KENSONIC, INC.,
Opposer,

-versus-

E-FENG MACHINERY ENGINEERING CO., LTD.,
Respondent-Applicant.
x----------x

IPC No. 14-2015-00540
Opposition to:
Appln. Serial No. 4-2015-503239
Date Filed: 15 June 2015

TM: SAKURA

NOTICE OF DECISION

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GREETINGS:

Please be informed that Decision No. 2017 - 236 dated 20 June 2017 (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, 20 June 2017.

MARILYN F. RETUTAL
IPRS IV
Bureau of Legal Affairs

KENSONIC, INC., Opposer, -versus- E-FENG MACHINERY ENGINEERING CO., LTD., Respondent-Applicant.	}	**IPC NO. 14-2015-00540** Opposition to: Appln. Serial No. 4-2015-503239 Date Filed: 15 June 2015 **TM: SAKURA** **Decision No. 2017-** 236

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DECISION

KENSONIC, INC.[1] ("Opposer") filed an opposition to Trademark Application Serial No. 4-2015-503239. The application, filed by E-FENG MACHINERY ENGINEERING CO., LTD.[2] ("Respondent-Applicant"), covers the mark "SAKURA" for use on "*elevator; conveyer; fuzzy elevator; escalator; oil traction machine; traction machine; moving walk; agricultural lift; lift; lift (skiing excluded); loading platform (part of machine); pneumatic tunnel carrier; auto loading machine; tube conveyors; pneumatic escalator; parking lift*" under Class 7 of the International Classification of Goods.[3]

The Opposer alleges the following grounds:

"1. The registration of the mark is contrary to the provisions of Section 123.1 (d) of Republic Act No. 8293, as amended, which prohibits the registration of the mark that:

x x x

"2. The Opposer is the owner and prior user of the SAKURA mark. The SAKURA mark is the subject of a prior pending application filed with the Philippine Intellectual Property Office on 14 May 2014 in the name of the Opposer covering a wide range of goods in Classes 7 and 11 under Trademark Application No. 4-2014-502077.

"3. The Opposer is the owner and prior user of the SAKURA mark since 1994 and first applied for the same in 2001 for goods under Class 9 under Trademark Application No. 4-2001-005131, long before the Respondent-Applicant's application for SAKURA. The Opposer is also the registered owner of the SAKURA mark in Class 35 under Trademark Application No. 4-2014-502078.

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[1] A domestic corporation with address at Lot 3, T.S. Sariño Subdivision, Real Street, Pulang Lupa, Las Piñas City.
[2] A corporation organized and existing under the laws of Taiwan with address at 1 Fl. No. 11 Hua Kang Street, Bade District, Taoyuan City 334, Taiwan.
[3] The Nice Classification is a classification of goods and services for the purpose of registering trademarks and service marks based on a multilateral treaty administered by the World Intellectual Property Organization. This treaty is called the Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of Registration of Marks concluded in 1957.

"4. The Opposer has used the SAKURA mark since 1994. The ownership and prior use by the Opposer of the SAKURA mark has been previously affirmed by the Honorable Bureau of Legal Affairs in cases against another party, as follows:

x x x

"5. The dominant element of Respondent-Applicant's mark -SAKURA - completely appropriates the Opposer's SAKURA mark. The Respondent-Applicant's SAKURA mark is confusingly similar to Opposer's mark SAKURA as to likely deceive or cause public confusion.

"6. The use of Respondent-Applicant's SAKURA mark on goods in Class 7, which are identical or closely related to the goods on which Opposer's SAKURA mark has been applied for registration will deceive the consumers by suggesting a connection, association or affiliation with the Opposer, thereby causing substantial damage and goodwill and reputation associated with the Opposer's SAKURA mark.

"7. Opposer has used the SAKURA mark in the Philippines as early as 1994, which is prior to and long before the filing date of Respondent-Applicant's SAKURA mark. The Opposer continues to use the SAKURA in the Philippines.

"8. The Opposer has also extensively promoted the SAKURA mark. Over the years, the Opposer has obtained significant exposure for the goods upon which the SAKURA mark is used in various media.

"9. Opposer has not consented to the Respondent-Applicant's use and application of the SAKURA mark or any other mark identical or similar to its SAKURA mark.

"10. The use by Respondent-Applicant of the SAKURA mark for goods in Class 7, which goods are identical or closely related to "machines and machine tools; motors and engines (except for land vehicles); agricultural implements other than hand-operated; incubator for eggs; automatic vending machines" covered by Opposer's earlier trademark application under Trademark Application No. 4-2014-502077, will mislead the purchasing public into believing that the Respondent-Applicant's goods are produced by, originate from, or under the sponsorship of the Opposer. Potential damage to the Opposer will also be caused as a result of its inability to control the quality of products offered or put on the market by the Respondent-Applicant under the SAKURA mark.

"11. The use by the Respondent-Applicant of the SAKURA mark in relation to goods under Class 7, being identical or closely-related to the Opposer's goods and business, will take unfair advantage of, dilute and diminish the distinctive character or reputation of the Opposer's SAKURA mark.

