

PHILIP MORRIS BRANDS SARL,
Opposer,

-versus-

N.V. SUMATRA TOBACCO TRADING COMPANY,
Respondent-Applicant.

X-----X

IPC No. 14-2014-00351
Opposition to:

Appln. Serial No. 4-2014-00002280
Date of Filed: 21 February 2014

TM: HERO

NOTICE OF DECISION

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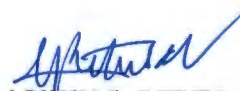
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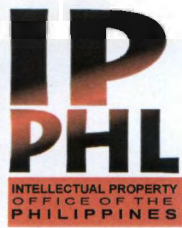
GREETINGS:

Please be informed that Decision No. 2016 - 475 dated 19 December 2016 (copy enclosed) was promulgated in the above entitled case.

Pursuant to Section 2, Rule 9 of the IPOPHEL 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, 20 December 2016.


MARILYN F. RETUAL
IPRS IV
Bureau of Legal Affairs



PHILIP MORRIS BRANDS SARL,
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- versus -

**N.V. SUMATRA TOBACCO
TRADING COMPANY,**
Respondent-Applicant.

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IPC No. 14-2014-00351

Opposition to:

Appln. Ser. No. 4-2014-00002280

Date Filed: 21 February 2014

Trademark: "HERO"

Decision No. 2016 - 475

DECISION

PHILIP MORRIS BRANDS SARL. ("Opposer"),¹ filed a Verified Opposition to Trademark Application Serial No.4-2014-00002280. The application, filed by N.V. SUMATRA TOBACCO TRADING COMPANY ("Respondent-Applicant"),² covers the mark "HERO" for use on "*cigarettes, tobacco and tobacco products, lighters, matches, and smokers' requisites*" under Class 34 of the International Classification of Goods and Services.³

The Opposer alleges that is a wholly owned subsidiary of Philip Morris International Management S.A. and was established for the purpose of producing and manufacturing, sale and distribution of tobacco products, cigarettes and related products for both domestic and export markets. It is the world's leading international tobacco company, with products sold in approximately 180 countries. In 2013, it held an estimated 15.7% share of the international cigarette market outside the USA and reported revenues net of excise taxes of US\$32.1 billion and operating income of US\$14.1 billion. It has an unequalled product portfolio, led by the world's number one brand, MARLBORO.

Further, Opposer owns numerous trademarks for its cigarette products, among which is the trademark ROOF DEVICE that depicts a five-sided figure with horizontal top and two vertical sides with two upwardly and inwardly sloping diagonals. This has remained largely unchanged since its first adoption on its MARLBORO branded cigarettes in 1955, depicted prominently in promotional materials which have become iconic over the years. To protect this asset, more than 2,000 trademark registrations and applications were secured and applied in a vast number of jurisdictions. In fact, Respondent-Applicant's subject trademark is confusingly similar to Opposer's ROOF DEVICE covered by various trademark registrations. The subject trademark is confusingly similar to ROOF DEVICE depicted in the registered trade dresses of Opposer. It is in reality a trade dress where the word element HERO comes out as insignificant because it adopts the dominant geometric device of Opposer's ROOF DEVICE in the red color that gives it an unmistakable overall appearance that is no different from Opposer's well known trademark ROOF DEVICE.

¹ A corporation organized and existing under the laws of Switzerland, with principal office at Quai Jearenaud 3, 2000 Neuchatel, Switzerland.

² A company organized and existing under the laws of Indonesia, with address at Jalan Pattimura No. 3, Pematang Siantar, Sumatra, Utara, Indonesia.

³ The Nice Classification is a classification of goods and services for the purpose of registering trademark and service marks, based on the Nice Agreement Concerning the International Classification of Goods and Services for the Purpose of the Registration of Marks, which was concluded in 1957 and administered by the World Intellectual Property Organization.

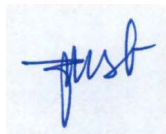
In Decision No. 2007-107 dated July 21, 2007, docketed as IPC No. 14-2006-00060, the Bureau of Legal Affairs confirmed the adoption of the trademark ROOF DEVICE with the MARLBORO in 1955, and declared the entire image of the MARLBORO ROOF DEVICE as a well-known mark. Also, in the case of Philip Morris Products SA vs. Pt. Perusahaan Dagang Dan Industri Tresno docketed as Appeal No. 14-2012-0055, the Decision dated 11 February 2014 granted Opposer's mark protection in the Philippines even as against a shape in a competitor's trademark that shows an up-side down roof with an irregular angle. Outside the Philippines, Opposer has also secured a declaration of famous mark by the Arbitration and Mediation Center of the World Intellectual Property Office in the case of Philip Morris vs. Alex Tsytkin (Case No. D2002-0946). Additionally, the Korean Intellectual Property Office refused the application of COUNTRY with a device for being confusingly similar to Opposer's trademarks, HIGH COUNTRY, ROOF DEVICE and MARLBORO & ROOF DEVICE trademarks.

