

GRANITE GEAR, LLC,

Petitioner,

IPC No. 14-2015-00173

-versus-

Cancellation of:

Registration No. 4-2012-010215

Issued On: 20 December 2012

Trademark: "GRANITE GEAR
AND DEVICE"

YUAN FEI HOU,

Respondent-Registrant.

x-----x

NOTICE OF DECISION

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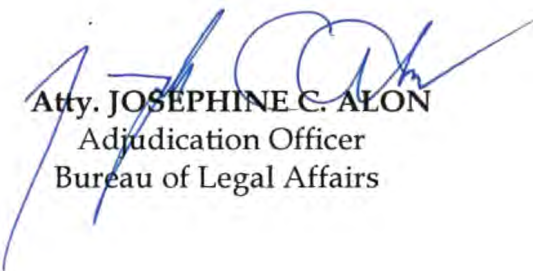
YUAN FEI HOU

Respondent-Registrant
2G-15 999 Shopping Mall
Tondo, Manila

GREETINGS:

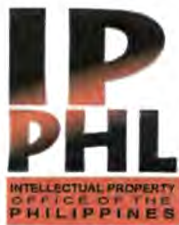
Please be informed that Decision No. 2016- 335 dated 30 September 2016 (copy enclosed) was promulgated in the above entitled case.

Taguig City, 30 September 2016.


Atty. JOSEPHINE C. ALON
Adjudication Officer
Bureau of Legal Affairs

**Republic of the Philippines
INTELLECTUAL PROPERTY OFFICE**

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Trademark: "GRANITE GEAR AND DEVICE"

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Decision No. 2016- 835

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DECISION

GRANITE GEAR, LLC¹ ("Petitioner") filed a petition to cancel Trademark Registration No. 4-2012-010215. The registration, issued in favor of Yuan Fei Hou² ("Respondent-Registrant"), covers the mark "GRANITE GEAR AND DEVICE" for use on "backpacks, book bags, bum bags, wallet, handbags, luggage, travel bags, cosmetic bags, tote bags, garment bags for travel, leather bags, suitcase, knapsacks and purses" under Class 18, and "blouse, skirts, shorts, t-shirts, polo shirts polo, jeans, sandals, shoes, socks, bras and underwear" under Class 25 of the International Classification of Goods and Services.³

The Petitioner alleges:

x x x

"18. Petitioner is known worldwide for manufacturing high quality outdoor gear and accessories. Its customer base includes professional hikers, polar explorers, canoe enthusiasts and students, who demand superior performance and durability from their gear.

"19. As shown in the Affidavit-Direct Testimony of Petitioner's CEO, Mr. Bryan Kinsley (Exhibit 'D' with sub-markings), GRANITE GEAR's roots can be traced to its founding creators Mr. Jeff Knight and Mr. Dan Cruikshank as early as 1986. From its birth in 1986, the passion for the outdoors has been revealed in the design and quality of the gears produced. Since, then, the mark GRANITE GEAR has become a household name with respect to backpacks, touring packs and gear, weather mitts, gloves and hats, bombproof mountaineering packs and other outdoor bags/packs and accessories.

"20. Various awards and recognitions have also been given to the makers of GRANITE GEAR.

¹A foreign corporation duly organized and existing under the laws of the State of Delaware, United States of America with principal office address at 100 Saunders Road, Suite 150 Lake Forest, Illinois 60045, United States of America.

²With address at 2G-15 999 Shopping Mall, Tondo, Manila, 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.

"21. Shown also by Exhibit 'D' are the following recognitions and awards garnered by Petitioner. On 09 March 2011, the Granite Gear Blaze AC 60 pack was honored as a recipient of a 2011 Backpacker Magazine Editors' Choice Award, the most prestigious award in the outdoor industry, given annually to products in recognition of their outstanding innovation in design, materials, and/or performance. The Granite Gear Blaze AC 60 was one of only 13 innovative products that have been honored with a 2011 Backpacker Editors' Choice Award. In 2004, Granite Gear won two Backpacker Editors' Choice Awards for the Vapor Trail and Nimbus Ozone backpacks.

