



FEDERATION OF THE SWISS WATCH
INDUSTRY FH,
Opposer,

-versus-

ARISTON COMMERCIAL, INC.,
Respondent-Applicant.

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} IPC No. 14-2009-00225
} Opposition to:
} Appln. Serial No. 4-2006-009191
} Date Filed: 22 August 2006
} TM: "SWISS EXPEDITION
} AND DESIGN"
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NOTICE OF DECISION

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GREETINGS:

Please be informed that Decision No. 2015 - 134 dated June 29, 2015 (copy enclosed) was promulgated in the above entitled case.

Taguig City, June 29, 2015.

For the Director:

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



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INDUSTRY FH,

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IPC No. 14-2009-00225
Case Filed: 14 September 2009
Opposition to:
TM App. No. 4-2006-009191
Filed on: 22 August 2006
Trademark: "SWISS
EXPEDITION AND DESIGN"

Decision No. 2015- 134

DECISION

FEDERATION OF THE SWISS WATCH INDUSTRY FH¹ ("Opposer") filed an opposition to Trademark Application No. 4-2006-009191. The application, filed by ARISTON COMMERCIAL, INC.² ("Respondent-Applicant"), covers the mark "SWISS EXPEDITION AND DESIGN" for use on "watches and their parts, horological and chronometric instruments" under Class 05 of the International Classification of Goods and Services.³

The Opposer alleges:

"IV. GROUNDS

"Opposer relies on the following grounds to support its Opposition:

"4.1. The use of the word 'SWISS' in Respondent-Applicant's 'SWISS EXPEDITION AND DESIGN' mark is likely to mislead the public, particularly as to the geographical origin of the goods it seeks to identify as it creates a false impression that the said goods originate from Switzerland, in violation of Section 123.1 (g) of the IP Code.

"4.2. The representation of the flag of Switzerland in Respondent-Applicant's 'SWISS EXPEDITION AND DESIGN' mark is violative of Section 1231.1 (b) of the IP Code which prohibits the registration of a mark consisting of a flag of a foreign nation.

"IV. DISCUSSION

"5.1. The Swiss Federal Council, considering Article 50 of the Federal Law on the Protection of Trademarks and Indications of Source adopted the Ordinance governing the use of the appellation 'SWITZERLAND' or 'SWISS' for watches (the 'Ordinance') on 23 December 1971 as amended on 01 July 2005. Copies of the Ordinance in French, as published in the Systematic Collection of Federal Law (SR/RS), and an English translation thereof, are attached hereto x x x

¹A non-profit organization organized and existing under the laws of Switzerland, with office address at CH-2501 Bienne, Switzerland.

²With address at 541 Rizal Avenue corner Ronquillo St., Sta. Cruz, Manila, Philippines.

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.

"5.2. The Ordinance regulates the use of the name 'SWITZERLAND' or 'SWISS' for watches and sets out minimum conditions for a watch to be considered Swiss made. The following are the conditions for using the term 'SWISS' as laid down in the Ordinance:

x x x

"5.3. Such is the protection accorded by Switzerland with respect to the use of the term 'SWITZERLAND' or 'SWISS' and the Swiss cross that a Federal Council Report was issued on 15 November 2006 on protecting 'MADE IN SWITZERLAND' designations and the Swiss cross. The said Report explains the concept of being 'SWISS', to wit:

x x x

"5.4. There is no doubt that watches and other horological and chronometric instruments manufactured in Switzerland are highly regarded for their quality, precision, reliability, tradition, and design, as the 'unparalleled reputation of Swiss watches is the result of over 500 years [of] hard toil and meticulous attention to detail. The quality for which Swiss-made watches are known for 'includes the technical quality of watches (accuracy, reliability, water-resistance and shock-resistance), as well as their aesthetic quality (elegance and originality of design). It covers both traditional manufacturing and new technologies (micro-electronics).

