



CMERIT USA, INC.,
Petitioner,

-versus-

EDWARD CANTOR,
Respondent-Registrant.

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} IPC No. 14-2011-00530
}
} Petition for Cancellation:
} Registration No. 4-2009-003621
} Date Issued: 8 July 2010
} TM: "GOTTA FLURT"

NOTICE OF DECISION

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EDWARD CANTOR


Respondent-Registrant
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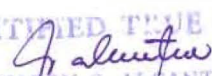
GREETINGS:

Please be informed that Decision No. 2012 - 94 dated May 14, 2012 (copy enclosed) was promulgated in the above entitled case.

Taguig City, May 14, 2012.

For the Director:


Atty. PAUSI U. SAPAK
Hearing Officer, BLA

CERTIFIED TRUE COPY

SHARON S. ALCANTARA
Records Officer II
Bureau of Land Affairs, IPO



CMERIT USA, INC.,

Petitioner,

IPC No. 14-2011-00530
Petition for Cancellation:

Reg. Serial No. 4-2009-003621

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- versus -

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Decision No. 2012- 94

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DECISION

CMERIT USA, INC. ("Petitioner")¹ filed on 22 November 2011 a petition to cancel Trademark Reg. No. 4-2009-003621. The registration, issued on 8 July 2010 to EDWARD CANTOR ("Respondent-Registrant")², covers the mark "GOTTA FLURT" for use on "*clothing namely shirts, pants, jeans, polo's, jackets and shorts, footwear, shoes, slippers, sandals, headwear, hats, caps*" under Class 25 of the International Classification of goods³.

The Petitioner alleges that Trademark Reg. No. 4-2009-003621 was obtained fraudulently and in violation of the provision of Rep. Act No. 8293, also known as the Intellectual Property Code of the Philippines ("IP Code"). According to the Petitioner, it is the owner and prior user of the mark "GOTTA FLURT" and variant thereof, which are registered in its home country (United States of America) and in various countries including the European Community, China, Panama and Costa Rica. In the Philippines, the Petitioner filed a trademark application (Serial No. 4-2011-500727) for the mark for use on goods under Classes 18 and 25.

To support its petition, the Petitioner submitted as its evidence the duly authenticated Special Power of Attorney and Affidavit, both executed by Juncheng Jia, President and CEO of Petitioner, in favor of its counsel of record; duly notarized Verification and Certification against Forum Shopping executed pursuant to the aforementioned SPA; duly authenticated and certified copies of the certificates of registration and/or applications for GOTTA FLURT and variant thereof, webpage of website www.gottaflurt.com page, Audited Financial Statements for 2009 and 2010, sample products and photographs thereof, magazine and newspaper advertisement,

¹ Is a corporation duly organized and existing under and by virtue of the laws of California, U.S.A. with present address at 13875 Ramona Avenue, Chino, CA 91710, USA (formerly at 17531 Railroad Street Suite F, City of Industry, CA 91748, USA).

² With given address at 162 Northwest Ipil Street, Marikina Heights, Marikina City.

³ The Nice Classification is a classification of goods and services for the purpose of registering the trademark and services marks, based on the multilateral treaty administered by the World Intellectual Property Organization. The treaty is called the Nice Agreement concerning the International Classification of goods and services for the purpose of the Registration of marks concluded in 1957.

brochures depicting products, all bearing the marks GOTTA FLURT and variants.⁴

This Bureau issued a Notice to Answer and served a copy thereof upon the Respondent-Registrant on 14 January 2010. The Respondent-Registrant, however, did not file an Answer.

Should Trademark Reg. No. 4-2009-003621 be cancelled?

Sec. 151.1, par. (b) of the IP Code provides among other things that,

A petition to cancel a registration of a mark under this Act may be filed with the Bureau of Legal Affairs by any person who believes that he is or will be damaged by the registration of a mark under this Act as follows:

x x x(b) Any time, if the registered mark x x x or its registration was obtained fraudulently or contrary to the provisions of this Act, or if the registered mark is being used by, or with the permission of, the registrant so as to misrepresent the source of the goods or services on or in connection with which the mark is used. x x x (Emphasis supplied)

The Petitioner, as a party who uses in commerce the mark GOTTA FLURT, has obvious interests which are affected and prejudiced by the registration of the same mark in favor of the Respondent-Registrant. Hence, under Sec. 151.1 of the IP Code, the Petitioner has the right and the cause of action to file a petition to cancel the trademark registration issued to the Respondent-Registrant. Once filed, the cancellation proceeding becomes basically a review of the trademark registration in question to determine if the legal requirements for registration have been satisfied and if the maintenance or continuance of the Respondent-Registrant's trademark in the register would damage the Petitioner.⁵

Based on the records and evidence, there are indications that the Respondent-Registrant has purposely copied the Petitioner's mark.

