

THIRD DIVISION

[G.R. Nos. 211820-21, June 06, 2018]

KENSONIC, INC., PETITIONER, VS. UNI-LINE MULTI-RESOURCES, INC., (PHIL.), RESPONDENT.

[G.R. Nos. 211834-35]

UNI-LINE MULTI-RESOURCES, INC., PETITIONER, VS. KENSONIC, INC., RESPONDENT.

D E C I S I O N

BERSAMIN, J.:

The case concerns the cancellation of the registration of the trademark SAKURA for the goods of Uni-Line Multi Resources, Inc. (Phils.) (Uni-Line) being sought by Kensonic, Inc. (Kensonic) on the ground that the latter had prior use and registration of the SAKURA mark.

The Case

Under consideration are the consolidated appeals urging the review and reversal of the decision promulgated on July 30, 2013^[1] and the amended decision promulgated on March 19, 2014,^[2] whereby the Court of Appeals (CA) affirmed the decision rendered on June 11, 2012 by the Director General of the Intellectual Property Office (IPO) upholding the cancellation of the application of Uni-Line for the registration of the SAKURA mark for goods falling under Class 09 of the Nice International Classification of Goods (Nice Classification), and allowing the registration of Uni-Line's SAKURA mark registration for goods falling under Class 07 and Class 11 of the Nice Classification.^[3]

Antecedents

The CA summarized the following factual and procedural antecedents, viz.:

On June 15, 1999, Uni-Line filed an application for the registration of the mark "SAKURA" for 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 falling under Class 9 of the Nice International Classification of Goods. Kensonic opposed Uni-Line's application which was docketed as IPC No. 14-2004-00160 (**IPC 1**). The Director of the Bureau of Legal Affairs (**BLA**) rendered Decision No. 2005-01 dated November 29, 2005 finding that Kensonic was the first to adopt and use the mark SAKURA since 1994 and thus rejecting Uni-Line's application. On January 19, 2006, said Decision became final and executory.

While IPC Case 1 was pending, Uni-Line filed an application and was issued a certificate of registration for the mark "SAKURA & FLOWER DESIGN" for use on recordable compact disk (CD-R) computer, computer parts and accessories falling under Class 9. On September 7, 2006, Kensonic filed a petition for cancellation docketed as IPC No. 14-2006-00183 (**IPC 2**) of Uni-Line's registration. In Decision No. 08-113 dated August 7, 2008, the BLA Director held that Uni-Line's goods are related to Kensonic's goods and that the latter was the first user of the mark SAKURA used on products under Class 9. The BLA Director thus cancelled Uni-Line's certificate of registration. Uni-Line moved for reconsideration of the BLA Director's Decision which is pending resolution to date.

On June 6, 2002, Uni-Line filed an application for the registration of the trademark SAKURA for use on the following:

Goods	Nice Classification
Washing machines, high pressure washers, vacuum cleaners, floor polishers, blender, electric mixer, electrical juicer	Class 07
Television sets, stereo components, DVD/VCD players, voltage regulators, portable generators, switch breakers, fuse	Class 09
Refrigerators, air conditioners, oven toaster, turbo broiler, rice cooker, microwave oven, coffee maker, sandwich/waffle maker, electric stove, electric fan, hot & cold water dispenser, airpot, electric griller and electric hot pot	Class 11

Uni-Line's application was thereafter published, and there being no opposition thereto, Certificate of Registration No. 4-2002-004572 for the mark SAKURA effective March 18, 2006 was issued.

On September 7, 2006, Kensonic filed with the BLA a Petition for Cancellation of Uni-Line's Certificate of Registration alleging that in October 1994, it introduced the marketing of SAKURA products in the Philippines and that it owned said SAKURA products and was the first to use, introduce and distribute said products. Kensonic also alleged that in IPC 1, it opposed Uni-Line's application to register SAKURA and was already sustained by the Director General, which Decision is now final and executory. Kensonic further alleged that it is the owner of a copyright for SAKURA and that since 1994, has maintained and established a good name and goodwill over the SAKURA products.

