

ELARFOODS, INC.,
Opposer,

-versus-

MANUEL ENRIQUE L. ZALAMEA,
Respondent- Applicant.

x-----x

IPC No. 14-2009-00270
Opposition to:
Application No. 4-2009-001012
Date Filed: 30 January 2009
TM: "elarZlechon"

NOTICE OF DECISION

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GREETINGS:

Please be informed that Decision No. 2016 - 35 dated February 09, 2016 (copy enclosed) was promulgated in the above entitled case.

Taguig City, February 09, 2016.

For the Director:


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

ELARFOODS, INC.,	}	IPC No. 14-2009-00270
	Opposer,	}
	}	Opposition to:
-versus-	}	Application No. 4-2009-001012
	}	Date Filed: 30 January 2009
	}	Trademark: "elarZlechon"
MANUEL ENRIQUE L. ZALAMEA,	}	
	Respondent-Applicant.	}
x-----x		Decision No. 2016- <u>35</u>

DECISION

ELARFOODS, INC.¹ ("Opposer") filed an opposition to Trademark Application Serial No. 4-2009-001012. The application, filed by Manuel Enrique L. Zalamea² ("Respondent-Applicant"), covers the mark "elarZlechon" for use on "lechon" under Class 29 and "catering services" under Class 43 of the International Classification of Goods and Services.³

The Opposer alleges:

x x x
"GROUNDS"

"Elarfoods, Inc. ('Opposer'), believes that as the registered owner of the well-known trademark ELARS LECHON, the registration in the name of the Respondent-Applicant of the subject mark, elarZlechon, (a) will damage and prejudice the rights and interests of Opposer herein; and, (b) is contrary to the express provisions of the Republic Act 8293 or the Intellectual Property Code of the Philippines ('IP Code') with regard to what trademarks may or may not be registered. Therefore, Opposer objects to the registration of the subject mark upon the following legal grounds:

- "a. Section 147.1 of the IP Code which pertains to the exclusive rights of the owner of a registered trademark;
- "b. Section 147.2 and related Sections 123.1 (d), 123.1(e), and 123.1(f) of the IP Code which relates to Opposer's rights as owner of an earlier registered trademark and as owner of a well-known trademark;
- "c. Section 168.1 of the IP Code; and
- "d. Section 165 of the IP Code.

¹A domestic corporation organized and existing under the laws of the Philippines with principal office at 151 Quezon Avenue cor. Speaker Perez Street, Quezon City.
²With address at 20 Speaker Perez St., Quezon City, 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

"The foregoing grounds are hereby pleaded in compliance with Section 134 of the IP Code and for the purpose of showing that registration of the subject mark is prohibited under the IP Code. Opposer reserves its rights to file separate action(s) for infringement under Section 147 and related sections and/or unfair competition under Section 168 and related sections of the IP Code, and/or intellectual property violation under Section 165 and related sections of the IP Code, it being understood that this opposition only deals with the issue of registrability of the subject mark and the proceedings will not take up the issue of injunction and recovery for damages arising from Respondent-Applicant's unauthorized use of the subject trademark.

"There is a related case for Unfair Competition and Violation of Intellectual Property Rights entitled 'Elarfoods, Inc. v. Emzee Foods, Inc.,' docketed as IPV Nos. 10-2001-00015; 10-2001-00017; and 10-2001-00018, and now pending before this Honorable Office. Herein Opposer is the complainant therein, while herein Respondent-Applicant Manuel Enrique L. Zalamea, is one of the stockholders of respondent Emzee Foods, Inc.

x x x

"Nature of Business & History of the trademark ELARS LECHON

"5. Opposer is the true owner of the trademark ELARS LECHON, for the following reasons:

"5.1 Opposer has been selling roasted pig or 'lechon' under the ELARS LECHON mark since 1989, and has widely and popularly sold and distributed locally. Opposer was formed for the purpose of, among others, carrying on the business of dealing in meat and animal products produced or resulting from slaughtered hogs and other kinds of livestock as well as in other food products, and in connection therewith, to acquire, operate, and maintain slaughters and abattoirs with all machinery equipment and facilities required for such operations.

x x x

"5.2 Opposer was first to use and register ELARS LECHON in connection with the sale of roasted pig or 'lechon,' and catering services. In fact, Opposer can trace its ownership and its right to use the ELARS LECHON trademark since April 28, 2006, or more than three (3) years prior to the filing by Respondent-Applicant of its subject application on January 30, 2009.

x x x

"6. Opposer and the mark ELARS LECHON are well-known by reason of, among others, the long and continuous use of the mark for several years.

