

ANTONIO O. PASIA,  
Petitioner,

INTER PARTES CASE NO. 2069

PETITION FOR CANCELLATION

- versus -

MERLO AGRICULTURAL  
CORPORATION  
Respondent-Registrant.  
x-----x

Cert. of Regn. No. SR-7742  
Issued : May 8, 1987  
Registrant : Merlo Agricultural  
Corporation  
Trademark : COFFEE LABEL  
Used on : Coffee

- and -

MERLO AGRICULTURAL  
CORPORATION,  
Petitioner,

INTER PARTES CASE NO. 2073

PETITION FOR CANCELLATION

- versus -

ANTONIO O. PASIA  
Respondent-Registrant.  
x-----x

Cert. of Regn. No. SR-7636  
Issued : February 4, 1987  
Registrant : Antonio O. Pasia  
Trademark : CAFE DE LIPA  
Used on : Coffee

DECISION NO. 88-30 (TM)  
June 1, 1988

## DECISION

On November 16, 1984, Antonio Pasia, doing business under the name and style of Peñafrancia Enterprises, filed an application for registration on the Supplemental Register of the label mark "CAFE DE LIPA" for coffee product. On October 24, 1985, this Office sent Paper No. 3 to Pasia, requiring him to disclaim all unregistrable matters apart from the mark as shown. In response thereto, Pasia sent a letter stating, among others, that "applicant hereby disclaims all unregistrable matters that your Office may find unregistrable". Thereafter, in response to Paper No. 5 sent on March 31, 1986, Pasia made a claim for the color GREEN in his application. And on February 4, 1987, Certificate of Registration No. SR-7636 was issued in his favor.

On May 23, 1965, Merlo Agricultural Corporation, a domestic corporation, likewise filed an application for registration on the Supplemental Register of the label mark "CAFE (Barako) DE LIPA", also for coffee. On May 16, 1986, this Office sent Paper No. 3 to Merlo Agricultural Corporation, requiring it to disclaim all unregistrable matters. In compliance therewith, Merlo Agricultural Corporation sent a letter disclaiming "CAFE DE LIPA" and other unregistrable matters printed on his label and claiming, as material features of its mark, the colors RED and LIGHT BROWN. And on May 8, 1987, Certificate of Registration No. SR-7742 was issued in its favor.

In July, 1987, Pasia filed a petition for cancellation (IPC No. 2069) of the certificate of registration issued to Merlo Agricultural Corporation on the grounds, among others, that Merlo Agricultural Corporation's label mark "CAFE (Barako) DE LIPA" is confusingly similar to his label mark "CAFE DE LIPA", and that Merlo Agricultural Corporation's use of its mark constitutes

unlawful appropriation and use of his mark. Pasia claimed that he is the owner and prior user of the mark "CAFE DE LIPA".

In August, 1987, Merlo likewise filed a petition for cancellation (IPC No. 2073) of the certificate of registration issued to Pasia on the same ground of confusing similarity between the above-mentioned label marks, and claimed that it is the owner and prior user of the mark "CAFE (Barako) DE LIPA".

The applicable provisions are Section 19-A of the Trademark Law (Republic Act 166, as amended) and Rule 124 of the Rules of Practice in Trademark Cases, the pertinent provisions of which are hereunder set forth:

"SEC. 19-A. - In addition to the principal register, the Director shall keep another register to be called the supplemental register. All marks and trade-names capable of distinguishing applicant's goods or services and not registrable on the principal register herein provided, except those declared to be unregistrable under paragraphs (a), (b), (c), and (d) of section four of this Act, which have been in lawful use in commerce by the proprietor thereof, upon or in connection with any goods, business or services for the year preceding the filing of the application, may be registered on the supplemental register upon payment of a filing fee of eighty pesos for each application for one class, plus twenty pesos for each additional class, and compliance with the provisions of section five of this Act so far as they are applicable.

x

x

x

For the purposes of registration on the supplemental register, a mark or a trade-name may consist of any trade-mark, symbol, label, package, configuration of goods, name, word, slogan, phrase, surname, geographical name, numeral, or device or any combination of any of the foregoing, but such mark or trade-name must be capable of distinguishing the applicant's goods, business, or services."

"124. Effect of registration; certificate of registration not prima facie evidence. - According to the law, a certificate of registration on the Supplemental Register is not prima facie evidence of the validity of registration and of the registrant's exclusive right to use the same in connection with the goods, business, or services specified in the certificate. x x x. (Republic Act 166, section 19-, A.)"

In resolving the issues raised in both Petitions for Cancellation, stress should be made that the mark "CAFE DE LIPA" is the only common element in both contested marks. While the dominant feature in both registrations is the mark "CAFE DE LIPA" and therefore would naturally give rise to the issue, as is being raised in both Petitions for Cancellation, that one mark is confusingly similar to the other, this point is premised on the assumption that "CAFE DE LIPA" is a registrable subject matter in the Supplemental Register.

