

TEQUILA CUERVO S.A. DE	}	IPC No. 14-2004-00121
Opposer,	}	Opposition to:
	}	Appl. Ser. No. 4-2001-001546
-versus-	}	Date Filed: September 27, 1997
	}	TM: "TEQUILA"
TASCO S.A.,	}	
Respondent-Applicant.	}	
x-----x		Decision No. 2006-85

DECISION

This pertains to a Notice Of Opposition to the application for registration of the trademark "TEQUILA" for goods under Classes 35 and 38 baring Application Serial No. 4-2001-01546 lodged by Tasco S. A. on March 2, 2001 and published for opposition in the Official Gazette, vol. Vii, No. 1, Page 239 which was released for circulation on June 7, 2004.

Opposer Tequila Cuervo, S. A. De C. V. is a company organized and existing under the laws of Mexico with principal address at Avenida Periferico Sur #8500, Tiaquepaque, Jalisco, C. P. 45601, Mexico, while TASCO S.A., Respondent-Applicant, is a company which exists and has its principal office at 50-54 Rue Silly, F-92100, Boulogne, France.

On October 7, 2006, opposer through counsel filed a verified Notice of Opposition. The grounds for opposition are as follows:

1. The registration of the term "TEQUILA" in respondent-applicant's name will violate Sec. 123 (g) of the intellectual Property (IP) code because such registration will mislead the public to believe that the services covered by the application emanate from Tequila, Mexico when in truth and in fact said services emanate from France where respondent-applicant exists and has its principal office;
2. The term "TEQUILA" is a geographic term referring to the town of Tequila in the state of Jalisco, Mexico;
3. Opposer is the largest tequila manufacturer in the world and is known worldwide as such;
4. Opposer is authorized by the Mexican government to use the term "TEQUILA" in reference to its products and as part of its company name;
5. The grant of registration of the term "TEQUILA" in the name of respondent-applicant will cause grave and irreparable injury and damages to opposer within the meaning of Sec. 134 of the IP Code as mere mention of the term "TEQUILA" will always tend to establish its connection with opposer wherein this mark forms the dominant/essential part of its company name and a reference to the products manufactured by opposer;
6. The grant of registration to respondent-applicant of the term "TEQUILA" will result to the misleading of the general public into believing that respondent-applicant's services are the services of opposer, they originated from opposer, or said services are being undertaken under license from opposer to the damage and injury to both the interest of opposer and the public at large and, on the other hand, to the underserved or even fraudulent gain of respondent-applicant as the term "TEQUILA" is generally known all over the world to be linked to opposer and, thus, the goods and services which carries the term "TEQUILA" will almost always be believed by the general public to be emanating from opposer;
7. As opposer is engaged in providing advertising services for others, and engages in advertising for the product "TEQUILA", there is a risk that the solicitation of advertising

services by respondent-applicant under the term "TEQUILA" will result to misleading the general public that respondent-applicant's services are opposer's services or that they relate to the town of Tequila or the beverage of Tequila;

8. The term "TEQUILA" cannot be granted registration in respondent-applicant's name because the term "TEQUILA" is a registered appellation of origin owned by the Mexican government and as such, only persons or entities authorized by the Mexican government are allowed to use "TEQUILA" such as in the name of opposer;
9. The mark "TEQUILA" cannot be granted registration in the name of respondent-applicant because "TEQUILA" is a generic term referring to the Mexican alcoholic beverage made from the agave plant and, thus, cannot be appropriated, owned and registered in the name of respondent-applicant; and
10. Opposer will be gravely and irreparably damaged particularly in its business reputation and goodwill not only here in the Philippines but internationally as well as by the registration of the term "TEQUILA" in respondent-applicant's name.

On December 8, 2006, respondent-applicant filed an Answer, after its Urgent Motion For Extension Of Time To File Answer until December 9, 2006 in response to this Office's Notice To Answer received on October 28, 2004 was granted by this Office per Order No. 2004-696.