"6.1 From the time of its incorporation up to the present, Opposer has been doing business under the name ELAR'S LECHON, through the active management of Respondent-Applicant's maternal grandparents, the Spouses Jose and Leonor Lontoc (who died on September 4, 1997 and August 20, 2000, respectively), and their children.

"6.2 For years prior to their death, the Spouses Lontoc and their children represented to the public that Opposer is the owner of the ELAR'S LECHON business. Such long and continuous representation to the public of

Opposer's ownership of the ELAR'S LECHON business and the trademark ELAR'S LECHON resulted in Opposer being identified and becoming well-known to the public as the source of roasted pig bearing the trademark 'ELARS LECHON,' among others.

"6.3 Through Opposer's long and continued use of the trademark ELARS LECHON, Opposer has established goodwill among the public.

"7. Opposer's trademark ELARS LECHON is well-known in the Philippines because of Opposer's reputation of good products and good service by word of mouth, sales, promotions and advertising. A copy of an advertisement entry in the Yellow Pages referring to 'Elar's Lechon,' is attached hereto x x x

"8. The fame and well-known status of the subject mark are likewise attributed to the legal protection obtained for the trademark ELARS LECHON, with Philippine Registration No. 4-2001-007272, and registered on April 28, 2006. The said registration covers 'roasted pig and its by-products, processed meats' in Class 29 and 'selling of food and drinks, catering services' in Class 42. (See Exhibit 'D.')

The mark was first used in the Philippines in 1989, since Opposer was incorporated. (See Exhibit 'A.')

"9. Said trademark ELARS LECHON was approved along with the trademarks 'ROASTED PIG ON A BAMBOO TRAY and 'ON A BAMBOO TRAY,' x x x

"10. Moreover, Opposer was first to use the ELARS LECHON trademark in the Philippines. Attached herewith and marked as Exhibits as evidence of such use are the following:

x x x

"11. Opposer has been using ELARS LECHON both as a trademark and a trade name from the inception of its business. However, Opposer has obtained legal protection for the trademark ELARS LECHON since April 28, 2006 (See Exhibit "D"). Up to this day, Opposer continues to include 'ELARS LECHON (on a bamboo tray)' in all of its business dealings. (See Exhibits 'G' to 'G-3.')

As a trade name, 'ELARS LECHON' is protected under Section 165 of the IP Code, as it is registered as a trademark in the Philippines.

"12. The subject trademark elarZlechon is identical and/or has the same sight, sound and meaning as Opposer's trademark ELARS LECHON and is used in connection with goods in the same category for which Opposer uses its trademark such that if allowed to register, elarZLECHON will deceive or cause confusion, in contravention of Section 123.1 (d) of the IP Code.

"13. Opposer's ELARS LECHON trademark is well-known in the Philippines, and the registration and use of elarZLECHON by Respondent-Applicant will falsely indicate a connection between the Opposer's and Respondent-Applicant's goods which will result in damage to Opposer in terms of, among others, the whittling away of Opposer's goodwill and the dilution of the rights of Opposer to its ELARS LECHON trademark - all in contravention of Section 123.1 (e) and 123.1 (f) of the IP Code.

"14. Confusion and deception upon the consuming public with respect to, among others, the source of goods and services will likely result if elarZLECHON is allowed to be used and registered in the name of Respondent-Applicant.

"15. ELARS LECHON is a highly distinctive trademark such that if subject application is approved, Opposer stands to suffer grave and irreparable damage and injury.

x x x

"16. Finally, Respondent-Applicant Manuel Enrique L. Zalamea has acknowledged in a Memorandum of Agreement with Mesdames Josefina L. Portillo, Dolores L. Santos, Lourdes R. Lontoc, and Ma. Leonor R. Lontoc (all of whom are the other heirs of the Spouses Jose M. Lontoc and Leonor R. Lontoc) on August 24, 2005, that the name 'ELARS LECHON' and 'ELARS LECHON ON A BAMBOO TRAY' shall be for the 'sole and exclusive use' of Opposer. Thus:

x x x

"17. A supporting affidavit which was executed by Ms. Josefina L. Portillo is concurrently submitted herewith pursuant to the Rules. x x x

