



INTELLECTUAL PROPERTY
OFFICE OF THE
PHILIPPINES

KILANG RANTAI S.A. S.D.N. B.H.D.,
Petitioner,

-versus-

EASTON ENTERPRISES CO. INC.,
Respondent-Registrant.

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IPC No. 14-2013-00162
Cancellation of:

Registration No. 4-2011-990064
Date of Reg.: 18 August 2011

TM: RK TAKASAGO CHAIN

NOTICE OF DECISION

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GREETINGS:

Please be informed that Decision No. 2016 - 446 dated 05 December 2016 (copy enclosed) was promulgated in the above entitled case.

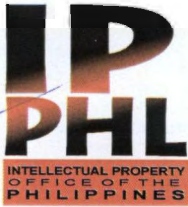
Pursuant to Section 2, Rule 9 of the IPOPHL Memorandum Circular No. 16-007 series of 2016, any party may appeal the decision to the Director of the Bureau of Legal Affairs within ten (10) days after receipt of the decision together with the payment of applicable fees.

Taguig City, 14 December 2016.

MARILYN F. RETUAL
IPRS IV
Bureau of Legal Affairs

Republic of the Philippines
INTELLECTUAL PROPERTY OFFICE

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<p>KILANG RANTAI S.A. S.D.N. B.H.D., Petitioner,</p> <p style="text-align: center;">-versus-</p> <p>EASTON ENTERPRISES CO. INC., Respondent-Registrant.</p>	<p>} IPC NO. 14-2013-00162</p> <p>} Cancellation of :</p> <p>}</p> <p>} Registration No. 4-2011-990064</p> <p>} Date of Registration: 18 August 2011</p> <p>}</p> <p>} Trademark: RK TAKASAGO</p> <p>} CHAIN</p> <p>}</p> <p>} Decision No. 2016- <u>446</u></p>
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DECISION

KILANG RANTAI S.A. S.D.N. B.H.D. (Petitioner)¹ filed a Petition for Cancellation of Registration No. 4-2011-0990064. The registration, in the name of EASTON ENTERPRISES CO. INC. (Respondent-Registrant)², covers the mark “RK TAKASAGO CHAIN”, for use on; “chain, belt and cable for agricultural machines and implements” under Class 9 and “chain, belt and cable of motorcycle scooter and ATV” under Class 12 of the International Classification of Goods³.

Petitioner anchors this petition for cancellation on the following grounds:

“1. Petitioner is the first to adopt and use the ‘RK’, ‘TAKASAGO’ and ‘RK TAKASAGO CHAIN’ trademarks, and first to file an application to register the trademark ‘RK TAKASAGO CHAIN’ in the Philippines, under trademark Application No. 4-2010-501064, for ‘chains for driving road vehicles, sprockets for land vehicles’ among others, under Class 12, and therefore enjoys under Section 147 of Republic Act (R.A.) No. 8293 the right to exclude others from registering or using an identical or confusingly similar mark, such as Respondent-Registrant’s RK TAKASAGO CHAIN trademark for ‘chain, belt and cable for agricultural machines and implement’ and ‘chain, belt and cable of motorcycle scooter and ATV’, under Classes 7 and 12, respectively, among others.

¹ A corporation organized and existing under the laws of Malaysia with address at 2240 Lorong Perusahaan 10, Parai Industrial Estate, 13600 Prai, Penang, Malaysia

² Philippine corporation with address at 1097A Corregidor St., Manuguit, Tondo, Manila

³ The Nice Classification of Goods and Services is for registering trademarks and service marks based on multilateral treaty administered by the World Intellectual Property Office, called the Nice Agreement Concerning the International Classification of Goods and Services for Registration of Marks concluded in 1957.

“2. The RK TAKASAGO CHAIN mark registration of the mark RK TAKASAGO CHAIN in favor of the Respondent-Registrant was obtained fraudulently and contrary to the provisions of Republic Act (R.A.) 8293, otherwise known as the Intellectual Property Code of the Philippines, particularly Section 123 (d) on registrability. The RK TAKASAGO CHAIN mark of Respondent-Registrant is entirely identical to the RK TAKASAGO CHAIN mark of Petitioner and is used for similar goods, i.e. ‘chain, belt and cable of motorcycle scooter and ATV’ as to likely deceive or cause confusion as contemplated under section 123 (d).

