ACTIEBOLAGET ELECTROLUX
Opposer,

- versus-

ELECTROLUX CORPORATION
Respondent-Applicant.
x----------x

INTER PARTES CASE NO. 3020
Opposition to:

Serial No.55042
Filed: November 09, 1984
Trademark: “ELECTOLUX”

DECISION NO. 97-22

DECISION

This is an Opposition filed by Electrolux Corporation, a foreign corporation duly organized under the laws of the State of Delaware, U.S.A., with offices at 3003 Summer Street, Stanford, Connecticut 06905, U.S.A. against Application Serial No. 55042 for the trademark Electrolux used on electrically operated portable vacuum cleaners and attachments therefor for blowing filtering and cleaning and parts thereof under Class 9 (International Classification of goods).

In its verified Notice of Opposition, Opposer alleged the following grounds:

“1. The opposer, Aktiebolaget Electrolux, better known as the Electrolux in this country, is the manufacturer of several types of electrical machines and implements particularly the popular Electrolux vacuum cleaner and polishing apparatus being marketed in the Philippines by Electrolux Marketing, Inc.

“2. It is also the owner of the mark Lux for "Electrical vacuum cleaner and electrical floor polishing apparatus "in Class 9 under Certificate of Registration No. 35-444 issued by this Honorable Bureau, on March 5, 1986, which products are also marketed here by Electrolux Marketing, Inc., At a brie-time, it had registered the mark Electrolux for

> “Apparatus, machines and instruments of all kinds, both electrical and non-electrical, particularly all kinds of refrigerating apparatus, refrigerating machines, refrigerators and refrigerating plants, and all kinds of apparatus for household use, both electrical, such as vacuum cleaners, cookers and small motors”, under Certificate of Registration No.1755-5 dated August 30, 1949. It is also the owner of the mark Electrolux for “refrigerator machines, refrigerator, refrigerating apparatus and refrigerating plant” by virtue of Certificate of Renewal No. 6075-BC issued on October 8, 1959.

“3. The names Elektrolux and Electrolux are popularly known throughout the Phils. and other parts of the world and have acquired a great profit and business value for opposer.
“4. But the mark sought to be registered by herein respondent-applicant under trademark application no. 55-042 is also Electrolux. The goods covered by such application are also for electrical vacuum cleaners and polishing apparatus under Class 9.

“5. The approval therefore of respondent -applicant's trademark application for the mark ELECTROLUX will clearly cause damage to opposer since the mark ELECTROLUX of applicant will lead the public to believe that applicant's products are produced by opposer. And because of the great popularity of the name Electrolux and the goods of opposer, the goods of applicant will certainly be passed off and confused as goods of opposer leading to a clear case of unfair competition.

“6. In the course of the proceedings, opposer's proof will consist of presenting as facts the preceding allegations, with the reservation to present evidence to prove other facts as

may be necessary, depending upon the evidence that may be introduced by respondent-applicant."

On February 26, 1988, Respondent filed its Answer to the verified Notice of Opposition where it raised the following affirmative and/or special defenses:

"5. Respondent-applicant is the rightful owner in the Philippines and elsewhere of the trademark ELECTROLUX, and Opposer is aware of the same and has previously recognized this ownership when it obtained from the former a nonexclusive license to use the mark ELECTROLUX in respect to vacuum cleaners.

6. Opposer has no legal capacity to sue in the Philippines.

7. Subject application has complied with all the legal requirements under the Trademark Law."

The issues having, been joined the Bureau set the case for pre-trial conference on June 6, 1988 and no settlement having been reached, the parties decided to go into trial where they adduced their respective testimonial and documentary evidence.

From the evidences presented, the following facts were established:

That on December 15, 1919, Opposer was formed as a corporation with the corporate name of A.B. Electrolux (Exhibit "J", as supported by Exhibit "AA").

