



GALLERIA FLOOR CENTER INC.,  
Opposer,

-versus-

ASIAHOME TRADING CORPORATION,  
Respondent-Applicant.

X-----X

IPC No. 14-2010-00248  
Opposition to:  
Appln. Serial No. 4-2008-010949  
Date filed: 10 Sept. 2008  
TM: "FLOOR CENTER CERAMIC  
& GRANITE TILES AND DEVICE"

**NOTICE OF DECISION**

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**GREETINGS:**

Please be informed that Decision No. 2012 - 193 dated September 28, 2012 ( copy enclosed) was promulgated in the above entitled case.

Taguig City, September 28, 2012.

For the Director:

[Signature]  
Atty. EDWIN DANILO A. DATING  
Director III  
Bureau of Legal Affairs



GALLERIA FLOOR CENTER INC.,  
*Opposer,*

Inter Partes Case No. 14-2010-00248

- versus -

Opposition to:  
Appln. Serial No. 4-2008-010949  
(Filing Date: 10 Sept. 2008)  
Trademark: "FLOOR CENTER CERAMIC &  
GRANITE TILES AND DEVICE"

ASIAHOME TRADING CORPORATION,  
*Respondent-Applicant,*

x-----x

Decision No. 2012- 193

## DECISION

GALLERIA FLOOR CENTER, INC. ("Opposer")<sup>1</sup> filed on 22 October 2010 an opposition to Trademark Application Serial No. 4-2008- 010949. The application, filed by ASIAHOME TRADING CORPORATION ("Respondent-Applicant")<sup>2</sup>, covers the mark "FLOOR CENTER CERAMIC & GRANITE TILES AND DEVICE" for use on "*ceramic and granite tiles*" under Class 19 of the International Classification of goods.<sup>3</sup> The Opposer alleges the following:

"1. Plaintiff/Opposer is a corporation duly organized and existing under the laws of the Philippines. It may be served with pleadings, notices, and processes through undersigned counsel at its address herein below indicated.

"2. Opposer, first used the trade name Floor Center and Logo ('Floor Center and Logo') in its own business of selling ceramic tiles sometime in 1996.

2.1. Attached as Exhibit 'A' is the Joint Affidavit of Ms. Teresita and Sarah Maherolnaghsh on the creation and use of Floor Center and Logo.

2.2. Attached as Exhibits 'B' and 'B-1' are the Certificate of Registration from the Securities and Exchange Commission ('SEC') showing the date of incorporation of Galleria Floor Center Inc. ('GFCI') on October 16, 1996, way before the registration of respondent/applicant as a corporation and the Articles of Incorporation of GFCI, respectively.

2.3. Attached as Exhibits 'C' and 'C-1' are the SEC Certificate of Registration and Articles of Incorporation, respectively, of the respondent/applicant dated October 25, 2004.

"3. On July 10, 2008, Asiahome Trading Corporation ('ATC') filed with this Honorable Office an application for Registration of 'Floor Center Ceramic & Granite Tiles and Device' ('Floor Center and Device') under Class 19 for tile products. The application was assigned Application No. 4-008-010949. The application was published for opposition in this Honorable Office's IPO e-Gazette on June 28, 2010.

<sup>1</sup> A domestic corporation duly organized and existing under the laws of the Philippines, with office address at Suite 501 Gold Hill Tower No. 5 Annapolis St., Greenhills, San Juan City,

<sup>2</sup> A domestic corporation duly organized and existing under Philippine laws with address at RCC Center, 107 Shaw Boulevard, Pasig City.

<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.



"4. Opposer believes that the application for registration in the name of the Respondent-Applicant of the mark 'Floor Center and Device' will damage and prejudice the rights and interests of Opposer herein as owner and prior user of the Floor Center and Logo trade name pursuant to the express provisions of Republic Act 166 ('RA 166') or 'An Act To Provide For the Registration And Protection of Trade-marks, Trade-names and Service-marks, Defining Unfair Competition and False Marking and Providing Remedies Against The Same, And For Other Purposes' which provides actual use in commerce as a way of acquiring trade name ownership.

"5. The foregoing grounds are hereby pleaded in compliance with Section 134 of the Intellectual Property Code ('IP Code') and for the purpose of showing that registration of the subject trade name is prohibited under the IP Code. Plaintiff/Opposer reserves its rights to file separate actions for unfair competition under Section 168 and related sections of the IP Code, it being understood that this opposition only deals with the issue of registrability of the subject trade name and the proceedings will not take up the issue of injunction and recovery for damages arising from Respondent/Applicant's unauthorized use, adoption or registration of the subject trade name.

"6. GFCI was registered with the SEC on October 16, 1996 and Used Floor Center as a corporate name and business name. GFCI likewise used Floor Center and Logo as a trade name in business establishment.

