

Telengtan Brothers & Sons, Inc.	}	IPC No. 14-2005-00001
OPPOSER,	}	
	}	
-versus-	}	Opposition to:
	}	Ap. Serial No. 4-1999-002225
	}	for the mark "Word Picture
	}	Mark Memphis"
Austria Tabak Aktiengesellschaft,	}	
RESPONDENT-APPLICANT.	}	

Decision No. 2006 - 137

DECISION

THIS IS AN OPPOSITION PROCEEDING THAT Telengtan Brothers & Sons, Inc. (*Opposer*) seasonably instituted against Austria Tabak Aktiengesellschaft (*Respondent*).

Opposer is a corporation duly organized under the laws of the Philippines with principal office at Km 14, South Superhighway, Parañaque City. On the other hand, Respondent is a foreign corporation duly organized and existing under the laws of Austria with principal place of business at 1160 Vienna, Kopstrasse 116. It is the applicant for registration of the mark "Word Picture Mark Memphis" under Application No. 4-1999-002225 for goods under Class 34 covering tobacco products.

On 17 December 2004, Opposer filed with the bureau a Notice of Opposition (*Opposition*). This was docketed as Interpartes Case No. 14-2005-00001. In this Notice of Opposition, Opposer contended essentially that it is the true owner, originator, and user of the mark "Memphis". The salient portions of the Opposition substantiating Opposer's contention are stated below, viz.:

Opposer is the originator, true owner and the first and only actual and legitimate user of the trademark "Memphis" as used on cigarettes in the Philippines. Opposer commenced commercial use of its trademark "Memphis" on cigarettes in January of 1999 and has continuously been using said mark up to the present. Opposer is also the prior applicant for registration of the trademark "Memphis", having filed its original application on 5 January 1999 under Application Serial No. 4-1999-00024 before Respondent appropriated the same mark for its own products. Presently, Opposer is the applicant for registration of the trademark "Memphis (& Device)" under Application No. 4-2002-007925 with filing date of 17 September 2002. This application for "Memphis (& Device)" is already deemed registered as of 8 July 2004 based on the records of the Intellectual Property Office ("IPO").

There has been no bona fide commercial use of respondent's "Word Picture Mark Memphis" in the Philippines. Thus, the registration of said mark will violate Section 124.2 of the Intellectual Property Code (IP Code) of the Philippines.

Respondent's "Word Picture Mark Memphis" used on cigarettes is identical to opposer's mark "Memphis." As such, its registration would likely cause confusion, mistake or deception on the part of consumers who would be misled into thinking that

respondent's cigarettes come from or are manufactured, endorsed, sponsored or licensed by opposer.

The registration and use by respondent of the "Word Picture Mark Memphis" will not only diminish the distinctiveness of, as well as dilute the goodwill of, opposer's mark "Memphis," it also unfairly encroaches on opposer's exclusive right to use the mark "Memphis" on cigarette products.

At the time respondent's application for the "Word Picture Mark Memphis" was filed, opposer's mark "Memphis" was already being widely and legitimately used in commerce in the Philippines. Respondent adopted the "Word Picture Mark Memphis" for use on its cigarette products with the obvious intention of riding on the goodwill already established by opposer for its mark "Memphis."

On 26 May 2005, Respondent filed its Answer specifically denying the salient allegations of the Opposition. Essentially, it argued that Opposer is not the true owner, originator, and user of the mark "Memphis". On the contrary, Respondent contended that it is its true owner, originator, and first user. The salient portions of Respondent's Answer are stated below, viz.:

Respondent, a company known worldwide as a leading manufacturer and exporter of cigarette products, is the originator, true, owner, and first user of the mark "Memphis" in the international market. Respondent first filed an application for the "Word Picture Mark Memphis" in the Philippines on 31 March 1999 under Application No. 4-1999-002225. Although Opposer is the prior applicant for registration of the mark "Memphis" in the Philippines, the filing of Opposer's application was tainted with bad faith as Opposer copied the style of Respondent's mark, as shown in its European Registration No. 000104380 and International Registration No. 0673661.

