

NEW BALANCE ATHLETICS SHOE, INC.
Opposer,
- versus -

IPC 14-2006-00118

Opposition to:
TM Application No. 4-2005-002917
(Filing Date: 01 April 2005)

CP OPTICS, INC.,
Respondent-Applicant.

TM: "NEW BALANCE NB"

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Decision No. 07-140

DECISION

For resolution is the Opposition filed by New Balance Athletic Shoe, Inc., (the "Opposer") against Application No. 4-2005-002917 filed by CP Optics, Inc. (the "Respondent-Applicant") on 01 April 2005 for the registration of the mark NEW BALANCE NB covering goods in class 09 for use specifically on sunglasses, frames, spectacle, upon the ground that the mark NEW BALANCE NB is identical with and/or confusingly similar with its registered trademark NEW BALANCE ad NB LOGO.

Opposer, NEW BALANCE ATHLETIC SHOE, INC. (hereafter, the "Opposer") is a corporation duly organized and existing under the laws of Massachusetts, USA, with main business address at No. 20 Guest street, Boston, Massachusetts, USA.

Respondent-Applicant, CP OPTICS, INC., is a corporation organized and existing under and by virtue of the laws of the Republic of the Philippines, with business address at 26th floor, 2609 Cityland Pasong Tamo Tower, Pasong Tamo, Makati City, Philippines.

On 01 September 2006, Opposer filed the instant Opposition against Respondent-Applicant's Application for registration of the mark NEW BALANCE NB for goods under Class 09.

Opposer filed the instant Opposition and alleged as follows:

1. "Opposer is the owner of the NEW BALANCE and NB logo for several goods under international class 9 in the United States of America, the same class of goods covered by Application No. 42005002917. Opposer first used the mark NEW BALANCE in 1951 on athletic shoe and T-shirts and in 1977 on tote bags and numerous other items of athletic clothing. It first used the NB logo in 1974 on athletic shoes and T-shirt and in 1977 on the tote bags and numerous other item of athletic clothing. Since at least as early as 1980 Opposer has had a distributor in the Philippines for its products marked with NEW BALANCED and NB logo on sunglasses, eyeglasses and eyeglasses case in January 2004. Within a few years after the first introduction of the Opposer's product it has extended it sales abroad until at present the said marks have become internationally know with annual sales, as of 2004, US\$1.4 Billion.

2. "The New Balance mark an NB logo are registered in the Opposer's name in the Philippines as follows:

New Balance Mark

Registration No.	Registration Date	Class No.
42002003136	30 July 2005	35
41999003465	08 July 2004	25
028897	29 December 1980	10 and 25
41998000895	21 May 2004	18

NB Logo

Registration No.	Registration Date	Class No.
41999003464	04 July 2002	25
41998000896	16 April 2004	18

3. "The trademark applied for registration by respondent-applicant so resembles and is in fact identical to, NEW BALANCE mark and NB logo of the Opposer that the use of the respondent-applicant's aforementioned mark on its goods will very likely cause confusion or mistake, or will deceive the purchaser thereof, such that the public may be led to believe that the mark of the respondent-applicant and the goods on which respondent-applicant's mark are used are those of the Opposer herein.

4. "The mark NEW BALANCE and NB logo are, and ever since their adoption, have been continuously applied to products of Opposer, to the package and containers of said products and to the labels affixed to said packages and containers. The mark NEW BALANCE and NB logo have come to be and now are popularly known throughout the world and are of great value to the Opposer herein. Said mark and do identify and designate the products to which they are applied as coming exclusively from Opposer and distinguish such products from the products of others.

5. The Opposer herein believes that the registration of the mark NEW BALANCE NB in the name of respondent-applicant will cause great and irreparable injury and damages to herein Opposer.

The facts as set forth were follows:

1. "That the mark NEW BALANCE NB applied for by the respondent-applicant, closely resembles- and is actually, identical to - Opposer's aforementioned NEW BALANCE mark, as actually used on the goods of Opposer herein, To be emphatic about it, the letters "NB" that the respondent-applicants attaches to the mark it seek to register are even slanted in a manner similar to the NB logo register in the name of the Opposer. The exact likeness of trademark sought to be registered by the respondent-applicant to the mark and logo of the Opposer will cause confusion and mistake and thus, induce the buying public to believe that the products bearing the mark of the respondent-applicant are manufactured by herein Opposer.

