

NEC CORPORATION,
Opposer,

-versus-

GILBERT GAN LU,
Respondent-Applicant.

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} **IPC No. 14-2014-00529**
} Opposition to:
} Appln. Serial No. 4-2014-012610
} Date filed: 13 October 2014
} **TM: "NECEP"**

NOTICE OF DECISION

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GILBERT GAN LU
Respondent-Applicant
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GREETINGS:

Please be informed that Decision No. 2016 - 05 dated January 08, 2016 (copy enclosed) was promulgated in the above entitled case.

Taguig City, January 08, 2016.

For the Director:

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



NEC CORPORATION

Opposer,

-versus-

GILBERT GAN LU

Respondent-Applicant.

IPC No. 14-2014-00529

Opposition to:
Application No. 4-2014-012610
Date Filed: 13 October 2014
Trademark: "NECEP"

Decision No. 2016- 05

x-----x

DECISION

NEC CORPORATION¹ ("Opposer") filed an opposition to Trademark Application Serial No. 4-2014-00012610. The application, filed by Gilbert Gan Lu² ("Respondent-Applicant"), covers the mark "NECEP" for use on "electric pumps" under Class 07; "electrical switches, switch boxes, light switches, electric wires, electric fuse, electric plugs, electrical cables, electric fuse box, electric relays, oil pressure sensor, bendix drive" under Class 09; and "light bulbs" under Class 11.³

The Opposer alleges:

x x x
"ARGUMENTS AND DISCUSSIONS

"36. The identified registered trademarks of Opposer clearly use 'NEC' as their common dominant feature, which is also the same dominant feature in the Respondent-Applicant's trademark 'NECEP'. As discussed above, 'NECEP' is patently identical or at least constitutes a colorable imitation of the Opposer's trademarks 'NEC,' 'NEC SIGMASYSTEMCENTER,' 'NEC BLADESYSTEMCENTER,' 'NEC LOGIXNET' and 'NEC MOBILING.' Necessarily, the registration of 'NECEP' in the name of Respondent-Applicant is proscribed under the aforementioned Sections 123.1 (d), 123.1 (e), and 123.1(f) of the IP Code.

"37. While the letters 'E' and 'P' have been added to form a seemingly different trademark 'NECEP', still the dominant portion thereof is 'NEC.' The 'NEC' element in the challenged trademark 'NECEP' is not only the dominant portion, but also the entirety of the trademark and service mark 'NEC CORPORATION' belonging to, commercially used by, and registered in the home country and other countries of, the Opposer and affiliated companies. Hence, Respondent-Applicant's Trademark Application Serial No. 4/2014/00012610 is a bad faith application for it involves a confusingly similar trademark.

¹A foreign corporation organized and existing under the laws of Japan, with principal office address 7-1, Shiba 5-chome, Minato-ku, Tokyo 108-8001, Japan.

²With address at 1428 Antonio Rivera St., Tondo, Manila, Metro 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.

"38. The additional presence of the letters 'E' and 'P' in 'NECEP,' does not eliminate likelihood of confusion. Confusion cannot be avoided by merely adding, removing or changing some letters of a registered mark. Neither could it be ruled out even when a design or device is incorporated into the confusingly similar mark. Confusing similarity exists when there is such a close ingenuous imitation as to be calculated to deceive ordinary persons, or such resemblance to the original as to deceive ordinary purchaser as to cause him to purchase the one supposing it to be the other'. It has been stated time and again that, 'the conclusion created by use of the same word as the primary element in a trademark is not counteracted by the addition of another term' [x x x]. It is likely that consumers may assume that one mark is just a variation of the other or there is a connection or association between the two marks and/or between the contending parties themselves, when in fact there is none.

"39. Respondent-Applicant has fraudulently applied for the registration of 'NECEP' since he would be merely taking a free ride on the popularity and fame of Opposer's well-known marks 'NEC SIGMASYSTEMCENTER,' 'NEC BLADESYSTEMCENTER,' 'NEC LOGIXNET' and 'NEC MOBILING.'

"Respondent-Applicant's application has been filed in bad faith since there can be no reasonable explanation for its adoption of the word 'NEC' and the inference that stands for lack of such explanation, as held in *Converse Rubber Corporation vs. Universal Rubber Products, Inc.* is that the words were chosen deliberately to deceive, and, as held in *Shangri-La International Hotel Management, Ltd. vs. Developers Group of Companies, Inc.*, to take advantage of the goodwill of Opposer's well-known 'NEC' trademarks.

"40. In 2014, the Office of the Director General (ODG) of the IPO ruled that the Appellee's trademark 'LAMIART' is confusingly similar to the Appellant's trademark 'LAMICTAL,' which has been established to have been used for two decades. The ODG declared that being a business competitor, the Appellee's introduction of similar products bearing the confusingly similar trademark 'LAMIART' would cause a likelihood of confusion to the buying public. 'In a contest involving the registration of trademarks, the determinative factor is not whether the challenge mark would actually cause confusion or deception of the purchasers but whether the use of such mark would likely cause confusion or mistake on the part of the buying public.