The Opposer likewise averred the recognition of the MARLBORO and ROOF DEVICE in terms of goodwill, reputation, and sale-generation in the years 2009 to 2013 of at least 14,000 million sticks of MARLBORO & ROOF DEVICE mark. The said brand has also been extensively promoted.

Finally, the Opposer has never given Respondent-Applicant consent to use the ROOF DEVICE. Respondent-Applicant's trademark filing activities in other countries around the world indicate that it has engaged in a pattern of behavior that is typically engaged by trademark pirates. It has track-record of copying existing trademarks belonging to other entities for use on its cigarette products.

The Opposer's evidence consists of the following:

1. Affidavit-Testimony executed by Barry John Gerber, General Counsel for Trademarks at Philip Morris Brands Sarl;
2. Legalized certified copy of the Extract from the Commercial Register;
3. Millward Brown Optimor's "BRANDZ Top 100 Most Powerful Brands" showing MARLBORO with the ROOF DEVICE ranking 9th for the year 2014;
4. Copies of Opposer's ROOF DEVICE's advertisements, articles and press releases in countries worldwide;
5. Copies of trademark database of all registrations and applications for the ROOF DEICE and variations;
6. Copies of certificates of trademark registrations in the name of Opposer and affiliates;
7. MARLBORO with ROOF DESIGN mark in the Philippines;
8. Copies of invoices and receipt showing Philippine sales;
9. Addresses of establishments carrying Opposer's cigarettes under MARLBORO with ROOF DESIGN mark in the Philippines;
10. Copy of International Trademark Association's amicus brief;
11. Copies of Respondent-Applicant's various trademark applications and registrations filed and issued in Indonesia, Vietnam and Japan;
12. Affidavit of Caesar J. Poblador;
13. Special Power of Attorney with Certification of Authority issued by Opposer;
14. Legalized certified copy of the Extract from the Commercial Register proving the authority of Barry Gerber and Georg Punkenhofer;
15. Certified true copy (Ctc) of Certificate of Trademark Registration No. 4-2006-004690 for MARLBORO ROOF TOP DEVICE issued in the Philippines;
16. Ctc of Certificate of Trademark Registration No. 4-2013-010884 for MARLBORO issued in the Philippines;
17. Ctc of Certificate of Trademark Registration Nos. 4-2012-011263 and 4-2012-011254 for NO VERBAL ELEMENTS issued in the Philippines;



18. Ctc of Certificate of Trademark Registration No. 4-2012-011240 for MARLBORO ROOF DEVICE (W/ MARLBORO & RED BORDER) issued in the Philippines;
19. Ctc of Certificate of Trademark Registration No. 4-2013-000975 for MARLBORO WHITE MENTOL issued in the Philippines;
20. Ctc of Certificate of Trademark Registration No. 4-2009-012208 for ROOF DEVICE (W/LOZENGE) issued in the Philippines;
21. Ctc of Certificate of Trademark Registration No. 4-2009-005735 for ROOF DEVICE W/ FINGER PRINT AND GOLDEN ROOF LINE issued in the Philippines;
22. Ctc of the Notice of Examination Results with English translation in Pt. Perusahaan Dagang Dan Industri Tresno's trademark application no. 40-2004-0052651 for "COUNTRY" filed in Korea;
23. Ctc of the Notice of Final Refusal together with its English translation;
24. Ctc of the Information Brief filed by Opposer with its English translation;
25. Ctc of the Notice of Preliminary Refusal together with its English translation; and,
26. Printouts of trademarks filed and registered under the name of Respondent-Applicant taken from different official online intellectual property databases.

On 21 January 2015, Respondent-Applicant filed its Answer. It confirmed that is the owner of the mark HERO which was first used in Indonesia as early as in 1960s. The word mark HERO is used alone or with LABEL IN COLOR and in variances depending upon the country of use. They are all protected by trademark registrations secured in 108 countries worldwide.

In fact, from the period 1986 to 2013, N.V. Sumatra Tobacco Trading Company has sold approximately One Hundred Fifty Six Billion and Sixty Million (156,060,000,000) cigarette sticks bearing the mark HERO and its variations. Moreover, it has extensively advertised its cigarette brands, including HERO (COLOR IN LABEL) and its variants, in major magazines.

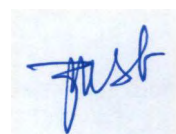
In the Philippines, N.V. Sumatra Tobacco has first registered the mark HERO (LABEL) in 2002, under Certificate of Registration No. 4-1997-12511 dated 13 December 2002. It covers filter cigarettes under Class 34. Moreover, it also owns application and registration for the mark HERO & LION LABEL.

