

**SUZUKI MOTOR CORPORATION,**  
*Petitioner,*

**-versus-**

**AGP CORPORATION,**  
*Respondent-Registrant.*

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}	<b>IPC No. 14-2015-00512</b>
}	Petition for Cancellation of:
}	
}	Reg. No. 4-2012-005722
}	Date Issued: 09 February 2013
}	
}	<b>TM: KATANA</b>

**NOTICE OF DECISION**

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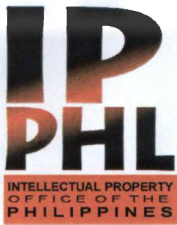
**GREETINGS:**

Please be informed that Decision No. 2016 - 505 dated 23 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, 05 January 2017.

  
**MARILYN F. RETUAL**  
IPRS IV  
Bureau of Legal Affairs



**SUZUKI MOTOR CORPORATION,**  
Petitioner,

- versus -

**AGP CORPORATION,**  
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x----- x

IPC No. 14-2015-00512  
Cancellation of:

Reg. No. 4-2012-005722  
Date Issued: 09 February 2013  
Trademark: "KATANA"

Decision No. 2016 - 505

### DECISION

SUZUKI MOTOR CORPORATION ("Petitioner")<sup>1</sup> filed a petition for cancellation of Trademark Registration No. 4-2012-005722. The registration, issued to AGP CORPORATION (Respondent-Registrant)<sup>2</sup>, covers the mark "KATANA" for use of goods under class<sup>3</sup> 12 particularly: *"chain and sprocket for motorcycle; lug nuts for vehicle wheels; parts of motorcycles namely: brakes, clutches, fork bearings and races, fork dust boots, fork seals; handle bar control levers, dampers, grips, brake calipers, throttles; brake pedals and rotors, front spacers, front dash panels, shift levers, headlight mounts, master cylinders, brake master cylinder assemblies and clutch master cylinder assemblies brake levers."*

The Petitioner alleges that is a well-known and established motorcycle company that produces the popular SUZUKI motorcycles. It is known for producing excellent automobiles, four-wheel drive vehicles, all-terrain vehicles, outboard marine engines, and all their parts and accessories. Suzuki Motor is also one of the top-ranking automaker in the world. By 2011, it ranked the 10th biggest automaker based on production worldwide. In Japan, Petitioner is the second-largest manufacturer of small cars and trucks. Presently, it employs over 45,000 people and has 35 main production facilities in 23 countries and 133 distributors in 192 countries.

According to the Petitioner, the KATANA motorcycle is a sport vehicle designed in 1979--1980 by Target Design of Germany which was named after the much vaunted and famous Samurai sword. The KATANA's design started when Petitioner hired Hans Muth, ex-chief of styling for BMW to update the company's image with the design philosophy of keeping components compact and close-fitting, applied to all areas of the KATANA's design to reduce production costs, weight and number of components required. Its design is considered an icon as it is included in the Guggenheim museum's "Art of the Motorcycle" exhibit in New York in 1998.

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- <sup>1</sup> A foreign corporation organized and existing under the laws of Japan, with principal place of business at 300, Takatsuka-cho, Minami-ku, Hamamatsu-shi, Shizuoka-ken, Japan.
  - <sup>2</sup> A local corporation with address at 6/F Pieco Building, 2242 Don Chino Roces Avenue, 1231 Makati City, Philippines.
  - <sup>3</sup> The Nice Classification of goods and services is for registering trademark and service marks, based on a 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.

KATANA was a sales success when it was launched. Through the extensive and effective marketing and advertising efforts in major publications and magazines, Petitioner was able to generate impressive annual revenues. Since its debut in 1980s, over 17643 units were sold worldwide.

Petitioner further avers that KATANA trademark is legally protected in many countries around the world through trademark registration in various countries. In Japan, the earliest registration is in the year 1980. In the Philippines, Petitioner has already applied for trademark protection for KATANA in 2014 under Application No. 4-2014-505828 in Class 12.

The Petitioner filed this instant case on the following grounds:

1. The challenged mark is a bad faith copy of Petitioner's mark;
2. Petitioner's KATANA is registered in many countries which are members of the Paris Convention and the World Trade Organization; thus, the mark is, by treaty protected in the Philippines as against Respondent-Registrant's bad faith copy pursuant to Section 3 and 160 of the IP Code, and Articles 6bis of the Paris Convention;
3. The well-known status of Petitioner's KATANA is protected under Section 123.1 (e) of the Intellectual Property Code;
4. The use and registration of KATANA by Respondent-Registrant enable it to unfairly profit from the goodwill, fame, and notoriety of Petitioner's well-known KATANA, contrary to Section 168.1 of the IP Code;
5. The use and registration of the challenged mark by Respondent-Registrant for goods identical, similar or closely related to Petitioner's goods will cause confusion, mistake and deception upon the consuming public particularly as to the true origin, nature, quality and characteristics of the herein parties' respective goods and businesses, and hence, the challenged registration should have not been allowed registration pursuant to Section 123.1 (g) of the IP Code.

