

[G.R. No. 228165. February 9, 2021.]

KOLIN ELECTRONICS CO., INC., *petitioner*, vs. **KOLIN PHILIPPINES INTERNATIONAL, INC.,** *respondent*.

DECISION

CAGUIOA, Jp:

This is a Petition for Review on *Certiorari* **1** (Petition) under Rule 45 of the Rules of Court, which seeks to reverse and set aside the following dispositions of the Court of Appeals (CA) in CA-G.R. SP No. 131917:

1. Decision **2** dated April 29, 2016 reversing the ruling of the Director General of the Intellectual Property Office (IPO-DG) in Appeal No. 14-09-64 **3** (IPC No. 14-2007-00167), giving due course to the trademark application of Kolin Philippines International, Inc. (KPII), and denying the opposition of Kolin Electronics Co., Inc. (KECI); and
2. Resolution **4** dated November 4, 2016, denying KECI's motion for reconsideration.

Facts

Antecedent cases involving related parties

1. The KECI Ownership Case

On August 17, 1993, Kolin Electronics Industrial Supply (KEIS), owned by a certain Miguel Tan, filed with the Bureau of Patents, Trademarks and Technology Transfer (BPTTT; now known as the Intellectual Property Office or IPO) an application for registration of Trademark Application No. 87497 for **KOLIN** covering the following products under Class 9: automatic voltage regulator, converter, recharger, stereo booster, AC-DC regulated power supply, step-down transformer, and PA amplifier AC-DC. **5**

In a Deed of Assignment of Assets dated November 20, 1995, Miguel Tan assigned in favor of KECI all the assets and merchandise stocks of KEIS, including its pending application for registration of the **KOLIN** mark. **6** The trademark has been continuously used in various products under the said classification, and the products are being offered for sale at KECI's business establishments. **7**

On February 29, 1996, Taiwan Kolin Co., Ltd. (TKC) filed with the BPTTT Trademark Application No. 4-1996-106310 **8** for **KOLIN** initially covering the following goods: "color television, refrigerator, window-type air conditioner, split-type air conditioner, electric fan, and water dispenser." **9**

During the pendency of its application, TKC filed a verified Notice of Opposition on July 22, 1998 against KECI's trademark application for **KOLIN**. TKC claimed that it is the owner of Taiwan registrations for **KOLIN** and **KOLIN SOLID SERIES** and that it has

a pending application for **KOLIN**, **10** thus the grant of the **KOLIN** application would cause TKC grave and irreparable damage to its business reputation and goodwill because **KOLIN** is identical, if not confusingly similar, to TKC's marks. TKC further claimed that if KECI's application for **KOLIN** would be granted, this

would likely mislead the public as to the nature, quality, and characteristics of its goods or products bearing the "KOLIN" trademark. **11**

On December 27, 2002, Director Estrellita Beltran-Abelardo of the Intellectual Property Office Bureau of Legal Affairs (IPO-BLA) rendered Decision No. 2002-46 **12** (*Inter Partes* Case No. 14-1998-00050) denying TKC's opposition and giving due course to KECI's trademark application for **KOLIN**. **13** Premised on the factual finding that the subject marks are "the same or almost identical," **14** the IPO-BLA then opted to focus on the discussion of the prior adopter and user of the mark. **15** The IPO-BLA examined the evidence presented by the parties and concluded that KECI "is the prior adopter and user of the mark 'KOLIN' in the Philippines, having been able to prove the date of first use of its mark in the year 1989, which is ahead of [TKC's] use in the Philippines x x x in the year 1996." **16** Thus, TKC's opposition was denied and KECI's trademark application for **KOLIN** was given due course.

TKC appealed the decision to the IPO-DG, which, in turn, issued a Decision **17** on November 6, 2003 sustaining the ruling of the IPO-BLA. **18** The IPO eventually issued a Certificate of Registration for **KOLIN** in favor of KECI. **19** In the November 29, 2004 issue of the Philippine Daily Inquirer, KECI, through counsel, filed a notice informing the public of the issuance of the certificate in its favor, and claimed exclusive right of usage over the **KOLIN** mark. **20**

On December 10, 2004, TKC filed a petition for review with the CA with a prayer for preliminary injunction and/or the issuance of a temporary restraining order docketed as CA-G.R. SP No. 80641, urging the CA to enjoin KECI from asserting exclusive rights to use the **KOLIN** mark. **21**

On July 31, 2006, the CA issued a Decision **22** against TKC and in favor of KECI. The CA clarified that [the Trademark Law](#) **23** was applicable since it was still in effect at the time of the filing and during the pendency of the trademark applications of both parties. **24** Accordingly, the CA held that there must be actual use thereof in commerce to acquire ownership of a mark. **KOLIN** **26** While TKC claimed prior use of the mark in foreign jurisdictions **27** as early as 1986, **28** the CA agreed with the IPO-BLA and IPO-DG that the concept of "actual use" under [the Trademark Law](#) refers to use in the Philippines, and not abroad. **29** Further, the assignment of rights involving the **KOLIN** mark to KECI was not raised as an issue in the case. **30** On the issue of priority being claimed by TKC, the CA agreed with the decision of IPO-DG that, whether under [the Trademark Law](#) or the [Intellectual Property Code](#) **31** (IP Code), TKC's "claim of x x x priority right is unavailing." **32** Accordingly, the CA dismissed TKC's petition for lack of merit and affirmed the IPO-DG's decision. **33**

TKC initially appealed the CA decision by filing with the Court a motion for extension to file a petition for review. **34** However, on September 6, 2007, TKC filed a Manifestation withdrawing its motion for extension because "[TKC was] no longer interested in pursuing an appeal." **35** Accordingly, on September 26, 2007, a Resolution was issued by the Court considering the case "CLOSED and TERMINATED." In an Entry of Judgment, the Resolution was considered final and executory on November 16, 2007 **36** (the *KECI ownership case*).

Thus, by virtue of the *KECI ownership case*, KECI is the adjudicated owner of the **KOLIN** mark under [the Trademark Law](#) as against TKC.

2. The Taiwan Kolin case

However, in another case that went up to the Court, the registration of another **KOLIN** mark not owned by KECI was allowed. In G.R. No. 209843 entitled *Taiwan Kolin Corporation, Ltd. v. Kolin Electronics Co., Inc.* **37** (*Taiwan Kolin case*), promulgated on March 25, 2015, the Court gave due course to TKC's Trademark Application

for **KOLIN**.

To recall, before filing an opposition case **38** against KECI's application for **KOLIN**, TKC had filed on February 29, 1996 [Trademark Application No. 4-1996-](#)

KOLIN [106310](#) for initially covering the following goods: "color television, refrigerator, window-type air conditioner, split-type air conditioner, electric fan, and water dispenser."

On February 10, 1999, Paper No. 5 was issued by the trademark examiner-in-charge stating that the goods enumerated in TKC's application fall under Classes 9, 11, and 21 of the Nice Classification (NCL), thus, TKC was required to elect one class of goods

for its application for **KOLIN**. **39** However, the application was considered abandoned as of April 18, 1999 because TKC failed to respond to Paper No. 5. **40** On September 14, 1999, TKC filed a petition to revive the application stating, among other things, that in response to Paper No. 5, it was electing Class 9 for its application. **41** Further, TKC requested the inclusion of the following goods in its application: "cassette recorder, VCD, whoofer (*sic*), amplifiers, camcorders and other audio/video electronic equipment, flat iron, vacuum cleaners, cordless handsets, videophones, facsimile machines, teleprinters, cellular phones, automatic goods vending machines and other electronic equipment belonging to class 9." **42**

In an Order dated March 14, 2001, the Bureau of Trademarks granted TKC's petition. **43** Consequently, [Trademark Application No. 4-1996-106310](#) was published in the IPO Electronic Gazette for Trademarks on May 16, 2006. **44** The "television sets" was, however, not included in the enumeration of goods in the published Trademark Application. **45**

KECI filed an opposition against TKC's application with the IPO-BLA on July 13, 2006 **46** based on the fact that it is the registered owner of the **KOLIN** **47** mark, **KOLIN** which it claimed was confusingly similar to TKC's application for **KOLIN**. The case was docketed as [Inter Partes Case No. 14-2006-00096](#).

On November 7, 2006, TKC filed an Answer to the Opposition, claiming, among others, that its [Trademark Application No. 4-1996-106310](#) "includes television sets and that this trademark application later became [Trademark Application No. 4-2002-011002](#) filed on [December 27, 2002] when it was re-filed/revived after the handling lawyer delayed the submission of requirements for the first application." **48**

The IPO-BLA rendered [Decision No. 2007-118](#) **49** dated August 16, 2007 **KOLIN** sustaining KECI's opposition case and rejecting TKC's application for **KOLIN**.

On March 27, 2009, TKC filed an Appeal Memorandum with the IPO-DG, claiming that the IPO-BLA erred in denying its application without any allowance for use limitation or restriction on televisions and DVD players. **50**

KOLIN

Noting that TKC only wanted its application to be given due course subject to the use limitation or restriction for television and DVD player, **51** the IPO-DG issued a Decision **52** on November 23, 2011 granting TKC's appeal and allowing the registration of TKC's mark with a limitation/restriction for the goods "television and DVD player." **53**

Aggrieved, KECI appealed to the CA.

On April 30, 2013, the CA issued a Decision **54** in CA-G.R. SP No. 122565 reversing and setting aside the IPO-DG's decision and reinstating the IPO-BLA decision. **55** It ruled in favor of KECI based on the following grounds: (a) the "KOLIN" mark sought to be registered by TKC is confusingly similar to KECI's "KOLIN" registration since "[t]he only difference is [KECI's] mark is italicized and colored black while that of [TKC] is in pantone red color"; **56** (b) there are no other designs, special shape or easily identifiable earmarks that would differentiate the products of both competing companies; **57** and (c) the intertwined use of television sets with amplifier, booster and voltage regulator bolstered the fact that televisions can be considered as within the normal expansion of KECI, and is thereby deemed covered by its trademark as explicitly protected under Section 138 of the IP Code; **58** and (d) the denial of TKC's application would prevent the likelihood of confusion resulting from the use of an identical mark to closely related goods. **59** TKC moved to reconsider the decision, but this was denied by the CA.

TKC then filed an appeal to the Court.

It is important to highlight that there were three (3) marks involved in the Taiwan Kolin case (1) KECI's trademark registration No. 4-1993-087497; (2) TKC's trademark application No. 4-1996-106310, which was opposed by KECI; and (3) TKC's trademark application No. 4-2002-011002, which was allegedly the "revived" version of TKC's application.

For ease of reference, the subject marks are included in the following table:

	KECI's mark	TKC's opposed trademark application	TKC's "revived" application
Marks	<i>KOLIN</i> 60	KOLIN 61	KOLIN 62
Application No.	4-1993-087497	4-1996-106310	4-2002-011002
Filing Date	August 17, 1993	February 29, 1996	December 27, 2002
Current Status	Registered	Registered	Refused for non-filing of DAU/DNU
Class Covered	9	9	9
Goods Covered	Automatic Voltage	Television and DVD player	Television Sets, Audio/Video

	Regulator, Converter, Recharger, Stereo Booster, AC-DC Regulated Power Supply, Step-Down Transformer, PA Amplified AC- DC		Electronic Equipment and Similar Appliances
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To clarify, while [Trademark Application No. 4-1996-106310](#) was indeed revived, **63** it was not through another separate application, contrary to TKC's statement. **64**

Keeping this in mind, the [Taiwan Kolin case](#) ruled in favor of TKC.

The Court's Third Division stated that identical marks may be registered for products from the same classification, citing the discussion in [Mighty Corporation v. E. & J. Gallo Winery](#) **65** (*Mighty Corporation*). **66** It also held "that 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 mere fact that one person has adopted and used a trademark on his goods would not, without more, prevent the adoption and use of the same trademark by others on unrelated articles of a different kind." **67**

The Court's Third Division also stated that the CA's approach and reasoning "fail[ed] to persuade" and ruled that the products covered by TKC's application and KECI's registration are unrelated. **68** In saying that the CA decision was wrong, the Court's Third Division only cited and gave credence to the following assertions by TKC to establish that the goods are unrelated:

- a. TKC's goods are classified as home appliances as opposed to KECI's goods, which are power supply and audio equipment accessories;
- b. TKC's television sets and DVD players perform functions and purposes distinct from KECI's power supply and audio equipment; and
- c. TKC sells and distributes its various home appliance products on wholesale and to accredited dealers, whereas KECI's goods are sold and flow through electrical and hardware stores. **69**

The Court's Third Division said that the list of products under Class 9 can be sub-categorized into five different classifications and that the products covered by TKC's and KECI's marks fall under different sub-categories. It then made a side-by-side comparison of the marks to state that the ordinary intelligent buyer is not likely to be confused. For reference, the side-by-side comparison used in the case is shown below:



Further, it stated that confusion is not likely because the products involved (*i.e.*, "various kinds of electronic products," according to the [Taiwan Kolin case](#)) are more expensive than "ordinary consumable household items," so consumers will be more careful in purchasing these products. **70** It also cited the case of [Emerald Garment Manufacturing Corporation v. Court of Appeals 71](#) (*Emerald Garment*) which defined an "ordinary intelligent buyer" as follows:

The definition laid down in *Dy Buncio v. Tan Tiao Bok* 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." **72** (*Italics omitted*)

Thus the Court's Third Division concluded that KECI's trademark registration not only covers unrelated goods but is also incapable of deceiving the ordinary buyer in relation to TKC's application. **73** Accordingly, TKC's petition was granted, the CA decision was reversed and set aside, and the IPO-DG Decision, which gave due course to

TKC's [Trademark Application No. 4-1996-106310](#) for **KOLIN**, was reinstated.

Facts of the present case

On September 11, 2006 **74** — more than a month after the promulgation of the *KECI ownership case* — KPIL, an affiliate of TKC, **75** filed Trademark Application No.

4-2006-010021 for the **kolin** mark under Class 9 covering "Televisions and DVD players."

On June 12, 2007, KECI filed an opposition against KPIL's Trademark Application No. 4-2006-010021 based on, among others, the fact that it is the registered owner of

the **KOLIN** mark and that the registration of KPIL's **kolin** mark will cause confusion among consumers. **76**

In its defense, KPIL claimed that its application for **kolin** cannot be denied on the basis of the ruling in the *KECI ownership case* because it was not a party to said case and the *KECI ownership case* is not *res judicata* to the instant case. **77** Besides, KPIL asserted that the *KECI ownership case* specifically clarified that KECI's ownership over the mark is limited only in connection with goods specified in KECI's certificate of registration and those related thereto. **78** KPIL insisted that "Televisions and DVD players" are not related to the goods covered by KECI's registered mark. **79**

For ease of reference, the marks involved in the present dispute (subject marks) and their related information are included in the table below:

Parties	KECI	KPII
Marks	<i>KOLIN</i> 80	<i>kolin</i> 81
Application No.	4-1993-087497	4-2006-010021
Status	Registered	Trademark Application subject of opposition by KECI
Classes Covered	9	9
Goods Covered	Automatic Voltage Regulator, Converter, Recharger, Stereo Booster, AC-DC Regulated Power Supply, Step-Down Transformer, PA Amplified AC-DC	Televisions, DVD Players

IPO-BLA Decision

In a Decision 82 on IPC No. 14-2007-00167 dated September 9, 2009, the IPO-BLA sustained KECI's opposition. One of the reasons why KPII's Trademark Application

No. 4-2006-010021 for *kolin* was rejected was the fact that buyers would be confused as to the origin of the products being offered by KECI and KPII. 83 Significantly, the IPO-BLA also noted that KECI had received several customer e-mails complaining against or seeking information about the products of KPII. 84

Further, the IPO-BLA found that KPII is an instrumentality of TKC, as seen in the excerpt below:

An exhaustive scrutiny of the records of the case convince[s] this Bureau to concur with the position of [KECI] that indeed, [KPII] is an instrumentality of [TKC]. [KECI] presented substantial evidence that [KPII] is effectively under the management, supervision and control of [TKC] manifested through the assignment of five (5) persons to the financial and plant operations x x x; [TKC's] admission of its direct participation in the management, supervision and control of [KPII]; [TKC's] majority ownership of stocks in [KPII] x x x; and the maintenance of one website of both companies and the admission to the same x x x. 85 (Emphasis supplied)

Accordingly, the IPO-BLA rejected KPII's application for *kolin*. The dispositive portion of the IPO-BLA Decision reads:

WHEREFORE, premises considered the Notice of Opposition filed by [KECI], is as it is hereby **SUSTAINED**. Accordingly, Application Serial

No. 4-2006-010021 filed by respondent-applicant, [KPII] on 27 December

2002 for the mark [**kolin**] under Class 09 for televisions and DVD players, is as it is hereby, **REJECTED**.

Let the file wrapper of [**kolin**], subject matter of this case be forwarded to the Bureau of Trademarks for appropriate action in accordance with this decision.

SO ORDERED. 86

Aggrieved, KPII appealed the case to the IPO-DG.

IPO-DG Decision

On September 12, 2013, the IPO-DG issued a Decision **87** on [Appeal No. 14-09-64](#) in [IPC No. 14-2007-00167](#) dismissing KPII's appeal. It is important to stress that, at this juncture, the [Taiwan Kolin case](#) had not yet been promulgated. At that time, the case was still pending with the Court. The CA decision (CA-G.R. SP No. 122565) that was promulgated on April 30, 2013 and where the CA ruled in favor of KECI, was the prevailing judgment between KECI and TKC.

The IPO-DG stated that "with the decision of the [CA in CA-G.R. SP No. 122565] that [TKC's] television sets and DVD players are related to [KECI's] goods covered by the latter's certificate of registration for **KOLIN**, this Office **rules** in favor of [KECI]." **88**

Accordingly, the IPO-DG dismissed KPII's appeal. KPII then filed an appeal to the CA, docketed therein as CA-G.R. SP No. 131917.

CA Decision (CA-G.R. SP No. 131917)


After the promulgation of the [Taiwan Kolin case](#) on March 25, 2015, the CA issued in CA-G.R. SP No. 131917 a Decision **89** dated April 29, 2016 granting KPII's appeal.

Faced with the issue of whether KPII is entitled to the registration of the **kolin** mark covering television and DVD players, the CA relied heavily on, and quoted the reasoning in, the [Taiwan Kolin case](#). **90** Accordingly, the CA ruled that KPII may register its mark for television sets and DVD players and the doctrine of *res judicata* forbids it from arriving at a contrary conclusion. **91** The dispositive portion of the CA decision reads:

WHEREFORE, premises considered, the petition is hereby **GRANTED**. The Decision dated September 12, 2013, issued by the [IPO-DG], in [Appeal Case No. 14-09-64 \(IPC No. 14-2007-00167\)](#), is **REVERSED** and **SET ASIDE**, and a new one is entered giving due course to [KPII's] Trademark Application No. 04-2006-010021.

Let a copy of this Decision as well as the trademark application and records be furnished and returned to the Director of the [IPO-BLA] for appropriate action. Further, let 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. 92

Thus, KECI filed the instant [Rule 45](#) Petition, raising the following arguments: (1) the ruling in the [Taiwan Kolin case](#) is not applicable in the present case; and (2) the registration of KPII's  mark is contrary to the provisions of the [IP Code](#).


In a Comment [93](#) dated June 5, 2017, KPII argued that the CA had correctly applied the principle of *res judicata*.

In the Reply [94](#) dated November 16, 2017, KECI insisted that the ruling in the [Taiwan Kolin case](#) cannot be made to apply in this case. Further, in arguing that the CA decision should be reversed, KECI emphasized the confusing similarity between the subject marks.

Issue

The main issue in this case is whether KPII should be allowed to register its  mark.

The Court's Ruling

The Petition is granted. KPII is not allowed to register its  mark for "Televisions and DVD players."

I.

RES JUDICATA DOES NOT APPLY

Citing the [Taiwan Kolin case](#), the CA stated that the doctrine of *res judicata* is applicable and "forbids [it] from arriving at a contrary conclusion." [95](#) It stated that all the requisites of *res judicata* are fulfilled in the instant case, *viz.*:

All of these requisites [of *res judicata*] are fulfilled in the instant case. While KPII may not be involved in the [[Taiwan Kolin case](#)], it must be noted that KPII is an affiliate company of [TKC], as admitted by KECI. An absolute identity of the parties is not required for *res judicata* to apply, for as long as there exists an identity or community of interest.

It may be claimed that [TKC] is now the owner of the mark [KOLIN](#) for television and DVD players by virtue of the Supreme Court decision in the [[Taiwan Kolin case](#)], thereby preventing registration in the name of KPII. Still, we again emphasize that they are affiliated companies and [TKC] has authorized KPII to adopt and use the mark "[KOLIN](#)" in the Philippines and to register the mark in connection with its business dealings. More importantly, however, it appears that the marks applied for by [TKC] and KPII are not identical. x x x Thus, since there is no identity of marks so as to prevent registration, KPII may validly register its mark. [96](#)

A. Res judicata in the concept of bar by prior judgment

The Court disagrees with the conclusion of the CA because all the elements of *res judicata* are **not** present.

The following excerpts in [Monterona v. Coca-Cola Bottlers Philippines, Inc.](#) [97](#) are instructive:

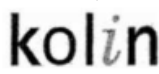

There is "bar by prior judgment" when, as between the first case where the judgment was rendered and the second case that is sought to be barred, there is identity of parties, subject matter, and causes of action. In this instance, the judgment in the first case constitutes an absolute bar

to the second action. Otherwise put, the judgment or decree of the court of competent jurisdiction on the merits concludes the litigation between the parties, as well as their privies, and constitutes a bar to a new action or suit involving the same cause of action before the same or any other tribunal.


xxx xxx xxx


The elements of *res judicata* are: (1) the judgment sought to bar the new action must be final; (2) the decision must have been rendered by a court having jurisdiction over the subject matter and the parties; (3) the disposition of the case must be a judgment on the merits; and (4) there must be as between the first and second actions, identity of parties, subject matter, and causes of action. x x x Should identity of parties, subject matter, and causes of action be shown in the two cases, then *res judicata* in its aspect as a "bar by prior judgment" would apply. x x x **98**

Based on the facts, the subject matter in this case and the [Taiwan Kolin case](#) are different. A subject matter is the item with respect to which the controversy has arisen, or concerning which the wrong has been done, and it is ordinarily the right, the thing, or the contract under dispute. **99** In this case, the item to which the controversy has arisen or the

thing under dispute is KPII's  mark, while in the [Taiwan Kolin case](#), the subject matter is TKC's  mark.

The cause of action in the [Taiwan Kolin case](#) is also different from the cause of action in the case at bar. [Rule 2](#), Section 2 of the [Rules of Court](#) defines a cause of action as an act or omission by which a party violates the right of another. In the [Taiwan Kolin case](#), the cause of action was TKC's act of filing [Trademark Application No. 4-1996-](#)

[106310](#) for , which allegedly violated KECI's rights because confusion would be likely among consumers if TKC's trademark application were to be given due course. In contrast, in the case at bar, the cause of action is KPII's act of filing Trademark

Application No. 4-2006-010021 for .

Thus, there is no bar by prior judgment in this case.

B. Res judicata in the concept of conclusiveness of judgment

Neither can *res judicata* in the concept of conclusiveness of judgment operate to prevent the Court from determining the registrability of KPII's trademark application.

Jurisprudence describes how this principle is applied below:

Section 49(c) of [Rule 39](#) enumerates the concept of conclusiveness of judgment. This is the second branch, otherwise known as collateral estoppel or estoppel by verdict. This applies where, between the first case wherein judgment is rendered and the second case wherein such judgment is involved, there is no identity of causes of action. As explained by this Court:

It has been held that in order that a judgment in one action can be conclusive as to a particular matter in another action between the same parties or their privies, it is essential that the issues be identical. If a particular point or question is in issue in the second action, and the judgment will depend on the determination of that particular point or

question, a former judgment between the same parties will be final and conclusive in the second if that same point or question was in issue and adjudicated in the first suit; but the adjudication of an issue in the first case is not conclusive of an entirely different and distinct issue arising in the second. In order that this rule may be applied, it must clearly and positively appear, either from the record itself or by the aid of competent extrinsic evidence that the precise point or question in issue in the second suit was involved and decided in the first. And in determining whether a given question was an issue in the prior action, it is proper to look behind the judgment to ascertain whether the evidence necessary to sustain a judgment in the second action would have authorized a judgment for the same party in the first action. **100**

To emphasize, in the [Taiwan Kolin case](#), the Court only ruled that TKC's [Trademark Application No. 4-1996-106310](#) for **KOLIN** should be given due course.

What is involved in this case now before the Court is a new trademark application by KPII which means that it is going through an entirely new process of determining registrability. There is nothing under the law which mandates that registered trademark owners and/or their privies may automatically register all similar marks, despite allegations of "damage" **101** by opposers.

Since new trademark applications are attempts to claim new exclusive rights, there will necessarily be new nuances of "damage," even if the same parties are involved, and the Court should carefully consider these nuances in deciding to give due course to the application. There are new issues on "damage" to KECI here, not decided in the [Taiwan Kolin case](#), which affect the registrability of KPII's application for **kolin** and which must be resolved by the Court.

The registration of KPII's **kolin** will create new rights which would change the status quo. Thus, the opposed trademark application before the Court presents the following new issues:

- a) KPII's new application for **kolin** essentially amounts to seeking **exclusivity 102** over a stylized version of the "KOLIN" word as against other parties, including KECI, for a range of goods/services. **103** This issue was not considered in the [Taiwan Kolin case](#) because the Court only essentially ruled therein that the registration


of **KOLIN** will not cause damage to KECI. Thus, the relevant questions are these: **should KPII be given a new right to assert**

exclusivity over the kolin stylized mark, as against KECI, for a range of goods/services? Will KPII's exclusive appropriation of a

specific stylized version (kolin) cause "damage" to KECI who,

as it stands, has an existing right to use any and all stylized versions of "KOLIN" for a range of goods/services (i.e., goods covered by its registration, related goods/services, and goods/services falling within the normal expansion of its business)?


b) As mentioned, KECI is the owner of the mark under the Trademark Law based on the *KECI ownership case*. Section 236 104 of the IP Code mandates that nothing in the IP Code — which logically includes marks registered under the IP Code — can adversely affect the rights on enforcement of marks acquired in good faith prior to the effective date of the law. In this regard, does KPIL's application under the IP Code for exclusive

appropriation of a stylized KOLIN () for a range of goods/services adversely affect KECI's rights under Section 236 of the IP Code in such a way that it amounts to "damage" to KECI? Will KPIL's registration adversely affect the rights on KECI's enforcement of its KOLIN mark established under the *KECI ownership case*?



The Court is therefore called upon to resolve the question of whether KPIL deserves to **exclusively appropriate** a stylized version of the KOLIN word mark for a range of goods/services, considering all aspects of "damage" to KECI.

Because this involves a new trademark application and there are new issues arising here which were not decided in the *Taiwan Kolin case*, the principle of *res judicata* in the concept of conclusiveness of judgment does not apply.

Senior Associate Justice Estela M. Perlas-Bernabe also raises a compelling and well-reasoned point on why the principle of conclusiveness of judgment does not apply here. As expertly detailed in her Concurring Opinion, the Court's Third Division in

the *Taiwan Kolin case* could have only allowed the registration of TKC's  as a mark with a specific stylization, and not a word mark. 105

Indeed, a perusal of the marks involved in the *Taiwan Kolin case* would confirm that TKC sought to protect a **specific style of lettering** in its trademark application, thereby precluding the possibility that the registration granted in the *Taiwan Kolin case* belongs in the category of word marks: 106

TKC's opposed Trademark Application No. 4-1996-106310, which was granted registration in the <i>Taiwan Kolin case</i>	TKC's Trademark Application No. 4-2002-011002, the alleged "revived version" in the <i>Taiwan Kolin case</i>
	

The two marks overlaid



Thus, even if the CA had found that "[TKC] had authorized KPII to adopt and use [its] mark "KOLIN" in the Philippines and to register the mark in connection with its business dealings," 109 the only consequence of TKC's authorization is that KPII was given the right to use the exact mark allowed to be registered in the [Taiwan Kolin case](#), not a blanket authority to use — or register, for that matter — any and all figurative or stylized versions of the word "KOLIN." The Court adopts Senior Associate Justice Perlas-Bernabe's insightful disquisition on this point, viz.:

x x x [I]t should be discerned that the CA's application of *res judicata* in the concept of conclusiveness of judgment failed to take into

KOLIN

account the nature of TKC's mark as a mere design mark, which attribution should consequently limit the legal effects of the [[Taiwan Kolin case's](#)] final judgment. x x x TKC — having been adjudged as the owner of a mere design mark — could have only assigned to KPII the right to adopt and use its mark under the specific stylization and design

of **KOLIN** . x x x 110

Consequently, the principle of conclusiveness of judgment cannot apply here because the issue involving KPII's use of another figurative or stylized version of "KOLIN"

("kolin") — or the use of any other figurative or stylized versions of the word "KOLIN" — was not ruled upon in the [Taiwan Kolin case](#).

In light of the foregoing, the Court must therefore determine whether KPII deserves

kolin

to register its trademark application for , a stylized version of the word "KOLIN," despite KECI's opposition.

II.