"22. On 22 January 2014, INVISTA's CORDURA brand recognized GRANITE GEAR with Inaugural Durable Design Achievement Award. The first Durable Design Achievement award was presented to Dan Cruikshank and Jeff Knight at the 2014 Outdoor Retailer Winter Market. The award recognizes a company or person's commitment to crafting high performance, innovative products that utilize CORDURA fabric in the product design.

"23. On 10 April 2014, Outside Magazine's 2014 Summer Buyer's Guide has given Granite Gear's Nimbus Trace Access 70 top honors as Best Pack. A multi-day backpack, the Nimbus Trace Access 70 was introduced at this year's Winter Outdoor Retailer and features the very first 3-D molded, maple-core composite laminate frame sheet, which Outside credited in part for the pack's strength, balance and durability.


"24. For 27 independent years, Granite Gear has brought cutting-edge products to the outdoor marketplace. The Company's award-winning backpacks, extensive variety of storage sacks, lifestyle accessories, dog products and canoe gear offer excellence in design and construction. The Company's desire is for all outdoor enthusiasts and travelers to experience the incredible durability and comfort of their products.

"25. Petitioner is the true and lawful owner of the mark GRANITE GEAR. Trademark applications for the marks 'GRANITE GEAR' and 'GRANITE GEAR and DEVICE' were filed in the United States Patent and Trademarks Office (USPTO) as early as 03 September 2010 and 17 September 2010, respectively, or two (2) years prior to the filing of YUAN FEI HOU of the registration in the Philippines on 22 August 2012. x x x

"26. In an effort to protect its intellectual property rights, Petitioner has sought registration of its GRANITE GEAR mark, and its variants, in several countries all over the world, e.g., USA, China, the European Union, Hongkong, Japan, South Korea, Taiwan, Vietnam, Bahrain, Canada, Chile, Ecuador, Indonesia, Kuwait, Malaysia, Oman, Panama, Qatar, Philippines, Saudi Arabia, United Arab Emirates (Exhibits 'D-19' to "D-22'). Samples of aforementioned trademark registrations are attached x x x

"27. In the Philippines, Petitioner has filed trademark applications for the mark GRANITE GEAR as follows:

x x x

"28. The above clearly proves PETITIONER is the prior adopter, user and true owner of the 'GRANITE GEAR' mark in the United States and anywhere else around the world including the Philippines. Hence, Respondent-Registrant cannot appropriate it as his. 


"29. Petitioner's and Respondent-Registrant's marks consist of one and the same device and word elements. There is no doubt that Respondent-Registrant's mark is a mere duplication of Petitioner's well-known mark.

"30. Respondent-Registrant's trademark is identical with Petitioner's trademark 'GRANITE GEAR', for which Petitioner has already obtained earlier registrations in other territories as far back as the year 2011. The Supreme Court has ruled in *Mirpuri vs. Court of Appeals, Director of Patents and Barbizon Corp.* 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. Without a doubt, Respondent-Registrant's intention to ride on the popularity of GRANITE GEAR branded products, and deceive the consumers by making it appear that the source of its products is the Petitioner, and/or it has some relation to the Petitioner, considering that the classes it has applied for cover goods identical to those of Petitioner.

"31. Worthy to note is that the term 'GRANITE' is arbitrary when used in relation to goods under Class 18. Granite/grænit/is a common type of felsic intrusive igneous rock which is granular and phaneritic in texture. The word 'granite' comes from the Latin *granum*, a grain, in reference to the coarse-grained structure of such a holocrystalline rock. The term 'granite' also applies to a group of intrusive igneous rocks with similar textures and slight variations on composition and origin. These rocks mainly consist of feldspar, quartz, mica, and amphibole minerals. These form interlocking somewhat equigranular matrix of feldspar and quartz with scattered darker biotite mica and amphibole (often hornblende) peppering the lighter color minerals.