The Opposer's evidence consists of a copy of Opposer's Amended Articles of Incorporation; copies of Opposer's By-Laws and Mayor's permit for the year 2009; a copy of the Certificate of Registration No. 4-2001-007272 for the trademark ELARS LECHON; a copy of an advertisement entry in the Yellow Pages referring to 'Elar's Lechon,'; copies of registration certificates for the trademarks "ROASTED PIG ON A BAMBOO TRAY" and "ON A BAMBOO TRAY"; copies of sales invoices as evidence of use of the trademark ELARS LECHON; and, a copy of the Memorandum of Agreement between the Respondent and Mesdames Josefina L. Portillo, Dolores L. Santos, Lourdes R. Lontoc, and Ma. Leonor R. Lontoc.⁴

This Bureau issued a Notice to Answer and sent a copy thereof upon Respondent-Applicant on 05 March 2010. The Respondent-Applicant filed their Answer on 11 May 2010 and avers the following:

x x x

"AFFIRMATIVE DEFENSES

"Respondent-Applicant repleads and incorporates the foregoing allegations and further states:

"4. The 'Verified Notice of Opposition' should be dismissed and/or denied for reasons that shall be discussed hereunder.

"5. Oppositor was merely an alter ego or business conduit of Respondent-Applicant's grandparents, the late Jose M. Lontoc and the late Leonor Rodriguez Lontoc, who were the proper and rightful owners of all proprietary rights over the name or make 'ELAR', 'ELAR'S', 'ELAR'S LECHON', 'Pig Device' and 'ON A BAMBOO TRAY'. By virtue of inheritance, Respondent-Applicant along with his

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

brother, Manuel Jose Zalamea (Manjo), now co-own with their aunts Josefina R. Lontoc, Dolores L. Santos, Ma. Lourdes L. Ora, and Ma. Leonor L. Hidalgo.

"6. The name or term 'ELAR' was coined by Respondent-Applicant's grandparents, as a sobriquet for the initial letters of their respective family names: 'L' for Lontoc and 'R' for Rodriguez. The name 'ELAR' first appeared on March 2, 1967, when Respondent-Applicant's grandparents formed ELAR DEVELOPMENT INCORPORATED (ELARDEV). The primary purpose of ELARDEV is to 'acquire and develop various rural and urban lands for raising livestock,' and to own and control such lands 'necessary to the conduct and operation of such business'. In order to strengthen the nature of the corporation as a closed family business, Respondent-Applicant's grandparents were joined by their two (2) daughters, Josefina R. Lontoc and Melinda L. Zalamea, as incorporators. x x x

"7. In 1982, Respondent-Applicant's grandparents formed CASA ELAR INCORPORATED (hereinafter referred to as 'CASA ELAR'), for which its primary purpose was to buy, acquire, develop, and manage restaurants. x x x

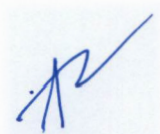
"8. On May 17, 1989, Respondent-Applicant's grandparents formed a third corporation named ELARFOODS, Inc., the herein Oppositor, once again bearing the mark 'ELAR', for the purpose of carrying on the business of dealing in slaughtered meat and other animal products. In this corporation, Respondent-Applicant's grandparents were joined by their three (3) daughters, Josefina L. Portillo, Melinda L. Zalamea and Dolores L. Santos, as incorporators.

"9. Taking the history of the incorporation of the aforementioned corporations, it is deductible that the name, term, 'ELAR' has been used and appropriated by Respondent-Applicant's grandparents, which is to be used for the sole and exclusive benefit of and use by the Lontoc-Rodriguez family, and NOT solely for the benefit of ELARDEV, or CASA ELAR, or ELARFOODS.

"10. As their mentioned, ELARDEV was formed on March 2, 1967. Then known only by its monicker ELAR, it was initially engaged in the production of swine at its farm in Montalban, Rizal for slaughter and meat to be sold at public markets.

"11. Respondent-Applicant's grandfather, the late Jose M. Lontoc, was a Civil Engineer who, together with his wife, the late Leonor Rodriguez Lontoc, loved to cook. As these were usually big family gatherings, it had become customary for the clan to have lechon prepared. However, Respondent-Applicant's grandfather was critical of how the said dish was prepared; as such, Respondent-Applicant's grandfather began to study the process and materials used in making lechon so that he could prepare and cook the lechon himself. He studied the different processes and methods of caring, feeding, and preparing pigs for slaughter and serving.

