



INTELLECTUAL PROPERTY
OFFICE OF THE
PHILIPPINES

EASTON ENTERPRISES CO., INC.,
Opposer,

-versus-

KILANG RANTAI S.A. SDN BHD,
Respondent-Applicant.

}	IPC No. 14-2012-00420
}	Opposition to:
}	
}	Appln. Serial No. 4-2010-501064
}	Date of Filed: 23 July 2010
}	
}	
}	TM: RK TAKASAGO CHAIN

X-----X

NOTICE OF DECISION

BATERINA BATERINA CASALS LOZADA & TIBLANI
Counsel for Opposer
Unit 1904, 19th Floor, Jollibee Plaza,
F. Ortigas Jr. Road (formerly Emerald Avenue)
Ortigas Center, Pasig City


SAPALO VELEZ BUNDANG & BULILAN
Counsel for Respondent- Applicant
11th Floor, Security Bank Centre
6776 Ayala Avenue, Makati City

GREETINGS:

Please be informed that Decision No. 2016 - 445 dated 05 December 2016 (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, 14 December 2016.


MARILYN F. RETUAL
IPRS IV
Bureau of Legal Affairs

EASTON ENTERPRISE CO. INC.,
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} **IPC NO. 14-2012-00420**

} Opposition to:

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} Appln. Ser. No. 4-2010-501064

} Date Filed: 23 July 2010

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} Trademark: "RK TAKASAGO
CHAIN"

x-----x} Decision No. 2016- 445

DECISION

EASTON ENTERPRISE CO. INC., (Opposer)¹ filed an opposition to Trademark Application Serial No. 4-2010-501064. The application, filed by **KILANG RANTAI S.A. SDN BHD**, (Respondent-Applicant)², covers the mark "RK TAKASAGO CHAIN", for use on "chains for driving road vehicles, sprockets for land vehicles, tubes for vehicle wheels, tires, for vehicle wheels, rims for vehicle wheels, vehicles disc brakes, vehicles brake shoes, vehicle brake pads, vehicle brake disc, vehicle mirrors, grips for handlebars or motorcycles, spoke wheels for vehicles, bearing for land vehicles, one way clutch (auto drive) for land vehicles, clutch plate for land vehicles, lever for motorcycle, shaft for motorcycle, clutches for land vehicles, brake cable for land vehicles, choke cable for land vehicles, shock absorbers" under Class 12 of the International Classification of Goods³.

The Opposer anchors its opposition on the following grounds:

"2. Opposer is the true owner and rightful proprietor of the trademarks 'RK' and 'TGO-TAKASAGO' ('TAKASAGO') that are used on various goods manufactured and sold by Opposer in Class 12.

"3. The 'RK' trademark has been used by Opposer for its motorcycle sprocket product since March 1982. Opposer has likewise used the 'TAKASAGO' trademark for its motorcycle chain products, sprockets, spare parts, and accessories since July 1992. Samples of the packaging materials where said marks appear are attached hereto as Annexes 'A' to 'A-3'.

¹ A corporation duly organized and existing under Philippine laws with address at 1097-A Corregidor St., Manuguit, Tondo, Manila

² A corporation duly organized and existing under the laws of Malaysia with address at 2440, Lorong Perusahaan 10, Prai Industrial Estate, 13600, Penang Malaysia

³ The Nice Classification of Goods and Services is for registering trademarks and service marks based on multilateral treaty administered by the WIPO, called the Nice Agreement Concerning the International Classification of Goods and Services for Registration of Marks concluded in 1957.

"4. On 19 May 1995, the IPO (formerly the Bureau of Patents, Trademarks and Technology Transfer) issued Certificate of Registration No. 60536 for the 'RK' mark in the name of Opposer. The mark was registered for 'motorcycles, cars, bicycles, buses, 4 wheeled land vehicles, conveyor, chain sprocket, wheel rims, spoke' in Class 12.

"5. On 10 June 1999, the IPO issued Certificate of Registration bearing Registration No. 66986 for the 'TGO-TAKASAGO' mark in the name of Opposer. The mark was registered for 'chains, connecting rod kit, shock absorber, rims for bicycles and motorcycles' in Class 12.

