

UNI-LINE MULTI RESOURCES, INC.	}	IPC No. 14-2006-00126
(PHILS.)	}	Case Filed on: September 13, 2006
Opposer,	}	Opposition to:
	}	App. Ser. No. 4-2001-005131
-versus-	}	Date Filed: July 18, 2001
	}	TM: "SAKURA"
KENSONIC, INC.,	}	
Respondent-Applicant.	}	DECISION NO. 2008-172
x-----x		

DECISION

Before us is a Verified Notice of Opposition filed by Uni-Line Multi Resources, Inc. (Phils) with address at MO3 Prince Juan Condominium, No. 42 Timog Avenue, Quezon City, on September 13, 2006 against the application for registration of the mark "SAKURA" for use on amplifiers, DVD player, VCD player, video disc recorder under class 09 of the international classification of goods bearing Application Serial No. 4-2001-005131 filed by respondent-applicant Kensonic, Inc., a domestic corporation with address at Lot 3, T.S. Sarino Subdivision, Real Street, Pulang Lupa, Las Piñas City. The application was published in the Intellectual Property Office Electronic Gazette and released for circulation on May 16, 2006.

In this instant case, Opposer raised the following grounds to support his opposition, to wit:

“1. The approval of the application in question is contrary to Section 123.1 (d) of Republic Act No. 8293;

2. As registered owner of the trademarks SAKURA and SAKURA & FLOWER DESIGN, the approval of the application in question will violate its right to the exclusive use of said registered trademarks SAKURA and SAKURA & FLOWER DESIGN;

3. The approval of the application in question has caused and will continue to cause great and irreparable damage and injury to herein Opposer;

4. Respondent-Applicant is not entitled to register the trademark SAKURA in its favor.

The Opposer relied on the following facts to support its contentions on this Opposition:

“1. The trademark SAKURA is duly registered in favor of Opposer under Registration No. 4-2002-004572 effective March 18, 2006 for the following goods, namely: washing machines, high pressure washers, vacuum cleaners, floor polishers, blender, electric mixer, electric juicer, television sets, stereo components, DVD/VCD players, voltage regulators, portable generators, switch breakers, fuse, refrigerators, air conditioners, oven toaster, turbo broiler, rice cooker, microwave oven, coffee maker, sandwich/waffle maker, electric maker, electric stove, electric fan, hot and cold water dispenser, air pot, electric griller and electric hot pot falling under Classes 7, 9, and 11.

Registration No. 4-2002-004572 was issued in favor of Opposer after its Serial No. 4-2002-004572 was found under the provisions of the IP Code and its Implementing Rules and Regulations.

2. Opposer's Application Serial No. 4-2002-004572 was published in the E-Gazette of this Office released for circulation on February 15, 2006, and Respondent-Applicant did not oppose it.

3. The trademark SAKURA & FLOWER DESIGN is also duly registered in favor of Opposer under Registration No. 4-2000-003083 effective arch 20, 2005 for use on recordable compact disc (CDR), computer, computer parts and accessories falling under Class 9.

Registration No. 4-2000-03083 was issued in favor of Opposer after its Serial No. 4-2000-003083 filed on April 14, 2000 was found allowable under the provisions of the IP Code and its Implementing Rules and Regulations.

4. Opposer's Application Serial No. 4-2000-003083 was published in the E-Gazette of this Office released for circulation on February 17, 2005 and Respondent-Applicant did not oppose it.

5. Opposer has not abandoned the use of the trademarks SAKURA and SAKURA & FLOWER DESIGN. On the contrary, Opposer has continued their use up to the present.

6. The trademark SAKURA being applied for registration by Respondent-Applicant is identical to the trademarks SAKURA and SAKURA & FLOWER DESIGN owned by the Opposer and duly registered in its favor.

7. The goods covered by Respondent-Applicant's application are already included in Opposer's Registration No. 4-2002-004572 and Registration No. 4-2000-003083.

