



TSINGTAO BREWERY COMPANY LIMITED,  
Opposer,

-versus-

QUI DONG QUAN,  
Respondent- Applicant.

X-----X

IPC No. 14-2008-00185  
Opposition to:  
Appln. Serial No. 4-2008-00243  
Date filed: 08 January 2008  
TM: "TSINGTAO BEER LABEL"

### NOTICE OF DECISION

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#### QUI DONG QUAN

Respondent-Applicant  
No. 2 Pear Island Compound, Malinis Street  
Lawang Bato, Valenzuela City

#### GREETINGS:

Please be informed that Decision No. 2013 - 226 dated November 19, 2013 (copy enclosed) was promulgated in the above entitled case.

Taguig City, November 19, 2013.

For the Director:

  
Atty. EDWIN DANILO A. DATING  
Director III  
Bureau of Legal Affairs



TSINGTAO BREWERY  
COMPANY LIMITED,

*Opposer ,*

**-versus-**

QUI DONG QUAN

*Respondent-Applicant.*

x-----x

IPC No. 14-2008-00185

Case Filed: 19 August 2008

Opposition to:

Application No. 4-2008-00243

Date Filed: 08 January 2008

Trademark: "TSINGTAO  
BEER LABEL"

Decision No. 2013- 226

## DECISION

TSINGTAO BREWERY COMPANY LTD.<sup>1</sup> ("Opposer") filed on 19 August 2008 a Verified Notice of Opposition to Trademark Application Serial No. 4-2008-00243. The application, filed by Qui Dong Quan<sup>2</sup> ("Respondent-Applicant"), covers the mark "TSINGTAO BEER LABEL" for use on "beer" under Class 32 of the International Classification of Goods and Services.<sup>3</sup>

The Opposer alleges that the mark sought to be registered by the Respondent-Applicant is in their most and essential details perfectly identical with the Opposer's world famous TSINGTAO Trademarks consisting of CHINESE PAVILION DEVICE, TSINGTAO & DEVICE and/or the word mark TSINGTAO which use dates back to the pre-war era. Opposer claims that their TSINGTAO Trademarks are world famous and internationally well known for beer products. Through long and continuous use of the TSINGTAO Trademarks, Opposer acquired substantial goodwill and enjoys widespread reputation brought about by extensive advertisement and promotion. The Opposer thus posits that being the true and legitimate owner of the TSINGTAO Trademarks, Opposer, and not the Respondent-Applicant, is entitled to register the same. According to the Opposer:

X X X

"5.1. Opposer, TSINGTAO BREWERY COMPANY LIMITED, is the true owner and originator of the world famous TSINGTAO Trademarks. The origin of the ownership and use of the TSINGTAO Trademarks is culled from the rich history of the Opposer's business which dates back to the pre-war era. The following historical background will delineate the evolution of the TSINGTAO Trademarks and will explain the transition of the changes in its elements, colors, designs and style from the colonial period up to the present:

"5.1.1. Opposer's predecessor, "The Tsingtao Company Limited of Nordic Beer Company," was established on 15 August 1903, by English and German merchants. Tsingtao Beer was first brewed in the city of Qingdao (spelled and pronounced

<sup>1</sup> A foreign corporation organized and existing under the laws of People's Republic of China, with principal office address at DengZhou Road No. 56, Qingdao, Shandong Province 266012, People's Republic of China.

<sup>2</sup> With address at No. 2-A Pear Island Compound, Malinis Street, Lawang Bato, Valenzuela City.

<sup>3</sup> The Nice Classification is a classification of goods and services for the purpose of registering trademark and service marks, based on a multilateral treaty administered by the World Intellectual Property Organization. The treaty is called the Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks concluded in 1957.

"Tsingtao" in Wade-Giles Chinese Romanization), which was a German based in the year 1903 during the effectivity of the Treaty of Pestern Macao Lease and late-colonial western influence in China. The Germans needed beer for their sailors, soldiers and traders. Production continued even after the Germans lost the city to the Japanese in World War 1.

"5.1.2. It was the earliest beer production entry ever built, and all its production equipment, as well as raw materials, were imported from Germany. This was also the earliest use, albeit in German language, of the mark "TSINGTAO" in the beer labels and in the advertisements made by the company for its alcoholic beverages.

