

**TOYOTA JIDOSHA KABUSHIKI (also trading
As TOYOTA MOTOR CORP.),**
Petitioner,

-versus-

ANGELITA LIM (substituted by TONY LIM,
Assignee),
Respondent-Registrant.

IPC No. 14-2012-00313
Petition for Cancellation:

Reg. No. 059854
Date Issued: 31 January 1995

TM: LEXUS

X-----X

NOTICE OF DECISION

VIRGILAW (Virgilio M. Del Rosario & Partners)
Counsel for Petitioner
The Peak, Unit 602 L.P. Leviste Street,
Salcedo Village, Makati City

SANTOS PILAPIL & ASSOCIATES
Counsel for Respondent- Registrant
Suite 1209, Prestige Tower
Emerald Avenue, Ortigas Center, Pasig City

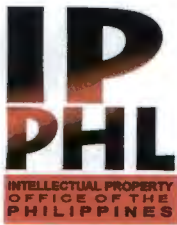
GREETINGS:

Please be informed that Decision No. 2016 - 470 dated 15 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, 16 December 2016.

MARILYN F. RETUAL
IPRS IV
Bureau of Legal Affairs



TOYOTA JIDOSHA KABUSHIKI	}	IPC No. 14-2012-00313
(also trading as TOYOTA MOTOR CORP.),	}	
Petitioner,	}	Petition for Cancellation:
	}	Registration No. 059854
-versus-	}	Date Issued: 31 January 1995
	}	
ANGELITA LIM (Substituted by TONY LIM,	}	TM: LEXUS
Assignee)	}	
Respondent-Registrant.	}	
x-----x		Decision No. 2016- <u>470</u>

DECISION

TOYOTA JIDOSHA KABUSHIKI (also trading as TOYOTA MOTOR CORP.), ("Petitioner")¹ filed on 04 July 2012 a Petition to Cancel Trademark Registration No. 059854. The registration, issued on 31 January 1995 to ANGELITA LIM ("Respondent-Registrant") now assigned to TONY K. LIM ("Respondent-Assignee")², covers the mark "LEXUS" for use on "amplifier, tuner and sound system" under Class 9 of the International Classification of Goods and Services³.

The Petitioner alleges among other things that the registration of the mark LEXUS was obtained fraudulently or contrary to the provisions of the ("IP Code") and its rules because the registrant caused the registration of the LEXUS in violation of Sections 123.1 paragraphs (d), (e), (f) and (g) and 165.2 (a) and (b) of the Intellectual Property Code of the Philippines, also known as R.A. No. 8293. According to Petitioner, it is the exclusive owner and the first to adopt, use and register the well-known mark LEXUS worldwide. It has secured more than 300 worldwide trademark registrations, the earliest of which was obtained in 1987. In the Philippines, the first trademark registration was granted in 2000 under Registration No. 4-1990-72920 for goods under Class 12. Petitioner also claims that it spend considerable amount in promoting the mark LEXUS around the world. Aside from its registration of the mark in Class 12, Petitioner has extended the registration of its mark to Class 9.

Petitioner's evidence consists of the following:

1. Exhibit "A" - Computer print out of the details of the Registration No. 059854 downloaded from the Philippine Trademark Office database;
2. Exhibit "B" - Special Power of Attorney;
3. Exhibit "C" - Verification and Certification against Non-Forum Shopping executed by Phillip John F. Yap;

¹ A corporation existing and by virtue of the law of Japan.

² Filipino citizen and a resident of #9 Santol Road, Potrero, Malabon, Metro Manila.

