



DURALEX INTERNATIONAL SAS,
Petitioner,

-versus-

KLG INTERNATIONAL, INC.,
Respondent-Registrant.

X-----X

} **IPC No. 14-2013-00021**
}
} Petition for Cancellation:
} Registration No. 4-2006-007290
} Date Issued: 16 April 2007
} **TM: "DURALEX"**

NOTICE OF DECISION

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GREETINGS:

Please be informed that Decision No. 2015 - 183 dated September 10, 2015 (copy enclosed) was promulgated in the above entitled case.

Taguig City, September 10, 2015.

For the Director:

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



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IPC No. 14-2013-00021

Petition for Cancellation

Registration No. 4-2006-007290

Date Issued: 16 April 2007

Trademark: **"DURALEX"**

Decision No. 2015- 183

DECISION

Duralex International SAS¹ ("Petitioner") filed a petition to cancel Trademark Registration No. 4-2006-007290. The registration issued on 06 July 2006 to KLG International, Inc.² ("Respondent-Registrant") covers the mark "DURALEX" for use on *"plates, bowls, cups and saucer, platters casserole, made of glassware"* under Class 21 of the International Classification of Goods.³

The Petitioner alleges, among other things, that:⁴

"4. The internationally well-known 'Duralex' trademark traces its origin in France when, in 1934, the company Les Verreries De Saint-Gobain, a subsidiary of the Saint-Gobain Group, acquired a glass factory that was previously devoted to the production of perfume bottles. The Saint-Gobain Group is in itself one of the oldest and largest glass manufacturers in the world. It was in this glass factory that LVSG discovered and developed the process of manufacturing an exceptionally sturdy type of moulded, tempered glass that was two and a half times more resilient than normal glass. The discovery of LVSG's tempered glass manufacturing process was a revolutionary breakthrough in France and the world over. LVSG applied the technology to significantly enhance road safety by designing tempered glass for automobiles. Up to this day, the world still relies on tempered glass, manufactured based on LVSG's process, for protection in case of vehicular shock. Tempered glass, unlike normal glass, creates stronger windshields that do not easily shatter. On occasions when tempered windshields do break, they shatter in small pieces that reduce the chance of injury.

5. On June 6, 1945, LVSG used its glass manufacturing process to produce a line of tempered glassware, which the company named as 'Duralex'. Belonging to the 'Duralex' line is the 'Gigogne' tumbler, which has become a classic and frequently copied fixture of households and public dining places until the present day. In the 1950s, promotions for the 'Duralex' line 'boasted that the glasses could be used as hammers, such was the strength of the glass'. Since its introduction, the 'Duralex' line has been

¹ A company duly organized and existing under the laws of France, with business address at 7 rue du Petit Bois – 45380 La Chapelle Saint-Mesmin, France.

² A domestic corporation with address at Delbros Avenue corner Venecia De Leon Street, Bo. Ibayo, Paranaque City, Philippines.

³ The Nice Classification is a classification of goods and services for the purpose of registering trademark and services marks, based on the 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 Purpose of the Registration of Marks concluded in 1957.

⁴ See Petition, pp. 3-18.

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treasured all over the world for its utility and long-lasting quality. The unwavering demand for 'Durelex' glassware spans over 65 years and present-day consumers are still drawn to 'Durelex' glassware for being stackable, suitable for hot and cold food or drinks, chip-resistant, microwave-proof and dish-washer-safe.

6. LVSG first registered the 'Durelex' trademark in France on June 6, 1945. The initial term of protection was for 10 years and the registration has been consistently renewed. Thus, the trademark registration for 'Durelex' in France is active up to this date.

7. The 'Durelex' trademark is also covered by numerous trademark registrations in various countries all over the world under the name of petitioner or its affiliates. Some of the foreign 'Durelex' trademark registrations, among others, are as follows: x x x

8. Over the years, LSVG underwent several changes in its corporate name as its ownership structure shifter and it is now succeeded by Durelex International SAS, petitioner in this case. Petitioner is the present owner of all the rights to the 'Durelex' trademark all over the world.

