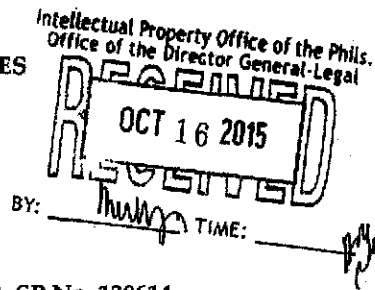


REPUBLIC OF THE PHILIPPINES
COURT OF APPEALS
MANILA



GALLERIA FLOOR CENTER, INC.,
Petitioner,

- versus -

CA-G.R. SP No. 138614

THE WORLD OF TILES, INC.,
Respondent.

x-----x

October 1, 2015

NOTICE OF DECISION

Greetings:

Please take notice that on **October 1, 2015**, a **DECISION**, copy hereto attached, was rendered in the above-entitled case by the **EIGHTH DIVISION**, of the Court of Appeals, Manila, the original of which is now on file with this Court.

You are hereby required to inform this Court within **FIVE (5)** days from notice hereof of the date when you received this notice and the attached copy of the decision.

Respectfully yours,

TERESITA R. MARIGOMEN
Clerk of Court

By: *[Signature]*
TERESITA C. CUSTODIO
Division Clerk of Court

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Republic of the Philippines
COURT OF APPEALS
Manila

EIGHTH (8TH) DIVISION

**GALLERIA FLOOR CENTER, CA-G.R. SP No. 138614
INC.,**

Petitioner, Members:

DIMAAMPAO, J. B.,
Chairperson,
DIAMANTE, F. N. and
MANAHAN, C.S., JJ.

-versus-

THE WORLD OF TILES, INC.,
Respondent.

Promulgated:

OCT 01 2015

Francisco C. Cruz

X-----X

DECISION

DIAMANTE, FRANCHITO N., J.:

Before Us is a Petition for Review with Application for Preliminary Injunction and/or Temporary Restraining Order filed under Rule 43 of the Rules of Court which seeks to reverse and set aside the Decision dated December 15, 2014¹ of the Office of the Director General of the Intellectual Property Office (IPO) in Appeal No. 14-2013-0027, which is an appeal from the Decision No. 2013-97 dated May 31, 2013² of the Director of the Bureau of Legal Affairs in *Inter Partes* Case No. 14-2010-00240.

With the Comment and Reply having been filed by the respective parties, the instant case is hereby declared submitted for decision pursuant to Our Resolution dated May 6, 2015.³

¹ Rollo, pp. 40-44

² Id. at 78-87

³ Id. at 280, 281

On July 26, 2010, petitioner Galleria Floor Center, Inc. (**GFCI**), a corporation duly organized and existing under the laws of the Philippines and engaged in the business of selling ceramic floor and wall tiles, filed a Verified Notice of Opposition⁴ against respondent The World of Tiles, Inc.'s (**TWTI**) application for registration of the trademark "FC LOGO"⁵ for use on ceramic and granite tiles falling under Class 19 of the International Classification of Goods. Respondent's application was assigned as Trademark Application Serial No. 4-2009-500615 and was published in the IPO Gazette on March 29, 2010.

Petitioner GFCI argued, among others, that: 1) the application for registration of respondent TWTI of the mark FC logo will damage and prejudice GFCI's rights and interests as owner and prior user of the "FC LOGO" trade name; 2) GFCI was registered with the Securities and Exchange Commission (SEC) on October 16, 1996⁶ and has used the "FC LOGO" as trade name in its business establishment; 3) GFCI is the owner of the trade name "FC" because GFCI is the creator thereof; and 4) Ms. Rebecca Halabisaz-Zanjani, a stockholder of GFCI who owns 50% of its shares knows this creation and prior use by GFCI because she is an incorporator, director and stockholder owning 36.5% of GFCI's outstanding capital stock; and 4) GFCI has allowed and continues to allow dealers of tiles to use the FC logo name as a trade name to enjoy the goodwill the "FC LOGO" has acquired. Petitioner's "FC LOGO" has been known as a source of high quality yet affordable floor and wall tiles.

Respondent TWTI, on the other hand, maintained that it rightfully owns the "FC LOGO" mark along with the mark "FLOOR CENTER" from which the former mark was derived. Respondent, a one-stop-shop for flooring and walling materials, was born following the success of Dr. Rebecca W. Halabisaz-Zanjani's carpet business and flourishing construction business in the early 1990's. It directly imports ceramic and granite tiles from China and Spain and also sells tile grout, adhesives, tile trims, water closets and locally-produced finishing materials. The "FLOOR CENTER" trademark (*from which the FC LOGO trademark was derived*) was conceptualized, created and coined by GFCI's incorporator/corporator, Dr. Rebecca W. Halabisaz-Zanjani, sometime in the 1990 for the latter's business. She remains up to now as one of the incorporators and major stockholders

⁴ Rollo, 102-115

⁵ See picture, *Id.* at 82

⁶ *Id.* at 48-60

of TWTI's predecessor company, Floor Center (SM City), Inc.,⁷ which was incorporated on April 22, 1997.

