

CAFÉ DE CORAL ASSETS LTD.,
Opposer,

-versus-

ALBERTITO P. GUERRERO,
Respondent- Applicant.

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IPC No. 14-2007-00093
Opposition to:
Appln. Serial No. 4-2003-009649
Date Filed: 21 October 2003
TM: "THE OLD SPAGHETTI
HOUSE"

NOTICE OF DECISION

SAPALO VELEZ BUNDANG & BULILAN
Counsel for Opposer
11TH Floor, Security Bank Center
6776 Ayala Avenue, Makati City


**THE LAW FIRM OF TIONGCO, AVECILLA
FLORES & PALARCA**
Counsel for Respondent- Applicant
21/F Robinsons Equitable Tower
4 ADB Avenue, Ortigas Center
Pasig City

GREETINGS:

Please be informed that Decision No. 2016 - 413 dated November 15, 2016 (copy enclosed) was promulgated in the above entitled case.

Pursuant to Section 2, Rule 9 of the IPOPHL Memorandum Circular No. 16-007 series of 2016, any party may appeal the decision to the Director of Legal Affairs within ten (10) days after receipt of the decision together with the payment of applicable fees.

Taguig City, November 16, 2016.


MARILYN F. RETUTAL
IPRS IV
Bureau of Legal Affairs

Café de Coral Assets Ltd.,
Opposer,

IPC NO. 14 – 2007 - 00093

- versus -

Opposition to:
Appln Serial No. 42003009649
Date filed: 21 October 2003
TM: "THE OLD
SPAGHETTI HOUSE"

Albertito P. Guerrero,
Respondent-Applicant.

DECISION NO. 2016 - 413

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DECISION

CAFÉ DE CORAL ASSETS LTD. (Opposer)¹, filed an Opposition to Trademark Application No. 4-2007-00093 on 31 July 2009. The application filed by Albertito P. Guerrero (Respondent-Applicant)², covers the mark "THE OLD SPAGHETTI HOUSE" for "Restaurant" under Class 43 of the International Classification of Goods.³

The Opposer's pertinent allegations in its Opposition are quoted as follows:

- 1.) Opposer is primarily engaged in restaurant and fast food business. The Opposer's "THE SPAGHETTI HOUSE" trademark for goods / services falling under International Classes 19, 29, 30, 32 and 43 is well-known internationally, taking into account the knowledge of the relevant sector of the public, rather than the public at large, as being a trademark owned by the Opposer and is the first to adopt, use and register in various countries the "THE SPAGHETTI HOUSE" trademark for goods falling under International Classes 19, 29, 30, 32 and 43 hence, Respondent-Applicant's "THE OLD SPAGHETTI HOUSE" trademark cannot be registered in the Philippines pursuant to the express provision of Section 123.1 (e) of R.A. No. 8293.

¹ A foreign corporation organized under the laws of British Virgin Islands, with principal address at Craigmuir Chambers, P.O. Box 71 Road Town Tortola, British Virgin Islands.

² A natural person with address at RK Franchise Consultancy, Unit 104 Minesota Mansion, No. 267 Ermin Garcia St. Cubao, Quezon City .

³ The Nice Classification of Goods and Services is for registering trademarks and service marks based on multilateral treaty administered by the WIPO, called the Nice Agreement Concerning the International Classification of Goods and Services for Registration of Marks concluded in 1957.

