

[G.R. No. 221717. June 19, 2017.]

MANG INASAL PHILIPPINES, INC., petitioner, vs. IFP MANUFACTURING CORPORATION, respondent.

DECISION

VELASCO, JR., J p:

Before us is a Petition for Review on *Certiorari* under Rule 45 of the Rules of Court of the Resolutions dated June 10, 2015 **1** and December 2, 2015 **2** of the Court of Appeals (CA) in CA-G.R. SP No. 139020.

The Facts

The Trademark Application and the Opposition

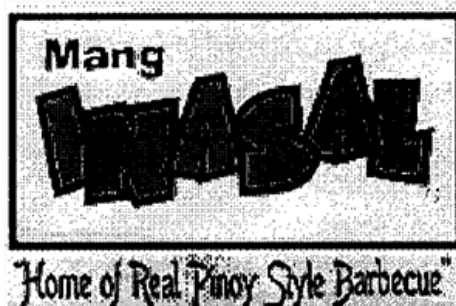
Respondent IFP Manufacturing Corporation is a local manufacturer of snacks and beverages.

On May 26, 2011, respondent filed with the Intellectual Property Office (IPO) an application **3** for the registration of the mark "**OK Hotdog Inasal Cheese Hotdog Flavor Mark**" (OK Hotdog Inasal mark) in connection with goods under Class 30 of the Nice Classification. **4** The said mark, which respondent intends to use on one of its curl snack products, appears as follows:



The application of respondent was opposed **5** by petitioner Mang Inasal Philippines, Inc.

Petitioner is a domestic fast food company and the owner of the mark "**Mang Inasal, Home of Real Pinoy Style Barbecue and Devise**" (Mang Inasal mark) for services under Class 43 of the Nice Classification. **6** The said mark, which was registered with the IPO in 2006 **7** and had been used by petitioner for its chain of restaurants since 2003, **8** consists of the following insignia:



Petitioner, in its opposition, contended that the registration of respondent's OK Hotdog Inasal mark is prohibited under Section 123.1 (d) (iii) of Republic Act No. (RA)

8293. **9** Petitioner averred that the OK Hotdog Inasal mark and the Mang Inasal mark share similarities — both as to their appearance and as to the goods or services that they represent — which tend to suggest a false connection or association between the said marks and, in that regard, would likely cause confusion on the part of the public. **10** As petitioner explained:

1. The OK Hotdog Inasal mark is similar to the Mang Inasal mark. Both marks feature the same dominant element — *i.e.*, the word "*INASAL*" — printed and stylized in the exact same manner, *viz.*:
 - a. In both marks, the word "*INASAL*" is spelled using the same font style and red color;
 - b. In both marks, the word "*INASAL*" is placed inside the same black outline and yellow background; and
 - c. In both marks, the word "*INASAL*" is arranged in the same staggered format.
2. The goods that the OK Hotdog Inasal mark is intended to identify (*i.e.*, curl snack products) are also closely related to the services represented by the Mang Inasal mark (*i.e.*, fast food restaurants). Both marks cover *inasal* or *inasal*-flavored food products.

Petitioner's opposition was referred to the Bureau of Legal Affairs (BLA) of the IPO for hearing and disposition.

Decisions of the IPO-BLA and the IPO-DG

On September 19, 2013, after due proceedings, the IPO-BLA issued a Decision **11** dismissing petitioner's opposition. The dispositive portion of the Decision reads:

WHEREFORE, premises considered, the instant opposition is hereby **DISMISSED**. Let the filewrapper [*sic*] of Trademark Application Serial No. 4-2011-006098 be returned, together with a copy of this Decision, to the Bureau of Trademarks for further information and appropriate action.

SO ORDERED.

Aggrieved, petitioner appealed the Decision of IPO-BLA to the Director General (DG) of the IPO. **12**

On December 15, 2014, the IPO-DG rendered a Decision **13** dismissing the appeal of petitioner. The *fallo* of the Decision accordingly reads:

Wherefore, premises considered, the appeal is hereby dismissed. Let a copy of this Decision be furnished to the Director of Bureau of Legal Affairs and the Director of Bureau of Trademarks for their appropriate action and information. Further, let a copy of this Decision be furnished to the library of the Documentation, Information and Technology Transfer Bureau for records purposes.

SO ORDERED.