The Petitioner's evidence consists of the following:

1. Affidavit of Toshiaki Abe, General Manager, Intellectual Property Department of Suzuki Motor Corporation;
2. Articles of Incorporation of Suzuki Motor Corporation together with the English translation;
3. Printout of Petitioner's official website found at [www.globalsuzuki.com](http://www.globalsuzuki.com);
4. Printout of Petitioner's website dedicated to the Philippines found at <http://www.suzuki.com.ph>
5. Certified copies of Certificates of Registration for KATANA issued in several countries: OHIM, Benelux, France, Great Britain and Northern Ireland, Germany, Austria, Italy, Spain, Portugal, Greece, Sweden, Norway, Denmark, Switzerland, Macau, Thailand, Vietnam, Japan, New Zealand, USA, Canada and South Africa;
6. Printouts from various websites featuring, discussing and reviewing KATANA motorcycles;
7. Printouts from various forums or social media accounts discussing KATANA;
8. Affidavit of Diana F. Rabanal;
9. Legalized Special Power of Attorney with Certification of Authority;
10. Director's Certificate proving the authority of Mr. Toshiaki Abe to sign in behalf of the Petitioner; and,
11. Copy of Trademark Application No. 4-2012-505828.

On 22 December 2015, this Bureau issued and served upon the Respondent-Registrant a Notice to Answer. Respondent-Registrant however, did not file an answer. Thus, this Bureau declared Respondent-Registrant in default<sup>4</sup> and the instant case is deemed submitted for decision.

Should Respondent-Registrant's trademark KATANA be cancelled?

It is emphasized that 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 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>

Section 151.1, Republic Act No. 8293, also known as the Intellectual Property Code ("IP Code") provides:

x x x A petition to cancel a registration of a mark under this Act may be filed with the Bureau of Legal Affairs by any person who believes that he is or will be damaged by the registration of a mark under this Act as follows:

x x x

(b) At any time, if the registered mark becomes generic name for the goods or services, or a portion thereof, for which it is registered, or has been abandoned, or its registration was obtained fraudulently or contrary to the provisions of this Act, or if the registered mark is being used by, or with the permission of, the registrant so as to misrepresent the source of the goods or services on or in connection with which the mark is used. x x x

In relation, Sec. 123.1 (d) of the IP Code provides:

A mark cannot be registered if it:

x x x

(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 Petitioner has various registration in foreign countries including in OHIM, Benelux, France, Great Britain and Northern Island, Germany, Austria, Italy, Spain, Portugal, Greece, Sweden, Norway, Denmark, Switzerland, Macau, Thailand, Vietnam, Japan, New Zealand, United States of America, Canada and South Africa, for the mark KATANA<sup>6</sup>. The earliest registration is in the year 1980 in Japan.<sup>7</sup> In the Philippines, the Petitioner applied for the registration of the mark KATANA in

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<sup>4</sup> Order No. 2016-1210 dated 02 August 2016.

<sup>5</sup> Pribhdas J. Mirpuri vs. 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).

<sup>6</sup> Exhibits "E" to "E-22" of Petitioner.

<sup>7</sup> par. 31, page 7, Petition.

class12 on 10 December 2014<sup>8</sup>. On the other hand, Respondent-Registrant has registration for the mark KATANA on 09 February 2013 covering class 12, the subject matter of this instant petition.

The competing marks are hereby reproduced below for comparison:



Petitioner's Mark

**KATANA**

Respondent-Registrant's Mark

The contending marks contain the identical word mark KATANA. While Petitioner's mark also features a device under the word mark KATANA, this is not sufficient to distinguish the two marks. What defines the competing marks is the word KATANA. The device is inconsequential because the marks when spoken denotes no aural difference. The mark KATANA is unique because it has no relation to the kind, nature or purpose of the goods involved, and therefore, a highly distinctive mark.

The competing marks are used on goods that are similar or closely related to each other. It cater to same cluster of purchasers and flow on the same channels of trade, particularly that falling under Class 12 for automobiles, motorcycles and motorcycle parts and fittings, and the like. Thus, it is likely that the consumers will have the impression that these goods or products originate from a single source or origin. The confusion or mistake would subsist not only on the purchaser's perception of goods but on the origin thereof as held by the Supreme Court, to wit:<sup>9</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, 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. Hence, 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 belief that there is some connection between the plaintiff which, in fact does not exist.

The public interest, therefore, requires that the two marks, identical to or closely resembling each other and used on the same and closely related goods, but utilized by different proprietors should not be allowed to co-exist. Confusion, mistake, deception, and even fraud, should be prevented. It is emphasized that the function of 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 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>10</sup>

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:

<sup>8</sup> Exhibit "K" of Petitioner.

