

**SOUTHEAST ASIA FOOD, INC.,**  
*Opposer,*

**-versus-**

**PEPSICO, INC.,**  
*Respondent-Applicant.*

X-----X

}	<b>IPC No. 14-2010-00314</b>
}	Opposition to:
}	Appln. Serial No. 4-2010-003643
}	Date Filed: 06 April 2010
}	
}	
}	<b>TM: H20H</b>

**NOTICE OF DECISION**

**SIOSON SIOSON & ASSOCIATES**  
*Counsel for Opposer*  
Unit 903 Burgundy Empire Tower  
ADB Avenue corner Garnet & Sapphire Roads,  
Ortigas Center, Pasig City


**VIRGILAW (Virgilio M. Del Rosario & Partners)**  
*Counsel for Respondent- Applicant*  
The Peak, Unit 602 L.P. Leviste Street,  
Salcedo Village, Makati City

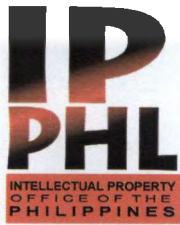
**GREETINGS:**

Please be informed that Decision No. 2016 - 509 dated 23 December 2016 (copy enclosed) was promulgated in the above entitled case.

Pursuant to Section 2, Rule 9 of the IPOPHL Memorandum Circular No. 16-007 series of 2016, any party may appeal the decision to the Director of the Bureau of Legal Affairs within ten (10) days after receipt of the decision together with the payment of applicable fees.

Taguig City, 05 January 2017.

  
**MARILYN F. RETUAL**  
IPRS IV  
Bureau of Legal Affairs



SOUTHEAST ASIA FOOD, INC., }  
*Opposer,* }  
 -versus- }  
 PEPSICO, INC., }  
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IPC No. 14-2010-00314  
 Opposition to:  
 Application No. 4-2010-003643  
 Date Filed: 06 April 2010  
 Trademark: "H2OH!"  
 Decision No. 2016- 509

**DECISION**

SOUTHEAST ASIA FOOD, INC.<sup>1</sup> ("Opposer") filed an opposition to Trademark Application Serial No. 4-2010-003643. The application, filed by PEPSICO, INC.<sup>2</sup> ("Respondent-Applicant"), covers the mark "H2OH!" for use as "mineral and aerated waters, flavored waters and other non-alcoholic drinks; fruit drinks and fruit juices, syrups, concentrates, and other preparations for making beverages" under Class 32 of the International Classification of Goods and Services.<sup>3</sup>

The Opposer alleges:

x x x

"The grounds of the opposition are as follow:

"1. The approval of the application in question is contrary to Section 123.1 (d) of the IP Code.

"2. The approval of the application in question will violate opposer's right to the exclusive use of its registered trademark 'H2O WITH THE NUMBER 2 BETWEEN THE LETTERS H AND O AND THE PLUS SIGN ATTACHED TO THE LETTER O' and cause irreparable damage and injury to herein opposer.

"Opposer will rely on the following facts to support its opposition, reserving the right to present evidence to prove other facts which may be necessary in the course of the proceedings, depending upon the evidence which may be introduced by respondent-applicant.

"1. That last August 7, 2008, opposer applied for the registration of the trademark 'H2O WITH THE NUMBER 2 BETWEEN THE LETTERS H AND O AND THE PLUS SIGN ATTACHED TO THE LETTER O' for use on water falling under Class 32. On November 24, 2008, opposer was issued Certificate of Registration No. 4-2008-009524, which registration continues to be in full force and effect.

<sup>1</sup>A corporation organized and existing under the laws of the Philippines, with business and postal address at 12<sup>th</sup> Floor, Centerpoint Condominium, Garnet Road corner Julia Vargas Avenue, Ortigas Center, Pasig City, Philippines.

<sup>2</sup>With address at 700 Anderson Hill Road, Purchase, New York 10577, U.S.A.

<sup>3</sup>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.

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"A certified copy of Certificate of Registration No. 4-2008-009524 is hereto attached x x x.

