

ALIW BROADCASTING CORPORATION,
Petitioner,

-versus-

HEIRS OF ALVIN P. CAPINO,
Respondent- Registrant.

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IPC No. 14-2015-00061
Cancellation of:
Reg. No. 4-2012-000139
Date Issued: 31 May 2012
TM: "KARAMBOLA"

X-----X

NOTICE OF DECISION

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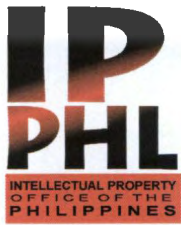
GREETINGS:

Please be informed that Decision No. 2017 - 101 dated March 31, 2017 (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, April 03, 2017.


MARILYN F. RETUTAL
IPRS IV
Bureau of Legal Affairs



ALIW BROADCASTING CORPORATION,	}	IPC No. 14-2015-00061
Petitioner,	}	
	}	Cancellation of:
-versus-	}	Reg. No. 4-2012-000139
	}	Date Issued: 31 May 2012
HEIRS OF ALVIN P. CAPINO,	}	Trademark: "KARAMBOLA"
Respondent-Registrant.	}	
x-----x		Decision No. 2017 - <u>101</u>

DECISION

ALIW BROADCASTING CORPORATION ("Petitioner")¹ filed a Petition for Cancellation of Trademark Registration No. 4-2012-000139. The registration issued to ALVIN P. CAPINO² ("Respondent-Registrant"), covers the mark "KARAMBOLA" for use on "radio entertainment; entertainment services; entertainment information; education information; information (entertainment); information (educational) news reporters services; performances of a broadcasters; live performances; education (religious); production of radio and television programmes; production of shows; production (videotape film); radio and television programmes (production of); radio entertainment; reporters services (news); scriptwriting services; shows production of); studios (movie); television entertainment; television programmes (production of radio and); television sets (rental of radio) and videotape editing" under Class 41 of the International Classification of Goods.³

Petitioner alleges the following:

"4. Sometime in 2004, the radio program 'KARAMBOLA' was conceptualized by DWIZ management headed by veteran media personality, Rey Langit. The format is a no holds barred radio talk show by a panel of several broadcasters and journalists who look at current and relevant issues from all angles.

"5. The build up on the program, particularly the possible panel members, the launching date, and plugging of advertisements were all reported and taken up during the succeeding Operations Committee meetings;

"6. The program was officially launched and aired on April 11, 2005 over Petitioner's AM radio station DWIZ. Among the panelists was Mr. Alvin Capino who also acted as co-anchor of Cong. Jonathan Dela Cruz. Mr. Capino and Cong. Dela Cruz vacated their then afternoon program in favor of 'Karambola'

¹ A domestic corporation with address at 5th Flr. Citystate Centre, 709 Shaw Blvd., Orambo, Pasig City.

² Filipino citizens with address at 17 Hernandez cor. Magbanua Sts. BF Homes, Phase 3, Paranaque City.

³The Nice Classification is a classification of goods and services for the purpose of registering trademarks and service marks based on a multilateral treaty administered by the World Intellectual Property Organization. This treaty is called the Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of Registration of Marks concluded in 1957.

"7. The program went smoothly without interruption and since then, the mark 'KARAMBOLA' was used in all its advertisements, posters and publications to identify the radio program.

"8. In January 2012, without the knowledge and consent of herein Petitioner, Mr. Capino applied for registration of the mark 'Karambola' before the Bureau of Trademarks, Intellectual Property Office. By May 2012, his application No.42012000139 was approved and the trademark registered.

"9. Said applicant was still a talent of the radio program 'KARAMBOLA' being aired in radio station DWIZ when he applied for the trademark registration. Up to the time of his demise in 2014, Mr. Capino failed to inform herein petitioner of such move which fact baffles the latter and borders on fraud. Herein petitioner came to know of such fact only when it received the Registrability Report from the Bureau of Trademarks when it applied for registration of the trademark.

"10. Herein petitioner is the rightful owner and creator of the mark and its registration by another whom it did not authorize certainly caused damage and injury thereto. Petitioner has conceptualized on the radio program in 2004 and has used the mark since 2005 in its initial airing. The show is still running until today. For all intents, herein petitioner is the prior user of the mark for purposes of its business. Any use of the same by the registrant for a radio program will definitely damage the interest of the petitioner who has made use thereof long before it was registered without its consent.

"11. Any continued allowance of the use of the trademark by the registrant to describe a radio program will certainly mislead the public, particularly as to the nature, characteristics and source of the services for the herein petitioner has carried the said mark and corresponding radio program since its inception in 2005 until today.

