

QUINWOOD LIMITED,
Opposer,

-versus-

LEE BIAO LING a.k.a. GRACE LEE,
Respondent- Applicant.

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}
} **IPC No. 14-2009-00149**
} Opposition to:
} Appln. Serial No. 4-2008-011238
} Date Filed: 16 September 2008
} **TM: "JIN LING BAO PILL**
} **Package Label Mark"**

NOTICE OF DECISION

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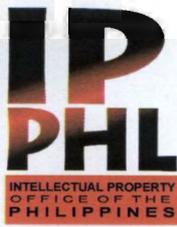
GREETINGS:

Please be informed that Decision No. 2016 - 479 dated December 20, 2016 (copy enclosed) was promulgated in the above entitled case.

Pursuant to Section 2, Rule 9 of the IPOPHL Memorandum Circular No. 16-007 series of 2016, any party may appeal the decision to the Director of the Bureau of Legal Affairs within ten (10) days after receipt of the decision together with the payment of applicable fees.

Taguig City, December 20, 2016.

MARILYN F. RETUTAL
IPRS IV
Bureau of Legal Affairs



QUINWOOD LIMITED,
Opposer,

-versus-

LEE BIAO LING a.k.a. GRACE LEE,
Respondent-Applicant.

} **IPC NO. 14-2009-00149**
} Opposition to:
} Appln. Ser. No. 4-2008-011238
} Date Filed: 16 September 2008
} Trademark : **JIN LING BAO**
} **PILL Package Label Mark**
}
}

X-----X } Decision No. 2016 - **479**

DECISION

QUINWOOD LIMITED,(Opposer)¹ filed an opposition to Trademark Application Serial No. 4-2008-011238. The application, filed by LEE BIAO LING a.k.a. GRACE LEE (Respondent-Applicant)², covers the mark JIN LING BAO PILL Package Label Mark, for use on “Medicinal preparations for the relief of symptoms of diarrhea, vomiting, influenza, fever, headache, nausea, dyspepsia, motion sickness and gastrointestinal disorders, helps maintain healthy digestive functions” under Class 5 of the International Classification of Goods³.

The Opposer relies on the following grounds in support of its Opposition:

"10.1. Opposer is the true owner and rightful proprietor the 'PO CHAI PILLS Marks' that are used on various goods under Class 5 which are manufactured and sold by Opposer, and Opposer has caused their registrations in over twenty-five (25) countries.

"10.2. Respondent-Applicant's mark 'JIN LING BAO JI PILL Package Label' which is identical with, or confusingly similar to , or constitutes a translation of, the well-known 'PO CHAI PILLS Marks' and is used on identical or similar goods as that of Opposer's cannot be registered by virtue of Section 123.1 (e) of the IP Code.

"10.3. Actual good faith use of the 'PO CHAI PILLS Marks' by Opposer preceded Respondent-Applicant's application for registration of the mark 'JIN LING BAO JI PILL Package Label' by more than a hundred years worldwide, and in the Philippines by more than four decades and such use vested in Opposer exclusive rights over the 'PO CHAI PILLS Marks'.

"10.4. Opposer's 'PO CHAI PILLS Marks' are well-known marks and are entitled to protection under Section 123.1.(e) of the IP Code.

¹ A company organized and existing under the laws of the Channel islands with office at Normandy House, Grenville Street, St. heller, Jersey JE4 8PP, Channel Islands

² Filipino with address at #321 Dasmarias Corporate Center, 321 Dasmarias St. Binondo, Manila

³ The Nice Classification of Goods and Services is for registering trademarks and service marks based on multilateral treaty administered by the WIPO, called the Nice Agreement Concerning the International Classification of Goods and Services for Registration of Marks concluded in 1957.

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The Opposer alleges, among other things, the following:

"11. Opposer is the true owner and originator of the world famous 'PO CHAI PILLS Marks'. The origin of the ownership and use of 'PO CHAI PILLS Marks' date back to the 19th century as attested by Lai Kit Ngan, Director of Opposer, showing the rich history of Opposer's business.

