

Farling Industrial Co., Ltd. ,	}	IPC No. 14-206-00188
Opposer,	}	Opposition to:
	}	Application Serial No. 4-2002-010803
-versus-	}	TM : "FARLIN YOUR BABY IS OUR
	}	CONCERN (WITH MOTHER
Cymar International Incorporated.,	}	& CHILD LOGO"
Respondent-Applicant	}	Date filed: December 18, 2002
	}	Decision No. 2009-27
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DECISION

For decision is the Notice of Opposition filed by Farling Industrial Co. Ltd., herein opposer, a corporation duly organized and existing under the laws of the Republic of China with business address at 157 Den le Village, Sen Sea, Hsiung, Chang Hua Hsien, Taiwan, against Application Serial NO. 4-2002-010803 for the mark "FARLIN YOUR BABY IS OUR CONCERN (WITH MOTHER & CHILD LOGO)" for goods namely: cotton buds, cotton balls, absorbent cotton/cotton roll under class 5, feeding bottles, feeding nipples, pacifier, teethers, training cup, multistage training cup, spill proof cup, silicone spoon, fork and spoon set, diaper clip, feeding bottle cap, ring, feeding bottle hood under class 10, sterilizer set under class 11, disposable diapers under class 16 and toothbrush, milk powder container, powder case with puff, rack tongs set, tongs under class 21, filed on December 18, 2002 by herein respondent-applicant, Cymar International Incorporated., a corporation duly organized and existing under Philippine laws with address at Unit C-5 GF Sunvar Condominium, A Luna cor Villaruel Streets, Pasay City.

The grounds for the opposition are as follows:

1. Farling is the true and actual owner of the FARLIN trademark, which is the main and dominant feature of subject opposed mark.
2. Cymar was a mere importer and/or distributor of Farling's goods bearing its FARLIN trademark. Being a mere importer and/or distributor of Farling's goods bearing its FARLIN trademark, Cymar did not acquire ownership over said trademark. Farling never ceded nor transferred to Cymar ownership of the FARLIN trademark.
3. As it is, Cymar's so called "use in commerce" of the FARLIN trademark inures to the benefit of foreign manufacturer an actual owner Farling.
4. Cymar being a mere former importer and/or distributor of the goods bearing the FARLIN trademark and not the owner of the mark, the registration of FARLIN YOR BABAY IS OUR CONCERN (WITH MOTHER & CHILD LOGO) is being obtained principally contrary to the provision of Section 121, RA No. 8293.
5. The registration of the trademark FARLIN YOUR BABY IS OUR CONCERN (WITH MOTHER & CHILD LOGO) in the name of Cymar is likewise contrary provision of RA No. 8293."

In support of its opposition, opposer submitted the following evidence:

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| Exhibit "A" | Affidavit of Shieh Wen John |
| Exhibit "B" | Certified true copy of the Decision dated October 22, 2003 in Appeal No. 14-03-22 |

Exhibit "C" Certified copy of the Decision of the Court of Appeal in C.A. G.R. SP No. 80350 promulgated on July 26, 2005

Exhibit "D" Formal Offer of Evidence in Cancellation Case No. 4045 to 4049

Subsequently, a Notice to Answer was personally served upon respondent-applicant on January 24, 2007. In its Verified Answer received on April 2, 2007, respondent-applicant specifically denied the allegations of the opposition and raised the following affirmative statements and defenses:

- a) The Opposition should be dismissed outright because opposer violated the rule against forum shopping;
- b) The evidence of the opposer against the respondent in C.A. G.R. SP No. 80350 (Inter Case Ns. 4045-4049) and the ruling thereon of the Court of Appeals as cited by the opposer, does not apply to the instant case.
- c) Opposer has no cause of action
- d) Respondent and not the opposer has registered "Farlin" in the Philippines
- e) The registered products of respondent are different from the registered products of opposer.
- f) It is respondent, and not the opposer, which spent for subsequently, developed, and owns the Philippine goodwill of the mark "FARLIN"