"12. In view of the open, public and continuous use of the mark in the program, it is only appropriate that the registration thereof in the name of Mr. Capino, who had no right thereto, proprietary or otherwise, be forthwith cancelled."

The Petitioner's evidence consists of the following:

1. Copy of the Minutes of the Meeting of Petitioner's Operations Committee in 18 June 2004;
2. Copy of the Minutes of the Meeting of Petitioner's Operations Committee in 19 April 2005;
3. Copy of the special feature article "Caramba! Karambola!" written by Joel P. Salud of the 19 September 2005 issue of the Philippine Graphic Magazine;
4. Printout from IPOPHL Trademark Database about the details of Alvin Capino trademark KARAMBOLA;
5. Registrability Report of the Bureau of Trademarks of the Petitioner's application for the KARAMBOLA trademark;
6. Copies of advertisements and posters prior to 2012 and screenshots from DWIZ website of the radio program KARAMBOLA of Petitioner;
7. Affidavit of Reynante M. Langit; and
8. Affidavit of Josephine C. Reyes.

2 

This Bureau issued a Notice to Answer on 08 April 2015 and served the same to Respondent-Registrant on 21 April 2015. After two motions for extension, Respondent-Applicant filed the Answer on 20 July 2015 alleging the following Special and Affirmative Defenses:

"14. Since the petitioner is not the owner of the mark 'Karambola', it has no legal standing to file the instant Petition.

"14.1. Alvin Capino conceived and registered the name 'Karambola'.

"14.2. Alvin Capino registered the subject mark sometime in 2012 with the view of expanding the then 'Karambola' radio show to cable television.

"14.3. As the alleged executive producer of 'Karambola' (and now the EVP-General Manager of the petitioner), Ms. Josephine C. Reyes and the petitioner, were informed of and knows, or ought to know, the registration of the subject mark by Alvin Capino.

"14.4. Despite the foregoing, the petitioner never sought the registration of the mark 'Karambola', and it is only now, after Alvin Capino's death, that it seeks to cancel and appropriate the subject mark from the now deceased Alvin Capino and his defenseless heirs.

"15. Petitioner's continuous utilization of the mark is merely by tolerance of the respondent and does not in any way, vest upon it ownership of the mark.

"16. Petitioner's cause of action is barred by laches.

"16.1. The fact that it took the Petitioner more than ten (10) years to apply for the registration of 'Karambola' clearly shows that it has abandoned whatever right it may have had, if any, over the said mark.

"17. Further, the petition is fatally defective for being filed by an unauthorized person there being no proof that Ms. Josephine C. Reyes was authorized to institute the cancellation of the mark 'Karambola' on behalf of the petitioner."

Respondent-Registrant's evidence consists of the following:

1. Copy of Trademark Registration No. 4-2012-000139 for the mark KARAMBOLA issued on 31 May 2012 to ALVIN P. CAPINO; and
2. Affidavit of Eva A. Capino.

Pursuant to Office Order No. 154, s. 2010, the case was referred to the Alternative Dispute Resolution ("ADR") for mediation on 21 July 2015. However, the parties failed to settle their dispute. On 19 July 2016, the preliminary conference was terminated and the parties were directed to submit position papers. On 29 July 2016, Respondent-Registrant filed its Position Paper while Petitioner did so on 02 August 2016.

Should the Trademark Registration No. 4-2012-000139 for the mark KARAMBOLA be canceled?

Before going to the main crux of the controversy, this Bureau will deal first with the technical issue raised by Respondent-Registrant that Ms. Josephine Reyes has no authority to institute the instant case.

In *Philippine Public School Teachers Association, et. Al. v. The Heirs of Carolina P. Iligan*⁴, the Supreme Court, held:

The general rule is that a subsequent compliance with the requirements will not excuse a party's failure to comply in the first instance.

We have reviewed the records, however, and find that a strict application of Rule 42, in relation to Section 5, Rule 7 of the Revised Rules of Court is not called for. As we held in *Huntington Steel Products, Inc. v. National Labor Relations Commission*, while the requirement of strict compliance underscores the mandatory nature of the rule, it does not necessarily interdict substantial compliance with its provisions under justifiable circumstances. The rule should not be interpreted with such absolute literalness as to subvert its own ultimate and legitimate objective which is the goal of all rules of procedure, that is, to achieve justice as expeditiously as possible. A liberal application of the rule may be justified where special circumstances or compelling reasons are present.

