



GRANDSCALE TRADING LTD.,  
Opposer,

-versus-

LU SU QUAN,  
Respondent-Applicant.

}  
} IPC No. 14-2011-00331  
} Opposition to:  
} Application No. 4-2010-01001  
} Date filed: 14 September 2010  
} TM: "BOTE IN STYLIZED  
} LETTER"  
}

x-----x  
**NOTICE OF DECISION**

**SIOSON SIOSON & ASSOCIATES**

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**LU SU QUAN**


Respondent-Applicant  
Unit 11, #47 F. Malabon Street  
Gov. Pascual Avenue, Malabon City

**GREETINGS:**

Please be informed that Decision No. 2015 - 106 dated May 27, 2015 (copy enclosed) was promulgated in the above entitled case.

Taguig City, May 27, 2015.

For the Director:

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



GRANDSCALE TRADING LTD. CO.,  
Opposer,

- versus -

LU SU QUAN,  
Respondent-Applicant.

x ----- x

IPC No. 14-2011-00331  
Opposition to:

Appln. No. 4-2010-010001  
Date Filed: 14 September 2010  
Trademark: "BOTE IN STYLIZED  
LETTER"

Decision No. 2015 - 106

### DECISION

GRANDSCALE TRADING LTD. CO. ("Opposer")<sup>1</sup> filed an opposition to Trademark Application Serial No. 4-2010-010001. The application, filed by LU SU QUAN ("Respondent-Applicant")<sup>2</sup>, covers the mark "BOTE IN STYLIZED LETTER" for use of goods under class 11<sup>3</sup> namely: switches (electrical), circuit breakers, plugs, sockets, contact plugs, accessories & parts bolts (lock), door closers, locks of metal, hinges of metal, knobs of metal, accessories & parts light bulbs, light bulbs electric, bath plumbing fixtures, bath fittings, bath insulation, lamp (electric), fans (electric), fans (air conditioning).

The Opposer alleges the following:

"3.1. Opposer, through its predecessor-in-interest, Zhang, Qing Chong, is the prior user, and therefore, the lawful owner of the trademark, 'BOTE WITH UPPER LETTER IN ARIAL STYLE' (BOTE) for use on bolts (lock), door closers, lock of metal, hinges of metal, knobs of metal; switches (electric), circuit breakers, plugs, sockets, contact plugs; light bulbs, light bulbs electric, bath plumbing fixtures, bath fittings, bath installation, lamp (electric), fans (electric), fans (air conditioning) falling under Classes 6, 9 and 11.

"4. The mark which respondent seeks to register, namely: 'BOTE IN STYLIZED LETTER' (BOTE) is identical to opposer's mark 'BOTE WITH UPPER LETTER IN ARIAL STYLE' (BOTE).

"4.1. The goods upon which respondent intends to use the mark 'BOTE IN STYLIZED LETTERS' (BOTE), namely: switches (electrical), circuit breakers, plugs, sockets, contact plugs, accessories & parts bolts (lock), door closers, locks of metal, hinges of metal, knobs of metal, accessories & parts light bulbs, light bulbs electric, bath plumbing fixtures, bath insulation, lamp (electric), fans (electric), fans (air conditioning), falling under Class 11, are identical and/or closely related to opposer's goods, namely: bolts (lock), door closers, lock of metal, hinges of metal, knobs of metal; switches (electric), circuit breakers, plugs sockets, contact plugs; light bulbs, light bulbs electric, bath plumbing fixtures, bath fittings, bath installation, lamp (electric), fans (electric), fans (air conditioning) falling under Classes 6, 9 and 11, thereby inevitably resulting in confusion, mistake and deception on the part of the ordinary customers.

"5. Respondent filed Application SN 4-2010-010001 fraudulently and otherwise, in contravention of the provision of the IP Code, including Section 123.1 (d) thereof.

<sup>1</sup> A domestic limited partnership duly organized and existing under Philippine laws with business and postal address at #962 Paso de Blas, Valenzuela City.

<sup>2</sup> With address at 47F (Unit 11), Mabolo Street, Gov. Pascual Ave., Malabon City.

<sup>3</sup> 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.

"5.1. As a result of opposer's prior, long and continued use of the mark 'BOTE WITH UPPER LETTER IN ARIAL STYLE' (BOTE) on various kinds of products, respondent knew/ought to know that said mark was already appropriated and owned by opposer and was not open for his appropriation and registration.

"5.2. In fact, in his Application SN 4-2010-010001 filed on September 14, 2010, respondent merely copied both opposer's mark 'BOTE' and the goods listed in Application SN 4-2005-004057 namely: switches (electrical), circuit breakers, plugs, sockets, contact plugs; bolts (lock), door closers, lock of metal, hinges of metal, knobs of metal light bulbs, light bulbs electric, bath plumbing fixtures, bath fittings, bath installation, lamp (electric), fans (electric), fans (air conditioning) falling under Classes 6, 9 and 11.

"5.3. The approval of respondent's Application SN4-2010-010001 for the registration of the mark 'BOTE IN STYLIZED LETTERS' (BOTE) will cause damage and injury to opposer."

The Opposer's evidence consists of the following:

1. Exhibit "A" - "B"- Certified copy of Opposer's Articles of Partnership and Amended Articles of Partnership;
2. Exhibit "C" - Printout of Application SN 4-2002-002487 for the mark "Bote and Device";
3. Exhibit "D"- Printout of Application SN 4-2003-002487 for the mark "BOTE WITH UPPER LETTER IN ARIAL STYLE";
4. Exhibit "E"- Certified copy of the Eastwest bank check for the sale of existing inventory;
5. Exhibit "E-1"-Certified copy of Delivery Receipt of the items sold;
6. Exhibit "F"- "F-12"- Brochures listing various products bearing the mark "BOTE";
7. Exhibit "G"- "G-7" - Sales invoices evidencing sale of "BOTE" products;
8. Exhibit "H"- "H-3" - Photographs of goods bearing the mark "BOTE";
9. Exhibit "I"- Certified copy of Application SN 4-2011-001382 for the mark "BOTE WITH UPPER LETTER IN ARIAL STYLE";
10. Exhibit "J"- Printout of respondent's Application SN 4-2010-010001; and,
11. Exhibit "K"- Notarized affidavit of Johnny So.

