



OTTER PRODUCTS LLC,
Opposer,

-versus-

H & K TELECOM TECHNOLOGY CORP.,
Respondent- Applicant.

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}
} IPC No. 14-2012-00355
} Opposition to:
} Appln. Serial No. 4-2012-003557
} (Filing Date: 21 March 2012)
} TM: "OTTERBOX & DEVICE"
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}

NOTICE OF DECISION

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GREETINGS:

Please be informed that Decision No. 2014 - 116 dated April 24, 2014 (copy enclosed) was promulgated in the above entitled case.

Taguig City, April 24, 2014.

For the Director:


Atty. EDWIN DANILO A. DATING
Director III
Bureau of Legal Affairs



OTTER PRODUCTS LLC,

Opposer,

-versus-

H&K TELECOM TECHNOLOGY CORP.,

Respondent-Applicant.

X -----X

IPC No. 14-2012-00355

Opposition to Trademark

Application No. 4-2012-003557

(Filing Date: 21 March 2012)

Trademark: "**OTTERBOX
& DEVICE**"

Decision No. 2014- 116

DECISION

Otter Products LLC¹ ("Opposer") filed an opposition to Trademark Application Serial No. 4-2012-003557. The application, filed by H&K Telecom Technology Corporation² ("Respondent-Applicant"), covers the mark "OTTERBOX & DEVICE" for use on *"cellular telephones (mobile phones) batteries, cameras, video cameras, travel/car chargers, earphones, handsfree headsets, housings, crystal/or protective cases telephones, cordless, wireless or satellite telephones, desktop stands, microphone, speakers, headsets secured digital memory card, USB memory card"* under Class 09 of the International Classification of Goods³.

The Opposer anchors its opposition on Sec. 123.1, subparagraphs (a), (e) and (f)⁴, and Sec. 165.2, subparagraphs (a) and (b)⁵, of Rep. Act No. No. 8293, also known as the Intellectual Property Code of the Philippines ("IP Code"). According to

¹A corporation established under the laws of the United States of America ("U.S.A") with address at 209 South Meldrum Street, Fort Collins, Colorado 80521.

²With address at 17-D Fortune Palace Building, 665 Juan Luna Street, Binondo, Manila.

³ The Nice Classification is a classification of goods and services for the purpose of registering 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.

⁴Section 123.1. A mark cannot be registered if it:

(a) Consists of immoral, deceptive or scandalous matter, or matter which may disparage or falsely suggest a connection with persons, living or dead, institutions, beliefs, or national symbols, or bring them into contempt or disrepute;

x xx

(e) Is identical with, or confusingly similar to, or constitutes a translation of a mark which is considered by the competent authority of the Philippines to be well-known internationally and in the Philippines, whether or not it is registered here, as being already the mark of a person other than the applicant for registration, and used for identical or similar goods or services: Provided, That in determining whether a mark is well-known, account shall be taken of the knowledge of the relevant sector of the public, rather than of the public at large, including knowledge in the Philippines which has been obtained as a result of the promotion of the mark;

(f) Is identical with, or confusingly similar to, or constitutes a translation of a mark considered well-known in accordance with the preceding paragraph, which is registered in the Philippines with respect to goods or services which are not similar to those with respect to which registration is applied for: Provided, That use of the mark in relation to those goods or services would indicate a connection between those goods or services, and the owner of the registered mark: Provided further, That the interests of the owner of the registered mark are likely to be damaged by such use; x xx"

⁵Section 165.2. (a) Notwithstanding any laws or regulations providing for any obligation to register trade names, such names shall be protected, even prior to or without registration, against any unlawful act committed by third parties.

(b) In particular, any subsequent use of the trade name by a third party, whether as a trade name or a mark or collective mark, or any such use of a similar trade name or mark, likely to mislead the public, shall be deemed unlawful.

the Opposer, it is a global leader in the production of premier protective solutions for handheld manufacturers, wireless carriers and distributors worldwide. It avers that it started as manufacturer and seller of waterproof boxes to cater diving, outdoor and photography markets and then evolved to producer of cases that allowed interaction with a device through waterproof cases and thereafter joined the smart phone bandwagon and now makes cases to protect smart phones and other handheld devices. It recounts how it started in the garage of its founder and chairperson, Curt Richardson, until it has grown in a global company with locations in different parts of the world. The Opposer claims that "OTTERBOX" was created in 1998 when Richardson and his wife, Nancy, came up with its name while brainstorming during a drive to Denver, Colorado. The couple allegedly derived inspiration from its semi-aquatic mammal namesake, which undercoat and outer layer of hair keeps it dry and warm under the water. It also prides itself to the numerous distinctions awarded to the company. It contends that the company experienced exceptional growth in the recent years as a result of the proliferation of handphones, having landed in the top 15% of the 2011 list of fastest-growing companies as it grew more than 3000% over the past three years.