KPII'S TRADEMARK APPLICATION IS NOT REGISTRABLE BECAUSE IT WILL CAUSE DAMAGE TO KECI

In its Petition, 111 KECI squarely raises the issue of likelihood of confusion, arguing that KPII's trademark should not be registered based on, among others, Section 123.1 (d) of the [IP Code](#), which reads:

SECTION 123. *Registrability*. — 123.1. A mark cannot be registered if it:

xxx xxx xxx

(d) Is identical with a registered mark belonging to a different proprietor or a mark with an earlier filing or priority date, in respect of:

- (i) The same goods or services, or
- (ii) Closely related goods or services, or
- (iii) If it nearly resembles such a mark as to be likely to deceive or cause confusion;

xxx xxx xxx

In determining likelihood of confusion — which can manifest in the form of "confusion of goods" and/or "confusion of business" 112 — several factors may be taken into account, such as:

- a) the strength of plaintiff's mark;
- b) the degree of similarity between the plaintiff's and the defendant's marks;
- c) the proximity of the products or services;
- d) the likelihood that the plaintiff will bridge the gap;
- e) evidence of actual confusion;
- f) the defendant's good faith in adopting the mark;
- g) the quality of defendant's product or service; and/or
- h) the sophistication of the buyers. **113**

These criteria may be collectively referred to as the **multifactor test**. Out of these criteria, there are two which are uniformly deemed significant under [the Trademark Law 114](#) and the [IP Code: 115](#) the resemblance of marks (the degree of similarity between the plaintiff's and the defendant's marks) and the relatedness of goods or services (the proximity of products or services). Nevertheless, the other factors also contribute to the finding of likelihood of confusion, as will be discussed.

A. Resemblance of Marks

The marks involved in this dispute are KECI's **KOLIN** and KPII's **kolin**. In assessing the resemblance of marks to determine the existence of likelihood of confusion, there are two tests prescribed by jurisprudence, *viz.*:

Jurisprudence has developed two tests in determining similarity and likelihood of confusion in trademark resemblance:

(a) **the Dominancy Test** applied in *Asia Brewery, Inc. vs. Court of Appeals* and other cases, and

(b) **the Holistic or Totality Test** used in *Del Monte Corporation vs. Court of Appeals* and its preceding cases.

The Dominancy Test focuses on the similarity of the prevalent features of the competing trademarks which might cause confusion or deception, and thus infringement. If the competing trademark contains the main, essential or dominant features of another, and confusion or deception is likely to result, infringement takes place. Duplication or imitation is not necessary; nor is it necessary that the infringing label should suggest an effort to imitate. The question is whether the use of the marks involved is likely to cause confusion or mistake in the mind of the public or deceive purchasers.

On the other hand, the Holistic Test requires that the entirety of the marks in question be considered in resolving confusing similarity. Comparison of words is not the only determining factor. The trademarks in their entirety as they appear in their respective labels or hang tags must also be considered in relation to the goods to which they are attached. The discerning eye of the observer must focus not only on the predominant words but also on the other features appearing in both labels in order that he may draw his conclusion whether one is confusingly similar to the other. **116** (Emphasis supplied)

Unfortunately, jurisprudence has not been consistent in saying what test should be used under what circumstances such that either or both tests may viably be employed by the IPO or the courts in finding resemblance between marks. As expertly outlined by

Associate Justice Marvic M.V.F. Leonen, there are contradictory lines of jurisprudence advocating the use of the Dominancy Test alone, **117** the Holistic Test alone, **118** or both tests. **119** There is also at least one case where the Court did not use either test. **120**

Needless to say, the current state of jurisprudence in deciding the resemblance of marks is unclear. Out of the two tests, however, only the Dominancy Test has been incorporated in the [IP Code](#). This was discussed in *McDonald's Corporation v. L.C. Big Mak Burger, Inc.*, **121** where the Court also observed its own reliance on the dominancy test, thus:

This Court, however, has relied on the dominancy test rather than the holistic test. The dominancy test considers the dominant features in the competing marks in determining whether they are confusingly similar. **Under the dominancy test, courts give greater weight to the similarity of the appearance of the product arising from the adoption of the dominant features of the registered mark, disregarding minor differences. Courts will consider more the aural and visual impressions created by the marks in the public mind, giving little weight to factors like prices, quality, sales outlets and market segments.**

xxx xxx xxx

The test of dominancy is now explicitly incorporated into law in Section 155.1 of the [Intellectual Property Code](#) which defines infringement as the "colorable imitation of a registered mark x x x or a dominant feature thereof." **122** (Emphasis supplied; italics omitted)

More than an indicator of a mere preference for the Dominancy Test, it appears that the legislative intent in explicitly adopting the Dominancy Test was to abandon the Holistic Test altogether, as can be seen in the legislative deliberations:

Trademarks

Part III of the [Code](#) is the new [law on trademarks](#).

xxx xxx xxx

To resolve the conflicting doctrines regarding what constitutes colorable imitation of a registered mark, the [Code](#) adopts the Dominancy Test so that any person who uses in commerce any colorable imitation of [a] registered mark or a dominant feature thereof shall be liable for damages for infringement.

xxx xxx xxx

Policy Issues

We have summarized the basic features of the proposed [Intellectual Property Code](#). Let me now try to identify provisions of the Code that may be the focus of policy debates.

Without being exclusive, they are the following:

xxx xxx xxx

Trademarks

xxx xxx xxx

8. The committee notes the varying decisions of the Supreme Court regarding colorable imitation of a registered mark. **There are decisions which espouse the Dominancy Test, while there are others which use the Holistic Test. We, therefore, recommend the adoption of the**

Dominancy Test to resolve once and for all the debate. 123 (Emphasis supplied)

Considering the adoption of the Dominancy Test and the abandonment of the Holistic Test, as confirmed by the provisions of the [IP Code](#) and the legislative deliberations, **the Court hereby makes it crystal clear that the use of the Holistic Test in determining the resemblance of marks has been abandoned.**

The inapplicability of the [Taiwan Kolin case](#) in the case at bar is thus evident. As correctly pointed out by Associate Justice Leonen, **124** the [Taiwan Kolin case](#) used the Holistic Test in evaluating trademark resemblance. This is improper precedent because the Dominancy Test is what is prescribed under the law.

Using the Dominancy Test, the Court should now determine the resemblance

between *KOLIN* and *kolin* in terms of the similarity of the dominant features used. This is consistent with the basic [rule](#) in determining resemblance of marks, which requires that the appearance, sound, meaning, and overall impressions generated by the marks shall be considered. **125**

In [Societe Des Produits Nestle, S.A. v. Dy, Jr.](#), **126** the Court stated that the marks are confusingly similar based on the Dominancy Test because the mark "NANNY" "contains the prevalent feature 'NAN'" and because the marks are aurally similar, thus:

Applying the dominancy test in the present case, the Court finds that "NANNY" is confusingly similar to "NAN." "NAN" is the prevalent feature of Nestle's line of infant powdered milk products. It is written in bold letters and used in all products. The line consists of PRE-NAN, NAN-H.A., NAN-1, and NAN-2. **Clearly, "NANNY" contains the prevalent feature "NAN." The first three letters of "NANNY" are exactly the same as the letters of "NAN." When "NAN" and "NANNY" are pronounced, the aural effect is confusingly similar.** **127** (Emphasis supplied)

Applying the Dominancy Test here, KPII's *kolin* mark resembles KECI's *KOLIN* mark because the word "[KOLIN](#)" is the prevalent feature of both marks. Phonetically or aurally, the marks are exactly the same. Surely, the manner of pronouncing the word "[KOLIN](#)" does not change just because KPII's mark is in lowercase and contains an italicized orange letter "i". In terms of connotation and overall impression, there seems to be no difference between the two marks.

Another consideration is the type of marks used. Logically, this may affect the determination of resemblance of the marks in terms of their visual, aural, or connotative aspects, which are key areas to consider in using the Dominancy Test.

As summarized in the IPO website, **128** the types of marks allowed to be registered in the Philippines are the following: "word mark," "figurative mark," "figurative mark with words," "3D mark," and "stamped or marked containers of goods." Notably, the [IP Code](#) and the current [Trademark Regulations](#) do not define these terms and how they impact the finding of resemblance between marks. However, [IPOP HL Memorandum Circular No. 17-010, Rules and Regulations on Trademarks, Service Marks, Trade names and Marked or Stamped Containers](#) makes an explicit reference to "word marks," as follows:

RULE 402. Reproduction of the Mark. — x x x

In the case of **word marks** or if no special characteristics have to be shown, such as design, style of lettering, color, diacritical marks, or unusual

forms of punctuation, the mark must be represented in standard characters. The specification of the mark to be reproduced will be indicated in the application form and/or published on the website.




xxx xxx xxx

That word marks protect the word itself stands to reason. Since there are no special characteristics to be shown in the reproduction of the mark in the application, the word itself is the subject of protection. This understanding of the protection given to word marks is also consistent with trademark jurisprudence in the United States, where most of our [intellectual property laws](#) were patterned from. **129**

The case of *Cunningham v. Laser Golf Corp.* **129** (*Cunningham*) may be considered relevant in this jurisdiction. In *Cunningham*, Laser Golf, the prior user and registrant of the "LASER" mark for golf clubs and golf balls, filed a cancellation case against Cunningham's registration for "LASERSWING" for golf clubs. Since Cunningham's "LASERSWING" registration was cancelled, he sought before the court a review of the decision cancelling his registration. One of Cunningham's arguments was that the appearance of his mark in commerce is distinguishable from the mark of Laser Golf in the sense that he uses "particular colors and a particular font," "specific arrangements of lower and upper case," "colored whoosh stripes," and a "juxtaposition of the main brand name." In ruling that this was not enough to avoid confusion, the U.S. court pertinently stated:

However, Cunningham's argument is inapposite to our review of this cancellation proceeding. The record shows that **the registration for the LASERSWING mark contains a "typed drawing." . . . Registrations with typed drawings are not limited to any particular rendition of the mark and, in particular, are not limited to the mark as it is used in commerce.** See *Vornado, Inc. v. Breuer Elec. Mfg. Co.*, 55 C.C.P.A. 858, 390 F.2d 724, 727, 156 USPQ 340, 342 (1968) (stating that because the registration for the senior mark, upon which the opposition was based, disclosed only the word, "**the [advertising] display of the mark in a particular style is of no material significance since the display may be changed at any time as may be dictated by the fancy of the applicant or the owner of the mark**"); *Phillips Petroleum Co. v. C.J. Webb, Inc.*, 58 C.C.P.A. 1255, 442 F.2d 1376, 1378, 170 USPQ 35, 36 (1971) ("**The drawing in the [opposed] application shows the mark typed in capital letters, and x x x this means that [the] application is not limited to the mark depicted in any special form.**"); *Kimberly-Clark Corp. v. H. Douglas Enters., Ltd.*, 774 F.2d 1144, 1147, 227 USPQ 541, 543 (Fed. Cir. 1985) (stating that trade dress associated with the mark of the opposed registration was irrelevant in distinguishing the mark because "**such dress might well be changed at any time; only the word mark itself is to be registered**"). Therefore, **it is irrelevant that Cunningham has a particular display for his mark in commerce, and the Board was correct to ignore those features.** **131** (Emphasis and underscoring ours)

Using the persuasive logic in *Cunningham* together with the Dominancy Test, there

is no doubt that the minor differences between  and  mark should be completely disregarded. The fact that KPII's trademark application possesses special characteristics (e.g., the italicized orange letter "i") not present in KECI's  word mark makes no difference in terms of appearance, sound, connotation, or overall impression because the "KOLIN" word itself is the subject of KECI's registration.

B. Relatedness of Goods/Services

The goods involved in the case at bar are as follows:

KECI's kolin	KPII's KOLIN
Automatic Voltage Regulator, Converter, Recharger, Stereo Booster, AC-DC Regulated Power Supply, Step-Down Transformer, PA Amplified AC-DC.	Televisions, DVD Players

In assessing relatedness of goods/services to determine likelihood of confusion, *Mighty Corporation* provides a list of factors that should be considered, viz.:

Non-competing goods may be those which, though they are not in actual competition, are so related to each other that it can reasonably be assumed that they originate from one manufacturer, in which case, confusion of business can arise out of the use of similar marks. They may also be those which, being entirely unrelated, cannot be assumed to have a common source; hence, there is no confusion of business, even though similar marks are used. Thus, there is no trademark infringement if the public does not expect the plaintiff to make or sell the same class of goods as those made or sold by the defendant.

In resolving whether goods are related, several factors come into play:

- (a) the business (and its location) to which the goods belong
- (b) the class of product to which the goods belong
- (c) the product's quality, quantity, or size, including the nature of the package, wrapper or container
- (d) the nature and cost of the articles
- (e) the descriptive properties, physical attributes or essential characteristics with reference to their form, composition, texture or quality
- (f) the purpose of the goods
- (g) whether the article is bought for immediate consumption, that is, day-to-day household items
- (h) the fields of manufacture
- (i) the conditions under which the article is usually purchased and
- (j) the channels of trade through which the goods flow, how they are distributed, marketed, displayed and sold.

The wisdom of this approach is its recognition that each trademark infringement case presents its own unique set of facts. No single factor is preeminent, nor can the presence or absence of one determine, without analysis of the others, the outcome of an infringement suit. Rather, the court

is required to sift the evidence relevant to each of the criteria. **This requires that the entire panoply of elements constituting the relevant factual landscape be comprehensively examined.** It is a weighing and balancing process. With reference to this ultimate question, and from a balancing of the determinations reached on all of the factors, a conclusion is reached whether the parties have a right to the relief sought. **132** (Emphasis supplied)

Indeed, a comprehensive examination of all these factors is needed to ensure that pronouncements on legal relatedness are not based on skewed factual premises, especially since relatedness of goods/services significantly impacts the finding of likelihood of confusion as mentioned above.

Too, because of the importance of relatedness of goods/services in deciding controversies involving the issue of likelihood of confusion of marks, the Court *en banc* takes a closer look at one factor inconsistent with our laws and creates problems with making precedents on legal relatedness.

As astutely explained by Chief Justice Diosdado M. Peralta, **133** the NCL serves purely administrative purposes — merely a way for trademark offices worldwide to organize the thousands of applications that are filed — and the classification of products/services should not have been included as one of the factors in determining relatedness because there was no legal basis for its inclusion. In fact, it even contradicts specific provisions of the Trademark Law **134** and the IP Code. **135** The use of classification of products/services in determining relatedness also conflicts with a provision of the **2020 Revised Rules of Procedure for Intellectual Property Rights Cases**, **136** viz.:

SECTION 6. *Likelihood of Confusion; Determination of Related Goods or Services.* — Goods or services may not be considered as being similar or dissimilar to each other on the ground that, in any registration or publication by the Office, they appear in the same or different classes of the Nice Classification.

Allowing this factor to remain as a criterion in determining legal relatedness would not be merely inconsequential. In fact, it may even create problems in jurisprudential precedents on legal relatedness due to the principle of *stare decisis*.

The Classes in the NCL undergo several changes each year. To illustrate, the Alphabetical List of Goods in Class 9 underwent several changes in 2017, **137** 2018, **138** 2019, **139** and 2020. **140** Significantly, "socks, electrically heated" was changed from being a Class 9 product to a Class 11 product in 2017, showing that the classification of the specific goods per class is still subject to change. Surely, jurisprudential pronouncements regarding the nature of certain goods/services and their legal relatedness/non-relatedness to each other — which pronouncements would, in turn, effectively affect substantive rights over marks and affect future cases involving the same goods or services — should not be made to depend on a constantly changing list.

Considering the foregoing discussion, **the Court hereby abandons the use of product or service classification as a factor in determining relatedness or non-relatedness.**

In this light, the inapplicability of the [Taiwan Kolin case](#) as precedent in the instant controversy becomes all the more apparent because it did not comprehensively consider all the jurisprudential factors in determining relatedness and it included an inapposite discussion on subcategories in the NCL as an additional rationale for its conclusion on non-relatedness.

Based on the evidence on record and reasonable inferences in accord with common experience, the factors to determine relatedness in [Mighty Corporation](#) yields the

conclusion that the goods covered by *KOLIN* and *kolin* are related, as seen in the following table:

<p>(d) the nature and cost of the articles</p>	<p>Goods covered by <i>KOLIN</i> and <i>kolin</i> are electronic in nature, relatively expensive, and rarely bought. It will likely take several years before consumers would make repeat purchases of the goods involved.</p>
<p>(e) the descriptive properties, physical attributes or essential characteristics with reference to their form, composition, texture or quality</p>	<p>Considering that they are electronic goods, goods covered by <i>KOLIN</i> and <i>kolin</i> are likely made of metal. It is also likely that such goods cannot be easily carried around and are usually brought back to the consumer's place after being bought.</p>
<p>(f) the purpose of the goods</p>	<p>The audiovisual goods covered by <i>kolin</i> (Television and DVD players) and <i>KOLIN</i> (stereo booster) marks can be used for entertainment purposes.</p>
<p>(g) whether the article is bought for immediate consumption, that is, day-to-day household items</p>	<p>Goods covered by <i>KOLIN</i> and <i>kolin</i> are not bought for immediate consumption.</p>
<p>(i) the conditions under which the article is usually purchased, and</p>	<p>Because they are relatively expensive and they last for a long time, goods covered by <i>KOLIN</i> and <i>kolin</i> are rarely bought. They are non-essential goods.</p>
<p>(j) the channels of trade through which the goods flow, how they are distributed, marketed, displayed and sold.</p>	<p>The goods covered by <i>KOLIN</i> and <i>kolin</i> marks will likely be offered in "the same channels of trade such as department stores or appliance stores." 141</p>

Clearly, the goods covered by *KOLIN* and *kolin* are related, and this legal relatedness significantly impacts a finding of likelihood of confusion.

In addition to the factors in *Mighty Corporation*, another ground for finding relatedness of goods/services is their complementarity.

The reasoning used in the case of *Hewlett-Packard Development Company, L.P. v. Vudu, Inc.* 142 is also logical and persuasive. In said case, the opposer Hewlett-Packard registered its "VOODOO" mark for, *inter alia*, "personal and gaming computers" under Class 9. Meanwhile, Vudu, Inc. sought to register its "VUDU" mark for, *inter alia*, "computer software for use in computers for the transmission, storage and playback of audio and video content" also under Class 9. The tribunal therein pointed out that "the goods of the parties may be used together for the same purposes, may be found in the same channels of trade, and may appeal to the same purchasers. x x x [B]y their descriptions, [VUDU's] particular type of software for computers and [Hewlett-Packard's] personal and gaming computers are **complementary goods**," thus, it granted Hewlett-Packard's opposition of the "VUDU" mark based on the finding that the goods under Class 9 covered by the marks are related and confusion is likely. 143

Applying this reasoning to the herein dispute, it is clear that the goods covered by KECI's *KOLIN* are complementary to the goods covered by KPIL's *kolin* and could thus be considered as related. This increases the likelihood that consumers will at least think that the goods come from the same source. In other words, confusion of business will likely arise.

C. Actual Confusion

The IPO-BLA stated that there is already actual confusion among consumers regarding the goods of KECI and KPIL:

More so, [KECI's] evidence consisting of various e-mails x x x it received from public consumers reflecting their complaints, concerns, and other information about [KPIL's] goods as televisions, air-conditioning units and DVD players, are obvious showing of actual confusion of goods as well as confusion as to origin or source [of] goods. These reveal factual confusion of the buying public between the marks in controversy. 144

The presence of actual confusion is not an insignificant circumstance. Indeed, the evidence of actual confusion is often considered the most persuasive evidence of likelihood of confusion because past confusion is frequently a strong indicator of future confusion. 145

It is the Court's considered view that evidence of actual confusion should be considered as strong evidence of likelihood of confusion, especially when there are concurrent findings of resemblance of marks and/or relatedness of the goods/services. If "likelihood of confusion" is already abhorred by the infringement provisions 146 of the law and the evidence of likelihood of confusion already creates basis to prevent another's use of its mark, **it should logically follow that actual confusion should be given more weight because confusion among consumers is not only speculated but has actually transpired.**

Parenthetically, the presence of this criterion in ascertaining the existence of likelihood of confusion in the multifactor test is yet another reason why the *Taiwan Kolin case* should not be held as a binding precedent here. In the *Taiwan Kolin case*, while there was evidence of actual confusion presented in the IPO-BLA, 147 this was ultimately not considered in resolving the issue of likelihood of confusion.

D. Normal Potential Expansion of Business

The factor involving the "likelihood that the plaintiff will bridge the gap" pertains to the possibility that the plaintiff will expand its product offerings to cover the product areas of the defendant. **148**

In the case of *Dermaline, Inc. v. Myra Pharmaceuticals, Inc.*, **149** the Court already acknowledged "that the registered trademark owner enjoys protection in product and market areas that are **the normal potential expansion of his business.**" **150** As well, *Societe Des Produits Nestle, S.A. v. Dy, Jr.* **151** describes the scope of protection given to registrants as follows:

The scope of protection afforded to registered trademark owners is not limited to protection from infringers with **identical goods**. The scope of protection extends to protection from infringers with **related goods**, and to **market areas that are the normal expansion of business** of the registered trademark owners. x x x **152** (Emphasis supplied)

As stated above, the goods covered by *KOLIN* and *kolin* are related. Therefore, it is likely that the goods covered by *kolin* falls within the normal potential expansion of business of KECI.

E. Sophistication of the Buyers

As stated in *Philip Morris, Inc. v. Fortune Tobacco Corporation*, **153** "the general impression of the ordinary purchaser, buying under the normally prevalent conditions in trade and giving the attention such purchasers usually give in buying that class of goods, is the touchstone." **154**

The goods covered by *KOLIN* and *kolin* are not inexpensive goods and consumers may pay more attention in buying these goods. However, this does not eliminate the possibility of confusion, especially since most consumers likely do not frequently purchase Automatic Voltage Regulators, stereo boosters, TV sets, DVD players, etc. Unless they have jobs or hobbies that allow them to frequently purchase these electronic products, it is not farfetched to suppose that they may only encounter the marks in the marketplace itself once they are about to buy said goods once every five years or so.

Consequently, while consumers may concededly be familiar with these goods to some extent, such familiarity will likely not be an intimate knowledge thereof associated with the frequent and repeated purchase of said goods.

It is not difficult to imagine that ordinary purchasers looking to buy a home entertainment set for their homes would likely not know that the "XYZ"-branded stereo boosters and the "XYZ"-branded televisions they encounter in the store are offered by different companies. If the consumer happens to like the "XYZ" brand for the stereo boosters after seeing it for the first time, said consumer will most likely associate it with the "XYZ" brand for television set and vice versa, especially since these goods are complementary to each other.

Even if sophisticated consumers are making a repeat purchase years after they first bought a "*KOLIN*" product, confusion is still possible because of the degree of similarity of the subject marks. As mentioned above, KECI's *KOLIN* mark is a word mark. Stated simply, the goodwill over the products will likely be associated with the "*KOLIN*" word among consumers' minds, regardless of their sophistication. Thus, these

consumers who prefer KECI's products will likely go into stores asking and looking for the "KOLIN" brand, regardless of its stylization or additional figurative features. If they happen to see KPIL's "KOLIN"-branded products, they may not readily know that the products come from another source and mistakenly purchase those products thinking that these products are from KECI. Any perceived visual differences between KECI's and KPIL's "KOLIN" mark will likely be disregarded, especially considering that it is not unusual for companies to rebrand and overhaul their "brand image," including their logos, every so often.

Ultimately, there is no need to speculate and imagine how an average consumer would think and act in this hypothetical situation because, as discussed, there is actual

proof of confusion among consumers between the *KOLIN* and *kolin* goods. **155** It is clear that consumers have actually associated KPIL's "KOLIN"-branded products with KECI's business. To be sure, that consumers have complained about KPIL's products and associated the quality of such products with KECI's business shows that the concurrent use of "KOLIN" by KPIL had already unfairly smeared KECI's goodwill and reputation over its products.

F. Strength of the Mark

The factor on "strength of plaintiff's mark" pertains to the degree of distinctiveness of marks, **156** which can be divided into five categories **157** enumerated in decreasing order of strength below:

- 1) Coined or fanciful marks — invented words or signs that have no real meaning (e.g., Google, Kodak). These marks are the strongest and have the greatest chance of being registered.
- 2) Arbitrary marks **158** — words that have a meaning but have no logical relation to a product (e.g., SUNNY as a mark covering mobile phones, APPLE in relation to computers/phones).
- 3) Suggestive marks **159** — marks that hint at the nature, quality or attributes of the product, without describing these attributes (e.g., SUNNY for lamps, which would hint that the product will bring light to homes). If not considered as bordering on descriptive, this may be allowed.
- 4) Descriptive marks **160** — describe the feature of the product such as quality, type, efficacy, use, shape, etc. The registration of descriptive marks is generally not allowed under the IP Code. **161**
- 5) Generic marks **162** — words or signs that name the species or object to which they apply (e.g., CHAIR in relation to chairs). They are not eligible for protection as marks under the IP Code. **163**

KECI's *KOLIN* mark is a fanciful or coined mark. Considering that it is highly distinctive, confusion would be likely if someone else were to be allowed to concurrently use such mark in commerce.

G. Bad Faith

The discussion of bad faith in the case of *Zuneca Pharmaceutical v. Natrapharm, Inc.* **164** is instructive:

The concepts of bad faith and fraud were defined in *Mustang-Bekleidungswerke GmbH + Co. KG v. Hung Chiu Ring*, a case decided by the Office of the Director General of the IPO under the Trademark Law, as amended, viz.:

What constitutes fraud or bad faith in trademark registration? Bad faith means that the applicant or registrant has knowledge of prior creation, use and/or registration by another of an identical or similar trademark. In other words, it is copying and using somebody else's trademark. Fraud, on the other hand, may be committed by making false claims in connection with the trademark application and registration, particularly on the issues of origin, ownership, and use of the trademark in question among other things.

The concept of fraud contemplated above is not a mere inaccurate claim as to the origin, ownership, and use of the trademark. In civil law, the concept of fraud has been defined as the deliberate intention to cause damage or prejudice. The same principle applies in the context of trademark registrations: **fraud is intentionally making false claims to take advantage of another's goodwill thereby causing damage or prejudice to another**. Indeed, the concepts of bad faith and fraud go hand-in-hand in this context. There is no distinction between the concepts of bad faith and fraud in trademark registrations because the existence of one necessarily presupposes the existence of the other. **165** (Emphasis supplied)

To recall, the *KECI ownership case*, promulgated on July 31, 2006, ruled that KECI is the owner of the **KOLIN** mark under the Trademark Law, despite TKC's opposition that confusion is likely because it had foreign registrations for "KOLIN" and a

local trademark application for **KOLIN**. Thereafter, KPIL (TKC's affiliate) filed a trademark application for **kolin** covering the same goods.

While KECI had squarely alleged the issue of KPIL's bad faith, **166** there was no explicit finding of bad faith on the part of KPIL in the decisions of the IPO-BLA, IPO-DG, and the CA. After an examination of the records, however, the Court finds that circumstances in this case would lead a reasonable mind to conclude that KPIL knew about

KECI's **KOLIN** registration when it made a trademark application for **kolin**.

First, there was a factual finding by the IPO-BLA that KPIL is an instrumentality of TKC and TKC directly participates in the management, supervision, and control of KPIL, viz.:

An exhaustive scrutiny of the records of the case convince[s] this Bureau to concur with the position of [KECI] that indeed, [KPIL] is an instrumentality of [TKC]. [KECI] presented substantial evidence that [KPIL] is effectively under the management, supervision and control of [TKC] manifested through the assignment of five (5) persons to the financial and plant operations x x x; **[TKC's] admission of its direct participation in the management, supervision and control of [KPIL]** x x x; [TKC's] majority ownership of stocks in [KPIL] x x x; and the maintenance of one website of both companies and the admission to the same x x x. **167** (Emphasis supplied)

Second, as found by the CA, **168** KPIL was authorized by TKC to use the "KOLIN" mark.

Third, KPIL filed a trademark application for **kolin** barely two months after KECI was declared as the owner of the **KOLIN** mark.

Fourth, KECI and KPIL may be considered as being in the same line of business and it would have been highly improbable that KPIL did not know an existing **KOLIN** mark owned by KECI, especially since it is an affiliate of TKC. Notably, in the case of *Birkenstock Orthopaedie GmbH and Co. KG v. Phil. Shoe Expo Marketing Corp.*, **169** the Court agreed with the IPO's finding that the party was in bad faith because it was in the same line of business and it was highly improbable for it to not know of the existence of BIRKENSTOCK before it appropriated and registered this "highly distinct" mark. **170**

Thus, there exists relevant evidence and factual findings that a reasonable mind might accept as adequate to support the conclusion that KPIL was in bad faith.

To summarize the above discussion: (1) there is resemblance between KECI's **KOLIN** and KPIL's **kolin** marks; (2) the goods covered by KECI's **KOLIN** are related to the goods covered by KPIL's **kolin**; (3) there is evidence of actual confusion between the two marks; (4) the goods covered by KPIL's **kolin** fall within the normal potential expansion of business of KECI; (5) sophistication of buyers is not enough to eliminate confusion; (6) KPIL's adoption of KECI's coined and fanciful mark would greatly contribute to likelihood of confusion; and (7) KPIL applied for **kolin** in bad faith. Thus, KPIL's application for **kolin** should be denied because it would cause likelihood of confusion and KECI's rights would be damaged.

xxx xxx xxx

It must also be stressed that KECI was already declared as the owner of the **KOLIN** mark under the Trademark Law. Section 236 **171** of the IP Code states that nothing in the IP Code — which, as mentioned, logically includes registrations made pursuant thereto — shall adversely affect the rights of the enforcement of marks acquired in good faith prior to the effective date of said law.

