



INTELLECTUAL PROPERTY  
PHILIPPINES

<b>KENSONIC, INC.,</b>	}	<b>IPC No. 14-2006-00139</b>
Petitioner,	}	Petition for Cancellation
	}	Filed : 07 September 2006
- versus -	}	Reg. No. 4-2002-004572
	}	Date Issued : 18 March 2006
<b>UNI-LINE MULTI-RESOURCES,</b>	}	
<b>INC. (PHILS.),</b>	}	Trademark : <b>"SAKURA"</b>
Respondent-Registrant.	}	
X -----X	}	Decision No. 2008 - <u>149</u>

### DECISION

This pertains to a Verified Petition for Cancellation filed on 07 September 2006 by herein petitioner, Kensonic, Inc., docketed as IPC Case No. 14-2006-00139 against the registration of the trademark **"SAKURA"** bearing Registration No. 4-2002-004572, issued on 18 March 2006 covering goods under *class 7*, namely, washing machines, high pressure washers, vacuum cleaners, floor polishers, blender, electric mixer, electric juicer; *class 9* namely, television sets, stereo components, DVD/VCD players, voltage regulators, portable generators, switch breakers, fuse; and *class 11*, namely refrigerators, air-conditioners, oven toaster, turbo broiler, rice cooker, microwave oven, coffee maker, sandwich/waffle maker, electric stove, electric fan, hot and cold water dispenser, airpot, electric griller and electric hot pot, to herein respondent-registrant, Uni-Line Multi-Resources, Inc. (Phils.).

Petitioner is a domestic corporation duly organized and existing under the Philippine laws with office address at Lot 3, T.S. Sarino Subd., Real St., Pulang Lupa, Las Pinas City. It is represented by its President, Nenita K. Tsang, as evidenced by a Secretary's Certificate marked as Annex "B" of the petition.

Respondent-registrant is Uni-Line Multi Resources, Inc., likewise a domestic corporation existing under Philippine laws with office address at Unit MO3 Prince Jun Condominium, 42 Timog Ave., Quezon City.

The allegation of facts of this instant petition are provided in summary:

1. Petitioner was known and registered as "Audio Crown Marketing Center" in 1991. On October 1994, it became "Kensonic, Inc." and started to open and introduce for marketing the SAKURA products in the Philippines. In fact, petitioner is the only corporation that first used, introduced, distributed and owned the SAKURA products in the Philippines.

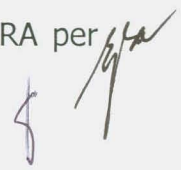
2. Several business establishments in the country in the sale and distribution of SAKURA amplifiers, audio/video products and other electronic devices, equipments and accessories are the exclusive buyers/distributors of SAKURA products of herein petitioner and they have not known, much less encountered nor purchased any of the SAKURA products of respondent Uni-Line Multi Resources Inc.

3. On November 4, 2004, respondent was allowed for publication of its Trademark SAKURA with application no. 41999004213 so that, on November 23, 2004, petitioner filed its Notice of Opposition against herein respondent with Inter Partes Case No. 14-2004-00160.

4. Consequently, a Decision dated November 29, 2005 was promulgated by Bureau of Legal Affairs (BLA) Director Atty. Estrellita Beltran Abelardo, sustaining the opposition and rejecting the application of the mark SAKURA filed on June 15, 1999 by herein respondent.

5. That, trademark SAKURA of petitioner was allowed for publication and was then published on May 16, 2006.

6. Also, petitioner is a copyright owner of SAKURA per Certificate of Copyright Registration and Deposit.

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7. Thus, since 1994 almost twelve (12) years now, petitioner has maintained and established a good name and goodwill and ownership due and for reason of SAKURA products.

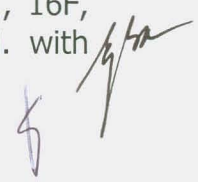
The grounds and discussion are herein provided as follows:

1. Petitioner is the "First User" of trademark SAKURA in the Philippines.

Petitioner, by law, justice and equity, has the priority right to have the Sakura products be registered in its name and favor under the principle of a priority rule of "first user" to the exclusion of and over and above the respondent. It was the first corporation that first used, introduced, distributed and owned the SAKURA products in the Philippines in October 1994.

2. To prove that petitioner, thru its previous business entity known as "Audio Crown Marketing Center", has first opened the country to SAKURA products is shown by the series of continuing business relationship with the Import Officer of SAKURA and Manager of Water-Well Trading Co. with address at Flat H, 21/f, Block 3, Granville Garden, No. 18 Pik Tin St., Taiwan, N.T. Hongkong, Mr. Ji Hua Ren thru Mr. Tsang Wing Kuen, one of the incorporators/officers of the petitioner, shown by electronic fax communication pertaining to the specific features of SAKURA products and the corrected spelling and other words to fit into the product lines and specifications, both in English and Chinese languages and the manual booklets.