"12. Three (3) years after ELARDEV was formed, ELAR'S LECHON was launched sometime in 1970. As the lechon business grew, it became necessary to operate the said lechon enterprise from the family residence at No. 20 Speaker Perez Street, Quezon City. Part of the development of the business was the creation of the bamboo tray design made by Respondent-Applicant's grandfather, which became the symbol and mark of ELAR'S LECHON.



"13. It must be emphasized at this juncture that based on the foregoing historical account, it is clear that the name and mark 'ELAR', 'ELAR'S', 'ELAR'S LECHON', and the phrase 'On a Bamboo Tray' had been used and appropriated by Respondent-Applicant's grandparents long before ELARFOODS, INC. which came into existence.

"14. As early as the 1970s, long before Elarfoods, Inc. was established, ELAR'S LECHON retail outlets were opened at Thriftway Supermarket along EDSA and Careers Restaurant in Ermita, Manila. These outlets catered to retail buyers who bought lechon and its by-products, despite operating only out of makeshift stalls (estante). Elar's Lechon was aggressively promoted through flyers and brochures depicting the marks 'ELAR'S LECHON,' 'On a Bamboo Tray,' and the lechon design or device depicting a lechon through a bamboo pole trussed over ELAR's unique bamboo tray have been in existence, utilized extensively and exclusively, and promoted aggressively NOT by complainant ELARFOODS, BUT RATHER by Respondent-Applicant's grandparents. These further prove that complainant, Elarfoods, Inc. does not exclusively own the subject marks.

"15. CASA ELAR was established by Respondent-Applicant's grandparents Elar Restaurant,' which was operated in the family residence at No. 20 Speaker Perez Street, Quezon City. CASA ELAR and Casa Elar Restaurant included ELAR'S LECHON in their main menu and used its name and mark in promoting and establishing goodwill for ELAR'S LECHON. Furthermore, CASA ELAR used and phrase the mark 'On a Bamboo Tray' together with the design and device of a lechon on a bamboo tray for its marketing and promotion. It is thus clear that Respondent-Applicant's grandparents, through CASA ELAR, established goodwill for the marks 'ELAR LECHON,' and 'On a Bamboo Tray,' and also the design and device of a lechon on a bamboo tray. Complainant ELARFOODS, which did not exist until 1989, had no participation in any of these efforts and activities.

"16. Around 1985, Respondent-Applicant's grandparents requested their three (3) daughters, Josefina, Melinda, and Dolores to actively participate in running the lechon and restaurant business. The three resigned from their respective jobs and joined their parents business. Eventually, Respondent-Applicant's mother, Melinda, became directly involved with ELAR FARM and the production, marketing, and sales aspects of ELAR'S LECHON, while Respondent-Applicant's aunts, Josefina and Dolores, were in charge of food outlets, then known as Porky's Treat. Although Porky's Treat carried and sold ELAR'S LECHON, bought at cost from ELARDEV, it was essentially a food outlet, which offered and sold complete meals, take home packs, snack packs, beverages and desserts. However, by 1989, Porky's Treat was closed.

"17. ELARFOODS, an indirect offshoot of Porky's Treat's closure, was established to supplant the failed operations of Porky's Treat. In 1989, ELARFOODS opened with a food outlet called Elar's Lechon at Landmark Food Plaza in Makati City, which carried ELAR'S LECHON and other lechon by-products. Subsequently, ELARFOODS opened its second food outlet at Robinson's Galleria Food Plaza, also called Elar's Lechon. In the meantime, Casa Elar Restaurant was still operating and carrying ELAR'S LECHON. Similarly, ELARDEV was still operating ELAR FARM. It was still involved in the production and preparation of ELAR'S LECHON.

"18. Subsequently, Respondent-Applicant's aunts, Josefina and Dolores, began operating Elar's Catering in the Scout Limbaga property of Respondent-Applicant's mother, Melinda, using the Oppositor as its corporate vehicle. Parenthetically, Elar's Catering's receipts included the Oppositor's Tax Identification Number (T.I.N.). Although Elar's Catering was engaged in the catering business, it consistently featured ELAR'S LECHON in its main menu, which it bought at cost from ELARDEV.

