



Republic of the Philippines  
**Supreme Court**  
 Manila

SUPREME COURT OF THE PHILIPPINES  
 PUBLIC INFORMATION OFFICE  
**RECEIVED**  
 JUN 15 2021  
 BY: R. SANTIAGO  
 TIME: 3:30

EN BANC

**KOLIN ELECTRONICS CO.,  
 INC.,**

Petitioner,

**G.R. No. 228165**

Present:

PERALTA, C.J.,  
 PERLAS-BERNABE,  
 LEONEN,  
 CAGUIOA,  
 GISMUNDO,  
 HERNANDO,  
 CARANDANG,  
 LAZARO-JAVIER,  
 INTING,  
 ZALAMEDA,  
 M. LOPEZ,  
 DELOS SANTOS,  
 GAERLAN,  
 ROSARIO, and  
 J. LOPEZ, JJ.

- versus -

**KOLIN PHILIPPINES  
 INTERNATIONAL, INC.,**  
 Respondent.

Promulgated:

February 9, 2021

*Done. Li A. Lopez-James*

X-----X

**DECISION**

**CAGUIOA, J.:**

This is a Petition for Review on *Certiorari*<sup>1</sup> (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<sup>2</sup> dated April 29, 2016 reversing the ruling of the Director General of the Intellectual Property Office (IPO-DG) in Appeal No.

<sup>1</sup> *Rollo*, pp. 9-28A.

<sup>2</sup> *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.

*[Handwritten signature]*

14-09-64<sup>3</sup> (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<sup>4</sup> 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.<sup>5</sup>

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.<sup>6</sup> 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.<sup>7</sup>

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

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

<sup>3</sup> Also appears as Appeal Case No. 14-09-64 in some parts of the *rollo*.

<sup>4</sup> *Rollo*, pp. 49-50.

<sup>5</sup> *Id.* at 79.

<sup>6</sup> *Id.*

<sup>7</sup> *Id.*

<sup>8</sup> See <<https://www3.wipo.int/branddb/ph/en/showData.jsp?ID=PHTM.41996106310>>.

<sup>9</sup> *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".

**KOLIN**,<sup>10</sup> 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.<sup>11</sup>

On December 27, 2002, Director Estrellita Beltran-Abelardo of the Intellectual Property Office Bureau of Legal Affairs (IPO-BLA) rendered Decision No. 2002-46<sup>12</sup> (*Inter Partes* Case No. 14-1998-00050) denying TKC's opposition and giving due course to KECI's trademark application for *KOLIN*.<sup>13</sup> Premised on the factual finding that the subject marks are "the same or almost identical,"<sup>14</sup> the IPO-BLA then opted to focus on the discussion of the prior adopter and user of the mark.<sup>15</sup> 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."<sup>16</sup> 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<sup>17</sup> on November 6, 2003 sustaining the ruling of the IPO-BLA.<sup>18</sup> The IPO eventually issued a Certificate of Registration for *KOLIN* in favor of KECI.<sup>19</sup> 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.<sup>20</sup>

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.<sup>21</sup>

---

<sup>10</sup> Id. at 55

<sup>11</sup> Id. at 80.

<sup>12</sup> Id. at 54-64.

<sup>13</sup> Id. at 65, 81.

<sup>14</sup> Id. at 58.

<sup>15</sup> 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)

<sup>16</sup> Id. at 62. Emphasis and underscoring omitted.

<sup>17</sup> 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.

<sup>18</sup> Id. at 77, 83-84.

<sup>19</sup> Id. at 84-85.

<sup>20</sup> Id. at 85.

<sup>21</sup> Id.

On July 31, 2006, the CA issued a Decision<sup>22</sup> against TKC and in favor of KECI. The CA clarified that the Trademark Law<sup>23</sup> 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.<sup>24</sup> Accordingly, the CA held that there must be actual use thereof in commerce to acquire ownership of a mark.<sup>25</sup> The CA found as undisputed that KEIS, the predecessor-in-interest of KECI, had been using the *KOLIN* mark in the Philippines since February 17, 1989, prior to the filing of the trademark application for *KOLIN* in 1993.<sup>26</sup> While TKC claimed prior use of the mark in foreign jurisdictions<sup>27</sup> as early as 1986,<sup>28</sup> 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.<sup>29</sup> Further, the assignment of rights involving the *KOLIN* mark to KECI was not raised as an issue in the case.<sup>30</sup> 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<sup>31</sup> (IP Code), TKC’s “claim of x x x priority right is unavailing.”<sup>32</sup> Accordingly, the CA dismissed TKC’s petition for lack of merit and affirmed the IPO-DG’s decision.<sup>33</sup>

TKC initially appealed the CA decision by filing with the Court a motion for extension to file a petition for review.<sup>34</sup> However, on September 6, 2007, TKC filed a Manifestation withdrawing its motion for extension because “[TKC was] no longer interested in pursuing an appeal.”<sup>35</sup> 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<sup>36</sup> (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.