"5.5. In this regard, the IP Code prohibits the registration of a mark if it is likely to mislead the public, particularly as to the nature, quality, characteristics or geographical origin of the goods covered thereby, to wit:

x x x

"5.6. Based on the foregoing provision, Respondent-Applicant's 'SWISS EXPEDITION AND DESIGN' mark is geographically deceptive as the use of the word 'SWISS' will clearly mislead the public into believing that the goods of Respondent-Applicant, specifically 'watches and their parts, horological and chronometric instruments' under Class 14, originate from Switzerland when, in fact, they do not as Respondent-Applicant is a Philippine corporation.

"5.7. Respondent-Applicant's Amended Articles of Incorporation, a certified copy of which is attached hereto and made an integral part hereof as Exhibit 'F', show that it is not authorized by its primary purpose to manufacture watches, and horological/chronometric instruments. Neither do its secondary purposes allow it to engage in the manufacture of such goods. It bears stressing that Respondent-Applicant primarily acts as 'general merchants, importers, exporters, wholesaler and retailers of all kinds of general merchandise such as but not limited to watches and clocks of any kind and description, jewelries and other similar items and products which may become articles of commerce.'

"5.8. While Respondent-Applicant is evidently not engaged in the manufacture of watches bearing the 'SWISS EXPEDITION AND DESIGN' mark, it must be noted that neither the actual manufacturer of these watches nor Respondent-Applicant belong to the Federation of the Swiss Watch Industry FH. The updated list of Opposer's current members includes, among others, manufacturers of famous brands such as Baume & Mercier, Breitling, Bulgari, Cartier x x x

"5.9. Accordingly, Respondent-Applicant's use of the term 'SWISS' and the representation of the flag of Switzerland in its 'SWISS EXPEDITION AND DESIGN' mark are not sanctioned. Respondent-Applicant is a Philippine corporation whose goods do not originate from Switzerland. The only logical reason, therefore, for Respondent-Applicant's use and adoption of the said components in its mark is to falsely convey to consumers the belief that its watches originate from Switzerland.

"5.10. The use of the word 'SWISS' and the representation of the flag of Switzerland in Respondent-Applicant's 'SWISS EXPEDITION AND DESIGN' mark constitute a form of false advertising which is considered deceptive and, as such, must be prohibited not only because it is geographically misdescriptive, but also because it is regarded as unfair competition.

x x x

"5.11. Significantly, the TRIPS Agreement provides for the protection of geographical indications. 'Geographical indications are, for the purposes of this Agreement, indications which identify a good as originating in the territory of a Member, or region or locality in that territory, where a given quality, reputation or other characteristic of the good is essentially attributable to its geographical origin. Relevant provisions of the TRIPS Agreement read:

x x x

"5.12. No less than the Swiss Federal Institute of the Intellectual Property, in a letter addressed to the Director General of the IPO, Mr. Adrian S. Cristobal Jr., supports the instant opposition against the application for the registration of Respondent-Applicant's 'SWISS EXPEDITION AND DESIGN' mark which unduly uses the designation 'SWISS' among others. A portion of the said letter reads:

x x x

"5.13. A copy of the said letter from the Swiss Federal Institute of Intellectual Property, signed by its Deputy Director General, Mr. Felix Addor and dated 07 Septemebr 2009. is attached hereto x x x

"5.14. Various foreign tribunals have sustained oppositions filed by Opposer against marks which use the appellation 'SWISS' without authority. To illustrate, the Intellectual Property Office of New Zealand, in resolving the opposition filed by Opposer against the trademark application for 'K-SWISS' in Class 14, held:

x x x

"5.15. Copies of the Decision of the Intellectual Property Office of New Zealand, and of the Decision of the Department de Marcas y Otros Signos Distintivos of Cuba in the opposition filed by Opposer against the trademark application for registration of the mark 'SWISS CELL' in Classed 9, 11 and 14 are attached hereto x x x

"5.16. The Ordinance defines a Swiss watch and Swiss watch movement as follows:

x x x

"5.17. The Ordinance is based on a concept of Swiss quality depending 'on the amount of work actually carried out on a watch in Switzerland, even if some foreign components are used in it. It therefore requires that the assembly work on the movement (the motor of the watch) and on the watch itself (fitting the movement with the dial,

hands and the various parts of the case) should be carried out in Switzerland, along with the final testing of the movement. It also requires that at least 50% of the components of the movement should be manufactured in Switzerland.

