



**KAYLA FOODS INTERNATIONAL
(BARBADOS), INC.,**
Opposer,

-versus-

**GLACIER BAY DIVERSIFIED
VENTURES, INC.,**
Respondent-Applicant.

} **IPC No. 14-2010-00043**
} Opposition to:
} Appln. Serial No. 4-2005-007682
} Date Filed: 10 August 2005
} **TM: "YOH-GURT**
} **FROZ AND DEVICE"**
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NOTICE OF DECISION

SAPALO VELEZ BUNDANG & BULILAN LAW OFFICES
Counsel for the Opposer
11th Floor, Security Bank Centre
6776 Ayala Avenue, Makati City

GLACIER BAY DIVERSIFIED VENTURES INC.
Respondent-Applicant
10 South AA Street, Brgy. Paligsahan
Quezon City

GREETINGS:

Please be informed that Decision No. 2016 - 40 dated February 05, 2016 (copy enclosed) was promulgated in the above entitled case.

Taguig City, February 05, 2016.

For the Director:

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

KAYLA FOODS INTERNATIONAL
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-versus-

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Opposition to:
Application No. 4-2005-007682
Date Filed: 10 August 2005
Trademark: "YOH-GURT
FROZ AND DEVICE"

Decision No. 2016- 40

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DECISION

KAYLA FOODS INTERNATIONAL (BARBADOS), INC.¹ ("Opposer") filed an opposition to Trademark Application Serial No. 4-2005-007682. The application filed by Glacier Bay Diversified Ventures, Inc.² ("Respondent-Applicant"), covers the mark "YOH-GURT FROZ AND DEVICE" for use on "frozen yogurt treats" under Class 29 of the International Classification of Goods and Services.³

The Opposer alleges:

x xx

"The grounds for the opposition to the registration of the "YOH-GURT FROZ AND DEVICE" trademark are as follows:

"4. Opposer is the lawful owner of the internationally well-known "YOGEN FRUZ" trademark for frozen yogurt, milk shakes, and frozen yogurt pies falling under International Class 30, and the first to adopt, use and register the same worldwide including the Philippines. It, therefore, enjoys under Section 147 of Republic Act (R.A.) No. 8293 the right to exclude others from registering or using identical or confusingly similar marks such as Respondent-Applicant's trademark "YOH-GURT FROZ AND DEVICE" for goods falling under International Class 29.

"5. There is likelihood of confusion between Opposer's "YOGEN FRUZ" trademark and Respondent-Applicant's trademark "YOH-GURT FROZ AND DEVICE" because the latter is identical and/or confusingly similar to Opposer's "YOGEN FRUZ" trademark. As such, when applied to or used in connection with the goods of Respondent-Applicant, the latter's mark will cause confusion, mistake and deception on the part of the purchasing public as being a trademark owned by the Opposer, hence, the

¹A foreign corporation duly organized and existing under and by virtue of the laws of Barbados W. I., with principal place of business at 27 Pine Road, 2nd Flr., Belleville, St. Michael, BB1113 Barbados W.I.

²A domestic corporation with address at #10 South AA Street, Brgy. Paligsahan, 1103 Quezon City.

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.

Respondent-Applicant's "YOH-GURT FROZ AND DEVICE" trademark cannot be registered in the Philippines pursuant to the express provision of 123 (e) of R.A. No. 8293.

"6. Respondent-Applicant, in adopting the "YOH-GURT FROZ AND DEVICE" trademark for its goods, is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association with the Opposer, or as to origin, sponsorship, or approval of its goods and services by the Opposer, for which it is liable for false designation of origin, false description or representation under Section 169 of R.A. No. 8293.

"Opposer relies on the following facts to support its opposition:

"7. Opposer is the first to adopt, use and register the "YOGEN FRUZ" trademark in the Philippines and worldwide for frozen yogurt, milk shakes and frozen yogurt pies. The trademark "YOGEN FRUZ" is registered in over fifty (50) countries all over the world including China, Japan, United States, etc. In the Philippines, said mark is also registered under Registration No. 4-2007-004411 issued on May 2, 2007. Said registration is still valid and in force in the Philippines.

"The notarized Affidavit of David Murray, the Financial Controller/Director of Opposer herein, attesting to the worldwide registration, use and popularity of the Opposer's mark is attached hereto and made an integral part hereof as Exhibit "A".

