

**DENTSPLY INTERNATIONAL INC.,**

*Petitioner,*

**-versus-**

**TOMY INCORPORATED,**

*Respondent-Registrant.*

X-----X

**IPC No. 14-2014-00341**

Cancellation of:

Reg. No. 4-2013-000717

Date Issued: 18 October 2013

**TM: SENTALLOY**

**NOTICE OF DECISION**

**JDF LAW**

*Counsel for Petitioner*  
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Bonifacio Global City, Taguig

**FEDERIS AND ASSOCIATES LAW OFFICES**

*Counsel for Respondent- Registrant*  
Suites 2004 and 2005 88 Corporate Center  
141 Valero corner Sedeño Street,  
Salcedo Village, Makati City

**GREETINGS:**

Please be informed that Decision No. 2017 - 305 dated 07 August 2017 (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, 07 August 2017.

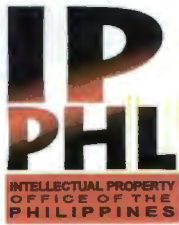
**MARIELYN F. RETUAL**

IPRS IV

Bureau of Legal Affairs

**Republic of the Philippines  
INTELLECTUAL PROPERTY OFFICE**

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IPC No. 14-2014-00341  
 Cancellation of:  
 Reg. No. 4-2013-000717  
 Date Issued: 18 October 2013  
 Trademark: "SENTALLOY"  
 Decision No. 2017- 305

**DECISION**

DENTSPLY INTERNATIONAL INC.<sup>1</sup> ("Petitioner") filed a petition to cancel Trademark Registration No. 4-2013-000717. The registration, issued in favor of Tomy Incorporated<sup>2</sup> ("Respondent-Registrant"), covers the trademark "SENTALLOY" for use on "orthodontic brackets, orthodontic bands, orthodontic tubes, orthodontic wires, orthodontic hooks, orthodontic stops, orthodontic lingual buttons, orthodontic elastics, orthodontic attachments, orthodontic appliances" under Class 10 of the International Classification of Goods and Services.<sup>3</sup>

The Petitioner alleges:

x x x

"7. DENTSPLY is a leading manufacturer and distributor of dental and other consumable healthcare products. Its broad global product platform helps dental professionals serve patient's oral health care for a lifetime, from preventive services to tooth replacement. DENTSPLY oral health products range from general dental consumables and laboratory products to products supporting the dental specialty markets of orthodontics, endodontics and implants. Now with more than 2,800 members strong, its sales team keeps DENTSPLY close to the dental professionals who rely on its product solutions to serve their patients' complete oral health needs. DENTSPLY's global consumable healthcare product team provides innovative urological and surgical solutions designed to improve the quality of life for users, caregivers, and practitioners. With a presence in more than 120 countries, patients and practitioners virtually everywhere in the world rely on DENTSPLY to deliver dental and healthcare solutions with a strong focus on quality, innovation, and service.

"8. For over a century, DENTSPLY International Inc. has been committed to providing the global dental community with innovative, high quality, cost effective dental products. From its humble beginnings in 1899, the Company has grown to become one of the largest professional dental products companies in the world. With

<sup>1</sup>With address at Susquehanna Commerce Center, 221 West Philadelphia Street, York, PA 17405-0872, United States of America.  
<sup>2</sup>With address at 3-16-7 Midoricho, Fuchu City, Tokyo, Japan.  
<sup>3</sup>The Nice Classification is a classification of goods and services for the purpose of registering trademark and service marks, based on a 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 Purposes of the Registration of Marks concluded in 1957.

operations in 40 countries, the Company distributes its dental products in over 120 countries under some of the most well established brand names in the dental industry. Worldwide, dental professionals now depend upon DENTSPLY for innovative, new solutions that advance the practice of dentistry and improve oral health for patients throughout the world.

"9. DENTSPLY's mission is to deliver solutions 'For Better Dentistry' that benefit practitioners and patients everywhere, optimizing our global resources to lead the industry in innovation, quality, and service.

"10. DENTSPLY maintains a website <http://www.dentsply.com/en>, where information on the company's history, mission and values, brands, products, and networks can be accessed. A copy of the printouts from DENTSPLY's website is attached to the Affidavit of Jennifer D. Fajelagutan, marked as Fajelagutan Affidavit (**Exhibit B**), which forms part of this Petition for Cancellation.

"11. Respondent, TOMY INCORPORATED, purports to be a foreign corporation with given address at 3-16-7 Midoricho, Fuchu City, Tokyo, Japan, represented by FEDERIS AND ASSOCIATES LAW OFFICES with office address at Suites 2004 & 2005, 88 Corporate Center, 141 Valero Cor. Sedeno St., Salcedo Village, Makati City, Metro Manila where Respondent may be served with legal Notices and Processes of this Honorable Office.

"12. On 18 October 2013, Respondent was granted registration under Trademark Registration No. 4-2013-000717 for the mark 'SENTALLOY' for goods under Class 10, specifically for:

x x x

"13. Respondent's mark SENTALLOY is identical with the mark 'SENTALLOY,' owned by DENTSPLY, for which DENTSPLY and its goods are internationally well-known.

"A representation of DENTSPLY's mark vis-à-vis Respondent's mark is herein replicated for easy reference:

x x x

"As clearly shown by the preceding table, Respondent's mark is an exact duplicate of DENTSPLY's mark. Hence, registration of trademark 'SENTALLOY' in the name of Respondent explicitly violates and contravenes the provision of Section 123.1, subparagraph (e) and (f) of the Intellectual Property Code of the Philippines (R.A. 8293), as amended, quoted hereunder:

x x x

"14. Respondent's mark is identical to DENTSPLY's internationally well-known 'SENTALLOY' trademark which is registered in the United States of America and elsewhere in the world, used and not abandoned by DENTSPLY.