2. "Section 123.1(d) of the Intellectual Property Code prohibits the registration of a mark that is identical with a registered mark belonging to the 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.

3. "Aside from this, the Opposer's aforementioned trademark and logo, which have been continuously in use in the Philippines and abroad since it adoption, have already acquired a considerable amount of goodwill through long and continued use thereof.

4. "As a matter of fact, the NEW BALANCE mark and NB logo are registered in Opposer's name not only in the Philippines. But also all over the world. In particular, the NEW BALANCE mark and NB logo are registered for Class 09 in the United States of America under trademark registration Nos. 2863103 and 2863104, respectively , The NEW BALANCE mark and NB logo are likewise registered in the United States in the name of the Opposer as follows:

Registration No.	Class (es)	Mark
1053241	10, 25	NEW BALANCE
1065726	25	NB logo
1260938	18, 25	NEW BALANCE
1260939	18, 25	NB logo

2401021	29, 32	NB logo
2690233	35, 36, 41	NEW BALANCE
2845866	1, 3, 5, 26	NB logo
2845867	1, 3, 5	NEW BALANCE
2909687	35, 36, 41	NB logo
2955394	28	NB logo

2955395	28	NEW BALANCE
2990081	1, 3, 5, 26	NEW BALANCE
2990082	1, 3, 5	NB logo

Consularized copies of the foregoing trademark registrations, together with those covering goods falling under Class No. 9 are hereto attached as Exhibits "A" to "A-21".

Also, detailed listings of the worldwide registrations of the NEW BALANCE mark and NB logo are hereto attached as Exhibits "B" to "B-24."

4. "This Honorable Office may even take judicial notice of the fact that the NEW BALANCE mark and NB logo have enjoyed enduring popularity in the Philippines for close to three decades now. Needless to say, this more than qualifies them to be well-known marks as the term is defined in Subsection 123.1 (e). Given the foregoing, Application Serial No. 42005002917 should not be given due course in accordance with:
- Articles 6bis and 8 of the Paris Convention for the Protection of Industrial Property of which both the United States of America and the Philippines are signatories; and
 - Article 147.2 of the Intellectual Property Code

On 27 September 2006, this Bureau issued a Notice to Answer, copy of which together with the Opposition was received through registered mail by Respondent-Applicant on 04 October 2006. The Notice of Answer required Respondent-Applicant to submit its Verified Answer within thirty (30) days from receipt thereof. Respondent-Applicant filed its Verified Answer to the Opposition on 13 February 2007.

Respondent in its Answer interposed the following ADMISSIONS and DENIALS:

- a. "Respondent-Applicant is without sufficient knowledge and information as to the truth or falsity of the allegation of Opposer in par. 1 that it is the owner of the NEW BALANCE trademark and NB logo for several goods under international class 9 in the United States of America." However, the respondent-applicant is applying only for the registration of trademark in this jurisdiction and even if the opposer is using the same in United States of America that does not give them right over the mark in this jurisdiction.
- b. "Respondent-Applicant has no sufficient knowledge or information as to the truthfulness or falsity of the allegation of opposer in par. 2 that the New Balance mark and NB logo are registered in the Opposer's name in the Philippines for therein mentioned classes. However, out of the classes mentioned by the opposer, class no. 9 is not included. Thus, applicant's use of the trademark for goods falling under international class 9 can be granted.
- c. "As to the allegation of opposer that the use of applicant of the trademark will very likely cause confusion or mistake, or will deceive the purchasers is not true. The applicant's products shall be limited only to eye ears and will not venture into

other goods. Moreover, the goods of applicant, which are not related to that of opposer, shall be sold in optical boutiques and will not be available or sold together with the goods of opposer.