"8. Moreover, Opposer maintains a website - <http://www.yogenfruz.com/home/en/> -- which showcases the various products it offers to the public as well as its numerous stores worldwide. As can be gleaned from the website, Opposer's products reach and geographical presence are considerably extensive, and most noticeable of which is its "YOGEN FRUZ" mark prominently displayed in the home page. Attached hereto as Exhibit "B" is a print-out of the home page of Opposer's website showing the "YOGEN FRUZ" mark.

"9. The "YOGEN FRUZ" trademark which Opposer herein originated and adopted for frozen yogurt, milk shakes and frozen yogurt pies, is internationally well-known. The Opposer's "YOGEN FRUZ" trademark has been registered, used, promoted and advertised for a considerable duration of time and over wide geographical areas having been in use in several countries. As a matter of fact, it is registered in over fifty (50) countries such as Australia, Canada, China, United States of America, France, Greece, Hong Kong, Ireland, Japan, Korea, Mexico, Pakistan, New Zealand, Portugal, South Africa, Sweden, Switzerland, etc.

"Copies of Opposer's certificates of registration worldwide, covering the "YOGEN FRUZ" trademark issued in said countries are attached in the notarized Affidavit of David Murray as Exhibits "B" series.

"10. In 1986, Opposer began as a retail outlet in Toronto, Canada which eventually became a worldwide phenomenon in the frozen dessert category, with over 100 locations operating in 20 countries around the world including Bolivia, Canada, Chile, Colombia, Costa Rica, China, Dominican Republic, El Salvador, Japan, Saudi Arabia, United States of America, United Kingdom, etc., as evidenced by its revenues through its worldwide sales of its "YOGEN FRUZ" products earning a massive US\$40,499,577.00 in the year of 2008 alone.

"11. Today, the Opposer is the largest franchisor and licensor of stores and other locations serving primarily frozen yogurt bearing the "YOGEN FRUZ" mark, through company-owned, franchised and non-traditional partnership locations. As a result, the "YOGEN FRUZ" mark has become a billion-dollar brand, licensed by quality manufacturers, in Canada, the United States of America and around the world. As a matter of fact, Opposer was recognized by Entrepreneur Magazine for its accomplishment and was rated the number one franchise in the world for the year 1999 among the Franchise 500.

"12. Respondent-Applicant's trademark "YOH-GURT FROZ AND DEVICE" is identical and/or confusingly similar to Opposer's "YOGEN FRUZ" trademark in sound, spelling, and meaning as to likely cause confusion. Section 123.1 (d) and (e) of R.A. No. 8293 provides that:

x xx

"The contending marks are similar in sound and spelling since Respondent-Applicant adopted Opposer's "YOGEN FRUZ" trademark in its "YOH-GURT FROZ AND DEVICE" trademark. In meaning, both marks connote frozen yogurt products. Confusion is even made more certain since the subject marks are used for identical/related goods. The Opposer's mark covers frozen yogurt, milk shakes, and frozen yogurt pies falling under International Class 30 whereas the Respondent-Applicant's mark covers frozen yogurt treats goods falling under International Class 29. Thus, a cursory comparison will immediately yield the inescapable conclusion that the goods covered by both marks are similar and/or related.

"13. The Opposer's "YOGEN FRUZ" mark and the Respondent-Applicant's "YOH-GURT FROZ AND DEVICE" mark are confusingly similar. Specifically, taking into account the foregoing, it is immediately apparent that both marks imply the same line of products and are pronounced similarly, considering further that both have the same number of syllables. The name "yogen" implies yogurt whereas the word "fruz" brings to mind frozen goods. In the same way, Respondent-Applicant's mark contains the word "yoh-gurt", which is also "yogurt" spelled differently, and the word "froz" which is an abbreviation for the word "frozen". More importantly, the letter "u" in both marks represented by a smiling face which makes the misappropriation of Opposer's trademark by Respondent-Applicant all the more evident.

"14. Moreover, the literacy presumption rule presumes that words constitute the dominant component of a composite word/design mark. Thus, in the determination of confusing similarity, how the words or the combination of the letters are read is considered. In this case, the difference in the design of the two marks would make little, if no difference, in averting the confusion that would result as both marks are read and referred to similarly by the public.