---

<sup>22</sup> Id. at 78-102. Penned by Associate Justice Amelita G. Tolentino and concurred in by Associate Justices Portia Aliño Hormachuelos and Santiago Javier Ranada.

<sup>23</sup> 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.

<sup>24</sup> *Rollo*, p. 92.

<sup>25</sup> Id. at 95.

<sup>26</sup> Id.

<sup>27</sup> Id. at 87.

<sup>28</sup> *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.

<sup>29</sup> *Rollo*, pp. 96-97.

<sup>30</sup> Id. at 95.

<sup>31</sup> 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).

<sup>32</sup> *Rollo*, p. 99.

<sup>33</sup> Id. at 101-102.

<sup>34</sup> See id. at 103.

<sup>35</sup> Id.

<sup>36</sup> Id.

## 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.*<sup>37</sup> (*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<sup>38</sup> against KECI's application for **KOLIN**, TKC had filed on February 29, 1996 Trademark Application No. 4-1996-106310 for **KOLIN** 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**.<sup>39</sup> However, the application was considered abandoned as of April 18, 1999 because TKC failed to respond to Paper No. 5.<sup>40</sup> 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.<sup>41</sup> 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."<sup>42</sup>

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

<sup>37</sup> 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.

<sup>38</sup> *N.B.* The opposition proceedings where the *KECI ownership case* stemmed from.

<sup>39</sup> *Id.*; see IPO-DG Decision on Opposition to Trademark Application No. 4-1996-106310, p. 1, available at <[http://121.58.254.45/ipcaselibrary/ipcasepdf/AP\\_IPC\\_14-2009-000027\\_Decision.pdf](http://121.58.254.45/ipcaselibrary/ipcasepdf/AP_IPC_14-2009-000027_Decision.pdf)>.

<sup>40</sup> *Id.*; *id.*

<sup>41</sup> *Id.*; *id.*

<sup>42</sup> *Id.*; *id.*

<sup>43</sup> *Id.* at 120; *id.* at 2.

<sup>44</sup> *Id.*; *id.*

<sup>45</sup> *Id.*; *id.*



KECI filed an opposition against TKC's application with the IPO-BLA on July 13, 2006<sup>46</sup> based on the fact that it is the registered owner of the *KOLIN*<sup>47</sup> mark, 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."<sup>48</sup>

The IPO-BLA rendered Decision No. 2007-118<sup>49</sup> dated August 16, 2007 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.<sup>50</sup>

Noting that TKC only wanted its **KOLIN** application to be given due course subject to the use limitation or restriction for television and DVD player,<sup>51</sup> the IPO-DG issued a Decision<sup>52</sup> 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".<sup>53</sup>

Aggrieved, KECI appealed to the CA.

On April 30, 2013, the CA issued a Decision<sup>54</sup> in CA-G.R. SP No. 122565 reversing and setting aside the IPO-DG's decision and reinstating the IPO-BLA decision.<sup>55</sup> It ruled in favor of KECI based on the following grounds: (a) the "KOLIN" mark sought to be registered by TKC is

<sup>46</sup> *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.

<sup>47</sup> 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.

<sup>48</sup> *Rollo*, p. 121; see IPO-DG Decision on Opposition to Trademark Application No. 4-1996-106310, supra note 39, at 3.

<sup>49</sup> 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>>.

<sup>50</sup> Id. at 122; see page 4 of IPO-DG Decision on Opposition to Trademark Application No. 4-1996-106310, supra note 39, at 4.

<sup>51</sup> Id. at 123; id. at 5.

<sup>52</sup> 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.

<sup>53</sup> Id. at 126; see id. at 8.

<sup>54</sup> *Rollo*, pp. 127-139. Penned by Associate Justice Pedro B. Corales and concurred in by Associate Justices Sesinando E. Villon and Florito S. Macalino.

<sup>55</sup> Id. at 138.