Sometime in 2001, respondent TWTI was incorporated⁸ and named "The World of Tiles, Inc., *doing business under the name and style of "FLOOR CENTER"* with Dr. Halabisaz-Zanjani as the majority stockholder. It also insisted that it can register the "FC LOGO" mark alone because it has registration over the "TILE DEPOT and FC LOGO" mark for tile products under Registration No. 42008014356⁹ filed on November 28, 2008 and issued on November 12, 2009 by the IPO. Petitioner is also aware that respondent has been openly and continuously using the "FC LOGO" mark for many years because one of the major incorporators of GFCI, witness Teresita Maherolnaghsh, is also one of the TWTI's incorporators. Petitioner also failed to substantiate witness Sarah Maherolnaghsh's¹⁰ capacity and authority to "draw" the subject mark in order to comply with the BIR requirement to submit a logo. Petitioner's failure for a long period of time to challenge in any manner respondent's early commercial use and adoption of the "FC LOGO" trademark constitutes both as a waiver and laches on its part and amounts to outright abandonment. Although petitioner has repeatedly alleged ownership over the "FC LOGO" as a mere trade name, it failed to prove that it owns the "FC LOGO" as a trademark. Petitioner has no basis to prevent respondent from registering the "FC LOGO" mark as evidenced by the prior registration of its "TILE DEPOT and FC LOGO" as a trademark for tile products.

In the Decision No. 2013-97 dated May 31, 2013, the Director of the Bureau of Legal Affairs (BLA) sustained petitioner GFCI's opposition to respondent's trademark application. It was noted that the petitioner anchored its argument on the ground that the respondent has no right to register the mark "FC LOGO" because it is the creator, owner and prior user thereof. Respondent, on the other hand, argues that it rightfully owns the "FC LOGO" mark through its predecessor. Nonetheless, the BLA Director ruled that as between the parties, the petitioner has proven that it is the owner of the contested mark. The records and evidence show that petitioner has been using the mark "FLOOR CENTER" and "FC LOGO" as its trade name at the time respondent TWTI filed its trademark application.

⁷ Rollo, pp. 160-179

⁸ Id. at 70-71

⁹ Id. at 227-228

¹⁰ Per Joint Affidavit dated July 26, 2010, Id. at 61-63

By stating that Dr. Zanjani, one of the incorporators of GFCL, conceptualized and created the mark, respondent conceded that the petitioner is the originator and prior user of the "FC LOGO". The petitioner registered the trade name "Galleria Floor Center" with the SEC as early as October 16, 1996¹¹ while respondent registered with the SEC only on August 28, 2001.¹² Despite respondent's contention that it is the holder of a prior registration for "TILE DEPOT AND FC LOGO", the BLA Director stressed that it is not the application or registration that confers ownership of the mark, but it is the ownership of the mark that confers the right to registration. Hence, the *fallo* of the BLA Director's May 31, 2013 Decision reads:

"WHEREFORE, premises considered, the instant Opposition is hereby SUSTAINED. Let the filewrapper of Trademark Application Serial No. 4-2009-500615 together with a copy of this Decision be returned to the Bureau of Trademarks (BOT) for information and appropriate action.

SO ORDERED."¹³

Unfazed, respondent TWTI appealed before the Director General of the IPO seeking for the reversal of the BLA Decision, which the latter granted in the assailed Decision dated December 15, 2014.

In reversing the BLA Decision, the IPO Director General noted that while the subject matter of the Verified Opposition is the registration of the "FC LOGO", which is the trademark being applied for by TWTI, both parties anchored their arguments on two separate matters: *the Floor Center trade name* and *the FC logo trademark*. Although petitioner has filed its application (Trademark Application Serial No. 4-2009-002245) on March 3, 2009,¹⁴ it remains undisputed that respondent has a valid and existing prior registration for "*Tile Depot and FC Logo*" issued by the IPO on November 12, 2009.¹⁵ Said registered mark includes the FC Logo as a significant element thereof consisting of the red capital letters "F" and "C" inside a white diamond-figure, all of which are written and drawn inside a red rectangle. The description of the FC logo and the pictorial representation of the registered mark itself also precisely depicts the mark currently being applied by respondent. Having been issued the concomitant

¹¹ Rollo, pp. 134-139

¹² Id. at 182-201

¹³ Id. at 87

¹⁴ Id. at 64-69

¹⁵ Id. at 227-228

Certificate of Registration, the presumptive value of ownership and exclusive use applies in respondent's favor. Thus, the *fallo* of the assailed Decision dated December 15, 2014, thus, reads:

"WHEREFORE, premises considered, the appeal is hereby GRANTED. Let a copy of this Decision and the records of this case be furnished and returned to the Director of Bureau of Legal Affairs for appropriate action. Further, let also the Director of the Bureau of Trademarks and the library of the Documentation, Information and Technology Transfer Bureau be furnished a copy of this Decision for information, guidance, and records purposes.