"7. GFCI is the owner of the trade name Floor Center and Logo because it is the creator thereof.

7.1. Sometime in 1996, Plaintiff/Opposer created Floor Center to identify its ceramic tile business and added the word 'Galleria' in its corporate name as registered with the SEC because its first store was located in Robinson's Galleria.

7.1.1 On September 8, 1997, GFCI obtained a Certificate of Registration of Business Name with Certificate no. 479984 for the use of the business name 'Galleria Floor Center Inc.' from Department of Trade and Industry ('DTI'). A copy of Certificate No. 479987 is attached as Exhibit 'D'.

7.1.2 On August 2, 1999, GFCI obtained a Certificate of Registration of Business Name with Certificate No. 632229 for the use of the business name 'GFC Floor Center' from the DTI. A copy of Certificate no. 632229 is attached as Exhibit 'E'.

7.1.3 GFCI likewise used Floor Center in several business forms and registrations with various government agencies as follows:

7.1.3.1 Social Security System ('SSS') Specimen Signature Card dated April 1998 ('Exhibit F');

7.1.3.2 SSS Monthly Contributions Payment Return dated January 15, 1999 ('Exhibit G'); and,

7.1.3.3. Check Voucher No. 2412 dated December 05, 1998 ('Exhibit H').

7.2. Sometime in 1996, Plaintiff/Opposer created the FC Logo in compliance with a Bureau of Internal Revenue ('BIR') requirement to submit a logo upon filing for registration as a tax payer corporation. Please refer to Exhibit 'A' or the Joint Affidavit of Ms. Teresita and Sarah Maherolnaghsh.

7.2.1. The FC Logo was drawn to compose of two tiles, pictorially depicted diagonally, one of which will form the shadow with the letters F and C, the initial letters of the words 'Floor' and 'Center' on the top tile.

7.2.2. Through the years, there have been minor variations on the FC Logo. As it is now, the FC logo consist of a red diamond with white outline on top and a white shadow below and inside the diamond are the letters F and C in White color, placed slightly diagonally against each other. A copy of the IPO application for registration and pictorial illustration are attached here to as Exhibits 'I' and 'I-1'.

"8. Initially, Floor Center and Logo was used by GFCI as its business signage for its flagship store in Robinsons Galleria. As such, Floor Center and Logo is protected as a copyrighted material under Section 172.1(m) and 172.2 of the Intellectual Property Code which states: x x x

8.1. Attached is a copy of the Floor Center Membership card (Exhibit 'J') prominently showing Floor Center and Logo.

8.2. Such use of Floor Center and Logo resulted in the creation of an association of Floor Center and Logo with the business of selling tiles and tile products of the plaintiff/opposer.

8.3. GFCI reserves its right to submit other documents as evidence of its ownership and use of Floor Center and logo.

"9. Republic Act ('RA') 166 provides: x x x

"10. Section 2- A of RA 166 was not repealed by the IP Code. Section 239 of the IP Code only provides for implied repeal of parts of RA 166 which are inconsistent with it. The IP Code provides: x x x

10.1. Section 2- A of RA 166 is not inconsistent with Section 122 of RA 8293 or the IP Code. The afore mentioned provisions are reproduced hereunder for reference: x x x  
RA 8293 provides:

'SEC. 122. How Marks are Acquired

The rights in mark shall be acquired through registration made validly in accordance with the provision of this law.'

"11. It should be noted that pursuant to Sec. 122 of RA 8293, the ownership of a right in mark shall be acquired through registration of said mark. It did not state that such ownership can be acquired only by registration of the mark. Sec 2-A of RA 166, as amended, on the other hand, provides that ownership of a mark can be acquired 'by actual use thereof'. The two provisions are not inconsistent, nor incompatible, such that Section 2-A of RA 166 can be enforced without nullifying Section 122 of the IP Code. Read and reconciled together, the two provisions merely mean that there are two ways of acquiring ownership of a mark, namely, (1) by registration of the mark without alleging or claiming use, and (2) by actual use of the mark in trade or commerce with or without registration thereof.

"12. Since ownership of a mark may be acquired by actual use thereof in trade or in commerce with or without registration, it belongs to the person who first used or gave it value. The person who has established prior adoption and use of mark acquired ownership thereof on goods upon which it is used or on goods or articles related thereto. He is entitled to use it to the exclusion of others, to register, and to perpetually enjoin others from using it.

12.1. GFCI was registered with the SEC on October 16, 1996 and used Floor Center and Logo both as a copyright and trade name in its business establishment.

12.2. ATC was registered with the SEC only in October 25, 2004 Attached as Exhibits 'B' and 'B-1' are ATC's SEC Certificate of Registration and articles of Incorporation showing that it was only incorporated on said date.