To support its opposition, the Opposer submitted the following as evidence:

1. Affidavit of Claire B. Corral;
2. printouts from Opposer's website;
3. its awards and distinctions in different categories;
4. copy of the trademark registrations issued by the US, Canada, Europe, World IntellectualProperty Office (WIPO), Hong Kong, Australia and Malaysia printed from their respective websites; and,
5. The Opposer's copyright certificate is China with its English translation.⁶

This Bureau issued on 08 February 2013 a Notice to Answer requiring the Respondent-Applicant to file its Answer to the opposition. The Respondent-Applicant filed motions for extension to file Answer which this Bureau granted. However, the Respondent-Applicant still failed to file the Answer. Thus, the Hearing Officer issued on 24 October 2013 Order No. 2013-1476 declaring the Respondent-Applicant in default and the case submitted for resolution.

Should the Respondent-Applicant be allowed to register in its favour the mark "OTTERBOX & DEVICE"?

It is emphasized that the essence of trademark registration is to give protection to the owners of trademarks. 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 out into the market a superior article of

⁶ Marked as Exhibits "C" to "T", inclusive.

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.⁷ This purpose will not be served by the co-existence in the market of the competing marks, shown below:

OTTERBOX



Opposer's marks



Respondent-Applicant's mark

The mark applied for registration by the Respondent-Applicant is simply the combination of the Opposer's marks "OTTERBOX" and "OTTERBOX' device. In this regard, the Respondent-Applicant's trademark application covers goods that are similar and/or closely related to those which the Opposer deals in under the "OTTERBOX" trademarks. Thus, it is likely that the consumers will have the impression that the parties' products originate from a single source or the sources thereof are connected or associated with one another. The likelihood of confusion would subsist not only as regards the purchaser's perception of goods but on the origins thereof as held by the Supreme Court, to wit:⁸

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, the 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

⁷ Pribhdas J. Mirpuri v. Court of Appeals, G.R. No. 114508, 19 Nov. 1999. See also Article 15, par. (1), Art. 16, par. 91, of the Trade related Aspect of Intellectual Property (TRIPS Agreement).

⁸ Converse Rubber Corporation v. Universal Products Inc. et al., G.R. No. L-27906, 08 Jan. 1987.



or into the belief that there is some connection between the plaintiff and defendant which, in fact does not exist.

Records show that the Respondent-Applicant filed its application for "OTTERBOX & DEVICE" on 21 March 2012. On the other hand, the Opposer filed its trademark applications for "OTTERBOX" and "OTTERBOX DEVICE" on 30 March 2012.

While the Respondent-Applicant's trademark application preceded the Opposer's, the latter, however, submitted evidence that the contested mark has long been in use and in fact registered by a party other than the Respondent-Applicant. The Opposer's mark was registered in the U.S.A. as early as 19 October 1999 under Registration No. 75517846. In this regard, it does not matter that the Opposer's registration is in the U.S.A. This case is not about enforcing the Opposer's U.S.A. trademark registration in the Philippines. The foreign registration is only cited and presented as a material evidence to show that the Respondent-Applicant is not the owner of the mark subject of its trademark application. If it is not the owner, then it has no right to register the mark more so that the real owner thereof objects. Succinctly, the issue is not who between the parties has the better right to the contested mark. The real issue is whether the Respondent-Applicant is the owner of the mark. If not, then it has no right to register it.

It is stressed that the Philippines implemented the TRIPS Agreement when the IP Code took into force and effect on 01 January 1998. Art. 15 of the 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 provision 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.

Article 16 (1) of the TRIPS Agreement states:

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, Sec. 121.1 of 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 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. Corollarily, Sec. 138 of the IP Code provides:

Sec. 138. Certificates 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 thereto specified in the certificate. (Emphasis supplied)

Clearly, it is not the application or the registration that confers ownership of a mark, but it is ownership of the mark that confers the right to registration. While the country's legal regime on trademarks shifted to a registration system, it is not the intention of the legislators not to recognize the preservation of existing rights of trademark owners at the time the IP Code took into effect.⁹ The registration system

⁹ See Section 236 of the IP Code.

