



URBAN OUTFITTERS IRELAND LIMITED,
Opposer,

-versus-

MA. JOYCE B. DEL MORAL,
Respondent-Applicant.

X-----X

IPC No. 14-2008-00211

Opposition to:

Appln. Serial No. 4-2008-001281

Date filed: 01 February 2008

TM: "FREE PEOPLE"

NOTICE OF DECISION

VERALAW (DEL ROSARIO BAGAMASBAD & RABOCA)

Counsel for the Opposer

Rosadel Building

1011 Metropolitan Avenue, Makati City

MA. JOYCE B. DEL MORAL

Respondent-Applicant

No. 257 Col. Miguel Ver Street

Brgy. Little Baguio

San Juan City

GREETINGS:

Please be informed that Decision No. 2012 - 206 dated October 17, 2012 (copy enclosed) was promulgated in the above entitled case.

Taguig City, October 17, 2012.

For the Director:


Atty. EDWIN DANILO A. DATING

Director III

Bureau of Legal Affairs



**URBAN OUTFITTERS IRELAND
LIMITED,**

Opposer,

- versus -

MA. JOYCE B. DEL MORAL,
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Date Filed: 01 February 2008

Trademark: **FREE PEOPLE**

Decision No. 2012 - 206

DECISION

URBAN OUTFITTERS IRELAND LIMITED¹ ("Opposer") filed on 15 September 2008 a Verified Notice of Opposition to Trademark Application No. 4-2008-001281. The application, filed by MA. JOYCE B. DEL MORAL² ("Respondent-Applicant"), covers the mark FREE PEOPLE for use on "*clothing, namely t-shirt, blouse, polo, polo shirt, denims pants and jacket, casual and dress jackets, vests and coats for men, women, and children; footwear, namely casual, formal, rubber, athletic, and leather shoes*" under Class 25 of the International Classification of Goods³. The Opposer alleges, among other things, the following:

"10. The registration of the mark FREE PEOPLE in the name of the Respondent-Applicant will violate and contravene Section 123.1 (e) and (g) of the Intellectual Property Code because said mark is identical to the internationally well-known mark FREE PEOPLE owned, registered and unabandoned by the Opposer;

x x x

"12. Opposer is the owner and prior user of the mark FREE PEOPLE, having used the same in connection with clothes and clothing accessories in as early as 1970 or nearly half a century ago, when Mr. Richard Hayne opened the first store in Philadelphia, Pennsylvania, U.S.A.;

"13. Since its first use in 1970, the popularity of the FREE PEOPLE clothing line spread like a wildfire;

"14. As of January 31, 2008, there are more than one hundred company-owned stores, plus more than one thousand (1,000) dealers, department stores, clothing stores and boutique worldwide carrying Opposer's FREE PEOPLE clothing lines.

"15. In addition to the above-mentioned boutiques and clothing stores, Opposer's FREE PEOPLE clothing line is also sold through the FREE

1 A corporation duly organized and existing under and by virtue of the laws of Ireland with principal office address at 6th Floor, South Bank House Barrow Street, Dublin 2, Ireland.

2 With given address at 257 Colonel Miguel Ver St., San Juan, Metro Manila.

3 The Nice Classification is a classification of goods and services for the purpose of registering trademarks and service marks, based on a multilateral administered by the World Intellectual Property Organization. This treaty is called the Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks concluded in 1957.

Republic of the Philippines

INTELLECTUAL PROPERTY OFFICE

Intellectual Property Center, 28 Upper McKinley Road, McKinley Hill Town Center

PEOPLE website (www.freepeople.com);

"16. Last year alone, the free people website received about Three Million Three Hundred Thousand unique visits (3.3 million) showing the unprecedented popularity and acclaim of Opposer's FREE PEOPLE clothing line;

"17. As of January 31, 2008, which was the end of the fiscal year, Opposer's FREE PEOPLE clothing line has sold approximately US \$112,000,000.00 or about Php5,000,000,000.00 worth of garments;

"18. Opposer also holds numerous registrations for the mark FREE PEOPLE in various jurisdictions worldwide summarized as follows:

