

GUZENT INC.,
Petitioner,

-versus-

STEELRICH ENTERPRISE
CORP.,
Respondent-Registrant.

INTER PARTES CASE NO. 14-2008-00117
Petition for Cancellation:
Certificate of Registration No. 4-2007-000265
Date of Reg. 13 Aug. 2007
Date Filed: 9 January 2007
Trademark: NIPPON SHARYO AND LOGO
Class 12
Decision No. 2009-07

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DECISION

For decision is the Petition for Cancellation filed by Guzent Inc., (Petitioner) a corporation organized and existing under Philippine laws with address at 1237 E. de los Santos Ave., Quezon City against Trademark Certificate of Registration No. 4-2007-000265 issued in 13 August 2007 for the mark NIPPON SHARYO & LOGO covering goods under class 12, namely: "motor buses, motor coaches, tramcars, cable cars, trucks, buses, scooters, passenger cars, bicycles, motorcycles, automobiles, sports utility vehicles (suv), vans, coasters, automotive spare parts namely wheel caps, suspension parts, brake pads, wipers, wiper blades, clutch, clutch discs, clutch covers, brake master assembly, brake master cylinder, clutch master assembly, clutch operating assembly, clutch cover, clutch operating kit, clutch disc, brake master repair kit, brake shoe, brake pads, tie rod end, ball joint, idler arm, pitman arm, rack end, suspension shaft kit, center link, drag link, stabilizer link, cv boots, steering boots, cv brense, cv joint, wheel bearing, clutch master, tires, wheels, wheel rims, wheel hubs, windshields, rear view mirrors, side view mirrors, horns, burglar alarm for vehicles, backing alarm system for vehicles, car and vehicle seats, motors and engines for land vehicles, couplings and transmission components for land vehicles, shock absorbers, non-skid devices, trailer hitches, alarms, tyres for wheels, hoods, seat belts, chassis, indicators, bumpers, tyres, luggage carriers, doors, wheel spokes, shock absorbing springs, seats, tyre valves, windows, steering wheels" issued in the name of Steelrich Enterprise Corp, (Respondent-registrant), a corporation organized and existing under the laws of the Philippines, with address at Phase 3H Plutonium St. cor. Platinum Avenue, Goldendale Village, Malabon City.

Petitioner filed this action on the following grounds that 1) One who does not own the trademark cannot appropriate the same for himself, 2) Registration in respondent's name is proscribed under Sec. 123 (e) of R.A. 8293 and 3) Prior Registration does not hold.

In support of the petition, it submitted the following evidence:

EXHIBIT	DESCRIPTION
"A"	Secretary's Certificate
"B" "C" "D" "E" "F" "G" "H" "I"	Certificates of Registration
"J"	Affidavit of Benny C. De Guzman (with Annexes)
"K" "L" "M" "N"	Photographs / picture
"O"	Certified true copy of trademark application
"P"	Certified true copy of registrability report

“Q”	Certified true copy of response*
“R”	Various correspondence with SPA
“S”	Response dated 30 October 2007
“T”	Certified true copy of Cert. of Registration No. 4-2007-000265
“U”	Letter dated 6 February 2008
“V”	Declaration of Actual Use
“W”	General Information Sheet
“X”	Company Profile

In its Answer, respondent-registrant raises the following as its affirmative defenses: 1) petitioner does not have the requisite authority to institute the present petition, 2) petitioner has judicially admitted, through its pleading, that the matter under consideration has nothing to do with respondent’s trademark, 3) the petition was filed as a mere afterthought, 4) the instant petition attaches evidences that are not in anyway prove its claim of prior usage abroad.

The issues to be resolved are: whether the respondent-applicant can register NIPPON SHARYO mark and whether it is a well-known mark. The Bureau shall also consider the issue of whether the petitioner has the authority to institute the present action.