“3. The registration of the RK TAKASAGO CHAIN mark in favor of Respondent-Registrant was obtained fraudulently and contrary to the provisions of R.A. 8293, particularly Section 123 (e) on registrability, for having been issued notwithstanding the earlier application for the registration of Petitioner’s internationally well-known mark RK TAKASAGO CHAIN trademark, used with respect to ‘chain for driving road vehicle road vehicles; sprockets for land vehicles’, among others. This trademark is well-known internationally and in the Philippines, taking into account the knowledge of the relevant sector of the public, as being trademarks owned by the Petitioner; hence, Respondent-Registrant’s RK TAKASAGO CHAIN trademark should not have been registered in the Philippines, pursuant to the express provision of Section 123 (e) of R.A. No. 8293.”

The Petitioner alleges, among others, the following facts:

“1. Petitioner is the original proprietor of the trademarks ‘RK’, ‘TAKASAGO’ and ‘RK TAKASAGO CHAIN’, as it is the first to adopt and use these ‘RK’, ‘TAKASAGO’ AND ‘RK TAKASAGO CHAIN’ trademarks, not only in the Philippines, but around the world. xxx

“2. To protect its interest in the trademarks ‘RK’, ‘TAKASAGO’ and ‘RK TAKASAGO CHAIN’, Petitioner filed an application in the Philippines for the registration of the ‘RK TAKASAGO CHAIN’ mark on July 23, 2010, as shown by the Trademark Application Number 4-2010-501064 filed for ‘chains for driving road vehicles, sprockets for land vehicles’ among others, xxx

“3. The date of first use in the Philippines and abroad of Petitioner’s ‘RK’, ‘TAKASAGO’ and ‘RK TAKASAGO CHAIN’ trademarks for ‘chains for driving road vehicles, sprockets for land vehicles’, among others, were much earlier than the claimed date of first use of any of Respondent-Registrant’s identical and/or similar ‘RK’, ‘TAKASAGO’, ‘RK TAKASAGO’ marks. In fact, for the longest time, Respondent-Registrant obtains its supplies for sale in the Philippines from Petitioner. xxx Specifically, Mr. Lee Thian Chain attests that Respondent-Registrant is the client of the Petitioner. Being the supplier of Respondent-

Registrant, therefore, Respondent-Applicant necessarily has to sell first to Respondent-Registrant, before the latter can perform any commercial use with regard to the products. xxx

“4. Respondent-Registrant’s RK TAKASAGO CHAIN trademark, the trademark application for which was filed on February 8, 2011, or about seven (7) months later than the filing of Petitioner’s RK TAKASAGO CHAIN trademark application on July 23, 2010, is an exact reproduction of all the elements of Petitioner’s RK TAKASAGO CHAIN trademark.

“5. Being identical to that of Petitioner’s RK TAKASAGO CHAIN mark, Respondent-Registrant’s RK TAKASAGO CHAIN trademark does not qualify for registration because it does not meet the requirements of registrability; in particular, in particular, having regard to subsection 123.1 (d) in relation to Section 151.1 (b) of the Intellectual Property Code. xxx

“6. Respondent-Registrant is the client of Petitioner. Petitioner started selling its products to Respondent-Registrant in the 70’s through its subsidiary RK JAPAN CO. LTD. (Then known as RK EXCEL CO. LTD.), at the initial stage, and later through another subsidiary, KILANG SPROCKET SDN BHD. xxx

“7. To show further the relationship between Petitioner and Respondent-Registrant, copies of COMMERCIAL INVOICES issued by Petitioner KILANG RANTAI S.A. SDN BHD and billed to Respondent-Registrant EASTON ENTERPRISE CO. LTD from 26 September 2005 to 8 October 2012 are attached xxx

“8. The registration of the RK TAKASAGO CHAIN trademark in the name of Respondent-Registrant is fraudulent since Respondent-Registrant is not the owner of this mark for the simple reason that this has previously been appropriated by the manufacturer of the products bearing said RK TAKASAGO CHAIN trademark from which Respondent-Registrant is purchasing its supplies, as already explained above. Respondent-Registrant’s fraudulent scheme should not be given the appearance of legitimacy by allowing this country’s Intellectual Property System to protect its illegitimate use of the RK TAKASAGO CHAIN trademark and depriving the rightful owner –Petitioner herein, from exercising its exclusive rights to the RK TAKASAGO CHAIN trademark.

