



LEMANS CORPORATION,  
Opposer,

-versus-

ALVIN BYAN K. CHUA,  
Respondent-Applicant.

X-----X

IPC No. 14-2012-00301

Opposition to:

Appln. Serial No. 4-2011-015080

Date Filed: 19 December 2011

TM: "PARTS UNLIMITED"

### NOTICE OF DECISION

#### BARANDA AND ASSOCIATES

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#### ALVIN BRYAN CHUA

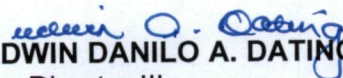
Respondent-Applicant  
Rm. 2801 Chinatown Steel Tower  
Asuncion Street, Binondo, Manila

#### GREETINGS:

Please be informed that Decision No. 2014 - 211 dated August 18, 2014 (copy enclosed) was promulgated in the above entitled case.

Taguig City, August 18, 2014.

For the Director:

  
Atty. EDWIN DANILO A. DATING  
Director III  
Bureau of Legal Affairs





**LEMANS CORPORATION,**  
Opposer,

-versus-

IPC No. 14-2012-00301  
Opposition to Trademark  
Application No. 4-2011-015080  
Date Filed: 19 December 2011

**ALVIN BRYAN K. CHUA,**  
Respondent-Applicant.

X ----- X

Trademark: **"PARTS UNLIMITED"**

Decision No. 2014- 211

### DECISION

Lemans Corporation<sup>1</sup> ("Opposer") filed an opposition to Trademark Application Serial No. 4-2011-015080. The contested application, filed by Alvin Bryan K. Chua<sup>2</sup> ("Respondent-Applicant"), covers the mark "PARTS UNLIMITED" for use on *"motorcycle and vehicle parts and accessories, namely, transmissions, intake-exhaust valves, rocker arms, transmission gearings, gaskets, overhauling gaskets, motorcycle electrical parts namely, capacito y discharge ignition (cdi), ignition coil, stator assembly namely coil stator, stator, pulser, primary coil, light coil, fuel floaters, parts and fittings thereof, all aforementioned as far as included in Class 07", "motorcycle and vehicle parts and accessories, namely, starter relay, flasher, relay, rectifier charger, protective helmets, gauges, radios, speedometers, tachometers, batieries, wiring, cruise controls, switches, breaker points, terminals, starters, circuit breakers, thermostats, battery chargers, armatures, voltage regulators, emergency warning lights, parts and fittings thereof, all the aforementioned as far included in Class 09" and "motorcycle and vehicle parts and accessories, namely engines, cables, clutch cables, throttle cables, speedometer cables, brake cables, car alarms, wipers, covers, tints, car keychains, pedal pads, seat belts pads, seat cushions, air filters, steering wheel covers, seat covers, license plate covers, rack, brake pads, parts and fitting thereof, all the aforementioned as far as included in Class 12"* under Classes 07, 09 and 12, respectively, of the International Classification of Goods<sup>3</sup>.

The Opposer anchors its opposition on the provisions of Sections 123.1 (a)<sup>4</sup> and 165.2 (a) and (b)<sup>5</sup> of RA No. 8293, also known as the Intellectual Property Code

<sup>1</sup> A corporation established under the laws of United States of America with address at 3501 Kennedy Road, Janesville, Wisconsin 53545 USA.

<sup>2</sup> With known address at Rm. 2801 Chinatown Steel Tower, Asuncion Street, Binondo, Manila.

<sup>3</sup> The Nice Classification is a classification of goods and services for the purpose of registering trademark and services marks, based on the multilateral treaty administered by the World Intellectual Property Organization. The treaty is called the Nice Agreement Concerning the International Classification of Goods and Services for the Purpose of the Registration of Marks concluded in 1957.

<sup>4</sup> Section 123.1. A mark cannot be registered if it:

(a) Consists of immoral, deceptive or scandalous matter, or matter which may disparage or falsely suggest a connection with persons, living or dead, institutions, beliefs, or national symbols, or bring them into contempt or disrepute; x x x.



of the Philippines ("IP Code"). It states that its company, which started in 1969 by Fred Fox, is the largest motorcycle, snowmobile, all-terrain vehicle and personal watercraft accessory distributor in the world and employees one thousand (1,000) workers. It avers that it sells over ten thousand (10,000) dealership worldwide and continues to expand with its sister companies, Parts Canada and Drag Specialties. It also maintains that enthusiasts and participants in powersports industry find Parts Unlimited and its sister companies at race events and trade shows across United States of America (USA), Canada and Europe.