"12.1 In 1896, Mr. Li Shui Kei, the founder of the Opposer, developed in China a herbal medicine by the name PU JI PILLS, which was later renamed PO CHAI PILLS. xxx

"12.2. In 1921, Opposer established shops and an agency in Hong Kong. It entered into various Licensing Agreements with Li Chung Shing Tong (Holdings) Limited ('Licensee'), a company incorporated under the laws of Hong Kong.

"12.3. Licensee was given the authority to use, produce and distribute worldwide the goods bearing 'PO CHAI PILLS Marks'. To date, these goods have been distributed and sold in Argentina, Brazil, Cambodia, Canada, China, Egypt, European Union, France, Hong Kong, Japan, Kuwait, Macau, Malaysia, Peru, Portugal, Singapore, Taiwan, Thailand, United Arab Emirates, United Kingdom, United States of America, Uruguay and Vietnam and new markets to be explored.

"12.5. In 1937, Opposer registered the 'PO CHAI PILLS Marks' in Hong Kong. Since then, the trademarks have been continuously used by Opposer and/or Licensee with regard to the said goods.

"12.6. The second generation of the Li family handled the business in the 1950's.

"12.7. The decades of the 1960's and 1970's saw the active community and various promotional activities by Opposer. It invested a significant amount of money and effort in advertisements.

"12.8. The third generation of the Li family are currently handling the business of Opposer. They are now engaged in further development of the business by incorporating Western knowledge of chemistry and science into the preparation of goods using 'PO CHAI PILLS Marks'.xxx

"14. As the owner and rightful proprietor of the internationally well-known mark 'PO CHAI PILLS Marks', Opposer has caused the filing of numerous registrations for the PO CHAI PILLS Marks in more than twenty five (25) countries.

"18. In the instant case, Respondent-Applicant unmistakably copied Opposer's (Chinese character) and 'BAO JI' marks and made them the dominant elements of her own 'JIN LING BAO JI PILL Package Label'.

The words BAO JI and the Chinese characters are distinguishing elements of the 'PO CHAI PILLS Marks' which are both embodied prominently in Respondent-Applicant's 'JIN LING BAO JI PILL Package Label'.

"19. In the instant case, Respondent-Applicant took Opposer's registered Chinese characters of the 'PO CHAI PILL Marks' and the registered word mark 'BAO JI' (mandarin translation of PO CHAI) and appropriated it as her own by incorporating these elements as the dominant elements of her 'JIN LING BAO JI PILL Package Label'. Despite the peripheral differences, the trademarks of Opposer are the dominant elements in Respondent-Applicant's mark. Undeniably, Respondent-Applicant's 'JIN LING BAO JI PILL Package Label' is a colorable imitation of Opposer's 'PO CHAI PILLS Marks'.xxx

"21. The words 'BAO JI' in Respondent-Applicant's 'JIN LING BAO JI PILL Package Label' constitutes a translation or transliteration of the Chinese characters ('PO CHAI' in Cantonese) and such translation is likewise proscribed under Section 123.1 (e) of the IP Code.

"22. It is important to note that there is a strong distinction between written Chinese and spoken Chinese. The Chinese language comprises many regional languages, the primary ones being Mandarin (Putonghua), Wu (Shanghainese), Yue (Cantonese) and Min (Hokkien). These languages are distinct in their spoken forms only, and the language when written is common. Therefore even though China is home to hundreds of relatively unique spoken languages, literate people are usually able to communicate through written language effectively.

"23. The Chinese characters which are prominent in Opposer's goods and registered as one of Opposer's marks have different ways of being spoken, Using latin (a.k.a. Roman) alphabets to write Chinese is called the romanization of the Chinese language. (*Chinese character*) (pronounced 'PO' in Cantonese and 'BAO' in Mandarin) means 'to help'. (*Chinese character*) (pronounced 'CHAI' in Cantonese and 'JI' in Mandarin) means to maintain. (*Chinese character*) (pronounced 'YUEN' in Cantonese and 'WAN' in Mandarin) means 'pills'. Collectively, they have no specific meaning. In fact, as above stated, Opposer has deemed it necessary to obtain registrations covering the different Chinese pronunciation by which 'PO CHAI PILLS Marks' is known.