9. With the help of continuous investments and commitment to quality, the 'Durelex' trademark has reached a level of excellence that makes its products recognized throughout the world.

x x x

18. Sometime in the mid-1980s, LVSG appointed respondent as a distributor of 'Durelex' products in the Philippines. The distributorship came about when respondent's Mr. Willy Rieng first made contact with LVSG in an attempt to negotiate an agreement. Although no formal agreement was signed, LVSG agreed to appoint respondent as the Philippines distributor of 'Durelex' products.

19. Transactions under the distributorship agreement between KLG International, Inc. and LVSG continued even up to the time that LVSG changed its name to Verreries De La Chapelle in 1997 and after the merger of the latter with Bormioli Rocco Divisione Casa France in 2002. The cumulated sales over the decades from the 1980s to 2002 amounted to hundreds of thousands in US dollars.

20. In 2004, Bormioli Rocco Divisione Casa France, which owned the trademark 'Durelex' assigned all of its business, including the 'Durelex' mark, to Durelex International France SAS. The new 'Durelex' trademark owner, Durelex International France SAS, continued transacting with respondent. Transactions were evidenced by invoices, e-mails, bills of lading and fax transmissions. Durelex International France SAS severed its relations with respondent in 2005.

21. It was only on July 6, 2006 that respondent surreptitiously filed an application for trademark registration for 'Durelex' trademark in the Philippines without permission, or even notice to, Durelex International France SAS, the then incumbent corporate owner of the rights to the trademark. Respondent's 'Durelex' trademark application was for Class 21 goods, i.e. 'plates, bowls, cups and saucer(s), platter(s), casserole, made of glassware', i.e. the very same class of goods that petitioner deals in and which respondent previously distributed and marketed in the Philippines. The trademark application was assigned serial no. 4-2006-007290 and it was eventually registered by the Intellectual Property Office of the Philippines on April 16, 2007 in the name of the

respondent. As will be discussed below, the registration was obtained fraudulently and in bad faith contrary to the provisions of the applicable law.

22. In 2008, Duralex International France SAS ceased to exist and all its assets, including the 'Duralex' trademark, were assigned to petitioner. In 2010, petitioner explored the possibility of resuming the respondent's distributorship of 'Duralex' products in the Philippines. In July 2010, petitioner's export manager, Mr. Gilles Termier, corresponded through e-mail with respondent's Mr. Gil Salvosa. Through the e-mail correspondence, Mr. Termier arranged for a meeting with respondent's president, Mr. Willy Tieng, on August 24, 2010 in Manila.

23. Mr. Termier, representing petitioner, and respondent's president, Mr. Tieng, had their first meeting in Manila on August 24, 2010. On this occasion, Mr. Termier brought up the matter of respondent's unauthorized registration of the 'Duralex' trademark in the Philippines. Mr. Tieng attempted to justify the registration claiming that it was for the protection of petitioner's trademark rights against an alleged influx of counterfeit 'Duralex' products from China. Notwithstanding, Mr. Termier insisted on the transfer of the trademark registration to petitioner, to which Mr. Tieng replied that he was willing to consider the assignment but he requested more time to consult with his brothers. Given this assurance, Mr. Termier, on behalf of petitioner, agreed to the resumption of the 'Duralex' distributorship agreement with respondent.

