

KION GROUP GMBH,
Opposer,

-versus-

GEORGE ONG T.,
Respondent-Applicant.

X-----X

IPC No. 14-2014-00202

Opposition to:

Appln. Serial No. 4-2013-502190

Date Filed: 08 August 2013

TM: KEON

NOTICE OF DECISION

SIGUION REYNA, MONTECILLO & ONGSIAKO LAW OFFICES

Counsel for Opposer

4th & 6th Floors, Citibank Centre

8741 Paseo de Roxas, Makati City

GEORGE ONG T.

Respondent- Applicant


15 Latukan Street,

Quezon City 1115

GREETINGS:

Please be informed that Decision No. 2016 - 286 dated August 17, 2016 (copy enclosed) was promulgated in the above entitled case.

Taguig City, 17 August 2016.


Atty. Z'SA MAY B. SUBEJANO-PE LIM
Adjudication Officer
Bureau of Legal Affairs

Republic of the Philippines
INTELLECTUAL PROPERTY OFFICE

Intellectual Property Center # 28 Upper McKinley Road, McKinley Hill Town Center, Fort Bonifacio,
Taguig City 1634 Philippines • www.ipophil.gov.ph

T: +632-2386300 • F: +632-5539480 • mail@ipophil.gov.ph

KION GROUP GMBH,

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IPC No. 14-2014-00202

Opposition to Trademark

Application No. 4-2013-502190

Date Filed: 08 August 2013

Trademark: **"KEON"**

Decision No. 2016- 286

DECISION

Kion Group GMBH¹ ("Opposer") filed an opposition to Trademark Application Serial No. 4-2013-502190. The contested application, filed by George Ong T.² ("Respondent-Applicant"), covers the mark "KEON" for use on *"brass check valve, brass ball valve, brass gate valve", "faucet"* and *"polypropylene pipes & fittings for in-house hot & cold water"* under Classes 07, 11 and 19, respectively, of the International Classification of Goods³.

The Opposer alleges, among others, that it is the owner of the trademark "KION", which it registered under Certificate of Registration No. 4-2012-005486 for goods under Classes 07, 09, 12, 20 and 36. It avers that it has trademark applications and/or registrations for the said mark in at least thirty-one (31) countries worldwide and that it has acquired goodwill through international marketing and promotion. It contends that the Respondent-Applicant's mark "KEON" is confusingly similar with its mark, being applied for use in the same class of goods as those covered by its trademark registration. In support of its opposition, the Opposer submitted the original copies of its certificates of registration for "KION" from Germany and World Intellectual Property Organization (WIPO).⁴

This Bureau issued a Notice to Answer and served a copy thereof upon the Respondent-Applicant on 20 August 2014. The Respondent-Applicant, however, did not file an Answer. Accordingly, the Hearing Officer issued on 23 October 2015 Order No. 2015-1566 declaring the Respondent-Applicant in default and the case submitted for decision.

¹ A corporation organized and existing under the laws of Germany with business address at Abraham-Lincoln-Strasse 21, 65189 Wiesbaden, Germany.

² With known address at 15 Latukan Street, Quezon City 1115, Metro Manila.

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

⁴ Marked as Exhibits "C" and "D".

The issue to be resolved in this case is whether the trademark "KEON" should be allowed registration.

To determine whether the marks of the Opposer and the Respondent-Applicant are confusingly similar, the two are shown below for comparison:

KION[®] **keon**

Opposer's Mark

Respondent-Applicant's Mark

Perusing the competing marks, it appears the Respondent-Applicant merely substituted the letter "I" in the Opposer's mark for the letter "E". Regardless thereof, the mark are pronounced identically. Visually, they are also confusingly similar. After all, confusing similarity exists when there is such a close or ingenuous imitation as to be calculated to deceive ordinary persons, or such resemblance to the original as to deceive ordinary purchased as to cause him to purchase the one supposing it to be the other.⁵ This is especially so because the Opposer's mark "KEON" is used for hydraulic systems while that of the Respondent-Applicant's is for brass valves, all of which are under Class 07.

Records reveal that the Respondent-Applicant filed the contested application for the mark "KEON" on 08 August 2013. The Opposer, on the other hand, was issued Certificate of Registration No. 4-2012-005486 for the mark "KION" on 16 May 2013. The Trademark Registry, however, shows that the said trademark registration is "removed from register for non-use". Therefore, the Respondent-Applicant filed the earlier application.

