

MAN XING ENTERPRISES CORP.,
Petitioner,

-versus-

ALEXANDER CO YU,
Respondent- Registrant.

X-----X

}
} IPC No. 14-2013-00093
} Petition for Cancellation:
} Registration No. 4-2011-000412
} Date Issued: June 09, 2011
} TM: "LS AND DRAGON -
} LIKE DESIGN"
}

NOTICE OF DECISION

ATTY. ESTRELLITA BELTRAN-ABELARDO
Counsel for Petitioner
Blk. 22, Lot 13 Singkil Street
Lagro Subdivision, Novaliches
Quezon City

ALEXANDER CO YU
Respondent- Registrant
860 F. Bahama Street
Sta. Cruz, Manila

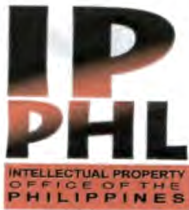
GREETINGS:

Please be informed that Decision No. 2016 - 231 dated June 30, 2016 (copy enclosed) was promulgated in the above entitled case.

Taguig City, July 01, 2016.

For the Director:

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



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IPC No. 14-2013-00093

Petition for Cancellation
Registration No. 4-2011-000412
Date Issued: 09 June 2011

Trademark: **"LS AND DRAGON-
LIKE DESIGN"**

Decision No. 2016 - 231

DECISION

Man Xing Enterprises Corp.¹ ("Petitioner") filed a petition to cancel Trademark Registration No. 4-2011-000412. The registration issued on 09 June 2011 to Alexander Co Yu² ("Respondent-Registrant") covers the mark "LS AND DRAGON-LIKE DESIGN" for the use on "*ketoconazole cream*" under Class 05 of the International Classification of Goods.³

The facts, according to the Petitioner, are as follows:⁴

8. Petitioner MAN XING ENTERPRISES CORP. imports its products Compound Ketoconazole ointment cream with the generic name KETOCONAZOLE + GLOBETASOL PROPIONATE from YiwuGuaogin Imp and Exp. Ltd. China since 2007 up to the present.

9. On January 28, 2008, Petitioner applied for the registration of its LS BL & CHINESE CHARACTER used on skin cream, lotion and soap with the Bureau of Trademarks of the Intellectual Property Office and was issued Certificate of Registration No. 4-2008-001024 on November 24, 2008. x xx

10. Petitioner has been granted the License to Operate by the Food and Drug Administrator as Drug Distributor/Importer under LTO No. RDI-MM-DI-3158 on the 8th day of February 2010. (Exhibit E) and was issued the corresponding Certificate of Product Registration (CPR) for LS BL CREAM with the generic name KETOCONAZOLE + GLOBETASOL PROPIONATE 20mg/500mcg per gram by the Food and Drug Administration on 02 January 2011. (Exhibit 'F');

11. Petitioner, MAN XING ENTERPRISES CORP., started to use, distribute and sell its skin cream products with the generic name KETOCONAZOLE + GLOBETASOL PROPIONATE products bearing the mark LS BL & CHINESE CHARACTER to its customers in the Philippines as early 2007 x xx;

¹A company duly organized and existing under the laws of the Philippines with business address at 267 Gen. Luis, Novaliches, Quezon City.

²With address at 869 F. Bahama Street, Sta. Cruz, Manila.

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.

⁴See Verified Opposition, pp. 9-11.

12. On January 12, 2011 Respondent Alexander Co Yu applied for the registration of the mark LS AND DRAGON-LIKE DESIGN which is the exact copy of the letters LS in Petitioner's mark 'LS BL 7 CHINESE CHARACTER' also for ketoconazole cream (Exhibit 'B') and was issued Certificate of Registration No. 4-2011-000412 on June 9, 2011 (Exhibit 'C'), which trademark is identical to and an exact copy of the letters 'LS' of Petitioner and is therefore confusingly similar to Petitioner's LS BL AND CHINESE CHARACTER (Exhibit 'D'), used on the same or identical product, skin cream with the generic name KETOCONAZOLE + GLOBETASOL PROPIONATE;

