



INTELLECTUAL PROPERTY
OFFICE OF THE PHILIPPINES

XERO LIMITED,
Opposer,

-versus-

IKSOLUTIONS INC.,
Respondent-Applicant.

X-----X

IPC No. 14-2018-00182

Opposition to:

Appln. Serial No. 4-2017-504325

Date Filed: 09 November 2017

TM: XERO

NOTICE OF DECISION

A.Q. ANCHETA & PARTNERS

Counsel for Opposer
Suite 1008-1010 Paragon Plaza Building
EDSA corner Reliance Street,
Mandaluyong City

OPERA, ABIGAIL JOHN

Counsel for Respondent-Applicant
1191 Unit C, 3rd Floor Virka Building
EDSA corner Roosevelt Avenue
Brgy. Katipunan, Quezon City

GREETINGS:

Please be informed that Decision No. 2018 - 407 dated 21 December 2018(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, 21 December 2018.

MARILYN F. RETUAL
IPRS IV

Bureau of Legal Affairs

XERO LIMITED,
Opposer,

- versus -

IKSOLUTIONS INC.,
Respondent-Applicant.
X ----- X

IPC No. 14-2018-00182
Opposition to:

Appln. No. 4-2017-504325
Date Filed: 09 November 2017
Trademark: **“XERO”**

Decision No. 2018 - 407

DECISION

XERO LIMITED ("Opposer"),¹ filed a Verified Opposition to Trademark Application Serial No. 4-2017-504325. The application, filed by IKSOLUTIONS INC. ("Respondent-Applicant")², covers the mark "XERO " for use on *"training services in the field of computer software development"* under Class 41 of the International Classification of Goods.³

The Opposer alleges that it is the prior adopter and user of the mark “XERO” on its online (cloud-based) accounting software and has become one of the fastest growing Software as Service company globally. The Opposer registered its internationally well-known “XERO” mark in New Zealand in 2006 and subsequently in various countries of the world. The Opposer further alleges that it first used its “XERO” mark in New Zealand in 2006. Since then, it has been using the “XERO” mark openly and continuously around the world.

To date, the “XERO” mark is protected in over 17 jurisdictions worldwide. The Opposer has also extensively sold and promoted its products bearing its internationally well-known “XERO” mark across the world and has been doing so well prior to the Respondent-Applicant’s filing of its trademark application for the mark “XERO”. As such, the Opposer has built and now enjoys valuable goodwill in Opposer’s training services in the field of computer software development.

Notwithstanding the prior use and prior registration of the Opposer’s “XERO” marks, the Respondent-Applicant filed an application for registration of its mark “XERO”. The Opposer has not consented to the Respondent-Applicant’s use and registration of the mark “XRO” or any other mark identical or similar to its mark.

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- ¹ A corporation organized and existing under the laws of New Zealand, with principal address at 19-23 Taranaki Street, TeAro, Wellington, 6011, New Zealand.
 - ² With registered address at 1191 Unit C, 3rd Floor Virka Building, EDSA cor. Roosevelt Avenue, Brgy. Katipunan, Quezon City.
 - ³ The Nice Classification is a classification of goods and services for the purpose of registering trademark and service marks, based on the multilateral treaty administered by the World Intellectual Property Organization. The treaty is called the Nice Agreement Concerning the International Classification of Goods and Services for the Purpose of the Registration of Marks concluded in 1957.

Accordingly, the Respondent-Applicant's application for the registration of the mark "XERO" should not be allowed for being contrary to Section 123.1(d) and (f) of the Intellectual Property Code. The act of the Respondent-Applicant in adopting an identical mark "XERO" for identical International Class 41, is clearly an attempt to trade unfairly on the goodwill, reputation and consumer awareness of Opposer's "XERO" marks. Such act results in the diminution of the value of the Opposer's mark. Moreover, the subject mark is identical with the Opposer's tradename "XERO LIMITED" which must be protected even prior to or without registration against any unlawful act committed by third parties.

The Opposer submitted the following evidence:

1. Special Power of Attorney-Director's Certificate, executed by the Opposer in favor of A.A. Ancheta & Partners;
2. Affidavit of Craig Hudson;
3. Copy of WHOIS registration information for xero.com;
4. Schedule of the worldwide applications and registrations for XERO in the name of Opposer;
5. Certified copies of foreign registrations for XERO in the name of Opposer in – Australia, Brazil, Canada, China, European Union, Hong Kong, India, Indonesia, Japan, New Zealand, Malaysia, Philippines, Republic Korea, Singapore, South Africa, Switzerland, Thailand and United States;
6. Invoices dated June, July, August and September 2017 of accounting software and all materials supplied under and b reference to the XERO mark;
7. Marketing materials and campaigns; and,
8. Screenshot from the website at www.xero.com.ph specific to the Philippines, identifying its authorized local partner, D&V Philippines, Inc.

This Bureau issued a Notice to Answer and served a copy upon Respondent-Applicant on 29 August 2018⁴. The latter, however, did not file an Answer. Thus, this Bureau issued an Order declaring Respondent-Applicant in default.⁵

This case is submitted for decision.

Should the Respondent-Applicant be allowed to register the trademark XERO?