12.3. GFCI used Floor Center and Logo before ATC acquired legal personality to become a corporation which used in its business Floor Center and Device allegedly as a trade name.

12.4. All incorporators of ATC knew of this creation and prior use by GFCI of Floor Center and Logo. The incorporators acknowledge that the use by ATC of Floor Center and Logo was only due to the consent of GFCI. Attached is an Affidavit executed by the incorporators of ATC attesting to this fact as Exhibit 'K'.

"13. According to the case of Shangri-la International Hotel Management v. Developers Group of Companies Inc.

'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 a 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.'

"14. GFCI allowed the use of Floor center and Logo by dealers to designate the business of selling high quality yet affordable floor and wall tiles.

"15. Through continuous use in business, Floor Center and Logo became known to dealers, contractors and the public in general as a source of high quality yet affordable floor and wall tiles. Floor Center and Logo possessed a considerable goodwill in the industry.

"16. Section 4 (d) of RA 166 provides: x x x

"17. Section 4 (d) of RA 166 was not repealed by the IP Code. Section 239 of the IP Code only provides for implied repeal of parts of RA 166 which are inconsistent with it.

"18. Section 4 (d) of RA 166 is not inconsistent with Section 123.1 (d) of the IP Code which provides: x x x

"19. Section 4 (d) of RA 166, as amended, prohibiting the registration of a trade name which so resembles a trade name previously used by another in the Philippines and not abandoned is not inconsistent with Sec. 123 (d) of RA 8293, as they prefer to different grounds for rejection of an application for registration of a trade name and are, therefore, reconcilable. These provisions read together, would mean that a trade name cannot be registered if such trade name has already been registered or has been previously used by another and not abandoned.

"20. GFCI has not abandoned Floor Center and Logo as its trade name. GFCI continues to allow dealers of tiles to use Floor Center and Logo as a trade name to enjoy the goodwill that Floor Center and Logo has acquired through the years.

"21. ATC cannot register Floor Center and Logo because it resembles Floor Center and Logo previously used and not abandoned by GFCI under Section 4 (d) of RA 166.

"22. In determining whether likelihood of confusion exists, two tests are being used: the dominancy and holistic tests.

"23. In comparing the two marks, the dominancy test must be applied. xxx

"24. The dominant features of ATC's application are the words 'Floor Center' and the logo 'FC'. On the other hand, the dominant features of the trade name applied for by GFCI are also the words 'Floor Center' and the logo 'FC'. Aurally and visually, there is no difference between the two Floor Center applications. There is in fact, no difference as to the dominant feature of both trade names. Thus, the

likelihood of confusion exists. The fact that only a part of the trade name was copied does not make the act any less than an infringement. The rule is that the use of only one of the words comprising a trade name may constitute an invasion of the property right in the trade name, where the result is that the two trade names are confusingly similar. (Agpalo, Ruben E., The Law on Trademark, Infringement and Unfair Competition, 52).

#### 24.1. Sound /Aural

The dominant words used by both trade names are the words 'Floor' and 'Center'. The dominant letters used by GFCI's logo and ATC's device are the letters 'FC'. There is no difference at all with the pronunciation of the words and logos and the consumer hearing the words 'Floor Center' and the letters FC might be wrongly led to believe that it refers to GFCI's Floor Center and Logo.

#### 24.2. Spelling

There is no difference as to the spelling of the words and logo being applied for by ATC from GFCI's Floor Center and Logo.

#### 24.3. Word Used/Visual

The trade name being applied for by ATC is described in its IPO application printout (attached as Exhibit 'L') as:

'The mark is composed of Roman Letters spelling the word "Floor Center Ceramic & Granite Tiles. The words "Floor Center" are at the top of the word "Ceramic & Granite Tiles" is red and color white background. At the left side of the words "Floor Center & Granite Tiles" is a diamond with the letters F and C.'

On the other hand, the trade name application of GFCI is described in its IPO application as:

'A red, rectangular shaped box with the word mark Floor Center inside in white and red background. The word Floor Center in underlined in white. Beneath the white underline are the words Your One Stop Tile Shop in Black color. Inside the box, on the far left is the logo which consists of a red diamond with white outline on top and a white shadow below. Inside the diamond are the letters F and C in white color, placed slightly diagonally against each other.'

The comparison above clearly shows that there are only slight variances between the applications of GFCI and ATC. Such fact can likely cause confusion to the public as to the origin, nature, quality and characteristics of the business and goods on which it is associated. ATC first used the Floor Center and Logo. The subsequent slight variations in the Floor Center and Device were intended for an eventual trademark application in bad faith by the new management and shareholders of ATC.

