

TOYODA GOSEI CO., LTD.,
Petitioner,

-versus-

JRD DYNAMICS CO.,
Respondent- Registrant.

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}
} **IPC No. 14-2011-00440**
} Cancellation of:
} Registration No. 4-2008-007747
} Date Issued: 12 January 2009
} **TM: "TOYODA GOSEI AND**
} **DEVICE"**
}
}
}
}

NOTICE OF DECISION

FEDERIS & ASSOCIATES LAW FIRM
Counsel for the Petitioner
Suite 2004 88 Corporate Center
141 Valero corner Sedeño Street
Salcedo Village, Makati City


JRD DYNAMICS COMPANY
Respondent-Registrant
9-D Apo Street, Quezon City

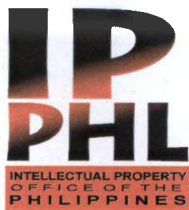
GREETINGS:

Please be informed that Decision No. 2016 - 112 dated April 08, 2016 (copy enclosed) was promulgated in the above entitled case.

Taguig City, April 08, 2016.

For the Director:


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



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IPC NO. 14-2011-00440

Cancellation of:
TM Registration No. 4-2008-007747
Date Issued: 12 January 2009
TM: "TOYODA GOSEI AND DEVICE"

DECISION NO. 2016- 112

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DECISION

TOYODA GOSEI CO., LTD.,¹ ("Petitioner") filed a Petition for Cancellation of Trademark Registration No. 4-2008-007747. The registration issued to JRD DYNAMICS CO.² ("Respondent-Registrant"), covers the mark "TOYODA GOSEI AND DEVICE" for use on "*trading refers to wholesale and retail of automotive spare parts, motorcycle spare parts and accessories*" under Class 35 of the International Classification of Goods.³

The Petitioner alleges the following:

"Toyoda Gosei Co., Ltd. ('Petitioner') seeks the cancellation of the subject registration on the following grounds:

"a. The trademark 'TOYODA GOSEI AND DEVICE' is identical and therefore confusingly similar to Opposer's trademark 'TG Design' and hence, constitutes a blatant violation of Sections 123.1 (d) and 147 of Republic Act 8293 or the Intellectual Property Code of the Philippines ('IP Code') and thus, it should be cancelled pursuant to Section 151.1 (b) in relation to Section 123.

"b. 'TOYODA GOSEI' is Petitioner's corporate name, and hence, under Section 165 of the Intellectual Property Code ('IP Code'), it can no longer be appropriated, used and registered as trademark by Respondent-Registrant.

"c. Petitioner is a holder of numerous certificates of registration for the 'TOYODA GOSEI' and 'TG Design' trademarks issued in various countries, and hence, the continued registration of the trademark will damage Petitioner, whose foreign registrations are protected under Section 134 of the IP Code.

"d. Petitioner has already identified its goods and services in the mind of the public through its well-known goods and services bearing the 'TOYODA GOSEI' and 'TG Design' trademark and hence, it is entitled to protection under Section 168.1 of the IP Code.

"e. The use of 'TOYODA GOSEI' by the Respondent-Registrant on the goods described in the subject application will inevitably indicate an association by the public with the goods of the Opposer under the same trademark, and thus, its registration is proscribed under 147 of the IP Code.

¹A foreign corporation organized and existing under the laws of Japan with principal address at 1 Haruhinagahata, Kiyosu-shi, Aichi-ken, Japan.

²A domestic corporation with address at Unit 9-D Apo Street, Sta. Mesa Heights, Quezon City.

³The Nice Classification is a classification of goods and services for the purpose of registering trademarks and service marks based on a multilateral treaty administered by the World Intellectual Property Organization. This treaty is called the Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of Registration of Marks concluded in 1957.



"f. The subject registration was obtained in bad faith, because there can be no reasonable explanation of the adoption and coinage of the word 'TOYODA GOSEI' by Respondent-Registrant, whose name, JRD Dynamics Co. has no connection in any way with 'TOYODA GOSEI' as to merit its coinage by JRD Dynamics Co., and hence, the inference xxx is that 'TOYODA GOSEI' was chosen deliberately by Respondent-Registrant to deceive the public, and, xxx, to take advantage of the goodwill of Petitioner's well-known 'TOYODA GOSEI' and 'TG Design' trademarks.

