

KOBE STEEL, LTD.,
Opposer,

INTER PARTES CASE NO. 3292
Opposition to:

- versus-

Ser. No.59559
Filed: 06 August 1986
Trademark: "KOBE"

RUBBERMASTER MFG. CORP.,
Respondent-Applicant.

x-----x

DECISION NO. 97-12

DECISION

This case pertains to an Opposition filed by Opposer KABUSHIKI KAISHA KOBE SEIKO SHO, also trading as KOBESTEEL, LTD. against the application for registration of the mark "KOBE" used by the Respondent-Applicant RUBBERMASTER MANUFACTURING CORPORATION on rubber tires for motorcycles, bikes, scooters and agricultural tractors.

Opposer KOBESTEEL, LTD. is a corporation organized and existing under the laws of Japan and have its registered Office at 3-18, 1 Chome, Wakinahama-Cho, Chuo-Kuu, Kobe, Japan.

Respondent-Applicant, on the other hand, is a corporation organized and existing under the laws of the Philippines with business address at 1422 Governor Santiago Street, Malinta, Valenzuela, Metro Manila, Philippines. Its application for the registration of the mark KOBE used on rubber tires for motorcycles, bikes scooters and agricultural tractors was published for opposition on page 23, Vol. 1, No. 8 issue of the Official Gazette of this Bureau. The same was officially released on 21 October 1988.

Herein opposer filed its Notice of Opposition to the registration of "KOBE" in the name of respondent-applicant based on the grounds that the registration of the mark in the name of Respondent-Applicant is proscribed by Sec. 4(D) of Republic Act No. 166 as amended.

Opposer relied on the following facts to support its Notice of Opposition

1. Applicant's trademark KOBE is confusingly similar to the trademark KOBELCO which is registered in the Philippine Patent Office (now Bureau of Patents, Trademarks and Technology Transfer) under certificate of Registration No. 37517 issued June 25, 1987, owned by opposer which is used in respect of "iron, steel, steel intermediate product, rolled steel material, iron steel secondary product, iron scrap, arc welding electrode (welding rod), Copper and copper alloy; aluminum and aluminum alloy, magnesium and magnesium alloy, titanium and titanium alloy, si ium and sironium alloy, metallic ceiling plate, metallic wall, metallic pan, metallic lattice, metallic pillar, metallic beam, metallic window, metallic window sash, metallic flooring material, metallic hand rail, metallic fence, metallic stepping plate, barbed wire, metallic drift way material, metallic water pipe, lath, metallic roof plate, metallic sound proofing plate, metallic ditch cover, metallic floor plate, steel armoring rod, metallic scaffolding plate, metallic concrete flask, slag ballast, slag sand, odor disposal tank, gas storage tank, liquid storage tank, liquified gas storage tank, damper, key; Metal working machines, mining machines, civil engineering machines, loading machines, agricultural machines, fishing machines, chemical machines, textile machines, food and drinks processing machines sawing, lumbering and plywood manufacturing machines, pulp and paper manufacturing machines, printing and book manufacturing machines, industrial furnace, sawing machines (including electric sawing machines), leather making machines, shoe making machines, cigarette manufacturing machines,

glassware making machines, painting machines, parking machines, internal combustion engine, steam engine, jet engine, pump, vacuum pump, blower, compressor, bearing, shaft (axle) joint or bearing, power transmission, spring, brake, valve, tube coupling, cock; Boiler, steam heater, warm water heater, air heater, radiator, air heating furnace, window-curtain type air conditioner, central type air conditioner, unit type air conditioner, floor heater, freezer, refrigerator, refrigeration column, ice maker, refrigeration evaporates, gas refrigerator, industrial water tank" and not abandoned, as to be likely, when applied to or used with the goods of the applicant, rubber tires for motorcycles, bikes, scooters and agricultural tractors" to cause confusion or mistake or to deceive purchaser's thereof

2. The opposer, KOBE STEEL, LTD., was founded in the year 1905 and is capitalized at 1228 hundred million Japanese yen with 26000 employees. It is a conglomerate having seventy (70) subsidiary companies and/or related companies. The sales of the opposer, KOBE STEEL, LTD., in the year, 1986, totaled 79 hundred million. It thus ranks 88 in size amongst companies all over the world.

The nine (9) companies whose names incorporated the word KOBE, all of which amongst the 70 subsidiary and/or related companies in Singapore,

U.S.A., Thailand and Japan are as follows:

KOBE International (S) Company Pte., Ltd.
KOBE Welding (Singapore) Pte., Ltd.
KOBE Copper Products (USA)
KOBE Precision (USA)
Thai KOBE Welding (Thailand)
KOBE Kenna Metal K.K.
KOBE Kotobuki Iron Co., Ltd.
KOBE General Services Co., Ltd.
KOBE Leadframe (Singapore) Pte., Ltd.

