

TENCENT HOLDINGS LIMITED,
Opposer,

-versus-

TIREMOR NEW TECHNOLOGY INC.,
Respondent- Applicant.

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}
} **IPC No. 14-2013-00249**
} Opposition to:
} Appln. Serial No. 4-2012-014924
} Date Filed: 12 December 2012
} **TM: "TENCENT"**
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NOTICE OF DECISION

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TIREMOR NEW TECHNOLOGY, INC.
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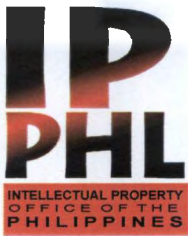
GREETINGS:

Please be informed that Decision No. 2016 - 75 dated March 10, 2016 (copy enclosed) was promulgated in the above entitled case.

Taguig City, March 10, 2016.

For the Director:


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



TENCENT HOLDINGS LIMITED,
Opposers,

-versus-

TIREMORE NEW TECHNOLOGY, INC.,
Respondent-Applicant.

X -----X

IPC No. 14-2013-00249
Opposition to Trademark
Application No. 4-2012-014924
Date Filed: 12 December 2012

Trademark: **"TENCENT"**

Decision No. 2016- 75

DECISION

Tencent Holdings Limited¹ ("Opposer") filed an opposition to Trademark Application Serial No. 4-2012-014924. The contested application, filed by Tiremore New Technology, Inc.² ("Respondent-Applicant"), covers the mark "TENCENT" for use on "*internet provider*" under Class 38 of the International Classification of Goods³.

According to the Opposer, its company was founded by Ma Huateng and Zhang Zhidong in November 1998. Its name is derived from the Chinese phrase "*shí fěi*", which is used to describe "100%" or "perfection" and is pronounced as "TENG XUN". In February 1999, it launched the Tencent QQ, its most notable product, which is one of the most popular instant messaging platform in its home market. In addition, it runs one of the largest web portals in China, [ww.qq.com](http://www.qq.com). By 2004, its services include online gaming and sometime 2007 to 2008, it increased its offerings by licensing South Korean games. At present, it also sells virtual goods for use in their massively multiplayer online games, instant messaging clients, social networking sites and for mobile phones. It is the investment holding company for all subsidiaries that provide mass media, entertainment, internet and mobile phone value-added services and operate online advertising services in China.

The Opposer anchors its opposition on Sections 165, 134 and 123.1(e) of Republic Act No. 8293, also known as the Intellectual Property Code of the Philippines ("IP Code"), arguing that the Respondent-Applicant's trademark is identical to its company name and well-known trademark. It avers that the latter has also applied for registration of other marks, which belong to other individuals and

¹A corporation organized and existing under and by virtue of the laws of Cayman Island with principal place of business at Tencent Bldg., Kezizhongyi Road, Hi-Tech Park, Shenzhen, China and P.O. Box 2681 GT, Century Yard, Cricket Square, Hutchins Drive, George Town, Grand Catman, Cayman Islands.

²With known address at #25 Arty 1, Brgy. Talipapa, Novaliches, Quezon City, Metro Manila, Philippines.

³The 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.

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corporations. It accuses the Respondent-Applicant of bad faith in filing the contested application. In support of its Opposition, the Opposer submitted the following:⁴

1. affidavit-testimony executed by XU Yan, Intellectual Property Director of the Opposer;
2. its Certificate of Incorporation and Certificate of Good Standing;
3. its company brochure;
4. accolades and prestigious awards that have been given to the Opposer;
5. promotional materials used for the 2012 London Olympics;
6. certified true copies of its certificates of trademark registration issued in China and India;
7. affidavit of Jan Abigail Ponce;
8. printout of websites;
9. database printout of the Opposer's trademark applications and registration for "TENCENT";
10. its Annual Reports from 2006 to 2012; and
11. press release regarding its final result of the first quarter of 2012.

A Notice to Answer was issued and served upon the Respondent-Applicant on 10 September 2013. The latter, however, did not file its Answer. Thus, on 13 December 2013, the Hearing Officer issued Order No. 2013-1664 declaring Respondent-Applicant in default and the case deemed submitted for resolution.

The issue to be resolved is whether Respondent-Applicant should be allowed to register the trademark "TENCENT".

The competing marks are clearly identical. In this regard, the IP Code expressly prohibits the registration of a mark is identical with a registered mark belonging to a different proprietor with an earlier filing or priority date, with respect to the same or closely related goods or services, or has a near resemblance to such mark as to likely deceive or cause confusion.⁵

Records reveal that the Respondent-Applicant filed an application for registration of the mark "TENCENT" on 12 December 2012. The Opposer, on the other hand, does not have any pending application and/or existing registration.