That it created the trademark ELECTROLUX, and had the same registered in Sweden on June 29, 1920 for which it was issued the Swedish Trademark Registration No. 23382 (Exhibit "BB"), and in the United States on March 3, 1925, for which it was issued the U.S. Trademark Registration No. 195961 (Exhibit "DD")

That in March of 1924, an officer of Opposer organized a company in the United States, the Electrolux Inc. which was the predecessor corporation of Respondent-Applicant in order to sell in the United States opposer's vacuum cleaners that were manufactured in Sweden (Exhibit "J", as supported by Exhibit "GG").

That on November 25, 1925, Opposer was issued in the Philippines it's Trademark Registration No. 6075 for the mark ELECTROLUX for use on vacuum cleaners, among others, with a claim of first use in the country being May, 1920 (Exhibit "KK").

That Opposer and Electrolux Inc. in the U.S. entered into a manufacturing and sales contract on April 25, 1928 (Exhibit "II") whereby the former agreed to sell its vacuum cleaners exclusively to the latter in the U.S.

That both parties entered into a Trademark Assignment on June 5, 1931 (Exhibit by virtue of which both Opposer's goodwill and trademarks in the United States were assigned to Electrolux Inc. for its exclusive and unconditioned, unencumbered and unlimited right, throughout, but limited to, the whole the territory of United States of America.

That in February of 1945, the battle of Manila raged, reducing to rubble all of Manila's historical and government buildings. The Philippine Trademark Office itself was completely destroyed and along with it all of the official papers pertaining to trademark registration (January 24, 1953 letter of G. Dahl, which is one of the numerous correspondences collectively marked as Annex "MM").

Respondent-Applicant applied for the registration of the ELECTROLUX mark before the Phil. Trademark Office where Respondent-Applicant cited as the date of its alleged first use of

the mark in the Philippines as September, 1931, or four (4) months from the execution of the June 5, 1931 Trademark Agreement (Exhibit “MM”)

That with the coming into force of Act No, 166 on June 20, 1947, Opposer was constrained to obtain a transfer of its Registration Certificate No. 6075 to a new register as a requirement under Section 41 (a) of the new law, by virtue of which it surrendered the original surviving copy of its Registration No. 6074 on June 18, 1948, to be replaced by Registration Certificate No. 1755-5 dated August 30, 1949 (Exhibit “LL”).

That Opposer and Respondent-Applicant entered into a License Agreement dated December 19, 1967 (Exhibit “4”) whereby Opposer was granted the license to use in the Philippines the trademark ELECTROLUX of Respondent-Applicant under Certificate of Registration No. 28 for use on Opposers own vacuum cleaners to be sold in the Philippines.

That Respondent-Applicant's absence in the Philippine market becomes an acknowledged fact when on October 22, 1986, the parties entered into an agreement resolving their dispute as to the extent of their right to use the mark ELECTROLUX world-wide. In this agreement, Exhibit “NN”, Respondent-Applicant acknowledged that its exclusive right over the mark with respect to its various products in the United States and Canada, referred to as the “E.C. countries”. On the other hand, the agreement also acknowledged that the exclusive rights of Opposer to the same mark was only with respect to "a number of countries outside of the United States and Canada.”

That despite the fact that this agreement expressly prohibited Respondent-Applicant from registering the mark ELECTROLUX outside of the United States and Canada, Respondent-Applicant pursued the instant application in the Philippines, which was expressly designated as a country outside of the so-called "E.C. Countries" defined in the agreement.

The sole issue to be resolved in this case is who between the Opposer and Respondent-Applicant can legally acquire, register and use the trademark “ELECTROLUX” for vacuum cleaners in the Philippines.

In terms of origin, it is undisputed that the mark “ELECTROLUX” was created by herein Opposer (see Exhibit “J”, “A”). The same mark was registered in Sweden on June 29, 1920 for which it was issued Registration No. 23382 (Exhibit “BB”) under Opposer's name.

