

STONCOR GROUP, INC.,
Opposer,

-versus-

PT. PROPAN RAYA ICC.,
Respondent-Applicant.

IPC No. 14-2013-00362
Opposition to:
Appln. Serial No. 4-2013-005258
Date Filed: 08 May 2013

TM: STONKOTE

X-----X

NOTICE OF DECISION

DEL ROSARIO AND DEL ROSARIO

Counsel for Opposer
15th Floor, Pacific Star Building
Makati Avenue corner Sen. Gil Puyat Avenue,
1200 Makati City

KING CAPUCHINO TAN & ASSOCIATES

Counsel for Respondent- Applicant
Room 202 Belman II Building
78 Cordillera Street corner Quezon Avenue,
Quezon City

GREETINGS:

Please be informed that Decision No. 2017 - 74 dated 15 March 2017 (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, 15 March 2017.

MARILYN F. RETUAL

IPRS IV

Bureau of Legal Affairs

Republic of the Philippines
INTELLECTUAL PROPERTY OFFICE

Intellectual Property Center # 28 Upper McKinley Road, McKinley Hill Town Center, Fort Bonifacio,

Taguig City 1634 Philippines • www.ipophil.gov.ph

T: +632-2386300 • F: +632-5539480 • mail@ipophil.gov.ph

STONCOR GROUP, INC.,
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PT. PROPAN RAYA ICC.,
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IPC No. 14-2013-00362
Opposition to Trademark
Application No. 4-2013-005258
Date Filed: 08 May 2013

Trademark: "**STONKOTE**"

Decision No. 2017- 74

DECISION

Stoncor Group, Inc.¹ ("Opposer") filed an opposition to Trademark Application Serial No. 4-2013-005258. The contested application, filed by Pt. Propan Raya ICC² ("Respondent-Applicant"), covers the mark "STONKOTE" for use on "*paints*" under Class 02 of the International Classification of Goods³.

According to the Opposer, it is the owner of the mark "STONKOTE", having first to create, adopt and use the same worldwide as early as January 1984. The goods carried under the said trademark has, through time and extensive advertising, earned international acclaim, as well as the distinct reputation of high quality goods. It has since applied for and was able to secure registrations of the mark "STONKOTE". The Opposer thus contends that the Respondent-Applicant's mark is identical or confusingly similar to its own "STONKOTE" mark, which it has used for identical class of products.

In addition, the Opposer alleges that it has applications and/or registrations for the marks "STONHARD", "STONBLEND", "STONCHEM", "STONCLAD", "STONGLAZE", "STONLUX", "STONSHIELD" and "STONTEC", all of which were filed and/or registered before the Respondent-Applicant filed the contested application. In support of their Opposition, the Opposer submitted the following:⁴

1. Trademark Application No. 4-2013-005258 for "STONKOTE";
2. printout of information taken from the U.S. Patent and Trademark Office Status and Document Retrieval Database;
3. affidavit of Michael J. Jewell, with annexes.

¹A corporation organized and existing under the laws of the State of Delaware, USA with principal office at 1000 East Park Avenue, Maple Shade, New Jersey 08052, USA.

² With known address at JL. Gatot Subroto Km. 8, Tangerang, Indonesia.

³ The 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.

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

This Bureau issued a Notice to Answer and served a copy thereof to the Respondent-Applicant on 21 November 2013. The latter, however, did not file his Answer. Thus, the Adjudication Officer issued Office Order No. 2014-719 on 03 June 2014 declaring the Respondent-Applicant in default and submitting the case for resolution.

The issue to be resolved in this case is whether the Respondent-Applicant's trademark application for "STONKOTE" should be allowed.

The Opposer's claims to be the rightful owner of the mark "STONKOTE", sought to be registered by the Respondent-Applicant. In this regard, the R.A. No. 8293, also known as the Intellectual Property Code of the Philippines ("IP Code"), expressly prohibits the registration of a mark is identical with a registered mark belonging to a different proprietor with an earlier filing or priority date, with respect to the same or closely related goods or services, or has a near resemblance to such mark as to likely deceive or cause confusion.⁵

Records reveal that at the time the Respondent-Applicant filed his application for registration of the contested mark on 08 May 2013. The Opposer, on the other hand, has no pending application and/or existing registration for the same. The Opposer, in this case, basically raises 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 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).**

⁵ Section 123.1(d) of the IP Code.

- 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.⁶ 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**⁷, 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**⁸, 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

⁶ See Section 236 of the IP Code.

⁷ G.R. No. 159938, 31 March 2006.

⁸ G.R. No. 183404, 13 October 2010.

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 they have used and appropriated the mark "STONKOTE" even before the Respondent-Applicant filed the contested application. In fact, it has registered the said mark in the United States as early as 30 June 1992. Succinctly, 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-Registrant 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.

Even assuming that the Opposer failed to present evidence of actual use of the "STONKOTE" mark, this opposition shall still prosper. Noteworthy is the Opposer's existing registration for the mark "STONSHIELD" in the Philippines issued as early as 05 February 1996. Also, it registered the marks "STONHARD", "STONBLEND", "STONCHEM", "STONCLAD", "STONGLAZE", "STONLUX", and "STONTEC". Hereafter is the depiction of the said marks and that of the Respondent-Applicant's:

Opposer's Marks:

STONSHIELD STONCLAD STONLUX

STONBLEND STONTEC STONGLAZE



STONCHEM STONHARD

Respondent-Applicant's Mark:

STONKOTE

The Opposer's marks consist of the prefix "STON" in conjunction with another word. "STON" is the prevalent feature of its marks. Noteworthy, this is also appropriated by the Opposer in its trade name "STONCOR". Perusing the Respondent-Applicant's mark, the same prefix is appropriated followed by the word "KOTE". Be that as it may, the likelihood of confusion still subsists. After all, 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.⁹

It is settled that the likelihood of confusion would not extend not only as to the purchaser's perception of the goods but likewise on its origin. Callman 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*: "Here 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 the belief that there is some connection between the plaintiff and defendant which, in fact, does not exist."¹⁰ This is especially true in this case wherein the competing goods fall under identical and/or related class.

⁹ Societe des Produits Nestle, S.A. vs. Court of Appeals, GR No. 112012, 04 April 2001.

¹⁰ Societe des Produits Nestle, S.A. vs. Dy, G.R. No. 1772276, 08 August 2010.

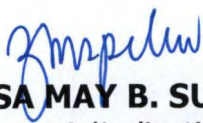
Finally, it is emphasized that the essence of trademark registration is to give protection to the owners of trademarks. The function of a trademark is to point out distinctly the origin or ownership of the goods to which it is affixed; to secure to him who has been instrumental in bringing into the market a superior article of merchandise, the fruit of his industry and skill; to assure the public that they are procuring the 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.¹¹ Based on the above discussion, Respondent-Applicant's trademark fell short in meeting this function.

Accordingly, this Bureau finds and concludes that the Respondent-Applicant's trademark application is proscribed by Sec. 123.1(d) of the IP Code.

WHEREFORE, premises considered, the instant opposition is hereby **SUSTAINED**. Let the filewrapper of Trademark Application Serial No. 4-2013-005258 be returned, together with a copy of this Decision, to the Bureau of Trademarks for information and appropriate action.

SO ORDERED.

Taguig City, **15 MAR 2017**


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

¹¹ Pribhdas J. Mirpuri vs. Court of Appeals, G.R. No. 114508, 19 November 1999.