According to Respondent-Applicant, the issue of likelihood of confusion between the mark MARLBORO & ROOF DEVICE and HERO (LABEL IN COLOR) has already been settled in favor of N.V. Sumatra Tobacco Trading Company by the Intellectual Property Office in Australia, Japan, South Korea, Thailand and Brunei, as they consistently rejected the trademark opposition filed by Philip Morris Products Incorporated.

Finally, Respondent-Applicant further plead special and affirmative defenses as follows: it is the owner of the mark HERO, HERO (LABEL IN COLOR), and all their variants; the mark HERO (LABEL IN COLOR) is not identical or confusingly similar to MARLBORO & ROOF TOP DEVICE and variants; intended consuming public refers to buyers who are familiar and discriminating to cigarette brands, thereby precluding any 'likelihood of confusion' through sponsorship; the strict product labeling requirements and the heavily-regulated advertising and marketing of 'cigarettes and tobacco products' preclude any likelihood of confusion; and, other cigarette brands incorporate a dominant word mark with different kinds of triangle designs.

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

1. Duly authenticated Affidavit of Lewis Chanderson, International Marketing Manager of N.V. Sumatra Tobacco Trading Company;



2. List of worldwide trademark registrations/applications for HERO and HERO LABEL IN COLOR;
3. Sample of HERO and HERO LABEL IN COLOR registration certificates in foreign countries;
4. Annual Sales Figures for HERO and its variants;
5. Copies of magazines and advertising/marketing materials;
6. Photocopy of Decision by the Australian Intellectual Property Office;
7. Photocopy of Decision by the Korean Industrial Property Office;
8. Photocopy of Decision by the Japanese Industrial Property Office;
9. Photocopy of Decisions by the Thailand Industrial Property Office;
10. Photocopy of Decision by the Brunei Industrial Property Office;
11. Certified true copy (Ctc) of Decision No. 2007-107 dated 31 July 2007, issued by the Director of the Bureau of Legal Affairs, IPO;
12. Ctc of Notice of Issuance for Renewal of Registration No.
13. Ctc of Certificate of Registration No. 4-1995-002269 dated 29 May 2014;
14. Ctc of Certificate of Registration No. 4-2014-102177 dated 22 May 2001;
15. Ctc of Certificate of Registration No. 4-1990-058936 dated 29 July 2014; and,
16. Ctc of Certificate of Registration No. 4-1997-121511 dated 13 December 2002.

Thereafter, a preliminary conference was conducted and terminated. The parties submitted their respective position papers on 29 May 2015. Hence, this decision.

Should the Respondent-Applicant be allowed to register the trademark HERO (LABEL IN COLOR)?

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 out into the market a superior 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.⁴

Sec. 123.1 (d) of R.A. No. 8293 also known as the Intellectual Property Code ("IP Code") provides:

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;

Records show that at the time Respondent-Applicant filed its application for the trademark "HERO (LABEL IN COLOR)" on 21 February 2014⁵, herein Opposer already has applied and registered

⁴ Pribhdas J. Mirpuri v. Court of Appeals, G.R. No. 114508, 19 Nov. 1999. See also Article 15, par. (1), Art. 16, par. 91 of the Trade-related Aspect of Intellectual Property (TRIPS Agreement).

⁵ Filewrapper records.

its numerous marks consisting of "MARLBORO", "ROOF DEVICE", "MARLBORO ROOF TOP DEVICE" and several other variances at more than 2,000 trademark registrations and applications⁶ including the Philippines⁷ for its tobacco products, cigarettes and related products. The mentioned applications and registrations of Opposer's marks were all dated prior to Respondent-Applicant's filing date. In the Philippines, a certificate of registration constitutes a 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.⁸

The competing marks are reproduced below for comparison and scrutiny:



Opposer's Trademarks



Respondent-Applicant's Trademark

It appears that the competing marks have striking similarity in terms of Opposer's "ROOF DESIGN" and/or the roof design accompanying the word mark MARLBORO, and Respondent-Applicant's HERO (LABEL IN COLOR), particularly the "LABEL IN COLOR". It appears that Respondent-Applicant's device depicted Opposer's inverted roof device to show non-identical design but sufficient to recall or recapture the roof design of Opposer, and that most likely, to cause confusion or association to the public. The competing marks, despite the word marks combined with it, show likeness

⁶ Exhibits "E", "F" of Opposer.

⁷ Exhibits "O", "O-1" to "O-7" of Opposer.

⁸ Sec. 138, IP Code.