Both the IPO-BLA and the IPO-DG were not convinced that the OK Hotdog Inasal mark is confusingly similar to the Mang Inasal mark. They rebuffed petitioner's contention, thusly:

1. The OK Hotdog Inasal mark is not similar to the Mang Inasal mark. In terms of appearance, the only similarity between the two marks is the word "*INASAL*." However, there are other words

like "OK," "HOTDOG," and "CHEESE" and images like that of curls and cheese that are found in the OK Hotdog Inasal mark but are not present in the Mang Inasal mark. **14**

In addition, petitioner cannot prevent the application of the word "INASAL" in the OK Hotdog Inasal mark. No person or entity can claim exclusive right to use the word "INASAL" because it is merely a generic or descriptive word that means barbeque or barbeque products. **15**

2. Neither can the underlying goods and services of the two marks be considered as closely related. The products represented by the two marks are not competitive and are sold in different channels of trade. The curl snack products of the OK Hotdog Inasal mark are sold in *sari-sari* stores, grocery stores and other small distributor outlets, whereas the food products associated with the Mang Inasal mark are sold in petitioner's restaurants. **16**

Undeterred, petitioner appealed to the CA.

Resolutions of the CA and the Instant Appeal

On June 10, 2015, the CA issued a Resolution **17** denying the appeal of petitioner. Petitioner filed a motion for reconsideration, but this too was denied by the CA through its Resolution **18** dated December 2, 2015. The CA, in its Resolutions, simply agreed with the ratiocinations of the IPO-BLA and IPO-DG.

Hence, the instant appeal.

Here, petitioner prays for the reversal of the CA Resolutions. Petitioner maintains that the OK Hotdog Inasal mark is confusingly similar to the Mang Inasal mark and insists that the trademark application of respondent ought to be denied for that reason.

Our Ruling

We have examined the OK Hotdog Inasal and Mang Inasal marks under the lens of pertinent law and jurisprudence. And, through it, we have determined the justness of petitioner's claim. By our legal and jurisprudential standards, the respondent's OK Hotdog Inasal mark is, indeed, likely to cause deception or confusion on the part of the public. Hence, contrary to what the IPO-BLA, IPO-DG, and the CA had ruled, the respondent's application should have been denied.

We, therefore, grant the appeal.

I

The Proscription: Sec. 123.1 (d) (iii) of RA 8293

A mark that is similar to a registered mark or a mark with an earlier filing or priority date (earlier mark) and which is likely to cause confusion on the part of the public cannot be registered with the IPO. Such is the import of Sec. 123.1 (d) (iii) of RA 8293:

SECTION 123. Registrability. —

123.1. A mark cannot be registered if it:

xxx xxx xxx

d. x x x:

i. x x x

ii. x x x

iii. . . . nearly resembles [a registered mark belonging to a different proprietor or a mark with an earlier filing or

priority date] as to be likely to deceive or cause confusion.

The concept of confusion, which is at the heart of the proscription, could either refer to *confusion of goods* or *confusion of business*. In *Skechers U.S.A., Inc. v. Trendworks International Corporation*, **19** we discussed and differentiated both types of confusion, as follows:

Relative to the question on confusion of marks and trade names, jurisprudence has noted two (2) types of confusion, *viz.*: (1) confusion of goods (product confusion), where the ordinarily prudent purchaser would be induced to purchase one product in the belief that he was purchasing the other; and (2) 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 in-existent.

Confusion, in either of its forms, is, thus, only possible when the goods or services covered by allegedly similar marks are identical, similar or related in some manner. **20**

Verily, to fall under the ambit of Sec. 123.1 (d) (iii) and be regarded as likely to deceive or cause confusion upon the purchasing public, a prospective mark must be shown to meet two (2) minimum conditions:

1. The prospective mark must nearly resemble or be similar to an earlier mark; *and*
2. The prospective mark must pertain to goods or services that are either identical, similar or related to the goods or services represented by the earlier mark.

The rulings of the IPO-BLA, IPO-DG, and the CA all rest on the notion that the OK Hotdog Inasal mark does *not* fulfill both conditions and so may be granted registration.

We disagree.