Kensonic filed its Supplemental Petition for Cancellation and its Reply to Uni-Line's Answer. Uni-Line filed its Rejoinder thereto.^[4]

Decision of the Bureau of Legal Affairs (BLA), IPO

After due proceedings, the BLA issued Decision No. 2008-149 dated August 11, 2008,^[5] whereby it ruled in favor of Kensonic and against Uni-Line, and directed the cancellation of Registration No. 4-2002-004572 of the latter's SAKURA mark. It observed that an examination of the SAKURA mark of Kensonic and that of Uni-Line revealed that the marks were confusingly similar with each other; that the goods sought to be covered by the SAKURA registration of Uni-Line were related to the goods of Kensonic, thereby necessitating the cancellation of the registration of Uni-Line's mark; and that considering that Kensonic had used the SAKURA mark as early as 1994 in Class 09 goods (namely: amplifiers, speakers, cassette disks, video cassette disks, car stereos, televisions, digital video disks, mini components, tape decks, compact disk chargers, VHS and tape rewinders), Kensonic had acquired ownership of the SAKURA mark, and should be legally protected thereon. The dispositive portion reads:

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

SO ORDERED.^[6]

Decision of the Director General, IPO

On appeal,^[7] the Director General of the IPO modified the decision of the BLR by upholding Uni-Line's registration of the SAKURA mark as to goods classified as Class 07 and Class 11, thereby effectively reversing the BLR, but affirmed the BLR as regards the treatment of the SAKURA mark that covered the goods falling under Class 09. The Director General clarified that the marks of Uni-Line and Kensonic were similar if not identical; that considering that Inter Partes Case No. 14-2004-00160 (IPC 1) already effectively ruled that the products registered by Uni-Line were goods related to those covered by the registration of Kensonic, the registration of Uni-Line insofar as those products sought to be registered under Class 09 were concerned (*i.e.*, television sets, stereo components, DVD/VCD players, voltage regulators, portable generators, switch breakers, fuse) was correctly cancelled; that the registration of products of Uni-Line falling under Class 07 and Class 11 should not be cancelled because the products were different from the goods registered under Class 09 in the name of Kensonic; that there should be evidence showing how the continued registration of the SAKURA mark of Uni-Line would cause damage to Kensonic; and that the goods covered by the SAKURA registration of Uni-Line and the SAKURA registration of Kensonic should be distinguished because:

In addition, the ordinary purchaser must be thought of, as having, and credited with, at least a modicum of intelligence. It does not defy

common sense to assert that a purchaser would be cognizant of the product he is buying. As a general rule, an ordinary buyer does not exercise as much pende in buying an article for which he pays a few centavos as he does in purchasing a more valuable thing. Expensive and valuable items are normally bought only after deliberate, comparative and analytical investigation.

In this instance, the products of the Appellants under Classes 7 and 11 are home appliances which are not the ordinary everyday goods the public buys and consumes. These products are not inexpensive items and a purchaser would ordinarily examine carefully the features and characteristics of the same. It is, therefore, farfetched that the purchasing public would be misled or be deceived as to the source or origin of the products. Furthermore, there is nothing in the records that indicate any plans by the Appellee to enter into business transactions or to the manufacture and distribution of goods similar to the products of the Appellants under Classes 7 and 11.^[8]

The Director General of the IPO decreed as follows:

Wherefore, premises considered, the appeal is hereby dismissed in so far as the cancellation of the Appellant's Cert. of Reg. No. 4-2002- 004572 for goods enumerated and falling under Class 9 is concerned. However, the appeal is hereby granted in so far as the cancellation of Cert. of Reg. No. 4-2002-004572 for goods enumerated and falling under Classes 7 and 11 is concerned.