"5.1.3. After the Firs World War in 1914, the Japanese Army occupied Qingdao. Consequently, "The Tsingtao Company Limited of Nordic Beer Company" was bought by the Japanese and the company name was changed to "Tsingtao Workshop of Great Japanese Beer Limited Company."

"5.1.4. After the May Fourth Movement, the Chinese government took back Qingdao in 1922, but the beer company was still managed by the Japanese. During this period, the beer company expanded and reconstructed, and the first "TSINGTAO BEER" marks were used on beer labels and advertised to the public. Its highest beer production once reached 4,662 tons which were sold all over China.

"5.1.5. On 15 August 1945, after the Chinese won the Anti-Japanese war, the "Tsingtao Workshop of Great Japanese Beer Limited Company" was taken over by the people dispatched by the Republic Government and became Tsingtao Brewery Company Limited ("Tsingtao Brewery," for brevity) which now produces the world acclaimed best Chinese beer - "TSINGTAO."

"5.1.6. On 02 June 1949, Qingdao was liberated and Tsingtao Brewery was taken over by the Qingdao Government and became a State-run company. The establishment of the Republic of China saw the steady growth of Tsingtao Brewery and its products and eventually its introduction to overseas countries. Tsingtao products began to be exported in large quantities from the year 1954, and until 1978, it had created accumulated profits of 60 Million U.S. Dollars annually, occupying ninety-eight (98%) percent of the whole export amount in the Chinese beer market.

"5.1.7. The word marks "TSINGTAO" and "TSINGTAO BEER" were originally used with the device mark "Zhan Qiao Pier lighthouse." Subsequently in 1956, when Tsingtao products were largely exported to Hong Kong, Tsingtao Brewery formally adopted the Hulian Pagoda as part of its logo. This change in the logo was done on the advice of one of its Hong Kong dealers who gave the idea of making use of the Hulian Pagoda as its is one of the famous scenic spots in Qingdao.

"5.1.8. Over the years, Tsingtao Brewery aggressively marketed and advertised its beer products in China and in other foreign countries.

"5.2. Considering the rich history and storied past of the TSINGTAO Trademarks, there is no doubt that the ownership and prior use of TSINGTAO Trademarks are attributable to Opposer alone and not to Respondent-Applicant.

"5.3. The TSINGTAO Trademarks have been popularly recognized all over the world as one of "CHINA'S WELL-KNOWN TRADEMARKS," which label is proudly printed in TSINGTAO

beers. Samples of various brochures, leaflets and current beer labels and products bearing the TSINGTAO Trademarks are marked as Exhibits "Q" to "T" and made an integral parts hereof.

"5.4. As the owner and rightful proprietor of the internationally well-known TSINGTAO Trademarks, Opposer has caused the filing of numerous trademark applications, and have obtained the following registrations for the TSINGTAO Trademarks in more than seventy-five (75) countries, including its home country China:

X X X

"5.5. In the Philippines, the Opposer has also applied for the registration of the TSINGTAO Trademarks. The following applications are now pending before the Bureau of Trademarks of the IPO:

X X X

"5.6. Clearly, being the legitimate owner of the TSINGTAO Trademarks, Opposer has the right to prevent Respondent-Applicant from the unlawful appropriation thereof.

X X X

"6.1. In *Fishwealth Canning Corporation v. Henry N. Kawson*, this Honorable Office's Director General pronounced that:

X X X

"6.2. On appeal, the Court of Appeals laid down the exceptions to the "First-to-File rule. The Honorable Court stated that the said rule will not apply if there is a determination in appropriate proceedings:

"2. that the adoption and/or use by the 'first-filer' of the trademark, even in good faith, is preceded by an actual use by another, also in good faith, prior to the taking into force and effect of RA 8293."

"6.3. As discussed earlier, the Opposer has adopted/used the TSINGTAO Trademarks prior to the application for registration for the mark "TSINGTAO BEER (LABEL)" filed on 08 January 2008 by the Respondent-Applicant.

"6.4. The Opposer has been continuously using the TSINGTAO Trademarks as early as the 1920's. The "TSINGTAO" word mark was registered in Class 32 as early as 1975 in the Canada. The Chinese pavilion device was registered in Class 32 as early as 1995 in Mexico. The "TSINGTAO & DEVICE" trademark was first registered in Class 32 in 1978 in Japan.

