

**GESSI, S.P.A., represented by
DEXTERTON CORPORATION,**
Opposer,

-versus-

NELSON T. CHUA,
Respondent- Applicant.

X-----X

} **IPC No. 14-2011-00346**
}
} Opposition to:
} Appln. Serial No.4-2010-990103
} Date Filed: 07 June 2010
} **TM: "GEZZI"**
}
}
}
}
}

NOTICE OF DECISION

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GREETINGS:

Please be informed that Decision No. 2016 - 159 dated May 31, 2016 (copy enclosed) was promulgated in the above entitled case.

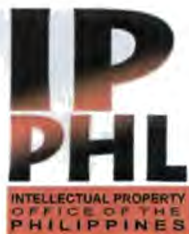
Taguig City, May 31, 2016.

For the Director:


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

**Republic of the Philippines
INTELLECTUAL PROPERTY OFFICE**

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GESSE, S.P.A., represented by
DEXTERTON CORPORATION

Opposer,

-versus-

NELSON T. CHUA

Respondent-Applicant.

x-----x

IPC No. 14-2011-00346

Opposition to:

Application No. 4-2010-990103

Date Filed: 07 June 2010

Trademark: "GEZZI"

Decision No. 2016- 159

DECISION

GESSE S.P.A.¹ ("Opposer") filed an opposition to Trademark Application Serial No. 4-2010-990103. The application, filed by Nelson T. Chua² ("Respondent-Applicant"), covers the mark "GEZZI" for use on "*sanitary wares, namely, bathroom and kitchen faucets*" under Class 11; "*bathroom vanities, namely, mirrors, hooks, medicine cabinets*" under Class 20 and "*bathroom vanities, namely, basins, soap holder, towel holder, tissue holder*" under Class 21 of the International Classification of Goods and Services.³

The Opposer alleges:

x x x

IV.

DISCUSSION

"1. Opposer has adopted the trademark 'GESSE' in Italy since 2001 and such use has expanded through the years to various countries, including the Philippines. Thus, with constant use, the mark 'GESSE' has not only identified the goods of the Opposer, but has acquired its distinctive reputation synonymous with the goodwill and business reputation of the Opposer as the owner of the Gessi products and 'GESSE' trademark.

"2. As an internationally well-known trademark, Opposer's 'GESSE' trademark is entitled to protection under Article 6bis of the Convention of the Paris for the Protection of Industrial Property, otherwise known as the 'Paris Convention', to which the Philippines and Italy, herein Opposer's country, are signatories. The Convention is essentially a compact among its member-countries who pledge 'xxx to refuse or to cancel the registration of a trademark which constitutes a reproduction, imitation or translation, liable to create confusion, of a mark considered by competent authority of the country of registration or use to be well-known in that country as being already the mark of a person entitled to the benefits of the present Convention and used for identical or similar goods.'

¹A foreign corporation organized and existing under the laws of Italy with office address at Serravalle Sesia, Frazione Vintebbio, Parco Gessi.

²With address at #832 Juan Luna Street, Binondo, Manila.

³The Nice Classification is a classification of goods and services for the purpose of registering trademark and service marks, based on a 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 Purposes of the Registration of Marks concluded in 1957.

"2.1 Thus, in a Memorandum issued in 1983, then Minister of Trade Roberto V. Ongpin directed the Director of Patents to implement measures necessary to effect compliance with the Philippines' obligations under the Paris Convention. These measures included the following:

x x x

"2.2 In the aforementioned Memorandum, the criteria as to whether the trademark under consideration is well-known in the Philippines or is a mark already belonging to a person entitled to the benefits of the Convention were established, to wit:

x x x

"2.3 Thus, in the said Memorandum, the Philippine Patent Office was directed to refuse all applications for, or cancel the registration of trademarks which constitute a reproduction, translation or imitation of a trademark owned by a person, natural or corporate, who is a citizen of a country signatory to the Paris Convention for the Protection of Industrial Property.

"3. Article 8 of the Paris Convention also provides that '[a] trade name shall be protected in all countries of the Union without the obligation of filing or registration, whether or not it forms part of a trademark.'

