aptly stated by the Court in *Shangri-la International Hotel Management, Ltd. v. Developers Group of Companies, Inc.*

Registration, without more, does not confer upon the registrant an absolute right to the registered mark. The certificate of registration is merely a prima facie proof that the registrant is the owner of the registered mark or trade name. Evidence of prior and continues use of the mark or trade name by another can overcome the presumptive ownership of the registrant and may very well entitle the former to be declared owner in an appropriate case.

In this instance, while the records show that Petitioner was issued prior registration for the trademark MUSTANG on 17 December 1993⁹ by the Intellectual Property Office, as compared to Respondent-Registrant whose registration was only issued on 20 April 2009, the Respondent-Registrant

⁷ See Sec. 236, IP Code.

⁸ G.R. No. 184850, 20 October 2010.

⁹ Annex "A" of Petitionr.

Respondent-Registrant whose registration was only issued on 20 April 2009, the Respondent-Registrant actually proved that it is the owner of the contested mark. It has submitted evidence relating to the origin and history of its MUSTANG trademark¹⁰. The Petitioner likewise proved its ownership through the certificates of trademark registration in various foreign jurisdictions, sales, marketing and promotional activities of products bearing the MUSTANG trademark.¹¹

In this regard, this Bureau takes judicial notice of the Decision of the Office of the Director General in Appeal No. 14-06-20 (IPC No. 4311)¹², whereby the rights of herein Respondent-Registrant Mustang Bekleidungswerke GmbH+Co., Kg, was sustained on the ground that it was deemed the originator of the trademark MUSTANG. This was affirmed by the Court of Appeals in its Decision dated 19 October 2012 docketed as CA-G.R. SP No. 100690.¹³ Pertinent portion of the Office of the Director General's Decision is hereby adopted, as it provides:

"The Appellant proved by substantial evidence that it is the originator of the trademark MUSTANG. It has been using the trademark for clothing as early as 1932 and has used and registered it in Germany as early as 1959. The appellant also submitted a list of the various certificates of registration in other countries for the trademark to prove that it is the creator and prior adopter thereof as well as other pieces of evidence showing commercial use which would not make it impossible for the Appellee to learn of the existence of its trademark especially because they are engaged in the same line of business.

In the face of an accusation that he obtained his trademark registration fraudulently, the Appellee should have provided an explanation on how he supposedly came up with the trademark MUSTANG. This would dispel the allegation that he merely copied the Appellant's trademark. However, he failed to give that clarification in spite of the opportunity for him to do so."

Considering that the referred cases involve the same parties and cover similar and/or identical goods, there is no reason to deviate from the Decisions of the Director General¹⁴, and the Honorable Court of Appeals.¹⁵

WHEREFORE, premises considered, the instant Petition to Trademark Registration No. 4-2006-004693 is hereby **DENIED**. 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, 01 June 2015.


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

¹⁰ Exhibit "1" of Respondent-Registrant.

¹¹ Exhibit "1" with sub-markings of Petitioner.

¹² Decision dated 29 August 2007, Mustang+Bekleidungswerke GmbH+Co.Kg, Appellant v. Hung Chiu Ming, Appellee, Petition for Cancellation of Registration No. 56672 for the trademark MUSTANG.

¹³ Annex "1" in Manifestation and Motion to Resolve of Respondent-Registrant.

¹⁴ Id. at 12.

¹⁵ Id. at 13.