“9. The ‘RK’, ‘TAKASAGO’ and ‘RK TAKASAGO CHAIN’ trademarks of Petitioner are used worldwide and in the Philippines on various products of Petitioner, as shown by actual labels and packaging of Petitioner’s products xxx

“10. Consequently, the products carried under the ‘RK’, ‘TAKASAGO’ and ‘RK TAKASAGO CHAIN’ trademarks had through many decades, earned international acclaim, as well as the distinct reputation of being of

high quality. 'RK', 'TAKASAGO' and 'RK TAKASAGO CHAIN' trademarks have been recognized as well-known trademarks in several parts of the world, giving a high degree of distinction to its products.

Petitioner's 'RK', 'TAKASAGO' and 'RK TAKASAGO CHAIN' trademarks are well known internationally and in the Philippines, taking into account the knowledge of the relevant sector of the public, as being trademarks owned by the Petitioner. Pursuant to Section 123 (e) on registrability of the Intellectual Property Code, Petitioner's 'RK', 'TAKASAGO' and 'RK TAKASAGO CHAIN' trademarks, for being internationally well- known trademarks, are protected in this country even without registration. xxx”

To support its petition, the Petitioner submitted as evidence the following:

1. RK Japan Corporate Profile;
2. Affidavits of Mr. Lee Thian Chai;
3. Copy of Trademark Application No. 4-2010-501064;
4. Representative invoices;
5. Print-out of IPO Phil trademark database showing applications for the marks “TAKASAGO” and “RK TAKASAGO CHAIN”;
6. Copy of FORM 49 (under the Companies Act of 1965 of Malaysia) of Kilang Sprocket S.A. SDN BHD;
7. Copy of FORM 49 (under the Companies Act of 1965 of Malaysia) Kilang Rantai S.A. SDN BHD and Kilang Sprocket S.A. SDN BHD;
8. Certificate of Registration of RK JAPAN CO., LTD.;
9. Sample Invoices to Easton Enterprises;
10. Sample label and packaging of Petitioner;
11. Print-out of web pages of Petitioner, RK Japan Co., Ltd.;
12. Product brochures and catalogue; and
13. Copies of certificates of registrations.⁴

The Respondent-Registrant filed its Answer on 14 August 2013, alleging among others, the following defenses:

“12. Easton is an establishment that has long been engaged in the sale and distribution of motorcycle spare parts and accessories. As such, it develops and promotes various brands for domestic distribution and among those brands are the 'RK', 'TGO TAKASAGO', 'RK TAKASAGO' motorcycle chain products, sprockets, spare parts and accessories.

“13. The 'RK' trademark has been used by Easton for its motorcycle sprocket product since March 1982. Easton has likewise used the 'TGO TAKASAGO' trademark for its motorcycle chain products, sprockets, spare parts and accessories since July 1992.

⁴ Exhibits “A” to “FF” inclusive of submarkings

"14. On 19 May 1995, the IPO (formerly the Bureau of Patents, Trademarks and Technology Transfer) issued Certificate of Registration bearing Registration No. 60536 for the 'RK' mark in the name of Easton. The mark was registered for 'motorcycle, cars, bicycles, buses, 4 wheeled land vehicles, conveyer, chain sprocket, wheel rims, spoke' in Class 12.

"15. On 10 June 1999, the IPO issued Certificate of Registration bearing Registration No. 66986 for the 'TGO TAKASAGO' mark in the name of Easton. The mark was registered for 'chains, connecting rod kit, shock absorber, rims for bicycles, and motorcycles' in Class 12.

"16. On 8 February 2011, Easton applied for the registration of the trademark 'RK TAKASAGO CHAIN' with application no. 4-2011-990064 in Classes 7 & 12. It has been using said mark since 12 March 1982.

"17. Contrary to the allegations of Petitioner, Easton is the rightful owner of the 'RK TAKASAGO CHAIN' mark by prior adoption and use in the Philippines. Easton owns the mark 'RK' covered by Trademark Registration No. 60536 which was issued on 19 May 1995. It likewise owns the mark 'TGO TAKASAGO' with Trademark Registration No. 66986 which was issued on 10 June 1999. Considering that it is the owner of the said marks, Easton merely combined the two marks and subsequently applied for the registration of the mark 'RK TAKASAGO CHAIN.' The Honorable Office granted said application and Easton was then issued a Certificate of Registration. Being the prior user and owner of the aforementioned marks in the Philippines, it is readily apparent that the instant petition should be dismissed outright for lack of merit.

