

} IPC No. 14-2012-00190
) Opposition to:
 Appln. Serial No. 4-2011-501062 Date Filed: 22 July 2011
} } TM: NEWPEARL AND DEVICE }

NOTICE OF DECISION

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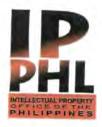
GREETINGS:

Please be informed that Decision No. 2016 - $\frac{403}{}$ dated 07 November 2016 (copy enclosed) was promulgated in the above entitled case.

Taguig City, 07 November 2016.

MARILYN F. RETUTAL

Bureau of Legal Affairs



GUANGDONG NEW PEARL CERAMIC GROUP CO., LTD.,

Opposer, }

-versus-

IPC No. 14-2012-00190

Opposition to:

Application No. 4-2011-501062

Date Filed: 22 July 2011

Trademark: "NEWPEARL AND

DEVICE"

ALI W HALABISAZ ZANJANI,

Respondent-Applicant. |

Decision No. 2016-403

DECISION

GUANGDONG NEW PEARL CERAMIC GROUP CO., LTD.¹ ("Opposer") filed an opposition to Trademark Application Serial No. 4-2011-501062. The application, filed by Ali W Halabisaz Zanjani² ("Respondent-Applicant"), covers the mark "NEWPEARL AND DEVICE" for use on "tile products" under Class 19 and "wholesale and retail of tile products" under Class 35 of the International Classification of Goods and Services.³

The Opposer alleges:

"ALLEGATIONS IN SUPPORT OF THE OPPOSITION

Opposer GUANGDONG NEWPEARL CERAMIC GROUP CO., LTD., (alternately referred to as 'GUANGDONG NEWPEARL' for brevity) is a corporation engaged in the manufacture and distribution of ceramic wall and floor tiles and sanitary wares. It has grown into a large conglomerate producing a full range of ceramic products and is one of the leading enterprises in the China ceramics industry. Company's porcelain and ceramic products have high market share in China, with consistent good quality and reasonable prices. The Company is also exporting to clients in more than 100 countries all over the world, with its main markets in such countries as India, Indonesia, Brazil, South Africa, Israel, Lebanon, Senegal, Venezuela, Thailand, Iran, Benin, Colombia, Netherlands, Sri Lanka, Iraq, Vietnam, Turkey, Russia, United States, Korea, Singapore, Syria, Bahrain, Uzbekistan, Saudi Arabia, Tanzania, Kuwait Libya, Oman, and the Philippines. With an annual production of more than 100 million square meters of ceramic tiles and more than 500,000 units of sanitary wares, the Company has grown to become one of the largest ceramic manufacturers in the world. More details about the Opposer Company may be obtained from its website: www.newpearl.com.

Republic of the Philippines

A foreign corporation duly organized and existing under and the laws of the People's Republic of China, with address at No. 1 Shinan Ave.,

Nanzhuang Town, Chancheng Zone, Foshan City, Guangdong China.

With address at Unit 3901 Robinson Equitable Tower, ADB Ave., cor. Poveda St., Ortigas, Pasig City.

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.

- "2. To attest to the allegations herein, Opposer has attached hereto as Exhibit 'A" hereof of the Affidavit of YE Delin, the Chaiman of Opposer Company. Attached to said Affidavit are copies of the documents in support of this Opposition.
- "3. Opposer GUANGDONG NEWPEARL is the owner of the following well-known trademarks, all of which have been registered with the Trademark Office of State Administration for Industry and Commerce of the People's Republic of China:
 - "a. 'GUANZHU & Device' under Trademark Registration No. 700734 in Class 19 for the goods 'wall and floor tiles' issued on August 7, 1994. This mark was first used in China in 1993. For convenient appreciation and comparison, we reproduce the mark as follows:

