

HEYS INTERNATIONAL LTD., HEYS INTERNATIONAL HOLDING CO. LTD. and GROUP IP HOLDING LP, Petitioners,

-versus-

EDWARD L. CANTOR, Respondent- Registrant.

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IPC No. 14-2013-00313
Petition for Cancellation:
Registration No. 4-2008-006014
Date Issued: 01 September 2008
TM: "HEYS"

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NOTICE OF DECISION

LAW FIRM OR REYES RARA & ASSOCIATES

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EDWARD L. CANTOR
Respondent- Registrant
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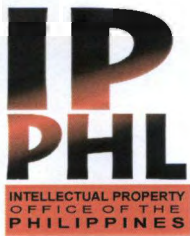
GREETINGS:

Please be informed that Decision No. 2016 - 118 dated April 14, 2016 (copy enclosed) was promulgated in the above entitled case.

Taguig City, April 14, 2016.

For the Director:

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



HEYS INTERNATIONAL LTD., HEYS INTERNATIONAL HOLDING CO. LTD and GROUP IP HOLDING LP,
Petitioner,

IPC No. 14-2013-00313

-versus-

Petition for Cancellation
Registration No. 4-2008-006014
Date Issued: 01 September 2008

EDWARD L. CANTOR,
Respondent-Registrant.

Trademark: **"HEYS"**
Decision No. 2016- 118

X ----- X

DECISION

Heys International Ltd., Heys International Holding Co. Ltd.¹ and Group IP Holding LP² ("Petitioners") filed a petition to cancel Trademark Registration No. 4-2008-006014. The registration, issued on 01 September 2008 to Edward L. Cantor³ ("Respondent-Registrant"), covers the mark "HEYS" for use on *"bags, wallets"* and *"clothing namely; shirts, pants, jeans, polos, jackets and shorts, footwear namely; shoes, slippers, sandals, headwear namely; hats, caps"* under Classes 18 and 25, respectively, of the International Classification of Goods.⁴

According to the Petitioner Heys International Ltd., it was founded in 1986 and incorporated in 1993. It is the owner of the trademark registrations for "HEYS" and "HEYS & Design" in Canada. The company is engaged in the sale and marketing of luggage and travel-related goods, which it sells in various department stores, retail outlets, online and through its distributors in various countries. In the Philippines, its products are distributed by Le Grand Boutique Philippines, Inc..

On the other hand, the Petitioner Heys International Holding Co. Ltd. alleges that the company was incorporated on 04 January 2006 and established for the purpose of owning and protecting the global intellectual property rights to the "HEYS" marks outside Canada and United States. It is the registered owner of the "HEYS" marks in various jurisdictions for goods including those under Classes 06, 14, 18 and 25. On 15 September 2012, it executed a Deed of Assignment over the

¹ Limited liability companies duly organized under the laws of Ontario, Canada with address at 333 Foster Crescent Suite 1, Mississauga, Ontario, L5R 4, Canada.

² A limited liability partnership duly organized and existing under the laws of Ontario, Canada with address at 333 Foster Crescent Suite I. Mississauga, Ontario, L5R4, Canada.

³ A Filipino citizen with address at 162 Ipil Street, Marikina Heights, Marikina City.

⁴ The Nice Classification is a classification of goods and services for the purpose of registering trademark and services marks, based on the multilateral treaty administered by the World Intellectual Property Organization. The treaty is called the Nice Agreement Concerning the International Classification of Goods and Services for the Purpose of the Registration of Marks concluded in 1957.

"HEYS" marks to Petitioner Group IP Holding LP. On 07 December 2012, the latter filed trademark applications for the marks "HEYS" and "HEYS & Design".