"4. Opposer is likewise entitled to avail of the provisions of the Agreement on Trade-Related Aspects of Intellectual Property Rights (the 'TRIPS Agreement') which supplement the protection required by Article 6bis of the Paris Convention.

"4.1 Articles 16.2 and 16.3 of the TRIPS Agreement provide that the provisions of Article 6bis of the Paris Convention must be applied also to services, and that knowledge in the relevant sector of the public acquired not only as a result of the use of the mark but also by other means, including knowledge which has been obtained as a result of its promotion, shall be taken into account.

"5. The Philippine government maintains its adherence to the rules established under the Paris Convention and the TRIPS Agreement with respect to internationally well-known trademarks. This is proven by the fact that such rules have been integrated into Republic Act No. 8293, otherwise known as the 'Intellectual Property Code of the Philippines'.

"6. As the owner of an internationally well-known trademark, Opposer is entitled to protection against the registration of respondent-applicant's identical or confusingly similar trademark.

"7. Aside from the fact that respondent-applicant uses the letter 'z' instead of 's' like the Opposer's trademark, there is hardly any variance in appearance between respondent-applicant's 'GEZZI' trademark and Opposer's 'GESSI' trademark. The name of the mark is identical or closely resembles that of the Opposer's and the style and type of lettering in said marks are confusingly similar. Moreover, both trademarks are used on the same classes of goods, i.e., Classes 11, 20 and 21.

"8. This confusing similarity between the two trademarks will confuse and even deceive the consuming public as to the origin of respondent-applicant's goods, to the prejudice of Opposer.

"9. The confusion between Opposer's and respondent-applicant's respective business and products would also result into the dilution and loss of distinctiveness of Opposer's trademarks, again, to the prejudice of Opposer.

"10. In determining if the two trademarks are identical or confusingly similar, it is sufficient that respondent-applicant's mark: 'GEZZI' is a colorable imitation of Opposer's mark: 'GESSI'. Colorable imitation does not mean identity. It does not require all the details be copied literally. It means such similarity in form, content, words, sound, meaning, special arrangement, or general appearance of the trademark with that of another trademark in their overall presentation or in their essential, substantial distinctive parts as would likely mislead or confuse the purchaser in the ordinary course of purchasing the genuine article, as in this case.

"11. In determining likelihood of confusion, jurisprudence has developed two tests, the dominance test and the holistic test. The dominance test focuses on the similarity of the prevalent features of the competing trademarks that might cause confusion. In contrast, the holistic test requires the court to consider the entirety of the marks as applied to the products, including the labels and packaging, in determining confusing similarity. The Supreme Court, however, has relied on the dominance test rather than the holistic test. The dominance test considers the dominant features in the competing marks in determining whether they are confusingly similar. Under the dominance test, courts give greater weight to the similarity of the appearance of the product arising from the adoption of the dominant features of the registered mark, disregarding minor differences. Courts will consider more the aural and visual impressions created by the marks in the public mind, giving little weight to factors like prices, quality, sales outlets and market segments.

"11.1. Applying the dominance test in this case, it is evident that respondent-applicant's use of the 'GEZZI' trademark results in likelihood of confusion. First, 'GEZZI' sounds almost exactly the same as Opposer's 'GESSI'. Second, the first, second and last letters in 'GEZZI' are exactly the same as the first, second and last letters in 'GESSI'. Third, even if the third and fourth letters in 'GEZZI' are 'z', in most instances they sound the same as 's' when the word 'GEZZI' is pronounced. In short, aurally and phonetically the two trademarks are the same or identical.

"11.2. Visually, the two trademarks have five letters. Clearly, respondent-applicant has adopted in 'GEZZI' not only the dominant but also almost all the features of 'GESSI'. Considering that the mark sought to be registered by respondent-applicant covers the same goods as that of the Opposer's, the two trademarks will likely result in confusion in the public mind.

"12. Section 123.1 (e) of Republic Act No. 8293 and Rule 101 (e) of the Rules and Regulations on Trademarks, Service Marks, Trade Names and Marked or Stamped Containers provide:

x x x

"13. Since respondent-applicant's application for registration of the 'GEZZI' trademark is contrary to the provisions of Section 123.1 (e) of Republic Act No. 8293 and Rule 101 (e) of the Rules and Regulations on Trademarks, Service Marks, Trade Names and Marked or Stamped Containers, and the use of said trademark has damaged and will continue to damage Opposer's rights over its 'GESSI' trademark, then respondent-applicant's application should be refused registration.