In the Philippines, Opposer was given Trademark Registration No. 6075 on November 25, 1925 for the mark Electrolux covering various goods including vacuum cleaner. It had a claim of first use in the country on May, 1920 (Exhibit “KK”).

In comparison, the herein Respondent-Applicant was issued Philippine Trademark, Registration No. 28/1948 of Electrolux, issued on January 3, 1948 for “electrically operated portable vacuum cleaners an attachments therefore for blowing, filtering and cleaning, and parts thereof,” with a claim of first use for vacuum cleaner since September 1939 (Exhibit “1”).

On the basis of the foregoing, it would appear that Opposer is the rightful owner of the mark ELECTROLUX by virtue of its prior use and adoption of the mark ELECTROLUX, in accordance with Republic Act No. 166, which states that:

> “Section 2-A. Ownership of trademark, trade-names and service marks how acquired. Anyone who lawfully engages in any lawful business, or who renders any lawful service in commerce, by ACTUAL USE thereof in manufacture or trade, in business and in the service rendered, may appropriate to his EXCLUSIVE USE a trademark, a trade-name, or a service mark not so appropriated by another, to distinguish his merchandise, business or service of others. The ownership or possession of a trademark, trade-name, service-mark, heretofore or hereafter appropriated as in this section provided, shall be

recognized and protected in the same manner and to the same extent, as other property rights known in the law (as amended by R.A. No. 68) (Underscoring provided)

However, in a letter dated January 24, 1953 sent by Opposer to Respondent-Applicant which letter was marked Exh. “5” the latter explicitly recognized and acknowledge respondent's rights to use the mark “Electrolux” for vacuum cleaners in the Philippines and virtually abdicated its ownership of the subject mark.

The letter states:

“due to our non-use of the mark for other goods than refrigerators (spelt ELECTROLUX) it might be that our registration is to be considered as partially abandoned, and consequently the registration likely will have to be restricted to cover only the goods actually traded in the Philippines.”

x x x

As far as vacuum cleaners are concerned the present situation thus obviously is that we have a prior registration in the Philippines formally anticipating your later registration, which, however, is based on actual use since 1939.

“Due hereto we agree to restrict our Philippine registration to exclude vacuum cleaners, thus solving the problem from a formal point of view”.

Likewise the June 16, 1967 letter of Opposer's Managing Director to Respondent-Applicant, Mr. H. Werthern States, it states that:

“In 1953, however, our attention was drawn to your Philippine Trade Mark Registration No. 28/1948 for the same word for vacuum cleaners which was registered on January 3, 1948, and is due for renewal of January 3, 1968. We, consequently, restricted our ELECTROLUX registration to cover refrigerators which were, in fact, the only type of goods for which we could produce the necessary affidavit to use in the territory.” (Exhibit 6)

In consequence thereof, any opposition by the herein Opposer to Respondent-Applicant's application (SN: 55042) later on would put it in estoppel. The doctrine of estoppel is provided in our Civil Code, thus:

“Art. 1431. Through estoppel, an admission or representation is rendered conclusive upon the person making it, and cannot be denied or disposed as against the person relying thereon.”

Our Trademark Law (R.A. 166), likewise provides that:

“Sec. 9-A. Equitable principles to govern proceedings. In opposition proceeding and in all other inter panes proceedings in the Patent Office under this Act, equitable principles of laches, ESTOPPEL, and acquiescence where applicable may be considered and applied” (underscoring provided).

In addition, opposer expressly manifested its abandonment of the mark “Electrolux” on vacuum cleaners in the aforementioned letter.

“To constitute an effective abandonment the disuse must be permanent and not ephemeral, it must be intentional and voluntary and not involuntary or even compulsory. There must be thorough going discontinuance of any trademark use of the mark in question.” (see Bomers vs. Maiden Farm Brai sewers Co., L-18289, March 31, 1964).