"15. Respondent-Applicant's products are clearly identical to Opposer's products covered by its "YOGEN FRUZ" trademark. Undoubtedly, the use of Respondent-Applicant's trademark "YOH-GURT FROZ AND DEVICE" definitely misleads the public into believing that its goods originate from, or are licensed or sponsored by Opposer or that Respondent-Applicant is associated with or an affiliate of the Opposer.

"16. Respondent-Applicant has appropriated the trademark "YOH-GURT FROZ AND DEVICE" for the obvious purpose of capitalizing upon or riding on the valuable goodwill and popularity of the "YOGEN FRUZ" trademark, which Opposer gained through tremendous effort and expense over a long period of time. This clearly constitutes an invasion of Opposer's intellectual property rights.

"17. The use by Respondent-Applicant of "YOH-GURT FROZ AND DEVICE" will dilute the distinctiveness of Opposer's "YOGEN FRUZ" trademark. The use, sale and distribution by the Respondent-Applicant of goods bearing the "YOH-GURT FROZ AND DEVICE" trademark are inflicting considerable damage to the interests of the Opposer. To allow Respondent-Applicant to register "YOH-GURT FROZ AND DEVICE" will constitute a mockery of our laws protecting intellectual property rights; it will legitimize its unfair and unlawful business practice.

The Opposer's evidence consists of the affidavit of David Murray, the Financial Controller/Director of Opposer herein; print-out of the home page of Opposer's website showing the "YOGEN FRUZ" mark; copies of Opposer's certificates of registration worldwide covering the "YOGEN FRUZ" trademark; certificate of registration no. 42007004411 for the "YOGEN FRUZ" trademark issued in the Philippines; representative samples of invoices for the purchases of products/services bearing the trademark "YOGEN FRUZ"; copies of the Opposer's annual sales reports from the year 2002-2008; copies or samples of the Opposer's promotions, advertisements, etc in magazines, and brochures; and, copies of the surveys showing the ranking of Opposer's "YOGEN FRUZ" products in various years.⁴

This Bureau issued a Notice to Answer and served a copy thereof upon Respondent-Applicant, Glacier Bay Diversified Ventures Inc., on 19 March 2010. The Respondent-Applicant filed their Answer on 19 July 2010 and avers the following:

x x x

"2. Respondent-Applicant was incorporated in October 2004. It owns and operates a chain of stores within Metro Manila that prepares and sells "YOH-GURT FROZ," a dessert made from a blend of frozen yogurt and fruits.

"3. Respondent-Applicant opened its first stall at the Sekai Building along Ortigas Avenue in June of 2005. After 6 months, the company decided to look for a more suitable location. It opened its flagship store in March 2006, at Thompson's Square, Tomas Morato Ave., Quezon City. In May of 2006, it opened a second branch at the SM Mall of Asia, and in 2008, respondent-applicant opened two (2) more branches at Robinsons Place Manila, and at Bonifacio High Street, inside Hobbes &Landes.

"4. In 2009 respondent-applicant opened five (5) more branches: Promenade Greenhills; Greenbelt 5; Shangri-la Mall; Trinoma; and Alabang Town Center, all of which are inside Hobbes &Landes stores. Presently, the company operates fourteen (14) branches, including stores at Eastwood Mall, Fox Square

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



(along Connecticut Street in San Juan), at Rockwell Powerplant and at ABS-CBN's ELJJ Building.

"5. On 10 August 2005, Respondent-applicant filed with the Bureau of Trademarks an application for the registration of its trademark, "YOH-GURT FROZ and Device." A certified true copy of the application, Application Serial Number 4-2005-007682, is attached as Annex "1."

"6. During the course of the examination, on 17 January 2008, the Bureau of Trademarks mistakenly mailed the Notice of Final Rejection (Paper No. 05) to a certain "Atty. Ryan Espinosa, Ground Floor and Rm. 805 Atrium Bldg. Atrium of Makati, Makati Ave. Makati City." Atty. Espinosa was never involved with the application, nor is he known to respondent-applicant. A certified true copy of the Notice of Final Rejection (Paper No. 05) is attached as Annex "2." Needless to say, respondent-applicant was unable to pursue the subsequent prosecution of the application.

"7. In the meantime, Opposer's trademark application for "YogenFruz" (Appln. Ser. No. 4-2007-004411) was published for opposition in the IPO e-gazette on 18 April 2008. The Opposer's mark was subsequently registered on 19 May 2008.

