

**YAMAHA HATSUDOKI KABUSHIKI KAISHA (also}**  
**Doing business as Yamaha Motor Co., Ltd.,) }**  
**And YAMAHA MOTOR PHILIPPINES INC., }**  
*Complainants, }*

-versus-

**RACAL MOTOR SALES CORPORATION and }**  
**RACAL MOTOR ASSEMBLY CORPORATION, }**  
*Respondents. }*

X-----X

**IPV No. 10-2013-00024**

For: Complaint for Infringement  
of Industrial Design, Injunction and  
Damages with Prayer for Interim Injunction

### NOTICE OF DECISION

**ROMULO MABANTA BUENAVENTURA**  
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**RACAL MOTOR SALES CORPORATION**  
*Respondent*  
Mc Arthur Hi-Way, Brgy. Poblacion  
Guiguinto, Bulacan

**ATTY. BRILLA S. RACAL-ZULUETA, CPA**  
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1 Greenwoods Village, Brgy. Paliparan 1,  
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**RACAL MOTOR ASSEMBLY CORPORATION**  
*Respondent*  
No. 1 Denghua Street, Mabuhay Textile  
Mill Compound, Malinta,  
1444 Valenzuela City

### GREETINGS:

Please be informed that Decision No. 2016 - 12 dated 19 September 2016 (copy enclosed) was promulgated in the above entitled case.

Taguig City, 19 September 2016.

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

**YAMAHA HATSUDOKI KABUSHIKI KAISHA** }  
(also doing business as Yamaha Motor Co.,Ltd.)) }  
and **YAMAHA MOTOR PHILIPPINES INC.,** }  
Complainants, }

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**RACAL MOTOR SALES CORPORATION and** }  
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Industrial Design, Injunction and Damages  
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Decision No. 2016 - 12

## DECISION BASED ON COMPROMISE AGREEMENT

**YAMAHA HATSUDOKI KABUSHIKI KAISHA** (also doing business as Yamaha Motor Co.,Ltd.) and **YAMAHA MOTOR PHILIPPINES INCORPORATED** ("Complainants"), filed a complaint against **RACAL MOTOR SALES CORPORATION and RACAL MOTOR ASSEMBLY CORPORATION** ("Respondents") for alleged infringement of industrial design, injunction and damages. Pursuant to the Rules and Regulations on Administrative Complaints for Violation of Laws Involving Intellectual Property Rights, this Bureau issued a Notice to Answer and served copies thereof upon the Respondents on 04 September 2013. The Respondents filed their Answer on 04 October 2013 refuting the material allegations of the Complainants.

In compliance with Office Order No. 154, s. 2010 ("*Rules of Procedure for IPO Mediation Proceedings*") and Office Order No. 197, s. 2010 ("*Mechanics for IPO Mediation and Settlement Period*"), this Bureau issued on 09 September 2014 Order No. 2013-150 referring the case to mediation.

On 06 September 2016, the ADR Services of this Bureau submitted a Mediation Report indicating a settlement by the parties. Attached to the report is the parties' Settlement Agreement, the pertinent portions of which read:

"NOW, THEREFORE, for and in consideration of the premises and the mutual covenants set forth therein, the Parties hereby agree as follows:

### "1. Acknowledgement of Rights

1.1 RMSC and RMAC hereby recognize and acknowledge Yamaha's industrial design rights in the Yamaha Designs.

1.2 RMSC and RMAC acknowledge and do not dispute the validity of the registrations as evidenced by Annexes 'A-1 and 'A-2'.



## **"2. Acknowledgement of Infringement**

2.1 RMSC acknowledges that even with a duty of care, it had unknowingly promoted and sold, and RMAC acknowledges that even with a duty of care, it had unknowingly purchased, imported and assembled motorcycle models that bear and incorporate nearly all of the dominant and significant design elements of the Yamaha Designs without the consent and permission of Yamaha.

2.2 The motorcycle models referred to in Clause 2.1 above are RACAL Model MD110 ('MD110') and RACAL Model JR125 ('JR125'), which bear and incorporate nearly all of the dominant and significant design elements of Yamaha Sniper and Yamaha Mio Soul, respectively, and thus, are substantially similar to the registered Yamaha Designs. Photographs of the Infringing Models are attached as Annexes 'C-1' and 'C-2' hereof.

