



TESLA MOTORS, INC.,  
Opposer,

-versus-

SINSKI MOTORCYCLE PHILS. INC.,  
Respondent-Applicant.

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} IPC No. 14-2012-00393  
} Opposition to:  
} Appln. Serial No. 4-2012-001920  
} Date Filed: 17 February 2012  
} TM: "TESLA"  
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### NOTICE OF DECISION

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**SINSKI MOTORCYCLE PHILS. INC.,**  
Respondent-Applicant  
351 10<sup>th</sup> Avenue corner 4<sup>th</sup> Street  
Caloocan City

#### GREETINGS:

Please be informed that Decision No. 2015 - 193 dated September 15, 2015 (copy enclosed) was promulgated in the above entitled case.

Taguig City, September 15, 2015.

For the Director:

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



TESLA MOTORS, INC.,

*Opposer,*

-versus-

SINSKI MOTORCYCLE PHILS, INC.,

*Respondent-Applicant.*

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IPC No. 14-2012-00393

Opposition to:

Appln. No. : 4-2012-001920

(Filing Date: 17 February 2012)

TM: "TESLA"

Decision No. 2015- 193

## DECISION

TESLA MOTORS, INC. ("Opposer")<sup>1</sup> filed an opposition to Trademark Application Serial No. 4-2012-001920. The application, filed by SINSKI MOTORCYCLE PHILS., INC. ("Respondent-Applicant")<sup>2</sup>, covers the mark "TESLA" for use on "*electric parts namely, electric controller and battery and motorcycle, electric motorcycle*" under Classes 09 and 12 of the International Classification of goods.<sup>3</sup>

The Opposer alleges, among other things, that the registration of the mark "TESLA" in favor of the Respondent-Applicant violates Section 123.1, paragraphs (e), (f) and (g) of Rep. Act No. 8293, also known as the Intellectual Property Code of the Philippines ("IP Code"). According to the Opposer, the mark applied for registration by the Respondent-Applicant is confusingly similar to the Opposer's internationally well-known TESLA trademarks. The Opposer also asserts that TESLA forms part of its corporate name.

This Bureau issued a Notice to Answer and served a copy thereof upon the Respondent-Applicant on 10 October 2011. The Respondent-Applicant, however, did not file an answer.

Should the Respondent-Applicant's trademark application be allowed?

The Opposer submitted evidence that it has been using and protecting the mark "TESLA" long before the Respondent-Applicant filed its trademark application. The Opposer has been using the mark for goods that are similar and closely related to those indicated in the Respondent-Applicant's trademark application including "*batteries for land vehicles*" (Class 9) and "*vehicles, apparatus for locomotion by land and parts and accessories*" (Class 12). In fact, "TESLA" is part of the Opposer's business or trade name.

Thus, if the Respondent-Applicant is allowed to register the mark in its favor, it would have exclusive rights to use it to the exclusion of the Opposer, among others. The registration will effectively bar the Opposer from dealing with goods under its mark and possibly under its own business or trade

<sup>1</sup> A foreign corporation organized and existing under the laws of the State of Delaware, with principal office at 3500 Deer Creek, Palo Alto, CA, U.S.A.

<sup>2</sup> With address at #350<sup>th</sup> Avenue corner 4<sup>th</sup> Street, Caloocan City.

<sup>3</sup> The Nice Classification is a classification of goods and services for the purpose of registering trademark and services marks, based on the 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 Purpose of the Registration of Marks concluded in 1957.

name. In fact, the Trademark Registry, the contents of which this Bureau can take cognizance of via judicial notice shows that the Opposer filed applications for the registration of the mark TESLA. These are Application Serial No. 4-2013-1162462 and No. 4-2013-1222761, both filed on 09 December 2013. Application Serial No. 4-2013-1162462 already matured into Reg. No. 4-2013-1162462 issued on 07 May 2015.

Succinctly, the competing marks as belonging to two different and competing proprietors should not be allowed to co-exist. 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.<sup>4</sup> Thus, the Opposer has the right to file the instant opposition pursuant to Sec. 134 of the IP Code, to wit:

Sec. 134. Opposition.- Any person who believes that he would be damaged by the registration of a mark may, upon payment of the required fee and within thirty (30) days after the publication referred to in Subsection 133.2, file with the Office an opposition to the application. x x x

The primordial issue raised in the instant opposition is the ownership of the mark. That the marks are identical and used on the same goods cannot be of mere coincidence. The mark is unique and distinctive. One of the parties is a copycat.

The Philippines implemented the TRIPS Agreement when the IP Code took into force and effect on 01 January 1998. Art. 15 of the TRIPS Agreement reads:

Section 2: Trademarks  
Article 15  
Protectable Subject Matter

1. Any sign, or any combination of signs, capable of distinguishing the goods or services of one undertaking from those of other undertakings, shall be capable of constituting a trademark. Such signs, in particular words including personal names, letters, numerals, figurative elements and combinations of colours as well as any combination of such signs, shall be eligible for registration as trademarks. Where signs are not inherently capable of distinguishing the relevant goods or services. Members may make registrability depend on distinctiveness acquired through use. Members may require, as a condition of registration, that signs be visually perceptible.

2. Paragraph 1 shall not be understood to prevent a Member from denying registration of a trademark on other grounds, provided that they do not derogate from the provisions of the Paris Convention (1967).