As seen above, the existence of likelihood of confusion is already considered as damage that would be sufficient to sustain the opposition and rejection of KPIL's trademark application. More than that, however, the Court is likewise cognizant that, by granting this registration, KPIL would acquire exclusive rights over the stylized version

of **kolin** (" **kolin** ") for a range of goods/services, **172** i.e., covered goods, related goods/services, goods/services falling within the normal potential expansion of KPIL's business. Owing to the peculiar circumstances of this case, this will effectively amount to a curtailment of KECI's right to freely use and enforce the **KOLIN** word mark, or any stylized version thereof, for its own range of goods/services, especially against KPIL, **regardless of the existence of actual confusion**. Thus, based on Section

122 **173** vis-à-vis Section 236 **174** of the IP Code, the Court cannot give due course to

KPII's trademark application for "**kolin**."

WHEREFORE, premises considered, the instant Petition is **GRANTED**. The assailed Decision dated April 29, 2016 and Resolution dated November 4, 2016 of the Court of Appeals in CA-G.R. SP No. 131917 are **REVERSED** and **SET ASIDE**. Accordingly, the Decision of the Office of the Director General of the Intellectual Property Office in **IPC No. 14-2007-00167** is **REINSTATED** and **AFFIRMED**.

Consequently, the Trademark Application Serial No. 4-2006-010021 for "**kolin**" filed by respondent **Kolin** Philippines International, Inc. under Class 9 for "Television and DVD players" is **REJECTED**.

SO ORDERED.

Gesmundo, Hernando, Carandang, Lazaro-Javier, Inting, Zalameda, Delos Santos, Gaerlan, Rosario and J.Y. Lopez, JJ., concur.

Peralta, C.J., see concurring opinion.

Perlas-Bernabe, J., please see separate concurring opinion.

Leonen, J., I concur. See separate opinion.

M.V. Lopez, J., please see separate opinion.

Separate Opinions

PERALTA, C.J., concurring:

As one of the former members of the Court's Third Division who concurred in the *ponencia* of Mr. Justice Velasco in *Taiwan Kolin Corp., Ltd. (TKC) v. Kolin Electronics, Co., Inc.* (KECI) (**Taiwan Kolin case**), **1** I deem it incumbent upon me to acknowledge the shortcomings of said decision, as eloquently pointed out in the present *ponencia* of Mr. Justice Caguioa, and correct, with the present concurrence, what has been deemed a sore thumb in our jurisprudence on trademarks for the past half-decade.

Admittedly, the *Taiwan Kolin* case failed to apply the Dominancy Test, which I had applied in the prior case of *Skechers, U.S.A., Inc. v. Inter Pacific Industrial Trading Corp.* **2** and which has been incorporated in the current **law on trademarks**, **3** to determine whether the competing marks are confusingly similar. I agree with the *ponencia* that applying said test, KECI's **KOLIN** mark is clearly confusingly similar in terms of its appearance to TKC's **KOLIN** mark because the work "**KOLIN**" is the prevalent feature of the former's mark which is reproduced entirely in the latter's mark. Further, while there may be minor visual differences in terms of font, color, and background, they are phonetically or aurally identical. **4** Indeed, in several cases, the aural similarity of the competing marks was found sufficient to support a finding of confusing similarity. For instance, We applied the dominancy test in holding that "PCO-GENOLS" and "PYCOGENOL," **5** "MACJOY" and "MCDONALD'S," **6** "**DERMALINE DERMALINE, INC.**" and "DERMALIN," **7** "BIG MAC" and "**BIG MAK**," **8** and "NANNY" and "NAN" **9** are confusingly similar.

The *Taiwan Kolin* case also failed to determine confusion of business. As pointed out in *Skechers*, confusion of business (source or origin confusion), where, although the goods of the parties are different, the product, the mark of which registration is applied for by one party, is such as might reasonably be assumed to originate with the registrant of an earlier product, and the public would then be deceived either into that belief or into the belief that there is some connection between the two parties, though inexistent. **10** The

mark of which registration is applied for by TKC is such as might reasonably be assumed to originate from KECI, considering that it is not impossible for their respective products to be sold in home goods and appliance stores and, therefore, lead consumers to believe that there is some connection between the two parties, though inexistent, thus, resulting in confusion of business.

In *In Re Shell Oil Co.*, **11** the U.S. Court of Appeals for the Federal Circuit **12** held that "even when goods or services are not competitive or intrinsically related, the use of identical marks can lead to the assumption that there is a **common source**." Citing said case, the Trademark Manual of Examining Procedure (*TMEP*) of the United States Patent and Trademark Office (*USPTO*) states:

1207.01(a) Relatedness of the Goods or Services

In assessing the relatedness of the goods and/or services, the more similar the marks at issue, the less similar the goods or services need to be to support a finding of likelihood of confusion. *In re Shell Oil Co.*, 992 F.2d 1204, 1207, 26 USPQ2d 1687, 1689 (Fed. Cir. 1993); *Gen. Mills, Inc. v. Fage Dairy Processing Indus. S.A.*, 100 USPQ2d 1584, 1597 (TTAB 2011); *In re Iolo Techs., LLC*, 95 USPQ2d 1498, 1499 (TTAB 2010); *In re Opus One, Inc.*, 60 USPQ2d 1812, 1815 (TTAB 2001). **If the marks of the respective parties are identical or virtually identical, the relationship between the goods and/or services need not be as close to support a finding of likelihood of confusion as would be required if there were differences between the marks.** *Shell Oil*, 992 F.2d at 1207, 26 USPQ2d at 1689; *In re Davey Prods. Pty Ltd.*, 92 USPQ2d 1198, 1202 (TTAB 2009); *In re Thor Tech, Inc.*, 90 USPQ2d 1634, 1636 (TTAB 2009). **13**

In the case at bench, applying the Dominancy Test, there is no doubt that the marks of KECI and KPIL are confusingly similar since the latter's mark appropriates the former's mark in its entirety, thus making origin confusion more likely. Further, applying the factors for determining relatedness of goods in *Mighty Corporation v. E. & J Gallo Winery*, **14** as comprehensively discussed in the *ponencia*, one can reasonably conclude that KECI's and KPIL's goods are related.

At this point, however, I wish to note that in hindsight, the *Taiwan Kolin* case should not have considered Class 9 subcategorization as a factor in determining relatedness, just as the *Mighty Corporation* case should not have considered product classification. While *Mighty Corporation* included "the class of product to which the goods belong" for the first time in the enumeration of factors to be considered in arriving at a sound conclusion on the question of relatedness, a review of the relevant laws, regulations, and related literature would reveal that there was no legal basis therefor.

Section 6 of *Republic Act (R.A.) No. 166*, **15** one of the precursors of *R.A. No. 8293*, or the *Intellectual Property Code of the Philippines*, provides:

Section 6. Classification of goods and services. — The Director shall establish a classification of goods and services, **for the convenience of the Patent Office administration, but not to limit or extend the applicant's rights.** x x x. **16**

The above provision was reproduced substantially from Section 30 of the Lanham Act, also known as the *Trademark Act of 1946*, which is codified at 15 U.S.C. § 1112, as amended, as follows:

§ 1112. Classification of goods and services; registration in plurality of classes

The Commissioner may establish a classification of goods and services, **for convenience of Patent and Trademark Office administration, but not to limit or extend the applicant's or registrant's rights.** x x x. **17**

In *Jean Patou, Inc. v. Theon, Inc.*, **18** the U.S. Court of Appeals for the Federal Circuit had the opportunity to discuss the irrelevance of classification with respect to registrability of marks, to wit:

The benefits of a Principal Register registration apply with respect to the goods named in the registration without regard to the class or classes named in the registration. The statute authorizing the establishment of a classification is 15 U.S.C. § 1112 which provides:

The Commissioner may establish a classification of goods and services, **for the convenience of the Patent and Trademark Office administration, but not to limit or extend the applicant's or registrant's rights.**

It is elementary that a registrant has rights under the statute only with respect to goods on which the trademark has been used. Trademark ownership results only from use, not from registration. **Classification is to facilitate searching for registered marks which is primarily what is meant by "the convenience of the" PTO.** See also 37 CFR Sec. 2.85(g) ("Classification schedules shall not limit or extend the applicant's rights.").

In our view, all of the TTAB's reasoning with respect to what it viewed as the Class 3 goods applies with equal force to registration in Class 5 and leads to the same result, namely, likelihood of confusion and sustaining of the opposition. The result reached by the TTAB with respect to registration in class 5 is incongruous. With respect to applicant's single product the decision was that the mark DERMAJOY is both registrable and not registrable, depending on the classification designated. **However, classification is wholly irrelevant to the issue of registrability under section 1052(d), which makes no reference to classification.** x x x. **19**

Notably, the TMEP has, likewise, cited the above case in determining the import of classification in trademark evaluations, viz.:

1207.01(d)(v) Classification of Goods/Services

The classification of goods and services has no bearing on the question of likelihood of confusion. See *Jean Patou, Inc. v. Theon, Inc.*, 9 F.3d 971, 975, 29 USPQ2d 1771, 1774 (Fed. Cir. 1993). **Rather, it is the manner in which the applicant and/or registrant have identified their goods or services that is controlling.** See *Nat'l Football League v. Jasper Alliance Corp.*, 16 USPQ2d 1212, 1216 & n.5 (TTAB 1990). **20**

Even prior to *Jean Patou*, the U.S. Trademark Trial and Appeal Board (TTAB) in *INB National Bank v. Metrohost, Inc.* **21** had already held that "it is well recognized that the system of dividing goods [and services] into classes is purely a manner of convenience and that a determination on the question of likelihood of confusion cannot be restricted by the artificial boundary created by classification."

With the enactment of [R.A. No. 8293](#), Section 6 of [R.A. No. 166](#) became what is now Section 144 of the [Intellectual Property Code](#):

Section 144. Classification of Goods and Services. — x x x

144.2. Goods or services may not be considered as being similar or dissimilar to each other on the ground that, in any

registration or publication by the Office, they appear in different classes of the Nice Classification. (Sec. 6, R.A. No. 166a) **22**

In turn, Section 144.2 of R.A. No. 8293 was patterned after Rule 2 (4) of Commission Regulation (EC) No. 2868/95 implementing Council Regulation No. 40/94 on the Community trade mark, **23** as amended, which states as follows:

(4) The classification of goods and services shall serve **exclusively administrative purposes**. Therefore, **goods and services may not be regarded as being similar to each other on the ground that they appear in the same class under the Nice Classification, and goods and services may not be regarded as being dissimilar from each other on the ground that they appear in different classes under the Nice Classification.** **24**

In fine, the fact that goods or services are listed in the same or different classes of the NCL, or same or different subcategories thereof for that matter, is not, **in itself**, an indication of similarity or dissimilarity. For instance, *live animals* and *flowers* both belong to Class 31, yet are dissimilar. *Advertising* and *office functions* are found in Class 35, yet are also dissimilar. On the other hand, *meat extracts* (Class 29) and *spices* (Class 30) belong to different classes, yet are similar. *Travel arrangement* (Class 39) and *providing temporary accommodation* (Class 43) are likewise found in different classes, yet are also similar. **25**

Fundamentally, the NCL serves **purely** administrative purposes, *i.e.*, the harmonization of national classification practices, and does not, in itself, provide a basis for drawing conclusions as to the similarity of goods and services. **26** It is merely a way for trademark offices to organize the thousands of applications that are filed each year. Use of the NCL by national offices has the advantage that trademark applications are coordinated with reference to a single classification system. Filing is thereby greatly simplified, as the goods and services to which a given mark applies will be classified the same in all countries that have adopted the system. **27**

Despite the purely administrative purpose of the NCL, the Court, in *Mighty Corporation* and in subsequent cases, saw fit to use the classification therein as one of the factors in determining relatedness, perhaps due to the convenience and expediency that such a system provides. After all, the NCL does not randomly categorize goods or services together. By the fact that goods are organized by class instead of alphabetically, it is not unreasonable to infer that there is some unifying theme among goods of the same class that makes them similar in a certain respect. However, as discussed, that does not mean that all goods in a particular class are legally related, and that goods belonging to different classes are legally unrelated.

Indeed, ours is the only jurisdiction that considers international classification as a factor in determining relatedness. In the United Kingdom, the following factors are taken into account in assessing the similarity of goods and services:

- a) the uses of the respective goods or services;
- b) the users of the respective goods or services;
- c) the physical nature of the goods or acts of service;
- d) the trade channels through which the goods or services reach the market;
- e) in the case of self-serve consumer items, where in practice they are respectively found or likely to be found in supermarkets and in particular whether they are, or are likely to be, found on the same or different shelves;

f) the extent to which the respective goods or services are in competition with each other. **28**

The French Government likewise considers that, in assessing the similarity of goods and services, the factors to be taken into account should include the nature of the goods or service, their intended destination and clientele, their normal use, and the usual manner of their distribution. **29**

The EUIPO Guidelines, Part C, Section 2, Chapter 2, **30** have adopted and summarized the above factors as follows:

Canon factors

- nature,
- intended purpose,
- method of use,
- complementarity,
- in competition.

Additional factors

- distribution channels,
- relevant public,
- the usual origin of the goods/services.



The ASEAN Common Guidelines for the Substantive Examination of Trademarks **31** have likewise adopted the above factors and state that they "**should** be taken into account to establish similarity of goods and services."

What is clear is that none of the foregoing laws, jurisprudence, and guidelines make reference to international classification of goods as a factor in determining relatedness. Given the foregoing discussion, it would be more in keeping with the purpose of the NCL for the Court to abandon product classification as a factor in determining relatedness. The rest of the factors enumerated in *Mighty Corporation* are sufficient for that purpose.

PERLAS-BERNABE, J., concurring:

I concur. The petition should be granted.


Contrary to the Courts of Appeals' (CA) ruling, *res judicata* — whether in the concept of "bar by prior judgment" or "conclusiveness of judgment" — holds no application in this case. Thus, it erred in granting respondent *Kolin* Philippines International, Inc.'s

(KPII) Trademark Application No. 4-2006-010021 for the mark  over the opposition of petitioner *Kolin* Electronics Co., Inc. (KECI), the registered owner **1** of the word mark .

I.

To recount, the CA's application of the *res judicata* doctrine was based on the final judgment in *Taiwan Kolin Corporation, Ltd. (TKC) v. Kolin Electronics Co., Inc. 2* (2015 *Taiwan Kolin*), which was decided by the Court's then-Third Division on March 25, 2015.

In 2015 *Taiwan Kolin*, the Court upheld the Intellectual Property Office's (IPO)

ruling to give due course to TKC's application for the  mark covering "**television and DVD player**" **3** notwithstanding KECI's ownership of

the **KOLIN** mark covering the goods "automatic voltage regulator, converter, recharger, stereo booster, AC-DC regulated power supply, step-down transformer, PA amplified AC-DC." 4 Notably, it is observed that KECI's **KOLIN** mark is a word mark, 5 which means that the word "Kolin" itself is protected for the use of the said mark to represent the same/related goods and products for which such registration was granted.

In this case, the CA found that KPII was an affiliate of TKC, who had been expressly authorized to adopt and use the **KOLIN** mark in the Philippines, which mark TKC owns by virtue of 2015 *Taiwan Kolin*. Thus, considering TKC's ownership of the **KOLIN** mark, and TKC's authorization in favor of KPII to adopt and use the **kolin** mark same, the CA concluded that KPII should be allowed to register its own mark covering "television set and DVD players" despite the opposition of KECI. According to the CA, the doctrine of *res judicata* forbids it from reaching a conclusion contrary to the 2015 *Taiwan Kolin* final judgment, viz.:

In fact, in the recent case of *Taiwan Kolin Corporation, Ltd. v. Kolin Electronics, Co., Inc.* (TKCL case), a case substantially similar to the present case, the Supreme Court already ruled that [TKC], to which KPII is affiliated, can register the mark "KOLIN" for the goods television and DVD player despite the opposition of KECI. The ruling of the Court is instructive, thus:

xxx xxx xxx

From the foregoing, it is clear that KPII may register the mark "**KOLIN**" for its television set and DVD players. The doctrine of *res judicata* forbids us from arriving at a contrary conclusion. A long-established doctrine on litigation, *res judicata* is an old axiom of law, dictated by wisdom and sanctified by age, and founded on the broad principle that it is to the interest of the public that there should be an end to litigation by the same parties over a subject once fully and fairly adjudicated. It has been appropriately said that the doctrine is a rule pervading every well-regulated system of jurisprudence, and is put upon two grounds embodied in various maxims of the common law; one, public policy and necessity, which makes it to the interest of the State that there should be an end to litigation — *interes republicae ut sit finis litium*; the other, the hardship on the individual that he should be vexed twice for one and the same cause — *nemo debet bis vexari pro una et eadem causa*. A contrary doctrine would subject the public peace and quiet to the will and neglect of individuals and prefer the gratification of the litigious disposition on the part of suitors to the preservation of the public tranquility and happiness. The elements of *res judicata* are: (1) the former judgment must be final; (2) the former judgment must have been rendered by a court having jurisdiction of the subject matter and the parties; (3) the former judgment must be a judgment on the merits; and (4) there must be between the first and subsequent actions (i) identity of parties or at least such as representing the same interest in both actions; (ii) identity of subject matter; or of the rights asserted and relief prayed for, the relief being founded on the same facts; and, (iii) identity of causes of action in both actions such that any judgment that may be rendered in the other action will, regardless

of which party is successful, amount to *res judicata* in the action under consideration.

All of these requisites are fulfilled in the instant case. While KPII may not be involved in the TKCL case, it must be noted that KPII is an affiliate company of [TKC], as admitted by KECl. An absolute identity of parties is not required for *res judicata* to apply, for as long as there exists an identity or community of interest. **6** (Emphases and underscoring supplied)

The CA is mistaken. *Res judicata* does not apply in this case.

II.

Res judicata means "a matter adjudged; a thing judicially acted upon or decided; a thing or matter settled by judgment." It lays the **rule** that an existing final judgment or decree rendered on the merits, without fraud or collusion, by a court of competent jurisdiction, upon any matter within its jurisdiction, is conclusive of the rights of the parties or their privies, in all other actions or suits in the same or any other judicial tribunal of concurrent jurisdiction on the points and matters in issue in the first suit." **7**

As earlier intimated, *res judicata* contemplates two (2) concepts. These are:

(a) **bar by prior judgment**, which means that "the judgment or decree of the court of competent jurisdiction on the merits concludes the litigation between the parties, as well as their privies, and **constitutes a bar to a new action or suit involving the same cause of action** before the same or any other tribunal"; **8** and

(b) **conclusiveness of judgment**, which means that "**any right, fact or matter in issue directly adjudicated or necessarily involved in the determination of an action** before a competent court in which judgment is rendered on the merits is conclusively settled by the judgment therein and **cannot again be litigated** between the parties and their privies, **whether or not the claim, demand, purpose, or subject matter of the two actions is the same.**" **9**

While "bar by prior judgment" requires an identity of parties, subject matter, and causes of action, **10** "conclusiveness of judgment" only requires **identity of issues and parties.**

At this juncture, I deem it apt to clarify that some formulations of "conclusiveness of judgment" in case law as loosely referring to "identity of subject matter" **11** are inaccurate. I find that this clarification is relevant to this case because in its petition, KECl asserts **12** that there is no "conclusiveness of judgment" since the subject matter

in 2015 *Taiwan Kolin* is the registration of the

KOLIN

mark, while the subject

kolin

matter of this case is KPII's . In other words, KECl postulates that the **subject matter in general** of both cases are different and hence, "conclusiveness of judgment" does not apply in this case.

However, this is misnomer; contrary to the posturing of KECl, **13** identity of the subject matter of litigation in general is not required for "conclusiveness of judgment." The definition cited above, in fact, makes it clear that "conclusiveness of judgment" means that "any right, fact or matter in issue directly adjudicated or necessarily involved in the determination of an action before a competent court in which judgment is rendered on the merits is conclusively settled by the judgment therein and cannot again be litigated

between the parties and their privies, **whether or not the claim, demand, purpose, or subject matter of the two actions is the same.**" 14

Rather, only the identity of a **particular matter**, fact or issue raised in litigation — *as opposed to the subject matter of the litigation in general* — is required for "conclusiveness of judgment" to operate. This narrower limitation is more in accord with the concept's essence which is to preclude a re-litigation of "**any right, fact or matter in issue directly adjudicated or necessarily involved in the determination of an action.**" This is in contrast with the broader import of "identity of subject matter" as used in "bar by prior judgment," which should refer to the identity of the subject matter of litigation in general because this latter concept of *res judicata* does not merely preclude raising an issue in litigation but instead, constitutes an affirmative defense, (usually raised in a motion to dismiss) that **forecloses the entire action itself.**

In *Degayo v. Magbanua-Dinglasan*, 15 the Court had the occasion to explain the narrow precluding effect of conclusiveness of judgment based on its discussion that "only the identities of parties and **issues** are required for the operation of the principle of conclusiveness of judgment," *viz.*:

Conclusiveness of judgment finds application when a fact or question has been squarely put in issue, judicially passed upon, and adjudged in a former suit by a court of competent jurisdiction. The fact or question settled by final judgment or order binds the parties to that action (and persons in privity with them or their successors-in-interest), and continues to bind them while the judgment or order remains standing and unreversed by proper authority on a timely motion or petition; the conclusively settled fact or question furthermore cannot again be litigated in any future or other action between the same parties or their privies and successors-in-interest, in the same or in any other court of concurrent jurisdiction, either for the same or for a different cause of action. **Thus, only the identities of parties and issues are required for the operation of the principle of conclusiveness of judgment.**

While conclusiveness of judgment does not have the same barring effect as that of a bar by former judgment that proscribes subsequent actions, **the former nonetheless estops the parties from raising in a later case the issues or points that were raised and controverted, and were determinative of the ruling in the earlier case.** In other words, **the dictum laid down in the earlier final judgment or order becomes conclusive and continues to be binding between the same parties, their privies and successors-in-interest, as long as the facts on which that judgment was predicated continue to be the facts of the case or incident before the court in a later case;** the binding effect and enforceability of that earlier dictum can no longer be re-litigated in a later case since the issue has already been resolved and finally laid to rest in the earlier case. 16 (Emphases and underscoring supplied)

KECI's misconception of "conclusiveness of judgment" notwithstanding, still, the CA's ruling remains riddled with error because both concepts of *res judicata* hold no application in this case.

To be sure, *res judicata* in the concept of "bar by prior judgment" does not apply since the subject matters of litigation and necessarily, the causes of action between 2015 *Taiwan Kolin* and the present case are not identical. In particular, the 2015 *Taiwan Kolin case* involves TKC's [Trademark Application No. 4-1996-](#)

106310 for **KOLIN** covering televisions and DVD players, while the present case

involves KPII's own act of filing a different Trademark Application No. 4-2006-010021 for

the mark **kolin**, albeit also covering the same goods, *i.e.*, televisions and DVD players. When distinct trademark applications seeking for different trademark registrations are filed in separate cases — as in this case — *res judicata* in the concept of "bar by prior judgment" cannot apply due to the basic lack of identity in subject matters and causes of action.

In fact, while it is not explicitly stated in the CA's decision, it is highly apparent that the CA did not apply *res judicata* in the concept of "bar by prior judgment" for to do so would be to bar KPII's subsequent trademark application and hence, its petition before the CA in this case. Quite the opposite, the CA actually ruled in favor of KPII and thus allowed its action. Further, the CA utilized the 2015 *Taiwan Kolin* final judgment, and held that it could not have deviated from the findings in the said case. Hence, what the CA truly applied was *res judicata* in the concept of "conclusiveness of judgment" under the notion that the ownership of the mark "Kolin" has already been settled in favor of TKC and in turn, should now benefit KPII as the former's assignee/affiliate. In the end, the CA ruled that

KPII should be allowed to register its own **kolin** mark over the opposition of KECl.

However, it should be discerned that **the CA's application of *res judicata* in the concept of conclusiveness of judgment failed to take into account the nature of**

TKC's mark as a mere design mark, which attribution should consequently limit the legal effects of the 2015 *Taiwan Kolin* final judgment. As will be discussed below, TKC — having been adjudged as the owner of a mere design mark — could have only assigned to KPII the right to adopt and use its mark under the specific

KOLIN stylization and design of **KOLIN**. As the owner of a mere design mark, TKC was not accorded any exclusive right to use the word "Kolin" in whatever future stylizations it may deem fit for the pursuit of its trade or business. *This is unlike the owner of a word mark who enjoys exclusive protection over the words, letters, or numbers themselves in the registered mark and, hence, gives it (as well as its privies) the right to adopt the protected word, letters, or numbers in whatever stylized versions for the same type of goods and services.*

III.

Based on widely-accepted [intellectual property law](#) principles, the protection of the rights accorded under a word mark is far greater than that accorded under a design or a stylized mark.

As defined by the World Intellectual Property Organization (WIPO), a design mark or stylized mark is a mark which consists of not only characters, but also a specific design, color, or some other distinctive element. **17**

On the other hand, a word mark is defined by the WIPO as a mark composed of only words, letters, numbers, or a combination of them. **18** While our own trademark [rules](#) do not expressly define a word mark, it nonetheless describes what a word mark does not constitute:

In the case of word marks or if **no special characteristics have to be shown, such as design, style of lettering, color, diacritical marks, or unusual forms of punctuation, the mark must be represented in standard characters.** The specification of the mark to be reproduced will be indicated in the application form and/ or published on the website. **19**

Based on the foregoing, what therefore sets apart a design mark from a word mark is the lack of special characteristics and that it is plainly exhibited in standard characters only. This lack of any peculiar characterization of style or design evinces that the word in itself (and not its style representation) is intended to be protected.

At this juncture, the nature of TKC's **KOLIN** mark must be examined since KPII's **kolin** mark merely rides on the strength of **KOLIN**. In fact, this is the exact import of the CA's ratiocination as demonstrated by its application of the *res judicata* doctrine.

IV.

While the records of this case do not include the trademark application and registration of TKC (as this is a case between KECI and KPII), it can still be reasonably

inferred that TKC's **KOLIN** mark is a design mark and not a word mark because of its obvious specific stylization and design appearing on its face. As previously discussed, the indication of what constitutes a word mark is that no special characteristics have to be shown, such as design, style of lettering, color, diacritical marks, or unusual forms of punctuation, and that the mark is merely represented in standard characters,

which description does not square with TKC's **KOLIN**.

In fact, the Court, in *2015 Taiwan Kolin*, explicitly characterized

TKC's **KOLIN** mark based on its special design, describing the same as "[colored] white in pantone red color background." ²⁰ Meanwhile, nowhere

in *2015 Taiwan Kolin* was **KOLIN** referred to as a word mark, nor was there any

reference to **KOLIN** as covering the word "Kolin" itself.

While the *ponencia* incisively pointed out ²¹ that the Court's then-Third Division committed a mistake by describing TKC's other "Kolin" mark (i.e., **KOLIN** under Application No. 4-2002-011002 which was already "refused [registration by the IPO] for

non-filing of DAU/DNU"), ²² instead of **KOLIN** which was the true subject matter of TKC's application in *2015 Taiwan Kolin*, this mistake does not negate the fact that the Court still accorded a specific description to TKC's mark and hence, implicitly characterized it as a design mark. To my mind, **the fact of according a specific description to a mark evinces that what was applied for was a design or stylized mark, as compared to a word mark which needs to be presented in standard characters only.** This intent is what appears on the face of the ruling in *2015 Taiwan Kolin* and thus, it must

be assumed that the reference to the other **KOLIN** mark was a mere inadvertent error which does not take anything away from the Court's implicit appreciation

of **KOLIN** as a design mark itself. Besides, it should be stressed that the only

difference between **KOLIN** and **KOLIN** the red color background and the color of the word "Kolin." The representation of "Kolin" in a special font, and not a default standard font, perceptibly squares with the character of stylized marks as was discussed here.

In comparison, there is evidence to show that KECI's **KOLIN** mark is a word mark based on its Certificate of Registration **23** which is part of the records of this case. The certificate does not describe KECI's mark under any specific characterization and in fact, states that: "Claim of color: None," "Disclaimer: None," and "Translation or transliteration: None." **24** Likewise, perusing the rulings of the Bureau of Trademarks, the Office of the President, and the final CA Decision in the case between KECI and TKC over **KOLIN**, no specific description was taken into account by these bodies with respect to **KOLIN**. This is, again, in contrast to TKC's **KOLIN** which was specially described by the Court based on a peculiar design and styling.

In fact, the established nature of KECI's **KOLIN** as a word mark strengthens the conclusion that TKC's **KOLIN** is a mere design mark. This is because a word mark accords protection to the words, letters, and numbers themselves; hence, it could not have been the intention of the Court's Third Division in *2015 Taiwan Kolin* to have two (2) word marks subsisting at the same time since it was already made aware of KECI's ownership of the **KOLIN** word mark, which was submitted as evidence in that case. A further exposition is fitting.

