

MAHLE ENGINE COMPONENTS JAPAN  
KABUSHIKI KAISHA (also trading as  
MAHLE Engine Components Japan Corp.,  
Complainant,

IPV. 14-2010-0011

For: Trademark Infringement  
And Unfair Competition

-versus-

WHEELS DIESEL PARTS CORPORATION  
JOSEPH EVASCO, HERMINILDO PAHATE,  
BENJAMIN TAN, & DANILO CHUA  
Respondents.

X-----X

Decision No. 2011-03

DECISION  
BASED ON COMPROMISE AGREEMENT

MAHLE ENGINE COMPONENTS JAPAN KABUSHIKI KAISHA (also trading as MAHLE Engine Components Japan Corp (“Complainant”) filed on 13 August 2010 a complaint against WHEELS DIESEL PARTS CORPORATION, JOSEPH EVASCO, HERMINILDO PAHATE, BENJAMIN TAN, DANILO CHUA (Respondents) for n alleged trademark infringement and unfair competition. The complainant assails the Respondents alleged unauthorized appropriations of the IZUMI marks in the sale of pistons and cylinder liner.

The Respondents filed his Answer on 11 October 2010 refuting the material allegations of the Complainant.

In compliance to Office Order No. 154, s. 2010 (“Rules of Procedure for IPO Mediation Proceedings) and Office Order No. 197 s. 2010 (“Mechanics for IPO Mediation and Settlement Period”). This Bureau issued on 24 January 2011 Order No, 2011-39 refuting the case to Mediation.

On 19 May 2011, this Bureau received a “Mediator’s Report” indicating the successful mediation of the instant case. Attached to the report is the parties’ JOINT MOTION FOR JUDGEMENT ON COMPROMISE with attached MEMORANDUM AGREEMENT submitted for the Bureau for approval. The Agreement states among other things.

NOW THEREFORE, the Parties, agree and obligate themselves, as follows:

1. Joseph Evasco, Hermigildo Pahate, Benjamin Tan, Danilo Chua, WHEELS and Five Rings Enterprises recognize the Intellectual Property Rights of MAHLE to the following trademarks:

Trademark	Certification of Registration No.	Date Issued	Goods Covered
HOUSE MARK STULIZED LETTER “I” WITHIN A CIRCLE	054657	Registered since 16 March 1993	NICE Class 07 – internal combustion engine parts namely, pistons and cylinder liners for use in automobiles  NICE Class 12 – construction machines, ships, and agricultural machines

IZUMI INSIDE A CIRCLE DEVICE	048232	Registered since 29 May 1990	NICE Class 07- piston and cylinder liners for use of automobiles, construction machinery, shops, agricultural machinery
IZUMI (wordmark)	4-2001-005885	04 January 2007	NICE Class 07 – engines, other for land vehicles; pistons (parts of machines or engines); pistons for engines (including engines for land vehicles and/or cylinder liners fro machines; cylinders and/or cylinder liners for motors and engines; parts and fittings for cylinders and/or cylinder liners; cylinder heads for engines; compressors for refrigerators; pumps (machines); vacuum pumps; pumps (parts of machines, engines or motors); pumps for heating installations; pistons for compressors and/or pumps; scrolls for compressors and/or pumps

2. WHEELS, Joel Evasco, Hermigildo Pahate, Benjamin Tan, Danilo Chua and Joseph Evasco and Five Rings Enterprise forever undertake and bind themselves and any other entity and/or person authorize to act for and on their behalf to refrain from the sale and distribution of counterfeit. MAHLE products or any other which are confusingly similar to the said products.
3. WHEELS, Joel Evasco, Hermigildo Pahate, Benjamin Tan, Danilo Chua and Joseph Evasco and Five Rings Enterprise expressly represents that they ceased and will continue to cease the sale and distribution of counterfeit MAHLE products;
  - 3.1 WHEELS, Joel Evasco, Hermigildo Pahate, Benjamin Tan, Danilo Chua and Joseph Evasco and Five Rings Enterprises had therefore already withdrawn, recalled and removed from the market, as of 19 August 2006 whatever is known to them to be counterfeit MAHLE products and the possession. They additionally warrant that, hereforth, they will not make available for sale either directly or through any other entity or persons such counterfeit MAHLE products.
4. WHEELS, Joel Evasco, Hermigildo Pahate, Benjamin Tan, Danilo Chua and Joseph Evasco and Five Rings Enterprises expressly undertake procure and purchase genuine MAHLE products exclusively from authorized distributor of the said product and shall not, under any circumstances, procure or purchase MAHLE products from any store or distributor which is not duly authorize MAHLE.
5. WHEELS, Joel Evasco, Hermigildo Pahate, Benjamin Tan, Danilo Chua and Joseph Evasco and Five Rings Enterprises further undertakes with incentive reward to disclose to MAHLE the identities of persons and/or entities which to