'25. The determinative factor in ascertaining whether or not marks are confusingly similar to each other is not whether the challenged mark would actually cause confusion or deception of the purchasers but whether the use of such mark would likely cause confusion or mistake on the part of the buying public. It would be sufficient, for purpose of the law that the similarity between the two labels is such that there is possibility or likelihood of the purchaser of the older brand mistaking the new brand for it.' Even if not all the details just mentioned were identical, with the general appearance alone of the two products, any ordinary, or even perhaps even [sic] a not too perceptive and discriminating customer could be deceived...' (Converse Rubber Corporation vs. Universal Rubber Products, G.R. No. L-27906, 8 January 1987

"26. The general appearance of ATC's Floor Center and Device and GFCI's Floor Center and Logo in its trade name application can likely cause confusion and deceive purchaser to think that ATC's Floor Center and Device is the same as GFCI's Floor Center and Logo and can cause deception upon the consuming public and mislead them as to the origin, nature, quality and characteristics of the goods on which it is affixed.



"27. Section 165.2 (a) and (b) of the IP Code provides: xxx

"28. As shown above, Floor Center and Logo is owned by and first used by the Plaintiff/Opposer. It is protected from any subsequent use by the third party such as ATC and its application for registration on September 10, 2008.

"29. Such act seeking registration is unlawful. First, the act of seeking registration is without the consent of Plaintiff/Opposer and is contrary to Plaintiff/Opposer's proprietary rights. Secondly, if the application for registration of ATC is granted, the registration would necessarily entail rights which can be enjoyed by the registrant only. Such act would clearly prejudice the real owner of the trade name Floor Center and Logo as such real owner would be deprived of the rights that flow from ownership of the trade name.

"30. Section 138 of the IP Code provides that a certificate of registration is 'prima facie evidence 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.'

"31. Furthermore, Section 147.1 of the IP Code states: xxx

"32. Given the two afore quoted provisions, a certificate of registration issued in favor of ATC will clearly prejudice the rights of GFCI as owner and prior user of the mark. The hard work and reputation that GFCI has built over the years will be enjoyed by another entity seeking to register the Floor Center first. Clearly the law would not have envisioned such an unjust scenario.

"33. Opposer is entitled to oppose ATC's application for registration of Floor Center and Device under Section 134 of the IP Code which provides: xxx"

On 02 March 2011, the Opposer filed a Motion for the admission of the following additional pieces of evidence:

1. Exh. "M": Joint affidavit of incorporators of Floor Center (SM City) Inc.;
2. Exh. "N": affidavit of Arlene Delgado and DTI certificate of Business Name Registration;
3. Exh. "O": affidavit of Eden Batoon and DTI certificate of Business Name Registration;
4. Exh. "P": affidavit of Teresita Maherolnaghsh and photograph of Floor Center Shop at Robinsons Galleria;
5. Exh. "Q": certification from Robinson Land Corporation, dated 4 Feb. 2011;
6. Exh. "R": list of businesses registered with DTI using "Floor Center";
7. Exh. "S"- "S-18": copies of Dealer's SEC certificates, DTI Business Name Registration;
8. Exh. "T": original copies of License Agreements between GFCI and dealers;
9. Exh. "U": affidavit of Teresita Maherolnaghsh;
10. Exh. "V" series: original DTI certificates of Galleria Floor Center and dealers;
11. Exh. "W": SSS signature card;
12. Exh. "X": R-5 form of SSS;
13. Exh. "Y": Galleria Floor Center check voucher; and
14. Exh. "Z": SSS signature card and 1996 SSS Certificate of Membership.

The Respondent-Applicant filed its Answer on 01 April 2011 alleging, among other things, the following:

"38. Asiahome is a corporation duly organized and existing under Philippine laws. Asia home was incorporated on 25 October 2004 and is engaged in the business of 'trading of goods such as bathroom accessories, flooring and construction materials on wholesale/retail business'.

38.1. Attached hereto are certified true copies of Asiahome's Certificate of Incorporation, with the Articles of Incorporation, and Certificate of Filing of Amended Articles of Incorporation, with the Amended Articles of Incorporation as Exhibits '1' and '2', respectively.

"39. Asiahome operates under the business or trade name 'Asiahome Floor Center', as indicated in its Amended Articles of Incorporation itself (Exhibit '2'). While its principal office is located at Penthouse RCC Center, 104 Shaw Blvd., Brgy. Kapitolyo, Pasig City, Asiahome has established branches or sales outlets in nine (9) locations, all of which uses the business or trade name 'Asiahome Floor Center'.

39.1. On 22 November 2004, Asiahome obtained Certificates of registration from the Department of Trade and Industry for the use of the trade name or business name 'Asiahome Floor Center' for its branches in Glorietta, MC Home Depot Makati City and EDSA Danlig Makati. Copies of Certificate No. 00501056, Certificate No. 00501071 are attached hereto as Exhibits '3', '4' and '5', respectively.