The Petitioners thus contend that the "HEYS" trademark registered in the name of the Respondent-Registrant was obtained fraudulently, based on the latter's misrepresentation that he is the owner of the said mark. In support of its petition, the Petitioners submitted the following as evidence:⁵

1. printout from the Facebook page of "HEYS" in the Philippines;
2. printout of Trademark Application Nos. 4-2012-503192 and 4-2012-503191;
3. copies of Certificates of Registration Nos. TMA 657,354 and TMA 657,353;
4. list of registrations and applications of "HEYS" marks certified by Emran Sheikh;
5. copies of trademark registrations for the "HEYS" marks issued by different jurisdictions;
6. printouts from Petitioner Heys International Ltd.'s website showing some of the "HEYS" products;
7. printouts from the websites of The Shopping Channel, Costco Canada, Hudsons Bay Company, Sears Canada, Amazon and Ebay showing sale of "HEYS" products; and
8. copies of some of their printed and online publications.

On 06 September 2013, a Notice to Answer was issued and served upon the Respondent-Registrant. The latter, however, did not file his Answer. Thus, on 19 December 2013, the Hearing Officer issued Order No. 2013-1691 declaring the Respondent-Registrant in default and the case submitted for resolution.

The issue to be resolved is Trademark Registration No. 4-2008-006014 should be cancelled.

The competing marks are unquestionably identical. In this regard, the R.A. No. 8293, also known as the Intellectual Property Code of the Philippines ("IP Code"), expressly prohibits the registration of a mark is identical with a registered mark belonging to a different proprietor with an earlier filing or priority date, with respect to the same or closely related goods or services, or has a near resemblance to such mark as to likely deceive or cause confusion.⁶

Records reveal that at the time the Petitioner Group IP Holding LP filed an application for registration of the mark "HEYS" on 07 December 2012, the

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

⁶ Section 123.1(d) of the IP Code.

Respondent-Registrant already has an existing registration for the same mark under Certificate of Registration No. 4-2008-006014 issued on 01 September 2008.

Regardless of this fact, Petitioners are still proper parties of the cancellation proceedings in view of the provisions of Section 165.2 of the IP Code, which provides:

"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. (Emphasis supplied.)

The mark "HEYS" is unquestionably the prevalent feature of the tradenames of Petitioners Heys International Ltd. and Heys International Holding Co. Ltd.. Thus, they have interests that may be damaged by the filing of the contested person as the public may likely be confused or misled that the Respondent-Registrant's goods is in any way connected to them. Prior registration of the trade name is not a prerequisite for its protection. This is further explained by the Supreme Court, in the case of **Coffee Partners, Inc. vs. San Francisco Coffee and Roastery, Inc.**⁷, as follows:

"In Philips Export B.V. v. Court of Appeals, this Court held that a corporation has an exclusive right to the use of its name. The right proceeds from the theory that it is a fraud on the corporation which has acquired a right to that name and perhaps carried on its business thereunder, that another should attempt to use the same name, or the same name with a slight variation in such a way as to induce persons to deal with it in the belief that they are dealing with the corporation which has given a reputation to the name."

The Petitioners, in this case, basically raises the issue of ownership. They impute fraud and bad faith on Respondent-Registrant in procuring registration over the mark "HEYS" claiming that they are the lawful and rightful owner thereof.

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:

⁷ G.R. No. 169504, 03 March 2010.

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 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.⁸ 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**⁹, the Supreme Court held:

⁸ See Section 236 of the IP Code.

⁹ G.R. No. 159938, 31 March 2006.

"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**¹⁰, 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 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 Petitioners clearly proved that they have used and appropriated the mark "HEYS" even before the Respondent-Registrant registered the same. Based on evidence submitted, the Petitioner Heys International Ltd. registered the mark "HEYS" in Canada on 26 January 2006¹¹. Also, the said mark appeared in different publications, such as The Toronto Star as early as 2005. Taken together, the Petitioners proved by substantial evidence that they are the true owners of the "HEYS" marks, thereby successfully controverting the presumption of validity of the Respondent-Registrant's certificate of registration.

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 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-

¹⁰ G.R. No. 183404, 13 October 2010.

¹¹ Exhibit "K".

Registrant 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 Petition for Cancellation to Trademark Registration No. 4-2008-006014 is hereby **GRANTED**. 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, 14 April 2016.


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