

DAISO INDUSTRIES CO., LTD.,
Opposer,

-versus-

JAPAN HOME, INC.,
Respondent- Applicant.

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}
} IPC No. 14-2012-00448
} Opposition to:
} Appln. Serial No. 4-2012-002504
} Date Filed: 29 February 2012
} TM: "THE DAISO JAPAN
} HOME CENTRE"
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}
}
}
}

NOTICE OF DECISION

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LIN & PARTNERS LAW FIRM

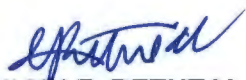
Counsel for Respondent- Applicant
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No. 22 Timog Avenue, Quezon City

GREETINGS:

Please be informed that Decision No. 2016 - 448 dated December 06, 2016 (copy enclosed) was promulgated in the above entitled case.

Pursuant to Section 2, Rule 9 of the IPOPHL Memorandum Circular No. 16-007 series of 2016, any party may appeal the decision to the Director of the Bureau of Legal Affairs within ten (10) days after receipt of the decision together with the payment of applicable fees.

Taguig City, December 13, 2016.


MARILYN F. RETUTAL
IPRS IV
Bureau of Legal Affairs

**Republic of the Philippines
INTELLECTUAL PROPERTY OFFICE**

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DAISO INDUSTRIES CO., LTD.,

Opposer,

-versus-

JAPAN HOME, INC.,

Respondent-Applicant.

IPC No. 14-2012-00448

Opposition to:

Application No. 4-2012-002504

Date Filed: 29 February 2012

Trademark: "THE DAISO JAPAN
HOME CENTRE"

Decision No. 2016- 448

DECISION

DAISO INDUSTRIES CO. LTD.¹ ("Opposer") filed an opposition to Trademark Application Serial No. 4-2012-002504. The application, filed by Japan Home Inc.² ("Respondent-Applicant"), covers the mark "THE DAISO JAPAN HOME CENTRE" for use as "retail stores or online stores for household goods, home products, bathwares, electronics, hardware, kitchenware, general merchandise, management and franchising of retail services" under Class 35 of the International Classification of Goods and Services.³

The Opposer alleges:

x x x

"The grounds for opposition are as follows:

"6. The approval of the application in question is contrary to Section 123 (d), (e) and (f) of Republic Act No. 8293, otherwise known as the Intellectual Property Code of the Philippines ('IP Code'), which provides as follows:

x x x

"7. The approval of the application in question will violate opposer's right to its Philippine trademark application 'DAISO' covered by Application Serial No. 4-2008-001298 with earlier filing date of 2 February 2008, for good and services covered under Class 35; and to the opposer's registered 'DAISO' trademark with earlier filing dates, filed in Japan and other countries for the goods and retail services covered under Classes 21 and 35, and the right of opposer to extend the use thereof to other goods and services. All of the foregoing registrations continue to be in full force and effect.

x x x

"8. The opposer's internationally famous and well-known trademark 'DAISO' is also entitled to protection as a trademark under the pertinent provisions of

¹A foreign corporation duly organized and existing under the laws of Japan, with business address at 1-4-14 Saiyo Yoshiyukihigashi Higashi Hiroshima City, Japan.

²With address at 21 Panay Avenue Quezon City Metro Manila, Philippines.

³The Nice Classification is a classification of goods and services for the purpose of registering trademark and service marks, based on a 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 Purposes of the Registration of Marks concluded in 1957.

Article 6bis of the Paris Convention which have been incorporated in Sections 123.1 (e) and (f) of the IP Code.

"9. Respondent-applicant's mark 'THE DAISO JAPAN HOME CENTRE' is confusingly similar to the above-mentioned 'DAISO' trademarks of opposer; it is intended to ride on the popularity and goodwill of the opposer's mark and to confuse, deceive and/or mislead the purchasing public into believing that respondent-applicant's goods or services are the same as or connected with the goods sold from the retail services operated by the opposer.

"10. The approval of the application in question will cause great and irreparable damage and injury to herein opposer.

"11. The opposer herein shall rely on the following facts to support and prove its opposition, all mainly lifted from the Affidavit of Daiso Japan's witness including its supporting exhibits, while reserving the right to present evidence to prove other facts which may be necessary in the course of these proceedings, depending upon the evidence which may be introduced by respondent-applicant.

"11.1. An authenticated original copy of the evidentiary affidavit of Daiso Japan's witness, Mr. Yuwa Watanabe, the General Manager of the Store Development Department of Daiso Japan is attached hereto x x x

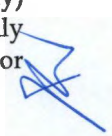
"11.2. The said evidentiary affidavit and its supporting evidences aser made an integral part of this Verified Opposition and will be cross-referenced herein as integral supporting evidence.

"12. As mentioned above, the opposer is the applicant for the Philippines trademark 'DAISO,' with Application Serial No. 4-2008-001298, with an earlier filing date of 2 February 2008, and is the prior user of said mark for services covered under Class 35, specifically, 'Sale promotion for others, Franchising, namely, offering technical assistance in the establishment and/or operation of retail store services featuring a wide variety of consumer goods, Professional business consultancy and business management assistance for franchisees, Procurement services for franchisees including the purchasing of goods and services for franchisees' business' x x x

"13. The opposer is also the registered owner of the 'DAISO' mark and prior user of said mark in numerous jurisdictions around the world for services and goods covered also under Class 35 x x x

"14. The opposer's DAISO mark is an internationally known trademark and tradename based on its use in commerce since 1977. To further protect its ownership of the trademark and tradename, the opposer secured the extensive registration of the trademark DAISO in numerous jurisdictions around the world, which reaffirmed the international fame of the brand.