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;"<sup>56</sup> (b) there are no other designs, special shape or easily identifiable earmarks that would differentiate the products of both competing companies;<sup>57</sup> 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;<sup>58</sup> 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.<sup>59</sup> 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
<b>Marks</b>	<i>KOLIN</i> <sup>60</sup>	<b>KOLIN</b> <sup>61</sup>	<b>KOLIN</b> <sup>62</sup>
<b>Application No.</b>	4-1993-087497	4-1996-106310	4-2002-011002
<b>Filing Date</b>	August 17, 1993	February 29, 1996	December 27, 2002
<b>Current Status</b>	Registered	Registered	Refused for non-filing of DAU/DNU
<b>Class Covered</b>	9	9	9
<b>Goods Covered</b>	Automatic Voltage Regulator, Converter, Recharger, Stereo Booster, AC-DC Regulated Power Supply, Step-Down Transformer, PA Amplified AC-DC	Television and DVD player	Television Sets, Audio/Video Electronic Equipment and Similar Appliances

<sup>56</sup> Id. at 135.

<sup>57</sup> Id.

<sup>58</sup> Id. at 138.

<sup>59</sup> Id.

<sup>60</sup> Id. at 52; see also <<https://www3.wipo.int/branddb/ph/en/showData.jsp?ID=PHTM.41993087497>>.

<sup>61</sup> See <<https://www3.wipo.int/branddb/ph/en/showData.jsp?ID=PHTM.41996106310>>.

<sup>62</sup> See <<https://www3.wipo.int/branddb/ph/en/showData.jsp?ID=PHTM.42002011002>>.

To clarify, while Trademark Application No. 4-1996-106310 was indeed revived,<sup>63</sup> it was not through another separate application, contrary to TKC's statement.<sup>64</sup>

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*<sup>65</sup> (*Mighty Corporation*).<sup>66</sup> 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."<sup>67</sup>

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.<sup>68</sup> 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.<sup>69</sup>

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:

<sup>63</sup> 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.

<sup>64</sup> *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.

<sup>65</sup> G.R. No. 154342, July 14, 2004, 434 SCRA 473.

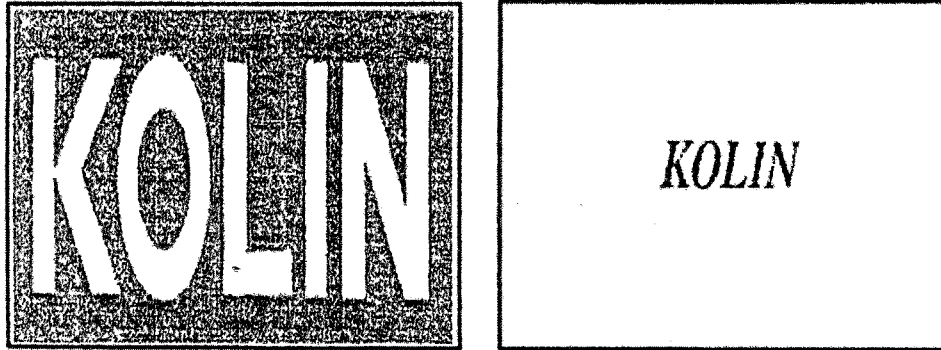
<sup>66</sup> *Taiwan Kolin case*, *supra* note 37, at 565-567.

<sup>67</sup> *Id.* at 567.

<sup>68</sup> *Id.* at 570.

<sup>69</sup> *Id.* at 571.





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.<sup>70</sup> It also cited the case of *Emerald Garment Manufacturing Corporation v. Court of Appeals*<sup>71</sup> (*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”.<sup>72</sup> (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.<sup>73</sup> 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<sup>74</sup> — more than a month after the promulgation of the *KECI ownership case* — KPPII, an affiliate of TKC,<sup>75</sup> filed Trademark

<sup>70</sup> See *id.* at 574.

<sup>71</sup> G.R. No. 100098, December 29, 1995, 251 SCRA 600.

<sup>72</sup> *Id.* at 617.

<sup>73</sup> *Taiwan Kolin case*, *supra* note 37, at 577.

<sup>74</sup> *Rollo*, p. 31.

<sup>75</sup> *Id.* at 273.

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 KPPII’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 KPPII’s **kolin** mark will cause confusion among consumers.<sup>76</sup>

In its defense, KPPII 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.<sup>77</sup> Besides, KPPII 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.<sup>78</sup> KPPII insisted that “Televisions and DVD players” are not related to the goods covered by KECI’s registered mark.<sup>79</sup>

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	KPPII
Marks	<b>KOLIN</b> <sup>80</sup>	<b>kolin</b> <sup>81</sup>
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<sup>82</sup> on IPC No. 14-2007-00167 dated September 9, 2009, the IPO-BLA sustained KECI’s opposition. One of the reasons why KPPII’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

<sup>76</sup> 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>>.

<sup>77</sup> Id. at 161-162; id. at 7-8.

<sup>78</sup> Id. 162; id. at 8.

<sup>79</sup> Id.; id.

<sup>80</sup> See <<https://www3.wipo.int/branddb/ph/en/showData.jsp?ID=PHTM.41993087497>>.

