

BIONIC AUTO SEAT COVER
MANUFACTURING, INC.,

Petitioner,

-versus-

BIONIC WHEELS MERCHANDISING,
INC.,

Respondent-Registrant.

IPC No. 14-2014-00537

Opposition to:
Application No. 4-2014-500309
Date Filed: 31 July 2014
Trademark:

NOTICE OF DECISION

BENGZON NEGRE UNTALAN

Counsel for Opposer
2ND Floor, SEDCCO Building
Rada corner Legaspi Streets
Legaspi Village, Makati City


BETITA CABILAO CASUELA SARMIENTO

Counsel for Respondent-Applicant
2nd Floor, LC Building
Suite 1104, Page One Building
1215 Acacia Avenue, Madrigal Business Park
Ayala Alabang, Muntinlupa City 1780

GREETINGS:

Please be informed that Decision No. 2016- 321 dated 23 September 2016 (copy enclosed) was promulgated in the above entitled case.

Taguig City, 23 September 2016.


Atty. JOSEPHINE C. ALON
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

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DECISION




BIONIC AUTO SEAT COVER MANUFACTURING, INC.¹ ("Petitioner") filed a petition to cancel Trademark Registration No. 4-2014-500309. The registration, issued in favor of BIONIC WHEELS MERCHANDISING² ("Respondent-Registrant"), covers the mark " " for use on "vehicles; accessories and apparatus for locomotion by land, air or water, except seat covers for vehicles" under Class 12, "clothing, footwear, headgear" under Class 25 and "retail services; office functions and business management, except business administration" under Class 35 of the International Classification of Goods and Services.³

The Petitioner alleges:

x x x

"Arguments

"40. Petitioner Bionic Auto Seat Cover strongly argues that based on the facts and the law, adequate legal grounds exist to cancel the registration of Trademark Application No. 4-2014-500309 in the name of Respondent Bionic Wheels.

"41. Petitioner Bionic Auto Seat Cover, as the long-time user and owner of the Bionic Auto Seat Cover Logo '' and Mr. Alberto S. Go as its co-owner and creator, both stand to be damaged by Bionic Wheels' registration of the mark '' under Trademark Application No. 4-2014-500309. Being the true and lawful owners of the mark, the registration will effectively rob Petitioner Bionic Auto Seat Cover and Mr. Alberto S. Go of their right to use the mark as a business brand. To make matters worse, their loyal customers will also be unduly confused and harassed as a consequence of the fraudulent registration of Trademark Application No. 4-2014-500309 for Bionic Wheels Logo ''; thereby affecting the sales, income, and goodwill of Petitioner Bionic Auto Seat Cover.

x x x


¹A domestic corporation duly organized and existing under Philippine law with office address at 42-A Albany St. Brgy. Silangan, Cubao, Quezon City.




²A domestic corporation with business address at 935 Aurora Blvd. corner Pittsburgh St., Cubao, Quezon City, Metro Manila, Philippines.




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.







"42. The IP Code provides a remedy petition for the cancellation of a registered mark in cases that any person believes that he or she may be damaged by such registration, to wit:

x x x

"43. As established above, Mr. Alberto S. Go created the Bionic Auto Seat Cover Logo '  ' for his businesses. From the start of his businesses, through its registration as sole proprietorships, and until these were eventually incorporated, Mr. Alberto S. Go was the owner and then majority shareholder of Bionic Wheels and is still the owner and majority shareholder of Bionic Auto Seat Cover.

"44. As the driving force behind these businesses, Mr. Alberto S. Go was undeniably the one who continually invested money and resources to develop the Bionic Auto Seat Cover Logo '  '. It was through his efforts that the fame and reputation of the Bionic Auto Seat Cover Logo '  ', and its association with Petitioner Bionic Auto Seat Cover, was established and strengthened. For more than thirty (30) years, the Bionic Auto Seat Cover Logo '  ' represented Mr. Alberto S. Go's impeccable services and the good quality products his businesses consistently deliver.