"14. The popularity of Opposer's 'GESSI' trademark, at the time of the filing for application of respondent-applicant's 'GEZZI' trademark, is beyond question. As early as 2008, the use of Opposer of the trademark 'GESSI' through the distribution efforts by its distributor, Dexterton Corporation of Gessi Products in the Philippines is shown by commercial documents, sales invoices unambiguously describing the goods to contain the trademark 'GESSI'. Attached herewith are various invoices and shipping documents marked as Annex 'M' to show that as early as 2009, Opposer was already shipping Gessi Products to Dexterton and Annex 'N' to show that Dexterton have sold various products bearing the trademark 'GESSI' to various locations in the Philippines, as far as Mindanao since 2008. There is no doubt that it is through the distribution of Dexterton, as authorized by Opposer, that the trademark 'GESSI' has gained business goodwill and reputation in the Philippines for which it has validly acquired trademark rights.

"15. The popularity of the Opposer's 'GESSI' trademark and the goodwill attached thereto must have been so tempting for respondent-applicant to resist that it decided to appropriate for itself a trademark identical or confusingly similar to Opposer's 'GESSI' trademark for purposes of deceiving the public as to the origin of the goods bearing its trademark.

"16. The intent of respondent-applicant to unlawfully ride on the goodwill of Opposer's 'GESSI' trademark is manifested by its filing of the subject trademark application under the same classes as that of Opposer's trademark and for similar types of goods.

"17. Notably, the Supreme 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 Supreme Court in Shangri-la International Hotel Management, Ltd. V. Developers Group of Companies, Inc.:

x x x

"18. Based on the foregoing, regardless of whether or not trademark 'GESSI' is registered in the Philippines, Opposer's ownership of the 'GESSI' trademark is subject to absolute protection against infringement, unfair competition and unlawful and unauthorized use. Otherwise, the registration of respondent-applicant's 'GEZZI' trademark will cause grave and irreparable injury and damage to the business reputation and goodwill of the Opposer.

The Opposer's evidence consists of a copy of the authenticated Special Power of Attorney executed by Opposer appointing Dexterton as its attorney-in-fact; copies of different magazines and billboard advertisements of Opposer for the trademark GESSI around the world; a copy of the certification of Mr. Gian Luca Gessi, Legal Representative and Managing Director of Opposer; a copy of Certificates of

Registration of Trademark in the European Union, United States and Geneva; pictures of Gessi Products that reflects the trademark GESSI; and copies of various invoices and shipping documents to show that as early as 2009, Opposer was already shipping Gessi products to Dexterton and to show that Dexterton has old various products bearing the trademark 'GESSI' to various locations in the Philippines.⁴

This Bureau issued a Notice to Answer and sent a copy thereof upon Respondent-Applicant on 13 November 2011. The Respondent-Applicant filed their Answer on 07 February 2012 and avers the following:

x x x

"II.

"DEFENSES

"6. Opposer alleges that it has invested money, time and efforts in various advertising and promotional media worldwide. It cited its website, pictures in a magazine and billboard advertisements, affidavits of its managing director and three (3) certificates of registration as evidences to support its allegation that it is an internationally well-known brand. But, with all due respect, Opposer' claim that GESSI is an internationally well-known brand is underserved, and the evidences to support its claim are insufficient and unconvincing.

"7. Under Rule 102 of the Rules and Regulations on Trademarks, Service Marks, Trade Names and Marked or Stamped Containers, in determining whether a mark is well known, the following criteria or any combination thereof may be taken into account:

x x x

"8. In effect, Rule 102 requires that the evidence of the parties claiming that they own an internationally well-known mark must show that a significant proportion of the public in the Philippines and in other countries identify their products because of the trade mark. In other words, the evidence must show that the average consumer recognizes the source of the product by reference to the mark in question.

