



PHILIP MORRIS PRODUCTS S.A.,
Opposer,

-versus-

EDITH M. VILLASIS,
Respondent- Applicant.

X-----X

}
} IPC No. 14-2010-00031
} Opposition to:
} Appln. Serial No. 4-2009-001364
} Date Filed: 10 February 2009
} TM: "ASSOS AND DEVICE"
}
}
}
}

NOTICE OF DECISION

FEDERIS & ASSOCIATES
Counsel for Opposer
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141 Valero Street, Salcedo Village
Makati City

EDITH M. VILLASIS
Respondent-Applicant
No. 48 NAMARCO Compound, Numancia Street
Binondo, Manila

GREETINGS:

Please be informed that Decision No. 2014 - 149 dated June 02, 2014 (copy enclosed) was promulgated in the above entitled case.

Taguig City, June 02, 2014.

For the Director:


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



PHILIP MORRIS PRODUCTS S.A.,	} IPC NO. 14-2010-00031
Opposer,	} Opposition to:
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-versus-	} Application No. 4-2009-001364
	} Date filed : 10 February 2009
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EDITH M. VILLASIS,	} Trademark: ASSOS AND
Respondent-Applicant.	} DEVICE
	}
x-----x	} Decision No. 2014- <u>149</u>

DECISION

PHILIP MORRIS PRODUCTS S.A. (Opposer)¹ filed an opposition to Trademark Application Serial No. 4-2009-001364. The application, filed by **EDITH M. VILLASIS** (Respondent-Applicant)², covers the mark “ASSOS & DEVICE”, for use on “cigarettes” under Class 34 of the International Classification of Goods³.

The Opposer relies on the following grounds in support of its Opposition:

“a. Opposer is the true owner, prior user, and adopter of the ASSOS trademark and variations thereof for use in Class 34, which ASSOS trademark is internationally famous, and hence, the registration of the challenged ASSOS AND DEVICE of Respondent-Applicant, which is identical to Opposer’s famous ASSOS trademark, and for use also on Class 34, will contravene Sections 123.1 (e), (f) and (g) and 147 of Republic Act 8293 or the Intellectual Property Code of the Philippines (“IP Code”).

“b. Considering that the challenged ASSOS AND DEVICE mark of Respondent-Applicant is an exact replica of Opposer’s ASSOS trademark, the legal presumption therefore that arises is that it is a bad faith copy of the Opposer’s ASSOS trademark and hence, the instant application is a bad faith application and should not be allowed pursuant to Section 151 of the IP Code which proscribes registrations “obtained fraudulently or contrary to the provisions of this Act” and pursuant to the ruling in the 2007 case of Mustang-Bekleidungswerke GMBH.Co. KG vs. Hung Chiu Ming and the 2008 case of Gianni Versace, S.p.A. vs. Wallie Lee.

¹ A corporation duly organized under the laws of Switzerland with business address at Quai Jeanrenaud 3, 2000 Neuchatel, Switzerland

² Filipino with address at 48 Namarco Compound, Numancia, Binondo, Manila

³ The Nice Classification of Goods and Services is for registering trademarks and service marks based on multilateral treaty administered by the WIPO, called the Nice Agreement Concerning the International Classification of Goods and Services for Registration of Marks concluded in 1957.

"c. The approval of App. Serial No. 4-2007-011946 will cause grave and irreparable damage and injury to Opposer.

"d. The use and registration of ASSOS AND DEVICE by Respondent-Applicant will mislead the public as to the origin, nature, quality and characteristics of the goods on which it is affixed, in that the public will be led to believe that Respondent-Applicant's goods are that of Opposer or that it is licensed and/or sponsored by the latter, and hence, approval of the challenged trademark application will contravene Section 168.1 of the IP Code."

According to the Opposer:

"9. Opposer belongs to the group Philip Morris International Inc., "PMI". It was established for the purpose of producing, manufacturing, sale and distribution of tobacco products, cigarettes and related products for the global market.

"10. PMI is the world's leading international tobacco company, with products sold in approximately 160 countries worldwide. In 2008, PMI held an estimated 15.6% share of the international cigarette market outside the USA and reported revenues net of excise taxes of \$25.7 billion and operating income of \$10.2 billion. PMI has an unequalled product portfolio, led by the world's number one brand, Marlboro.

"11. Information about the Opposer and PMI and its products are available in its official website www.philipmorrisinternational.com.

"12. The ASSOS trademark was first used as a mark for cigarettes by the Papastratos Cigarette Company S.A. in year 1931. Papastratos Cigarette Company S.A. itself was established in 1930 by four Papastratos brothers.

"13. In May 1931, the Prime Minister of Greece Eleftherios Venizelos inaugurated that factory of Papastratos in Piraeus, Greece which was characterized as a technological breakthrough at that time.

"14. In 1939, Papastratos became a publicly traded company, listed in Athens Stock Exchange. In 1984, ASSOS INTERNATIONAL cigarettes were launched. Since 1985, ASSOS cigarettes have been exported to other countries. In 2003, Papastratos was acquired by PMI. Following the acquisition, it became the leading tobacco company in Greece with, among other products, the cigarettes ASSOS.

"15. Today, Papastratos Cigarette Company S.A. is the Greek affiliate of PMI, which is fully aligned with the company's international standards and proud of its local heritage.