"15. DAISO, in Japanese means, 'Big Creation.' On 13 April 2001 and 21 January 2005, the opposer successfully sought in Japan the registration of the Japanese equivalents of 'THE DAISO' mark (Registration Nos. 44466071 and 4833472, respectively) in respect of goods under Classes 1 to 9, 11, 13 to 22, 24 to 32, and 34, specifically representing numerous types of consumer goods varying from soaps, detergents or



flower pots. The original authenticated copies of said certificates of registration issued by Japan are attached as Exhibit 1-2.

"16. From thereon, Daiso Japan became the registered owner of the trademark DAISO and DAISO JAPAN marks in more than twenty other countries and territories around the world mainly including U.S.A., Canada, Hong Kong, and U.K., for services covered under Class 35, namely: 'Retail store services featuring a wide variety of consumer goods, Franchising, Professional business consultancy and business management assistance for franchisees.' At present, Daiso Japan has, around the world, a total of forty-one (41) service mark registrations for DAISO and DAISO JAPAN. A sampling of thirty-one (31) original authenticated copies of said certificates of registrations issued by various jurisdictions around the world are attached herein as Exhibits A-3 to A-33. It must be noted that a service mark for retailers can become registrable starting only on 1 April 2007 in Japan and therefore, Daiso Japan's mark DAISO was filed for service mark registration on 26 June 2007, and registered on 2 October 2009 and 24 June 2011.

"17. Clearly, the opposer's DAISO marks are well-known marks because of numerous trademark registrations worldwide and the great volume of its worldwide sales. The said trademark is advertised extensively in Japan and other countries throughout the world.

"18. As of today, the opposer sells 70,000 product lines bearing the DAISO trademark and tradename and endeavors to introduce over 1,000 new products every month to constantly upgrade its retail goodwill. Its head office is occupied by numerous sales promotions from all over the world, but only a small number of products make it on Daiso stores' shelves due to opposer's strict focus on products and quality.

"19. The opposer's products are sold through 550 stores around the world (as of April 2010), such as the Singapore IMM Mall Daiso store which has an area of 2,809 sq. m. Through these stores, the DAISO mark has extended to 21 countries in several regions, namely: the United States, Canada, Singapore, Bahrain, Kuwait, Qatar, U.A.E., Indonesia, New Zealand, Thailand, Taiwan, Hong Kong, Macau, Romania, and other countries. In its domestic front, Daiso Japan has 2,570 stores across Japan (as of April 2010) including its largest stores, the Giga Funabishi Daiso store which has an area of 6,600 sq. m. floor space and the Giga Machina Daiso store which has an area of 5,280 sq. m. floor space. x x x

"20. Moreover, the long use of, and the large amounts spent by the opposer for advertisement and promotion/publicity worldwide for the various goods bearing their aforementioned trademarks which, together with the volume of sales of said goods, have contributed immensely to the international recognition is evident from the global sales figures of Daiso Japan's products. Based on Daiso Japan's financial records, the total value of the worldwide sales of DAISO for the period of 2009 to 2011 are as follows:

x x x

"21. In addition, in promoting and advertising Daiso Japan's DAISO branded products around the world, numerous articles and advertisements of Daiso Japan's DAISO products have appeared on publications, newspapers and magazines of international and foreign circulation. Samples of these media advertisements, handouts, promotional materials, flyers bearing the DAISO mark, with corresponding English-translations are attached hereto as Exhibit A-35.

"22. The products identified as DAISO brand are also featured in Daiso Japan's highly interactive internet websites, some of which may be accessed at: <http://www.daisojapan.com/>, <http://www.daiso-sangyo.co.jp/english/index.html>, <http://www.daisocanada.com/>, <http://www.daisome.com/>, or <http://www.daiso.ro/>. Moreover, as featured in <http://www.japan-guide.com/e/e2077.html> (last accessed, 1 August 2012), Daiso Japan is the market leader in the survey of '100 Yen Shops (Japanese: hyaku-en shop) sell[ing] a wide range of products for 105 Yen per item (100 Yen plus 5 percent consumption tax). This corresponds to roughly one US dollar per item, making the shops a great source for travelers and residents on a budget.' The authenticated screen printouts of these websites are attached herein as Exhibit A-36.

"23. Thus, it is clear that the opposer's DAISO marks have therefore become very strong and popular marks with a well-established goodwill and solid business reputation throughout the world.

"24. Pertinently, it is worth noting that this is not the first time the opposer has prosecuted and defended its rights over its DAISO marks in the Philippines against respondent-applicant Japan Home.

"24.1. On 30 April 2007, a certain entity, Japan Home, Inc. ('Japan Home') managed to register the trademark DAISO in the Philippines and obtain Certificate of Registration No. 4-2005-002438 for the mark 'DAISO and its Japanese equivalent' for goods in classes 21 and 35.