## **"3. Remaining Products and Destruction Thereof**

3.1 RMSC and RMAC represent that they have no more remaining stocks of the MD110 and JR125 models in their possession or control.

3.2 Should RMSC and/or RMAC discover that they still have remaining stocks of the MD110 and/or JR125 models, they shall notify Yamaha in writing within three (3) days from such discovery and arrange for the immediate destruction of such remaining stocks in the presence of a representative from Yamaha and/or Yamaha Philippines.

3.3 If Yamaha finds substantial evidence that RMSC and/or RMAC still have remaining stocks of the MD110 and/or JR125 models, RMSC and/or RMAC shall grant access to Yamaha and Yamaha Philippines's representatives to visit and inspect any of its stores and warehouses to confirm that RMSC and/or RMAC have no remaining stocks of the MD110 and/or JR125 models and if remaining stocks of the MD110 and/or JR125 models are found, Yamaha shall notify in writing and demand from RMSC and/or RMAC, and RMSC and/or RMAC shall arrange for, the immediate destruction of such MD110 and/or JR125 models in the presence of a representative from Yamaha and/or Yamaha Philippines.

## **"4. Public Apology**

4.1 RMSC and RMAC shall cause the publication of the Public Apology, substantially in the manner and form, including font and color, as attached hereto as Annexes 'D-1 and 'D-2' in all of the newspapers and magazines and

in the size and frequency indicated in Annex 'E' hereof at the sole cost and expense of RMSC and RMAC to the extent of TWO HUNDRED THOUSAND PHILIPPINE PESOS (PhP 200,000.00). Notwithstanding the foregoing, for purposes of compliance with the respective rules for publication in the newspapers and magazines, Yamaha reserves the right to make and require revisions in the manner or form of the Public Apology, including the layout, font type and size, and/or color thereof as well as the timing of the publication in the newspapers and magazines at its own expense.

4.2 RMSC and RMAC shall also cause the publication of the Public Apology in the form substantially agreed upon in annexes 'D-1' and 'D-2' hereof and in 1200 x 1000 pixel size in its website, (<http://racalmotors.com/>, and/or any other website they use) and Facebook page (<http://www.facebook.com/RacalMotorcycles/?fref=ts>, and/or any Facebook page they use, with the Public Apology pinned to the top of the Facebook timeline) for a duration of one (1) month and within a period of three (3) months from the first publication.

4.3 Within five (5) working days from the completion of the final publication required under Clause 4.1 above, RMSC and/or RMAC shall provide Yamaha proof of such publications in the form of sworn certifications from each of the newspapers and magazines listed in Annex E' that such publications were made and attaching copies of the actual publications made in such newspapers and magazines.

4.4 In addition to the publication of the Public Apology in the newspapers and magazines as indicated in Annex E', Yamaha shall, at its own expense, and within one (1) year from the signing of this Agreement, cause the publication of a Public Apology substantially in the manner and form, including font and color, as attached hereto as Annex 'F' in the newspapers and magazines and in the size and frequency Yamaha deems proper. Yamaha may require the inclusion of a warning notice as part of the Public Apology, at its sole discretion and substantially in the manner and form solely acceptable and satisfactory to Yamaha. RMSC and/or RMAC shall cooperate with Yamaha for the publication and shall provide its consent, if required and of which shall not be unreasonably withheld at all time, for purposes of compliance with the respective rules for publication in the newspapers and magazines.

## **"5. Withdrawal of Complaints**

5.1 Upon receipt of proof of compliance with Clause 4.3 and Clause 6.4 hereof, Yamaha and Yamaha Philippines shall withdraw its complaint with the Bureau of Legal Affairs of Intellectual Property Office of the Philippines, which is docketed as IPV Case No. 10-2013-00024.



5.2 If Yamaha determines that RMSC and/or RMAC have not complied with Clause 3.2, Clause 3.2, Clause 4.0 and clause 6.4 hereof, it shall not be obliged to withdraw the complaint described in Clause 5.1 above.

#### **"6. Future Use**

6.1 RMSC and/or RMAC undertake and confirm that they ceased buying, importing, assembling, selling, distributing, promoting or otherwise dealing in the MD110 and JR125 models.