<sup>81</sup> See <<https://www3.wipo.int/branddb/ph/en/showData.jsp?ID=PHTM.42006010021>>.

<sup>82</sup> *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.

offered by KECI and KPII.<sup>83</sup> Significantly, the IPO-BLA also noted that KECI had received several customer e-mails complaining against or seeking information about the products of KPII.<sup>84</sup>

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.**<sup>85</sup> (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.<sup>86</sup>

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

### ***IPO-DG Decision***

On September 12, 2013, the IPO-DG issued a Decision<sup>87</sup> 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

<sup>83</sup> Id. at 167; id. at 13.

<sup>84</sup> See id. at 167-168; id. at 13-14.

<sup>85</sup> Id. at 169; id. at 15.

<sup>86</sup> Id. at 170; id. at 16.

<sup>87</sup> 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](http://121.58.254.45/ipcaselibrary/ipcasepdf/AP_IPC14-09-64.pdf).



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].”<sup>88</sup>

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<sup>89</sup> 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*.<sup>90</sup> 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.<sup>91</sup> 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.**<sup>92</sup>

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 *kolin* mark is contrary to the provisions of the IP Code.

---

<sup>88</sup> Id. at 178; id. at 7.

<sup>89</sup> Id. at 30-47.

<sup>90</sup> Id. at 35-44.

<sup>91</sup> Id. at 44.

<sup>92</sup> Id. at 46.



In a Comment<sup>93</sup> dated June 5, 2017, KPII argued that the CA had correctly applied the principle of *res judicata*.

In the Reply<sup>94</sup> 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 **kolin** mark.

### *The Court's Ruling*

The Petition is granted. KPII is not allowed to register its **kolin** 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."<sup>95</sup> 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.<sup>96</sup>

---

<sup>93</sup> Id. at 271-278.

<sup>94</sup> Id. at 281-290.

<sup>95</sup> Id. at 44.

<sup>96</sup> Id. at 45-46.



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.*<sup>97</sup> 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.

x x x x

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<sup>98</sup>

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.<sup>99</sup> In this case, the item to which the controversy has arisen or the thing under dispute is KPII’s *kolin* mark, while in the *Taiwan Kolin case*, the subject matter is TKC’s **KOLIN** 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 **KOLIN**, 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 *kolin*.

<sup>97</sup> G.R. No. 209116, January 14, 2019, 890 SCRA 278.

<sup>98</sup> Id. at 286-287.

<sup>99</sup> Id. at 288.

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.<sup>100</sup>

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

---

<sup>100</sup> *Perez v. Court of Appeals*, G.R. No. 157616, July 22, 2005, 464 SCRA 89, 108-109.



automatically register all similar marks, despite allegations of “damage”<sup>101</sup> 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**<sup>102</sup> over a stylized version of the “KOLIN” word as against other parties, including KECI, for a range of goods/services.<sup>103</sup> 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)?**

---

<sup>101</sup> 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. 165a) (Underscoring supplied)

<sup>102</sup> *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.

<sup>103</sup> 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)



- b) As mentioned, KECI is the owner of the mark under the Trademark Law based on the *KECI ownership case*. Section 236<sup>104</sup> 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 KPII's application under the IP Code for exclusive appropriation of a stylized KOLIN (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 KPII'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 KPII 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 **KOLIN** as a mark with a specific stylization, and not a word mark.<sup>105</sup>

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.<sup>106</sup>

<sup>104</sup> 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)

<sup>105</sup> Separate Concurring Opinion of Senior Associate Justice Estela M. Perlas-Bernabe, pp. 6-11.

<sup>106</sup> See IPOPHL 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.

x x x x (Emphasis supplied)

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>
<b>KOLIN</b> <sup>107</sup>	<b>KOLIN</b> <sup>108</sup>
The two marks overlaid	
<b>KOLIN</b>	

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,"<sup>109</sup> 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 account the nature of TKC's **KOLIN** 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<sup>110</sup>

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 to register its trademark application for **kolin**, 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,<sup>111</sup> 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:

<sup>107</sup> Supra note 61.

<sup>108</sup> Supra note 62.

<sup>109</sup> *Rollo*, p. 46.

<sup>110</sup> Separate Concurring Opinion of Senior Associate Justice Estela M. Perlas-Bernabe, p. 6.

<sup>111</sup> *Rollo*, p. 20.