"15. The trademark 'SENTALLOY,' when applied to or used in connection with the goods of the Respondent is likely to cause confusion or mistake, or deceive the purchasers thereof not only as to the goods they are purchasing but also as to the origin or sponsorship of said goods.



"16. The registration of the mark 'SENTALLOY' in the name of Respondent is causing grave, irreparable injury and incalculable damage to DENTSPLY for which reason it seeks for the cancellation of said registration based on the grounds set forth hereunder:

x x x

"17. The trademark 'SENTALLOY' was first registered in the United States of America on 16 March 1993. Attached as Annex A to the Affidavit-Direct Testimony (marked as Exhibit C) of Deborah Rasin is the Certified True Copy of SENTALLOY U.S. registration. Details of said registration are as follows:

x x x

"18. DENTSPLY has been aggressive in building and maintaining a deep and diverse intellectual property portfolio. DENTSPLY owns trademark registrations worldwide for the internationally well-known mark 'SENTALLOY.' In fact, the mark has been applied for registration in various jurisdictions, as follows:

x x x

"The schedule of the 'SENTALLOY' trademark registrations is attached to the Affidavit-Direct Testimony of Deborah Rasin (marked as Exhibit C), Vice President/Secretary of Dentsply International, Inc. which forms an integral part of this Petition for Cancellation.

"Certified true copies of the representative samples of the Certificates of Registrations worldwide for the trademarks listed above is attached to Exhibit C as Annex 'C,' which forms an integral part of this Petition for Cancellation.

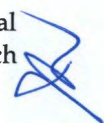
"As registered trademark, DENTSPLY's 'SENTALLOY' mark is entitled to protection in the United States of America, Philippines and anywhere else in the world against unauthorized use of expropriation by third parties.

"19. In the Philippines, DENTSPLY's 'SENTALLOY' has been applied for registration on 14 January 2014 in Class 10, specifically for the following goods: ORTHODONTIC WIRE, BRACKETS, APPLIANCES, and INSTRUMENTS under Application No. 4-2014-500154. Attached as Annex D to the Exhibit C is a Certified True Copy of SENTALLOY application for trademark registration in the Philippines. However, prior to filing the trademark application in the Philippines, the trademark 'SENTALLOY' was first used in the Philippines in 2009 through DENTSPLY's agent Pros-Apac Corporation, with business address at Suite 615 Don Santiago Building, 1344 Taft Avenue, Ermita, Manila.

"20. DENSTPLY has spent million of dollars in promoting and advertising its products bearing the trademark 'SENTALLOY' worldwide. Below is a table showing advertising and promotional expenses for goods bearing the mark 'SENTALLOY' for the period 2008-2013.

x x x

"21. Examples of international print brochures, advertising and promotional materials for products bearing the mark 'SENTALLOY' are attached to Exhibit C which form an integral part of this Petition for Cancellation as Annex E.



"22. The sales revenue for 'SENTALLOY' Products is, in part, a result of DENTSPLY's advertising and marketing promotions. DENTSPLY has extensively sold its products bearing its mark 'SENTALLOY' all over the world. Worldwide sales of the 'SENTALLOY' products for the last five (5) years are as follows:

x x x

"23. Attached as Annex F to Exhibit C is the schedule of worldwide sales of SENTALLOY products from 2008 to 2013.

"24. The duly executed and authenticated Affidavit-Direct Testimony of DENTSPLY's Vice President/Secretary, Deborah Rasin, marked as Exhibit C is herewith attached to prove the truth of the foregoing. Other relevant information/documents attached to the said Affidavit include a list of DENTSPLY's authorized franchisees and/or distributors worldwide as well as invoices, bills of lading and purchase orders related to DENTSPLY's activity in matters of exports to the Philippines.

"25. In view of the foregoing, there is no doubt that DENTSPLY is the prior adopter, user and owner of the 'SENTALLOY' mark in the United States and anywhere else around the world including the Philippines.

"26. Respondent's mark and DENTSPLY's mark consist of one and the same term - SENTALLOY. There can be no doubt that Respondent's mark is merely an exact replica of the DENTSPLY's well-known mark. The contending marks are fundamentally alike in all respects.

"27. It should be emphasized that 'SENTALLOY' is not an ordinary word with a specific dictionary meaning which goes to show that DENSTPLY has combined syllables/terms thereby producing the coined term 'SENTALLOY' Thus, it is quite appealing to note that of all the possible combinations of letters and syllables, Respondent would adopt such a combination, which if spoken or written, is identical to DENTSPLY's internationally well-known mark. Additionally, it is also difficult to conceive that it is merely a coincidence that Respondent intended to cover goods in Class 10 which are known products in relation to DENTSPLY's trademark 'SENTALLOY.'

"28. As the Supreme Court has reiterated in a plethora of cases, the unanswered riddle is why, of the millions of terms and combinations of letters and designs available, the appellee had to choose those so closely similar to another's trademark if there was no intent to take advantage of the goodwill generated by the other mark. Applying this pronouncement to the instant petition, it is indeed doubtful and highly unlikely that the adoption by Respondent of the mark 'SENTALLOY,' being an invented term, is merely a coincidence. To come up with a highly distinctive and uncommon mark, which has been previously attributed and appropriated by another entity, for use on one's own business, without any rational justification is something which invites suspicion.

