

VICTORIA'S SECRET STORES
BRAND MANAGEMENT, INC.,
Opposer,

-versus-

CHENG SHANG HONG,
Respondent- Applicant.

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IPC No. 14-2016-00309
Opposition to:
Appln. Serial No. 4-2015-014524
Date Filed: 22 December 2015
TM: "VANILLA LACE"

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NOTICE OF DECISION

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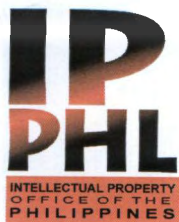
GREETINGS:

Please be informed that Decision No. 2017 - 242 dated June 22, 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, June 23, 2017.


MARILYN F. RETUAL
IPRS IV
Bureau of Legal Affairs



VICTORIA'S SECRET STORES
BRAND MANAGEMENT, INC.,
Opposer,

IPC No. 14-2016-00309
Opposition to:

-versus-

Appln. No. 4-2015-014524
Date Filed: 22 December 2015
Trademark: "VANILLA LACE"

CHENG SHANG HONG,
Respondent-Applicant.

Decision No. 2017 - 242

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DECISION

Victoria's Secret Stores Brand Management, Inc. ("Opposer")¹, filed an opposition to Trademark Application Serial No. 4-2015-014524. The application, filed by Cheng Shang Hong ("Respondent-Applicant")², covers the mark "VANILLA LACE" for use on "oil, perfumes, cologne, gel, shampoo, eyeliner, eyeshadow, lipstick, nail polish, hair dye, lotion, beauty products, namely skin whitening and cleansing creams, facial, hand and body whitening and moisturizer facial scrubs, facial masks, liquid whitening soaps, skin whitening soaps" under Class 03 of the International Classification of Goods³.

The Opposer alleges that it is the owner of the well-known and world famous trademark VANILLA LACE, which was conceptualized and created in 1993. It uses the trademark VANILLA LACE in connection with various Victoria's Secret branded products, in particular, beauty products such as fragrances and lotions. In the Philippines, the Opposer has used the VANILLA LACE mark as early as 2001, before the filing date of Respondent-Applicant's trademark on 22 December 2015. The Opposer is therefore entitled to claim protection as the prior user of the said mark in the Philippines.

The Opposer further alleges that it has also extensively promoted, used and registered the VANILLA LACE trademark in other countries, which thereby classifies the VANILLA LACE trademark as well-known. The VANILLA LACE trademark was registered in the United States as early as 2005, and in other jurisdictions as early as 2011.

¹ A corporation organized under the laws of the United States of America, having its principal place of business at Four Limited Parkway, Reynoldsburg, OH 43068, USA.
² With registered address at Unit 23A Sentosa Condo, Pres. Macapagal Don Galo, Paranaque City, Metro Manila, Philippines.
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.

According to the Opposer, Respondent-Applicant's trademark application is identical and therefore, confusingly similar to Opposer's well-known VANILLA LACE trademark. It runs contrary to Section 123, particularly paragraphs e and g of the IP Code. Moreover, Respondent-Applicant's mark is intended for goods in class 03, which are goods in which the Opposer's well-known VANILLA LACE trademark is used for. This results in a mark that is confusingly similar to Opposer's well-known trademark, as to be likely to deceive consumers by suggesting a connection, association, sponsorship or affiliation with the Opposer, when none exists. Finally, the Opposer avers that as owner of a well-known mark, it is entitled to a wider scope of protection under Philippine law and to protect its VANILLA LACE trademark against marks that are liable to create confusion in the minds of the public or used in bad faith.

The Opposer's evidence consists of the following:

1. Original, notarized and verified Special Power of Attorney and proof of authority;
2. Notarized Affidavit of Joseph Quigley;
3. Photographs of products bearing the VANILLA LACE trademark;
4. Photocopies of Certificates of Registration of VANILLA LACE trademark;
5. Listing of Opposer's registered VANILLA LACE trademark worldwide;
6. Samples of promotional materials bearing the Opposer's name and products with VANILLA LACE trademark;
7. Spreadsheet detailing the online global sales for 2010 to 2015 for VANILLA LACE products; and,
8. Photocopy of US Registration No. 3011494 issued on 01 November 22005 for VANILLA LACE trademark.

This Bureau issued a Notice to Answer and served a copy thereof upon the Respondent-Applicant on 27 September 2016. The latter, however, did not file an Answer. Thus, this Bureau issued an order dated 22 May 2017, declaring the Respondent-Applicant in default and the case submitted for decision.

Should the Respondent-Applicant be allowed to register the trademark VANILLA LACE?

Sec. 123.1 (d) 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;

In the case at bar, the competing marks contain the identical word mark VANILLA LACE. On the basis of the marks' visual and aural appearance, the apparent likeness is sufficient to cause likelihood of confusion to the public.

Moreover, the aforementioned marks are used on goods that are similar or closely related to each other, which flow on the same channels of trade and both, particularly that falling under Class 03. Thus, it is likely that the consumers will have the impression that these goods or products originate from a single source or origin. The confusion or mistake would subsist not only on the purchaser's perception of goods but on the origin thereof as held by the Supreme Court, to wit:⁴

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. 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 which, in fact does not exist.

