

REYCO INDUSTRIAL SALES
CORPORATION,
Opposer,

IPC 14-2006-00189

-versus -

Opposition to:
TM Application No. 4-2004-006104
(Filing Date: 18 March 2006)

MARVIN VILLAFLORES
Respondent-Applicant.

TM: "TOMI"

x-----x

Decision No. 2007-127

DECISION

For decision is the Petition for Cancellation filed by Reyco Industrial Sales Corporation a corporation duly organized under Philippines laws with address at 1054-56 r. Regente St. Binondo, Manila against Certificate of Registration No. 4-2002-006104 of the trademark "TOMI" for "automotive spare parts that fall under class 12 namely: Brake master assembly, brake master cylinder, clutch master assembly, wheel cylinder, clutch operating assembly, clutch cover, clutch operating kit, clutch disc, cv joint, piston assembly, tie rod end, engine valve, cylinder liner, water pump assembly, brake shoe, brake pads, ball joint, idler arm, pitman arm, rack end, bell crank, drag link, center link, suspension shaft kit, piston liner, stabilizer link, steering boots, cv brense, stabilizer link muffler support, spring bushing, suspension arm assembly, suspension arm bushing shock mounting, control arm bushing, center bearing assembly, engine mount, shock mounting stopper, cab cushion, stabilizer bushing, suspension bushing, bumper support, spring bushing, radiator support, center bearing assy, full-set overhauling gasket (oil seal, valve seal, copper washer, valve cover gasket, cylinder head gasket, oil fan gasket, manifold gasket, o-rings, collar packing), cylinder head gasket, engine valve seal, engine-rings, engine oil seal, engine seal kit, engine hydraulic & pneumatic seal, hose & tubing, packing & sealant, fan belt, timing belt, rubber belt, transmission belt, fuel & oil hose, brake hose, clutch hose, alternator hose, air pressure, pneumatic hose, engine support, transmission support" in the name of Marvin Villaflores, respondent-registrant, with address at 3320 Narra Street, Barangay Obrero, Tondo Manila.

Petitioner relied on the following grounds to support its petition:

"10. PRIOR REGISTRATION DOES NOT HOLD. Republic Act No.8293 recognizes the right of the lawful owner of a Mark to see the Cancellation of the certificate of registration of a mark registered in the Name of another person misappropriated the same. The Honorable Supreme Court has held that "the failure of an opposer to register an Opposition in due time does not stop or preclude him from filing a petition for cancellation of the certificate of registration if, in his opinion, he has good grounds to seek such relief for there is nothing in the law which prevents a would-be opposer, who failed to seasonably file or perfect his opposition to the registration, from subsequently seeking the cancellation of the registration on any grounds provided by law, where he can show sufficient evidence to destroy the presumption that a certificate of registration is prima facie proof of its validity (Anchor Trading vs. Director of patents, G.R. No. 8004, May 30, 1956).

11. True it is that pursuant to Selection 122 of Republic Act No. 8293, the ownership of a mark shall be acquired through registration thereof. But such ownership, as above-discussed, may be rebutted by a showing that a claimant has actually used the mark in the industry long before the Registrant has actually used the same.

11.1 Said the Honorable Supreme Court:

“x x x In a complaint for infringement involving two similar trademark, the trademark owner who is the prior use there of prevails, and as between two competing marks which are both registered, The registrant who has prior use thereof has a better right than that of non-User or later user. x x x (Emerald Garments Manufacturing Corporation vs. Court of Appeals, 66 SCRA 865, 251 SCRA 600[1995]).

“12. Even if the respondent has secured a Certificate of Registration over the Mark, it is respectfully submitted that the Petitioner has the legal and beneficial right and ownership to use the “TOMI” as it is the first to adopt and to use the above-named trademark in actual trade and commerce in the Philippines.

12.1 The Petitioner seeks to cancel the registration of the Mark in favor of the Respondent as it is not only confusingly similar but actually a misrepresentation of the former’s Mark which it had appropriated and used in commerce for more than a decade now.

12.2 As the prior and continuing user therefore of the Mark, it is further respectfully submitted that the registration of the mark “TOMI” in favor of Respondent is violative of Section 123.1 (e) of Republic Act No.8293Or the “Intellectual Property Code of the Philippines”, the pertinent portion

Of which reads:

“Sec. 123. *Registrability* – 123.1. *A mark cannot be registered if it: x x x (e) Is identical with, or confusing similar to, or constitute a translation of a mark 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;*

“13. PROOF OF ACTUAL AND PRIOR USE. Sales invoices provided the best proof that there were actual sales of the trader’s products in the country and that there was actual use for certain period of the trader’s Trademark through these sales (Converse Rubber Corporation vs. Universal Rubber Products Incorporated, 147 SCRA 154 [1987]).

