



TOYO TIRE & RUBBER CO., LTD.,  
 Opposer,  
 -versus-  
 SOUTHWIND AUTOMOTIVE  
 PARTS, INC.,  
 Respondent-Applicant.  
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IPC No. 14-2008-00359  
 Opposition to:  
 Appln. Serial No. 4-2007005398  
 Date filed: 29 May 2007  
 Trademark: "NITTO"

**NOTICE OF DECISION**

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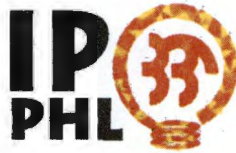
**GREETINGS:**

Please be informed that Decision No. 2014 - 71 dated March 12, 2014 (copy enclosed) was promulgated in the above entitled case.

Taguig City, March 14, 2014.

For the Director:

*Edwin A. Dating*  
**EDWIN DANILO A. DATING**  
 Director III - BLA



TOYO TIRE & RUBBER CO., LTD.,  
*Opposer,*

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*Respondent-Applicant.*

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Decision No. 2014 - 71

## DECISION

TOYO TIRE & RUBBER CO., LTD. ("Opposer")<sup>1</sup> filed an opposition to Trademark Application Serial No. 4-2007-005398. The application, filed by SOUTHWIND AUTOMOTIVE PARTS, INC. ("Respondent-Applicant")<sup>2</sup>, covers the mark "NITTO" for use on "oil, air and fuel filters for automobiles, trucks and tractors, and replacement parts therefore" under Class 07, and various vehicle parts and accessories under Class 12.<sup>3</sup>

The Opposer anchors its opposition on Sections 123.1, paragraphs (e) and (f), and 147 of Rep. Act No. 8293, also known as the Intellectual Property Code of the Philippines ("IP Code"). According to the Opposer:

1. it is the true owner of the "NITTO" trademark;
2. the fame and notoriety of the mark NITTO arises from its extensive use, advertising and overwhelming global patronage;
3. NITTO mark is well-known in the Philippines;
4. the registration of the mark NITTO in the name of the Respondent-Applicant will dilute the distinctiveness of the Opposer's mark;
5. Respondent-Applicant's trademark application was filed in bad faith, made for the sole purpose of unfairly riding on the goodwill and popularity of the Opposer's mark; and
6. NITTO mark is legally protected as a corporate name.

To support its opposition, the Opposer submitted/presented the following as evidence:

1. Affidavit of Motoo Kunihiro (Exhibit "A");
2. Annual Report of Toyo Tire & Rubber Co., Ltd. for the year 2007 (Exhibit "B");
3. Annual Report of Toyo Tire & Rubber Co., Ltd. for the year 2008 (Exhibit "C");

<sup>1</sup> A foreign corporation duly organized and existing under the laws of Japan, with principal office address at 17-8, Ebodori 1-chome, Nishi-ku, Osaka, Japan.

<sup>2</sup> With address at 161 Padre Algue Street, Tondo, Manila.

<sup>3</sup> The Nice Classification is a classification of goods and services for the purpose of registering trademark and services 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.

4. Database list of all trademark and service mark registrations and applications for the mark "NITTO" (Exhibit "D");
5. List of countries other than the Philippines where NITTO products are being sold (Exhibit "E");
6. Copies of the magazines and publications containing advertisements of NITTO products (Exhibits "F" to "F-24");
7. Affidavit of Amando S. Aumento, Jr., an Associate Lawyer of Federis & Associates Law Offices (Exhibit "G");
8. Legalized Power of Attorney executed by the Opposer in favour of the Federis & Associates Law Offices (Exhibit "H");
9. Certified true copies of various foreign trademark registrations for NITTO (Exhibit "I" to "I-42");
10. Printed pages from websites showing products bearing the mark NITTO (Exhibits "J" to "J-33");
11. Printout of search results for NITTO TIRE on popular internet search engine *Google* (Exhibits "K");
12. Print-out of webpages from the Opposer's websites toyo.com, toyo-rubber.co.jp and nittotire.com (Exhibits "L" to "L-2");
13. Printed pages from websites in the Philippines where advertisements and articles on NITTO products appear (Exhibits "M" to "M-8");
14. Affidavit of market researcher Isaias Villanueva attesting to the fact that NITTO products are available in the Philippines (Exhibit "N"); and
15. Photos of stores/establishments in the Philippines selling NITTO products (Exhibit "O").