"6. On 11 October 2011, Respondent-Applicant applied for the registration of the trademark 'RK TAKASAGO CHAIN' with application no. 42010501064 in Class 12 for the following products: 'chains for driving road vehicles, sprockets for land vehicles, tubes for vehicle wheels, tires, for vehicle wheels, rims for vehicle wheels, vehicles disc brakes, vehicles brake shoes, vehicle brake pads, vehicle brake disc, vehicle mirrors, grips for handlebars or motorcycles, spoke wheels for vehicles, bearing for land vehicles, one way clutch (auto drive) for land vehicles, clutch plate for land vehicles, lever for motorcycle, shaft for motorcycle, clutches for land vehicles, brake cable for land vehicles, choke cable for land vehicles, shock absorbers'.

"7. A comparison of Opposer's 'RK' and 'TAKASAGO' Trademarks *vis-a-vis* Respondent-Applicant's 'RK TAKASAGO CHAIN' Trademark will show that they are identical and confusingly similar which will necessarily result in confusion among the buying public. There are limitless names and letter combinations available to Respondent-Applicant, but it nevertheless sought to register the trademark 'RK TAKASAGO CHAIN' to clearly confuse or deceive purchasers into believing, that the goods of the Respondent-Applicant are those of the Opposer's.

"8. The use of the trademark 'RK TAKASAGO CHAIN' by the Respondent-Applicant on its goods would falsely suggest a connection with the Opposer and would inevitably cause the buying public to confuse the Respondent-Applicant's goods as that of Opposer's.

"9. Respondent-Applicant's use of the trademark 'RK TAKASAGO CHAIN' will also diminish the distinctiveness and dilute the goodwill associated with Opposer's 'RK' and 'TAKASAGO' Trademarks, which have become distinctive for, and practically synonymous with, the goods and products manufactured and sold by Opposer.

"10. The registration of the trademark 'RK TAKASAGO CHAIN' in the name of Respondent-Applicant, which is identical and confusingly similar to the Opposer's 'RK' and 'TAKASAGO' Trademarks, will cause

the latter incalculable damage to its reputation and general business standing.

"11. The use and adoption by Respondent-Applicant of the trademark 'RK TAKASAGO CHAIN', which is identical to, and closely resembles, Opposer's 'RK' and 'TAKASAGO' Trademarks, constitutes an unlawful appropriation of its mark. Moreover, Opposer's Philippine trademark registration of its 'RK' and 'TAKASAGO' Trademarks were issued, and the applications for registration for said Trademarks were filed, prior to the filing date accorded to Respondent-Applicant's application for the mark 'RK TAKASAGO CHAIN'.

"12. Considering that the Respondent-Applicant's mark is identical to Opposer's 'RK' and 'TAKASAGO' Trademarks, Application No. 4-20110-012214 should be allowed to proceed to registration pursuant to Section 123(d) of the IP Code."

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

1. Pictures of "TGO" and "TAKASAGO" labels;
2. Pictures of "RK" packaging;
3. Copy of Certificate of Registration No. 60536 issued on 19 May 1995 for the mark "RK"; and
4. Copy of Certificate of Registration No. 66986 issued on 10 June 1999 for the mark "TGO TAKASAGO"; and
5. Secretary's Certificate dated 10 October 2012⁴

The Respondent-Applicant filed its Answer on 19 February 2013, alleging among other things, the following:

"6. Respondent-Applicant is the original proprietor of the trademarks 'RK', 'TAKASAGO' and 'RK TAKASAGO CHAIN', as it is the first to adopt and use these 'RK', 'TAKASAGO' and 'RK TAKASAGO CHAIN' trademarks, not only in the Philippines but around the world.

Respondent-Applicant KILANG RANTAI S.A. SDN BHD, the true proprietor of the trademarks 'RK', 'TAKASAGO' and 'RK TAKASAGO CHAIN', first adopted this group of trademarks, by coining said trademarks partly from German words, as well as the name of its predecessor Japanese company. Specifically 'RK' is the abbreviation of the original German words 'ROLLER KETTEN' which means 'ROLLER CHAIN', while TAKASAGO or TAKASAGO CHAIN is part of the name of Respondent-Applicant's Japanese predecessor, TAKASAGO CHAIN CO., LTD. xxx

⁴ Annexes "A" to "D"

"7. To protect its interest in the trademarks 'RK', 'TAKASAGO' and 'RK TAKASAGO CHAIN', Respondent-Applicant filed an application in the Philippines for the registration of the 'RK TAKASAGO CHAIN' mark on July 23, 2010, as shown by the Trademark Application Number 4-2010-501064 filed for driving road vehicles, sprockets for land vehicles, among others. xxx

"8. The date of first use in the Philippines and abroad of the Respondent-Applicant's 'RK', 'TAKASAGO' and 'RK TAKASAGO CHAIN' trademarks for 'chains for driving road vehicles, sprockets for land vehicles' among others, were much earlier than the date of first use of any of Opposer's identical and/or similar 'RK', 'TAKASAGO' and 'RK TAKASAGO CHAIN' marks. In fact, Opposer obtains its supplies for sale in the Philippines from Respondent-Applicant, as shown by the invoices attached to the Affidavit of Mr. Lee Thian Chai. Specifically, Mr. Lee Thian Chai attests that Opposer is the client of Respondent-Applicant. Being the supplier of Opposer therefore, Respondent-Applicant necessarily has to sell first to Opposer, before the latter can perform any commercial use with regard to the products.

