

X-TASY GARMENTS, INC., PETITIONER, VS. THE LIMITED STORE, INC., RESPONDENT.

Ponente: BARRIOS, J.

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BARRIOS, J.:

The petitioner X-Tasy Garments, Inc. (or X-tasy Garments for brevity) by this petition for review seeks the annulment and reversal of the decision dated December 22, 2003 issued by Office of the President through the Intellectual Property Office (or IPO) which affirmed the decision of the Bureau of Patents, Trademarks and Technology Transfer (or Bureau of Patents) cancelling its Registration Nos. SR-8537 and 53611 for “FORENZA LABEL” and “FORENZA”.

The respondent The Limited Store, Inc. (or Limited Store) is a U.S. corporation and the registered owner of the trademark “FORENZA” covered by Registration No. 47742 issued on April 10, 1990. On August 6, 1993 it filed before the Bureau of Patents a Petition for Cancellation of the Trademark “FORENZA” and “FORENZA LABEL” docketed as Inter Parties Case No. 1918 and 3919. “FORENZA” is covered by Registration No. 53611 issued on September 28, 1992 and “FORENZA LABEL” is covered by Registration No. SR-8537 issued on October 7, 1991 in favor of X-tasy Garments which uses these on its products of jeans, t-shirts, polo shirts, jackets, underwears, shoes and socks.

Limited Store alleged among others that it possesses the exclusive title to and interest in the mark “FORENZA” by virtue of its prior registration and use. The mark “FORENZA” and “FORENZA LABEL” applied for by X-tasy Garments are not only confusingly similar but also deliberately identical to the trademarks it owns and has not abandoned. The mark “FORENZA” has been extensively used and advertised by Limited Store and it has become distinctive of its goods and business and has acquired general international consumer recognition and goodwill. “FORENZA” and “FORENZA LABEL” are identical to the trademark “FORENZA” of Limited Store as likely, when applied to the goods or when used in connection with its goods, cause confusion or will deceive purchasers as to the actual source or origin of the said goods to such an extent that X-tasy Garments' goods may be mistaken by an unwary public as related to the products it sells and manufactures. The adoption of and use by X-tasy Garments of the mark “FORENZA” and “FORENZA LABEL” on related goods constitutes an unlawful appropriation of trademarks done in bad faith because it already knew of the existence, reputation and international goodwill of these trademarks.

In its Answer, X-tasy Garments asserted that its goods such as jeans, t-shirts, polo shirts, jackets in International Class 25 are unrelated and non-competing with Limited Store's goods which comprise of costume jewelry in International Class 14. Since their goods are not similar, it claimed that there could be no confusion or unlawful appropriation of the trademarks. On this basis, there is a remote possibility that purchasers would be confused or deceived since Limited Store's registration is limited to costume jewelry only and it has no reputation and goodwill to speak of in the Philippines with respect to goods in International Class 25. According to X-tasy Garments, Application Serial No. 58359 and SR-11511 for the label “FORENZA” and “FORENZA LABEL” were filed way back on March 19, 1986, but Certificate of Registration No. SR-8537 for “FORENZA” and

Certificate of Registration No. 53611 for “FORENZA LABEL” were respectively issued only on October 7, 1991 and September 28, 1992. If the allegation of Limited Store that it possesses the exclusive title to and interest in the mark “FORENZA” were true, then the application of X-tasy Garments for the trademarks would have been rejected outright by the Bureau of Patents. On the other hand it had obtained Certificate of Copyright Registration No. 0-6346 from the National Library on April 4, 1986 for the copyright claim on “FORENZA.”

On December 14, 1997, the Bureau of Patents rendered its decision disposing that:

WHEREFORE, these consolidated Petitions for Cancellation are hereby GRANTED. Accordingly, registration Nos. SR-8537 and 53611 for “FORENZA LABEL” and “FORENZA” are hereby CANCELLED.

Let the filewrapper of this case be forwarded to the EDP/Trademark Registry Division, and the Application Issuance and Publication Division for appropriate action in accordance with this Decision with a copy to be furnished the Trademark Examining Division for information to update its record. (p. 37, rollo)

X-tasy Garments filed a motion for its reconsideration, but this was denied in a Resolution dated February 19, 2003 (p. 46, rollo).

X-tasy Garments then went up to appeal to the IPO but as said was unsuccessful and the appealed decision was affirmed in the judgment the fallo of which reads:

WHEREFORE, premises considered, there is no cogent reason to disturb BPTTT Decision No. 97-28 dated 14 December 1997 and Resolution No. 2008-(02)-D dated 19 February 2003 rendered by the Director of the Bureau of Legal Affairs. Accordingly, the instant appeal is DENIED and the appealed decision is hereby AFFIRMED. (p. 86, rollo)

Hence this petition for review where X-tasy Garments assigned the lone error that:

WHETHER OR NOT THE INTELLECTUAL PROPERTY OFFICE SERIOUSLY ERRED IN UPHOLDING THE DECISION CANCELLING THE CERTIFICATES OF REGISTRATION OF PETITIONER’S TRADEMARKS “FORENZA LABEL” AND “FORENZA” (p. 7, rollo)

We do not find merit in the petition.