"32. The adoption of the term GRANITE shows that the birth of the mark 'GRANITE GEAR' is not a coincidence but thoroughly thought-about by its founders, finding the perfect word and design which will best represent its products without necessarily describing it. When GRANITE is combined with the term GEAR and the distinctive 'cog device,' the result is a strong trademark which is inherently registrable. True enough, the quality of GRANITE GEAR products are intentionally and professionally linked with its name 'GRANITE GEAR,' described in Petitioner's website as 'Granite Gear, born in the Boundary Waters and tougher than granite.'

"33. Thus, it is quite intriguing to note that of all the possible combinations of words and devices, Respondent-Registrant would adopt such a combination, which if spoken or written, is identical to Petitioner's internationally well-known mark. Similarly, it is difficult to conceive that it is merely by chance that Respondent-Registrant covers similar goods under Class 18 which are known products relative to Petitioner's trademark 'GRANITE GEAR' and even goods under Class 25, which is a potential area of business expansion of Petitioner's mark.

"34. The Supreme Court has reiterated in a plethora of cases 'The unanswered riddle is why, of the millions of terms and combinations of letters and designs available, the appellee had to choose those so closely similar to another's trademark if there was no intent to take advantage of the goodwill generated by the other mark.' Applying this principle to the instant petition, there can be no doubt that the Respondent-Registrant adopted and registered the GRANITE GEAR mark on purpose. 

To use and register an arbitrary word as a trademark together with an arbitrary device, thereby resulting to a highly distinctive and uncommon mark, which has been previously created by and attributed to another entity, for use on one's own business and trade, is something which invites suspicion.

"35. Section 151.1 of the IP Code provides a petition to cancel a registration of a mark under this Act may be filed with the Bureau of Legal Affairs by any person who believes that he is or will be damaged by the registration of a mark under this Act, to wit:

x x x

"36. While Petitioner loathes implying bad faith and malicious intent on the part of the Respondent-Registrant, under the circumstances and considering that the arbitrary term GRANITE was deliberately selected and combined with the term GEAR to come up with a highly distinct mark, there can be no other rational justification for Respondent-Registrant's adoption of the mark 'GRANITE GEAR,' except, that the latter seeks a free ride on Petitioner's goodwill. Allowing the registration of GRANITE GEAR mark to subsist in the name of Respondent-Registrant would unjustly permit the latter to take unwarranted advantage of the fame and reputation of Petitioner's GRANITE GEAR mark. The continuance of such registration would unfairly provide Respondent-Registrant the opportunity to appropriate for itself the GRANITE GEAR mark which has been created and exclusively used by Petitioner several years prior to Respondent-Registrant's filing of trademark application in the Philippines.

"37. In the case of Birkenstock Orthopaedie Gmbh and Co. KG vs. Philippine Shoe Expo Marketing Corporation, the Supreme Court finds the Petitioner to be the true and lawful owner of the mark 'BIRKENSTOCK' and entitled to its registration, and that respondent was in bad faith in having it registered in its name. The Court quoted with approval the words of the IPO Director General, viz:

x x x

"38. The amazing similarity between the Respondent-Registrant's mark and Petitioner's mark is highly likely to deceive the purchasers of goods on which the mark is being used as to the origin or source of said goods and as to the nature, character, quality and characteristics of the goods to which it is affixed. Furthermore, the unauthorized use by others of a trademark similar or identical to Petitioner's mark will certainly dilute the distinctiveness of the latter, and adversely affect the function of said trademarks as an indicator of origin, and/or the quality of the product.

"39. In the case of Fredco Manufacturing Corporation vs. Harvard University, the Supreme Court held that Fredco's registration of the mark 'Harvard' and its identification of origin as 'Cambridge, Massachusetts' falsely suggest that Fredco or its goods are connected with Harvard University, which uses the same mark 'Harvard' and is also located in Cambridge, Massachusetts. This can easily be gleaned from the oblong logo of Fredco that it attaches to its clothing line. Fredco's use of the mark 'Harvard,' coupled with its claimed origin in Cambridge, Massachusetts, obviously suggests a false connection with Harvard University. On this ground alone, Fredco's registration of the mark 'Harvard' should have been disallowed. Indisputably, Fredco does not have any affiliation or connection with Harvard University, or even with Cambridge, Massachusetts. Fredco or its predecessor New York Garments was not established in 1936, or in the U.S.A. as indicated by Fredco in its oblong logo. Fredco offered no explanation to the Court of Appeals or to the IPO why it used the mark 'Harvard' on its oblong logo with the words 'Cambridge, Massachusetts,' 'Established in 1936,' and