"24.2. As a prior user and registered owner of the mark DAISO since 1977, Daiso Japan filed on 9 February 2009 a verified petition for cancellation of Japan Home's 'DAISO and its Japanese equivalent mark.' The case was docketed with the Intellectual Property Office of the Philippines' Bureau of Legal Affairs as 'Daiso Industries Co., Ltd. vs. Japan Home, Inc.' with Inter Partes Case No. 14-2009-0047.

"24.3. On 13 June 2012, the Office of the Director General of the Intellectual Property Office of the Philippines rendered a Decision by finding that the DAISO mark of Daiso Japan as a well-known mark and Japan Home's mark is identical or confusingly similar with Daiso Japan's well-known DAISO mark, hence, must be cancelled. x x x

"24.4. Japan Home filed an appeal with the Court of Appeals and the appeal is pending.

"25. With this Honorable Intellectual Property Office, as a competent authority, already declaring in a previous inter partes case ('Daiso Industries Co., Ltd. vs. Japan Home, Inc.' with Inter Partes Case No. 14-2009-0047) that the opposer's DAISO mark is an internationally well known mark, it is clearly applicable, if not conclusive, in the present case where the same parties are involved - hence, not only has the DAISO mark already been declared an internationally well-known mark, it has been declared specifically against Japan Home, Inc. The relevant portion of the said Decision (pp. 11-13) reads:

x x x

"26. As shown above, this Honorable Intellectual Property Office, as a competent authority, already made a declaration in a previous inter partes case ('Daiso Industries Co., Ltd. vs. Japan Home, Inc.' with Inter Partes Case No. 14-2009-047), that the opposer's DAISO mark is already a competent-authority-declared internationally well known mark, hence, it is clearly applicable in the present case- i.e. the DAISO mark has already been declared an internationally well-known mark.

"27. As cited and presented in the said Decision by the Director General of this Honorable Office, it correctly found that Daiso Japan is the prior user and originator of the mark DAISO, as well as its DAISO mark being a well known mark. The IPO Director General was able to note the prior use, duration and extent of the use of the mark by Daiso Japan; the extensive market share of the mark as used by Daiso Japan; the inherent distinction of the mark DAISO; and the extent to which the mark has been registered around the world.

"28. In addition, there has been prior use of the mark DAISO by the opposer in the Philippines. Daiso Japan's products have been sold locally in the Philippines since 2006 and these products, as its records show, were traded, marketed and distributed, through its authorized dealer, Primestart Limited, a corporation organized under the laws of Hong Kong, by the D-I-Y (Do It Yourself) Shop Corp. ('DIY Shop') in the Philippines. Although, DAISO products are no longer distributed through the DIY Shop chain of stores due to business exigencies, in all likelihood, the DAISO branded products were sold through the various DIY Shops in the Philippines.

"Daiso Japan's records also indicate that DAISO products have been sold or entered in the Philippine market since 2006. The following are the total sales volume and value of DAISO products in the Philippines for years 2006 to 2007:

x x x

"29. Verily, it is important to note that the addresses indicated of the party to be notified in the said bill of lading x x x are all the same, '48 Panay Avenue, Quezon City,' This is the similar principal office address Japan Home, Inc., at 48 Panay Avenue, Quezon City, as well as the residential address of the three corporate officers and majority stockholders of Japan Home, including respondent-applicant Michael Young, as indicated in its latest General Information Sheet (2012) submitted with the Securities and Exchange Commission. x x x

"30. Moreover, it also bears stressing that the mark 'MY P88 D.A.I.S.O. STORE' of respondent-applicant is obviously not registrable because it's dominant distinctive, descriptive and unique play of the 'Daiso' word, citing it as an acronym, in the mark is not only confusingly similar, but is identical to the above-mentioned well-known DAISO mark of opposer and is intended to ride on the popularity and goodwill of the opposer's DAISO marks for the opposer's DAISO products and retail stores, and to confuse, deceive and/or mislead the purchasing public into believing that respondent-applicant's shop or retail store services are the same as or connected with the DAISO retail stores of the opposer, its licensees and/or subsidiaries. In fact, in his application, Michael Young disclaimed the words 'P88' and 'STORE' from the application, leaving the play of the acronym to form the word 'D.A.I.S.O' as the true mark that he seeks registration.

"31. It bears stressing that the way the Daiso word is played and inserted in the THE DAISO JAPAN HOME CENTRE of respondent-applicant is depicted to describe

that the retail store services being offered by the respondent-applicant is a store or branch of the opposer, or a distributor of DAISO products of the opposer, hence, will result in a great likelihood of confusion.

"32. It is truly difficult to understand why, of the millions of terms and combination of letters, designs and descriptive words and available, the respondent-applicant, in his applied for 'THE DAISO JAPAN HOME CENTRE' mark, it disclaimed the words 'JAPAN HOME CENTRE' and had to choose exactly the same Daiso word as that of the opposer's DAISO mark in describing the respondent-applicant's trademark.