Section 22 of the Trademark Law provides what constitutes infringement:

Any person who shall use, without the consent of the registrant, any reproduction, counterfeit, copy or colorable imitation of any registered mark or tradename in connection with the sale, offering for sale, or advertising of any goods, business or services on or in connection with which such uses is likely to cause confusion or mistake or to deceive purchasers or others as to the source or origin of such goods or services, or identity of such business, or reproduce, counterfeit, copy or colorable imitate any such mark or tradename and apply such reproduction, counterfeit, copy or colorable imitation to labels, signs, prints, packages, wrappers, receptacles or advertisements intended to be used upon in connection with such goods, business or services x x x. (Republic Act 166)

From the above provision what would then determine whether or not there is trademark infringement is the possibility of confusion or mistake as to the source or origin of goods.

In one of the cases decided by the Supreme Court it discussed the two types of confusion in trademark infringement. The first is “confusion of goods” when an otherwise prudent purchaser is induced to purchase one product in the belief that he is purchasing another, in which case defendant’s goods are then bought as the plaintiff’s and its poor quality reflects badly on the plaintiff’s reputation. The other is “confusion of business” wherein the goods of the parties are different but the defendant’s product can reasonably (though mistakenly) be

assumed to originate from the plaintiff, thus deceiving the public into believing that there is some connection between the plaintiff and the defendant which, in fact does not exist (Mighty Corporation vs. E.& J. Gallo Winery, G. R. No. 154342, July 14, 2004).

In the same case the Court also ruled that the following must be considered in determining the likelihood of confusion: [a] the resemblance between the trademarks; [b] the similarity of the goods to which the trademarks are attached; [c] the likely effect on the purchaser; and [d] the registrant's express or implied consent and other fair and equitable consideration. Scrutinizing the assailed decision in this case, there is no doubt that these standards were considered before the cancellation of the registration pertaining to "FORENZA LABEL" and "FORENZA" were ordered.

Convincing are the following findings laid down in the assailed decision:

This Office agrees with the findings of the Director that the marks FORENZA LABEL and FORENZA of the Appellant are confusingly similar to the appellee's mark FORENZA. Aside from the visual comparison of the above marks, the evidence on record also supports such findings. As correctly observed by the Director, obvious from the exhibits submitted by both parties is the exactness by which the word "FORENZA" was conceptualized. A scrutiny of Exhibit "F"-3 for the Appellee showing the mark "Forenza" in an advertisement in Glamour Magazine and newspaper advertisements glaringly illustrates the identity of the marks. The visual presentation of the lettering using spaces and gaps in the formation of each letter are exactly the same in two contending marks.

x x x

The similarity between the two marks lies not only in the fact that they are exactly the same word but that, as shown in the advertisements, they are simply and exactly the same. As succinctly pointed out by the Director, the Appellee uses the mark FORENZA in its line of goods. Appellant uses the same mark FORENZA in its goods. As can be gathered from these facts, confusing similarity among the buying public can necessarily be expected. (pp. 79-80, rollo)

Then it went on to discuss further that:

This Office also observed that the Appellee has adduced evidence particularly Exhibits "B-3" and "F" and submarkings, to show that it has ventured into the business of women's and misses clothing, namely, dresses, skirts, jeans, pants, shorts, tank tops, shirts, belts, scarfs, jackets, and vests. Exhibits "B-3" shows that the Appellee has registered its mark for use on the foregoing goods on 20 August 1985, earlier than the Appellant's filing date of trademark application for the same mark. While the registration is in the United States, it nevertheless shows that the Appellant's goods fall within the logical expansion of Appellee's business. Where a trademark is used by a party for a product which is beyond the first user's zone of potential or natural and logical operation, the use of said mark by the junior user cannot be validly objected to. Conversely, where the product on which the junior user employed the identical mark is within the zone of potential or natural and logical operation of the senior user of said mark, the latter is entitled to be protected against such use because to rule otherwise is to forestall the normal potential expansion of his business or to preclude him from using the same mark on such goods. The nature of his business or of the purpose clause of the articles of incorporation in the case of a juridical person may determine the field or fields of business expansion to which he may engage in the related goods which he may sell or manufacture, on which he is entitled to use his mark to the exclusion of others. A person's wardrobe or costume consists of wearing apparel, jewels and other personal articles. Thus confusion of origin is not likely to happen if the wearing apparel and costume jewelry bear the mark. One must not rely merely on the arbitrary classification of goods in determining whether the two goods are related or not. (ibid)

In fine, (A)dmnistrative decisions on matters within the jurisdiction of administrative bodies are entitled to

respect and can only be set aside on proof of grave abuse of discretion, fraud or error of law (Bernardo vs. Court of Appeals, 429 SCRA 285). We find none in this case which would warrant the application of the exception.

WHEREFORE, the petition is DENIED DUE COURSE and DISMISSED.
SO ORDERED.

[*]Lampas Peralta and Romilla-Lontok, JJ., concur.

[*] Acting member per Office Order No. 154-06-RTR

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