

DAISO INDUSTRIES CO. LTD.,
Petitioner,

IPC No. 14-2009-00047

- versus-

Petition for Cancellation:
Registration No. 4-2005-002438
Date Filed: 30 April 2007

JAPAN HOME, INC.,
Respondent-Registrant.

Trademark: "DAISO & ITS JAPANESE
EQUIVALENT

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DECISION

This pertains to a Petition for Cancellation filed on 09 February 2009 by herein petitioner, Daiso Industries Co. Ltd., against the registration of the trademark "DAISO & ITS JAPANESE EQUIVALENT" bearing Registration No. 4-2005-002438 on 30 April 2007 in favor of herein respondent-registrant, Japan Home, Inc., for class 21 namely kitchen utensils, food containers, sponge, cleaning brush, plates, strainers, trays, hair brush, spray bottle, pans, bake ware, chopsticks, chop board, kitchen organizers, flower pots, basket, soap case, water container, cups, earthen pot, drinking glass, porcelain bowl and plates; and class 35 namely retailer of household goods, home products, bath wares, electronics, hardware and kitchenware.

Petitioner is a corporation duly organized and existing under the laws of Japan with office address at 1-4-14 Yoshiyuki Higashi, Saijo Higashi, Hiroshima-City Hiroshima, Japan. Respondent-Registrant on the other hand has its office address at 407 Dasmarias St., Binondo, Manila.

The grounds for this instant cancellation case are stated, to wit:

1. The registration DAISO & ITS JAPANESE EQUIVALENT in Respondent's name was issued in contravention of Section 151.1 of the Intellectual Property Code, and should be cancelled since the registration was obtained fraudulently by Respondent on the false representation that it is the owner of the mark DAISO and such 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.
2. Petitioner Daiso Industries Co. Ltd. is a corporation duly organized and existing under the laws of Japan and is the prior user and registered owner of the mark DAISO since 1977 for goods and services in classes 21 and 35. Daiso Industries Co. Ltd. has applied for the registration of its mark DAISO with the Intellectual Property Office on February 1, 2008 under Application No. 4-2008-00129.
3. Respondent has published advertisements for its retail goods and services in classes 21 and 35 in local newspapers that adopt all the element of Petitioner's DAISO mark for its own goods and services in classes 21 and 35. Under Section 147 of the IP Code, "in case of the use of identical sign for identical goods or services, a likelihood of confusion shall be presumed. Respondent appropriated the mark DAISO of Petitioner for the purpose of riding on the goodwill and renown of the mark and misleading consumers into the false belief that Respondent's business is affiliated with the DAISO retail outlets owned by Petitioner.
4. Daiso Industries Co. Ltd. also uses its mark DAISO as a trade name. Under Article 8 of the Paris Convention, a trade name shall be protected in all the countries of the Union without the obligation of filing or registration, whether or not its forms part of a trademark. By reason of Daiso Industries Co. Ltd.'s use of its trade name and mark DAISO since 1977 in connection with the sale and promotion of its various goods and retail services in classes 21 and 35, the trade name and mark DAISO has acquired

international renown throughout the world. Today, Daiso Japan operates about 2,500 DAISO stores in Japan alone and, as of July 2007, it has 450 stores around the world. Daiso Japan's brochure entitled "Corporate Profile" proves that "DAISO" branded products covers about 90,000 product lines with an annual sales US \$3,000 Million and its main business is the development of "The Daiso" retail store chain. A copy of its brochure is hereto attached and made part hereof as Annex A1. Respondent's unauthorized use of the trade name of Daiso Industries Co. Ltd. is an infringement of its trade name by Respondent calculated "to misrepresent the source of the goods or services or in connection with which the mark is used."