"5.18. SWISS EXPEDITION watches are available in the Philippines through online purchase at the local website www.sulit.com.ph. Copies of photographs of a SWISS EXPEDITION watch as posted on the said website are attached hereto x x x

"5.19. The fact that the SWISS EXPEDITION watch is not accompanied the necessary authentication papers (i.e., care instruction booklet, warranty, etc.) is an indication that the said watch is unlikely to be Swiss-made or to fall under the definition of a Swiss watch as provided in the Ordinance.

"5.20. Furthermore, as already discussed, the manufacturer of SWISS EXPEDITION watches does not appear to be member of the Opposer, the representative organization of the entire Swiss watch industry whose role under Swiss law was emphasized by the Swiss Federal Institute of Intellectual Property in its 20 November 2007 general letter. Significant portions of the said general letter read:

x x x

"5.21. It is, therefore, not difficult to conclude that watches bearing the 'SWISS EXPEDITION AND DESIGN' have not complied with the conditions for a watch to be considered Swiss-made, and accordingly, may not use the appellation 'SWISS.' Respondent-Applicant's application for the registration of the 'SWISS EXPEDITION AND DESIGN' mark, therefore, should be refused.

"5.22. The IP Code prohibits the registration of a mark if it consists of the coat of arms of any foreign nation, or any simulation thereof, to wit:

x x x

"5.23. An examination of the device element forming part of Respondent-Applicant's 'SWISS EXPEDITION AND DESIGN' mark clearly shows that the said device is a representation of the coat of arms or flag of Switzerland. In fact, the said mark's application details make reference to the adoption of the coat of arms of Switzerland in its disclaimer portion. A copy of the application details of Respondent-Applicant's 'SWISS EXPEDITION AND DESIGN' mark, available from the IPO electronic database, is attached hereto x x x

"5.24. As aptly expressed by the Swiss Federal Institute of Intellectual Property in its 07 September 2009 letter to the IPO Director General, 'in the field of the protection of geographical indications, Switzerland attaches great importance to the protection of indication of source including 'Swiss' designations, as well as of the Swiss flag and coats of armorial bearings and other State emblems, such as the Swiss cross, which consists of a perpendicular, free-standing, white cross, each arm of which is one-sixth longer than it is wide, on a red background.

"5.25. Representations of the Swiss cross and Respondent-Applicant's 'SWISS EXPEDITION AND DESIGN' mark are reproduced below for the reference of this Honorable Office.

"5.26. The flag or coat of arms of other insignia of any foreign nation may well be distinctive; but they must be reserved for their nation's use. In fact, in Switzerland,



the Federal Law on the Protection of Coat of Arms and other Public Insignia provides for an express prohibition on the registration of the Swiss cross as a trademark in connection with products. Furthermore, as a national symbol, the Swiss cross may not be used as a trademark or as an element of a trademark, as provided in the Paris Convention, thus:

x x x

"5.27. Based on the foregoing, the use of the Swiss cross and/or the coat of arms of Switzerland in Respondent-Applicant's 'SWISS EXPEDITION AND DESIGN' mark is without authority, thus warranting the refusal of the application for the registration of the said mark.

"5.28. Notwithstanding Respondent-Applicant's disclaimer of the exclusive right to use the term 'SWISS' and the coat of arms of Switzerland in its trademark application, the 'SWISS EXPEDITION AND DESIGN' mark should still be denied registration. x x x

"5.29. In Respondent-Applicant's 'SWISS EXPEDITION AND DESIGN' mark, likelihood of deception, regardless of the disclaimer on the exclusive right to use the term 'SWISS' and the coat of arms of Switzerland, is certain considering that 'Swiss' watches are known throughout the world for their superior quality and craftsmanship. x x x

"5.30. The foregoing grounds are more than sufficient bases for this Honorable Office to refuse the registration of Respondent-Applicant's 'SWISS EXPEDITION AND DESIGN' mark. If registered, not only will the said mark misrepresent the true origin of the goods covered thereby, but also unfairly ride on the unparalleled reputation of Swiss watches, with which ideas of quality and expectations of exclusive use are associated.