- 1) PO CHAI PILLS;
- 2) PO CHAI PILLS IN CHINESE CHARACTER;
- 3) BAO JI WAN (Putonghua or Mandarin transliteration of PO CHAI PILLS) ;
- 4) PO CHAI YUEN (Cantonese transliteration of PO CHAI PILLS);
- 5) PU JI PILLS;

- 6) PU JI WAN (Putonghua or Mandarin transliteration PU JI PILLS);
- 7) PO CHAI PILLS packaging designs;
- 8) BAO JI WAN packaging designs.

The wordmarks 'PO' 'CHAI' and 'BAO JI' are varied pronunciations of, and both transliterations of, the Chinese characters. xxx"

To support its opposition, the Opposer submitted as evidence the following:

1. Sworn Statement of Lai Kit Ngan dated 12 May 2009;
2. Certified true copies of trademark registrations in Hong Kong;
3. Certified true copies of Certificates of trademark registrations for the mark "PO CHAI PILLS"; "PO CHAI", "BAO JI WAN", Chinese character in countries abroad, such as : United States of America, Canada, Macau, European Community, Australia, Singapore, Vietnam, Thailand, Malaysia;
4. Actual labels of the products of "PO CHAI PILLS";
5. Newspaper articles, magazines with advertisements of "PO CHAI PILLS";
6. Sales Invoices indicating the sale of "PO CHAI PILLS"; and
7. Print-out websites containing information on "PO CHAI PILLS".⁴

The Respondent-Applicant filed her Answer on 31 August 2010, alleging among other things, the following:

"4. Respondent-Applicant is engaged in the sale and distribution of pharmaceutical products and remedies in the Philippines. xxx

"5. Respondent-Applicant is the exclusive distributor in the Philippines of the Chinese remedy JIN LING BAO JI PILL, a traditional product manufactured by the Pharmaceutical Company GUANGZHOU WANGLAOJI PHARMACEUTICAL CO. LTD., (GUANGZHOU WANGLAOJI).

"6. GUANGZHOU WANGLAOJI has been doing business in China since the year 1828, and is now one of the Top 50 national major Traditional Chinese Medicine Enterprises, having won titles such as 'China Time Honored Brand', 'National Advanced Unit', 'Guangdong Model Unit' and 'China Five Star Enterprise' among others.

"7. GUANGZHOU WANGLAOJI has been engaged in the manufacture and sale of the famous and traditional BAO JI PILLS since 1896, or for more than a hundred years to date. BAO JI PILLS originated in Guangzhou China, and has been consistently marketed and sold by GUANGZHOU WANGLAOJI.

⁴ Exhibits "A" to "BBB" inclusive of submarkings

“8. Respondent-Applicant herself has consistently sold and promoted the JIN LING BAO JI PILL remedy in the Philippines as far back as the year 1993. This is much evident from Respondent-Applicant’s duly issued License to Operate. Sales invoices and Bills of Lading evincing proof of the consistent sale and distribution in the Philippines of goods bearing the BAO JI PILL mark since the year 1993 onwards. Xxx

“11. Firstly, even a simple or cursory perusal of Respondent-Applicant’s JIN LING BAO JI PILL Package Label Mark vis-à-vis Opposer’s marks shows that they are not similar and/or identical. xxx

“12. More importantly, aside from the glaring discrepancy in spelling of the corresponding marks, the stylized representation used by the Opposer and the Respondent-Applicant are extensively different from one another, as shown by side by side comparison. Neither does the composite designation BAO JI, otherwise referring to an industrial city in China where Respondent-Applicant’s endorsed product was originally manufactured, refers to the same meaning as Opposer’s PO CHAI, (that allegedly translates to ‘help’ and ‘to maintain’). xxx