"6.5. In the Philippines, the TSINGTAO Trademarks were used as early as 1997. Such local commercial use is attested to by Opposer's local dealer/distributor of its TSINGTAO products in the Philippines, Justic International Trading Corporation ("Justic Corporation," for brevity). A copy of the Affidavit of Atty. Evelyn Ong Kho-Sy, Corporate Secretary of Justic Corporation, is hereto attached as Exhibit "JJ" and made an integral part hereof.



"6.6. Opposer has continuously marketed and sold TSINGTAO products in the Philippines through Justic Corporation as evidenced by the latter's Sales Invoice Booklet specifically Sales Invoice Nos. 459, 472 and 474 which were all issued in 1997, or prior to the effectivity of the IP Code in 1998. Corollarily, Opposer also has Sales Invoices, Bills of Lading, Sanitary Certificate and Inspection Certificate of Quality to prove the export of its TSINGTAO products to the Philippines, copies of which are attached hereto as Exhibits "KK" to "NN," respectively.

"6.7. Likewise, as proof of its legitimate and continuing use of the TSINGTAO Trademarks in the Philippines, original TSINGTAO beer labels attached to TSINGTAO products being sold in the Philippines are also presented herewith as Exhibit "JJ-2" and made an integral part of this Opposition.

"6.8. Opposer, through Justic Corporation, also caused the publication of local newspaper advertisements of TSINGTAO products, among others, as shown in the table below:

X X X

"6.9. In addition to its advertisements, Opposer has also distributed promotional materials in the Philippines such as glasses and tissue holders.

"6.10. Most importantly, the use in good faith by Opposer of its TSINGTAO Trademarks in the Philippines is evidenced by Justic Corporation's validly existing Certificate of Product Registration and License to Operate issued by the Bureau of Food and Drugs ("BFAD") in 2008 and 2006, respectively, for the product "TSINGTAO BEER" in the names of Tsingtao Brewery Company Ltd., as its manufacturer, and Justic International Trading Corp., as its importer in the Philippines which are hereto attached as Exhibit "JJ-12" to "JJ-13" and made an integral part hereof.

"6.11. Considering that the Opposer's adoption/use of the TSINGTAO Trademarks was prior to the date of effectivity of the IP Code and that such adoption/use preceded the adoption/use of Respondent-Applicant with respect to the mark "TSINGTAO BEER (LABEL)," the First-to-File rule does not apply and only the Opposer has the exclusive right to appropriate the TSINGTAO Trademarks.

"6.12. The Opposer's ownership and actual and continuous use of the TSINGTAO Trademarks which predate the IP Code have gained, in their favor, vested rights under the law as provided by Sec. 236 of the IP Code, to wit:

X X X

"6.13. Sec. 236 guarantees that the change in the legal system shall not prejudice existing rights acquired before the IP Code took force and effect. In *Fishwealth*, the Director General explained that:

X X X

"6.14. Pursuant to the pronouncement of the Director General in the case of *Fishwealth*, the vested right of the Opposer to exclusively appropriate the TSINGTAO Trademarks must be respected. This Honorable Office must therefore reject the application for registration of the mark

"TSINGTAO BEER (LABEL)" by the Respondent-Applicant in order to preserve the rights of the Opposer.

"7.1. A comparison of Opposer's TSINGTAO Trademarks and Respondent-Applicant's "TSINGTAO BEER (LABEL)" mark reveals an uncanny similarity between the conflicting marks due to the fact that the Respondent-Applicant's mark appropriates the dominant elements of the Opposer's marks, i.e. the word "TSINGTAO," and the "CHINESE PAVILION DEVICE" leading to confusion among the buying public as to the source of the product:

X X X

"7.2. In resolving the issue of confusing similarity, courts have resorted to the Dominancy Test which focuses on the similarity of the prevalent, essential or dominant features of the competing marks. In the instant case, the dominant features of Opposer's mark are the logo depicting a Chinese pavilion and the word "TSINGTAO" below it. Respondent-Applicant conveniently copied those elements and made them the dominant elements of his own "TSINGTAO BEER (LABEL)" mark. The marks "CHINESE PAVILION DEVICE," "TSINGTAO BEER (WORDMARK)" and other distinguishing elements contained in TSINGTAO Trademarks are all embodied in Respondent-Applicant's "TSINGTAO BEER (LABEL)" mark. Obviously, Respondent-Applicant's "TSINGTAO BEER (LABEL)" mark is but a slavish copy of Opposer's TSINGTAO Trademarks.