6.2 RMSC and/or RMAC, including its subsidiaries and Affiliates, directors and officers, shall, in the future, cease and desist from buying, importing, assembling, selling, distributing, promoting or otherwise dealing in the MD110 and JR125 models.

6.3 RMSC and/or RMAC, undertakes that they and/or any of their Affiliates shall not knowingly nor negligently import, buy, assemble, use, make, distribute or sell anywhere in the world products using Yamaha Designs or any other industrial designs similar thereto or infringe any industrial designs, patents, trademarks, copyright and/or any other intellectual property rights owned by Yamaha or any of its affiliates and subsidiaries.

Should Yamaha finds that RMSC, RMAC and/or any of their Affiliates have imported, bought, assembled, used, made, distributed, or sold products using Yamaha Designs or any other industrial design similar thereto or that RMSC, RMAC and/or any of their Affiliates have infringed any industrial designs, patents, trademarks, copyright and/or any other intellectual property rights owned by Yamaha or any of its affiliates and subsidiaries, it shall notify RMSC, RMAC and/or any of their Affiliates in writing to cease and desist from doing so. RMSC and/or RMAC and/or any of their Affiliates shall be given fifteen (15) days from receipt of notice to completely cease and desist from importing, buying, assembling, making, distributing, or selling products using Yamaha Designs or any other industrial design similar thereto or from infringing any industrial designs, patents, trademarks, copyright and/or any other intellectual property rights owned by Yamaha or any of its affiliates and subsidiaries. If, after fifteen (15) days from receipt of notice, RMSC, RMAC and/or any of their Affiliates is found to have failed to completely cease and desist from performing the said acts, RMSC and/or RMAC shall be deemed to have breached this Clause and subject to the liquidated damages as provided in Clause 8.2. *Provided further*, that if RMSC, RMAC and/or any of their Affiliates fail to provide proof that they could not have reasonably known of the Yamaha Designs, industrial designs, patents, trademarks, copyright and/or other intellectual property rights owned by Yamaha, RMSC and/or RMAC shall be presumed to have knowingly imported, bought, assembled, used, made, distributed, or sold products using Yamaha Designs or any other industrial

design similar thereto or to have knowingly infringed any industrial designs, patents, trademarks, copyright and/or any other intellectual property rights owned by Yamaha or any of its affiliates and subsidiaries and RMSC and/or RMAC shall be deemed to have breached this Clause subject to the liquidated damages as provided in Clause 8.2.

'Affiliates' shall mean any entity which (i) is controlled directly or indirectly by RMSC and/or RMAC, (ii) controls RMSC and/or RMAC directly or indirectly, or (iii) under common control with such entity, by having a fifty percent (50%) or greater interest in the share capital or otherwise, through appointing majority of the directors.

6.4 Within three (3) working days from the date of this Agreement, RMSC and RMAC shall deliver to Yamaha a sworn undertaking duly signed by their authorized representative that they will perform and comply with the covenants in Clauses 6.1 to 6.3 above.

## **"7. Warranties**

7.1 Each Party represents and warrants to the other Party that:

7.1.1 it has full authority and legal capacity to enter into this Agreement;

7.1.2 the execution, delivery and performance of this Agreement by it has been duly authorized by all requisite corporate action and it has the capacity to carry out all obligations and requirements herein;

7.1.3 each person executing and delivering this Agreement on its behalf has been duly authorized by it to execute and deliver this Agreement;

7.1.4 this Agreement constitutes its legal, valid and binding obligation, enforceable against it in accordance with its terms; and

7.1.5 its entry into this Agreement does not conflict with, or result in any breach of, or constitute a default under, any material agreement, indenture, document or instrument or any judgment, decree, order, writ, injunction to which it is a party or by which it is bound.

## **"8. Breach**

8.1 RMSC and/or RMAC acknowledge and agree that should there be any breach of the terms of this Agreement, whether in whole or in part, including misrepresentations on the part of RMSC or RMAC, Yamaha shall have the right to take further legal action to enforce its rights under the law.



8.2 RMSC and/or RMAC agree that in case of its breach of Clause 6.1, Clause 6.2, Clause 6.3, Clause 6.4, Clause 10.1 and Clause 10.2 hereof as adjudged with finality by the proper government agencies or courts, whether in whole or in part, including misrepresentations on the part of RMSC or RMAC, they shall be solidarily obliged to pay Yamaha by way of liquidated damages the amount in the amount of TEN MILLION PHILIPPINE PESOS (PhP 10,000,000.00) for each and every instance of breach.