"45. Furthermore, since the inception of Petitioner Bionic Auto Seat Cover, it has unceasingly used this Bionic Auto Seat Cover Logo '  ' with the permission of Mr. Alberto S. Go. All of its products and business documents carry the Bionic Auto Seat Cover Logo '  '. Undoubtedly, Petitioner Bionic Auto Seat Cover as a business came to be strongly associated with the Bionic Auto Seat Cover Logo '  ' through its regular and consistent use of the logo. For over thirty (30) years, it has gained a vested right over the mark and stands to be greatly damaged by the registration of this mark by some other entity such as Respondent Bionic Wheels.

"46. Mr. Victorio Chu, as a member of the family and mere employee of Mr. Alberto S. Go in Bionic Wheels, was fully aware of the existence and origin of Bionic Auto Seat Cover Logo '  '. He knew that it was Mr. Alberto S. Go who created and developed the Bionic Auto Seat Cover Logo '  '. He was also well aware that Mr. Alberto S. Go heavily advertised the Bionic Auto Seat Cover Logo '  ' and has invested immense amounts of money and effort into strengthening its Bionic Auto Seat Cover Logo '  ', its products, and its businesses. Despite this, Respondent Bionic Wheels, where Mr. Victorio Chu is a current stockholder, still sought the registration of Bionic Wheels Merchandising Inc. Logo '  ' which is obviously substantially similar to the Bionic Auto Seat Cover Logo '  ' created and owned by Mr. Alberto S. Go.

"47. Section 122 of the IP Code explains how marks are acquired, thus:

x x x

"48. In Shangri-La International Hotel Management, Ltd. vs. Developers Group of Companies, Inc., the Supreme Court explained that trademark registrations can only be validly applied for by the real owner. If the applicant is not the real and true owner, he has no right to apply for the same. Thus,

x x x

"49. The Supreme Court enunciated in the more recent case of Birkenstock Orthopaedie GMBH and Co. KG vs. Philippine Shoe Expo Marketing Corp. that an application or the registration is not the act which confers trademark ownership, but it is the ownership of a trademark that confers the right to register the same. To wit:


x x x

"50. The circumstances surrounding the case at hand warrant the application of the principle emphasized in these cases.

"51. Respondent Bionic Wheels cannot register the mark because it is not the true and rightful owner of Bionic Wheels Merchandising Inc. Logo subject of Trademark Application No. 4-2014-500309. The Bionic Wheels Merchandising Inc. Logo is obviously substantially similar, if not identical, to the Bionic Auto Seat Cover Logo created by Mr. Alberto S. Go and used in commerce by Petitioner Bionic Auto Seat Cover and co-owner and creator Mr. Alberto S. Go are the only one legally entitled to register the same.

"52. Thus, with the registration of Respondent Bionic Wheels' application, Section 147 of the IP Code will unfairly and unduly apply against Petitioner Bionic Auto Seat Cover. This provision states that the registered owner will have the exclusive right to prevent all third parties from using the mark without its permission or authority, to wit:


x x x




"53. With the registration, Respondent Bionic Wheels will then have the undue and unfair advantage over the mark's rightful owner, specifically Petitioner Bionic Auto Seat Cover and Mr. Alberto S. Go, merely on the grounds that Respondent Bionic Wheels is the registered owner. This then is a source of irreparable injury to Petitioner Bionic Auto Seat Cover and Mr. Alberto S. Go. The registration will rob the rightful owners and users, Mr. Alberto S. Go and Petitioner Bionic Auto Seat Cover, of their lawful right to register, use and enforce the Bionic Auto Seat Cover Logo '  '.



"54. To reiterate the remedy Section 151.1 provides, any person who believes to be damaged by the registration of a mark may file a petition for cancellation. When similar classes bear the same mark, there is a potential confusion of business, thus resulting to damage. The damaged party may then seek the petition for cancellation of the registered confusing mark.

"55. Respondent Bionic Wheels' Trademark Application No. 4-2014-500309 covers the following classes, Class 12: Vehicles, Accessories and Apparatus for Locomotion by Land, Air, or Water, except Seat Covers; Class 25: Clothing, Footwear, and Headgear; and Class 35: Retail Services, Office Functions and Business Management, except Business Administration.