- d. "It would be very unfair and untrue for Opposer to state that the use by Respondent-Applicant of the trademark will deceive the public into believing that the products originate from, or are licensed or sponsored by Opposer because the goods are not closely related. To know whether or not the two trademarks shall cause confusion, the ratiocination in the case of Mighty Corporation vs., E & J Gallo Winery is worth consideration.
- e. "The opposition is anchored on Sec. 123 (d) and the said provisions states that the mark "is identical with a registered mark belonging to a different proprietor or mark with an earlier filing or priority date, in respect of the same goods or closely related goods or services or if it nearly resembles such a mark as to be likely to deceive or cause confusion." However, in the instant case, although the two marks are similar, the goods covered are entirely different and not remotely related and customers will not likely to be confused because the products of applicant are sold in optical boutiques and not displayed in the department stores or supermarket wherein the customers are in a hurry to purchase their goods.
- f. "Optical products or eye wears are not related to the goods herein opposer, thus, application should be granted in accordance with the following decisions reiterated in Mighty Corporation vs., E & J Gallo Winery.
- g. "Moreover, the fact that opposer's trademark is registered for products under different class cannot be used as prohibition for applicant to use it for entirely different products/goods because Sec. 147 of the Intellectual Property Code is very clear on what of a registered mark 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 to those in respect of which the trademark is registered where such use would result in a likelihood of confusion shall be presumed.
- h. "The following recent Supreme Court decisions are also informative and applicable to the instant controversy, to wit:

Under the circumstances, the Court of Appeals correctly cited Faberge Inc. vs. Intermediate Appellate Court, where we, invoking Section 20 of the old Trademark Law,

ruled that "the certificate of registration issued by the Director of Patents can confer (upon petitioner) the exclusive right to use its own symbol any to those goods specified in the certificate, subject to any conditions and limitations specified in the certificate xxx. One who has adopted and used a trademark on his goods does not prevent the adoption and use of the same trademark by others for products which are of a different description, "Faberge, Inc. was correct and was in fact recently reiterated in Canon Kabushiki Kaisha vs. Court of Appeals. (Underscoring, ours)

By the nature of things, there can be no unfair competition under the law on copyrights although it is applicable to disputes over the use of trademarks. Even a name or phrase incapable of appropriation as a trademark or tradename may, by long and exclusive use by a business (such that the name or phrase becomes associated with the business or product in the mind of the purchasing public), be entitled to protection against unfair competition. In this case, there was no evidence that P & D's use of "Poster Ads" was distinctive or well-known. As noted by the Court of Appeals, petitioner's expert witnesses himself had testified

that "Poster Ads" was too generic a name. So it was difficult to identify it with any company, honestly speaking." This crucial admission by its own expert witness that "Poster Ads" could not be associated with P & D showed that, in the mind of the public, the goods and services carrying the trademark "Poster Ads" could not be distinguished from the goods and services of other entities.

- i. "In view of the fact that Respondent-Applicant's trademark New Balance NB is for specific goods under international class No. 9, respondent-applicant most respectfully prays for the denial of the Opposition filed by Opposer.
- j. "As to the prayer of opposer of "according the NEW BALANCE mark and NB logo the status of an internationally known brand" is without basis. Even tier own submissions show that they are only registered in the United States of America and not all over the world. Although the unauthenticated Affidavit of Mr. Edward J. Haddad mentioned registrations in other countries, absence proof that indeed the trademark is internationally known, opposer cannot just claim that its trademark is indeed known internationally.
- k. "Respondent-applicant's rights and interests under the existing laws and applicable jurisprudence in this jurisdiction have to be protected also under the constitutional mantle of substantial justice and due process.
- l. "This answer is being filed due to the aforementioned reasons and in the interest of due process and fair play.
- m. "Lastly, for failure of opposer to submit a duly authenticated affidavit of Mr. Edward J. Haddad, respondent-applicant most respectfully moves that the same be stricken off the record for failure to comply with the rules.

From receipt of the Answer, this Bureau set the instant suit for conference. A preliminary conference took place on 16 April 2007 without a stipulation of facts and clarification of other issues. On the same day, the parties agreed to terminate the said conference and submitted the case for decision. Thereafter, the parties filed their respective position papers.

Issues

The issues set forth in this instant Opposition were summarized as follows:

- (a) Whether or not Respondent-Applicant's mark NEW BALANCE NB is confusingly similar to Opposer's marks NEW BALANCE and NB logo such that Opposer will be damaged by registration of the mark NEW BALANCE NB in the name of Respondent-Applicant; and
- (b) Whether or not Respondent-Applicant's trademark application for NEW BALANCE NB should be granted registration.

Considering that the case was mandatorily covered by the Summary Rules under Office Order No. 79, this Bureau required the parties through their counsels to submit their respective position papers. Opposer filed its position paper on 12 June 2007 while Respondent-Applicant filed theirs on 19 June 2007.