"9. Thus, in the case of Fredco Manufacturing Corporation vs. President and Fellows of Harvard College (G.R. 185917 June 1, 2011), the Supreme Court, applying the aforementioned rule, pronounced that the name 'Harvard' is an internationally well-known brand protected under Article 6bis and Article 8 of the Paris Convention. Said the Supreme Court:

x x x

"10. Applying the test used by the Supreme Court in the above-cited cases, is it also correct to say that the term 'GESSI' has attained the status of being a 'Harvard' of Tap Water Faucets, Showers, Bathroom Accessories and Furniture, Mirros and Related Goods' in the international market and in the Philippines?

⁴Marked as Annexes "A" and "M", inclusive.

"11. In the case at bar, the bald evidences of Opposer, are by themselves, do not prove any reputation at all. The evidences may tend to prove that Opposer's goods are perhaps marketable, but a saleable product does not always mean an internationally well-known trademark.

"12. Opposer cited its website, pictures in a magazine and billboard advertisements to prove that it heavily invested in promoting its product. But while proof of advertisement is a factor to show that a trademark is internationally well-known, mere pictures of three (3) magazine advertisements for the year 2010 (Annexes 'B' to 'D') and two (2) (Annexes 'E' and 'F') for year 2011 and a billboard advertisement (Annex 'G') hardly prove the duration, extent and geographical area of promotion required by the aforementioned Rule 102. To correlate with the Fredco case, the evidences of the Opposer do not convincingly show that the GESSI brand 'has been used and promoted extensively in numerous publications worldwide.' In other words, the duration, extent and geographical promotion of the GESSI brand is not a 'Harvard' type of promotion considered by the Supreme Court as 'extensive' and 'numerous'.

"13. In fact, a quick Google search in the internet on the list of 'Top Manufacturers and Suppliers of Bathroom Accessories and Faucets' will show that the name GESSI is not even mentioned.

"13.a. In the website Inforret.com, Opposer is not included in the 'List of Top Bathroom Accessories Manufacturers and Suppliers'. A print out copy of the said web page is attached hereto as Annex 'A'.

"13.b. Also in the website of Inforret.com, Opposer is not included in the 'List of Top Bathroom Faucet Manufacturers and Suppliers'. A print out copy of the said web page is attached hereto as Annex 'B'.

"13.c. In the website, Galtech.com, it was mentioned in its 'Review of the best kitchen and bathroom faucets' that Delta Faucets, Kohler Faucets, Moen Faucets and American Standard Faucets are the top selling brands. Opposer is not mentioned. A print out copy of the said web page is attached hereto as Annex 'C'.

"13.d. In the website of Faucetdepot.com, the company Faucet Depot does not carry the products of the Opposer. A print out copy of the web page of Faucet Depot is attached hereto as Annex 'D'.

"14. The absence of the GESSI brand in aforementioned respectable websites rebuts Opposer's claim that the GESSI brand is an internationally well-known brand. This fact further refutes the allegation that Opposer has invested 'money time, and effort' in advertising its brand. The GESSI brand is perhaps a saleable brand but it is not an internationally well-known trademark like those of Delta, Kohler, Moen and American Standard.

"15. Rule 102, Section (b) of the Rules and Regulations on Trademarks, Service Marks, Trade Names and Marked or Stamped Containers further states that information relating to the market share in the Philippines and in other countries may assist in showing the required level of distinctiveness. To prove this,

Opposer submits the affidavit of its managing director stating the global and local sales of the brand GESSI. Now, what is wrong here?

"15.a. First, Opposer failed to present a scintilla of evidence to establish that it is indeed registered in the litany of countries it enumerated in the affidavit of its legal representative and Managing Director, Gian Luca Gessi. Said affidavit is just a recital that does not establish anything. Despite of the fact that there are other evidences to choose from (e.g., certificate of registration from each of the countries mentioned duly authenticated) Opposer merely presented said affidavit prepared by their own employee, hence, self-serving. The affidavit must not be taken hook, line and sinker, so to speak, for there is no way of ascertaining the truth of its contents.

"15.b. At any rate, even if offered and accepted as evidence, the statements in the affidavit is also unsubstantiated considering that sales figures cannot be proved by mere say so of an interested and, obviously, a bias individual. The affidavit alone is not enough to prove financial figures. Certainly, more credible and relevant proof is required.