13.1 On 21 November 2006, the Petitioner submitted and filed its declaration of Actual Use (DAU) with this Honorable Office, a requirement of the trademark application and within one (1) year from the (5th) anniversary of the registration of the mark (Section 124.2And 145, *ibid*).

The DAU is a declaration under oath by the applicant or its authorized Representative that the mark was actually used and is in use in trade and Commerce in the Philippines. It necessarily must include documents and Proofs showing the use of mark, for this purpose, a copy of the DAUAs filed by the Petitioner with its attachment that include Sales Invoices, Photographs of promotional materials and actual products prominently showing the mark “TOMI”, is herein attached as Exhibit G for the Petitioner and made an integral part hereof.

13.2 In its Declaration of Actual Use (DAU), the Petitioner said:

5. The mark was first used in commerce by the applicant more than ten (10) years ago. Its use in commerce in 1996 is herein evidenced by Sworn affidavits from customer/clients, Annex A & B to this Declaration and made an integral part hereof.

5.1 As proof of Actual and continued use in trade, I am attaching a series of sales Invoices bearing the Mark over the years in the name of the company issued to different buyers. Annex C to L to this Declaration and make integral parts hereof.

5.2 The Mark is actually and still presently used in the Philippines for the various automotive spare parts, such as the following:

- Engine Support
- Transmission Mounting
- Suspension Bushings
- Shock Absorber mounting
- Suspension Arms
- Torque Rod Bush
- Center Bearing Cushion/Assembly
- Stabilizer Link Rods

5.3 The Applicant also uses the Mark for its promotional T-shirts, Photograph of Shirts is herein attached as Annex M to this Declaration and made integral parts hereof;

6. The goods above-mentioned also uses presently rendered, distributed and sold in the following outlets in the country;

GREAT PARTS SALES INCORPORATED	351 G. Araneta Avenue, Quezon city
AUTOTEST ENTERPRISES	8 De Guzman Street, Bangkulase Navotas, Metro manila
J.O. MULTI- PARTS ENTERPRISE	187-M N Domingo St., Barangay Balong Bato, San Juan
WILBES MERCHANDISIN G	167 Calamba St., Talayan Village Quezon City, M.M
BINDY PARTS SALES	1248 Soler St. Binondo, Manila
AUTOBARN SALES CENTER	Unit C Gedisco Complex. 4 th Avenue, Caloocan City

7. This Affidavit is executed to attest to the truth of the foregoing and for the purpose of complying with requirements of Section 124.2 and 145 of Republic Act No. 8293 and the Trademark Regulations and for whatever legal purpose this may serve.

13.3 The following day, on 22 November 2006, the Petitioner submitted a Supplemental Declaration of Actual Use (DAU) to bolster the fact that it has used, is using and will still use the Mark in its business. A copy of the Supplemental DAU is herein attached as Exhibits H and made an integral part hereof.

13.4 Clearly, with the sales invoices or proof of sale of the products bearing the Mark from 1999 until this year, 2006, and photographs. Thereof, it was shown that the Petitioner has continuously engaged in the trading of automotive spare parts using the Mark.

"14. TESTIMONIES OF CUSTOMERS. Accordingly, the most convincing proof of use a mark in commerce is the testimony of witnesses as customers or the others of buyers during a certain period of time. This would also prove that the mark is well-known in the automotive Spare parts industry where Petitioner is an active participant of. The Affidavits of the Petitioner's clients/customers, Exhibits I to N to this petition show:

14.1 How long they have been dealing with the Petitioner, the average of which does not fall below four (4) years;

14.2 The fact that they know the Petitioner to be the owner of the "TOMI" mark:

14.3 The fact that they know of no other manufacturer/distributors of such Brand: and

14.4 That the Customers will not buy the "TOMI" brand from other Sellers.

"15. By way of reiteration, all these sales invoices, sworn statements of buyers/clients of the Petitioner and the different photographs with the "TOMI" mark are likewise respectfully submitted to be convincing, if not more than enough proof, to show that the Petitioner and not the Respondent, has the clear right to the subject trademark. As prior user of the mark Petitioner herein establishes its proprietary right to the claim and to exclusion of others, including herein Respondent.