II

The OK Hotdog Inasal Mark is Similar to the Mang Inasal Mark

The first condition of the proscription requires resemblance or *similarity* between a prospective mark and an earlier mark. Similarity does not mean absolute identity of marks. **21** To be regarded as similar to an earlier mark, it is enough that a prospective mark be a colorable imitation of the former. **22** Colorable imitation denotes such likeness in form, content, words, sound, meaning, special arrangement or general appearance of one mark with respect to another as would likely mislead an average buyer in the ordinary course of purchase. **23**

In determining whether there is similarity or colorable imitation between two marks, authorities employ either the *dominancy test* or the *holistic test*. **24** In *Mighty Corporation v. E. & J. Gallo Winery*, **25** we distinguished between the two tests as follows:

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. (citations omitted and emphasis supplied)

There are currently no fixed **rules** as to which of the two tests can be applied in any given case. **26** However, recent case law on trademark seems to indicate an overwhelming judicial preference towards applying the dominance test. **27** We conform.

Our examination of the marks in controversy yielded the following findings:

1. The petitioner's Mang Inasal mark has a single dominant feature — the word "**INASAL**" written in a bold red typeface against a black outline and yellow background with staggered design. The other perceptible elements of the mark — such as the word "**MANG**" written in black colored font at the upper left side of the mark and the phrase "**HOME OF REAL PINOY STYLE BARBEQUE**" written in a black colored stylized font at the lower portion of the mark — are not as visually outstanding as the mentioned feature.
2. **Being the sole dominant element, the word "INASAL," as stylized in the Mang Inasal mark, is also the most distinctive and recognizable feature of the said mark.**
3. **The dominant element "INASAL," as stylized in the Mang Inasal mark, is different from the term "*inasal*" per se. The term "*inasal*" per se is a descriptive term that cannot be appropriated. However, the dominant element "INASAL," as stylized in the Mang Inasal mark, is not. Petitioner, as the registered owner of the Mang Inasal mark, can claim exclusive use of such element.**
4. The respondent's OK Hotdog Inasal mark, on the other hand, has three (3) dominant features: (a) the word "**INASAL**" written in a bold red typeface against a black and yellow outline with staggered design; (b) the word "**HOTDOG**" written in green colored font; and (c) a picture of three pieces of curls. Though there are other observable elements in the mark — such as the word "**OK**" written in red colored font at the upper left side of the mark, the small red banner overlaying the picture of the curls with the words "**CHEESE HOTDOG FLAVOR**" written on it, and the image of a block of cheese beside the picture of the curls — none of those are as prevalent as the two features aforementioned.
5. **The dominant element "**INASAL**" in the OK Hotdog Inasal mark is exactly the same as the dominant element "**INASAL**" in the Mang Inasal mark. Both elements in both marks are printed using the exact same red colored font, against the exact same black outline and yellow background and is arranged in the exact same staggered format.**
6. Apart from the element "**INASAL**," there appear no other perceivable similarities between the two marks.

Given the foregoing premises, and applying the dominance test, we hold that the OK Hotdog Inasal mark is a colorable imitation of the Mang Inasal mark.

First. The fact that the conflicting marks have exactly the same dominant element is key. It is undisputed that the OK Hotdog Inasal mark copied and adopted as one of its

dominant features the "INASAL" element of the Mang Inasal mark. Given that the "INASAL" element is, at the same time, the dominant and most distinctive feature of the Mang Inasal mark, the said element's incorporation in the OK Hotdog Inasal mark, thus, has the *potential* to project the deceptive and false impression that the latter mark is somehow linked or associated with the former mark.

Second. The differences between the two marks are trumped by the overall impression created by their similarity. The mere fact that there are other elements in the OK Hotdog Inasal mark that are not present in the Mang Inasal mark actually does little to change the probable public perception that both marks are linked or associated. It is worth reiterating that the OK Hotdog Inasal mark actually brandishes a *literal copy* of the most recognizable feature of the Mang Inasal mark. We doubt that an average buyer catching a casual glimpse of the OK Hotdog Inasal mark would pay more attention to the peripheral details of the said mark than it would to the mark's more prominent feature, especially when the same invokes the distinctive feature of another more popular brand.

All in all, we find that the OK Hotdog Inasal mark is similar to the Mang Inasal mark.

III

The Goods for which the Registration of the OK Hotdog Inasal Mark is Sought are Related to the Services Being Represented by the Mang Inasal Mark

The second condition of the proscription requires that the prospective mark pertain to goods or services that are either identical, similar or related to the goods or services represented by the earlier mark. While there can be no quibble that the curl snack product for which the registration of the OK Hotdog Inasal mark is sought cannot be considered as identical or similar to the restaurant services represented by the Mang Inasal mark, there is ample reason to conclude that the said product and services may nonetheless be regarded as *related* to each other.