V.

According to the WIPO, **a word mark "often provides broad protection because it allows the owner to limit a competitor's use of any figurative version of the trademark that is confusingly similar for the same type of goods or services."** **25** Otherwise stated, "[t]he words and/or letters or numbers themselves are protected." **26**

On the other hand, **stylized marks offer narrow protection because "should the image change in any way, the registration loses its enforceability to an extent since it pertains to that exact registration."** **27** Simply put, **the registrant of a stylized mark only gains rights and protection over the particular and specific stylization of the registered mark.**

Bearing in mind the varied scope of protection of design marks and word marks, it should be presumed that the Court's then-Third Division was well aware of KECI's ownership of the **KOLIN** word mark because its trademark registration therefor was

the main subject of its opposition to TKO's **KOLIN**, which fact was not only supported by evidence, but also settled by a final and executory judgment. **28** Hence, in my humble opinion, **the Court's then-Third Division could not have envisioned two (2) diametrically-opposed final and executory rulings awarding trademark ownership over the word "Kolin" to two (2) different entities.** *Verily, not only would this scenario amount to an injustice on the part of KECI as the adjudged owner of the **KOLIN** word mark, but likewise, propagate anomalous jurisprudence that defeats the very*

purpose of trademarks as source indicators in contravention of the policy of commercial stability underlying our trademark system.

In this relation, it is noted that the characterization of TKC's **KOLIN** mark (whether as a word or design mark) was not at issue in 2015 *Taiwan Kolin* and consequently, was never traversed in the ruling of the Court's then-Third Division; hence,

the present interpretation concerning the true nature of **KOLIN** does not technically contravene the immutability of judgment principle because nothing therein has been modified or reversed.

Meanwhile, the nature of TKC's **KOLIN** mark — while likewise not squarely raised as an issue here — is nonetheless necessary to arrive at a just disposition

of this case; this is because of the indelible fact that KPII's *kolin* mark application

rides on the strength of TKC's **KOLIN**. As case law holds:

[T]he appellate court in deciding the case shall consider only the assigned errors, however, it is equally settled that the Court is clothed with ample authority to review matters **not assigned as errors in an appeal, if it finds that their consideration is necessary to arrive at a just disposition of the case.** 29 (Emphasis supplied)

Hence, by all the foregoing indications as well as the reasons above-explained,

TKC's **KOLIN** mark should be deemed as a mere design mark, while

KECI's *kolin* a word mark, which facts are pertinent to the disposition of the present case.

VI.

Proceeding from the premise that TKC's **KOLIN** is a mere design or stylized mark, **the issue anent the right to use the word "Kolin" in so far as KPII's**

Trademark Application No. 4-2006-010021 for the mark *kolin* is concerned has thus — contrary to the CA's ruling — **not been conclusively settled.** This therefore negates the application of the principle of "conclusiveness of judgment."

To explain, when TKC expressly authorized KPII to adopt and use its **KOLIN** mark in the Philippines and register the same in its business

dealings, KPII only obtained rights over the specific stylized **KOLIN** mark of TKC, and not to the use of the word "*Kolin*" for the same goods or services. **Thus, KPII's new application should be independently treated as its own case without the benefit of**

the "conclusiveness of judgment principle" — at least insofar as the right to use the

"Kolin" word in its **kolin** mark application filed in this case.

In other words, KPIL's own stylized **kolin** mark — described as "'kolin' in small-case letters; letter 'i' is [colored] orange while [letters] 'k, o, l, n' are in plain black" **30** — must be treated as a fresh design mark application that must rise and fall on its own merits vis-à-vis KECI's opposition hinged upon the word mark **KOLIN**.

Accordingly, the new stylization of the **kolin** mark and all factors related to such use **constitute a new set of facts** different from that in 2015 *Taiwan Kolin*, to which intellectual property principles on likelihood of confusion, product relatedness, and expansion of business, among others, should be applied anew relative to the **KOLIN** word mark of KECI. All told, *res judicata* — either by "bar by prior judgment" or "conclusiveness of judgment" — does not apply in this case.

With the non-application of *res judicata* now having been settled, I express my concurrence with the *ponencia's* exhaustive discussion against the registration of

KPIL's **kolin**. As the *ponencia* amply explained, KPIL's **kolin** mark should not be registered due to the undisputed registration of KECI's **KOLIN**. Using the **dominancy test 31** — which is now explicitly incorporated into law under Section 155 **32** of [Republic Act No. 8293, 33](#) otherwise known as the "[Intellectual Property Code](#)

of the Philippines" — KPIL's **kolin** mark is confusingly similar with KECI's **KOLIN** mark. Without a doubt, the dominant feature in both marks is the word "Kolin" and are in fact, phonetically/aurally the same, hence, resulting into the confusion of the product source to the public.

On this score, it should be pointed out that although KECI's **KOLIN** covers "automatic voltage regulator, converter, recharger, stereo booster, ACDC regulated power supply, step-down transformer, PA amplified AC-DC," the **potential expansion of business doctrine** protects KECI's mark equally for the products of "television and DVD

players," which KPIL's **kolin** mark intends to cover in this case. In *McDonald's Corporation v. L.C. Big Mak Burger, Inc.*, **34** this Court held that:

Modern law recognizes that the protection to which the owner of a trademark is entitled is not limited to guarding his goods or business from actual market competition with identical or similar products of the parties, but extends to all cases in which the use by a junior appropriator of a trademark or trade-name is likely to lead to a confusion of source, as where prospective purchasers would be misled into thinking that the complaining party has extended his business into the field (see 148 ALR 56, et seq.; 53 Am. Jur. 576) or is in any way connected with the activities of the infringer; or when it forestalls the normal potential expansion of his business (v. 148 ALR 77, 84; 52 Am. Jur. 576, 577). **35**

In fine, KPIL cannot register for itself a stylized mark which — applying the now prevailing **dominancy test** — is confusingly similar to KECI's **KOLIN**, and covers related goods for which the latter word mark was registered by KECI. In the end, KECI's word mark should be respected in this case.

Based on the foregoing reasons, the petition should be **GRANTED**.

LEONEN, J., concurring:

I concur in the result.

I agree with the *ponencia's* finding that **Kolin** Philippines International, Inc.'s Application No. 4-2006-010021, for the mark "**KOLIN**" in Class 9, should be rejected on the basis of **Kolin** Electronics Co. Inc.'s valid and subsisting Registration No. 4-1993-087497 for the mark "**KOLIN**" in Class 9.

Section 147.1 of **Republic Act No. 8293**, as amended, otherwise known as **the Intellectual Property Code**, grants a registered mark's owner the exclusive right to prevent a third party from using an identical or similar sign in the course of trade, if the use would result in a likelihood of confusion.

Here, the "**KOLIN**" mark in Application No. 4-2006-010021 is demonstrably identical or similar to the mark "**KOLIN**" in Registration No. 4-1993-087497. **1** The intent and purpose of Application No. 4-2006-010021 is for **Kolin** Philippines International, Inc. to use its "**KOLIN**" mark in trade. The likelihood of, and even actual confusion was noted by the Intellectual Property Office-Bureau of Legal Affairs to be proven by queries from consumers directed to **Kolin** Electronics Co. Inc. regarding **Kolin** Philippines International, Inc.'s goods. **2** This likelihood of or actual confusion as to the origin of goods these companies sell is the damage that may be or has been sustained by **Kolin** Electronics Co., Inc., the oppositor to **Kolin** Philippines International, Inc.'s trademark application.' The Bureau of Legal Affairs and the Director-General of the Intellectual Property Office correctly sustained **Kolin** Electronics Co., Inc.'s opposition.

Likewise, I concur that the March 25, 2015 Decision of this Court's Third Division in *Taiwan Kolin Corp. Ltd. v. Kolin Electronics Co., Inc.* **4** (*Taiwan Kolin*) is not *res judicata* to this case. **5** **Kolin** Philippines International, Inc.'s status as an affiliate **6** company of *Taiwan Kolin Corp. Ltd.*, which owns Registration No. 4-1996-106310 for the mark "**KOLIN**" in Class 9 is immaterial. **7** *Taiwan Kolin* should not serve as a bar to **Kolin** Electronics Co. Inc. opposing applications for, or seeking the cancellation of, any other mark which may damage it or diminish its rights to Registration No. 4-1993-078497. There is nothing in *Taiwan Kolin* that stipulated *Taiwan Kolin Corp. Ltd.*'s Registration No. 4-1996-106310's absolute dominion over any and all marks for "**KOLIN**" in Class 9, to the exclusion of **Kolin** Electronics Co., Inc.'s subsisting Registration No. 4-1993-078497. To otherwise bar **Kolin** Electronics Co., Inc. from doing so is to diminish its rights under Section 147.1 of the **Intellectual Property Code**, resulting from its valid registration. **8**

However, with all due respect, I disagree with the *ponencia's* ruling on the longstanding issue of how likelihood of confusion is determined in trade and service marks based on our jurisprudence in relation to the **Intellectual Property Code**.

I

Entrenched in Article 8 of the **Civil Code**, **9** the principle of *stare decisis et non quieta movere* requires our courts to follow **rules** established in this Court's final decisions:

The principle of *stare decisis* enjoins adherence to judicial precedents. It requires courts in a country to follow the **rule** established in a decision of its Supreme Court. That decision becomes a judicial precedent to be followed in subsequent cases by all courts in the land. The

doctrine is based on the principle that once a question of law has been examined and decided, it should be deemed settled and closed to further argument. **10** (Citation omitted)

When this Court has laid down a legal principle applicable to a particular set of facts, that principle must be applied to all succeeding cases of similar factual antecedents, regardless of the identity of the parties or objects under litigation. Predictable application of judicial precedents ensures certainty in adjudication:

Under the doctrine, when the Supreme Court has once laid down a principle of law as applicable to a certain state of facts, it will adhere to that principle, and apply it to all future cases, where facts are substantially the same; regardless of whether the parties and property are the same. The doctrine of *stare decisis* is based upon the legal principle or **rule** involved and not upon the judgment which results therefrom. In this particular sense *stare decisis* differs from *res judicata* which is based upon the judgment.

The doctrine of *stare decisis* is one of policy grounded on the necessity for securing certainty and stability of judicial decisions, thus:

Time and again, the Court has held that it is a very desirable and necessary judicial practice that when a court has laid down a principle of law as applicable to a certain state of facts, it will adhere to that principle and apply it to all future cases in which the facts are substantially the same. *Stare decisis et non quieta movere*. Stand by the decisions and disturb not what is settled. *Stare decisis* simply means that for the sake of certainty, a conclusion reached in one case should be applied to those that follow if the facts are substantially the same, even though the parties may be different. It proceeds from the first principle of justice that, absent any powerful countervailing considerations, like cases ought to be decided alike. Thus, where the same questions relating to the same event have been put forward by the parties similarly situated as in a previous case litigated and decided by a competent court, the **rule** of *stare decisis* is a bar to any attempt to relitigate the same issue. **11** (Citations omitted, emphasis in the original)

Because of this, whenever possible, potentially conflicting doctrines laid down by this Court are harmonized, read together, subjected to exceptions, or distinguished, rather than outright abandoned. **12**

Nonetheless, the salutary goal of consistency must not amount to stubbornly perpetuating errors. In *Philippine Trust Company v. Mitchell*: **13**

Is the court with new membership compelled to follow blindly the doctrine of the Velasco case? The **rule** of *stare decisis* is entitled to respect. Stability in the law, particularly in the business field, is desirable. But idolatrous reverence for precedent, simply as precedent, no longer **rules**. More important than anything else is that the court should be right. And particularly is it not wise to subordinate legal reason to case law and by so doing perpetuate error when it is brought to mind that the views now expressed conform in principle to the original decision and that since the first decision to the contrary was sent forth there has existed a respectable opinion of non-conformity in the court. Indeed, on at least one occasion has the court broken away from the revamped doctrine, while even in the last

case in point the court was as evenly divided as it was possible to be and still reach a decision. **14**

The abandonment of established doctrines becomes necessary when motivated by strong and compelling reasons **15** based on changes in law or public policy, evolving conditions, or the most pressing considerations of justice.

In *Villafior v. Summers*, **16** this Court refused to follow United States cases in deciding the extent of the right to self-incrimination in this country:

So much for the authorities. For the nonce we would prefer to forget them entirely, and here in the Philippines, being in the agreeable state of breaking new ground, would rather desire our decision to rest on a strong foundation of reason and justice than on a weak one of blind adherence to tradition and precedent. Moreover, we believe that an unbiased consideration of the history of the constitutional provision will disclose that our conclusion is in exact accord with the causes which led to its adoption. **17**

In *Tan Chong v. Secretary of Labor*, **18** this Court overturned prior cases that bestowed citizenship based on *jus soli* because their application would violate the law which was then in force:

The principle of *stare decisis* does not mean blind adherence to precedents. The doctrine or **rule** laid down, which has been followed for years, no matter how sound it may be, if found to be contrary to law, must be abandoned. The principle of *stare decisis* does not and should not apply when there is conflict between the precedent and the law. The duty of this Court is to forsake and abandon any doctrine or **rule** found to be in violation of the law in force.

xxx xxx xxx

Considering that the common law principle or **rule** of *jus soli* obtaining in England and in the United States, as embodied in the Fourteenth Amendment to the Constitution of the United States, has never been extended to this jurisdiction (section 1, Act of 1 July 1902; sec. 5, Act of 29 August 1916); considering that the law in force and applicable to the petitioner and the applicant in the two cases at the time of their birth is sec. 4 of the Philippine Bill (Act of 1 July 1902), as amended by Act of 23 March 1912, which provides that only those "inhabitants of the Philippine Islands continuing to reside therein who were Spanish subjects on the 11th day of April, 1899; and then resided in said Islands, and their children born subsequent thereto, shall be deemed and held to be citizens of the Philippine Islands," we are of the opinion and so hold that the petitioner in the first case and the applicant in the second case, who were born of alien parentage, were not and are not, under said section, citizens of the Philippine Islands. **19**

In *Urbano v. Chavez*, **20** this Court abandoned a series of cases that had previously authorized the Office of the Solicitor General to represent a public official at any stage of a criminal case. It did so by finding anomalous the consequences of this authority:

However, under the doctrine announced in *Anti-Graft League of the Philippines, Inc.* and *Garrido*, the Office of the Solicitor General is authorized to enter its appearance as counsel for any public official, against whom a criminal charge had been instituted, during the preliminary investigation stage thereof. Nevertheless, in the same case, this Court held that once an information is filed against the public official, the Office of the

Solicitor General can no longer represent the said official in the litigation. The anomaly in this paradigm becomes obvious when, in the event of a judgment of conviction, the case is brought on appeal to the appellate courts. The Office of the Solicitor General, as the appellate counsel of the People of the Philippines, is expected to take a stand against the accused. More often than not, it does. Accordingly, there is a clear conflict of interest here, and one which smacks of ethical considerations, where the Office of the Solicitor General, as counsel for the public official, defends the latter in the preliminary investigation stage of the criminal case, and where the same office, as appellate counsel of the People of the Philippines, represents the prosecution when the case is brought on appeal. This anomalous situation could not have been contemplated and allowed by the law, its unconditional terms and provisions notwithstanding. It is a situation which cannot be countenanced by the Court.

Otherwise, if the Solicitor General who represents the state on appeal in criminal cases can appear for the accused public official in a preliminary investigation, then by the same token a provincial or city fiscal, his assistant or any government prosecutor who represents the People of the Philippines at the preliminary investigation of a case up to the trial thereof can appear for an accused public official at the preliminary investigation being conducted by another fiscal, prosecutor or municipal judge. The situation would simply be scandalous, to say the least.

There is likewise another reason, as earlier discussed, why the Office of the Solicitor General cannot represent an accused in a criminal case. Inasmuch as the State can speak and act only by law, whatever it does say and do must be lawful, and that which is unlawful is not the word or deed of the State, but is the mere wrong or trespass of those individual persons who falsely speak and act in its name. Therefore, the accused public official should not expect the State, through the Office of the Solicitor General, to defend him for a wrongful act which cannot be attributed to the State itself. In the same light, a public official who is sued in a criminal case is actually sued in his personal capacity inasmuch as his principal, the State, can never be the author of a wrongful act, much less commit a crime.

Thus, the Court **rules** that the Office of the Solicitor General is not authorized to represent a public official at any stage of a criminal case. For this reason, the doctrine announced in *Anti-Graft League of the Philippines, Inc. v. Hon. Ortega and Solicitor General v. Garrido*, and all decided cases affirming the same; in so far as they are inconsistent with this pronouncement, should be deemed abandoned. The principle of *stare decisis* notwithstanding, it is well-settled that a doctrine which should be abandoned or modified should be abandoned or modified accordingly. After all, more important than anything else is that this Court should be right. **21** (Citation omitted)

Thirty years after the promulgation of *Gerona v. Secretary of Education*, **22** this Court overturned the compulsory nature of school flag salutes in *Ebralinag v. The Division of Superintendent of Schools of Cebu* **23** as a recognition of the fundamental right to religious freedom:

Our task here is extremely difficult, for the 30-year-old decision of this Court in *Gerona* upholding the flag salute law and approving the expulsion of students who refuse to obey it, is not lightly to be trifled with.

It is somewhat ironic however, that after the *Gerona* ruling had received legislative cachet by its incorporation in the

Administrative Code of 1987, the present Court believes that the time has come to reexamine it. The idea that one may be compelled to salute the flag, sing the national anthem, and recite the patriotic pledge, during a flag ceremony on pain of being dismissed from one's job or of being expelled from school, is alien to the conscience of the present generation of Filipinos who cut their teeth on the Bill of Rights which guarantees their rights to free speech and the free exercise of religious profession and worship[.] **24**

Likewise, this Court in *Ebralinag* also found that the dire situations feared in *Gerona* did not actually occur:

The situation that the Court directly predicted in *Gerona* that:

"[T]he flag ceremony will become a thing of the past or perhaps conducted with very few participants, and the time will come when we would have citizens untaught and uninculcated in and not imbued with reverence for the flag and love of country, admiration for national heroes, and patriotism — a pathetic, even tragic situation, and all because a small portion of the school population imposed its will, demanded and was granted an exemption."

has not come to pass. We are not persuaded that by exempting the Jehovah's Witnesses from saluting the flag, singing the national anthem and reciting the patriotic pledge, this religious which admittedly comprises a "small portion of the school population" will shake up our part of the globe and suddenly produce a nation "untaught and uninculcated in and unimbued with reverence for the flag, patriotism, love of country and admiration for national heroes[.]" . . . After all, what the petitioners seek only is exemption from the flag ceremony, not exclusion from the public schools where they may study the Constitution, the democratic way of life and form of government, and learn not only the arts, science, Philippine history and culture but also receive training for a vocation or profession and be taught the virtues of "patriotism, respect for human rights, appreciation for national heroes, the rights and duties of citizenship, and moral and spiritual values . . . as part of the curricula. Expelling or banning the petitioners from Philippine schools will bring about the very situation that this Court had feared in *Gerona*. Forcing a small religious group, through the iron hand of the law, to participate in a ceremony that violates their religious beliefs, will hardly be conducive to love of country or respect for duly constituted authorities. **25** (Citations omitted)

In *Bustamante v. National Labor Relations Commission*, **26** this Court reconsidered its continued application of the 1974 case of *Mercury Drug Co., Inc. v. Court of Industrial Relations* **27** on the extent of an illegally dismissed employee's entitlement to backwages, because of the passage of a 1989 amendment to the Labor Code of the Philippines. Thus:

In sum, during the effectivity of P.D. 442, the Court enforced the Mercury Drug rule and, in effect, qualified the provision under P.D. No. 442 by limiting the award of backwages to three (3) years.

On 21 March 1989, Republic Act No. 6715 took effect, amending the Labor Code. Article 279 thereof states in part:

"ART. 279. Security of Tenure. — . . . An employee who is unjustly dismissed from work shall be entitled to reinstatement without loss of seniority rights and other privileges and to his full backwages, inclusive of allowances,

and to his other benefits or their monetary equivalent computed from the time his compensation is withheld from him up to the time of his actual reinstatement."

In accordance with the above provision, an illegally dismissed employee is entitled to his full backwages from the time his compensation was withheld from him (which as a [rule](#) is from the time of his illegal dismissal) up to the time of his actual reinstatement. It is true that this Court had ruled in the case of *Pines City Educational Center vs. NLRC* . . . that "in ascertaining the total amount of backwages payable to them (employees), we go back to the [rule](#) prior to the Mercury Drug [rule](#) that the total amount derived from employment elsewhere by the employee from the date of dismissal up to the date of reinstatement, if any, should be deducted therefrom." The rationale for such ruling was that, the earnings derived elsewhere by the dismissed employee while litigating the legality of his dismissal, should be deducted from the full amount of backwages which the law grants him upon reinstatement, so as not to unduly or unjustly enrich the employee at the expense of the employer.

The Court deems it appropriate, however, to reconsider such earlier ruling on the computation of backwages as enunciated in said Pines City Educational Center case, by now holding that conformably with the evident legislative intent as expressed in Rep. Act No. 6715, above-quoted, backwages to be awarded to an illegally dismissed employee, should not, as a general [rule](#), be diminished or reduced by the earnings derived by him elsewhere during the period of his illegal dismissal. The underlying reason for this ruling is that the employee, while litigating the legality (illegality) of his dismissal, must still earn a living to support himself and family, while full backwages have to be paid by the employer as part of the price or penalty he has to pay for illegally dismissing his employee. The clear legislative intent of the amendment in Rep. Act No. 6715 is to give more benefits to workers than was previously given them under the Mercury Drug [rule](#) or the "deduction of earnings elsewhere" [rule](#). Thus, a closer adherence to the legislative policy behind Rep. Act No. 6715 points to "full backwages" as meaning exactly that, *i.e.*, without deducting from backwages the earnings derived elsewhere by the concerned employee during the period of his illegal dismissal. In other words, the provision calling for "full backwages" to illegally dismissed employees is clear, plain and free from ambiguity and, therefore, must be applied without attempted or strained interpretation. *Index animi sermo est.*

Therefore, in accordance with R.A. No. 6715, petitioners are entitled to their full backwages, inclusive of allowances and other benefits or their monetary equivalent, from the time their actual compensation was withheld from them up to the time of their actual reinstatement. **28** (Citations omitted)

In *Carpio-Morales v. Court of Appeals (Sixth Division)*, **29** the textual strengthening of the Constitutional principle that public office is a public trust underpinned this Court's abandonment of the condonation doctrine developed in *Pascual v. Hon. Provincial Board of Nueva Ecija*, **30** *Aguinaldo v. Santos*, **31** and other cases. A stronger legal norm towards the accountability of public officers made untenable the notion that elections may bestow absolution for administrative offenses:

Reading the 1987 Constitution together with the above-cited legal provisions now leads this Court to the conclusion that the doctrine of condonation is actually bereft of legal bases.

To begin with, the concept of public office is a public trust and the corollary requirement of accountability to the people at all times, as mandated under the 1987 Constitution, is plainly inconsistent with the idea that an elective local official's administrative liability for a misconduct committed during a prior term can be wiped off by the fact that he was elected to a second term of office, or even another elective post. Election is not a mode of condoning an administrative offense, and there is simply no constitutional or statutory basis in our jurisdiction to support the notion that an official elected for a different term is fully absolved of any administrative liability arising from an offense done during a prior term. In this jurisdiction, liability arising from administrative offenses may be condoned by the President in light of Section 19, Article VII of the 1987 Constitution which was interpreted in *Llamas v. Orbos* to apply to administrative offenses[.] **32** (Citation omitted)

In reexamining its own doctrines, this Court must actively and judiciously thread the needle between predictable application of established **rules**, and rejection of those same **rules** when justice requires. We must base the abandonment of any established doctrine on a nuanced and expansive review of why that doctrine existed in the first place, and now, why our continuing reliance on it is fundamentally untenable.

II

For a trade or service mark to be registered and its owner entitled to all rights and protections granted under the **Intellectual Property Code**, it must undergo the processes of examination and publication outlined in the law:

Under the **Intellectual Property Code**, marks applied for registration must undergo examination and publication, and the application may be opposed by any person who believes that they may be damaged by the registration. Examination, publication, and opposition are integral to the registration process. By having all marks undergoing all these steps, the Philippine Intellectual Property Office ensures the integrity of the Philippine Trademark Database along with the validity of all registered marks in it, protecting the rights of existing trade and service mark registrants, as well as other relevant stakeholders. **33** (Citations omitted)

Once the application for a mark has been published, it may be opposed by any person on the basis that they would be damaged by its registration:

SECTION 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. (Emphasis supplied)

"Any person" had been construed by this Court to include a prior and continuous user of the mark who is deemed its true owner, **34** though this Court has recently held that

the rule of ownership of a mark based on prior use is incompatible with the [Intellectual Property Code](#). **35**

However, should a mark be registered without opposition, any person who believes that they have been or will be damaged by its registration may still file a petition to cancel its registration, under the [Intellectual Property Code](#):

SECTION 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 and 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 on 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 cause it to be used in the Philippines by virtue of a license during an uninterrupted period of three (3) years or longer.

151.2. Notwithstanding the foregoing provisions, the court of the administrative agency vested with jurisdiction to hear and adjudicate any action to enforce the rights to a registered mark shall likewise exercise jurisdiction to determine whether the registration of said mark may be cancelled in accordance with this [Act](#). The filing of a suit to enforce the registered mark with the proper court or agency shall exclude any other court or agency from assuming jurisdiction over a subsequently filed petition to cancel the same mark. On the other hand, the earlier filing of petition to cancel the mark with the Bureau of Legal Affairs shall not constitute a prejudicial question that must be resolved before an action to enforce the rights to same registered mark may be decided.

The remedies of opposition to a trade or service mark application and cancellation of a registration are distinct from the remedies of infringement, **36** unfair competition, **37** and false designations of origin and false description or representation. **38** All the same, the remedy of cancellation of registration is available in any action involving a registered mark. **39**

Generally, the owner of a registered mark has the exclusive right to prevent unauthorized third parties from using "identical or similar signs" to their registered mark in "the course of trade," when the use would result in a likelihood of confusion:

SECTION 147. *Rights Conferred.* — 147.1. Except in cases of importation of drugs and medicines allowed under Section 72.1 of this Act and of off-patent drugs and medicines, the owner of a registered mark 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 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.

There shall be no infringement of trademarks or tradenames of imported or sold patented drugs and medicines allowed under Section 72.1 of this Act, as well as imported or sold off-patent drugs and medicines; *Provided, That*, said drugs and medicines bear the registered marks that have not been tampered, unlawfully modified, or infringed upon, under Section 155 of this [Code](#).

Taking together Sections 134 and 147 of the [Intellectual Property Code](#), the owner of a registered mark, if they should so choose, may oppose another's application for trade or service mark registration if they believe that they will be damaged by the other's registration. Further, Section 151 allows the owner to petition for the cancellation of the other mark's registration on a similar basis. This is founded on the owner's exclusive right in Section 147, which means the owner must show that: first, the third party (in this instance, the applicant or other registrant) is using an identical or similar sign as the registered mark; second, the use is in the course of trade; and third, the use would result in a likelihood of confusion. A presumption of likelihood of confusion arises when an identical sign is used for identical goods or services, which the applicant or other registrant must then rebut.

Although intertwined and often inseparable, the two distinct concepts of a mark as defined in Section 121.1 of the [Intellectual Property Code](#) **40** are (1) a "visible sign" **41** by itself and (2) its capability to distinguish an enterprise's goods or services. If the distinctions between the two concepts were irrelevant, then the [Intellectual Property Code](#) in Section 147 would not have needed to stipulate that both the sign, and the goods or services for which the sign is used must be identical for a presumption of likelihood of confusion to arise. Likewise, the registrability of a mark can depend, alternately, on whether it is "identical with," or "identical with, or confusingly similar to" another mark. **42**

Whether the issue concerns marks as visible signs by themselves, or their capability to distinguish an enterprise's goods or services, in trade or service mark applications, registrations, or infringement, one common element is likelihood of confusion. **43**

Should the two visible signs at issue be absolutely identical in every way, the case's resolution may depend on another factor, such as the determination of the true owner of the mark. **44** However, once there are visible differences between the marks, the question then turns to the degree of similarity:

Next, before we consider the resemblances between these two marks, we should have before us some of the applicable principles which go to make up the law of trade-marks and unfair competition. Similarity, as we have said, is the test of infringement of a trade-mark. Moreover, this is not such similitude as amounts to identity. Exact copies could hardly be expected to be found. If the form, marks, contents, words, or other special arrangement or general appearance of the words of the alleged infringer's

device, are such as would be likely to mislead persons in the ordinary course of purchasing the genuine article, then the similarity is such as entitles the injured party to equitable protection, if he takes reasonable measures to assert his rights and prevent their continued invasion. The deceptive tendency indicated by copying or imitating the substantial and distinctive part of the trade-mark, so as to pass off the goods of one man as those of another, is sufficient to show infringement. In all cases the court will inspect the trade-marks to discover both the differences and the resemblances. Relief will ordinarily be granted when it is manifest from a comparison of the two trade-marks or articles that one was copied from the other.

xxx xxx xxx

To quote the language of Lurton, J., "When there are found strong resemblances, the natural inquiry for the court is, why do they exist? If no sufficient answer appears, the inference is that they exist for the purpose of misleading[.]" **45** (Citations omitted)

To determine the degree of similarity necessary for a finding of infringement, or entitlement to a denial of application or cancellation of registration, of a mark, jurisprudence has historically evaluated them in one of two ways.