"2. That the trademark "H2OH! being applied for registration by respondent-applicant is confusingly similar, if not identical to opposer's registered trademark 'H2O WITH THE NUMBER 2 BETWEEN THE LETTERS H AND O AND THE PLUS SIGN ATTACHED TO THE LETTER O'. Hence, the approval of respondent's application is contrary to Section 123.1(d) of the IP Code.

"A printout of respondent's Application Serial No. 4-2010-003643 as published in the e-Gazette is marked as marked as 'Exhibit B' x x x.

"3. That the approval of respondent-applicant's application in question is violative of the right of opposer to the exclusive use of its registered trademark 'H2O WITH THE NUMBER 2 BETWEEN THE LETTERS H AND O AND THE PLUS SIGN ATTACHED TO THE LETTER O' as provided by Section 147 of the IP Code.

"4. That opposer is spending a substantial amount of money preparatory to launching of its bottled water products bearing its registered trademark "H2O WITH THE NUMBER 2 BETWEEN THE LETTERS H AND O AND THE PLUS SIGN ATTACHED TO THE LETTER O"

"5. That the approval of the application in question will cause irreparable damage and injury to opposer, respondent's mark being confusingly similar to opposer's registered mark 'H2O WITH THE NUMBER 2 BETWEEN THE LETTERS H AND O AND THE PLUS SIGN ATTACHED TO THE LETTER O'.

"Attached herewith are four (4) labels showing how the trademark 'H2O WITH THE NUMBER 2 BETWEEN THE LETTERS H AND O AND THE PLUS SIGN ATTACHED TO THE LETTER O' will be used by opposer x x x

The Opposer's evidence consists of a copy of Certificate of Registration No. 4-2008-009524 issued in favor of Opposer for the trademark "H2O WITH THE NUMBER 2 BETWEEN THE LETTERS H AND O AND THE PLUS SIGN ATTACHED TO THE LETTER O" for use on water; and a printout of respondent's Application Serial No. 4-2010-003643.<sup>4</sup>

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

x x x

"AFFIRMATIVE AND SPECIAL DEFENSES

"5. Respondent pleads the foregoing allegations and incorporates them herein by reference insofar as they may be material and relevant.

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<sup>4</sup>Marked as Exhibits "A" to "B".

"6. Respondent is a corporation organized and existing under the laws of the State of North Carolina, U.S.A. with principal office at 700 Anderson Hill Road, Purchase, New York, 10577, U.S.A. It is the manufacturer and distributor of drinks and food which are household names like PEPSI soft drinks, TROPICANA juice, STING energy drink, and snack foods.

"7. Respondent is the owner and proprietor of the mark H2OH! which is duly registered in the United States and in several countries of the world for goods falling under Class 32 of the Nice Classification.

"8. In the Philippines, respondent had previously filed application for registration of the mark H2OH! on September 14, 1989 docketed as Appln Serial No. 69348 which was allowed and issued Certificate of Reg. No. 54392 on February 19, 1993 covering the goods 'Citrus flavored sparkling water'.

"9. However, the aforesaid registration was cancelled for failure of herein respondent to file the 5<sup>th</sup> anniversary Affidavit of Use required under the old trademark law (Republic Act No. 166).

"10. On July 29, 2004, respondent filed new application for re-registration of the mark H2OH! in class 32 covering the expanded goods 'Mineral and aerated waters, flavored waters and other non-alcoholic drinks, fruit drinks and fruit juices; syrups, concentrates, and other preparations for making beverages' docketed as Application No. 04-2004-006779 which was allowed and issued Certificate of Reg. No. 4-2004-006779 on February 05, 2007.

"11. Unfortunately, respondent was not able to file the 3-year Declaration of Actual Use required under Section 124.2 of the Intellectual Property Code (Republic Act No. 8293). Consequently, under the provisions of said Section 124.2, the aforesaid Certificate of Reg. No. 4-2004-006779 was removed from the register of this Office under ORDER OF REMOVAL No. 2009-6-1R dated June 30, 2009.