First, prior to the filing by the Respondent-Registrant of the trademark application for GOTTA FLURT, the Petitioner has already created, owned and used the mark for goods falling under classes 18 and 25. The Petitioner has registered its marks in the U.S.A. as early as 2008 with first use thereof in commerce on 15 October 2006, and in other countries. It filed a trademark application in the Philippines on 10 May 2011 (Serial No. 4-2011-500727) for use on goods falling under classes 18 and 25.

Second, the composition, nature and character of the mark GOTTA FLURT make it almost impossible for the parties to have coined exactly the same mark and for use on similar goods, by pure coincidence. GOTTA FLURT as used on goods under

⁴ Exhibits "A" to "H", inclusive.

⁵ Sec. 154 of the IP Code provides: 154. *Cancellation of Registration*. – If the Bureau of Legal Affairs finds that a case for cancellation has been made out, it shall order the cancellation of the registration. When the order or judgment becomes final, any right conferred by such registration upon the registrant or any person in interest of record shall terminate. Notice of cancellation shall be published in the IPO Gazette. (Sec. 19, R.A. No. 166a)

classes 18 and 25 is an unusual mark, very unique and highly distinctive. It could qualify as an arbitrary mark. Evidence points to the Petitioner having coined it via an obvious play of words, culled from the phrase "got to flirt".⁶

The field from which a person may select a trademark is practically unlimited. As in all cases of colorable imitations, the unanswered riddle is why, of the millions of terms and combinations of letters and designs available, the Respondent-Registrant had to come up with a mark identical or so closely similar to another's mark if there was no intent to take advantage of the goodwill generated by the other mark⁷. When a trademark copycat copies not only the word but also the word's exact font and lettering style and in addition, he copies also the logo portion of the trademark, the slightest doubt vanishes, replaced by the certainty that the adoption was deliberate, malicious and in bad faith⁸.

Succinctly, because the Petitioner's mark and the mark registered by the Respondent-Registrant are identical and used on similar and closely related goods, it is likely that the consumers will have the impression that these goods or products originate from a single source or origin. The confusion or mistake would subsist not only on the purchaser's perception of goods but on the origin thereof as held by the Supreme Court, to wit:⁹

Callman notes two types of confusion. The first is the confusion of goods in which event the ordinarily prudent purchaser would be induced to purchase one product in the belief that he was purchasing the other. In which case, defendant's goods are then bought as the plaintiff's and the poorer quality of the former reflects adversely on the plaintiff's reputation. The other is the confusion of business. Here, though the goods of the parties are different, the defendant's product is such as might reasonably be assumed to originate with the plaintiff and the public would then be deceived either into that belief or into belief that there is some connection between the plaintiff and defendant which, in fact does not exist.

It is likely that the consumers will be impressed, or assume, or even deceived that the Respondent-Registrant's goods are imported or originated from the Petitioner, with the former acting as a licensee or a distributor.

The public interest, therefore, requires that the two marks should not be allowed to co-exist. Confusion, mistake, deception, and fraud, should be prevented. It is emphasized that the function of a trademark is to point out distinctly the origin or ownership of the goods to which it is affixed; to secure to him, who has been instrumental in bringing into the market a superior article of merchandise, the fruit of his industry and skill; to assure the public that they are procuring the genuine article; to prevent fraud and imposition; and to protect the manufacturer against substitution and sale of an inferior and different article as his product.¹⁰

⁶ Exhibit "D-1".

⁷ *American Wire and Cable Company v. Director of Patents*, G.R. No. L-26557, 18 Feb. 1970.

⁸ *Shangri-La International Hotel Management, Limited, Shangri-La Properties, Inc. Makati Shangri-La Hotel and Resort Inc. and Kuok Philippines Properties, Inc. v. Developers Group of Companies, Inc.* G.R. No. 159938, 31 Mar. 2006.

⁹ *Converse Rubber Corporation v. Universal Rubber Products Inc., et al.*, G.R. No. L-27906, 08 Jan. 1987.

¹⁰ *Pribhdas J. Mirpuri v. Court of Appeals*, G.R. No. 114508, 19 Nov. 1999.

Sec. 138 of the IP Code provides that “*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 of the registrant’s exclusive right to use the same in connection with the goods or services and those that are related thereto specified in the certificate.*” However, under this provision, it is clear that the ownership of the mark is only a presumption, and therefore may be overcome by a superior adverse claim and evidence of ownership.

