



OFFICE OF THE DIRECTOR GENERAL

DHOJAR TOBING,
Respondent-Appellant,

-versus-

TIEN HUNG AGRO-INDUSTRIAL,
CORPORATION,

Petitioner-Appellee.

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Appeal No. 14-2011-0018

IPC No. 14-2010-00093

Petition for Cancellation

Registration No. 4-2006-008112

Registration Date: 25 June 2007

Trademark: TUNG HO, TH & Device

DECISION

DHOJAR TOBING (“Appellant”) appeals the decision¹ of the Director of Bureau of Legal Affairs (“Director”) granting the petition for cancellation of the Appellant’s certificate of registration for the mark “TUNG HO, TH & Device”.

Records show that TIEN HUNG AGRO-INDUSTRIAL CORPORATION (“Appellee”) filed on 11 May 2010 a “Verified Petition for Cancellation of Trademark Registration” alleging that it has been damaged and will continue to be damaged by the registration of TUNG HO, TH & Device in favor of the Appellant. The Appellee claimed that it is the true and rightful owner of this mark and that it has used TUNG HO, TH & Device in its manufacturing business since 1977. The Appellee maintained that it has secured a certificate of registration for the mark “TH and Logo Design” in 1994 for use on agricultural sprayers and that it has filed a renewal of this registration on 19 March 2010. The Appellee averred that it also filed a trademark application for “Tung Ho and device” on 27 April 2010 for use on agricultural sprayers. The Appellee contended that the Appellant fraudulently obtained the certificate of registration for TUNG HO, TH & Device.

The Appellant filed on 28 September 2010 a “VERIFIED ANSWER” alleging that he is engaged in the manufacture, production, and sale of knapsack sprayers not only in the Philippines but also in Indonesia and that he has used TUNG HO, TH & Device in good faith in selling his knapsack sprayers. According to the Appellant, the Appellee is not the true and actual owner of the mark “TUNG HO” having long been adjudged by competent judicial bodies as a mere importer of “TUNG HO” knapsack sprayers. The Appellant asserted that he has every right to register TUNG HO, TH & Device in the Philippines because he is the true and rightful owner of this mark by reason of its real, actual, and absolute use of this mark in the concept of owner and he being the senior-registrant and the first to file for the registration of this mark in the Philippines. The Appellant maintained that the registration of TUNG HO, TH &

¹ Decision No. 2011-78 dated 28 September 2011.

Device was allowed by the Bureau of Trademarks ("BOT") in accordance with the provisions of Republic Act No. 8293 ("IP Code") and its implementing rules and that he complied and completed all the pertinent requirements for registration after the closest scrutiny and examination conducted by the Trademark Examiner and Director of BOT. The Appellant claimed that the Appellee is barred by equitable principles of acquiescence, laches, and estoppel from seeking the cancellation of the registration of TUNG HO, TH & Device.

After the appropriate proceedings, the Director issued a decision granting the Appellee's petition to cancel the registration of TUNG HO, TH & Device. The Director held that the Appellant's mark is confusingly similar to the registered mark of the Appellee and that the Appellant has no right to register TUNG HO, TH & Device because he is not the owner of this mark. The Director ruled that the Appellant did not adduce evidence to prove that his use, creation, and registration of "TUNG HO" is in good faith and that he was not inspired by intent to copy or appropriate a mark that belongs to another.

On 28 November 2011, the Appellant filed an "APPEAL MEMORANDUM" contending he is the holder of a certificate of registration for TUNG HO, TH & Device and has in his favor the presumption of validity of the registration. The Appellant argues that his mark is not confusingly similar with the mark of the Appellee as these marks differ substantially in sound, meaning, appearance, and commercial impression. The Appellant maintains that the Appellee is using the mark "TH & Logo" in combination with the mark "TIEN HUNG" which prevents confusion to the public as the Appellant's products refer to "TUNG HO" sprayer products. Moreover, according to the Appellant, their sprayer products are expensive quality items which negate the possibility of buyer confusion. The Appellant asserts that he enjoys the presumption of good faith in his use of his registered mark. The Appellant avers that the Bureau of Legal Affairs erred in depriving his proprietary rights over his mark on the basis of a case of which he is not a party and in ordering the cancellation of his trademark registration when there is no evidence of damage to the Appellee.