"41. Obviously the ODG has applied the dominancy test. The application of the dominancy test has been affirmed once again by the Supreme Court earlier in the case of *Societe Des Produits Nestle, S.A. vs. Martin T. Dy, Jr.* In this case, the Supreme Court found confusing similarity between 'NANNY' used on milk products and 'NAN' used on 'diabetic preparation for infant feeding,' and cited the case of *Prosource International, Inc. versus Horphag Research Management SA*, wherein it applied also the dominancy test in holding that 'PCO-GENOLS' and 'PYCNOGENOL' which are both used on food supplements, are confusingly similar to each other.

"The material portions of the decision in *Societe Des Produits Nestle, S.A. vs. Martin T. Dy, Jr.* are reproduced below for proper stress. x x x

"42. With the undeniable and unequivocal prior adoption of the Opposer's trademark and service mark 'NEC,' and the extensive commercial use, advertisements and promotions thereof throughout the world, the Opposer has already prior and

superior rights as against the Respondent-Applicant, who has no rights whatsoever to appropriate and register for its exclusive use the trademark 'NECEP.'

"Even before the filing on December 9, 2013 of subject application, the aforesaid Opposer's trademarks are already well-known abroad and in the Philippines. Opposer has started the actual commercial use of said marks in the Philippines as early as 1996.

"Proof of local commercial use of said marks will be identified, marked, attached and presented as Exhibits of the Opposer in a separate Affidavit that will be attached to the Notice of Opposition.

"43. Opposer owns and has registered in several countries of the world the trademarks 'NEC SIGMASYSTEMCENTER,' 'NEC BLADESYSTEMCENTER,' 'NEC LOGIXNET' and 'NEC MOBILING.' Among the foreign countries where Opposer has registered the trademark 'NEC' in International Class 9 and in other International Classes are as follows: Japan, USA, Canada, Singapore, Malaysia, Thailand, Vietnam, Indonesia, Australia, New Zealand, China, United Kingdom, Germany, France, Spain, Italy, Switzerland, Brazil, Argentina and so on.

"44. The use of 'NECEP' on the identified goods in Classes 7, 9 and 11 will likely mislead or confuse the public as to the nature, quality, characteristic and origin of the goods involved since the Opposer's goods bearing the trademark 'NEC' also fall under the same Classes 7, 9 and 11.

"45. Opposer sells its products affixed with the above trademarks worldwide in large retail department stores and hardware. In addition, its products are sold and distributed through the internet at <http://www.necedirect.ip/shop/index.html> that is the main web site of Opposer.

"46. Opposer has also registered the domain name www.nec.com.

"47. Opposer has also prominently advertised its trademarks in various magazines which include, but are not limited to Bloomberg Businessweek.

"48. By reason of opposer's worldwide registrations, use and advertising, the Opposer's trademarks have unquestionably attained worldwide fame and notoriety.

"49. The issue of well-known status of a mark is settled in Section 123.1 (e) and (f) of the IP Code, which states that a mark cannot be registered if it: x x x

"50. Pursuant to this, Rule 102 of the Rules and Regulations on Trademarks, Service Marks, Trade Names and Marked or Stamped Containers was issued rules, among which is Rule 102 that provides for the following criteria or any combination thereof to make such a declaration: x x x

"51. And under Rule 100 (c) thereof, this Hon. Bureau was declared as such a competent authority to make a declaration, thus: x x x

"52. In the case of Sehwni, Inc. and Benita's Frites, Inc. vs. In-N-Out Burger Inc., the Supreme Court declared that the disputed mark therein is an internationally well-known mark on the basis of 'registrations in various countries around the world and its comprehensive advertisements therein', to wit:

x x x

"53. In the aforesaid case, the disputed mark IN-N-OUT BURGER was not even a registered mark in the Philippines. Nonetheless, the Supreme Court upheld its right to trademark protection.

"54. It is submitted that the facts adduced in the Verified Notice of Opposition and the supporting Affidavit and documentary evidence thereof constitute relevant facts showing that Opposer's 'NEC' is well-known considering the above-mentioned facts, as they fall squarely within the contemplation of the foregoing criteria.

"55. Under the IP Code and relevant Philippine jurisprudence, the Intellectual Property Office of the Philippines is bound to protect Opposer's trademarks by immediately and unconditionally rejecting the application for registration of an identical mark such as the mark 'NECEP' sought to be registered by the Respondent-Applicant under Trademark Application Serial No. 4/2014/00012610.

"56. Since Opposer's 'NEC' trademarks and variations thereof are well-known, they must be protected against trademark dilution. The principle of Trademark Dilution prohibits the use and registration of a trademark when such trademark, or an essential part of the trademark, constitutes a reproduction of any well-known mark or an imitation liable to create confusion. The prohibition is to prevent Trademark Dilution from setting in, or the dilution of the distinctiveness of the said famous elements of the mark. x x x

"57. The protection against trademark dilution is now fully engrained in Sections 123.1 (e) and (f) of the IP Code. Protection is had even if the goods involved are non-competing.