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"b. 'NEW PEARL' under Trademark Registration No. 3830217 in Class 19 for the goods 'clay (potter's -) raw material]; concrete (shuttering, not of metal, for -); tiles, not of metal; wall tiles, not of metal, for building; floor tiles, not of metal; ceramic tile; refractory bricks and burner tiles; cabanas not of metal; stones (binging agents for making -); stone; works of art of concrete or marble' issued on August 28, 2006. The conjoined word 'NEWPEARL' is the non-traditional English translation of the Opposer Company's Chines name 'GUANZHU'. For convenient appreciation and comparison, we reproduce the mark as follows:

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"c. 'DEVICE' (consisting of the device in the earlier registered mark 'GUANZHU & DEVICE' but without the Chinese characters) under Trademark Registration No. 873512 in Class 19 for the goods 'clay (potter's -) [raw material]; concrete (shuttering, not of metal, for -); tiles, not of metal; wall tiles, not of metal, for building; floor tiles, not of metal; ceramic tile; refractory bricks and burner tiles; cabanas not of metal; stones (binging agents for making -); stone; works of art of concrete or marble' issued on December 28, 2011. For convenient appreciation and comparison, we reproduce the mark as follows:

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- "4. The main trademark 'GUANZHU & Device' was designed on April 17, 1993 by YE Delin, who is also the Chairman of the Company. His design consists of three sections. At the bottom is the foundation shaped like a letter 'M' to symbolize the lasting foundation of the Company's products. Standing on the 'M' foundation is an angular, standard towering building which symbolizes the business philosophy of the Company. Atop the building is the image of a glittering pearl. In Chinese, 'GUANZHU' means 'pearl crown' symbolizing the prominence of the brand. The red color signifies lively, enthusiastic, steady and generous. It characterizes the Company's business philosophy to keep flourishing and to make steady progress.
- "5. In addition to having obtained registrations in China, Opposer GUANGDONG NEWPEARL has also obtained registration for the mark 'GUANZHU & Device' under the World Intellectual Property Organization International (WIPO) Register of Marks maintained under the Madrid Agreement and Protocol. The said mark was also registered in the United States, Japan and Hong Kong. Opposer has also filed applications for registration of said mark in India, Thailand and with the African

Intellectual Property Organization (OAPI) consisting of 45 member countries on the African continent.

- "6. In addition to obtaining trademark registrations in China and to other countries, Opposer has also obtained a Copyright Registration for 'GUANZHU & Device'.
- "7. Opposer's products which bear its distinctive trademarks are distributed and widely renowned in several countries and territories all over the world such as Australia, the USA and North America, South East Asia, Russia, Europe, Africa and the Middle East. With the breadth and volume of its sales and operations, the mark 'GUANZHU & Device has been recognized as a well known trademark obtaining a Famous Trademark Certificate in 2003.
- "8. The products of GUANGDONG NEWPEARL are distributed through its affiliate trading company and authorized Licensee FOSHAN NEWPEARL TRADE CO., LTD., pursuant to a 'Trademark Licensing Contract'.
- "9. The Company's products have been exported, distributed and sold in the Philippines since 2010 up to the present. Sample commercial documents (invoices and bill of lading) showing the importation and sale of Opposer's products in the Philippines are hereto attached. The following is a list of some of the importers of Opposer's products in the Philippines:

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It is significant to note the following points with respect to Opposer's importer FC FLOORCENTER, INC.:

- a. "The given address of FC FLOORCENTER, INC. is Unit 3901 Robinson Equitable Tower, ADB Ave., corner Poveda St., Ortigas, Pasig City. This address matches the given address of herein Respondent-Applicant ALI W. HALABISAZ ZANJANI as stated in his application form filed with the IPOPHL.
- b. "The representative person from importer FC FLOORCENTER, INC. whom the Opposer's sales personnel had been dealing with respect to FC FLOORCENTER INC.'s importations of the Opposer's products sometime in June 2011 (i.e., weeks before the filing of Respondent-Applicant's trademark application on July 22, 2011) is coincidentally also named ZANJANI, specifically MOHSEN ZANJANI.
- c. "Verifications with the Securities and Exchange Commission (SEC) revealed that Respondent-Applicant ALI W. HALABIZAZ ZANJANI is a stockholder and Corporate Secretary of FC FLOORCENTER, INC. x x x
- "10. Opposer has extensively promoted its products bearing its trademarks aforementioned worldwide. It has actively participated in international trade fairs. Attached to the Affidavit of YE Delin (Exhibit 'A') are photographs taken of Opposer's booths (showing its trademarks) at the recent trade fairs held at Guangzhou in China (in April 2012), Myanmar (in December 2012), Russia (in April 2012) and Thailand (in January 2012).