5. By reason the worldwide use of the mark and trade name DAISO by Daiso Industries Co. Ltd. since 1977, the DAISO mark and trade name has acquired international renown among consumers for the quality of Petitioner's products and retail services. Japan Home Inc. appropriated the mark and name DAISO to ride on its renown and goodwill among consumers and to mislead them into the false belief that it is part of the retail chain of stores bearing the DAISO name and mark, when in fact it is not.
6. The registration by Japan Home Inc. of the trade name and mark DAISO also contravenes Section 165.1 of the Intellectual Property Code, which prohibits the use of "a trade name if by its nature or the use to which such name or designation may be put, it is contrary to public order or morals and if, in particular, it is liable to deceive trade circles or the public as to the nature of the enterprise identified by that name."
7. Under Section 3 of the IP Code, in relation to Section 160, a national of a country which is a party to a treaty relating to intellectual property rights to which the Philippines is also a party shall be entitled to benefits to the extent necessary to give effect to any provision of such treaty in addition to the rights which any owner of an intellectual property right is otherwise entitled by this Act.
8. In turn, under Section 160 of the IP Code, a foreign national like petitioner who meets the requirements of Section 3 of the Act and does not engage in business in the Philippines may bring an action hereunder for opposition, cancellation, infringement, unfair competition, or false designation of origin and false description, whether or not it is licensed to do business in the Philippines under existing laws."

The Allegations of facts are provided, to wit:

1. Daiso Industries Co. Ltd. is a manufacturer and seller of a wide range of goods and services in class 35, bearing its mark and trade name DAISO, which it has marketed and sold in many countries worldwide. It has been commercially using the mark and trade name DAISO internationally prior to the unauthorized use of the identical mark DAISO by Japan Home Inc.
2. Japan Home Inc. has adopted the mark DAISO for its competing goods and retail services for the purpose of misleading the public into believing that it is somehow associated with or under the sponsorship of Daiso Industries Co. Ltd. In truth, Japan Home Inc. has no relation at all with Daiso Industries Co. Ltd. Its incorporators judging from their names all carry Chinese names. A copy of the Japan Home Inc.'s Articles of Incorporation are hereto attached and made part hereof as Annex A2.
3. Daiso Industries is the prior user and rightful owner of the mark and trade name DAISO which it has been using commercially since 1977 in Japan and since then in many other countries worldwide. Attached hereto as Annex A3 is a copy of Daiso Industries Co. Ltd.'s Certificate of Corporate Registration. Also submitted are original copies of the sample registrations of the trademark DAISO in various jurisdictions around the world, the photocopies of which are attached as Annex A4. Moreover, a

list of countries where Daiso Industries Co. Ltd. has been selling its goods and services under the mark DAISO is attached hereto as Annex AS.

4. Japan Home Inc. has no lawful claim to the use of the mark and trade name DAISO and appropriated it in its name only for the purpose of misleading the public into believing that it is part of the chain of stores using the DAISO mark and trade name.
5. By virtue of Daiso Industries Co. Ltd.'s prior and continued use of DAISO since 1977 both as a mark and trade name in many countries of the world, said mark and trade name have become popular and internationally well known among consumers worldwide. Under Section 131.3 of the IP Code, "the owner of a well-known mark as defined in Section 123.1 (e) of this Act that is not registered in the Philippines may, against an identical or confusingly similar mark, oppose its registration, or petition the cancellation of its registration or sue for unfair competition, without prejudice to availing himself of other remedies provided for under the law."
6. The fraudulent registration and unlicensed use of an identical mark DAISO by Japan Home Inc. will diminish the distinctiveness and dilute the goodwill of the DAISO mark and trade name."

Attached in the said petition are marked documents consisting of Annexes "A" to "G", inclusive of sub-markings, and Exhibits "A" to "O".

In compliance to the Notice to Answer dated 25 February 2009, Respondent-registrant submitted its Verified Answer dated 13 April 2009, with marked documents consisting of Exhibits "A" to "E", inclusive of sub-markings. Respondent-registrant specifically denied the allegations in the following: paragraphs Ho 6 under the grounds for cancellation of registration, and paragraphs 1 to 6 under the facts relied upon in support of the petition.