"58. Preventing trademark dilution has a salutary purpose. The justification for the protection under the trademark dilution doctrine is that somehow the public benefits from protection against diluting the distinctiveness of a famous mark and that it is simply not right to reduce the importance or value of a very valuable mark for the free ride of the newcomer even if the public is not confused.

"59. This is the underlying reason why the Supreme Court has looked down on traders who 'ride on the coattails' of the more established mark.

"60. Respondent-applicant's adoption therefore of 'NECEP' has the effect of tarnishing and blurring the distinctiveness of Opposer's well-known mark.

"61. The word 'NEC' forms part of the tradename of Opposer. The present IP Code, as amended, already provides protection to tradenames even without prior registration in the Philippines. In the case of Fredco Manufacturing Corporation vs. President and Fellows of Harvard College (Harvard University), the Supreme Court affirmed the Philippines' obligation and commitment to protect a trade name even without local registration. It emphasized that:

"62. The approval and allowance of Trademark Application Serial No. 4/2014/00012610 will trample upon the mantle of protection provided by the registrations of the Opposer and the rights conferred upon the Opposer by virtue of said registrations under Sections 138 and 147 of the IP Code, to wit:

"63. By approving and allowing Trademark Application Serial No. 4/2014/00012610, the Intellectual Property Office will allow itself to be a toll for perpetrating unfair competition and/or trademark infringement described in Sections 155, 156, 157 and 168 of the IP Code.

The Opposer's evidence consists of the Special Power of Attorney/Director's Certificate authorizing A.Q. Ancheta & Partners and/or any member of the said law firm to act as true and lawful attorney-in-fact of Opposer and for the Firm to file this Opposition and such other pleadings as may be necessary to pursue IPC No. 14-2014-00529; a copy of the Certified Extract of Commercial Register; copy of a list of companies and subsidiaries Operators worldwide of Opposer; printouts of some of the pages found in www.nec.com; copy of the list of worldwide registrations of the mark 'NEC'; copies of the registrations and applications culled from the IPO Trademark Registry; and pages found in <http://nec.websitedesign.com.ph/contact.do>, <http://ph.nec.com> and <https://www.facebook.com>.⁴

This Bureau issued a Notice to Answer and served a copy thereof upon Respondent-Applicant on 26 February 2015. The Respondent-Applicant, however, did not file an Answer.

Should the Respondent-Applicant be allowed to register the trademark NECEP?

The Opposer anchors its opposition on Article 6bis and 8 of The Convention of Paris for the Protection of Industrial Property and on Sections 123.1 paragraphs (d), (e) and (f) and 134 of Republic Act No. 8293, also known as the Intellectual Property Code of the Philippines ("IP Code"), to wit:

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;"

- (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

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



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 service 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 those 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;

Sec. 134. *Opposition.* - Any person who believes that he would be damaged by the registration of a mark may, upon payment of the required fee and within thirty (30) days after the publication referred to in Subsection 133.1, file with the Office an opposition to an application. Such opposition shall be in writing and verified by the oppositor or by any person on his behalf who knows the facts, and shall specify the grounds on which it is based and include a statement of the facts relied upon. x x x

Records show that at the time the Respondent-Applicant filed its trademark application on 13 October 2014, the Opposer already owns trademark registration for NEC under Trademark Reg. No. 4-1999-009596 issued on 21 May 2004. This Bureau noticed that the goods covered by Respondent-Applicant's trademark application for the mark NECEP are identical and/or closely-related to Opposer's.

The competing marks, as shown below, are confusingly similar:

NEC

Opposer's trademark

NECEP

Respondent-Applicant's mark

Respondent-Applicant's mark NECEP adopted the dominant features of Opposer's mark consisting of the letters "NEC". NECEP appears and sounds almost the same as Opposer's trademark NEC. Both NEC and NECEP marks have the letters NEC. Respondent-Applicant merely added the letters E and P in Opposer's NEC to come up with the mark NECEP. Likewise, the competing marks are used on similar and/or closely related goods, particularly, electric and lighting apparatus. Thus, 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 on 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

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 article as his product.⁶

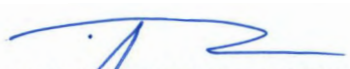
Succinctly, the field from which a person may select a trademark is practically unlimited. As in all other cases of colorable imitations, the unanswered riddle is why of the millions of terms and combinations of letters and designs available, the Respondent-Applicant had to come up with a mark identical or so closely similar to another's mark if there was no intent to take advantage of the goodwill generated by the other mark.⁷

The intellectual property system was established to recognize creativity and give incentives to innovations. Similarly, the trademark registration system seeks to reward entrepreneurs and individuals who through their own innovations were able to distinguish their goods or services by a visible sign that distinctly points out the origin and ownership of such goods or services.

WHEREFORE, premises considered, the instant Opposition to Trademark Application No. 4-2014-00012610 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, 08 January 2016.


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

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

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

⁷ *American Wire & Cable Company v. Director of Patents*, G.R. No. L-26557, 18 Feb. 1970.