"8. It was more than one (1) year later that the Notice of Final Rejection (Paper No. 05) reached respondent-applicant's authorized representative, Joseph V. Redulla, at the correct address. A copy of the Notice of Final Rejection (Paper No. 05), correctly mailed to respondent-applicant's authorized representative on 19 June 2009, and duly received by Mr. Redulla on 2 July 2009, is attached as Annex "3."

"9. Respondent-applicant then engaged undersigned counsel's services. Undersigned counsel filed a Notice of Appeal on 20 July 2009 and an Appellant's Brief on 23 July 2009. Copies of the Notice of Appeal and the Appellant's Brief are attached as Annex "4" and "5", respectively.

"10. On 13 August 2009, the IPRS In-Charge Edna B. Andrade reversed her previous Notice of Final Rejection and recommended the allowance of the respondent-applicant's trademark application. On 24 September 2009, the Director of the Bureau of Trademarks granted respondent-applicant's Appeal, thereby allowing the application's publication for opposition. A certified true copy of the Director of the Bureau of Trademarks' Decision is attached as Annex "6."

"11. On 19 October 2009, the instant application was published for opposition.

"III. Admissions and Denials

"11. Respondent-Applicant is without sufficient knowledge or information to form a belief as to the truth of the averments in Paragraph 1 of the Opposition.

"12. Respondent-Applicant admits Paragraph 2 of the Opposition, but avers that orders, notices and other processes may be served at the address of undersigned counsel.

"13. Respondent-Applicant admits Paragraph 3 of the Opposition.

"14. Respondent-Applicant denies Paragraph 4, 5, and 6 of the Opposition, the truth of the matter being set out in respondent-applicant's Defenses.

"15. Respondent-Applicant specifically denies allegations made in Paragraph 7 of the Opposition, insofar as it claims that Opposer is the first to adopt and use the "YOGEN-FRUZ" trademark in the Philippines. Based on available information and belief, Opposer has not even sold a single product using the "YOGEN-FRUZ" trademark in the Philippines. However, respondent-applicant admits the "YOGEN-FRUZ" trademark is registered in the Philippines under Reg. No. 4-2007-004411. Respondent-applicant is without sufficient knowledge or information to form a belief as to the truth of Opposer's worldwide registrations, and likewise denies the allegations contained in the notarized Affidavit of Mr. David Murray as well as its supposed attachments for being self-serving, and containing unsubstantiated conclusions of fact and law.

"16. Respondent is without sufficient knowledge or information to form a belief as to the truth of the averments in Paragraph 8, 9, 10, and 11.

"17. Respondent-applicant denies Paragraph 13 and 14, the truth of the matter being set out in respondent-applicant's Defenses.

"18. Respondent-applicant denies Paragraphs 15, 16, and 17 for being unsubstantiated conclusions of fact and law.

"Defenses

"19. Sections 123.1 (e) of Republic Act No. 8293 provides for the marks that cannot be registered with the Intellectual Property Philippines. It states:

x x x

"20. Respondent-applicant's "YOH-GURT FROZ AND DEVICE" mark is not identical nor is it confusingly similar to Opposer's "YOGEN FRUZ" mark. The marks are different in sound, spelling, appearance and as to their meaning. The only common denominator is the use of the vowel "U" with a *diaeresis* or *umlaut* over it ("U"). With the advent of the Internet, chat rooms, blogs, e-mail, SMS, the symbol "U" has become synonymous with the "smiley face," and usually denotes happiness, cheerfulness, humor, satisfaction, and pleasure.

"21. Respondent-Applicant has used the symbol "U" precisely as a representation of a "smiley face," and not as a means of pronunciation. Together with the heart device inside the letter "O" the intention of respondent-applicant is to depict a healthy and happy heart, a happy lifestyle.

"22. Similarity of the marks in one respect - sight, sound or meaning will not automatically result in a finding of likelihood of confusion. It is basic that in finding a likelihood of confusion, the marks must be considered in their entirety and should not be compared or dissected based on fragments thereof. It follows from this rule that the likelihood of confusion cannot be based on separate parts of the mark or on only part of a mark.