"56. On the other hand, Petitioner Bionic Auto Seat Cover's 2005 amended Articles of Incorporation states that the business is engaged primarily in manufacturing auto seat cover, car mat, automotive soft goods and other related products: to engage in, conduct, and carry on the business of buying, selling, distributing, marketing at wholesale only insofar as may be permitted by law, all kinds of goods, commodities, wares and merchandise of every kind and description; and to enter into all kinds of contracts for the export, import, purchase, acquisition, sale at wholesale only and other disposition for its own account as principal or in representative capacity as manufacturer's representative, merchandise broker, indenter, commission merchant, factors or agents, upon consignment of all kinds of goods, wares, merchandise, or products, whether natural or artificial.



over it in relation to its business. Furthermore, Petitioner Bionic Auto Seat Cover's reputation will be greatly affected as its loyal customers and established client base will be significantly inconvenienced by the confusion and instability of business that will result from the registration of Respondent's Trademark Application No. 4-2014-500309 for Bionic Wheels Logo '  '. Lastly, this registration is in bad faith because the knowledge and existence of Petitioner Bionic Auto Seat Cover and its corresponding usage of the Bionic Auto Seat Cover Logo '  ' and the latter's origin as an original creation of Mr. Alberto S. Go is not lost in Respondent Bionic Wheels. In fact, Respondent Bionic Wheels' majority holder Mr. Victorio Chu is the younger brother of Mr. Alberto S. Go who worked for him before. Therefore, Mr. Victorio Chu knew how the businesses started, how the Bionic Auto Seat Cover Logo '  ' was created and developed by his older brother, and that Petitioner Bionic Auto Seat Cover has been using this logo since its inception.

The Petitioner's evidence consists of the Secretary's Certificate executed on 25 March 2014; the Special Power of Attorney dated 29 August 2014 authorizing BNU to represent Petitioner Bionic Auto Seat Cover in this case; copy of S.E.C. Registration No. AS94008637 and Articles of Incorporation dated September 1994; copy of the Amended Articles of Incorporation dated 03 November 2005; copy of S.E.C. Registration No. AS94008657 dated September 1994; copy of the e-Gazette print-out of the Trademark Application No. 4-2014-500309 by the IPOPHL; the Affidavit of Mr. Alberto S. Go, the majority stockholder, President, and authorized signatory of Petitioner Bionic Auto Seat Cover; copy of a certification from Mr. Virgilio Bastasa stating that he worked for Bionic Wheels from 1982-2003; copy of a BIR Business Registration Certificate issued on 13 December 1985; copies of representative receipts with Invoice No. 5492, No. 11520 and No. 52094 reflecting the name Mr. Alberto S. Go as the registered sole proprietor; copies of letters issued by Petitioner's customers certifying that BASC has been supplying them with automotive seat covers since 1982; copies of company letter head, staff identification cards, advertising materials, receipts and checks issued by Mr. Alberto S. Go depicting the Petitioner's Logo  ; photograph printout samples of Petitioner's products bearing the logo Mr. Alberto S. Go originally designed and used; copy of the Memorandum of Agreement by and between Alberto S. Go, Anita T. Go, Alwin T. Go and Victorio Chu, Shirley Bucay Chu, Varian Sherwin B. Chu; copy of Petitioner's General Information Sheet for the year 2014; copy of Bionic Wheels' General Information Sheet for the year 2014; copy of the letter issued by Mr. Alberto S. Go assigning all his rights over the logo to Petitioner; copy of Petitioner's trademark application for Bionic Logo with Application No. 4-2013-011722; copy of the registrability report from IPOPHL dated 25 February 2014; copy of the demand letter sent by Respondent-Registrant's counsel to Petitioner's client Ace Hardware Corporation; copy of IPV No. 10-2014-00005; copy of the agreement to mediate in IPOPHL signed by both parties; copy of the Return of Search Warrants No. 14-23938, 14-23939 and 14-23940; copy of the TSN dated 07 July 2014; copy of the Motion to Quash filed last 31 July 2014 by Petitioner BASC; copy of the Notice of Opposition filed by 

Petitioner against Trademark Application No. 4-2014-000268; and copy of the June 30 2014 publication list which contained the Trademark Application No. 4-2014-500309.⁴

This Bureau issued a Notice to Answer and sent a copy thereof upon Respondent-Registrant on 20 January 2015. The Respondent-Registrant filed their Answer on 20 April 2015 and avers the following:

x x x

"Averments and Defenses

"Respondent re-pleads the foregoing allegations insofar as they are applicable, and further states:

"24. Respondent's registration of the BIONIC WHEELS LOGO in its name was validly made in good faith and in accordance with the provisions of the Intellectual Property Code.