Admittedly, the authorization of petitioner PPSTA's corporate secretary was submitted to the appellate court only after petitioners received the comment of respondents. However, in view of the peculiar circumstances of the present case and in the interest of substantial justice, and considering further that petitioners submitted such authorization before the CA resolved to dismiss the petition on the technical ground, we hold that, the procedural defect may be set aside *pro hac vice*. Technical rules of procedure should be rules enjoined to facilitate the orderly administration of justice. The liberality in the application of rules of procedure may not be invoked if it will result in the wanton disregard of the rules or cause needless delay in the administration of justice. Indeed, it cannot be gainsaid that obedience to the requirements of procedural rule is needed if we are to expect fair results therefrom.

In this case, there was substantial compliance with the rules when Petitioner submitted the Secretary's Certificate showing the authority of Ms. Reyes to sign the Verification and Certification against Non-Forum Shopping together with the Position Paper.⁵ Indeed, technical rules of procedure should be used to promote, not frustrate, justice. While the swift unclogging of court dockets is a laudable objective, the granting of substantial justice is an even more urgent ideal. Rules of procedure are but tools designed to facilitate, not obstruct, the attainment of justice.⁶

Now, as regards the main issue, Petitioner is seeking the cancellation of Respondent's mark on the ground that it is the true owner and prior user in commerce of the mark KARAMBOLA.

⁴ G.R. No. 171562. July 27, 2006

⁵ See Annex I of the Position Paper.

⁶ *Vicar International Construction, Inc. v. FEB Leasing and Finance Corporation (now BPI Leasing Corporation)*, G.R. No. 157195. April 22, 2005.

The parties' marks are herein reproduced:

KARAMBOLA

Petitioner's Mark

Karambola

Respondent-Registrant's Mark

Without a doubt, Respondent's KARAMBOLA mark is similar to Petitioner's KARAMBOLA as they are both word marks and are using the same word KARAMBOLA. While there are some differences in the competing marks that can be observed like the type and color of the font, Petitioner's KARAMBOLA being written in stylized blue upper case letters while that of Respondent's is written in black with only the first letter in uppercase and the rest in the lower case, these differences are overshadowed by their glaring similarity. The use of the word KARAMBOLA is more appreciable because what sticks to the mind of the consumer is the word and not how it is presented in the respective marks. Especially when advertised in the radio what is heard is only the word KARAMBOLA, and the listeners will not be able to distinguish whether it is Petitioner's KARAMBOLA or that of Respondent's which is being referred to. In addition, Petitioner's mark is used on "radio program" under Class 41 which is similar or related to Respondent-Registrant's goods/services namely: "radio entertainment; entertainment services; entertainment information; education information; information (entertainment); information (educational) news reporters services; performances of a broadcasters; live performances; education (religious); production of radio and television programmes; production of shows; production (videotape film--); radio and television programmes (production of); radio entertainment; reporters services (news--); scriptwriting services; shows production of); studios (movie); television entertainment; television programmes (production of radio and--); television sets (rental of radio) and videotape editing" also under Class 41. As such, their similarity will likely cause confusion, mistake or deception on the part of the public that Petitioner's and Respondent's KARAMBOLA marks are one and the same.

Considering the similarity of the Respondent's trademark with Petitioner's, the latter is a proper party to institute this cancellation proceeding. Section 151 of the Intellectual Property Code of the Philippines ("IP Code") provides:

Sec. 151. Cancellation. -151.1 A petition to cancel a registration of 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 as follows:

x x x

(b) At any time, if the registered mark becomes generic name for the goods or services, or a portion thereof, for which it is registered, or has been abandoned, or *its registration was obtained fraudulently or contrary to the provisions of this Act*, or if the registered mark is being used by, or with the permission of, the registrant so as to misrepresent the source of the goods or services or in connection with which the mark is used. xxx

Thus, what is left to be determined is: Between Petitioner who has applied for registration of



the mark KARAMBOLA on 02 July 2013 and Respondent who has a trademark registration for the mark KARAMBOLA issued in 31 May 2012, who has a better right?

Section 138 of the IP Code provides, to wit:

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 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.

In *Berris v. Norvy Abdayang*⁷, 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 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.** [Emphasis supplied.]

Clearly, it is not the application or registration of the mark which confers ownership. "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."⁸ Thus, while the certificate of registration issued to Respondent for its mark KARAMBOLA creates a *prima facie* presumption of the validity of registration and ownership thereof, such presumption can be controverted by contrary evidence, that is, by proving that the party seeking the cancellation of the mark has a prior right as against the registrant.