"33. Thus, there is without question bad faith on the part of the respondent-applicant. The ruling of the Supreme Court in Shangri-la International Hotel Management, Ltd. et al v. Developers Group of Companies, Inc. is illustrative:

x x x

"34. In fact, in page 13 of the above-cited 13 June 2012 Decision (see Exhibit D) promulgated by the Office of the Director General of the Intellectual Property Office for the inter partes case docketed as 'Daiso Industries Co., Ltd. vs. Japan Home, Inc.' with Inter Partes Case No. 14-2009-00047, this Honorable Office has noted Japan Home's bad faith in adopting the 'DAISO' mark. It explained 'that the mark DAISO is a highly distinctive mark. Thus, the chances that it could have been mere coincidence that the two entrepreneurs, independent of each other, were able to coin identical marks for identical, similar, or closely related goods, is highly improbable. The field from which a person may select a trademark is in fact, practically unlimited. The more logical explanation or inference therefore, is that one copied or appropriated the mark of the other, especially if the apparent copycat fails to explain how he came up with the similar or identical mark,' The said Decision then proceeded to cite the Supreme Court in American Wire & Cable Company vs. Director of Patents x x x.

"35. This finding clearly finds application in the case at hand.

"36. Worth noting further is that DAISO retail stores offering one-price DAISO products is closely associated with the opposer and is in fact its primary mode of income and retail catering to the masses in Japan and the rest of the world where its stores are located. As a result, respondent-applicant's application of the 'THE DAISO JAPAN HOME CENTRE' mark for retail affairs infringes and encroaches upon the property right of the opposer over the DAISO marks.

"37. Under the foregoing circumstances and pursuant to Sec. 123 (d), (e) and (f) of Republic Act No. 8293 as well as Article 6bis of the Paris Convention, the Intellectual Property Office is authorized to refuse all applications for trademarks which constitute a reproduction, translation or imitation of a trademark originally owned by a person, natural or corporate, who is a citizen of a country signatory to the Paris Convention for the Protection of Industrial Property and filed by persons other than the original owners thereof.

The Opposer's evidence consists of the affidavit of Mr. Yuwa Watanabe, Opposer's General Manager of the Store Development Department; copies of the registration certificates for the DAISO trademarks filed in Japan; copies of the registration certificates for the DAISO trademarks filed in other jurisdictions worldwide; copy of Daiso Japan's Corporate Profile brochure; sampling of Daiso

Japan's media advertisements, handouts, promotional materials, flyers bearing the DAISO mark; screen printouts of Daiso Japan's interactive internet websites; copy of the Decision dated 13 June 2012 of the Office of the Director General of the IPO; copies of the bill of lading (I), sales orders (II), and a sample invoice (III) showing sales of Daiso Japan's DAISO products to Primesmart Limited for delivery to the Philippines; copy of the contents of the file wrapper for Daiso Japan's Philippine application for its DAISO mark with Application Serial No. 4-2008-001298; copy of Daiso Japan's Corporate Profile brochure; copy of Japan Home Inc.'s latest General Information Sheet (2012); Special Power of Attorney issued in favor of Romulo Mabanta Buenaventura Sayoc & De Los Angeles; and the authenticated notarized verification and certification of non-forum shopping.⁴

This Bureau issued a Notice to Answer and served a copy thereof upon Respondent-Applicant on 21 December 2012. Respondent-Applicant filed his Answer on 27 March 2013 and avers the following:

x x x

"Affirmative Defenses

"21. Respondent-Applicant states the foregoing by way of affirmative defenses as part and parcel of this instant affirmative defenses;

"22. Moreover, Respondent-Applicant allege by way of affirmative defenses that the instant Verified Opposition should be dismissed on grounds hereinafter alleged;

"23. It should be emphasized that Opposer, Daiso Industries Co., Ltd., admitted that it is foreign corporation duly organized and existing under the laws of Japan. As a foreign corporation, it must comply with all requirements of the Philippine laws before it can institute an action before Philippine Courts or administrative agencies pursuant to Section 129 of Batas Pambansa Blg. 68, otherwise known as the Corporation Code of the Philippines, herein quoted below, to wit:

x x x

"24. Being a foreign corporation, Opposer is bound to comply with the laws, rules and regulations applicable to domestic corporations of the same class. Its capacity to sue must be affirmatively alleged in its Verified Notice of Opposition in order that it may proceed to effectively institute a case in the Philippine Courts and/or administrative agencies. Otherwise, the case cannot be entertained and must be dismissed immediately pursuant to Section 133 of the same law herein quoted below, to wit: x x x

"25. Only Foreign Corporations who are licensed to do business in the Philippines are those only allowed to institute any court action in the Philippines. No such allegation was ever made by the Opposer in its opposition. Be as it may, the Supreme Court has ruled that foreign corporation may have the right to sue

⁴Marked as Exhibits "A" to "K", inclusive.

before our Courts or administrative agencies, but our rules on pleadings require that the qualifying circumstances necessary for the assertion of such right should first be affirmatively pleaded.