³ 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. Exhibit "D" - Certified copy of Certificate of Registration for the mark "LEXUS" as Exhibit "D" in IPC No. 14-2012-00029;
5. Exhibit "E" - Certified copy of Certificate of Registration for the mark LEXUS as Exhibit "E" in IPC No. 14-2012-00029;
6. Exhibit "F" - Certified copy of Certificate of Registration for the mark LEXUS as Exhibit "F" in IPC No. 14-2012-00029;
7. Exhibits "G-1" to "G-168" - Printout of certificate of registrations for the mark LEXUS mark issued by various jurisdiction;
8. Exhibit "G-19" - List of certificates mentioned in Exhibits "G-1" to "G-168";
9. Exhibit "H" - Certificate of registrations issued in South Korea Reg. No. 0204768;
10. Exhibit "I" - Certificate of registration issued in Israel Reg. No. 80635;
11. Exhibit "J" - Certificate of registration issued in India Reg. No. 523027;
12. Exhibit "K" - Certificate of registration issued in U.S.A. Reg. No. 1,574,718;
13. Exhibit "L" - Certificate of registration issued in Hong Kong Reg. No. 300975718;
14. Exhibit "M" - Certificate of registration issued in Saudi Arabia Reg. No. 1108180;
15. Exhibit "N" - Certificate of registration issued in Mexico Reg. No. 707597;
16. Exhibit "O" - Certificate of registration issued in Argentina Reg. No. 1914702;
17. Exhibits "P-1" to "P-10" - Printouts/representative sample of newspapers and magazines published in 2009;
18. Exhibits "P-11" to "P-20" - Printouts/representative samples of newspapers magazines published in 2010;
19. Exhibits "Q" to "S" - Certified copies of representatives samples of Trademark Registrations in IPC No. 14-2012-00029; and
20. Exhibit "T" - Affidavit of Kasuhiro Nagashima.

On 17 August 2012, this Bureau issued a Notice to Answer. On 04 October 2012, Respondent-Registrant filed his Verified Answer alleging his mark "LEXUS" was obtained in good faith and his commercial use thereof was previous and not subsequent to the use of the Petitioner in the Philippines. Further, Respondent-Registrant stated that the petition is dismissible insofar as it invokes confusing similarity because Petitioner's goods are in Class 12 of the International Classification of Goods and Services, hence no confusing similarity and/or likelihood of confusion is not present.

Respondent-Registrant's evidence consists of the following:

1. Exhibit "1" - Affidavit of Tony K. Lim;
2. Exhibit "2" - Copy of the Assignment of Trademark LEXUS executed by ANGELINA LIM in favor of TONY K. LIM;
3. Exhibit "3" - Request for the recordal of Assignment of the mark LEXUS filed on 22 February 1997;
4. Exhibit "4" - Affidavit of Use / Non Use;
5. Exhibit "5" - Declaration of Actual Use;
6. Exhibit "6" - Declaration of Actual Use filed on 28 January 2011;
7. Exhibit "7" - Paper No. 3 mailed on 11 March 1994;
8. Exhibit "8" - Response to Paper No. 3 received by the IPO on 17 March 1994; and
9. Exhibit "9" - Business Permit issued by the Office of the Mayor of Malabon.

Pursuant to Office Order No. 154, s. 2010, the case was referred to the Alternative Dispute Resolution ("ADR") for mediation. However, the parties refused to undergo mediation. The Preliminary Conference was conducted and terminated on 19 March 2013 and the parties were directed to submit position papers. On 08 April 2013, Petitioner submitted its Position Paper while Respondent-Registrant did so on 12 February 2014.

Should the Respondent's Certificate of Registration No. 059854 for the mark LEXUS be cancelled?

Section 138 of the IP Code provides, to wit:

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 of 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.

Since a certificate of registration is merely prima facie evidence of the validity of registration, it may be challenged. The presumption can be overcome, in an appropriate action, by proof of the nullity of the registration. In this regard, Section 151 of the Intellectual Property Code of the Philippines ("IP Code") provides:

Sec. 151. Cancellation. -151.1 A petition to cancel a registration of 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 or in connection with which the mark is used. xxx

This provision allows any person to file a petition to cancel trademark registrations at any time if that person believes that he will be damaged by the registration. Once filed, the cancellation proceeding becomes basically a review of the trademark registration in question to see if the legal requirements for registration have been satisfied and if the maintenance or continuance of Respondent-Registrant's trademark in the principal register would damage the Petitioner⁴.