3. Petitioner has other import suppliers, namely: Guangdong Chemicals and Machinery Co., Ltd. with address at 74-44 Connaught Road, Central, Guangdong Bldg., 16F, Hongkong , and Ya Horng Electronic (M) Sdn. Bhd. with





address at 2513, Lorong Perusan 8, Perai Industrial Complex, 13600 Perai, Penang, Malaysia

4. In this connection, a line of cases was held by Honorable Supreme Court as to the Doctrine of First User, to wit:

a) UNNO COMMERCIAL ENTERPRISES, INC. vs. GENERAL MILLING CORPORATION, 120 SCRA 8041: "Ownership, which determines the right to register a trademark is the priority in use." "Prior use by one will controvert a claim of legal appropriation by subsequent users."

b) HEIRS OF CRISANTA Y. GABRIEL-ALMORADIE vs. COURT OF APPEALS, 229 SCRA 15: "As a condition precedent to registration, the trademark, trade name or service mark should have been in actual use in commerce in the Philippines before the filing of the application."

c) ASARI YOKO COMPANY, LTD vs. KEE BOC, 1 SCRA 10: "The first user of a trademark in the Philippines may oppose its registration by another person. Such registration will damage the first user of the trademark."

d) EMERALD GARMENT MANUFACTURING CORPORATION vs. CA, 66 SCAD 865: "Actual use in commerce in the Philippines is an essential prerequisite for the acquisition of ownership over the trademark."

5. Petitioner has some of the following business establishments as exclusive dealers/distributors of SAKURA products nationwide, to wit:

Luzon/Manila	Address
a) Nepco Electronics	Raon, Quiapo, M.M.
b) Martcom	Raon, Quiapo, M.M.
c) Solid Electronics	G. Puyat, Sta. Cruz,
d) Polar Point Marketing	Sucac, Paranaque



- e) Sound Quest Electronics                      Quiapo, Metro Manila
- f) Unitronic Marketing                              Sta. Cruz, Manila

Visayas

- a) Triple Venue                                      Cebu City
- b) Easy Sound Marketing                          Salazar, Tacloban City

Mindanao

- a) Mindstar Marketing                              Gen. Santos City

These exclusive buyers/distributors of petitioner have never heard of any Sakura products in the Philippines except those of petitioner's. In the case of Chung Te vs. Ng Kian Giabo, 18 SCRA 748, the Honorable Supreme Court pronounced: "Where the Director of Patents overlooked that the petitioner has established prior use and adoption of the questioned trademark for which reason he, and not the respondent, is entitled for registration thereof, the decision of the Director of Patents is reversed, and the petitioner is adjudged as the prior user of the trademark and its registration in his name should be ordered."


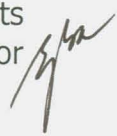
6. Finally, the Doctrine of Secondary Meaning means that the possessor or user of a trademark, trade name or service mark, after using the same for such a length of time as may be sufficient to associate the name with his product, generating thereby goodwill therefore, can now claim ownership thereof so as to entitle him to register the same with the principal register.

7. The Decision dated November 29, 2005 becomes final and executory hereby granting petitioner the exclusive use and ownership of trademark SAKURA and warrants for the cancellation of trademarks SAKURA with Application Nos. 42002004572 and 420060011378, respectively, and further proscribes trademark SAKURA with Application no. 4200000003083 for publication and registration of respondent.

8. Petitioner filed its Notice of Opposition against respondent on November 23, 2004 for Trademark SAKURA with application no. 419999004213. While pending litigation in the BLA, respondent filed application no. 42002004572 for the trademark SAKURA on June 6, 2002 for goods under classes 9, 11 and 7, respectively. It was later registered on April 5, 2006. Also, respondent's application of SAKURA with application no. 42000003083 was registered on May 9, 2005. Obviously, the registration date was within the period the opposition case is under litigation. It should not be allowed because there is an issue as to the first use, development and ownership of the trademark SAKURA.

9. On November 29, 2005, BLA Director Atty. Estrellita Beltran Abelardo promulgated Decision No. 2005-21 which becomes final and executory on January 19, 2006 as per Entry of Judgment/Execution of Decision dated August 9, 2006, which sustained the opposition relative to application Serial No. 4-1999-004213.

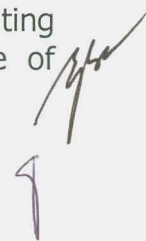
10. It appears that the BLA Decision and the Execution of the Decision favorable to herein petitioner was received on a later date so that the registration of the aforesaid applications for trademark SAKURA of respondent were allowed. But such registration can be cancelled in accordance with law and IPO Rules and registration and any pending application thereof and any future applications in mind of herein respondent will be proscribed for the reason that trademark SAKURA is now under the exclusive use and ownership of the petitioner. In Philips Export B.V. vs. Court of Appeals, 206 SCRA 456, it was held that, "A corporation's right to use its corporate name and trade name is a property right, a right in rem which it may assert and protect against the whole world in the same manner as it may protect its tangible property, real or personal against trespass or conversion."



The Notice to Answer dated 17 October 2006 was directed to herein respondent-applicant which was complied upon by the filing of a Verified Answer on 04 April 2007. It admitted Exhibit "A" and the corporate personality of both parties, and paragraphs 4, 5 and 6 under the heading "Statement of the Facts and of the Case". It however denied all other allegations.