“22. Assuming arguendo that this is correct, Opposer admits that Respondent-Applicant may not be prevented from the use thereof as these are clearly terms that are generic descriptors of the endorsed Chinese herbal pills that help maintain favorable gastric states. xxx

“23. Opposer failed to prove that its ‘PO CHAI’ mark is famous in accordance with Rule 102 of the Rules and Regulations on Trademarks, Service marks, Tradenames, and Marked or Stamped Containers. xxx

“28. Opposer, on its own, forsake protection under the TRIPs Agreement as well known mark by its bold declarations of use and promotion of its PO CHAI registrations in the Philippine commerce only just this 15 May 2009, long after Respondent-Applicant has established market presence and heavily promoted its JIN LING BAO JI PILL Package Label mark since 1993. In the Philippines, therefore, the relevant public first knew and were benefited by the effects of JIN LING BAO JI PILL’s herbal remedy long before Opposer first penetrated the Philippine market.

The Respondent-Applicant submitted as evidence, the following:

1. Certificate of Business Name Registration issued by the Department of Trade and Industry issued to Grace aka Lee Biao Ling Lee;
2. Special Power of Attorney dated 29 July 2009;
3. Authenticated copy of Exclusive Distributorship Agreement dated 2 December 2008;
4. Guangzhou Wanglaoji Company Profile;



5. Guangzhou Wanglaoji product introduction and synopsis of "BAO JI PILL";
6. License to Operate dated 1 October 2002;
7. Sales Invoices and Bills of lading showing "BAO JI PILL and/or addressee Jin Ling Enterprises;
8. Certificate issued by Guangzhou Wanglaoji dated 11 August 2009 attesting to date of first sale in the Philippines; and
9. Print-out pertinent page of on-line Britannica.com defining "BAOJI"⁵

The Hearing Officer issued on 5 October 2009 a notice setting the Preliminary Conference on 26 November 2009. On 21 January 2010, the Preliminary Conference was terminated, thereafter, the Hearing Officer directed both parties to file their respective position papers. The Opposer and the Respondent-Applicant filed their position papers on 19 October 2010 and 21 October 2010 respectively.

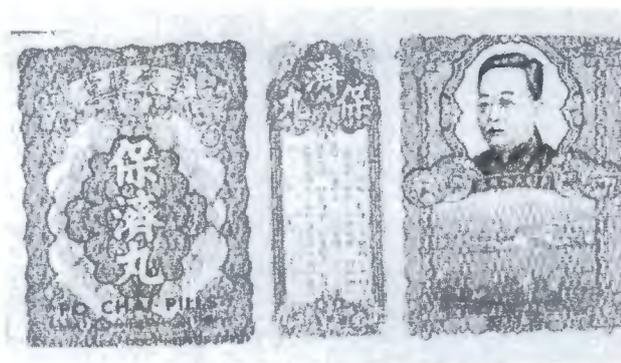
Should the Respondent-Applicant be allowed to register the trademark JIN LING BAO JI PILL PACKAGE LABEL?

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

Records show that at the time the Respondent-Applicant applied for registration of the mark "JIN LING BAO JI PILL PACKAGE LABEL", the Opposer registered its "PO CHAI" mark abroad.

The question is: Are the competing marks identical or closely resembling each other such that confusion or mistake is likely to occur?

Opposer's mark (Exhibit "A"/LKN-"E")



⁵Annexes "A" to "T"

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

Respondent-Applicant's mark



There are no appreciable similarities between the two marks. The letters BAO JI and PO CHAI are different in literal elements, pronunciation, spelling, font style, lettering, and size as they are presented with other creative elements in their respective packaging/labels. Visually and aurally, the marks are distinct. It is observed that the contending marks are composite marks consisting of words and background designs. The drawings accompanying the word mark JINLING BAO JI PILL and PO CHAI PILL are likewise, visually diverse.