The Answer specifically denied the allegations in the opposition and put forth the following affirmative defenses:

1. Opposer has no right of action whatsoever against respondent-applicant;
2. As opposer is not engaged in the same business carried out by respondent-applicant, i. e., "advertising services, marketing services, production and dissemination of advertising matter, business assistance for commercial and industrial companies. . .", the claim of damages by opposer has no basis in fact and is sufficient legal ground for the dismissal of the Opposition;
3. Respondent-applicant's trademark "TEQUILA" is an invented or a coined term used fancifully as a name of distinction for its line of services: It is an anagram or a play on the letters of the French word "QUALITE" meaning "QUALITY";
4. Respondent-applicant adopted its trademark "TEQUILA" not only because of the meaning of the word "quality" but because the rearrangement is consistent with the business designs and concepts of respondent-applicant of providing a more original, less predictable approach to the art of producing successful integrated marketing campaigns;
5. Opposer has absolutely no intellectual property rights over the mark "TEQUILA" specifically for services under International Class 35 as it has neither filed any application for the registration thereof nor owned any registration for such mark in the Philippines or in any other jurisdiction, for which reason opposer has no right of action against respondent-applicant;
6. Assuming arguendo that "TEQUILA" is a registered appellation of origin owned by the Mexican government as alleged by opposer in Paragraph 7, this Opposition was filed by an improper party and should be dismissed as a matter of course;
7. Assuming arguendo that Tequila is a town in Mexico that has a strong connection with the alcoholic beverage "TEQUILA", it has no connection

whatsoever with advertising marketing and other services offered by respondent-applicant;

8. It would be too absurd to consider that one who is in the market for alcoholic beverage "TEQUILA" will be so confused and suddenly be led to avail of the advertising, marketing, etc. services of respondent-applicant as there must be a direct link or association between the two industries for the public to associate or confuse the town or the drink "TEQUILA" with the advertising, marketing, etc. services of respondent-applicant;
9. The respective businesses of the parties are mutually exclusive of each other: They do not have any points of similarities and one business is not a natural expansion of the other;
10. Assuming the veracity of opposer's claim that opposer is the largest "TEQUILA" manufacturer in the world, it is clear that its reputation is merely limited to an alcoholic beverage and holds no such distinction in respect of the provision of advertising, marketing and similar services to third parties for which reason it cannot claim exclusive rights to the word "TEQUILA" in respect to services in Class 35;
11. Opposer's activities do not concern advertising and marketing services in any way: It is restricted to the manufacturing of one particular alcoholic drink that it is farfetched to think that it could suffer any damage from the non-competing, non-related business of respondent-applicant in Class 35;
12. Opposer's claim that it is engaged in advertising for the product "TEQUILA" appears to be an attempt to find an association between the two respective businesses of the parties but as it stands, opposer is not engaged in offering advertising or marketing services to third parties as it is not an advertising agency or a marketing company active in respect to the provision of services in class 35 while respondent-applicant and its associated companies for the "TEQUILA" network made up of 42 offices in 29 countries and prides itself as successfully engaged in the business of providing integrated marketing campaigns;
13. The network of agencies known as "TEQUILA" commenced trading in 1980 and is made up of integrated marketing agencies offering expertise in sales promotion, different forms of marketing, and interactive media and design;
14. It is respondent-applicant who can rightfully and justifiably claim exclusivity to the trademark "TEQUILA" in respect to advertising, marketing, and similar services as it is widely recognized by clients and agencies; ranks highly in various league tables and other comparative charts within the advertising and marketing media industry; and has acquired substantial reputation and goodwill in the "TEQUILA" trademark for advertising, marketing, and allied services;
15. Assuming opposer's argument that the trademark "TEQUILA" cannot be granted registration in respondent-applicant's name because the term is a registered appellation of origin owned by the Mexican Government, the term "TEQUILA" is a generic description for the spirit produced in Tequila, Mexico for which reason an appellation registration issued by the Mexican Government is limited to alcoholic beverages and cannot extend to the provision of advertising, marketing, and similar services;

16. Assuming said argument to be true, opposer has no claim to said generic term for its exclusive use as a trademark because the term generic only in respect to the alcoholic beverages from the agave plant in Tequila, Mexico and not to wholly unrelated goods and services in Class 35;
17. Respondent-applicant's trademark "TEQUILA" is protected in several countries worldwide, having been granted trademark registrations in those jurisdictions; and
18. Respondent-applicant has successfully defended similar opposition proceedings brought by opposer in other jurisdictions."

Per a Notice to Comply with Office Order No. 79 dated October 10, 2005, the parties were directed to file and complete their respective documentary evidences within thirty (30) days from receipt of said Notice. Having received said Notice on October 17, 2006, respondent-applicant filed a Compliance with Office Order No. 79 on November 16, 2005, attaching therewith its documentary evidences. It appears from the record however, that opposer did not file its documentary evidences, albeit within the period granted it.