"g. The continued registration of the 'TOYODA GOSEI AND DEVICE' in favor of Respondent-Registrant will result in trademark dilution as it will diminish the distinctiveness of Petitioner's well-known 'TOYODA GOSEI' and 'TG Design' marks."

The Petitioner's evidence consists of the following:

1. Exhibit "A" - Affidavit of Masahiro Kotaki;
2. Exhibit "B" - Affidavit of Amando S. Aumento, Jr.;
3. Exhibit "C" - legalized Special Power of Attorney executed by Toyoda Gosei Co., Ltd. in favor of Federis and Associates Law Offices;
4. Exhibit "D" - Affidavit of Amando S. Aumento, Jr.
5. Exhibit "E" - legalized Special Power of Attorney;
6. Exhibit "F" - certified true copy of Trademark Registration No. 4-2004-012161 for the mark "TG DEVICE (STANDARD) issued by IPOPHL;
7. Exhibit "G" - certified true copy of Trademark Registration No. 4-2004-012162 for the mark "TG DEVICE (VARIATION) issued by IPOPHL;
8. Exhibit "H" to "H-2" - copies of Toyoda Gosei Co. Ltd.'s Annual Reports for the years 2008-2010;
9. Exhibit "I" to "I-2" - printouts of the website of Toyoda Gosei Co., Ltd.;
10. Exhibit "J" - Affidavit of Masahiro Kotaki;
11. Exhibit "K" - certified true copy of Japanese Trademark Registration No. 1179383 for the Japanese equivalent of the mark "TOYODA GOSEI";
12. Exhibits "L" to "L-11" - copies of certificates of trademark registrations for the mark "TG DESIGN"; and
13. Exhibits "M" to "M-15" - copies of Japanese certificates of registrations for the mark "TREFUERZA TOYODA GOSEI.

This Bureau issued on 20 October 2011 a Notice to Answer and served a copy thereof to the Respondent-Registrant on 09 January 2012. Despite receipt of the Notice, Respondent-Registrant failed to file the Answer. On 10 December 2012, this Bureau issued Order No. 2012-1581 declaring Respondent-Registrant in default. Accordingly, pursuant to Rule 2 Section 10 of the Rules and Regulations on Inter Partes Proceedings, as amended, the case is deemed submitted for decision on the basis of the petition, the affidavits of witnesses, if any, and the documentary evidence submitted by the Petitioner.

Should Trademark Registration No. 4-2008-007747 for the mark "TOYODA GOSEI AND DEVICE" be cancelled?

Section 151 of the Intellectual Property Code of the Philippines ("IP Code") provides:

Sec. 151. Cancellation. -151.1 A petition to cancel a registration of mark under this Act may be filed with the Bureau of Legal Affairs by any person who believes that he is or will be damaged by the registration of a mark under this Act as follows:

x x x

(b) At any time, if the registered mark becomes generic name for the goods or services, or a portion thereof, for which it is registered, or has been abandoned, or its registration was obtained fraudulently or contrary to the provisions of this Act, or if the registered mark is being used by, or with the permission of, the registrant so as to misrepresent the source of the goods or services or in connection with which the mark is used. xxx

The records will show that Petitioner is the registered owner of two (2) variants of TG Design marks which are existing and valid since 2007 for goods under Class 12 and 17. On the other hand, Respondent-Registrant's mark was applied for registration only on 30 June 2008 and was issued the registration on 12 January 2009 for its mark TOYODA GOSEI AND DESIGN for use on "trading refers to wholesale and retail of automotive spare parts, motorcycle spare parts and accessories" under Class 35. Indubitably, the registration of Petitioner's mark precedes that of Respondent-Registrant. But are the marks of the parties identical or confusingly similar?

The parties marks are reproduced for comparison:



Petitioner's Marks



Respondent-Registrant's Mark

It is very clear that the competing marks contain the letters TG. Petitioner's marks consists of the letters TG inside a hexagon while Respondent-Registrant's mark consists of the letters TG written above the words TOYODA GOSEI and enclosed in a rectangular shape. Because of these differences in their marks, it would seem that Petitioner's and Respondent-Registrant's marks are not confusingly similar. However, the records will also show that the words "TOYODA GOSEI" appearing in Respondent-Registrant's mark is the trade name of Petitioner. The records of this case is bereft of any explanation how Respondent-Registrant came up with the words "toyoda gosei" as its mark. Absence of such explanation, there is no other conclusion other than that Respondent-Registrant copied the same deliberately, with malice and in bad faith from Petitioner. Respondent-Registrant is engaged in similar and/or related business as that of Petitioner, as such, in doing business, it should have known or is familiar with Petitioner and its products bearing the mark TG.