According to the Opposer, its trademark "PARTS UNLIMITED" was first used in 1974 when Fox changed the name of its company to Parts Unlimited. It maintains a primary website, <http://www.partsunlimited.com/>, and two other location-based websites, <http://partcanada.com/> and <http://www.partseurope.eu/cms/>, all of which are accessible to people around the world. It claims that its trademark is registered worldwide including USA, Canada, Europe, Japan and China. It first caused registration as early as 11 February 1986 under Registration No. 1382213 issued in the USA. The Opposer alleges that it first used the mark in the Philippines as early as 1995 through its authorized dealer, Philip Ang, with address at 340-342 Rizal Ave., Kalookan City, Metro Manila and that it filed an application of its mark on 02 July 2012 under Trademark Application Serial No. 4-20120501669.

In support of its Opposition, the Opposer submitted the affidavit of Lynne Severson, with annexes, and the printout of its application details from the Intellectual Property Office Philippines (IPOPHL) website.<sup>6</sup>

This Bureau issued a Notice to Answer on 30 March 2012 and served a copy thereof upon the Respondent-Applicant. The Respondent-Applicant, however, did not file an Answer. Accordingly, the Hearing Officer issued on 30 January 2013 Order No. 2013-201 declaring the Respondent-Applicant in default and the case submitted for decision.

The issue to be resolved in this case is whether the trademark application by Respondent-Applicant for "PARTS UNLIMITED" should be allowed.

Records reveal that the Respondent-Applicant filed for an application of registration of its mark "PARTS UNLIMITED" on 19 December 2011. The Opposer, on the other hand, filed its application for the same mark only on 02 July 2012. Aptly, the latter raised the issue on ownership.

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<sup>5</sup> Section 165.2. (a) Notwithstanding any laws or regulations providing for any obligation to register trade names, such names shall be protected, even prior to or without registration, against any unlawful act committed by third parties.

(b) In particular, any subsequent use of the trade name by a third party, whether as a trade name or a mark or collective mark, or any such use of a similar trade name or mark, likely to mislead the public, shall be deemed unlawful.

<sup>6</sup> Marked as Exhibits "B" to "C", inclusive.



As shown below, the competing marks are obviously closely identical:



*Opposer's mark*



*Respondent-Applicant's mark*

The marks are identical, such that the likelihood of confusion and/or deception is strong because the marks are used on similar and/or related goods. Thus, while Opposer incorrectly cited Section 123.1(a) of the IP Code as basis for its opposition, Respondent-Applicant's mark still cannot be allowed registration as the same is proscribed by Section 123.1 (d) of the law, to wit:

***"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;***

The public interest, therefore, requires that the 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 trademark is to point out distinctly the origin or ownership of the goods to which it is affixed; to 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>7</sup>

It is stressed that the Philippines implemented the TRIPS Agreement when the IP Code took into force and effect on 01 January 1998. Art. 15 of the TRIPS Agreement reads:

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<sup>7</sup> Pribhdas J. Mirpuri v. Court of Appeals, G.R. No. 114508, 19 November 1999.



**Section 2: Trademarks**  
**Article 15**  
**Protectable subject Matter**

- 1. Any sign, or any combination of signs, capable of distinguishing the goods or services of one undertaking from those of other undertakings, shall be capable of constituting a trademark. Such signs, in particular words, including personal names, letters, numerals, figurative elements and combinations of colours as well as any combination of such signs, shall be eligible for registration as trademarks. Where signs are not inherently capable of distinguishing the relevant goods or services, members may make registrability depend on distinctiveness acquired through use. Members may require, as a condition of registration, that signs be visually perceptible.**
- 2. Paragraph 1 shall not be understood to prevent a Member from denying registration of a trademark on other grounds, provided that they do not derogate from the provision of the Paris Convention (1967).**
- 3. Members may make registrability depend on use. However, actual use of a trademark shall not be a condition for filing an application for registration. An application shall not be refused solely on the ground that intended use has not taken place before the expiry of a period of three years from the date of application.**
- 4. The nature of the goods or services to which a trademark is to be applied shall in no case form an obstacle to registration of the trademark.**
- 5. Members shall publish each trademark either before it is registered or promptly after it is registered and shall afford a reasonable opportunity for petitions to cancel the registration. In addition, Members may afford an opportunity for the registration of a trademark to be opposed.**

Further, Article 16 (1) of the TRIPS Agreement states:

- 1. The owner of a registered trademark shall have the exclusive right to prevent all third parties not having the owner's consent from using in the course of trade identical or similar signs for goods or services which are identical or similar to those in respect of which the trademark is registered where such use would result in a likelihood of confusion. In case of the use of an identical sign for identical goods or services, a likelihood of confusion shall be presumed. The rights described above shall not prejudice any existing prior rights, not shall they affect the possibility of Members making rights available on the basis of use.**

Significantly, Section 121.1 of the IP Code adopted the definition of the mark under the old Law on Trademarks (Rep. Act No. 166), to wit:

**"121.1. 'Mark' means any visible sign capable of distinguishing the goods (trademark) or services (service mark) of an enterprise and shall include a stamped or marked container of goods; (Sec. 38, R.A. No. 166a)"**



Section 122 of the IP Code states:

***"Sec. 122. How Marks are Acquired. – The rights in a mark shall be acquired through registration made validly in accordance with the provisions of this law. (Sec. 2-A, R.A. No. 166a)"***

There is nothing in Section 122 which says that registration confers ownership of the mark. What the provision speaks of is that the rights in a mark shall be acquired through registration, which must be made validly in accordance with the provisions of the law.

