



HLT INTERNATIONAL IP LLC,
Petitioner,

-versus-

HARESH M. SADHWANI,
Respondent-Registrant.

X-----X

}
} IPC No. 14-2009-00208
} Cancellation of:
} Reg. No. 4-1995-103189
} Date Issued: 28 September 2000
} TM: "HILTON"

NOTICE OF DECISION

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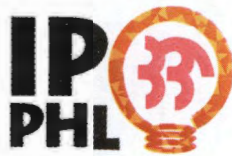
GREETINGS:

Please be informed that Decision No. 2015 - 80 dated May 11, 2015 (copy enclosed) was promulgated in the above entitled case.

Taguig City, May 11, 2015.

For the Director:


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



HLT INTERNATIONAL IP LLC,
Petitioner,

- versus -

HARESH M. SADHWANI,
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IPC No. 14-2009-00208
Cancellation of:
Reg. No. 4-1995-103189
Date Issued: 28 September 2000
Trademark: "HILTON"

Decision No. 2015 - 80

DECISION

HLT INTERNATIONAL IP LLC. ("Petitioner")¹ filed a petition for cancellation of Trademark Registration No. 4-1995-103189. The registration, issued to HARESH M. SADHWANI (Respondent-Registrant)², covers the mark "HILTON" for use of goods under class 25³ namely: *t-shirts, blouses, bathrobes, bra, caps, jeans, jackets, lingerie, leotard, dresses, polo, halfslips, pants, panties, shoes, tights, pajamas, sandos, shorts and swimsuits.*

The Petitioner alleged the following grounds:

"6. Registration No. 4-1995-103189 for the trademark 'HILTON' issued on September 28, 2000 covering goods in Class 25 in the name of Haresh M. Sadhwani, should be cancelled, in accordance with Section 151.1 pars. (a) and (b), in relation to Section 123.1 pars (e) and (f) and Sections 165.1, and 165.2 pars (a) and (b) of RA 8293 otherwise known as the Intellectual Property Code of the Philippines.

The facts are cited as follows:

"10. Petitioner is the registered owner and prior user of the internationally well-known mark, 'HILTON', having used the same as early as 1924.

"11. In addition, the 'HILTON' mark is being used as the business name of Petitioner's various sister companies.

"12. Since its inception in 1924, the 'HILTON' mark has been in continuous use worldwide and has become a foreword in the hotel and hospitality business.

"13. In its home country, the United States of America, the mark 'HILTON' was registered in Class 423 on February 27, 1968 under Registration No. 0845172 and on August 14, 2001 under Registration No. 2478190, and in Class 41 on November 12, 2002 under Registration No. 2649645. x x x

"14. The trademark 'HILTON' is likewise registered in various countries around the world including Algeria, Argentina, Australia, Austria, Bahamas, Barbados, Belgium, Brazil, Bulgaria, Cameroon, Canada, China, Colombia, Costa Rica, Croatia, Curacao, Cyprus, Czech Republic,

¹ A corporation duly organized and existing under the laws of the State of California, United States of America with principal office address at Civic Center Drive Beverly Hills California, 90210 United States of America.

² With address at 98-102 E. Rodriguez Jr. Avenue, Bo. Ugong, Pasig City, Philippines.

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.

Denmark, Dominican Republic, Ecuador, Egypt, El Salvador, Ethiopia, Fiji, Finland, France, Germany, Greece, Guam, Honduras, Hungary, Iceland, India, Ireland, Israel, Italy, Jamaica, Japan, Kenya, Kuwait, Luxemburg, Madagascar, Malaysia, Maldives, Malta, Mauritius, Mexico, Morocco, Netherlands, New Zealand, Nicaragua, Nigeria, Oman, Poland, Portugal, Puerto Rico, Romania, Russian Federation, Saudi Arabia, Seychelles, Singapore, South Africa, South Korea, Spain, Sri Lanka, Sweden, Switzerland, Thailand, Trinidad and Tobago, Turkey, United Arab Emirates, United Kingdom. Venezuela and Vietnam.

x x x

"16. In the Philippines, the 'HILTON' mark was first used in 1970, where, like in the United States, it was welcomed with great enthusiasm. The popularity of the mark in the Philippines was steady and unprecedented.