- "11. A visual comparison of the Respondent-Applicant's mark NEWPEARL AND DEVICE with those of Opposer, as appearing on pages 1 and 2 hereof, show beyond any doubt that Respondent-Applicant's NEWPEARL AND DEVICE mark is not only confusingly similar but is in fact IDENTICAL AND VIRTUALLY COPIES the Opposer's trademarks. Respondent-Applicant's NEWPEARL AND DEVICE mark combines the exact red color and design of the device i.e., the building standing on a letter 'M' with a glittering pearl at the top of the building and the conjoined word 'NEWPEARL' in Opposer's trademarks. Furthermore, Respondent-Applicant's mark NEWPEARL AND DEVICE is for Class 19 (tile products) and Class 35 (wholesale and retail of tile products) —which are the very same products that are manufactured, sold, exported and distributed by the Opposer and which bear the Opposer Company's trademarks. Clearly therefore, the registration of Respondent-Applicant's mark is prohibited under Section 123.1 (e) and (g) of the IP Code and hence, should not be allowed.
- "12. Although Opposer's marks are not registered in the Philippines, the Opposer has a legal right to the protection of its trademark and to seek relief in Philippine tribunals pursuant to Section 160 in relation to Section 3 of the IP Code and Articles 2, 6bis and 8 of The Convention of Paris for the Protection of Industrial Property, otherwise known as the Paris Convention, wherein both China and the Philippines are signatories. We quote these provisions

x x x

- "13. Opposer has not consented to Respondent-Applicant's use and application of Opposer's trademarks.
- "14. Respondent-Applicant's use of the NEWPEARL AND DEVICE mark in relation to his goods, whether or not identical, similar or closely related to those of Opposer, will mislead the buying public into believing that his goods originate from or are manufactured by Opposer, thereby posing a potential damage to Opposer's goodwill. Likewise, Respondent-Applicant's use of the NEWPEARL AND DEVICE mark for his goods, without the consent or authority of Opposer, constitutes deceit, fraud and unfair competition for which Respondent-Applicant may be held CRIMINALLY LIABLE. In this regard, Opposer gives notice that it is reserving its right to institute appropriate CRIMINAL PROCEEDINGS against Respondent-Applicant ALI HALABISAZ ZANJANI as well as all persons who participate in the sale and distribution of goods that infringe the trademarks of herein Opposer.

The Opposer's evidence consists of the affidavit of Mr. Ye Delin attaching thereto the copy of China Registration Certificate for "GUANZHU & Device" (Reg. No. 700734), copy of China Registration Certificate for "NEWPEARL" (Reg. No. 3830217), copy of China Registration Certificate for "DEVICE" (Reg. No. 3735412), reproduction of the design of the trademark "GUANZHU & Device" and explanation of the , copy of Certificate of Registration of the mark "GUANHU & Device" issued by WIPO under Madrid System (Reg. No. 845511), copy of certificate of registration of the mark "GUANZHU & Device" issued by USPTO (Reg. No. 3,133,243), copy of Certificate of Registration of the mark "GUANZHU & Device" issued by Japan Trademark Office (Reg. No. 845511), copy of Certificate of Registration of the mark "GUANZHU & Device" issued by Hong Kong Trademark Office (Reg. No. 300352494), copy of