The Opposer's evidence consists of a copy of the general letter issued by the latter's Deputy Director General, Mr. Felix Addor, on 20 November 2007; copy of Opposer's Bylaws; copies of the ordinance governing the use of the appellation "SWITZERLAND" in French, as published in the Systematic Collection of Federal Law (SR/RS) and an English translation thereof; a copy of the Federal Council Report; a copy of Respondent-Applicant's Amended Articles of Incorporation; a copy of the updated list of Opposer's current members; a copy of the letter from the Swiss Federal Institute of Intellectual Property addressed to Director-General Mr. Adrian S. Cristobal; copies of the decision of the Intellectual Property Office of New Zealand, and of the Decision of the Departamento de Marcas y Otros Signos; copies of photographs of a SWISS EXPEDITION watch as posted on www.sulit.com.ph; and, a copy of the application details of Respondent-Applicant's "SWISS EXPEDITION AND DESIGN".⁴

This Bureau issued a Notice to Answer and sent a copy thereof upon Respondent-Applicant on 09 October 2009. The Respondent-Applicant filed their 16 February 2010 and avers the following:

x x x

⁴ Marked as Exhibits "A" to "N", inclusive.

II.

"AFFIRMATIVE AND/SPECIAL DEFENSES

"12. Respondent repleads the foregoing allegations and in addition, it respectfully alleges:

"13. Respondent filed Application Serial No. 4-2006-009191 in good faith and the same complies with the provisions of the IP Code, including Section 123.1 (g) thereof.

"14. Respondent's watches, horological and chronological instruments are manufactured, sourced from and originate from 'SWITZERLAND'. Said products are manufactured by MULTITIME QUARTZ SA (hereafter, Multitime Quartz) with address at Casella Postale 849 6616 Losone, SWITZERLAND via a trend common in today's business world called outsourcing between respondent Ariston and Multitime Quartz.

"15. Outsourcing is an arrangement in which one company provides goods or services for another company that could also be or usually have been provided in-house. In other words, outsourcing refers to the process of sub-contracting to a third party.

"16. In respondent's case, it provides Multitime Quartz its desired watches and chronological instruments as to their intended designs, shapes, sizes, colors, and other physical dimensions and specifications. In turn, Multitime Quartz based in Switzerland, manufactures said watches and chronological products according to the instructions of respondent Ariston Commercial Inc.

"17. After production, Multitime Quartz delivers the finished products-watches and timepieces to respondent, which sells and distributes the same in the Philippines. It must be emphasized that in their arrangement, respondent Ariston is the principal and Multitime Quartz, the agent of the respondent.

"18. Attached as Exhibit '1' of this Verified Answer is the Affidavit of Mr. Philip L. Yao, Director and Authorized Officer of the respondent, identifying a few delivery invoice/receipts (x x x) between respondent and Multitime Quartz to prove the outsourcing service provided for by the latter and to prove that respondent's watches are manufactured, sourced from and originates from Switzerland.

"19. The watches and chronological instruments of respondent having been manufactured, sourced from and actually originate from Switzerland, the claim of opposer of false designation of origin of goods is false and without factual and legal basis.

"20. The conditions set forth in the alleged 'Ordinance' stated by the opposer notwithstanding, it is a fact that respondent's watches by virtue of its outsourcing agreement with Multitime Quartz are manufactured, sourced from and originate from Switzerland. In the first place, the said Ordinance should find NO application before this proceeding, it being an internal rule of the Opposer and an alleged adopted law of a foreign country.

"21. Respondent's watches and other chronological instruments having been actually manufactured, sourced from and originate from Switzerland, the claim of opposer that respondent is misleading the public as to the source of its watches and other chronological instruments, should likewise fail, it being false and having no factual and legal basis Reason: the watches and timepieces of respondent are actually manufactured, sourced from and originate from Switzerland.

"22. Opposer's claim that respondent's use and adoption of the word 'SWISS' in its applied mark to falsely convey to consumers the belief that its watches originate from Switzerland is therefore, false and not true.