"12. Hence, at the time opposer filed its application for its mark on August 7, 2008, respondent-applicant's Certificate of Reg. No. 4-2004-006779 (Annex '2' hereof) has not yet been cancelled.

"13. Moreover, respondent has a right in equity to the mark H2OH! in view of its aforesaid Reg. Nos. 54392 and 4-2004-006779.

"14. Respondent-applicant refiled its application for re-registration of its mark H2OH! on April 6, 2010 under Appln No. 4-2010-003643 which is now the subject of present opposition.

"15. Nonetheless, respondent through the years, even before and after its said 1993 Reg. No. 54392 for H2OH! has extensively used the mark H2OH! in many countries of the world and has aggressively marketed its products bearing the said mark.

"16. As a consequence of respondent's long, exclusive and uninterrupted use of the mark H2OH!, the amount of money spent by it to promote and advertise the said mark, and the worldwide sales of its products bearing said mark, the

mark H20H! has attained fame and popularity, has become a source identifier, and has gained valuable goodwill.

"17. The present Opposition to respondent's application for registration of the mark H20H! under Application Serial No. 4-2010-003643 is without basis in fact and in law, and should be denied by this Honorable Office because contrary to Opposer's contention in its first ground that the approval of the application is contrary to Sec. 123.1 (d) of the IP Code, respondent's mark H20H! is neither confusingly similar to nor identical with Opposer's cited mark H20 WITH THE NUMBER 2 BETWEEN THE LETTERS H AND O AND THE PLUS SIGN ATTACHED TO THE LETTER O, applying either or both the Dominancy Test and/or the Holistic Test considering that:

"a) Respondent's mark H20H! is a distinctive mark consisting of letters and figure followed by an exclamation point, while petitioner's mark consists of the letters and figure followed by the plus sign.

"b) Both marks contain suffixes which are substantially and markedly different. The suffix 'H!' in respondent's mark H20H! completely and adequately distinguishes the said mark from Opposer's mark, as the suffix 'H!' of respondent's mark is drastically different in appearance from the suffix PLUS SIGN ATTACHED TO THE LETTER O of Opposer's mark, in that 'H!' comprise of a letter in the English alphabet and a punctuation mark while the PLUS SIGN is a mathematical symbol.

"c) These differences confer on respondent's mark a character that makes it distinguishable from the Opposer's as to composition, visual presentation and sound. In other words, by applying the holistic test of sound, sight and meaning, i.e. the trilogy test as applied in well-heeled jurisprudence, the likelihood of confusion between these two (2) marks is too remote simply because their respective over-all appearances are distinctively dissimilar from each other.

"d) The suffix 'H!' in respondent's mark is coined, which fact renders respondent's mark H20H! fanciful, distinctive and arbitrary.

"e) Moreover, as demonstrated above, the respondent-applicant is the prior registered owner of the mark H20H!.

"18. Opposer contends in its second ground that the application will violate its exclusive right to the use of its cited mark. A visual comparison of the two (2) marks shows that the only similarity between them is the letters and figure H20. However, petitioner cannot claim exclusive right to the use and registration of H20, because this is the chemical symbol and generic name for the substance water, a compound composed of 2 parts of the element Hydrogen and 1 part of the element Oxygen. Consequently, H20 belongs to the public domain and may not be exclusively appropriated by anyone as a trademark for use on water. In fact, H20 is expressly disclaimed in Opposer's certificate of registration of its mark (Exhibit 'A,, Opposition).

"19. Consequently, Opposer having no exclusive right to the use of the letters and figure H20, the damage that opposer claims it will suffer by reason of this application, even assuming arguendo that there will be damage, is one which

is not legally compensable, as it is DAMNUM ABSQUE INJURIA (Damage without injury).

