



ALTACROP PROTECTION CORP.,
Petitioner,

-versus-

KEMISTAR CORPORATION,
Respondent-Registrant.

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IPC No. 14-2011-00555
Cancellation of:
Reg. No.4-2007-008098
Date Issued: 28 April 2008
TM: "SHELTER 2, 4-D"

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NOTICE OF DECISION

FELICILDA & ASSOCIATES
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GREETINGS:

Please be informed that Decision No. 2015 - 119 dated June 26, 2015 (copy enclosed) was promulgated in the above entitled case.

Taguig City, June 26, 2015.

For the Director:


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



<p>ALTACROP PROTECTION CORPORATION, Petitioner,</p> <p style="text-align: center;">-versus-</p> <p>KEMISTAR CORPORATION, Respondent-Registrant.</p> <p>x-----x</p>	<p>IPC NO. 14-2011-00555 }Petition for Cancellation }Reg. No. 4-2007-008098 }Date registered: 28 April 2008 } }Trademark: "SHELTER 2, 4-D" } }Decision No. 2015- 119</p>
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DECISION

ALTACROP PROTECTION CORPORATION, (Petitioner)¹ filed a petition for cancellation of Trademark Registration No.4-2007-008098. The registration, in the name of KEMISTAR CORPORATION (Respondent-Registrant)², covers the mark "SHELTER 2, 4-D", for use on "herbicide for the control of sedges and broadleaf weeds in rice, corn and sugarcane" under Class 5 of the International Classification of Goods³.

The Petitioner anchors its petition on the following grounds:

- "I. Petitioner is the true owner and prior user and adopter of the trademark 'SHELTER 2, 4-D AMINE'.
- "II. Respondent-Assignee obtained the registration of the 'Shelter 2, 4-D' under Registration No. 4-2007-008098 fraudulently and in bad faith.
- "III. Considering that the mark 'Shelter 2, 4-D' of Respondent-Assignee is identical to, or confusingly similar with the Petitioner's mark 'SHELTER 2, 4-D AMINE' the former should have been registered in the name of Respondent-Assignee pursuant to Sections 123.1 (G) of the IP Code which relates to Petitioner's rights as true owner, prior adopter and user of 'SHELTER 2, 4-D AMINE'.
- "IV. The continued registration of 'Shelter 2, 4-D' will enable the Respondent-Assignee to unfairly profit commercially from the goodwill, fame and notoriety of

¹ A domestic corporation duly organized and existing under Philippine laws with business address at Unit 3 4F Marcelita Building, 2560 National Highway, Brgy. Real, Calamba, Laguna
² A domestic corporation duly organized and existing under Philippine laws with business address at No. 62-E WYH Building, Katipunan Street, Concepcion Dos, Marikina City
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.

the trademark 'SHELTER 2, 4-D AMINE', to the damage and prejudice of the Petitioner herein contrary to Section 168.1 of the IP Code; and

"V. The continued registration of 'Shelter 2, 4-D' will enable the Respondent-Assignee to unfairly profit commercially from the goodwill, fame and notoriety of the trademark 'SHELTER 2, 4-D AMINE', to the damage and prejudice of the Petitioner herein contrary to Section 169.1 (A) of the IP Code; and

"VI. Respondent-Assignee's use and registration of the trademark 'Shelter 2, 4-D' will diminish the distinctiveness and dilute the goodwill of Petitioner's mark 'SHELTER 2, 4-D AMINE'.