The annual sales turnover of the opposer's goods bearing the mark KOBELCO exported to the Philippines from 1983 to 1987 is as follows:

1983 ----	US\$	17000000
1984 ----	US\$	5300000
1985 ----	US\$	7200000
1986 ----	US\$	6100000
1987 ----	US\$	6800000

As mentioned above, KOBE is famous as the mark of the opposer and the opposer's enterprise group, and KOBELCO is a famous trademark owned by the opposer. The marks KOBELCO and KOBE are very confusingly similar to each other. The mark KOBE is almost the same as the opposer's name, KOBE Steel., LTD. Thus, it would cause misunderstanding and confusion in the Philippines if the applicant other than the opposer and its enterprise group were to use the mark KOBE on any goods.

3. The registration of the mark KOBE in the name of RUBBERMASTER MANUFACTURING CORPORATION, the applicant, will cause great and irreparable injury and damage to opposer within the meaning of Section 8 of Republic Act No. 166, as amended;
 - a) The opposer has adopted and extensively used the said mark KOBELCO in the Philippines and the opposer has adopted and extensively used the mark KOBE as its house mark in the Philippines.

- b) As the result of long, continuous and extensive use by the opposer, the marks KOBELCO and KOBE have become identified with the goods and business of the opposer in the minds of the purchasing public here, and the use of any other trademark which is identical thereto is likely to confuse the purchasing public.
- c) The trademark applied for by Rubbermaster Manufacturing Corporation consists of the word KOBE, is likely to be confused by the purchasing public as a trademark belonging to or associated with the goods and/ or associated with the goods and/ or business of the Opposer.

In its Answer, Respondent-Applicant, Rubbermaster Manufacturing Corporation specifically denied all the material allegations of the Opposer except that portion which relates to Opposer's corporate existence and domicile. It further alleged that the subject marks are not confusingly similar because there are distinct differences in presentation, format, appearance, meaning and significance between the two marks and that the goods covered by Respondent-Applicant's marks are unrelated and non-competing with the goods covered by Registrant's registration.

The main issue sought to be resolved in the case at bar is whether or not the trademark KOBE of Respondent-Applicant is confusingly similar to the trademark KOBELCO of Opposer.

The applicable provision of the Trademark Law, Sec. 4(D) provides in part, thus

“The owner of a trademark, tradename, or servicemark used to distinguish his goods, business or services from the goods, business or service of others shall have the right to register the same on the Principal Register, UNLESS it:

(d) Consists of or comprises a mark or tradename which so resembles a mark or tradename registered in the Philippines or a mark or tradename previously used in the Philippines by another and not abandoned, as to be likely, when applied to or used in connection with the goods, business or service of the applicant, to cause confusion or mistake or to deceive purchasers.”

The Supreme Court held in the case of American Wire and Cable Co., Inc. vs. Director of Patents, 31 SCRA 544, which ruling was later reiterated in Converse Rubber Corporation vs. Universal Rubber Products, Inc., 147 SCRA 154, L-27906, January 8, 1987 that:

“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 purposes 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.” (Underscoring provided)

In the case at bar, the similarity between the two marks lies in the word KOBE. Opposer is trading by the name KOBE STEEL LTD. and uses the mark KOBELCO in its line of goods applicant, on the other hand, uses the mark KOBE in its own sets of goods. As can be gathered from these facts, confusing similarity among, the buying public can necessarily be expected. Aside from the fact that the common word KOBE is present in both trademarks, it is likewise used on related goods. Though the opposer has not yet set its goal into the production of rubber tires for motorcycles, bikes, scooters and agricultural tractors, this is still within its area of reasonable business expansion. The “Sponsorship Theory” best exemplifies the position of Opposer KOBELCO. Under this principle, it has been internationally recognized that protection of a trademark should extend to the zone of potential or logical expansion. Where the goods in respect of which the contending marks are used so related that the courts would find that a false

association is suggested, invariably it would also find that "confusion of origin" or "confusion of registration" occurs and therefore the trademark owner is entitled to protection.

In the case of *Ang vs. Teodoro*, No L 48226, December 14, 1942, 74 Phil 50, it was held that:

"The courts have come to realize that there can be unfair trading that can cause injury or damage to the first user of a given trademark first, by prevention of the natural expansion of his business and second, by having his business reputation confused with and out at the mercy of the second user. When the non-competing products are sold under the same mark, the gradual whittling away or dispersion of the identity and hold upon the public mind of the mark created by the first user inevitably results.