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in appearance and impression. Thus, it can be observed that Respondent-Applicant's subject mark is a way of hiding the intent to copy Opposer's trademarks. Moreover, the device adopted by Respondent-Applicant, an inverted roof design appears as mere translation of Opposer's ROOF DESIGN. The allowance of Respondent-Applicant's application in this instance, will likely causes confusion to the consuming public, taking into consideration the wide market where Opposer's products are being sold.

In this connection, this Bureau takes judicial notice and agrees with herein Opposer, in a related Decision⁹ rendered by the Office of the Director General¹⁰, declaring a certain trademark "COUNTRY INTERNATIONAL & DESIGN (IN COLOR) confusingly similar with Opposer's trademark MARLBORO COUNTRY, particularly on the similarity of the design. Pertinent portions of the said Decision reads, as follows:

This Office notes that in the present case, the most pressing issue is whether or not there is a confusing similarity between both marks that would lead to a likelihood of confusion on the part of the buying public. In order to properly assess the same, closer look at both marks is required, and the marks are reproduced below:



A cursory examination of the marks above readily shows that taking into consideration the three (3) registered trademarks owned by appellant, there are enough points of similarity to confuse the public. The word "COUNTRY" may possibly lead an ordinary buyer thinking that the Appellee's products is associated with that of the Appellant. **Likewise, the color scheme is identical, which the shape in red, and a white background. Lastly, the red shape, although not identical, are similar in that they have five (5) slides, three of which may form part of a rectangle, and two slopping lines.**" (Emphasis supplied)

Thus, confusion cannot be avoided by merely adding, removing or changing some features 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 purchaser as to cause him to purchase the one supposing it to be the other.¹¹ Colourable imitation does not mean such similitude as amount to identify, nor does it require that all details be literally copied. Colourable imitation refers to such similarity in form, context, words, sound, meaning, special arrangement or general appearance of the trademark with that of the other mark or trade name in their over-all presentation or in their essential substantive and distinctive parts as would likely to mislead or confuse persons in the ordinary course of purchasing the genuine article.¹²

Also, considering the similarity or relatedness of goods carried by the contending marks, the consumers will have the impression that these products originate from a single source or origin or they are associated with one another. Opposer's classification of goods include class 34 of Respondent-

⁹ Exhibit "C" of Opposer. Pp. 8-9, Verified Notice of Opposition.

¹⁰ Director General of the Intellectual Property Office of the Philippines, docketed as Appeal No. 14-2012-0055 dated 11 February 2014.

¹¹ Societe Des Produits Nestle, S.A. v. Court of Appeals, G.R. No. 112012, 04 April 200, 356 SCRA 207, 217.

¹² Converse Rubber Corporation v. Universal Rubber Products, Inc., et al., G.R. No. L-27906, 08 January 1987.

just

Applicant's goods. Thus, the likelihood of confusion therefore, would subsist not only on the purchaser's perception of goods but on the origin thereof as held by the Supreme Court, to wit:¹³

Cullman notes two types of confusion. The first is the confusion of goods in which event the ordinarily 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. Hence, 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.

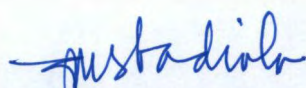
In this instant case, the Opposer's prior use and registrations of its various marks: MARLBORO, ROOF DEVICE, MARLBORO ROOF TOP DEVICE including all other variances, demonstrate ownership thereof. The Opposer and its trademarks has verily shown evidence of its history¹⁴, continuous presence and use in Philippine and international markets¹⁵, enormous advertisements and publicities in different forms¹⁶, recognition for its brand and company¹⁷, and declaration of Opposer's entire image of ROOF DEVICE, together with the MARLBORO trademark as well-known mark¹⁸. As such, considering the probable purchaser's attitude and habits, marketing activities, and commercial impression, there is a high likelihood that the trademarks of the Opposer and the Respondent-Applicant pertain to related fields of manufacture, distribution and marketing under similar conditions. Both are likely to be conveyed and move in the same channels of trade. Therefore, the goods of the Opposer and the Respondent-Applicant are of a character which purchasers would be likely to attribute to a common origin.

Thus, the public interest requires that the 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.

WHEREFORE, premises considered, the instant Opposition to Trademark Application No. 4-2014-00002280 is hereby **SUSTAINED**. Let the file wrapper 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. 179 DEC 2016



Atty. GINALYN S. BADIOLA, LL.M.
Adjudication Officer, Bureau of Legal Affairs

¹³

Id.

¹⁴

Exhibits "A" of Opposer.

¹⁵

Exhibits "F", "G", "H", and "I" of Opposer.

¹⁶

Exhibits "D" of Opposer.

¹⁷

Exhibits "C" of Opposer.

¹⁸

Decision No. 2007-107 dated 21 July 2007 in IPC No. 14-2006-00060 entitled Philip Morris Products SA vs. British American Tobacco Australasia Limited. Exhibit "1-L" of Respondent-Applicant.