

PANDA RESTAURANT GROUP, INC., Petitioner,

-versus-

IPC No. 14-2016-00253 Cancellation of: Registration No. 4-2012-011077 Date Issued: 8 February 2013 TM: "88 PANDA FOOD EXPRESS"

IFOODS CORPORATION, Respondent- Registrant,

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NOTICE OF DECISION

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SYCIP SALAZAR HERNANDEZ & GATMAITAN Counsel for Petitioner Sycip Law Center 105 Paseo de Roxas Makati City

KALAW SY SELVA & CAMPOS Counsel for Respondent-Registrant West Tower, 2106 A, PSE Exchange Centre Exchange Road, Ortigas Center Pasig City

GREETINGS:

Please be informed that Decision No. 2017 - 383 dated November 17, 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, November 20, 2017.

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-versus-

IFOODS CORPORATION, Respondent-Registrant. IPC No. 14-2016-00253

Cancellation of: Registration No. 4-2012-011077 Issued on: 8 February 2013 Trademark: "88 PANDA FOOD EXPRESS"

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Decision No. 2017- 383

DECISION

PANDA RESTAURANT GROUP, INC.¹ ("Petitioner") filed a petition to cancel Trademark Registration No. 4-2012-011077. The registration, issued in favor of IFOODS CORPORATION² ("Respondent-Registrant"), covers the mark "88 PANDA FOOD EXPRESS" for use on "restaurant services" under Class 43 of the International Classification of Goods and Services.³

The Petitioner alleges:

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"28. The subsistence of the registration of Respondent-Registrant's mark 88 PANDA FOOD EXPRESS, which is confusingly similar to Petitioner's internationally well-known PANDA EXPRESS marks, run counter to the provisions of the IP Code, specifically Section 123.1 (e), which provides:

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"29. Under prevailing jurisprudence on the matter, the dominancy test, as now incorporated under Section 155 of the IP Code, may be applied to test the existence of confusing similarity. The dominancy test focuses on the similarity of the prevalent features of the competing marks that might cause confusion and deception. Under this test, courts give greater weight to the similarity of the appearance of the product arising from the adoption of the dominant features of the registered mark, disregarding minor differences. As held in the case of McDonald's Corporation and McGeorge Food Industries, Inc. vs. L.C. Big Mak Burger, Inc. et. al.:

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"30. Applying the dominancy lest, it is clear that Respondent-Registrant's use of the mark 88 PANDA FOOD EXPRESS results in a likelihood of confusion:

³The Nice Classification is a classification of goods and services for the purpose of registering trademark and service marks, based on a 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 Purposes of the Registration of Marks concluded in 1957.



With address at 1683 Walnut Grove Avenue, Rosemead, California, 91770 U.S.A.

¹With address at 2/F City Center Building, 338 Ortigas Avenue, Greenhills, San Juan, Metro Manila, Philippines

- Respondent-Registrant's mark 88 PANDA FOOD EXPRESS makes use of the dominant elements of Petitioner's PANDA EXPRESS marks, specifically, the words 'PANDA' and 'EXPRESS' and the circular depiction of a panda. The addition of the word 'FOOD' in between 'PANDA' and 'EXPRESS' in Registrant's mark is of no moment, considering that the term is descriptive with regard to services in Class 43 pertaining to 'Restaurant services'.
- "b. A side-by-side comparison of the mark is shown below: x x x

"a.

- c. It is clear that the foregoing comparison of the word and device marks that Respondent-Registrant's 88 PANDA FOOD EXPRESS mark presents the same visual, aural, and commercial impression as Petitioner's internationally well-known PANDA EXPRESS marks such that it is likely to cause confusion, mistake, and deception on the part of the purchasing public.
- "d. The goods and services for which Respondent-Registrant's mark 88 PANDA FOOD EXPRESS are registered is identical to the goods and services for which Petitioner's PANDA EXPRESS marks are used and registered worldwide and sought to be registered in the Philippines.
- "e. Because the goods and services for which Respondent-Registrant's mark 88 PANDA FOOD EXPRESS are registered is identical to the goods and services for which Petitioner's wellknown PANDA EXPRESS marks are used and sought to be registered, Respondent-Registrant's use of the mark 88 PANDA FOOD EXPRESS will necessarily suggest a connection between its goods and services and Petitioner's goods and services and will mislead the public into believing that Respondent-Registrant's goods and services originate from or are licensed or sponsored by Petitioner, which has been identified in trade and by consumers as the source of goods and services bearing the PANDA EXPRESS marks.