SO ORDERED."¹⁶

Dissatisfied with the aforesaid decision, petitioner GFCI filed the instant petition for review before Us raising the following issues:

I.

WHETHER PETITIONER GFCI IS THE RIGHTFUL OWNER OF THE TRADENAME (*sic*) FLOOR CENTER AND "FC LOGO".

II.

WHETHER PETITIONER GFCI'S RIGHTS OVER THE TRADENAME (*sic*) FLOOR CENTER AND "FC LOGO" IS PROTECTED UNDER THE LAW.

III.

WHETHER DEFENDANT (*sic*) TWTI SHOULD BE ALLOWED TO REGISTER THE "FC LOGO" IN ITS NAME.

The petition lacks merit.

The Intellectual Property Code of the Philippines defines a "trademark" as "any visible sign capable of distinguishing goods." Its function 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

¹⁶ Rollo, p. 44

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

In seeking the reversal of the assailed Decision, petitioner insisted that it is the rightful owner of the "FC LOGO" because it is the prior user and owner of the contested mark, by virtue of its use of the trade name "Galleria Floor Center, Inc.", from which the initials FC was obtained and used in the trademark being applied for by respondent. In proving such prior use and ownership of the mark, it relied on the Joint Affidavit executed by Teresita Maherolnaghsh and Sarah Maherolnaghsh wherein the latter claimed that she was the one who drew a logo for petitioner sometime in 1996 in compliance with the directive of the BIR requiring corporations to submit a logo upon filing for its registration as a taxpayer.

Nonetheless, We agree with the Director General that the petitioner failed to substantiate its allegation that Sarah Maherolnaghsh was the creator and originator of the subject mark. Petitioner failed to establish her relationship with the parties to the case, or even her standing, personality or capacity for that matter to undertake the act being claimed by petitioner to have occurred sometime in 1996. There is nothing in the records indicating the interest of Sarah Maherolnaghsh in either of the two corporations unlike Dr. Rebecca Halabisaz-Zanjani who is categorically identified as an incorporator/stockholder of both petitioner and respondent corporations. Sarah Maherolnaghsh was not even presented during the proceedings below to confirm her allegations in the Joint Affidavit, which runs counter to the basic rule of evidence that unless the affiant themselves are placed on the witness stand to testify on their affidavits, such affidavits must be rejected for being hearsay and consequently, without probative value.¹⁸ As pointed out by respondent, petitioner could have easily presented a deed of assignment signed by Sarah Maherolnaghsh to bolster its claim of ownership and to show that it had acquired rights over the "FC LOGO" from its original creator. Petitioner, for unknown reasons, failed to present such document.

¹⁷ Pribhdas J. Mirpuri vs. Court of Appeals, et al., G.R. No. 114508, November 19, 1999 citing Sec. 121.1, Part III, R.A. 8293; Gabriel vs. Perez, 55 SCRA 406, 417 [1974] citing 52 Am Jur, p. 508; Etepha vs. Director of Patents, 16 SCRA 495, 497 [1966]; see also Phil. Refining Co., Inc. vs. Ng Sam, 115 SCRA 472, 476-477 [1982]; also cited in Agpalo, Trademark Law and Practice in the Philippines, p. 5 [1990]

¹⁸ Eliseo Dela Torre, et al. vs. Hon. Court of Appeals, et al., G.R. No. 113095, February 8, 2000

While "prior use" in commerce is used as basis for ownership of trade and business names, the present law on trademarks, Republic Act No. 8293, otherwise known as the Intellectual Property Code of the Philippines, has already dispensed with the requirement of prior actual use at the time of registration of the mark.¹⁹ Section 122 of the IPC now provides that "the rights in a mark **shall be acquired through registration** made validly in accordance with the provisions of this law."²⁰ It was clarified, however, that registration is not a mode of acquiring ownership. 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 presumptive regularity in the performance of official functions, is rebuttable and must give way to the evidence to the contrary.²¹ It is the ownership of the mark that paves way for its registration; and not the other way around.