"26. A simple and careful perusal of the alleged verified opposition clearly shows that such requirement was not complied with. The Opposer merely alleged the place where the summonses can be sent by this Honorable Office, to wit:

x x x

"27. In the absence of the qualifying circumstances of its capacity to sue, the Opposer has no capacity to institute an instant Opposition;

"28. As a foreign corporation, the opposer can act only through an agent pursuant to Section 23 of the Corporation Code, herein quoted below,

x x x

"29. A juridical entity, unlike a natural person, can only perform physical acts through properly designated individuals. The verification and certification against forum shopping where the Opposer is a juridical entity, like corporation in the case of Opposer, may be executed by properly authorized persons. As long as he is duly authorized and has personal knowledge of the facts required to be disclosed in the verification and certification against forum shopping, he can sign the verification and certification against forum-shopping;

"30. A review of the records would yield that the General Manager, Mr. Yuwa Watanabe, is not duly authorized by the Corporation to sign the verification and certification against forum shopping. On the contrary, it was their legal counsel, ROMULO MABANTA BUENAVENTURA SAYOC & DELOS ANGELES, who was vested with the authority to execute on behalf of the Corporation the Verification and Certification Against Forum Shopping, in accordance with the form prescribed under the Philippine Supreme Court circulars and Rules of Court x x x. A self-serving allegation of authority is insufficient to comply with the requirements;

"31. Even assuming, without admitting, that the Verification and Certification Against Forum Shopping is duly signed by their counsel in the Philippines, the verification and certification are still defective.

"32. It is well settled that foreign laws do not prove themselves in our jurisdiction and our Courts and/or administrative agencies are not authorized to take judicial notice of them. Like any other fact, they must be alleged and proved; otherwise, they will be presumed or deemed to be the same as those of the Philippines.

"33. An Officer's authority may be derived from some provision of statute or the articles of incorporation. It may be contained in a by-law and/or may also be conferred by a resolution of the board of directors, provided the resolution does not attempt to delegate non-delegable powers;

"34. Nothing in the Manager's Certificate or Special Power of Attorney indicated that it is within his power and duty to make and keep records of the Corporation and to make proper entries of the votes, resolution and proceedings

of the stockholders and directors in the management of the Corporation and all other matters required to be entered on the records;

"35. Applying the doctrine cited in paragraph 32 of the instant Verified Answer, it is the Corporate Secretary who keeps proper records of minutes and proceedings of the board and/or stockholders meetings and not the GENERAL MANAGER;

"36. In the absence of showing proper authority to certify the minutes of the Board Meetings, the Manager's Certificate and/or the Special Power of Attorney issued in favor of their counsel, ROMULO MABANTA BUENAVENTURA SAYOC & DELOS ANGELES, produces no legal effect whatsoever;

"37. The term 'confusingly similar' refers to such resemblance between a mark or trade name of a person and that of another as to likely, when applied to or used on their respective goods, business or services, cause confusion or mistake on the part of the purchaser as to the goods or services or as to their source of origin;

"38. It has been held that in determining whether two marks or trade names are confusingly similar, the test is not simply to take their words and compare their spelling and pronunciation. Rather, it is to consider the two marks or trade name in its entirety, as they appear in their respective labels in relation to the goods to which they are attached. The discerning eye of the observer must focus not only on the predominant words but also on the on the other features appearing in both labels in order that he may draw his conclusions whether one is confusingly similar with the other, such as sizes of the container of the goods, the colors and the goods on which the marks or trade names are used. Further, the ordinary purchaser must be thought of as having, and credited with, at least a modicum of intelligence to be able to see the obvious difference between the two marks or trade names. Assuming without admitting, that there are similarities between two competing marks or trade names does not, by itself, make them confusingly similar, where there are substantial difference in their design and general appearance;

"39. Except the general and self-serving allegations that the mark sought to be registered by the Respondent-Applicant is confusingly similar with the mark of the Opposer, nothing has been alleged and proved on how the mark of the Respondent-Applicant will cause confusion on the purchasing public;

"40. Obviously, a simple perusal and even without careful examination, of the 'DAISO' mark of the Opposer and 'THE DAISO JAPAN HOME CENTER' mark of the Respondent-Applicant will immediately and clearly reveal that the two marks are not nearly identical and will never cause confusion, mistake or deception on the part of the ordinary prudent purchasers into thinking that the goods of the respondent-applicant are similar to or originated from the opposer. Aside from the word 'DAISO', there are no similar words that exist in both names. Even a person who cannot spell or read will automatically know that the two are different;

"41. As to the features of the marks, the very feature of the opposer's mark is only 'DAISO', however, the feature of the Respondent-Applicant's mark is the whole phrase 'THE DAISO JAPAN HOME CENTER'. Although that responden

disclaim exclusivity over the phrase 'JAPAN HOME CENTER', but it doesn't mean that the phrase 'JAPAN HOME CENTER' will not serve any purpose at all;

"42. A disclaimer is a statement in the written application to the effect that the applicant claims no rights in certain specified material which has been included in what is shown in the drawing, but that rights are being claimed in the whole. It is also an announcement by the trademark owner that the owner does not have an exclusive right for the use of any portion of that mark;

"43. The rationale for the disclaimers can be best understood by looking into how it came about. As recorded: 'There was no statutory authority for the disclaimer prior to 1946. As various court's decision were rendered, USPTO practice fluctuated from, first, registering the composite mark without qualifying statement; later, requiring a statement in the application disclaiming the unregistered matter in the mark; and, finally, requiring removal of the unregistrable matter from the mark on the drawing. This fluctuation ended with the decision of Estate of P.D. Beckwith vs. Commissioners of Patents, in which the United States Supreme Court held that to require the removal of descriptive matter from a composite mark was erroneous, and commended the practice of a statement of disclaimer. Thus, the practice of disclaimer was established officially in the USPTO, although still without statutory support. The Trademark Act of 1946 created a statutory basis for the practice of disclaimer.