Experience has demonstrated that when a well-known trademark is adopted by another even for a totally different class of goods, it is done to get the benefit of the reputation and advertisement of the originator of the said mark, to convey to the public a false impression of some supposed connection between the manufacturer of the article sold under the same or similar mark."

Moreover, the Supreme Court has laid down certain criteria in deciding conflicts of trademark which do not relate to the same products or services, among which is, that the goods although not the same are related in that one is within the zone of potential or natural or logical expansion of the other.

Thus, the Court in the *Chua Che vs. Philippine Patent Office*, L- 18337, January 30, 1965, 13 SCRA 67, found that "the trademarks T.M. X-7 and X-7 are confusingly similar notwithstanding the fact that their respective goods fall under different categories, reasoned that the making of laundry soap is but a natural expansion of the business dealing in perfume, lipstick and nail polish.

The same ruling was made by the Court with respect to shoes and slippers vis-a-vis pants and shirts as pronounced in *Ang vs. Teodoro* and between haberdashery and shoemaking as held in the case of *Sta. Ana vs. Maliwat*, L-233023, August 31, 1968, 24 SCRA 1018,

"The goods although non-competing are related in that the concurrent use of the trademarks thereon would likely suggest that the subsequent trademark proprietor is affiliated with or under the sponsorship of the original trademark owner. This is better known as the Sponsorship Theory which is closely associated with the principle that protection of a trademark should extend to the zone of potential or natural or logical expansion, thus the cited cases in which this principle was applied, likewise referred to the sponsorship theory in justifying the ant of protection to the Original Trademark Owner".

Furthermore, "A boundless choice of words, phrases and symbols is available to one who wishes a trademark sufficient unto itself to distinguish his product from those of others. When, however, there is no reasonable explanation for the defendant's choice of such a mark though the field for his selection was so broad, the inference is inevitable that it was chosen deliberately to deceive." (III, Callman, *Unfair Competition*, 2nd Ed., pp. 1527-1528)

Likewise, the Supreme Court, in the case of *Converse Rubber Corporation vs. Universal Rubber Products, Inc.* 147 SCRA 154, January 8, 1987, held that:

"The risk of damage is not limited to a possible confusion of goods but also includes confusion of reputation if the public could reasonably assume that the goods of the parties originated from the same source."

Moreover, it is noteworthy to emphasize at this point that the trademark being applied for registration by herein Respondent is the very dominant part or portion of the corporate name of herein Opposer. In this regard, the High Court also held that "A corporation is entitled to the cancellation of a mark that is confusingly similar to its corporate name. Appropriation by another of the dominant part of a corporate name is an infringement."

It was likewise held in B.F. Goodrich Philippines vs. Goodrich Realty Corporation, No. 53903-R January 27, 1976 that:

"If the owner of the tradename or trademark had used the same for a long period of time, such that it had acquired a goodwill of considerable value and its articles and products have won a well-known reputation, confusion will result from the use by defendant of the disputed name even as a business name."

There were also evidence presented which proved that the tradename KOBE STEEL, LTD., or KOBELCO, has been used interchangeably with the word "KOBE" such that the latter has acquired a second meaning which pertains to KOBE STEEL. It has become known to the public as an indication of the origin of the goods considering the fact that such tradename was founded in 1905. Proofs were also submitted to clearly show that the Opposer has extensively used the mark in the Philippines and that it has adopted and extensively used the mark KOBE as its house mark in the Philippines.

Finally, it is important to mention at this point that Respondent-Applicant did not present any evidence to refute the allegations and the evidences presented by Opposer due to the fact that despite receipt of the formal Offer of Evidence for the Opposer it did not submit any comment thereto and further, despite receipt of Notice of this Office setting the hearing for the reception of Respondent's evidence, it did not even appear nor file any manifestation in connection therewith, which is indicative of its lack of interest to prosecute and/or defend its case, hence, it was considered to have waived its right to present evidence per Order No. 93230 dated 7 April 1993.

In view of the foregoing, this Office hereby concludes that Respondent's trademark KOBE is confusingly similar to the Opposer's trademark KOBELCO and its corporate name KOBE. Accordingly the herein Notice of Opposition is hereby SUSTAINED. Consequently, Application Serial No. 59559 for the registration of the trademark KOBE filed on 6 August 1986 by herein applicant Rubber Master Manufacturing Corporation is as it is hereby REJECTED.

Let the filewrapper of this case be forwarded to 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.

SO ORDERED.

Makati City, 14 December 1997.

EMMA FRANCISCO
Director