<sup>9</sup> Converse Rubber Corporation vs. Universal Rubber Products Inc., et al., G.R. No. L-27906, 08 Jan. 1987.

<sup>10</sup> Pribhdas J.Mirpuri vs. Court of Appeals, G.R. No. 114508, 19 Nov. 1999.

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 of trademarks. Where signs are not inherently capable of distinguishing the relevant goods or services, members may make registrability depend on distinctiveness acquired through use. Member 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 prescribed 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 Trademark (Rep. Act No. 166), to wit:

121.1. "Mark" means any visible sign capable of distinguish 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 provision 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 validly in accordance with the provision 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)

Clearly, it is not the application or the registration that confers ownership of a mark, but 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>11</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 right 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 *E.Y. Industrial Sales, Inc. and Engracio Yap v. Shen Dar Electricity Machinery Co. Ltd.*<sup>12</sup>, the Supreme Court held:

RA 8293 espouses the "first-to-file" rule as stated under Sec. 123.1(d) which states:

x x x

Under this provision, the registration of a mark is prevented with the filing of an earlier application for registration. This must not, however, be interpreted to mean that ownership should be based upon an earlier filing date. While RA 8293 removed the previous requirement of proof of actual use prior to the filing of an application for registration of a mark, proof of prior and continuous use is necessary to establish ownership of a mark. Such ownership constitutes sufficient evidence to oppose the registration of a mark.

Sec. 134 of the IP Code provides that "any person who believes that he would be damaged by the registration of a mark x x x" may file an opposition to the application. The term "any person" encompasses the true owner of the mark, the prior and continuous user.

Notably, the Court has ruled that the prior and continuous use of a mark may even overcome the presumptive ownership of the registrant and be held as the owner of the mark. As aptly stated by the Court in *Shangri-la International Hotel Management, Ltd. v. Developers Group of Companies, Inc.*

Registration, without more, does not confer upon the registrant an absolute right to the registered mark. The certificate of registration is merely a prima facie proof that the registrant is the owner of the registered mark or trade name. Evidence of prior and continuous use of the mark or trade name by another can overcome the presumptive ownership of the registrant and may very well entitle the former to be declared owner in an appropriate case.

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<sup>11</sup> See Sec. 236, IP Code.

<sup>12</sup> G.R. No. 184850, 20 October 2010.

In this instance, the Petitioner proved that it is the owner of the contested mark. It has submitted evidence relating to its ownership, which includes the creation of the instant mark<sup>13</sup> and the legal protection of the mark KATANA through series of prior registrations and pending applications in various jurisdictions<sup>14</sup>. The Petitioner has likewise shown sufficient proof of its continued operation through information campaigns of SUZUKI products including KATANA motorcycles in various forums or social media accounts<sup>15</sup>, and marketing strategies, among which are discussion and reviews of KATANA motorcycles<sup>16</sup>.

Thus, to allow the continued registration of Respondent-Registrant is to cause confusion to the public of the presence of identical marks on goods that are covered by Petitioner's mark or goods closely related thereto, it will also deprive the true and actual owner of the mark. The Petitioner proved that the Respondent-Registrant was not the actual owner and user of the subject mark long before the filing of the said mark.

In contrast, Respondent-Registrant did not give sufficient explanation in adopting and using the trademark KATANA. As discussed above, the mark is unique and highly distinctive with respect to the goods it is attached with. It is incredible for the Respondent-Registrant to have come up with the same mark practically for similar goods by pure coincidence. Clearly, the Respondent-Registrant is not the owner of the mark.

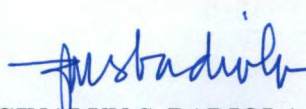
Succinctly, the field from which a person may select a trademark is practically unlimited. As in all other cases of colorable imitations, the unanswered riddle is why, of the million of terms and combination of letters and designs available, the Respondent-Applicant had to come up with a mark identical or so closely similar to another's mark if there was no intent to take advantage of the goodwill generated by the other mark.<sup>17</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**, premises considered, the instant Petition to Trademark Registration No. 4-2012-005722 is hereby **GRANTED**. Let the filewrapper of the subject trademark application be returned, together with a copy of this Decision, to the Bureau of Trademarks for information and appropriate action.

SO ORDERED.

Taguig City. 23 DEC 2016



**Atty. GINALYN S. BADIOLA, LL.M.**  
*Adjudication Officer, Bureau of Legal Affairs*

<sup>13</sup> Exhibit "A" of Petitioner.

<sup>14</sup> Exhibits "E" to "E-22"; and "K" of Petitioner.

<sup>15</sup> Exhibits "G" to "G-4" of Petitioner.

<sup>16</sup> Exhibits "F" to "F-16" of Petitioner.

<sup>17</sup> American Wire & Cable Company vs. Director of Patents, G.R. No. L-26557, 18 February 1970.