According to the Petitioner:

"4. Petitioner is a Philippine corporation which specializes in the manufacturing, sale and distribution of herbicides, pesticides and other agricultural products. Petitioner was incorporated on 14 February 2005 and issued with Company Reg. No. CS200502274 by the Securities and Exchange Commission. xxx

"6. Petitioner owns, manufactures markets and distributes agricultural products including but not limited to the following:

- 6.a. SHELTER 2, 4-D, AMINE
- 6.b. SHELTER 2, 4-D ESTER
- 6.c. CROPGUARD 50 WP
- 6.d. SPARROW 50 SP
- 6.e. ATTACK 5R
- 6.f. TORCH 2.5 EC
- 6.g. NINJA STAR 6% PELLETS; and
- 6.h. SWIPE 70 WP

"7. All said products are registered with the Department of Agriculture-Fertilizer and Pesticide Authority (DA-FPA), particularly, SHELTER 2,4-D AMINE under Product Registration No. 351-013-1660.

"8. SHELTER 2, 4-D AMINE is also registered with the Intellectual Property Office -Bureau of Trademarks under Certificate of Registration No. 4-2007-010899.

"9. The assailed registration, on the other hand was filed by a CARMELITO V. ROY ('Assignor Roy') on 27 July 2007 which ultimately matured into registration on 28 April 2008 under Certificate of Registration No. 4-2007-008098 for herbicide for the control of sedges and bradleaf weeds in rice, corn and sugarcane under Class 5. xxx"

To support its petition, the Petitioner submitted as evidence the following:

1. Certified true copies of the Articles of Incorporation and By-laws of Altacrop Protection Corporation issued by the Securities and Exchange Commission dated 14 February 2005;
2. Certified true copy of Trademark Registration No. 4-2007-010899 for the mark "SHELTER 2, 4-D AMINE" issued to Altacrop Protection Corporation on 23 March 2009;
3. Certified true copy of Trademark Registration No. 4-2007-008098 for the mark "SHELTER 2, 4-D" issued to Carmelito V Roy on 24 October 2011;
4. Certified true copy of Amended Articles of Incorporation and By-laws of Respondent-Assignee Kemistar Corporation issued by the Securities and Exchange Commission dated 6 January 2011;
5. Certified true copy of Articles of Incorporation and By-laws of Kemistar Corporation issued by the Securities and Exchange Commission dated 24 June 1993;
6. Certified true copy of Certificate of Product Registration No. 351-013-1660 dated 6 April 2011 issued by the Fertilizer and Pesticide Authority;
7. Status of Application issued by the Fertilizer and Pesticide Authority dated 7 December 2006;
8. Certification from the Fertilizer and Pesticide Authority regarding Carmelito Roy status;
9. Declaration of Actual Use dated 27 January 2011;
10. Representative Sales Invoices of Altacrop Protection Corporation showing sales of SHELTER 2, 4-D invariably dated in 2007 and 2008;
11. Affidavit of Grace Mogar dated 31 December 2011; and⁴
12. Secretary's Certificate dated 13 December 2011.

The Respondent-Applicant filed its Answer on 12 April 2012, alleging among other things, the following affirmative and special defenses:

"12. Respondent-is engaged in the manufacture, production and sale of agrochemicals;

"13. Agrochemical (or agrichemical), a contraction of agricultural chemical, is a generic term for the various chemical products used in agriculture. In most cases, agrochemical refers to the broad range of insecticides, herbicides and fungicides, but it may also include synthetic fertilizers, hormones and other chemical growth agents, and concentrated stores of raw animal manure;

"14. On 17 December 2004, respondent-registrant lodged an application with the Bureau of Trademarks to register the wordmark SHELL 2, 4-D ESTER for goods falling under International Class 5 namely, herbicide for the control of sedges and broadleaf weeds in rice, corn and sugarcane. The said application was docketed as Application No. 4-2004-011937;

"15. Respondent-registrant started using in earnest the trademark SHELL 2, 4-D ESTER on 3 January 2005. The nationwide, extensive and widespread sale of

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

products bearing the SHELL 2, 4-D ESTER trademark attracted attention and gained notice not only from consumers but also from companies engaged in the marketing and sale of pesticide products who saw a big potential of success and profit on the product;