"25. Mr. Victorio G. Chu of Respondent is the original creator of the BIONIC WHEELS LOGO mark and has consented and authorized the use thereof by the Respondent in connection with its business. The affidavit of Mr. Victorio G. Chu detailing how he conceptualized the BIONIC WHEELS LOGO, among others, will be submitted together with the Answer.

"26. Mr. Alberto S. Go's claim that he created the BIONIC WHEELS LOGO is a blatant lie and is clearly belied by his lack of knowledge on the essential features of his supposed logo, to wit:

x x x


"27. Mr. Victorio G. Chu and/or Respondent is the prior user of the BIONIC WHEELS LOGO, having first used the same in connection with the Bionic Wheels car accessories business as early as 1978. It must be emphasized also that Petitioner was not yet in existence at the time that the BIONIC WHEELS LOGO was conceptualized by Mr. Victorio G. Chu in 1978.

"28. In fact, Petitioner's President Mr. Alberto S. Go, confirmed in his own testimony during cross-examination in connection with the administrative case docketed as IPV No. 10-2014-00005 that it was Respondent who first used the BIONIC WHEELS LOGO, to wit:

x x x

"29. Since 1978 up to the present, Mr. Victorio G. Chu and/or Respondent continue to use the BIONIC WHEELS LOGO.

"30. As original creator of the BIONIC WHEELS LOGO, Mr. Victorio G. Chu has also consented and authorized the trademark registration of the BIONIC WHEELS LOGO by Respondent, his wife and son being the majority stockholders therein.



⁴Marked as Exhibits "A" to "AA", inclusive.

"31. Accordingly, apart from the BIONIC WHEELS LOGO subject of the instant cancellation case, Respondent applied for registration and/or registered in good faith the BIONIC WHEELS LOGO in its name with the Philippine Intellectual Property Office under the following details:

x x x

"32. Neither Petitioner nor Alberto S. Go has any pending trademark application or registration over the BIONIC WHEELS LOGO.

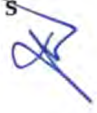
"33. While Petitioner previously filed an application to register a mark identical or similar to the BIONIC WHEELS LOGO, Petitioner subsequently abandoned its application. Neither did Petitioner re-file the application nor file any application to register a mark similar to the Respondent's BIONIC WHEELS LOGO mark. Hence, Petitioner should be deemed to have abandoned or waived whatever claim it has over the BIONIC WHEELS LOGO mark.

"34. By virtue of the prior, long and continuous use in good faith since 1978 of the BIONIC WHEELS LOGO which was created by Mr. Victorio G. Chu and used in connection with the Bionic Wheels business, Respondent and Mr. Victorio G. Chu acquired significant goodwill over the BIONIC WHEELS LOGO, which is a proprietary right entitled to protection.

"35. Based on the foregoing, Petitioner cannot rightfully claim any relief against Respondent. As the lawful owner and prior user and registrant of the BIONIC WHEELS LOGO mark, Respondent's use and registration of the BIONIC WHEELS LOGO mark is in accordance with the provisions of existing laws.

"36. Hence, the petition for cancellation is completely baseless and should be dismissed for utter lack of merit.

The Respondent-Registrant's evidence consists of the Answer dated 13 April 2015; copy of the TSN taken on 12 November 2014; copy of TSN taken on 27 January 2015; copy of the Affidavit of Mr. Victorio G. Chu; copy of the Affidavit of Ms. Erlinda P. Rodriguez; copy of the Affidavit of Ms. Rosita G. Siy; copy of the Affidavit of Mr. James N. Go; copy of the Affidavit of Mr. Modesto G. Chu; printout of the trademark details report for BIONIC WHEELS LOGO under Registration No. 4-2012-013195; printout of the trademark details report for BIONIC WHEELS LOGO under Registration No. 4-2014-000268; samples of materials showing the sale and promotion of the BIONIC WHEELS LOGO; photograph of the Social Security System Registration Plate of the Respondent as registered on April 1978; the Officer's Certificate and Special Power of Attorney executed by Mr. Varian Sherwin B. Chu, Corporate Secretary of the Respondent, regarding the authority of Mrs. Shirley B. Chu to verify the Answer in the above-captioned case and the authority of Betita Cabilao Casuela Sarmiento to represent Respondent in this case; and the Secretary's Certificate executed by Mr. Varian Sherwin B. Chu regarding the authority granted for the execution of the Officer's Certificate and Special Power of Attorney.⁵