"29. DENSTPLY records show that in 1998, DENTSPLY acquired sixty percent (60%) majority shares in GAC INTERNATIONAL, INC. (GAC) from Mr. Leo A. Dohn and the latter became a wholly owned subsidiary of DENTSPLY in December 1998. At the time of DENTSPLY's acquisition of the GAC shares, Respondent and GAC entered into a Supply and Distributorship Agreement on 1 September 1998. Under said Agreement, it is provided that Respondent will manufacture and sell 'orthodontic materials, equipment and products' to GAC and DENSTPLY which the latter will sell

under its own brands. Exhibit 3 of said Agreement is a list of the registered trademarks belonging to DENTSPLY under which it will sell the products manufactured by Respondent. By virtue of this Agreement, it is apparent that Respondent is fully aware that the trademark 'SENTALLOY' belongs to DENTSPLY. Therefore, the registration of the trademark 'SENTALLOY' by Respondent is evidently in bad faith and is an outright violation of paragraph 13.6 of the said Agreement, quoted hereunder:

x x x

"30. It must be noted from the records that Respondent filed the application of trademark registration for the trademark 'SENTALLOY' on 22 January 2013, long after DENTSPLY's mark had become a dominant global brand name in the field of products now covered by Respondent's registration. The said registration by Respondent is clearly violative of the said Agreement thereby giving basis for this Petition. Under Section 151.1 of the Intellectual Property Code, 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. The complete provision is reproduced below:

x x x

"31. While DENTSPLY abhors to imply bad faith and malicious intent on the part of the Respondent, under the circumstances and considering that SENTALLOY is no ordinary word but a coined one, a combination of terms which when put together results in one unique term, there can be no other reason or explanation for Respondent's adoption of the mark 'SENTALLOY,' except, that Respondent intended to ride on DENTSPLY's goodwill and take undue advantage of the fame and reputation of DENTSPLY's 'SENTALLOY' mark. Allowing the registration of Respondent's mark to subsist would be to unfairly permit the latter to appropriate for itself the SENTALLOY mark which has been exclusively used by DENTSPLY decades of years before the Respondent has filed the application.

"32. In Birkenstock Orthopaedie Gmbh and Co. KG vs. Philippine Shoe Expo Marketing Corporation, the Supreme Court finds the Petitioner to be the true and lawful owner of the mark 'BIRKENSTOCK' and entitled to its registration, and that respondent was in bad faith in having it registered in its name. The Court quoted with approval the words of the IPO Director General, viz:

x x x

"Applying the same rational in the instant petition, when there are hundreds of words or even designs that Respondent could choose from, it is indeed doubtful why Respondent would have elected to appropriate SENTALLOY as its trademark.

"33. In Ecole De Cuisine Manille (Cordon Bleu of the Philippines), Inc. vs. Renaud Cointreau & Cie and Le Cordon Bleu Int'l, B.V., the Supreme Court held that at the time Ecole started using the mark 'LE CORDON BLUE,' the same was already being used by Cointreau, albeit abroad, of which Ecole's directress was fully aware, being an alumna of the latter's culinary school of Paris, France. Hence, Ecole cannot claim any tinge of ownership whatsoever over the subject mark as Cointreau is the true and lawful owner thereof. As such, the IPO Director General and the Court of Appeals (CA) were correct in declaring Cointreau as the true and lawful owner of the subject mark and as such, is entitled to have the same registered under its name. Similarly in this Petition, the registration of Respondent's mark must necessarily be cancelled considering that DENTSPLY is the true and lawful owner of the mark 'SENTALLOY.'



"34. DENTSPLY, being the true and lawful owner of the mark 'SENTALLOY,' is entitled to protection under the Intellectual Property Code.

"35. Under Section 123.1(e) of the IP Code, it is categorically stated that a mark cannot be registered when it is identical with, or confusingly similar to, or constitutes a translation of a mark which is considered by the competent authority of 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. The IP Code provided further 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 the public at large, including the knowledge in the Philippines which has been obtained as a result of the promotion of the mark.'

"36. Implementing Section 123.1 (e) of the IP Code, Rule 102 of the Rules and Regulations on Trademarks, Service Marks, Trade Names and Marked or Stamped Containers (hereinafter 'Implementing Rules'), provides:

x x x

"37. DENTSPLY has registered the mark 'SENTALLOY' in numerous jurisdictions worldwide. At present, DENTSPLY has various registrations outside the United States for the said mark covering goods in Class 10. These registrations in various jurisdictions are all valid and subsisting.

"38. DENTSPLY has likewise consistently used the mark 'SENTALLOY' in its website screenshots of which are attached to the Fajelagutan Affidavit as which forms an integral part of this Petition. Needless to say, the mark is highly distinctive and has been associated with the standards and quality of DENTSPLY.

"39. DENTSPLY has likewise been using the mark 'SENTALLOY' in its advertisement and promotions. Attached to Exhibit C are printouts of DENTSPLY advertisements showing the mark 'SENTALLOY' forming an integral part of this Petition. DENTSPLY has spent significant amount in promoting and advertising its products worldwide. As a result of such advertising and promotions, DENTSPLY has extensively sold its products bearing its mark 'SENTALLOY' all over the world.

"40. Hence, DENTSPLY's 'SENTALLOY' mark is considered internationally well-known which has long become distinctive of DENTSPLY and its goods through DENTSPLY's long and exclusive use thereof in local and international commerce.

"41. The goodwill of a well-known mark, as in the case of DENTSPLY's mark, does not end at a particular border but extends beyond territory. The remarkable influence of advertisements, may it be through the World Wide Web or broadcast or printed media is far reaching. DENTSPLY has invested in these types of advertisement that gained it substantial sales. Respondent's registration of 'SENTALLOY' mark seems to be a ride on the popularity of DENTSPLY's mark. A scenario sought to be avoided by the legislation of IP laws and regulations, locally and internationally through multi-lateral agreements and conventions.