In this regard, the Philippines implemented the TRIPS Agreement when the IP Code took into force and effect on 01 January 1998. Art. 15 of TRIPS Agreement reads:

Section 2: Trademarks

Article 15

Protectable Subject Matter

1. Any sign, or any combination of signs, capable of distinguishing the goods or services of one undertaking from those of other undertakings, shall be capable of constituting a trademark. Such signs, in particular words including personal names, letters, numerals, figurative elements and combinations of colours as well as any combination of such signs, shall be eligible for registration as trademarks. Where signs are not inherently capable of distinguishing the relevant goods or services, Members may make registrability depend on distinctiveness acquired through use. Members may require, as a condition of registration, that signs be visually perceptible.
2. Paragraph 1 shall not be understood to prevent a Member from denying registration of a trademark on other grounds, provided that they do not derogate from the provisions of the Paris Convention (1967).
3. Members may make registrability depend on use. However, actual use of a trademark shall not be a condition for filing an application for registration. An application shall not be refused solely on the ground that intended use has not taken place before the expiry of a period of three years from the date of application.
4. The nature of the goods or services to which a trademark is to be applied shall in no case form an obstacle to registration of the trademark.
5. Members shall publish each trademark either before it is registered or promptly after it is registered and shall afford a reasonable opportunity for petitions to cancel the registration. In addition, Members may afford an opportunity for the registration of a trademark to be opposed.

Art. 16(1) of the TRIPS Agreement states:

Article 16

Rights Conferred

1. The owner of a registered trademark 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 signs for goods or services which are identical or similar to those in respect of which the trademark is registered where such use would result in a likelihood of confusion. In case of the use of an identical sign for identical goods or services, a likelihood of confusion shall be presumed. The rights described above shall not prejudice any existing prior rights, nor shall they affect the possibility of Members making rights available on the basis of use.

Significantly, the IP Code adopted the definition of the mark under the old law on Trademarks (Rep. Act No. 166), to wit:

121.1 "Mark" means any visible sign capable of distinguishing the goods (trademark) or services (service mark) of an enterprise and shall include a stamped or marked container of goods; (Sec. 38, R.A. No. 166a).

Sec. 122 of the IP Code also states:

Sec.122. How Marks are Acquired. – The rights in a mark shall be acquired through registration made validly in accordance with the provisions of this law. (Sec. 2-A, R.A. No. 166a)

There is nothing in Sec. 122 which says that registration confers ownership of the mark. What the provision speaks of is that the rights in a mark shall be acquired through registration, which must be made validly in accordance with the provisions of the law. Significantly, Sec. 122 refers to Sec. 2-A of R.A. 166, as amended (the old Law on Trademarks), which states:

Sec.2-A. Ownership of trademarks, tradenames and service marks; how acquired. – Anyone who lawfully produces or deals in merchandise of any kind or who 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 name, or a service-mark not so appropriated by another, to distinguish his merchandise, business or service from the merchandise, business or services of others. The ownership or possession of a trade-mark, 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 are other property rights known to the law."

In *Shangri-La International Hotel Management, Ltd., et. al v. Developers Group of Companies, Inc.*, the Supreme Court defined the import and scope of Sec. 2-A of RA 166, thus:

x x x For, while Section 2 provides for what is *registrable*, Section 2-A, on the other hand, sets out how *ownership* is acquired. These are two distinct concepts.

Under Section 2, in order to register a trademark, one must be the owner thereof and must have actually used the mark in commerce in the Philippines for 2 months prior to the application for registration. Since "ownership" of the trademark is required for registration, Section 2-A of the same law sets out to define how one goes about acquiring ownership thereof. Under Section 2-A of the same law sets out to define how one goes about acquiring ownership thereof. Under Section 2-A, it is clear that actual use in commerce is also the test of ownership but the provision went further by saying that the mark must not have been so appropriated by another. Additionally, it is significant to note that Section 2-A does not require that the actual use of a trademark must be within the Philippines. Hence, under R.A. No. 166, as amended, one may be an owner of a mark due to actual use thereof but not yet have the right to register such ownership here due to failure to use it within the Philippines for two months. (Underscoring supplied)

Clearly, it is not the application or the registration that confers ownership of a

mark, but it is the ownership of the mark that confers the right to registration. A trademark is an industrial property and the owner thereof has property right over it. The privilege of being issued a registration for its exclusive use, therefore, should be based on the concept of ownership. Aptly, the presumption of ownership of a mark enjoyed by the registrant should yield to superior evidence of actual and real ownership of the mark and to the TRIPS Agreement requirement that no existing prior rights shall be prejudiced.

It is stressed that the Law on Trademarks and Tradenames is based on the principle of business integrity and common justice. This law, both in letter and spirit is laid upon the promise that, while it encourages fair trade in every way and aims to faster, and not to hamper competition, no one especially a trader, is justified in damaging or jeopardizing other business by fraud, deceit, trickery or unfair methods of any sort. This necessarily precludes the trading by one dealer upon the good name and reputation built by another.

WHEREFORE, premises considered, the instant Petition for cancellation is hereby **GRANTED**. Let the filewrapper of Trademark Registration No. 4-2009-003621 be returned, together with a copy of this Decision, to the Bureau of Trademarks for information and appropriate action.

SO ORDERED.

Taguig City, 14 May 2012.


ATTY. NATHANIEL S. AREVALO
Director IV
Bureau of Legal Affairs