Respondent-registrant avers the following affirmative allegations:

1. The trademark SAKURA was adopted by respondent-registrant in good faith and in accordance with law for use on the following goods, namely: washing machines, high pressure washers, vacuum cleaners, floor polishers, blender, electric mixer, electric juicer, television sets, stereo components, DVD/VCD players, voltage regulators, portable generators, switch breakers, fuse. Refrigerators, air conditioners, oven toasters, turbo broiler, rice cooker, microwave oven, coffee maker, sandwich/waffle maker, electric stove, electric fan, hot and cold water dispenser, airpot, electric griller and electric hot pot falling under Classes 7,9 and 11.
2. On June 6, 2002, it filed Application Serial No. 4-2002-004572 in good faith. The examination of which was done pursuant to, and in accordance with the provisions of the IP Code and the Implementing Rules and Regulations on Trademarks, etc. After having complied with all the requirements for registration, Application Serial No. 4-2002-004572 was published in the e-Gazette of this Office, released on February 15, 2006.
3. Nobody, petitioner included, opposed the aforementioned application.
4. In accordance with the IP Code and the Implementing Rules and Regulations on Trademarks, etc., Certificate of





Registration No. 4-2002-004572 was issued to respondent-  
registrant effective as of March 18, 2006.

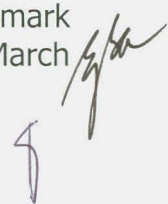
Special and Affirmative Defenses are further set forth as follows:

1. Sakura is not copyrightable. The word SAKURA was neither created nor originated by petitioner or by its president, Nenita K. Tsang. It is the Japanese name for ornamental cherry trees and their blossoms which appears in all Japanese dictionaries, as well as in most English dictionaries. Notwithstanding the perjurious affidavit of Petitioner's president in support of its application for copyright registration claiming that the work SAKURA was completed on October 10, 1994, SAKURA as a word mark remains non-copyrightable.

2. The issuance of Certificate of Registration does not create any right, much less confirm the existence of an intellectual property right in favor of Petitioner, over the mark SAKURA.

3. SAKURA is a very weak mark. In addition to respondent-registrant's Registration No. 4-2002-004572, the mark SAKURA is also registered under the following registrations nos.: 8317 for SAKURA LABEL MARK; 19307 for SAKURA and Device; 35527, 042195, 045540, 047462 for SAKURA; 057387 for SAKURAI; 4-1992-080991 for Cherry Design and SAKURA Bank; 4-1993-087453, 4-1996-113924, 4-2003-003461, 4-2003-005375, 4-1997-124983, SR-5344 and 7086 for SAKURA; 4-2000-001441 for SAKURA & Flower Logo; 4-2000-003083 for SAKURA & Flower Design; and 8317 for SAKURA Label Mark.

4. Further, the mark SAKURA and its variations are also the subject of at least twenty-seven (27) trademark applications, as appearing in Phil TM O-Search as of March

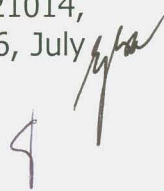


13, 2007.

5. Petitioner is now estopped to ask for the cancellation of Registration No. 4-2002-004572. Application Serial No. 4-2002-004572 was examined and found allowable pursuant to the provisions of the IP Code and the Implementing Rules and Regulations on Trademarks, etc. It was published in the e-Gazette of this Office released for circulation last February 15, 2006. Petitioner however, chose not to oppose its final approval. Hence, Registration No. 4-2002-004572 was issued effective March 18, 2006 in favor of respondent-registrant.

6. Section 230 of the IP Code provides, "In all inter partes proceedings in the Office under this Act, the equitable principles of laches, estoppel, and acquiescence where applicable, may be considered and applied." This is reiterated in Section 21 of the Implementing Rules and Regulations on Inter Partes Proceedings stating that, "In all inter partes proceedings, estoppel and acquiescence, when applicable, may be considered and applied."

7. Decision No. 2005-21 dated November 29, 2005, promulgated in IPC No. 14-2004-00160, cannot be used as basis and/or legal justification for the cancellation of Registration No. 4-2002-004572. Such does not constitute res judicata. The essential requisites for the existence of res judicata are: (1) the former judgment must be final; (2) it must have been rendered by a court having jurisdiction of the subject matter and the parties; (3) it must be a judgment on the merits; and (4) there must be, between the first and second actions: identity of parties, subject matter, and cause of action. (Ipekjian Merchandising Co., Inc. vs. Court of Tax Appeals, L-15430, September 30, 1963, 9 SCRA 72; Philippine Farming Corporation, Ltd. vs. Llanos, L-21014, August 14, 1965, 14 SCRA 949; Abes vs. Rodil, L-20996, July 30, 1996, 17 SCRA 822; etc.)

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8. Inter Partes Case No. 14-2004-00160 was an opposition proceeding commenced by petitioner against Application Serial No. 4-1999-004213 of respondent-registrant for the registration of the mark SAKURA for use on amplifier, speaker, cassette disk, video cassette disk, car stereo, television, digital video disk, mini component, tape deck, compact disk charger, VHS, and tape rewinder falling under Class 9. The issue raised was whether or not respondent-registrant is entitled to the registration of the mark SAKURA for use on goods covered by Application Serial No. 4-1999-004213.