Accordingly, Cert. of Reg. No. 4-2002-004572 issued in favor of the Appellant for the mark SAKURA is hereby amended. The registration of goods enumerated under Class 9, namely television sets, stereo components, DVD/VCD players, voltage regulators, portable generators, switch breakers, fuse is hereby cancelled.

Let a copy of this Decision as well as the records of this case be furnished and returned to the Director of the Bureau of Legal Affairs for appropriate action. Further, let also the Director of the Bureau of Trademarks and the library of Documentation, Information and Technology Transfer Bureau be furnished a copy of this Decision for information, guidance, and records purposes.

SO ORDERED.^[9]

Judgment of the CA

Both parties appealed to the CA, which promulgated its decision on July 30, 2013 dismissing the appeal of Kensonic (C.A.-G.R. SP No. 125420) and granting Uni-Line's appeals (C.A.-G.R. SP No. 125424). The CA upheld Kensonic's ownership of the SAKURA mark based on its showing of its use of the mark since 1994, but ruled that despite the identical marks of Kensonic and Uni-Line, Kensonic's goods under Class 09 were different from or unrelated to Uni-Line's goods under Class 07 and Class 11. It observed that the protection of the law regarding the SAKURA mark could only extend to television sets, stereo components, DVD and VCD players but not to

Uni-Line's voltage regulators, portable generators, switch breakers and fuses due to such goods being unrelated to Kensonic's goods; that Kensonic's registration only covered electronic audio-video products, not electrical home appliances; and that the similarity of the marks would not confuse the public because the products were different and unrelated. It ruled:

WHEREFORE, the Petition filed by Kensonic, Inc., in C.A.G.R. SP No. 125420 is **DENIED** and the Petition filed by Uni-Line Multi Resources, Inc. (Phils.) is **GRANTED**.

Accordingly, the Decision dated June 11, 2012 of Director General Ricardo R. Blancaflor of the Intellectual Property Office is **MODIFIED** such that Uni-Line's Appeal insofar as the cancellation of its Certificate of Registration No. 4-2002-004572 for goods enumerated and falling under Class 9 is **GRANTED** but **DELETING** therefrom the goods television sets, stereo components, DVD players and VCD players. The Decision dated June 11, 2012 of the Director General is hereby **UPHELD** insofar as it granted Uni-Line's Appeal on the cancellation of its Certificate of Registration No. 4-2002-004572 for goods enumerated and falling under Class 7 and Class 11.

SO ORDERED.^[10]

Kensonic sought partial reconsideration, submitting that voltage regulators, portable generators, switch breakers and fuse were closely related to its products; that maintaining the two SAKURA marks would cause confusion as to the source of the goods; and that Uni-Line's goods falling under Class 07 and Class 11 were closely related to its goods falling under Class 09.

In the assailed amended decision promulgated on March 19, 2014,^[11] the CA sided with Kensonic, and reverted to the ruling by the Director General of IPO cancelling the registration of the SAKURA mark covering all the goods of Uni-Line falling under Class 09 on the basis that all the goods belonged to the general class of goods. The CA decreed:

WHEREFORE, the Motion for Partial Reconsideration filed by Kensonic Inc. is **PARTIALLY GRANTED**. Uni-Line is prohibited from using the mark SAKURA for goods falling under Class 9, but is allowed to use the mark SAKURA for goods falling under Classes 7 and 11. Thus, the DENIAL of Uni-Line's Appeal insofar as the cancellation of its Certificate of Registration No. 4-2002-004572 for goods enumerated and falling under Class 9 is **UPHELD**. The Decision dated June 11, 2012 of the Director General is **AFFIRMED in toto**.

SO ORDERED.^[12]

Issues

Hence, this appeal by both parties.

Kensonic (G.R. Nos. 211820-21) insists that the CA erred in not considering that Uni-Line's goods under Class 07 and Class 11 were related to its goods falling under