

[G.R. No. L-29971. August 31, 1982.]

ESSO STANDARD EASTERN, INC., *petitioner*, vs. THE HONORABLE COURT OF APPEALS and UNITED CIGARETTE CORPORATION, *respondents*.

DECISION

The Court affirms on the basis of controlling doctrine the appealed decision of the Court of Appeals reversing that of the Court of First Instance of Manila and dismissing the complaint filed by herein petitioner against private respondent for trade infringement for using petitioner's trademark ESSO, since it clearly appears that the goods on which the trademark ESSO is used by respondent is non-competing and entirely unrelated to the products of petitioner so that there is no likelihood of confusion or deception on the part of the purchasing public as to the origin or source of the goods.

Petitioner Esso Standard Eastern, Inc., then a foreign corporation duly licensed to do business in the Philippines, is engaged in the sale of petroleum products which are identified with its trademark ESSO (which as successor of the defunct Standard Vacuum Oil Co. it registered as a business name with the Bureaus of Commerce and Internal Revenue in April and May, 1962). Private respondent in turn is a domestic corporation then engaged in the manufacture and sale of cigarettes, after it acquired in November, 1963 the business, factory and patent rights of its predecessor La Oriental Tobacco Corporation, one of the rights thus acquired having been the use of the trademark ESSO on its cigarettes, for which a permit had been duly granted by the Bureau of Internal Revenue.

Barely had respondent as such successor started manufacturing cigarettes with the trademark ESSO, when petitioner commenced a case for trademark infringement in the Court of First Instance of Manila. The complaint alleged that the petitioner had been for many years engaged in the sale of petroleum products and its trademark ESSO had acquired a considerable goodwill to such an extent that the buying public had always taken the trademark ESSO as equivalent to high quality petroleum products. Petitioner asserted that the continued use by private respondent of the same trademark ESSO on its cigarettes was being carried out for the purpose of deceiving the public as to its quality and origin to the detriment and disadvantage of its own products.

In its answer, respondent admitted that it used the trademark ESSO on its own product of cigarettes, which was not identical to those produced and sold by petitioner and therefore did not in any way infringe on or imitate petitioner's trademark. Respondent contended that in order that there may be trademark infringement, it is indispensable that the mark must be used by one person in connection or competition with goods of the same kind as the complainant's.

The trial court, relying on the old cases of *Ang vs. Teodoro* and *Arce & Sons, Inc. vs. Selecta Biscuit Company*, referring to related products, decided in favor of petitioner and ruled that respondent was guilty of infringement of trademark.

On appeal, respondent Court of Appeals found that there was no trademark infringement and dismissed the complaint. Reconsideration of the decision having been denied, petitioner appealed to this Court by way of certiorari to reverse the decision of the Court of Appeals and to reinstate the decision of the Court of First Instance of Manila. The Court finds no ground for granting the petition.

The law defines infringement as the use without consent of the trademark owner of any "reproduction, counterfeit, copy or colorable imitation of any registered mark or tradename in connection with the sale, offering for sale, or advertising of any goods, business or services on or in connection with which such use is likely to cause confusion or mistake or to deceive purchasers or others as to the source or origin of such goods or services, or identity of such business; or reproduce, counterfeit, copy or colorably imitate any such mark or tradename and apply such reproduction, counterfeit, copy or colorable imitation to labels, signs, prints, packages, wrappers, receptacles or advertisements intended to be used upon or in connection with such goods, business or services." Implicit in this definition is the concept that the goods must be so *related* that there is a likelihood either of confusion of goods or business. But likelihood of confusion is a relative concept; to be determined only according to the particular, and sometimes peculiar, circumstances of each case. It is unquestionably true that, as stated in *Coburn vs. Puritan Mills, Inc.*: "In trademark cases, even more than in other litigation, precedent must be studied in the light of the facts of the particular case."