39.2. Asiahome obtained a DTI certificate of Registration dated 19 October 2005, for the use of the trade name or business name 'Asiahome Floor Center' for its MC Home Depot Ortigas Branch. Attached hereto as Exhibit '6' is a copy of Certificate No. 00253940.

39.3. Asiahome obtained DTI Certificate of Registration dated 27 October 2005 for the use of the trade name or business name 'Asiahome Floor Center' for its Ortigas Home Branch. Attached hereto as Exhibit '7' is a copy of Certificate No. 00259471.

39.4. Asiahome obtained a DTI Certificate of Registration dated 28 October 2005 for the use of the trade name or business name 'Asiahome Floor Center' for its MC Home Depot Fort Branch. Attached hereto as Exhibit '8' is a copy of Certificate No. 00260532.

39.5 Asiahome obtained a DTI Certificate of Registration dated 1 February 2008, for the use of the trade name or business name 'Asiahome Floor Center' for its Rosario, Pasig City Branch. Attached hereto as Exhibit '9' is a copy of Certificate No. 00327356.

"40. Asiahome has also been using the trade name 'Asiahome Floor Center' in the BIR Certificate forms submitted by its various branches, as evidenced by several BIR Form No. 2303 attached hereto as Exhibit '10'-series.

40.1. Asiahome has also used the trade name 'Asia Floor Center' or 'Floor Center' in several government-issued permits and documents. Attached hereto as Exhibits '11' and '12' are certified true copies of the Mayor's Permit issued by Taguig on 29 November 2005, and the Fire Safety Inspection certificate from the City of Makati dated 5 April 2005, both issued to Asiahome Floor Center-MC fort Branch. Attached hereto as Exhibits '13', '14', '15' and '16' are the Building Permit, Electrical Permit, Mechanical Permit, Sanitary/Plumbing Permit issued by the City of Makati for the year 2005, all issued to Floor Center.

40.2. Asiahome has used the business or trade name 'Asiahome Floor Center' or 'Floor Center' in the conduct of its business operations, as evidenced by the sales invoices and various receipts issued to its customers, as well as Tag Price stickers used on the goods sold by it. Attached hereto as Exhibits '17' and '17-A' are copies of Sales Invoice No. 1 dated 27 September 2006 of Asiahome MC Home Depot-Fort Branch and Sales Invoice No. 11065 dated 14 January 2011 of EDSA-Danlig Branch. Attached hereto as Exhibit '18' is a Z-Reading of Point of Sales (POS) Machine dated 31 October 2005 of Asiahome's MC Home Depot Makati Branch. Various Point of Sales Receipts from Asiahome's Ortigas Home Depot Branch, attached as Exhibits '19', '19-A', and '19-B'. Sample Tag Price stickers used by Asiahome since the start of its operation are attached hereto as Exhibit '20'.



40.3. Asiahome has also identified itself as 'Asiahome floor Center' or 'Floor Center' to its suppliers, customers and other companies which it had dealt with as well as to the general public. Attached hereto as Exhibit '21' is a copy of the BIR Form 2307 (Certificate of Creditable Tax Withheld covering first quarter of year 2007) issued by Asiahomes client in MC Home Depot-Fort Branch, designating Asiahome as 'Floor Center' dated 22 August 2007 is attached hereto as Exhibit '22'. A copy of Asiahome Floor Center's Purchase Order form dated 24 April 2007 is attached hereto as Exhibit '23'. Copies of suppliers receipts issued to 'Floor center', referring to Asiahome are attached as Exhibits '24' and '24-A'. A copy of Insurance policy dated 18 January 2006 issued by Monarch Insurance Company Inc. to Asiahome Floor Center is attached hereto as Exhibit '25'. A copy of the letter dated 4 October 2007 from the HSBC addressed to Asiahome Trading Corporation (Floor Center) is attached as Exhibit '26'.

"41. Significantly, Asiahome acquired a right over the trade name 'Floor Center' not only in its own right, by actual adoption and use thereof, but also by acquiring the ownership over a similar trade name when it was validly assigned to it by MTSS Corporation several other corporations which operated the various Floor Center branches. The latter, in turn, acquired the trade or business name from Galleria Floor Center Inc.

"42. Significantly, Asiahome has continuously adopted and actually used the 'Floor Center Ceramic & Granite Tiles and Device' Trademark to identify its goods, specifically ceramic and granite tiles to the general public, since its information in 2004. Asiahome distributes and retails ceramic and granite tiles, bathroom accessories, grout, adhesive and tile trims for use in bathrooms, kitchens, dining rooms, living rooms and other rooms of homes, offices and other buildings.