"19. On the other hand, Respondent-Applicant's mother, Melinda, continued managing ELAR'S LECHON and ELAR FARM. In or about 1985, on instructions from their grandfather himself, Respondent Applicant and Manjo began helping their mother in managing and operating Elar's Lechon and Elar Farm. Manjo was engaged in the management analysis and information systems, corporate communications, marketing and promotions of ELARS LECHON. Respondent-Applicant, on the other hand, helped in ELAR FARM and was designated as the Officer-In-Charge (OIC), having management control of the technical and operational aspects of swine production and slaughter, and lechon preparation in addition to the administrative requirements of the Farm. Respondent-Applicant, his mother and his brother continued performing these roles and responsibilities at ELAR'S LECHON and ELAR FARM, even after establishment of Oppositor in 1989.

"20. In 1996, the Lontoc Family decided to close the food outlets at Landmark and Robinson's Galleria. In the same year, Respondent-Applicant's grandfather restructured ELAR'S into three (3) departments: (1) Executive Department, (2) ELAR'S LECHON, and (3) ELAR FARMS. CASA ELAR was temporarily retired, although Casa Elar Restaurant remained open. Similarly, Elar's Catering maintained its operations under the control of Respondent-Applicant's aunts, Josefina and Dolores, which still used the Oppositor as its corporate vehicle. On the other hand, my mother, brother and I continued to manage ELAR'S LECHON and ELAR FARMS.

"21. With the approval of their grandfather, Respondent-Applicant and Manjo established Elar's Lechon Pasig under his sole proprietorship in 1997. Elar's Lechon Pasig proved to be economically viable, however, Manjo was forced to close it in 2000 due to the deaths of their grandfather and their mother.

"22. ELARS FARMS and ELAR'S LECHON were left to Respondent-Applicant and Manjo to manage and administer after the death of their grandfather and mother in 2000; however, their aunts, Josefina and Dolores began interfering with the operations of the said corporations. Alleging that they are the only surviving stockholders of ELARDEV and the Oppositor, Josefina and Dolores, without authority from the Board of Directors of these two corporations and the express consent of all the heirs of Jose M. Lontoc, Lourdes R. Lontoc, and Melinda L. Zalamea, attempted to take control of all operations of ELARS FARMS and ELAR'S LECHON, by ousting Respondent-Applicant from the piggery farm and Manjo from his offices at Speaker Perez Street.

"23. In order to preclude the increasing tension and conflict brought about by Respondent-Applicant's aunts' interference in the operation and management of ELAR FARM and ELAR'S LECHON, and also to show respect and deference to



them, Respondent-Applicant and Manjo submitted a series of proposals to their aunts to settle the estate of their grandparents. As a result, as quid pro quo, they agreed to form a pseudo-Board of Directors for the Oppositor as an initial step towards the settlement of the estate of their grandparents. A pseudo-Board of Directors was formed specifically because after the death of their grandparents and Respondent-Applicant's mother, only two (2) stockholders and members of the Board remained, who jointly held only a minority share in the Oppositor. It was agreed upon that the pseudo-Board shall be composed of their aunts, Josefina and Dolores, Manjo, Joseph Adrian L. Santos (son of Dolores), and Mr. Ruperto Rodriguez, Jr., who is a senior member of the Rodriguez clan and who acted as the Chairman.

"24. A number of meetings were held by the pseudo-Board to negotiate the settlement of the estate of Respondent-Applicant's grandparents; however, these negotiations failed although not all windows to negotiation were closed. Immediately thereafter, however, in evident bad faith and with no discernible purpose other than to totally deny Respondent-Applicant's rights to use the marks ELAR, ELAR's, and ELARS LECHON, and to deprive him of any means of livelihood, Respondent-Applicant's aunts Josefina and Dolores, without any legal authority and factual basis, caused the filing with the Intellectual Property Office of an application for registration of the mark ELAR'S LECHON and, in the process, misleading indicating the Oppositor as the ostensible applicant.

"25. Sometime in 2005, the heirs of Respondent-Applicant's grandparents executed a Memorandum of Agreement (MOA) in order to facilitate the settlement of their estate. Said agreement covers only the use of, and not ownership of, the trademark 'Elar's Lechon'.

"26. Moreover, even though the said MOA was signed in 2005, the First Party to said MOA, who are now in control of the Oppositor, have yet to comply with their obligations thereunder. Their failure to do so indicates their bad faith.