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

x x x x

(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;

x x x x

In determining likelihood of confusion — which can manifest in the form of “confusion of goods” and/or “confusion of business”<sup>112</sup> — 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.<sup>113</sup>

These criteria may be collectively referred to as the **multifactor test**. Out of these criteria, there are two which are uniformly deemed significant

<sup>112</sup> *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)

<sup>113</sup> 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.

under the Trademark Law<sup>114</sup> and the IP Code:<sup>115</sup> 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:

<sup>114</sup> 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:

x x x x

(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[.]**

x x x x

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)

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

x x x x

(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[.]

x x x x

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)**

(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.<sup>116</sup> (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,<sup>117</sup> the Holistic Test alone,<sup>118</sup> or both tests.<sup>119</sup> There is also at least one case where the Court did not use either test.<sup>120</sup>

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.*,<sup>121</sup> 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**

<sup>116</sup> *Mighty Corporation v. E. & J. Gallo Winery*, supra note 65, at 506-507.

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

<sup>118</sup> *Id.* at 19-20.

<sup>119</sup> *Id.* at 20-21.

<sup>120</sup> "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.)

<sup>121</sup> G.R. No. 143993, August 18, 2004, 437 SCRA 10.

**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.**

X X X X

**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.”<sup>122</sup> (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.

X X X X

**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.

X X X X

*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:

X X X X

*Trademarks*

X X X X

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.**<sup>123</sup> (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

<sup>122</sup> Id. at 32-33.

<sup>123</sup> Record of the Senate, October 8, 1996, Vol. II, No. 29, pp. 131-135.

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,<sup>124</sup> 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.<sup>125</sup>

In *Societe Des Produits Nestle, S.A. v. Dy, Jr.*,<sup>126</sup> 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.**<sup>127</sup> (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,

<sup>124</sup> Separate Concurring Opinion of Associate Justice Marvic M.V.F. Leonen, p. 22.

<sup>125</sup> 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.”

<sup>126</sup> *Supra* note 103.

<sup>127</sup> *Id.* at 627.

aural, or connotative aspects, which are key areas to consider in using the Dominancy Test.

As summarized in the IPO website,<sup>128</sup> 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, IPOPHL 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.

x x x x

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.<sup>129</sup>

The case of *Cunningham v. Laser Golf Corp.*<sup>130</sup> (*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**

<sup>128</sup> 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?”.

<sup>129</sup> See *W Land Holdings, Inc. v. Starwood Hotels and Resorts Worldwide, Inc.*, G.R. No. 222366, December 4, 2017, 847 SCRA 403, 432.

<sup>130</sup> 222 F. 3d 943, 55 USPQ2d 1842 (Fed. Cir. 2000).



**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.**<sup>131</sup> (Emphasis and underscoring ours)

Using the persuasive logic in *Cunningham* together with the Dominancy Test, there is no doubt that the minor differences between **kolin** and **KOLIN** 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 **KOLIN** 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 <b>KOLIN</b>	KPII’s <b>kolin</b>
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,

<sup>131</sup> Id. at 949-950.

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.<sup>132</sup> (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

---

<sup>132</sup> *Mighty Corporation v. E. & J. Gallo Winery*, supra note 65, at 509-511.

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,<sup>133</sup> 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<sup>134</sup> and the IP Code.<sup>135</sup> 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,<sup>136</sup> *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,<sup>137</sup> 2018,<sup>138</sup> 2019,<sup>139</sup> and 2020.<sup>140</sup> 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.

<sup>133</sup> Concurring Opinion of Chief Justice Diosdado M. Peralta, pp. 3-7.

<sup>134</sup> See TRADEMARK LAW, Sec. 6.

<sup>135</sup> See IP CODE, Sec. 144.

<sup>136</sup> *Supra* note 113.

<sup>137</sup> See <[https://www.wipo.int/classifications/nice/nclpub/en/fr/?class\\_number=9&lang=en&menulang=en&mode=flat&notion=modifications&version=20170101](https://www.wipo.int/classifications/nice/nclpub/en/fr/?class_number=9&lang=en&menulang=en&mode=flat&notion=modifications&version=20170101)>. *N.B.*: The list of modifications shows 42 changes, transfers, and additions, in the Alphabetical List of Goods.

<sup>138</sup> See <[https://www.wipo.int/classifications/nice/nclpub/en/fr/?class\\_number=9&lang=en&menulang=en&mode=flat&notion=modifications&version=20180101](https://www.wipo.int/classifications/nice/nclpub/en/fr/?class_number=9&lang=en&menulang=en&mode=flat&notion=modifications&version=20180101)>. *N.B.*: The list of modifications shows 39 changes and additions in the Alphabetical List of Goods.

<sup>139</sup> See <[https://www.wipo.int/classifications/nice/nclpub/en/fr/?class\\_number=9&lang=en&menulang=en&mode=flat&notion=modifications&version=20190101](https://www.wipo.int/classifications/nice/nclpub/en/fr/?class_number=9&lang=en&menulang=en&mode=flat&notion=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.