The issues to be resolved are as follows:

1. Whether the mark "TEQUILA" is likely to mislead the public as to the geographical origin of its services, specifically from Tequila, Mexico;
2. Whether respondent-applicant's mark "TEQUILA" will tend to establish a connection with opposer such that it will mislead the public into believing that respondent-applicant's services are the services of opposer; that they originated from opposer; or that said services are being undertaken under license from opposer to the damage and injury of opposer and the public at large and, on the other hand, to the underserved or even fraudulent gain of respondent-applicant; and
3. Whether respondent-applicant is entitled to the registration of the mark "TEQUILA".

As to the first issue, this Office rules in the negative.

Section 123 of the Intellectual Property (IP) Code provides:

"A mark cannot be registered if it:

(g) Is likely to mislead the public, particularly as to the . . . geographical origin of the goods or services";

(j) Consists exclusively of signs or of indications that may serve in trade to designate the . . . geographical origin of the goods or rendering of the services, or other characteristics of the goods, or services;"

As a general rule, a mark or trade name which, when used in connection with the goods, business or services of a merchant, is primarily geographically descriptive or deceptively misdescriptive of them, may not be registered as a mark or trade name. No one has a right to appropriate geographical names as trademarks or trade names in connection with goods or services in the place of locality so as to restrain others from the use of such geographical names in connection with similar products or services as geographical names are ordinarily regarded as common property. (*Ang Si Heng, et al. v. Wellington Department Store, Inc., etl al.*, G.R. No. L-4531, January 10, 1953; *E. Spinner & Company v. Neuss Hesslin Corporation*, G.R. No. 31380, January 13, 1930).

A circumspect reading of the interpretation provided by jurisprudence of the aforementioned provision of law shows that the prohibition refers to, or presupposes, appropriation of a geographical name to goods or services similar or related to those goods or services which are particularly and peculiarly identified to the geographical origin thereof (Underscoring supplied.). To illustrate, the word or term “*tapuey*” is a geographical indication of a particular alcoholic spirit concocted mainly from fermented rice substance and produced only in the Cordillera region of the Philippines, the geographical origin of said spirit. The words or term “*Sagada weave*” is a geographical indication of a particular manner and style of weaving and fabric made only in Sagada, Mt. Province, Philippines, the geographical indication of said weaving and fabric. One who produces from the Cordillera region the “*tapuey*” alcoholic spirit may not appropriate the word or term “*tapuey*” as his trademark for said alcoholic spirit and thereafter market his products using such word or term to describe the same alcoholic spirit they may produce from said region. In the same manner, one who makes from Sagada the fabric “*Sagada weave*” may not appropriate the words or term “*Sagada weave*” as his trademark for said fabric and thereafter market fabrics using such words or term as his trademark, preventing others from using such words or term as his trademark, preventing others from using such words or term to designate fabrics they may make from said place in said manner and style. No person can appropriate to himself exclusively any word or expression properly descriptive of the goods, or of its qualities or ingredients distinctly and peculiarly associated with the geographical place of production or origin. Likewise, a designation which relates only to the name, quality or description of the merchandise or geographical place of production or origin cannot be registered as marks or trade names.

Alternatively, a mark or trade name which, when applied to or used in connection with goods, businesses or services, deceptively ascribes its origin to, or its qualities similar to those of a product or service that specially or peculiarly originates from a particular place shall not be allowed registration. Thus, registration of the word “Wigan” shall not be allowed as a mark for khaki cloth that is being represented as manufactured and having the characteristics of khaki cloth made in the English town that bears the same name but actually made in another place and with different characteristics (E. Spinner & Company v. Neuss Hesslin Corporation, *supra.*).

A geographical indication points to a specific place or region of production that determines the characteristic qualities of the product that originates therein. It is important that the product derives its qualities and reputation from that place. Since those qualities depend on the place of production, a specific “link” exists between the products and their original place of production. Many of them have acquired valuable reputations which, if not adequately protected, may be misrepresented by dishonest commercial operators. False use of geographical indications by unauthorized parties is detrimental to consumers and legitimate producers. The former are deceived and led into believing to buy a genuine product with specific qualities and characteristics, while they in fact get a worthless imitation. The latter suffer damage because valuable business is taken away from them and the established reputation for their products is damaged.