At the outset, petitioner’s personality to institute this action is being questioned by respondent-registrant. Petitioner alleges to be the exclusive distributor in the Philippines of Nippon Sharyo Ltd., a foreign corporation based in Japan. Being the authorized distributor in the Philippines, petitioner alleges to have been empowered by Nippon Sharyo Ltd to institute the present action. Petitioner offers Exhibits “S”, “R” and “U” as basis of its authority. The Special Power of Attorney (SPA) (Exhibit “S”, “R”) dated 5 October 2007 and signed by Katsuyuki Ikushima was submitted to the Bureau of Trademarks as part of petitioner’s Response (Exhibit “S”) to a pending trademark application by it the Bureau of Trademarks. The SPA appoints M/S. GUZENT INC., the authorized distributor to prosecute, register and transact all business with the Intellectual Property Office of the Philippines and to receive the Patent Certificate of Registration for Nippon Sharyo, Ltd. Under Application No. 4-2007-004980. A Certificate (Exhibit “Q-1”) dated August 3, 2007 and signed by Takashi Naka, General Manager Sales Dept., Industrial & Electrical Equipment Division was also issued and made part of the documents submitted to the Director of Trademarks, certify that petitioner is the authorized distributor in the Philippines for Nippon Sharyo generators and the letter was issued so that petitioner can protect the name and trademarks of Nippon Sharyo Ltd. in the Philippines. In another letter (Exhibit “U”) dated 6 February 2008 signed by on T. Naka, General Manager, Sales Department and addressed to the Director General of the Intellectual Property Office, the signatory informed the Office is authorized. This last document, being in letter form was not notarized. The letter signed by Mr. Naka was not notarized. Only the SPA which appears to have been part of its submission to the Bureau of Trademarks was notarized. Although the authority given by the firm seemed more for the prosecution of its application in the Bureau of Trademarks, we shall construe the same as implying an authority to protect its interest in the name NIPPON SHARYO in the actions before this Office.

Respondent-applicant’s objection would be on the lack of any Board resolution validating that the acts of its officers, namely its president, Katsuyuki Ikushima and general manager, Takashi Naka. The Corporation Code of the Philippines provides:

“Sec. 23. The board of directors or trustees – Unless otherwise provided in this Code, the Corporate powers of all corporations formed under this Code shall be exercised, all business conducted and all property of such corporations controlled and held by the board of directors.”

This necessitates, in the absence of evidence on how the foreign corporations conduct business, that a board resolution be executed that authorize its president or officers to act as such. However, in the interest of justice, we shall overlook this technical lapse in order to be able to adjudicate the merits of the case.

Petitioner challenges the registration obtained by respondent-registrant on the ground that it is not the owner of the mark NIPPON SHARYO. This Bureau is not unaware of existing jurisprudence that explains that only the owner of the mark has a right to register the same. In *Operators Incorporated v. Director of Patents, et al.*, G.R. No. L-17901, October 29, 1965, the Supreme Court held:

“Where the applicant was not the owner of the trademark being applied for, he had no right to apply for registration of the same. The right to register trademarks, tradenames and service marks is based on ownership. xxx

Again, in *Unno Commercial Enterprises, Incorporated vs. General Milling Corporation and Tiburcio S. Evalle*, G.R. No. L-28554. February 28, 1983, it held:

“Only the owner of a trademark, trade name or service mark may apply for its registration and an importer, broker, inventor or distributor acquires no rights to the trademark of the goods he is dealing with in the absence of a valid transfer or assignment of the trade mark.

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Thus, this Court has on several occasions ruled that where the applicant’s alleged ownership is not shown in any Notarial document and the applicant appear to be merely an importer or distributor of the merchandise covered by said trademark, its application cannot be granted.”

To prove its ownership, petitioner submitted Certificates of Registration of Nippon Shayro, Ltd’s marks obtained abroad. (Exhibit “B” – “I”). In the affidavit of its witness, Benny C. de Guzman (Exhibit “J”) stated that it was a distributor of Nippon Sharyo brand. Pictures of two (2) generators (Exhibit “L” and “N”) bear the mark NIPPON SHARYO. Exhibit “X” is a brochure of the Nippon Sharyo corporate profile. It also submitted earliest dated sales invoice indicating the name Nippon Sharyo dated 22 June 1995 and 29 June 1998 as Annexes “A” and “B” respectively. Petitioner also showed that it has a pending application for the mark Nippon Sharyo under Class 35. (Exhibit “V”).