Another clear manifestation of Opposer's recognition of Respondent's trademark ownership is the license agreement entered into by the respective parties marked Exh. “4”, thus, making the Opposer a mere licensee and the Respondent a licensor of the mark. The pertinent terms of the License Agreement, provides thus-

> “WHEREAS, Licensor is the sole owner, and proprietor in the Republic of the Philippines of the trademark ELECTROLUX used in connection with manufacture, sale and offering for sale for vacuum cleaners, floor polishers and kitchen machines, including attachments therefor and parts thereof,”

This agreement has not been revoked and continues to be valid between the parties.

In regard to Opposer's belief that the agreement had lapsed, the same is still in force, in the absence of evidence that a notice of cancellation is served by one to the other party pursuant to paragraph 4 of the said Agreement, to wit:

> “The term of this agreement shall be for five years from the date hereof, unless sooner terminated by licensor in accordance with the provisions of paragraph 4 thereof, and WILL CONTINUE THEREAFTER subject to cancellation by either party upon at least six (6) months written notice to the other.” (underscoring ours).

As the License Agreement between Opposer and Respondent-Applicant remains valid and subsisting, Opposer is estopped from questioning or raising the issue of ownership of the mark ELECTROLUX in so far as vacuum cleaners are concerned.

The propriety or impropriety of the payment of royalty fees is immaterial in the case at bar. The mere fact that Opposer entered into a License Agreement with Respondent-Applicant is indicative of the former’s recognition of the Tatters ownership of the subject marks for vacuum cleaners in the Philippines, the validity or invalidity of said License Agreement notwithstanding.

The assumption that Opposer was not actually engaged in commerce in the Philippines, this is negated by a proviso in the License Agreement specifically paragraph 2, which states: “All use of the trademark Electrolux by licensee shall inure to the benefit of licensor. Therefore the presentation of Opposer's proof of actual and commercial us (Exhibits “A” to “I”, including sub-markings, as evidence is looked upon as if the Respondent itself is the one who presented the evidence.

In a futile attempt by Opposer to have this controversy swing in its favor, it cited the 1986 Settlement Agreement in the United States wherein the parties delineated its territorial limits on the use of the mark “Electrolux”. However, Opposer misconstrued the phrase “a number of countries outside the United States and Canada to mean as “all” countries excluding the said United States and Canada. A “number”, according to the Webster Third New International Dictionary, means “to claim as part of a total, but certainly not the total itself or the whole thereof.”

Hence, this interpretation deserves of no other interpretation than the clear, explicit and unequivocal wordings of the agreement entered into.

Corollarily, the Civil Code provides, thus,

> “Art. 13 1 the terms of a contract are clear and leave no doubt upon the intention of the contracting parties, the liberal meaning, of its stipulation shall control”.

Moreover, a close perusal of the wordings of this 1986 Settlement Agreement would disclose that this was an offshoot of a U.S. dispute involving the subject mark which is totally alien to this case. Therefore, the Philippines, much less Inter Partes Case No. 3020, does riot have any part in this Agreement.

And, finally, the failure by the Respondent-Applicant to file an affidavit of use on January 3, 1984, did not amount to abandonment of the mark. As already stated hereinabove, an abandonment to be effective must be made voluntarily and intentionally. Ironically, the non-filing of an affidavit of use did not per se give rise to the presumption of abandonment. It follows, therefore, that the failure to renew a trademark registration will not affect registrant's right to obtain new registration (see Sec. 16, R.A. 166).

WHEREFORE, the instant Opposition is, as it is hereby, DENIED. Accordingly, Application Serial No. 55042 filed on 09 November 1984 by Electrolux Corporation for the registration of the mark "Electrolux" used on electrically operated portable vacuum cleaners and attachments therefor for blowing, filtering and cleaning and parts thereof is hereby GIVEN DUE COURSE.

Let the filewrapper of this case be forwarded to the Application Issuance and Publication Division for appropriate action in accordance with this Decision with a copy to be furnished the Trademark Examining Division for information and to update its records.

SO ORDERED.

Makati City, November 20, 1997.

EMMA C. FRANCISCO
Director