The public interest, therefore, 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. Confusion, mistake, deception, and even fraud, should be prevented. It is emphasized that the function of 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.⁵

It is stressed that the Philippines implemented the TRIPS Agreement when the IP Code took into force and effect on 01 January 1998. Art. 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 of trademarks. Where signs are not inherently capable of distinguishing the relevant goods or services, members may make registrability depend on distinctiveness acquired through use. Member may require, as a condition of registration, that signs be visually perceptible.

⁴ Converse Rubber Corporation v. Universal Rubber Products Inc., et al., G.R. No. L-27906, 08 Jan. 1987.

⁵ Pribhdas J.Mirpuri v. Court of Appeals, G.R. No. 114508, 19 Nov. 1999.

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.

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 prescribed 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, Sec. 121.1 of the IP Code adopted the definition of the mark under the old Law on Trademark (Rep. Act No. 166), to wit:

121.1. "Mark" means any visible sign capable of distinguish 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)

Sec. 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 provision of this law. (Sec. 2-A, R.A. No. 166a)

There is nothing in Sec. 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 validly in accordance with the provision of the law.

It is neither the application nor 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 right 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 *E.Y. Industrial Sales, Inc. and Engracio Yap v. Shen Dar Electricity Machinery Co. Ltd.*⁷, the Supreme Court held:

RA 8293 espouses the "first-to-file" rule as stated under Sec. 123.1(d) which states:

x x x

Under this provision, the registration of a mark is prevented with the filing of an earlier application for registration. This must not, however, be interpreted to mean that ownership should be based upon an earlier filing date. While RA 8293 removed the previous requirement of proof of actual use prior to the filing of an application for registration of a mark, proof of prior and continuous use is necessary to establish ownership of a mark. Such ownership constitutes sufficient evidence to oppose the registration of a mark.

Sec. 134 of the IP Code provides that "any person who believes that he would be damaged by the registration of a mark x x x" may file an opposition to the application. The term "any person" encompasses the true owner of the mark, the prior and continuous user.

Notably, the Court has ruled that the prior and continuous use of a mark may even overcome the presumptive ownership of the registrant and be held as the owner of the mark. As aptly stated by the Court in *Shangri-la International Hotel Management, Ltd. v. Developers Group of Companies, Inc.*

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

In this instance, the Opposer proved that it is the prior and actual user of the mark VANILLA LACE. While it has no registration of its mark VANILLA LACE in the Philippines, and its pending application for trademark registration for the same mark is dated later than that of Respondent-Applicant's, Opposer has sufficiently shown evidence of prior and actual use of the trademark VANILLA LACE in similar and/or related products. The Opposer submitted evidence of trademark registrations for the mark VANILLA LACE in foreign countries⁸ as early

⁶ See Sec. 236, IP Code.

⁷ G.R. No. 184850, 20 October 2010.

⁸ Annex "B" of Exhibit "E" and Annex "C" of Exhibit "F" of Opposer.

as the year 2005⁹. The Opposer also presented the images of its products consisting of hand and body cream, lotion, and fragrances bearing the mark VANILLA LACE¹⁰; and its promotional and commercial advertisements in various form¹¹. Finally, the global sales of VANILLA LACE under the selection of Victoria Secret Fantasies-Garden was shown in the years 2010 to 2015¹².

However, this Bureau cannot declare Opposer's mark as well-known. While it has shown trademark registrations in foreign jurisdictions, it failed to meet the other criteria of a well-known mark. Among others, it did not show a vast and particular extent, duration and geographical area of the use of its mark, the market share in the Philippines and in other countries, the record of successful protection of the rights in the mark, and the outcome of litigations, if any, in dealing with the issue of a well-known mark¹³.

On the part of the Respondent-Applicant, it did not give sufficient explanation in adopting an identical or confusingly similar trademark. The said mark is unique and highly distinctive with respect to the goods it is attached with. It is incredible for the Respondent-Applicant to have come up with the same mark practically for similar goods by pure coincidence.

Succinctly, the field from which a person may select a trademark is practically unlimited. As in all other cases of colorable imitations, the unanswered riddle is why, of the million of terms and combination of letters and designs available, the Respondent-Applicant had to come up with a mark identical or so closely similar to another's mark if there was no intent to take advantage of the goodwill generated by the other mark.¹⁴

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.

WHEREFORE, premises considered, the instant Opposition to Trademark Application No. 4-2015-014524 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. 22 JUN 2017



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

⁹ Annex "F" of Exhibit "I" of Opposer.

¹⁰ Annex "A" of Exhibit "D" of Opposer.

¹¹ Annex "D" of Exhibit "G" of Opposer.

¹² Annex "E" of Exhibit "H" of Opposer.

¹³ Rule 102. Criteria for Determining Whether a Mark is Well-Known.

¹⁴ American Wire & Cable Company v. Director of Patents, G.R. No. L-26557, 18 February 1970.