3. Members may make registrability depend on use. However, actual use of a trademark shall not be a condition for filing an application for registration. An application shall not be refused solely on the ground that intended use has not taken place before the expiry of a period of three years from the date of application.

4. The nature of the goods or services to which a trademark is to be applied shall in no case form an obstacle to registration of the trademark.

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<sup>4</sup> *Pribhdas J. Mirpuri v. Court of Appeals*, G.R. No. 114508, 19 Nov. 1999.

5. Members shall publish each trademark either before it is registered or promptly after it is registered and shall afford a reasonable opportunity for petitions to cancel the registration. In addition, Members may afford an opportunity for the registration of a trademark to be opposed.

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, not shall they affect the possibility of Members making rights available on the basis of use.

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>5</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 *E.Y. Industrial Sales, Inc. and Engracio Yap v. Shen Dar Electricity and Machinery Co., Ltd.*<sup>6</sup>, the Supreme Court held:

<sup>5</sup> See Sec. 236 of the IP Code.

<sup>6</sup> G.R. No. 184850, 20 October 2010.

“x x x the registration of a mark is prevented with the filing of an earlier application for registration. This must not, however, be interpreted to mean that ownership should be based upon an earlier filing date. While RA 8293 removed the previous requirement of proof of actual use prior to the filing of an application for registration of a mark, proof of prior and continuous use is necessary to establish ownership of a mark. Such ownership constitutes sufficient evidence to oppose the registration of a mark.

“Sec. 134 of the IP Code provides that “any person who believes that he would be damaged by the registration of a mark x x x” may file an opposition to the application. The term “any person” encompasses the true owner of the mark<sup>7</sup>the prior and continuous user.

“Notably, the Court has ruled that the prior and continuous use of a mark may even overcome the presumptive ownership of the registrant and be held as the owner of the mark. x x x”.

The Opposer has submitted proof of its ownership, use, and protection over the mark TESLA and variants long before the Respondent-Applicant filed the contested trademark application. In support of its opposition, the Opposer’s evidence consists of the following<sup>7</sup>:

1. Authenticated Affidavit-Direct Testimony of the Opposer’s Senior Corporate Hiroshi Nogami;
2. Affidavit-Direct Testimony of Atty. Chrissie Ann L. Barredo;
3. Printouts of the website <http://www.teslamotors.com> which contains an overview of the Opposer and other information;
4. Lists of trademark registrations for TESLA mark and variants in Australia, China, Croatia, Hong Kong, Israel, Japan, Monaco, New Zealand, Norway, Russia Federation, Saudi Arabia, Singapore, South Africa, South Korea, Switzerland, Taiwan, United Arab Emirates and United States of America, and other applications;
5. Articles, reviews and features, advertising and promotional materials (from years 2006 to 2012); and
6. Affidavit-Direct Testimony of Atty. Webster D. Ngo.

“TESLA” as a trademark is unique and highly distinctive. It is improbable that the Respondent-Applicant itself, who is in the same business or trade with the Opposer, created or coined the mark on mere coincidence. The field from which a person may select a trademark is practically unlimited. As in all cases of colorable imitation, the unanswered riddle is why, of the millions of terms and combination of letters available, the Respondent-Applicant had 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>8</sup> It is likely that the consumers will have the impression that goods bearing the mark or name “TESLA” originate from a single or the same source, or the originators thereof associated or connected to each other. 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:<sup>9</sup>

Callman notes two types of confusion. The first is the confusion of goods in which event the ordinarily 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

7 Marked as Exhibits “A” to “G”, inclusive.

8 *American Wire and Cable Co. versus Director of Patents et al.*, (SCRA 544) G.R. No. 1-26557, 18 February 1970

9 *Converse Rubber Corporation v. Universal Rubber Products Inc., et al.*, G.R. No. L-27906, 08 Jan.1987.

into belief that there is some connection between the plaintiff and defendant which, in fact does not exist.

Sec. 123.1(g) of the IP Code provides that a mark cannot be registered if it “x x x (g) *Is likely to mislead the public, particularly as to the nature, quality, characteristics or geographical origin of the goods or services;*”.

Lastly, Sec. 165.2 of the IP Code provides:

Sec.165.TradeNames or Business Names.- x x x

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.

Hence, the Opposer’s business name or trade name “TESLA MOTORS, INC.” is protected under the above-quoted provision.

The law of trademarks and tradenames is based on the principle of business integrity and common justice. This law, both in letter and spirit is laid upon the premise that, while it encourages fair trade in every way and aims to foster, and not to hamper competition, no one especially a trader, is justified in damaging or jeopardizing others business by fraud, deceit, trickery or unfair methods of any sort. This necessarily precludes the trading by one dealer upon the good name and reputation built by another<sup>10</sup>.

**WHEREFORE**, premises considered, the opposition is hereby **SUSTAINED**. Let the filewrapper of Trademark Application Serial No. 4-2012-001920 be returned, together with a copy of this Decision, to the Bureau of Trademarks for information and appropriate action.

**SO ORDERED.**

Taguig City, 15 September 2015.

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

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<sup>10</sup> La Chemis Lacoste versus Judge Oscar C. Fernandez, et al. (G.R. No. L-63796 02 May 1984) and Sujaji versus Ongpin, et al., (G.R. No. L-65659 02 May 1984) Ating Baltimore versus Moses, 182 Md. 229, 34A (2d) 338.