As early as 1954, the test of dominancy has been used to determine whether a mark is confusingly similar to another. In *Co Tiong Sa v. Director of Patents*: **46**

The first four assignments of error are related to each other and may be considered together. There is no question that if the details of the two trademarks are to be considered, many differences would be noted that would enable a careful and scrutinizing eye to distinguish one trademark from the other. Thus, we have the vignette of a man wearing a top hat, which would distinguish the oppositor's label from the triangle with the letter "F" on the right hand corner of applicant's label. Then we also have the rectangle enclosing the applicant's mark, which rectangle is absent in that of the oppositor's. But differences of variations in the details of one trademark and of another are not the legally accepted tests of similarity in trademarks. *It has been consistently held that the question of infringement of a trademark is to be determined by the test of dominancy. Similarity in size, form, and color, while relevant, is not conclusive. If the competing trademark contains the main or essential or dominant, features of another, and confusion and deception is likely to result, infringement takes place. Duplication or imitation is not necessary; nor is it necessary that the infringing label should suggest an effort to imitate. . . .* The question at issue in cases of infringement of trademarks is whether the use of the marks involved would be likely to cause confusion or mistake in the mind of the public or to deceive purchasers[.]

When would a trademark cause confusion in the mind of the public or in those unwary customers or purchasers? It must be remembered that infringement of a trademark is a form of unfair competition . . . and unfair competition is always a question of fact. The universal test has been said to be whether the public is likely to be deceived[.]

When a person sees an object, a central or dominant idea or picture thereof is formed in his mind. This dominant picture or idea is retained in the mind, and the decorations or details are forgotten. When one sees the city hall of Baguio, the dominant characteristics which are likely to be retained in the mind are the portico in the middle of the building, the tower

thereon, the four columns supporting it, and the wings on both sides. The features that are retained are the peculiar, dominant features. When one sees the Legislative Building in Manila, the picture that is retained is that of a majestic low building with concrete columns all around. In this mind-picture the slight or minor decorations are lost sight of, and the central figure only is retained. So is it with a customer or purchaser who sees a label. He retains in his mind the dominant characteristics or features or central idea in the label, and does not retain or forgets the attendant decorations, flourishes, or variations. The ordinary customer does not scrutinize the details of the label; he forgets or overlooks these, but retains a general impression, or a central figure, or a dominant characteristic[.] 47 (Citations omitted, emphasis supplied)

Co Tong Sa has been reiterated in *Lim Hoa v. Director of Patents*, 48 *Operators, Inc. v. Director of Patents*, 49 *American Wire & Cable Company v. Director of Patents*, 50 *Philippine Nut Industry v. Standard Brands, Incorporated*, 51 *Converse Rubber Corp. v. Universal Rubber Products, Inc.*, 52 and *Asia Brewery, Inc. v. Court of Appeals*, 53 among others.

When the [Intellectual Property Code](#) took effect in 1998, Section 155 54 codified the dominancy test. 55 In *ABS-CBN Publishing, Inc. v. The Director of the Bureau of Trademarks*: 56

To determine whether a mark is to be considered as "identical" or that which is confusingly similar with that of another, the Court has developed two (2) tests: the dominancy and holistic tests. While the Court has time and again ruled that the application of the tests is on a case to case basis, upon the passage of the [IPC](#), the trend has been to veer away from the usage of the holistic test and to focus more on the usage of the dominancy test. As stated by the Court in the case of *McDonald's Corporation vs. L.C. Big Mak Burger, Inc.*, the "test of dominancy is now explicitly incorporated into law in Section 155.1 of the [Intellectual Property Code](#) which defines infringement as the 'colorable imitation of a registered mark x x x or a dominant feature thereof.'" This is rightly so because Sec. 155.1 provides that:

SECTION 155. Remedies; Infringement. — Any person who shall, without the consent of the owner of the registered mark:

155.1. Use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark or the same container or a dominant feature thereof in connection with the sale, offering for sale, distribution, advertising of any goods or services including other preparatory steps necessary to carry out the sale of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive; or x x x.

In using this test, focus is to be given to the dominant features of the marks in question. In the 1954 case of *Co Tiong Sa vs. Director of Patents*, the Court, in using the dominancy test, taught that:

But differences of variations in the details of one trademark and of another are not the legally accepted tests of similarity in trademarks. It has been consistently held that the question of infringement of a trademark is to be determined by the test of dominancy. Similarity in size, form, and

color, while relevant, is not conclusive. If the competing trademark contains the main or essential or dominant features of another, and confusion and deception is likely to result, infringement takes place.

The Court, in *Skechers, U.S.A., Inc. vs. Inter Pacific Industrial Trading Corp.*, and in once again using the dominancy test, reiterated *Del Monte Corporation vs. Court of Appeals* in saying that "the defendants in cases of infringement do not normally copy but only make colorable changes." The Court emphasized that "the most successful form of copying is to employ enough points of similarity to confuse the public, with enough points of difference to confuse the courts." **57** (Citations omitted)

Yet, decades before the [Intellectual Property Code](#) gave imprimatur to the dominancy test, this Court had already set in place another test to determine trademark similarity.

In the 1963 case of *Mead Johnson & Company v. N.V.J. Van Dorp, Ltd.*, **58** this Court was called upon to determine if the application for the trademark "ALASKA and pictorial representation of a Boy's Head within a rectangular design (ALASKA disclaimed)" **59** should be denied due to a previously-registered and allegedly-similar "ALACTA" mark. There, this Court found that the appearances of the "ALASKA" and "ALACTA" marks were dissimilar as to allow "ALASKA"'s registration, because it examined not only the "predominant words" but also the "other features" in both marks: **60**

On the other hand, respondent contends that it is not correct to say that in passing on the question as to whether the two marks are similar only the words "ALASKA" and "ALACTA" should be taken into account since this would be a most arbitrary way of ascertaining whether similarity exists between two marks. Rather, respondent contends, the two marks in their entirety and the goods they cover should be considered and carefully compared to determine whether petitioner's opposition to the registration is capricious or well-taken. In this connection, respondent invokes the following [rules](#) of interpretation: (1) appellant's mark is to be compared with all of the oppositor's marks in determining the point of confusion; (2) the likelihood of confusion may be determined by a comparison of the marks involved and a consideration of the goods to which they are attached; and (3) the court will view the marks with respect to the goods to which they are applied, and from its own observation arrive at a conclusion as to the likelihood of confusion.

It is true that between petitioner's trademark "ALACTA" and respondent's "ALASKA" there are similarities in spelling, appearance and sound for both are composed of six letters of three syllables each and each syllable has the same vowel, but in determining if they are confusingly similar a comparison of said words is not the only determining factor. The two marks in their entirety as they appear in the respective labels must also be considered in relation to the goods to which they are attached. The discerning eye of the observer must focus not only on the predominant words but also on the other features appearing in both labels in order that he may draw his conclusion whether one is confusingly similar to the other. Having this view in mind, we believe that while there are similarities in the two marks there are also differences or dissimilarities which are glaring and striking to the eye as the former. Thus we find the following dissimilarities in the two marks:

(a) The sizes of the containers of the goods of petitioner differ from those of respondent. The goods of petitioner come in one-pound container while those of respondent come in three sizes, to wit: 14-ounce tin of full

condensed full cream milk; 14 1/2-ounce tin of evaporated milk; and 6-ounce tin of evaporated milk.

(b) The colors too differ. One of petitioner's containers has one single background color, to wit: light blue; the other has two background colors, pink and white. The containers of respondent's goods have two color bands, yellowish white and red.

(c) Petitioner's mark "ALACTA" has only the first letter capitalized and is written in black. Respondent's mark "ALASKA" has all the letters capitalized written in white except that of the condensed full cream milk which is in red **61** (Citations omitted)

Mead Johnson & Company was then cited by this Court in *Bristol Myers Company v. Director of Patents* **62** in finding that the marks "BIOFERIN" and "BUFFERIN" were dissimilar, and in turn, *Bristol Myers* was cited in *Fruit of the Loom, Inc. v. Court of Appeals* **63** in this Court's conclusion of dissimilarity between the marks "FRUIT OF THE LOOM" and "FRUIT FOR EVE." This test for similarity was further developed in *Del Monte Corporation v. Court of Appeals*, **64** with the term "holistic test" coined in *Emerald Garment Manufacturing Corp. v. Court of Appeals*. **65**

The holistic test has been used in *American Cyanamid Company v. The Director of Patents*, **66** *Ethepa A.G. v. Director of Patents*, **67** *Diaz v. People of the Philippines*, **68** and *Philip Morris, Inc. v. Fortune Tobacco Corp.* **69** The holistic test was even used alongside the dominance test to support a particular finding, in *Amigo Manufacturing, Inc. v. Cluett Peabody Co.*, **70** *Coffee Partners, Inc. v. San Francisco Coffee & Roastery, Inc.*, **71** *Dy v. Koninklijke Philips Electronics, N.V.*, **72** *Berris Agricultural Co., Inc. v. Abyadang*, **73** *San Miguel Purefoods Company, Inc. v. Foodsphere, Inc.*, **74** and *Mighty Corp. E. & J. Gallo Winery*. **75**

This Court has criticized the holistic test for being contrary to the ethos of the law of trademarks and unfair competition. In *Société Des Produits Nestlé, S.A. v. Court of Appeals*: **76**

Moreover, the totality or holistic test is contrary to the elementary postulate of the [law on trademarks](#) and unfair competition that confusing similarity is to be determined on the basis of visual, aural, connotative comparisons and overall impressions engendered by the marks in controversy as they are encountered in the realities of the marketplace. The totality or holistic test only relies on visual comparison between two trademarks whereas the dominance test relies not only on the visual but also on the aural and connotative comparisons and overall impressions between the two trademarks. **77** (Citation omitted)

This criticism has been echoed more recently, in *Sumboonsakdikul v. Orlane S.A.*: **78**

The CA's use of the dominance test is in accord with our more recent ruling in *UFC Philippines, Inc. (now merged with Nutria-Asia, Inc. as the surviving entity) v. Barrio Fiesta Manufacturing Corporation*. In *UFC Philippines, Inc.*, we relied on our declarations in *McDonald's Corporation v. L.C. Big Mak Burger, Inc., Co Tiong Sa v. Director of Patents*, and *Societe Des Produits Nestle, S.A. v. Court of Appeals* that the dominance test is more in line with the basic rule in trademarks that confusing similarity is determined by the aural, visual and connotative and overall impressions created by the marks. Thus, based on the dominance test, we ruled that there is no confusing similarity between "PAPA BOY & DEVICE" mark, and "PAPA KETSARAP" and "PAPA BANANA CATSUP." **79** (Citations omitted)

Yet, despite all these pronouncements, this Court did not explicitly abandon the holistic test. Although *McDonald's Corp. v. L.C. Big Mak Burger, Inc.* **80** stated that *Société Des Produits Nestlé, S.A.* was an explicit rejection of the holistic test, *Société Des Produits Nestlé, S.A.* was not an *en banc* case that could have reversed the existing doctrines established in *Mead Johnson & Company*, and its succeeding cases. An "overwhelming judicial preference" **81** for the dominance test was not an abandonment of the holistic test. Instead, this Court continued to permit the Intellectual Property Office and courts to decide for themselves, sans any meaningful criteria, if they should apply the dominance test or the holistic test in each case before them, then use the other test altogether when the case reaches this Court. This Court's sole guidance was that "in trademark cases, jurisprudential precedents should be applied only to a case if they are specifically in point[.]" **82** which is abhorrent to ensuring adjudicatory consistency.

This manner of adjudication often led to essentially *pro hac vice* rulings, with selective and unpredictable applications of often-incompatible doctrines, without coherent and consistent precedents to guide the bench and bar. **83** As admitted by this Court in *Emerald Garment Manufacturing Corp.*: **84**

Practical application, however, of the aforesaid provision is easier said than done. In the history of trademark cases in the Philippines, particularly in ascertaining whether one trademark is confusingly similar to or is a colorable imitation of another, *no set rules can be deduced. Each case must be decided on its own merits.* **85** (Emphasis supplied)

Moreover, despite this Court stating that the dominance and holistic tests are two different tests, the instances when an application of both leads to the same conclusion made the choice between the two seemingly ineffectual.

Taiwan Kolin **86** used the holistic test, if not by name then by its method of examining the marks in the case:

While both competing marks refer to the word "KOLIN" written in upper case letters and in bold font, the Court at once notes the distinct visual and aural differences between them: Kolin Electronics' mark is italicized and colored black while that of *Taiwan Kolin* is white in pantone red color background. The differing features between the two, though they may appear minimal, are sufficient to distinguish one brand from the other. **87**

Based on the existing standards in our cases, this Court in *Taiwan Kolin* was not incorrect in using the holistic test and arriving at the conclusion it reached. As the case itself observed, this Court had in the past tolerated the co-existence of trademark registrations by two unrelated entities of identical marks. **88**

Contrary to the conclusion reached in the *ponencia*, *Taiwan Kolin*'s use of the holistic test was not "improper precedent[.]" **89** notwithstanding Section 155 of the *Intellectual Property Code*. At the time it was decided, our case law on the holistic test was good law. *Taiwan Kolin* was not some stray case **90** or an aberration in our jurisprudence. Neither did it lay down some novel principle of law that modified or reversed prior doctrines, because under our Constitution, only this Court *en banc* **91** has that power. **92** Instead, *Taiwan Kolin* was a successor, taken to its logical extremes, to an extant line of trademark cases that had not been expressly abandoned. Even *Kensonic, Inc. v. Uni-Line Multi-Resources, Inc., (Phil.)*, **93** the sole case that cites *Taiwan Kolin* prior to the present case, recognized that *Taiwan Kolin* is in keeping with *Mighty Corp. v. E. & J. Gallo Winery*: **94**

Uni-Line posits that its goods under Class 9 were unrelated to the goods of Kensonic; and that the CA's holding of the goods being related by virtue of their belonging to the same class was unacceptable.

In *Taiwan Kolin Corporation, Ltd. v. Kolin Electronics, Co., Inc.*, the Court has opined that the mere fact that goods belonged to the same class does not necessarily mean that they are related; and that the factors listed in *Mighty Corporation v. E. & J. Gallo Winery* should be taken into consideration, to wit:

As mentioned, the classification of the products under the NCL is merely part and parcel of the factors to be considered in ascertaining whether the goods are related. It is not sufficient to state that the goods involved herein are electronic products under Class 9 in order to establish relatedness between the goods, for this only accounts for one of many considerations enumerated in *Mighty Corporation*. x x x

Clearly then, it was erroneous for respondent to assume over the CA to conclude that all electronic products are related and that the coverage of one electronic product necessarily precludes the registration of a similar mark over another. In this digital age wherein electronic products have not only diversified by leaps and bounds, and are geared towards interoperability, it is difficult to assert readily, as respondent simplistically did, that all devices that require plugging into sockets are necessarily related goods.

It bears to stress at this point that the list of products included in Class 9 can be sub-categorized into five (5) classifications, namely: (1) apparatus and instruments for scientific or research purposes, (2) information technology and audiovisual equipment, (3) apparatus and devices for controlling the distribution and use of electricity, (4) optical apparatus and instruments, and (5) safety equipment. From this sub-classification, it becomes apparent that petitioner's products, *i.e.*, televisions and DVD players, belong to audiovisual equipment, while that of respondent, consisting of automatic voltage regulator, converter, recharger stereo booster, AC-DC regulated power supply, step-down transformer, and PA amplified AC-DC, generally fall under devices for controlling the distribution and use of electricity.

Based on the foregoing pronouncement in *Taiwan Kolin Corporation, Ltd. v. Kolin Electronics, Co., Inc.*, there are other sub-classifications present even if the goods are classified under Class 09. For one, Kensonic's goods belonged to the information technology and audiovisual equipment sub-class, but Uni-Line's goods pertained to the apparatus and devices for controlling the distribution of electricity sub-class. Also, the Class 09 goods of Kensonic were final products but Uni-Line's Class 09 products were spare parts. In view of these distinctions, the Court agrees with Uni-Line that its Class 09 goods were unrelated to the Class 09 goods of Kensonic. **95**

While the *ponencia* has laudably sought to bring jurisprudential stability through the unequivocal abandonment of the holistic test, I urge this Court to also seriously refine the existing standards for determining the likelihood of confusion of goods and business. **96** Admittedly, likelihood of confusion is highly fact-specific based on the circumstances of each case. **97** Yet, considering the advances in the fields of competition

and economics, this Court should improve the standards by which likelihood of confusion is measured. **98**

Evaluations of likelihood of confusion cannot be left to the subjective determination by the Intellectual Property Office or the courts, which may often rely on *ad hoc* inferences of similarity in class, physical attributes or descriptive properties, purpose, or points of sale of the goods or services. **99** Often, this Court has resorted to unsubstantiated assumptions and generalizations about consumers and their behavior, **100** arbitrary categorizations of goods and services, **101** and even outright derogatory classist stereotypes. **102** In this case, the *ponencia* describes a distinction between "sophisticated" and "ordinary" buyers without any real basis for the respective consumption and commercial habits assigned to each sector, resulting in broad caricatures about both the goods covered by the marks and their markets. **103**

Relativity in likelihood of confusion must give way to objective, scientific, and economic standards:

There should be objective, scientific, and economic standards to determine whether goods or services offered by two parties are so related that there is a likelihood of confusion. In a market, the relatedness of goods or services may be determined by consumer preferences. When two goods are proved to be perfect substitutes, where the marginal rate of substitution, or the "consumer's willingness to substitute one good for another while maintaining the same level of satisfaction" is constant, then it may be concluded that the goods are related for the purposes of determining likelihood of confusion. Even goods or services, which superficially appear unrelated, may be proved related if evidence is presented showing that these have significant cross-elasticity of demand, such that changes of price in one party's goods or services change the price of the other party's goods and services. Should it be proved that goods or services belong to the same relevant market, they may be found related even if their classes, physical attributes, or purposes are different. **104** (Citations omitted)

This Court should build on past jurisprudence that squarely confront claims of economic or market losses, such as *Shell Company of the Philippines, Ltd. v. Insular Petroleum Refining Co., Ltd.*: **105**

It was found by the Court of Appeals that in all transactions of the low-grade Insoil, except the present one, all the marks and brands on the containers used were erased or obliterated. The drum in question did not reach the buying public. It was merely a Shell dealer or an operator of a Shell Station who purchased the drum not to be resold to the public, but to be sold to the petitioner company, with a view of obtaining evidence against someone who might have been committing unfair business practices, for the dealer had found that his income was dwindling in his gasoline station. Uichangco, the Shell dealer, testified that Lozano (respondent's agent) did not at all make any representation that he (Lozano) was selling any oil other than Insoil motor oil, a fact which finds corroboration in the receipt issued for the sale of the drum. Uichangco was apprised beforehand that Lozano would sell Insoil oil in a Shell drum. There was no evidence that defendants or its agents attempted to persuade Uichangco or any Shell dealer, for that matter, to purchase its low-grade oil and to pass the same to the public as Shell oil. It was shown that Shell and other oil companies, deliver oil to oil dealers or gasoline stations in drums, these dealers transfer the contents of the drums to retailing dispensers known as "tall boys," from which the oil is retailed to the public by liters.

This Court is not unaware of the decisions cited by petitioner to bolster its contention. We find those cases, however, not applicable to the one at bar. Those cases were predicated on facts and circumstances different from those of the present. In one case, the trade name of plaintiff was stamped on the goods of defendant and they were being passed as those of the plaintiff. This circumstance does not obtain here. From these cases, one feature common to all comes out in bold relief and that is, the competing product involving the offending bottles, wrappers, packages or marks reached the hands of the ultimate consumer, so bottled, wrapped, packaged or marked. In other words, it is the form in which the wares or products come to the ultimate consumer that was significant; for, as has been well said, the law of unfair competition does not protect purchasers against falsehood which the tradesmen may tell; the falsehood must be told by the article itself in order to make the law of unfair competition applicable.

Petitioner contends that there had been a marked decrease in the volume of sales of low-grade oil of the company, for which reason it argues that the sale of respondent's low-grade oil in Shell containers was the cause. We are reluctant to share the logic of the argument. We are more inclined to believe that several factors contributed to the decrease of such sales. But let us assume, for purposes of argument, that the presence of respondent's low-grade oil in the market contributed to such decrease. May such eventuality make respondent liable for unfair competition? There is no prohibition for respondent to sell its goods, even in places where the goods of petitioner had long been sold or extensively advertised. Respondent should not be blamed if some of petitioner's dealers buy Insoil oil, as long as respondent does not deceive said dealers. If petitioner's dealers pass off Insoil oil as Shell oil, that is their responsibility. If there was any such effort to deceive the public, the dealers to whom the defendant (respondent) sold its products and not the latter, were legally responsible for such deception. The passing of said oil, therefore, as product of Shell was not performed by the respondent or its agent, but petitioner's dealers, which act respondent had no control whatsoever. And this could easily be done, for, as respondents' counsel put it —

"The point we would like to drive home is that if a Shell dealer wants to fool the public by passing off INSOIL as SHELL oil he could do this by the simple expedient of placing the INSOIL oil or any other oil for that matter in the 'tall boys' and dispense it to the public as SHELL oil. Whatever container INSOIL uses would be of no moment . . . absence of a clear showing that INSOIL and the SHELL dealer connived or conspired, we respectfully maintain that the responsibility of INSOIL ceases from the moment its oil, if ever it has ever been done, is transferred by a shell dealer to a SHELL 'tall boy!'" **106**

[Rule 18, Section 5 of A.M. No. 10-3-10-SC](#), or the [2020 Revised Rules of Procedure for Intellectual Property Rights Cases](#), enumerates several factors to be considered as evidence of likelihood of confusion in trademark and unfair competition cases:

SECTION 5. Likelihood of confusion in other cases. — In determining whether one trademark is confusingly similar to or is a colorable imitation of another, the court must consider the general impression of the ordinary purchaser, buying under the normally prevalent conditions in trade, and giving the attention such purchasers usually give in

buying that class of goods. Visual, aural, connotative comparisons and overall impressions engendered by the marks in controversy as they are encountered in the realities of the marketplace must be taken into account. Where there are both similarities and differences in the marks, these must be weighed against one another to determine which predominates.

In determining likelihood of confusion between marks used on nonidentical goods or services, several factors may be taken into account, such as, but not limited to:

- a) the strength of plaintiff's mark;
 - b) the degree of similarity between the plaintiff's and the defendant's marks;
 - c) the proximity of the products or services;
 - d) the likelihood that the plaintiff will bridge the gap;
 - e) evidence of actual confusion;
 - f) the defendant's good faith in adopting the mark;
 - g) the quality of defendant's product or service;
- and/or
- h) the sophistication of the buyer.

"Colorable imitation" denotes such a close or ingenious imitation as to be calculated to deceive ordinary persons, or such a resemblance to the original as to deceive an ordinary purchaser giving such attention as a purchaser usually gives, as to cause him or her to purchase the one supposing it to be the other.

Absolute certainty of confusion or even actual confusion is not required to accord protection to trademarks already registered with the IPO.

Among other pieces of evidence, these factors must be proven by testimonies of witnesses stringently qualified to show their knowledge, skill, experience, or training on the subject matter of their testimony; **107** or by the presentation of scientific surveys, conducted with the appropriate methodology and with the proper sampling and scope, of the relevant market or trade conditions, as stated in [Rule 18](#), Section 9 of the [2020 Revised Rules of Procedure for Intellectual Property Rights Cases](#):

SECTION 9. Market Survey. — A market survey is a scientific market or consumer survey which a party may offer in evidence to prove (a) the primary significance of a mark to the relevant public, including its distinctiveness, its descriptive or generic status, its strength or well-known status and/or (b) likelihood of confusion.

Admittedly, market-based evidence on likelihood of confusion may be more difficult to obtain if one of the marks is still undergoing the registration process and has not yet actually been introduced to the public. However, Section 147 of the [Intellectual Property Code](#) may guide oppositors who assert their ownership of registered marks. If the mark applied for is found identical to the registered mark and the use is for identical goods or services, the oppositor has in their favor a presumption of likelihood of confusion. The applicant then bears the burden of overcoming the presumption by sufficient evidence.

In other instances — such as similar signs for similar goods or services; identical signs for similar goods or services; or similar signs for identical goods or services — the likelihood of confusion must be proved with evidence by owner of the registered mark. One such instance is the present case, where the Bureau of Legal Affairs evaluated e-mails from [Kolin Electronics Co., Inc.](#)'s customers asking about [Kolin Philippines International](#),

Inc.'s goods, implying confusion of origin or their respective items for sale. **108** As for "any person" **109** not an owner of a registered mark, the damage must be proven in other ways — what that contemplates is outside the scope of this case.

III

As a final note, overreliance on **rules** and findings of foreign jurisdictions to resolve domestic intellectual property disputes should be discouraged. If this Court adopts or applies a foreign agency's findings on matters of trademark registration on behalf of the Philippine Intellectual Property Office, it would unduly encroach upon the Office's power to devise its own manual of examination procedure for trademarks. **110** Worse, Article 8 of the Civil **Code** and the deference accorded by administrative agencies to judicial decisions may lead to this Court imposing its own formulation of administrative intellectual property guidelines upon the Philippine Intellectual Property Office. There is also a danger that swiftly-moving foreign caselaw may leave this Court futilely struggling to reconcile overturned cases with later established precedents which have histories and developments unfamiliar to this jurisdiction. **111**

Moreover, the social value placed by our Constitution upon private property — including intellectual property — must be taken into consideration in ways that foreign **rules** and rulings perhaps do not. By uncritically adopting foreign interpretations of intellectual property concepts, without any substantive anchor or reference to our existing laws and **rules**, we may be undermining the very **rules** and doctrines that we pass.

Trade and service marks are not intended to unduly restrict free trade, foster monopolistic practices, or unfairly exclude competitors from the market. **112** Thus, the doctrines and precedents this Court lays down should not be used to — consciously or unwittingly — interfere with free and fair competition, under the guise of consumer protection and fraud prevention. **113**

Like all forms of intellectual property, trade and service marks are not only objects of private ownership. They also bear a social function that shall contribute to a common good. **114** As such, our disposition of intellectual property cases must not merely treat them as private commercial constructs, but as legal concepts that perform holistic public functions, **115** held to rigorous and exacting standards on which the bench, bar, and the public may safely rely on and trust.

ACCORDINGLY, I vote to **GRANT** the Petition.

M.V. LOPEZ, J., concurring:

The present case involves respondent **Kolin** Philippines International, Inc.'s (KPII)

application for registration of the **kolin** mark based on **Taiwan Kolin** Corporation,

Ltd.'s (TKC) (KPII's predecessor in interest) ownership over the **KOLIN** mark. Petitioner **Kolin** Electronics Co., Inc. (KECI) opposed KPII's application based on its

ownership over the **KOLIN** mark.

As discussed in the *ponencia*, the Court's Third Division (Third Division) ruled that **KOLIN** is not confusingly similar to **KOLIN** in *Taiwan Kolin Corporation, Ltd. v. Kolin Electronics Co., Inc. (Taiwan Kolin)*, **1** even if the subject of the trademark

(TM) application is the **KOLIN** mark. As a result, the **KOLIN** mark was allowed registration. The Third Division also ruled that KECI and TKC's goods are not related.

I agree with the *ponencia* that the **KOLIN** marks are visually, aurally, and connotatively similar, and the goods that they cover are related. Additionally, this case provides the Court with the opportunity to correct the misconception and use of the phrases "**same descriptive properties**" and "**same class of merchandise**," which have affected the application of the related goods doctrine, and which may have prejudiced the rights of more than one intellectual property rights holder. With this, the use of the "**same descriptive properties**" and "**same class of merchandise**" as factors in determining the relatedness of goods must be abandoned.

I.

The doctrine of *res judicata* is not applicable in this case.

The *ponencia* sufficiently discussed why there is no identity of causes of action in this case. KECI's cause of action in the case at bar is based on its right as the registered TM owner of **KOLIN** to prevent the registration of TM Application No. 4-2006-

kolin 010021 covering **kolin** for use on televisions and DVD players. On the other hand, KECI's cause of action in *Taiwan Kolin* is based on its right as the registered TM owner of **KOLIN** to prevent the registration of TM Application No. 4-1996-106310

covering **KOLIN** for use on televisions and DVD players. Clearly, the first concept of *res judicata* is not applicable.

As regards the second concept of *res judicata*, the Court explained conclusiveness of judgment in *Social Security Commission v. Rizal Poultry and Livestock Association, Inc.*, ² thus:

But where there is identity of parties in the first and second cases, but no identity of causes of action, the **first judgment is conclusive only as to those matters actually and directly controverted and determined and not as to matters merely involved therein. This is the concept of res judicata known as "conclusiveness of judgment."** Stated differently, **any right, fact or matter in issue directly adjudicated or necessarily involved in the determination of an action before a competent court in which judgment is rendered on the merits is conclusively settled by the judgment therein and cannot again be litigated between the parties and their privies**, whether or not the claim, demand, purpose, or subject matter of the two actions is the same.