In support of its allegations, respondent-applicant submitted the following documentary evidence:

Exhibit "1" Copy of Certificate of Registration no. 104871 issued in China

Exhibit "2" Certification by the Court of Appeals

Exhibit "3" Copy of Trademark Application No. 4-2002-010803

Exhibit "4" Copy of Certificate of Registration No. 48144 registered on May 4, 1990

Exhibit "5" Copy of Certificate of Registration No. 50483

Exhibit "6" Copy of Certificate of Registration No. 54569

Exhibit "7" Copy of Certificate of Registration SR-8328

Exhibit "8" Copy of Certificate of Registration SR-8348

Exhibit "9" Copy of Reply in response to paper no. 2 (unrelated goods)

Exhibit "10" Fax letter of respondent to oppose evidencing 60% spent by respondent on advertising dated August 20, 1991

Exhibit "11" Copies of certificates of performance

Exhibit "12" Print media advertisements dated between 2001 to 2006 (marked Exhibit "5")

Exhibit "13" Summary of Farlin PR campaign dated 2001 (Exhibit "6")

- Exhibit "14" Print media advertisement (Exhibit "7")

- Exhibit "15" Certificates of Award "Exhibit "8")

- Exhibit "16" Summary of Payments "Exhibit "9")

- Exhibit "17" Receipts, vouchers for advertising and public relations (Exhibit "10")

- Exhibit "18" Summary of (radio) commercial log; certificate of performance (Exhibit "11")

- Exhibit "19" Affidavit of Armor L. Lindog (Exhibit "16") (1989)

- Exhibit "20" Authorization from Farling Industrial Co., Ltd. Dated May 26, 1988

- Exhibit "21" Copy of BLA decision in IPC No. 4045

The preliminary conference was initially set on May 2, 2007 and was terminated on May 17, 2007 at which conference the parties failed to reach any amicable settlement of the case.

The crux of the controversy is whether the opposer will be damaged by the registration of the "Farlin Your Baby Is Our Concern (with mother & child logo)" trademark. Being that the notice of opposition was filed under the provision of Republic Act 8293 or the Intellectual Property Code, the instant case shall be decided based on the provisions thereof. The Intellectual Property Code states:

"Section 123. Registrability. 123.1 A mark cannot be registered if it:

(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 mar as to be likely to deceive or cause confusion"

The mark sought to be registered by the respondent-applicant is reproduced hereunder for reference.



As may be seen from the composite mark sought to be registered, the word "Farlin" is dominant as compared with the rest of slogan appearing below the pictorial representation of mother and child.

We have carefully considered all the evidence submitted by both parties. It appears that respondent-applicant has previously obtained trademark registrations for the mark FARLIN under the Supplemental and Principal Registers of this Office. These registrations, namely: Registration

No. 48144 issued in May 4, 1990 for the mark FARLIN used on "Baby products such as feeding bottles, nipple (rubber and silicon) funnel, nasal aspirator, breast reliever, ice bag, training bottles" (Exhibit "4"); Registration No. 50483 issued on May 13, 1991 for the mark FARLIN used on "diaper clips (Exhibit "5"); Registration No. 54569 issued on March 16, 1993 for the mark FARLIN used on "T-shirt, sando, panty, bibs, mittens, pajama, croppers, baby dresses, jumpers, over-alls, walking shorts, Sunday clothes, jackets, overshirts, sweatshirts, jogging suits, playing shorts, socks, baby shoes (Exhibit "6"); Registration No. 8328 issued in July 18, 1990 for the FARLIN LABEL used on "cotton buds" (Exhibit "7"); and Registration No. 8348 issued in August 3, 1990 for the FARLIN LABEL used on "diaper clip" (Exhibit "8"), which registrations were cancelled in the decision rendered by the Office of the Director General in Appeal No. 14-03-22 dated October 22, 2003.