Be that as it may, it is stressed that the Philippines implemented the TRIPS Agreement when the IP Code took into force and effect on 01 January 1998. Article 15 of the TRIPS Agreement reads:

Section 2: Trademarks
Article 15
Protectable subject Matter

⁵ Societe des Produits Nestle, S.A. vs. Court of Appeals, GR No. 112012, 04 April 2001.

- 1. Any sign, or any combination of signs, capable of distinguishing the goods or services of one undertaking from those of other undertakings, shall be capable of constituting a trademark. Such signs, in particular words, including personal names, letters, numerals, figurative elements and combinations of colours as well as any combination of such signs, shall be eligible for registration as trademarks. Where signs are not inherently capable of distinguishing the relevant goods or services, members may make registrability depend on distinctiveness acquired through use. Members may require, as a condition of registration, that signs be visually perceptible.**
- 2. Paragraph 1 shall not be understood to prevent a Member from denying registration of a trademark on other grounds, provided that they do not derogate from the provision of the Paris Convention (1967).**
- 3. Members may make registrability depend on use. However, actual use of a trademark shall not be a condition for filing an application for registration. An application shall not be refused solely on the ground that intended use has not taken place before the expiry of a period of three years from the date of application.**
- 4. The nature of the goods or services to which a trademark is to be applied shall in no case form an obstacle to registration of the trademark.**
- 5. Members shall publish each trademark either before it is registered or promptly after it is registered and shall afford a reasonable opportunity for petitions to cancel the registration. In addition, Members may afford an opportunity for the registration of a trademark to be opposed.**

Further, Article 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.**

ms

Significantly, Section 121.1 of R.A. No. 8293, also known as the Intellectual Property Code of the Philippines ("IP Code") adopted the definition of the mark under the old Law on Trademarks (R.A. 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)"

Section 122 of the IP Code 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 Section 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, Section 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 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.⁶ 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 **Shangri-la International Hotel Management, Ltd. vs. Developers Group of Companies**⁷, the Supreme Court held:

⁶ See Section 236 of the IP Code.

⁷ G.R. No. 159938, 31 March 2006.

"By itself, registration is not a mode of acquiring ownership. When the applicant is not the owner of the trademark applied for, he has no right to apply the registration off the same."

Corollarily, a registration obtained by a party who is not the owner of the mark may be cancelled. In **Berris v. Norvy Abyadang**⁸, the Supreme Court made the following pronouncement:

"The ownership of a trademark is acquired by its registration and its actual use by the manufacturer or distributor of the goods made available to the purchasing public. Section 122 of R.A. No. 8293 provides that the rights in a mark shall be acquired by means of its valid registration with the IPO. A certificate of registration of a mark, once issued, constitutes prima facie evidence of the validity of the registration, of 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. R.A. No. 8293, however, requires the applicant for registration or the registrant to file a declaration of actual use (DAU) of the mark, with evidence to that effect, within three (3) years from the filing of the application for registration; otherwise, the application shall be refused or the mark shall be removed from the register. 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. 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."

In this case, the Opposer proved that registered the mark "KEON" as early as 25 October 2006 with the German Patent and Trade Mark Office under Registration No. 306 39 129. Also, it was issued Certificate of Registration No. 952 690 by the WIPO on 19 December 2006 for the same mark.

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. To allow Respondent-Applicant to register the subject mark will trademark registration simply a contest as to who files an application first with the Office. Noteworthy, the Respondent-Applicant was given an opportunity to explain how it arrived at its mark but did not do so.


⁸ G.R. No. 183404, 13 October 2010.

Accordingly, this Bureau finds and concludes that the Respondent-Applicant's trademark application is proscribed by Sec. 123.1(d) of the IP Code.

WHEREFORE, premises considered, the instant opposition is hereby **SUSTAINED**. Let the filewrapper of Trademark Application Serial No. 4-2013-502190 be returned, together with a copy of this Decision, to the Bureau of Trademarks for information and appropriate action.

SO ORDERED.

Taguig City, **17 AUG 2016** .


ATTY. Z'SA MAY B. SUBEJANO-PE LIM
Adjudication Officer
Bureau of Legal Affairs