⁵Marked as Exhibits "1" to "14", inclusive.

On 26 August 2015, the Preliminary Conference was terminated and the parties were directed to file their respective position papers. Thereafter, the case was deemed submitted for resolution.

Before this Bureau dwell on the main issue/s, the verification and certification matters must first be resolved. Respondent-Registrant argued that:

1. *The verification in the Petition for Cancellation is based on "personal knowledge and belief" and, therefore, fatally defective.*

Here, the petitioner substantially complied with the requirement under the rules⁶ on verification when Mr. Alberto S. Go, President and authorized signatory of Bionic Auto Seat Cover Manufacturing, Inc. stated that "*I have read the contents of the said Petition and the allegations therein are true and correct of my own personal knowledge...*" conforming to the requirement that "a pleading must be verified by an affidavit that the affiant has read the pleading and that the allegations therein are true and correct of **his personal knowledge or** based on authentic records".

In the case of Hun Hyung Park vs. Eung Won Choi⁷, the Supreme Court ruled:

"A reading of the above-quoted Section 4 Rule 7 indicates that a pleading may be verified under either of the two given modes or under both. The veracity of the allegations in a pleading may be affirmed based on either one's own personal knowledge or on authentic records, or both as warranted. The use of the preposition "or" connotes that either source qualifies as a sufficient basis for verification and, needless to state, the concurrence of both sources is more than sufficient." (Emphasis and underscoring supplied)

2. *Petitioner's certification is also fatally defective because Petitioner deliberately failed to state that it filed the following administrative cases docketed as IPV No. 10-2014-00005 and IPC No. 14-2014-00283 in the IPO involving the same issues and subject matter and failed to provide a complete statement of their present status.*

When administrative cases involved the same parties but do not have the same issues and subject matters, there is no requirement to state them in the certification against forum shopping. IPV No. 10-2014-0005 is an intellectual property violation case, specifically, a Complaint for **Unfair Competition and**

⁶ Section 4, Rule 7 of the 1997 Rules of Civil Procedure.

⁷ G.R. No. 165496, February 12, 2007.

Copyright Infringement, while the two other are inter-partes cases, in particular, IPC No. 14-2014-000283 is an **opposition** to Trademark Application Serial No. 4-2014-000268 and IPC No. 14-2014-000537 is a **petition to cancel** Trademark Registration No. 4-2014-500309. Hence, the cases involve different issues, subject matters and causes of action.

The verification and certification matters settled, this Bureau now scrutinize the main issue, hence the question, should Trademark Registration No. 4-2014-500309 be cancelled?

Sec. 151, IP Code, states in part that:

Sec. 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 the registration of the mark under this Act. x x x

This provision allows any person to file a petition to cancel a trademark registration if that person believes that he would be damaged by the registration. Once filed, the cancellation proceeding becomes, basically, a review of the trademark registration in question to determine if the legal requirements for registration have been satisfied and if the maintenance or continuance of Respondent-Registrant's trademark in the principal register would damage Petitioner.⁸

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 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.

The trademark registration issued in favor of respondent-registrant constitutes *prima facie* evidence, hence, it is not conclusive and may be overturned by controverting evidence. Because of the presumption of validity, the burden of proof rests on Petitioner to prove that the registration of subject mark was invalid and that the original registrant is not the owner of the subject mark. Petitioner is required to submit

⁸Sec. 154 of the IP Code provides:

154. *Cancellation of Registration.* – If the Bureau of Legal Affairs finds that a case for cancellation has been made out, it shall order the cancellation of the registration. When the order or judgment becomes final, any right conferred by such registration upon the registrant or any person in interest of record shall terminate. Notice of cancellation shall be published in the IPO Gazette. (Sec. 19, R.A. No. 166a)

substantial evidence to rebut the *prima facie* presumption of validity of Certificate of Registration No. 4-2014-500309.