The records of this case will show that at the time Petitioner applied for registration of the mark KARAMBOLA in 02 July 2012, Respondent already has an existing registration for its mark KARAMBOLA issued on 31 May 2012. So that, between Petitioner and Respondent, it would seem that the latter is the prior adopter and user of the mark KARAMBOLA. However, a further scrutiny of Petitioner evidence would show that in 18 June 2004, it was able to come up with the name KARAMBOLA for their new radio program for the AM station DWIZ and it was in fact launched and aired starting on 11 April 2005. Since then and up to now, Petitioner

⁷ G.R. No. 183404, October 13, 2010.

⁸ See Decision, IPC No. 14-2008-00046, 21 January 2013, available at <http://onlineservices.ipophil.gov.ph/ipcaselibrary/> <accessed 10 June 2015.

have been using the mark KARAMBOLA for the radio show. They have also caused the advertisement of the KARAMBOLA radio program in print media as well as in their own website.

On the other hand, nothing in the records of this case particularly the filewrapper would show or explain how Respondent-Applicant came up with a similar mark as that of Petitioner's. This Bureau finds no credence in the claim of Ms. Eva Capino that her husband planned to have a new radio program that will be called "Karambola". Aside from her bare claim, there are no other evidence to support that it was her husband who conceptualized the mark KARAMBOLA for a radio program and that her husband informed Petitioner that he registered the KARAMBOLA mark. If at all, the records of this case would only show that her husband was merely a talent of Petitioner as one of the anchors in the KARAMBOLA radio program of Petitioner itself. As a mere talent, absent any other proof of ownership of the mark, he has no right to register the same. As such, the unexplained registration by Respondent of a similar mark lends itself open to the suspicion of fraudulent motive to trade upon Petitioner's goodwill and reputation, thus:

A boundless choice of words, phrases and symbols is available to one who wishes a trademark sufficient unto itself to distinguish his product from those of others. When, however, there is no reasonable explanation for the defendant's choice of such a mark though the field for his selection was so broad, the inference is inevitable that it was chosen deliberately to deceive.⁹

The fact that Alvin Capino was one of the talent of Petitioner in the radio show KARAMBOLA only bolsters the fact that Respondent adopted the closely similar trademark KARAMBOLA in bad faith and with intent to ride on the goodwill and reputation of Petitioner.

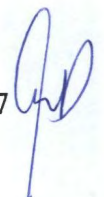
Furthermore, Respondent's claim that Petitioner has abandoned its right over the mark KARAMBOLA when it failed to register the same is untenable. Generally, abandonment means the complete, absolute or total relinquishment or surrender of one's property or right, or the voluntary giving up or non-enjoyment of such property or right for a period of time which results in the forfeiture or loss thereof. It requires the concurrence of the intention to abandon it and some overt acts from which it may be inferred not to claim it anymore.¹⁰ To work abandonment, the disuse must be permanent and not ephemeral; it must be intentional and voluntary, and not involuntary or even compulsory. There must be a thorough ongoing discontinuance of any trade-mark use of the mark in question.¹¹ Applying the concept to ownership or registration of trademarks, in order for a trademark registration to be considered as abandoned, the owner/registrant must relinquish or voluntarily surrender its rights over the trademark.

In this case, there was no overt act on the part of Petitioner that would constitute abandonment of its ownership of the mark KARAMBOLA. Petitioner have been using the mark KARAMBOLA in its radio program since it was launched in 11 April 2005 up to the present. Thus, it cannot be said to have abandoned it.

⁹ *Converse Rubber Corporation v. Universal Rubber Products, Inc., et al.*, G.R. No. L-27906, 08 Jan. 1987.

¹⁰ *Agpalo, Ruben E., Legal Words and Phrases. 1997 Ed., page 1.*

¹¹ *Philippine Nut Industry vs. Standard Brands, Incorporated, Et. al.*, G.R. No. L-23035. July 31, 1975 citing *Callman, Unfair Competition and Trademark, 2nd Ed., p. 1341*)

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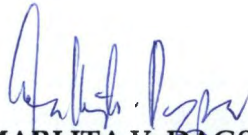
Succinctly, the registration of the Respondent's KARAMBOLA mark, which is identical and/or confusingly similar to Petitioner's mark adopted and used prior to that of the Respondent's, is contrary to the provisions of the IP Code. The maintenance of Respondent-Registrant's mark in the Trademark Register is damaging and prejudicial to the best interest of the Petitioner, thus, its cancellation is warranted.

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.¹²

WHEREFORE, premises considered, the instant petition for cancellation is hereby **GRANTED**. Let the filewrapper of Trademark Registration No. 4-2012-000139, together with a copy of this Decision, be returned to the Bureau of Trademarks for information and appropriate action.

SO ORDERED.

Taguig City, 31 MAR 2017.


MARLITA V. DAGSA
Adjudication Officer
Bureau of Legal Affairs

¹² *Supra* note 5.