	Trademark	Country of Registration	Date of Registration
1	Free People	United States	March 22, 1994
2	Free People	United States	September 30, 2003
3	Free People	Australia	April 11, 1994
4	Free People	Canada	November 17, 1995
5	Free People	European Union	March 8, 2006
6	Free People	France	March 13, 1994
7	Free People	Germany	November 8, 1994
8	Free People	Hong Kong	April 11, 1996
9	Free People	Israel	October 15, 2006
10	Free People	Israel	February 14, 2008
11	Free People	Italy	May 17, 1996
12	Free People	Japan	September 5, 1997
13	Free People	Korea	April 11, 2006
14	Free People	Lebanon	April 21, 2008
15	Free People	Spain	April 5, 1994
16	Free People	United Kingdom	May 24, 1995

"19. In addition, Opposer also holds registration for the FREE PEOPLE mark through the international registration system of the World Intellectual Property Organization in the following countries: Australia, Bahrain, Morocco, Norway, Oman, the People Republic of China, the Russian Federation, Singapore, Switzerland, Syria and Turkey; and has pending applications in: Brazil, Canada, Hong Kong, Japan, Korea, Mexico, the Kingdom of Saudi Arabia, the United Arab Emirates and Uruguay;

"20. As can be clearly seen, Opposer's FREE PEOPLE mark is already registered in countless territorial jurisdiction even before Respondent-Applicant filed her application in the Philippines;

"21. In the Philippines, the mark FREE PEOPLE is subject of a pending application dated March 13, 2008, under Application No. 4-2008-500192 in the name of Opposer for goods under Classes 25 and 35 specifically for goods namely "clothing, including shoes" and "retail sales of clothing and accessories";

"22. Also, in the Philippines, the FREE PEOPLE clothing line is amongst the most popular clothing line for the middle and upper level consumers;

"23. The FREE PEOPLE clothing line is being sold in a number of establishments in the Philippines including Crossings Department Store located at the plush Shangri-La Mall, as shown by the affidavit of Ms. Emily O. Viray who was able to purchase one of Opposer's FREE PEOPLE clothes;

"24. In the fiscal year ending January 31, 2007, the total Philippine sales of Opposer's FREE PEOPLE clothing line amounted to about US \$6,000.00 or about Php300,000.00. In the following fiscal year that ended January 31, 2008, the aforementioned sales figure ballooned to a whopping US \$28,323.00 or about Php1,500,000.00; and

"25. With the above factual circumstances, there cannot be any doubt whatsoever that Opposer's mark FREE PEOPLE is well-known not only abroad but also in the Philippines."

The Opposer's evidence consists of the following:

1. Exhibit "A" - Copy of the duly executed and notarized Special Power of Attorney;
2. Exhibit "B" - Verification and Certification against Forum Shopping executed by Ruby Alonte, an Associate of Vera Law;
3. Exhibit "C" - Printout of Respondent-Applicant's trademark application;
4. Exhibit "D" - Affidavit Direct Testimony of John E. Kyees;
5. Exhibit "E" - Printout of Opposer's trademark application in the Philippines;
6. Exhibit "F" - Affidavit of Ms. Emily Viray together with its annexes which includes a photograph of the labels of Opposer's FREE PEOPLE line and a receipt for said clothes; and
7. Exhibit "G" - Copy of the decision rendered by the Office of the Director General of the IPO in the case of *Shen Dar Electricity Machinery Co. Ltd. v. E. Y. Industrial Sales, Inc.*

This Bureau issued an Order dated 14 October 2008 which noted and made of record the Manifestation filed by Opposer on 26 September 2008 with the attached legalized Special Power of Attorney marked as Exhibit "H" and the legalized Affidavit Direct Testimony of Mr. Kyees marked as Exhibit "I".

The Respondent-Applicant filed her Verified Answer on 21 October 2008 denying the material allegations in the Opposition and alleging the following special affirmative defenses:

- "11. Respondent-Applicant has no personal knowledge to the allegations

of the facts raised in paragraphs 12 to 25. Respondent-Applicant has not heard nor has she ever purchased the said product of Opposer or the FREE PEOPLE product;

"12. In the Philippines, Respondent-Applicant is the first to file the mark on 01 February 2008, as against Opposer who filed the mark only on 13 March 2008 under application no. 4-2008-500192. The application was filed in good faith, without knowledge of the prior existence of the mark FREE PEOPLE, and without fraud or malice;

"13. No documentary evidence has been shown regarding the alleged:

- a. More than 1,000 dealers, department stores, etc. carrying Opposer's FREE PEOPLE clothing line;
- b. Existence of the website of FREE PEOPLE at the time of the application of the mark by Respondent-Applicant;
- c. Popularity of the FREE PEOPLE mark and/or the 3.3 million visits;
- d. Sale of approximately USD112,000,000.00 worth of garments, as no financial statements were submitted;
- e. Numerous trademark registrations of FREE PEOPLE in the name of Opposer. No certificate of registration has been submitted by Opposer to support this contention;
- f. Trademark registration of the mark through the international registration system. No documentary proof has been submitted;
- g. Sales in the Philippines. No financial statement was submitted by Opposer to support their allegation of total sale in the Philippines;
- h. Use as early as 1970. Opposer could have proven or supported their allegation by submitting their trademark registrations but the latter failed to do so.
- i. Use of the mark FREE PEOPLE in the Philippines as early as 2006. No sales or distributorship agreement has been presented to support said allegation.