This Bureau issued a Notice to Answer and served a copy thereof upon the Respondent-Applicant on 28 September 2012. Respondent-Applicant however, did not file an answer. Thus, in Order No. 2013-202 dated 04 February 2013, Respondent-Applicant was declared in default and the case deemed submitted for decision.

Should the Respondent-Applicant be allowed to register the trademark BOTE IN STYLIZED LETTER?

The Opposer anchors its opposition on Sec. 123.1 (d) of Rep. Act No. 8293, also known as the Intellectual Property Code of the Philippines ("IP Code"), which provides that a mark cannot be registered if it:

- (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:
  - (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;



Records show that Certificate of Registration No. 4-2005-004057 for the mark "BOTE WITH UPPER LETTER IN ARIAL STYLE" was issued on 18 February 2006 in favour of one QING CHONG ZHANG.<sup>4</sup> The Opposer alleges that it is now the owner of the mark claiming that when the registrant left for China, it bought the latter's inventory of goods bearing the contested mark and the business goodwill thereon. The mark covered by Reg. No. 4-2005-004057, shown below:

**BOTE**

is identical to the mark applied by the Respondent-Applicant for registration:

**BOTE**

Also, the Respondent-Applicant's trademark application indicates goods that are similar or closely related to those covered by Reg. No. 4-2005-004057. Thus, it is likely that 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:<sup>5</sup>

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.<sup>6</sup>

<sup>4</sup> Exhibit "D" of the Opposer.

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

<sup>6</sup> *Pribhdas J. Mirpuri v. Court of Appeals*, G.R. No. 114508, 19 Nov. 1999.

In the instant opposition case, the issue of ownership of the contested mark is raised. The Opposer claims ownership under Reg. No. 4-2005-004057. However, the pieces of evidence that the Opposer submitted, particularly, the photocopy of the Eastwest Bank check it issued on 06 March 2007 (for P600,000) in favor of "Zhang Qing Chong" and the Delivery Receipt of the items issued on the same date, are not conclusive of the alleged transfer of ownership of the mark. Nowhere in these documents would show that aside from the sale of the existing inventory of goods, Zhang Qing Chong also expressly transferred to the Opposer ownership of the mark.

Nonetheless, the Opposer, in addition to the aforementioned documents, submitted evidence relating its actual presence and operation in the Philippines, including sales invoices covering the sale of "BOTE" products beginning the year 2008<sup>7</sup>, brochures<sup>8</sup> and photographs<sup>9</sup> of the various products bearing the mark BOTE such as sockets, plug, outlets, and bathroom accessories. Thus, the Opposer has the right to file the opposition pursuant to Sec.134 of the IP Code, to wit:

Sec. 134. Opposition. – Any person who believes that he would be damaged by the registration of a mark may, upon payment of the required fee and within thirty (30) days after the publication referred to in Subsection 133.2, file with the Office an opposition to the application. xxx

Aptly, to allow the Respondent-Applicant to register the mark is to exclude the Opposer, among others, from using the mark on goods that are covered by the trademark application/registration or closely related thereto.

Succinctly, this Bureau finds that the registration of the contested mark in favour of the Respondent-Applicant should not be allowed. It is of no moment that in the Trademark Registry, the contents of which this Bureau can take cognizance of via judicial notice, the status of Reg. No. 4-2005-004057 is reflected as "cancelled". The Opposer proved that somebody other than the Respondent-Applicant was the actual owner and user of registered mark long before the filing of the contested trademark application. Also, there is evidence that goods under the BOTE trademark are dealt or sold to the public by a party who is not the Respondent-Applicant after Zhang Qing Chong sold his inventory to the Opposer.

In contrast, Respondent-Applicant did not give sufficient explanation in adopting an identical trademark. The said mark is unique and highly distinctive with respect to the goods it is attached with. It is incredible for the Respondent-Applicant to have come up with the same mark practically for similar goods by pure coincidence. It did not even submit evidence that it has been using the mark even before it filed the contested application. Clearly, the Respondent-Applicant is not the owner of the mark .

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:

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

<sup>7</sup> Exhibits "G and sub-markings of Opposer.

<sup>8</sup> Exhibits "F" to "F-12" of the Opposer.

<sup>9</sup> Exhibits "H" to "H-3" of the Opposer.

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 the 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.<sup>10</sup> 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.*<sup>11</sup>, 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 continuous 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.

Considering therefore that the Respondent-Applicant is not the real owner of the mark, nor has been authorized by the owner, it has no right to register the mark and claims exclusive ownership of it.

It is underscored the fact that the field from which a person may select a trademark is practically unlimited. As in all other cases of colorable imitations, the unanswered riddle is why, of the million of terms and combination of letters and designs available, the Respondent-Applicant had to come up with a mark identical or so closely similar to another's mark if there was no intent to take advantage of the goodwill generated by the other mark.<sup>12</sup>

<sup>10</sup> See Sec. 236, IP Code.

<sup>11</sup> G.R. No. 184850, 20 October 2010.

<sup>12</sup> *American Wire & Cable Company v. Director of Patents*, G.R. No. L-26557, 18 February 1970.

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.

**WHEREFORE**, premises considered, the instant Opposition to Trademark Application No. 4-2010-010001 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, 27 May 2015.



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