9. Decision No. 2005-21 in IPC No. 14-2004-00160 was promulgated on November 29, 2005, sustaining the opposition and thereby, rejecting application bearing Serial No. 4-1999-004213 for the mark "SAKURA" filed on June 15, 1999 by Uni-Line Multi-Resources, Inc. Nowhere in Decision No. 2005-21 was petitioner declared the owner of the mark SAKURA entitled to the exclusive use thereof for all kinds of goods. As stated, SAKURA is a very weak mark already registered in favor of numerous registrants for use on various goods.

10. Decision No. 2005-21 is based on respondent-registrant's failure to dispute the claim of earlier use by petitioner of the mark SAKURA, Application Serial no. 4-1999-004213 of respondent-registrant was rejected, notwithstanding the fact that respondent-registrant filed its Application Serial No. 4-1999-004213 earlier than the petitioner (its Application Serial No. 4-2001-005131 filed on July 18, 2001),

11. Petitioner's Application Serial No. 4-2001-005131 shows that it is supposed to cover only the following goods, namely: amplifiers, DVD player, VCD player, tape deck, tuner, equalizer, mixer, digital voice recorder, video disc recorder. The records of Inter Partes case 14-2004-00160 disclose that petitioner (opposer thereon) was able to present



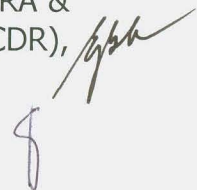


evidence which purport to show its use of the mark SAKURA on amplifiers, tuners, and equalizers alone. Petitioner's evidence in said case shows that it was only importing and was not manufacturing the amplifiers, tuners, and equalizers bearing the mark SAKURA. Further, since petitioner is not a 100% Filipino-owned corporation per its Articles of Incorporation, whether its purported sales of goods bearing the mark SAKURA is lawful or not, has not been sufficiently clarified and explained.

12. On the other hand, the goods covered by respondent-registrant's Registration No. 4-2002-004572 include other goods other than those covered by Petitioner's application.

13. Since: (a) the subject of IPC No. 14-2004-00160 (Application Serial No. 4-1999-004213) is different from the subject of the present case (Registration No. 4-2002-004572); (b) the goods covered by Application Serial No. 4-1999-004213 are different from the goods covered by Registration No. 4-2002-004572; (c) Application Serial No. 4-2002-004572 which ripened into Registration no. 4-2002-004572 was filed on June 6, 2002 before the filing of IPC No. 14-2004-00160 on November 23, 2004; and (d) Application Serial No. 4-2002-004572 or Registration No. 4-2002-004572 was not part and was not mentioned in IPC No. 14-2004-00160, it is clear that the decision in IPC No. 14-2004-00160 cannot be considered *res judicata* in the present petition for cancellation. If at all, Decision No. 2005-21 can only be used to delete from respondent-registrant's registration no. 4-2002-004572 the goods upon which petitioner was able to establish its earlier use, namely: amplifiers, tuners and equalizers.

14. Respondent-registrant has a better and superior right to the trademark SAKURA. In addition to Registration No. 4-2002-004572, respondent-registrant is also the holder of Registration No. 4-2000-003083 for the trademark SAKURA & Flower Design for use on recordable compact disc (CDR),

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computer, computer parts and accessories falling under Class 9. The application with Serial No. 4-2000-003083 was filed by respondent-registrant on April 14, 2000 more than one year before the filing by petitioner of its application with Serial No. 4-2001-005131 only on July 18, 2001. Respondent-registrant's Application Serial No. 4-2000-003083 was published in the e-Gazette released for circulation on February 17, 2005, before Decision No. 2005-21 was promulgated on November 29, 2005.

15. Incidentally, petitioner did not oppose the approval of Application Serial No. 4-200-003083. Respondent-registrant's Registration No. 4-2000-003083 was issued effective March 20, 2005, again before Decision No. 2005-21 was promulgated in IPC No. 2005-21 on November 29, 2005. Application Serial No. 4-2000-00160 or Registration No. 4-200-00160 was not part, it was never even mentioned in IPC No. 14-2004-00160.

On 20 April 2007, petitioner filed its Reply alleging among others that actual use in Philippine commerce is an essential prerequisite for the acquisition of ownership over a trademark pursuant to Sections 2 and 2-A of R.A. No. 166. Since the IP Code particularly provides in Section 236 that existing rights are preserved, thus, herein petitioner being the "first user" of the subject mark SAKURA in good faith since 1994, acquired ownership over it and therefore, entitled to its registration. Petitioner presented its Declaration of Actual Use (DAU) filed on 22 October 2002, where the date of first use of the subject mark SAKURA is October 10, 1994; whereas, respondent's DAU of SAKURA products such as electrical appliances and devices declared its use on October 2004. Petitioner has also alleged to have manufactured, distributed, sold, used and owned SAKURA products since 1994 up to present, and has established a good name and good will throughout the country, evidenced by the Sales Invoices and Certifications of dealers. Moreover, respondent's certificate of registration does not confer trademark right and may be cancelled by the IPO when the registrant is not the owner of the mark. Finally, petitioner reiterated that Decision dated 29 November 2005 in IPC No. 14-2004-00160 should be given respect and



finality as petitioner exhaustively presented substantial documents aside from mere claims as the owner of the trademark SAKURA. On an even date, petitioner filed a Supplemental to the Petition for Cancellation, submitting the original copies of its evidence.