"16. Opposer also cited 3 certificates of trademark registration and alleges that the GESSI trademark had been filed in a number of countries. An examination of said certificates, however, demands more questions than answers.

"16.a. Under Section 24, Rule 132 of the Rules of Evidence, a record of public document, if kept in a foreign country, should be accompanied with a certificate that such officer has the custody thereof made by a secretary of the embassy or legation, consul general, consul, vice consul, or consular agent or by an officer in the foreign service of the Philippines stationed in the foreign country in which the record is kept, authenticated by the seal of his office. In the absence of the requisite certification and authentication of the public document, the same cannot be proved and, therefore, inadmissible as evidence.

"16.b. In the case at bar, all the copies of certificates of trademark registration purportedly issued by the patent offices of the United States of America, European Union and Geneva are not authenticated by the Philippine consulate offices in the said countries or territories. They are actually authenticated by the Consulate Office in Milan Italy only. These are thus inadmissible pursuant to Section 24, Rule 132 of the Rules of Evidence.

"16.c. Moreover, proof of trademark registration cannot also be proved by mere allegation in an affidavit. To repeat, the questioned affidavit must not be accepted as bible truth because there is no way of ascertaining the truth of its contents.

"17. Section 123.1 (e) of the Intellectual Property Code provides that for a mark to be considered internationally known, it should be found by competent authority in the Philippines to be well-known internationally and in the Philippines. A mark is not considered well-known in the Philippines if it is internationally well-known in other parts of the world but totally unheard of in the Philippines.

"18. Thus, in the case of *Mirpuri vs. Court of Appeals, et. al.*, the Supreme Court clearly stated that Article 6bis of the Paris Convention only obliges member-countries to refuse or cancel the registration and prohibit the use of a trademark if the mark is well-known in the member country, viz:

x x x

"19. Similarly, in *Kabushi Kaisa Isetan vs. Intermediate Appellate Court*, the Supreme Court ruled that a supposedly internationally-famous mark must also be known 'among Filipinos' so as to entitle it to protection as such under Paris Convention.

"20. In the case at bar, the GESSI brand, it is respectfully submitted, is hardly known by the average consumer in the Philippines. Opposer's evidence is wanting of any proof that a significant proportion of the public in the Philippines identify the Opposer's products because of the GESSI trade mark.

"21. As previously stated, sales figures to prove market share in the Philippines of the GESSI trademark cannot be proved by a mere affidavit of Opposer's employee. Moreover, the figures of sales are also questionable. If Dexterton Corporation was only granted license to distribute the GESSI branch in 2009, and that it was through Dexterton's merchandising efforts that GESSI products has acquired a significant market share, then how come Opposer has already earned local sales from year 2002 up to 2008? Given the fact that Dexterton was only given license only in year 2009, the cited local sales figures for years 2002 up to 2008 are, therefore, dubious.

"22. More on this point. If Opposer alleges that through Dexterton's merchandising efforts of the GESSI products has acquired a significant market share, how come local sales figures in 2009 and 2010 amounting to 119,047.93 and 36,911.85 in euros, respectively, are lower than the sales figures in year 2006 and 2008? Assuming that the local sales figures were true, then the local sale of GESSI products is erratic. And, contrary to Opposer's allegation, Opposer has not yet acquired a significant market share or that it has not yet attained a huge following in the local market.

"23. Furthermore, there is no evidence of large scale expenditures in promoting and advertising GESSI products in the Philippines by Opposer. In fact, there is no proof of efforts undertaken by the Opposer to promote its mark in the Philippines, which makes its allegation that 'GESSI products has acquired a significant market share in the Philippines through Dexterton's merchandising efforts', utterly baseless. To note, Annexes 'B' to 'I' of the Verified Notice of Opposition are bragging on 'different magazines and billboard advertisements of Opposer for the trademark 'GESSI' around the world' but why did they miss promoting and advertising in the Philippines? Stated otherwise: What promotion and advertising efforts were being pinpointed by Opposer?

"24. The period of use of the GESSI brand in the Philippines should also be considered as a factor in determining whether it has acquired a secondary meaning. In the *Fredco* case, the 350 years of existence of Harvard University is considered by the Supreme Court as one important factor.