Opposer anchors its petition to cancel Respondent's registration of the mark LEXUS on Section 123.1 (d), (e), (f) and (g) of the Republic Act No. 8293, otherwise known as the Intellectual Property Code of the Philippines ("IP Code") which provides:

⁴ Section 154 of the IP Code provides: "Section 154. Cancellation of Registration. - If the Bureau of Legal Affairs finds that a case of cancellation has been made out, it shall order the cancellation of registration. When the order or judgment becomes final, any right conferred upon the registrant or any person in interest of record shall terminate. Notice of cancellation shall be published in the IPO E-Gazette. (Section 19, R.A. No. 166a)"

Sec. 123. Registrability. - 123.1. 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;

(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;

(f) Is identical with, or confusingly similar to, or constitutes a translation of a mark considered well-known in accordance with the preceding paragraph, which is registered in the Philippines with respect to goods or services which are not similar to those with respect to which registration is applied for: *Provided*, That use of the mark in relation to those goods or services would indicate a connection between those goods or services, and the owner of the registered mark: *Provided further*, That the interests of the owner of the registered mark are likely to be damaged by such use;

(g) Is likely to mislead the public, particularly as to the nature, quality, characteristics or geographical origin of the goods or services;

x x x

However, it must be noted that the mark subject of this petition was registered under the old trademark law or the Republic Act No. 166, as amended. Since it was registered under the old law, the requirements of its registrability must be considered in the light of the said law.

Section 4 (d) of Republic Act No. 166, as amended provides:

Sec. 4. Registration of trade-marks, trade-names and service-marks on the principal register.— There is hereby established a register of trade-mark, trade-names and service-marks which shall be known as the principal register. The owner of a trade-mark, a trade-name or service-mark used to distinguish his goods, business or services from the goods, business or services of others shall have the right to register the same on the principal register, unless it:

x x x

(d) Consists of or comprises a mark or trade-name which so resembles a mark or trade-name registered in the Philippines or a mark or trade-name 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 services of the applicant, to cause confusion or mistake or to deceive purchasers; or

x x x

Corollary, Section 2 and 2 -A of R.A. 166, as amended, also provides:

4 

"SEC. 2. *What are registrable.*- Trademark, tradenames and service marks owned by persons, corporation, partnerships or associations domiciled in the Philippines and by persons, corporations, partnerships or associations domiciled in any foreign country may be registered in accordance with the provisions of this Act: Provided, That said trademarks, tradenames, or service marks are actually in use in commerce and services not less than two months in the Philippines before the time the applications for registration are filed: And provided, further, That the country of which the applicant for registration is a citizen grants by law substantially similar privileges to citizens of the Philippines, and such fact is officially certified, with a certified true copy of the foreign law translated into the English language, by the government of the foreign country to the Government of the Republic of the Philippines.

SEC. 2-A. *Ownership of trademarks, tradenames and service marks; how acquired.* - Anyone who lawfully produces or deals in merchandise of any kind or who engages in any lawful business, or who renders any lawful service in commerce, by actual use thereof in manufacture or trade, in business, and in the service rendered, may appropriate to his exclusive use a trademark, a tradename, or a service mark not so appropriated by another, to distinguish his merchandise, business or service from the merchandise, business or service of others. The ownership or possession of a trademark, tradename, service mark, heretofore or hereafter appropriated, as in this section provided, shall be recognized and protected in the same manner and to the same extent as are other property rights known to the law.

Based on the above-cited law, a trademark cannot be registered if resembles a mark or trade-name registered in the Philippines or a mark or trade-name previously used in the Philippines in connection with the goods, business or services of the applicant.