Respondent-registrant alleged the facts as follows:

"2.01 On 15 March 2005, Respondent-Registrant applied for the registration of the trademark DAISQ & ITS JAPANESE EQUIVALENT under Application Serial No. 4-2005-002438 with the Philippines Intellectual Property Office (hereinafter, "IPO" for brevity) for the following goods and services: x x x under the word mark DAISQ, there is Japanese equivalent accompanying the word DAISO which is translated as: "Japanese characters translated as DAISO and without English meaning"

2.02 After due examination of the application by the IPQ Bureau of Trademarks without any opposition thereto, the trademark DAISQ & ITS JAPANESE EQUIVQLENT was issued or matured into registration on 30 April 2007 under Registration no. 4-2005-002438.

2.03 The Respondent-Registrant received on March 24, 2009, a Notice to Answer dated 25 February 2009 from the IPO regarding the petition filed by Daiso Industries Co., Ltd. praying for the cancellation of the trademark DAISO & ITS JAPANESE EQUIVALENT under Registration Number 42005002438. The petitioner believes that it will be damaged by the registration of the trademark DAISO & ITS JAPANESE EQUIVALENT.

The following are raised as Special and Affirmative Defenses, to wit:

"3.14 Petitioner has neither legal nor factual basis for its claim that it will be damaged by the registration of the trademark DAISQ & ITS EQUIVALENT bearing Registration no. 4-2005-002438 issued by Intellectual Property Office on 30 April 2007 in the name of Japan Home Inc. (herein Respondent-Registrant)

3.15 On 30 April 2007, the Intellectual Property Office or IPO issued Trademark Certificate of Registration No. 4-2005-002438 for the trademark DAISO & ITS JAPANESE

EQUIVALENT covering goods and services under Classes 21 and 35 x x x A certified true copy of the Certificate of Trademark Registration is hereto attached and made an integral part hereof as Exhibit "A".

3.16 Petitioner, on the other hand, applied with the IPQ for the registration of the word mark DAISO only on 01 February 2008 under Application No. 4-2008-001298, three (3) years, more or less, after Respondent-Registrant applied for the registration of the trademark DAISO & ITS JAPANESE EQUIVALENT or 10 months after Respondent-Registrant was issued trademark registration certificate No. 4-2005-002438 in the name of Japan Home, Inc.

3.17 Under the principle of first-to-file rule of R.A. 8293, Respondent-Registrant is the owner, first adopter and prior applicant and registrant of the subject trademark DAISO & ITS JAPANESE EQUIVALENT.

Section 123.1 (d) of the Intellectual Property Code (R.A. 8293) prohibits the registration of a mark that: Is identical with a registered mark belonging to a different proprietor or a mark with an earlier filing or priority date, in respect ff: (i) the same good 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.

3.18 To bolster its claim of being the rightful owner of the trademark DAISO & ITS JAPANESE EQUIVALENT, Respondent- Registrant submits herewith as Exhibit "B" as OTI Business Name Certificate No. 00186452 for DAISO STORE in favor of Japan Home, Inc. issued on 20 July 2005.

3.19 Likewise, other than the registration of the trademark DAISO & ITS JAPANESE EQUIVALENT and Respondent-Registrant's business name - DAISO STORE, ownership stemmed from prior adoption and use of the trademark in the Philippines. Evidence of actual and commercial use of the trademark DAISO & ITS JAPANESE EQUIVALENT since 2005 in the Philippines by Respondent-Registrant are hereby submitted as Exhibits "C", and "C-1" - "C-10". In early 2005, Respondent-Registrant opened its first DAISO store in Alabang Town Center, and has since opened more stores, totaling 8 at present with different locations, namely: AYALA ALABANG TOWN CENTER, ARANETA CENTER (Cubao), SHOPVILLE, GREENHILLS, STA. LUCIA EAST MALL, WALTERMART OASMARINAS, CAVITE, and FESTIVAL MALL FILINVEST-ALABANG (Exhibits "D, D1-D3"; "D-4 - D-5"; "D-6 - D-8"; "D-9 - D-10"; "D-11 -D-12").

With the foregoing as evidence, there is no denying Respondent-Registrant is the prior adopter, registrant and owner of the trademark involved.