Meanwhile, respondent-registrant's Rejoinder dated and filed 02 May 2007 states the following : (1) that the invocation of Sections 2 and 2-A of R.A. No. 166, as amended is misplaced since the subject Registration No. 4-2002-004572 is based on Application Serial No. 4-2002-004572, examined and approved pursuant to the New IP Code; (2) that respondent-registrant's DAU does not specify the date of first use of the subject mark SAKURA; (3) that there is a contradiction of petitioner's evidence vis-a vis its claim of first use of the mark on 10 October 1994; and, (4) that the Certifications are inadmissible for being self-serving.

On 31 May 2007, respondent-registrant filed an Omnibus Motion, praying for the striking of additional evidence on the following : (a) that petitioner's Sur-Rejoinder is a prohibited pleading under Section 120 of Office Order No. 79; (b) that the additional exhibits "N" to "T" were filed in violation of Section 12.1 and 7.1 of Office Order No. 79. This was vehemently argued by herein petitioner in its Opposition dated 07 June 2007. Therefore, after careful examination of the arguments and the applicable rules, this Bureau issued Order No. 2007-1680 dated 13 September 2007. Accordingly, petitioner's Sur-Rejoinder is not allowed as it is a prohibited pleading contemplated in Section 10 of Office Order No. 79, series of 2005. Anent Exhibits "N", "O", "P", "Q", "R", "S" and "T", it appears that these were made part of petitioner's reply filed on 23 April 2007, pursuant to Section 8.3 of Office Order No. 79, supra., thence, the submission of which are allowed.

During the Preliminary Conference on 16 October 2007, parties manifested the improbability to amicably settle. After issues have been clarified, the Preliminary Conference was declared terminated on 16 October 2007. Verily, Order No. 2007-1967 dated 25 October 2007 were issued directing parties to submit their respective position papers and if desired, draft decision within a non-extendible period of ten (10 ) days from receipt of the said Order. On 16 and 26 November 2007, this Bureau received the Position Papers of opposer and respondent-registrant, respectively.



The following issues are for resolution, to wit:

1. Whether or not there is a likelihood of confusion between opposer's and respondent-registrant's identical marks "SAKURA" relative to their respective goods as well as their respective businesses.
2. Assuming that the first issue is the affirmative, whether or not petitioner is the first user of the mark "SAKURA" which precludes respondent-registrant from acquiring exclusive ownership over the mark "SAKURA" in its name.
3. Assuming that the first is in the affirmative, whether or not respondent-registrant's certificate of registration vests upon it ownership of the mark "SAKURA" for exclusive use on goods enumerated in her application under Classes 07, 09 and 11.
4. Whether or not Decision No. 2005-21 rendered in Inter Partes Case which is a proceeding *in personam* is binding upon respondent-registrant who was not a party to said case.

The first issue on likelihood of confusion between the contending marks was not particularly raised by either parties. But this Bureau deems it imperative to deliver this discussion, as it is relative to the antipodal claims of the petitioner and the respondent-registrant to settle exclusive ownership over the subject mark.

The contending marks are the following: petitioner's "SAKURA" with Application No. 42001005131 (Exhibit "D"); and respondent-registrant's registered mark "SAKURA" with Certificate of Registration No. 4-2002-



004572 (file wrapper records).

It is beyond question that petitioner's and respondent-applicant's respective marks are visually identical, with the same spelling and pronunciation when spoken. Their aural appearance are virtually alike, as both marks are written in uppercase letters. Although the letter font of petitioner's "SAKURA" (Exhibit "I" and "J") vis-a-vis the letter font of respondent-registrant's "SAKURA" (Certificate of Registration in filewrapper records) are not identical, the variance is negligible as they exhibit simple fonts sans any distinctive design. Therefore, the contending marks are confusingly similar as the dominant feature of both marks is the lone word "SAKURA".

Under the Dominancy Test which has been consistently relied upon by the Honorable Supreme Court in cases relating to infringement of marks and is in fact incorporated in Section 155 of R.A. 8293, this considers the dominant features of the competing marks, or which gives greater weight to the similarity of the appearance of the product arising from the dominant features of the mark attached to said product in determining whether such mark is confusingly similar with another mark, the word "SAKURA" gives the same visual and aural impressions to the public's mind in the light of the goods to which they are used respectively by petitioner and respondent-registrant (**McDonald's Corporation v. MacJoy Fastfood Corporation, G. R. No. G.R. No. 166115, February 2, 2007; McDonalds Corporation v. L. C. Big Mak, Inc., G. R. No. 143993, August 18, 2004**). Similarity in size, form and color, while relevant, is not conclusive. Neither duplication/imitation, or the fact that the infringing label suggests an effort to emulate, is necessary. The competing marks need only contain the main, essential or dominant features of another; and that confusion and deception are likely (**Sterling Products International, Inc. v. Farbenfabriken Bayer Aktiengesellschaft, G.R. No. L-19906, April 30, 1969; Lim Hoa v. Director of Patents, G. R. No. L-8072, October 31, 1956; Co Tiong Sa v. Director of Patents, et al., G. R. No. L-5378, May 24, 1954**).

