

PHELPS DODGE PHILIPPINES ENERGY PRODUCTS CORPORATION,
Opposer,

-versus-

ADVANCE BRANDS, INC.,
Respondent- Applicant.

X-----X

}
} **IPC No. 14-2014-00091**
} Opposition to:
} Appln. Serial No. 4-2013-00011363
} Date Filed: 20 September 2013
} **TM: "PD"**

NOTICE OF DECISION

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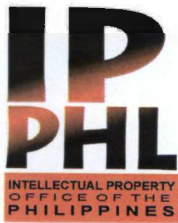
GREETINGS:

Please be informed that Decision No. 2016 - 454 dated December 13, 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 the Bureau of Legal Affairs within ten (10) days after receipt of the decision together with the payment of applicable fees.

Taguig City, December 13, 2016.


MARILYN F. RETUTAL
IPRS IV
Bureau of Legal Affairs



PHELPS DODGE PHILIPPINE ENERGY PRODUCTS CORPORATION,

Opposer,

-versus-

ADVANCE BRANDS, INC.,
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IPC No. 14-2014-00091

Opposition to Trademark
Appln. No. 4-2013-00011363
Date Filed: 20 September 2013

Trademark: "PD"

Decision No. 2016- 454

DECISION

Phelps Dodge Philippine Energy Products Corporation¹ ("Opposer") filed an opposition to Trademark Application Serial No. 4-2013-011363. The contested application, filed by Advance Brands, Inc.² ("Respondent-Applicant"), covers the mark "PD" for use on "*non-electric wires and cables*" and "*electric wires and cables*" under Classes 06 and 09, respectively, of the International Classification of Goods³.

According to the Opposer, a merger forged between A. Soriano Corporation and Phelps Dodge International Corporation ("PDIC") sometime in 1955 leading to the formation of Phelps Dodge Philippines ("PDP"), which was envisioned by both companies to become a leader in the electric wire and cable industry in the country. Since its formation, PDP has been a pioneer in providing state-of-the-art products that facilitate communication and information technologies, move transportation and progress onward and power up the nation. In 1997, PDP established herein Opposer to consolidate all the manufacturing operations of the various entities under PDP, in order to provide more focus to its growing manufacturing activities.

The Opposer alleges that in the span of sixty (60) years since the brand "Phelps Dodge" was introduced in the Philippines, the company and its products have been known and identified by its customers as "PD". It claims to name its products using the said mark such as "PD Cord" and "PD CT" for flexible cords and cable trays, respectively. It avers that it previously applied for registration of the mark "PD Wire & Cable" under Application No. 4-2001-9431. Although the application was abandoned, it claims that it never abandoned its use of "PD" as its trade name and as identification of its business and products.

¹A domestic corporation with address at 2nd Floor BCS Buiding, 2297, Pasong Tamo Extension, Makati City.

²A domestic corporation with address at P.O. Box 3985, 1097, Metro Manila.

³The 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.

**Republic of the Philippines
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The Opposer thus contends that to allow the Respondent-Applicants mark will likely result to confusion as to the source of the goods as the letters "PD" is exactly the dominant feature of its tradename. It asserts that since the applied mark is being registered under Classes 06 and 09, both of which cover wires and cables which are the very products it manufactures, the consuming public will be confused as to the source of the goods being sold by the Respondent-Applicant.

In support of its Opposition, the Opposer submitted the following:⁴

1. affidavit of Mr. Abraham V. Sanchez;
2. copies of the letter head and sales order; and
3. copy of its brochure.

The Respondent-Applicant filed its Answer on 03 July 2014 alleging, among others, that allowing its application will not result to confusion as to the source of goods as the Opposer does not identify with "PD" but as "Phelps Dodge". It submits that even the abbreviations of the Opposer's business names, PDPEPC and PDIC, can be easily distinguished from "PD". It asserts that the "PD" in the Opposer's vouchers and letterheads has a three-dimensional design that is distinguishable from its own "PD" mark. It also believes that the fact that the goods involved are in the same class is inconclusive as to the likelihood of confusion.

The Respondent-Applicant's evidence consists of the following:⁵

1. print-out of the main page of the Opposer's website;
2. copy of the Opposer's downloadable brochure;
3. copy of the Opposer's corporate brochure.

The Preliminary Conference was conducted and terminated on 24 March 2015. Thereafter, the parties filed their respective Position Papers.

The issue to be resolved is whether the Respondent-Applicant's mark "PD" should be allowed.

Perusing the Opposer's tradename and the Respondent-Applicant's mark "PD", it appears that the applied mark is merely an abbreviation of "PHELPS DODGE". 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

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

⁵ Marked as Exhibits "1" to "3".

purchase the one supposing it to be the other.⁶ Thus, it is likely that consumers will be confused or have the wrong impression that the contending marks and/or the parties are connected or associated with one another. This is especially because the contending parties are engaged in the business of wires and cables.

Now, who between the Opposer and Respondent-Applicant has a right to register its mark?

Records reveal that at the time Opposer filed an application for its mark "PD" on 20 September 2013. The Opposer, on the other hand, did not show any pending application and/or application of its mark. Regardless of this fact, Petitioner is still a proper party of the opposition proceedings in view of the provisions of Section 165.2 of R.A. No. 8293, also known as the Intellectual Property code of the Philippines ("IP Code"), which states thus:

"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. (Emphasis supplied.)

Aptly, the Opposer disputes the right of the Respondent-Applicant to register the contested mark on the issue of ownership.

It is 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***

⁶ Societe des Produits Nestle, S.A. vs. Court of Appeals, GR No. 112012, 04 April 2001.

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).*
- 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, nor 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, 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 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." (Emphasis supplied)

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.⁷ 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 **Shangri-la International Hotel Management, Ltd. vs. Developers Group of Companies**⁸, the Supreme Court held:

"By itself, registration is not a mode of acquiring ownership. When the applicant is not the owner of the trademark applied for, he has no right to apply the registration off the same."

Corollarily, a registration obtained by a party who is not the owner of the mark may be cancelled. In **Berris v. Norvy Abyadang**⁹, the Supreme Court made the following pronouncement:

"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

⁷ See Section 236 of the IP Code.

⁸ G.R. No. 159938, 31 March 2006.

⁹ G.R. No. 183404, 13 October 2010.

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."

In this case, the Opposer clearly proved that it has used and appropriated "PHELPS DODGE". Also, its sample letter head and sales order¹⁰ show that it presents its tradename as "Pd Energy Corp." with the letters "P" and "d" in a font bigger than the others, making the same the prevalent feature thereof. Moreover, it is noteworthy that the Respondent-Applicant did not present any explanation how it arrived with a mark "PD", which is coincidentally the initials of the Opposer's tradename. As held by the Supreme Court in the case of **American Wire & Cable Company vs. Director of Patents**:¹¹

"Of course, 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 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."

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-Applicant to register the subject mark, despite its bad faith, will trademark registration simply a contest as to who files an application first with the Office.

¹⁰ Marked as Exhibit "B" and "B-1".

¹¹ G.R. No. L-26557, 18 February 1970.

WHEREFORE, premises considered, the instant Opposition to Trademark Application No. 4-2013-00011363 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, 13 DEC 2016


Atty. Z'SA MAY B. SUBEJANO-PE LIM
Adjudication Officer
Bureau of Legal Affairs