"43. 'Floor Center Ceramic & Granite Tiles' Trademark is composed of the Roman Letters spelling the word 'Floor Center Ceramic & Granite Tiles'. The words 'Floor Center' are at the top of the word 'Ceramic and Granite Tiles'. The font color of the words 'Floor Center' is white with color red background, and the font color of the words 'Ceramic & Granite Tiles' is red with color white background. At the left side of the words 'Floor Center & Granite Tiles' is a diamond with the letters F and C inside. Below is the Trademark applied for:

"44. Asiahome actually uses the 'Floor Center Ceramic & Granite Tiles and Device' Trademark to identify its ceramic and granite tiles to the public, either in the goods themselves, in their packaging, signage's, brochures and other materials.

44.1. The trademark is shown in the goods themselves where stickers containing the mark are attached thereto. Attached as Exhibits '27-series' are original print-outs of digital photographs of various goods of Asiahome with the trademark.

44.2. The trademark is prominently displayed and utilized in signages in the various branches and showrooms of Asiahome. Attached hereto as Exhibit '28-series' are original print-outs of digital photographs of the signages used in Asiahome's several branches and showrooms. Some original photographs of other signages have been earlier submitted to this Honorable Office as part of Asiahome's application for registration, copies of which are attached hereto as Exhibits '28-A-series'.

44.3. Asiahome utilizes the trademark in brochures, leaflets and promotional materials, which have also been submitted to this Honorable Office. Attached hereto as Exhibits '29-series' are copies of said sample brochures, leaflets and promotional materials.

44.4. Asiahome utilizes the trademark in its corporate uniforms, shirts, cards and documents. Attached hereto as Exhibits '30-series' are photographs of the corporate uniforms, shirts, cards and document showing the trademark.

"45. In view of its adoption and prior use of trademark, Asiahome filed an application for the registration of the said trademark in order to protect its intellectual property rights over the mark. Specifically, Asiahome filed its trademark application for 'Floor Center Ceramic & Granite Tiles and Device' on 10 September 2008 for goods and services under Class 19 with Serial No. 4-2008-010949.

45.1. In contrast, GFCI filed its application for the 'Floor Center and Logo' Trademark with the IPO much later, specifically on 3 March 2009. Obviously, Asiahome's application has a Prior Filing Date.

"46. GFCI filed an Opposition to Asiahome's application on 26 October 2010.

46.1. Upon verification with the SEC, it appears that GFCI was incorporated in 1996. However, it appears that the last Financial Statement GFCI submitted to the SEC was in the year 2000, which shows that GFCI stopped operation since then. Attached hereto as Exhibit '31' is a print-out of the SEC i-report i-view showing that GFCI submitted its last Financial Statement to the SEC in the year 2000. Quezon City, where GFCI previously operated, also issued a Certification that GFCI renewed its Business Permit only up to the period ending 31 December 2000 and it did not seek a renewal of said permit thereafter. Attached hereto as Exhibit '32' is a copy of said Certification from the Quezon City Government. As such, GFCI could not have operated after the year 2000 and thereafter, thus belying its claim that it adopted and used the trade name 'Floor Center' continuously.

46.2. As the documents submitted by GFCI itself show, GFCI did not use 'Floor Center' as its corporate and business name during its operation. Rather, it used 'Galleria Floor Center Inc.' or 'GFC Floor Center', not 'Floor Center' and/or 'Floor Center and Logo', as its corporate business name.

46.3. GFCI has no rights and interests over the 'Floor Center and Logo' trade name, much less in any 'Floor Center and Logo' trademark as in fact, no such trademark is registered in GFCI's name.

46.4. Moreover, it is apparent that GFCI has had no business operations from 1999 or at the latest in 2000, up to the present. As such it could not have used the 'Floor Center and Logo' trade name during these years. Therefore, GFCI has abandoned said trade name.

46.5. In fact, GFCI assigned the business name 'Floor Center' to MTSS Corporation on 2 January 2001. Attached hereto as Exhibit '33' is a copy of the Deed of Assignment of Business Name.

46.6. MTSS Corporation subsequently ceded the use of the trade name to Asiahome. Attached hereto as Exhibits '34', '35', '36', and '37', are the affidavits of former MTSS employees, Olivia Talampas, Joan Paula de Guzman, Mary Ann Mangubat, and Daisy Colache Alejado attesting to these facts.

"47. GFCI, in its Opposition, anchors its rights and interests as 'owner and prior user of the Floor Center and Logo trade name', pursuant to the express provisions of Republic Act No. 166 which provides actual use in commerce as a way of acquiring trade name ownership.