Just the same, the visual and aural impressions created in the mind of the public is the confusingly similar mark "SAKURA", as attached to parties' respective goods to effect some connection between petitioner and



respondent-registrant which, in fact, does not exist. Thus, there is confusion of goods and confusion of business as enshrined in the principle laid in the case of **Sterling Products International, Inc. v. Farbenfabriken Bayer Aktiengesellschaft, supra.**

This finding of confusion is more so aggravated by the fact that respondent-registrant's goods are similar and related to petitioner's goods as covered by their respective marks. It is worthy of note that while petitioner failed to submit a certified copy of its Application Serial No. 4-2001-005131 to show the goods it cover, its submission of the Notice of Allowance (Exhibit "D") show that it has an application for the mark "SAKURA" with No. 42001005131. The Trademark On-line Search System reveals that such application covers the following goods under class 09, namely, amplifier, DVD player, VCD player, tuner, equalizer, mixer, digital voice recorder, video disc recorder.

In contrast to the above-enumerated goods covered by respondent-registrant's "SAKURA", they are deemed similar and/or related to each other. Goods are related when they belong to the same class, or possess the same essential characteristics. In the case at bench, petitioner's and respondent-registrant's respective goods are essentially electrical home apparatuses, appliances and instruments that are commonly found in homes and offices, and are sold together and even side by side in the home appliance and/or electronics section of department stores, and in appliance centers. They serve similar purpose, for home use and entertainment, and they flow through the same channels of trade leading to confusion in the mind of prospective buyers. In other words, petitioner's and respondent-registrant's respective goods complement each other. But they are likewise competing goods because of their relatedness as far as their attributes, characteristics and nature are concerned. Thus, having confusingly similar marks used by different entities/persons on these items, it is plausible that confusion of goods and confusion of business shall arise.

Therefore, as to the first issue, this Bureau rules in the affirmative.

Petitioner Kensonic, Inc., alleged ownership over the mark "SAKURA" on the basis of the "prior user" rule, stating its use of the subject mark since 1994 up to the present. Respondent-registrant Uni-Line Multi Resources,



Inc., on the other hand, defends its ownership over the subject mark predicating on the "prima facie effect of Certificate of Registration or the prior registrant rule" under Registration no. 4-2002-004572.

In this regard, the quantum of evidence required in administrative proceedings is substantial evidence. Substantial evidence has been defined as more than a mere scintilla of evidence or relevant evidence as a reasonable mind might accept as adequate to support a conclusion, even if other minds, equally reasonable, might conceivably opine otherwise. **(Salvador vs Philippine Mining Services Corporation, GR No. 148766, January 22, 2003)**

This Bureau finds substantial evidence in favor of the petitioner.

R.A. 8293 which has taken effect in 1998 provides for instances where a mark cannot be registered, 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;"

(Emphasis Ours.)**[Section 123(d), R.A. 8293]**

This Bureau subscribes with respondent-registrant that R.A. 8293 sets the basis of ownership of a mark on a "proprietor or a mark with an earlier filing or priority date" or the "prior registrant or prior filer" rule. This negates any problem in so far as intellectual property rights acquired during

the effectivity of R.A. 8293. What muddled this rule are the rights which were already acquired prior to R.A. 8293, where the old regime of R.A. 166 (Old Trademark Law) has itself set a basis of trademark ownership which cannot be disregarded, as provided hereunder, to wit:

"Sec. 2-A. Ownership of trademarks, trade names and service marks; how acquired. - Anyone who lawfully produces or deals in merchandise of any kind or who engages in any lawful business, or who renders any lawful service in commerce, **by actual use** thereof in manufacture or trade, in business, and in the service rendered, **may appropriate to his exclusive use a trademark, a trade name, or a service mark** not so appropriated by another, to distinguish his merchandise, business or service from the merchandise, business or service of others. The ownership or possession of a trademark, trade name, service mark, heretofore or hereafter appropriated, as in this section provided, shall be recognized and protected in the same manner and to the same extent as are other property rights known to the laws."

(Emphasis Ours.) (**Sec. 2-A, Chapter II, R.A. No. 166**)

The afore-quoted law underscores the "prior user" rule, which was sufficiently established by herein petitioner by presenting Sales Invoices (Exhibits "N", and "O"), dated years 1993 and 1996 or during the effectivity of R.A. 166. Opposer's Sales Invoices are proof of actual use in Philippine commerce of its mark "SAKURA" by Audio Crown Enterprises and petitioner, Ken sonic, Inc. The former, a single-owned enterprise by Nenita King Tsang, as proprietress (Exhibit "N"), exhibited the same business address; and has been testified to by Tsang Wing Kuen (Exhibit "G"), likewise an officer of Ken sonic, Inc., to have become Ken sonic, Inc. which was engaged in the business of importing "SAKURA" products.

