

OFFICIAL PILLOWTEX LLC,
Opposer,

-versus-

ANGELLA A. ZHUO,
Respondent- Applicant.

X-----X

} IPC No. 14-2014-00368
} Opposition to:
} Appln. No. 4-2014-004541
} Date Filed: 11 April 2014
} TM: "REDCANNON"

NOTICE OF DECISION

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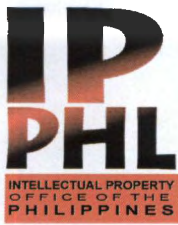
GREETINGS:

Please be informed that Decision No. 2017 - 85 dated March 20, 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, March 20, 2017.


MARILYN F. RETUAL
IPRS IV
Bureau of Legal Affairs



OFFICIAL PILLOWTEX LLC,
Opposer,

-versus-

ANGELLA A. ZHUO,
Respondent-Applicant.

IPC No. 14-2014-00368
Opposition to Trademark
Application No. 4-2014-004541
Date Filed: 11 April 2014

Trademark: **"REDCANNON"**

X -----X Decision No. 2017- 85

DECISION

Official Pillowtex LLC¹ ("Opposer") filed an opposition to Trademark Application Serial No. 4-2014-004541. The contested application, filed by Angella A. Zhuo² ("Respondent-Applicant"), covers the mark "REDCANNON" for use on *"pillow, bed and table covers; textile articles not included in other classes, namely bed sheets, fitted bed sheet covers, bed flat sheets, and pillow cases used in bedding, bed and table covers and towels"* under Class 24 of the International Classification of Goods³.

The Opposer alleges, among others, that its company and its predecessor-in-interest have been a leading manufacturer and licensor of high quality sheets and pillow cases as well as towels and allied products for more than one hundred (100) years. Its mark "CANNON AND DEVICE" is widely used in international commerce and in the Philippines. It first used and registered its mark in the United States of America (USA) since 1921. In the Philippines, its predecessor-in-interest first used the said mark since 1930. It also registered "CANNON AND DEVICE" under Certificate of Registration No. 4-1997-403387 with the last renewal date on 02 December 1997. In support of its Opposition, the Opposer submitted the affidavit of Jeff Lupinacci, with annexes.⁴

The Respondent-Applicant filed her Answer on 02 March 2015 alleging, among others, that the marks "REDCANNON" and "CANNON" are not confusingly similar because of their respective different devices and words. She claims that her application was not intended to confuse, mistake and deceive the public or to

¹A limited liability company organized and existing under the laws of the State of Delaware, USA, with business address at 1450 Broadway, 3rd Floor, New York, New York 10018, USA.

²With known address at 47B Biak na Bato, Damar Village, Quezon City.

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.

⁴Marked as Exhibits "C", inclusive.

capitalize on the goodwill of the Opposer. The Respondent-Applicant's evidence consists of her affidavit, with annexes.⁵

Pursuant to Office Order No. 154, s. 2010, the Adjudication Officer referred the case to mediation. This Bureau's Alternative Dispute Resolution Services, however, submitted a report that the parties refused to mediate. Accordingly, a Preliminary Conference was conducted on 05 May 2016 where only counsel for the Opposer appeared. Consequently, the Adjudication Officer issued Order No. 2016-748 stating that the Respondent-Applicant is considered to have waived its right to submit position paper and directing the Opposer to submit its position paper. After which, the case is deemed submitted for decision.

The issue to be resolved is whether Respondent-Applicant should be allowed to register the trademark "REDCANNON".

In this regard, Section 123.1 (d) of R.A. No. 8293, also known as the Intellectual Property Code of the Philippines ("IP Code") provides that:

"Section 123. Registrability. - 123.1. 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; x x x"

But are the marks, as shown below, confusingly similar?



Opposer's Marks



Respondent-Applicant's Mark

⁵ Marked as Exhibit "1", inclusive.

The Opposer's mark consists of the "CANNON & DESIGN" with a depiction of a cannon. As such, "CANNON" is what is impressed in the eyes and mind when one encounters the mark. Perusing the Respondent-Applicant's mark, the same conclusion may be withdrawn. The addition of the word "RED" and the alterations in the latter's device appears insignificant as even the positioning of the respective wordmarks and the devices of the competing marks is the same. Therefore, the marks are confusing. Succinctly, 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 purchase the one supposing it to be the other.⁶

Noteworthy, the competing marks are intended to be used on similar goods. Thus, the slight differences in the marks will not diminish the likelihood of the occurrence of confusion, mistake and/or deception. After all, the determinative factor in a contest involving registration of trade mark is not whether the challenged mark would *actually* cause confusion or deception of the purchasers but whether the use of such mark would *likely* cause confusion or mistake on the part of the buying public.⁷

But who has the better right to register the mark?

The Respondent-Applicant filed the contested application for "REDCANNON & DESIGN" on 11 April 2014. On the other hand, the Opposer registered "CANNON AND DEVICE" under Certificate of Registration No. 4-1997-403387 with the last renewal date on 02 December 1997. The latter, however, has not shown that the said registration in the Philippines remains valid and existing.

Be that as it may, this opposition may still prosper 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**

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

⁷ American Wire & Cable Company vs. Director of Patents, G.R. No. L-26557, 18 February 1970.

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 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, not 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.⁸ 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**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 applied for, he has no right to apply the registration off the same."

⁸ See Section 236 of the IP Code.

⁹ G.R. No. 159938, 31 March 2006.

Corollarily, a registration obtained by a party who is not the owner of the mark may be cancelled. In **Berris v. Norvy Abyadang**¹⁰, 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 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 showed that it has last renewed its registration on 02 December 1997. No petition for renewal of registration after expiration thereof was submitted. The Opposer, however, substantially proved that it has continuously used and appropriated the mark "CANNON & DESIGN". It has shown pictures of its products bearing the marks as displayed in stores and a receipt issued by the SM Store dated 25 September 2014.¹¹ It has also presented advertising and/or promotional materials indicating actual use of the mark even after the expiration of its registration.¹² Therefore, the Opposer substantially proved that it has not only first registered the mark "CANNON & DESIGN" but also that it has continuously used the same even after the expiration of its registration certificate.

Finally, 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-

¹⁰ G.R. No. 183404, 13 October 2010.

¹¹ Marked as Annex "B" of the Lupinacci affidavit.

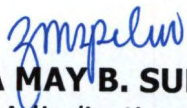
¹² Marked as Annex "C" of the Lupinacci affidavit.

Applicant to register the subject mark makes trademark registration simply a contest as to who files an application first with the Office.

WHEREFORE, premises considered, the instant Opposition to Trademark Application No. 4-2014-004541 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, 20 MAR 2017


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