"44. The very purpose of a disclaimer is to permit the registration of a mark that is registrable as a whole but contains matter that would not be registrable standing alone. As used in trademark registration, a disclaimer of a descriptive component of a composite mark amounts merely to a statement that, in so far as the particular registration is concern, no rights are being asserted in the disclaimed component standing alone, but rights are asserted in the composite; and that the particular registration represents only such rights as flow from the use of the composite mark;

"45. Nowhere in the Verified Opposition does it clearly allege on how these marks will confuse the general purchasing public. It is only their erroneous conclusion of facts and self-serving statements over which they relied on as to their opposition;

"46. In paragraph 8 of the Opposition, the Opposer seeks the protection of their unregistered mark under pertinent provision of Article 6bis of the Paris Convention which have been incorporated in Section 123.1 (e) and (f) of the IP Code: x x x

"47. Art. 6bis was first introduced at The Hague in 1925 and amended in Lisbon in 1952. It is a self-executing provision and does not require legislative enactment to give it effect in the member country. It may be applied directly by the tribunals and officials of each member country by the mere publication or proclamation of the Convention, after its ratification according to the public law of each state and the order for its execution;

"48. The essential requirement under Article 6bis is that the trademark to be protected must be 'well-known' in the country where protection is sought. The power to determine whether a trademark is well-known lies in the 'competent

authority of the country of registration or use.' This competent authority would be either the registering authority if it has the power to decide this, or the courts of the country in question if the issue comes before a court;

"49. Pursuant to Article 6bis, on November 20, 1980, then Minister Luis Villafuerte of the Ministry of Trade issued a Memorandum to the Director of Patents. The Minister ordered the Director that:

x x x

"50. Three years later, on October 25, 1983, then Minister Roberto Ongpin issued another Memorandum to the Director of Patents, viz:

x x x

"51. In the Villafuerte Memorandum, the Minister of Trade instructed the Director of Patents to reject all pending applications for Philippine registration of signature and other world-famous trademarks by applicants other than their original owners or users. x x x

"52. In the Ongpin Memorandum, the Minister of Trade and Industry did not enumerate well-known trademarks but laid down guidelines for the Director of Patents to observe in determining whether a trademark is entitled to protection as a well-known mark in the Philippines under Article 6bis of the Paris Convention. x x x

"53. Both the Villafuerte and Ongpin Memoranda were sustained by the Supreme Court in the 1984 landmark case of *La Chemiste Lacoste, S.A. v. Fernandez*. The Honorable Supreme Court ruled therein that under the provisions of Article 6bis of the Paris Convention, the Minister of Trade and Industry was the 'competent authority' to determine whether a trademark is well-known in this country;

"54. A simple and careful perusal of the Opposition would clearly show that Opposer rely on the bulk of their arguments that their mark is well known, internationally and/or locally, on the decision, dated 13 June 2012, of the Director General, who is not the competent authority as cited above. Thus, there is no declaration that their mark is well known, either internationally and/or locally. Worse, such decision was judicially admitted that the quoted decision is now pending appeal before the Court of Appeals;

"55. Even assuming without admitting, that the Director General of this Honorable Office is the competent authority to declare whether a mark is well known or not, still, it has no bearing in the instant case;

"56. It is very elementary that pursuant to Section 8 of the New Civil Code, only the Judicial decisions interpreting the law or Constitution shall form part of the legal system of the Philippines, to wit: x x x

"57. The judicial decisions referred to in the above cited provision are those of the Supreme Court (*Miranda et. al vs. Imperial et. al.*, 77 Phil 1066). Doctrines of the lower courts (like RTC and MTCs) no matter how sound and wise does not become part of jurisprudence. Considering that the decision of the Director General is appealable to the Court of Appeals, impliedly, he has the rank of a

judge of the Regional Trial Court. Thus, his decision cannot be cited as a guideline of the instant controversy;

"58. Arguing, without admitting, further, in determining whether a mark is well known or not, the following criteria or any combination thereof may be taken into account by competent authority, which is Minister of Trade and Industry, of the Philippines, to wit: x x x

"59. It should be emphasized that nothing in the verified opposition of the opposer or any of its annexes can show that anyone or combination of the abovementioned requirements has been complied with by the opposer. Thus, their mark is not well known, locally or internationally;

"60. The pieces of evidence adduced by the Opposer to prove their prior use in the Philippines is misleading x x x. A simple and careful perusal of it can clearly show that nothing can directly and clearly prove that the goods containing the mark 'DAISO' of the Opposer has been shipped from Japan to the Philippines. x x x

"61. Even assuming, without admitting, that the mark of the Opposer is well known, locally or internationally, such element is irrelevant with the instant case. The very essence of registration of trademark is to prevent unfair competition between businesses by intentionally passing its goods or services as the same with those who has an already established goodwill and reputation. x x x

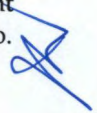
"62. Pursuant to Sec. 19 of Art. XII of the 1987 Contitution, x x x

"63. Art. XII, Sec. 19, is anti-trust in history and in spirit. It espouses competition. Only competition which is fair can release the creative forces of the market. x x x