Thus, **if a particular point or question is in issue in the second action, and the judgment will depend on the determination of that particular point or question, a former judgment between the same parties or their privies will be final and conclusive in the second if that same point or question was in issue and adjudicated in the first suit.** Identity of cause of action is not required but merely identity of issue. ³ (Emphases supplied; citations omitted.)

The issue of actual confusion was raised in *Taiwan Kolin*, but the Third Division disregarded the evidence of confusion presented by KECI and decided only on the issue

of confusing similarity in resolving the issue of ownership of the **KOLIN** mark in favor of TKC. There is no resolution or direct adjudication on whether there is actual confusion.

Here, KECI again raised the issue of actual confusion. Considering that the Third Division did not pass upon this issue in *Taiwan Kolin*, I believe conclusiveness of judgment is not applicable. For this reason, *Taiwan Kolin* may not bar the Court's determination of actual confusion between the KOLIN marks. If there is an evidence of actual confusion in the present case which is not available when *Taiwan Kolin* was filed, then there is more reason for the Court to decide on the issue of actual confusion. Otherwise, the Court will be setting a dangerous precedent where a registered trademark owner can no longer allege and prove actual confusion to oppose the registration of another confusingly similar mark or to cancel the registration of a junior trademark user just because there has been an initial determination of lack of confusing similarity. It bears emphasis that actual confusion is different from confusing similarity. In my opinion, a finding of lack of confusing similarity cannot preclude the existence of actual confusion later.

II.

The KOLIN marks are visually, aurally, and connotatively identical.

I agree with the *ponencia* that KPII's application should not be allowed registration because of KECI's registration of the *KOLIN* mark. Also, KPII's *kolin* mark appropriate the dominant feature of KECI's trade name, *i.e.*, the word "*Kolin*."

Section 123.1 (d) of the [IP Code](#) prohibits the registration of marks which:

(d) Is identical with a registered mark belonging to a different proprietor or a mark with an earlier filing or priority date, in respect of:

(i) The same goods or services, **or**

(ii) Closely related goods or services, or

(iii) If it nearly resembles such a mark as to be likely to deceive or cause confusion[.] (Emphases supplied.)

Section 165.2 also considers the use of a party's trade name or business name by third parties if such use will likely mislead the public, *viz.*:

SEC. 165. Trade Names 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.** (Emphases supplied.)

To determine likelihood of confusion, Section 4, [4 Rule 18](#) of the [Rules of Procedure](#) for Intellectual Property Rights (IPR) Cases provides:

SEC. 4. Likelihood of confusion in other cases. — In determining whether one trademark is confusingly similar to or is a colorable imitation of another, the court must consider the general impression of the ordinary purchaser, buying under the normally prevalent conditions in trade and giving the attention, such purchasers usually give in buying that class of goods. **Visual, aural, connotative comparisons and overall impressions** engendered by the marks in controversy as they are encountered in the realities of the marketplace must be taken into account. **Where there are both similarities and differences in the**

marks, these must be weighed against one another to see which predominates.

xxx xxx xxx (Emphasis supplied.)


Applying the foregoing guidelines, a comparison of marks will show that they are visually, aurally, and connotatively identical.


a. *Visual Comparison* — This case involves the following **KOLIN** marks:

KECI's mark	<i>KOLIN</i>
KPII's marks	<i>kolin</i>


From the above comparison, one can readily observe the dominant feature of the marks, *i.e.*, the word "**Kolin**." Replacing the letter "i" with an italicized letter "i," does not outweigh the glaring similarities between the marks.

Relevantly, in *Dermaline, Inc. v. Myra Pharmaceuticals, Inc.*, **5** the Court

refused the registration of **Dermaline**, Inc.'s  mark on the ground that it is confusingly similar to Myra Pharmaceuticals, Inc.'s

registered **Dermalin**  mark. The Court observed that confusing similarity is still apparent even if the marks are presented differently since the marks are almost spelled in the same way.

Here, the marks are also presented differently, but they are spelled in the same way. Hence, there is more reason to **rule** that the **KOLIN** marks are identical.

Also, KECI's registered **KOLIN**  mark is a plain word mark. Word marks are marks which have no special characteristics, such as design, style of lettering, color, diacritical marks, or unusual forms of punctuations. They are represented in standard characters. **6** It protects the word itself without limiting the mark to a particular font, style, size or color. Standard marks give trademark applicants a broader protection. **7** Accordingly, KECI's registration covers all forms and style of the word "**Kolin**," including

KPII's **kolin**  mark.

b. *Aural Comparison* — In various cases, the aural effects of the marks were considered in determining confusing similarity. The Court denied the registration of "LIONPAS" mark because it is confusingly in sound with the registered "SALONPAS" mark. **8** In another case, the Court found that "NANNY" and the registered "NAN" mark have the same aural effect. **9** Likewise, the Court found "Big Mac" and "**Big Mak**" to be phonetically the same. **10**

kolin

In this case, KPIL does not claim that kolin is pronounced differently from KECI's **KOLIN** mark. Considering that the **KOLIN** marks are spelled in the same way, it reasonably follows that they are aurally identical.

c. *Connotative Comparison* — The similarity between two marks may be caused by a similarity in the concept or meaning of the mark, as understood by the ordinary consumer. **11**

KECI's **KOLIN** mark has no standard meaning. As such, it is considered as a coined or fanciful mark. A coined or fanciful mark is inherently distinctive, **12** and, therefore, it has a stronger consumer recall. In other words, the distinctiveness of a mark measures its capacity to indicate the source of the goods or services on which it is used. **13**

KECI's **KOLIN** mark has no standard meaning and an ordinary consumer will likely associate it with automatic voltage regulators, converters, rechargers, stereo boosters, amplifiers, power supplies, and

kolin

other electrical products. Similarly, KPIL's kolin mark has no standard meaning and an ordinary consumer will likely associate it to televisions, DVD players, and other electrical products. Considering that an ordinary consumer will likely associate the word "Kolin" with electrical products, the consumer might mistakenly believe that all electric products bearing the word "Kolin" emanate from one company.

Taken together, it is more likely that the public will be confused when confronted with identical **KOLIN** marks because the word "Kolin" leaves the same visual, aural, and

kolin

commercial impression in the minds of the public. If KPIL's kolin mark is allowed

registration, the distinctiveness of KECI's kolin mark, which is also its trade name, will diminish because the public will likely associate the word "Kolin" with electronic products produced by another company which also uses the word "Kolin" as its trade name. **14**

III.

The goods covered by the **KOLIN** marks are related goods.

A. Abandonment of "same descriptive properties" and "same class of merchandise" as factors in determining the relatedness of goods

Relative to the question of confusion of marks, the Court noted two types of confusion, namely: (1) confusion of goods; and (2) confusion of business. Confusion of goods exists when an ordinary prudent purchaser would be induced to buy a product of a manufacturer under the belief that it is the product of another manufacturer. On the other hand, confusion of business exists when the product of a manufacturer, although different from the other, is such as might reasonably be assumed to originate from the other or when the public would be deceived that there is some connection between the two manufacturers even if such connection does not exist. **15** Simply stated, there is confusion of goods when the goods covered by the subject marks are the same or competing goods. Meanwhile, there is confusion of business when the goods are so related that the public

would likely assume that they are produced by the same manufacturer or that there is some connection between the manufacturers.

In *Taiwan Kolin*, the parties' goods are different. KECI's goods are power supplies and stereo boosters while TKC's goods are televisions and DVD players. Thus, there is no confusion of goods. What was left for the Third Division to decide is whether the goods are so related that confusion of source or business might occur. *Taiwan Kolin* cited the following factors enumerated in *Mighty Corporation v. E. & J Gallo Winery* **16** (*Mighty Corporation*) in determining whether the goods are related:

- (a) the business (and its location) to which the goods belong;
- (b) the class of product to which the goods belong;
- (c) the product's quality, quantity, or size, including the nature of the package, wrapper or container;
- (d) the nature and cost of the articles;
- (e) the descriptive properties, physical attributes or essential characteristics with reference to their form, composition, texture or quality;
- (f) the purpose of the goods;
- (g) whether the article is bought for immediate consumption, that is, day-to-day household items;
- (h) the fields of manufacture;
- (i) the conditions under which the article is usually purchased; and
- (j) the channels of trade through which the goods flow, how they are distributed, marketed, displayed and sold. **17**

The Third Division continued by discussing the three cases cited in *Mighty Corporation*. But then, a scrutiny of the Court's decisions in these cases only highlights the fact that the Court did not rely on the descriptive properties or inherent nature of the subject goods in determining their relatedness.

- a. *Acoje Mining Co., Inc. v. Director of Patents* **18** — In allowing the registration of the LOTUS mark for use on soy sauce despite its use on edible oil, the Court dismissed confusing similarity because of the appearance of the LOTUS mark in their respective labels and not because soy sauce and oil have different descriptive properties or physical attributes, thus:

[T]here is no denying that the possibility of confusion is remote considering the difference in the type used, the coloring, the petitioner's trademark being in yellow and red while that of the Philippine Refining Company being in green and yellow, and the much smaller size of petitioner's trademark. 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. Petitioner has successfully made out a case for registration. **19** (Emphasis supplied; citation omitted.)

- b. *Philippine Refining Co., Inc. v. Ng Sam* **20** — The Court held that ham is not related to lard, butter, cooking oil, abrasive detergents, polishing materials and soap such that consumers would not likely mistake one as the source or origin of the product of the other. Although the Court additionally described the inherent properties of the products, it all boils down to the

question of whether there is confusion of source. The Court ruled that there will be no confusion of source in this wise:

The observation and conclusion of the Director of Patents are correct. **The particular goods of the parties are so unrelated that consumers would not in any probability mistake one as the source or origin of the product of the other.** "Ham" is not a daily food fare for the average consumer. One purchasing ham would exercise a more cautious inspection of what he buys on account of its price. Seldom, if ever, is the purchase of said food product delegated to household helps, except perhaps to those who, like the cooks, are expected to know their business. **Besides, there can be no likelihood for the consumer of respondent's ham to confuse its source as anyone but respondent. The facsimile of the label attached by him on his product, his business name "SAM'S HAM AND BACON FACTORY" written in bold white letters against a reddish orange background, is certain to catch the eye of the class of consumers to which he caters.**

In addition, the goods of petitioners are basically derived from vegetable oil and animal fats, while the product of respondent is processed from pig's legs. **A consumer would not reasonably assume that petitioner has so diversified its business as to include the product of respondent.** ²¹ (Emphases supplied; citation omitted.)

- c. *Hickok Manufacturing Co., Inc. v. CA* ²² — The Court's primary basis for discounting confusing similarity between the diverse articles of men's wear and shoes is the label off the latter which clearly identifies its source. Again, the Court did not rely on the descriptive properties factor of the goods involved.

Taking into account the facts of record that petitioner, **a foreign corporation registered the trademark for its diverse articles of men's wear such as wallets, belts and men's briefs which are all manufactured here in the Philippines by a licensee Quality House, Inc.** (which pays a royalty of 1-1/2% of the annual net sales) **but are so labelled as to give the misimpression that the said goods are of foreign (stateside) manufacture** and that **respondent secured its trademark registration exclusively for shoes** (which neither petitioner nor the licensee ever manufactured or traded in) and **which are clearly labelled in block letters as "Made in Marikina, Rizal, Philippines,"** no error can be attributed to the appellate court in upholding respondent's registration of the same trademark for his unrelated and non-competing product of Marikina shoes. ²³ (Emphasis supplied; citation omitted.)

Taiwan Kolin emphasized that the similarity of the products, and not their arbitrary classification, must be considered. In the same breath, it subcategorized the goods in Class 9 to demonstrate the differences in the goods.

It bears to stress at this point that the list of products included in Class 9 can be sub-categorized into five (5) classifications, namely: (1) apparatus and instruments for scientific or research purposes, (2) information technology and audiovisual equipment, (3) apparatus and devices for controlling the distribution

and use of electricity, (4) optical apparatus and instruments, and (5) safety equipment. From this subclassification, it becomes apparent that petitioner's products, *i.e.*, televisions and DVD players, belong to **audiovisual equipment**, while that of respondent, consisting of automatic voltage regulator, converter, recharger, stereo booster, AC-DC regulated power supply, step-down transformer, and PA amplified AC-DC, generally fall under devices for **controlling the distribution and use of electricity**. **24** (Emphasis supplied; citations omitted.)

Although *Mighty Corporation* cited various factors, it appears that the Third Division mainly considered the absence of similarities in the descriptive properties and physical attributes of the goods in concluding that the goods are unrelated by sub-categorizing Class 9. The goods' **descriptive properties, physical attributes or essential characteristics with reference to their form, composition, texture or quality** (*descriptive properties factor*) is one of the factors enumerated in *Mighty Corporation*; however, it bears stressing that exact similarity, as *Taiwan Kolin* suggests, should not be required for the goods to be considered related. Otherwise, the goods are identical rather than related.

To better understand the *descriptive properties factor*, the Court's basis in *Mighty Corporation* must be discussed. In *ESSO Standard Eastern, Inc. v. Court of Appeals*, **25** (*Esso Standard*) the Court adopted the following factors enumerated by Callman in determining the relatedness of goods (Callman's factors):

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. **26** (Emphasis and underscoring supplied; citation omitted.)

Interestingly, the phrase "**same descriptive properties**" was used in the United States' old 1905 Federal Trademark Act which provides that the applicant's mark will not be registered if such mark is also used by another on goods of the "**same descriptive properties**" as to be likely to cause confusion. However, the 1946 Lanham Act has done away with the old concept of "goods of the same descriptive properties" and removed such restriction. **27** But then, the basis of extending the trademark rights to include the protection of noncompetitive but related goods in the United States is the "Aunt Jemima doctrine" decided by the Second Circuit court in 1917, way before the 1946 Lanham Act. **28** The court protected the AUNT JEMIMA mark being used on pancake batter from its use on pancake syrup. The court rejected the "competitive goods" doctrine and ruled that a mark will still be protected if used on any goods which the buyers would likely think to originate from the same source. **29**

In the Philippines, Section 13 of the Protection and Registration of Trade-Marks and Trade-Names (Act No. 666) **30** provides that "no alleged trade-mark or trade-name shall be registered which x x x is identical with a registered or known trade-mark owned by another and appropriate to the **same class of merchandise** x x x as to be likely to cause confusion or mistake in the mind of the public, or to deceive purchasers." Act No. 666 used the phrase "**same class of merchandise**" instead of "**same descriptive properties**." A plain reading of Act No. 666 indicates that trademark protection only extends to goods or merchandise of the same class. The phrase "**same class of merchandise**" was also omitted in RA No. 166. **31** Nevertheless, the Court has recognized the confusion of business or source doctrine in *Kalaw Ng Khe v. Lever Brothers Co.* **32** (*Ng Khe*) and *Ang v. Teodoro*, **33** (*Teodoro*) decided in 1941 and 1942, respectively, or before the approval of RA No. 166 in 1947. In *Ng Khe*, the Court held that while hair pomade and soap are noncompetitive, they are similar or belong to the same

class of toiletries. As such, the marks "LUX" and "LIFEBUOY" may not be used on hair pomade. In *Teodoro*, the Court considered shoes and shirts as related goods because the trademark and trade name "Ang Tibay" has come to indicate the origin and ownership of the goods.

To reconcile the seeming conflict between the aforementioned laws and relevant jurisprudence on related goods, a review of the US and Philippine jurisprudence reveals that the phrases "**same descriptive properties**" and "**same class of merchandise**" should not be taken literally because they have no connection with the inherent nature of the goods.

The phrases "**same descriptive properties**" and "**same class of merchandise**" are not determinative of the relatedness of goods as suggested by Callman. Rather, it is the result of the relatedness of goods. Goods are considered to have the "**same descriptive properties**" and to be of the "**same class of merchandise**" when they are so related that the public will likely assume that they come from the same source. In *Ng Khe*, the Court quoted the Court of Appeals' ruling that pomade and soap are goods of similar kind, viz.:

The next point to be determined is whether pomade and soap are goods of similar kind. **We are of the opinion that they are. Both are toilet articles.**

"The owner of a trade-mark which is arbitrary, strange, and fanciful is entitled to a monopoly of use for his mark in a wider field than is he who employs a mark not of that character. Also, the nature of the business in which the trade-mark is used is, in some measure, determinative of whether certain goods are within the general class. It has been said that classification depends more on commercial custom than the inherent nature of the products." (63 CJ, 318-319.)

"The phrase 'same descriptive properties' must be construed to effectuate the dominant purpose of a section to prevent confusion and deception, as indicated by the first paragraph authorizing registration of a mark by which the goods of the owner may be distinguished from other goods of the same class, so that, whenever it appears that confusion might result, the goods have the same descriptive properties. *California Packing Corporation vs. Price Booker Mfg. Co.* (1923) 285 F. 993, 52 App. D. C. 259, holding that **pickles and condiments are goods of the same descriptive properties as canned fruits and vegetables, since they are **sold in the same stores**, put out in **similar containers**, and used in **connection with each other**, and a person seeing a trade-mark on a container of pickles **would be likely to assume they were produced by the same concern as that which produced canned fruit or vegetables bearing a similar mark.****

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"If the use of the marks by the contending parties would be likely to lead the public to believe that the goods to which they are applied were produced by the same concern or person, the goods possess the 'same

descriptive properties. Application of BF Goodrich Co., (1923) 285 F. 995, 52 App. D. C., 261, holding that pneumatic tires for automobiles and rubber hose and belting have the same descriptive properties." **34** (Emphases and underscoring supplied.)

The CA's basis that the goods are related if the use of the marks will likely mislead the public as to its source is supported by US jurisprudence. The courts do not regard goods as related because of their inherent common quality. What is paramount is the confusion of source or the assumed connection between the parties. **35**

As regards the use of the phrase "**same class of merchandise**" in Act No. 666, the Court's ruling in *Teodoro* is enlightening:

We have underlined the key words used in the statute: "goods of a similar kind," "general class of merchandise," "**same class of merchandise,**" "classes of merchandise," and "class of articles," because it is upon their implications that the result of the case hinges. **These phrases, which refer to the same thing, have the same meaning as the phrase "merchandise of the same descriptive properties" used in the statutes and jurisprudence of other jurisdictions.**

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In the present state of development of the law on Trade-Marks, Unfair Competition, and Unfair Trading, **the test employed by the courts to determine whether noncompeting goods are or are not of the same class is confusion as to the origin of the goods of the second user. Although two noncompeting articles may be classified under two different classes by the Patent Office because they are deemed not to possess the same descriptive properties, they would, nevertheless, be held by the courts to belong to the same class if the simultaneous use on them of identical or closely similar trade-marks would be likely to cause, confusion as to the origin, or personal source, of the second user's goods.** They would be considered as **not falling under the same class only if they are so dissimilar or so foreign to each other as to make it unlikely that the purchaser would think the first user made the second user's goods.** **36** (Emphases and underscoring supplied).

In *Ng Khe*, the CA's review of US jurisprudence demonstrates that the phrase "**same descriptive properties**" does not pertain to the inherent nature of the goods. To determine whether the goods have the "**same descriptive properties,**" the courts consider the prevalent commercial custom. In *Teodoro*, to determine whether the goods are of the "**same class of merchandise,**" the courts consider confusion as to the origin of the goods of the second user. If the present concept of "**same descriptive properties**" is applied in *Ng Khe* and *Teodoro*, hair pomade and soap and shoes and shirts do not have the "**same descriptive properties**" because their physical attributes or essential characteristics with reference to their form, composition, texture or quality are indubitably different.

Contrary to Callman's factors, goods are not considered related because they belong to the same class or have the same properties. **Instead, goods are considered related if the parties' use of the marks will likely lead the public to believe that the goods covered by the marks come from the same source. Simply put, the relatedness of goods depends on whether there is confusion of source or of business. If there is confusion of source, then the goods are considered to have the "same descriptive properties" and to be of the "same class of merchandise."**

It appears that *Esso Standard's* citation of Callman's factors in determining the relatedness of goods paved the way for the interpretation that the phrase "**same descriptive properties**" pertains to the inherent nature of the goods and the phrase "**same class of merchandise**" pertains to the Nice Classification of goods. Notably, some of the Court's rulings since *Ng Khe* and *Teodoro* applied the phrases "**same descriptive properties**" and "**same class of merchandise**" literally. The Court, in *Mighty Corporation*, showed the difference of the subject goods by describing their properties as follows:

Wines are bottled and consumed by drinking while cigarettes are packed in cartons or packages and smoked. There is a whale of a difference between their descriptive properties, physical attributes or essential characteristics like form, composition, texture and quality. **37** (Emphasis supplied.)

The Court likewise considered the inherent nature and properties of milk products and its classification under the Nice Classification System in *Societe des Produits Nestle, S.A. v. Dy, Jr.* **38** thus:

NANNY and NAN have the **same classification, descriptive properties and physical attributes.** Both are classified under **Class 6**, both are **milk products, and both are in powder form.** x x x. **39** (Emphasis supplied.)

The present use of the phrases "**same descriptive properties**" and "**same class of merchandise**" are no longer the result of the relatedness of goods. These phrases have now become factors in determining whether the goods are related. Particularly, if the phrase "**same descriptive properties**" is to be applied literally, then only identical or competing goods will be considered as related. **This interpretation is restrictive and inconsistent with the doctrine of confusion of business which presupposes that the goods, although different, are so related that the public will likely assume that they come from the same source.**

In sum, I believe the literal application of "**same descriptive properties**" and "**same class of merchandise**" should be abandoned because they limit the application of the related goods doctrine and adversely affect the findings of relatedness of goods and confusion of source or business as demonstrated in *Taiwan Kolin*. In *Ng Khe* and *Teodoro*, the Court interpreted "**same class of merchandise**" and "**same descriptive properties**" as the result of the relatedness of goods and not as factors in determining relatedness of goods. The phrase "**same class of merchandise**" does not pertain to the Nice Classification of goods since the Nice Agreement, which established the international classification of goods, was only concluded in 1957, **40** or before the promulgation of *Ng Khe* and *Teodoro*. On the other hand, the phrase "**same descriptive properties**" does not pertain to the inherent nature of goods. Clearly, "**same class of merchandise**" and "**same descriptive properties**" should not be used as factors in determining the relatedness of goods.

B. The Present Case

KECI's **KOLIN** mark is registered for use on automatic voltage regulator, converter, recharger, stereo booster, AC-DC regulated power supply, step-down

transformer, and PA amplified AC-DC. Meanwhile, KPII proposes the use of **kolin** on television and DVD players. Evidently, KECI and KPII's goods are not in competition. This, however, does not preclude confusing similarity since the parties' goods are so related that an ordinary consumer would likely be confused as to their source or would

likely assume a connection between the two companies, when actually there is none. The IPO-BLA's observation on this matter deserves credence.

In the instant case, the **foregoing are deemed related goods. Home appliance is no far different from any electronic equipment. The terms, in fact are used interchangeably as most of the home appliance[s] are electronically operated, or home appliances are operated with electrical equipment or power supplies.** Buyers of these goods go to the **same channels of trade such as department stores or appliance stores where both goods are available for sale.** The apparent conclusion is **public confusion that opposer's and respondent's respective goods are variation of each other and also the assumption that the goods originated from one manufacturer or source, when in fact, they did not.**

More so, opposer's **evidence consisting of various e-mails (Exhibit "Q" and its sub-markings) it received from public consumers** reflecting their complaints, concerns and other information **about respondent's applicant's goods as televisions, air-conditioning units and DVD players, are obvious showing of actual confusion of goods as well as to origin or source of goods. These reveal factual confusion of the buying public between the marks in controversy. 41** (Emphases supplied.)

The relatedness of the parties' goods in this case and the resulting confusion of source or business are clearly supported by evidence on record. The various emails received by KECl pertaining to televisions and DVD players proved that the public was actually confused by the use of a mark bearing the word "**Kolin**" manufactured by another company. **Hence, KECl's automatic voltage regulator, converter, recharger, stereo booster, AC-DC regulated power supply, step-down transformer, and PA amplified AC-DC and KPIL's television and DVD players are deemed to have the same descriptive properties and to belong to the same class of merchandise pursuant to the Court's ruling in *Ng Khe* and *Teodoro*.**

IV.

The application of intelligent buyer doctrine will not reduce confusing similarity.

In determining confusing similarity, another important factor is the "ordinary purchaser" who will likely be deceived or confused with the goods or its source. The Court attempted to describe an "ordinary purchaser" in various cases. In *Fruit of the Loom, Inc. v. CA*, **42** the Court, citing US cases, **43** thought of an "ordinary purchaser" as one who must be credited with at least a modicum of intelligence to be able to perceive the obvious differences between the marks. **44** Meanwhile, in *Dy Buncio v. Tan Tiao Bok*, **45** the Court supposed that an "ordinary purchaser" is one who is accustomed to buy the subject goods and is somehow familiar with it. **46** Likewise, the Court, in *Emerald Garment Manufacturing Corp. v. CA*, **47** (*Emerald Garment*) regarded an "ordinary purchaser" as one who is not the completely unwary consumer but an ordinarily intelligent buyer considering the type of product involved. **48**

In *Taiwan Kolin*, the Third Division relied on the ordinary intelligent buyer concept in *Emerald Garment* and considered electronic products as luxury items to conclude that an ordinary purchaser is predisposed to be more cautious and discriminating in making a purchase. The relevant portions of the decision are as follows:

It cannot be stressed enough that the products involved in the case at bar are, generally speaking, various kinds of electronic products. These are not ordinary consumable household items, like catsup, soy sauce or soap which are of minimal cost. The products of the

contending parties are relatively luxury items not easily considered affordable. Accordingly, the casual buyer is predisposed to be more cautious and discriminating in and would prefer to mull over his purchase. Confusion and deception, then, is less likely. As further elucidated in *Del Monte Corporation v. Court of Appeals*:

x x x Among these, what essentially determines the attitudes of the purchaser, specifically his inclination to be cautious, is the cost of the goods. To be sure, a person who buys a box of candies will not exercise as much care as one who buys an expensive watch. As a general rule, an ordinary buyer does not exercise as much prudence in buying an article for which he pays a few centavos as he does in purchasing a more valuable thing. Expensive and valuable items are normally bought only after deliberate, comparative and analytical investigation. But mass products, low priced articles in wide use, and matters of everyday purchase requiring frequent replacement are bought by the casual consumer without great care x x x. (Emphasis supplied.)

Respondent has made much reliance on *Arce & Sons, Chua Che, Ang, and Khe*, oblivious that they involved common household items — *i.e.*, biscuits and milk, cosmetics, clothes, and toilet articles, respectively — whereas the extant case involves luxury items not regularly and inexpensively purchased by the consuming public. In accord with common empirical experience, the useful lives of televisions and DVD players last for about five (5) years, minimum, making replacement purchases very infrequent. The same goes true with converters and regulators that are seldom replaced despite the acquisition of new equipment to be plugged onto it. **In addition, the amount the buyer would be parting with cannot be deemed minimal considering that the price of televisions or DVD players can exceed today's monthly minimum wage. In light of these circumstances, it is then expected that the ordinary intelligent buyer would be more discerning when it comes to deciding which electronic product they are going to purchase, and it is this standard which this Court applies herein in determining the likelihood of confusion should petitioner's application be granted.**

To be sure, the extant case is reminiscent of *[Emerald Garment Manufacturing Corporation v. Court of Appeals](#)*, wherein the opposing trademarks are that of Emerald Garment Manufacturing Corporation's "Stylistic Mr. Lee" and H.D. Lee's "LEE." In the said case, the appellate court affirmed the decision of the Director of Patents denying Emerald Garment's application for registration due to confusing similarity with H.D. Lee's trademark. **This Court, however, was of a different beat and ruled that there is no confusing similarity between the marks, given that the products covered by the trademark, *i.e.*, jeans, were, at that time, considered pricey, typically purchased by intelligent buyers familiar with the products and are more circumspect, and, therefore, would not easily be deceived.** x x x. 49 (Emphases supplied; citations omitted.)

In my opinion, *Taiwan Kolin* again failed to consider the particular circumstances of the case in concluding that there is no confusing similarity pursuant to the ordinary intelligent buyer doctrine. Granting that various electronic products are expensive enough to make an ordinary buyer more cautious and discerning of his or her purchase, the unanswered question is whether a further examination of the goods will reduce confusing

similarity. Obviously, the various emails received by KECI requesting for information or service and complaints about TKC's goods answer this question in the negative.

Even if ordinary consumers of electronic products are cautious and discerning enough to further investigate about the goods and their source, they will be confronted with two companies which both use the word "Kolin" as their trade names. Instead of concluding that the electronic products came from different companies, human nature and experience dictate that ordinary consumers will only assume a reasonable connection between [Taiwan Kolin Corporation, LTD.](#) and Kolin Electronics Co., Inc. especially since they both produce electronic goods under the KOLIN marks and trade names.