It is the registration of Opposer's mark "Memphis" that would diminish the distinctiveness and dilute the goodwill of respondent's "Word Picture Mark Memphis," an internationally known mark exclusively and continuously used by Respondent on its cigarette products long before opposer filed its application for registration with the IPO on 5 January 1999.

The dominant feature "Memphis" in both marks would create confusion or deceive purchasers as to be actual source or origin of goods to such extent that Opposer's goods may be mistaken for that manufactured and sold by Respondent.

Respondent has the better right over the mark "Memphis" based on Section 123.1 (e) of the IP Code which governs internationally known marks. The major cigarette brands in respondent's portfolio are "Memphis" and "Ronson" which are sold extensively in Europe, Asia and Africa. "Memphis" has been on sale in a number of countries including "Albania, Austria, Bosnia-Herzegovina, Bulgaria, Croatia, Czech Republic, Estonia, Greece, Hungary, Italy, Kosovo, Romania, Serbia-Montenegro, Slovakia, Turkey, Djibouti, Guinea, Russia, China and Singapore.

Respondent's first trademark registration for "Memphis" was Austrian Trademark Registration No. 3490 with a priority date of 24 February 1930 covering cigarette products, among others. Said registration is still valid and existing in the Austrian Trademark Register.

Contrary to opposer's allegation, respondent has a bona fide actual commercial use of the "Word Picture Mark Memphis" in the Philippines since September of 2002, having sold cigarette products bearing said mark in the Duty Free Superstore, (DFS), Inc. located at the Subic Bay Freeport Zone, Subic Bay, Olongapo City.

On 29 April 2005, pre-trial conference was held. Subsequently, the bureau issued Order No. 2005-654 containing the summary of the matters taken up during the pre-trial conference. During the pendency of this proceeding, however, the IP Philippines (Office) issued Office Order No. 79 amending the Bureau's then existing Regulations on Interpartes Proceedings.

In conformity with Office Order No. 79, we issued Order No. 2005-814 requiring the parties to inform us whether they agree that their case be governed under the amendatory regulation or remain governed under the then existing regulation. The salient portions of the subject Order reads, viz.:

Thereafter, the BLA shall issue the corresponding Order on the basis of the respective information that both parties shall furnish. Failure to inform the BLA in writing within the prescribed period shall be construed as consent to be governed by the summary rules.

On 28 October 2005, Opposer filed a relevant paper entitled Manifestation, expressing, among others, its willingness to have their case governed under the amendatory regulation. On the other hand, Respondent did not file any relevant motion, comment, or paper. Consequently, the above-entitled opposition proceeding was adjudicated under the amendatory regulation, Office Order No. 79.

During the hearing set on 1 December 2005, Respondent expressed its intention that it is no longer interested in defending its trademark application subject of this opposition proceeding. On 27 April 2006, the bureau issued Order No. 2006-621 declaring Respondent to have waived its right to participate in the proceedings and directing Opposer to file its position paper within a prescribed period. On 16 May 2006, Opposer filed its position paper.

In this opposition proceeding, the sole issue is whether or not Respondent is entitled to the registration of its mark "Word Picture Mark Memphis." The Bureau, however, recognizes that the issues Opposer had formulated form part of the sole issue. In resolving, therefore, the sole issue, the Bureau shall determine these issues, viz.: (1) whether it is the Opposer or the Respondent who enjoys a better right over the subject mark; (2) whether or not Respondent is deemed to have voluntarily abandoned its application for the mark "Word Picture Mark Memphis;" and (3) whether or not Respondent's mark "Word Picture Mark Memphis" is confusingly similar to Opposer's mark "Memphis."

As earlier noted, Opposer contended that it is the originator, true owner, and the first and legitimate user of the mark "Memphis". To prove priority in filing a trademark application, it presented and offered a certification from the Bureau of Trademarks concerning its earlier filed trademark application for the mark "Memphis" which it had filed on 5 January 1999. On careful examination, it appears that it was refused because Opposer failed to file the requisite Declaration of Actual Use (DAU). On 17 September 2002, it applied anew for the registration of a substantially registered as of 8 July 2004.