"18. The mere fact that Easton is a client of Petitioner does not mean that bad faith attended the registration of its mark. As previously stated above, Easton owns the mark 'RK' covered by Trademark Registration No. 60536 which was issued on 19 May 1995. It likewise owns the mark 'TGO TAKASAGO' with Trademark Registration No. 66986 which was issued on 10 June 1999. Considering that it is the registered owner of the said mark, Easton merely combined the two marks and subsequently applied for the registration of the mark 'RK TAKASAGO CHAIN'.

"19. Easton did not copy or imitate said marks from Petitioner. Easton's 'RK' mark is an abbreviation of the tagalog translation of motorcycle roller chains which is 'Rolyo Kadena'. The 'TGO TAKASAGO' mark, in turn was used by Easton since Takasago is the name of a place in Japan which can be used to effectively market its various motorcycle products in the Philippine market. Easton has used said marks for its various motorcycle parts products for the past 30 years and has expended a lot of its resources to use, market, advertise and promote the mark. It is thus unwarranted for Petitioner to now claim that

Easton has fraudulently applied for its 'RK' and 'TGO TAKASAGO' marks.

"20. Easton does not deny that it is the client of Petitioner since the latter is a manufacturer of motorcycle roller chain products. Since the motorcycle chain products that it manufactures were of good quality, Easton placed orders from them for its 'RK' and 'TGO TAKASAGO' - branded roller chain products. Apart from the said brands, Easton also orders 'TKR'- branded motorcycle chain products from them. Copies of sample invoices from one of Petitioner's from one of Petitioner's subsidiaries attesting to the foregoing are hereto attached as Exhibit '5-series'. The earliest invoices shown by the Petitioner only cover the period from 2005 onwards. It is thus unwarranted and baseless for petitioner to claim that Easton fraudulently copies the subject marks especially when one considers the fact that the latter has been using the same for its products for far longer than said period. xxx"

The Respondent-Registrant submitted as evidence, the following:

1. Copy of invoices;
2. Sample packaging;
3. Copy of Certificate of Registration No. 60536 dated 19 May 1995 for the mark "RK";
4. Copy of Certificate of Registration No. 66986 dated 10 June 1999 for the mark "TGO TAKASAGO";
5. Copy of Declaration of Actual Use dated 4 September 2012;
6. Copy of Certificate of Registration No. 4-2011-990064 dated 18 August 2011 for the mark "RK TAKASAGO CHAIN";
7. Copies of commercial invoices;
8. Copy of Verification and Certification page signed by Augusto R. Bundang; and
9. Secretary's Certificate dated 5 August 2013.⁵

The Preliminary Conference held between the parties was terminated on 28 May 2014, wherein the parties were directed to file their respective position papers. The Petitioner and Respondent-Registrant submitted their position papers on 27 June 2014.

Should the Respondent-Registrant's trademark registration for RK TAKASAGO CHAIN mark be cancelled?

Section 151 of the IP Code provides:

Section 151. Cancellation – 151.1. A petition to cancel a registration of a 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:

⁵ Exhibits "1" to "9" inclusive of submarkings

- (a) Within five (5) years from the date of registration of the mark under this Act.
- (b) At any time if the registered mark becomes the generic name for the goods or services or a portion thereof, for which it is registered or has been abandoned, or its registration obtained fraudulently, or contrary to the provisions of this Act, or if the registered mark is 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.

The competing marks are depicted below:

Respondent-Registrant's mark

RK Takasago Chain

Petitioner's mark (Trademark Application No. 4-2010-501064)



The Petitioner alleges that it is the true owner of the marks "RK", "TAKASAGO" and "RK TAGASAGO CHAIN". According to the Petitioner, the marks originate from a Japanese company, Takasago Chain Co., Ltd. After several mergers, RK Excel Co. Ltd. was established.⁶ In 2000, RK Excel Co. Ltd acquired shares in Petitioner, Kilang Rantai SA SDN BHD. In 2010, a new company, RK Japan Co. Ltd. was established and it inherited the chain division from RK Excel Co. Ltd.⁷ Respondent-Applicant, Kilang Rantai SA SDN BHD is a principal shareholder in RK Japan Co. Ltd.⁸