"16. In March 2005, petitioner approached respondent-registrant with a proposal to use the trademark SHELL 2, 4-D ESTER in exchange for a fee which petitioner was willing to pay the respondent-registrant. The initial proposal of petitioner was followed by intense negotiations that culminated into a Memorandum of Agreement being entered into by the herein parties on 23 May 2005;

"17. Under the said Memorandum of Agreement, respondent-registrant gave petitioner the right to use the trademark SHELL 2, 4-D ESTER for three consecutive years from the date of the signing of the Memorandum of Agreement. Petitioner, on the other hand, will pay the respondent-registrant the sum of US\$8,000.00 for the first year of the contract for the right to use the SHELL 2, 4-D ESTER trademark;

"18. It is apt to underscore that Memorandum of Agreement also required petitioner to clearly state on the labels of products that respondent-registrant is the registered owner of the trademark SHELL 2, 4-D ESTER. The design, logo, format, size, appearance, contents, color of the labels to be used were mutually agreed upon by the parties.

"19. In the meantime, on 28 June 2006, respondent-registrant applied for the registration of the mark SHELL 2, 4-D ESTER & Logo, under Application No. 4-2006-006921, which is a composite trademark consisting of the words, numbers and letter SHELL 2, 4-D ESTER in block capitals and the logo of geometric patterns, the design of growing leaves and pictures of plants and bushes. Xxx

"20. On 15 February 2007, Certificate of Registration No. 4-2004-011937 issued for the wordmark SHELL 2, 4-D ESTER of respondent-registrant. Similarly, on 21 May 2007, Certificate of Registration No. 4-2006-006921 also issued for the composite trademark SHELL 2, 4-D ESTER & Logo for goods falling under International Class 5 namely, herbicide for the control of sedges and broadleaf weeds in rice, corn and sugarcane. The said twin trademark registrations obtained by respondent-registrant each have a term of ten (10) years;

"21. Respondent-registrant is also the owner of record of Certificate of Registration No. 4-2007-008098 for the trademark SHELTER 2,4-D in respect of herbicides for the control of sedges and broadleaf weeds in rice, corn and sugarcane in International Class 5. Respondent-registrant's SHELTER 2, 4-D mark has a date of registration of 28 April 2008, a filing date of 27 July 2007 and a date of first use of 8 March 2001, all of which antecedes the dates of registration, filing of the application and constructive first use of petitioner's trademark SHELTER 2, 4-D AMINE.

"22. Respondent-registrant acquired the rights, goodwill, title and interests to the trademark SHELTER 2, 4-D from its original owner, Carmelito V. Roy, pursuant to an Assignment of Mark dated 24 October 2011.

xxx

"33. Unlike Petitioner, respondent-registrant has built a substantial business on its agrochemical products and has spent and will continue to spend considerable sums of money, time and effort in advertising and promoting its mark agrochemical products without having made the least attempt to palm off its goods as emanating or associated in any way with the petitioner.

xxx

"38. Petitioner has no cause of action against the respondent-registrant and has no justifiable legal ground to seek the cancellation of the trademark registration of respondent-registrant.

"39. Petitioner's registration for the trademark SHELTER 2, 4-D AMINE is invalid because it was obtained through fraud during the existence of the prior registration for SHELTER 2,4-D of respondent-registrant which, to date, is still valid, effective and not cancelled in the Principal Register of the Bureau of Trademarks.xxx"

The Respondent-Registrant submitted as evidence, the following:

1. Affidavit -Direct Testimony of Jose D. Cruz dated 12 April 2012;
2. Memorandum of Agreement dated 23 May 2005 between Altacrop Protection Corporation and Kemistar Corporation;
3. Label of SHELL 2, 4-D ESTER and Logo;
4. Certified true copy of Certificate of Registration No. 4-2004-011937 for the mark "SHELL 2, 4-D ESTER" issued on 15 February 2007 to Kemistar Corporation;
5. Certified true copy of Certificate of Registration No. 4-2006-006921 for the mark "SHELL 2, 4-D ESTER AND LOGO issued on 21 May 2007;
6. Addendum to Memorandum of Agreement dated December 2007 between Altacrop Protection Corporation and Kemistar Corporation;
7. Letter to Altacrop Protection Corporation dated 9 June 2010;
8. Letter to Altacrop Protection Corporation dated 2 August 2010; and
9. Copy of Certificate of Registration No. 4-2007-008098 for the mark "SHELTER 2, 4-D" issued on 28 April 2008 in the name of Kemistar Corporation; and
10. Copy of label of SHELTER 2, 4-D AMINE.⁵

The Preliminary Conference was held on 24 September 2012 wherein the parties were directed to file their position papers.

⁵ Exhibits "1" to "11" inclusive of submarkings

Should the Respondent-Registrant's trademark registration "SHELL 2, 4-D" be cancelled?

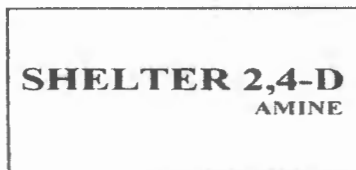
Section 151 of the IP Code provides:

Section 151. Cancellation – 151.1. 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:

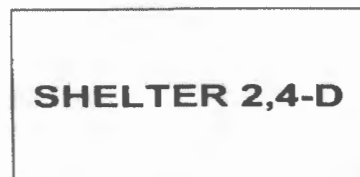
- (a) Within five (5) years from the date of registration of the mark under this Act.
- (b) At any time if the registered mark becomes the generic name for the goods or services or a portion thereof, for which it is registered or has been abandoned, or its registration obtained fraudulently, or contrary to the provisions of this Act, or if the registered mark is used by, or with the permission of the registrant so as to misrepresent the source of the goods or services or in connection with which the mark is used.

Records show that the Respondent-Registrant secured its registration for the mark SHELTER 2, 4-D under Registration No. 4-2007-008098 on 28 April 2008⁶. The Petitioner secured a Registration No. 4-2007-010899 for its SHELTER 2, 4-D AMINE trademark 23 March 2009⁷.

The subject marks are depicted below:



Petitioner's mark



Respondent-Registrant's

Scrutinizing the composition of the trademarks involved in this case, it is observed that both marks, are identical in word and numbers "SHELTER 2, 4-D, differing only in inclusion of the word "AMINE" in the Petitioner's mark. The Respondent-registrant has an earlier filing date of 27 July 2007 while the Petitioner filed its application in 1 October 2007.

This Bureau emphasizes, however, that 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. The Philippines implemented the World Trade Organization Agreement on the Trade - Related Aspects of Intellectual Property ("TRIPS Agreement") when the IP

⁶ Exhibit "10"

⁷ Exhibit "C"

Code took into force and effect on 1 January 1998.⁸ In the TRIPS Agreement, it is stated:

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 also states:

Sec.122. How Marks Are acquired.- The rights in a mark shall be acquired through registration made validly in accordance with the provision of this law.

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 the mark shall be acquired through registration, which must be made validly in accordance with the provision of the law.

Corollarily, Sec. 138 of the IP Code states:

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 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.

Aptly, even if a mark is already registered, the registration may still be cancelled pursuant to Sec. 151 of the IP Code. The Supreme Court explains:

In other words, the prima facie presumption brought about by the registration of a mark may be challenged and overcome, in an appropriate action, by proof of the nullity of the registration or of non-use of the mark, except when excused.²³ Moreover, the presumption may likewise be defeated by evidence of prior use by another person, i.e., it will controvert a claim of legal appropriation or of ownership based on registration by a subsequent user. This is because a trademark is a creation of use and belongs to one who first used it in trade or commerce.⁹

⁸ See Sec. 2: Trademarks, Art. 15 (Protectable Subject Matter)