24. In September 2010, Mr. Tieng e-mailed a distribution plan and a draft order to Mr. Termier. In satisfaction of the product order, petitioner shipped 'Duralex' products to respondent on March 3, 2011. x x x

25. Sometime in March 2011, Mr. Termier met for the second time with Mr. Tieng in Manila to discuss again, among other things, the unauthorized 'Duralex' trademark registration. Mr. Tieng said that he would discuss the matter with his brothers. In an e-mail dated April 11, 2011, Mr. Termier stressed to Mr. Tieng the registration issue, to wit: x x x

26. Mr. Tieng did not reply to the e-mail. Mr. Termier sent a follow-up e-mail on May 16, 2011, to wit: x x x

On the same day, Mr. Tieng replied to the foregoing by stating that he was unable to talk with his brothers and that he would get in touch as soon as he spoke with them. Afterwards, Mr. Tieng did not send any other e-mail on the subject.

27. To follow up and facilitate the transfer of the trademark registration, Mr. Termier sent Mr. Tieng a sample trademark assignment contract via e-mail on June 8, 2011. Mr. Tieng completely ignored this e-mail.

28. On July 2011, Mr. Termier made several attempts to reach Mr. Tieng through e-mail and phone to discuss the possibility of personally meeting in September 2011 with regard to the 'Duralex' trademark registration issue. Mr. Tieng paid no attention to Mr. Termier's messages or attempts to call. Petitioner did not hear from Mr. Tieng or any of respondent's representatives.

29. It was only sometime in August 2011 that respondent contacted the petitioner again. Through an e-mail dated August 5, 2011 from Mr. Daryl Cua, a representative of respondent, to petitioner's employee, Ms. Vannary Kong, respondent sent a new order request to petitioner for 'Duralex' products. Respondent completely

evaded the issue of the 'Durelex' Philippine trademark registration by omitting any mention of it in the August 5, 2011 e-mail.

30. Mr. Termier sent a reply dated August 12, 2011 rejecting the order request, to wit: x x x

Mr. Termier's e-mail above marked the cessation of all business relations between petitioner and respondent because of respondent's refusal to transfer the 'Durelex' trademark registration to petitioner.

31. In response to Mr. Termier's August 12, 2011 e-mail, Mr. Tieng replied, to wit:

x x x

Hi Gilles

Sorry to hear about the development.

We have protected your position all thru the years.

Regards

32. On July 3, 2012, petitioner, through counsel, sent a demand letter dated July 2, 2012 to respondent demanding the latter's assignment of the 'Durelex' trademark registration to the petitioner. A representative received the letter on behalf of respondent. However, respondent never replied to the letter.

Hence, this petition for cancellation."

In support of its petition, the Petitioner submitted the following as evidence:⁵

1. Trade Mark Assignment Contract dated 03 December 2009 between Durelex International France SAS and Respondent-Registrant;
2. Respondent-Registrant's General Information Sheet (GIS);
3. printout from website and/or webpages as indicated;
4. affidavit of Gilles Termier;
5. sample invoice, e-mail, bill of lading and fax transmission showing transactions between Respondent-Registrant and Durelex International France SAS;
6. certified copy of Certificate of Registration No. 4-2006-007290;
7. print-outs of emails between the parties;
8. copy of the demand letter dated 02 July 2012; and
9. affidavit of Aurora M. Hipol.

The Respondent-Registrant submitted its Answer on 29 May 2013 alleging, among others, that it is the exclusive source of "DURALEX" products in the Philippines manufactured by the Petitioner since the 1980s. It asserts that it is the

⁵ Marked as Exhibits "A" to "OO", inclusive.

one who painstakingly built the said mark in the country. It claims that in view of the Petitioner's predecessor financial difficulties, their relationship was severed and the latter abandoned any business that they may have in the Philippines. According to the Respondent-Registrant, it was left without a choice but to register "DURALEX" in order to protect its goodwill over the mark.

The Respondent-Registrant's evidence consists of the print-outs of Trademark Registration No. 038116 and Trademark Application No. 4-2002-009355 both for the mark "DURALEX".