the best of their knowledge are engage in the unauthorized importation, manufacture, sale and/ distribution of counterfeit MAHLE products in the Philippines.

6. WHEELS, Joel Evasco, Hermigildo Pahate, Benjamin Tan, Danilo Chua and Joseph Evasco and Five Rings Enterprise shall reimburse to MAHLE or its duly authorize representative the total amount of Php 200,000.00 by way of bank transfer or manager's check before at the time of signing of this Agreement for the expenses incurred by MAHLE for the surveillance, application for the issuance of a search and secure warrant, search and secured operations, warehouse cause for storage of the seized goods, destruction of the seized goods, and litigation cost. Upon confirmation of the payment MAHLE undertakes to execute and cause the piling of an affidavit of Desistance, Using the form attached as Annex D and criminal case No. 10279912-19. While all of the Parties agree to execute and cause the filing of a joint motion in IPV No. 10-2010-00011, cases using the forms attached as Annexes 'E' and 'F' respectively;
7. The counterfeit MAHLE products seized by the PNP-CIDG and all other counterfeit MAHLE products still in the possession of WHEELS, Joel Evasco, Hermigildo Pahate, Benjamin Tan, Danilo Chua and Joseph Evasco and Five Rings Enterprise if any shall be transferred to the possession of MAHLE. For this purpose, MAHLE, WHEELS, Joel Evasco, Hermigildo Pahate, Benjamin Tan, Danilo Chua and Joseph Evasco and Five Rings Enterprises shall cause the execution and filing of a joint motion to release seized goods and Search Warrant Nos. A06-10230, A06-10231, A06-10235 and Criminal Case No, 10-279912-19 and a Deed of Assignment of the seized goods in favor of MAHLE, using the forms and attached as Annexes 'G' and 'H' respectively.
8. WHEELS, Joel Evasco, Hermigildo Pahate, Benjamin Tan, Danilo Chua and Joseph Evasco and Five Rings Enterprises further undertake that they and any other person and/or entity acting for or on their behalf, will not resume the sale and distribution of counterfeit MAHLE products, whether the same be intended for local use or for sale or for export to any other country. It is hereby expressly understood that the undertaking herein made is perpetual in character.
9. In the event of a breach by WHEELS, Joel Evasco, Hermigildo Pahate, Benjamin Tan, Danilo Chua and Joseph Evasco and Five Rings Enterprises or by any other person or entity acting for or on their behalf of any term or this Agreement, WHEELS, Joel Evasco, Hermigildo Pahate, Benjamin Tan, Danilo Chua and Joseph Evasco and Five Rings Enterprises will pay MAHLE the sum of ONE MILLION PESOS (Php1, 000,000.00) as liquidated damages. This payment is without prejudice to the right of MAHLE to take any other legal actions or moves under the premise,
10. This Agreement shall constitute a fall and final settlement of all the herein Parties respective Claims subject of the Civil Aspect of the Criminal Search Warrants Nos. A06-10230, A06-10231, A06-10235, Criminal Case No. 10-27-99-12, IPV NO. 10-2010-0010 and IPV NO. 10-2010-00011.

This Bureau finds that the Agreement has been duly entered into by the Parties with the terms and conditions not contrary to law, morals, good customs, public order and public policy.

In this regard, an approved COMPROMISE AGREEMENT shall have the effect of the Decision of judgment on the case and shall be enforced in accordance with the pertinent rules of the Philippines and the Rules of Court Sec. 5, Office Order No. 154, S. 2010.

WHEREFORE, premises considered the Parties' MEMORANDUM AGREEMENT is hereby APPROVED. Accordingly, with the APPROVED MEMORANDUM AGREEMENT having the force and effects of a decision or judgment, the parties are hereby enjoined to faithfully comply with the terms and conditions set forth therein.

SO ORDERED.

Taguig City, 20 May 2011.