'USA.' Fredco now claims before this Court that it used these words 'to evoke a 'lifestyle' or suggest a 'desirable aura' of petitioner's clothing lines.' Fredco's belated justification merely confirms that it sought to connect or associated its products with Harvard University, riding on the prestige and popularity of Harvard University, and thus appropriating part of Harvard University's goodwill without the latter's consent.

"Obviously, the use of a mark identical to Petitioner's mark is but an obvious indication of bad faith on the part of Respondent-Registrant in adopting the mark.

"40. The case of Ecole De Cuisine Manille (Cordon Bleu of the Philippines), Inc. vs. Renaud Cointreau & Cie and Le Cordon Bleu Int'l, B.V., is instructive in this wise:

x x x

"41. In a recent ruling by the Office of the Director General, the registration of the mark MANGO by Ariston Commercial, Inc. was denied. The Honorable Director General sustained the decision of the Bureau of Legal Affairs and ruled that the Appellee Consolidated Artist B.V. has the better right over the mark MANGO as the Appellee has proven its ownership and prior actual use of this mark.

"42. Having demonstrated prior use and adoption and true ownership over the GRANITE GEAR mark, the Honorable Court, in compliance with the mandates of the Intellectual Property Code to protect the true and lawful owners of trademarks, is thus obligated to cause the cancellation of Registration No. 4-2012-010215 in the name of Respondent-Registrant.

"43. Petitioner's multi-country registrations and applications and the fact that the mark has been used for and is continuously being used since 1986 prove that the mark 'GRANITE GEAR' is well-known, both here in the Philippines and abroad. As a matter of fact, an internet search for 'GRANITE GEAR' would immediately direct user to the website of Petitioner as earlier discussed. The aforementioned website clearly shows the manner by which 'GRANITE GEAR' is being used by Petitioner. Attached to the Affidavit of Janesa Calugay (Exhibit 'C') are screen captures of Petitioner's official website. It is undisputed that the mark which was applied for registration in the Philippines by Respondent-Registrant is exactly the same mark which appears in Petitioner's website.

"44. Petitioner's mark being so well-known, that by simply surfing and searching for related links to Petitioner's well-known mark in the internet, numerous web pages relating to Petitioner's product bearing the mark 'GRANITE GEAR' would immediately appear.

"45. Original printouts of websites where Petitioner's products bearing the mark 'GRANITE GEAR' are advertised, sold or reviewed online which form an integral part of the Affidavit of Janesa Calugay are attached as Exhibit 'E'.

"46. PETITIONER has spent huge amount of money in promoting and advertising its products bearing the trademark 'GRANITE GEAR' worldwide. Below is a table showing advertising and promotional expenses for goods bearing the mark 'GRANTIE GEAR' for the period 2011-2013.

x x x

"47. Samples of promotional/advertising materials for products bearing the mark 'GRANITE GEAR' are embodied in Exhibit 'D' which is the testimony of Petitioner's CEO, forming an integral part of this Petition.

x x x

"48. The sales revenue for goods bearing the mark 'GRANITE GEAR' is a result of Petitioner's superior products coupled with advertising and marketing strategies and promotions. Extensive sales of Petitioner's product reached up to US\$ 15 Million for the last three years. Worldwide sales of the 'GRANITE GEAR' products for the period 2011-2013 are as follows:

x x x

"49. The duly executed and authenticated Affidavit-Direct Testimony of PETITIONER's Representative, marked as Exhibit 'B' is herewith attached to prove the truth of the foregoing.