"42. In the case of In-N-Out Burger, Inc. vs. Sehwan, Incorporated and/or Benita's Frites, Inc., the Supreme Court confirmed that the owner of a well-known trademark has the legal capacity to sue for violation of IP rights in the Philippines even if

the trademark was neither registered nor used in the Philippines. Such is the case of DENTSPLY. While it does not own yet registration for the mark 'SENTALLOY' in the Philippines, it is undisputed that it has obtained worldwide registrations and is being used internationally. And with the pieces of evidence submitted relative to the operations, sales, advertisements, and registrations of DENTSPLY's mark, it is respectfully submitted that DENTSPLY's mark has passed the criteria for determining whether a particular mark is well-known.

"43. As an internationally well-known mark, DENTSPLY's 'SENTALLOY' is further protected under Article 6bis of the Paris Convention quoted hereunder:

x x x

"44. DENTSPLY's trademark is internationally well-known such that the registration by the Respondent of the 'SENTALLOY' mark would cause DENTSPLY to incur monetary issues, and suffer a dilution of its mark.

"45. The IP Code, Section 123.1 (e) and (f) and Rules 102 of the Implementing Rules protect internationally well-known marks by prohibiting the registration of marks which are identical with, confusingly similar to or constitutes a translation of an internationally well-known mark.

"46. To reiterate, DENTSPLY will suffer damage due to the registration of the mark 'SENTALLOY,' considering the fact that DENTSPLY owns the 'SENTALLOY' mark. DENTSPLY's goodwill and consumer recognition in the Philippines and throughout the world will also be adversely affected by the registration of Respondents mark.

"47. The continued registration of the 'SENTALLOY' mark in the name of the Respondent will violate the exclusive proprietary rights of DENTSPLY over its own mark and irreparably injure or damage the interest, business reputation and goodwill of said mark. It is worth reiterating that the mark 'SENTALLOY' has long been identified with DENTSPLY and its products. The registration of Respondent's mark will surely dilute the distinctiveness of DENTSPLY's mark, thereby reducing its economic value, and goodwill.

"48. Modern law recognizes that the protection to which the owner of a trademark is entitled is not limited to guarding his goods or business from actual market competition with identical or similar products of the parties, but extends to all cases in which the use by a junior user of a trademark or trade name is likely to lead to a confusion of source, as where prospective purchasers would be misled into thinking that the complaining party has extended his business into the field or is in any way connected with the activities of the infringer; or when it forestalls the normal potential expansion of his business.

"49. Furthermore, DENTSPLY's sales of the 'SENTALLOY' branded products will be affected and damaged if Respondent's registration for the mark 'SENTALLOY' is sustained; by the public being misled into thinking that the products bearing the 'SENTALLOY' mark originated from and/or is being sponsored by DENTSPLY.

"50. Verily, when one applies for the registration of a trademark or label which is almost the same or that very closely resembles one already used and registered by another, the application should be rejected and dismissed outright, even without any



opposition on the part of the owner and user of a previously registered label or trademark. This is intended not only to avoid confusion on the part of the public, but also to protect an already used and registered trademark and an established goodwill.

"51. Moreover, the registration of the mark 'SENTALLOY,' which is identical to DENTSPY's own 'SENTALLOY' trademark will not only prejudice the latter but will also allow the Respondent to unfairly benefit from and obtain a 'free ride' on the goodwill of DENTSPLY's well-known mark.

"52. An endless option of word elements, phrases, symbols, and devices are available to anyone who wishes to have a distinctive mark sufficient to identify his products from those of others. When there are so many words to choose from, there is no rational justification for Respondent to have adopted and filed a mark IDENTICAL to that of DENTSPLY's 'SENTALLOY.'

"53. With the above factual circumstances, there is no doubt that sustaining the registration of the Respondent's mark, which is identical with DENTSPLY's mark is a blatant disregard of the provisions of the Intellectual Property Code and Article 6bis of the Paris Convention.

"54. In sum and in view of the aforementioned, Respondent's registration of the mark 'SENTALLOY' should be cancelled.

The Petitioner's evidence consists of the Special Power of Attorney executed by the Opposer in favor of JDF Law; the Affidavit of Jennifer D. Fajelagutan, proprietor of JDF Law Office and the Affidavit-Direct Testimony of Deborah Rasin, Vice President of/Secretary of Dentsply International Inc.<sup>4</sup>

This Bureau issued a Notice to Answer and served a copy thereof upon Respondent-Registrant on 5 September 2014. The Respondent-Registrant filed their Answer on 4 December 2014 and avers the following:

x x x

"ALLEGATIONS COMMON TO ALL DEFENSES

"19. Respondent-Registrant is an orthodontic appliances and devices manufacturer/supplier established in 1966 in Chofu-city, Tokyo, Japan, and in the course of the 45 years of its history, it acquired a world-class reputation for manufacturing and supplying high quality orthodontics products.

"20. In the first 'Whereas' clause of all the 'Supply and Distributorship Agreement' documents, i.e., dated 1998, 1999, 2004, and 2012 (Annexes 'I' to 'I-7' of the Rasin Affidavit), it is consistently described as manufacturing 'orthodontic products' that its distributor, GAC International, Inc., has been the 'sole distributor' in certain territories since 1967.

"21. It has a stable of such orthodontics products identified by a family of well-known trademarks, and the existence of these marks are even mentioned in

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<sup>4</sup> Marked as Exhibits "A" to "C", inclusive.

the afore-cited agreements, specifically in Section 14 in all of the agreements, which makes references to 'Tomy Trademarks.'

"22. Among the trademarks that it owns is SENTALLOY, which was granted registration in Japan as far back as 1988, the details of which are as follows:

x x x

"23. For this 1988 Japanese registration, it secured the same on the basis of its true ownership of the SENTALLOY mark.

