

ROOSEVELT CHEMICAL, INC.,  
Petitioner,

-versus-

LINDSAY KAREN DY,  
Respondent- Registrant.

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IPC No. 14-2013-00190  
Petition for Cancellation:  
Registration No. 4-2010-007646  
Date Issued: 22 July 2011  
TM: "LOTUS"

**NOTICE OF DECISION**

**OFFICE OF BAGAY-VILLAMOR & FABIOSA**

Counsel for the Petitioner  
Unit 107, Oakridge Business Center A  
No. 880 A.S. Fortuna St., Banilad  
Mandaue City, Cebu

**CCTD LAW OFFICES**

[formerly: Zosa & Associated Law Offices]  
Counsel for the Respondent-Registrant  
Suite 402 & 409, Far East Asia Building  
No. 416 Marquina Street corner Dasmarinas Street  
Binondo, Manila

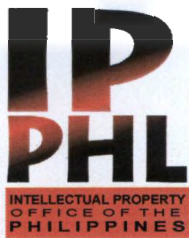
**GREETINGS:**

Please be informed that Decision No. 2016 - 45 dated February 16, 2016 (copy enclosed) was promulgated in the above entitled case.

Taguig City, February 16, 2016.

For the Director:

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



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IPC No. 14-2013-00190

Petition for Cancellation  
Registration No. 4-2010-007646  
Date Issued: 22 July 2011

Trademark: "LOTUS"  
Decision No. 2016- 45

**DECISION**

Roosevelt Chemical, Inc.<sup>1</sup> ("Petitioner") filed a petition to cancel Trademark Registration No. 4-2010-007646. The registration issued on 22 July 2011 to Lindsay Karen Dy<sup>2</sup> ("Respondent-Registrant") covers the mark "LOTUS" for use on "spray paints" under Class 02 of the International Classification of Goods.<sup>3</sup>

According to the Petitioner, it started operations in 1976 in Roosevelt Ave., SFDM, Quezon City, where it derived its name. The company's former president, Vicente Sy Seng Ho, initially manufactured and sold solvent products, then paint, which gave birth to the "LOTUS" product line. The same was later followed by other brands like "TRITON", "ROSCO" and "ACRILUX". As early as 14 January 1977, Sy filed with the then Philippine Patent Office ("PPO") an application for registration of the mark "LOTUS" for paints and solvents, which was granted on 12 May 1978 under Certificate of Registration No. 25864. Through inadvertence, he failed to file the pertinent Affidavit of Use although he did not stop using the said mark. He then filed for re-registration and was issued Certificate of Registration No. 39142 on 01 June 1988. He thereafter converted his sole proprietorship into Roosevelt Chemical, Inc.. Again, he inadvertently failed to renew his registration, causing the same to be cancelled. The Petitioner filed Application No. 4-2013-002874 for the same mark.

In support of its petition, the Petitioner submitted the following as evidence:<sup>4</sup>

1. copy of Certificate of Registration No. 4-2010-007646;
2. copies of Certificate of Registration No. 39142 and the appurtenant Affidavits of Use;

<sup>1</sup>A company duly organized and existing under the laws of the Philippines, with business address at 73 F. Mariano Avenue, Bo., Dela Paz, 1600 Pasig City.

<sup>2</sup> An individual with address at 1210 Severino Reyes St., Sta. Cruz, Manila.

<sup>3</sup> 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.

<sup>4</sup> Marked as Exhibits "A" to "M", inclusive.

3. copies of Certificate of Registration No. SR-7254 and the appurtenant Affidavit of Use;
4. its Articles of Incorporation;
5. copy of Trademark Application No. 4-2013-002874;
6. labels of its "LOTUS" products; and
7. copies of sales invoices, sample color charts, signages, advertising mockup, calendar and packing lists with shipment waybill.

The Respondent-Registrant submitted its Answer on 08 July 2013 alleging, among others, that it has been using the mark "LOTUS" for hardware and home improvements products since 2000. On 20 October 2005, she registered the said mark for goods under Classes 08, 20 and 21. Then on 15 July 2010, she applied for registration the same mark for goods under Class 02, which was granted on 22 July 2011.

The Respondent-Registrant denies knowledge of the Petitioner's use of the "LOTUS" mark. She contends that Registrations Nos. 25864 and SR-7254 are not registered in the Petitioner's name but to one Vicente Sy Seng Ho. She contends that Sy's registration cannot inure benefit to the Petitioner as a corporation has a personality separate and distinct from that of its officers and stockholders. She moreover denies that the competing marks are confusingly similar.