"7.3. In Shangri-la International Hotel Management, Ltd. V. Developers Group of Companies, Inc., the Supreme Court elaborated on what can be considered as intentional and malicious copying:

"...When a trademark copycat adopts the word portion of another's trademark as his own, there may still be some doubt that the adoption is intentional. But if he copies not only the word but also the word's exact font and lettering style and in addition, he copies also the logo portion of the trademark, the slightest doubt vanishes. It is then replaced by the certainty that the adoption was deliberate, malicious and in bad faith."

"7.4. Even when viewed in their entirety, the competing marks project an identical overall commercial impression. It cannot be denied that the Opposer's TSINGTAO Trademarks and Respondent-Applicant's trademark are conceptually, visually, phonetically, and aurally identical. It is settled that where a comparison between two competing marks show such resemblance in general appearance or general features of both as would likely to deceive the ordinary purchaser exercising ordinary care, and to induce him to believe that the goods bearing the marks are products of one and the same enterprise, the junior mark is confusingly similar to the other.

"7.5. Further proof of Respondent-Applicant's intent to deceive and mislead the average or ordinary purchaser is the fact that the registration for the "TSINGTAO BEER (LABEL)" mark is sought to cover identical or competing goods or products as those of the Opposer's. The goods of the Respondent-Applicant and the Opposer either belong to the same class or sold through the same channel of trade as shown by the comparative table below:

X X X

"7.6. Respondent-Applicant's use of the trademark "TSINGTAO BEER (LABEL)" on beer would falsely suggest a connection with the Opposer and would inevitably cause the buying public to confuse the Respondent-Applicant's goods as those of the Opposer's. What is worse is that Respondent-Applicant's use of the trademark "TSINGTAO BEER (LABEL)" undoubtedly

diminishes the distinctiveness and dilutes the goodwill associated with Opposer's TSINGTAO Trademarks which have become distinctive in relation to, and practically synonymous with, the goods and beer products manufactured and sold by the Opposer all over the world.

"7.7. It is truly difficult to understand why, of the millions of terms and combinations of letters and designs available, Respondent-Applicant had to choose exactly the same mark and logo as that of the Opposer, if there was no intent to take advantage of the goodwill of Opposer's TSINGTAO Trademarks.

"7.8. Respondent-Applicant is not the owner of the mark "TSINGTAO BEER (LABEL)" nor is it authorized by the Opposer to file an application for the registration of said mark. Its application for the registration of the "TSINGTAO BEER (LABEL)" trademark should therefore be denied.

"7.9. Considering that the Respondent-Applicant's mark is identical to, and nearly resembles, Opposer's well-known and world-famous TSINGTAO Trademarks and covers identical good as those of Opposer's TSINGTAO Trademarks, Respondent-Applicant's Application No. 4-2008-000243 should not be allowed to proceed to registration pursuant to Section 123.1 (e) of the IP Code.

"8.1. Section 123.1 (e) prohibits the registration of a mark which is identical or confusingly similar to a well-known trademark in the same Class.

"8.2. Opposer's main business is the production and sale of beer. Opposer occupies a leading position in terms of production scale and market share with 50 breweries and 3 malting mills in 18 provinces and cities all over China. Its product Tsingtao Beer has become one of the most well-known Chinese brands in the international market and has been distributed in more than fifty (50) countries and regions throughout the world.

"8.3. In 1986, Opposer's annual beer productivity took the lead in the Chinese beer industry with a production of 0.1 million tons of beer. Also, in 1992, its beer productivity sky-rocketed to 0.24 million tons, which were sold in more than 30 countries.

"8.4. The TSINGTAO Trademarks have acquired substantial goodwill and reputation over the years elevating them to the level of well-known and world-famous marks as a result of advertising/promotional activities, coupled with the continuous use of the said marks. Opposer has been featured in several magazine articles showing their use of the TSINGTAO Trademarks. Samples of these magazines and articles, listed in the table below, are attached hereto and made integral parts hereof as Exhibits "OO" to "RR".