On the other hand, aside from Certificate of Registration No. 4-2007-000265 (Exhibit “T” and Annex “1”) respondent-registrant submitted undated pictures of its machineries and equipment (Annexes “1”-“4”). It submitted a sales invoice invariably dated 2005 to 2007 with an indication of the name Nippon Sharyo (Annex “10”-“13”).

The Bureau does not find anything objectionable with respondent-registrant’s use of the mark. It filed its application in 9 January 2007. Although the law does not require use at the time of application of the mark, respondent-registrant presented sales invoice dated 2005 and 2006 which specified its mark NIPPON SHARYO. The Intellectual Property 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 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.

A perusal of petitioner's evidence consisting of certificates of registration show that Exhibits "B" and "C" are in Japanese script. Exhibits "D", "E", "F" and "G" are certificates of registration for a logo. Certificates of registration marked as Exhibits "H" and "I" are for the word "NISSHA" not "Nippon Sharyo". The bills of lading marked as Annexes "B" to "Q" do not specify the marks of the merchandise being shipped. Thus, there is no way of knowing the brands of equipment or generators purchased by petitioner. One of the bills of lading (Annex "F") contained the word NES220 as seen in the undated picture (Exhibit "K"). Emphatic letters from the officers of the firm Nippon Sharyo, Ltd., without the board resolution that validate their actions are give little weight to prove the allegations of the petitioner that it is the owner of the mark. moreover, its application for trademark registration (Annex "R") cover class 35, namely: "importer, exporter, wholesaler, retailer of heavy equipment (industrial, construction, electrical agricultural and other machineries) are different from the registration obtained by respondent-registrant for goods under class 12, i.e. "motor buses, motor coaches, tramcars, cable cars, truck buses, scooters, passenger cars, bicycles, motorcycles, automobiles, sports utility vehicles (SUV), vans, coasters, automotive spare parts, namely wheel caps, suspension parts, brake pads".

Petitioner also asserts that its mark is well-known. We disagree. The IP Code provides:

"SEC. 123. Registrability. 123.1. A mark cannot be registered if it:
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"(e) Is identical with, or confusingly similar to, or constitutes a translation of a mark which is considered by the competent authority of the Philippines, to be well-known internationally and in the Philippines, whether or not it is registered here, as being already the mark of a person other than the applicant for registration, and used for identical or similar goods or services: Provided, that in determining whether a mark is well-known, account shall be taken of the knowledge of the relevant sector of the public, rather than of the public at large, including knowledge in the Philippines which has been obtained as a result of the promotion of the mark;

Rule 102 of the Rules and Regulations on Trademarks contain the criteria to be taken into account in determining well-knownness. These are the following:

- a. The duration, extent and geographical area of use of the mark, in particular, the duration, extent and geographical area of any promotion of the mark, including advertising or publicity and the presentation at fairs or exhibitions, of the goods and/or services to which the mark applies;
- b. The market share in the Philippines and in other countries of the goods and/or services to which the mark applies;
- c. The degree of the inherent or acquired distinction of the mark;
- d. The quality image or reputation of the acquired mark;
- e. The extent to which the mark has been used in the world;
- f. The exclusivity of the use attained by the mark in the world;
- g. The commercial value attributed to the mark in the world;

- h. The record of successful protection of the rights in the mark;
- i. The outcome of litigations dealing with the issue of whether the mark is a well-known mark

The registration obtained by the petitioner for the mark were either in indiscernible foreign script, logo form or registrations of the word NISSHA and not NIPPON SHAYRO. A couple of receipts may indicate trading but does not necessarily establish that it had gained significant goodwill and reputation that may give the petitioner the status of an owner of a well-known mark nor entitle it to cancel the registration of the mark NIPPON SHARYO AND LOGO.

WHEREFORE, premises considered the instant PETITION FOR CANCELLATION is hereby DENIED. Accordingly, Registration No. 4-2007-000265 registered on 13 August 2007 in the name of Steelrich Enterprise Corp. remains VALID and SUBSISTING, unless cancelled, by operation of law.

Let a copy of this decision be forwarded to the Bureau of Patents for appropriate action in accordance with this Decision.

SO ORDERED.

22 January 2009, Makati City.

ESTRELLITA BELTRAN-ABELARDO
Director, Bureau of Legal Affairs
Intellectual Property Office