8. Accordingly, the approval of the application in question is contrary to Section 123.1 (d) of Republic Act No. 8293.

9. The approval of the application in question is violative of the right of Opposer to the exclusive use of its registered trademarks SAKURA and SAKURA & FLOWER DESIGN on goods listed in the registration certificates issued to it.

10. Respondent-Applicant is now estopped to challenge the validity of Opposer's earlier approved application and earlier issued registrations.

11. Not being entitled to the registration of the mark SAKURA in its favor, the approval of the application in question has caused and will continue to cause great and irreparable damage and injury to Opposer.

On September 15, 2006, this Bureau issued a Notice to Answer. On 19 October 2006 Respondent-Applicant filed its verified Answer praying that the notice of opposition be denied. A Reply and Rejoinder were also filed on October 27, 2006 and November 10, 2006 respectively. The issues having been joined, this Bureau issued a Notice of Preliminary Conference. On December 6, 2006, Opposer filed a Motion to Reset Preliminary Conference, which was granted under Order No. 2006-1742 issued on December 11, 2006. The preliminary conference on January 18, 2007 was reset due to the pending Motion for Reconsideration of Order No. 2006-1742 filed by Respondent-Applicant. On January 29, 2007, Resolution No. 2007-02 was issued denying the motion for reconsideration and setting the preliminary conference on February 26, 2007. Subsequently, Respondent-Applicant filed a Motion to Reset Preliminary conference which was granted under Order No. 2007-275.

During the preliminary conference on February 28, 2007, the parties manifested that the possibility of an amicable settlement is nil, so that the preliminary conference was terminated.

Respondent-Applicant was also directed to submit a Secretary's Certificate and Board Resolution. On March 6, 2007, Respondent-Applicant filed its Compliance on the directive to submit the Secretary's Certificate and Board Resolution.

On March 9, 2007, this Bureau issued Order No. 2007-416 requiring the parties to submit Position Paper. On March 26, 2007, Opposer submitted its Position Paper while Respondent-Applicant submitted its Position Paper on April 2, 2007. On April 26, 2007, Opposer filed a Manifestation/Comment (re Respondent-Applicant's Position Paper) and Respondent-Applicant filed a Reply to the Opposer's Manifestation/Comment and a Manifestation and Submission. Thereafter, on May 11, 2007, Opposer filed a Manifestation with Motion to Strike Off Respondent's Exhibits "A" to "P".

The main use to be resolved in this case is: Whether or not Respondent-Applicant's mark "SAKURA" should be registered.

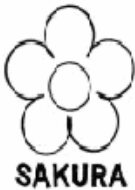

At the outset, it is necessary to resolve first the issue of the admissibility of Respondent-Applicant's Exhibits "A" to "P". In its Motion, Opposer moved that the Respondent-Applicant's Exhibits "A" to "P" be stricken off the records on the ground that it violates Section 14.3 of Office Order No. 79, Series 2005.

A scrutiny of the records of this case would show that Respondent-Applicant's Exhibits "A" to "P" was filed on March 29, 2007 together with its Position Paper way beyond the reglementary period for filing the said exhibits. Having been filed beyond the reglementary period, the same cannot be admitted as evidence. Section 12.1 of Office Order No. 79 otherwise known as the "Amendments to the Regulations on Inter Partes Proceedings" states:

"12.1. The verified petition of opposition, reply if any, duly marked affidavits of the witnesses, and the documents submitted, shall constitute the entire evidence for the petitioner or opposer. The verified answer, rejoinder if any, and the duly marked affidavits and documents submitted shall constitute the evidence for respondent. Affidavits, documents and other evidence not submitted and duly marked in accordance with the preceding sections shall not be admitted as evidence." [Emphasis supplied].

Going now to the main issue at hand, in support of this opposition, Opposer submitted the following pieces of evidence: Certified copy of Certificate of Registration No. 4-2002-004572 for the mark SAKURA (Exhibit "A"), Certified copy of Certificate of Registration No. 4-2000-003083 for the mark SAKURA & FLOWER DESIGN (Exhibit "B"), Affidavit of Enrique Co (Exhibit "C"), labels/photographs of the good and representative commercial invoices (Exhibit "D" to "D-23"), and Affidavit of Ramon B. Gloria (Exhibit "E"). On the other hand, considering that Respondent-Applicant's Exhibits "A" to "P" is inadmissible, Respondent-Applicant's evidence consist only of the Decision No. 2005-21 dated November 29, 2005 in IPC Case No. 14-2004-00160 and Original Sales Invoices dated January 4, 1993, December 11, 1996 and October 29, 1999 respectively.