Section 5 Rule 133 of the Rules of Court provides:

Sec. 5. *Substantial evidence.* – In cases filed before administrative or quasi-judicial bodies, a fact may be deemed established if it is supported by substantial evidence, or that amount of relevant evidence which a reasonable mind might accept as adequate to justify a conclusion. (n)”

Substantial evidences has been defined as follow:

“Due process in administrative process requires that evidences must be substantial, and substantial evidence means evidence that a reasonable mind might accept as adequate to support a conclusion.” (China City Restaurant Corporation vs. NLRC, 217 SCRA 443 (1993) citing Associated Labor Union vs. NLRC, 189 SCRA 743 (1990))

“Substantial evidence which is the quantum of evidence required to establish a fact before administrative and quasi-judicial bodies is that amount of relevant evidence as a reasonable mind might accept as adequate to support a conclusion. It means such evidence which affords a substantial basis from which the fact in issue can be reasonably inferred” (Rubberworld (Phils.), Inc. vs. National Labor Relations Commissions, 175 SCRA 450); or “as adequate to justify a conclusion” (Remo Foods, Inc. vs. National Labor Relations Commission, 249 SCRA 379; Fulgeura vs. Linsangan, 251 SCRA 264).

In the case of Emerald Garment Manufacturing Corporation vs. Court of Appeals, 251 SCRA 600 (1995), the Supreme Court ruled:

“The findings of facts of the Director of Patents are conclusive upon the Supreme Court provided they are supported by substantial evidence citing “Unno Commercial Enterprises, Inc. vs. General Milling Corp., 120 SCRA 804 91983; Kabushiki Isetan vs. Intermediate Appellate Court, 203 SCRA 583 (1991).”

It is also a basic rule of evidence that each party must prove his affirmative allegations. If he claims a right granted by law, he must prove his claim by competent evidence, relying on the strength of his own evidence and not upon the weaknesses of that of his opponent. The test for determining on whom the burden of proof lies is found in the result of an inquiry as to which party would be successful if no evidence of such matters will be given.” (Lolita Lopez vs. Bodega City, et. al., G.R. No. 155731, 03 September 2007, citing Martinez vs. National Labor Relation Commission, 339 Phil. 176,

183 (1997); Rufina Patis Factory vs. Alusitain, G.R. No. 146202, 14 July 2004, 434 SCRA 418, 428; Imperial Victory Shipping Agency vs. National Labor Relation Commission, G.R. No. 84672, 05 August 1991, 200 SCRA 178, 185)

In evaluating the facts of the record and weighing the evidence presented, this Bureau must first determine or make a finding on the similarity or dissimilarity of the two marks. A comparison of the competing marks reproduced below:




Petitioner's mark



Respondent-Registrant's trademark

shows that the marks are obviously substantially similar, if not identical and used on similar and/or closely related goods and services, particularly, car accessories and car

accessories retail business. The Petitioner's mark or logo  is creative and unique and thus, highly distinctive, for car accessories and car accessories retail business. Thus, it is likely that the consumers will have the impression that these goods or services originate from a single source or origin. The confusion or mistake would subsist not only on the purchaser's perception of goods and services but on the origin thereof as held by the Supreme Court, to wit:



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.⁹

There is strong likelihood of the consumers being misled to believe that the Respondent-Registrant's mark is just a variation of the Petitioner's.

Public interest therefore requires, that two marks, identical to or closely resembling each other and used on the same and closely related goods and services, 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

⁹Converse Rubber Corp. v. Universal Rubber Products, Inc. et. al., G.R. No. L-27906, 08 Jan. 1987.

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

The Respondent-Registrant's filing of their trademark application in October 2012 of the mark  under Class 12 for car seat covers preceded the Petitioner's trademark application of the logo  (27 September 2013) for car seat cover. The Petitioner, however, raises the issues of trademark ownership, and fraud and bad faith on the part of Respondent-Registrant.