Records and evidence show that at the time Respondent-Applicant filed its application for the trademark "XERO" on 09 November 2017⁶, herein Opposer already has pending application for the trademark "XERO" in the Philippines on 17 May 2018.⁷ The Opposer has also pending applications and registrations for the trademark "XERO" in various countries, which are prior to the application date of Respondent-Applicant's subject trademark "XERO".⁸

⁴ Notice to Answer dated 30 July 2018.

⁵ Order of Default dated 16 November 2018.

⁶ File wrapper records.

⁷ Philippine Trademark Database, available at <https://www.wipo.int/branddb/ph/en/> (last accessed 20 December 2018).

⁸ Exhibits "1" to "3" of Annex "B" of Opposer.

The competing marks are reproduced below for comparison:



Opposer's Trademark

XERO

Respondent-Applicant's Trademark

It appears that the competing marks are identical in the word mark "XERO". The only difference is the font adopted by the marks and the figure of a circle enclosing the word mark "XERO" of the Opposer. These differences however, do not produce significant distinction in the appearance and commercial impression of the mark. The marks appear visually and aurally similar in essence.

Confusion cannot be avoided by merely adding, removing or changing some letters and/or device of a registered mark. Confusing similarity exists when there is such a close or ingenuous imitation as to be calculated to deceive ordinary persons, or such resemblance to the original as to deceive ordinary purchaser as to cause him to purchase the one supposing it to be the other.⁹ Colourable imitation does not mean such similitude as amount to identify, nor does it require that all details be literally copied. Colourable imitation refers to such similarity in form, context, words, sound, meaning, special arrangement or general appearance of the trademark with that of the other mark or trade name in their over-all presentation or in their essential substantive and distinctive parts as would likely to mislead or confuse persons in the ordinary course of purchasing the genuine article.¹⁰

Also, considering the similarity or relatedness of goods carried by the contending marks, the consumers will have the impression that these products originate from a single source or origin or they are associated with one another. Opposer's goods in various classification, include Class 41 for educational and training services relating to computers and computer software or a computer based training. Without a doubt, it comprises of the goods covered by Respondent-Applicant's identical "XERO" mark.¹¹ Thus, the likelihood of confusion therefore, would subsist not only on the purchaser's perception of goods but on the origin thereof as held by the Supreme Court, to wit:¹²

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. Hence, 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

⁹ Societe Des Produits Nestle, S.A. vs. Court of Appeals, G.R. No. 112012, 04 April 200, 356 SCRA 207, 217.

¹⁰ Converse Rubber Corporation vs. Universal Rubber Products, Inc., et al., G.R. No. L-27906, 08 January 1987.

¹¹ Id. at 6.

¹² Id. at 9.

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

Significantly, the Opposer has shown evidence of prior use and adoption of its trademark "XERO" which confirms ownership of the mark.¹³ It likewise presented marketing materials and campaigns of its trademark "XERO".¹⁴

As such, considering the probable purchaser's attitude and habits, marketing activities, and commercial impression, there is a high likelihood that the trademarks of the Opposer and the Respondent-Applicant pertain to related fields of manufacture, distribution and marketing under similar conditions. Both are likely to be conveyed and move in the same channels of trade. Thus, the goods of the Opposer and the Respondent-Applicant are of a character which purchasers would be likely to attribute to a common origin.

Thus, Sec. 123.1 (d), Republic Act No. 8293, also known as the Intellectual Property Code of the Philippines provides:

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; (Emphasis Supplied)

In contrast, the Respondent-Applicant despite the opportunity given, failed to explain how it arrived at using the identical mark "XERO". The Opposer's mark "XERO" is unique and highly distinctive with respect to the goods or service it is attached with. It is incredible for the Respondent-Applicant to have come up with the same mark by pure coincidence.

This Bureau, however, cannot declare Opposer's mark as well-known. While it has shown trademark registration and use, it failed to meet the other criteria of a well-known mark. Among others, it did not show a vast and particular extent, duration and geographical area of the actual use of its mark, the market share in the Philippines and in other countries, the record of successful protection of the rights in the mark, and the outcome of litigations, if any, in dealing with the issue of a well-known mark¹⁵.

Finally, the public interest requires that the two marks, identical to or closely resembling each other and used on the same and closely related goods 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 essence of trademark registration is to give protection to the owners of trademarks. The function of a trademark is to point out distinctly the origin or ownership

¹³ Exhibits "4" and "6" of Opposer.

¹⁴ Exhibit "5" of Opposer.

¹⁵ Rule 102. Criteria for Determining Whether a Mark is Well-Known.

of the goods to which it is affixed; to secure to him, who has been instrumental in bringing out into the market a superior 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.¹⁶

WHEREFORE, premises considered, the instant Opposition to Trademark Application No. 4-2017-504325 is hereby **SUSTAINED**. Let the file wrapper of the subject trademark application be returned, together with a copy of this Decision, to the Bureau of Trademarks for information and appropriate action.

SO ORDERED.

Taguig City. 21 DEC 2018



Atty. **GINALYN S. BADIOLA**, LL.M.
Adjudication Officer, Bureau of Legal Affairs

¹⁶ Pribhdas J. Mirpuri vs. Court of Appeals, G.R. No. 114508, 19 Nov. 1999. See also Article 15, par. (1), Art. 16, par. 91 of the Trade-related Aspect of Intellectual Property (TRIPS Agreement).