"50. Petitioner received various awards in recognition of its brand GRANITE GEAR. Mr. Kinley's testimony likewise outlines a number of these awards received. An award is something given to a person or an organization to recognize their excellence in a certain field. These awards received are indisputable proof that indeed Petitioner is the recognized owner of the mark GRANITE GEAR.

"51. Petitioner's GRANITE GEAR trademark is internationally well-known, having met the criteria under Rule 102 of the Rules and Regulations on Trademarks, Service Marks, Tradenames, and Marked or Stamped Containers.

"52. According to Section 123.1 (e) and (f) of the IP Code, a mark cannot be registered if it is identical with, or confusingly similar to a well-known mark, whether or not it is registered here, to wit:

x x x

"53. As an internationally well-known mark, Petitioner's GRANITE GEAR mark is further protected under Article 6bis of the Paris Convention, which provides:

x x x

"54. The exact similitude of Respondent-Registrant's mark with Petitioner's well-known GRANITE GEAR trademark can only lead to the conclusion that Respondent-Registrant intends to ride on the popularity of Petitioner, thereby causing Petitioner to incur monetary losses, and suffer the dilution of its GRANITE GEAR trademark.

"55. Petitioner will be damaged by the continued registration in the name of Respondent-Registrant considering that Petitioner's well-known GRANITE GEAR trademark has already obtained goodwill and consumer recognition throughout the world. Undoubtedly, Respondent-Registrant's purpose in copying Petitioner's trademark is to deceive the public into believing that Respondent-Registrant is authorized or related to Petitioner, for what other purpose would the Respondent-Registrant appropriate for himself, the exact terms and device (GRANITE GEAR AND DEVICE), of all possible names, terms, and designs available to choose from, to identify his goods which are undeniably similar and/or related to Petitioner's own products?

x x x

"56. Thus, Respondent-Registrant's registered mark GRANITE GEAR AND DEVICE must be cancelled, in accordance with Sections 1231.1 (e), (f) and (g) of the IP Code.

"57. The registration of the cited mark in the name of the Respondent-Registrant will violate the exclusive proprietary rights of the Petitioner over its GRANITE GEAR trademark and irreparably injure or damage the interest, business reputation and goodwill of said trademark.

"58. The extreme likeness between Petitioner's well-known 'GRANITE GEAR' trademark and Respondent-Registrant's mark is highly likely to deceive the public into thinking that the articles being produced by Respondent-Registrant originated from or are likewise being sponsored by herein Petitioner. Considering that GRANITE GEAR-branded products have always been known to meet high standards, innovative and superior quality, any introduction into the market of mediocre, if not substandard, GRANITE GEAR products manufactured by the Respondent-Registrant may possibly be associated with the Petitioner being the well-known owner of the mark GRANITE GEAR. Worse, the consuming public might even be led into thinking that these originated from Petitioner. This is the evil sought to be avoided by cancellation of the subject registration.

"59. Clearly, the registration of Respondent-Registrant's mark, which is identical to Petitioner's own GRANITE GEAR trademark will not only prejudice the Petitioner but will also allow the Respondent-Registrant to unfairly benefit from and get a free ride on the goodwill of Petitioner's well-known mark GRANITE GEAR.

"60. The Petitioner has priority right over the mark 'GRANITE GEAR' by virtue of the Paris Convention. The Supreme Court ruling in Fredco Manufacturing Corporation vs. President and Fellows of Harvard College, elucidates:

x x x

"61. The United States became a member-signatory of the Paris Convention on 1887. Petitioner's predecessor GRANITE GEAR INC. was incorporated in 1986. Since then 'GRANITE GEAR,' the dominant element of the corporate name of the Petitioner became protected. By virtue of the Fredco ruling, as early as 1986, when the GRANITE GEAR INC. was incorporated, Petitioner had already acquired the right over the GRANITE GEAR mark twenty-eight (28) years prior to the trademark application of the Respondent-Registrant's identical mark on August 22, 2012.