- 2.) Respondent-Applicant's "THE OLD SPAGHETTI HOUSE" trademark is IDENTICAL and CONFUSINGLY SIMILAR to Opposer's "THE SPAGHETTI HOUSE" trademark, thus, the likelihood of confusion is presumed under Section 147 of R.A. No. 8293. Moreover, the goods/services covered by Respondent-Applicant's mark are similar, related and competing to those of herein Opposer. Respondent - Applicant's "THE OLD SPAGHETTI HOUSE" trademark cannot therefore, be registered in the Philippines pursuant to the express provision of Section 123.1 (d) of R. A. No. 8293.
- 3.) Respondent-Applicant, in adopting "THE OLD SPAGHETTI HOUSE" trademark for its goods/services will undoubtedly cause confusion and mistake as to the affiliation, connection, or association with the Opposer, or as to origin, sponsorship, or approval of its goods and services by the Opposer, for which it is liable for false designation of origin, false description or representation under Section 169 of R.A. No. 8293.
- 4.) There is a likelihood of confusion between Opposer's trademark "THE SPAGHETTI HOUSE" for goods / services under international classes 19, 29, 30, 32 and 43 and Respondent-Applicant's trademark "THE OLD SPAGHETTI HOUSE" for restaurant under international class 43, because the latter's mark and goods is identical with those of Opposer's.
- 5.) The Respondent-Applicant, by using "THE OLD SPAGHETTI HOUSE" as the trademark for its goods has given them the general appearance of the products/services of the Opposer, which would likely influence purchasers to wrongly believe that these products originate from the Opposer, thereby deceiving the public and defrauding the Opposer of its legitimate trade hence, Respondent-Applicant is guilty of unfair competition as provided in section 168.3 of R.A. No. 8293.

The Opposer relies on the following grounds to support its Opposition:

- 1.) The Opposer is the first to adopt, use and register the "THE SPAGHETTI HOUSE" trademark in many countries worldwide including the Philippines.
- 2.) There is likelihood of confusion between Respondent-Applicant's trademark "THE OLD SPAGHETTI HOUSE" and Opposer's "THE SPAGHETTI HOUSE" trademark.
- 3.) The Opposer's "THE SPAGHETTI HOUSE" Trademark is well-known internationally.
- 4.) The use of Respondent-Applicant's trademark "THE OLD SPAGHETTI HOUSE" for goods under international class 43 would indicate a connection to products/services covered in Opposer's

"THE SPAGHETTI HOUSE" Trademark, hence, the interest of the Opposer are likely to be damaged.

To support its opposition, the Opposer submitted the following:

- Exhibit "A" – Assignment of Registered Trademark/Copyright from The Spaghetti House Restaurants Ltd to Café de Coral Assets, Ltd;
- Exhibit "B" – List of Trademark Certificates and ancillary document of "The Spaghetti House" in various countries;
- Exhibit "C" – Certificates of Registration of The Spaghetti House Restaurant's Trademark in different foreign jurisdictions and the Philippines;
- Exhibit "D" – Copies of the Restaurant Menus used by The Spaghetti House in their foreign branches;
- Exhibit "E" – Copies of the Transaction Receipt used by The Spaghetti House in their foreign branches;
- Exhibit "F" – Copy of Year End Report of Café de Coral Assets, Ltd;
- Exhibit "G" – Copies of the Awards received by The Spaghetti House Restaurant;
- Exhibit "H" – Affidavit of Yun Wai Lun of Café de Coral Assets Ltd.;
- Exhibit "I" – Certificate of Registration for the Trademark "The Spaghetti House & Chef Device issued by Bureau of Patents, Trademarks and Technology Transfer;
- Exhibit "J" – Certificate of Registration for the Trademark "The Spaghetti House & Device issued by Intellectual Property Office of the Philippines;
- Exhibit "J-1" – Certification of Filed Opposition;
- Exhibit "J-2" – Affidavit of Non-Use for Fifth year for Trademark Registration No. 4-1993-86577 dated 14 January 2005;
- Exhibit "J-2" – Affidavit of Non-Use for Tenth year for Trademark Registration No. 56780 dated 5 January 2005;
- Exhibit "K" – Assignment of Registered Trademark / Copyright between The Spaghetti House Restaurant Ltd and Café de Coral Assets Ltd.; and
- Exhibit "L" – Assignment of Registered Trademark / Copyright between The Spaghetti House Restaurant Ltd and Café de Coral Assets Ltd.

This Bureau issued a Notice to Answer and received by the Respondent-Applicant on 9 May 2007. Respondent-Applicant filed its Answer on 8 June 2007.