15.1 It may be interesting to note that after verification from Records Section of this Honorable Office, that nearly three years since Respondent filed his trademark application and even with the registration in his name, the respondent has not filed a Declaration of Actual Use (DAU), the Honorable Supreme Court opined:

"x x x As between actual use of mark without registration, and Registration of the mark without actual use thereof, the former prevails over the latter. For rule widely accepted and firmly entrenched, because it has come down through the years, is that actual use in commerce or business is a pre-requisite to the acquisition of the right of Ownership (*Emerald Garments Manufacturing Corporation vs. Court of Appeals, 251 SCRA 600 [1995]*).

Non-filing of the DAU at this time negates any assertion that the Respondent has proprietary claim over the Mark.

15.2 It is also baffling why Respondent would choose to register the mark in three (3) different occasions (Exhibit D to F) and under similar Classes at that;

"16. With the above discussion, it is the humble submission of the petitioner that it has shown that it is lawful and legal owner of the Mark through prior use and appropriation thereof. The Petitioner thereof has the legal right to apply the Mark for registration under the class applied for as time and again, the Supreme Court has ruled that:

"The question of ownership is determined by priority of use of the mark or trade name in trade or commerce on the Philippines, and it belongs to him who first used and gave it value in the country. (US vs. Kyburze, 28 Phil. 475 [1914]; Chun Te vs. Ng Kian Giab, 18 SCRA 747 [1966]).

Exhibit "A" One page document showing Philippines Automotive Traders Ass'n Member Lists

- Exhibit "B" Petitioner's TM application no. 04-2004-006574 for the Mark TOMI (stylized) dated 2004
- Exhibit "C" Petitioner's TM application no. 04-2006-010017 Mark TOMI dated September 11, 2006 for goods under Class 12
- Exhibit "D" Print-out from the IPO website showing status of Application for the mark TOMI and Design under Class 7, Allowed publication in the name of Marvin Villaflores
- Exhibit "E" Print-out from the IPO website showing pending application Status of the mark TOMI under Class 12 and 7 in the name Of Marvin Villaflores
- Exhibit "F" Print-out from the IPO website showing application for the Mark TOMI under class 12, with status "Deemed Registered"/certified true copy of Certificate of Registration 4-2004-006104
- Exhibit "G" Declaration of Actual Use (with Annexes photocopies of Affidavits, photocopies of sales receipts, photocopies of Photographs)
- Exhibit "H" photocopy of Supplemental Declaration of Actual Use (with Annexes consisting of photocopies of invoices and Affidavits of clients)

In his Answer, respondent-registrant raised the following Special and Affirmative Defenses and Allegations, to wit:

"13. Respondent-Registrant would like this Honorable Office to take Notice of the Petitioner's admission insofar as it admits that it engages in the business of sale and distribution of automotive spare parts.

"13.1 The Petitioner, being a mere seller and distributor of automotive spare parts does not earn the right to cause the application for Registration of a trademark that it only deals with.

"13.2 Having said this, the Petitioner has no personality to petition for the cancelation Respondent-Registrant's certificate of registration of the "TOMI" which the letter is actually using for the automotive spare parts he caused to be manufactured in another country and imported to the Philippines for local sales.

"14. Firstly, Section 122 and Section 1238 of the Intellectual Property Code of the Philippines states:

"Section 1222. How Marks are Acquired. - The right in the mark shall be acquired through registration made validly in accordance with the Provisions of this law.

: Section 138. Certificate of Registration. - A certificate of registration of a mark shall be prima facie evidences of the validity of the registration. The registrant's ownership of the mark and the registrant's exclusive right to use the same in connection with the goods or services and those that are related therein specified in the certificate.

14.1 On 1 January 1998, the Intellectual Property Code of the Philippines (IPCP) took effect. This IPCP now governs the acquisition, enjoyment and disposition of intellectual property rights in the Philippines.

14.2 The IPCP gave way to the changes in the concept of ownership of trademarks, trade names and service marks from Actual Use Rule of first User-Owner Rule, which was the rule under the old law, to the first-To-File Rule of First-Filter-Owner Rule.

14.3 First-Filter-Owner Rule means to the first one to file the trademark Application, generally, to him the mark's exclusive use shall be granted. The right to the registration of the mark attaches to one who is first in filing the application for registration.

14.4 This new rule is now the one being practiced worldwide because of the Agreement on Trade Related Aspects of Intellectual Property Rights. Adoption of this new concept of ownership of the mark is a commitment of the Philippine Government to the world through the aforesaid agreement.