The contending marks are the following: Opposer's SAKURA mark under Certificate of Registration No. 4-2002-004572 and SAKURA & FLOWER DESIGN under Certificate of Registration No. 4-2000-003083; and Respondent-Applicant's mark "SAKURA" under Application Serial No. 4-2001-005131. For comparison, the marks of the parties are herein reproduced:

OPPOSER'S MARKS	RESPONDENT-APPLICANT'S MARK
<p data-bbox="188 295 593 322">Registration No. 4-2002-004572</p> <p data-bbox="338 371 628 430">SAKURA</p> <p data-bbox="188 479 593 506">Registration No. 4-2000-003083</p> 	<p data-bbox="812 295 1201 322">App. Serial No. 4-2001-005131</p> 

It is beyond the question that Opposer's and Respondent-Applicant's respective marks are visually identical, with the same spelling and pronunciation when spoken. Their aural appearances are virtually alike as both marks are written in uppercase letters. Although the letter font of Respondent-Applicant's "SAKURA" and SAKURA & FLOWER DESIGN are of identical, the variance is negligible as they exhibit simple fonts sans any distinctive design. Therefore, the contending marks are confusingly similar as the dominant feature of both marks is the lone word "SAKURA".

Under the Dominancy Test which has been consistently relied upon by the Honorable Supreme Court in cases relating to infringement of marks and is in fact incorporated in Section 155 of R.A. 8293, this considers the dominant features of the competing marks, or which gives greater weight to the similarity of the appearance of the product arising from the dominant features of the mark attached to said product in determining whether such mark is confusingly similar with another mark, the word "SAKURA" gives the same visual and aural impressions to the public's mind in the light of the goods to which they are used respectively by petitioner and respondent-registrant (McDonald's Corporation v. MacJoy Fastfood Corporation, G.R. No. 166115, February 2, 2007; McDonalds Corporation v. L.C. Big Mak, Inc., G.R. No. 143993, August 18, 2004). Similarly, in size, form and color, while relevant, is not conclusive. Neither duplication/imitation, or the fact that the infringing label suggests an effort to emulate, is necessary. The competing marks need only contain the main, essential or dominant features of another; and that confusion and deception are likely (Sterling Products International, Inc. v. Farbenfabriken Bayer Aktiengesellschaft, G.R. No. L-19906, April 30, 1969; Lim Hoa v. Director of Patents, G.R. No. L-8072, October 31, 1956; Co Tiong Sa v. Director of Patents, et al., G.R. No. L-5378, May 24, 1954).

Comparing Opposer's as well as Respondent-Applicant's marks, the visual and aural impressions created in the mind of the public of the mark "SAKURA", as attached to parties' respective goods is that, there is some connection between petitioner and respondent-registrant which, in fact, does not exist. Thus, there is confusion of goods and confusion of business as enshrined in the principle laid in the case of Sterling Products International, Inc. v. Farbenfabriken Bayer Aktiengesellschaft, *supra*. This finding of confusion is more so aggravated by the fact that Respondent-Applicant's goods are similar and related to Opposer's goods as covered by their respective marks which falls under the same Class 9 of the international classification of goods.

Considering that the parties' marks are confusingly similar, it now behooves us to determine who between Opposer and Respondent-Applicant has a better right over the mark SAKURA.

Opposer averred that as the registered owner of the trademarks SAKURA and SAKURA & FLOWER DESIGN, the approval of the application in question will violate its right to the exclusive use of its registered trademarks SAKURA and SAKURA & FLOWER DESIGN. On the other hand, Respondent-Applicant alleged ownership over the mark "SAKURA" on the basis of the "prior user" rule, stating its use of the subject mark since 1994 up to the present.