Pursuant to Office Order No. 154, s. 2010, the Hearing Officer referred the case to mediation. This Bureau's Alternative Dispute Resolution Services, however, submitted a report that the parties refused to mediate. Accordingly, a Preliminary Conference was conducted on 23 April 2014. Upon termination thereof on even date, the Hearing Officer directed the parties to submit their respective position papers. Both parties filed their position papers on 05 May 2014.

Essentially, the issue to be resolved is whether Registration No. 4-2006-007290 should be cancelled.

Prefatorily, 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 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

Records reveal that the Respondent-Registrant was granted registration for the trademark "DURALEX" on 16 April 2007. Petitioner, on the other hand, does not have any pending application and/or existing registration. Regardless of this fact, Petitioner is still a proper party of the cancellation proceedings in view of the provisions of Section 165.2 of R.A. No. 8293, also known as the Intellectual Property code of the Philippines ("IP Code"), which states thus:

"165.2.(a) Notwithstanding any laws or regulations providing for any obligation to register trade names, such names shall be protected, even prior to or without registration, against any unlawful act committed by third parties.

(b) In particular, any subsequent use of the trade name by a third party, whether as a trade name or a mark or collective mark, or any such use of a

⁶ Pribhdas J. Mirpuri vs. Court of Appeals, G.R. No. 114508, 19 November, 1999.

similar trade name or mark, likely to mislead the public, shall be deemed unlawful. (Emphasis supplied.)

Petitioner, in this case, basically raises the issue of ownership. It imputes fraud and bad faith on Respondent-Registrant in procuring registration over the mark "DURALEX" claiming that it is the lawful and rightful owner thereof. Succinctly, Section 151.1 of the IP Code provides in part that:

"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:

xxx

(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 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. If the registered mark becomes the generic name for less than all of the goods or services for which it is registered, a petition to cancel the registration for only those goods or services may be filed. A registered mark shall not be deemed to be the generic name of goods or services solely because such mark is also used as a name of or to identify a unique product or service. The primary significance of the registered mark to the relevant public rather than purchaser motivation shall be the test for determining whether the registered mark has become the generic name of goods or services on or in connection with which it has been used."

This provision allows any person to file a petition to cancel a trademark registration if that person believes that he will be damaged by the registration. Once filed, the cancellation proceeding becomes, basically, a review of the trademark registration in question if the legal requirements for registration have been satisfied and if the maintenance or continuance of Respondent-Registrant's trademark in the principal register would damage the Petitioner.⁷

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

***Section 2: Trademarks
Article 15***

⁷ Section 154 of the IP Code provides:

"Section 154. Cancellation of Registration. -If the Bureau of Legal Affairs finds that a case of cancellation has been made out, it shall order the cancellation of registration. When the order or judgment becomes final, any right conferred upon the registrant or any person in interest of record shall terminate. Notice of cancellation shall be published in the IPO Gazette. (Section 19, R.A. No. 166a)

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

Further, 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 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, Section 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)"

Section 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 provisions of this law. (Sec. 2-A, R.A. No. 166a)"

There is nothing in Section 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 made validly in accordance with the provisions of the law

Corollarily, it is provided in Section 138 of the IP Code that:

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 of 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.

Clearly, it is not the registration that confers ownership of the mark but it is ownership that gives rise to a right to register the same. 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.⁸ The registration system shall not be used in committing or perpetrating an unjust and unfair claim. As all presumptions, the presumptive ownership conferred by registration may be questioned, attacked and proven otherwise by evidence to the contrary.

Verily, the pronouncement by the Supreme Court in **Berris Agricultural Company, Inc. vs. Norvy Abyadang**⁹ is enlightening on this point, thus:

"The ownership of a trademark is acquired by its registration and its actual use by the manufacturer or distributor of the goods made available to the purchasing public. Section 122 of R.A. No. 8293 provides that the rights in a mark shall be acquired by means of its valid registration with the IPO. A certificate of registration of a mark, once issued, constitutes prima facie evidence of the validity of the registration, of the registrant's ownership of the mark, and of 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. R.A. No. 8293, however, requires the applicant for registration or the registrant to file a declaration of actual use

⁸ Shangri-la International Hotel Management Ltd. Vs. Developers Group of Companies, Inc. G.R. No. 159938, 31 March 2006.