"a. Clearly narrated in Annex 'E' of the Rasin Affidavit are the following facts which are now indisputable, found on pages 3 to 4 of the said annex, showing that at the start, Respondent-Registrant played a role in the development of the material that was promptly given the name SENTALLOY:

"x x x Dr. Andreasen reported his research on the Thermal Dynamic Effects of Nitinol in the Angle Orthodontist in April 1985. Dr. Andreasen's work on Nitinol earned him the 1980 Iowa Inventor of the year Award. He died in 1989 at the age of 55. This was the very beginning of Nickel Titanium wires for Orthodontics.  
"SENTALLOY the First Superelastic NiTi Alloy

"During the time, in Japan, Dr. Fujiro Miura, the most famous orthodontic professor in Japan's history was doing basic research on the biology of tooth movement with the objective of establishing the 'Ideal Concept of Tooth Movement'. They were looking for a material or device that could deliver a light and continuous force and a research project was initiated to find a material that would satisfy the requirement.

"In 1982, Dr. Miura and his university team approached TOMY Incorporated (manufacturer of orthodontic products) and Furukawa Electric Co. (supplier of wire material) to do joint research on a new superelastic wire. This new wire was characterized by generating an optimal force for tooth movement and about 8% stress-induced martensitic transformation (super elasticity). This new NiTi alloy was launched in 1985 under the trade name of SENTALLOY (Super Elastic Nickel Titanium Alloy).

"b. Clearly showing Respondent-Registrant's true ownership is that when SENTALLOY was coined in 1985, Respondent-Registrant lost no time filing the trademark application in 1986 in Japan, which ripened into registration in 1988.

"24. Respondent-Registrant thereafter exercised the rights of a true owner. It extended distributor rights to GAC, and it also granted trademark rights to it subject to stipulated limitations.

"a. As to the grant of distributorship rights to GAC, this is proven by the distributorship agreements, Annexes 'I' to 'I-7' of the Rasin Affidavit. As could be gleaned, such rights were extended starting in 1998 and through

1999. By 2004 and under the 2012 distributorship agreement, Petitioner became the grantee of the distributor rights, GAC having become its fully-owned subsidiary. The scope of rights of distribution is as follows:

"i. Under Article 1.2 of the 1998 and 2004 agreements, GAC/Affiliate company of Petitioner has the right to exclusively distribute in all countries except Japan and the countries in the Non-Exclusive Territory.

"ii. Under Article 1.3 of the 1998 distributorship agreement, it has a non-exclusive right to distribute in Korea, Taiwan, Thailand, PRC (including Hong Kong).

"iii. Concededly, GAC/affiliate company of Petitioner has exclusive right to distribute in the Philippines.

"b. As to the grant of trademark rights -

"i. the grant is with respect to 'Tomy Trademarks' mentioned in Article 13 of the 2012 distributorship agreement (Article 14 in the earlier agreements), and this article expressly provides that Respondent-Registrant retains ownership and control, and all use of Respondent-Registrant's marks by GAC/affiliate company of Petitioner is for the sole benefit of Respondent-Registrant, thus:

x x x

"ii. Although Exhibit 3 of the 2012 agreement (Exhibit 4 with respect to the earlier agreements) would stipulate that certain trademarks rights are exclusively given to Petitioner, one of which is SENTALLOY, the rights are only exercisable in specific 'Covered Territories' only.

"iii. In the case of SENTALLOY, it is mentioned in said Exhibit 3 but GAC/affiliate company of Petitioner's right over it is limited only to a few specified countries, namely: U.S., BENELUX, CANADA, FRANCE, GERMANY, ITALY, MEXICO, U.K.

"25. Obviously, since the Philippines is not one of the countries named in Exhibit 3, then said exhibit is stipulation that -

"a. Petitioner thus does not have trademark rights over SENTALLOY in the Philippines, although it can assert distributorship rights; and

"b. Respondent-Registrant therefore retains ownership and full control of the trademark rights over SENTALLOY in the Philippines.

"26. Being therefore the one with trademark rights, Respondent-Registration accordingly secured Philippine registration for SENTALLOY in 2013, which is now the challenged registration.



"27. As mentioned, these limitations on GAC eventually became binding on Petitioner, as could be gleaned from Exhibit 3 of the 2012 distributorship agreement, where the reference to the trademark rights extended to the distributor is now in favor of 'GAC/DENTSPLY,' - DENTSPLY being Petitioner herein.

"28. Indeed, the Rasin Affidavit would narrate that in 1988, Petitioner acquired sixty percent (60%) of GAC, and that GAC became its wholly owned subsidiary.

"29. Also, in the same affidavit, that Petitioner makes out itself as a party to the distributorship agreement is plainly seen from the fact that it seeks enforcement of the terms of the agreements against Respondent-Registrant. In effect, Petitioner has claimed itself as the one succeeding GAC in these agreements. It sees itself as subrogated to the rights of GAC under the agreements.

"30. This means that it is bound by exactly the same conditions binding GAC. It cannot acquire greater rights than those granted to GAC. Verily, Petitioner has stepped into the shoes of the assignor GAC.

"31. Accordingly, since GAC has no trademark rights for SENTALLOY in the Philippines, then Petitioner is equally bereft of such rights in this jurisdiction. Its filing on January 14, 2014 of its trademark application for the mark in the Philippines is therefore without basis in any right, not to mention that it is clearly barred by the existence of registration in favor of Respondent-Registrant.

"32. Hence, the instant petition must be dismissed on the basis of the following:

x x x

"33. The IP Code (R.A. 8293) adopts the first-to-file/register system. The explicit legislative intent is to abandon use as basis of trademark rights and ownership to be replaced with a system of registration.