It must be stressed that the determination of confusing similarity should not end in identifying whether ordinary purchasers are cautious enough to investigate and examine the differences between the marks and the goods that they cover. I believe the courts must also consider whether a careful examination of goods will reduce or increase confusing similarity. To reiterate, each case of determining confusing similarity must be decided based on its particular circumstances which include the ordinary purchaser's attitude. After all, it would be unfair to place the burden of distinguishing the goods of one manufacturer from the other on ordinary consumers. The [law on trademarks](#) does not only protect the rights of trademark owners to use their marks on their goods. More importantly, it seeks to protect the welfare of the consuming public by eliminating confusion of goods and of business even before they occur.

Accordingly, I vote to **GRANT** the petition.

Footnotes

1. *Rollo*, pp. 9-28A.
2. *Id.* at 30-47. Penned by Associate Justice Victoria Isabel A. Paredes and concurred in by Associate Justices Francisco P. Acosta and Elihu A. Ybañez.
3. Also appears as [Appeal Case No. 14-09-64](#) in some parts of the *rollo*.
4. *Rollo*, pp. 49-50.
5. *Id.* at 79.
6. *Id.*
7. *Id.*
8. See <<https://www3.wipo.int/branddb/ph/en/showData.jsp?ID=PHTM.41996106310>>.
9. *Rollo*, p. 119. *N.B.*: Since the goods fell under Classes 9, 11, and 21, the trademark examiner required TKC to elect one class of goods for the subject application. Eventually, IPO-DG allowed the registration of [Trademark Application No. 4-1996-106310](#) for Class 9 goods limited to "television and DVD player."
10. *Id.* at 55.
11. *Id.* at 80.
12. *Id.* at 54-64.
13. *Id.* at 65, 81.
14. *Id.* at 58.
15. *Id.* The relevant excerpt of page 5 of the IPO-BLA decision reads: "Considering that **the marks under contention are the same or almost identical**, the main

issue to be resolved in this case is, WHO BETWEEN THE PARTIES IS THE PRIOR ADOPTER AND USER OF THE TRADEMARK "KOLIN" AND THEREFORE, ENTITLED TO ITS REGISTRATION." (Emphasis supplied; emphasis in the original omitted)

16. *Id.* at 62. Emphasis and underscoring omitted.
17. *Id.* at 65-77. IPO-DG Decision on Appeal No. 14-03-24, *Inter Partes* Case No. 14-1998-00050; penned by IPO Director General Emma C. Francisco.
18. *Id.* at 77, 83-84.
19. *Id.* at 84-85.
20. *Id.* at 85.
21. *Id.*
22. *Id.* at 78-102. Penned by Associate Justice Amelita G. Tolentino and concurred in by Associate Justices Portia Aliño Hormachuelos and Santiago Javier Ranada.
23. Republic Act (R.A.) No. 166, AN ACT TO PROVIDE FOR THE REGISTRATION AND PROTECTION OF TRADE-MARKS, TRADE-NAMES AND SERVICE MARKS, DEFINING UNFAIR COMPETITION AND FALSE MARKING AND PROVIDING REMEDIES AGAINST THE SAME, AND FOR OTHER PURPOSES (1947), as amended.
24. *Rollo*, p. 92.
25. *Id.* at 95.
26. *Id.*
27. *Id.* at 87.
28. *N.B.*: TKC's Trademark Registration Certificate was issued in Taiwan on December 1, 1986 but the same had expired on September 15, 1996; see *id.* at 99.
29. *Rollo*, pp. 96-97.
30. *Id.* at 95.
31. R.A. No. 8293, AN ACT PRESCRIBING THE INTELLECTUAL PROPERTY CODE AND ESTABLISHING THE INTELLECTUAL PROPERTY OFFICE, PROVIDING FOR ITS POWERS AND FUNCTIONS, AND FOR OTHER PURPOSES (1997).
32. *Rollo*, p. 99.
33. *Id.* at 101-102.
34. See *id.* at 103.
35. *Id.*
36. *Id.*
37. G.R. No. 209843, March 25, 2015, 754 SCRA 556. Penned by Associate Justice Presbitero J. Velasco, Jr. and concurred in by Associate Justices Diosdado M. Peralta, Martin S. Villarama, Jr., Bienvenido L. Reyes and Francis H. Jardeleza.
38. *N.B.* The opposition proceedings where the *KECI ownership case* stemmed from.
39. *Id.*; see IPO-DG Decision on Opposition to [Trademark Application No. 4-1996-106310](#), p. 1, available at .

40. *Id.*; *id.*
41. *Id.*; *id.*
42. *Id.*; *id.*
43. *Id.* at 120; *id.* at 2.
44. *Id.*; *id.*
45. *Id.*; *id.*
46. *N.B.*: This is the date stated in the [Taiwan Kolin case](#), *supra* note 37, at 559. However, the IPO-BLA decision, IPO-DG decision, and CA decision state that the opposition was filed on July 17, 2006.
47. Registered on November 23, 2003; covered by Application No. 4-1993-087497, *rollo*, p. 52. See also <https://www3.wipo.int/branddb/ph/en/showData.jsp?ID=PHTM.41993087497> for details regarding the mark.
48. *Rollo*, p. 121; see IPO-DG Decision on Opposition to [Trademark Application No. 4-1996-106310](#), *supra* note 39, at 3.
49. *Id.* at 105-118. Penned by IPO-BLA Director Estrellita Beltran-Abelardo. See IPO-BLA Decision available at <http://121.58.254.45/ipcaselibrary/ipcasepdf/IPC14-2006-00096.pdf>.
50. *Id.* at 122; see page 4 of IPO-DG Decision on Opposition to [Trademark Application No. 4-1996-106310](#), *supra* note 39, at 4.
51. *Id.* at 123; *id.* at 5.
52. *Id.* at 119-126. Penned by IPO Director General Ricardo R. Blancaflor. See IPO-DG Decision on Opposition to [Trademark Application No. 4-1996-106310](#), *supra* note 39.
53. *Id.* at 126; see *id.* at 8.
54. *Rollo*, pp. 127-139. Penned by Associate Justice Pedro B. Corales and concurred in by Associate Justices Sesinando E. Villon and Florito S. Macalino.
55. *Id.* at 138.
56. *Id.* at 135.
57. *Id.*
58. *Id.* at 138.
59. *Id.*
60. *Id.* at 52; see also <https://www3.wipo.int/branddb/ph/en/showData.jsp?ID=PHTM.41993087497>.
61. See <https://www3.wipo.int/branddb/ph/en/showData.jsp?ID=PHTM.41996106310>.
62. See <https://www3.wipo.int/branddb/ph/en/showData.jsp?ID=PHTM.42002011002>.
63. See *rollo*, pp. 114-115; see also IPO-BLA Decision, *supra* note 49, at 10-11; *rollo*, p. 119; IPO-DG Decision on Opposition to [Trademark Application No. 4-1996-106310](#), *supra* note 39, at 1.

64. *N.B.*: This "revival" was alleged by TKC in its Answer according to page 3 of the IPO-DG Decision on Opposition to [Trademark Application No. 4-1996-106310](#), *id.* at 121; *id.* at 3.
65. [G.R. No. 154342](#), July 14, 2004, 434 SCRA 473.
66. [Taiwan Kolin case](#), *supra* note 37, at 565-567.
67. *Id.* at 567.
68. *Id.* at 570.
69. *Id.* at 571.
70. See *id.* at 574.
71. [G.R. No. 100098](#), December 29, 1995, 251 SCRA 600.
72. *Id.* at 617.
73. [Taiwan Kolin case](#), *supra* note 37, at 577.
74. *Rollo*, p. 31.
75. *Id.* at 273.
76. *Id.* at 158; IPO-BLA Decision on Opposition to Trademark Application No. 4-2006-010021, p. 4, also available at <http://121.58.254.45/ipcaselibrary/ipcasepdf/IPC14-2007-00167.pdf>.
77. *Id.* at 161-162; *id.* at 7-8.
78. *Id.* 162; *id.* at 8.
79. *Id.*; *id.*
80. See <https://www3.wipo.int/branddb/ph/en/showData.jsp?ID=PHTM.41993087497>.
81. See <https://www3.wipo.int/branddb/ph/en/showData.jsp?ID=PHTM.42006010021>.
82. *Rollo*, pp. 155-170. Penned by BLA Director Estrellita Beltran-Abelardo. IPO-BLA Decision on Opposition to Trademark Application No. 4-2006-010021, *supra* note 76.
83. *Id.* at 167; *id.* at 13.
84. See *id.* at 167-168; *id.* at 13-14.
85. *Id.* at 169; *id.* at 15.
86. *Id.* at 170; *id.* at 16.
87. *Id.* at 172-178. Penned by Director General Ricardo R. Blancaflor. IPO-DG Decision on Opposition to Trademark Application No. 4-2006-010021, also available at http://121.58.254.45/ipcaselibrary/ipcasepdf/AP_IPC14-09-64.pdf.
88. *Id.* at 178; *id.* at 7.
89. *Id.* at 30-47.
90. *Id.* at 35-44.
91. *Id.* at 44.
92. *Id.* at 46.

93. *Id.* at 271-278.
94. *Id.* at 281-290.
95. *Id.* at 44.
96. *Id.* at 45-46.
97. G.R. No. 209116, January 14, 2019, 890 SCRA 278.
98. *Id.* at 286-287.
99. *Id.* at 288.
100. *Perez v. Court of Appeals*, G.R. No. 157616, July 22, 2005, 464 SCRA 89, 108-109.
101. See [IP CODE](#), SECTION 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. (Sec. 8, [R.A. No. 166a](#))
(Underscoring supplied)
102. *Id.*, SECTION 147. *Rights Conferred*. — 147.1. The owner of a registered mark 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 or containers 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.
103. See *Societe Des Produits Nestle, S.A. v. Dy, Jr.*, G.R. No. 172276, August 9, 2010, 627 SCRA 223, 242: "The scope of protection afforded to registered trademark owners is not limited to protection from infringers with identical goods. The scope of protection extends to protection from infringers with **related goods**, and to market areas that are the **normal expansion of business** of the registered trademark owners." (Emphasis supplied)
104. [IP CODE](#), SECTION 236. *Preservation of Existing Rights*. — Nothing herein shall adversely affect the rights on the enforcement of rights in patents, utility models, industrial designs, marks and works, acquired in good faith prior to the effective date of this [Act](#). (n)
105. Separate Concurring Opinion of Senior Associate Justice Estela M. Perlas-Bernabe, pp. 6-11.
106. See [IPOP HL Memorandum Circular No. 17-010, RULES AND REGULATIONS ON TRADEMARKS, SERVICE MARKS, TRADE NAMES AND MARKED OR STAMPED CONTAINERS](#), Rule 402 which reads:
- RULE 402. *Reproduction of the Mark***. — x x x

In the case of **word marks** or if **no special characteristics** have to be shown, such as design, **style of lettering**, color, diacritical marks, or unusual forms of punctuation, the mark must be represented in standard characters. The specification of the mark to be reproduced will be indicated in the application form and/or published on the website.

xxx xxx xxx (Emphasis supplied)

107. *Supra* note 61.
108. *Supra* note 62.
109. *Rollo*, p. 46.
110. Separate Concurring Opinion of Senior Associate Justice Estela M. Perlas-Bernabe, p. 6.
111. *Rollo*, p. 20.
112. *Mighty Corp. v. E. & J. Gallo Winery*, *supra* note 65, at 504. The relevant excerpt reads:

x x x The first is "**confusion of goods**" when an otherwise prudent purchaser is induced to purchase one product in the belief that he is purchasing another, in which case defendant's goods are then bought as the plaintiff's and its poor quality reflects badly on the plaintiff's reputation. The other is "**confusion of business**" wherein the goods of the parties are different but the defendant's product can reasonably (though mistakenly) be assumed to originate from the plaintiff, thus deceiving the public into believing that there is some connection between the plaintiff and defendant which, in fact, does not exist. (Emphasis supplied)

113. See [A.M. No. 10-3-10-SC](#), RULES OF PROCEDURE FOR INTELLECTUAL PROPERTY RIGHTS CASES (October 18, 2011), [Rule 18](#), Sec. 4 and [A.M. No. 10-3-10-SC](#), 2020 REVISED RULES OF PROCEDURE FOR INTELLECTUAL PROPERTY RIGHTS CASES (October 6, 2020), [Rule 18](#), Sec. 5.
114. [TRADEMARK LAW](#), as amended, SECTION 4. *Registration of trade-marks, trade-names and service-marks on the principal register.* — There is hereby established a register of trade-mark[s], trade-names and service-marks which shall be known as the principal register. The owner of a trade-mark, a trade-name or service-mark used to distinguish his goods, business or services from the goods, business or services of others shall have the right to register the same on the principal register, unless it:

xxx xxx xxx

(d) **Consists of or comprises a mark or trade-name which so resembles a mark or trade-name registered in the Philippines or a mark or trade-name previously used in the Philippines by another and not abandoned, as to be likely, when applied to or used in connection with the goods, business or services of the applicant, to cause confusion or mistake or to deceive purchasers** x x x[.]

xxx xxx xxx

SECTION 22. *Infringement, What Constitutes.* — Any person who shall use, without the consent of the registrant, **any reproduction, counterfeit, copy or colorable imitation of any registered mark or trade-name 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 trade-name 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**, shall be liable to a civil action by the registrant for any or all of the remedies herein provided. (Emphasis and underscoring supplied)

115. IP CODE, SECTION 123. *Registrability*. — 123.1. A mark cannot be registered if it:

xxx xxx xxx

(d) Is **identical with a registered mark** belonging to a different proprietor or a mark with an earlier filing or priority date, in respect of:

(i) The **same goods or services**, or

(ii) **Closely related goods or services**, or

(iii) If it **nearly resembles such a mark** as to be likely to deceive or cause confusion[.]

xxx xxx xxx

SECTION 155. *Remedies; Infringement*. — Any person who shall, without the consent of the owner of the registered mark:

155.1. Use in commerce **any reproduction, counterfeit, copy, or colorable imitation of a registered mark or the same container or a dominant feature thereof** in connection with the **sale, offering for sale, distribution, advertising of any goods or services** including other **preparatory steps necessary to carry out the sale of any goods or services** on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive; or

155.2. **Reproduce, counterfeit, copy or colorably imitate a registered mark or a dominant feature thereof and apply such reproduction, counterfeit, copy or colorable imitation** to labels, signs, prints, packages, wrappers, receptacles or advertisements intended to be used in commerce upon or in connection with the **sale, offering for sale, distribution, or advertising of goods or services** on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive, shall be liable in a civil action for infringement by the registrant for the remedies hereinafter set forth: *Provided*, That the infringement takes place at the moment any of the acts stated in Subsection 155.1 or this subsection are committed regardless of whether there is actual sale of goods or services using the infringing material. (Sec. 22, [R.A. No. 166a](#)) (Emphasis and underscoring supplied)

116. [Mighty Corporation v. E. & J. Gallo Winery](#), *supra* note 65, at 506-507.

117. Separate Concurring Opinion of Associate Justice Marvic M.V.F. Leonen, pp. 16-19.

118. *Id.* at 19-20.

119. *Id.* at 20-21.

120. "Irrespective of both tests, the Court finds no confusing similarity between the subject marks." ([Great White Shark Enterprises, Inc. v. Caralde, Jr.](#), G.R. No. 192294, November 21, 2012, 686 SCRA 201, 208.)

121. [G.R. No. 143993, August 18, 2004](#), 437 SCRA 10.

122. *Id.* at 32-33.

123. Record of the Senate, October 8, 1996, Vol. II, No. 29, pp. 131-135.
124. Separate Concurring Opinion of Associate Justice Marvic M.V.F. Leonen, p. 22.
125. See *Societe Des Produits Nestle, S.A. v. Court of Appeals*, G.R. No. 112012, April 4, 2001, 356 SCRA 207, 221, which states that: "the dominancy test relies not only on the visual but also on the aural and connotative comparisons and overall impressions between the two trademarks."
126. *Supra* note 103.
127. *Id.* at 627.
128. See <<https://www.ipophil.gov.ph/help-and-support/trademark/>> under the tab "What types of marks may be registered as a trademark in the Philippines?."
129. See *W Land Holdings, Inc. v. Starwood Hotels and Resorts Worldwide, Inc.*, G.R. No. 222366, December 4, 2017, 847 SCRA 403, 432.
130. 222 F. 3d 943, 55 USPQ2d 1842 (Fed. Cir. 2000).
131. *Id.* at 949-950.
132. *Mighty Corporation v. E. & J. Gallo Winery*, *supra* note 65, at 509-511.
133. Concurring Opinion of Chief Justice Diosdado M. Peralta, pp. 3-7.
134. See TRADEMARK LAW, Sec. 6.
135. See IP CODE, Sec. 144.
136. *Supra* note 113.
137. See
<https://www.wipo.int/classifications/nice/nclpub/en/fr/?class_number=9&lang=en&menulang=en&mode=flat¬ion=modifications&version=20170101>. *N.B.*: The list of modifications shows 42 changes, transfers, and additions in the Alphabetical List of Goods.
138. See
<https://www.wipo.int/classifications/nice/nclpub/en/fr/?class_number=9&lang=en&menulang=en&mode=flat¬ion=modifications&version=20180101>. *N.B.*: The list of modifications shows 39 changes and additions in the Alphabetical List of Goods.
139. See
<https://www.wipo.int/classifications/nice/nclpub/en/fr/?class_number=9&lang=en&menulang=en&mode=flat¬ion=modifications&version=20190101>. *N.B.*: The list of modifications shows that the class headings and explanatory notes were changed. The list of modifications also indicates 33 changes and additions in the Alphabetical List of Goods.
140. See
<https://www.wipo.int/classifications/nice/nclpub/en/fr/?class_number=9&lang=en&menulang=en&mode=flat¬ion=modifications&version=20200101>. *N.B.*: The list of modifications shows 15 changes/additions in the Alphabetical List of Goods.
141. *Rollo*, p. 167.
142. Opposition No. 91185393, October 26, 2009, available at <<https://ttabvue.uspto.gov/ttabvue/ttabvue-91185393-OPP-15.pdf>>.
143. *Id.*

144. *Rollo*, pp. 167-168.
145. *Beacon Mut. Ins. Co. v. Onebeacon Ins. Group*, 376 F.3d 8, 18 (2004).
146. See [TRADEMARK LAW](#), as amended, Sec. 22 and [IP CODE](#), Sec. 155.
147. *Supra* note 37, at 562. Excerpt from the [Taiwan Kolin case](#): "The BLA-IPO also noted **that there was proof of actual confusion in the form of consumers writing numerous e-mails to respondent asking for information, service, and complaints about petitioner's products.**" (Emphasis supplied)
148. See Christensen, Glenn L.; De Rosia, Eric D.; and Lee, Thomas R., *Sophistication, Bridging the Gap, and the Likelihood of Confusion: An Empirical and Theoretical Analysis*, (2008). All Faculty Publications, available at <https://scholarsarchive.byu.edu/cgi/viewcontent.cgi?article=1914&context=facpub> >.
149. [G.R. No. 190065](#), August 16, 2010, 628 SCRA 356. Second Division case penned by Associate Justice Antonio Eduardo B. Nachura and concurred in by Associate Justices Antonio T. Carpio, Diosdado M. Peralta, Roberto A. Abad and Jose C. Mendoza.
150. *Id.* at 367. Emphasis supplied.
151. *Supra* note 103.
152. *Id.* at 242.
153. [G.R. No. 158589](#), June 27, 2006, 493 SCRA 333.
154. *Id.* at 358. Emphasis and underscoring supplied.
155. See *rollo*, pp. 167-168. The relevant excerpt reads: "More so, [KECI's] evidence consisting of various e-mails x x x it received from public consumers reflecting their complaints, concerns, and other information about [KPII's] goods as televisions, air-conditioning units and DVD players, are obvious showing of actual confusion of goods as well as confusion as to origin or source [of] goods. These reveal factual confusion of the buying public between the marks in controversy."
156. See Greene, Timothy D. and Wilkerson Jeff, *Understanding Trademark Strength*, 16 STAN. TECH. L. REV. 535 (2013), accessed at <https://cyberlaw.stanford.edu/files/publication/files/understandingtrademarkstrengt h.pdf>.
157. World Intellectual Property Office, *Obtaining IP Rights: Trademarks*, accessed at https://www.wipo.int/sme/en/obtain_ip_rights/trademarks.html.
158. For an alternate definition, see [GSIS Family Bank-Thrift Bank \(formerly Comsavings Bank, Inc.\) v. BPI Family Bank](#), [G.R. No. 175278](#), September 23, 2015, 771 SCRA 284, 299.
159. For an alternate definition, see *id.* at 299.
160. For an alternate definition and a concrete example, see [McDonald's Corporation v. L.C. Big Mak Burger, Inc.](#), *supra* note 121, at 26.
161. [IP CODE](#), SECTION 123. *Registrability*. — 123.1. A mark cannot be registered if it:

xxx xxx xxx

(j) Consists exclusively of signs or of indications that may serve in trade to designate the kind, quality, quantity, intended purpose, value, geographical origin,

time or production of the goods or rendering of the services, or other characteristics of the goods or services[.]

162. For an alternate definition, see *McDonald's Corporation v. L.C. Big Mak Burger, Inc.*, *supra* note 121, at 26.

163. IP CODE, SECTION 123. *Registrability*. — 123.1. A mark cannot be registered if it:

xxx xxx xxx

(h) Consists exclusively of signs that are generic for the goods or services that they seek to identify[.]

164. G.R. No. 211850, September 8, 2020.

165. *Id.* at 29.

166. *Rollo*, pp. 156, 160-161, 173 and 177.

167. *Id.* at 169.

168. *Id.* at 46.

169. G.R. No. 194307, November 20, 2013, 710 SCRA 474.

170. The relevant excerpt in Birkenstock reads:

In view of the foregoing circumstances, the Court finds the petitioner to be the true and lawful owner of the mark "BIRKENSTOCK" and entitled to its registration, and that respondent was in bad faith in having it registered in its name. In this regard, the Court quotes with approval the words of the IPO Director General, *viz.*:

The facts and evidence fail to show that [respondent] was in good faith in using and in registering the mark BIRKENSTOCK. **BIRKENSTOCK, obviously of German origin, is a highly distinct and arbitrary mark. It is very remote that two persons did coin the same or identical marks. To come up with a highly distinct and uncommon mark previously appropriated by another, for use in the same line of business, and without any plausible explanation, is incredible.** The field from which a person may select a trademark is practically unlimited. As in all other cases of colorable imitations, the unanswered riddle is why, of the millions of terms and combinations of letters and designs available, [respondent] had to come up with a mark identical or so closely similar to the [petitioner's] if there was no intent to take advantage of the goodwill generated by the [petitioner's] mark. **Being on the same line of business, it is highly probable that the [respondent] knew of the existence of BIRKENSTOCK and its use by the [petitioner], before [respondent] appropriated the same mark and had it registered in its name.**" (Emphasis supplied) *Id.* at 489-490.

171. IP CODE, SECTION 236. *Preservation of Existing Rights*. — Nothing herein shall adversely affect the rights on the enforcement of rights in patents, utility models, industrial designs, marks and works, acquired in good faith prior to the effective date of this Act. (n)

172. *Societe Des Produits Nestle, S.A. v. Dy, Jr.*, *supra* note 103: "The scope of protection afforded to registered trademark owners is not limited to protection from infringers with identical goods. The scope of protection extends to protection from infringers with **related goods**, and to market areas that are the **normal expansion of business** of the registered trademark owners." (Emphasis supplied)

173. **IP CODE**, SECTION 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**)
174. *Id.*, SECTION 236. *Preservation of Existing Rights*. — Nothing herein shall adversely affect the rights on the enforcement of rights in patents, utility models, industrial designs, marks and works, acquired in good faith prior to the effective date of this **Act**. (n)

PERALTA, C.J., concurring:

1. 757 Phil. 326 (2015).
2. 662 Phil. 11 (2011).
3. **R.A. No. 8293**, § 155.1.
4. *Ponencia*, p. 38.
5. *Prosource International, Inc. v. Horphag Research Management SA*, 620 Phil. 539 (2009).
6. *McDonald's Corporation v. MacJoy Fastfood Corporation*, 543 Phil. 90 (2007).
7. *Dermaline, Inc. v. Myra Pharmaceuticals, Inc.*, 642 Phil. 503, 512 (2010).
8. *McDonald's Corporation v. L.C. Big Mak Burger, Inc.*, 480 Phil. 402 (2004).
9. *Société des Produits Nestlé, S.A. v. Dy, Jr.*, 641 Phil. 345, 361 (2010).
10. *Skechers, U.S.A., Inc. v. Inter Pacific Industrial Trading Corp.*, *supra* note 2, at 20, citing *McDonald's Corp. v. L.C. Big Mak Burger, Inc.*, *supra* note 8, at 428.
11. *In re Shell Oil Co.*, 992 F.2d 1204, 1207, 26 USPQ2d 1687, 1689 (Fed. Cir. 1993), citing *Philip Morris, Inc. v. K2 Corp.*, 555 F.2d 815, 816, 194 USPQ 81, 82 (CCPA 1977). (Emphasis ours)
12. The Federal Circuit is unique among the courts of appeals in the United States as it is the only court that has its jurisdiction based wholly upon subject matter rather than geographic location. It has exclusive jurisdiction over appeals from the U.S. Trademark Trial and Appeal Board (*TTAB*).
13. Emphases supplied.
14. 478 Phil. 615 (2004).
15. *An Act to Provide for the Registration and Protection of Trade-marks, Trade-names and Service-marks, Defining Unfair Competition and False Marking and Providing Remedies Against the Same, and for Other Purposes*.
16. Emphasis supplied.
17. Emphasis supplied.
18. 9 F.3d 971 (Fed. Cir. 1993).
19. Section 123 (d) of **R.A. No. 8293**, which was patterned after 15 U.S.C. § 1052 (d), likewise makes no reference to classification. (Emphases and underscoring supplied.)
20. Available at https://tmep.uspto.gov/RDMS/TMEP/Oct2016#/Oct2016/TMEP-1200dle_5044.html, last accessed on November 23, 2020. (Emphases and underscoring supplied.)

21. 22 USPQ2d 1585, 1586 (TTAB 1992).
22. Emphasis supplied.
23. Available at https://euipo.europa.eu/tunnel-web/secure/webdav/guest/document_library/contentPdfs/law_and_practice/ctm_legal_basis/2868_codified_en.pdf, last accessed on November 23, 2020.
24. Emphases and underscoring supplied.
25. Guidelines for Examination in the Office for Harmonization in the Internal Market (Trade Marks and Designs) on Community Trade Marks ("EUIPO Guidelines"), Part C, § 2, Ch. 2, p. 6, available at https://euipo.europa.eu/tunnel-web/secure/webdav/guest/document_library/contentPdfs/trade_marks/Guidelines/09_part_c_opposition_section_2_identity_and_likelihood_of_confusion_chapter_2_comparison_of_goods_and_services_en.pdf.
26. *Id.*
27. Frequently Asked Questions: Nice Classification, WIPO website, available at <https://www.wipo.int/classifications/nice/en/faq.html>, last accessed on November 23, 2020.
28. *Canon Kabushiki Kaisha v. Metro-Goldwyn-Mayer, Inc., formerly Pathé Communications Corp.*, Case C-39/97 [1998] ECR I-5507, [1999] ETMR 1, Opinion of Advocate General Jacobs citing *British Sugar PLC v. James Robertson and Sons* [1996] EWHC 387 (Ch) (February 7, 1996).
29. *Id.*
30. *Supra* note 25, at 19.
31. Available at <https://asean.org/storage/2017/12/35.-November-2017-Common-Guidelines-for-the-Substantive-Examination-of-Trademarks.pdf>, last accessed on November 23, 2020.

PERLAS-BERNABE, J., concurring:

1. Under Registration No. 4-1993-87497. See Certificate of Registration dated August 2, 2004; *rollo*, p. 52.
2. 757 Phil. 326 (2015).
3. The dispositive portion of the IPO's ruling, which was upheld by the Court's Third Division in 2015 *Taiwan Kolin* (*id.* at 333), reads:

Wherefore, premises considered, the appeal is hereby GRANTED. The Appellant's [Trademark Application No. 4-1996-106310](#) is hereby **GIVEN DUE COURSE** subject to the use limitation or restriction for the goods "television and DVD player." 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 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.

