

DTC MOBILE DISTRIBUTION, INC.

Petitioner,

-versus-

WITTIS INNOVATION LIMITED,

Respondent-Registrant.

IPC NO. 14-2015-00333

Cancellation of:

Registration No. 4-2011-009440

Date Issued: 24 May 2012

TM: **DTC & Design**

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NOTICE OF DECISION

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GREETINGS:

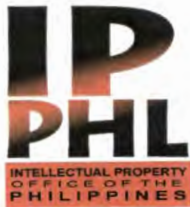
Please be informed that Decision No. 2016 - 332 dated 28 September 2016 (copy enclosed) was promulgated in the above entitled case.

Taguig City, 28 September 2016.

Atty. MARLITA V. DAGSA
Adjudication Hearing Officer
Bureau of Legal Affairs

**Republic of the Philippines
INTELLECTUAL PROPERTY OFFICE**

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DTC MOBILE DISTRIBUTION, INC.
 Petitioner,
 -versus-
WITTIS INNOVATION LIMITED,
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IPC NO. 14-2015-00333
 Cancellation of:
 Registration No. 4-2011-009440
 Date Issued: 24 May 2012
 TM: **DTC & Design**
Decision No. 2016- 392

DECISION

DTC MOBILE DISTRIBUTION, INC.¹ ("Petitioner"), filed a Petition for Cancellation of Trademark Registration No. 4-2011-0009440. The registration issued to WITTIS INNOVATION LIMITED² ("Respondent-Registrant") covers the mark DTC & DESIGN for use on "mobile phones; mobile communication devices; global positioning system device" under Class 9 of the International Classification of goods³.

The Petitioner seeks the cancellation of the subject mark on the basis of the first-to-file rule. According to Petitioner, they filed their application for registration of the mark DTC Mobile on 15 July 2011. Later on, they discovered that the Intellectual Property Office allowed the registration of DTC & Design mark of Respondent despite the fact that they had already completed its own application of the same mark. Petitioner asserts that Respondent's mark should not have been registered because it is identical and confusingly similar to its own mark. Petitioner asseverates that allowing the Respondent to continue the registration of its mark will likely cause confusion of business and origin among consumers since telecommunications and mobile phones essentially belong to the same industry.

The Petitioner's evidence consists of the following:

1. Exhibit "A" - Secretary's Certificate;
2. Exhibits "B" – copy of Trademark Application Serial No. 4-2011-008264 for the mark DTC Mobile;
3. Exhibits "C"– copies of Statement of Account and Official Receipt issued by IPOPHIL;
4. Exhibits "D" - copies of the Notice of Allowance and Official Receipt issued by IPOPHL;
5. Exhibit "E" - copy of Certificate of Registration No. 4-2011-008264;
6. Exhibit "F" - copy of Petitioner's advertisement showing the DTC Mobile mark; and

¹ A domestic corporation with office address at 1953-55 M. Adriatico Street, Malate, Manila.
² A corporation duly organized and existing under the laws of Hong Kong with address at Flat/Room A-B, 11F Wah Lik Industrial Centre, 459-469 Castle Peak Road, Tsuen Wan, N.T. Hong Kong.
³ The Nice Classification is a classification of goods and services for the purpose of registering trademark and service 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.

This Bureau issued on 22 October 2015 a Notice to Answer and served a copy thereof to the Respondent-Registrant's representative on 29 October 2015. However, despite receipt of Notice, Respondent-Registrant failed to file the Answer. On 03 May 2016, this Bureau issued an Order declaring Respondent-Registrant in default. Hence, this case is submitted for decision on the basis of the opposition, the affidavits of witnesses, if any, and the documentary evidence submitted by the Opposer pursuant to Rule 2 Section 10 of the Rules and Regulations on Inter Partes Proceedings, as amended.

Should the Certificate of Registration No. 4-2011-009440 for the mark **DTC & DESIGN** be canceled ?

Section 138 of the IP Code provides, to wit:

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.

A certificate of registration is serves as a prima facie evidence of the validity of registration. However, the presumption of validity may be challenged or controverted by proof of the nullity of the registration in an appropriate action. In this regard, Section 151 of the Intellectual Property Code of the Philippines ("IP Code") provides:

Sec. 151. Cancellation. -151.1 A petition to cancel a registration of 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:

x x x

(b) At any time, if the registered mark becomes 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 or in connection with which the mark is used. xxx

Petitioner is seeking the cancellation of Respondent-Registrant's DTC & DESIGN mark on the ground that it is confusingly similar to its mark citing Sec. 123.1 (d) of the IP Code which states:

Section 123.Registrability. - 123.1. A mark cannot be registered if it:

x x x

(d) Is identical with a registered mark belonging to a different proprietor or a mark with an earlier filing or priority date, in respect of:
i. The same goods or services, or
ii. Closely related goods or services, or
iii. If it nearly resembles such a mark as to be likely to deceive or cause confusion;

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The prohibition under the above quoted provision applies only if the competing marks are identical or confusingly similar. In this regard, the marks of the parties are depicted below for comparison:



Petitioner's Mark



Respondent-Registrant's Mark

There is no doubt that the parties marks are confusingly similar to each other. Both marks consist of the uppercase letters "D-T-C" with a wave device cutting across the letters D-T-C. Their only difference is the presence of the word "mobile" in Petitioner's mark which is not present in Respondent's. Considering that the marks are confusingly similar, what needs to be determined is who between Petitioner and Respondent is the prior user or real owner of the mark **DTC**.