The relevant allegations in the Respondent-Applicant's Answer are as follows:

1. The trademark of "The Old Spaghetti House" is registered in the Philippines per the IPO records, while the Opposer's "The Spaghetti House" is pending registration.
2. The registration of the Respondent-Applicant for the trademark "The Old Spaghetti House" was filed earlier than the registration of Opposer's "The Spaghetti House."
3. The trademark "The Spaghetti House" is not owned by the Opposer but by the Spaghetti House Restaurant Limited.
4. The trademark "The Old Spaghetti House" is being used in the Philippines while the Opposer is not using "The Spaghetti House" in the country.
5. There is no likelihood of confusion between "The Old Spaghetti House" and "The Spaghetti House"
6. Opposer's "The Spaghetti House" is not an internationally well known mark.
7. The Interest of the Opposer are not likely to be damaged.
8. Opposer's use of "The Spaghetti House" in the Philippines will violate Applicant's rights guaranteed by the Intellectual Property Code.

The Respondent-Applicant's submitted evidence consist of the following:

- Exhibit "1" – A copy of the webpage of IPO pertaining to Respondent-Applicant's Registration;
- Exhibit "2" – A copy of the webpage of IPO pertaining to Opposer's Registration;
- Exhibit "3" – A copy of the webpage of IPO pertaining to the trademark under Registration No. 056780;
- Exhibit "4" – A copy of the webpage of IPO pertaining to the trademark under Registration No. 4-1993-086577;
- Exhibit "5" – A copy of Restaurant's Menu;
- Exhibit "6" – A compilation of photos of the outlets;
- Exhibit "7" – A copy of the article from The Entrepreneur May 2007 issue regarding The Old Spaghetti House;
- Exhibit "8" – A copy of the article from Manila Times regarding The Old Spaghetti House 19 May 2004;
- Exhibit "9" – A copies of advertisements showing The Old Spaghetti House;
- Exhibit "10" – A copy of the Actual Trademark of The Spaghetti House;
- Exhibit "11" – A copy of the Actual Trademark of The Old

Spaghetti House;
Exhibit "12" – A copy of the Webpage of The Spaghetti House; and
Exhibit "13" – A copy of the Webpage of The Original Spaghetti
House.

After the termination of the Preliminary Conference on 4 February 2008, the parties submitted their respective Position Papers. Consequently, this case was submitted for decision.

Before proceeding to tackle the substantive issue in the instant case, this Bureau will deal first with the procedural issue which is a subject of an earlier recalled Omnibus Order of this Bureau: whether the herein Opposer has a legal personality to file the instant Opposition in spite of the fact that: 1.) the "Assignment of Registered Trademark/Copyright" presented by the Opposer does not bear the imprimatur of the board of directors of the Spaghetti House Restaurants, Ltd. nor a board resolution as required under the Corporation Code; and 2.) the said "Assignment of Registered Trademark/Copyright" was not earlier recorded with the Intellectual Property Office of the Philippines (IPOP HL).

This bureau finds Opposer to have legal personality to file the instant case. As borne by the records, The Spaghetti House Restaurant Ltd. is a limited liability company incorporated under the laws of Hongkong⁴ while the herein Opposer is a business corporation organized under the laws of British Virgin Islands.⁵ Noteworthy also is the fact that the subject Deed of Assignment of Registered Trademark/Copyright was executed in a foreign jurisdiction. Moreover, the said Assignment is a notarized document and presumed to be an evidence of the fact of the transfer of rights and entitled to full faith and credit upon its face in the absence of clear and convincing evidence to the contrary.⁶ Thus, in the absence of actual proof of the lack of authority from any of the contracting parties, a third party who is a stranger to the contract could not invoke the voidability of the contract for want of consent.⁷

Even if this Bureau will agree with the contentions of Respondent-Applicant that the Spaghetti House Restaurants, Ltd. is still required to observe the Corporation Code or even the necessity of prior recordation of the of the Assignment of Registered Trademark, these will not *ipso facto* devoid the legal personality of the Opposer to contest the subject trademark. The pertinent provision of the IP Code, which is the governing law when the instant Opposition case was filed, states:

Section 134. Opposition. – Any person who believes that he would be damaged by the registration of a mark may, upon payment of

⁴ Exhibit "C" Data Sheet

⁵ Verified Notice of Opposition

⁶ Mendiola vs. Court of Appeals, G.R. No. L-31705, 27 July 1981

⁷ Joseph Wolfson vs. The Estate of Francisco Martinez, G.R. No. L-5970, October 13, 1911

the required fee and within thirty (30) days after the publication referred to in Subsection 133.2, file with the Office an opposition to the application. xxx