"16. Opposer and Papastratos Cigarette Company S.A. have cause numerous trademark registrations and applications consisting of or containing 'ASSOS', in numerous countries worldwide including the Philippines. Majority of these trademark registrations and applications were filed and registered much earlier than that of the subject application.

"17. In the Philippines, Opposer filed a trademark application for ASSOS, the details of which are as follows:

Country	Mark	App. No.	Class	Filing Date
Philippines	ASSOS	4-2009-010607	34	Oct. 19, 2009

"18. The above-mentioned trademarks have been internationally used.

"19. Because of international sales and advertising, the trademark 'ASSOS' is internationally known including the Philippines.

"20. The trademark 'ASSOS' has been consistently advertised in numerous publications as and where permitted by law."

The Opposer submitted as evidence the following:

1. Legalized Special Power of Attorney dated 8 January 2010;
2. Notarized and authenticated Affidavit of Georg Punkenhofer dated 8 January 2010;
3. Certified true copies of database lists of ASSOS trademark registrations;
4. Certified true copies of ASSOS trademarks in various countries like Turkey, Greece, Ireland and Australia;
5. Certified true copies of advertisements in Armenia and Greece;
6. Certified true copy of 1991 article in a Greek newspaper about the launch of ASSOS cigarettes;
7. Affidavit of Amando Aumento, Jr. dated 25 January 2009
8. Certified true copies of extract of the register issued by the Companies Registry of the Canton of Neuchâtel; and
9. Certified true copy of Philippine Trademark Application No. 4-2009-010607 for the mark ASSOS⁴

This Bureau served upon the Respondent-Applicant a "Notice to Answer" on 19 April 2010. The Respondent-Applicant, however, did not file an Answer. Thus, the Hearing Officer issued on 22 February 2011 Order No. 2011-295 declaring the Respondent-Applicant in default.

Should the Respondent-Applicant be allowed to register the trademark ASSOS AND DEVICE?

⁴ Exhibits "A" to "J" inclusive of submarkings

The competing marks, depicted below, are identical:

ASSOS

ASSOS

Opposer's mark

Respondent-Applicant's mark

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 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.⁵ This purpose is not served by the co-existence in the market of the mark applied for registration by the Respondent-Applicant with the Opposer's. The marks are used on similar and/or closely related goods. Thus, confusion among the consumers, or even deception, is likely. The likelihood of confusion would subsist not only with respect to the purchaser's perception of goods but on the origins thereof as held by the Supreme Court, to wit:⁶

Callman notes two types of confusion. The first is the confusion of goods in which even 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 or into the belief that there is some connection between the plaintiff and defendant which, in fact does not exist.

Records show that the Opposer already obtained registration for the mark ASSOS. The registration, Serial No. 4-2009-010607 was issued on 12 August 2010. Sec. 123.1 (d) of the IP Code provides that a mark shall not be registered if it:

(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.

This Bureau noticed that the Respondent-Applicant filed her trademark application on 10 February 2009, a few months before the Opposer filed a trademark application (19 October 2009) which matured into Reg. No. 4-2009-10607. This is of no moment.

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:

⁵ *Pribhdas J. Mirpuri v. Court of Appeals*, G.R. No. 114508, 19 Nov. 1999.

⁶ *Converse Rubber Corporation v. Universal Products Inc. et al.*, G.R. No. L-27906, 08 Jan. 1987.

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, not 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)

Thus, Sec. 134 of the IP Code provides that an opposition to a trademark application may be filed by "*Any person who believes that he would be damaged by the registration of a mark*". Moreover, even if a certificate of registration has already been issued, it may be cancelled pursuant to Sec. 151 of the IP Code.

Clearly, it is not the application or the registration that confers ownership of a mark. 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.⁷ The registration system 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. Corollarily, in *E.Y. Industrial Sales, Inc. v. Shen Dar Electricity and Machinery Co., Ltd.*⁸, the Supreme Court held:

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

⁷ See Section 236 of the IP Code.

⁸ 634 SCRA 363 (2010).

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 prerequisite to the acquisition of the right of ownership.

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.

Succinctly, the Opposer established that ASSOS as a trademark for cigarettes and similar and/or closely related goods did not originate from the Respondent-Applicant. The mark has long been used and continually used by another party long before the Respondent-Applicant filed the contested application. The Respondent-Applicant even failed to explain how she came up with the mark. That it is mere coincidence that she thought of the mark ASSOS without having been inspired or motivated by intent to copy the Opposer's mark is too good to be true. In this jurisdiction, ASSOS is not descriptive or suggestive of the goods involved, and thus, highly distinctive. Because the parties are in the same line of business - dealing with cigarettes - it is not far fetch an inference that the Respondent-Applicant is well aware of the brands and trademarks pertaining to goods or products in the industry. Aptly, 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.⁹

WHEREFORE, the instant Opposition is hereby **SUSTAINED** on the grounds stated above. Let the file wrapper of Trademark Application No. 4-2009-001364 be returned, together with a copy of this Decision, to the Bureau of Trademarks for information and appropriate action.

SO ORDERED.

Taguig City, 02 June 2014.


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

⁹ *American Wire and Cable Co. v. Director of Patents et. al.*, G.R. No. L-26557, 18 Feb. 1970.