"62. The goodwill of a well-known mark recognizes no particular boundary. Its influence extends beyond the territory where it may have been registered. The remarkable influence of varying advertisements, may it be through the World Wide Web, broadcast or printed media, or even the social media, has been availed of Petitioner. Petitioner capitalized on these types of advertisement that helped it generate significant revenues since the time it started the business under the umbrella term GRANITE GEAR.

"63. The continued registration of the GRANITE GEAR mark in the name of an entity, other than its true owner herein Petitioner patently violates the exclusive proprietary rights of Petitioner over its own trademark. It also invites injury and damage on the interest, business reputation and goodwill of said mark. Considering the length of

time GRANITE GEAR has been identified to its maker/creator, the continued registration of Respondent-Registrant's mark will indubitably dilute the distinctiveness of GRANITE GEAR mark, thereby reducing its economic value, and goodwill.

"64. The protection of trade-marks is the law's recognition of the psychological function of symbols. If it is true that we live by symbols, it is no less true that we purchase goods by them. A trade-mark is a merchandising short-cut which induces a purchaser to select what he wants, or what he has been led to believe he wants. The owner of a mark exploits this human propensity by making every effort to impregnate the atmosphere of the market with the drawing power of a congenial symbol. Whatever the means employed, the aim is the same — to convey through the mark, in the minds of potential customers, the desirability of the commodity upon which it appears. Once this is attained, the trade-mark owner has something of value. If another poaches upon the commercial magnetism of the symbol he has created, the owner can obtain legal redress.

"65. True enough, the buying public usually purchase merchandise, such as those being offered by Petitioner, on the basis of its established brand or name. The quality and reputation of such types of merchandise are associated by the brand it carries. Thus, trademarks are oftentimes referred to as the basis for saying 'It goes by the brand.' To allow continued registration of GRANITE GEAR in the name of Respondent-Registrant would be to continuously go against the *raison d'être* of enacting the Intellectual Property Code. Petitioner is entitled to the protection of its own trademark inasmuch as the consuming public is entitled to receive goods of superior quality. Respondent-Registrant's registration will surely cause confusion to the detriment not only of the trademark owner but also of the purchasing public. Such registration is a clear ride on the well-known standing of Petitioner's mark, a situation sought to be avoided by the legislation of IP laws and regulations, locally and internationally through multi-lateral agreements, treaties and conventions.

The Petitioner's evidence consists of the Special Power of Attorney dated 05 March 2015; printout from online IPOPHL showing registration details of GRANITE GEAR AND DEVICE; the Affidavit-Testimony of Petitioner's CEO, Mr. Bryan Kinsley; copies of U.S. registration details of the GRANITE GEAR and GRANITE GEAR and DEVICE; and the Affidavit-Testimony of Janesa P. Calugay, Senior Trademarks Supervisor of Hechanova & Co., Inc.⁴

This Bureau issued a Notice to Answer and served a copy thereof upon Respondent-Registrant on 07 May 2015. Said Respondent-Registrant, however, did not file an Answer.

Should Trademark Registration No. 4-2012-010215 be cancelled?

Sec. 151, IP Code, states in part that:



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

Sec. 151. *Cancellation.* - 151.1. A petition to cancel a registration of a mark under this Act may be filed with the Bureau of Legal Affairs by any person who believes that he is or will be damaged by the registration of a mark under this Act as follows:

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

This provision allows any person to file a petition to cancel a trademark registration if that person believes that he would be damaged by the registration. Once filed, the cancellation proceeding becomes, basically, a review of the trademark registration in question to determine if the legal requirements for registration have been satisfied and if the maintenance or continuance of Respondent-Registrant's trademark in the principal register would damage Petitioner.⁵

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 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.

The trademark registration issued in favor of respondent-registrant constitutes *prima facie* evidence, hence, it is not conclusive and may be overturned by controverting evidence. Because of the presumption of validity, the burden of proof rests on Petitioner to prove that the registration of subject mark was invalid and that the original registrant is not the owner of the subject mark. Petitioner is required to submit substantial evidence to rebut the *prima facie* presumption of validity of Certificate of Registration No. 4-2012-010215.