"9. Opposer is the client of Respondent-Applicant. It started selling its products to the Opposer in the 70's through its subsidiary company RK JAPAN CO. LTD. (then known as RK EXCEL CO. LTD), at the initial stage, and later through another subsidiary, KILANG SPROCKET SDN BHD. xxx

"10. To show further the relationship between Respondent-Applicant and Opposer, copies of COMMERCIAL INVOICES issued by Respondent-Applicant KILANG RANTAI S.A. SDN BHD and billed to Opposer EASTON ENTERPRISE CO. LTD. from 26 September 2005 to 8 October 2012 are attached.xxx

"11. The 'RK', 'TAKASAGO' and 'RK TAKASAGO CHAIN' trademarks of Respondent-Applicant are actually used worldwide and in the Philippines on various products of Respondent-Applicant, as shown by the actual labels and packaging of Respondent-Applicant's products. xxx

"12. Consequently, the products carried under the 'RK', 'TAKASAGO' and 'RK TAKASAGO CHAIN' trademarks had, through many decades, earned international acclaim, as well as the distinct reputation of being high quality."

The Respondent-Applicant submitted as evidence, the following:

1. Copy of trademark application no. 4-2010-501064 for the mark "RK TAKASAGO CHAIN";
2. Affidavit of Arshad Bin MD ISA dated 12 December 2012;
3. Company Profile of RK JAPAN;

4. Company Profile of KILANG RANTAI SA SDN BHD;
5. Affidavits of Mr. Lee Thian Chai dated 3 December 2012, 9 January 2013;
6. Print-out of IPO trademark database of the trademark application and registrations of the parties;
7. Representative invoices of sales to Opposer;
8. Copy of Certificate of Incorporation of RK JAPAN CO. LTD.;
9. Sample labels, packaging, brochures, promotional materials of Respondent-Applicant; and
10. Print-out of websites of RK JAPAN CO., LTD.⁵

The Hearing Officer issued on 23 May 2013 a notice setting the Preliminary Conference on 24 June 2013. On 1 July 2013, the Preliminary Conference was terminated, and the Hearing Officer directed both parties to file their respective position papers. The Opposer and the Respondent-Applicant filed their position papers on 23 July 2013 and 17 July 2013 respectively.

Should the Respondent-Applicant be allowed to register the trademark RK TAKASAGO CHAIN?

Sec. 123.1. Registrability. A mark cannot be registered if it:

(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.

Records show that at the time the Respondent-Applicant applied for registration of the mark "RK TAKASAGO", (the word "CHAIN" is disclaimed), the Opposer had already registered the marks "RK" under Certificate of Registration No. 60536⁶ issued on 19 May 1995 and "TGO TAKASAGO" under Certificate of Registration No. 66986⁷ issued on 10 June 1999.

The competing marks are depicted below:

⁵ Exhibits "1" to "33" with submarkings

⁶ Annex "B"

⁷ Annex "C"

Opposer's marks



Respondent-Applicant's mark



The Respondent-Applicant alleges that it is the true owner of the marks "RK", "TAKASAGO" and "RK TAGASAGO CHAIN". According to the Respondent-Applicant, the marks originate from a Japanese company, Takasago Chain Co., Ltd. After several mergers, RK Excel Co. Ltd. was established. This company concluded technical assistance with Nana Manufacturing Com., Ltd, a chain manufacturer in Malaysia.⁸ In 2000, RK Excel Co. Ltd acquired shares in Respondent-Applicant, Kilang Rantai SA SDN BHD. In 2010, a new company, RK Japan Co. Ltd. was established and it inherited the chain division from RK Excel Co. Ltd.⁹ Respondent-Applicant, Kilang Rantai SA SDN BHD is a principal shareholder in RK Japan Co. Ltd.¹⁰