It is basically the combination of Opposer's word-mark, NEW BALANCE and its NB logo, constituting Respondent-Applicant's entire mark for use on goods falling under Class 09 that is being put to issue in this suit for determination and for this Bureau to consider whether Opposer has preferential or priority right/s over the use of these marks, NEW BALANCE and the NB logo on goods falling under Class 09, more specifically on the following: sunglasses, frames, spectacles cases. Below is a side-by-side comparison between one of Opposer's registered

marks, “NEW BALANCE” and “NB” logo, and Respondent Applicant’s mark “NEW BALANCE NB”.

It can easily be observed from the foregoing that Respondent-Applicant adopted not only the printing style of Opposer’s NEW BALANCE, including the distinct script applied in printing the logo NB, in a slant manner, or more specifically with the bold letters N and B that are conspicuously or markedly inclined to the right, was copied as well. Hence, comparing both marks in plain view there certainly is obvious, if not perfect similarity. Anyone is likely to be misled by the adaptation of the same word combination NEW BALANCE in conjunction with an NB logo, which for many years is known and identified to be Opposer’s labels for footwear. Hence, Respondent’s mark NEW BALANCE NB lacks the element of originality to be sufficiently distinctive. The combination of the word mark and device used thereon is not one that would naturally occur to Respondent-Applicant or any other trader for that matter to use and/or conceptualize. The court observed in *Philippine Refining Co, Inc., vs. Dir. of Patents and Sparklets Corp. vs. Walter Kidde Sales Co.*, 104 F. 2d 396, that “a trademark is designed to identify the user. But it should be so distinctive and sufficiently original as to enable those who come into contact with it to recognize instantly the identity of the user. It must be affirmative and definite, significant and distinctive, capable to indicate the origin.” Likewise, our trademark law does not require identity, confusion is likely if the resemblance is so close between two trademarks. Bolstering this observation is the pronouncement by the court in the case of *Forbes, Munn & Co. (Ltd.) vs. Ang San To*, 40 Phil. 272, 275 where it stated that the test was similarity or “resemblance between the two (trademarks) such as would be likely to cause the one to identity.” On the contrary, as happened in this case, there was no similitude but an exact replica that was applied.

Having shown and proven resemblance of the two marks at issuer, we now delve on the matter of priority in use which certainly has decisive effect in the adjudication of the case. Culled from IPP’s website www.ipophil.gov.ph are documents showing that Opposer is the registered owner in the Philippines of the NEW BALANCE and NB logo marks, as follows:

Trademark	Registration Number	Nice Classification
NEW BALANCE	028897	10 &25
NEW BALANCE	41998000895	18
NEW BALANCE	41999003465	25
NEW BALANCE	42002003136	35
NB	41999001879	25
NB	10998000896	18

Opposer’s marks, NEW BALANCE and NB logo, were applied for trademark registration with the Intellectual Property Office as early as 29 December 1980 and 04 September 1979 respectively for goods under Classes 10, 18, and 25 or primarily for footwear products.

Opposer has also registered or applied for the registration of the marks NEW BALANCE and NB logo for various including those in Class 09 (Exhibits ‘A’ to ‘A-21’) in other countries, including the United States of America, as follows:

Registration No.	Class (es)	Mark
1053241	25 (date of First use: 1951)	NEW BALANCE
1065726	25 (date of First use: 1974)	NB
1260938	18, 25 (date of First use: 1977)	NEW BALANCE
1260939	18, 25 (date of First use: 1977)	NB
2401021	29, 32 (date of First use: 1977)	NB
2690233	35, 36, 41, (date of First use: 1972, 1982, 1995 respectively)	NEW BALANCE
2845866	1, 3, 5, 26	
2845867	1, 3, 5	NEW BALANCE

2863103	09 (date of First use: July 13, 2004) Filed: Nov. 29, 2000	NEW BALANCE
2863104	09 (date of First use: July 13, 2004) Filed: Nov. 29, 2000	NB
2909687	35, 36, 41	NB
2955394	28	NB
2955395	28	NEW BALANCE
2990081	1, 3, 5, 26	NEW BALANCE
2990082	1, 3, 5	NB

From the evidence presented, the stand of Opposer as prior user and registrant was put forth with greater plausibility. Opposer has been in the business and was using the marks NEW BALANCE and NB logo in the Philippines and abroad on goods under Classes 10, 18 and 25 since 1979 in the Philippines, as well as on goods belonging to Class 09, which NEW BALANCE and NB logo trademarks Opposer were able to obtain registration in the United States of America in July 2004 (Exhibit "A" to "A-21". Opposer) with first use in the case of *Unno Commercial Enterprises, Inc. vs. General Milling Corporation* "prior use by one will controvert a claim of legal appropriation by subsequent users". Hence, it may be concluded inevitably that Respondent-Applicant's use of identical mark on the same or related goods will result in an unlawful appropriation of mark previously used by Opposer and not abandoned.