Clearly, it is not the application or the registration that confers ownership of a mark, but it is ownership of the mark that confers the right to registration. While the country's legal regime on trademarks shifted to a registration system, it is not the intention of the legislators not to recognize the preservation of existing rights of trademark owners at the time the IP Code took into effect.<sup>8</sup> The registration system is not to be used in committing or perpetrating an unjust and unfair claim. A trademark is an industrial property and the owner thereof has property rights over it. The privilege of being issued a registration for its exclusive use, therefore, should be based on the concept of ownership. The IP Code 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. In **E.Y. Industrial Sales, Inc. vs. Shen Dar Electricity and Machinery Co., Ltd.**<sup>9</sup>, the Supreme Court held:

**"RA 8293 espouses the "first-to-file" rule as stated under Sec. 123.1(d) which states:**

**x x x**

**Under this provision, the registration of a mark is prevented with the filing of an earlier application for registration. This must not, however, be interpreted to mean that ownership should be based upon an earlier filing date. While RA 8293 removed the previous requirement of proof of actual use prior to the filing of an application for registration of a mark, proof of prior and continuous use is necessary to establish ownership of a mark. Such ownership constitutes sufficient evidence to oppose the registration of a mark.**

**Sec. 134 of the IP Code provides that 'any person who believes that he would be damaged by the registration of a mark x x x' may file an**

<sup>8</sup> See Section 236 of the IP Code.

<sup>9</sup> G.R. No. 184850, 20 October 2010.



opposition to the application. The term 'any person' encompasses the true owner of the mark, the prior and continuous user.

Notably, the Court has ruled that the prior and continuous use of a mark may even overcome the presumptive ownership of the registrant and be held as the owner of the mark. As aptly stated by the Court in *Shangri-la International Hotel Management, Ltd. v. Developers Group of Companies, Inc.*:

Registration, without more, does not confer upon the registrant an absolute right to the registered mark. The certificate of registration is merely a prima facie proof that the registrant is the owner of the registered mark or trade name. Evidence of prior and continuous use of the mark or trade name by another can overcome the presumptive ownership of the registrant and may very well entitle the former to be declared owner in an appropriate case.

x x x x

Ownership of a mark or trade name may be acquired not necessarily by registration but by adoption and use in trade or commerce. As between actual use of a mark without registration, and registration of the mark without actual use thereof, the former prevails over the latter. For a 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.

x x x x

By itself, registration is not a mode of acquiring ownership. When the applicant is not the owner of the trademark being applied for, he has no right to apply for registration of the same. Registration merely creates a prima facie presumption of the validity of the registration, of the registrant's ownership of the trademark and of the exclusive right to the use thereof. Such presumption, just like the presumptive regularity in the performance of official functions, is rebuttable and must give way to evidence to the contrary." (Emphases supplied.)

In the instant case, the Opposer has proven that it is the prior user of the mark "PARTS UNLIMITED". The published write-ups regarding Fred Fox and Parts Unlimited Distributing, the representative copies of the invoices as well as the sales invoices to the Philippines<sup>10</sup> all reveal that it has adopted the said mark even before the Respondent-Applicant filed its application. The Respondents-Applicant's earlier filing of an application as against the Opposer's proof of ownership, the latter must prevail. Verily, it is curious how Respondent-Applicant came up with a mark which exactly replicates that of the Opposer. Of course, as in all other cases of colorable imitations, 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

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<sup>10</sup> Annexes "B", "D" and "F" of Exhibit "B".



to another's trademark if there was no intent to take advantage of the goodwill generated by the other mark.<sup>11</sup>

The intellectual property system was established to recognize creativity and give incentives to innovations. Similarly, the trademark registration system seeks to reward entrepreneurs and individuals who through their own innovations were able to distinguish their goods or services by a visible sign that distinctly points out the origin and ownership of such goods or services.

**WHEREFORE**, premises considered, the instant Opposition to Trademark Application No. 4-2011-015080 is hereby **SUSTAINED**. Let the filewrapper of the subject trademark application be returned, together with a copy of this Decision, to the Bureau of Trademarks for information and appropriate action.

SO ORDERED.

Taguig City, 18 August 2014.



**Atty. NATHANIEL S. AREVALO**  
Director IV, Bureau of Legal Affairs

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<sup>11</sup> American Wire & Cable Company vs. Director of Patents, G.R. No. L-26557, 18 February 1970.