"23. Visually comparing the two marks shows the stark differences between them:

x x x

"24. In its futile attempt to prove identity or confusing similarity, Opposer dissected its mark on the theory that "YOGEN" implies "yogurt" whereas the word "FRUZ" implies "frozen goods" (see paragraph 13, page 6, Opposition). As mentioned above, the term "YOGEN" is not a dictionary word nor a common word that suggest anything about "yogurt," and even the term "FRUZ" per se does not necessarily suggest that it refers to "frozen goods."

"25. The US Court of Appeals for the Federal Circuit, in ruling that likelihood of confusion cannot be based on dissection of only a part of a mark, provided the following guidance:

"The basic principle in determining confusion between marks is that marks must be compared in their entireties and must be considered in connection with the particular goods or services for which they are used. It follows from that principle that likelihood of confusion cannot be predicated on dissection of a mark, that is, on only part of a mark. On the other hand, in articulating reasons for reaching a conclusion on the issue of confusion, there is nothing improper in stating that, for rational reasons, more or less weight has been given to a particular feature of a mark, provided the ultimate conclusion rests on consideration of the marks in their entireties. Indeed, this type of analysis appears to be unavoidable.

"26. In *Fruit of the Loon, Inc. v. CA*, the Supreme Court said:

"In determining whether the trademarks are confusingly similar, a comparison of the word is not the only determinant factor. The trademarks in their entirety as they appear in their respective labels must also be considered in relation to the goods to which they are attached. The discerning eye of the observer must focus not only on the predominant words but also on the other features appearing in both labels in order that he may draw his conclusion whether one is confusingly similar to the other.

"27. Moreover, presented below are pictures of the Respondent-Applicant's outlets where the goods bearing the "YOH-GURT FROZ AND DEVICE" mark are being sold:

x x x

"28. As shown in the pictures above, the goods represented by Respondent-Applicant's mark are offered for sale through stores and outlets where the "YOH-GURT FROZ AND DEVICE" mark is conspicuously displayed on its signs. It is highly unlikely that patrons of "YOH-GURT FROZ" are misled into believing that the yogurt represented by the Applicant's mark originates from Kayla Foods

International (Barbados), Inc., a company that is unknown in the Philippines, and whose products have yet to be sold here.

"29. Based on available information and belief, "YOGEN FRUZ" has never been introduced or sold in the Philippines. Opposer has not put up any shop or store in the country. It is virtually unknown in the Philippines, and is therefore incapable of being recognized as internationally well-known mark.

x x x

"30. To support its contention that the "YOGEN FRUZ" trademark is internationally well-known, Opposer attached Exhibits "B" to "B-77," which are allegedly copies of trademark registration certificates for "YOGEN FRUZ" all over the world.

"31. In the first place, these copies cannot be admitted by this Honorable Office as competent and admissible evidence. They have been submitted in violation of Sec. 7.1 of the Regulations on Inter Partes Proceedings, as amended by Office Order No. 79, S. 2005, which provide:

Sec. 7.1. The petition or opposition, together with the affidavits of witnesses and originals of the documents and other requirements, shall be filed with the Bureau, provided, that in case of public documents, certified copies shall be allowed in lieu of the originals..."

"32. While these trademark registration certificates (Annexes "B" to "B-77") are indeed public documents, Opposer did not submit any of the originals nor certified copies of the certificates of registration. They are all photocopies.

"33. Opposer makes it appear that Mr. David Murray, the Financial Controller of Kayla Foods International (Barbados), Inc. is attesting to the authenticity and due execution of these documents through his affidavit. Paragraph 9, Page 4 of the Opposition states: "Copies of Opposer's certificates of registration worldwide covering the "YOGEN FRUZ" Trademark issued in said countries are attached in the notarized affidavit of David Murray as Exhibit "B" series."

"34. But a close inspection of David Murray's affidavit reveals that Exhibits "B to B-77" are NOT attached to his affidavit. The affidavit on file with this Honorable Office contains no attachments whatsoever.

"35. In fact, in Paragraph 4 of his affidavit, Mr. Murray states that "Sample of the certificates of foreign registrations covering Opposer's "YOGEN FRUZ" trademark are also attached in the Notice of Opposition as Exhibits "B" series." He clarifies that Exhibits "B" series are attached to the Notice of Opposition, not to his affidavit.