In this regard, petitioner argues that there are two ways of acquiring ownership of a mark, namely (1) by registration of the mark without alleging or claiming use; or (2) by actual use of the mark in trade or commerce with or without registration. It believed that it had acquired ownership over the "FC LOGO" through continuous use of the mark under Section 2-A of RA 166.²²

Respondent debunked the aforesaid claim of ownership of petitioner as baseless and unfounded. It contended that the petitioner's registration with the SEC in 1996 and use of the "Galleria Floor Center" trade name does not mean that it is entitled to the registration of the "FC LOGO", which is a mark distinct from its trade name. Petitioner's registration of the company name "Galleria Floor Center" is different from the use of the "FC LOGO". The extant records are also bereft of evidence showing that petitioner had used the "FC LOGO" as a trade name, or much less, as a trademark prior

¹⁹ Villanueva, Commercial Law Review, 2009 Edition, p. 1081-1082

²⁰ Section 122 of the Intellectual Property Code

²¹ Shangri-la International Hotel Management Ltd., et al. vs. Developers Group of Companies, Inc., G.R. No. 159938, March 31, 2006

²² Sec. 2-A. Ownership of trademarks, trade names and servicemarks; how acquired.- Anyone who lawfully produces or deals in merchandise of any kind or who engages in lawful business, or who renders any lawful service in commerce, **by actual use thereof in manufacture or trade, in business, and in the service rendered, may appropriate to his exclusive use a trademark, trade name, or a service mark not so appropriated by another**, to distinguish his merchandise, business or service from the merchandise, business or service of others. The ownership of possession of a trademark, trade name, servicemark, 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. (Emphasis Ours)

to the registration of respondent of the mark "TILE DEPOT and FC LOGO" for tile products under Registration No. 4-2008-014356²³ which was filed on November 24, 2008 and issued on November 12, 2009 by the IPO.

On the contrary, the evidence on record shows that respondent had been using the "FC LOGO" prior to the incorporation of TWTI in 2001, per the Floor Center, Inc.'s *Inventory as of December 31, 1998*²⁴ submitted to the BIR which used the letterhead bearing the "FC LOGO". Even after TWTI's incorporation in 2001, respondent continued to use the contested "FC LOGO" in its Purchase Order²⁵ and Delivery Receipts,²⁶ thereby bolstering its claim of ownership of the mark through actual use in trade or commerce.

It is also interesting to note that petitioner had not filed an action to oppose or cancel respondent's "TILE DEPOT and FC LOGO" trademark under Registration No. 4-2008-014356 if it so asserts its ownership over the "FC LOGO" mark. The "TILE DEPOT and FC LOGO" trademark of respondent which was approved by the IPO consists of the words "TILE DEPOT" in bold, white and capital letters written beside a logo consisting of the red, capital letters "F" and "C" inside a white diamond-figure, all of which are written and drawn inside a red rectangle. Instead, what petitioner did was to file on March 3, 2009 Trademark Application Serial No. 4-2009-002245 which consists of the underlined words FLOOR CENTER written on top of the words "YOUR ONE STOP TILE SHOP" and a red diamond with white outline on top and a white shadow below and inside the diamond are the letters "F" and "C" in white color, placed slightly diagonal against each other.²⁷ If it believes that the logo applied for by the respondent would cause damage and prejudice to its rights as owner of the mark and deceive or confuse its customers, petitioner should have earlier opposed Registration No. 4-2008-014356 containing the contested logo subject of the case at bench.

As there is yet no ruling on the petitioner's pending Trademark Application Serial No. 4-2009-002245 and petitioner has not satisfactorily proven through sufficient evidence its claim of ownership and prior actual use of the contested mark, We are convinced that the

²³ Rollo, p. 227-228

²⁴ Id. at 204-214

²⁵ Purchase Order dated April 27, 2003, Id. at 202

²⁶ Delivery Receipts dated January 31, 2003, September 4, 2004, September 28, 2002, Id. at 202-203, 217

²⁷ See picture, Id. at 43

CA-G.R. SP No. 138614

Decision

9

J. Diamante

Director General did not err in reversing Decision No. 2013-97 dated May 31, 2013 of the Director of the Bureau of Legal Affairs

WHEREFORE, in view of the foregoing, the petition is **DENIED**. The Decision dated December 15, 2014 of the Office of the Director General of the Intellectual Property Office (IPO) in Appeal No. 14-2013-0027 is **AFFIRMED**.

SO ORDERED.

ORIGINAL SIGNED

FRANCHITO N. DIAMANTE

Associate Justice

WE CONCUR:

ORIGINAL SIGNED

JAPAR B. DIMAAMPAO

Associate Justice

ORIGINAL SIGNED

CARMELITA SALANDANAN MANAHAN

Associate Justice

CERTIFICATION

Pursuant to Article VIII, Section 13 of the Constitution, it is hereby certified that the conclusions in the above decision were reached in consultation before the case was assigned to the writer of the opinion of the Court.

ORIGINAL SIGNED

JAPAR B. DIMAAMPAO

Associate Justice

Chairperson, Eighth Division

CERTIFIED TRUE COPY
Fresita C. Guevarra
TERESITA G. GONZALEZ
DIVISION CLERK OF COURT