4. See *ponencia*, p. 2.
5. See *rollo*, p. 52.

6. *Rollo*, pp. 35-45.
7. See *Monterona v. Coca-Cola Bottlers Philippines, Inc.*, G.R. No. 209116, January 14, 2019, citing *Spouses Selga v. Brar*, 673 Phil. 581, 591 (2011).
8. See *id.*, citing *Oropeza Marketing Corporation v. Allied Banking Corporation*, 441 Phil. 551, 564 (2002); emphasis and underscoring supplied.
9. See *id.*; emphasis and underscoring supplied.
10. See *id.*
11. See *Ley Construction & Development corporation v. Philippine Commercial & International Bank*, 635 Phil. 503 (2010); and *Alcantara v. Department of Environment and Natural Resources*, 582 Phil. 717 (2008).
12. *Sec rollo*, pp. 16-17.
13. See *id.*
14. See *Monterona v. Coca-Cola Bottlers Philippines, Inc.*, *supra*, citing *Oropeza Marketing Corporation v. Allied Banking Corporation*, *supra*; emphasis and underscoring supplied.
15. 757 Phil. 376 (2015).
16. *Id.* at 385-386; citations omitted.
17. See World Intellectual Property Organization. "Making a Mark: An Introduction to Trademarks for Small and Medium-sized Enterprises," p. 9. WIPO Publication No. 900.1E <https://www.wipo.int/edocs/pubdocs/en/wipo_pub_900_1.pdf> (last visited February 11, 2021).
18. See *id.*
19. See Rule 402 of the Trademark Regulations of 2017.
20. *Taiwan Kolin Corporation, Ltd. v. Kolin Electronics Co., Inc.* *supra* note 2, at 342.
21. See *ponencia*, pp. 7-8.
22. See *id.* at 7.
23. *Rollo*, p. 52.
24. *Id.*
25. See World Intellectual Property Organization. "Making a Mark: An Introduction to Trademarks for Small and Medium-sized Enterprises," p. 9. WIPO Publication No. 900.1E <https://www.wipo.int/edocs/pubdocs/en/wipo_pub_900_1.pdf> (last visited February 11, 2021).
26. *Id.*; emphasis supplied.
27. *Id.*; emphasis and underscoring supplied.
28. See Court of Appeal's Decision dated July 31, 2016 in CA-G.R. SP No. 80641 (*rollo*, pp. 78-102) and Entry of Judgment dated November 16, 2007 in G.R. No. 179007 (*id.* at 103).
29. *Spouses Cuyco v. Spouses Cuyco*, 521 Phil. 796, 806-807 (2006).
30. See *rollo*, p. 31.

31. "The Dominancy Test focuses on the similarity of the prevalent features of the competing trademarks which might cause confusion or deception, and thus infringement. If the competing trademark contains the main, essential or dominant features of another, and confusion or deception is likely to result, infringement takes place. Duplication or imitation is not necessary; nor is it necessary that the infringing label should suggest an effort to imitate. The question is whether the use of the marks involved is likely to cause confusion or mistake in the mind of the public or deceive purchasers." (*Mang Inasal Philippines, Inc. v. IFP Manufacturing Corporation*, 811 Phil. 261 [2017], citing *Mighty Corporation v. E. & J. Gallo Winery*, 478 Phil. 615 [2004].)

32. Section 155 of RA 8293 reads:

SECTION 155. *Remedies; Infringement.* — Any person who shall, without the consent of the owner of the registered mark:

155.1. Use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark or the same container **or a dominant feature thereof** in connection with the sale, offering for sale, distribution, advertising of any goods or services including other preparatory steps necessary to carry out the sale of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive; or

155.2. Reproduce, counterfeit, copy or colorably imitate a registered mark **or a dominant feature thereof** and apply such reproduction, counterfeit, copy or colorable imitation to labels, signs, prints, packages, wrappers, receptacles or advertisements intended to be used in commerce upon or in connection with the sale, offering for sale, distribution, or advertising of goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive, shall be liable in a civil action for infringement by the registrant for the remedies hereinafter set forth: *Provided*, That the infringement takes place at the moment any of the acts stated in Subsection 155.1 or this subsection are committed regardless of whether there is actual sale of goods or services using the infringing material. (Emphases and underscoring supplied)

33. Entitled "**AN ACT PRESCRIBING THE INTELLECTUAL PROPERTY CODE AND ESTABLISHING THE INTELLECTUAL PROPERTY OFFICE, PROVIDING FOR ITS POWERS AND FUNCTIONS, AND FOR OTHER PURPOSES**" (January 1, 1998).

34. 480 Phil. 402 (2004).

35. *Id.* at 432, citing *Sta. Ana v. Maliwat*, 133 Phil. 1006, 1013 (1968).

LEONEN, J., concurring:

1. Draft Decision, pp. 29, 32.

2. *Id.* at 14, citing the Bureau of Legal Affairs Decision.

3. **INTELLECTUAL PROPERTY CODE**, sec. 134.

4. G.R. No. 209843, March 25, 2015, <<https://elibrary.judiciary.gov.ph/thebookshelf/showdocs/1/59645>> [Per J. Velasco, Jr., Third Division].

5. Draft Decision, pp. 17-23.

6. *Id.* at 17, citing the Court of Appeals Decision.

7. *Id.* at 18.

8. **INTELLECTUAL PROPERTY CODE**, sec. 122 provides:

SECTION 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.

9. **CIVIL CODE**, art. 8 provides:

Art. 8. Judicial decisions applying or interpreting the laws or the Constitution shall form part of the legal system of the Philippines.

10. *Government Service Insurance System v. Buenviaje-Carreon*, 692 Phil. 399, 405 (2012) [Per J. Perez, En Banc].
11. *Department of Transportation and Communications v. Cruz*, 581 Phil. 602, 610-611 (2008) [Per J. Austra-Martinez, En Banc].
12. *People v. Lee, Jr.*, G.R. No. 234618, September 19, 2019, <<https://elibrary.judiciary.gov.ph/thebookshelf/showdocs/1/65713>> [Per J. Peralta, Third Division]; *Guy v. Ignacio*, 636 Phil. 689 (2010) [Per J. Peralta, Second Division]; *People v. Hon. Garfin*, 470 Phil. 211 (2004) [Per J. Puno, Second Division]; *Alfonso v. Land Bank of the Philippines*, 801 Phil. 217 (2016) [Per J. Jardeleza, En Banc]; *People v. Obsania*, 132 Phil. 682 (1968) [Per J. Castro, En Banc]; *Zuneca Pharmaceutical v. Natrapharm, Inc.*, G.R. No. 211850, September 8, 2020, <<https://elibrary.judiciary.gov.ph/thebookshelf/showdocs/1/66500>> [Per J. Caguioa, En Banc].
13. 59 Phil. 30 (1933) [Per J. Malcolm, Second Division].
14. *Id.* at 36.
15. *Quintanar v. Coca-Cola Bottlers, Philippines, Inc.*, G.R. No. 210565, June 28, 2016, <<https://elibrary.judiciary.gov.ph/thebookshelf/showdocs/1/62078>> [Per J. Mendoza, En Banc], citing *Pepsi-Cola Products Philippines, Incorporated v. Pagdanganan*, 535 Phil. 540-555 (2006) [Per J. Chico-Nazario, First Division].
16. 41 Phil. 62 (1920) [Per J. Malcolm, En Banc].
17. *Id.* at 68.
18. 79 Phil. 249 (1947) [Per J. Padilla, First Division].
19. *Id.* at 257-258.
20. 262 Phil. 374 (1990) [Per J. Gancayco, En Banc].
21. *Id.* at 383-385.
22. 106 Phil. 2 (1959) [Per J. Montemayor, En Banc].
23. G.R. No. 95770, March 1, 1993 [Per J. Griño-Aquino, En Banc].
24. *Id.*
25. *Id.*
26. 332 Phil. 833 (1996) [Per J. Padilla, En Banc].
27. 155 Phil. 636 (1974) [Per J. Makasiar, En Banc].
28. *Id.* at 841-843.
29. 772 Phil. 672 (2015) [Per J. Perlas-Bernabe, En Banc].
30. 106 Phil. 466 (1959) [Per J. Gutierrez-David, En Banc].

31. 287 Phil. 851 (1992) [Per J. Nocon, En Banc].
32. *Carpio-Morales v. Court of Appeals*, 772 Phil. 672, 769-770 (2015) [Per J. Perlas-Bernabe, En Banc].
33. J. Leonen, Dissenting Opinion, *Prosel Pharmaceuticals v. Tynor Drug House*, G.R. No. 248021, September 30, 2020 [Per J. Carandang, Third Division].
34. *E.Y. Industrial Sales, Inc. v. Shen Dar Electricity and Machinery Co. Ltd.*, 648 Phil. 572 (2010) [Per J. Velasco, Jr., First Division].
35. *Zuneca Pharmaceutical v. Natrapharm, Inc.*, G.R. No. 211850, September 8, 2020, <<https://elibrary.judiciary.gov.ph/thebookshelf/showdocs/1/66500>> [Per J. Caguioa, En Banc].
36. **INTELLECTUAL PROPERTY CODE**, secs. 155-156.
37. **INTELLECTUAL PROPERTY CODE**, sec. 168.
38. **INTELLECTUAL PROPERTY CODE**, sec. 169.
39. **Intellectual Property Code**, sec. 161 provides:

SECTION 161. *Authority to Determine Right to Registration.* — *In any action involving a registered mark*, the court may determine the right to registration, order the cancellation of a registration, in whole or in part, and otherwise rectify the register with respect to the registration of any party to the action in the exercise of this. Judgment and orders shall be certified by the court to the Director, who shall make appropriate entry upon the records of the Bureau, and shall be controlled thereby. (Emphasis supplied)
40. **INTELLECTUAL PROPERTY CODE**, Sec. 121.1 states:

SECTION 121. *Definitions.* — As used in Part III, the following terms have the following meanings:

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[.]
41. A "visible sign" encompasses any word, name, symbol, emblem, sign, device, drawing, or figure (*Arce Sons and Company v. Selecta Biscuit Company, Inc.*, 110 Phil. 858, 867-868 (1961) [Per J. Bautista Angelo, En Banc]), so long as it is otherwise not prohibited by the **Intellectual Property Code** from being registrable.
42. **INTELLECTUAL PROPERTY CODE**, sec. 123 (d), (e), and (f).
43. Footnote 68 of *Somboonsakdikul v. Orlane S.A.*, 805 Phil. 37-58 (2017) [Per J. Jardeleza, Third Division], which noted: ". . . We note that while in **Mighty Corporation**, likelihood of confusion was discussed in relation to trademark infringement, the concept is similarly applicable to an application for trademark registration under Section 123.1 (d). Thus, in *Great White Shark Enterprises, Inc. v. Caralde, Jr.*, *supra* note 65, which originated from a trademark application case, we discussed the dominancy test and holistic test as modes of determining similarity or likelihood of confusion and consequently, determining whether a mark is capable of registration under Section 123.1 (d)."
44. *E.Y. Industrial Sales, Inc. v. Shen Dar Electricity and Machinery Co., Ltd.*, 648 Phil. 572 (2010) [Per J. Velasco, Jr., First Division].
45. *Forbes, Munn & Co. (Ltd.) v. Ang San To*, 40 Phil. 272, 275-277 (1919) [Per J. Malcolm, First Division]. See also *Sapolin Co., Inc. v. Balmaceda*, 67 Phil. 705

(1939) [Per J. Diaz, En Banc], which pointed out that an exact copy need not be proved, only that the "essential characteristics have been imitated or copied[;]" and "*La Insular*" *Cigar and Cigarette Factory, Inc. v. Oge*, 42 Phil. 366 [Per J. Street, Second Division], which recognized that if "colorable imitations, or suggestive reproductions of the trade-mark which they intend to appropriate" were not considered, the remedies available to a mark's owner would be unduly restricted.

- 46. 95 Phil. 1 (1954) [Per J. Labrador, En Banc].
- 47. *Id.* at 3-5.
- 48. 100 Phil. 214 (1956) [Per J. Montemayor, En Banc].
- 49. 122 Phil. 556 (1965) [Per J. Makalintal, En Banc].
- 50. 142 Phil. 523 (1970) [Per J. Reyes, J.B.L., First Division].
- 51. 160 Phil. 581 (1975) [Per J. Muñoz Palma, First Division].
- 52. 231 Phil. 149 (1987) [Per J. Fernan, Second Division].
- 53. G.R. No. 103543, July 5, 1993 [Per J. Griño-Aquino, En Banc].
- 54. [Intellectual Property Code](#), sec. 155 states:

SECTION 155. Remedies; Infringement. — Any person who shall, without the consent of the owner of the registered mark:

155.1. Use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark or the same container or a dominant feature thereof in connection with the sale, offering for sale, distribution, advertising of any goods or services including other preparatory steps necessary to carry out the sale of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive; or

155.2. Reproduce, counterfeit, copy or colorably imitate a registered mark or a dominant feature thereof and apply such reproduction, counterfeit, copy or colorable imitation to labels, signs, prints, packages, wrappers, receptacles or advertisements intended to be used in commerce upon or in connection with the sale, offering for sale, distribution, or advertising of goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive, shall be liable in a civil action for infringement by the registrant for the remedies hereinafter set forth: Provided, That the infringement takes place at the moment any of the acts stated in Subsection 155.1 or this subsection are committed regardless of whether there is actual sale of goods or services using the infringing material.

- 55. [McDonald's Corp. v. L.C. Big Mak Burger, Inc.](#), 480 Phil. 402 (2004) [Per J. Carpio, First Division]; [Dermaline, Inc. v. Myra Pharmaceuticals, Inc.](#), 642 Phil. 503 (2010) [Per J. Nachura, Second Division]; and [Société Des Produits Nestlé, S.A. v. Puregold Price Club](#), 817 Phil. 1030 [Per Acting C.J. Carpio, Second Division].
- 56. G.R. No. 217916, June 20, 2018, <<https://elibrary.judiciary.gov.ph/thebookshelf/showdocs/1/64282>> [Per J. Reyes, Jr., Second Division].
- 57. *Id.*
- 58. 117 Phil. 779 (1963) [Per J. Bautista Angelo, En Banc].
- 59. *Id.* at 780.

60. *Id.* at 783.
61. *Id.* at 782-783.
62. 123 Phil. 994 (1966) [Per J. Bengzon, J.P., En Banc].
63. 218 Phil. 375 (1984) [Per J. Makasiar, Second Division].
64. 260 Phil. 435 (1990) [Per J. Cruz, First Division].
65. 321 Phil. 1001, 1002 (1995) [Per J. Kapunan, First Division].
66. 167 Phil. 287 (1977) [Per J. Muñoz Palma, First Division].
67. 123 Phil. 329 (1966) [Per J. Sanchez, En Banc].
68. 704 Phil. 146 (2013) [Per J. Bersamin, First Division].
69. 526 Phil. 300 (2006) [Per J. Garcia, Second Division].
70. 406 Phil. 905 (2001) [Per J. Panganiban, Third Division].
71. 628 Phil. 13 (2010) [Per J. Carpio, Second Division].
72. 807 Phil. 819 (2017) [Per C.J. Sereno, First Division].
73. 647 Phil. 517 (2010) [Per J. Nachura, Second Division].
74. G.R. No. 217781, June 20, 2018,
<<https://elibrary.judiciary.gov.ph/thebookshelf/showdocs/1/64285>> [Per J. Peralta, Second Division].
75. 478 Phil. 615 (2004) [Per J. Corona, Third Division].
76. 408 Phil. 307 (2001) [Per J. Ynares-Santiago, First Division].
77. *Id.* at 324.
78. 805 Phil. 37 (2017) [Per J. Jardeleza, Third Division].
79. *Id.* at 54.
80. 480 Phil. 402 (2004) [Per J. Carpio, First Division].
81. *Mang Inasal Philippines, Inc. v. IFP Manufacturing Corp.*, 811 Phil. 261, 273 (2017) [Per J. Velasco, Jr., Third Division]. See also *ABS-CBN Publishing, Inc. v. Director of the Bureau of Trademarks*, G.R. No. 217916, June 20, 2018, <<https://elibrary.judiciary.gov.ph/thebookshelf/showdocs/1/64282>> [Per J. Reyes, Jr., Second Division].
82. *McDonald's Corp. v. Macjoy Fastfood Corp.*, 543 Phil. 90 (2007) [Per J. Garcia, First Division].
83. J. Leonen, Dissenting Opinion, *Prosel Pharmaceuticals v. Tynor Drug House*, G.R. No. 248021, September 30, 2020 [Per J. Carandang, Third Division].
84. 321 Phil. 1001 (1995) [Per J. Kapunan, First Division]. See also *Esso Standard Eastern, Inc. v. Court of Appeals*, 201 Phil. 803 (1982) [Per J. Teehankee, First Division].
85. *Id.* at 1014.
86. G.R. No. 209843, March 25, 2015, <<https://elibrary.judiciary.gov.ph/thebookshelf/showdocs/1/59645>> [Per J. Velasco, Jr., Third Division].

87. *Id.*
88. *Taiwan Kolin*, citing *Philippine Refining Co., Inc. v. Ng Sam*, 201 Phil. 61 (1982) [Per J. Escolin, Second Division]; *Hickok Manufacturing Co., Inc. v. Court of Appeals*, 201 Phil. 853 (1982) [Per J. Teehankee, First Division]; *Acoje Mining Co., Inc. v. The Director of Patents*, 148 Phil. 494 (1971) [Per J. Fernando, En Banc].
89. Draft Decision, p. 29.
90. This Court has not yet defined when one of its rulings should be considered a "stray case," But this Court has noted that a division case that expressly contradicts a doctrine established in an *en banc* case is a stray case. See *Lorenzo v. Government Service Insurance System*, 718 Phil. 596 (2013) [Per J. Perez, Second Division]; and *Quimvel v. People of the Philippines*, 808 Phil. 889 (2017) [Per J. Velasco, Jr., En Banc].
91. Notably, not even Congress may change an interpretation of the Constitution or a law once this Court has made it. See, *Calderon v. Carale*, 284 Phil. 385 (1992) [Per J. Padilla, En Banc].
92. CONST. art. 8, sec. 4 (3) provides:
- SECTION 4. . . .
- (3) Cases or matters heard by a division shall be decided or resolved with the concurrence of a majority of the Members who actually took part in the deliberations on the issues in the case and voted thereon, and in no case, without the concurrence of at least three of such Members. When the required number is not obtained, the case shall be decided *en banc*: *Provided, that no doctrine or principle of law laid down by the court in a decision rendered en banc or in division may be modified or reversed except by the court sitting en banc.* (Emphasis supplied)
93. G.R. Nos. 211820-21, June 6, 2018, <<https://elibrary.judiciary.gov.ph/thebookshelf/showdocs/1/64270>> [Per J. Bersamin, Third Division].
94. 478 Phil. 615 (2004) [Per J. Corona, Third Division].
95. *Kensonic, Inc. v. Uni-Line Multi-Resources, Inc., (Phil.) v. Uni-Line Multi-Resources, Inc.*, G.R. Nos. 211820-21, June 6, 2018, <<https://elibrary.judiciary.gov.ph/thebookshelf/showdocs/1/64270>> [Per J. Bersamin, Third Division].
96. *Canon Kabushiki Kaisha v. Court of Appeals*, 391 Phil. 154 (2000) [Per J. Gonzaga-Reyes, Third Division].
97. *Shell Co. of the Philippines, Ltd. v. Ins. Petroleum Refining Co., Ltd and CA*, 120 Phil. 434 (1964) [Per J. Paredes, En Banc].
98. J. Leonen, Concurring Opinion, *Asia Pacific Resources International Holdings, Ltd. v. Paperone, Inc.*, G.R. Nos. 213365-66, December 10, 2018, <<https://elibrary.judiciary.gov.ph/thebookshelf/showdocs/1/64829>> [Per J. Gesmundo, Third Division].
99. *Id.*
100. *Emerald Garment Manufacturing Corp. v. Court of Appeals*, 321 Phil. 1001 (1995) [Per J. Kapunan, First Division]; *Del Monte Corp. v. Court of Appeals*, 260 Phil. 435 (1990) [Per J. Cruz, First Division]; *Asia Brewery, Inc. v. Court of Appeals*, G.R. No. 103543, July 5, 1993 [Per J. Griño-Aquino, En Banc]; *Levi Strauss (Phils.), Inc. v.*

Lim, 593 Phil. 435 (2009) [Per J. Reyes, R.T., Third Division]; and *Converse Rubber Corp. v. Jacinto Rubber & Plastics Co., Inc.*, 186 Phil. 85 (1980) [Per J. Barredo, Second Division].

101. *Mighty Corp. v. E. & J. Gallo Winery*, 478 Phil. 615 (2004) [Per J. Corona, Third Division]; *Taiwan Kolin Corp., Ltd. v. Kolin Electronics Co., Inc.*, G.R. No. 209843, March 25, 2015, <<https://elibrary.judiciary.gov.ph/thebookshelf/showdocs/1/59645>> [Per J. Velasco, Jr., Third Division]; and *Mang Inasal Philippines, Inc. v. IFP Manufacturing Corp.*, 811 Phil. 261 (2017) [Per J. Velasco, Jr., Third Division].
102. In *Lim Hoa v. Director of Patents*, 100 Phil. 214 (1956) [Per J. Montemayor, En Banc], this Court stated: The danger of confusion in trademarks and brands which are similar may not be so great in the case of commodities or articles of relatively great value, such as, radio and television sets, air conditioning units, machinery, etc., for the prospective buyer, generally the head of the family or a businessman, before making the purchase, reads the pamphlets and all literature available, describing the article he is planning to buy, and perhaps even makes comparisons with similar articles in the market. He is not likely to be deceived by similarity in the trademarks because he makes a more or less thorough study of the same and may even consult his friends about the relative merit and performance of the article or machinery, as compared to others also for sale. But in the sale of a food seasoning product, a kitchen article of everyday consumption, the circumstances are far different. Said product is generally purchased by cooks and household help, sometimes illiterate who are guided by pictorial representations and the sound of the word descriptive of said representation. The two roosters appearing in the trademark of the applicant and the hen appearing on the trademark of the oppositor, although of different sexes, belong to the same family of chicken, known as manok in all the principal dialects of the Philippines, and when a cook or a household help or even a housewife buys a food seasoning product for the kitchen the brand of "Manok" or "Marca Manok" would most likely be upper most in her mind and would influence her in selecting the product, regardless of whether the brand pictures a hen or a rooster or two roosters. To her, they are all *manok*. Therein lies the confusion, even deception.
103. Draft Decision, p. 39.
104. J. Leonen, Concurring Opinion, *Asia Pacific Resources International Holdings, Ltd. v. Paperone, Inc.*, G.R. Nos. 213365-66, December 10, 2018, <<https://elibrary.judiciary.gov.ph/thebookshelf/showdocs/1/64829>> [Per J. Gesmundo, Third Division].
105. 120 Phil. 434 (1964) [Per J. Paredes, En Banc].
106. *Id.* at 441-443.
107. See, e.g., *Tortona v. Gregorio*, G.R. No. 202612, January 17, 2018, <<https://elibrary.judiciary.gov.ph/thebookshelf/showdocs/1/63831>> [Per J. Leonen, Third Division].
108. Draft Decision, p. 14.
109. *Id.* at 20. See footnote 95 of the Draft Decision.
110. See **INTELLECTUAL PROPERTY CODE**, Section 5 (b) in relation to Section 7 (a).
111. See this Court's extended discussion on the applicability of United States cases of *Mancuso v. Taft, United States Civil Service Commission v. National Association of Letter Carriers AFL-CIO*, 476 F.2d 187 (1973); and *Broadrick v. State of*

Oklahoma in Quinto v. Commission on Elections, 627 Phil. 193 (2010) [Per C.J. Puno, En Banc].

112. J. Leonen, Dissenting Opinion, *Prosel Pharmaceuticals v. Tynor Drug House*, G.R. No. 248021, September 30, 2020 [Per J. Carandang, Third Division].

113. *Alhambra Cigar and Cigarette Manufacturing Co. v. Mojica*, 27 Phil. 266 (1914) [Per J. Moreland, First Division].

114. J. Leonen, Dissenting Opinion, *Zuneca Pharmaceutical v. Natrapharm, Inc.*, G.R. No. 211850, September 8, 2020, <<https://elibrary.judiciary.gov.ph/thebookshelf/showdocs/1/66500>> [Per J. Caguioa, En Banc] in relation with CONST., art. 12, sec. 6, which states:

SECTION 6. The use of property bears a social function, and all economic agents shall contribute to the common good. Individuals and private groups, including corporations, cooperatives, and similar collective organizations, shall have the right to own, establish, and operate economic enterprises, subject to the duty of the State to promote distributive justice and to intervene when the common good so demands.

115. *Id.*

M.V. LOPEZ, J., concurring:

1. *Taiwan Kolin Corporation, Ltd. v. Kolin Electronics Co., Inc.*, 757 Phil. 326 (2015); penned by Associate Justice Presbitero J. Velasco, Jr., with the concurrence of Associate Justices Diosdado M. Peralta (now Chief Justice), Martin S. Villarama, Jr., Bienvenido L. Reyes, and Francis H. Jardeleza (retired Member of this Court).

2. 665 Phil. 198 (2011).

3. *Id.* at 205-206.

4. Now Section 5 of Rule 18 of A.M. No. 10-3-10-SC, otherwise known as THE 2020 REVISED RULES OF PROCEDURE FOR INTELLECTUAL PROPERTY RIGHTS CASES; dated October 6, 2020.

5. 642 Phil. 503 (2010).

6. IPO Memorandum Circular No. 17-010 (2017) or the RULES AND REGULATIONS ON TRADEMARKS, SERVICE MARKS, TRADE NAMES AND MARKED OR STAMPED CONTAINERS OF 2017; done on July 7, 2017.

Rule 402. Reproduction of the Mark — x x x

In the case of word marks or if no special characteristics have to be shown, such as design, style of lettering, color, diacritical marks, or unusual forms of punctuation, the mark must be represented in standard characters x x x.

xxx xxx xxx

7. United States Patent and Trademark Office, *Protecting Your Trademark ENHANCING YOUR RIGHTS THROUGH FEDERAL REGISTRATION*, p. 17. Accessed on November 16, 2020 at <https://www.uspto.gov/sites/default/files/documents/BasicFacts.pdf>.

8. *Marvex Commercial Co., Inc. v. Petra Hawpia & Co.*, 125 Phil. 295, 301-302 (1966).

9. *Societe Produits Nestle, S.A. v. Dy, Jr.*, 641 Phil. 345, 364 (2010).

10. *Mcdonald's Corp. v. L.C. Big Mak Burger, Inc.*, 480 Phil. 402, 435 (2004).

11. See 2.2.2.2.3 of the ASEAN Common Guidelines for Substantive Examination of Trademarks.

2.2.2.2.3 Conceptual Comparison

Signs with Semantic Content

Similarity between two marks may be caused by a similarity in the concept or meaning of the signs, as understood by the average consumers in the country concerned.

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12. 2.4.2 of the ASEAN Common Guidelines for Substantive Examination of Trademarks.
13. *Estee Lauder, Inc. v. The Gam, Inc.*, 108 F.3d 1503 (2d Cir. 1997).
14. See *Ang v. Teodoro*, 74 Phil. 50 (1942).
15. *Sterling Products International, Inc. v. Farbenfabriken Bayer Aktiengesellschaft*, 137 Phil. 838, 852 (1969), citing 2 Callmann, op. cit., pp. 1323-1324.
16. 478 Phil. 615 (2004).
17. *Id.* at 662-663.
18. 148 Phil. 494 (1971).
19. *Id.* at 497-498.
20. 201 Phil. 61 (1982).
21. *Id.* at 67.
22. 201 Phil. 853 (1982).
23. *Id.* at 856-857.
24. *Supra* note 1, at 341.
25. 201 Phil. 803 (1982).
26. *Id.* at 808.
27. J. Thomas McCarthy (1984), *Trademarks and Unfair Competition*, 2nd ed., Clark Boardman Callaghan, pp. 163-164.
28. *Aunt Jemima Mills Co. v. Rigney & Co.*, 247 F 407 (2d Cir., 1917).
29. J. Thomas McCarthy (1984), *Trademarks and Unfair Competition*, 2nd ed., Clark Boardman Callaghan, p. 164.
30. AN ACT DEFINING PROPERTY IN TRADE-MARKS AND IN TRADE-NAMES AND PROVIDING FOR THE PROTECTION OF THE SAME, DEFINING UNFAIR COMPETITION AND PROVIDING REMEDIES AGAINST THE SAME, PROVIDING REGISTRATION FOR TRADE-MARKS AND TRADE-NAMES, AND DEFINING THE EFFECT TO BE GIVEN TO REGISTRATION UNDER THE SPANISH ROYAL DECREE OF EIGHTEEN HUNDRED AND EIGHTY-EIGHT RELATING TO THE REGISTRATION OF TRADE-MARKS, AND THE EFFECT TO BE GIVEN TO REGISTRATION UNDER THIS [ACT](#); enacted on March 6, 1903.
31. See Section 4 (d).
32. 83 Phil. 947 (1941).

33. 74 Phil. 50 (1942).
34. *Supra* note 32, at 956-957.
35. J. Thomas McCarthy (1984), *Trademarks and Unfair Competition*, 2nd ed., Clark Boardman Callaghan, p. 183.
36. *Supra* note 33, at 54.
37. *Supra* note 16, at 667.
38. 641 Phil. 345 (2010).
39. *Id.* at 366.
40. World Intellectual Property Office, *Summary of the Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks (1957)*. Accessed on December 7, 2020 at https://www.wipo.int/treaties/en/classification/nice/summary_nice.html.
41. *Kolin Electronics Co., Inc. v. Kolin Philippines Int'l, Inc.*, IPC No. 14-2007-00167, Decision No. 2009-109, pp. 13-14.
42. 218 Phil. 375 (1984).
43. *Carnation Co. v. California Growers Wineries*, 97 F. 2d 80; *Hiram Walke and Sons vs. Penn-Maryland Corp.*, 79 F. 2d 836.
44. *Supra* note 42, at 382.
45. 42 Phil. 190 (1921).
46. *Id.* at 196-197.
47. 321 Phil. 1001 (1995).
48. *Id.* at 1018.
49. *Supra* note 1, at 342-344