To substantiate assertions of seniority and continuous use of the mark "Memphis," Opposer presented and offered evidence on its commercial activities in the Philippines. It noted that on 15 June 1990 it appointed Bonheur Marketing Corporation (Bonheur) as the distributor of its cigarette brands that Bonheur distributes or sells. It pointed out Bonheur's advertising, marketing, and other promotional activities for Memphis cigarettes from 2000 to 2005. More importantly, it demonstrated Bonheur's sales of Opposer's Memphis cigarettes from 1999 to 2005. Furthermore, the Bureau of Internal Revenue (BIR) Regulations Nos. 9-2003, 22-2003, and 12-2004 showed Opposer's Memphis as being sold and recognized in the country. Notably, these BIR Regulations contain listings of alcohol and tobacco products sold in the Philippines.

For its part, Respondent argued that it is the originator, true owner, and first user of the mark "Word Picture Mark Memphis." It noted that it filed its application for the "Word Picture Mark Memphis" in the Philippines on 31 March 1999 under Application No. 4-1999-002225. Although it recognized Opposer as the prior applicant for registration of the mark "Memphis" in the Philippines, it alleged that Opposer's filing of its application was tainted with bad faith as it merely copied the style of Respondent's mark, as shown in its European Registration No. 000104380 and Internal Registration No. 0673661. Moreover, it claims that its mark is an internationally known mark. At this point, it is worthy to emphasize that Respondent had expressed its intention that it is no longer interested in defending its trademark application. Accordingly, the Bureau declared Respondent as having waived its right to participate in the proceedings.

It therefore, satisfactorily appears that Opposer enjoys a superior right over the mark "Memphis." It has sufficiently established that it is the originator, true owner, and the first and legitimate user of the mark "Memphis." It proved that it was first in filing a trademark application for the mark "Memphis." Albeit it was refused, it filed anew an application for a similar, if not, an identical mark, "Memphis & Device." Incidentally, the status of its new trademark application is "deemed registered as of 8 July 2004." Furthermore, it proved prior and continuous commercial use. It is evident that sales of cigarettes bearing the brand "Memphis" were made in the Philippines from 1999 until 2005 through its appointed local distributor.

On the other hand, Respondent's circumstances show that it has an inferior, if not, no right at all over the mark "Memphis". Its failure to support its assertions all the more bolsters such a conclusion. A mere cursory perusal of the record will demonstrate that Respondent had not proved that it is truly the originator, owner, and first user of the mark "Word Picture Mark Memphis." Its allegations of bad faith remained wholly unsubstantiated. Neither has it established that it is an internationally known mark.

What plainly appears instead is that Respondent's conduct constitutes no less than voluntary abandonment of its right, if any, over its trademark application for the mark "Word Picture Mark Memphis," its failure to vigilantly prosecute or defend it shows not only loss of one's interest, but also waiver of one's right, if any. Notably, a person intends the ordinary consequences of his voluntary act. More importantly, it should be noted that Respondent's circumstances demand the application of the equitable principles of laches, estoppel, and acquiescence. In all types of Interpartes proceedings, certainly, equitable principles may be applied.

Finally, Opposer's mark "Memphis" and Respondent's mark "Word Picture Mark Memphis" are confusingly similar. This state of confusing similarity translates not only into confusion of the parties' competing goods, but also confusion of their respective businesses.

In valuating the similarity of the parties' marks, it requires us to examine their appearance, sound, connotation, and commercial impression, employing the dominance test, we find that the parties' marks demonstrate a strikingly confusing similarity, if not, identicalness. Evidently, the parties' respective marks share one dominant feature, that is, the word "Memphis" itself. Furthermore, it should be noted that their respective marks are both applied to tobacco

products. Notably, this confusing similarity may likely cause not only product confusion but also source or origin confusion.

From the foregoing disquisitions, it can be clearly seen that Respondent is not entitled to the registration of its mark "Word Picture Mark Memphis." Having discussed the critical and the most important issues, we see no need to belabor the rest.

WHEREFORE, premises considered, the Notice of Opposition is SUSTAINED. Accordingly, Respondent's trademark application serial no. 4-1999-002225 for the mark "Word Picture Mark Memphis" is REJECTED.

Let the filewrapper of the mark "Word Picture Mark Memphis" 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, 30 November 2006.

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