The Respondent-Applicant submitted its Answer on 14 August 2009 alleging that it filed its trademark application almost one year ahead of the Opposer's. According to the Respondent-Applicant, the Opposer cannot rely on the cited provisions of the IP Code and that the Opposer's mark is not well-known in the Philippines. It also argues that the goods indicated in its trademark application are not closely related to the Opposer's goods/products bearing the mark NITTO.

The Respondent-Applicant's evidence consists of a copy of its trademark application and the Affidavit of Jayson G. Mahusay<sup>4</sup>.

Should the mark NITTO be registered in favour of the Respondent-Applicant?

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 of the goods to which it is affixed; to secure to him, who has been instrumental in bringing out 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> This purpose is not served by the co-

<sup>4</sup> Marked as Annexes "1" and "2", inclusive.

<sup>5</sup> *Pribhdas J. Mirpuri v. 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).

existence in the market of the mark applied for registration by the Respondent-Applicant with the Opposer's.

The mark applied for registration by the Respondent-Applicant is identical to the Opposer's. The Respondent-Applicant though, claims that the goods indicated in its trademark application are not closely related to the Opposer's. However, the likelihood of confusion would subsist not only with respect to the purchaser's perception of goods but on the origins thereof as held by the Supreme Court, to wit:<sup>6</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, the 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 into the belief that there is some connection between the plaintiff and defendant which, in fact does not exist.

In cases of confusion of business or origin, the question that usually arises is whether the respective goods or services of the senior user and the junior user are related as to likely cause confusion of business or origin, and thereby render the trademark or trade names confusingly similar.<sup>7</sup> Goods are closely related when they belong to the same class or have the same descriptive properties or when they possess the same physical attributes or essential characteristics with reference to their form, composition, texture or quality. In determining whether goods are closely related, the purposes they serve and the channels of commerce through which they are sold should also be considered.<sup>8</sup> Jurisprudence has thus held the following goods to be closely related: shoes and slippers *vis-a-vis* pants and shirts<sup>9</sup>; soap *vis-a-vis* hair pomade<sup>10</sup>; perfume, lipstick and nail polish *vis-a-vis* laundry soap<sup>11</sup>; and haberdashery goods *vis-a-vis* shoes<sup>12</sup>.

In this instant, it is likely that the consumers will have the impression that the parties' respective products originate from a single source or the sources thereof are connected or associated with one another. The Opposer and the Respondent-Applicant are both in the automotive industry; their businesses deal with vehicle parts and/or accessories which belong to the same or related classes of goods ("12" and "07"). Establishments, stores, or shops dealing with automotive parts and accessories, including tires, are often located side-by-side. Because the parties' goods are parts of a car or motor vehicle, it is even highly probable that a particular car or vehicle may contain parts that came from both parties under the brand or mark NITTO.

<sup>6</sup> *Converse Rubber Corporation v. Universal Products Inc. et al*, G.R. No. L-27906, 08 Jan. 1987.

<sup>7</sup> *Canon Kabushiki Kaisha v. Court of Appeals*, GR. No. 120900, 20 Jul. 2000.

<sup>8</sup> *Esso Standard Eastern, Inc. v. Court of Appeals*, G.R. No. L-29971, 31 Aug. 1982; *Canon Kabushiki Kaisha v. Court of Appeals*, *supra*.

<sup>9</sup> *Ang v. Teodoro*, G.R. No. 48226, 14 Dec. 1942.

<sup>10</sup> *Ng Khe v. Lever Brothers Company*, G. R. No. 46817, 18 Apr. 1941.

<sup>11</sup> *Chua Che v. Philippine Patent Office*, G.R. No. L-18337, 30 Jan. 1965.

<sup>12</sup> *Sta. Ana v. Maliwat*, G.R. No. L-23023, 31 Aug. 1968.

The Respondent-Applicant points out that the filing of its trademark application preceded the Opposer's. But the Opposer has raised the issue of ownership of the contested mark. According to the Opposer, the Respondent-Applicant has no right to register the mark because the latter is not the owner thereof.

It is stressed that the Philippines implemented the TRIPS Agreement when the IP Code took into force and effect on 01 January 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 provision 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.

Article 16 (1) of the TRIPS Agreement 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 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 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)

Thus, Sec. 134 of the IP Code provides that an opposition to a trademark application may be filed by "*Any person who believes that he would be damaged by the registration of a mark*". Moreover, if a certificate of registration has been issued, it may be cancelled under Sec. 151 of the IP Code.

Clearly, it is not the application or the registration that confers ownership of a mark. 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.<sup>13</sup> 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>14</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

<sup>13</sup> See Section 236 of the IP Code.

<sup>14</sup> G.R. No. 183404, 13 Oct. 2010.