"17. The mark 'HILTON' is registered in the Philippines under Certificate of Trademark Registration Numbers 4-2007-002770, 4-2007-002771, 058258, and 4-2000-005563, which all remain active until date.

"18. However, despite the ownership and notorious use by Petitioner of the mark 'HILTON', Respondent-Registrant was able to obtain registration for an identical mark, 'HILTON' for goods under Class 25, specifically for 't-shirts, blouses, bathrobes, bra, caps, jeans, jackets, lingerie, leotard, dresses, polo. halfslips, pants, panties, shoes, socks, tights, pajamas, sandos, shorts and swimsuits', contrary to law."

The Petitioner's evidence consists of the following:

1. Exhibit "A" - Special Power of Attorney;
2. Exhibit "B" - Verification and Certification against Forum Shopping;
3. Exhibit "C" - Notarized and Legalized Affidavit-direct testimony of Barbara Arnold, with the following attachments:
Articles about Hilton in various international countries;
Magazines and Article Clippings of Hilton Hotel;
Successful oppositions/actions lodged by Hilton against infringers in China, South Korea, Japan, Indonesia, Ecuador, Saudi Arabia, Turkey, South Korea, Paraguay, Brazil, Egypt, France and Philippines covering different classes including class 25 goods;
Worldwide Registrations - Afghanistan, Albania, Algeria, Andorra, Angola, Anguilla, Antigua & Barbuda, Argentina, Armenia, Aruba, Australia, Austria, Azerbaijan, Bahamas, Bahrain, Bangladesh; Barbados, Belarus, Belize, Benelux, Bermuda, Bhutan, Bolivia, Bosnia & Herzegovina, Botswana, Brazil, Brunei, Bulgaria, Burundi, Cambodia, Cape Verde, Cayman Islands, Chile, China, Colombia, Republic of Congo, Costa Rica, Croatia, CTM (European Community), Cuba, Cyprus, Czech Republic, Denmark, Djibouti, Dominica, Dominican, Dominican Republic, Ecuador, Egypt, El Salvador, Eritrea, Estonia, Ethiopia, Fiji, Finland, Georgia, Germany, Ghana, Gibraltar, Greece, Grenada, Gambia, Gaza, Guatemala, Guernsey, Guyana, Haiti, Hondura, Hong Kong, Hungary, Iceland, India, International Agreement & Protocol, Iran, Iraq, Israel, Italy, Jamaica, Japan, Jersey, Jordan, Kazakhstan, Kenya, Kiribati, Kosovo, Kuwait, Kyrgyzstan, Laos, Latvia, Lebanon, Lesotho, Liberia, Libya, Liechtenstein, Lithuania, Macau, Macedonia, Madagascar, Malawi, Malaysia, Maldives, Malta, Mauritius, Mexico, Moldova, Monaco, Mongolia, Montserrat, Morocco, Mozambique, Myanmar, Namibia, Nauru, Nepal, Netherland Antilles, New

Zealand, Nicaragua, Nigeria, Northern Korea, Norway, AOPI, Oman, Pakistan, Panama, Papua New Guinea, Paraguay, Peru, Philippines, Puerto Rico, Qatar, Romania, Russian Federation, Rwanda, Saint Helena, Saint Kitts and Nevis, Saint Lucia, Saint Vincent & the Grenadines, Saudi Arabia, Serbia, Seychelles, Sierra Leone, Singapore, Slovakia, Solomon Islands, Somalia, South Africa, South Korea, Spain, Sri Lanka, Sudan, Suriname, Swaziland, Switzerland, Tadjikistan, Taiwan, Tangier, Tanzania, Tonga, Trinidad & Tobago, Tunisia, Turkey, Turkmenistan, Turks & Caicos Island, Tuvalu, Uganda, Ukraine, United Arab Emirates, United Kingdom, Uruguay, Uzbekistan, Vanuatu, Venezuela, Vietnam, Virgin Islands, West Bank, Yemen, Zambia, Zanzibar, and Zimbabwe;