"31. Clearly, Respondent-Registrant's mark 88 PANDA FOOD EXPRESS is so confusingly similar to Petitioner's PANDA EXPRESS marks so as to be likely, when used in connection with the goods and services covered by Respondent-Registrant's trademark registration, to cause confusion and deception among consumers. Considering the wide field of options available to Respondent-Registrant in choosing a brand for its goods and services, Petitioner surmises that such choice was made in the hopes that the confusing similarity of the competing marks would lead the consuming public to mistakenly believe that services bearing the mark 88 PANDA FOOD EXPRESS are related to, associates with, or licensed by, Petitioner.

"32. The Rules and Regulations issued by the IPO to implement the IP Coda provisions on trademarks set out the criteria for determining whether a mark is well known as follows:

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"33. As extensively discussed above, Petitioner has sufficiently met the foregoing criteria through its extensive registrations, proof of use, and promotional and advertising materials, which have resulted in knowledge of the PANDA EXPRESS marks by the relevant sector of the public all over the world, including the Philippines. Petitioner's continuing commercial use of the PANDA EXPRESS marks, as evidenced by sales and transaction data, advertising expense figures, together with sample promotional and advertising materials and such other evidence, clearly proves the international renown and prior use of Petitioner's PANDA EXPRESS marks.

"34. Given Petitioner's extensive prior use of the PANDA EXPRESS marks, as shown by worldwide use of Petitioner's PANDA EXPRESS marks in its establishments, as well as advertising and promotional expenses incurred by Petitioner and Petitioner's numerous prior trademark registrations of its PANDA EXPRESS marks around the world, there should be no doubt that the present petition should be sustained and that Respondent-Registrant's registration should be cancelled.

"35. It may be well to note that under the TRIPS Agreement, which the Philippines has ratified as part of the General Agreement on Tariffs and Trade, Petitioner's PANDA EXPRESS marks should be protected as a well-known trademark Article 16 of the TRIPS Agreement provides:

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"36. Furthermore, the fact that Petitioner's marks are not used or registered in the Philippines is of no moment. As held in the case of Sehwani Incorporated and/or Benita's Fries vs. In-N-Out Burger, Inc.:

"37. Section 151.1 of the IP Code provides: x x x

"38. In the present case, it is plainly evident that Respondent-Registrant seeks to project a similar image or brand as Petitioner's PANDA EXPRESS marks to ride on and reap the benefits of the popularity and renown of the said marks among his customers.

"39. In this regard, the observation of the Philippine Supreme Court in Converse Rubber Corporation vs. Universal Rubber Product is apt:

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"40. In this case, when Respondent-Registrant chose a confusing similar mark among a field of options without any reasonable explanation, his intent to deceive the purchasing public became evidently clear. Respondent-Registrant has specifically used the mark not to serve the purpose of a trademark, which is to distinguish the origin of his goods from others, but precisely to associate his goods with that of Petitioner. Plainly, the registration and use of the confusingly similar mark 88 PANDA FOOD EXPRESS by Respondent-Registrant deceive or confuse purchasers into believing that 88 PANDA FOOD EXPRESS marked products and establishments emanate from or are under the sponsorship of Petitioner.

"41. In the case of Sehwani, Incorporated and/or Benita Frites, Inc. vs. IN-N-OUT Burger, Inc., G.R. No. 171053, October 15, 2007, it was categorically held that:

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"41. The foregoing discussion regarding Petitioner's long history of use and promotion of the PANDA EXPRESS marks and the evidence submitted by Petitioner to establish the same evinces Petitioner's ownership over the PANDA EXPRESS marks. As the Supreme Court said in the case of Berris Agricultural Co., Inc. v. Abyadang, a trademark 'is a creation of use and belongs to one who first used it in trade or commerce.' Given this, and the confusing similarity between the competing marks, Respondent-Registrant cannot rightfully claim ownership over the 88 PANDA FOOD EXPRESS mark, considering its confusing similarity with the PANDA EXPRESS marks. Hence, its registration must be cancelled.

"42. The Supreme Court has consistently held 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. Contrary to the foregoing, however, it is plainly evident that Respondent-Registrant seeks to project a similar image or brand as Petitioner's PANDA EXPRESS marks; so as to ride on and reap the benefits of the PANDA EXPRESS marks' goodwill, popularity, and renown among the relevant sector of the market.