"34. It is however essential that the first filer/registrant must be in good faith. If there is bad faith, then registration is subject to cancellation. As held in Shangri-La International Hotel Management, Ltd., et al. vs. Developers Group of Companies, Inc.:

x x x

"35. Section 151 which is cited as source of the bad faith provision provides:

x x x

"36. What constitutes bad faith, and for that matter, fraud in registration? This is answered by this Hon. Office in Mustang-Bekleidungswerke GMBH+Co. KG. vs. Hung Chiu Ming:

x x x

"37. And there are various markers that indicate who is the good faith claimant and who is in bad faith copycat.

x x x

"38. The reason why in the case of identical marks there is a need to cite a plausible explanation for the origin of the mark is because there is a presumption that arises that the trademark must have been deliberately copied and is not the result of pure coincidence. As held in *Converse Rubber Corporation vs. Universal Rubber Products, Inc.*:

x x x

"39. As reiterated in *Shangri-La*:

x x x

"40. Applying the foregoing jurisprudential rules, all the bad faith markers are present in Petitioner's claim of ownership, and all good faith markers are extant in Respondent-Registrant's registration.

"41. First, the contending marks are one and the same. It is the same mark subject matter of the distributorship agreement between Respondent-Registrant on one hand, and Petitioner as the assignee-distributor under the agreement. One of the parties is therefore a bad faith claimant, the other, good faith claimant.

"42. Second, it is Respondent-Registrant who can explain the genesis of its SENTALLOY trademark. This explanation is even embodied in Petitioner's own evidence, namely, the Rasin Affidavit and the supporting annexes, principally, Annex 'E' (see Par. 23 above). The explanation even showed that SENTALLOY is a coined word standing for 'Super Elastic Nickel Titanium Alloy' that Respondent-Registrant jointly developed. With such explanation imputable to Respondent-Registrant, it is indisputably the true good owner, its claim of ownership being absolutely a good faith one.

"43. Third, it is Respondent-Registrant who can show first use, adoption and registration anywhere in the world, namely, in Japan, in the 1980s. In contrast, Petitioner can only show a later use, which is in 1998 when it acquired GAC's distributorship rights extended by the true owner, Respondent-Registrant. Its US trademark registration is even much later, in 1993, and registrations in the specified countries show 1990 as the earliest year of registration. Respondent-Registrant's early use and registration thus make out Respondent-Registrant as the good faith claimant, while Petitioner's later use and registration make out a bad faith claim.

"44. Fourth, Petitioner has indisputable actual and working knowledge that the mark SENTALLOY belongs, is owned by Respondent-Registrant.

"a. The Rasin Affidavit, which is the very evidence of Petitioner, acknowledges this, when it cited as supporting document Annex 'E' which clearly depicted Respondent-Registrant's role in the research and development of the product, and in the coinage of the mark SENTALLOY.

"b. Verily, its act of entering into a distributorship agreement with Respondent-Registrant for the latter's products, and for the limited use of Respondent-Registrant's trademarks, among which is SENTALLOY, and even acknowledging in Exhibit 3 of the 2012 agreement that its claim of trademark rights over SENTALLOY is limited only to a few specified countries, is

indisputable proof that it has acknowledged that SENTALLOY belongs to Respondent-Registrant.

"c. By becoming Respondent-Registrant's distributor, Petitioner is certainly also estopped from contesting and acquiring the marks of its principal, as will be next argued.

"45. It is settled that a distributor of goods cannot acquire ownership of the mark of the goods he is distributing. As expounded by *Agpalo*, citing *Marvex Commercial Co. v. Petra Hawpia & Co.*; *Unno Commercial Enterprises, Inc. v. General Milling*; and *Gabriel v. Perez*:

x x x

"46. Indisputably, Petitioner is Respondent-Registrant's distributor.

"47. It can sell Respondent-Registrant's products in the specified territories under the agreement, but it does so for the benefit of its principal, Respondent-Registrant. As clearly stated in Article 13.2, 'x x x every use of Tommy Trademarks by GAC shall be for the sole benefit of Tomy.'

"48. In the countries where it has no exclusive trademark rights over SENTALLOY, such as in the Philippines, then it is to be treated as nothing more but a distributor of Respondent-Registrant's SENTALLOY products.

"49. As such distributor, it is absolutely barred from citing an adverse claim of ownership over the mark. More so when the terms of the agreement expresses a clear prohibition, such as in the afore-quoted Article 13.

"50. The distributorship agreement constitutes the law between the parties. Petitioner is bound by the stipulations therein.

"51. And Petitioner precisely stipulated that as to the SENTALLOY mark, it will have trademark rights over the same in a few countries specified in Exhibit 3. And in this exhibit, the Philippines is not specified.

"52. The unassailable conclusion therefore is that in the Philippines, Petitioner has no trademark rights over SENTALLOY. It is therefore without cause of action and personality to question Respondent-Registrant's ownership of the mark in the Philippines.

"53. Petitioner would however cherry-pick the 2012 distributorship agreement for this provision, namely, Article 13.6, and proclaim it as a stipulation barring Respondent-Registrant from asserting trademark rights over SENTALLOY in the Philippines. As stated in Par. 29 of the Petition:

x x x

"54. The fallacy here is obvious: it deliberately suppresses Exhibit 3, which clearly stipulates that with respect to the SENTALLOY mark, Petitioner's rights over the same are exercisable only in the enumerated countries, and the enumeration does not mention the Philippines at all.



"55. Construing Article 13.6 and Exhibit 3 together, GAC will have rights over the trademark that it owns and possesses or will possess to the exclusion of Respondent-Registrant, and specifically for SENTALLOY, it has these exclusive rights, only that they are enforceable in the specified countries, but not in the Philippines.

