



HARRY HONG,
Petitioner,

-versus-

MANDY LU VALENZUELA,
Respondent-Registrant.

}
} IPC No. 14-2014-00231
} Cancellation of:
} Reg. No. 4-2011-011524
} Date Reg. 06 June 2013
} TM: "TORCH"
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NOTICE OF DECISION

HARRY HONG
Petitioner
No. 60 Apo Street
Brgy. Lourdes, Quezon City


MANDY LU VALENZUELA
Respondent-Registrant
Rm. 2103 China Town Steel Tower
Asuncion corner San Nicolas Streets
Binondo, Manila

GREETINGS:

Please be informed that Decision No. 2015 - 138 dated June 29, 2015 (copy enclosed) was promulgated in the above entitled case.

Taguig City , June 29, 2015.

For the Director:


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



HARRY HONG, } IPC NO. 14-2014-00231
Petitioner, } Cancellation of :
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-versus- } Reg. No. 4-2011-011524
 } Date Reg. 6 June 2013
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MANDY LU VALENZUELA, } Trademark: "TORCH"
Respondent-Registrant. }
 }
x-----x } Decision No. 2015- 138

DECISION

HARRY HONG, (Petitioner)¹ filed a Petition for Cancellation of Trademark Registration No. 4-2011-011524. The registration, issued to MANDY LU VALENZUELA (Respondent-Registrant)², covers the mark "TORCH", for use on "lighters, matches" under Class 34 of the International Classification of Goods³.

The Petitioner anchors its petition on the following grounds:

"6. The registration of the mark has damaged, is damaging and will damage the Petitioner.

"7. The registration violates Sec. 123.1 of Republic Act No. 8293 otherwise known as the Intellectual Property Code of the Philippines (IPC).

"8. Section 123. (d) of the IPC states that a mark cannot be registered if it 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.

"9. Petitioner believes that it will be damaged by the registration of the mark TORCH through the loss of goodwill and reputation and loss of income.

¹ Chinese citizen with address at 60 Apo St. Brgy. Lourdes, Quezon City

² Chinese citizen with address at Room 2103 Chinatown Steel Tower, Asuncion Cor. San Nicolas Street, Binondo, Manila

³ The Nice Classification of Goods and Services is for registering trademarks and service marks based on 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.

"10. Petitioner is the owner of the mark TORCH with Application Number 4-2005-012207 which was filed on 12 December 2005 under the Petitioner's registered business entity with the Department of Trade and Industry QUIAN-JIN TRADING under class 34. However, because of the heavy business pressure said application never mature into registration and was declared abandoned by the Intellectual Property Office. On June 5, 2012, the Petitioner re-filed the subject application for the mark Torch under class 34 under the petitioner's name, Harry Hong and is now pending with the IPO's Bureau of Trademarks.

"11. Respondent-Registrant's mark TORCH is identical to Petitioner's TORCH mark. Xxx

"12. Respondent-Registrant's mark is composed of the exact letters and the exact design as that of Petitioner's TORCH mark.

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"17. Clearly, the fact that the goods belong to the same class means that the goods are closely related in their nature.

"18. In addition, the nature of the goods of the Petitioner and Respondent-Registrant is so related that the circumstances regarding the marketing of their products are such that they are likely to be encountered by the same persons under circumstances that would give rise to the mistaken belief that they originate from the same source.

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"21. In the Philippines, the mark TORCH was introduced as early as 2005 continuously used in the Philippines as evidenced by the Import Commodity Clearance (ICC) filed with the DTI's Bureau of Product Standard on 2006.

"22. Petitioner's TORCH mark for Lighters has gained reputation in the lighter industry due to the quality of the products and the continuous advertisement and promotions made by Petitioner.

"23. Petitioner's products has gained trust and recognition that it was accepted by the 7-11 Convenience Stores to be marketed inside their stores after having passed the quality and specifications required by the above mentioned establishments.