Since Respondent-Registrant is not the originator or owner of the mark, the same should not have been registered in its name. Well-entrenched is the principle that trademark registration is based on ownership. In *Berris v. Noroy Abdayang*⁴, the Supreme Court held:

The ownership of a trademark is acquired by its registration and its actual use by the manufacturer or distributor of the goods made available to the purchasing public. Section 122 of R.A. No. 8293 provides that the rights in a mark shall be acquired by means of its valid registration with the IPO. A certificate of registration of a mark, once issued, constitutes prima facie evidence of the validity of the registration, of 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

⁴ G.R. No. 183404, October 13, 2010.

are related thereto specified in the certificate. R.A. No. 8293, however, requires the applicant for registration or the registrant to file a declaration of actual use (DAU) of the mark, with evidence to that effect, within three (3) years from the filing of the application for registration; otherwise, the application shall be refused or the mark shall be removed from the register. In other words, **the prima facie presumption brought about by the registration of a mark may be challenged and overcome, in an appropriate action, by proof of the nullity of the registration or of non-use of the mark, except when excused. Moreover, the presumption may likewise be defeated by evidence of prior use by another person, i.e., it will controvert a claim of legal appropriation or of ownership based on registration by a subsequent user. This is because a trademark is a creation of use and belongs to one who first used it in trade or commerce.** [Emphasis supplied.]

Clearly, it is not the registration of the mark which confers ownership. "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."⁵ Thus, while the certificate of registration issued to Respondent-Registrant creates a *prima facie* presumption of the validity of registration and ownership thereof, such presumption can be controverted by evidence on the contrary, that is, by proving that the party seeking the cancellation of the mark has a prior and better right as against the registrant.

Furthermore, Section 165 of the IP Code states that:

Sec. 165. Trade Names or Business Names. -

x x x

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.

In *Philips Export B.V. v. Court of Appeals*,⁶ the Supreme Court held that:

The right to the exclusive use of a corporate name with freedom from infringement by similarity is determined by priority of adoption. In this regard, there is no doubt with respect to Petitioners' prior adoption of the name "PHILIPS" as part of its corporate name. Petitioners Philips Electrical and Philips Industrial were incorporated on 29 August 1956 and 25 May 1956, respectively, while Respondent Standard Philips was issued a Certificate of Registration on 12 April 1982, twenty-six (26) years later. Petitioner PEBV has also used the trademark "PHILIPS" on electrical lamps of all types and their accessories since 30 September 1922, as evidenced by Certificate of Registration No. 1651.

In the case at bar, Petitioner was able to show that it is the prior adopter of the trade name TOYODA GOSEI which it adopted since 1973.⁷ TOYODA GOSEI has also been adopted as the trade name of Petitioner's

⁵ See *Decision, IPC No. 14-2008-00046, 21 January 2013, available at* <http://onlineservices.ipophil.gov.ph/ipcaselibrary/> <accessed 10 June 2013.

⁶ *G.R. No. 96161 February 21, 1992*


subsidiaries and affiliates. As such, a corporation has an exclusive right to the use of its name. The right proceeds from the theory that it is a fraud on the corporation which has acquired a right to that name and perhaps carried on its business there under, that another should attempt to use the same name, or the same name with a slight variation in such a way as to induce persons to deal with it in the belief that they are dealing with the corporation which has given a reputation to the name.⁸ The continued use and registration of the mark TOYODA GOSEI and Device by Respondent-Registrant is violative of the provisions of Section 165 of the IP Code and prejudicial to the interest of Petitioner.

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 Petition for Cancellation is hereby **GRANTED**. Let the filewrapper of Trademark Reg. No. 4--2008-007747 be returned, together with a copy of this Decision, to the Bureau of Trademarks for information and appropriate action.

SO ORDERED.

Taguig City, 08 April 2016.



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

⁷ See Exhibit "J", Affidavit of Masahiro Kotaki pp. 1-2.

⁸ *Supra* note 4