

DASSAULT FALCON JET CORP.,
Opposer,
 -versus-
 PENG TEI LIU,
Respondent-Applicant.
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IPC No. 14-2015-00152
 Opposition to:
 Appln Serial No. 4-2014-011119
 Date Filed: 05 September 2014

TM: FALCON

NOTICE OF DECISION


FEDERIS & ASSOCIATES LAW OFFICES
 Counsel for Opposer
 2004 and 2005, 88 Corporate Center
 141 Valero Street, Salcedo Village
 Makati City

PENG TEI LIU
 Respondent- Applicant
 Lot 1-A South Coast Industrial Estate
 Brgy. Bancal, Carmona Cavite

GREETINGS:

Please be informed that Decision No. 2016 - 278 dated 09 August 2016 (copy enclosed) was promulgated in the above entitled case.

Taguig City, 09 August 2016.


Atty. MARLITA V. DAGSA
 Adjudication Officer
 Bureau of Legal Affairs

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Decision No. 2016 - 278

DECISION

DASSAULT FALCON JET CORP.¹ ("Opposer"), filed an opposition to Trademark Application Serial No. 4-2014-011119. The application filed by PENG TEI LIU² ("Respondent-Applicant"), covers the mark "FALCON" for "*vehicles, apparatus for locomotion by land, air or water*" under Class 12 of International Classification of Goods.³

The Opposer alleges the following grounds:

"a. The application is filed in bad faith since the opposed trademark FALCON, is used in connection with goods under Class 12, is identical to Opposer's FALCON trademarks which it has previously adopted and used, and has registered in numerous countries, also in connection with goods in Class 12.

"b. Opposer's foreign registration for FALCON and other variations of these marks (Collectively, "FALCON trademarks") are protected under Sec. 134 of the Intellectual Property Code ("IP Code").

"c. "FALCON" is the corporate name of Opposer hence, it can no longer be appropriated, used or registered by any other party pursuant to Section 165 of the IP Code as well as Article 8 of the Paris Convention.

"d. There is ample proof of the well-known status of Opposer's FALCON trademarks and hence, then enjoy legal protection from confusingly similar trademarks such as the opposed trademark pursuant to Section 123.1 (e).

¹ A foreign corporation duly organized and existing under the laws of the State of Delaware, United States of America, with principal place of business at Teterboro Airport, 200 Riser Road, Little Ferry, New Jersey 07643, United States of America.

² With address at Lot 1-A South Coast Industrial Estate, Brgy. Bancal, Carmona, Cavite, Philippines.

³ The 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.

"e. Because of the Opposer's well-known FALCON trademarks, the public identifies these marks with Opposer's products and service and hence, Opposer's trademarks are entitled to protection under Section 168.1."

The Opposer's evidence consists of the following:

1. Verified Notice of Opposition
2. Affidavit of Peter S. Rothwell, Corporate Secretary and Officer of Dassault Falcon Jet Corp.
3. Article of Incorporation of Dassault Falcon Jet Corp. showing that FALCON is used as a trade name or corporate name.
4. Comprehensive list of all of Opposer's registered and pending trademarks worldwide.
5. Certified true copies of some of the certificates of trademark registrations for FALCON marks that have issued in various countries.
6. Printouts of Opposer's primary website found at <http://www.dassaultfalcon.com>
7. Evidence which has been obtained from Google Analytics showing that an Opposer's website <http://www.dassaultfalcon.com> received approximately 1,487,973 page views between 2013 and 2014, world-wide.
8. Print out from the website <http://falconboutique.com>
9. Photographs of the items bearing the FALCON Marks which can be bought from the website <http://www.falconboutique.com>.
10. Printouts from their following social media accounts on Facebook, Twitter, Google plus and YouTube.
11. Examples of domestic and international press featuring Opposer and its FALCON aircraft.
12. Representative samples of advertising materials promoting the Opposer's trademarks, product and services consisting of brochures, product catalogue and pamphlets.
13. Latest Annual Reports for Dassault Aviation SA.
14. Evidence obtained from Webtrends Analytics Report, showing that Opposer's website received 1635 website visits from the Philippines in 2013 alone.
16. Affidavit of Diana Rabnal.
17. Special Power of Attorney with Certification of Authority.
18. Corporate Secretary's Certificate proving the authority of Mr. James V. Mark to sign in behalf of the Opposer.
19. Copy of the Trademark Application No. 4-2015-502455 for "FALCON" filed on May 7, 2015 in the Philippines.