"43. As previously discussed, Petitioner and its affiliates have incurred considerable expense in promoting and marketing its goods and services bearing the PANDA EXPRESS marks to ensure the awareness and recognition of said marks and products in the market, thereby establishing in the minds of the purchasing public a reputation for quality and goodwill. The association that is created between Petitioner's and Respondent-Registrant's products because of the confusingly similar marks used on identical goods and services will make Respondent-Registrant's products 'self-promoting' in the commercial sense since Petitioner and its predecessor in business have already incurred considerable expense in promoting its goods and services bearing the PANDA EXPRESS marks. If Respondent-Registrant's 88 PANDA EXPRESS FOOD EXPRESS mark continues to be registered, Respondent-Registrant will, unfairly, enjoy the fruits of Petitioner's efforts in nurturing and developing its reputation and goodwill among consumers, at no cost to itself.

"44. Respondent-Registrant's registration and use of a mark so confusingly similar to Petitioner's PANDA EXPRESS marks evinces its intent to ride on and reap the benefits of goodwill, product recall, and popularity which the PANDA EXPRESS brand has among consumers. Respondent-Registrant's act of choosing and using a confusingly similar mark among a broad field of options for no discernible reason is indicative of its intent to deceive consumers. It is ironic that in obtaining the registration of the 88 FOOD EXPRESS mark, Respondent-Registrant clearly does not seek to distinguish the origin of its goods and services from that of others, as is the purpose of a trademark, but rather, to foster the belief that his goods and services emanate from, are associated with, or are licensed by, Petitioner. As prior user of the internationally well-known PANDA EXPRESS marks, Petitioner has superior and exclusive rights to use the mark and this effectively precludes a subsequent user such as Respondent-Registrant from using a confusingly similar mark. The continued registration of Respondent-Registrant's 88 PANDA FOOD EXPRESS mark will curtail the exclusive right of Petitioner to exploit the value of its trademark, as has been now evident in the current applications for

registration of Petitioner's PANDA EXPRESS marks which have been provisionally refused registration due to the existence of Respondent-Registrant's 88 PANDA FOOD EXPRESS mark.

"45. The continued registration of Respondent-Registrant's 88 PANDA FOOD EXPRESS mark diminishes the distinctiveness of Petitioner's PANDA EXPRESS marks and dilutes the goodwill that Petitioner has earned thereby. It may also ruin Petitioner's reputation for quality should the standards of the products of Respondent-Registrant be lower than the standards against which Petitioner measures of its own.

"46. Lastly, the continued use and registration of Respondent-Registrant has caused, and continues to cause, damage and prejudice to Petitioner as it has resulted in the provisional denial of the trademark applications for the PANDA EXPRESS marks in the Philippines. Indeed, it is the height of irony that the root of Respondent-Registrant's 88 PANDA FOOD EXPRESS mark, the well-established and well-known PANDA EXPRESS marks, are themselves denied the protection concomitant with registration in the Philippines due to the wrongful use and registration of the 88 PANDA FOOD EXPRESS mark.

"47. Petitioner has more than sufficiently established that Respondent-Registrant's continued use and registration of the mark 88 PANDA FOOD EXPRESS will diminish the distinctiveness and dilute the goodwill that Petitioner has established in the PANDA EXPRESS marks to Petitioner's damage and prejudice. The foregoing factors considered, the undeniable damage to Petitioner justifies the rejection of Respondent-Registrant's application. In this regard, the wise words of the Supreme Court in the case of Del Monte Corporation and Philippine Packing Corporation vs. Court of Appeals (G.R. No. 78325, January 25, 1990) is relevant:

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"48. In sum, the continued registration of the confusingly similar 88 PANDA FOOD EXPRESS mark in the name of Respondent-Registrant (i) runs contrary to Section 123 (e) of the IP Code; and (ii) diminishes the distinctiveness and dilutes the goodwill of Petitioner's PANDA EXPRESS marks. Thus, the present petition should be granted.