"12. The Opposer's prior application includes 'machines and machine tools; motors and engines (except for land vehicles); agricultural implements other than hand-operated; incubator for eggs; automatic vending machines' precisely as it intends to expand its business and products to include these goods in Class 7. Thus, Respondent-Applicant's application restricts the zone of natural expansion of the business of the Opposer.

"13. The denial of the application for the SAKURA mark is authorized under the provisions of the IP Code (Republic Act No. 8293).

The Opposer's evidence consists of the following:

1. Affidavit of Kristoffer Tsang;
2. Computer printout of trademark detail report for Opposer's SAKURA mark under Application Serial No. 4-2014-502077;
3. Screenshot of Opposer's website;
4. Promotional materials of Opposer's SAKURA mark;
5. Computer printout of trademark detail report for Opposer's SAKURA mark under Application Serial No. 4-2001-005131 filed on 18 July 2001;
6. Computer printout of trademark detail report for Opposer's SAKURA mark under Trademark Registration No. 4-2014-502078 registered on 25 December 2014;
7. Certified copy of Decision of the case Kensonic, Inc. v. Uni-Line Multi-Resources, Inc. (Phils.) issued on 29 November 2005;
8. Certified copy of Decision of the case Kensonic, Inc. v. Uni-Line Multi-Resources, Inc. (Phils.) issued on 07 August 2008;
9. Special Power of Attorney; and
10. Secretary's Certificate signed by Kristoffer Tsang.

This Bureau issued on 14 January 2016 a Notice to Answer and served to the Respondent-Applicant's counsel on 22 January 2016. After several motions for extension to file answer, Respondent -Applicant filed the Verified Answer on 11 April 2016 alleging, among others, the following Special and Affirmative Defenses:

"Opposer's Trademark is not confusingly similar with Applicant's Trademark.

"The goods of the competing marks are not related.

"The allegations that Applicant's goods are within the potential expansion of Opposer's business is baseless and speculative.

"There is no dilution of Opposer's alleged goodwill.":

Respondent-Applicant's evidence consists of the following:

1. Legalized and authenticated Special Power of Attorney/Secretary's Certificate;
2. Opposer's Trademark Application for the mark SAKURA;
3. Authenticated Affidavit-Direct Testimony of Hsu, Wen Huan;
4. Sample advertisement for Respondent's SAKURA;
5. Printout of relevant pages of Respondent's website http://www.e-f.com.tw/; and
6. Notice of Allowance of Respondent's trademark application.

Pursuant to Office Order No. 154, s. 2010, the case was referred to the Alternative Dispute Resolution ("ADR") for mediation on 13 April 2016. However, the parties refused to mediate. On 20 September 2016, the preliminary conference was terminated and the parties were directed to submit position papers. On 30 September 2016, the parties submitted their respective Position Papers.

Should the Respondent-Applicant be allowed to register the mark "**SAKURA**"?

Opposer anchors its opposition on Section 123.1 (d) of the IP Code which provides:

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

(d) Is identical with a registered mark belonging to a different proprietor or a mark with an earlier filing or priority date, in respect of:

i. The same goods or services, or
ii. Closely related goods or services, or
iii. If it nearly resembles such a mark as to be likely to deceive or cause confusion.

Explicit from the above provision of the IP Code that whenever a mark subject of an application for registration, resembles another mark, which has been registered or has an earlier filing or priority date, said mark cannot be registered.

Records will show that at the time Respondent-Applicant filed its application for registration of its mark SAKURA on 15 June 2015, Opposer already has a pending application for the mark SAKURA filed on 18 July 2001. Opposer has obtain a registration for its SAKURA mark on 25 December 2014 for Class 35. It also has a pending application for its SAKURA mark for Class 7 and 11 filed on 14 May 2014. As such, Opposer is the prior user and has priority right over the mark SAKURA.

To better appreciate the marks of the parties, they are reproduced hereunder:

SAKURA	SAKURA
Opposer's Mark	Respondent-Applicant's Mark

There is no doubt that Opposer's and Respondent-Applicant's mark are similar as they both use the word SAKURA. However, the similarity in the appearance of the applied mark to another mark does not automatically bar its registration. A similar mark may be registered when the goods, upon

which the applied mark will be used, is different or non-competing to the goods of another such that it cannot be said that the goods of the latter is manufactured or sourced from the former or that there is a connection between them.

In Philippine Refining Co., Inc. vs. Ng Sam and The Director of Patents[4], the Court ruled:

> A rudimentary precept in trademark protection is that the right to a trademark is a limited one, in the sense that others may use the same mark on unrelated goods." Thus, as pronounced by the United States Supreme Court in the case of American Foundries vs. Robertson, "the mere fact that one person has adopted and used a trademark on his goods does not prevent the adoption and use of the same trademark by others on articles of a different description."

Opposer's mark SAKURA is used on "*amplifiers, DVD player, VCD player, tape deck, tuner, equalizer, mixer, digital voice recorder, video disc recorder*" under Class 9. On the other hand, Respondent-Applicant's mark SAKURA is being applied for use on *"elevator; conveyer; fuzzy elevator; escalator; oil traction machine; traction machine; moving walk; agricultural lift; lift; lift (skiing excluded); loading platform (part of machine); pneumatic tunnel carrier; auto loading machine; tube conveyors; pneumatic escalator; parking lift"* under Class 07. Since the goods of the parties belong to different classes, they are not related or non-competing.