It is undisputed that the goods on which petitioner uses the trademark ESSO, petroleum products, and the product of respondent, cigarettes, are non-competing. But as to whether trademark infringement exists depends for the most part upon whether or not the goods are so *related* that the public may be, or is actually, deceived and misled that they came from the same maker or manufacturer. For non-competing goods may be those which, though they are not in actual competition, are so related to each other that it might reasonably be assumed that they originate from one manufacturer. *Non-competing* goods may also be those which, being entirely *unrelated*, could *not* reasonably be assumed to have a common source. In the former case of related goods, confusion of business could arise out of the use of similar marks; in the latter case of non-related goods, it could not. The vast majority of courts today follow the modern theory or concept of "related goods" which the Court has likewise adopted and uniformly recognized and applied.

Goods are related when they belong to the same class or have the same descriptive properties; when they possess the same physical attributes or essential characteristics with reference to their form, composition, texture or quality. They may also be related because they serve the same purpose or are sold in grocery stores. Thus, biscuits were held related to milk because they are both food products. Soap and perfume, lipstick and nail polish are similarly related because they are common household items nowadays. The trademark "Ang Tibay" for shoes and slippers was disallowed to be used for shirts and pants because they belong to the same general class of goods. Soap and pomade, although non-competitive, were held to be similar or to belong to the same class, since both are toilet articles. But no confusion or deception can possibly result or arise when the name "Wellington" which is the trademark for shirts, pants, drawers and other articles of wear for men, women and children is used as a name of a department store.

Thus, in *Acoje Mining Co., Inc. vs. Director of Patents*, the Court, through now Chief Justice Fernando, reversed the patent director's decision on the question of "May petitioner Acoje Mining Company register for the purpose of advertising its product, soy sauce, the trademark LOTUS, there being already in existence one such registered in favor of the Philippine Refining Company for its product, *edible oil*, it being further shown that the trademark applied for is in smaller type, colored differently, set on a background which is dissimilar as to yield a distinct appearance?" and ordered the granting of petitioner's application for registration ruling that "there is quite a difference between soy sauce and edible oil. If one is in the market for the former, he is not likely to purchase the latter just because of the trademark "LOTUS" and "when regard is had for the principle that the two trademarks in their entirety as they appear in their respective labels should be considered in relation to the goods advertised before registration could be denied, the

conclusion is inescapable that respondent Director ought to have reached a different conclusion."

By the same token, in the recent case of *Philippine Refining Co., Inc. vs. Ng Sam and Director of Patents*, the Court upheld the patent director's registration of the same trademark CAMIA for herein respondent's product of ham notwithstanding is already being used by herein petitioner for a wide range of products: lard, butter, cooking oil, abrasive detergents, polishing materials and soap of all kinds. The Court, after noting that the same CAMIA trademark had been registered by two other companies, Everbright Development Company and F. E. Zuellig, Inc. for their respective products of thread and yarn (for the former) and textiles, embroideries and laces (for the latter) ruled that "while ham and some of the products of petitioner are classified under Class 47 (Foods and Ingredients of Food), this alone cannot serve as the decisive factor in the resolution of whether or not they are related goods. Emphasis should be on the similarity of the products involved and not on the arbitrary classification or general description of their properties or characteristics." The Court, therefore, concluded that "In fine, We hold that the businesses of the parties are *noncompetitive* and their products so *unrelated* that the use of identical trademarks is not likely to give rise to confusion, much less cause damage to petitioner."

In the situation before us, the goods are obviously different from each other — with "absolutely no iota of similitude" as stressed in respondent court's judgment. They are so foreign to each other as to make it unlikely that purchasers would think that petitioner is the manufacturer of respondent's goods. The mere fact that one person has adopted and used a trademark on his goods does not prevent the adoption and use of the same trademark by others on unrelated articles of a different kind.

