

CARGILL PALM PRODUCTS SDN. BHD.,
Petitioner,

-versus-

**PT. SINAR MAS AGRO RESOURCES &
TECHNOLOGY TBK.,**
Respondent-Registrant.

X-----X

IPC No. 14-2014-00032
Cancellation of:
Reg. No. 4-2012-013392
Date Issued: 29 August 2013

TM: i-soc CBS

NOTICE OF DECISION

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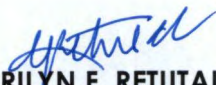
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Quezon City

GREETINGS:

Please be informed that Decision No. 2017 - 47 dated 22 February 2017 (copy enclosed) was promulgated in the above entitled case.

Pursuant to Section 2, Rule 9 of the IPOPPL 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, 23 February 2017.


MARILYN F. RETUAL
IPRS IV
Bureau of Legal Affairs

CARGILL PALM PRODUCTS SDN. BHD.,
Petitioner,

- versus -

**PT. SINAR MAS AGRO RESOURCES &
TECHNOLOGY TBK.,**
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IPC No. 14-2014-00032
Cancellation of:

Reg. No. 4-2012-013392
Date Issued: 29 August 2013
Trademark: "i-soc CBS"

Decision No. 2017 - 47

DECISION

CARGILL PALM PRODUCTS SDN. BHD. ("Petitioner")¹ filed a petition for cancellation of Trademark Registration No. 4-2012-013392. The registration, issued to PT. SINAR MAS AGRO RESOURCES & TECHNOLOGY TBK. (Respondent-Registrant)², covers the mark "i-soc CBS" for use on goods under class 29 namely: *cocoa butter substitute; chocolate nut butter; bone oil (edible); butter (cocoa); butter (coconut); butter cream; coconut oil; corn oil; colza oil; colza oil for food; edible fats; edible oils; fat (coconut); fat containing mixtures for bread slices; lard for food; maize oil; palm kernel oil for food; palm oil for food; cooking oil; edible hardened oil and shortening; margarine; edible soybean oil; edible palm kernel oil; edible palm sunflower oil; edible maize oil; edible olive oil; meat; fish; poultry; and game; meat extract; preserved; dried and cooked fruits and vegetables; jellies; jams; compotes; eggs; milk and milk products.*³

The Petitioner alleges that it is a subsidiary of Cargill, Inc., an international provider of food, agricultural and risk management products and services, which can trace its origin nearly 150 years ago to a simple grain-facility owned by Cargill's founder, William Wallace Cargill. By 1940's, Cargill, Inc. had diversified into feed, soybean processing, seed and vegetable oil. Later, under Whitney MacMillan's leadership, Cargill, Inc. diversified with new operations in beef, poultry processing, steel making, citrus processing, petroleum trading and merchandising, international metals, fibers and tropical commodities origination and trading and fertilizer production. Then, it created a whole new family of renewable products - from plastics to fabric - made from corn.

At present, Cargill, Inc. has 142,000 employees in 67 countries. In the Philippines, it started doing business in 1947 when the vegetable oil division started buying copra for export to the United States.

In 1991, the Petitioner acquired its palm oil and specialty fats operation, and has since expanded and upgraded its plants to state-of-the-art facilities. Petitioner's specialty products include: supersocolate special, socolate, cocolate, cocolate special and "HYSOC" which is a premium cocoa butter substitute

¹ A foreign corporation organized and existing under the laws of Malaysia, with principal office at Level 22, Menara TM, Off Jalan Pantai Baru, 59200 Kuala Lumpur, Malaysia.

² With address at BII Plaza, Tower II, 30th Floor, Jl. M.H. Thamrin No. 51, Jakarta 10350, Indonesia.

³ The Nice Classification of goods and services is for registering trademark and service marks, based on a 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.

prepared from lauric oil and depending on the desired application is tailored-made as a complete cocoa butter substitute for coating of confectioneries in tropical climate, without the need of tampering. It is excellent for coating of biscuit and sweet confectioneries, filling for sweets, sandwiched biscuits, wafers, coffee whiteners, and skim milk powder. "HYSOC" product and name have acquired fame through long record of use since 1999, and are currently marketed in several countries worldwide. It was featured in different cook books, magazines and other materials, and posted in the viral world of the internet.