"27. Based on the foregoing, it is evident that Respondent-Applicant's aunts Josefina and Dolores, as well as the Oppositor, do not possess any right whatsoever to ELAR, ELAR's, and ELARS LECHON since the proprietary right thereto belongs to Respondent-Applicant's grandparents, the Spouses Lontoc-Rodriguez, who, while still alive, assigned their rights thereover to Respondent-Applicant and Manjo. Moreover, by virtue of succession, the right to the marks ELAR, ELAR's, ELAR'S LECHON, and associated designs and devices, properly pertain to the heirs of Respondent-Applicant's grandparents.

"28. The Opposer alleged that there is a related pending case before the Honorable Office docketed as IPV Nos. 10-2001-00015, 10-2001-00017 and 10-2001-00018. It should be noted, however, that a decision has already been rendered by the Honorable Office. Said Decision (Decision No. 2005-02) was rendered on 8 August 2005. A copy of said Decision is hereto attached x x x

"29. In fact, said case was dismissed by the Honorable Office on the ground that the Complainant, the Oppositor herein, has no cause of action against Respondent therein.

"30. It is noteworthy that on page 15 of the Decision, it was expressly stated that the 'Spouses Lontoc are the owners of the marks 'ELAR'S LECHON', 'ROASTED PIG DEVICE and 'ON A BAMBOO TRAY' which became popular through the spouses' consistent use of the subject trademarks in connection with their lechon business even before the establishment of Elarfoods, Inc.' It cannot be overly emphasized that the 'Elarfoods Inc.' referred to is none other than herein Oppositor.

"31. The Opposer misleads the Honorable Office in claiming that the Respondent-Applicant acknowledged the Opposer's ownership of the 'Elar's Lechon' trademark.

"32. It may be noted that the Opposer quoted only a portion of the paragraph 10 of the Memorandum of Agreement (x x x). The Opposer omitted the rest of the paragraph for otherwise, it's claim that the Respondent-Applicant acknowledged. Opposer's ownership of the trademark 'Elar's Lechon' would not have any leg to stand on.

"33. Paragraph 10 of the aforementioned Memorandum of Agreement in fact reads:

x x x

"34. It may be noted that said Memorandum of Agreement does not in any way deal with ownership of the trademark 'Elar's Lechon.' In fact, the words 'ownership' and 'own' are not used in the said paragraph.

"35. Moreover, it may be noted that while the Memorandum of Agreement provides that there should be a distinction between 'Elars Lechon' and the trademark to be used by the Second Party (herein Respondent-Applicant and his brother Manuel Jose Zalamea), it does not in any manner state that the Second Party may not use the word 'ELAR.'

"36. Had this been the intention of the parties, the Memorandum of Agreement would have reflected this.

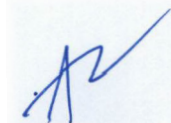
"37. Moreover, a careful reading of the entire paragraph would reveal that the parties even acknowledged that the Second Party has the irrevocable right to use the 'lechon on a bamboo tray device,' which is also associated with the 'Elar's Lechon.'

"38. The instant case is akin to Emerald Garment Manufacturing Corporation v. Court of Appeals.

"39. In said case, the Supreme Court was called upon to decide whether the trademark 'STYLISTIC MR. LEE' is confusingly similar to the trademark 'LEE.' The Supreme Court ruled that it is not.

"40. First, the Supreme Court observed that there is no hard and fast rule in the determining whether a trademark is confusingly similar to another. The Supreme Court stated, to wit-

x x x



"41. In other words, in determining whether a trademark is confusingly similar to another, one must carefully examine the peculiarities of each case.

"42. Central to the case of Emerald Garment Manufacturing Corporation v. Court of Appeals is whether there was an infringement of therein Private Respondent's intellectual property rights. The Supreme Court observed that 'colorable imitation' is an essential element of infringement and has been defined as 'such a close or ingenious imitation as to be calculated to deceive ordinary purchasers, or such resemblance of the infringing mark to the original as to deceive an ordinary purchaser giving such attention as a purchaser usually gives, and to cause him to purchase the one supposing it to be the other.

"43. The Supreme Court further stated that 'colorable imitation does not mean such similitude as amounts to identity. Nor does it require that all details be literally copies. Colorable imitation refers to such similarity in form, content, words, sound, meaning, special arrangement, or general appearance of the trademark or tradename with that of the other mark or tradename in their over-all presentation or in their essential, substantive and distinctive parts as would likely mislead or confuse persons in the ordinary course of purchasing the genuine article.