"48. To emphasize, GFCI has no rights and interests over the 'Floor Center' and/or 'Floor Center and Logo' trade name since GFCI has not actually used it, and in fact abandoned and subsequently transferred the business name 'Floor Center' to MTSS Corporation.

"49. Moreover, Republic Act No. 166, upon which GFCI anchors its claim, has already been repealed by Republic Act No. 8293 or the IP Code enacted on 1 January 1998. To quote the IP Code's repealing clause: x x x



“49. Moreover, Republic Act No. 166, upon which GFCI anchors its claim, has already been repealed by Republic Act No. 8293 or the IP Code enacted on 1 January 1998. To quote the IP Code’s repealing clause: x x x

49.1 The provisions of Republic Act No. 166 cited by GFCI are inconsistent with the provisions of the IP Code on a similar subject matter and, as such, has been repealed pursuant to Section 239 of the IP Code.”

Should the Respondent-Applicant be allowed to register in its favor the mark FLOOR CENTER CERAMIC & GRANITE TILES AND DEVICE?

Records and evidence show that the Opposer has the right to oppose the subject trademark application under Sec. 134 of the IP Code, which provides:

Sec. 134. Opposition. Any person who believes that he would be damaged by the registration of a mark may, upon payment of the required fee and within thirty (30) days after the publication referred to in Subsection 133.2, file with the Office an opposition to the application. xxx

The Opposer has established that it is using the mark FLOOR CENTER on goods that are indicated in the Respondent-Applicant’s trademark application. It filed on 03 March 2009 Trademark Application Serial No. 4-2009-002245. There is no doubt that the Opposer’s mark is similar to the mark applied for registration by the Respondent-Applicant, as shown below:



*Opposer’s mark*



*Respondent-Applicant’s mark*

The words “FLOOR CENTER” dominate both marks. Also, the logo in the Opposer’s mark, comprised of the letters “F” and “C” inside a diamond-shaped polygon which cast a shadow is also part of the Respondent-Applicant’s applied mark. Furthermore, the marks have a common “color theme” - red. It is likely therefore that consumers may be confused or be deceived to believe and assume that the Respondent-Applicant’s products and the Opposer’s are the same or originated from the same source or manufacturer. The likelihood of confusion would subsist not only on the purchaser’s perception of goods but on the origins thereof as held by the Supreme Court:<sup>4</sup>

Callman notes two types of confusion. The first is the confusion of goods in which event the ordinarily 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

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<sup>4</sup> See *Converse Rubber Corporation v. Universal Rubber Products, Inc., et al.*, G.R. No. L-27906, 08 Jan. 1987.

into belief that there is some connection between the plaintiff and defendant which, in fact does not exist.

Succinctly, public interest requires that confusion, mistake, deception and fraud should be avoided. It is emphasized that the function of a trademark is to point out distinctly the origin or ownership of the goods to which it is affixed; to secure to him, who has been instrumental in bringing into the market a superior article of merchandise, the fruit of his industry and skill; to assure the public that they are procuring the genuine article; to prevent fraud and imposition; and to protect the manufacturer against substitution and sale of an inferior and different article as his product.<sup>5</sup> As such, the registration of the mark applied for by the Respondent-Applicant will give such party the exclusive right to use it on goods that are indicated in its application.

The Opposer, however, anchors its case on the argument that the Respondent-Applicant has no right to register in its favor the mark FLOOR CENTER because somebody else is the real owner thereof.

In defense, the Respondent-Applicant contends that it has the right to register the mark because the Opposer had already abandoned the use of the mark when said party assigned its rights to a certain "MTSS Corporation", which in turn transferred the "rights" to the Respondent-Applicant. The Respondent-Applicant also argues that it has an earlier filing date for its trademark application. By making the foregoing assertions, the Respondent-Applicant in effect admits or concedes that as between the parties, the Opposer is the prior adopter and user of the FLOOR CENTER. Indeed, the evidence shows that the Opposer adopted and used in commerce the mark FLOOR CENTER as early as 1996. In contrast, the Respondent-Applicant was incorporated only in October 2004. The incorporators of the Respondent-Applicant even executed a joint affidavit, attesting that they "personally knew of the ownership, creation and prior use of the Floor Center and Logo" by the Opposer.