The Petitioner's evidence consists of the Petition for Cancellation; the Affidavit, or Declaration, of Peggy Tsiang Cherng, Co-Chairperson of the Board of Directors and Co-CEO of Panda Restaurant Group, Inc., attached thereto are the following: copy of Certificate of Status from California Secretary of State; Articles of Incorporation of Panda Management Company, Inc., PRG's Predecessor-In-Interest, copy of documents showing the date of adoption of the PANDA INN trade name, copy of U.S. Trademark Registration for PANDA EXPRESS and its Logo Versions, summary of PRG's current world-wide trademark registrations and applications for PANDA Marks, compilation of sales and transaction data related to the PANDA marks for 1983-2015, location-level sales and transaction data related to the PANDA marks, Panda Restaurant Group employment for 1973-2015, listing of PANDA EXPRESS restaurant locations in the United States, Information regarding PANDA EXPRESS restaurants located in international airports, information regarding PANDA EXPRESS restaurants located at popular tourist destinations, information regarding international student populations of colleges and universities at which PANDA EXPRESS restaurants are located, examples

of advertising campaigns by PRG, examples of location-based advertising by PRG, information regarding PRG's advertising spend for 2007-2015, screenshots of websites owned and operated by PRG, captured May 8, 2014 and February 22, 2016, documents evidencing internet traffic to <u>www.pandaexpress.com.</u>, screenshots of PRG's social media websites, captured on May 8, 2014 and February 22, 2016, screenshots of PRG's international websites and social media pages, captured on October 17, 2014, news clippings and articles featuring Panda Restaurant Group, the PANDA Marks, and/or Panda Restaurant Group's co-founders, information detailing publications in which PRG brands have been mentioned for 2010-March 2014, summary of international media coverage of PRG and its PANDA brands for January 2013-May 2014, press releases regarding international relief efforts provided under PRG's PANDA CARES marks and English translation of a decision of the Korean Intellectual Property Office regarding PRG's PANDA Marks; and the Special Power of Attorney in favor of Sycip Salazar Hernandez & Gatmaitan.⁴

This Bureau issued a Notice to Answer and sent a copy thereof upon Respondent-Registrant on 16 June 2016. The Respondent-Registrant filed their Answer on 14 September 2016 and avers the following:

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"DISCUSSION

"5. As shown above, the Respondent-Registrant is a prior user here in the Philippines, considering that the Respondent-Registrant caused the filing of the application of the subject mark as early as September 2012. Furthermore, in the Declaration of Actual Use, Respondent-Registrant's authorized officer declared that it began using the mark way back in September 2012 as well.

"6. While it is true that the existence of a Certificate of Registration is only a prima facie evidence of the validity, ownership, and exclusive right to use the mark, the continuing operations of the Respondent-Registrant solidifies its claim as a prior user and recipient of goodwill. Prior to the filing of the instant Petition, Respondent-Registrant has enjoyed open, continuous, and uncontested use of such mark and it has achieved a high level of market awareness for its brand considering that it has marketed and advertised itself through its registered trademarks. Respondent-Registrant's total business interests have accumulated sales in the amount of P40,907, 945.00 for calendar year 2015 alone as a result of its business model which Respondent-Registrant has been engaged in for nearly two decades. Needless to state, the Subject Mark constitutes a component thereof.

"7. Petitioner, on the other hand, openly admitted in its Petition that it has no presence in the country and that it only filed its trademark applications on 20 December 2012 and 19 January 2013, respectively. It must be highlighted that the supposed evidence submitted by Petitioner pertaining to the alleged 'billions of dollars' in sales relates to sales made outside of the Philippines. Moreover, Petitioner's Exhibits 'F' and 'F-1' are clearly self-serving considering that it is only

'Marked as Annexes "A" to "C", inclusive,

a compilation of sales and transactions data and was not even prepared by an independent third-party. More importantly, Petitioner makes no allegation whatsoever of any operations, or presence, in the Philippines, except for its failed attempt to register its mark subsequent to Respondent-Registrant's own registration. Furthermore, assuming that Petitioner donated to victims of Typhoon Yolanda, such does not constitute commercial use as contemplated by the Intellectual Property Code.

"8. Respondent-Registrant highlights that it registered the Subject Mark in the regular course of engaging in the business it has been in for nearly two decades. As discussed above, Respondent-Registrant wanted to go into Chinese fastfood and take-out services. In order to get into such market, using a traditional Chinese word to name the restaurant would not appeal to the Filipino masses since they would not understand it. Hence, to make the brand relatable, Respondent-Registrant decided to correlate the Panda, an animal which is commonly associated with the Chinese culture, as well as the number "88' which is considered very lucky to the Chinese. The term 'food express' highlights tha the service is mass-based food to go and that the food is quick to prepare and ready to eat. As further attested by Mr. Tiu, he remembered that a 'panda' was used as a mascot in the 2008 Beijing Olympics and this solidified his decision to use and register the '88 Panda Food Express' mark and device.