"36. Thus it is abundantly clear that" 1) Only photocopies of the worldwide trademark registrations (Exhibits "B" to "B-77") were submitted to this Honorable Office; 2) Mr. Murray is incompetent to identify and attest to the authenticity and due execution of these documents, because they were not attached to his affidavit, and 3) The photocopies of the worldwide trademark registrations (Exhibits "B" to

"B-77") were merely attached by Opposer's counsel to the Notice of Opposition, contrary to their allegation "Copies of Opposer's certificates of registration worldwide covering the "YOGEN FRUZ" Trademark issued in said countries are attached in the notarized affidavit of David Murray as Exhibits "B" series."

"37. For being mere photocopies of trademark registration certificates, and for remaining unidentified and unattested to as their authenticity and due execution, this Honorable Office should not accord Exhibits "B" to "B-77" any weight whatsoever.

"38. Assuming, for the sake of arguments, that these documents could be admitted, the exhibits themselves reveal that many of the alleged trademark registration certificates have expired. Some notable examples are: Australia (Exh. B-1, and B-2); China (Exh.B-13 and B-14); Colombia (Exh.B-16, B-17, B-18); Denmark (B-21); Greece (Exh.B-29); Korea (Exh.B-48); Pakistan (Exh.B-56); and Taiwan (Exh.B-66, B-67, and B-68). It is plainly stated on the face of these documents that the period for protection has expired. The table below shows the countries (highlighted) where the period for protection has clearly expired.

x x x

"39. The contention that "YOGEN FRUZ" is internationally well-known has not been established since Opposer has miserably failed to present "substantial evidence." Substantial evidence is that amount of relevant evidence that a reasonable mind might accept to justify a conclusion (Rule 133, Sec. 5).

"40. The affidavit of David Murray, the Financial Controller of Opposer, is full of self-serving statements that cannot be independently verified. They also refer to Exhibits "D," "E," "F," and "G," which are likewise photocopies and NOT even attached to his affidavit. They are therefore unidentified and unattested to as to their authenticity and due execution. These self-serving statements and unidentified documents are:

- a) Exhibit "D" to "D-13" - Representative samples of invoices for purchases of "YOGEN FRUZ" in various countries. (see par. 5, Affidavit of David Murray)
- b) Statement of revenues in US Dollars from worldwide sales of "YOGEN FRUZ" products from 2002 to 2008 (see par. 6, Affidavit of David Murray);
- c) Exhibits "E" to "E-1" - Annual sales reports (see par. 6, Affidavit of David Murray)
- d) Statement of amounts spent on advertising and promotions (see par. 7, Affidavit of David Murray)
- e) Exhibits "F" to "F-4" - copies of advertisements and brochures (see par. 7, Affidavit of David Murray)
- f) Alleged awards and recognition granted to "YogenFruz's" products (see par. 9, affidavit of David Murray)
- g) Exhibit "G: - Copies of surveys showing the ranking of Opposer's products (see par. 10, Affidavit of David Murray)

"41. These statements are self-serving and cannot be independently verified by this Honorable Office. The annexes mentioned consist also of mere photocopies which are unidentified by David Murray, since they were only annexed by

Opposer's counsel to the Notice of Opposition. Opposer therefore failed to present competent and admissible evidence that its "YOGEN FRUZ" mark is famous in accordance with Rule 102 of the Rules and Regulations on Trademarks, Service Marks, Tradenames, and Marked or Stamped Containers, as follows:

x x x

"42. Most importantly, Opposer has miserably failed to present any evidence that the "YOGEN FRUZ" mark is well-known in the Philippines. As previously mentioned, based on available information and belief, Kayla Foods International (Barbados), Inc. has not put up any store in the Philippines. Notably absent from the Opposition is any evidence to show that products bearing the "YOGEN FRUZ" trademark have been sold in the Philippines in significant commercial quantities, and whether the mark has become known in the country.

"43. The glaring lack of proof that the Opposer's mark is well-known in the Philippines negates its claim that the use by Respondent-applicant of the "YOH-GURT FROZ and Device" will dilute the distinctiveness of Opposer's mark. In *Levi Strauss & Co., and Levi Strauss (Phils.) Inc. v. Clinton Apparelle, Inc.* it was held:

x x x

"44. Thus, to be protected from dilution, Opposer needs to show, and prove by competent and verifiable evidence, that: (a) its "YOGEN FRUZ" mark is famous and distinctive in the Philippines; (b) the use by Respondent-Applicant of its "YOH-GURT FROZ AND DEVICE" mark began after Opposer's mark became famous in the Philippines; and (3) such subsequent use defames Opposer's mark. Opposer failed to prove all of the above.