13. Considering that Petitioner started to use, distribute and sell the LS BL cream as early as 2007, which it registered with the Intellectual Property Office and the Food and Drug Administration, Petitioner is the rightful owner of the mark 'LS BL & CHINESE CHARACTER', to the exclusion of others, including he mark LS AND DRAGON-LIKE DESIGN of Respondent-Registrant Alexander Co Yu, and to prevent/prohibit others from using the same or identical mark as provided under Sections 147 and 147.1 of R.A. No. 8293, to wit, x xx"

In support of its petition, the Petitioner submitted the following:

1. Judicial affidavit of Arvin Sy, its president;
2. the Respondent-Registrant's application for the mark "LS AND DRAGON-LIKE DESIGN;
3. copy of Certificate of Registration No. 4-2011-000412;
4. copy of Certificate of Registration No. 4-2008-001024;
5. description of the letters LS and BL in Certificate of Registration No. 4-2008-001024;
6. boxes/packaging of "LS BL AND CHINESE CHARACTER" actually being used and registered by the Pettioner;
7. copy of the License to Operate issued by the Food and Drug Administration ("FDA") to the Petitioner;
8. copy of the Certificate of Product Registration issued by the FDA to the Petitioner; and
9. summary of representative sales invoice together with the actual sales invoices evidencing sales of products covere by "LS BL AND CHINESE CHARACTER".⁵

This Bureau served a Notice to Answer upon the Respondent-Registrant on 26 March 2013. On 23 April 2013, it filed a Motion for Extension of Time to File Verified Answer, which this Bureau granted. Thus, it has until 26 May 2013 within which to file its Answer. On 24 May 2013, the Respondent-Registrant filed another Motion for Extension of Time to file Verified Answer, which this Bureau also granted giving it until 25 June 2013 to file the Answer. On 25 June 2013, it filed a Final Motion for Extension of Time to File Verified Answer, which this Bureau denied in the latter's Order No. 2013-1025. Despite the denial of its final motion for extension, the Respondent-Registrant filed its Verified Answer only on 17 July

⁵Marked as Exhibits "A" to "G-34", inclusive.

2013. This prompted the Hearing Officer to grant the Petitioner's Motion to Declare Respondent-Registrant in Default, to Expunge the Verified Answer and to Decide the Case on the Basis of Petition and Evidence Submitted by Petitioner as per Order No. 2013-1555. The Motion to Set Aside Order of Default is likewise denied.

Essentially, the issue to be resolved is whether Registration No. 4-2011-000412 should be cancelled.

Section 138 of Republic Act No. 8293, also known as the Intellectual Property Code of the Philippines ("IP Code") provides that:

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.

As a holder of a trademark registration, the Respondent-Registrant enjoys, among other things, the presumption of ownership of the mark "LS AND DRAGON-LIKE DESIGN". Thus, the party who seeks cancellation of this trademark registration has the burden to prove compliance with the requirements and existence of the grounds for the revocation as provided for in Section 151 of the IP Code, to wit:

(a) Within five (5) years from the date of the registration of the mark under this Act.

(b) At any time, if the registered mark becomes the generic name for the goods or services, or a portion thereof, for which it is registered, or has been abandoned, or its registration was obtained fraudulently or contrary to the provisions of this Act, or if the registered mark is being used by, or with the permission of, the registrant so as to misrepresent the source of the goods or services on or in connection with which the mark is used. If the registered mark becomes the generic name for less than all of the goods or services for which it is registered, a petition to cancel the registration for only those goods or services may be filed. A registered mark shall not be deemed to be the generic name of goods or services solely because such mark is also used as a name of or to identify a unique product or service. The primary significance of the registered mark to the relevant public rather than purchaser motivation shall be the test for determining whether the registered mark has become the generic name of goods or services on or in connection with which it has been used.

(c) At any time, if the registered owner of the mark without legitimate reason fails to use the mark within the Philippines, or to cause it to be used in the Philippines by virtue of a license during an uninterrupted period of three (3) years or longer.