The Opposer asserts that the Respondent-Applicant's mark cannot be registered by virtue of Section 123 (f) of the IP Code, which states, to wit:

Sec. 123.1. A mark cannot be registered if it:

(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 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;"

The Opposer asserts that "BAO JI" is a Mandarin translation of the mark PO CHAI. The Opposer also claims that the PO CHAI and BAO JI are varied pronunciations of/ and are transliterations of the Chinese characters present in its marks. The Opposer alleges further that the Chinese characters in the Respondent-Applicant's mark translates to PO CHAI in Cantonese. By its own admission, the Opposer explains that the Chinese languages comprise many regional languages (i.e.Mandarin, Cantonese, Shanghainese), but when written, is common. Precisely, Respondent-Applicant's mark, in its equivalent

Chinese writing, by the same token, may mean BAO JI⁷, which is a city in North-central China where its products originated from. Such similarity in the Chinese characters, if unavoidable, is not sufficient to conclude that confusion among the consumers is likely to occur. The consumers can easily see the differences between the two marks by all the other elements in the label/packaging. To both Chinese and non-Chinese speaking clients of the JIN LING BAO JI PILLS, the lettering itself suffices to distinguish the marks. Considering that the products are medicinal preparations, the purchasing public will be more discriminating when choosing a remedy for their ailments. In *Emerald Garment Manufacturing Corporation v. Court of Appeals*⁸, the Supreme Court held:

Finally, in line with the foregoing discussions, more credit should be given to the "ordinary purchaser." Cast in this particular controversy, the ordinary purchaser is not the "completely unwary consumer" but is the "ordinarily intelligent buyer" considering the type of product involved.

The definition laid down in *Dy Buncio v. Tan Tiao Bok*³⁵ is better suited to the present case. There, the "ordinary purchaser" was defined as one "accustomed to buy, and therefore to some extent familiar with, the goods in question. The test of fraudulent simulation is to be found in the likelihood of the deception of some persons in some measure acquainted with an established design and desirous of purchasing the commodity with which that design has been associated. The test is not found in the deception, or the possibility of deception, of the person who knows nothing about the design which has been counterfeited, and who must be indifferent between that and the other. The simulation, in order to be objectionable, must be such as appears likely to mislead the ordinary intelligent buyer who has a need to supply and is familiar with the article that he seeks to purchase."

In the instant case, the Opposer's assertion that its mark is well-known must necessarily fail. Evidence shows it has sold its products based on sales invoices dated in 2009⁹. The advertisements are in magazines and newspapers¹⁰ published abroad. Registrations of the PO CHAI marks¹¹ were obtained abroad. There is insufficient evidence to show that the Opposer's mark was known or used extensively in the Philippines. On the other hand, the Respondent-Applicant proved that she has conducted business in the Philippines for the mark as early as 1993, as shown through sales invoices¹² and License to Operate¹³. The products are sourced from Guangzhou Wanglaoji Pharmaceutical Co., Ltd, a company in existence since 1828¹⁴. A Certification from Guangzhou Wanglaoji¹⁵, its manufacturer in China, attests that it has been transacting with JIN LING enterprises since 1994.

WHEREFORE, premises considered, the instant Opposition to Trademark Application No. 4-2008-011238 is hereby **DISMISSED**. Let the filer wrapper of the

⁷ Annex "I"

⁸ G.R. 100098, 29 December 1995

⁹ Exhibit "EE"

¹⁰ Annex- LKN-"E" and LKN-"H"

¹¹ Annex LKN-"B", Exhibit "JJ"- "MM"

¹² Annex "G"

¹³ Annex "F"

¹⁴ Annex "D"

¹⁵ Annex "H"

subject trademark be returned, together with a copy of this Decision, to the Bureau of Trademarks for information and appropriate action.

SO ORDERED.

Taguig City, 20 DEC 2016


Atty. ADORACION U. ZARE, LL.M.
Adjudication Officer
Bureau of Legal Affairs