3.20 Therefore, it is not Petitioner but Respondent-Registrant who will suffer irreparable damage if Petitioner's DAISO mark applied on 01 February 2008 will be issued or allowed registration. Being the owner and prior user and registrant of DAISO & ITS JAPANESE EQUIVALENT since 2005, Respondent-Registrant has exclusive, vested and superior rights over the trademark DAISO & ITS JAPANESE EQUIVALENT and any variation thereof.

3.21 Moreover, to allow substantially similar marks, Respondent-Registrant's DAISO & ITS JAPANESE EQUIVALENT trademark and Petitioner's DAISO mark, to co-exist in the business will lead to confusion in trade. x x x

3.22 Anent the issue of well-knownness of Petitioner's DAISO mark, the prevailing rule that will resolve particular issue/s on well-knownness of a mark can be found in paragraph (e) Section 123.1 of R.A. 8293 x x x.

Considering, as alleged by Petitioner, that its DAISO mark is well-known internationally, and it is registered abroad or in several countries worldwide, the fact that petitioner's DAISO mark is not in commercial or actual use in the Philippines, how can they satisfy the requirement under Section 123.1 (e) of R.A. 8293 that it is well-known when in fact it is not well-known as

Petitioner's DAISO mark in the Philippines? Our trademark law is clear, it requires that the mark be well-known INTERNATIONALLY AND IN THE PHILIPPINES.

3.23 Moreover, on the issue of the mark - DAISO being internationally known, documents presented by the petitioner were all mere photocopies. It bears to understand that the rules provide for presentation of the original copies of each and every document that it presented or bear the consequences of being disregarded; consequently there being no evidence to prove that the mark is known internationally, then, the petitioner has miserably failed to establish it.

Hence, reliance by Petitioner of the defense that its mark can be protected despite the fact that it is not registered here in the Philippines and considering that its DAISO mark is well-known is misplaced."

In petitioner's Reply dated 03 May 2009, it reiterated its arguments on two points: first, respondent's registration is assailed on the ground that its registration was obtained fraudulently; and second, its well-known trademark "DAISO" cannot be defeated by the prior registration by Respondent of the trademark "DAISO".

During the Preliminary Conference on 25 May 2009, parties failed to settle amicably, thus terminating the said conference. Subsequently, this Bureau issued an order requiring parties to submit their respective position papers and draft decision, if desired within a non-extendible period of ten (10) days from receipt of said order.

On 03 July and 20 July 2009, this Bureau received the position papers of petitioner and respondent-registrant, respectively.

The Issue –

Whether or not respondent-registrant's "DAISO & ITS JAPANESE EQUIVALENT" trademark warrants cancellation under Republic Act (R.A.) No. 8293 or the Intellectual Property (IP) Code of the Philippines.

This instant petition postulated several grounds for the cancellation of respondent-registrant's trademark "DAISO & ITS JAPANESE EQUIVALENT", sans exegesis, as it obviously appears confusingly similar to petitioner's applied mark "DAISO", as follows: (1) respondent-registrant's subject registration was obtained fraudulently; (2) petitioner is the prior user and registered owner of the mark "DAISO" since 1997 in foreign jurisdictions; (3) petitioner has pending Philippine trademark application in 01 February 2008; (4) its "DAISO" mark is well-known; and (5) trade name, even in case of foreign national, has protection pursuant to the Paris Convention.

Respondent-registrant controverted these arguments, posing the absence of factual basis of petitioner's damages on the subject registration. It further defended its right on the registered subject mark on the basis of prior and actual use in the Philippines, and as the prior filer of the mark "DAISO & ITS JAPANESE EQUIVALENT".

The law governing trademarks, including its protection and definition of rights are provided in Republic Act (R.A.) No. 8293, otherwise known as the Intellectual Property (IP) Code of the Philippines, particularly trademarks filed on the affectivity of the said statute.

Republic Act (R.A.) 8293 or the IP Code, in reconciliation with R.A. 166, as amended, presents two modes of acquiring ownership of a mark, namely: (1) by issuance of a certificate of registration ; and (2) by actual and prior use of the mark in Philippine trade or commerce, regardless of registration.