"25. In the present case, however, Dexterton was given a license to sell GESSI products only in year 2009 and, therefore, it was only in year 2009 that Dexterton supposedly marketed GESSI products. Thus, considering the limited period of time that GESSI brand is being marketed, it cannot be said that there is a 'genuine use' of the GESSI brand in the Philippines. What Opposer can prove, at the most, is a mere 'token use'.

"26. Contrary to Opposer's stance, the GEZZI brand will not create confusion to the public in relation to the GESSI brand.

"27. First, the average Filipino customer is not concerned with brand names in respect of bathroom accessories or faucets. Rather, the average costumer's concern is likely to relate to functionality and price. Alternatively, brand name is more important when it comes to technological goods, vehicles, clothes or furniture.

"28. Secondly, if sold in major home depots and retail stores, GESSI products, considering its luxurious and eye-popping prices, are likely to be displayed separately from GEZZI products. Opposer's products are most probably displayed separately from other accessories. To make a comparison, the price of one GESSI faucet ranges from P10,000.00 to P5,000.00 while its equivalent product of respondent is only about P500.00.

"29. Third, contrary to the Opposer's stance, the overall presentation of the trademark of respondent is not the same as that of the Opposer. Both trademarks are not substantially similar. This is evident in a side by side comparison, thus:

x x x

"For one, respondent's trademark makes use of a bold font, which makes it darker compared to the Opposer's. Moreover, the letters in respondent's GEZZI is angular while that of the Opposer's is rounded.

"30. Opposer further argues that both trademarks are aurally and phonetically the same. Assuming arguendo but without admitting such allegation is true, perhaps in a detailed phonetic comparison, Opposer's observation may be meritoriously argued. However, such meticulous comparison of sounds, taken at its highest, does not necessarily demonstrate a likelihood of confusion in the marketplace. To reiterate, the average Filipino consumer does not buy bathroom accessories or faucets because of the brand name. Rather, the average customer's concern is likely to relate to functionality and price.

"31. Lastly, perusal of the sales documents of the Opposer will show that its goods are sold at a different trade channel compared to the respondent. Based on the invoices attached to the verified notice of opposition, Opposer's GESSI brand are mostly and directly sold to ultimate consumers or building contractors while Respondent's GEZZI brands are purchased by ordinary retail customers from mainstream retail outlets such as malls and other retail shops. In other words, there are no overlapping of trade channels at both the wholesale and retail level.

"32. Indeed, it is easy to claim that one trademark is apparently similar to another. But, a striking similarity is not sufficient and cannot stand alone. Moreover, it is easy to claim that a trademark is internationally known, but

proving the same is another. Our jurisdiction, in fact, does not automatically protect a foreign trademark simply because it is a foreign trademark. Similarly, our jurisdiction does not automatically cancel a local trademark simply because it is being opposed by a foreign brand. Our laws and jurisprudence require more than apparently similar sounding names and self-acclaimed reputation, which Opposer, as it appears in its opposition, contends to be enough justifications for the denial of the Respondent's registration. Respondent's trademark, which was actually applied prior to Opposer, must not, therefore, be cancelled.

The Respondent-Applicant's evidence consists of print-out copies of the web pages of the website Inforret.com showing that Opposer is not included in the List of Top Bathroom Accessories Manufacturers and Suppliers and in the List of Top Bathroom Faucet Manufacturers and Suppliers; a print-out copy of the web page in the website, Galtech.com and a print-out copy of the web page of Faucet Depot in the website Faucetdepot.com showing that the company Faucet Depot does not carry the products of the Opposer.⁵

On 28 May 2012, the Preliminary Conference was terminated and the parties were directed to file their respective position papers. Thereafter, the case was deemed submitted for resolution.

Should the Respondent-Applicant be allowed to register the trademark GEZZI?

The Opposer anchors its opposition on Sections 123.1, paragraph (e) of Republic Act No. 8293, also known as the Intellectual Property Code of the Philippines ("IP Code"), to wit:

Sec. 123. Registrability. - 123.1. A mark cannot be registered if it:

x x x

- (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;

But, are the competing marks, as shown below, resemble each other such that confusion, or even deception is likely to occur?

⁵Marked as Annexes "A" and "D", inclusive.