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)

¹⁰ *Pribhdas J. Mirpuri v. Court of Appeals*, G.R. No. 114508, 19 November 1999, citing *Ethepe v. Director of Patents*, *supra*, *Gabriel v. Peres*, 55 SCRA 406 (1974). See also Article 15, par. (1), Art. 16, par. (1), of the Trade Related Aspects of Intellectual Property (TRIPS Agreement).

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 Petitioner proved that it is the originator and owner of the contested logo. Petitioner and Alberto S. Go's explanation or story on how initially the

¹¹ See Sec. 236 of the IP Code

¹² G.R. No. 184850, 20 October 2010.

idea of the logo or mark  came about, did seem believable and credible despite his testimonies on 12 November 2014¹³ and January 27, 2015¹⁴ hearings, on the number of treads or rays projecting around the letter "B" in the logo  vis-à-vis Respondent-Registrant Victorio G. Chu's sworn statement. Mr. Victorio G. Chu failed to explain where he got and why he had chosen the word "Bionic" to represent the letter "B" in the logo  or in the mark  and used it in his business name "Bionic Wheels Merchandising", instead he attached only photographs of a Roman soldier's helmet¹⁵ to support his claim of ownership over the mark . For his part, Petitioner Alberto S. Go came up initially with the idea and concept of a hot wheels logo, consisting of *"a wheel with flames erupting from it"* or made up of *"a single wheel with erupting flames projecting towards the right side"*¹⁶ and was improved aesthetically over time to come up with the logo . As stated, Alberto S. Go based the name "Bionic" in the business name "Bionic Wheels Merchandising, Inc." on a popular character and television show at that time (1978), the "Bionic" Man.¹⁷ It was Alberto S. Go, majority holder and president of Bionic Auto Seat Cover, Inc., Petitioner herein, who set up and ran the car accessories business as a single proprietorship under the business name "Bionic Wheels Merchandising". Petitioner's evidence such as company letter head, staff identification cards, advertising materials, receipts and checks issued **including that of Respondent-Registrant's evidence such as a Sept. 1979 sales receipt (No. 5492), December 1980 sales receipt (No. 11520), an August 1987 sales receipt (No. 52094)**¹⁸ show that Bionic Wheels Manufacturing car accessories retailing business indicated Alberto S. Go as the sole proprietor. In fact, a 1985 Bureau of Internal Revenue Business Registration Certificate¹⁹ shows that Alberto Go was the registered retailer for Bionic Wheels Manufacturing. True, Mr. Alberto Go has sold his shares or divested himself of ownership of shares in Bionic Wheels Merchandising, Inc. through a Memorandum of Agreement dated 21 January 2012, however, no evidence was submitted by Respondent-Registrant to prove that Alberto S. Go, in divesting himself of ownership of shares in Bionic Wheels also divested himself of ownership over the Bionic Auto Seat Cover ("BASC") logo  and that could be the rationale why Petitioner has made move to register the BASC logo  and demand that Respondent-Registrant ceases from using the BASC logo because he is still the creator and owner of the BASC logo . As the creator and true owner of the logo

¹³Exhibit "2" for Respondent-Registrant.

¹⁴Exhibit "3" for Respondent-Registrant.




¹⁵Exhibit "2" for the Respondent-Registrant.

¹⁶Page 3 of Exhibit "G" and series for the Petitioner.





¹⁷Page 4 of Exhibit "G" and series for the Petitioner.


¹⁸Exhibit "11" for the Respondent-Registrant.

¹⁹Exhibit "I" for the Petitioner.

 , Alberto S. Go can wholly assign his copyright and intellectual property rights over the logo  to herein Petitioner, Bionic Auto Seat Cover, Inc., which he did sometime in February 2012.²⁰ Also, consistent to being the true owner of the BASC logo, Alberto S. Go through Bionic Auto Seat Cover Inc. applied for the registration of the BASC logo  with the Intellectual Property of the Philippines (IPOPHL) in September 2013 for car seat cover under Class 12. The old Trademark Law provided that "the owner of a trademark, trade name or service mark used to distinguish his goods, business, or services from the goods, business, or services of others shall have the right to register the same..."²¹. Likewise, in the case of Shangri-La International Hotel Management, Ltd. vs. Developers Group of Companies, Inc.,²² the Supreme Court explained that:

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. (Emphasis and underscoring supplied)

Having sufficiently established how Petitioner coined the BASC logo  , it is Petitioner and not Respondent-Registrant who owns the mark or the BASC logo  for car accessories and car accessories retail business. Considering that Petitioner and Alberto S. Go are the owners, they have absolute and exclusive right to register the BASC logo  **and all variations thereto**, including the Bionic Wheels Merchandising logo  under its name. Respondent-Registrant failed to prove to this Bureau that indeed it owns the mark and has the exclusive right to the use thereof with the submission only of the affidavits of Victorio G. Chu, Erlinda P. Rodriguez, Rosita G. Siy, James N. Go and Modesto G. Chu, samples of materials showing the sale and promotion of the BIONIC WHEELS LOGO with some 1979, 1980 and 1987 receipts issued showing the name of Mr. Alberto Go as proprietor and photograph of the Social Security System Registration Plate.

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.²³ Therefore, a subsequent user, such as Respondent-Registrant herein, is unjustified in appropriating prior user's, Petitioner Alberto S. Go's BASC logo  where the

²⁰ Exhibit "Q" and series for the Petitioner.



²¹ Section 4, Chapter II-A, Republic Act No. 166.


²² G.R. No. 159938, 31 March 2006.

²³ *American Wire & Cable Company v. Director of Patents*, G.R. No. L-26557, 18 Feb. 1970.

latter has painstakingly built a reputation and good name over the years, of producing or manufacturing car accessories.

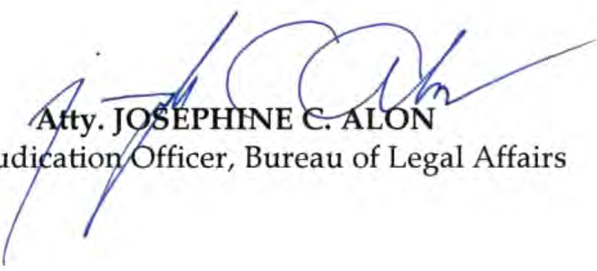
The intellectual property system was established to recognize creativity and give incentives to innovations. Similarly, the trademark registration system seeks to reward entrepreneurs and individuals who through their own innovations were able to distinguish their goods or services by a visible sign that distinctly points out the origin and ownership of such goods or services.

Based on the foregoing and considering that Petitioner Alberto S. Go is the originator and owner of the mark , this Bureau resolves to grant Petitioner's petition to cancel Certificate of Registration No. 4-2014-500309 for the mark "  " covering "vehicles; accessories and apparatus for locomotion by land, air or water, except seat covers for vehicles" under Class 12, since these are closely-related to Petitioner's car seat covers, also in Class 12, including those mentioned in Petitioner's 2005 Articles of Incorporation²⁴, specifically, car mats, automotive soft goods and other related products. Respondent-Registrant's clothing, footwear, headgear under Class 25 are related to Petitioner's automotive soft goods and are likely to cause confusion because automotive soft goods can cover or include steering wheel covers, helmets, safety outfits, safety gears, and other needs of a car owner or driver. As to Respondent-Registrant's retail services; office functions and business management, except business administration under Class 35, these are related to Petitioner's business of manufacturing auto seat cover, car mat, automotive soft goods and other related products, and of buying, selling, distributing, marketing the said car accessories.

WHEREFORE, premises considered, the instant Petition for Cancellation is hereby **GRANTED**. Accordingly, Certificate of Registration No. 4-2014-500309 issued on 22 January 2014 for the trademark  for use on "vehicles; accessories and apparatus for locomotion by land, air or water, except seat covers for vehicles" under Class 12, "clothing, footwear, headgear" under Class 25 and "retail services; office functions and business management, except business administration" under Class 35, is hereby **CANCELLED**. Let the filewrapper of the subject trademark registration be returned, together with a copy of this Decision, to the Bureau of Trademarks for information and appropriate action.

SO ORDERED.

Taguig City, 23 SEP 2016.


Atty. JOSEPHINE C. ALON
Adjudication Officer, Bureau of Legal Affairs

²⁴Exhibit D and series for the Petitioner.