"8.1 For Petitioner to argue that Respondent-Registrant is riding on the alleged popularity and renown of Petitioner's mark, and that the subject mark is 'effectively a misrepresentation of the source of goods bearing such mark', is thus blatantly ridiculous. Rather, it is Petitioner who is harassing the Respondent-Registrant, through this instant Petition. As effectively admitted by Petitioner in its Petition, such was brought about because of the inability of Petitioner to register its own trademarks in the Philippines.

"9. Petitioner further argued that the registration of Respondent-Registrant's mark is somehow confusingly similar with Petitioner's mark. Such claim is also patently untrue. For one, Respondent-Registrant does not and has never marketed itself as 'Panda Express', and for another, Respondent-Registrant mark is a unique representation by itself. Furthermore, an examination of the Trademark Application will reveal that Respondent-Registrant did not claim exclusive right to the words 'Panda' and 'Express' except when collectively used as part of the mark's design.

"10. The possibility of confusion between the two marks is therefore negligible considering that their respective designs are significantly different from each other. Contrary to the allegation of the Petitioner, Respondent-Registrant mark does not present the same visual, aural, and commercial impression as against Petitioner's alleged internationally well-known mark.

"11. Nevertheless, assuming for the purposes of argument that the two marks have similarities, a survey of jurisprudence, as can be found in Mighty Corporation vs. E & J Gallo Winery, demonstrates that:

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"12. In the recent case of Taiwan Kolin Corporation, Ltd., vs. Kolin Electronics Co., Inc., the Supreme Court ruled that in a trademark case, particularly in ascertaining whether one trademark is confusingly similar with another, no rigid rules can plausibly be formulated. Thus, the doctrine of ordinarily intelligent buyer, as held in the Taiwan Kolin case, should be applied.

"13. As discussed above, the difference of the food products being sold by the parties are easily delineated by their respective marks considering that Petitioner's products are supposed to be 'gourmet' while Respondent-Registrant are 'express'. Respondent-Registrant's target market are low and middle-income people who are constantly on the move and need to eat on the go. As can be seen in the pictures, the store cannot accommodate a lot of sit-down customers. Clearly, Respondent-Registrant products are not 'gourmet' or meant for higher class consumers, as against the alleged products of the Petitioner. Thus, the consumers are immediately forwarned of the stark differences between the two marks which immediately cancels out the possibility of confusion. Hence, there is no truth in the allegation of the Petitioner that the two marks are confusingly similar which would lead to the consuming public to mistakently believe that the services of the Respondent-Registrant are related to, associated with, or licensed by Petitioner.

"14. Furthermore, even if the holistic test relied upon by the Petitioner is applied, the marks in question should be considered as a whole and not piecemeal. Although the words 'Panda' and 'Express' are prominent in both marks, significant dissimilarities between the two marks plainly exists when their overall design is taken into account:

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"15. Petitioner also cited the case of Sehwani Incorporated and/or Benita's Fries vs. In-n-Out Burger, Inc. which allegedly provides that, pursuant to a WIPO nonbinding recommendation, a well known mark shall be protected in a country even if the mark is neither registered nor used in that country provided that the mark has been used in, or that the mark has been registered or that an application for registration of the mark has been filed in or in respect of, the member state.

"16. To further highlight Petitioner's act of harassment, Respondent-Registrant is not the sole entity to sue the 'panda' in its mark. The popular food delivery application 'Food Panda' uses 'panda' in its mark. Furthermore, a restaurant in Makati, 'Pink Panda, likewise uses 'panda' in its mark. Hence, it is reasonable to assume that there are other entities who readily resort to the term and image of a panda in the restaurant business.

"17. Petitioner likewise trumpets that its mark is allegedly 'internationally well-known' and it has even enumerated the various alleged jurisdictions where it has purportedly successfully registered its mark, countries where is supposedly operates and engaged in promotional and advertising activities, and supposedly defended its right to the said mark. However, such allegations do not help Petitioner's cause considering that such allegation by itself is not sufficient, for legal purposes, to establish that Petitioner's mark is indeed internationally wellknown in view of the fact that all of these activities were conducted outside the Philippines, as admitted by the Petitioner.