The marks of the parties are reproduced herein for comparison:

LEXUS

Petitioner's Mark

LEXUS

Respondent-Registrant's Mark

There is no doubt that Petitioner's and Respondent-Registrant's marks resemble each other. Both marks use the word LEXUS. Although they differ in the font used, this difference is inconsequential. Thus, there is no need to delve on the matter further. What this Bureau needs to determine is who between Petitioner and Respondent-Registrant was first to adopt or use the mark in commerce?

The records show that Registration No. 59854 for the mark LEXUS for used on "*amplifier, tuner, sound system*" under Class 9 of the International Classification of Goods was issued on 31 January 1995 in the name of the Respondent-Registrant. On the other hand, the Petitioner has likewise been issued a Certificate of Registration in the Philippines bearing Registration No. 4-1990-72920 in the year 2000 for goods under Class 12 such as "*motorcars, parts and accessories thereof*", a period of five (5) years after the Respondent-Registrant's certificate of registration was issued. However, it is also worth to note that between Petitioner and Respondent-Registrant, it

is the former who first filed an application for registration of the mark LEXUS. Petitioner filed its application on 30 March 1990 while Respondent-Registrant filed its application on 02 July 1993. So between Petitioner and Respondent-Registrant, Petitioner was the first to use the mark LEXUS.

Nonetheless, even if Petitioner was first to use the mark, a junior user may use a similar trademark when used in connection with non-related or non-competing goods.

In *Philippine Refining Co., Inc. vs. Ng Sam and The Director of Patents*⁵, the Court ruled:

A rudimentary precept in trademark protection is that "the right to a trademark is a limited one, in the sense that others may use the same mark on unrelated goods." 1 Thus, as pronounced by the United States Supreme Court in the case of *American Foundries vs. Robertson* 2, "the mere fact that one person has adopted and used a trademark on his goods does not prevent the adoption and use of the same trademark by others on articles of a different description."

Such restricted right over a trademark is likewise reflected in our Trademark Law. Under Section 4(d) of the law, registration of a trademark which so resembles another already registered or in use should be denied, where to allow such registration could likely result in confusion, mistake or deception to the consumers. Conversely, where no confusion is likely to arise, as in this case, registration of a similar or even identical mark may be allowed.

In *Faberge, Incorporated v. Intermediate Appellate Court*⁶, the Supreme Court sustained the Director of Patents which allowed the junior user to use the trademark of the senior user on the ground that the briefs manufactured by the junior user, the product for which the trademark "BRUTE" was sought to be registered, was unrelated and non-competing with the products of the senior user consisting of after shave, lotion, shaving cream, deodorant, talcum powder and toilet soap.

The above-cited rulings of the Supreme Court applies squarely to the instant cancellation proceeding. Respondent-Registrant's LEXUS mark used on amplifier, tuner, sound system under Class 9 is unrelated or non-competing to the motorcars, parts and accessories of the Petitioner under Class 12. As such, the registration of the similar mark of Respondent-Registrant used on unrelated goods was not prohibited.

Moreover, the likelihood of deception on the purchasing public is very remote. The potential purchaser of Petitioner's products luxury cars cannot be considered as the "completely unwary consumer" but rather as the "ordinarily intelligent buyer" considering the type of product involved⁷ and besides, the Petitioner's and Respondent-Registrant's products move through different channels of trade which make possibility of deception or confusion even more remote.

Accordingly, since the registration of Respondent-Registrant's LEXUS mark was made in accordance with the Trademark Law, there is no reason or basis to cancel the registration.

⁵ G.R. No. L-26676, July 30, 1982


⁶ G.R. No. 71189, November 4, 1992, 215 SCRA 326

⁷ *Emerald Garment Manufacturing Corporation v. Court of Appeals*, 251 SCRA 600.

WHEREFORE, premises considered the instant petition for cancellation is hereby *DISMISSED*. Let the filewrapper of Trademark Certificate of Registration No. 59854 be returned, together with a copy of this Decision, to the Bureau of Trademarks for information and appropriate action.

SO ORDERED.

Taguig City, **15 DEC 2016**


MARLITA V. DAGSA
Adjudication Officer
Bureau of Legal Affairs