This Bureau issued a Notice to Answer and served a copy thereof upon Respondent-Applicant on 22 June 2015. However, Respondent-Applicant did not file an Answer. On 16 September 2015, this Bureau issued Order No. 2015-1325 declaring Respondent-Applicant in default and the case was deemed submitted for resolution.

Should the Respondent-Applicant be allowed to register the trademark **FALCON**?

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.⁴

Records will show that at the time the Respondent-Applicant filed its trademark application on 5 September 2014, Opposer has no trademark registration for the mark "FALCON" in the Philippines. However, it has existing registrations for its mark "FALCON" in other countries like the United States, Canada, Australia and Denmark, among others. Opposer's mark is used on "*fixed-wing airplanes and structural parts thereof*" under Class 12 while Respondent-Applicant's mark is used on "*vehicles, apparatus for locomotion by land, air or water*" also under Class 12. As such, the parties deal with similar and/or related goods.

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

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

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(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;

The competing marks are herein reproduced:

FALCON

Opposer's Mark

FALCON

Respondent-Applicant's Mark

There is no doubt that Opposer's and Respondent-Applicant's mark are confusingly similar. Both parties adopted as their mark the word **FALCON**. While the

⁴ *Pribhdas J. Mirpuri v. Court of Appeals, G.R. No. 114508, 19 November 1999, citing Ethepa v. Director of Patents, supra, Gabriel v. Perez, 55 SCRA 406 (1974). See also Article 15, par (1), of the Trademark Related Aspects of Intellectual Property (TRIPS Agreement).*

font used in their respective marks are different, such difference is of no moment because of the adoption of the word FALCON. However, based on the evidence submitted by Opposer, it does not show that its mark is well-known in the Philippines and internationally. Opposer has not sufficiently proven by substantial evidence that it complied with the criteria of a well-known mark. It did not also show that it is well-known in the Philippines. While it has a website that can be accessed by anyone in the internet, it does not show the extent of its popularity in the Philippines. Hence, its reliance on Section 123.1 (e) has no leg to stand on.

On Opposer's contention that the FALCON mark can no longer be appropriated, used or registered by any other party because it is similar to its corporate name, the same is likewise untenable. Opposer's corporate name is not FALCON but *DASSAULT FALCON JET CORP.* The mere presence of the word "FALCON" in Opposer's corporate name is not sufficient to bar the registration of Respondent-Applicant's FALCON mark. In one case, the Supreme Court held that there is no automatic protection afforded an entity whose trade name is alleged to have been infringed through the use of that name as a trademark.⁵ It stressed that:

The Paris Convention for the Protection of Industrial Property does not automatically exclude all countries of the world from which have signed it from using a trade name which happen to be used in one country. To illustrate - if a taxicab or bus company in a town in the United Kingdom or India happens to use the trade name "Rapid Transportation", it does not necessarily follow that "Rapid" can no longer be registered in Uganda, Fiji, or the Philippines.

Nonetheless, Respondent-Applicant's mark FALCON is still barred from registration. While Opposer has no registration yet in the Philippines of its mark FALCON, its registration in its home country, the United States of America, dates back to 1925. Since then, it has used the mark in its aircraft. As such, Opposer has acquired ownership of the mark through long and continued use in commerce and therefore has a right to prevent others from using a similar mark for the same or related goods.