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"26. As a result of Respondent-Registrant's use of TORCH, Petitioner has suffered damages such as:

- a) Diminution of brand value and goodwill
- b) Loss of distinctiveness of trademark TORCH
- c) Damage due to loss of income caused by confusion of goods and confusion of business"

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

1. Print-out of Trademark database showing status of applications for the mark "TORCH";
2. Copy of Import Commodity Clearance issued by the Bureau of product Standards, Department of Trade and Industry dated 24 January 2006;
3. Sample labels and advertisement of "TORCH" lighters; and
4. Sales invoices indicating the sale of "TORCH" lighters.⁴

This Bureau served upon the Respondent-Registrant a "Notice to Answer" on 24 July 2014. The Respondent-Registrant, however, did not file an Answer. Thus, the Hearing Officer issued on 3 February 2015 Order No. 2015-227 declaring the Respondent-Registrant to have waived her right to file an Answer.

Records show that the Respondent-Registrant filed Trademark Application 4-2011-011524 for the mark "TORCH" on 23 September 2011. The application ripened into Trademark Registration No. 4-2011-011524 issued on 6 June 2013. On the other hand, the Petitioner, through Quian -Jin Trading, filed on 12 December 2005 Trademark Application No. 4-2005-012207 for the mark "TORCH". It also filed Trademark Application No. 4-2012-0006767 on 5 June 2012. The goods covered by the Respondent-Registrant's trademark registration are under Class 34, same as indicated in the Petitioner's.

The competing marks as reproduced below are identical:



Petitioner's mark



Respondent-Registrant's mark

Section 151 of the IP Code provides:

⁴ Annexes "A" to "E"

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

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

Succinctly, because the Respondent-Registrant uses its mark on goods that are similar or closely related to the Petitioner's it is likely that the consumers will have the impression that these goods originate from a single source or origin. The confusion or mistake would subsist not only the purchaser's perception of goods but on the origin thereof as held by the Supreme Court, to wit:

Callman notes two types of confusion. The first is the confusion of goods in which event the ordinary 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. Here, 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 and defendant which, in fact does not exist.⁵

The public interest, therefore, requires that 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 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.⁶

This Bureau emphasizes, however, that 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. The Philippines implemented the World Trade Organization Agreement on the Trade - Related Aspects of Intellectual Property ("TRIPS Agreement") when the IP

⁵*Converse Rubber Corp. v. Universal Rubber Products, Inc., et. al.*, G. R. No. L-27906, 08 January 1987.

⁶*Pribhdas J. Mirpuri v. Court of Appeals*, G. R. No. 114508, 19 November 1999, citing *Etepha 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).

Code took into force and effect on 1 January 1998.⁷ In the TRIPS Agreement, it is stated:

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 described 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 Trademarks (Rep. Act. No. 166), to wit:

121.1 "Mark" means any visible sign capable of distinguishing 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 also 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.

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 the mark shall be acquired through registration, which must be made validly in accordance with the provision of the law.

Corollarily, Sec. 138 of the IP Code states:

A certificate of registration of a mark shall be prima facie evidence of the validity of the registration, the registrant's ownership of the mark, and of registrant's exclusive right to use the same in connection with the goods or services and those that are related thereto specified in the certificate.

Aptly, even if a mark is already registered, the registration may still be cancelled pursuant to Sec. 151 of the IP Code.

In the instant case, the Petitioner proved that he is the originator and owner of the mark TORCH. Even if its earlier trademark application have been abandoned, allegedly because of heavy business pressure, the Petitioner was able to show he had no intention to abandon the use of the trademark TORCH as seen from the Import Commodity Clearance from the Bureau of Product Standards dated 2006⁸ and various sales invoices, dated in the years 2008, 2009, 2010 until 2013⁹. The pieces of evidence prove that he has continuously used the mark. To work an abandonment, the disuse must be permanent and

⁷ See Sec. 2: Trademarks, Art. 15 (Protectable Subject Matter)

⁸ Annex "C"

⁹ Annex "E"


not ephemeral; it must be intentional and voluntary, and not involuntary or even compulsory. There must be a thorough-going discontinuance of any trade-mark use of the mark in question (Callman, *Unfair Competition and Trademark*, 2nd Ed., p. 1341).

It is incredible for the Respondent-Applicant to have come up with exactly the same mark for use on similar goods by pure coincidence. 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.¹⁰

WHEREFORE, premises considered, the instant Petition for Cancellation of Trademark Registration No. 4-2011-011524 is hereby **GRANTED**. Let the filewrapper of the subject trademark 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

¹⁰*American Wire & Cable Company v. Director of Patents*, G. R. No. L-26557, 18 February 1970.