Records will show that Petitioner applied for the registration of its mark DTC Mobile on 15 May 2011 Respondent applied for registration of the DTC & Design mark on 10 August 2011. On 17 November 2011, Petitioner's mark was registered. However, it was later on removed from the registry for failure to file the Declaration of Actual Use (DAU). On 24 May 2012, Respondent's mark was registered.

Petitioner posits that it has a better right over the mark on the basis of the first-to-file rule. It is worth to note that registration of a mark is based on ownership. While Republic Act No. 8293 espouses the first-to-file rule as stated under Sec. 123.1(d) which means that the registration of a mark is prevented with the filing of an earlier application for registration. This must not, however, be interpreted to mean that ownership should be based upon an earlier filing date. While RA 8293 removed the previous requirement of proof of actual use prior to the filing of an application for registration of a mark, proof of prior and continuous use is necessary to establish ownership of a mark. Such ownership constitutes sufficient evidence to cancel the registration of a mark.⁴

In *Shangri-la International Hotel Management, Ltd. v. Developers Group of Companies, Inc.*,⁵ the Supreme Court held:

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.**

x x x

⁴ *E.Y. Industrial Sales, Inc. et. Al. v. Shendar Electricity and Machinery Co. Ltd. G.R. No. 184850 , 20 October 2010.*

⁵ *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 being applied for, he has no right to apply for registration of the same. Registration merely creates a prima facie presumption of the validity of the registration, of the registrants ownership of the trademark and of the exclusive right to the use thereof. Such presumption, just like the presumptive regularity in the performance of official functions, is rebuttable and must give way to evidence to the contrary.

In this case, there is no doubt that Petitioner was first to file the application for registration of its DTC Mobile mark and its mark was also registered prior to that of Respondent. Respondent's DTC mark was only registered when Petitioner's mark was removed from the registry due to the non-filing of DAU. As such, it would appear that Petitioner has a better right over the mark than Respondent. In fact, even if it was removed already from the registry, Petitioner continued to use the same in commerce.

However, a further scrutiny of the records of this case would also show that Petitioner is not the true and real owner of the mark **DTC**. Based on the evidence submitted by the Petitioner, particularly, the permits or licenses issued by the National Telecommunication Commission (NTC) to certain Mega Cellular Network, Inc. as terminal equipment supplier, which Petitioner claims as licenses issued to them, shows that the manufacturer of the DTC mobile phones that they are selling or distributing in the Philippines is WITTIS INNOVATION LIMITED, Hong Kong. What is more, in the NTC License issued to the same Mega Cellular Network, Inc. in 2014, the manufacturer of the DTC mobile phones is Respondent.⁶ Thus, if at all, Petitioner is merely the distributor of the DTC mobile phones. Since Petitioner is merely a distributor and not the owner of the DTC mark, it has no right to register the mark DTC Mobile in its name. The right to register a trademark is based on ownership and a mere distributor of a product bearing a trademark, even if permitted to use the trademark cannot register it.⁷

In *Unno Commercial Enterprises, Inc. v. General Milling Corp., et. al.*⁸

The right to register trademark is based on ownership. When the applicant is not the owner of the trademark being applied for, he has no right to apply for the registration of the same. Under the Trademark Law only the owner of the trademark, trade name or service mark used to distinguish his goods, business or service from the goods, business or service of others is entitled to register the same.

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

Thus, this Court, has on several occasions ruled that where the applicant's alleged ownership is not shown in any notarial document and the applicant appears to be merely an

⁶ See Exhibit "G".

⁷ *Marvex Commercial Co., Inc. v. Peter Hawpia & Co.* 18 SCRA 1178.

⁸ G.R. No. L-28554, 28 February 1983.




importer or distributor of the merchandise covered by said trademark, its application cannot be granted.

Since Petitioner is not the real owner of the mark, it has no right to register the mark in its name. Accordingly, it has also no right to seek the cancellation of the registration of the DTC & Design mark issued to herein Respondent.

WHEREFORE, in view of the foregoing reasons discussed above, the instant petition for cancellation is hereby **DENIED**. Let the filewrapper of Trademark Registration No. 4-2011-009440, together with a copy of this Decision, be returned to the Bureau of Trademarks for information and appropriate action.

SO ORDERED.

Taguig City 28 SEP 2016


MARLITA V. DAGSA
Adjudication Officer
Bureau of Legal Affairs