In the sequence of events, there is no showing that Takasago Chain Co., Ltd. or RK Excel Company registered the marks "TAKASAGO" or "RK". The records are bereft of any document showing the predecessor companys' rights to the trademarks "TAKASAGO" and "RK", or an intention to register the same, much less assign the marks. "TAKASAGO" and "RK" are words/letters in the corporate name of Japanese companies, RK EXCEL CO. LTD and TAKASAGO TEKKO K.K. Assuming these are valid marks, proof that Respondent-Applicant, Kilang Rantai SA SDN BHD, was constituted as an assignee of the marks or was allowed and authorized to use the marks as a mere subsidiary of RK Excel Company, or RK Japan Co. Ltd., is absent. In fact, RK EXCEL Co. Ltd, a separate juridical entity, (that acquired shares in Kilang Rantai SA SDN BHD) registered the mark "RK TAKASAGO CHAIN" in Indonesia only in 21 January 2008.⁹ The Respondent-Applicant, Kilang Rantai SA SDN BHD registered the mark "RK TAKASAGO CHAIN" in New Zealand only in 29 March 2011.¹⁰ The letter

⁶ Exhibit "C"- Affidavit of Lee Thian Chai

⁷ Exhibit "7"

⁸ Exhibit "7"

⁹ Exhibit "K"- Annex "B"

¹⁰ Exhibit "K"- Annex "C"

of Yutaka Hokura¹¹, President of RK EXCEL Co. Ltd. dated 14 May 2010, confirmed the formation of the subsidiaries, RK Japan Co. Ltd. (of which Petitioner is shareholder) and EXCEL RIM Co., Ltd. in 2010.

On the other hand, Respondent-Registrant registered the marks "RK" for "motorcycle, cars, bicycles, buses, 4-wheeled land vehicles, conveyor, chain, sprocket, wheel rims, spoke" and "TGO TAKASAGO" for "chains, connecting rod kit, shock absorber, rims for bicycles and motorcycles" in the Philippines as early as 1995 and 1999. "RK" stands for the tagalog term, "Rolyo Kadena" and "TAKASAGO" is a place in Japan. Respondent-Registrant has been engaged in the sale and distribution of goods under class 12 and used the marks RK and RK TAKASAGO since 1982. This is indicated in the certificate of registration¹² secured by Respondent-Registrant under the provisions of Republic Act 166, where actual use in commerce was a requirement for registration and its Declaration of Actual Use¹³. It is not surprising, that Respondent-Registrant coined its mark, RK TAKASAGO CHAIN, by the combination of its earlier marks. The other marks of Respondent-Registrant are reproduced below:



The Petitioner asserts that the Respondent-Registrant is a client that merely obtains its supplies from the Petitioner. The Company Profile¹⁴ shows that it is in the business of manufacturing and it maintains several clients, such as Honda, Suzuki, etc. among them. In fact, the Respondent-Registrant does not deny that it places orders with the Petitioner, a manufacturer of chain products. It does not follow that merely because goods are imported or sourced from abroad, trademarks cannot be affixed on the goods. It is sound business practice to source or import goods from cost efficient sources, for sale in the Philippine market. It would be naive to presume that all sellers must be manufacturers. In *E.Y. Industrial Sales, Inc. v. Shen Dar Electricity and Machinery Co.*, the Supreme Court cites a portion of the factual findings, in a case where goods are imported, to wit:

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.

Here, the incontrovertible truth, as established by the evidence submitted by the parties, is that EYIS is the prior user of the mark. The exhaustive discussion on the matter made by the BLA sufficiently addresses the issue:

¹¹ Exhibit "C"- Annex "B"

¹² Exhibit "3"

¹³ Exhibit "5"

¹⁴ Exhibit "B"


Based on the evidence, Respondent E.Y. Industrial is a legitimate corporation engaged in buying, importing, selling, industrial machineries and tools, manufacturing, among others since its incorporation in 1988. (Exhibit "1"). Indeed private respondents have submitted photographs (Exhibit "376", "377", "378", "379") showing an assembly line of its manufacturing or assembly process.¹⁵

Evidence show that commercial invoices issued by the Petitioner to the Respondent-Registrant are dated between 26 September 2005 to 08 October 2012. This goes to show that indeed, Respondent-Registrant have been using its mark for a longer period of time, and may have sourced its chain products from other suppliers. Thus, it could not have fraudulently copied Petitioner's mark.

WHEREFORE, premises considered, the instant Petition for Cancellation of Trademark Registration No. 4-2011-990064 is hereby **DISMISSED**. Let the filewrapper of the subject trademark registration be returned, together with a copy of this Decision, to the Bureau of Trademarks for information and appropriate action.

SO ORDERED.

Taguig City, 05 DEC 2016


Atty. **ADORACION U. ZARE, LL.M.**
Adjudication Officer
Bureau of Legal Affairs

¹⁵ G.R. No. 184850, 20 October 2010