X X X

"8.5. Opposer has also been featured in several newspaper articles which also show its use and promotion of the TSINGTAO Trademarks. Samples of these newspapers and articles, listed in the table below, are attached hereto and made integral parts hereof as Exhibits "SS" to "WW."

X X X

"8.6. Opposer launched a website with the domain name <www.tsingtao.com.cn> and www.tsingtaobeer.com which promotes and sells products bearing the TSINGTAO Trademarks. Print-outs of Opposer's website showing the TSINGTAO Trademarks are attached hereto and

marked as an integral part hereof as Exhibits "XX" and "XX-1," respectively. Furthermore, the TSINGTAO Trademarks can be viewed and advertised in various websites. Printed pages of each website are attached hereto and made integral parts hereof as Exhibits "YY" to "KKK."

X X X

"8.7. Opposer likewise conducts extensive worldwide and local advertising/promotional activities for its goods bearing the TSINGTAO Trademarks. Tsingtao Brewery's worldwide advertising expenses for the past five (5) years are as follows:

X X X

"8.8. Tsingtao Beer has won the gold medal of State Quality Appraisal several times and has won the title in America International Beer Expos three times, winning and bringing home honors for its country and its people. In 1906, after only two (2) years of operation, Tsingtao Beer won its first gold medal at the Munich International Expo in Germany followed by countless international honors and recognitions in the succeeding hundred years. Tsingtao Beer has prevailed over leading beer brands all over the world in garnering at least 30 gold medals for its first-rate quality products, among others, to wit:

1963 – Gold Medal of Chinese Wine Appraisal Meeting;  
1984 – Gold Medal of quality granted by Light Industry Department in 1984;  
1987 – Gold Medal for quality of Mississippi International Wine Meeting in America;  
1991 – Gold medal of exposition in Brussels Belgium;  
1993 – Gold medal of Singapore International Drink Exposition;  
1997 – Outstanding Enterprise and Gold Medal for quality in the 23<sup>rd</sup> International Gold Star;

"8.9. At the Washington Brewer's Festival in July 1981, Tsingtao Beer was crowned the "Beer Queen" for its unparalleled quality. In July 1985, Tsingtao Beer again clinched the title "Beer Queen" among Asian brands at the Washington Brewer's Festival. In May 1987, Tsingtao Beer was hailed again as "Beer Queen" at the Mississippi Festival.

"8.10. Opposer was registered in the Hong Kong Stock Exchange on 16 June 1993, and on 15 July 1993, it issued H-shares in Hong Kong which were listed on the Stock Exchange. It was the first enterprise from Mainland China: listed on an overseas stock exchange. In July 1993, Tsingtao Brewery issued A-Shares in China, which were listed on the Shanghai Stock Exchange on 27 August 1993.

"8.11. In 1999, Opposer was the only Chinese enterprise included among the Top 50 Famous Brands in Asia. In 2006, Tsingtao Beer was ranked No. 1 by the World Brand Lab in the "Top 500 Most Valuable Brands in China" among all the beer brands with its brand value garnering as much as RMB 22.473 Billion.

"8.12. In 2002, Opposer set up a plant in Taiwan, becoming the first Chinese enterprise to have a plant outside the Chinese mainland.

"8.13. In 2003, the Tsingtao Beer ranked 20<sup>th</sup> in the "The Most Valuable Brand in China" award. And in 2006, Tsingtao Brewery was awarded second Prize by the National Scientific and Technological Progress.



"8.14. In 2006, the Chinese brewery sector kept its steady development momentum, driven by the steady growth of China's economy. China's annual sales volume reached 351.5 million hl with a year-on-year growth of 14.7%, which helped it become one of the largest countries in terms of beer production and consumption, and the market with fastest pace in development in the world for four consecutive years.

"8.15. Below is a table of Opposer's worldwide sales for Tsingtao Beer in the past five (5) years:

X X X

"8.16. Likewise, Tsingtao Beer's annual export profit in the past three (3) years is shown in the table below:

X X X

"8.17. Tsingtao Beer was introduced to the United States in 1972, and soon became the top-selling Chinese beer in the U.S. market; it has maintained this leadership within the United States ever since, despite increasing competition from other well known Chinese beer brands, Zhujiang Beer and Yanjing. Distribution in the UK and Ireland is handled by Halewood International Ltd as of 2008. The Tsingtao brand is sold in more than 50 countries worldwide, including the European Union, United States of America ("U.S.A."), Canada, and other countries in South East Asia, and accounts for more than 50% of China's beer exports.