Until now, there is no evidence that opposer has filed application for the FARLIN in the Philippines. Instead, evidence show that oppose is the registered owner of the mark FALIN in the Republic of China under Certificate of Registration no. 104871 for goods namely: plastics and resinous products and all other commodity property to this class (Exhibit "1"; "Exhibit "D"). In fact, oppose has several trademark registration of the mark FARLIN in the Republic of China as seen from photocopies of exhibits attached to the Formal Offer of Evidence in Cancellation Case No. 4045 to 4059 (Exhibit "D"). Some of which are the following" Registration No. 417875 for goods namely: "caps, hats, neckties, gloves, mittens, socks, stockings, pantyhose (Exhibit E-53-a; Registration no. 427752 for goods namely: volleyballs, basketballs, toy cars (Exhibit E-54-a); Registration No. 2755938 for the goods namely; Chinese herbs, pharmacy, sanitary supplements and chemicals not included in other classes; Registration no. 422162 for goods namely: baby underwears, pants, clothes (Exhibit E-56-a); Registration No. 415844 for the goods namely: milk, and fine toothed combs (Exhibit E-59-a); Registration No. 42638 for "combs and fine toothed combs (Exhibit E-60-a); Registration 416739 for goods namely: massagers, hearing aids, injection syringes, syringe needles, sterile bottles, pulseimeters. (Exhibit 61-a); Registration No. 42063 for goods, brushes (Exhibit 62-a); Registration No. 437857 for goods namely: drinking water fountains, water filters, thermo bottles 9Exhibit E-64-a); registration no. 422664 for the goods namely: cosmetics brooms (Exhibit E-63-a); Registration No. 425251 for goods namely; coverlets & mattresses (beddings), bed sheets, pillows, mats, cushions, blankets, carpets, tents, curtains, screen 9Exhibit W-65-a); Registration No. 42167 for the goods namely: teapots, knives and fork, trays, server sets (Exhibit E-66-a).

Included in the formal offer (Exhibit "D"), are photocopies of registrations of the mark FARLIN in other countries abroad, some which are Hong Kong registration no. 2785 for feeding bottles and nipples; (Exhibit E-30); Registration no. 3786/83 for feeding bottles, feeding bottles teats, baby pacifier and teats (Exhibit E- 31) and in the United States of America, registration no. 1771452 for baby feeding bottles, baby feeding bottles, baby feeding bottles teats, baby pacifier in class 10 (Exhibit E), to name a few.

Respondent-applicant theorizes that being the first- to- file in the Philippines under the law, it has a right to the FARLIN mark. This contention deserves scant consideration. The "first-to file" rule could not have been intended to justify the approval of an application simply because the applicant was the first to file regardless of whether another person or entity has a superior right over the mark being applied for. Section 138 of the Intellectual Property Code provides:

"Sec. 138. Certificate 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 therein specified in the certificate."

Clearly, the right conferred on the registrant, or the person who acquires the trademark registrations on account of being the first to file as being the owner of the mark is merely prima facie. In other words, a registrant's ownership can be impugned by one who has a superior right. Hence, the first person who files an application for a mark, is not necessarily assured of an

irrevocable ownership of the mark in the face of proof showing that he is not the owner or originator of the mark.

Evidence shows that oppose and respondent-applicant had engaged in several business transactions. It appears that respondent-applicant is an importer of the FARLIN products of the opposer. Their business relation dates back to the 1980's.

An undated document (Exhibit H) purports to be a signed agreement between respondent and oppose wherein if the latter authorizes the sale of goods bearing the "FARLIN" mark in the Philippines. It reads:

"THE SECOND PARTY HEREBY AUTHORIZES THE FIRST PARTY TO SELL THE PRODUCTS MANUFACTURED BY THEM INCLUDING THOSE BEARING "FARLIN" BRAND I THE PHILIPPINES AND SUPPLY TO COMPETENT AUTHORITIES IN THE PHILIPPINES FOR THE RELATED DOCUMENTS"

Exhibit "I" and sub-markings" of Exhibit "D" is a paper trail of summaries of documents, consisting of invoices, packing/weight lists, bills of ladings, export permits relating to shipment to the Philippines by the opposer of products bearing the mark "FARLIN" to the respondent as consignee. One invoice (Exhibit E-1-e) indicates a shipment of nipples, cotton swabs, milk powder container, feeding, training bottle, sterilization sets by the opposer to the respondent – applicant way back in September 5, 1983. This Bureau notes that the products indicated in the invoice are products for which the respondent-applicant now seek registration of the FARLIN mark.