In the sequence of events, there is no showing that Takasago Chain Co., Ltd. or RK Excel Company registered the marks "TAKASAGO" or "RK". The records are bereft of any document showing the predecessor companys' rights to the trademarks "TAKASAGO" and "RK", or intention to register the same, much less assign the marks. Assuming these are valid marks, proof that Respondent-Applicant, Kilang Rantai SA SDN BHD, was constituted as an assignee of the marks or was allowed and authorized to use the marks of Takasago Chain Co., Ltd. or RK Excel Company, is absent. In fact, RK EXCEL Co. Ltd, a separate juridical entity, (that acquired shares in Kilang Rantai SA SDN BHD) registered the mark "RK TAKASAGO CHAIN" in Indonesia only in 21 January 2008.¹¹ The Respondent-Applicant registered the mark "RK TAKASAGO CHAIN" in New Zealand only in 29 March 2011.¹²

On the other hand, Opposer registered the marks "RK" for "motorcycle, cars, bicycles, buses, 4-wheeled land vehicles, conveyor, chain, sprocket, wheel rims, spoke"

⁸ Exhibit "5"- RK Japan Corporate Profile

⁹ Exhibit "7"

¹⁰ Exhibit "7"

¹¹ Exhibit "9"

¹² Exhibit "9"

and "TGO TAKASAGO" for "chains, connecting rod kit, shock absorber, rims for bicycles and motorcycles" in the Philippines as early as 1995 and 1999. Opposer has been engaged in the sale and distribution of goods under class 12. It coined the mark "RK" as an abbreviation of the tagalog word "ROLYO KADENA" meaning roller chain. Sample labels indicating the marks and Opposer's corporate name are shown below:



The Respondent-Applicant asserts that the Opposer has no right to the mark "RK", "TAKASAGO" because it is a mere importer. However, Respondent-Applicant has not shown any distributorship agreement that prove such relationship. Evidence show that commercial invoices issued by the Respondent-Applicant to the Opposer are dated between 26 September 2005 to 08 October 2012. In fact, the Opposer does not deny that it places orders with the Respondent-Applicant, a manufacturer of chain products. It does not follow that merely because goods are imported or sourced from abroad, trademarks cannot be affixed on the goods. It is sound business practice to source or import goods from cheaper or cost efficient sources, for sale in the Philippine market. In *E.Y. Industrial Sales, Inc. v. Shen Dar Electricity and Machinery Co.*, the Supreme Court cites a portion of the factual findings, in a case where goods are imported, to wit:

By itself, registration is not a mode of acquiring ownership. When the applicant is not the owner of the trademark being applied for, he has no right to apply for registration of the same. Registration merely creates a prima facie presumption of the validity of the registration, of the registrant's ownership of the trademark and of the exclusive right to the use thereof. Such presumption, just like the presumptive regularity in the performance of official functions, is rebuttable and must give way to evidence to the contrary.

Here, the incontrovertible truth, as established by the evidence submitted by the parties, is that EYIS is the prior user of the mark. The exhaustive discussion on the matter made by the BLA sufficiently addresses the issue:

Based on the evidence, Respondent E.Y. Industrial is a legitimate corporation engaged in buying, importing, selling, industrial machineries and tools, manufacturing, among others since its incorporation in 1988. (Exhibit "1"). Indeed private respondents have submitted photographs (Exhibit "376", "377", "378", "379") showing an assembly line of its manufacturing or assembly process.¹³

Clearly, the facts show that the Opposer registered its marks in the Philippines, namely: "RK" as early as 19 May 1995 and "TGO TAKASAGO" on 10 June 1999.

¹³ G.R. No. 184850, 20 October 2010

The mark "RK" was obtained under the system of "first-to use" in trademark law under Republic Act 166. Consequently, it enjoys exclusive proprietary rights to the same. Section 236. of the *IP Code* states that:


"Sec. 236. Preservation of Existing Rights. - Nothing herein shall adversely affect the rights on the enforcement of rights in patents, utility models, industrial designs, marks and works, acquired in good faith prior to the effective date of this Act.

In view of Opposer's earlier use and registration of the mark "RK" and "TGO TAKASAGO" which are confusingly similar with "RK TAKASAGO", the Respondent-Applicant's application for registration is proscribed.

WHEREFORE, premises considered, the instant Opposition to Trademark Application No. 4-2010-501064 is hereby **SUSTAINED**. Let the filewrapper of the subject trademark be returned, together with a copy of this Decision, to the Bureau of Trademarks for information and appropriate action.

SO ORDERED.

Taguig City, 05 DEC 2016


Atty. ADORACION U. ZARE, LL.M.
Adjudication Officer
Bureau of Legal Affairs