"18. More importantly, the requirement that Petitioner's mark be declared as an internationally well-known mark is conspicuously missing. As clearly provided in Sec. 123.1 (e) of the Intellectual Property Code, a well known mark needs to be declared as such by competent authority in the Philippines to be well-known internationally and locally, taking into consideration 'knowledge of the relevant sector of the public, rather than of the public at large, including knowledge in the Philippines which has been obtained as a result of the promotion of the mark.' A reading of the instant Petition would reveal that no allegation regarding a declaration by competent Philippine authority has been made to the effect that Petitioner's mark is indeed well-known internationally.

"19. Petitioner's allegation that is restaurant abroad operate in a variety of locations with high tourist traffic, which are supposedly frequented by 'a considerable number of Filipino tourist' is also patently self-serving. Just as a majority of Americans do not have passports nor travel abroad, as much can be said of the majority of Filipinos who come from a developing country particularly those in the target market (lower to middle-income) sought by Respondent-Registrant for its Subject Mark. Hence, the requirement of 'knowledge of the relevant sector of the public, rather than of the public at large, including knowledge in the Philippines which has been obtained as a result of the promotion of the mark' is likewise missing, in order to qualify as an internationally well-known mark.

"20. It must be remembered that this jurisdiction adheres to the 'first-to-file' rule as stated in Section 123.1 (d) of the IP Code, viz:

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"21. In E.Y. Industrial Sales, Inc. vs. Shen Dar Electricity and Machinery Co., Ltd., the Supreme Court held that:

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"22. In the instant case, Respondent-Registrant must be protected as the owner of a duly registered mark. More importantly, Respondent-Registrant has been using the Subject Mark since 2012. In contrast, Petitioner admits that all of its operations are abroad and that it has never operated in the Philippines. In fact, a reading of its Petition would reveal that Petitioner only intends to register its mark and it never alleged any intention to operate in the Philippines, assuming its mark would be allowed registration. To allow the cancellation of Respondent-Registrant's mark in favor of the Petitioner's alleged 'well-known' marks, with no indication of any intention to operate in the Philippines, would be the height of injustice.

"23. On a final note, it is ironic that Petitioner itself quotes the case of Del Monte Corporation and Philippine Packing Corporation vs. Court of Appeals, which holds that:

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"Even assuming for the purposes of argument that Petitioner actually seeks to enter the Philippine market - when in fact it makes no allegation of seeking to do so - such makes the Petitioner in this instance the newcomer. In contrast, Respondent-Registrant has already established goodwill in the Philippine market, in general per its business model which Respondent has been applying for nearly two (2) decades and more particularly from the Subject Mark which it has been commercially using since September 2012, or specifically for nearly four (4) years already. Accordingly, and as per Del Monte, Respondent-Registrant should be protected against the very confusion Petitioner supposedly alleges by resorting to the subject Petition.

The Respondent-Registrant's evidence consists of the Affidavit of Bryan Tiu, authorized representative and Chief Executive Officer of IFOODS Inc.; copy of Trademark Application form for the mark 88 PANDA FOOD EXPRESS with attached acknowledgment and Official Receipt No. 0408144; copy of Declaration of Actual Use dated 11 May 2015; copy of Notice of Allowance dated 27 November 2012; copy of Notice of Issuance and Second Publication Fee dated 19 April 2013; copy of Certificate of Registration No. 4/2012/011077 issued on 8 February 2013; copy of Demand Letter dated 19 December 2014; copy of letter-reply dated 10 February 2015; copy of Acceptance of Declaration of Actual Use dated 3 June 2015; pictures of 88 Panda Food Express; copy of Audited Financial Statement of Respondent-Registrant; screenshot of Food Panda; and screenshot of Pink Panda.⁵

Should Trademark Registration No. 4-2012-011077 be cancelled?

Sec. 151, 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 as follows:

(a) Within five (5) years from the date of the registration of the mark under this Act. x xx

This provision allows any person to file a petition to cancel a trademark registration if that person believes that he would be damaged by the registration. Once filed, the cancellation proceeding becomes, basically, a review of the trademark registration in question to determine if the legal requirements for registration have been satisfied and if the maintenance or continuance of Respondent-Registrant's trademark in the principal register would damage Petitioner.⁶

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 of the registrant's exclusive right to use the same

⁵Marked as Exhibits "1" to 11", inclusive. ⁵Sec. 154 of the IP Code provides.