Application for Registration of the mark "GUANZHU & Device" filed in India (Appl. No. 2237977), copy of Application for Registration of the mark "GUANZHU & Device" filed in Thailand (Appl. No. 812389), copy of Application for Registration of the mark "GUANZHU & Device" filed at O.A.P.I. (Appl. No. 320110U066), copy of China Copyright Certificate, copy of Certificate of Well-known mark, copy of Trademark Licensing Contract with Foshan NewPearl Trade Co., Ltd., copy of commercial invoice to Philippine Importer-Wilson Art International, copy of commercial invoice to Philippine importer- Multi-Rich Home decors, Inc., copy of commercial invoice to Philippine importer- Denvar Trading, copy of commercial invoice to Philippine importer- Verduco Trading, Inc., pictures taken during Guangzhou Trade Fair, pictures taken during Myanmar Trade Fair, pictures taken during Russian Trade Fair, pictures taken during Thailand Trade; printout of the scanned pages of the 2011 General Information Sheet of FC FLOORCENTER, INC. filed by ALI W. HALABISAZ ZANJANI with the SEC; Power of Attorney, duly signed by LI LIELIN in his capacity and authority as Vice-President of GUANGDONG NEWPEARL CERAMIC GROUP CO. LTD. certifying that YE DELIN is authorized to sign the verification of the notice of opposition and designating Ranada Malaya Sanchez & Simpao as attorney-in-fact of the Opposer.4

This Bureau issued a Notice to Answer and served a copy thereof upon Respondent-Applicant on 04 July 2012. Said Respondent-Applicant, however, did not file an Answer.

Should the Respondent-Applicant be allowed to register the trademark NEWPEARL AND DEVICE?

The Opposer anchors its opposition on Sections 123.1, paragraphs (e) and (g) of Republic Act No. 8293, also known as the Intellectual Property Code of the Philippines ("IP Code"), to wit:

Sec. 123.Registrability. – 123.1. A mark cannot be registered if it: $x \times x$

(e) Is identical with, or confusingly similar to, or constitutes a translation of a mark which is considered by the competent authority of the Philippines to be well-known internationally and in the Philippines, whether or not it is registered here, as being already the mark of a person other than the applicant for registration, and used for identical or similar goods or services: Provided, That in determining whether a mark is well-known, account shall be taken of the knowledge of the relevant sector of the public, rather than of the public at large, including knowledge in the Philippines which has been obtained as a result of the promotion of the mark;

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

(g) Is likely to mislead the public, particularly as to the nature, quality, characteristics or geographical origin of the goods or services;

Records show that at the time the Respondent-Applicant filed its trademark application on 22 July 2011, the Opposer already owns trademark registrations for "GUANZHU & DEVICE", "NEWPEARL" and "DEVICE" in numerous countries. In China alone, it registered the "GUANZHU & Device" under Trademark Reg. No. 700734 issued on 07 August 1994, the "NEWPEARL" under Trademark Reg. No. 3830217 issued on 28 August 2006 and "DEVICE" under Trademark Reg. No. 873512. The "GUANZHU & DEVICE" registration covers "wall and floor tiles" in Class 19. Both the "NEWPEARL" and "DEVICE" registrations cover "clay (potter's -) [raw material]; concrete (shuttering, not of metal, for -); tiles, not of metal; wall tiles, not of metal, for building; floor tiles, not of metal; ceramic tile; refractory bricks and burner tiles; cabanas not of metal; stones (binging agents for making -); stone; works of art of concrete or marble" in Class 19.

A comparison of the competing marks reproduced below:





Opposer's trademarks

Respondent-Applicant's mark

shows that the marks are obviously identical and used on similar and/or closely related goods and services, particularly, tile products and wholesale and retail of tile products. 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.⁵

⁵ Converse Rubber Corp. v. Universal Rubber Products, Inc. et. al., G.R. No. L-27906, 08 Jan. 1987.