The Respondent-Applicant's evidence consists of the sworn statement of Elizabeth N. Bilus, Assistant Secretary of PEPSICO, INC.; certification attesting to the cancellation of Certificate of Registration No. 54392 issued on 19 February 1993 covering the goods "Citrus flavored sparkling water"; a copy of Reg. No. 4-2004-006779 for the mark H2OH! issued on 05 February 2007; and copy of Order of Removal dated 30 June 2009 of Reg. No. 4-2004-006779 from the Register.<sup>5</sup>

Should the Respondent-Applicant be allowed to register the trademark H2OH!?

The Opposer anchors its opposition on Sections 123.1, paragraph (d) and 147 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

- (d) Is identical with a registered mark belonging to a different proprietor or a mark with an earlier filing or priority date, in respect of :
- (i) The same goods or services, or
  - (ii) Closely related goods or services, or
  - (iii) If it nearly resembles such a mark as to be likely to deceive or cause confusion;"

Sec. 147.Rights Conferred. - 147.1. The owner of a registered mark 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 or containers 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.

A comparison of the competing marks reproduced below:



Opposer's trademark

**H2OH!**

Respondent-Applicant's mark

shows that confusion is likely to occur. This Bureau noticed that the goods covered by the marks are similar or closely-related. Designated as H2OH!, Respondent-Applicant's goods are "mineral and aerated waters, flavored waters and other non-alcoholic drinks;

<sup>5</sup>Marked as Exhibits "1" to "4".

fruit drinks and fruit juices, syrups, concentrates, and other preparations for making beverages" under Class 32. Opposer's products covered under H2O WITH THE NUMBER 2 BETWEEN THE LETTERS H AND O AND THE PLUS SIGN ATTACHED TO THE LETTER O are "water" under Class 32. Confusion is likely in this instance because of the close resemblance between the marks, both contain the chemical symbol H<sub>2</sub>O.

In *Marvex Commercial Co., Inc. v Petra Hawpia & Co., et al.*<sup>6</sup>, the Supreme Court took into account the aural effects of the words and letters contained in the marks in determining the issue of confusing similarity, the Court held:

The following random list of confusingly similar sounds in the matter of trademarks, culled from Nims, *Unfair Competition and Trade Marks*, 1947, Vol. 1, will reinforce our view that "SALONPAS" and "LIONPAS" are confusingly similar in sound: "Gold Dust" and "Gold Drop"; "Jantzen" and "Jass-Sea"; "Silver Flash" and "Supper Flash"; "Cascarete" and "Celborite"; "Celluloid" and "Cellonite"; "Chartreuse" and "Charseurs"; "Cutex" and "Cuticlean"; "Hebe" and "Meje"; "Kotex" and "Femetex"; "Zuso" and "Hoo Hoo." Leon Amdur, in his book "Trade-Mark Law and Practice," pp. 419-421, cites [sic], as coming within the purview of the idem sonans rule, "Yusea" and "U-C-A," "Steinway Pianos" and "Steinberg Pianos," and "Seven-Up" and "Lemon-Up." In *Co Tiong vs. Director of Patents*, this Court unequivocally said that "Celdura" and "Condura" are confusingly similar in sound; this Court held in *Sapolin Co. vs. Balmaceda*, 67 Phil. 795 that the name "Lusolin" is an infringement of the trademark "Sapolin," as the sound of the two names is almost the same.

What is more, Opposer's and Respondent-Applicant's marks are also used on similar or closely related goods, specifically, water. As such, there is likelihood that the public will be confused or mistaken into believing that Respondent-Applicant's mark is just a variation of Opposer's mark or that their goods come from the same source or manufacturer.

However, Respondent-Applicant claims that it has prior right over Opposer despite the earlier application filed by Opposer for its mark H2O WITH THE NUMBER 2 BETWEEN THE LETTERS H AND O AND THE PLUS SIGN ATTACHED TO THE LETTER O. Thus, it is necessary to determine who between Opposer and Respondent-Applicant has prior right.