<sup>140</sup> See <[https://www.wipo.int/classifications/nice/nclpub/en/fr/?class\\_number=9&lang=en&menulang=en&mode=flat&notion=modifications&version=20200101](https://www.wipo.int/classifications/nice/nclpub/en/fr/?class_number=9&lang=en&menulang=en&mode=flat&notion=modifications&version=20200101)>. *N.B.*: The list of modifications shows 15 changes/ additions in the Alphabetical List of Goods.

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:

<b>(d) the nature and cost of the articles</b>	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.
<b>(e) the descriptive properties, physical attributes or essential characteristics with reference to their form, composition, texture or quality</b>	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.
<b>(f) the purpose of the goods</b>	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.
<b>(g) whether the article is bought for immediate consumption, that is, day-to-day household items</b>	Goods covered by <i>KOLIN</i> and <i>kolin</i> are not bought for immediate consumption.
<b>(i) the conditions under which the article is usually purchased, and</b>	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.
<b>(j) the channels of trade through which the goods flow, how they are distributed, marketed, displayed and sold.</b>	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”. <sup>141</sup>
--	--

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.*<sup>142</sup> 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.<sup>143</sup>

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 KPII’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 KPII:

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.<sup>144</sup>

<sup>141</sup> *Rollo*, p. 167.

<sup>142</sup> Opposition No. 91185393, October 26, 2009, available at <<https://ttabvue.uspto.gov/ttabvue/ttabvue-91185393-OPP-15.pdf>>.

<sup>143</sup> *Id.*

<sup>144</sup> *Rollo*, pp. 167-168.

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.<sup>145</sup>

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<sup>146</sup> 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,<sup>147</sup> 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.<sup>148</sup>

In the case of *Dermaline, Inc. v. Myra Pharmaceuticals, Inc.*,<sup>149</sup> 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.**"<sup>150</sup> As well, *Societe Des Produits Nestle, S.A. v. Dy, Jr.*<sup>151</sup> 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

<sup>145</sup> *Beacon Mut. Ins. Co. v. Onebeacon Ins. Group*, 376 F.3d 8, 18 (2004).

<sup>146</sup> See TRADEMARK LAW, as amended, Sec. 22 and IP CODE, Sec. 155.

<sup>147</sup> 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)

<sup>148</sup> See Christensen, Glenn L.; DeRosia, 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>>.

<sup>149</sup> 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.

<sup>150</sup> Id. at 367. Emphasis supplied.

<sup>151</sup> Supra note 103.

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<sup>152</sup> (Emphasis supplied)

As stated above, the goods covered by *KOLIN* and *kol:n* are related. Therefore, it is likely that the goods covered by *kol:n* 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*,<sup>153</sup> “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.”<sup>154</sup>

The goods covered by *KOLIN* and *kol:n* 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

<sup>152</sup> Id. at 242.

<sup>153</sup> G.R. No. 158589, June 27, 2006, 493 SCRA 333.

<sup>154</sup> Id. at 358. Emphasis and underscoring supplied.



see KPII'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 KPII'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.<sup>155</sup> **It is clear that consumers have actually associated KPII's "KOLIN"-branded products with KECI's business.** To be sure, that consumers have complained about KPII's products and associated the quality of such products with KECI's business shows that the concurrent use of "KOLIN" by KPII 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,<sup>156</sup> which can be divided into five categories<sup>157</sup> 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<sup>158</sup> – 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<sup>159</sup> – 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.

<sup>155</sup> 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."

<sup>156</sup> 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/understandingtrademarkstrength.pdf>>.

<sup>157</sup> World Intellectual Property Office, *Obtaining IP Rights: Trademarks*, accessed at <[https://www.wipo.int/sme/en/obtain\\_ip\\_rights/trademarks.html](https://www.wipo.int/sme/en/obtain_ip_rights/trademarks.html)>.

<sup>158</sup> 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.

<sup>159</sup> For an alternate definition, see *id.* at 299.



- 4) Descriptive marks<sup>160</sup> – 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.<sup>161</sup>
- 5) Generic marks<sup>162</sup> – 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.<sup>163</sup>

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.*<sup>164</sup> is instructive:

The concepts of bad faith and fraud were defined in *Mustang-Bekleidungswerke GmbH + Co. KG v. Hung Chiu Ming*, 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

<sup>160</sup> For an alternate definition and a concrete example, see *McDonald's Corporation v. L.C. Big Mak Burger, Inc.*, supra note 121, at 26.

<sup>161</sup> IP CODE, SECTION 123. *Registrability.* – 123.1. A mark cannot be registered if it:

x x x x

(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[.]