"8.18. In line with the promotion of the TSINGTAO Trademarks, Opposer sponsors social and cultural events such as the annual Qingdao International Beer Festival organized by the Qingdao municipal government. Tsingtao Brewery first applied for permission to stage the Qingdao International Beer Festival in 1991 and received approval and extensive support from the Qingdao municipal administration, to the extent that the city became the main sponsor. The first festival was opened on 23 June 1991, and has been held annually ever since. The festival was named "International Beer Festival" not only to attract Chinese locals but foreigners as well. Copies of various pictures are attached hereto and marked as integral parts hereof as Exhibits "PPP" to "RRR." Likewise submitted are copies of posters of and news articles on different beer festivals and events sponsored by Opposer and attached herewith as Exhibits "SSS" to "XXX".

"8.19. At present, Tsingtao Beer is one of the exclusive Official Sponsors of the 2008 Beijing Olympics Games. As the official sponsor of the 2008 Beijing Olympic Games, Tsingtao Brewery is dedicated to the spreading of Olympic spirit by carrying out a series of Olympic marketing activities, such as "Tsingtao Beer\* I Am the Champion," caravan road-show "Around China," to elicit the public's attention to the Games, to experience the Games and to support the Games. Based on such opportunity and platform, these activities promote the market influence of Tsingtao brand and realize the harmonious combination of its corporate and social interests. Being an Official Sponsor, the TSINGTAO Trademarks are extensively promoted and advertised to millions of athletes and tourists during the Games.

"8.20. Being the true and legitimate owner of the TSINGTAO Trademarks, Opposer is entitled to register the same. Respondent-Applicant's application for registration of the mark "TSINGTAO BEER (LABEL)" must therefore be rejected by this Honorable Office for the reason that Respondent-Applicant is neither the owner of the said mark nor authorized by the owner to procure its registration.

"8.21. All said, the registration of the trademark "TSINGTAO BEER (LABEL)" in the name of Respondent-Applicant would cause incalculable damage to the Opposer's reputation and general business standing. In view of Opposer's prior use, registrations and applications for its

locally and internationally well-known TSINGTAO Trademarks, Respondent-Applicant's Trademark Application No. 4-2008-000243 for the registration of the mark "TSINGTAO BEER (LABEL)", which is identical to Opposer's TSINGTAO Trademarks and is used on the same goods as those of Opposer's, should not be allowed to proceed to registration pursuant to Sections 123.1 (e) of the IP Code and existing jurisprudence.

The Opposer's evidence consists of photographs of Opposer's early TSINGTAO Trademarks, of different Tsingtao beer labels during the Japanese occupation, advertisements during the German Occupation, of several advertisements during the Japanese occupation, of TSINGTAO beer products' first foreign advertisements, of TSINGTAO as sponsor of the 2008 Beijing Olympics; Opposer's brochure for Beijing 2008 Olympics and Tsingtao Beer Digital Museum CD and Original brochures, leaflets and beer labels and TSINGTAO products; Copies of posters and news articles on different beer festivals and events sponsored by Opposer, pictures of Opposer's festivals and Opposer's various awards and gold medals; A copy of the old TSINGTAO device "Zhan Qiao Pier Lighthouse" and Tsingtao beer labels bearing the Zhan Qiao Pier Lighthouse" device and a copy of the printed version of the URL of Opposer; Samples of magazines and articles which featured the TSINGTAO Trademarks and newspapers and articles which featured the TSINGTAO Trademarks; Various websites featuring TSINGTAO trademarks; Opposer's 2006 Annual Report; Certificates of Registration worldwide of TSINGTAO Trademarks; and Affidavit of Atty. Evelyn Ong Kho-Sy, Corporate Secretary of Justic Corporation.<sup>4</sup>

This Bureau issued a Notice to Answer and served a copy thereof upon Respondent-Applicant, Qui Dong Quan, on 23 September 2008. Said Respondent-Applicant, however, did not file an Answer.

Should the Respondent-Applicant be allowed to register the trademark TSINGTAO BEER LABEL?

The mark applied for registration by the Respondent-Applicant is practically identical to the Opposer's, as shown below:

TSINGTAO TRADEMARKS	RESPONDENT-APPLICANT'S MARK
	
	
TSINGTAO	

<sup>4</sup> Marked as Exhibits "A" to "YYY", inclusive.