14.5 It is therefore quite clear on how this system works in respect to acquitting ownership or right to exclusive use of the mark which is REGISTRATION. And registration commences upon application for Registration is filed with the Intellectual Property Office.

14.6 The Petitioner admitted in its Petition that Respondent-Registrant was the first one to file an application to register the mark "TOMI". Moreover, as the holder of a Certificate of Registration for the Trademark "TOMI" and an actual user of the mark, Respondent-Registrant has the better right to keep the registration of the mark "TOMI" under his name. In contrast to the Petitioner, who is just mere trader, distributor of "TOMI" and various automotive spare parts, cannot defeat Respondent-Registrant's certificate of registration of trademark "TOMI" for the reason that is caused the manufacturing of the TOMI" automotive spare parts in another country and imports the same to the Philippines for sale to consumers.

14.7 The Petitioner has deafeningly been silent and invisible during all the time that Respondent-Registrant was using and spending so much money promoting and expanding the coverage of the mark "TOMI" here in the Philippines. This deafening silence and invisibility of the petitioner could only have been motivated by an evil scheme.

15. The Petitioner is petitioning for the cancelation of Respondent-Registrant's certificate of registration of the trademark "TOMI" on the ground that is was the first actual user thereof.

15.1 In support to its claim of priority use of trademark "TOMI", the petitioner attached several of its sales invoices issued on several different dates as well as sworn statements of its alleged witnesses.

15.2 Respondent-registrant re-pleads invoices the allegations stated above and Further states:

15.3 In appending Petitioner's sales invoices to their Petition, it would like to create an impression that it has been selling and distributing "TOMI" automotive spare parts to its various clienteles as early as the year 1999.

15.4 However, a careful perusal of annexed sales invoices of the petitioner will show this Honorable Office that the afore-described sales invoices were altered by inserting the word "TOMI" at the end of every item written in the sales invoices to make it appear that the mark has been carried by the Petitioner.

15.5 Apparently, the word "TOMI", which was internationally and forcibly inserted at the end of every item written on sales invoices was only an after thought in the part of the Petitioner motivated by a scheme to take away from Respondent-Registrant the right to over the mark "TOMI", a mark which the latter spent money to promote and made known for its quality.

15.6 This insertion of the word "TOMI" on the annexed sales invoices of the petitioner is wanting in credibility. These were done to mislead this Honorable Office to believe that the Petitioner has been using the mark "TOMI" when the truth of the matter the items reflected on the sales invoices could have been another brand that the Petitioner is carrying for Sale to the public.

15.7 This act of disregarding the trademark "TOMI" in the issuance of its sales invoices manifest the Petitioner's lack of concern over the mark for the reason that it never spent money to promote the mark but only profit for its distribution, as it claimed in its Petition.

"16. Thirdly, the petitioner's attached sworn statements of its alleged customers are self-serving. Undeniably, the affiants are the Petitioner's customers for its various automotive spare parts. In the course of doing business with the affiants, the Petitioner extends credit lines to them; hence, any favor asked by the Petitioner will definitely be given by the affiants. In sum, their testimonies are biased to the Petitioner.

"17. Fourthly, the Petitioner claims that the mark "TOMI" has already been its mark being a prior and continuing user of it. It also argued that the registration of the mark "TOMI" in favor of Respondent-Registrant is in violation of Selection 123.1 (e) of the Intellectual Property Code of the Philippines (IPCP).

17.1 For Respondent-Registrant to be denied registration of the mark "TOMI" under Section 123.1 (e) of the Intellectual Property Code of the Philippines (IPCP), the following elements must concur:

- a. The mark is identical with or confusingly similar to or constitutes a translation of a mark which is considered by competent authority of the Philippines to be well-known internationally; and
- b. 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;

17.2 Even here in the Philippines, the word "TOMI" does not automatically bring to the mind of every Filipino an automotive spare parts or Reyco Industrial Sales Corporation, like when Filipinos speak of toothpaste the word that will come out of their mouths is Colgate.