"56. Much has been stated by Petitioner that its SENTALLOY mark is well-known. But this is not a basis for the claim that Respondent-Registrant is infringing a well-known mark.

"57. In the first place, SENTALLOY is Respondent-Registrant's own trademark, and Petitioner is merely permitted to exercise trademark rights in the concept of a distributor of Respondent-Registrant.

"58. In the second place, all acts of Petitioner which contributed to the well-known status of SENTALLOY are, by express agreement, for the sole benefit of Respondent-Registrant. This is obvious from a plain reading of Article 13.

"59. Petitioner would complain that the Philippine registration in favor of Respondent-Registrant for SENTALLOY diminishes the distinctiveness and dilutes the goodwill of its SENTALLOY mark.

"60. This is a legal possibility. Petitioner is the acknowledged Philippine distributor of Respondent-Registrant's SENTALLOY products based on the terms of the distributorship agreements. It therefore does not own the SENTALLOY mark here, and as such it cannot speak of goodwill in this mark that accrues to it.

"61. Any goodwill generated by the distribution and sale of SENTALLOY products in the Philippines will accrue to no other but for the sole benefit of Respondent-Registrant, pursuant to Article 13 of the 2012 agreement.

"62. Moreover, since Petitioner has no trademark rights for the mark in the Philippines pursuant to Exhibit 3, then it is Respondent-Registrant who exerts such rights over the mark, and accordingly, it can validly register SENTALLOY. Surely, it cannot be said that registering a mark that it owns is to dilute the distinctiveness of the mark. On the contrary, registering the mark that it owns in the first place even increases the value of the mark by solidifying the ownership status of the mark.

The Respondent-Registrant's evidence consists of the Answer; the Affidavit of Mr. Nobu Kawaguchi, CEO of Tomy Incorporated; copy of Japanese Registration No. 2013977 and its English Translation; copies of Respondent-Registrant's registrations in foreign countries together with the corresponding English translations; copies of marketing and promotional materials used by Respondent-Registrant from year 1986 to 2014; copy of product catalog of Korean distributor and marketing materials used in both Korea and other overseas countries; copies of catalogs, brochures or promotional materials used by Respondent-Registrant in marketing and advertising its mark 'SENTALLOY' worldwide; printouts of the Respondent-Registrant's website found at <http://www.tomyinc.co.jp/wwwroot/english/website>; extract from website

<http://www.tomyinc.co.jp/wwwroot/english/website> which would specifically show SENTALLOY products; copy of Decision (together with its English translation) issued by the Korean Intellectual Property Office declaring that SENTALLOY is a trademark owned by Tomy Incorporated; the Affidavit of Diana Rabanal; Special Power of Attorney issued by Respondent-Registrant; the Director's Certificate proving the authority of Mr. Keiji Nagase to sign in behalf of the Respondent-Registrant; and printouts of the registration details from online databases of the trademark registry of countries which have posted such details on their websites and which are verifiable from the corresponding URLs of the websites seen at the bottom of the printouts.<sup>5</sup>

Should Trademark Registration No. 4-2013-000717 be cancelled?

Sec. 151, IP Code, states in part that:

Sec. 151. *Cancellation.* - 151.1. 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:

(a) Within five (5) years from the date of the registration of the mark under this Act. x x x

This provision allows any person to file a petition to cancel a trademark registration if that person believes that he would be damaged by the registration. Once filed, the cancellation proceeding becomes, basically, a review of the trademark registration in question to determine 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 Petitioner.<sup>6</sup>

Section 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 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.

The trademark registration issued in favor of respondent-registrant constitutes *prima facie* evidence, hence, it is not conclusive and may be overturned by

<sup>5</sup> Marked as Exhibits "1" to "12", inclusive.

<sup>6</sup>Sec. 154 of the IP Code provides:

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



controverting evidence. Because of the presumption of validity, the burden of proof rests on Petitioner to prove that the registration of subject mark was invalid and that the original registrant is not the owner of the subject mark. Petitioner is required to submit substantial evidence to rebut the *prima facie* presumption of validity of Certificate of Registration No. 4-2012-010532.

Section 5 Rule 133 of the Rules of Court provides:

Sec. 5. *Substantial evidence.* – In cases filed before administrative or quasi-judicial bodies, a fact may be deemed established if it is supported by substantial evidence, or that amount of relevant evidence which a reasonable mind might accept as adequate to justify a conclusion. (n)”

Substantial evidences has been defined as follow:

“Due process in administrative process requires that evidences must be substantial, and substantial evidence means evidence that a reasonable mind might accept as adequate to support a conclusion.” (China City Restaurant Corporation vs. NLRC, 217 SCRA 443 (1993) citing Associated Labor Union vs. NLRC, 189 SCRA 743 (1990))

“Substantial evidence which is the quantum of evidence required to establish a fact before administrative and quasi-judicial bodies is that amount of relevant evidence as a reasonable mind might accept as adequate to support a conclusion. It means such evidence which affords a substantial basis from which the fact in issue can be reasonably inferred” (Rubberworld (Phils.), Inc. vs. National Labor Relations Commissions, 175 SCRA 450); or “as adequate to justify a conclusion” (Remo Foods, Inc. vs. National Labor Relations Commission, 249 SCRA 379; Fulgeura vs. Linsangan, 251 SCRA 264).

In the case of Emerald Garment Manufacturing Corporation vs. Court of Appeals, 251 SCRA 600 (1995), the Supreme Court ruled:

“The findings of facts of the Director of Patents are conclusive upon the Supreme Court provided they are supported by substantial evidence citing “Unno Commercial Enterprises, Inc. vs. General Milling Corp., 120 SCRA 804 91983; Kabushiki Isetan vs. Intermediate Appellate Court, 203 SCRA 583 (1991).”