"64. A prejudicial question is defined as that which arises in a case the resolution of which is a logical antecedent of the issue involved therein, and the cognizance of which pertains to another tribunal. The prejudicial question must be determinative of the case before the court but the jurisdiction to try and resolve the question must be lodged in another court or tribunal;

"65. Generally, the principle of prejudicial question applies only when it involves a civil and criminal case, whereby the civil case involves the same facts intimately related to those upon which the criminal prosecution would be based; and in the resolution of the issue or issues raised in the civil action, the guilt or innocence of the accused would necessarily be determined; and last the jurisdiction to try said question in civil case must be lodged in another tribunal;

"66. However, in cases decided by the Honorable Supreme Court, it ruled that in the interest of good order, the Court can very well suspend an action on one case pending the outcome of another case closely linked or interrelated to another case. Prejudicial principles are applicable to administrative proceedings;

"67. As alleged in paragraph 24 of the Opposition, Respondent-Applicant was the registered owner of the mark 'DAISO' with Certificate of Registration No. 

4-2005-002438 with the Intellectual Property Office of the Philippines. A Petition for Cancellation was filed by the Opposer on 9 February 2009;

"68. After the issues had been joined, the Bureau of Legal Affairs set the case for preliminary conference and required the parties, after its termination thereof, to submit their positive paper/s. Thereafter the parties submitted their Position Papers and the case was submitted for decision;

"69. On 24 August 2009, the Director of Bureau of Legal Affairs rendered a DECISION, DENYING the Petition for Cancellation of Trademark Registration filed by the Opposer and SUSTAINING Respondent-Applicant's registration for the trademark 'DAISO & ITS JAPANESE EQUIVALENT'. x x x

"70. Not satisfied with the decision, Opposer filed its Appeal Memorandum with the Office of the Director General on 19 November 2009. On 13 June 2012, the Office of the Director General of Intellectual Property Office rendered a decision reversing the findings of the Bureau of Legal Affairs;

"71. On 11 July 2012, Respondent-Applicant appealed the assailed decision under Rule 43 of the Rules of Court to the Court of Appeals. Such case was docketed as CA-G.R. SP No. 125563 entitled 'Japan Home Inc vs. Daiso industries Co., Ltd.';

"72. Considering that the above-mentioned appealed case involves the same parties and exactly the same issues; (a) who is the owner of the mark 'DAISO' in the Philippines; and (b) whether the mark of the Opposer, 'DAISO' is internationally well known. Only after final determination of ownership over the trademark may one party claim that a right has been violated;

"73. Thus, in the interest of justice, the instant Opposition should be suspended pending the outcome of the appealed case;

"74. In view of the foregoing, the undersigned counsel respectfully moves to suspend the instant proceeding if not to dismiss the instant Opposition.

The Respondent-Applicant's evidence consists of a copy of a Certification of Non-Registration of Primesmart Limited issued by the Securities and Exchange Commission.⁵

Before this Bureau dwell on the main issue/s, the technical issues raised by the Respondent-Applicant must first be resolved. As to Yuwa Watanabe's authority as General Manger to sign the Verification and Certificate of Non-Forum Shopping, the issue has been settled by the Supreme Court in Swedish Match Philippines, Inc. vs. The Treasurer of the City of Manila⁶ where it declared that:

"In sum, we have held that the following officials or employees of the company can sign the verification and certification without need of a board resolution: (1) the

⁵Marked as Exhibit "1".

⁶G.R. No. 181277, 03 July 2013.

Chairperson of the Board of Directors, (2) the President of a corporation, (3) the General Manager or Acting General Manager, (4) Personnel Officer, and (5) an Employment Specialist in a labor case."

Likewise, this Bureau finds the "Manager's Certificate and/or the Special Power of Attorney" executed also by Yuwa Watanabe, as having sufficiently complied with the Rules as it is able to show that the law firm of Romulo Mabanta Buenaventura Sayoc & De Los Angeles has been given by the Opposer the authority to represent the latter in the instant case.

The technical issues/matters settled, this Bureau now scrutinize the main issue, hence the question, should the Respondent-Applicant be allowed to register the trademark THE DAISO JAPAN HOME CENTRE?

The Opposer anchors its opposition on Sections 123.1, paragraphs (d), (e) and (f) of Republic Act No. 8293, also known as the Intellectual Property Code of the Philippines ("IP Code"), to wit:

Sec. 123.Registrability. - 123.1. A mark cannot be registered if it:

x x x

- (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;"
- (e) Is identical with, or confusingly similar to, or constitutes a translation of a mark which 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;
- (f) Is identical with, or confusingly similar to, or constitutes a translation of a mark considered well-known in accordance with the preceding paragraph, which is registered in the Philippines with respect to goods or service which are not similar to those with respect to which registration is applied for: *Provided*, That use of the mark in relation to those goods or services would indicate a connection between those goods or services, and the owner of the registered mark: *Provided further*, That the interests of the owner of the registered mark are likely to be damaged by such use;

A comparison of the competing marks reproduced below:

DAISO

THE DAISO JAPAN HOME
CENTRE

Opposer's trademark

Respondent-Applicant's mark

shows that confusion is likely to occur. Even with the accompanying words Japan Home Centre, which were disclaimed in the application, to the Bureau's mind, top of the mind recall would be the word DAISO. The distinctive feature of the Opposer's mark is the word DAISO, which was appropriated by the Respondent-Applicant. Thus, THE DAISO JAPAN HOME CENTRE is confusingly similar to Opposer's DAISO mark. Because the Respondent-Applicant's trademark application covers services that are similar and/or closely related to the Opposer's, particularly, retail stores or retail services under Class 35, it is likely that the consumers will have the impression that these services originate from a single source or origin. The confusion or mistake would subsist not only on the purchaser's perception of goods/services but on the origin thereof as held by the Supreme Court, to wit:

Callman notes two types of confusion. The first is the confusion of goods in which event the ordinary prudent purchaser would be induced to purchase one product in the belief that he was purchasing the other. In which case, defendant's goods are then bought as the plaintiff's and the poorer quality of the former reflects adversely on the plaintiff's reputation. The other is the confusion of business. Here, though the goods of the parties are different, the defendant's product is such as might reasonably be assumed to originate with the plaintiff and the public would then be deceived either into that belief or into belief that there is some connection between the plaintiff and defendant which, in fact does not exist.⁷

Public interest therefore requires, that two marks, identical to or closely resembling each other and used on the same and closely related goods or services, 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 a 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.⁸

⁷ *Converse Rubber Corp. v. Universal Rubber Products, Inc. et al.*, G.R. No. L-27906, 08 Jan. 1987.

⁸ *Pribhdas J. Mirpuri v. Court of Appeals*, G.R. No. 114508, 19 November 1999, citing *Ethepe v. Director of Patents, supra*, *Gabriel v. Perez*, 55 SCRA 406 (1974). See also Article 15, par. (1), Art. 16, par. (1), of the Trade Related Aspects of Intellectual Property (TRIPS Agreement).

Records show that at the time the Respondent-Applicant filed its trademark application on 29 February 2012, the Opposer has pending application for the mark DAISO under Application Serial No. 42008001298. The application covers "sales promotion for others, franchising, namely, offering technical assistance in the establishment and/or operation of retail store services featuring a wide variety of consumer goods, professional business consultancy and business management assistance for franchisees, procurement services for franchisees including the purchasing of goods and services for franchisees business" in Class 35. This Bureau noticed that the services covered by the Respondent-Applicant's trademark application is identical or closely-related to the Opposer's.

Opposer proved that it is the originator of the DAISO marks, using these marks primarily for retail store services featuring a wide variety of consumer goods, Franchising, Professional business consultancy and business management assistance for franchisees. In fact, Opposer has been using DAISO not only as a trademark but also as trade name or business name. As a trade name, DAISO is protected under Section 165 of the IP Code, to wit:

Sec. 165. *Trade Names or Business Names.* - 165.1. A name or designation may not be used as a trade name if by its nature or the use to which such name or designation may be put, it is contrary to public order or morals and if, in particular, it is liable to deceive trade circles or the public as to the nature of the enterprise identified by that name.

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.

165.3. The remedies provided for in Sections 153 to 156 and Sections 166 and 167 shall apply mutatis mutandis.

165.4. Any change in the ownership of a trade name shall be made with the transfer of the enterprise or part thereof identified by that name. The provisions of Subsections 149.2 to 149.4 shall apply mutatis mutandis.

Likewise, the Office of the Director General has previously declared the mark DAISO as well-known in its decision rendered on 25 June 2012 in the case of "Daiso Industries, Co., Ltd. vs. Japan Home, Inc." docketed as IPC No. 14-2009-0047⁹, this Bureau held that:

"Thus, in the light of multitudinous evidence presented by the Appellant, the contents and statement of facts of which were not assailed nor rebutted by the Appellee, this Office resolves that Appellant's mark DAISO is a well-known mark. As ruled in the above-cited case of Versace, these pieces of evidence are significant, as they bolster the

⁹Appeal No. 14-09-63 Decision No. 2012-200 dated 15 October 2012.

standing of the Appellant's mark as a well-known mark, and prove the vast duration, extent and geographical are covered by the said mark in terms of trademark registration, extensive promotional activity and advertisements in advance of the Appellant's quality-image and reputation, and the proof of market share in the Philippines and other countries."

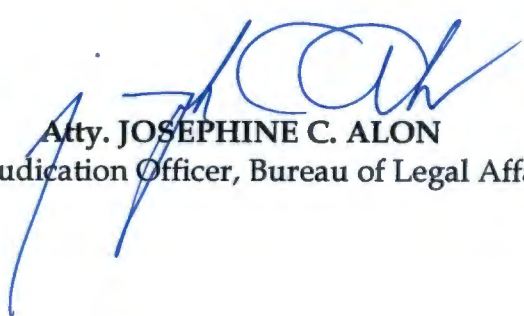
Succinctly, the field from which a person may select a trademark is practically unlimited. As in all other cases of colorable imitations, the unanswered riddle is why of the millions of terms and combinations of letters and designs available, the Respondent-Applicant had to come up with a mark identical or so closely similar to another's mark if there was no intent to take advantage of the goodwill generated by the other mark.¹⁰

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. 4-2012-002504 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, 06 DEC 2016.


Atty. JOSEPHINE C. ALON
Adjudication Officer, Bureau of Legal Affairs

¹⁰ *American Wire & Cable Company v. Director of Patents*, G.R. No. L-26557, 18 Feb. 1970.