Section 5 Rule 133 of the Rules of Court provides:

Sec. 5. *Substantial evidence.* - In cases filed before administrative or quasi-judicial bodies, a fact may be deemed established if it is supported by substantial evidence, or that amount of relevant evidence which a reasonable mind might accept as adequate to justify a conclusion. (n)"

Substantial evidences has been defined as follow:

⁵Sec. 154 of the IP Code provides:

154. *Cancellation of Registration.* - If the Bureau of Legal Affairs finds that a case for cancellation has been made out, it shall order the cancellation of the registration. When the order or judgment becomes final, any right conferred by such registration upon the registrant or any person in interest of record shall terminate. Notice of cancellation shall be published in the IPO Gazette. (Sec. 19, R.A. No. 166a)

"Due process in administrative process requires that evidences must be substantial, and substantial evidence means evidence that a reasonable mind might accept as adequate to support a conclusion." (China City Restaurant Corporation vs. NLRC, 217 SCRA 443 (1993) citing Associated Labor Union vs. NLRC, 189 SCRA 743 (1990))

"Substantial evidence which is the quantum of evidence required to establish a fact before administrative and quasi-judicial bodies is that amount of relevant evidence as a reasonable mind might accept as adequate to support a conclusion. It means such evidence which affords a substantial basis from which the fact in issue can be reasonably inferred" (Rubberworld (Phils.), Inc. vs. National Labor Relations Commissions, 175 SCRA 450); or "as adequate to justify a conclusion" (Remo Foods, Inc. vs. National Labor Relations Commission, 249 SCRA 379; Fulgeura vs. Linsangan, 251 SCRA 264).

In the case of Emerald Garment Manufacturing Corporation vs. Court of Appeals, 251 SCRA 600 (1995), the Supreme Court ruled:

"The findings of facts of the Director of Patents are conclusive upon the Supreme Court provided they are supported by substantial evidence citing "Unno Commercial Enterprises, Inc. vs. General Milling Corp., 120 SCRA 804 91983; Kabushiki Isetan vs. Intermediate Appellate Court, 203 SCRA 583 (1991)."

It is also a basic rule of evidence that each party must prove his affirmative allegations. If he claims a right granted by law, he must prove his claim by competent evidence, relying on the strength of his own evidence and not upon the weaknesses of that of his opponent. The test for determining on whom the burden of proof lies is found in the result of an inquiry as to which party would be successful if no evidence of such matters will be given." (Lolita Lopez vs. Bodega City, et. al., G.R. No. 155731, 03 September 2007, citing Martinez vs. National Labor Relation Commission, 339 Phil. 176, 183 (1997); Rufina Patis Factory vs. Alusitain, G.R. No. 146202, 14 July 2004, 434 SCRA 418, 428; Imperial Victory Shipping Agency vs. National Labor Relation Commission, G.R. No. 84672, 05 August 1991, 200 SCRA 178, 185)

In evaluating the facts of the record and weighing the evidence presented, this Bureau must first determine or make a finding on the similarity or dissimilarity of the two marks. The marks are shown below:



Petitioner's mark



Respondent-Registrant's trademark

As can be readily observed with a side-by-side comparison of the competing marks, Respondent-Registrant's mark GRANITE GEAR AND DEVICE is not only similar, but is identical with Petitioner's GRANITE GEAR trademark. The fact that the Respondent-Registrant's mark GRANITE GEAR AND DEVICE is enclosed is of no moment, without the enclosed device, the two marks are perfectly identical. Also, the Respondent-Registrant uses or will use the mark on goods that are exactly the same as the goods the Petitioner deals in, particularly, bags, luggage, knapsacks, wallets in Class 18 and goods related thereto such as clothing in Class 25. Thus, 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.⁶

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

⁶ Converse Rubber Corp. v. Universal Rubber Products, Inc. et. al., G.R. No. L-27906, 08 Jan. 1987.

manufacturer against substitution and sale of an inferior and different article as his product.⁷

Records show that Respondent-Registrant's filing of his Philippine trademark application for GRANITE GEAR AND DEVICE on 22 August 2012 preceded the Petitioner's trademark application in the Philippines (27 March 2014), but Petitioner raises the issues of trademark ownership, fraud and bad faith on the part of the Respondent-Registrant.