^{154.} Cancellation of Registration – If the Bureau of Legal Affairs linds that a case for cancellation has been made out, it shall order the cancellation of the registration. When the order or judgment becomes final, any right conferred by such registration upon the registration any perion in interest of record shall terminate. Notice of cancellation shall be published in the IPO Gazette (Sec. 19, R.A. No. 166a)

in connection with the goods or services and those that are related thereto specified in the certificate.

The trademark registration issued in favor of respondent-registrant constitutes prima facie evidence, hence, it is not conclusive and may be overturned by controverting evidence. Because of the presumption of validity, the burden of proof rests on Petitioner to prove that the registration of subject mark was invalid and that the original registrant is not the owner of the subject mark. Petitioner is required to submit substantial evidence to rebut the *prima facie* presumption of validity of Certificate of Registration No. 4-2012-011077.

Section 5 Rule 133 of the Rules of Court provides:

Sec. 5. Substantial evidence. – In cases filed before administrative or quasijudicial bodies, a fact may be deemed established if it is supported by substantial evidence, or that amount of relevant evidence which a reasonable mind might accept as adequate to justify a conclusion. (n)"

Substantial evidences has been defined as follows:

"Due process in administrative process requires that evidences must be substantial, and substantial evidence means evidence that a reasonable mind might accept as adequate to support a conclusion." (China City Restaurant Corporation vs. NLRC, 217 SCRA 443 (1993) citing Associated Labor Union vs. NLRC, 189 SCRA 743 (1990))

"Substantial evidence which is the quantum of evidence required to establish a fact before administrative and quasi-judicial bodies is that amount of relevant evidence as a reasonable mind might accept as adequate to support a conclusion. It means such evidence which affords a substantial basis from which the fact in issue can be reasonably inferred" (Rubberworld (Phils.), Inc. vs. National Labor Relations Commissions, 175 SCRA 450); or "as adequate to justify a conclusion" (Remo Foods, Inc. vs. National Labor Relations Commission, 249 SCRA 379; Fulgeura vs. Linsangan, 251 SCRA 264).

In the case of Emerald Garment Manufacturing Corporation vs. Court of Appeals, 251 SCRA 600 (1995), the Supreme Court ruled:

"The findings of facts of the Director of Patents are conclusive upon the Supreme Court provided they are supported by substantial evidence citing "Unno Commercial Enterprises, Inc. vs. General Milling Corp., 120 SCRA 804 91983; Kabushiki Isetan vs. Intermediate Appellate Court, 203 SCRA 583 (1991)." It is also a basic rule of evidence that each party must prove his affirmative allegations. If he claims a right granted by law, he must prove his claim by competent evidence, relying on the strength of his own evidence and not upon the weaknesses of that of his opponent. The test for determining on whom the burden of proof lies is found in the result of an inquiry as to which party would be successful if no evidence of such matters will be given." (Lolita Lopez vs. Bodega City, et. al., G.R. No. 155731, 03 September 2007, citing Martinez vs. National Labor Relation Commission, 339 Phil. 176, 183 (1997); Rufina Patis Factory vs. Alusitain, G.R. No. 146202, 14 July 2004, 434 SCRA 418, 428; Imperial Victory Shipping Agency vs. National Labor Relation Commission, G.R. No. 84672, 05 August 1991, 200 SCRA 178, 185)

In evaluating the facts of the record and weighing the evidence presented, this Bureau must first determine or make a finding on the similarity or dissimilarity of the two marks. The marks are shown below:





Petitioner's trademark

Respondent-Registrant's trailemark

As can be readily observed with a side-by-side comparison of the competing marks, Respondent-Registrant's mark 88 FOOD PANDA EXPRESS is confusingly similar to Petitioner's PANDA EXPRESS mark. Even with the presence of accompanying number 88 and the words FOOD EXPRESS below the word PANDA, to the Bureau's mind, top of the mind recall would be the word PANDA and the PANDA image. The distinctive feature of Petitioner's mark is the word PANDA and the PANDA image, which word and image was appropriated by the Respondent-Registrant. Thus, 88 PANDA FOOD EXPRESS is confusingly similar to Petitioner's PANDA EXPRESS mark. Because the Respondent-Registrant's trademark registration covers services that are similar to the Petitioner's, particularly, restaurant services in Class 43, it is likely that the consumers will have the impression that these services/goods originate from a single source or origin. The confusion or mistake would subsist not only on the purchaser's perception of services/goods but on the origin thereof as held by the Supreme Court, to wit: Callman notes two types of confusion. The first is the confusion of goods in which event the ordinary 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 belief that there is some connection between the plaintiff and defendant which, in fact does not exist.⁷