Records show that at the time the Opposer filed its trademark application on 07 August 2008 for the mark H2O WITH THE NUMBER 2 BETWEEN THE LETTERS H AND O AND THE PLUS SIGN ATTACHED TO THE LETTER O, the Respondent-Applicant had previously filed applications for registration of the mark H2OH! on 14 September 1989 and 29 July 2004, which were allowed and were issued Trademark Registration Nos. 54392 (1993) and 4-2004-006779 (2007) respectively. Due to

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<sup>6</sup> G.R. No. L-19297. December 22, 1966 cited in *McDonald's Corporation v. L.C. Big Mak Burger, Inc.*, G.R. No. 143993. August 18, 2004.

Respondent-Applicant's failure to file the required Affidavit of Use/Declaration of Actual Use, Respondent-Applicant filed for re-registration of the mark H20H! on 06 April 2010 bearing Application Serial No. 4-2010-00314, now subject of this opposition.

In *E.Y. Industrial Sales, Inc. et Al. v. Shendar Electricity and Machinery Co. Ltd.*<sup>7</sup>, the Supreme Court held:

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 pre-requisite 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.

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

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<sup>7</sup> G.R. No. 184850. October 20, 2010



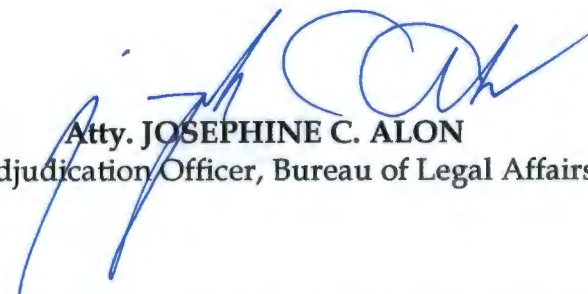
constitutes evidence to oppose the registration of a mark.

In this case, although Respondent-Applicant's registration (Certificate of Registration No. 54392) was cancelled for failure of Respondent-Applicant to file the Affidavit of Use and Certificate of Reg. No. 4-2004-006779 was ordered removed from the Register for failure to file the 3-yr Declaration of Actual Use, Respondent-Applicant continued to use the mark and did not abandon its rights over the mark H2OH!. Generally, abandonment means the complete, absolute or total relinquishment or surrender of one's property or right, or the voluntary giving up or non-enjoyment of such property or right for a period of time which results in the forfeiture or loss thereof. It requires the concurrence of the intention to abandon it and some overt acts from which it may be inferred not to claim it anymore.<sup>8</sup> To work abandonment, the disuse must be permanent and not ephemeral; it must be intentional and voluntary, and not involuntary or even compulsory. There must be a thorough ongoing discontinuance of any trade-mark use of the mark in question.<sup>9</sup> Applying the said concept to ownership or registration of trademarks, in order for a trademark registration to be considered as abandoned, the owner/registrant must relinquish or voluntarily surrender its rights over the trademark. There was no overt act from which it can be inferred that Respondent-Applicant abandoned its right over the mark H2OH!. In fact, to ensure continuity of its registration and to prove that Respondent-Applicant Pepsico, Inc. is the prior user of the trademark H2OH! in the concept of an owner, Respondent-Applicant filed applications for registration of the mark H2OH! in 1989 and in 2004 bearing Application Nos. 69348 and 4-2004-006779 respectively. Hence, Respondent-Applicant's re-application or re-registration of the mark H2OH! plus the continued use by Respondent-Applicant of its mark, Respondent-Applicant has prior right than Opposer.

WHEREFORE, premises considered, the instant Opposition is hereby DISMISSED. Let the filewrapper of Trademark Application Serial No. 4-2010-003643 together with a copy of this Decision be returned to the Bureau of Trademarks (BOT) for information and appropriate action.

SO ORDERED.

Taguig City, 23 DEC 2016.

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

<sup>8</sup> *Agpalo, Ruben E., Legal Words and Phrases, 1997 Ed., page 1.*

<sup>9</sup> *Philippine Nut Industry vs. Standard Brands, Incorporated, Et. al., G.R. No. L-23035. July 31, 1975 citing Callman, Unfair Competition and Trademark, 2nd Ed., p. 1341)*