Records show that this Bureau issued a Decision on 29 November 2005 in IPC No. 2004-00160, as admitted by respondent-registrant in its



Answer pp. 2, entitled "Kensonic, Inc. v. Uni-Line Multi Resources, Inc.", an opposition case wherein opposer's opposition against respondent-applicant Uni-Line Multi Resources, Inc.'s application for registration of the mark "SAKURA" for goods under Class 09, namely, amplifier, speaker, cassette, cassette disk, video cassette disk, car stereo, television, digital video disk, mini component, tape deck, compact disk charger, VHS, and tape rewinder was sustained. Essentially, the reason was that opposer (petitioner herein) was the first to adopt and use the mark "SAKURA" in commerce in Philippines since 1994. Specifically, it was ruled that the following evidence which have not been contradicted or disputed showed opposer Kensonic, Inc.'s adoption and first use of said mark for said goods under Class 09:

1. Certifications issued by Triple Venture Corporation, Loud & Clear Electronic Supply, Tommy's Electronics, Macias Electronics Parts Supply, AC-DC Component Parts Sales Center, Kings Electronic Center, Otis Electrical Supply, Standard Radio Supply, STK Electronics, EC Sound Marketing Electronics & Electrical Supply, Eros Electronics Parts, Jose Ong, NEPCO Electronics, Inc., MARTCOM Cellular & Electronics Center, Assurance Merchandising, PureSound Pro Audio Marketing, Richland Electronic Center, Newport Electronic Center, Berkly Electronics, Inc., and Ang Brothers Appliances marked as Exhibits "J" to "J-19" certifying that opposer Kensonic, Inc. has been using the mark "SAKURA" on its goods since 1994 to date(of the issuance of Decision No. 2005-21;
2. Memorandum of Agreement marked as Exhibit "N-1" between opposer Kensonic, Inc. and Xihua Audio Equipment Factory;
3. Memorandum of Agreement marked as Exhibit "O-1" between opposer Kensonic, Inc. v. Foshan Shwa Audio Electronic Co. Ltd. "to produce "SAKURA" tuner, equalizer, amplifier to be exported to the Philippines" for opposer Kensonic, Inc.;
4. Bill of Lading marked as Exhibit "L-2" showing that Audio Crown Enterprises was "notified that a shipment from Hong Kong arrived in Manila said to contain 2 cases of electric sound and 3

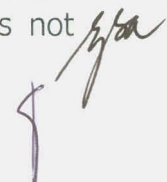


pallets amplifier parts”;

5. Clean Report of Finding marked as Exhibits “S-6” and “S-7” showing that opposer Kensonic, Inc. “received from Guandong Chem & Machinery Co. Ltd., of Hong Kong (100 pce. Amplifier “SAKURA”- AP-300 ad 100 pce. Amplifier 9PPS-300) SAKURA”;
6. Sales invoices marked as Exhibits “K-7” to “K-10” made from 1995 to 1996 to Louie Craft, Berkly Electronics, and Pennylane Gen. Merchandise; and
7. Advance Clearance Reports marked as Exhibits “L” and “L-1” showing that “Boogter SAKURA products were purchased/imported to the Philippines” by opposer Kensonic, Inc.

Per the afore-quoted Decision No. 2005-21, petitioner herein adopted and used the mark “SAKURA” in commerce in Philippines since 1994 for Class 09 goods, namely, amplifier, speaker, cassette, cassette disk, video cassette disk, car stereo, television, digital video disk, mini component, tape deck, compact disk charger, VHS, and tape rewinder.

This Decision No. 2005-21 (Exhibit “C”, albeit photocopy was admitted by respondent-registrant in its Answer dated 04 April 2007) is an admissible documentary evidence in the same league as any documentary evidence. Documentary evidence refers to documents which consist of writing or any material containing letters, words, numbers, figures, symbols or other modes of written expression offered as proof of their contents (Section 2, Rule 130 [B] of the Rules of Evidence). The said Decision No. 2005-21 is, proof of the contents therein which consist, among others, of an enumeration of the documentary evidences submitted by opposer Kensonic, Inc. that were admitted and to which substantial weight was given by this Bureau, as earlier discussed; and of the finding by this Bureau that such documentary evidences established petitioner's adoption and use of the mark “SAKURA” since 1994 for Class 09 goods. It is to be noted that this fact was not rebutted by respondent-registrant.



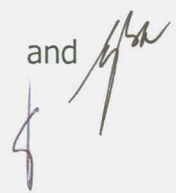
Considering, then, that petitioner was able to prove and establish by way of such documentary evidence which, in turn, proved and established such content as the finding by this Bureau that petitioner adopted and used the mark "SAKURA" since 1994 for Class 09 goods, petitioner has acquired ownership of the mark "SAKURA" for use in connection with the Class 09 goods for which it applied, namely, amplifier, speaker, cassette, cassette disk, video cassette disk, car stereo, television, digital video disk, mini component, tape deck, compact disk charger, VHS, and tape rewinder; and the exclusive right to use such mark in connection with these goods and such goods that are related thereto to the exclusion of respondent-registrant, which right was acquired under Section 2-A of R.A. 166, and preserved under Section 236 of the new IP Code.