The Appellee filed on 27 January 2012 a "COMMENT To Djohar Tobing's Appeal Memorandum" maintaining that the parties were given procedural and substantive due process and that the decision of the Director was supported by substantial evidence. The Appellee maintains that it is the prior user of the mark "TH and Logo Design" which is confusingly similar to the Appellant's mark and that the buyers of agricultural sprayers may be led to believe that "Tung Ho" is just the spelled out version of "TH and Logo Design". The Appellee claims that the letters "T" and "H" are the prominent features of their marks which can cause confusion in the minds of the buyers.

The main issue in this appeal is whether the Director was correct in granting the Appellee's petition to cancel the registration of TUNG HO, TH & Device.

Sec. 151 of the IP Code provides that:

SEC. 151. Cancellation.- 151.1. A petition to cancel a registration of a mark under this Act may be filed with the Bureau of Legal Affairs by any person who believes that he is or will be damaged by the registration of a mark under this Act as follows:

(a) Within five (5) years from the date of the registration of the mark under this Act.

(b) At any time, if the registered mark becomes the generic name for the goods or services, or a portion thereof, for which it is registered, or has been abandoned, or its registration was obtained fraudulently or contrary to the provisions of this Act, or if the registered mark is being used by, or with the permission of, the registrant so as to misrepresent the source of the goods or services on or in connection with which the mark is used. If the registered mark becomes the generic name for less than all of the goods or services for which it is registered, a petition to cancel the registration for only those goods or services may be filed. A registered mark shall not be deemed to be the generic name of goods or services solely because such mark is also used as a name of or to identify a unique product or service. The primary significance of the registered mark to the relevant public rather than purchaser motivation shall be the test for determining whether the registered mark has become the generic name of goods or services or in connection with which it has been used.

(c) At any time, if the registered owner of the mark without legitimate reason fails to use the mark within the Philippines, or to cause it to be used in the Philippines by virtue of a license during an uninterrupted period of three (3) years or longer.

The Appellee claims that it will be damaged by the registration of TUNG HO, TH & Device in the name of the Appellant. A certificate of registration of a mark gives the registrant the exclusive right to use this mark in connection with the goods or services and those that are related thereto specified in the certificate of registration.² It is not disputed that the parties in this case are both engaged in the business involving sprayers. In this regard, the Appellant's certificate of registration for TUNG HO, TH & Device which covers sprayers enables him to exclude other persons without his consent from using an identical or confusingly similar mark on similar or related goods or services. Thus, the Appellant's certificate of registration bars the Appellee from using this mark or a confusingly similar mark on the Appellee's agricultural sprayers without the consent of the Appellant. The Appellee would, therefore, be damaged with the continued registration of the Appellant's mark as the Appellant can prevent the Appellee from engaging in the business related to agricultural sprayers.

Consequently, this Office needs to decide on whether there is a basis or a ground for the cancellation of the Appellant's registered mark.

A scrutiny of the pieces of evidence submitted by the parties indicate that before the Appellant filed the application to register TUNG HO, TH & Device in 2006³, the Appellee has already made available to the public agricultural sprayers with the mark "TH and Logo Design" and that the Appellee has even secured a

² See SEC. 138 of the IP Code.

³ Exhibit "4" of the "VERIFIED ANSWER" dated 17 September 2010.

certificate of registration⁴ for this mark as early as 1989. Moreover, the Appellee also adduced evidence of a trademark application⁵ it filed in 1977 covering the mark "TUNG HO" for use on sprayer. These pieces of evidence raise questions on the presumption of validity of the Appellant's certificate of registration for TUNG HO, TH & Device. The Appellant should have adduced evidence showing that he is the creator and originator of the mark TUNG HO, TH & Device to support the continuing registration of his mark.