The IP Code only requires the Opposer to show that his interest will be damaged by the registration of the mark. A formal defect in an assignment contract or even the belated recordation of the deed of assignment will not affect the legal personality of a successor-in-interest, whether *de facto* or *de jure*, from opposing a trademark application. From the evidence submitted by the Opposer, it has sufficiently established that the previous registered owner was acquired by the Opposer's holding company⁸ and that the right over the mark was subsequently transferred to the Opposer through the Assignment of Registered Trademark/Copyright executed in Hong Kong through the The Spaghetti House Restaurant Ltd's Director Chan Yue Kwong (Michael).⁹ In addition, similar trademarks of the previous registered owner in other countries were already registered under the name of the Opposer.¹⁰ Definitely, the Opposer has a prima facie interest that could be damaged by registration of an identical or confusing similar mark.

Proceeding with the substantive issue in the instant case. This Bureau will resolve whether to allow the registration of the Respondent-Applicant's mark.

The contending trademarks are reproduced below for comparison:



Opposer's Trademark
Applicant's Mark
(Reg. Nos. 056780 and 41993086577)

Respondent-

The Opposer argues, among others, that "The Spaghetti House" trademarks is identical or confusingly similar with that of Respondent-Applicant's "The Old Spaghetti House" trademark. It further claims that since the said trademark are being used for similar goods – a restaurant business – the Opposer has the exclusive right to use the mark being the first one to adopt and use it on the same kind of business or service.

⁸ Exhibit F

⁹ Exhibit A, K, and L,

¹⁰ Exhibit C

This Bureau would have agreed with the Opposer's contentions and conclusion had the Opposer actually adopted and used the said registered trademarks in this jurisdiction. However, perusal of the documents submitted by Opposer will show that it had failed to use the said trademark in the country from the time it first filed its application almost twenty (20) years ago up to the present.¹¹ Even the brochures, menus and marketing documents submitted by the Opposer were all intended for its foreign branches.¹²

Republic Act No. 166, the trademark law at the time the Opposer filed its applications and acquired its prior registrations, provides:

Section 2. What are registrable. – Trademarks, trade names and service marks owned by persons, corporations, partnerships or associations domiciled in the Philippines and by persons, corporations, partnerships or associations domiciled in any foreign country may be registered in accordance with the provisions of this Act: Provided, That said trademarks, trade names, or service marks are actually in use in commerce and services not less than two months in the Philippines before the time the applications for registration are filed; And provided, further, That the country of which the applicant for registration is a citizen grants by law substantially similar privileges to citizens of the Philippines, and such fact is officially certified, with a certified true copy of the foreign law translated into the English language, by the government of the foreign country to the Government of the Republic of the Philippines.

Section 2-A. Ownership of trademarks, trade names and service marks; how acquired. – Anyone who lawfully produces or deals in merchandise of any kind or who engages in any lawful business, or who renders any lawful service in commerce, by actual use thereof in manufacture or trade, in business, and in the service rendered, may appropriate to his exclusive use a trademark, a trade name, or a service mark from the merchandise, business, or service of others. The ownership or possession of a trademark, trade name or service mark not so appropriated by another, to distinguish his merchandise, business or service from the merchandise, business or services of others. The ownership or possession of a trademark, trade name, service mark, heretofore or hereafter appropriated, as in this section provided, shall be recognized and protected in the same manner and to the same extent as are other property rights known to this law.

Section 12. Duration. – Each certificate of registration shall remain in force for twenty years: Provided, That registrations under the provisions of this Act shall be cancelled by the Director, unless within one year following the fifth, tenth and fifteenth anniversaries of the date of issue of the certificate of registration, the registrant shall file in the Patent Office an affidavit showing that the mark or trade name is still in use or showing that its non-use is due to special circumstances which excuse such non-use and is not due to any intention to abandon the same and pay the required fee.

¹¹ Exhibit J-2 and Exhibit J-3.