Registration, as a mode of acquiring ownership of a trademark is enunciated in the following provisions of the law, to wit:

“The rights in a mark shall be acquired through registration made validly in accordance with the provisions of this law. (Sec. 122, RA No. 8293) (Emphasis Supplied)

“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. (Sec. 138, supra.) (Emphasis Supplied)

Prima facie evidence is a presumption and a rebuttable one. If evidence is adduced to prove the contrary, then, that presumption is at end and the prima facie case is destroyed. In the case of *Robert P. Wa-acon vs People of the Philippines*, GR No. 164575, December 6, 2006, prima facie evidence was defined as “evidence good and sufficient on its face. x x x Evidence which, if unexplained or uncontradicted, is sufficient to sustain a judgment in favor of the issue it supports, but which may be contradicted by other evidence.”

Indeed, registration creates a prima facie evidence of a valid registration, ownership of the subject mark, and the exclusivity of use. This evidence establishes a satisfactory presumption which may be disputed only by evidentiary fact of prior and actual domestic use of the subject mark by the contesting party. With this presumption of law favoring registrant, the onus probandi is shifted to the party against whom the interference is made to adduce satisfactory evidence to rebut the presumption and hence, to demolish the prima facie case.

In this case, petitioner’s evidence consisted of multitudinal documents. An examination thereof show documents on foreign trademark registrations (Annex “A4”); list of “DAISO” stores outside Japan (Annex “A5”); Special Power of Attorney (Annex “A6”); media invoice (Exhibit “H”); tax invoices (Exhibit “I”); Bill of Lading (Exhibit “O”); packing list and other invoices (Exhibits “P” and “O”), which are all in photocopies and therefore inadmissible in evidence for non-compliance to Section 7.1, Office Order No. 79, series of 2005 or the Amendments to the Regulations on Inter Partes Proceedings, which provides that the filing of petition or opposition, with the affidavits of witnesses and the documents, shall be in original or in case of public documents, certified copies shall be allowed in lieu of the originals. Also, the Japanese magazines (Annex “E”) are inadmissible in evidence, pursuant to Section 33 of Rule 132 of the Rules of Court, which provides that documents written in an unofficial language shall not be admitted as evidence, unless accompanied with a translation into English or Filipino.

Assuming arguendo that the photocopied certificates of registration are admitted, it remains a settled rule that the Law on Trademarks adheres to the principle of nationality and territoriality. As aptly put, the registration in USA and/or in other countries is not registration in the Philippines considering that USA is not Philippines.

In fact, in the case of *Sterling Products International, Incorporated v. Farbenfabriken Bayer Aktiengesellschaft and Allied Manufacturing and Trading Co., Inc.* GR No. L-19906, April 30, 1969, the Honorable Supreme Court held, to wit:

“Neither will the 1927 registration in the United States of the BAYER trademark for insecticides serve plaintiff any. The United States is not the Philippines. Registration in the United States is not registration in the Philippines. At the time of the United States registration in 1927, we had our own Trademark Law, Act No. 166 aforesaid of the Philippine Commission, which provided for registration here of trademarks owned by persons domiciled in the United States.

x x x

There is nothing new in what we now say. Plaintiff itself concedes that the principle of territoriality of the Trademark Law has been recognized in the Philippines, citing *Ingenohl*

vs. Walter E. Olsen, 71 L. ed. 762. As Callman puts it, the law of trademarks “rests upon the doctrine of nationality or territoriality.” (Emphasis Supplied)

Similarly, opposer failed to show prior actual use in the Philippines. In the case of Bata Industries, Ltd. v. Court of Appeals, 114 SCRA 318, the Supreme Court categorically ruled that:

“The use of the mark must be in the country. Foreign use creates no trademark right in the Philippines, following the nationality principle upon which the trademark law rests.” (Emphasis Supplied)

The scope of protection is determined by the law of the country in which protection is sought, and international agreements for the protection of industrial property are predicated upon the same principle. x x x The use required as the foundation of the trademark rights refers to local use at home and not abroad. x x x (2 Callman, Unfair Competition and Trademarks, par. 76.4, p. 1006).