This present Opposition is anchored on Opposer's claim of ownership over the use of the marks NEW BALANCE and NB logo for footwear and clothing apparels falling under Classes 10 & 25 pursuant to Section 123.1 (d) of R.A. 8293, to wit:

"Sec. 123. Registrability. – 123.1 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;

Although the goods of the contending parties in the Philippines or in this jurisdiction do not move in the same channels of trade, the classes of goods which Opposer applied and in fact obtained registration abroad using the same trademarks NEW BALANCE and NB logo include identical goods as those of Respondent-Applicant's *sunglasses, frames, spectacles cases*, all belonging to class 09. The possibility that Opposer's NEW BALANCE and NB logo trademarks will be used on goods under the aforementioned class (09) in the Philippines appears probable as it falls within the normal or zone of potential business expansion of Opposer. Bolstering this view is the pronouncement of the Supreme Court in the case of *Jose P. Sta. Anan vs. Florentino Maliwat, et. al.* G.R. No. L-23023, August 31, 1968 which ruled, thus:

:Modern law recognizes that the protection to which the owner of a trademark is entitled is not to guarding his goods or business from actual market competition with identical or similar products of the parties, but extends to all cases in which the use by a junior appropriator of a trade-mark or trade-name is likely to lead to a confusion of source, as where prospective purchasers would be misled into thinking that the complaining party has extended his business into the field (see 148 ALR 56 et seq; 53 Am Jur. 576) or is in any way connected with the activities of the infringer; or when it forestalls the normal potential expansion of his business"

Moreover, it may well be worthy to notice that as early as the year 1980, Opposer obtained registrations of the trademarks NEW BALANCE and NB logo on products in classes 10,

18, 25 & 35. These registrations are subsisting and have not been abandoned. Hence, Respondent-Applicant, by any parity of reasoning, cannot be considered an originator, prior registrant nor prior applicant of the subject or questioned trademark.

It is worth mentioning at this juncture, to bolster Opposer's exclusive right over its registered trademarks NEW BALANCE and NB logo and accord protection henceforth against any subsequent user is the established goodwill and reputation for its NEW BALANCE and NB logo that Opposer had earned over the years. Opposer's registered NEW BALANCE and NB logo trademarks are widely and popularly used by Opposer especially on its footwear products. The use and adoption by Applicant of the same marks NEW BALANCE and NB logo as subsequent user can only mean that Applicant wishes to reap on the goodwill, benefit from the advertising value and reputation of Opposer's famous trademarks.

By appropriating a word which is identical or closely resembles that of a widely used and popularly known trademark, and taking into account the evidence submitted by Opposer, this Bureau holds that indeed there was a deliberate intent by Respondent-Applicant to ride on the popularity of the mark of the Opposer generated through extensive use and advertisement without the Respondent-Applicant having incurred any expense to gain such goodwill and/or reputation.

In the case of American Wire & Cable Co. vs. Director of Patents, 31 SCRA 544, it was observed that:

"Why of the million of terms and combination of letters and designs available to the appellee had to choose a mark closely to another's trademark if there was no intent to take advantage of the goodwill by the other mark"

As the rightful owner and prior user of the marks NEW BALANCE and NB logo, Opposer should be given protection against entities that merely wish to take advantage of the goodwill its marks have generated.

WHEREFORE, premises considered, the Notice of Opposition is, as it is hereby SUSTAINED. Consequently, Application bearing Serial No. 4-2005-002917 filed by CP Optics, Inc. on 01 April 2005 for the registration of the mark NEW BALANCE NB for use on sunglasses, frames and spectacles cases under class 09, as it is hereby, REJECTED.

Let the filewrapper of NEW BALANCE NB, subject matter of this case together with a copy of this Decision be forwarded to the Bureau of Trademarks for appropriate action.

SO ORDERED.

Makati City, 28 September 2007

ESTRELLITA BELTRAN-ABELARDO
Director of Legal Affairs
Intellectual Property Office