Worldwide spending in advertising (in US Dollars from year 1992-2008);

Worldwide income (from year 1992-2008);

4. Exhibit "D" - Affidavit of Pazu Eteve, Hilton Cebu Resort and Spa inclusive of photographs of products bearing the mark HILTON, list of Philippine expenses, sample of advertising and promotional materials, and HILTON Cebu website.
5. Exhibit "E" - Philippine Registration Cert. No. 4-2007-002770;
6. Exhibit "F" - Philippine Registration Cert. No. 4-2007-002771;
7. Exhibit "G" - Philippine Registration Cert. No. 058258; and
8. Exhibit "H" - Philippine Registration Cert. No. 4-2000-005563.

This Bureau issued and served upon the Respondent-Registrant an Alias Notice to Answer on 03 February 2010. Respondent-Registrant however, did not file an answer. Thus, this case is deemed submitted for decision.

Should Respondent-Registrant's trademark HILTON be cancelled?

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 the 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

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

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).

Records show that Respondent-Registrant has trademark registration for its mark HILTON which was registered on 28 September 2000.⁵ However, the Petitioner was able to show that it is the holder of three (3) certificates of registration for its mark HILTON in the Philippines⁶ for classes 41, 42 and 43 goods. The Petitioner has likewise shown multitude of international registrations for its mark HILTON.⁷

Obviously, the contending marks are identical in all aspects, in visual and aural appearance. The slight difference in the font used by the marks is insignificant. With respect to the goods covered, while they are not identical in classification and nature, Petitioner was able to show that it has been using the mark HILTON also in ballpoint pens, duvet cover, insert and blanket, slippers, sewing kit, umbrella, towels, hand towels, pillow cases, mugs, t-shirts, and bathrobes.⁸ These goods are used and/or sold by the Petitioner.⁹ Thus, there is the likelihood of the consumers having the impression that the parties and their respective goods are connected to each other. Sec. 123.1 (d) of Rep. Act No. 8293, also known as the Intellectual Property Code of the Philippines ("IP Code") provides:

Sec. 123. Registrability. - 123.1. 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:

- (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;**
(Emphasis Supplied)

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:¹⁰

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.

In so far as Petitioner's Philippine Registration Cert. No. 058258¹¹ which was issued on 02 June 1994, the basis of its registration is Republic Act No. 166¹². The pertinent provision¹³ states that:

⁵ File wrapper Records.

⁶ Exhibits "E", "F", "G" and "H" of Petitioner.

⁷ Attachments to Exhibit "C" of Petitioner.

⁸ No. 6, Affidavit-Testimony of Pazu Eteve, Purchasing Manager of Hilton Cebu Resort and Spa, Exhibits "D" (inclusive of Annexes "A" to "K") of Petitioner.

⁹ Nos. 7 & 9, Affidavit-Testimony of Pazu Eteve, Purchasing Manager of Hilton Cebu Resort and Spa, Exhibits "D" of Petitioner.

¹⁰ Converse Rubber Corporation v. Universal Rubber Products Inc., et al., G.R. No. L-27906, 08 Jan. 1987.

¹¹ Exhibit "G" of Petitioner.

¹² Trademark Law, Repealed by R.A. No. 8293.

¹³ Sec. 4(d), R.A. No. 166.

Section 4. Registration of trademarks, trade names and service marks. - 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, unless it:

x x x

(d) Consists of or comprises a mark of 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 purchasers; (Emphasis Supplied)

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.¹⁴

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 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.

¹⁴

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

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, nor 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.¹⁵ 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.*¹⁶, the Supreme Court held:

¹⁵ See Sec. 236, IP Code.

¹⁶ G.R. No. 184850, 20 October 2010.

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.