Furthermore, Opposer's contention that Respondent's application if granted will restrict the zone of natural expansion of its business, is not well-taken. While it is true that Opposer has pending application for its mark SAKURA for goods under Class 07 which includes " *machines and machine tools; motors and engines (except for land vehicles); machine coupling and transmission components (except for land vehicles); agricultural implements other than hand-operated; incubators for eggs; automatic vending machines,*" these goods are also dissimilar or unrelated to Respondent-Applicant's "*elevators, conveyors, escalators.*"

In *Taiwan Kolin Corporation Ltd. v. Kolin Electronics Co., Inc.*[5], the Supreme Court held:

> In resolving one of the pivotal issues in this case—whether or not the products of the parties involved are related—the doctrine in Mighty Corporation is authoritative. There, the Court held that the goods should be tested against several factors before arriving at sound conclusion on the question of relatedness. Among these are:
>
> (a) the business (and its location) to which the goods belong;
> (b) the class of product to which the goods belong;
> (c) the product's quality, quantity, or size, including the nature of the package, wrapper or container;
> (d) the nature and cost of the articles;
> (e) the descriptive properties, physical attributes or essential characteristics with reference to their form, composition, texture or quality;
> (f) the purpose of the goods;

[4] *G.R. No. L-26676, July 30, 1982*
[5] *G.R. No. 209843, 25 March 2015*

(g) whether the article is bought for immediate consumption, that is, day-to-day household items;

(h) the fields of manufacture;

(i) the conditions under which the article is usually purchased; and

(j) the channels of trade through which the goods flow, how they are distributed, marketed, displayed and sold.

As mentioned, the classification of the products under the NCL is merely part and parcel of the factors to be considered in ascertaining whether the goods are related. It is not sufficient to state that the goods involved herein are electronic products under Class in order to establish relatedness between the goods, for this only accounts for one of many considerations enumerated in Mighty Corporation. In this case, credence is accorded to petitioner's assertions that:

> a. Taiwan Kolin's goods are classified as home appliances as opposed to Kolin Electronics' goods which are power supply and audio equipment accessories;
>
> b. Taiwan Kolin's television sets and DVD players perform distinct function and purpose from Kolin Electronics' power supply and audio equipment; and
>
> c. Taiwan Kolin sells and distributes its various home appliance products on wholesale and to accredited dealers, whereas Kolin Electronics' goods are sold and flow through electrical and hardware stores.

Clearly then, it was erroneous for respondent to assume over the CA to conclude that all electronic products are related and that the coverage of one electronic product necessarily precludes the registration of similar mark over another. In this digital age wherein electronic products have not only diversified by leaps and bounds, and are geared towards interoperability, it is difficult to assert readily, as respondent simplistically did, that all devices that require plugging into sockets are necessarily related goods.

It bears to stress at this point that the list of products included in Class can be sub-categorized into five (5) classifications, namely: (1) apparatus and instruments for scientific or research purposes, (2) information technology and audiovisual equipment, (3) apparatus and devices for controlling the distribution and use of electricity, (4) optical apparatus and instruments, and (5) safety equipment. From this sub-classification, it becomes apparent that petitioner's products, i.e., televisions and DVD players, belong to audio-visual equipment, while that of respondent, consisting of automatic voltage regulator, converter, recharger, stereo booster, AC-DC regulated power supply, step-down transformer, and PA amplified AC-DC, generally fall under devices for controlling the distribution and use of electricity.

Clearly, even if the goods are classified under the same class, when the goods belong to different sub-classification, they are considered as different or unrelated goods. In this case, Respondent-Applicant's goods are *machine and machine tools as well as agricultural machines* to which Opposer's goods do not belong to.

Finally, the mark SAKURA has not been exclusively appropriated by Opposer. SAKURA is commonly known as the "cherry tree" which is famous in Japan. As shown in the IPOPHL's Trademark Database, the mark SAKURA has been registered in various classes by different entities. As such it is considered a weak mark that has no capacity to identify strongly a single original or source of goods or services. In this case, when we hear the word SAKURA it does not exclusively suggest that it comes from Opposer or it refers only to its products alone.

The essence of trademark registration is to give protection to the owners of trademarks. 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.[6] It is found that Respondent-Applicant's mark sufficiently met the requirement of the law.

WHEREFORE, premises considered, the instant opposition is hereby ***DISMISSED***. Let the filewrapper of Trademark Application Serial No. . 4-2015-503239, together with a copy of this Decision, be returned to the Bureau of Trademarks for information and appropriate action.

SO ORDERED.

Taguig City, 20 JUN 2017.

MARLITA V. DAGSA
Adjudication Officer
Bureau of Legal Affairs

[6] *Pribhdas J. Mirpuri v. Court of Appeals*, G. R. No. 114508, 19 Nov. 1999.