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

<sup>163</sup> IP CODE, SECTION 123. *Registrability.* – 123.1. A mark cannot be registered if it:

x x x x

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

<sup>164</sup> G.R. No. 211850, September 8, 2020.

fraud in trademark registrations because the existence of one necessarily presupposes the existence of the other.<sup>165</sup> (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, KPII (TKC's affiliate) filed a trademark application for *kolin* covering the same goods.

While KECI had squarely alleged the issue of KPII's bad faith,<sup>166</sup> there was no explicit finding of bad faith on the part of KPII 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 KPII 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 KPII is an instrumentality of TKC and TKC directly participates in the management, supervision, and control of KPII, *viz*:

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]** x x x; [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.<sup>167</sup> (Emphasis supplied)

Second, as found by the CA,<sup>168</sup> KPII was authorized by TKC to use the "KOLIN" mark.

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

Fourth, KECI and KPII may be considered as being in the same line of business and it would have been highly improbable that KPII 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.*,<sup>169</sup> the Court agreed with the IPO's finding

<sup>165</sup> Id. at 29.

<sup>166</sup> *Rollo*, pp. 156, 160-161, 173 and 177.

<sup>167</sup> Id. at 169.

<sup>168</sup> Id. at 46.

<sup>169</sup> G.R. No. 194307, November 20, 2013, 710 SCRA 474.

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.<sup>170</sup>

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

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

\*\*\*

It must also be stressed that KECI was already declared as the owner of the *KOLIN* mark under the Trademark Law. Section 236<sup>171</sup> 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.

<sup>170</sup> 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.

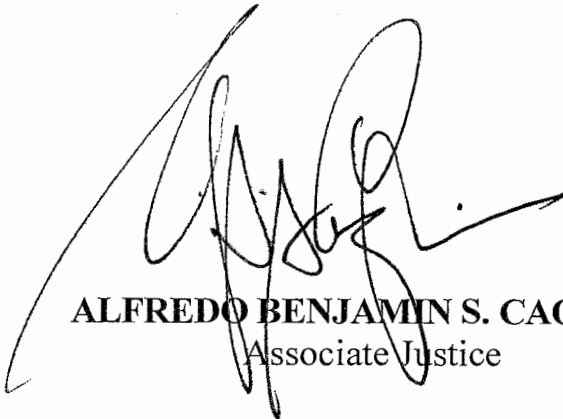
<sup>171</sup> IP CODE, SECTION 236. *Preservation of Existing Rights.* — Nothing herein shall adversely affect the rights on the enforcement of rights in patents, utility models, industrial designs, marks and works, acquired in good faith prior to the effective date of this Act. (n)

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 KPII's trademark application. More than that, however, the Court is likewise cognizant that, by granting this registration, KPII would acquire exclusive rights over the stylized version of KOLIN ("kolin") for a range of goods/services,<sup>172</sup> *i.e.*, covered goods, related goods/services, goods/services falling within the normal potential expansion of KPII'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 KPII, **regardless of the existence of actual confusion**. Thus, based on Section 122<sup>173</sup> vis-à-vis Section 236<sup>174</sup> 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.**



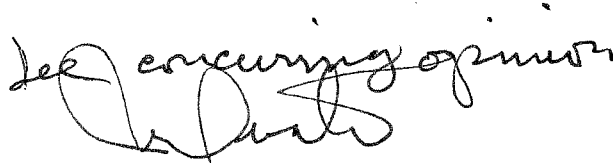
**ALFREDO BENJAMIN S. CAGUIOA**  
Associate Justice

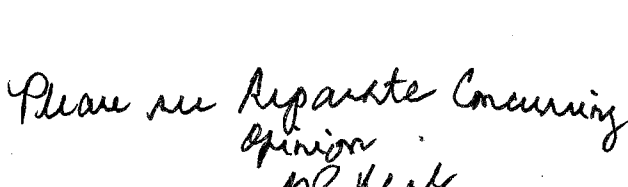
<sup>172</sup> *Societe Des Produits Nestle, S.A. v. Dy, Jr.*, supra note 103: "The scope of protection afforded to registered trademark owners is not limited to protection from infringers with identical goods. The scope of protection extends to protection from infringers with **related goods**, and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

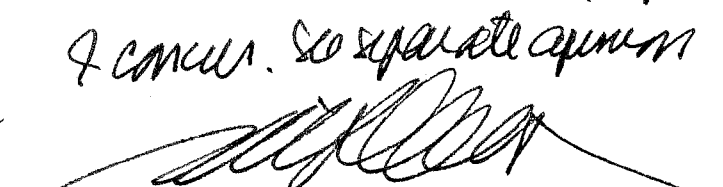
<sup>173</sup> IP CODE, SECTION 122. *How Marks are Acquired*. — The rights in a mark shall be acquired through registration made validly in accordance with the provisions of this law. (Sec. 2-A, R.A. No. 166a)