In the case at bench, the record shows the following facts and circumstances about respondent-applicant:

Respondent-applicant was founded in 1985 in France as “TEQUILA” to engage in advertising and/or marketing services. Since 1995, new “TEQUILA” Agencies were launched in different countries (e.g. Great Britain, Singapore, Nigeria, Spain, South Africa, Poland, the Netherlands, Hong Kong, the United States, Finland, Brazil, Uruguay, Guatemala) likewise to provide advertising and/or marketing services to clients therein. Its clients make up a diverse group of entities engaged businesses relating to food, communications, drugs, automotives, footwear, financial services, to name a few. Respondent-applicant was called the “Group Tequila” company until in 1997 when it adopted the company name “Tasco”. On December 19, 2003, “Groupe TWBA Frances S.A.” acquired the assets of Tasco including all right, title, and interest in the mark “TEQUILA” (Affidavit of Paul Fothergill and attachments thereto marked Exhibits “2”, “2-b-1”, and “3”).

It appears from the record that the Tequila London Agency has won awards for its advertisement and marketing of the UK Army Camouflage Scheme, the Hewlett-Packard e-CRM Programme, the Home Improvers Today database, The One Account's Street Signs Project, and Sainsbury's. The Tequila Sydney Agency has won an award for interactive agency of the year 2003 for having garnered choice accounts. The Tequila Singapore Agency was cited by the MSN website for being a "below-the-line" agency. Articles recounting the criteria and the efforts done by respondent-applicant that led to the grant of such awards have been issued (Attachments to Paul Fothergill's affidavit marked as Exhibit "3").

From the foregoing facts and circumstances about respondent-applicant, it can be seen that respondent-applicant has consistently represented itself, and has consistently been regarded by clients; the advertising and marketing industry; and the media through the mark "TEQUILA" as an advertising and marketing services entity with its own image and methods from its own making and efforts distinct from any other. The diverse clients and accounts- different and unrelated business and government concerns in different countries- respondent-applicant has acquired through the mark "TEQUILA" shows that it is on the strength of its own image, merit and resources that respondent-applicant has been associated with its mark "TEQUILA".

Respondent-applicant does not engage in the production of goods similar or related to the goods produced by opposer. There is no evidence to show that respondent-applicant has represented/represents itself as a company from Tequila, Mexico or it associates respondent-applicant's services with Tequila, Mexico. The evidence on record shows the contrary: The "TEQUILA" Agencies in the different countries have consistently represented themselves to be linked under the "Group Tequila" company with headquarters in France. There is nothing on the record likewise to show that respondent-applicant's acquisition of clientele or accounts and/or its geographic and financial expansion were due to its having associated, or the public associating it, with the products and goodwill of opposer.

The proscription on the registration of a geographical place/indication as a trademark or trade name is based on any of these two (2) principles: 1) the word or term is descriptive of the geographical origin of the goods or services to which it is identified; or 2) the word or term is likely to mislead the public as to the geographical origin of the goods or services.

Respondent-applicant's "TEQUILA" is not descriptive of the geographical origin of its services: Its services being related to advertising and/or marketing, respondent-applicant's mark "TEQUILA" is an arbitrary and fanciful term having no relation to respondent-applicant's services or to the place known as Tequila, Mexico. A geographical name may be appropriated and registered as a trademark or trade name if it is used in an arbitrary, artificial or fictitious sense merely to indicate ownership independent of location or place of manufacture or service and for a product or service not originating from a geographical place (E. Spinner & Company v. Neuss Hesslin Corporation, *supra.*).

As to the second issue, this Office likewise rules in the negative.

Respondent-applicant's "TEQUILA" will not likely mislead the public as to the geographical origin of respondent-applicant's services as respondent-applicant does not represent itself or its discrete services to come from Tequila, Mexico. Respondent-applicant's services will not likely mislead the public to believe that it is associated with opposer's products and goodwill, to respondent-applicant's advantage and opposer's disadvantage, as no evidence on record shows the contrary.

In fine, the Respondent-applicant is entitled to the registration of the mark "TEQUILA".

WHEREFORE, the opposition is, as it is, hereby DENIED. Consequently, Application Serial No. 4-2001-001546 for the mark "TEQUILA" on goods under Class 35 filed on March 2, 2001 by Tasco S. A. is, as it is hereby, GIVEN DUE COURSE.

Let the filewrapper of this case be forwarded to the Bureau of Trademarks for appropriate action in accordance with this Decision.

SO ORDERED.

Makati City, August 22 2006.

ESTRELLITA BELTRAN-ABELARDO
Director, Bureau of Legal Affairs
Intellectual Property Office