"45. Opposer has failed to meet the burden of proof required in claiming superior rights over Respondent-applicant's "YOH-GURT FROZ AND DEVICE" mark, having fallen short of the standard of substantial evidence required in administrative proceedings:

x x x

"46. It should be noted that Respondent-applicant enjoys the earlier filing date for its own mark, "YOH-GURT FROZ and Device," having been filed on 10 August 2005, way ahead of Opposer's mark, which was filed only on 02 May 2007.

"47. As mentioned previously, during the course of examination, the Bureau of Trademarks mistakenly mailed the Notice of Final Rejection (Paper No. 05) to a certain "Atty. Ryan Espinosa, Ground Floor and Rm. 805 Atrium Bldg. Atrium of Makati, Makati Ave. Makati City." Atty. Espinosa was never involved with the application, nor is he known to Respondent-applicant.

"48. Respondent-applicant could have pursued the prosecution and registration of the subject mark, but was delayed for more than one (1) year until such time as it was able to receive the Notice of Final Rejection on 2 July 2009. In the meantime, Opposer's trademark application for "YOGEN FRUZ" (Appln. Ser. No. 4-2007-004411) was published for opposition in the IPO e-gazette on 18 April 2008. The Opposer's mark was subsequently registered on 19 May 2008.

The Respondent-Applicant's evidence consists of a certified true copy of Application Serial No. 4-2005-007682; certified true copy of the Notice of Final Rejection (Paper No. 5); a copy of the Notice of Final Rejection (Paper No. 05) correctly mailed to Respondent-Applicant's authorized representative on 19 June 2009; copies of the Notice of Appeal and the Appellant's Brief; certified true copy of the BOT Director's Decision; and the Secretary's Certificate designating the law firm of BENGZON NEGRE UNTALAN as the true and lawful attorneys-in-fact of Respondent-Applicant.⁵

On 22 June 2011, the Preliminary Conference was held and terminated. Then after, the Opposer filed its position paper on 08 July 2011.

Should the Respondent-Applicant be allowed to register the trademark YOH-GURT FROZ AND DEVICE? Does YOH-GURT FROZ AND DEVICE resemble YOGEN FRUZ such that confusion or deception is likely to occur?

The marks are shown below:

yogen früz



Opposer's trademark

Respondent-Applicant's mark

This Bureau finds that confusion or deception is likely to occur at this instance. An examination and comparison of the competing marks shows that both marks have the same number of syllables: /YO/GEN/FRUZ for Opposer's and /YOH/GURT/FROZ for Respondent-Applicant's. YOGEN and YOH-GURT have similar sounding prefixes and suffixes, including the choice of the second word FRUZ for Opposer's and FROZ for Respondent-Applicant's. Besides having the same number of syllables and similar sounding words, noticeable as well for both is the use and adoption of the mark (ü) added to the vowel U. It could result to mistake with respect to perception because the marks sound so similar. Under the idem sonans rule, the following trademarks were held confusingly similar in sound: "BIG MAC" and "BIG MAK"⁶, "SAPOLIN" and LUSOLIN"⁷, "CELDURA" and "CORDURA"⁸, "GOLD DUST" and "GOLD DROP". The Supreme Court ruled that similarity of sound is sufficient ground to rule that two marks are confusingly similar, to wit:

⁵Marked as Annexes "1" to "7", inclusive.

⁶*MacDonalds Corp, et. al v. L. C. Big Mak Burger*, G.R. No. L-143993, 18 August 2004.

⁷*Sapolin Co. v. Balmaceda and Germann&Co,m* 67 Phil, 705.

⁸*Co Tiong SA v. Director of Patents*, G.R. No.L- 5378, 24 May 1954; *Celanex Corporation of America vs. E. I. Du Pont de Nemours & Co.* (1946), 154 F. 2d 146 148.)