Being a mere importer, respondent –applicant cannot feign ownership of the mark FARLIN. The mark FARLIN is derived from the company name of the opposer, Farling Industrial CO., Ltd., as testified to by its president, Shieh Wen John (Exhibit "A"). Respondent-applicant's use of the mark can never ripen into ownership.

In operators Incorporated. Director of Patents, et al., G.R. No. L-17901, October 29, 1965, the Supreme Court held:

"Where the applicant was not the owner of the trademark being applied for, he had no right to apply for registration of the same. The right to register trademark, tradenames and service marks is based on ownership. xxx

The right to register, as may be noted, is based on ownership. In the case of the trademark AMBISCO, the evidence shows that it is owned, by the American Biscuit Co., Inc., and not by petitioner Operators Inc. Such evidence consists of the certification signed jointly by Jorge B. Vargas, and by Eu Chua Leh presidents of the said Corporations, respectively, as follows (Exh. 2):

"On September 26, 1953 and on June 12, 1954, the American Biscuit Co., Inc., and the Operators Incorporated, both corporations organized under the laws of the Philippines, entered into contracts, and under such contracts, the Operators Incorporated is authorized by the American Biscuit Co., Inc., to operate the candy business of the latter and among the various terms and stipulations in said contracts, the Operators Incorporated agreed to distinctly label and display all products manufactured and sold by it as products of the American Biscuit Co., Inc., and all the trademark contained in such labels shall be considered as property of the American Biscuit Co., Inc."

As succinctly stated by the High Court in Unno Commercial Enterprises, Incorporated vs. General Milling Corporation and Tiburcio S. Evalle, G.R. No. L-28554. February 28, 1983:

“Only the owner of a trademark, trade name or service mark may apply for its registration and an importer, broker, indenter or distributor acquires no rights to the trademark of the goods he is dealing with in the absence of a valid transfer or assignment of the trade mark.

xxx

The right to register trademark is based on ownership. When the applicant is not the owner of the trademark being applied for, he has no right to apply for the registration of the same. Under the Trademark Law only the owner of the trademark, trade name or service mark used to distinguish his goods, business or service from the goods, business or service of others is entitled to register the same.

The term owner does not include the importer of the goods bearing the trademark, trade name, service mark, or other mark of ownership, unless such importer is actually the owner thereof in the contrary from which the goods are imported. A local importer, however, may make application for the registration of a foreign trademark, trade name or service mark if he is duly authorized by the actual owner of the name or mark of ownership.

Thus, this Court has on several occasions ruled that where the applicant's alleged ownership is not shown in any notarial document and the applicant appears to be merely an importer or distributor of the merchandise covered by said trademark, its application cannot be granted.”

Respondent-applicant point out that poser granted in “authority” to register. A perusal of the document (Exhibit “20”) which purports to be the authority reveal that oppose allowed to secure copyright registration of the word in its inclusion in a box design. The document dated May 26, 1988 reads, as follows:

“xxx NOWWITHSTANDING THE ABOVE FARLING INDUSTRIAL CO., LTD., WAIVES ANY CLAIM OR RIGHT AGAINST CYMAR INT'L INC. APPLICATION FOR COPYRIGHT BY REASON OF THE INCLUSION OF OUR NAME IN THE BOX DESIGN OF FORESAID.