It is emphasized that the essence of trademark registration is to give protection to the owners of trademarks. The function of a trademark is to point out distinctly the origin or ownership of the goods to which it is affixed; to secure to him, who has been instrumental in bringing into the market a superior article of merchandise, the fruit of his industry and skill; to assure the public that they are procuring the genuine article; to prevent fraud and imposition; and to protect the manufacturer against substitution and sale of an inferior and different article as his product.⁶

However, the Appellant did not explain how he arrived in using the mark TUNG HO, TH & Device for sprayers when another entity or the Appellee had used a similar mark as early as 1977. The *prima facie* presumption of validity of registration of a mark may be challenged and overcome, in an appropriate action, by 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 or prior use by another person, i.e., it will controvert a claim of legal appropriation of or 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.⁷ The presumption of ownership accorded to a registrant must then necessarily yield to superior evidence of actual and real ownership of a trademark.⁸ The Director, thus, correctly discussed that:

Secondly, this Bureau finds that the Respondent-Registrant has no right to register the mark "TUNG HO" or a mark that contains these words because he is not the owner thereof. Evidence shows that the mark "TUNG HO" has been used in the Philippines for "sprayers" by parties other than the Respondent-Registrant long before the latter filed a trademark application. The Respondent-Registrant did not adduce evidence to prove that his use of the mark "TUNG HO" is in good faith and that his "creation" and registration of the mark was not inspired by intent to copy or appropriate a mark that belongs to another. He himself in fact pointed out that in a decision of the Court of Appeals, it was held that the mark "TUNG HO" is owned by a Taiwanese company. The petition for review of the said Court of Appeals' decision was dismissed by the Supreme Court. That the decision was adverse to the Petitioner's claim of ownership of the mark "TUNG HO" is of no moment. The critical issue in this instance is whether or not the Respondent-Registrant is the owner of the mark. The evidence shows that he is not. While the Respondent-

⁴ Exhibit "J" of the Verified Petition for Cancellation of Trademark Registration dated 07 May 2010.

⁵ Exhibit "F" of the Verified Petition for Cancellation of Trademark Registration dated 07 May 2010.

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

⁷ *Berris Agricultural Co., Inc. vs. Norvy Abyadang*, G. R. No. 183404, 13 October 2010.

⁸ *Birkenstock Orthopaedie GMBH and Co. KG v. Philippine Shoe Expo Marketing Corporation*, G. R. No. 194307, 20 November 2013.

Registrant submitted copies of his trademark registrations in Indonesia, the applications and registrations were only done from 2005.⁹

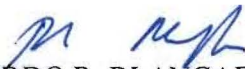
Moreover, the Appellant's submission that he filed an application for voluntary amendment of his trademark registration¹⁰ only weakens his position that he is the creator and owner of the mark TUNG HO, TH & Device. This mark is highly distinctive and it is very remote that two persons can come up independently with a distinctive mark without any explanation. For a person who claims to be an original creator of a mark yet immediately changes the features of the mark, after another person has proven the prior use of this mark, indicates the possibility of just being an imitator and not an original creator. The Appellee has proven its prior use of the marks "TUNG HO" and TH and Logo design, and it is not farfetched that the Appellant knew of these marks as they are both engaged in the business of "sprayer" products. If indeed, the Appellant is the true owner and creator of TUNG HO, TH & Device he can easily present evidence proving this fact. His failure to do so only shows that he is neither the owner nor the creator of this mark.

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 appeal is hereby dismissed. Let a copy of this Decision as well as the trademark application and records 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 the Documentation, Information and Technology Transfer Bureau be furnished a copy of this decision for information, guidance, and records purposes.

SO ORDERED.

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RICARDO R. BLANCAFLOR
Director General

⁹ Decision No. 2011-78 dated 28 September 2011, pages 4-5.

¹⁰ APPEAL MEMORANDUM dated 28 November 2011, page 20.