In this regard, the quantum of evidence required in administrative proceedings is substantial evidence. Substantial evidence has been defined as more than a mere scintilla of evidence or relevant evidence as a reasonable mind might accept as adequate to support a conclusion, even if other minds, equally reasonable, might conceivably opine otherwise. (*Salvador vs Philippine Mining Services Corporation*, GR No. 148766, January 22, 2003)

This Bureau finds substantial evidence in favor of the Respondent-Applicant.

Republic Act No. 8293 which took effect in 1998 provides for instances where a mark cannot be registered, Section 123.1 (d) thereof states, to wit:

"SEC. 123. *Registrability*. – 123.1 A mark cannot be registered if it:

(d) Is identical with a registered mark belonging to a different proprietor or a mark with an earlier filing or priority date, in respect of:

- i. The same goods or services, or
- ii. Closely related goods or services, or
- iii. If it nearly resembles such a mark as to be likely to deceive or cause confusion;

This Bureau agrees with Opposer that Republic Act No. 8293 sets the basis of ownership of a mark on a "proprietor or a mark with an earlier filing or priority date" or the "prior registrant or prior filer" rule. This negates any problem in so far as intellectual property rights acquired during the effectivity of Republic Act No. 8293. Section 236 of R.A. No. 8293 provides as follows:

"Sec. 236 Preservation of Existing Rights. – Nothing herein shall adversely affect the rights on the enforcement of rights in patents, utility models, industrial designs, marks and works, acquired in good faith prior to the effective date of this Act." (Sec. 236, R.A. 8293)

The old regime of Republic Act No. 166 (Old Trademark Law) has itself set a basis of trademark ownership which cannot be disregarded, as provided hereunder, to wit:

"Sec. 2-A. Ownership of trademarks, trade names and service marks; how acquired – Anyone who lawfully produces or deals in merchandise of any kind or who engages in lawful business, or who renders any lawful service in commerce, by actual use thereof in manufacture or trade, in business, and in the service rendered, may appropriate to his exclusive use a trademark, a trade name, or a service mark not so appropriated by another, to distinguish his merchandise, business or service from the merchandise, business or services of others. The ownership or possession of a trademark, trade name, service mark, heretofore or hereafter appropriated, as in this section provided, shall be recognized and protected in the same manner and to the same extent as are other property rights known to the laws." (Emphasis Ours.) (Sec. 2-A, Chapter II, R.A. No. 166)

The afore-quoted law underscores the “prior user” rule, which was sufficiently established by herein Respondent-Applicant’s Sales Invoices (Exhibits “3”, “4” and “5”), dated years 1993 and 1996 or during the effectivity of Republic Act No. 166. Respondent-Applicant’s Sales Invoices are proof of actual use in Philippine commerce of its mark “SAKURA” by Audio Crown Enterprises and Respondent-Applicant, Kensonic, Inc.

Records also show that this Bureau issued a Decision on 29 November 2005 in IPC No. 2004-00160 entitled “Kensonic, Inc. v. Uni-Line Multi Resources, Inc.”, an opposition case wherein herein respondent-Applicant opposed Uni-Line Multi Resources, Inc.’s application for registration of the mark “SAKURA” for goods under Class 09, namely, amplifier, speaker, cassette, cassette disk, video cassette disk, car stereo, television, digital video disk, mini component, tape deck, compact disk charger, VHS, and tape rewinder was sustained. Essentially, the reason was that opposer (Respondent-Applicant herein) was the first to adopt and use the mark “SAKURA” in commerce in Philippines since 1994. Specifically, it was ruled that the following evidence which have not been contradicted or disputed showed opposer Kensonic, Inc.’s adoption and first use of said mark for said goods under Class 09:

1. Certifications issued by Triple Venture Corporation, Loud & Clear Electronic Supply, Tommy’s electronics, Macias Electronics Parts Supply, AC-DC Component Parts Sales Center, Kings Electronic Center, Otis Electrical Supply, Standard Radio Supply, STK Electronics, EC Sound Marketing Electronics & Electrical Supply, Eros Electronics Parts, Jose Ong, NEPCO Electronics, Inc., MARTCOM Cellular & Electronics Center, Assurance Merchandising, PureSound Pro Audio Marketing, Richland Electronic Center, Newport Electronic Center, Berkly Electronics, Inc., and Ang Brothers Appliances marked as Exhibits “J” to “J-19” certifying that opposer Kensonic, Inc. has been using the mark “SAKURA” on its goods since 1994 to date (of the issuance of Decision No. 2005-21);
2. Memorandum of Agreement marked as Exhibit “N-1” between opposer Kensonic, Inc. and Xihua Audio Equipment Factory;
3. Memorandum of Agreement marked as Exhibit “O-1” between opposer Kensonic, Inc. v. Foshan Shwa Audio Electronic Co. Ltd. to produce “SAKURA” tuner, equalizer, amplifier to be exported to the Philippines” for opposer Kensonic, Inc.;
4. Bill of Lading marked as Exhibit “L-2” showing that Audio Crown Enterprises was “notified that a shipment from Hong Kong arrived in Manila said to contain 2 cases of electric sound and 3 pallets amplifier parts”;
5. Clean Report of Finding marked as Exhibits “S-6” and “S-7” showing that opposer Kensonic, Inc. “received from Guandong Chem & Machinery CO. Ltd., of Hong Kong (100 pce. Amplifier “SAKURA” -AP-300 ad 100 pce. Amplifier 9PPS-300) SAKURA”;
6. Sales invoices marked as Exhibits “K-7” to “K-10” made from 1995 to 1996 to Louie Craft, Berkly Electronics, and Pennylane Gen. Merchandise; and
7. Advance Clearance Reports marked as Exhibits “L” and “L-1” showing that “Boogter SAKURA products were purchased/imported to the Philippines” by opposer Kensonic, Inc.

Per the afore-quoted Decision No. 2005-21, Respondent-Applicant herein adopted and used the mark “SAKURA” in commerce in Philippines since 1994 for Class 09 goods, namely, amplifier, speaker, cassette, cassette disk, video cassette disk, car stereo, television, digital video disk, mini component, tape deck, compact disk charger, VHS, and tape rewinder.

This Decision No. 2005-21 (Exhibit “1”) is an admissible documentary evidence in the same league as any documentary evidence. Documentary evidence refers to documents which consist of writing or any material containing letters, words, numbers, figures, symbols or other

modes of written expression offered as proof of their contents (Section 2, Rule 130 [B] of the Rules of Evidence). The said Decision No. 2005-21 is proof of the contents therein which consist, among others, of an enumeration of the documentary evidences submitted by opposer Kensonic, Inc. that were admitted and to which substantial weight was given by this Bureau, as earlier discussed; and of the finding by this Bureau that such documentary evidences established Respondent-Applicant's adoption and use of the mark "SAKURA" since 1994 for Class 09 goods. It is to be noted that this fact was not rebutted by Opposer.

Moreover, Respondent-Applicant was able to prove in the instant case that it is indeed the prior user of the mark SAKURA by presenting original sales invoices dated January 4, 1993, December 11, 1996 and October 22, 1999 marked as Exhibits "1", "2" and "3".

Considering, then, that petitioner was able to prove and establish by way of such documentary evidence which, in turn, proved and established such content as the finding by this Bureau that Petitioner adopted and used the mark "SAKURA" since 1994 for Class 09 goods, Respondent-Applicant has acquired ownership of the mark "SAKURA" for use in connection with the Class 09 goods for which it applied, namely, amplifier, speaker, cassette, cassette disk, video cassette disk, car stereo, television, digital video disk, mini component, tape deck, compact disk charger, VHS, and tape rewinder; and the exclusive right to use such mark in connection with these goods and such goods that are related thereto to the exclusion of herein Opposer Uni-Line, which right was acquired under Section 2-A of R.A. 166, and preserved under Section 236 of the new IP Code.