Also, the Respondent-Applicant's application covers goods that are similar and/or closely related to the Opposer's, particularly, beer products. Thus, it is likely that the consumers will have the impression that these goods originate from a single source or origin. The confusion or mistake would subsist not only on the purchaser's perception of goods but on the origin thereof as held by the Supreme Court, to wit:

Callman notes two types of confusion. The first is the confusion of goods in which event the ordinary prudent purchaser would be induced to purchase one product in the belief that he was purchasing the other. In which case, defendant's goods are then bought as the plaintiff's and the poorer quality of the former reflects adversely on the plaintiff's reputation. The other is the confusion of business. Here, though the goods of the parties are different, the defendant's product is such as might reasonably be assumed to originate with the plaintiff and the public would then be deceived either into that belief or into belief that there is some connection between the plaintiff and defendant which, in fact does not exist.<sup>5</sup>

Public interest therefore requires, that two marks, identical to or closely resembling each other and used on the same and closely related goods, but utilized by different proprietors should not be allowed to co-exist. Confusion, mistake, deception, and even fraud, should be prevented. It is emphasized that 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.<sup>6</sup>

The Respondent-Applicant's filing of his trademark application on 08 January 2008 preceded the Opposer's trademark application in the Philippines (12 March 2008). The Opposer, however, raises the issues of trademark ownership, and fraud and bad faith on the part of the Respondent-Applicant.

In this regard, this Bureau emphasizes that it is not the application or the registration that confers ownership of a mark, but it is ownership of the mark that confers the right of registration. The Philippines implemented the World Trade Organization Agreement "TRIPS Agreement" when the IP Code took into force and effect on 01 January 1998. Art 16(1) of the TRIPS Agreement states:

1. The owner of a registered trademark shall have the exclusive right to prevent all third parties not having the owner's consent from using in the course of trade identical or similar signs for goods or services which are identical or similar to those in respect of which the trademark is registered where such use would result in a likelihood of confusion. In case of the use of an identical sign for identical goods or services, a likelihood of confusion shall be presumed. The rights described above shall not prejudice any existing prior rights, nor shall they affect the possibility of Members making rights available on the basis of use.

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<sup>5</sup> *Converse Rubber Corp. v. Universal Rubber Products, Inc. et. al.*, G.R. No. L-27906, 08 Jan. 1987.

<sup>6</sup> *Pribhdas J. Mirpuri v. Court of Appeals*, G.R. No. 114508, 19 November 1999, citing *Ethepa v. Director of Patents, supra*, *Gabriel v. Perez*, 55 SCRA 406 (1974). See also Article 15, par. (1), Art. 16, par. (1), of the Trade Related Aspects of Intellectual Property (TRIPS Agreement).



Significantly, Sec. 121.1 of the IP Code adopted the definition of the mark under the old Law on Trademarks (Rep. Act No. 166), to wit:

121.1. "Mark" means any visible sign capable of distinguishing the goods (trademark) or services (service mark) of an enterprise and shall include a stamped or marked container of goods; (Sec. 38, R.A. No. 166a)

Sec. 122 of the IP Code also states:

Sec. 122. How Marks are Acquired.- The rights in a mark shall be acquired through registration made validly in accordance with the provisions of this law. (Sec. 2-A, R.A. No. 166a)

There is nothing in Sec. 122 which says that registration confers ownership of the mark. What the provision speaks of is that the rights in a mark shall be acquired through registration, which must be made validly in accordance with the provisions of the law.

Corollarily, Sec. 138 of the IP Code provides:

Sec. 138. Certificates of Registration. – 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. (Emphasis supplied)

Clearly, it is not the application or the registration that confers ownership of a mark, but it is ownership of the mark that confers the right to registration. While the country's legal regime on trademarks shifted to a registration system, it is not the intention of the legislators not to recognize the preservation of existing rights of trademark owners at the time the IP Code took into effect.<sup>7</sup> The registration system is not to be used in committing or perpetrating an unjust and unfair claim. A trademark is an industrial property and the owner thereof has property rights over it. The privilege of being issued a registration for its exclusive use, therefore, should be based on the concept of ownership. The IP Code 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. In *Berris v. Norvy Abyadang*<sup>8</sup>, the Supreme Court held:

The ownership of a trademark is acquired by its registration and its actual use by the manufacturer or distributor of the goods made available to the purchasing public. Section 122 of the R.A. 8293 provides that the rights in a mark shall be acquired by means of its valid registration with the IPO. A certificate of registration of a mark, once issued, constitutes *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. R.A. 8293, however, requires the applicant for registration or the registrant to file a declaration of actual use (DAU) of the mark, with evidence to that effect, within three (3) years from the filing of the application for registration; otherwise, the application shall be refused or the mark shall be removed from the register. In other words, the *prima facie* presumption brought about by the registration of a mark may be challenged and overcome, in an appropriate action, by

<sup>7</sup> See Sec. 236 of the IP Code.

<sup>8</sup> G.R. No. 183404, 13 Oct. 2010.



proof of the nullity of the registration or of non-use of the mark, except when excused. Moreover, the presumption may likewise be defeated by evidence of prior use by another person, i.e., it will controvert a claim of legal appropriation or of ownership based on registration by a subsequent user. This is because a trademark is a creation of use and belongs to one who first used it in trade or commerce. (Emphasis supplied)

In this instance, the Opposer proved that he is the originator and owner of the contested mark. The mark TSINGTAO originated in the city of Qingdao (spelled and pronounced "Tsingtao" in Wade-Giles Chinese Romanization). The first TSINGTAO beer was produced in the city of Qingdao during the pre-war era when Germans needed beers for their sailors, soldiers and traders. Production continued even after the Germans ceded Qingdao to the Japanese in World War I, and thereafter, by the Japanese to the Chinese government after the latter took back the city of Qingdao in 1922. Tsingtao Brewery Company Limited now produces the famous Tsingtao beers after it has taken over production from Tsingtao Workshop of Great Japanese Beer Limited Company when the Chinese won the Anti-Japanese war in 1945.

In contrast, the Respondent-Applicant despite the opportunity given, did not file an Answer to defend his trademark application and to explain how he arrived at using the mark TSINGTAO BEER LABEL which is exactly the same as the Opposer's. The mark CHINESE PAVILION DEVICE, TSINGDAO & DEVICE and/ or the word mark TSINGTAO is unique and distinctive with respect to the goods it is attached with. It is incredible for the Respondent-Applicant to have come up with exactly the same mark for use on similar goods by pure coincidence.

In fact, TSINGTAO is not only a trademark, but is also the trade name of the Opposer. Sec. 165 of the IP Code provides:

Sec. 165. *Trade Names or Business Names.* – 165.1. A name or designation may not be used as a trade name if by its nature or the use to which such name or designation may be put, it is contrary to public order or morals and if, in particular, it is liable to deceive trade circles or the public as to the nature of the enterprise identified by that name.

Sec. 165.2 (a) Notwithstanding any laws or regulations providing for any obligation to register trade names, such names shall be protected, even prior to or without registration, against any unlawful act committed by third parties.

(b) In particular, any subsequent use of the trade name by a third party, whether as a trade name or a mark or collective mark, or any such use of a similar trade name or mark, likely to mislead the public, shall be deemed unlawful.

Succinctly, the field from which a person may select a trademark is practically unlimited. As in all other cases of colorable imitations, the unanswered riddle is why of the millions of terms and combinations of letters and designs available, the Respondent-Applicant had to come up with a mark identical or so closely similar to another's mark if there was no intent to take advantage of the goodwill generated by the other mark.<sup>9</sup>

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<sup>9</sup> *American Wire & Cable Company v. Director of Patents*, G.R. No. L-26557, 18 Feb. 1970.

The intellectual property system was established to recognize creativity and give incentives to innovations. Similarly, the trademark registration system seeks to reward entrepreneurs and individuals who through their own innovations were able to distinguish their goods or services by a visible sign that distinctly points out the origin and ownership of such goods or services.

WHEREFORE, premises considered, the instant Opposition to Trademark Application No. 4-2008-00243 is hereby SUSTAINED. Let the filewrapper of the subject trademark application be returned, together with a copy of this Decision, to the Bureau of Trademarks for information and appropriate action.

**SO ORDERED.**

Taguig City, 19 November 2013.



**ATTY. NATHANIEL S. AREVALO**  
Director IV, Bureau of Legal Affairs