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 manufacturer against substitution and sale of an inferior and different article as his product.⁶

The Respondent-Applicant's filing of their trademark application in the Philippines may be earlier than the Opposer's, but the latter raises the issues of trademark ownership and fraud on the part of the Respondent-Applicant on account of the following:

- a. The given address of FC FLOORCENTER, INC. is Unit 3901 Robinson Equitable Tower, ADB Ave., corner Poveda St., Ortigas, Pasig City. This address matches the given address of herein Respondent-Applicant ALI W. HALABISAZ ZANJANI as stated in his application form filed with the IPOPHL.
- b. The representative person from importer FC FLOORCENTER, INC. whom the Opposer's sales personnel had been dealing with respect to FC FLOORCENTER INC.'s importations of the Opposer's products sometime in June 2011 (i.e., weeks before the filing of Respondent-Applicant's trademark application on July 22, 2011) is coincidentally also named ZANJANI, specifically MOHSEN ZANJANI.
- c. Verifications with the Securities and Exchange Commission (SEC) revealed that Respondent-Applicant ALI W. HALABIZAZ ZANJANI is a stockholder and Corporate Secretary of FC FLOORCENTER, INC.7

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

Paragraph 9 of the Notice of Opposition.

⁶ Pribhdas J. Mirpuri v. Court of Appeals, G.R. No. 114508, 19 November 1999, citing Ethepa 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).

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:

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. (Emphasis supplied)

The Opposer, to support its allegation in the Verified Notice of Opposition, submitted the Affidavit of Ye Delin, Chairman of Guangdong NewPearl Ceramic Group Co., Ltd. detailing the history of the trademarks "GUANZHU & Device", "NEWPEARL" and "DEVICE", confirming the Opposer's ownership and stating the Opposer's use of the mark since 1993. The Opposer solidifies its claim of ownership by

⁸ See Sec. 236 of the IP Code.

⁹ G.R. No. 183404, 13 Oct. 2010.

corroborating Ye Delin's statement with documentary evidence (such as Opposer's trademark registrations in numerous countries, commercial invoices to Philippine importers, China Copyright Certificate, pictures taken during trade fairs in Myanmar, Russia and Thailand) showing the mark's use and registration since 1994, specifically for tile products. Thus, the Opposer has proven that it is the originator and true owner of the "GUANZHU & DEVICE", "NEWPEARL" and "DEVICE" Trademarks. In contrast, the Respondent-Applicant despite the opportunity given, did not file an Answer to defend his trademark application and to explain how he arrived at using the mark NEWPEARL AND DEVICE which is identical as the Opposer's. It is incredible for the Respondent-Applicant to have come up with the same mark for use on similar products by pure coincidence.

Accordingly, the Opposer's claim of ownership of the marks "GUANZHU & DEVICE", "NEWPEARL" and "DEVICE" is superior to the Respondent-Applicant's.

Also, Opposer has been using NEW PEARL not only as a trademark but also as trade name or business name. As a trade name, NEW PEARL is protected under Section 165 of the IP Code, to wit:

Sec. 165. Trade Names or Business Names. - 165.1. A name or designation may not be used as a trade name if by its nature or the use to which such name or designation may be put, it is contrary to public order or morals and if, in particular, it is liable to deceive trade circles or the public as to the nature of the enterprise identified by that name.

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.

165.3. The remedies provided for in Sections 153 to 156 and Sections 166 and 167 shall apply mutatis mutandis.

165.4. Any change in the ownership of a trade name shall be made with the transfer of the enterprise or part thereof identified by that name. The provisions of Subsections 149.2 to 149.4 shall apply mutatis mutandis.

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.¹⁰

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

¹⁰ American Wire & Cable Company v. Director of Patents, G.R. No. L-26557, 18 Feb. 1970.

distinguish their goods or services by a visible sign that distinctly points out the origin and ownership of such goods or services.

WHEREFORE, premises considered, the instant Opposition to Trademark Application No. 4-2011-501062 is hereby SUSTAINED. 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, **07 NOV 2016**.

Atty. JOSEPHINE C. ALON

Adjudication Officer, Bureau of Legal Affairs