The records of both registrations disclose that its registrability was questioned by this Bureau by virtue of an office action made in both applications requiring the disclaimer of unregistrable matters. Both registrants, namely, Pasia, on the one hand, and Merlo Agricultural Corporation, on the other, entered the appropriate disclaimer in response to this office action. Specifically, Pasia (Application Serial No. SR-10596), in his response received by this Bureau on January 7, 1986 stated, among others, that "Applicant hereby disclaims all unregistrable matters that your Office may find unregistrable". Pursuant thereto, the following disclaimer was entered in the Allowance Report of this Bureau which allowed the application of Pasia for registration: "The words 'net weight 0.5 kilogram; 100% pure coffee; cafe; enterprises; Lipa City, Batangas, Philippines' are disclaimed." On the basis of this, a certificate of registration was issued. It is noted that while the disclaimer includes "CAFE", it omitted to disclaim "DE LIPA". On the other hand, the records of the application of Merlo Agricultural Corporation (Application Serial No. SR-10896) disclosed that the disclaimer for the "CAFE DE LIPA" was duly entered in the Allowance Report

of this Bureau allowing the application for registration. On the basis thereof, Certificate of Registration No. SR-7742 was issued subject to the disclaimer of "CAFE DE LIPA", among others.

Is "CAFE DE LIPA" unregistrable subject matter?

Section 19-A above-quoted provides that to be registrable in the Supplemental Register such mark must be capable of distinguishing applicant's goods, business, or services. The word "CAFE" is a term widely used and known in the Philippines for the beanlike seed of a coffee tree which is descriptive of the beverage which everybody drinks or is familiar with throughout the archipelago, while the word "LIPA" is the name of a city in Batangas, which is noted for the production and manufacture of ground coffee (Barako). Therefore, the coffee beans, or ground coffee produced and manufactured from Lipa City and its environs may be labeled by every farmer or coffee grower in that locality and for that matter any manufacturer of ground coffee from coffee farms located in Lipa City, as "CAFE DE LIPA". Simply put, "CAFE DE LIPA" cannot be capable of distinguishing one such farmer's product from that of another farmer or producer similarly situated.

This is the situation in which both Pasia and Merlo Agricultural Corporation find themselves. Therefore, "CAFE DE LIPA" is an unregistrable subject matter. Consequently, the disclaimer of "CAFE DE LIPA" made by Merlo Agricultural Corporation was proper. In the same vein, the registration in favor of Pasia (SR-7636) should have included the disclaimer of "DE LIPA".

Corollarily, the use of "CAFE DE LIPA" may not be appropriated exclusively by any person or entity in connection with coffee beans or ground coffee.

Whether or not the omission of the disclaimer of "DE LIPA" in Pasia's registration was due to a mistake, or inadvertent error on the part of this Bureau, as probably may have been the case, would not be a material factor because as stated in Rule 124, Rules of Practice in Trademark Cases, a certificate of registration in the Supplemental Register is not a prima facie evidence of the validity of registration and of the registrant's exclusive right to use the same in connection with the goods, business, or services specified in the certificate. In any event, this Bureau is empowered to correct this apparent mistake on the basis of the authority granted by Rule 178 of the Rules of Practice in Trademark Cases which is hereunder quoted:

"178. Registration may be refused, cancelled or restricted by the Director. - In inter partes proceedings, the Director may refuse to register the opposed mark or trade name or name or other mark of ownership, may cancel or restrict the registration of a registered mark or trade name or name or other mark of ownership, or may refuse to register any or all of several interfering marks or trade names or names or other marks of ownership, or may register the mark or marks or trade name or trade names or names and other marks of ownership for the person or persons entitled thereto, as the rights of the parties may be established in the proceedings."

Pursuant to this rule, this Bureau would be justified in requiring the disclaimer of "DE LIPA" in Pasia's registration SR-7636.

Likewise, it is emphasized that the other features of one label are strikingly different from that of the other, hence, may co-exist independently of each other without giving rise to confusion among the consumers. Thus -

1. COLORING SCHEME: Pasia's label is green in color and pasted on a silver foil container, whereas the words "CAFE DE LIPA" appearing on Merlo Agricultural Corporation's label are red in color with black shading and printed on a light brown foil container.

2. REPRESENTATION MADE: Merlo Agricultural Corporation's label contains a representation of a coffee tree within a circle printed just below the words "CAFE (Barako) DE LIPA"; whereas, Pasia's label has no such representation on it.
3. PRINTED MATTER ON LABEL: Merlo Agricultural Corporation's label contains the following words clearly printed on it -- "Barako", and "From the place where the first coffee tree was planted"; whereas, Pasia's label has no such words on it.
4. LAYOUT OF WORDS; TYPE AND SIZE OF LETTERING: The layout of the words "CAFE DE LIPA" used on Pasia's label and "CAFE (Barako) DE LIPA" used on Merlo Agricultural Corporation's label, including the type and size of lettering, and their background, are clearly different from each other to the extent that the label of one cannot be mistaken for that of the other.
5. INDICATION OF SOURCE: Merlo Agricultural Corporation's label clearly indicates the source of the -product -- "A PRODUCT OF: MERLO AGRICULTURAL CORPORATION"; Pasia's label also clearly indicates the source -- "PEÑAFRANCIA ENTERPRISES".

WHEREFORE, the Petition for Cancellation filed by Pasia (IPC No. 2069) as well as the Petition for Cancellation filed by Merlo Agricultural Corporation (IPC No. 2073) are hereby DISMISSED. However, Pasia is hereby directed to surrender Certificate of Registration No. SR-7636 on the basis of Rule 178 in relation to Rule 138 of the Rules of Practice in Trademark Cases. This Bureau will then issue a new certificate of registration to him for the same label mark but containing the disclaimer of the words "DE LIPA".

Let the records of these cases be remanded to the Application, Publication & Documentation Division for appropriate action in accordance with this Decision.

SO ORDERED.

IGNACIO S. SAPALO  
Director