¹² Exhibit D

Verily, the above provisions require that the mark must be actually used in commerce in the Philippines two months prior to the application for registration and oblige the registrant to subsequently file an affidavit of actual use on the fifth, tenth and fifteenth anniversaries. The said law also expressly provides that the ownership of the trademark is acquired through actual use.

As correctly pointed out by the respondent-applicant, there is nowhere in the Opposition that the said trademark was used in commerce in the Philippines.¹³ In fact, in its Affidavits of Non-Use, the Opposer merely stated that the "Registrant is still looking for a suitable local franchisee."¹⁴

Under the old R.A. No. 166, the non-use of a mark may only be excused in special circumstances.¹⁵ Even the current IP Code requires that for a valid non-usage of the mark, it must be arising independently of the will of the trademark owner.¹⁶ Definitely, "looking for a suitable franchisee" is not among those contemplated circumstances to be excused for the non-use of a mark both in the previous and the current law.

Time and again, the Supreme Court enunciated that actual use in commerce or business is a prerequisite to the acquisition of the right of ownership over a trademark and adoption alone of a mark would not give exclusive right thereto.¹⁷ In fact, the mere origination or adoption of a particular tradename without actual use thereof in the market is insufficient to give any exclusive right to its use, even though such adoption is publicly declared, such as by use of the name in advertisements, circulars, price lists, and on signs and stationery.¹⁸

In this case, the Respondent-Applicant has sufficiently proven that he was the first one to adopt and continuously use the trademark in the Philippines.¹⁹ Moreover, bad faith cannot be imputed to the Respondent-Applicant, as there is no showing that his trademark was copied from that of the Opposer. The trademark "Spaghetti House" being suggestive mark is a weak mark and it is not inconceivable that another proprietor other than the Opposer could have thought of the similar trademark for restaurant catering pasta and related dishes. In fact, the Respondent-Applicant has presented other similar trademarks in other countries that are not owned

¹³ Respondent-Applicant's Position Paper dated 10 March 2008

¹⁴ Exhibit J-2 and Exhibit J-3

¹⁵ Section 12 of R.A. No. 166

¹⁶ Section 152 of R.A. No. 8293

¹⁷ Sterling Products International, Inc. vs. Farbenfabriken Bayer Actiengesellschaft, G.R. No. L-19906, 30 April 1969; Pagasa Industrial Corporation vs. CA, G.R. No. L-54158 19 November 1982; Kabushi Kaisha Isetan vs. IAC et. al. G.R. No. L-75420, 15 November 1991; Emerald Garment Manufacturing Corporation vs. CA, G.R. No. 100098, 29 December 1995

¹⁸ Kabushi Kaisha Isetan vs. IAC et. al. G.R. No. L-75420, 15 November 1991

¹⁹ Exhibit "5" to "9"

by the Opposer.²⁰ Hence the Respondent-Applicant, being the actual user in this jurisdiction, has the better right over the subject "The Old Spaghetti House" trademark and his application for the subject mark should be allowed for registration.

The pronouncement of Supreme Court in *Kabushi Kaisha Isetan vs. IAC*²¹ against a non-user of a trademark is instructive, to wit:


"the petitioner has never conducted any business in the Philippines. It has never promoted its tradename or trademark in the Philippines. It has absolutely no business goodwill in the Philippines. It is unknown to Filipinos except the very few who may have noticed it while travelling abroad. It has never paid a single centavo of tax to the Philippine government. Under the law, it has no right to the remedy it seeks."

Following the foregoing findings particularly the Opposer's lack of business or goodwill in the local market, the claims of the Opposer of being a well-known mark and the possible likelihood of confusion of the Respondent-Applicant's trademark from its mark will not hold water.

WHEREFORE, premises considered, the instant Opposition to the Trademark Application Serial No. 42003009649 is hereby **DISMISSED**. Let the filewrapper of Trademark Application Serial No. 42003009649 be returned together with a copy of this **DECISION** to the Bureau of Trademarks for appropriate action.

SO ORDERED.

Taguig City, 15 NOV 2016


Leonardo Oliver Limbo
Adjudication Officer
Bureau of Legal Affairs

²⁰ Exhibit "12" and "13"

²¹ G.R. No. L-75420, 15 November 1991