The following are the grounds for the instant case:

"a. 'i-soc' is confusingly similar if not identical to its already registered trademark 'HYSOC' and hence, 'i-soc CBS' which contains the dominant element 'i-soc' should have not been issued registration pursuant to Section 123.1 (d) and Sec. 151.1 (b) and as held by this Hon. Office in its Decision (No. 2011-75) dated September 22, 2011 in IPC No. 14-2010-00097 and upheld by the Office of the Director General in its Decision dated October 8, 2013;

"b. Petitioner's 'HYSOC' is also a well-known trademark which therefore bars registration of the confusingly similar 'i-soc CBS' pursuant to 123.1 (e) of the Code;

"c. 'HYSOC' is already identified in the public mind as the mark of Petitioner and is therefore entitled to protection under Sec. 168.1 of the Code as against the confusingly similar mark 'i-soc CBS'; and,

"d. Since 'HYSOC' is a highly distinctive mark and has been famous long before Respondent-Registrant filed the subject application, the use and registration of 'i-soc CBS' by Respondent-Registrant will dilute and lessen the capacity of 'HYSOC' to identify and distinguish the goods it cover as belonging to Petitioner's goods."

The Petitioner submitted the following evidence:

1. Legalized and notarized Affidavit of Chai Wei Joo, Director of Cargill Palm Products SDN. BHD;
2. Affidavit of Diana F. Rabanal;
3. Verified Notice of Opposition in IPC No. 14-2013-00445, entitled Cargill Palm Products Sdn. Bhd. vs. Pt. Sinar Mas Agro Resources & Technology Tbk;
4. Decision No. 2011-75 dated September 22, 2011 issued by the Bureau of Legal Affairs in IPC No. 14-2010-00097, entitled Cargill Palm Products Sdn. Bhd. vs. Pt. Sinar Mas Agro Resources & Technology Tbk;
5. Decision in Appeal No. 14-2011-0017 issued by the Office of the Director General entitled Cargill Palm Products Sdn. Bhd. vs. Pt. Sinar Mas Agro Resources & Technology Tbk;
6. Affidavit of Chai Wei Joo, Director of Cargill Palm Products Sdn. Bhd.;
7. Database listing as of December 1, 2013 of Opposer's trademark registrations and applications for HYSOC worldwide;
8. Certified true copy (Ctc) of the Certificate of Registration No. 1008403 for HYSOC issued in Australia;
9. Ctc of Certificates of Registration for HYSOC issued in the following countries: Chile, China, Hungary, India, Indonesia, Iran, Korea, Malaysia, Mexico, Oman, Pakistan, Philippines, Romania, Russia, South Africa, Saudi Arabia, Sri Lanka, Taiwan, Thailand, Turkey, UAE, and Ukraine;
10. Ctc of Trademark Application for HYSOC issued in Syria and Egypt;
11. Catalogs, publications, posters and promotional or advertising materials used by Opposer in promoting and advertising HYSOC in various countries;
12. Invoices or receipts showing sales of goods bearing the trademark HYSOC;

13. Photograph of actual samples of the packaging materials of HYSOC products;
14. Opposer's Annual Reports for the years 2010, 2011, 2012 and 2013;
15. Affidavit of Diana F. Rabanal;
16. Special Power of Attorney issued by the Opposer;
17. Authorization certificate proving the authority of Mr. Chai Wei Joo;
18. Petition for Cancellation filed in IPC No. 14-2010-00097;
19. Affidavit of Phang Yew Wai, an Officer of Cargill Palm Products Sdn. BHD.;
20. Affidavit of Atty. Amando Aumento Jr., and Associate of Federis & Associates Law Offices;
21. Special Power of Attorney executed by Cargill Palm Products Sdn. BHD.;
22. Ctc of the Verified Notice of Opposition docketed as MNO 2007-523;
23. Affidavit of Chai Boey Wah, Director of Cargill Palm Products Sdn. Bhd.;
24. Affidavit of Jan Abigail Ponce, associate of Federis & Associates Law Offices;
25. Legalized Special Power of Attorney issued by Cargill Palm Products Sdn. Bhd.;
26. Advertising materials for the promotion of HYSOC trademark;
27. Invoices and receipts showing sales of goods bearing the mark HYSOC;
28. Photo of actual samples of packaging materials of products bearing the mark HYSOC;
29. Trademark registrations for HYSOC issued in different countries;
30. Trademark database listing of all applications and registrations of the trademark HYSOC in different countries;
31. Printout of website showing the details of Cargill Philippines, Inc., BNC Ingredients Corporation, Cargill Palm Products Sdn. BHD.;
32. Printout of website showing HYSOC products;
33. Philippine trademark registration no 4-2004-004934 for HYSOC; and,
34. Ctc of the 3rd and 5th year Declaration of Actual Use for the trademark HYSOC.