Thus, petitioner's actual and continuous use of the subject mark, as acquired under R.A. 166, has resulted to ownership thereof. It has gained for itself vested rights in the New Intellectual Property Code, to wit:

"Sec. 236 Preservation of Existing Rights. – Nothing herein shall adversely affect the rights on the enforcement of rights in patents, utility models, industrial designs, marks and works, acquired in good faith prior to the effective date of this Act." **(Sec. 236, R.A. 8293)**

The repeal of R.A. 166 did not terminate all trademark rights acquired under and pursuant to said law. It is a fallacy to assume that because of the repeal of R.A. 166, the ownership rights of petitioner to the trademark has ceased and was terminated. It is even a more deliberate error to enunciate that claim ownership over the subject mark under the IP Code is all dependent upon the first to file rule. Deserving merit is the fact that when respondent-registrant filed its trademark application on 06 June 2002, an identical mark was owned and used in Philippine commerce by herein petitioner. It was not res nullius, and therefore, not subject of appropriation.

The above-quoted Section 236 guarantees due process and





observance of justice, fairness or equity. The adoption of this provision of law finds purpose in the repeal of R.A. 166 by R.A. 8293 (IP Code), to protect the rights of those who have already invested and established goodwill on their marks and names. Said Section 236 draws a conclusion that the rights referred thereto include rights of owners and prior users of unregistered trademarks that were acquired in good faith before RA 8293 took into force and effect which include the right to appropriate exclusive use of the trademark **(Sec. 2-A, R.A. 166)** and the right to oppose or prevent the registration of the trademark in favor of others **(Section 4 (d) of RA 166)**.

As to the third issue, respondent-registrant impresses upon this Bureau that it is registration which confers ownership of a trademark.

We beg to disagree.

"A certificate of registration of a mark shall be prima facie evidence of the validity of the registration, the registrant's ownership of the mark, and of the registrant's exclusive right to use the same in connection with the goods or services and those that are related thereto specified in the certificate." **(Sec. 138, R.A. 8293)**

Prima facie evidence is defined as, "evidence good and sufficient on its face. x x x Evidence which, if unexplained or uncontradicted, is sufficient to sustain a judgment in favor of the issue it supports, but which may be contradicted by other evidence." **(Robert P. Wa-acon vs People of the Philippines, GR No. 164575, December 6, 2006)**

Prima facie evidence is a presumption and a rebuttable one. If evidence is adduced to prove the contrary, then, that presumption is at end and the prima facie case is destroyed.

In the instant case, respondent-registrant's subject registration is merely a prima facie evidence of its ownership of the subject mark and its exclusive right to use the same in its goods. Petitioner satisfactorily proved its superior right through actual sales in local commerce way back 1993 and 1994 by presenting the aforementioned sales invoices, the Certifications of



its distributors and agents and other mentioned documents. This Bureau is convinced that the evidence of herein petitioner is sufficient to overcome the presumption laid in Section 138 of R.A. 8293.

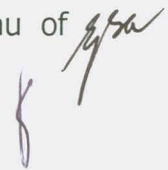
In fact, the Philippines implemented the **Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS Agreement)** when RA 8293 took into force and effect on 01 January 1998. **Article 15**, in relation to **Article 16(1)** of the said Agreement provides that, "it is not the registration that confers ownership of trademark; rather, it is ownership of the trademark that gives rise to the right to cause its registration and enjoy exclusive use thereof for the goods associated with it."

Indeed, RA 8293 implements the TRIPS Agreement and therefore, the idea of "registered owner" does not mean that ownership is established by mere registration but that registration establishes merely a presumptive right of ownership. That presumption of ownership yields to superior evidence of actual and real ownership of the trademark and to the TRIPS Agreement requirement that no existing prior rights shall be prejudiced." (**Fishwealth Canning Corp. vs Henry Kawson, Appeal Nos. 10-05-03 and 14-05-06, Office of the Director General, 22 January 2007**)

Therefore, this Bureau rules that the *prima facie* presumption of rights granted by Section 138 of the IP Code to respondent-registrant has been overturned by substantial evidence such that though it was granted a registration of the mark "SAKURA" over Classes 07, 09, and 11, respondent-registrant cannot be deemed to have acquired ownership of the mark "SAKURA" for use on goods enumerated in the application as well as on goods related thereto, such mark being confusingly similar to petitioner's mark "SAKURA" and in view of this Bureau's finding that petitioner's and respondent-registrant's respective goods are related.

**WHEREFORE**, premises considered, the Verified Petition for Cancellation is hereby **GRANTED**. Accordingly, Certificate of Registration No. 4-2002-004572 issued on 18 March 2006 for the trademark "SAKURA" in the name of Uni-Line Multi Resources, Inc. Phils., is hereby ordered **CANCELLED**.

Let the file wrapper of this case be forwarded to the Bureau of



Trademarks (BOT) for appropriate action in accordance with this Decision.

**SO ORDERED.**

Makati City, 11 August 2008.



**ESTRELLITA BELTRAN-ABELARDO**  
Director, Bureau of Legal Affairs