Thus, Respondent-Applicant's actual and continuous use of the subject mark, as acquired under R.A. 166, has resulted to ownership thereof. The repeal of R.A. 166 did not terminate all trademark rights acquired under and pursuant to said law. It is a fallacy to assume that because of the repeal of R.A. 166, the ownership rights of Respondent-Applicant to the trademark has ceased and was terminated. It is even a more deliberate error to enunciate that claim ownership over the subject mark under the IP Code is all dependent upon the first to file rule. Deserving merit is the fact that when Opposer filed its trademark application on 06 June 2002, an identical mark was owned and used in Philippine commerce by herein Respondent-Applicant. It was not *res nullius*, and therefore, not subject of appropriation.

Section 236 guarantees due process and observance of justice, fairness or equity. The adoption of this provision of law finds in the repeal of Republic Act No. 166 by Republic Act No. 8293 (IP Code), to protect the rights of those who have already invested and established goodwill on their marks and names. Said Section 236 draws a conclusion that the rights referred thereto include rights of owners and prior users of unregistered trademarks that were acquired in good faith before Republic Act No. 8293 took into force and effect which include the right to appropriate exclusive use of the trademark (Sec. 2-A, R.A. 166) and the right to oppose or prevent the registration of the trademark in favor of others (Section 4(d) of RA 166).

On the Opposer's supposition that it is registration which confers ownership of a trademark, we beg to disagree.

"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, R.A. 8293)

Prima facie evidence is defined as, "evidence good and sufficient on its face x x x Evidence which, if unexplained or uncontradicted, is sufficient to sustain an evidence." (Robert P. Wa-acon vs People of the Philippines, GR No. 164575, December 6, 2006)

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 instant case, Opposer's registrations of the trademarks "SAKURA" and "SAKURA & FLOWER DESIGN" is merely a *prima facie* evidence of its ownership of the subject mark and its exclusive right to use the same in its goods. However, Respondent-Applicant satisfactorily proved its superior right over the mark SAKURA through actual sales in local commerce way back 1993 and 1994 by presenting the aforementioned sales invoices. This Bureau is convinced that the evidence of herein Respondent-Applicant is sufficient to overcome the presumption laid in Section 138 of R.A. 8293.

In fact, the Philippines implemented the Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS Agreement) when RA 8293 took into force and effect on 01 January 1998. Article 15, in relation to Article 16(1) of the said Agreement provides that, "it is not the registration that confers ownership of trademark; after, it is ownership of the trademark that gives rise to the right to cause its registration and enjoy exclusive use thereof for the goods associated with it."

Indeed, RA 8293 implements the TRIPS Agreement and therefore, the idea of "registered owner" does not mean that ownership is established by mere registration but that registration establishes merely a presumptive right of ownership. That presumption of ownership yields to superior evidence of actual and real ownership of the trademark and to the TRIPS Agreement requirement that no existing prior rights shall be prejudiced." (Fishwealth Canning Corp. vs. Henry Kawson, Appeal Nos. 10-05-03 and 14-05-06, Office of the Director General, 22 January 2007)

Therefore, this Bureau rules that the *prima facie* presumption of rights granted by Section 138 of the IP Code to Opposer has been overturned by substantial evidence such that though it was granted a registration of the mark "SAKURA" over Classes 07, 09, and 11, Opposer cannot be deemed to have acquired ownership of the mark "SAKURA" for use on goods enumerated in the application as well as on goods related thereto, such mark being confusingly similar to Respondent-Applicant which has proven to have superior right over the mark SAKURA used on related goods.

WHEREFORE, premises considered, the instant Opposition is as, it is hereby DENIED. Accordingly, application bearing Serial No. 4-2001-005131 for the mark "SAKURA" filed in the name of KENSONIC, INC. on 18 July 2001 for use on amplifiers, DVD player, VCD player, video disc recorder under Class 09 of the International Classification of Goods is hereby GIVEN DUE COURSE.

Let the filewrapper of "SAKURA" subject matter of this case together with a copy of this Decision be forwarded to the Bureau of Trademarks (BOT) for appropriate action.

SO ORDERED.

Makati City, 24 October 2008.

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