On 30 April 2014, Respondent-Registrant submitted its Answer. It alleges that it is the registered owner of the mark "i-soc CBS" covered by Registration No. 4-2012-013392, and issued by the Intellectual Property Office of the Philippines on 29 August 2013 for class 29. Respondent-Registrant has procured registrations for the mark "i-soc CBS" in class 29 in Respondent's home country of Indonesia and in other countries such as China, Malaysia, Russia, Singapore, Thailand, Turkey and Vietnam. Respondent has also pending applications for the registration of the mark "i-soc CBS" in several foreign countries.

Moreover, Respondent-Registrant is also the owner of the mark "i-SOC" which was registered in the Intellectual Property Office of the Philippines on 25 August 2008 covering cocoa butter substitute under class 29. It has also procured registrations for the mark "i-SOC" and has pending applications for registration in various countries. The use and promotion of the mark has long been exclusive and uninterrupted and generated tremendous sales in local and international markets. In the Philippines, Respondent-Registrant markets its products through Minola Refining Corp. of Batangas.

Finally, Respondent-Registrant refuted Petitioner's allegation of confusing similarity. Accordingly, the decisions declaring Respondent-Registrant's mark confusingly similar to Petitioner's mark is untenable, in support of the latter's cause of action. The principle of res judicata is not applicable in the instant case since the judgment in the cancellation proceeding is not yet final. Moreover, the petition in esse, fails to state a cause of action since there is no confusing similarity between Petitioner's mark "HYSOC" and Respondent-Registrant's mark "i-soc CBS" whether under the holistic test or the dominancy test. In fact, the prospective purchasers of the products bearing the competing marks are discerning buyers, as to whom there can be no likelihood of confusion. Respondent-Registrant likewise invoked that regardless of Petitioner's prior registration of its mark, the same is not perfected by actual use. It is an invalid registration and confers no right on Petitioner to cancel registration of Respondent's mark.

The Respondent-Registrant submitted the following evidence:

1. Sworn Statement of Messrs. Budji Wijana and Dr. Ing Gianto Widjaja;
2. Certification attesting to the authority of Messrs. Wijana and Widjaja to sign Verification;
3. Certified true copy (Ctc) of Indonesia Reg. No. D00.2012.047184-015 for the mark i-soc CBS in class 29;
4. Ctc of Petition for Review in Court of Appeals docketed as CA-G.R. No. 132468;
5. Ctc of Resolution dated 07 January 2014 by the Court of Appeals;
6. Copy of 3-Year Declaration of Actual Use filed by Petition in connection with the mark HYSOC docketed as Appln. No. 4-2004-004934;
7. Copy of Petitioner's Invoice No. 63602 dated 29 December 2007.

Thereafter, the Preliminary Conference was held and terminated on 16 September 2014. The Petitioner and the Respondent-Registrant filed their position papers on 16 October 2014. Hence, this decision.

Should Respondent-Registrant's trademark "i-soc CBS" be cancelled?