"23. Again, opposer's claim that respondent in using the word 'SWISS' in its applied mark is engaged in false advertising and unfair competition is likewise false; not true, since respondent's watches and timepieces are actually manufactured, sourced from and originate form Switzerland.

"24. For the information of the opposer, respondent has disclaimed the word 'SWISS' and further disclaimed the coat of arms of the Swiss Federation, in its application as can be gleaned by this Honorable Office in the file wrapper of the application, now in its possession.

"25. Since the Bureau of Trademarks' allowance of the application (around first quarter of 2008) this Honorable Office can find out (through the file wrapper) that respondent is seeking the registration of the mark 'EXPEDITION AND DESIGN.'

"26. Respondent, thus, manifests that opposer's main arguments in its Verified Opposition has, since the first quarter of 2008, become moot and academic.

"27. It is thus mind boggling, if not a bit strange, that opposer with all its arguments and discussion on the keyword/component/factor 'SWISS' and on the coat of arms of Switzerland, seeks opposition of the mark 'EXPEDITION AND DESIGN.'

"28. With that penultimate statement, opposer's opposition to the subject application, 'EXPEDITION& DESIGN,' clearly has no factual and legal basis.

The Respondent-Applicant's evidence consists of the affidavit of Mr. Philip L. Yao, Director and Authorized Officer of the respondent; copies of delivery invoices/receipts between respondent and Multitime Quartz to prove the outsourcing service; actual guarantee card bearing the mark SWISS EXPEDITION AND DESIGN; and, the certificate of authentication issued by Ms. Margareth Schaeppi.⁵

On 05 May 2010, Opposer filed a Reply to Respondent-Applicant's Answer.

⁵ Marked as Exhibits "1" and "5", inclusive.

On 26 May 2011, the Preliminary Conference was terminated and the parties were directed to file their respective position papers. Thereafter, the case was deemed submitted for resolution.

Should the Respondent-Applicant be allowed to register the trademark SWISS EXPEDITION AND DESIGN?

The SWISS EXPEDITION AND DESIGN mark, subject of this opposition is reproduced below:



Without a doubt, the mark applied for registration by the Respondent-Applicant is identical to the Swiss coat of arms or the Coat of Arms of Switzerland.

Thus, Sec. 123.1 paragraphs (b) and (j) of Republic Act No. 8293, also known as the Intellectual Property Code of the Philippines ("IP Code") provide:

Sec. 123. Registrability. - 123.1. A mark cannot be registered if it:

x x x

(b) Consists of a flag or coat of arms or other insignia of the Philippines or any of its political subdivisions, or of any foreign nation or any simulation thereof;

x x x

(j) Consists exclusively of signs or of indications that may serve in trade to designate the kind, quality, quantity, intended purpose, value, geographical origin, time or production of the goods or rendering of the services, or other characteristics of the goods or services;

The fact that the Respondent-Applicant's mark disclaimed the word SWISS and the coat of arms of Switzerland is of no moment. The registration of SWISS EXPEDITION AND DESIGN in the name of Respondent-Applicant will likely mislead a purchaser so as to make him or her believe or assume that the mark or brand is sponsored by or is affiliated with the Government of Switzerland, it carries the coat of arms Switzerland with a notice to the effect that it has an official character.

Succinctly, 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 millions of terms and combinations 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.⁶

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.


It is 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.⁷ This Bureau finds that the mark applied for registration by the Respondent-Applicant does not meet this function.

In conclusion, the subject trademark application is covered by the proscription under Sec. 123.1 paragraphs (b) and (j) of the IP Code.

WHEREFORE, premises considered, the instant Opposition to Trademark Application No. 4-2006-009191 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, 29 June 2015.


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

⁶ *American Wire & Cable Company v. Director of Patents*, G.R. No. L-26557, 18 Feb. 1970.

⁷ *Pribhdas J. Mirpuri v. Court of Appeals*, G.R. No. 114508, 19 November 1999, citing *Ethepa v. Director of Patents*, *supra*, *Gabriel v. Perez*, 55 SCRA 406 (1974). See also Article 15, par. (1), Art. 16, par. (1), of the Trade Related Aspects of Intellectual Property (TRIPS Agreement).