"14. Respondent-Applicant has no knowledge that FREE PEOPLE is being sold in Crossing Department Store in Shangri-La Mall or in anywhere else. The affidavit of Emily O. Viray states that she was able to purchase a FREE PEOPLE product only on 11 September 2008. The evidence or statement does not show that the establishment began selling FREE PEOPLE products prior to the application of Respondent-Applicant, which is 01 February 2008;

"15. Assuming that Crossing Department Store is selling products with the mark FREE PEOPLE, it does not show that they have prior rights as against Respondent-Applicant;

"16. Respondent-Applicant applied for the mark first on 01 February 2008, prior to the sale in Crossing Department Store using the mark FREE PEOPLE;

"17. Respondent-Applicant denies that the present application was made in bad faith and malice, neither is the mark a well-known mark under R. A. 8293;

"18. Respondent-Applicant, being a middle level consumer, the mark FREE PEOPLE is not popular or even known to Respondent-Applicant;

"19. The mark FREE PEOPLE being unknown in the Philippines, Respondent-Applicant could not be said to have been free riding on the popularity and goodwill of Opposer, as Opposer has not shown an iota of evidence to support its contention of ownership of the mark FREE PEOPLE;

"20. No confusion will result in the public as FREE PEOPLE is unknown to the Filipino people;

"21. The mark FREE PEOPLE is created by the Opposer in February 2008 because of the EDSA revolution. Respondent-Applicant, as a Filipino, knows that the Filipino people love their freedom so much that it resulted in the toppling of the dictator Ferdinand Marcos;

"22. Respondent-Applicant chose the term FREE PEOPLE in order to describe the nature of the Filipinos, and being the first to use the mark, Respondent-Applicant is entitled to the protection provided for under the Intellectual Property Code;

"23. In the Affidavit of John E. Kyees, it is stated that he is an employee of URBAN OUTFITTERS, INC. and not the Opposer. His statement is irrelevant to the present proceedings as the Opposer is URBAN OUTFITTERS IRELAND LIMITED. Being a different company from Opposer, John Kyees has no personal knowledge of the mark FREE PEOPLE of Opposer;

"24. The allegations in the Affidavit of John Kyees is irrelevant and inadmissible as there is no documentary evidence showing that URBAN OUTFITTERS IRELAND LIMITED is a subsidiary of URBAN OUTFITTERS INC.;

"25. The website or the catalogue (Annex A and B attached to the Affidavit of John Kyees) does not show or state that it is owned by Opposer URBAN OUTFITTERS IRELAND LIMITED;

"26. No documentary evidence was shown that URBAN OUTFITTERS IRELAND LIMITED authorized URBAN OUTFITTERS INC. to use the mark FREE PEOPLE;

"27. The alleged internet sale in the Philippines (Annex A of the Affidavit of John Kyees) shows that the sale was made by URBAN OUTFITTERS INC. and not Opposer."

The Respondent-Applicant's evidence consists of the Verified Answer⁴ consisting of eight (8) pages and the Affidavit⁵ of Ma. Joyce B. Del Moral consisting of five (5) pages.

The Opposer subsequently filed its Reply on 06 November 2008 together with a copy of the Board Resolution⁶, Supplemental Affidavit of Mr. Kyees⁷ and the Affidavit of Ms. Penelope Ngu⁸. The preliminary conference was terminated on 14 January 2009. Afterwhich, the parties submitted their respective position papers.

Without delving into the merit of the case, the instant opposition should be dismissed for failure to comply with fundamental rules of procedure.

The Respondent-Applicant, in her Verified Answer, challenged the authority of Mr. John E. Kyees to issue the Special Power of Attorney ("SPA") on behalf of the Opposer and also of the validity of the Verification and Certification of Non-Forum Shopping executed by the Opposer's counsel.