⁹ Berris Agricultural Co., Inc. v. Norvy Abyadang, G.R. 183404, October 13, 2010

In the instant case, the Petitioner proved that it is the originator and owner of the mark SHELTER 2, 4-D. The Petitioner submitted a correspondence received from the Fertilizer and Pesticide Authority under the Department of Agriculture dated 7 December 2006 regarding the Petitioner's status of application for pesticide registration¹⁰. In said letter, the Fertilizer and Pesticide Authority, approved the brand name SHELTER 2,4-D. On 16 September 2011, it issued a certification¹¹ that Mr. Carmelito Roy, the Respondent-registrant's assignor/predecessor-in-interest, had no license to distribute or sell "SHELTER 2, 4-D"; "AMINE". In this regard, the Petitioner cites Section 9 of Presidential Decree No. 1144¹², which states, to wit:

Section 9. Registration and Licensing. No pesticides, fertilizer or other agricultural chemical shall be exported, imported or manufactured, formulated, stored, distributed, sold or offered for sale, transported, delivered for transportation or used unless it has been duly registered with the FPA or covered by a numbered provisional permit issued by FPA for use in accordance with the conditions stipulated in the permit.xxx

No person shall engage in the business of exporting, importing, manufacturing, formulating, distributing, supplying, repacking, storing, commercially applying, selling, marketing of any pesticides, fertilizer and other agricultural chemicals except under a license issued by the FPA.

In addition, the Petitioner submitted sales invoices¹³ clearly indicating the mark "SHELTER 2,4-D AMINE" proving that it commercially sold the products bearing the mark in the years 2007 and 2008, the earliest sales invoice dated 17 January 2007¹⁴, earlier than the Respondent-Registrant's filing date. As such, having established earlier use and ownership of the mark SHELTER 2, 4-D AMINE, the Petitioner would be damaged by Respondent-Registrant's continued registration of the mark, SHELTER 2, 4-D. The Respondent-Registrant relies on the Memorandum of Agreement¹⁵ signed between the parties and its Registration No. 4-2004-011937 for the mark SHELL 2, 4-D. However, it is noted that this Agreement governs the terms of the parties' use of the trademark "SHELL 2, 4-D ESTER"; the submission of the Respondent-Registrant of the trademark "SHELL 2, 4-D" for registration with the Intellectual Property Office and not "SHELTER 2, 4-D", and therefore irrelevant in threshing out the issues in this case. SHELTER and SHELL are not the same and the letter/numbers "2, 4-D" is an active ingredient.

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

¹⁰ Exhibit "I"

¹¹ Exhibit "J"

¹² "Creating the Fertilizer and Pesticide Authority and Abolishing the Fertilizer Industry Authority", 30 May 1977

¹³ Exhibit "L" with submarkings

¹⁴ Exhibit "L", "L"-1

¹⁵ Exhibit "2"


Callman notes two types of confusion. The first is the confusion of goods in which event the ordinary 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.¹⁶

The public interest, therefore, requires that two marks, identical to or closely resembling each other and used on the same and closely related goods, but utilized by different proprietors should not be allowed to co-exist. Confusion, mistake, deception, and even 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.¹⁷

WHEREFORE, premises considered, the instant Petition for Cancellation of Trademark Registration No.4-2007-008098 is hereby GRANTED. Let the filewrapper of the subject trademark be returned, together with a copy of this Decision, to the Bureau of Trademarks for information and appropriate action.

SO ORDERED.

Taguig City, 26 June 2015.


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

¹⁶*Converse Rubber Corp. v. Universal Rubber Products, Inc., et. al.*, G. R. No. L-27906, 08 January 1987.

¹⁷*Pribhdas J. Mirpuri v. Court of Appeals*, G. R. No. 114508, 19 November 1999, citing *Etepha v. Director of Patents, supra, Gabriel v. Perez*, 55 SCRA 406 (1974). See also Article 15, par. (1), Art. 16, par. (1), of the Trade Related Aspects of Intellectual Property (TRIPS Agreement).