

BIODENT CO. LTD. thru its Attorney-In-Fact, HEXAGON HEALTHCARE CORP.,
Opposers,

-versus-

INNOTREND MARKETING,
Respondent- Applicant.

X-----X

}
} **IPC No. 14-2014-00425**
} Opposition to:
} Appln. Serial No. 4-2013-011065
} Date Filed: 13 September 2013
} **TM: "DENJECT"**

NOTICE OF DECISION

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Respondent-Applicant
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Cubao, Quezon City

GREETINGS:

Please be informed that Decision No. 2016 - 59 dated February 26, 2016 (copy enclosed) was promulgated in the above entitled case.

Taguig City, February 26, 2016.

For the Director:

Edwin D. Datang
Atty. EDWIN DANILO A. DATANG
Director III
Bureau of Legal Affairs

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IPC No. 14-2014-00425
Opposition to Trademark
Application No. 4-2013-011065
Date Filed: 13 September 2013

Trademark: "**DENJECT**"

Decision No. 2016- 59

DECISION

Biodent Co. Ltd., thru its Attorney-In-Fact, Hexagon Healthcare Corporation¹ ("Opposer") filed an opposition to Trademark Application Serial No. 4-2013-011065. The contested application, filed by Innotrend Marketing² ("Respondent-Applicant"), covers the mark "DENJECT" for use on "*medical device - disposable dental needle intended use to be attached to a syringe to inject anaesthetics and other drugs*" under Class 10 of the International Classification of Goods³.

According to the Opposer, Hexagon Healthcare Corporation is the exclusive distributor and Attorney-in-Fact of the "DENJECT" disposable dental needle of Biodent Co. Ltd. here in the Philippines. The Opposer claims that Biodent Co. Ltd. is the prior adapter, user and owner of the mark "DENJECT", which was first used as a brand for disposable needles in 1991. The mark "DENJECT" is registered in the Food and Drugs Board, Medical Boards and Intellectual Property Offices of various countries.

Thus, the Opposer contends that the Respondent-Applicant's mark "DENJECT" will likely cause confusion, mistake and deception to the purchasing public, especially considering that the same is applied for disposable needles, which is closely related to the goods covered by its own "DENJECT" mark. It alleges that the Respondent-Applicant is merely a former distributor who fraudulently appropriated for itself the mark "DENJECT" when the latter realized that the distributorship agreement will no longer be renewed. In support of its Opposition, the Opposer submitted the affidavits of Jae Hong Lim, with annexes.⁴

¹A domestic corporation with address at SGS Foundation Building, 1335 G. Araneta Ave., Quezon City.

²A Philippine company with principal address at Room 103 Alpha Building, 77 Boni Serrano Ave. Cubao, Quezon City,

³The Nice Classification is a classification of goods and services for the purpose of registering trademark and services marks, based on the multilateral treaty administered by the World Intellectual Property Organization. The treaty is called the Nice Agreement Concerning the International Classification of Goods and Services for the Purpose of the Registration of Marks concluded in 1957.

⁴Marked as Exhibits "B" and "C".

A Notice to Answer was issued and served upon the Respondent-Applicant on 14 November 2014. The latter, however, did not file its Answer. Thus, on 09 March 2015, the Hearing Officer issued Order No. 2015-394 declaring Respondent-Applicant in default and the case submitted for resolution.

The issue to be resolved is whether Respondent-Applicant should be allowed to register the trademark "DENJECT".

The marks are clearly identical. In this regard, Section 123.1 (d) of R.A. No. 8293, also known as the Intellectual Property Code of the Philippines ("IP Code") provides that:

"Section 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; x x x"

Records reveal that the Respondent-Applicant filed an application for registration of the mark "DENJECT" on 13 September 2013. The Opposer, on the other hand, does not have any pending application and/or existing registration. Aptly, the Opposer disputes the right of the Respondent-Applicant to register the contested mark on the issue of ownership.

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

***Section 2: Trademarks
Article 15
Protectable subject Matter***

- 1. Any sign, or any combination of signs, capable of distinguishing the goods or services of one undertaking from those of other undertakings, shall be capable of constituting a trademark. Such signs, in particular words, including personal names, letters, numerals, figurative elements and combinations of colours as well as any combination of such signs, shall be eligible for registration as trademarks. Where signs are not inherently capable of distinguishing the relevant goods or services, members may make registrability depend on distinctiveness acquired through use. Members may require, as a condition of registration, that signs be visually perceptible.***

2. ***Paragraph 1 shall not be understood to prevent a Member from denying registration of a trademark on other grounds, provided that they do not derogate from the provision of the Paris Convention (1967).***
3. ***Members may make registrability depend on use. However, actual use of a trademark shall not be a condition for filing an application for registration. An application shall not be refused solely on the ground that intended use has not taken place before the expiry of a period of three years from the date of application.***
4. ***The nature of the goods or services to which a trademark is to be applied shall in no case form an obstacle to registration of the trademark.***
5. ***Members shall publish each trademark either before it is registered or promptly after it is registered and shall afford a reasonable opportunity for petitions to cancel the registration. In addition, Members may afford an opportunity for the registration of a trademark to be opposed.***