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.

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 *Berris v. Norvy Abyadang*⁹, the Supreme Court held:

⁷ *Pribhdas J. Mirpuri v. Court of Appeals*, G.R. No. 114508, 19 November 1999, citing *Ethepta 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).

⁸ See Sec. 236 of the IP Code.

⁹ G.R. No. 183404, 13 Oct. 2010.

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 the R.A. 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, 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. 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 instance, the Opposer proved that it is the originator and owner of the contested mark. As stated, "GRANITE GEAR was born in 1986 among the placid network of wild waterways through boreal forest that makes up the Boundary Waters between Minnesota and Ontario, when Brand creators Jeff Knight and Dan Cruikshank realized during a paddling trip through Quetico Provincial Park the need for better outdoor gear and planting the kernel that became Granite Gear."¹⁰ In contrast, the Respondent-Registrant despite the opportunity given, did not file an Answer to defend his trademark registration and to explain how he arrived at using the mark GRANITE GEAR AND DEVICE which is exactly the same as the Petitioner's. In fact, GRANITE GEAR is not only a trademark but also part of the Petitioner's trade name or business name. Trade names or business names are protected under Section 165 of the IP Code. It is incredible for the Respondent-Registrant to have come up with exactly the same mark for use on similar goods by pure coincidence.

Succinctly, the field from which a person may select a trademark is practically unlimited. As in all other cases of colorable imitations, the unanswered riddle is why of the millions of terms and combinations of letters and designs available, the Respondent-Applicant had to come up with a mark identical or so closely similar to another's mark if there was no intent to take advantage of the goodwill generated by the other mark.¹¹

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.

¹⁰ Paragraph 7 of the Petition.

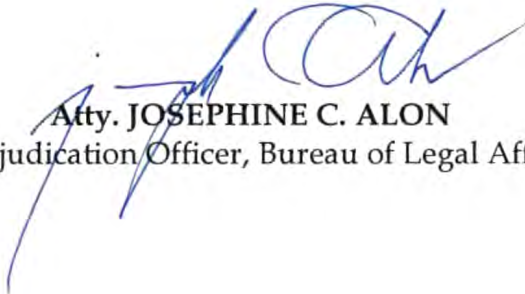
¹¹ *American Wire & Cable Company v. Director of Patents*, G.R. No. L-26557, 18 Feb. 1970.

Based on the foregoing and considering that Petitioner is the originator and owner of the GRANITE GEAR mark, this Bureau resolves to grant Petitioner's petition to cancel Certificate of Registration No. 4-2012-010215 for the mark "GRANITE GEAR AND DEVICE" for use on "*backpacks, book bags, bum bags, wallet, handbags, luggage, travel bags, cosmetic bags, tote bags, garment bags for travel, leather bags, suitcase, knapsacks and purses*" under Class 18, and "*blouse, skirts, shorts, t-shirts, polo shirts polo, jeans, sandals, shoes, socks, bras and underwear*" under Class 25

WHEREFORE, premises considered, the instant Petition for Cancellation is hereby **GRANTED**. Accordingly, Certificate of Registration No. 4-2012-010215 issued on 20 December 2012 for the trademark "GRANITE GEAR AND DEVICE" for use on "*backpacks, book bags, bum bags, wallet, handbags, luggage, travel bags, cosmetic bags, tote bags, garment bags for travel, leather bags, suitcase, knapsacks and purses*" under Class 18, and "*blouse, skirts, shorts, t-shirts, polo shirts polo, jeans, sandals, shoes, socks, bras and underwear*" under Class 25, is hereby **CANCELLED**. Let the filewrapper of the subject trademark registration be returned, together with a copy of this Decision, to the Bureau of Trademarks for information and appropriate action.

SO ORDERED.

Taguig City, 30 SEP 2016


Atty. JOSEPHINE C. ALON
Adjudication Officer, Bureau of Legal Affairs