The Respondent-Registrant's evidence consists of:<sup>5</sup>

1. copies of trademark registrations and Declaration of Actual Use ("DAU");
2. copy of the photo of her products;
3. copies of the logo design comparison of the competing marks;
4. photo of the actual spray paint;
5. copies of the DAUs for "LOTUS"; and
6. copies of delivery receipts.

Pursuant to Office Order No. 154, s. 2010, the Hearing Officer referred the case to mediation. This Bureau's Alternative Dispute Resolution Services, however, submitted a report that the parties refused to mediate. Accordingly, a Preliminary Conference was conducted and upon termination thereof, the Hearing Officer directed the parties to submit their respective position papers. Both parties filed their position papers and the case was deemed submitted for resolution.

Essentially, the issue to be resolved is whether Registration No. 4-2010-007646 should be cancelled.

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<sup>5</sup> Marked as Exhibits "1" to "9".

Prefatorily, 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.<sup>6</sup>

Unquestionably, the marks, as shown below,



*Petitioner's mark*



*Respondent-Registrant's mark*

are confusingly similar, if not identical. They have the same spelling and pronunciation. Any variation in color and/or design, notwithstanding, the possibility of confusion, mistake and/or deception remains. 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.<sup>7</sup>

The Petitioner basically raises the issue of ownership. It imputes fraud and bad faith on Respondent-Registrant in procuring registration over the mark "LOTUS" claiming that it is the lawful and rightful owner thereof. Succinctly, Section 151.1 of R.A. No. 8293, also known as the Intellectual Property Code of the Philippines ("IP Code"), which provides in part that:

***"Section 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:***

*xxx*

***(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***

<sup>6</sup> Pribhdas J. Mirpuri vs. Court of Appeals, G.R. No. 114508, 19 November, 1999.

<sup>7</sup> Societe des Produits Nestle,S.A. vs. Court of Appeals, GR No. 112012, 04 April 2001.

***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."***

This provision allows any person to file a petition to cancel a trademark registration if that person believes that he will be damaged by the registration. Once filed, the cancellation proceeding becomes, basically, a review of the trademark registration in question 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 the Petitioner.<sup>8</sup>

It is moreover 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).***

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<sup>8</sup> Section 154 of the IP Code provides:

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

- 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, it is provided in Section 138 of the IP Code 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.*

Clearly, it is not the registration that confers ownership of the mark but it is ownership that gives rise to a right to register the same. Registration, without more, does not confer upon the registrant an absolute right to the registered mark. The certificate of registration is merely a prima facie proof that the registrant is the owner of the registered mark or trade name. Evidence of prior and continuous use of the mark or trade name by another can overcome the presumptive ownership of the registrant and may very well entitle the former to be declared owner in an appropriate case.<sup>9</sup> The registration system shall not be used in committing or perpetrating an unjust and unfair claim. As all presumptions, the presumptive ownership conferred by registration may be questioned, attacked and proven otherwise by evidence to the contrary.

Verily, the pronouncement by the Supreme Court in **Berris Agricultural Company, Inc. vs. Norvy Abyadang**<sup>10</sup> is enlightening on this point, thus:

*"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."(Emphasis supplied.)*

<sup>9</sup> Shangri-la International Hotel Management Ltd. Vs. Developers Group of Companies, Inc. G.R. No. 159938, 31 March 2006.

<sup>10</sup> G.R. No. 183404, 13 October 2010.

Therefore, the prima facie validity of Registration No. 4-2010-007646 has been successfully attacked by Petitioner warranting the cancellation thereof. The Respondent-Registrant's earliest registration of the "LOTUS" mark under Certificate of Registration No. 4-2002-009519 was issued only 20 November 2005 (Exhibit "1"). Her allegation that she has been using the said mark since 2000 is unsupported by evidence and therefore, self-serving. Although the Petitioner only applied for registration of the mark "LOTUS" in 2013, it was able to prove that it was in actual use of the said mark way before the said period. The quotation for the "Lotus Color Card" showing that the same was signed in conformity by the Petitioner dates way back 13 January 1997. Also, the sales invoices for its "LOTUS" products were issued as early as 11 June 2002 (Exhibit "H" to "H-14"). This is further corroborated by the price quotation of the color chart job issued by Centrum Charts Corp. on 22 July 2002 (Exhibit "I-5").

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-Registrant to maintain its registration will trademark registration simply a contest as to who files an application first with the Office.

**WHEREFORE**, premises considered, the instant petition for cancellation is hereby **GRANTED**. Let the filewrapper of Trademark Registration No. 4-2010-007646 be returned, together with a copy of this Decision, to the Bureau of Trademarks for information and appropriate action.

**SO ORDERED.**

Taguig City, 16 February 2016.

  
**ATTY. NATHANIEL S. AIREVALO**  
Director IV  
Bureau of Legal Affairs