In this case, the Petitioner seeks to cancel the subject registration contending that its mark "LS BL AND CHINESE CHARACTER" is confusingly similar to the Respondent-Registrant's "LS AND DRAGON-LIKE DESIGN". Records reveal that at the time the Respondent-Registrant was issued Certificate of Registration No. 4-2011-00412 for the subject mark on 09 June 2011, the Petitioner already has an existing registration for the mark "LS BL AND CHINESE CHARACTER" under Certificate of Registration No. 4-2008-001024 issued on 24 November 2008.

But are the competing marks, as reproduced below, confusingly similar?



Petitioner's mark



Respondent-Registrant's mark

Unquestionably, the competing marks similarly appropriate the words "LS", which does not have any relation to skin creams and therefore, considered highly distinctive. Notably, the presentation of the letters "LS" in both marks are practically identical wherein letters are in bold lettering and the top line of the letter "S" imitates the head of the dragon. What is more, both registrations indicate "RED" under claim of color. It thus appears that the Respondent-Registrant merely omitted the Chinese characters and the letters "BL". After all, confusion cannot be avoided by merely adding, removing or changing some letters of a registered mark. Confusing similarity exists when there is such a close or ingenuous imitation as to be calculated to deceive ordinary persons, or such resemblance to the original as to deceive ordinary purchased as to cause him to purchase the one supposing it to be the other.⁶ In **Del Monte Corporation vs. Court of Appeals**⁷, the Supreme Court held thus:

"The question is not whether the two articles are distinguishable by their label when set side by side but whether the general confusion made by the article upon the eye of the casual purchaser who is unsuspecting and off his guard, is such as to likely result in his confounding it with the original. As observed in several cases, the general impression of the ordinary purchaser, buying under the normally prevalent conditions in trade and giving the attention such purchasers usually give in buying that class of goods is the touchstone."

⁶Societe des ProduitsNestle,S.A. vs. Court of Appeals, GR No. 112012, 04 April 2001.

⁷G.R. No. L-78325, 25 January 1990.

Succinctly, since the Respondent-Registrant will use or uses the mark "LS AND DRAGON-LIKE DESIGN" on "*ketoconazole cream*" while the Petitioner uses its mark "LS BL & CHINESE CHARACTER" on "*skin cream, lotion, soap*"; the slight differences will not diminish the likelihood of the occurrence of confusion, mistake and/or deception. It is highly probable that the purchasers will be led to believe that Respondent-Applicant's mark is a mere variation of Opposer's mark. Withal, the protection of trademarks as intellectual property is intended not only to preserve the goodwill and reputation of the business established on the goods bearing the mark through actual use over a period of time, but also to safeguard the public as consumers against confusion on these goods.⁸

Moreover, it is settled that the likelihood of confusion would not extend not only as to the purchaser's perception of the goods but likewise on its origin. Callman notes two types of confusion. The first is the *confusion of goods* "in which event the ordinarily 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 the belief that there is some connection between the plaintiff and defendant which, in fact, does not exist."⁹

Finally, it is emphasized that 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 as his product.¹⁰ Based on the above discussion, Respondent-Registrant's trademark fell short in meeting this function.

Accordingly, this Bureau finds and concludes that the Respondent-Registrant's registration is a violation of the IP Code. The Petitioner, therefore, successfully overcame the presumption of validity of the Respondent-Registrant's trademark registration.

WHEREFORE, premises considered, the instant petition for cancellation is hereby **GRANTED**. Let the filewrapper of Trademark Registration No. 4-2011-

⁸Skechers, USA, Inc. vs. Inter Pacific Industrial Trading Corp., G.R. No. 164321, 23 March 2011.

⁹Societe des Produits Nestle, S.A. vs. Dy, G.R. No. 172276, 08 August 2010.

¹⁰Pribhdas J. Mirpuri vs. Court of Appeals, G.R. No. 114508, 19 November 1999.

000412be returned, together with a copy of this Decision, to the Bureau of Trademarks for information and appropriate action.

SO ORDERED.

TaguigCity, **30 JUN 2016**


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