In this instance, the Petitioner proved that it is the owner of the contested mark, It has submitted sufficient evidence relating to its origin, registration of its HILTON marks starting in the year 1994, and the continuous use of its HILTON marks since its inception in the year 1924 and up to present.¹⁷

Corollarily, Sec. 123.1 (e) and (f) of IP Code provides:

(e) is identical with, or confusingly similar to, or constitutes a translation of a mark which is considered by the competent authority of the Philippines to be well-known internationally and in the Philippines, whether or not it is registered here, as being already the mark of a person other than the applicant for registration, and used for identical or similar goods or services: Provided, that in determining whether a mark is well-known, account shall be taken of the knowledge of the relevant sector of the public, rather than of the public at large, including knowledge in the Philippines which has been obtained as a result of the promotion of the mark;

(f) Is identical with, or confusingly similar to, or constitutes a translation of a mark considered well-known in accordance with the preceding paragraph, which is registered in the Philippines with respect to goods or services which are not similar to those with respect to which registration is applied for; Provided, That use of the mark in relation to those goods or services would indicate a connection between the goods or services, and the owner of the registered mark: Provided, further, That the interests of the owner of the registered mark are likely to be damaged by such use;

In this regard, the Petitioner has shown sufficient evidence that its mark HILTON is well-known internationally and in the Philippines. It has submitted evidence of its company history, the development and continuous success, the local and international trademark registrations, advertising samples and expenses, company earnings, and the local and foreign legal actions and court decisions. In this regard,

¹⁷ Exhibit "C" inclusive of attachments, and Exhibit "D" of Petitioner.

the Rules and Regulations on Trademarks, Service Marks, Trade Names and Marked or Stamped Containers provide:

Rule 102. Criteria for determining a Mark is Well-known. In determining whether a mark is well-known, the following criteria or any combination thereof may be taken into account:

- (a) duration, extent and geographical area of any use of the mark, in particular, the duration, extent and geographical area of any promotion of the mark, including advertising or publicity and the presentation at fairs or exhibitions, of the goods and services to which the mark applies;
- (b) market share, in the Philippines and in other countries, of the goods and/or services to which the mark applies;
- (c) degree of the inherent or acquired distinction of the mark;
- (d) quality-image or reputation acquired by the mark;
- (e) extent to which the mark has been registered in the world;
- (f) exclusivity of registration attained by the mark in the world;
- (g) extent to which the mark has been used in the world;
- (h) exclusivity of use attained by the mark in the world;
- (i) commercial value attributed to the mark in the world;
- (j) the record of successful protection of the rights in the mark;
- (k) the outcome of litigations dealing with the issue of whether the mark is a well-known mark; and
- (l) presence or absence of identical or similar marks validly registered for or used on identical or similar goods or services and owned by persons other than the person claiming that his mark is a well-known mark.

The Petitioner has sufficiently established the presence of the concurrence of the criteria or at least a combination thereof for the mark HILTON to be considered as a well-known mark under the aforesaid rule.

The field from which a person may select a trademark is practically unlimited. As in all cases of colourable imitation, the unanswered riddle is why, of millions of terms and combination of letters and designs available, the Respondent-Registrant had come up with a mark identical or so clearly similar to another's mark if there was no intent to take advantage of the goodwill generated by the other mark.¹⁸ In the instant case, Respondent-Registrant did not give sufficient explanation in adopting and using the trademark HILTON. The said mark is unique and highly distinctive with respect to the goods it is attached with. It is incredible for the Respondent-Registrant to have come up with the same mark by pure coincidence.

It is stressed that the Law on Trademarks and Tradenames is based on the principle of business integrity and common justice. This law, both in letter and spirit is laid upon the premise that, while it encourages fair trade in every way and aims to foster, and not to hamper competition, no one especially a trader, is justified in damaging or jeopardizing other business by fraud, deceit, trickery or unfair methods of any sort. This necessarily precludes the trading by one dealer upon the good name and reputation built by another.

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

WHEREFORE, premises considered, the instant petition is hereby **GRANTED**. Let the filewrapper of this case be forwarded to the Bureau of Trademarks (BOT) for appropriate action in accordance with this Decision.

SO ORDERED.

Taguig City, 11 May 2015.



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