is not to be used in committing or perpetrating an unjust and unfair claim. A trademark is an industrial property and the owner thereof has property rights over it. The privilege of being issued a registration for its exclusive use, therefore, should be based on the concept of ownership. The IP Code implements the TRIPS Agreement and therefore, the idea of "registered owner" does not mean that ownership is established by mere registration but that registration establishes merely a presumptive right of ownership. That presumption of ownership yields to superior evidence of actual and real ownership of the trademark and to the TRIPS Agreement requirement that no existing prior rights shall be prejudiced. In *E.Y. Industrial Sales, Inc. and Engracio Yap v. Shen Dar Electricity and Machinery Co., Ltd.*,¹⁰ the Supreme Court ruled:

Under this provision, the registration of a mark is prevented with the filing of an earlier application for registration. This must not, however, be interpreted to mean that ownership should be based upon an earlier filing date. While RA 8293 removed the previous requirement of proof of actual use prior to the filing of an application for registration of a mark, proof of prior and continuous use is necessary to establish ownership of a mark. Such ownership constitutes sufficient evidence to oppose the registration of a mark.

Sec. 134 of the IP Code provides that "any person who believes that he would be damaged by the registration of a mark x x x" may file an opposition to the application. The term "any person" encompasses the true owner of the mark-the prior and continuous user.

Notably, the Court has ruled that the prior and continuous use of a mark may even overcome the presumptive ownership of the registrant and be held as the owner of the mark. As aptly stated by the Court in *Shangri-la International Hotel Management, Ltd. v. Developers Group of Companies, Inc.*:

Registration, without more, does not confer upon the registrant an absolute right to the registered mark. The certificate of registration is merely a *prima facie* proof that the registrant is the owner of the registered mark or trade name. Evidence of prior and continuous use of the mark or trade name by another can overcome the presumptive ownership of the registrant and may very well entitle the former to be declared owner in an appropriate case.

x x x x

Ownership of a mark or trade name may be acquired not necessarily by registration but by adoption and use in trade or commerce. As between actual use of a mark without registration, and registration of the mark without actual use thereof, the former prevails over the latter. For a rule widely accepted and firmly entrenched, because it has come down through the years, is that actual use in commerce or business is a pre-requisite to the acquisition of the right of ownership.

¹⁰ G.R. No. 184850, 20 October 2010.

x x x x

By itself, registration is not a mode of acquiring ownership. When the applicant is not the owner of the trademark being applied for, he has no right to apply for registration of the same. Registration merely creates a prima facie presumption of the validity of the registration, of the registrant's ownership of the trademark and of the exclusive right to the use thereof. Such presumption, just like the presumptive regularity in the performance of official functions, is rebuttable and must give way to evidence to the contrary.

Moreover, this Bureau finds merit in the Opposer's contention that the mark applied for registration by the Respondent-Applicant is similar to its trade name. Sec. 165.2 of the IP Code provides:

Sec. 165.2.(a) Notwithstanding any laws or regulations providing for any obligation to register trade names, such names shall be protected, even prior to or without registration, against any unlawful act committed by third parties.

(b) In particular, any subsequent use of the trade name by a third party, whether as a trade name or a mark or collective mark, or any such use of a similar trade name or mark, likely to mislead the public, shall be deemed unlawful.

The law recognizes the protection of trade names regardless of whether the same has been previously registered or not in the Philippines.

"OTTERBOX" is unique as a trademark and a trade name. The same uniqueness persists even if the word "box" is removed from the word "otter". That it is just a coincidence that the Respondent-Applicant came up with a mark that is not only identical to the Opposer's word and device marks, but also similar to the Opposer's trade name, is too good to be true. The field from which a person may select a trademark is practically unlimited. As in all cases of colourable imitation, the unanswered riddle is why, of the millions of terms and combination of letters and designs available, the Respondent-Applicant had come up with a mark identical or so clearly similar to another's mark if there was no intent to take advantage of the goodwill generated by the other mark.¹¹

The intellectual property system was established to recognize creativity and give incentives to innovations. Similarly, the trademark registration system seeks to reward entrepreneurs and individuals who through their own innovations were able to distinguish their goods or services by a visible sign that distinctly points out the origin and ownership of such goods or services.

WHEREFORE, premises considered, the instant Opposition to Trademark Application No. 4-2012-003557 is hereby **SUSTAINED**. Let the filer wrapper of the

¹¹ American Wire and Cable Co. v. Director of Patents et. al., (SCRA 544), G.R. No. L-26557, 18 Feb. 1970.

subject trademark application be returned, together with a copy of this Decision, to the Bureau of Trademarks for information and appropriate action.

SO ORDERED.

Taguig City, 24 April 2014.


Atty. NATHANIEL S. AREVALO
Director IV, Bureau of Legal Affairs