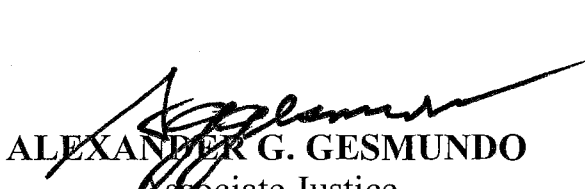
<sup>174</sup> *Id.*, SECTION 236. *Preservation of Existing Rights*. — Nothing herein shall adversely affect the rights on the enforcement of rights in patents, utility models, industrial designs, marks and works, acquired in good faith prior to the effective date of this Act. (n)

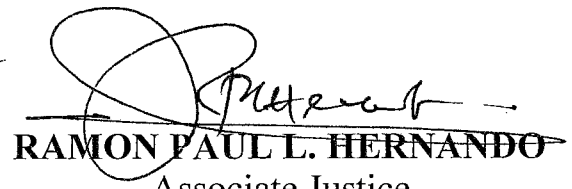
WE CONCUR:

*See concurring opinion*  
  
**DIOSDADO M. PERALTA**  
 Chief Justice

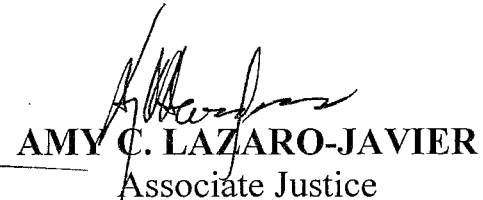
*Please see Separate Concurring opinion*  
  
**ESTELA M. PERLAS-BERNABE**  
 Associate Justice

*I concur. See separate opinion*  
  
**MARVIC M.V.F. LEONEN**  
 Associate Justice

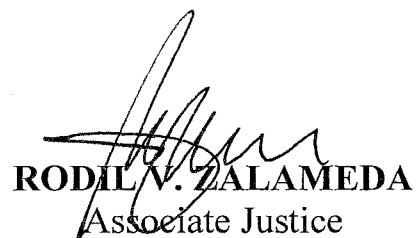
  
**ALEXANDER G. GESMUNDO**  
 Associate Justice

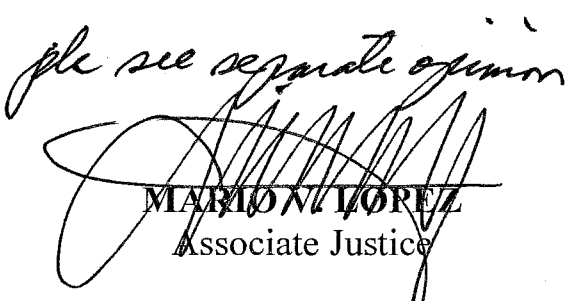
  
**RAMON PAUL L. HERNANDO**  
 Associate Justice

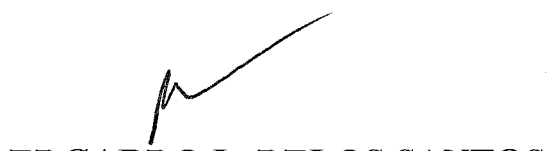
  
**ROSMARID. CARANDANG**  
 Associate Justice

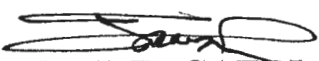
  
**AMY C. LAZARO-JAVIER**  
 Associate Justice

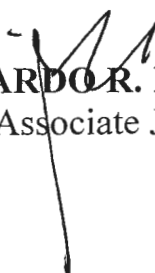
  
**HENRI JEAN PAUL B. INTING**  
 Associate Justice

  
**RODIL V. ZALAMEDA**  
 Associate Justice

*ple see separate opinion*  
  
**MARION LOPEZ**  
 Associate Justice

  
**EDGARDO L. DELOS SANTOS**  
 Associate Justice


  
**SAMUEL H. GAERLAN**  
Associate Justice

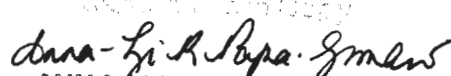
  
**RICARDO R. ROSARIO**  
Associate Justice

  
**JHOSEFA LOPEZ**  
Associate Justice

**CERTIFICATION**

Pursuant to Section 13, Article VIII of the Constitution, I certify that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court.

  
**DIOSDADO M. PERALTA**  
Chief Justice

  
**ANNA-LI R. PAPA-GONZALO**  
Deputy Clerk of Court En Banc  
OCC En Banc Supreme Court