Public interest therefore requires, that two marks, identical to or closely resembling each other and used on the same and closely related goods/services, 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 a trademark is to point out distinctly the origin or ownership of the goods/services 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.⁸

Records show that Respondent-Registrant's filing of its trademark application for 88 PANDA FOOD EXPRESS on 11 September 2012 preceded the Petitioner's trademark application in the Philippines. In this regard, this Bureau emphasizes that 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 of registration. The Philippines implemented the World Trade Organization Agreement "TRIPS Agreement" when the IP Code took into force and effect on 01 January 1998. Art 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, nor shall they affect the possibility of Members making rights available on the basis of use.

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

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

⁶ Pribhdas J. Mirpuri v. Court of Appeals, G.R. No. 114508, 19 November 1999, citing Ethepa v. Director of Palents, supra, Gabriel v. Perez, 5 SCRA 406 (1974), See also Article 15, par. (1), Art. 16, par. (1), of the Trade Related Aspects of Intellectual Property (TRIPS Agreement).

trademark owners at the time the IP Code took into effect.⁹ 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 *Berris v. NorvyAbyadang*¹⁰, 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 the R.A. 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, 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. 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 and underscoring supplied)

In this instance, the Petitioner proved that it is the originator and prior user of the contested mark. To support its allegation in the Petition for Cancellation, Petitioner submitted the Affidavit of Peggy Tsiang Cherng, Co-Chairperson of the Board of Directors and Co-CEO of Panda Restaurant Group, Inc., detailing the history of the PANDA trademarks. As stated, "PRG's predecessor-in-interest was founded in 1973 in Pasadena, California, U.S.A., when its first PANDA INN restaurant was opened¹¹...PRG has been using the well-known PANDA EXPRESS brand to identify its restaurant services since at least as early as October 31, 1983, when the first PANDA EXPRESS restaurant location opened in Glendale, California, U.S.A."¹². Petitioner has likewise registered its PANDA EXPRESS trademarks in numerous jurisdictions around

See Sec. 236 of the IP Code.

¹⁰ G.R. No. 183404, 13 Oct. 2010.

¹¹Putagraph 4 of Annex "B" of the Petition.

¹² Paragraph 7 of Annex "B" of the Petition

the world.¹³ It has secured some 88 trademark and service mark registrations in at least 35 countries.

Lastly, Petitioner has been using PANDA not only as a trademark but also as trade name or business name. As a trade name, PANDA is protected under Section 165 of the IP Code, to wit:

Sec. 165.Trade Names or Business Names. - 165.1. A name or designation may not be used as a trade name if by its nature or the use to which such name or designation may be put, it is contrary to public order or morals and if, in particular, it is liable to deceive trade circles or the public as to the nature of the enterprise identified by that name.

165.2.(a) Notwithstanding any laws or regulations providing for any obligation to register trade names, such names shall be protected, even prior to or without registration, against any unlawful act committed by third parties.

(b) In particular, any subsequent use of the trade name by a third party, whether as a trade name or a mark or collective mark, or any such use of a similar trade name or mark, likely to mislead the public, shall be deemed unlawful.

165.3. The remedies provided for in Sections 153 to 156 and Sections 166 and 167 shall apply mutatis mutandis.

165.4. Any change in the ownership of a trade name shall be made with the transfer of the enterprise or part thereof identified by that name. The provisions of Subsections 149.2 to 149.4 shall apply mutatis mutandis.

Based on the foregoing and considering that Petitioner is the originator and prior user of the PANDA trademark for restaurant services, this Bureau resolves to grant Petitioner's petition to cancel Certificate of Registration No. 4-2012-011077 for the mark "88 PANDA FOOD " EXPRESS" for "restaurant services" under Class 43.

WHEREFORE, premises considered, the instant Petition for Cancellation is hereby GRANTED. Accordingly, Certificate of Registration No. 4-2012-011077 issued on 8 February 2013 for the trademark "88 PANDA FOOD EXPRESS" for "restaurant services" under Class 43, is hereby CANCELLED. Let the filewrapper of the subject trademark registration be returned, together with a copy of this Decision, to the Bureau of Trademarks for information and appropriate action.

SO ORDERED.

Taguig City, T7 MOV 2017

Adjudication Officer, Bureau of Legal Affairs

[&]quot;Exhibits "D" and "E" of Annex "B" of the Petition