The records show that Mr. John E. Kyees, purportedly, the Director of the Opposer, executed and signed a Special Power of Attorney ("SPA") appointing and empowering the law firm DEL ROSARIO BAGAMASBAD & RABOCA to act, among other things, in behalf of the Opposer in the filing of the notice of opposition including the execution of the verification and certification against forum shopping. On basis thereof, Atty. Ruby Christine Alonte, an associate of the aforementioned law firm, signed the said Verification and Certification Against Forum Shopping. However, no document was submitted showing the authority of Mr. Kyees to sign and execute the SPA in behalf of the Opposer.

In order to allegedly cure the defect, the Opposer attached to its Reply a copy of the Minutes of Board Meeting affirming the appointment of Mr. John Kyees as Director of the company. However, a perusal of the said Minutes of Board Meeting show that it was a mere copy and is not legalized or authenticated by the appropriate Philippine Consular Office hence, cannot be received in evidence. In effect, the Opposer failed to prove the authority of Mr. Kyees to execute and sign the Special Power of Attorney on behalf of the company. The Opposer likewise attached to its Reply a Supplemental Affidavit stating that Mr. John Kyees is an employee of Urban Outfitters, Inc. holding the position of Chief Financial Officer and at the same time an Executive Officer of Opposer's subsidiary companies. However, aside from the lone affidavit of its witness, Opposer failed to prove that it is indeed a subsidiary of Urban Outfitters, Inc. and that the latter authorized its employee to execute and sign the Special Power of Attorney on behalf of the Opposer.

It has been settled that a subsidiary has an independent and separate juridical personality distinct from that of its parent company. The Supreme

4 Exhibit "1"

5 Exhibit "2"

6 Exhibit "J"

7 Exhibit "K"

8 Exhibit "L"

Court held:

"While it is true that Aircon is a subsidiary of the petitioner, it does not necessarily follow that Aircon's corporate legal existence can just be disregarded. In *Velarde v. Lopez, Inc.*, the Court categorically held that a subsidiary has an independent and separate juridical personality, distinct from that of its parent company; hence, any claim or suit against the latter does not bind the former, and vice versa. In applying the doctrine, the following requisites must be established: (1) control, not merely majority or complete stock control; (2) such control must have been used by the defendant to commit fraud or wrong, to perpetuate the violation of a statutory or other positive legal duty, or dishonest acts in contravention of plaintiff's legal rights; and (3) the aforesaid control and breach of duty must proximately cause the injury or unjust loss complained of.

The records bear out that Aircon is a subsidiary of the petitioner only because the latter acquired Aircon's majority of capital stock. It, however, does not exercise complete control over Aircon; nowhere can it be gathered that the petitioner manages the business affairs of Aircon. Indeed, no management agreement exists between the petitioner and Aircon, and the latter is an entirely different entity from the petitioner. "⁹

There being no clear proof that Mr. John Kyees was authorized to sign the Special Power of Attorney on behalf of the Opposer, the authority given by Mr. Kyees to the signatories to the verification and certification against forum shopping is likewise defective.

Rule 2, Section 7.3 of the Rules and Regulations on Inter Partes Cases, as amended, provides:

7.3. If the petition or opposition is in the required form and complies with the requirements including the certification of non-forum shopping, the Bureau shall docket the same by assigning the Inter Partes Case Number. Otherwise, the case shall be dismissed outright without prejudice. A second dismissal of this nature shall be with prejudice.

Time and again, the Supreme Court has ruled that it is obligatory for the one signing the verification and certification against forum shopping on behalf of the principal party or the other petitioners that he/she has the authority to do the same.¹⁰ If the real party-in-interest is a corporate body, an officer of the corporation can sign the certification against forum shopping so long as he has been duly authorized by a resolution of its board of directors.¹¹ If the certification against forum shopping signed by a person on behalf of a corporation, is unaccompanied by proof that said signatory is authorized to file a petition on behalf of the corporation, the same shall be sufficient ground to dismiss the case.¹²

⁹ *Jardine Davies, Inc. v. JRB Realty, Inc.*, G. R. No. 151438, 15 July 2005.

¹⁰ *Fuentabella v. Rolling Hills Memorial Park*, G. R. No. 150865, 30 June 2006.

¹¹ *Supra*.

¹² *Mediserv, Inc. vs. Court of Appeals, et al.*, G.R. No. 161368, 05 April 2010.

WHEREFORE, premises considered, the instant Opposition to Trademark Application No. 4-2008-001281 is hereby **DISMISSED**. Let the filewrapper of the 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, 17 October 2012.



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