Two letters of "SALONPAS" are missing in "LIONPAS": the first letter a and the letter s. Be that as it may, when the two words are pronounced, the sound effects are confusingly similar. And where goods are advertised over the radio, similarity in sound is of especial significance...."SALONPAS" and "LIONPAS", when spoken, sound very much alike. Similarity of sound is sufficient ground for this Court to rule that the two marks are confusingly similar when applied to merchandise of the same descriptive properties.⁹

Also, the Respondent-Applicant's trademark application covers goods that are similar to the Opposer's, particularly, frozen yogurt. It is likely, therefore, that a consumer who wishes to buy frozen yogurt and is confronted with the mark YOGURT FROZ AND DEVICE, will think or assume that the mark or brand is just a variation of YOGEN FRUZ or is affiliated with the Opposer'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 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.¹⁰

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.¹¹

The Respondent-Applicant's filing of their trademark application on 10 August 2005 preceded the Opposer's trademark application in the Philippines (02 May 2007). Opposer's trademark application in the Philippines, nonetheless, matured into

⁹ *Marvex Commercial Co., Inc. v. Petra Hawpia & Co., et. al.*, G.R. No. L-19297, 22 Dec. 1966.

¹⁰ *Converse Rubber Corp. v. Universal Rubber Products, Inc. et. al.*, G.R. No. L-27906, 08 Jan. 1987.

¹¹ *Pribhdas J. Mirpuri v. Court of Appeals*, G.R. No. 114508, 19 November 1999, citing *Ethepa v. Director of Patents, supra, Gabriel v. Perez*, 55 SCRA 406 (1974). See also Article 15, par. (1), Art. 16, par. (1), of the Trade Related Aspects of Intellectual Property (TRIPS Agreement).

aregistration. It obtained its earliest trademark registration for YOGEN FRUZin Canada in 1987.

In this regard, this Bureau emphasizes 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 of registration. The Philippines implemented the World Trade Organization Agreement "TRIPS Agreement" when the IP Code took into force and effect on 01 January 1998. Art 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, 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 provisions of this law. (Sec. 2-A, R.A. No. 166a)

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

Corollarily, Sec. 138 of the IP Code provides:

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. (Emphasis supplied)

Clearly, 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. While the country's legal regime on trademarks shifted to a registration system, it is not the



intention of the legislators not to recognize the preservation of existing rights of trademark owners at the time the IP Code took into effect.¹² The registration system is not to be used in committing or perpetrating an unjust and unfair claim. A trademark is an industrial property and the owner thereof has property rights over it. The privilege of being issued a registration for its exclusive use, therefore, should be based on the concept of ownership. The IP Code implements the TRIPS Agreement and therefore, the idea of "registered owner" does not mean that ownership is established by mere registration but that registration establishes merely a presumptive right of ownership. That presumption of ownership yields to superior evidence of actual and real ownership of the trademark and to the TRIPS Agreement requirement that no existing prior rights shall be prejudiced. In *E.Y. Industrial Sales, Inc., et al. v. Shen Dar Electricity and Machinery Co. Ltd.*¹³, the Supreme Court held:

x x x Under this provision, the registration of a mark is prevented with the filing of an earlier application for registration. This must not, however, be interpreted to mean that ownership should be based upon an earlier filing date. While RA 8293 removed the previous requirement of proof of actual use prior to the filing of an application for registration of a mark, proof of prior and continuous use is necessary to establish ownership of a mark. Such ownership constitutes sufficient evidence to oppose the registration of a mark.

x x x

Notably, the Court has ruled that the prior and continuous use of a mark may even overcome the presumptive ownership of the registrant and be held as the owner of the mark. x x x

In this instance, the Opposer proved that it is the originator and owner of the contested trademark. As stated, "the name 'yogen' implies yogurt whereas the word 'fruz' brings to mind frozen goods. In the same way, Respondent-Applicant's mark contains the word 'yoh-gurt', which is also 'yogurt' spelled differently, and the word 'froz' which is an abbreviation for the word 'frozen'". Also, the Respondent-Applicant's contains a stylized letter "U" which is identical to the letter "U" in Opposer's mark YOGEN FRUZ.

It is emphasized that a trademark must be a visible sign capable of distinguishing the goods or services of an enterprise.¹⁴ 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

¹²See Sec. 236 of the IP Cod

¹³G.R. No. 184850, 20 October 2010.

¹⁴Sec. 121.1 of the IP Code.

as his product.¹⁵ This Bureau finds that the mark applied for registration by the Respondent-Applicant does not meet this function.

WHEREFORE, premises considered, the instant Opposition to Trademark Application No. 4-2005-007682 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, 05 February 2016.



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

¹⁵ *Pribhdas J. Mirpuri vs. Court of Appeals*, G.R. No. 114508, 19 November 1999.