The Opposer claims that its mark "TENCENT" is well-known. This Bureau, however, finds that it failed to establish that the said mark is well-known under the criteria set forth in Rule 102 of the Rules and Regulations on Trademarks, Service Marks, Trade Names and Marked or Stamped Containers. The Opposer did not present sufficient evidence that as a result of its promotion of "TENCENT", the said

⁴ Marked as Exhibits "A" to "Q", inclusive.

⁵ Section 123.1(d) of the IP Code.

mark is well-known to the relevant sector of the public as required by Section 123.1 (e) of the IP Code, to wit:

"Section 123. Registrability. - 123.1. A mark cannot be registered if it:

x x x

(e) Is identical with, or confusingly similar to, or constitutes a translation of a mark which is considered by the competent authority of the Philippines to be well-known internationally and in the Philippines, whether or not it is registered here, as being already the mark of a person other than the applicant for registration, and used for identical or similar goods or services: Provided, That in determining whether a mark is well-known, account shall be taken of the knowledge of the relevant sector of the public, rather than of the public at large, including knowledge in the Philippines which has been obtained as a result of the promotion of the mark; x x x"(Emphasis supplied.)

Regardless of this fact, Petitioner is still a proper party of the opposition proceedings in view of the provisions of Section 134 of the IP Code:

"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. Such opposition shall be in writing and verified by the oppositor or by any person on his behalf who knows the facts, and shall specify the grounds on which it is based and include a statement of the facts relied upon. Copies of certificates of registration of marks registered in other countries or other supporting documents mentioned in the opposition shall be filed therewith, together with the translation in English, if not in the English language. For good cause shown and upon payment of the required surcharge, the time for filing an opposition may be extended by the Director of Legal Affairs, who shall notify the applicant of such extension. The Regulations shall fix the maximum period of time within which to file the opposition."

Moreover, Section 165.2 of the IP Code, state:

"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."(Emphasis supplied.)

The mark "TENCENT" is unquestionably the prevalent feature of the Opposer's trade name. Thus, it has an interests that may be damaged by the filing of the contested person as the public may likely be confused or mislead that the Respondent-Applicant's services is in any way connected to the Opposer. Prior registration of the trade name is not a prerequisite for its protection. This is further explained by the Supreme Court, in the case of **Coffee Partners, Inc. vs. San Francisco Coffee and Roastery, Inc.**⁶, as follows:

"In Philips Export B.V. v. Court of Appeals, this Court held that a corporation has an exclusive right to the use of its name. The right proceeds from the theory that it is a fraud on the corporation which has acquired a right to that name and perhaps carried on its business thereunder, that another should attempt to use the same name, or the same name with a slight variation in such a way as to induce persons to deal with it in the belief that they are dealing with the corporation which has given a reputation to the name."

The Opposer, in this case, basically raises the issue of ownership. It imputes fraud and bad faith on Respondent-Applicant in filing an application for registration over the mark "TENCENT" claiming that it is the lawful and rightful owner thereof.

It is stressed that the Philippines implemented the TRIPS Agreement when the IP Code took into force and effect on 01 January 1998. Article 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 provision of the Paris Convention (1967).**

⁶ G.R. No. 169504, 03 March 2010.

- 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.**
- 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.**

Further, Article 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, Section 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)"

Section 122 of the IP Code 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 Section 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, Section 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 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.⁷ 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 **Shangri-la International Hotel Management, Ltd. vs. Developers Group of Companies**⁸, the Supreme Court held:

"By itself, registration is not a mode of acquiring ownership. When the applicant is not the owner of the trademark applied for, he has no right to apply the registration off the same."

Corollarily, a registration obtained by a party who is not the owner of the mark may be cancelled. In **Berris v. Norvy Abyadang**⁹, the Supreme Court made the following pronouncement:

"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 R.A. No. 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, of 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. No. 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

⁷ See Section 236 of the IP Code.

⁸ G.R. No. 159938, 31 March 2006.

⁹ G.R. No. 183404, 13 October 2010.

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 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."

In this case, the Opposer clearly proved that it has used and appropriated the mark "TENCENT" even before the Respondent-Applicant filed the contested application. Based on evidence submitted, the Opposer registered the mark "TENCENT" as early as 28 February 2003 with the People's Republic of China Trademark Office under Registration No. 1962826¹⁰. Also, the Certificate of Incorporation on Change of Name¹¹ issued on 05 March 2004 and the annual reports for the years 2006 to 2012¹² corroborate its claim of prior use of the mark "TENCENT".

Finally, 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. To allow Respondent-Applicant to register the subject mark, despite its bad faith, will trademark registration simply a contest as to who files an application first with the Office.

WHEREFORE, premises considered, the instant Opposition to Trademark Application No. 4-2012-014924 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, 10 March 2016.


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

¹⁰ Exhibit "F".

¹¹ Exhibit "B".

¹² Exhibits "P" to "P-6".