#### **"9. Taxation**

9.1 Each Party agrees that it shall, for its account, bear any taxes imposed upon it arising from this Agreement.

#### **"10. Confidentiality**

10.1 RMSC and/or RMAC shall not use, disclose or part with possession of any information or data belonging to Yamaha and Yamaha Philippines which is disclosed or comes into its possession directly or indirectly as a result of this Agreement and the provisions thereof, that had been specified as confidential, except as may be strictly necessary to perform its obligations or exercise its rights under the terms of this Agreement.

10.2 The terms and conditions of this Agreement are confidential and shall not, in any manner, be disclosed by RMSC and/or RMAC to other parties without the prior written consent of Yamaha.

#### **"11. Interpretation**

11.1 This Agreement may be amended, waived or modified only by an agreement in writing signed by the Parties of their respective assigns or successors in interest.

11.2 The Parties agree that this Agreement shall be binding, valid and enforceable against, and the benefits thereof shall inure to, their successors, licensees and assigns.

11.3 Nothing in this Agreement shall prevent any of the Parties from exercising its rights in relation to causes of action arising after the date of this Agreement, or disputes arising from matters not related to the dispute covered by this Agreement.

**"12. Governing Law**

12.1 This Agreement shall be governed by and construed in accordance with the laws of the Philippines.

12.2 The Parties agree that any dispute arising from this Agreement shall be referred only to the appropriate court in Makati City, Metro Manila having lawful jurisdiction in the Philippines and to the exclusion of all other courts.

12.3 In the event of any breach of the terms of this Agreement, Yamaha reserves its rights to enforce its intellectual property rights against RMSC and/or RMAC whether in a civil, criminal or administrative action. Yamaha further reserves its right to enforce its intellectual property rights under the appropriate law or under this Agreement.

**"13. Entire Agreement**

13.1 This Agreement embodies the entire agreement between the Parties with respect to the subject matter.

13.2 In the event that any clause in this Agreement is determined to be invalid or unenforceable by any court of law, such determination shall not affect the validity of the remaining clauses, which shall continue to be binding and enforceable.

**"14. Approval by the Intellectual Property Office**

14.1 The Parties understand that this Agreement will be submitted to the Intellectual Property Office of the Philippines for its approval and that judgment on this case, IPV Case No. 10-2013-00024, shall be rendered based on the terms of this Agreement.

14.2 The Parties also understand that upon approval by the Intellectual Property Office of the Philippines of this Agreement, the terms of the Agreement are enforceable by an appropriate motion filed with the Intellectual Property Office of the Philippines, without prejudice to other legal remedies available in the premises.

**"15. Number of Originals**

15.1 The Parties shall execute eight (8) original copies of this Agreement.



15.2 Each Party will hold one (10) original, two (2) originals shall be submitted to the Intellectual Property Office of the Philippines, and two (2) originals shall be kept by the notary public."


This Bureau evaluated the Settlement Agreement and finds that the same has been duly entered into by the parties with the terms and conditions thereof not contrary to law, morals, good customs, public order or public policy.

Accordingly, an approved Compromise Agreement shall have the effect of a decision or judgment on the case and shall be enforced in accordance with the pertinent rules of the Intellectual Property Office of the Philippines and the Rules of Court.<sup>1</sup>

**WHEREFORE**, premises considered, the parties' Compromise Agreement is hereby **APPROVED**. Accordingly, with the approved Compromise Agreement, having the force and effect of a decision or judgment, the parties are enjoined to faithfully comply with the terms set forth therein.

**SO ORDERED.**

Taguig City, 11 9 SEP 2016.

  
**ATTY. NATHANIEL S. AREVALO**  
Director IV  
Bureau of Legal Affairs

Copy furnished:

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<sup>1</sup> Office Order No. 154 Series of 2010.

**RACAL MOTOR SALES CORPORATION**

Respondent

Mc Arthur Hi-way, Brgy. Poblacion

Guiguinto, Bulacan

**RACAL MOTOR ASSEMBLY CORPORATION**

Respondent

No. 1 Denghua Street, Mabuhay Textile Mill Compound

Malinta, 1444 Valenzuela City

*cpb*