"44. To determine whether a colorable imitation exists, one must apply two tests - the Dominancy Test and the Holistic Test.

"45. The Dominancy Test is explained by the Supreme Court as follows:

"46. In other words, in determining whether there is infringement of one intellectual property rights, one must consider the main features of the two marks and whether the same will tend to confuse, mislead or deceive the public.

"47. Applying the aforementioned guidelines laid down by the Supreme Court in Emerald Garment Manufacturing Corporation v. Court of Appeals, it is most respectfully submitted that the trademark 'elarZlechon' does not infringe intellectual property rights.

"48. The trademarks 'elarZlechon' and 'elar's lechon' both make use of the words 'elar' and 'lechon.' However, this fact alone is not sufficient to conclude that there was an infringement.

"49. As for the similarity between the first four letters of the trademarks 'elarZlechon' and 'elar's lechon,' it may be observed that oppositor does not have exclusive use nor can it claim ownership thereof as the names of the corporations - Elar Development Inc., Casa Elar Inc. and Elarfoods, Inc., which were set up by the Respondent-Applicant's and the oppositor's stockholder's ancestors, use of the word 'Elar.'

"50. As for the word 'lechon,' suffice it to state that the same is a generic term and therefore, the Oppositor cannot claim that it has exclusive use over it.

"51. Moreover, one must also apply the Holistic Test, which has been defined by the Supreme Court as follows:

x x x

"52. The trademark 'elarZlechon' should be taken as a whole and not piecemeal.

"53. It may be noted that the distinctions between the trademarks 'elarZlechon' and 'elar's lechon' are very much apparent.

"1.1. The trademark 'elarZlechon' consists of only one word. Whereas 'elar's lechon consists of two.

"1.2. Moreover, the 'Z' in 'elarZlechon' is capitalized in order to distinguish it from 'elar's lechon.'

"54. It may be noted that the letter 'Z' appears in the middle of the trademark and is flanked on both sides by small letters. By placing the only capitalized letter of the trademark in the middle, the attention of the purchaser is drawn to it. Hence, there is no danger of confusing, misleading or deceiving purchasers.

"55. It may also be noted that the capitalized letter 'Z' corresponds to the first letter of the Respondent-Applicant's family name - Zalamea.

"56. Moreover, one should also consider the product involved in the case at bar. Lechon is not an ordinary or everyday food product but is one reserved for special occasions and festivities. Thus, the purchaser is more wary and discriminating in making his or her purchase.

"57. In the case of Emerald Garment Manufacturing Corporation v. Court of Appeals, the products involves are jeans or maong pants. The Supreme Court stated thus:

"58. The Supreme Court likewise observed that more credit should be given to the ordinary customer as he or she is not completely unwary. Rather, he or she should be referred to as 'an ordinary intelligent buyer.'

"59. The Respondent Applicant executed an affidavit in support of this Answer and is hereto attached x x x.

The Respondent-Applicant's evidence consists of a copy of the Articles of Incorporation of ELARDEV; a copy of the Articles of Incorporation of CASA ELAR; a copy of Decision No. 2005-02 for IPV Nos. 10-2001-00015; 10-2001-00017; 10-2001-00018 entitled Elarfoods, Inc. vs. Emzee Foods, Inc.; and, the affidavit of Respondent-Applicant, Manuel Enrique L. Zalamea.⁵

On 24 May 2010, Opposer filed a Reply to Respondent-Applicant's Answer.

⁵ Marked as Exhibits "1" and "4".

On 05 July 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 elarZlechon?

The Opposer anchors its opposition on Sections 123.1, paragraphs (d), (e) and (f), Section 147.1 and 147.2, Section 165 and Section 168.1 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 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. 147. *Rights Conferred.* - 147.1. The owner of a registered mark 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 or containers 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.

147.2. The exclusive right of the owner of the well-known mark defined in Subsection 123.1 (e) which is registered in the Philippines, shall extend to goods and services which are

not similar to those in respect of which the mark is registered: *Provided*, That use of that 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. 165. *Trade Names or Business Names.* – 165.1. A name or designation may not be used as a trade name if by its nature or the use to which such name or designation may be put, it is contrary to public order or morals and if, in particular, it is liable to deceive trade circles or the public as to the nature of the enterprise identified by that name.