It is also a basic rule of evidence that each party must prove his affirmative allegations. If he claims a right granted by law, he must prove his claim by competent evidence, relying on the strength of his own evidence and not upon the weaknesses of that of his opponent. The test for determining on whom the burden of proof lies is



found in the result of an inquiry as to which party would be successful if no evidence of such matters will be given." (Lolita Lopez vs. Bodega City, et. al., G.R. No. 155731, 03 September 2007, citing Martinez vs. National Labor Relation Commission, 339 Phil. 176, 183 (1997); Rufina Patis Factory vs. Alusitain, G.R. No. 146202, 14 July 2004, 434 SCRA 418, 428; Imperial Victory Shipping Agency vs. National Labor Relation Commission, G.R. No. 84672, 05 August 1991, 200 SCRA 178, 185).

In evaluating the facts of the record and weighing the evidence presented, this Bureau must first determine or make a finding on the similarity or dissimilarity of the two marks. The marks are shown below:

SENTALLOY

SENTALLOY

Petitioner's mark

Respondent-Registrant's trademark

As can be readily observed with a side-by-side comparison of the competing marks, Respondent-Registrant's mark SENTALLOY is not only similar, but is identical with Petitioner's SENTALLOY mark. The two marks are perfectly identical. Also, the Respondent-Registrant uses or will use the mark on goods that are exactly the same as the products the Petitioner deals in, particularly, on orthodontic products in Class 10. Thus, it is likely that the consumers will have the impression that these 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:

Callman notes two types of confusion. The first is the confusion of goods in which event the ordinary 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. 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 belief that there is some connection between the plaintiff and defendant which, in fact does not exist.<sup>7</sup>

Public interest therefore requires, that 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 a trademark is to point out distinctly the origin or ownership of the goods to which it is affixed; to

<sup>7</sup>Converse Rubber Corp. v. Universal Rubber Products, Inc. et. al., G.R. No. L-27906, 08 Jan. 1987.

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>8</sup>

The Petitioner asserts that the subject registration should be cancelled as it is Petitioner DENTSPLY INTERNATIONAL INC., and not Respondent-Registrant TOMY INCORPORATED, which is the true owner of the mark "SENTALLOY". The documents submitted, however, show otherwise. Records show that at the time the Petitioner filed its trademark application on 14 January 2014, the Respondent-Registrant already has an existing trademark registration for the mark SENTALLOY under Trademark Reg. No. 4-2013-000717 issued on 18 October 2013. The registration covers "orthodontic brackets, orthodontic bands, orthodontic tubes, orthodontic wires, orthodontic hooks, orthodontic stops, orthodontic lingual buttons, orthodontic elastics, orthodontic attachments, orthodontic appliances" under Class 10. This Bureau noticed that the products indicated in Petitioner's trademark application, i.e., orthodontic wire, brackets, appliances, and instruments in Class 10 are similar to Respondent-Registrant's.

The Petitioner further asserted that the trademark "SENTALLOY" was first registered in the United States of America on 16 March 1993. However, Respondent-Registrant submitted an earlier registration, a 1988 (January 26) trademark registration for the mark "SENTALLOY" issued in Japan in favor of TOMY INCORPORATED. This registration covers "medical apparatus and instruments" under Class 10.

Therefore, this Bureau finds that the Petitioner failed to present substantial evidence to overcome the presumption of validity of the Respondent-Registrant's trademark registration. Substantial evidence is more than a mere scintilla of evidence. It means such relevant evidence as a reasonable mind might accept as adequate to support a conclusion, even if other minds equally reasonable might conceivably opine otherwise. The burden of proof still rests on the shoulder of the Petitioner. In this instance, the Respondent-Registrant proved that it the originator and owner of the contested mark.

Based on the foregoing and considering that Respondent-Registrant is the originator and owner of the SENTALLOY mark, this Bureau resolves to deny Petitioner's petition to cancel Certificate of Registration No. 4-2013-000717 for the mark "SENTALLOY" for use on "orthodontic brackets, orthodontic bands, orthodontic tubes,

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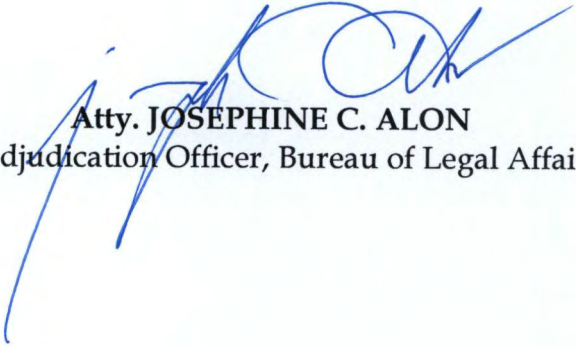
<sup>8</sup> *Pribhdas J. Mirpuri v. Court of Appeals*, G.R. No. 114508, 19 November 1999, citing *Ethepa v. Director of Patents, supra*, *Gabriel v. Perez*, 55 SCRA 406 (1974). See also Article 15, par. (1), Art. 16, par. (1), of the Trade Related Aspects of Intellectual Property (TRIPS Agreement).

*orthodontic wires, orthodontic hooks, orthodontic stops, orthodontic lingual buttons, orthodontic elastics, orthodontic attachments, orthodontic appliances”* under Class 10.

**WHEREFORE**, premises considered, the instant petition for cancellation is hereby **DISMISSED**. Let the filewrapper of Trademark Registration No. 4-2013-000717 be returned, together with a copy of this Decision, to the Bureau of Trademarks for information and appropriate action.

**SO ORDERED.**

Taguig City, 07 AUG 2017.



**Atty. JOSEPHINE C. ALON**  
Adjudication Officer, Bureau of Legal Affairs