Related goods and services are those that, though non-identical or non-similar, are so logically connected to each other that they may reasonably be assumed to originate from one manufacturer or from economically-linked manufacturers. **28** In determining whether goods or services are related, several factors may be considered. Some of those factors recognized in our jurisprudence are: **29**

1. the business (and its location) to which the goods belong;
2. the class of product to which the goods belong;
3. the product's quality, quantity, or size, including the nature of the package, wrapper or container;
4. the nature and cost of the articles;
5. the descriptive properties, physical attributes or essential characteristics with reference to their form, composition, texture or quality;
6. the purpose of the goods;
7. whether the article is bought for immediate consumption, that is, day-to-day household items;
8. the fields of manufacture;
9. the conditions under which the article is usually purchased; and
10. the channels of trade through which the goods flow, how they are distributed, marketed, displayed and sold.

Relative to the consideration of the foregoing factors, however, *Mighty Corporation* **30** significantly imparted:

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.

A very important circumstance though is whether there exists a likelihood that an appreciable number of ordinarily prudent purchasers will be misled, or simply confused, as to the source of the goods in question. The "purchaser" is not the "completely unwary consumer" but is the "ordinarily intelligent buyer" considering the type of product involved he is 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.** (citations omitted and emphasis supplied)

Mindful of the foregoing precepts, we hold that the curl snack product for which the registration of the OK Hotdog Inasal mark is sought is related to the restaurant services represented by the Mang Inasal mark, in such a way that may lead to a confusion of business. In holding so, we took into account the specific kind of restaurant business that petitioner is engaged in, the reputation of the petitioner's mark, and the particular type of curls sought to be marketed by the respondent, thus:

First. Petitioner uses the Mang Inasal mark in connection with its restaurant services that is particularly known for its chicken *inasal*, *i.e.*, grilled chicken doused in a special *inasal* marinade. **31** The *inasal* marinade is different from the typical barbecue marinade and it is what gives the chicken *inasal* its unique taste and distinct orange color. **32** *Inasal* refers to the manner of grilling meat products using an *inasal* marinade.

Second. The Mang Inasal mark has been used for petitioner's restaurant business since 2003. The restaurant started in Iloilo but has since expanded its business throughout the country. Currently, the Mang Inasal chain of restaurants has a total of 464 branches scattered throughout the nation's three major islands. **33** It is, thus, fair to say that a sizeable portion of the population is knowledgeable of the Mang Inasal mark.

Third. Respondent, on the other hand, seeks to market under the OK Hotdog Inasal mark curl snack products which it publicizes as having a cheese hotdog *inasal* flavor. **34**

Accordingly, it is the fact that the underlying goods and services of both marks deal with *inasal* and *inasal*-flavored products which ultimately fixes the relations between such goods and services. Given the foregoing circumstances *and* the aforesaid similarity between the marks in controversy, we are convinced that an average buyer who comes across the curls marketed under the OK Hotdog Inasal mark is likely to be confused as to the true source of such curls. To our mind, it is not unlikely that such buyer would be led into the assumption that the curls are of petitioner and that the latter has ventured into

snack manufacturing or, if not, that the petitioner has supplied the flavorings for respondent's product. Either way, the reputation of petitioner would be taken advantage of and placed at the mercy of respondent.

All in all, we find that the goods for which the registration of the OK Hotdog Inasal mark is sought are related to the services being represented by the Mang Inasal mark.

IV

Conclusion

The OK Hotdog Inasal mark meets the two conditions of the proscription under Sec. 123.1 (d) (iii) of RA 8293. *First*, it is similar to the Mang Inasal mark, an earlier mark. *Second*, it pertains to goods that are related to the services represented by such earlier mark. Petitioner was, therefore, correct; and the IPO-BLA, IPO-DG, and the CA's rulings must be reversed. The OK Hotdog Inasal mark is not entitled to be registered as its use will likely deceive or cause confusion on the part of the public and, thus, also likely to infringe the Mang Inasal mark. The law, in instances such as this, must come to the succor of the owner of the earlier mark.