GESSI

Opposer's trademark

GEZZI

Respondent-Applicant's mark

Confusion is likely in this instance because of the close resemblance between the marks and that the goods covered by the competing marks are the same, i.e., bathroom faucets and accessories. Respondent-Applicant merely changed the double "S" in Opposer's GESSI with a double "Z" to come up with the mark GEZZI. It could result to mistake with respect to perception because the marks sound so similar. Under the idem sonans rule, the following trademarks were held confusingly similar in sound: "BIG MAC" and "BIG MAK"⁶, "SAPOLIN" and LUSOLIN"⁷, "CELDURA" and "CORDURA"⁸, "GOLD DUST" and "GOLD DROP". The Supreme Court ruled that similarity of sound is sufficient ground to rule that two marks are confusingly similar, to wit:

Two letters of "SALONPAS" are missing in "LIONPAS": the first letter a and the letter s. Be that as it may, when the two words are pronounced, the sound effects are confusingly similar. And where goods are advertised over the radio, similarity in sound is of especial significance...."SALONPAS" and "LIONPAS", when spoken, sound very much alike. Similarity of sound is sufficient ground for this Court to rule that the two marks are confusingly similar when applied to merchandise of the same descriptive properties.⁹

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.¹⁰

⁶ *MacDonalds Corp. et. al v. L. C. Big Mak Burger*, G.R. No. L-143993, 18 August 2004.

⁷ *Sapolin Co. v. Balmaceda and Germann & Co.* 67 Phil. 705.

⁸ *Co Tiong SA v. Director of Patents*, G.R. No. L- 5378, 24 May 1954; *Celanes Corporation of America vs. E. I. Du Pont de Nemours & Co.* (1946), 154 F. 2d 146 148.)

⁹ *Marvex Commerical Co., Inc. v. Petra Hawpia & Co., et. al.*, G.R. No. L-19297, 22 Dec. 1966.

¹⁰ *Pribhdas J. Mirpuri v. Court of Appeals*, G.R. No. 114508, 19 November 1999, citing *Ethepe 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).

The Respondent-Applicant's filing of their trademark application in the Philippines may be earlier than the Opposer's, but the latter raises the issues of trademark ownership, fraud and bad faith on the part of the Respondent-Applicant.

In this regard, this Bureau emphasizes 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 of registration. The Philippines implemented the World Trade Organization Agreement "TRIPS Agreement" when the IP Code took into force and effect on 01 January 1998. Art 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 also 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 of 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.¹¹ 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. In *E.Y. Industrial Sales, Inc., et al. v. Shen Dar Electricity and Machinery Co. Ltd.*¹², the Supreme Court held:

x x x 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.

x x x

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. x x x

In this instance, the Opposer proved that it is the originator and owner of the contested trademark. In fact, "GESSI" is the substantial and distinctive portion of its business/corporate name. Opposer has been using GESSI not only as a trademark but also as trade name or business name. As a trade name, GESSI is protected under Section 165 of the IP Code, to wit:

Sec. 165. *Trade Names or Business Names.* - 165.1. A name or designation may not be used as a trade name if by its nature or the use to which such name or designation may be put, it is contrary to public order or morals and if, in particular, it is liable to deceive trade circles or the public as to the nature of the enterprise identified by that name.

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.

165.3. The remedies provided for in Sections 153 to 156 and Sections 166 and 167 shall apply mutatis mutandis.

¹¹ See Sec. 236 of the IP Cod

¹² G.R. No. 184850, 20 October 2010.

165.4. Any change in the ownership of a trade name shall be made with the transfer of the enterprise or part thereof identified by that name. The provisions of Subsections 149.2 to 149.4 shall apply mutatis mutandis.


Succinctly, the field from which a person may select a trademark is practically unlimited. As in all other cases of colorable imitations, the unanswered riddle is why of the millions of terms and combinations of letters and designs available, the Respondent-Applicant had to come up with a mark identical or so closely similar to another's mark if there was no intent to take advantage of the goodwill generated by the other mark.¹³

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. 4-2010-990103 is hereby SUSTAINED. 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, 31 MAY 2016.


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

¹³ *American Wire & Cable Company v. Director of Patents*, G.R. No. L-26557, 18 Feb. 1970.