Further, Article 16 (1) of the TRIPS Agreement states:

1. ***The owner of a registered trademark shall have the exclusive right to prevent all third parties not having the owner's consent from using in the course of trade identical or similar signs for goods or services which are identical or similar to those in respect of which the trademark is registered where such use would result in a likelihood of confusion. In case of the use of an identical sign for identical goods or services, a likelihood of confusion shall be presumed. The rights described above shall not prejudice any existing prior rights, not shall they affect the possibility of Members making rights available on the basis of use.***

Significantly, Section 121.1 of the IP Code adopted the definition of the mark under the old Law on Trademarks (Rep. Act No. 166), to wit:

"121.1. 'Mark' means any visible sign capable of distinguishing the goods (trademark) or services (service mark) of an enterprise and shall include a stamped or marked container of goods; (Sec. 38, R.A. No. 166a)"

Section 122 of the IP Code states:

"Sec. 122. How Marks are Acquired. – The rights in a mark shall be acquired through registration made validly in accordance with the provisions of this law. (Sec. 2-A, R.A. No. 166a)"

There is nothing in Section 122 which says that registration confers ownership of the mark. What the provision speaks of is that the rights in a mark shall be

There is nothing in Section 122 which says that registration confers ownership of the mark. What the provision speaks of is that the rights in a mark shall be acquired through registration, which must be made validly in accordance with the provisions of the law.

Corollarily, Section 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 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.⁵ 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 **Shangri-la International Hotel Management, Ltd. vs. Developers Group of Companies**⁶, the Supreme Court held:

"By itself, registration is not a mode of acquiring ownership. When the applicant is not the owner of the trademark applied for, he has no right to apply the registration off the same."

Corollarily, a registration obtained by a party who is not the owner of the mark may be cancelled. In **Berris v. Norvy Abyadang**⁷, the Supreme Court made the following pronouncement:

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

⁵ See Section 236 of the IP Code.

⁶ G.R. No. 159938, 31 March 2006.

⁷ G.R. No. 183404, 13 October 2010.

evidence of the validity of the registration, of the registrant's ownership of the mark, and of the registrant's exclusive right to use the same in connection with the goods or services and those that are related thereto specified in the certificate. R.A. No. 8293, however, requires the applicant for registration or the registrant to file a declaration of actual use (DAU) of the mark, with evidence to that effect, within three (3) years from the filing of the application for registration; otherwise, the application shall be refused or the mark shall be removed from the register. In other words, the prima facie presumption brought about by the registration of a mark may be challenged and overcome, in an appropriate action, by proof of the nullity of the registration or of non-use of the mark, except when excused. Moreover, the presumption may likewise be defeated by evidence of prior use by another person, i.e., it will controvert a claim of legal appropriation or of ownership based on registration by a subsequent user. This is because a trademark is a creation of use and belongs to one who first used it in trade or commerce."

In this case, the Opposer clearly proved that it has used and appropriated the mark "DENJECT" even before the Respondent-Applicant filed the contested application. Its registrations of the mark "DENJECT" in other countries such as China, Columbia, Iraq, Japan, Mexico, Ukraine and Venezuela⁸, issued as early as 2010, corroborate its claim of prior use. As owner, it has the exclusive right to register or authorize to register the said mark. Based on the allegations, it appears that the Respondent-Applicant is merely a former distributor. In the case of **Unno Commercial Enterprises, Inc. vs. General Milling Corporation**,⁹ the Supreme Court held that:

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

The Letter of Authorization dated 06 September 2013¹⁰ shows that the Opposer authorized its attorney-in-fact, Hexagon Healthcare Corporation, to register "DENJECT" in this Office. On the other hand, its letter addressed to the trademark examiner dated 27 June 2017¹¹ categorically states that it did not authorize the Respondent-Applicant to file the contested application.

Finally, 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

⁸ Annex "A" to "K" of Jae Hong Lim's affidavit.

⁹ G.R. No. L-28554, 28 February 1983.

¹⁰ Annex "C" of Jae Hong Lim's affidavit.

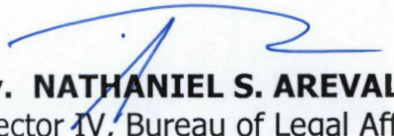
¹¹ Annex "D" of Jae Hing Lim's affidavit.

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. To allow Respondent-Applicant to register the subject mark, despite its bad faith, will trademark registration simply a contest as to who files an application first with the Office.

WHEREFORE, premises considered, the instant Opposition to Trademark Application No. 4-2013-011065 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, 26 February 2016.



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