WHEREFORE, premises considered, the petition is hereby **GRANTED**. We hereby render a decision as follows:

1. **REVERSING** and **SETTING ASIDE** the Resolutions dated June 10, 2015 and December 2, 2015 of the Court of Appeals in CA-G.R. SP No. 139020;
2. **SETTING ASIDE** the Decision dated December 15, 2014 of the Director General of the Intellectual Property Office in Appeal No. 14-2013-0052;
3. **SETTING ASIDE** the Decision dated September 19, 2013 of the Director of the Bureau of Legal Affairs of the Intellectual Property Office in IPC No. 14-2012-00369; and
4. **DIRECTING** the incumbent Director General and Director of the Bureau of Legal Affairs of the Intellectual Property Office to **DENY** respondent's Application No. 4-2011-006098 for the registration of the mark "**OK Hotdog Inasal Cheese Hotdog Flavor Mark.**"

SO ORDERED.

Bersamin, Reyes, Jardeleza and Tijam, JJ., concur.

Footnotes

1. *Rollo*, pp. 854-857. Penned by Associate Justice Normandie B. Pizarro and concurred in by Associate Justices Victoria Isabel A. Paredes and Zenaida T. Galapate-Laguilles.
2. *Id.* at 55-58.
3. Trademark Application No. 4-2011-006098. The application was published in the IPO E-Gazette on July 16, 2012.
4. Otherwise known as the "International Classification of Goods."
5. *Rollo*, pp. 65-76. Via Notice of Opposition dated October 15, 2012. The Notice of Opposition was docketed in the IPO as IPC No. 14-2012-00369.
6. Per Certificate of Registration No. 4-2006-009050.
7. *Rollo*, p. 122. The Mang Inasal mark was registered with the IPO on August 17, 2006. See Certificate of Registration No. 4-2006-009050.

8. *Id.* at 25.

9. The provision 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.

10. *Rollo*, pp. 65-76.

11. *Id.* at 203-207.

12. The appeal was docketed as Appeal No. 14-2013-0052.

13. *Rollo*, pp. 408-411. Rendered by then Director General Ricardo R. Blancaflor.

14. *Id.* at 410.

15. *Id.* at 410-411.

16. *Id.* at 206-207; 411.

17. *Id.* at 854-857.

18. *Id.* at 55-58.

19. G.R. No. 164321, March 23, 2011, 646 SCRA 448.

20. See *Faberge, Inc. v. Intermediate Appellate Court*, G.R. No. 71189, November 4, 1992, 215 SCRA 316.

21. See *Emerald Garment Manufacturing v. Court of Appeals*, G.R. No. 100098, December 29, 1995, 251 SCRA 600.

22. *Clark v. Manila Candy Company*, 36 Phil. 100 (1917).

23. *Emerald Garment Manufacturing*, *supra* note 21.

24. *Mighty Corporation v. E. & J. Gallo Winery*, G.R. No. 154342, July 14, 2004, 434 SCRA 473.

25. *Id.*

26. See *Diaz v. People of the Philippines*, G.R. No. 180677, February 18, 2013, 691 SCRA 139.

27. See *UFC Philippines, Inc. v. Fiesta Barrio Manufacturing Corporation*, G.R. No. 198889, January 20, 2016; *Skechers U.S.A., Inc.*, *supra* note 19; *Berris Agricultural Company, Inc. v. Abyadang*, G.R. No. 183404, October 13, 2010, 633 SCRA 196; *Dermaline, Inc. v. Myra Pharmaceuticals*, G.R. No. 190065, August 16, 2010, 628 SCRA 356; *Societe Des Produits Nestlé, S.A. v. Dy, Jr.*, G.R. No. 172276, August 8, 2010, 627 SCRA 223; *Prosource International, Inc. v. Horphag Research Management SA*, G.R. No. 180073, November 25, 2009, 605 SCRA 523.

28. See *Sterling Products International, Inc. v. Farbenfabriken Bayer Aktiengesellschaft*, No. L-19906, April 30, 1969, 27 SCRA 1214.
29. *Mighty Corporation*, *supra* note 24.
30. *Id.*
31. *Rollo*, p. 25.
32. Gapultos, Marvin. *The Adobo Road Cookbook: A Filipino Food Journey from Food Blog, to Food Truck and Beyond* (2013), p. 84.
33. *Rollo*, p. 25.
34. *Id.* at 39-40.