⁹ G.R. No. 183404, 13 October 2010.

(DAU) of the mark, with evidence to that effect, within three (3) years from the filing of the application for registration; otherwise, the application shall be refused or the mark shall be removed from the register. In other words, the prima facie presumption brought about by the registration of a mark may be challenged and overcome, in an appropriate action, by proof of the nullity of the registration or of non-use of the mark, except when excused. Moreover, the presumption may likewise be defeated by evidence of prior use by another person, i.e., it will controvert a claim of legal appropriation or of ownership based on registration by a subsequent user. This is because a trademark is a creation of use and belongs to one who first used it in trade or commerce."(Emphasis supplied.)

Therefore, the prima facie validity of Registration No. 4-2006-007280 has been successfully attacked by Petitioner warranting the cancellation thereof. No less than the Respondent-Registrant itself admitted in its Verified Answer the following:

"1.2 Par 18 under Section 'Antecedents', only insofar as it is alleged that LVSG, one of the Petitioner's predecessors, appointed Respondent-Registrant as the distributor of 'DURALEX' products in the Philippines."¹⁰

"Respondent-Registrant was the exclusive source of 'DURALEX' products in the Philippines manufactured by Petitioner since the 1980s. x x x"¹¹(Emphases supplied.)

Clearly, the Respondent-Registrant acknowledges that it is a mere distributor and that it sourced its "DURALEX" products from the Petitioner and/or the latter's predecessors-in-interest. As such, regardless of the Respondent-Registrant's impression of the financial stability of the Petitioner's predecessors or the severance of their distributorship relationship, will not give it the right to register the mark in question as it never became the owner thereof. The Respondent-Registrant's admission of its distributorship arrangement with the Petitioner, in addition to the email exchanges between the parties, the sales invoice and bill of lading show that the latter is the source of the products which the Respondent-Registrant claims to have built goodwill upon. As a distributor, it is not the proper party to seek registration for the "DURALEX" trademark. In the case of **Unno Commercial Enterprises, Inc. vs. General Milling Corporation**,¹² the Supreme Court held that:

"The term owner does not include the importer of the goods bearing the trademark, trade name, service mark, or other mark of ownership, unless such importer is actually the owner thereof in the country from which the goods are imported. A local importer, however, may make application for the registration of a foreign trademark, trade name or service mark if he is duly authorized by the actual owner of the name or other mark of ownership."

¹⁰ See Verified Answer, pp. 1-2.

¹¹ See Verified Answer, p. 8.

¹² G.R. No. L-28554, 28 February 1983.

Moreover, in the more recent case of **Superior Commercial Enterprises, Inc. vs. Kunnan Enterprises Ltd.**,¹³ the Supreme Court made a similar ruling to wit:

"As a mere distributor, petitioner Superior undoubtedly had no right to register the questioned mark in its name. Well-entrenched in our jurisdiction is the rule that the right to register a trademark should be based on ownership. When the applicant is not the owner of the trademark being applied for, he has no right to apply for the registration of the same. Under the Trademark Law, only the owner of the trademark, trade name or service mark used to distinguish his goods, business or service from the goods, business or service of others is entitled to register the same. An exclusive distributor does not acquire any proprietary interest in the principal's trademark and cannot register it in his own name unless it is has been validly assigned to him."(Emphasis supplied.)

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 petition for cancellation is hereby **GRANTED**. Let the filewrapper of Trademark Registration No. 4-2006-007290 be returned, together with a copy of this Decision, to the Bureau of Trademarks for information and appropriate action.

SO ORDERED.

Taguig City, 10 September 2015.


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

¹³ G.R. No. 169974, 20 April 2010.