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

Sec. 168. *Unfair Competition, Rights, Regulation and Remedies.* – 168.1. A person who has identified in the mind of the public the goods he manufactures or deals in, his business or services from those of others, whether or not a registered mark is employed, has a property right in the goodwill of the said goods, business or services so identified, which will be protected in the same manner as other property rights.

Records show that at the time the Respondent-Applicant filed his trademark application on 30 January 2009, the Opposer has existing trademark registration for ELARS LECHON under Trademark Reg. No. 42001007272 issued on 07 June 2006. The registration covers “roasted pig and its by-products, processed meats” in Class 29 and “selling of food and drinks, catering services” in Class 42. This Bureau noticed that the goods and services covered by the Respondent-Applicant’s trademark application is identical or closely-related to the Opposer’s.

The marks are shown below:

ELARS LECHON

elarZlechon

Opposer’s trademark

Respondent-Applicant’s mark

The competing marks are practically identical. That the Respondent-Applicant changed the letter “S” to “Z” is of no moment. The mark still looks and sounds similar to ELARS LECHON. Also, the goods and services covered by the marks are the same, more specifically, for roasted pigs and catering services. As having such identical marks

covering similar goods and services, the registration of Respondent-Applicant's mark is in clear violation of Section 123.1 paragraph (d) (i) of the IP Code, to wit:

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

x x x

(g) 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;"

Moreover, and more importantly, the issue of who between the parties owns the contested mark has already been passed upon in IPV Case Nos. 10-2001-00015, 10-2001-00017 and 10-2001-00018. This Bureau in the Decision on 08 August 2005⁶, held that the Spouses Lontoc and not Elarfoods, Inc. is the true owner of the contested mark, to wit:

"xxx this Office concludes that the Spouses Lontoc and not herein Complainant is the owner of the subject trademarks by prior commercial use as required by Section 2-A of R.A. 166. At present, only the estate may apply for registration and may appropriate for its exclusive use the marks 'ELAR'S LECHON', 'ROASTED PIG DEVICE' and 'ON A BAMBOO TRAY' and a usufruct acquires no right to said marks. xxx"

Upon the death of the Spouses Lontoc, Jose M. Lontoc and Leonor R. Lontoc, in 1997 and 2000 respectively, they were survived by their legitimate children namely Josefina R. Lontoc, Dolores L. Santos, Ma. Lourdes L. Ora, Ma. Leonor L. Hidalgo, and Melinda L. Zalamea. Josefina, Dolores, Ma. Lourdes, Ma. Leonor and Melinda are, therefore, co-owners in and by inheritance of the trademarks "ELAR'S LECHON", "ROASTED PIG DEVICE" and "ON A BAMBOO TRAY". Melinda L. Zalamea, one of the co-owners, is survived by children Manuel Jose L. Zalamea and herein Respondent Manuel Enrique L. Zalamea. Respondent, together with his brother, Manuel Jose L. Zalamea, are part owners thereof. Hence, being a part owner, Respondent has no right to appropriate for himself exclusively the marks "ELAR'S LECHON" and/or "elarZlechon", "ROASTED PIG DEVICE" and "ON A BAMBOO TRAY".

Succintly, in the Memorandum of Agreement executed by the heirs of Spouses Lontoc in August 2005, the parties mutually agreed upon the USE, not ownership of the mark or subject mark/s, thus:

"10. The Parties hereby agree that the name ELARS LECHON and ELARS LECHON ON A BAMBOO TRAY shall be for the sole and exclusive use of


⁶ Decision No. 2005-02.

ELARFOODS, INC. The Second Party hereby undertakes to change its business name in order to create a distinction between its business and that of ELARFOODS immediately upon the signing of their Memorandum of Agreement. Pending approval of the trademark application of the lechon on a bamboo tray device which was filed by the First Party, it is hereby agreed that both parties shall have the right to use the said devise. In the event that the trademark application shall be approved by the Intellectual Property Office, the First Party hereby agrees to the use of the devise by the Second Party, which right to use shall be irrevocable. In such a case, the Second Party shall not assign, transfer or in any manner sell its right to use the lechon on a bamboo tray device.

WHEREFORE, premises considered, the instant Opposition is hereby SUSTAINED. Let the filewrapper of Trademark Application Serial No. 4-2009-001012 together with a copy of this Decision be returned to the Bureau of Trademarks (BOT) for information and appropriate action.

SO ORDERED.

Taguig City, 09 February 2016.


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