The Respondent-Applicant claims that it acquired its right to register the mark from a certain "MSST Corporation" which in turn allegedly derived the rights from another entity, Galleria Floor Center, submitting an affidavit executed by Olivia M. Talampas. This Bureau noticed, however, that Talampas is the Respondent-Applicant's Finance and Administrative Manager. In fact, she was the one who signed the verification attached to the Respondent-Applicant's Answer to the opposition. Thus, her affidavit must be treated with utmost caution, its contents, in essence, self-serving. Talampas points to a deed of assignment to prove that Galleria Floor Center supposedly assigned to MTSS Corporation the trade name or business name FLOOR CENTER. This Bureau, however, cannot give any probative value to this paper. A scrutiny thereof shows that it was allegedly signed by only one person, Teresita Maherolnagsh, supposedly in her capacity as "Corporate President" for both Galleria Floor Center and MTSS Corporation. No evidence was presented to show that Teresita Maherolnagsh is a Corporate President for Galleria Floor Center and MTSS Corporation and has the authority to execute such transaction. The paper does not even bear any sign of having been acknowledged before a notary public. Worse, there is no testimony from Maherolnagsh to prove the execution and existence of said document. Ironically, Maherolnagsh even stated in her affidavit that she does not recall having signed such document. Furthermore, this opposition proceeding instituted by the Opposer contradicts the Respondent-Applicant's claim that the former transferred the rights over the name or mark FLOOR CENTER to MTSS Corporation.

If the Respondent-Applicant failed to substantiate its claim that Galleria Floor Center assigned trade name or business name rights or ownership to MTSS Corporation, much less with respect to its allegation that MTSS Corporation in turn transferred to the Respondent-Applicant such rights. The

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<sup>5</sup> *Pribhdas J. Mirpuri v. Court of Appeals*, G.R. No. 114508, 19 Nov. 1999.



juridical personality or existence of the MTSS Corporation was not even clearly established. What the Respondent-Applicant submitted were photocopies of papers purportedly relating to employment and personnel matters. The Respondent-Applicant submitted the affidavits executed by Daisy Alejado, Joan Paula De Guzman and Mary Ann Mangubat. These "witnesses", however, like Olivia Talampas, are the Respondent-Applicant's own employees such that their uncorroborated "testimonies", are deemed self-serving. The affidavits in fact contain "observations" which do not prove the MTSS Corporation's alleged rights over the trade name or business name FLOOR CENTER and the transfer of such rights to the Respondent-Applicant.

It is also the Respondent-Applicant's burden to prove that the Opposer abandoned the use of FLOOR CENTER and the FC logo as trade name/mark. Abandonment which is in the nature of a forfeiture of a right, must be shown by clear and convincing evidence.<sup>6</sup> To work an abandonment, the disuse must be permanent and not ephemeral; it should be intentional and voluntary, and not even involuntary or even compulsory.<sup>7</sup> The Opposer, however, asserts that it continuously used its trade name in commerce and authorized its dealers to use the mark in accordance with validly concluded license agreements under the strict control and supervision, terms and conditions of Opposer. These, and the fact that the Opposer filed the instant opposition do not indicate an intention on the part of the Opposer to abdicate on its rights and interests over the contested trade name/mark.

This Bureau likewise finds untenable the argument that as between the parties, it is the Respondent-Applicant which has the right over the mark because it has an earlier filing date for its trademark application. It is stressed that the Philippines implemented the TRIPS Agreement when the IP Code took into force and effect on 01 Jan. 1998. Art. 15 of the TRIPS Agreement reads:

Section 2: Trademarks  
Article 15  
Protectable Subject Matter

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 provisions 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.

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<sup>6</sup> Reference: 974 Am jur 2d, p. 722

<sup>7</sup> See *Philippine Nut v. Standard Brands, Inc.*, 65 SCRA 575

Art. 16 (1) of the TRIPS Agreement meanwhile 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, not 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)

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. This does not vest ownership upon the respondent-applicant. A prior filing by an applicant who is not the owner of a mark does not benefit the earlier filer. This principle has been enunciated by the Supreme Court in *E.Y. Industrial Sales, Inc. and Engracio yap vs. Shen Dar Electricity machinery Co. Ltd.*<sup>8</sup>

"Under this provision, the registration of a mark is prevented with the filing 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.

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"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 *Shangrila-International Hotel Management, Ltd. V. Developer's Group of Companies, Inc.*

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<sup>8</sup> G.R. No. 184850, 20 Oct. 2010.



Registration without more, does not confer upon the registrant an absolute right to the registered mark. The certificate of registration is merely *prima facie* proof that the registrant is the owner of the registered mark or tradename. 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 the owner in an appropriate case.”

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 *Berris v. Norvy Abyadang*<sup>9</sup>, the Supreme Court held:

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.

WHEREFORE, premises considered, the opposition is, as it is hereby SUSTAINED. Let the file wrapper of trademark Application Serial No. 4-2008-010949 together with a copy of the DECISION be returned to the Bureau of Trademarks (BOT) for appropriate action.

SO ORDERED.

Taguig City, 28 September 2012.



ATTY. NATHANIEL S. AREVALO  
Director IV, Bureau of Legal Affairs

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<sup>9</sup> G.R. No. 183404, 13 Oct. 2010.