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

The records and evidence show that the Petitioner filed the application for the registration of the mark HYSOC in the Philippines in 2004 and was issued Certificate of Registration No. 4-2004-004934 on 18 December 2006⁵, covering goods under class 29: palm kernel oil for food; palm oil for food, liquid cooking oil, butter oil substitutes, cocoa butter substitutes, cooking oil, edible oils for use in cooking foodstuffs, edible oils for providing a coating to cooking utensils by brushing, edible oils for providing a coating to cooking utensils by spraying, edible oils and fats. The Petitioner also holds registration and application for registration of the mark HYSOC in various foreign countries.⁶ The Respondent-Registrant on the other hand, was registered for the subject mark i-soc CBS in the Philippines under Reg. No. 4-2012-013392 dated 29 August 2013 for use on the abovementioned goods under class 29. It has also pending trademark registration in Indonesia for the mark i-soc CBS⁷, and pending applications for registration of the mark i-soc CBS in other countries.

A comparison of the competing marks shows that the Respondent-Registrant's mark has a striking resemblance to the Petitioner's. Both marks contain the word "soc". The two (2) marks look and sound alike notwithstanding the addition of the letters "C", "B" and "S" in Respondent-Registrant's mark; and that the first syllable of the Petitioner's mark is "HY" and the first syllable of the Respondent-Registrant's is "i". In fact, "HY" rhymes with the sound of long "i".

Considering that both marks are used on exactly the same goods, these marks therefore, are confusingly similar. It is likely that the consumers will confuse one party's product with that of the other.

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 Exhibit "I-12" of Petitioner.

⁶ Exhibits "G", "H", "I", "J" and series of Petitioner.

⁷ Exhibit "3" of Respondent-Registrant.

Moreover, the consumers will have the impression that these products originate from a single source or the origin thereof are connected or associated with one another. The likelihood of confusion therefore, would even subsist on the purchaser's perception of the goods but on the origin thereof as held by the Supreme Court.⁸ The consumers may tend to believe that there is a connection or affiliation between the parties.

Section 138 R.A. No. 8293, also known as the Intellectual Property Code of the Philippines ("IP Code") provides:

Sec. 138. Certificate of Registration. - A Certificate of Registration of a mark should 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.

Corollarily, Sec. 151 of the IP Code, states, in part that:

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

Thus, the law allows any person, like the Petitioner in this instance, to file a petition to cancel a trademark registration if that person believes that he would be damaged by the registration. As discussed, there is a likelihood of confusion as to the goods as well as to the origin thereof. Once filed, a cancellation proceeding becomes basically, a review of the trademark registration in question to determine if the legal requirement for registration have been fully satisfied and if the maintenance or continuance of Respondent-Registrant's trademark in the trademark registry would damage the Petitioner.⁹ The Supreme Court held:

"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 x x x

"Registration, without more, does not confer upon the registrant an absolute right to register the mark. The Certificate of registration is merely a prima facie proof that the registrant is the owner of the registered mark or tradename. Evidence of prior and continuous use of the mark or tradename by another can overcome the presumptive ownership of the registrant and may very well entitle the former to be declared the owner in an appropriate case."¹⁰

Thus, considering that the mark HYSOC is already in use, and registered by the Petitioner in the Philippines for that matter, long before the Respondent-Registrant filed its trademark application, the registration of the mark i-soc is proscribed by Sec. 123.1(d) of the IP Code, which states that a mark cannot be registered if it is identical with a registered mark belonging to a different proprietor or a mark with an earlier filing or priority date, in respect of the same goods or services, or closely related goods or services, or if it nearly resembles such a mark as to be likely to deceive or cause confusion.

The Respondent-Registrant may have submitted as evidence documents indicating the registration or filing of trademark applications for the mark i-soc CBS in other countries. A scrutiny of these

⁸ Converse Rubber Corporation v. Universal Rubber Products, Inc. et al., G.R. No. L-27906 dated 08 January 1987.

⁹ Sec. 154 of the IP Code.

¹⁰ Shangri-la International Hotel Management, Ltd. v. Developer Group of Companies, Inc., G.R. No. 159938, 31 March 2006.

documents, however, shows that the applications were filed or the registrations in the Philippines and in other countries preceded Respondent-Registrant's filing and registration of its mark.

WHEREFORE, premises considered, the instant Petition for Cancellation is hereby GRANTED. Let the file wrapper of Trademark Registration No. 4-2012-013392 be returned, together with a copy of this Decision, to the Bureau of Trademarks for appropriate action.

SO ORDERED.

Taguig City. **22 FEB 2017**



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