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.

Succinctly, the Opposer presented evidence that the mark NITTO is used by a party other than the Respondent-Applicant. The Opposer presented various testimonies by way of affidavits which are corroborated by publications, advertisements, promotions and other documents indicating the scope of the use and protection of the mark NITTO worldwide. The evidence includes proof of the mark's presence in the Philippines, with a testimony citing the specific business establishments and outlets, accompanied by photographs, selling tires under the brand or mark NITTO, to wit<sup>15</sup>:

1. WHEEL GALLERY INCORPORATED/CONCEPT ONE located at 318 Santolan Road, San Juan 1500, Metro Manila;
2. GTD MERCHANDISING located at 71-D N. Roxas corner Banawe Streets, Quezon City;
3. BEN'S O.K. TIRES & MAGWHEELS located at &3 Banawe cor. N. Roxas Streets, Quezon City;
4. GOLDCARS AUTO ACCESSORIES, INC. located at 42 H, Banawe St., Sto. Domingo, Quezon City;
5. WEST RACING CAR CARE CENTER located at 140 West Avenue, Barangay Pinahan, Quezon City; RACING MASTERS TIRE & CAR CARE CENTER located at 129 West Avenue, Quezon City; and
6. A-TOY BODYKITS located at 57 West Avenue, Quezon City.

Corollarily, the pieces of evidence presented by the Opposer show its use of the mark NITTO predated the Respondent-Applicant's filing of a trademark application. The products bearing the mark NITTO was included or discussed in the Opposer's 2007 Annual Report (for the fiscal year 2006).<sup>16</sup> This Bureau also took notice of the Opposer's allegation in its Opposition that it filed in the Philippines a trademark application on 24 April 1998 (Application Serial No. 4-1998-002944). This Bureau can take cognizance of the contents in the Trademark Registry via judicial notice; and, indeed, the Registry confirms the Opposer's allegation that it filed a trademark application in the Philippines way back in 1998.

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<sup>15</sup> Exhibits "N" and "O".

<sup>16</sup> Pages 16, 26 and 27.

It is not necessary that the Opposer's mark be declared as a well-known to sustain its opposition to Trademark Application Serial No. 4-2007-005398. The mark NITTO is owned by another party who has been using it in the market long before the Respondent-Applicant took upon itself to adopt and seek the mark's registration in the Philippines. Furthermore, Sec. 123.1 of the IP Code provides that a mark shall not be registered if it "(g) Is likely to mislead the public, particularly, as to the nature, quality, characteristics or geographical origin of the goods or services" and "(m) Is contrary to public order or morality". "NITTO" is obviously an invented word. Hence, as a trademark it is unique and highly distinctive. To quote again the Supreme Court on 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 into the belief that there is some connection between the plaintiff and defendant which, in fact does not exist.<sup>17</sup>

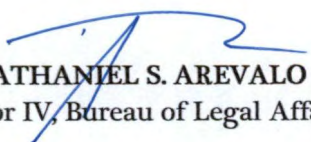
The Respondent-Applicant has not explained how it adopted the mark. That it is a mere coincidence that the Respondent-Applicant came up with the mark NITTO is too good to be true. Because the parties in is the same line of business - dealing with automotive industry - it is not far fetch an inference that the Respondent-Applicant is aware of the brands and trademarks pertaining to goods or products in the industry. The field from which a person may select a trademark is practically unlimited. As in all cases of colourable imitation, the unanswered riddle is why, of the millions of terms and combination of letters and designs available, the Respondent-Applicant had come up with a mark identical or so clearly similar to another's mark if there was no intent to take advantage of the goodwill generated by the other mark.<sup>18</sup>

The intellectual property system was established to recognize creativity and give incentives to innovations. Similarly, the trademark registration system seeks to reward entrepreneurs and individuals who through their own innovations were able to distinguish their goods or services by a visible sign that distinctly points out the origin and ownership of such goods or services.

WHEREFORE, the instant Opposition is hereby SUSTAINED on the grounds stated above. Let the file wrapper of Trademark Application No. 4-2007-005398 be returned, together with a copy of this Decision, to the Bureau of Trademarks for information and appropriate action.

SO ORDERED.

Taguig City, 12 March 2014.

  
NATHANIEL S. AREVALO  
Director IV, Bureau of Legal Affairs

<sup>17</sup> *Converse Rubber Corporation v. Universal Products Inc. et al*, supra.

<sup>18</sup> *American Wire and Cable Co. v. Director of Patents et. al*, G.R. No. L-26557, 18 Feb. 1970.