17.3 The Petitioner, as admitted in the Petition, is just a distributor of "TOMI" automotive spare parts. For the information of the Petitioner and of this Honorable Office, Respondent-Registrant is an importer of automotive spare parts branded as "TOMI". The "TOMI" spare parts extend to brake master assembly, brake master cylinder, clutch master assembly, wheel cylinder, clutch operating assembly, clutch cover, clutch operating kit, clutch disc, cv joint, piston assembly, tie rod end, engine valve, cylinder liner, water pump assembly, brake shoe, brake pads, ball Joints, idler arm, etc, with the complete line of "TOMI" automotive spare parts and as its importer here in the Philippines, the Petitioner, as a distributor thereof, cannot claim to have a better right

cover the mark "TOMI" in its name of Respondent-Registrant is holding on to a certificate of Registration for the mark "TOMI" issued by this Honorable Office.

The issue is whether the registered mark can be cancelled under the provision of Sec. 15 (b) of Republic Act 8293

Evidence show that respondent was granted a trademark certificate of registration of the mark TOMI on March 18, 2006 for automobile spare parts under class12 under the law, a certificate of registration is prima facie evidence of the validity of the registration, ownership of the mark and exclusive right of the registrant to use the mark. The law states, to wit:

"Section 1238. Certificate of Registration. - A certificate of registration of a mark shall be prima facie evidence of the validity of the registration, the registrant's ownership of the mark and the registrant's exclusive right to use the same in connection with the goods or services and those that are related therein specified in the certificate.

As may be gleaned from the aforecited provision, the certificate creates a presumption that may still be rebutted by evidence to the contrary. The burden is on the petitioner to prove that it has a better right to the registered mark and it shall be damaged by the continuous registration in favor of the respondent.

A perusal of petitioner's evidence show that it merely submitted photocopies of its affidavits and sales invoices. It attached original copies only during the submission of its position paper. Moreover, this Bureau notes that the original invoices submitted were dated only in 2007 which does not prove a supervisor right over the registrant's trademark right.

Finally, we are unconvinced of opposer's theory that it is the owner of a well-known mark. Rule 102 of the Rules and Regulations on Trademark set the following criteria or any combination to be taken into account in determining well-known:

- a. The duration, extent and geographical area of use of the mark, in particular, the duration, extent and geographical area of any promotion of the mark, including advertising or publicity and the presentation at fairs or exhibitions, of the goods and/or services to which the mark applies;
- b. The market share in the Philippines and in other countries of the goods and/or services to which the mark applies;
- c. The degree of the inherent or acquired distinction of the mark;
- d. The quality image or reputation of the acquired mark;
- e. The extent to which the mark has been used in the world;
- f. The exclusivity of the use attained by the mark in the world;
- g. The commercial value attributed to the mark in the world;
- h. The record of successful protection of the rights in the mark;
- i. The outcome of litigations dealing with the issue of whether the mark is a well-known mark; and
- j. The presence or absence of identical or similar goods or services owned by persons other than the person claiming that his mark is a well known mark.

The evidence presented by opposer is insufficient for this Bureau to make the determination that its mark TOMI is well-known mark.

WHEREFORE, premises considered the instant PETITION FOR CANCELLATION is, as it is hereby, DIMISSED. Accordingly, Trademark Registration No. 4-2004-006104 issued in favor of Respondent Marvin Villaflores on 18March 2006 for the trademark "TOMI" for the following goods: " automotive spare parts that fall under class 12 namely: brake master assembly, brake master cylinder, clutch master assembly, wheel cylinder, clutch operating assembly, clutch cover, clutch operating kit, clutch disc, cv joint, piston assembly, tie rod end, engine valve, cylinder liner, water pump assembly, brake shoe, brake pads, ball joint, idler arm, pitman arm, Rack end, bell crank, drag link, center link, suspension shaft kit, piston liner, stabilizer link, steering boots, cv brense, stabilizer link, muffler support, spring bushing, suspension arm assembly, suspension arm bushing, shock mounting, control arm bushing, center bearing assembly, engine mount, shock mounting stopper, cab cushion, stabilizer bushing, suspension bushing bumper support, spring bushing, radiator support, center bearing assy, full-set overhauling gasket (oil seal, valve seal, copper washer, valve cover gasket, cylinder head gasket, oil fan gasket, manifold gasket, o-rings, collar packing), cylinder hydraulic % pneumatic seal, hose % tubing, packing & sealant, fan belt, timing belt, rubber belt, transmission belt, fuel & oil hose, brake hose, clutch hose, alternator hose, air pressure, pneumatic hose, engine support, transmission support" is, as it is hereby, UPHELD and is declared VALID AND SUBSISTING unless sooner cancelled by operation of law.

Let a copy of this decision be forwarded to the Bureau of Trademark for Appropriate action in accordance with this Decision.

SO ORDERED.

MAKATI City, 31 August 2007.

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