Petitioner uses the trademark ESSO and holds certificate of registration of the trademark for petroleum products, including aviation gasoline, grease, cigarette lighter fluid and other various products such as plastics, chemicals, synthetics, gasoline solvents, kerosene, automotive and industrial fuel, bunker fuel, lubricating oil, fertilizers, gas, alcohol, insecticides and the "ESSO Gasul" burner, while respondent's business is solely for the manufacture and sale of the unrelated product of cigarettes. The public knows too well that petitioner deals solely with petroleum products that there is no possibility that cigarettes with ESSO brand will be associated with whatever good name petitioner's ESSO trademark may have generated. Although petitioner's products are numerous, they are of the same class or line of merchandise which are noncompeting with respondent's product of cigarettes, which as pointed out in the appealed judgment is *beyond* petitioner's "zone of potential or natural and logical expansion." When a trademark is used by a party for a product in which the other party does not deal, the use of the same trademark on the latter's product cannot be validly objected to.

Another factor that shows that the goods involved are non-competitive and non-related is the appellate court's finding that they flow through different channels of trade, thus: "The products of each party move along and are disposed through different channels of distribution. The (petitioner's) products are distributed principally through gasoline service and lubrication stations, automotive shops and hardware stores. On the other hand, the (respondent's) cigarettes are sold in sari-sari stores, grocery stores, and other small distributor outlets. (Respondent's) cigarettes are even peddled in the streets while (petitioner's) 'gasul' burners are not. Finally, there is a marked distinction between oil and tobacco, as well as between petroleum and cigarettes. Evidently, in kind and nature, the products of (respondent) and of (petitioner) are poles apart."

Respondent court correctly ruled that considering the general appearances of each mark as a whole, the possibility of any confusion is unlikely. A comparison of the labels of the samples of the goods submitted by the parties shows a great many differences on the

trademarks used. As pointed out by respondent court in its appealed decision, "(A) witness for the plaintiff, Mr. Buhay, admitted that the color of the 'ESSO' used by the plaintiff for the oval design where the blue word ESSO contained is the distinct and unique kind of blue. In his answer to the trial court's question, Mr. Buhay informed the court that the plaintiff never used its trademarks on any product where the combination of colors is similar to the label of the Esso cigarettes," and "Another witness for the plaintiff, Mr. Tengco, testified that generally, the plaintiff's trademark comes all in either red, white, blue or any combination of the three colors. It is to be pointed out that not even a shade of these colors appears on the trademark of the appellant's cigarette. The only color that the appellant uses in its trademark is green."

Even the lower court, which ruled initially for petitioner, found that a "noticeable difference between the brand ESSO being used by the defendants and the trademark ESSO of the plaintiff is that the former has a rectangular background, while in that of the plaintiff the word ESSO is enclosed in an oval background."

In point of fact and time, the Court's dismissal of the petition at bar was presaged by its Resolution of May 21, 1979 dismissing by minute resolution the petition for review for lack of merit in the identical case of *Shell Company of the Philippines, Ltd. vs. Court of Appeals*, wherein the Court thereby affirmed the patent office's registration of the trademark SHELL as used in the cigarettes manufactured by therein respondent Fortune Tobacco Corporation notwithstanding the therein petitioner Shell Company's opposition thereto as the prior registrant of the same trademark for its gasoline and other petroleum trademarks, on the strength of the controlling authority of *Acoje Mining Co. vs. Director of Patents, supra*, and the same rationale that "(I)n the Philippines, where buyers of appellee's (Fortune Corp.'s) cigarettes, which are low cost articles, can be more numerous compared to buyers of the higher priced petroleum and chemical products of appellant (Shell Co.) and where appellant (Shell) is known to be in the business of selling petroleum and petroleum-based chemical products, and no others, it is difficult to conceive of confusion in the minds of the buying public in the sense it can be thought that appellant (Shell) is the manufacturer of appellee's (Fortune's) cigarettes, or that appellee (Fortune) is the manufacturer or processor of appellant's (Shell's) petroleum and chemical products."

ACCORDINGLY, the petition is dismissed and the decision of respondent Court of Appeals is hereby affirmed.