BY REASON THEREOF, FARLING INDUSTRIAL CO., LTD. WAIVES ANY OPPOSITION/OBJECTION FOR CYMAR INT'L. INC.'S PROPRIETORSHIP OF THE SAID DESIGN IN THE PHILIPPINES, UPON ITS BEING COPYRIGHTED IN THE PHILIPPINES AND THE VALIDITY OF CYMAR INT'L. INC.'S OF THE FORESAID APPLICATION.

Indeed, respondent-applicant had secured a registration on the Supplemental Register at about the time such document was dated. The application for registration for FARLIN labels were filed on May 4, 1988 and September 21, 1989 which ripened to registration in the (Exhibit “7” and “8”). As may be seen from the registration, the mark claimed in these registrations were label marks with pictorial representations of a child and other drawings and layout designs inside a box or label. The word “Farlin” was included as one component of the intricate label designs. Be that as it may, respondent-applicant, not being the owner or creator of the mark has no right to register the FARLIN mark in the principal register.

In *Lim Kiah vs. The Kaynee Company*, G.R. No. L-24802, October 14, 1968, Director of Patents of February 22, 1965, the Supreme Court upheld the decision of the affirmed Director of Patents and cited its ruling, thus “sufficient grounds exist for the ex parte rejection of [petitioner's] application.” The decision explained why: “The Opposer was able to prove that the Respondent-Applicant is not the owner of the trademark KAYNEE. Under Rule 34 of the Revised Rule of Practice in Trademark Cases, only the owner of a trademark may apply for its registration.”

Respondent-applicant also asserts that it has obtained “goodwill” for its efforts in popularizing the FARLIN mark in the Philippines. Records show that on its own, it has spent a considerable amount of money and exerted efforts to advertise and promote FARLIN in the Philippines. (Exhibit “10” to “19”). Its earlier advertising expenses were shared with the opposer but later, it appears that respondent-applicant has shouldered FARLIN products advertising costs. In spite of this, the goodwill obtained by the promotional efforts do not inure to the benefit of the distributor or importer, but to the owner of the mark. Impliedly, in the case of Western Equipment and Supply Company vs. Reyes (51 Philippine Reports), the goodwill generated by sale conducted by importer benefit the owner of the mark, even if it does not personally transact in the Philippines. The Court stated:

“An unregistered foreign corporation which has not personally transacted business in the Philippine Islands, but which has acquired valuable goodwill and high reputation therein through the sale by importers and the extensive use within the islands of its products bearing either its corporate name or trademark has the legal right to restrain an officer of the government...from issuing a certificate of incorporation to residents for the purpose of pirating the corporate name of the foreign corporation...”

There is overwhelming evidence that oppose is the owner of the mark by its extensive use and trademark registrations abroad of the mark FARLIN on goods which the respondent-applicant now seeks to register the FARLIN mark for. Undeniably, there is also damning evidence proving that respondent-applicant has for many years importer the FARLIN products of the opposer. Clearly, respondent-applicant as importer of the goods bearing the FARLIN mar has no right to register the mark, it being fully aware that the mark being applied for is owned by oppose, being the originator and creator of the FARLIN mark.

WHEREFORE, premises considered the instant Opposition is hereby SUSTAINED and Application Serial No. 4-2002-010803 for the registration of the trademark FARLIN YOR BABY IS OUR CONCERN (WITH MOTHER & CHILD LOGO) used for goods namely: cotton buds, cotton balls, absorbent cotton/cotton roll under class 5, feeding bottles, feeding nipples, pacifier, teethers, training cup, multistage training cup, spill proof cup, silicone spoon, fork and spoon set, diaper clip, feeding bottle cap, ring, feeding bottle hood under class 10, sterilizer set under class 11, disposable diapers under class 16 and toothbrush, milk powder container, powder case with puff, rack tongs set, tongs under class 21, filed by Cymar International Inc. is, as it is hereby Rejected.

Let the filewrapper of this case and a copy of this Decision be furnished to the Bureau of Trademarks for appropriate action.

SO ORDERED.

28, February 2009. Makati City.

ESTRELLITA BELTRAN-ABELARDO
Director, Bureau of Legal Affairs
Intellectual Property Office