It must be stressed that registration of a mark is based on ownership. While Republic Act No. 8293 espouses the first-to-file-rule as stated under Sec. 123.1 (d), which means that, 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 of an application for registration of a mark. Proof of prior and continuous use is necessary to establish ownership of mark. Such ownership constitutes evidence to oppose the registration of a mark.

In *E.Y. Industrial Sales, Inc. et Al. v. Shendar Electricity and Machinery Co. Ltd.*⁶, the Supreme Court held:

⁵ *Canon Kabushiki Kaisha v. Court of Appeals, G.R. No. 120900, 20 July 2000*

⁶ *G.R. No. 184850, October 20, 2010*

Sec. 134 of the IP Code provides that any person who believes that he would be damaged by the registration of a mark xxx may file an opposition to the application. The term any person encompasses the true owner of a mark, the prior continuous user.

Notably, the Court has ruled that the prior and continuous use of a mark may even overcome the presumptive ownership of the registrant and be held as the owner of the mark. As aptly stated by the Court in *Shangri-la International Hotel Management, Ltd v. Developers Group of Companies, Inc.*:

Registration, without more, does not confer upon the registrant an absolute right to the registered mark. The certificate of registration is merely a prima facie proof that the registrant is the owner of the registered mark or trade name. Evidence of prior and continuous use of the mark or trade name by another can overcome the presumptive ownership of the registrant and may very well entitle the former to be declared owner in an appropriate case.

xxx

Ownership of a mark or trade name may be acquired not necessarily by registration but by adoption and use in trade or commerce. As between actual use of a mark without registration, and registration of the mark without actual use thereof, the former prevails over the latter. For a rule widely accepted and firmly entrenched, because it has come down through the years, is that actual use in commerce or business is a prerequisite to the acquisition of the right of ownership.

xxx

By itself, registration is not a mode of acquiring ownership. When the applicant is not the owner of the trademark being applied for, he has no right to apply for registration of the same. Registration merely creates a prima facie presumption of the validity of the registration, of the registrant's ownership of the trademark and of the exclusive right to the use thereof. Such presumption, just like the presumptive regularity in the performance of official functions, is rebuttable and must give way to evidence to the contrary.

Clearly, it is not the application or registration of the mark which confers ownership. A trademark is a creation of use and belongs to one who first used it in a trade or commerce. "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 ownership. The IP Code implements TRIPS Agreement and therefore, the idea of 'registered owner' does not mean that ownership is established by mere registration but that registration established 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."⁷ Opposer has used in commerce the mark "FALCON" since 1925 and continues to use it up to the present. As the true owner of the mark, it has the right to oppose the application of the mark filed by Respondent-Applicant.

⁷ See Decision, IPC No. 14-2008-00046, 21 January 2013, available at <http://onlineservices.ipophil.gov.ph/ipcaselibrary/> <accessed 28 March 2016.


Furthermore, Respondent's application was filed in bad faith. It must be pointed out that Opposer is engaged in the business of selling jet aircraft and supplying parts thereof. Considering that Respondent-Applicant's mark FALCON is being applied for use on "*vehicles, apparatus for locomotion by land, air or water*", it is expected or presumed that Respondent-Applicant knows of the existence of Opposer. Since Respondent-Applicant seeks to engage business in the industry where Opposer has been a player for a long time already, it can be deduced that Respondent-Applicant intends to ride on the goodwill of the Opposer acquired through the long use of the mark FALCON. By adopting a similar mark for use on similar goods, Respondent-Applicant is deemed to have acted in bad faith when it applied for registration the mark FALCON.

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.⁸

WHEREFORE, premises considered, the instant Opposition to Trademark Application No. 4-2014-011119 is hereby **SUSTAINED**. Let the file wrapper of subject trademark application be returned, together with a copy of the Decision, to the Bureau of Trademarks for information and appropriate action.

SO ORDERED.

Taguig City **09 AUG 2016**


MARLITA V. DAGSA
Adjudication Officer
Bureau of Legal Affairs

⁸ *Supra.*