On the part of respondent-registrant, it presented a certified true copy of registration of its trademark “DAISO & ITS JAPANESE EQUIVALENT” (Annex “A”) dated 30 April 2007 with priority filing on 15 March 2005; Business name registration issued on 20 July 2005 (Annex “B”); various documents showing actual local use, inclusive of official receipts and statement of accounts (Annex “C” with sub-markings); various receipts and documents showing commercial lease by Daiso store (Annex “D” with sub-markings).

Thus, the Certificate of Registration No. 4-2005-002438, simply make out a prima facie case in favor of respondent-registrant, in addition to corroborating evidence of actual use in Philippine commerce. Petitioner, on the other hand, failed to adduce sufficient evidence to confirm its allegation of ownership of the mark, either through registration or prior use of its mark in Philippine jurisdiction.

Opposer further argued that its trademark constitutes its corporate and business name and hence, enjoys protection under the Paris Convention and Section 165 of the Intellectual Property Code. We cannot accede to this contention. In the case of Kabushiki Kaisha Isetan v. The Intermediate Appellate Court, G.R. No. 75420, November 15, 1991, the Supreme Court stated conditions necessary for the grant of protection to owners of trade names, to wit:

“The mere origination or adoption of a particular trade name without actual use thereof in the market is insufficient to give any exclusive right to its use (Johnson Mfg. Co. v. Leader Filling Stations Corp. 196 N.E. 852, 291 Mass. 394), even though such adoption is publicly declared, such as by use of the name in advertisements, circulars, price lists, and on signs and stationery. (Consumers Petroleum Co. v. Consumers Co. of Ill. 169. F 2 153).

The Paris Convention for the Protection of Industrial Property does not automatically exclude all countries of the world who have signed it from using a trade name which happens to be used in one country. To illustrate - If a taxicab or bus company in a town in the United Kingdom or India happens to use the trade name “Rapid Transportation”, it does not necessarily follow that “Rapid” can no longer be registered in Uganda, Fiji, or the Philippines.”

Finally, anent petitioner’s allegation that its “DAISO” mark is well-known, it is required in Section 123.1 (e), supra, that the subject mark has to be considered and declared well-known by the competent authority of the Philippines, that is, either the Director General or the Director of the Bureau of Legal Affairs (BLA), internationally and in the Philippines, after accounts are taken of the knowledge of the relevant sector of the public rather than of the public at large including knowledge in the Philippines obtained as a result of the mark’s promotion.

The afore-cited requirement and those enumerated in Rule 102 of the Rules on Trademarks, Service Marks, Trade Names and Marked or Stamped Containers, or the criteria of a well-known mark, are not met by the documents submitted by herein petitioner. It failed to show the vast duration, extent and geographical area covered by the said mark in terms of trademark registration, extensive promotional activity and advertisements in advance of opposer mark's quality-image and reputation, and the proof of market share in the Philippines and other countries. For instance, petitioner's evidence of magazines in Japanese language (Annex "E"), has no translation in English and thus, appears to be distributed in Japan alone. The translations in English by a certain Kinuhiko Yoshihara (Annex "D"), without original reference materials presented, likewise do not prove the mark well-known.

WHEREFORE, premises considered, the Petition for Cancellation of Trademark Registration No. 4-2005-002438 entitled "DAISO & ITS JAPANESE EQUIVALENT", is, as it is hereby, DENIED for utterly lack of merit. Consequently, Certificate of Trademark Registration No. 4-2005-002438 issued in favor of Japan Home, Inc. on 30 April 2007 remains VALID and SUBSISTING it unless sooner terminated as provided for by law.

Let the file wrapper of "DAISO & ITS JAPANESE EQUIVALENT", subject matter of this case be forwarded to the Bureau of Trademarks (BOT) for appropriate action in accordance with this Decision.

SO ORDERED.

Makati City, 24 August 2009.

ESTRELLITA BELTRAN-ABELARDO
Director, Bureau of Legal Affairs
Intellectual Property Office