



Republic of the Philippines
Supreme Court
 Manila

SUPREME COURT OF THE PHILIPPINES
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FIRST DIVISION

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

G.R. No. 226444

Petitioner,

Present:

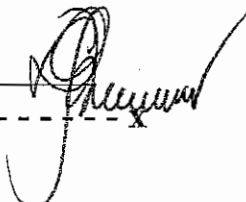
- versus -

GESMUNDO, C.J., Chairperson,
 CAGUIOA,
 HERNANDO,*
 CARANDANG, and
 ZALAMEDA, JJ.

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

Promulgated:

JUL 06 2021

X -----


DECISION

CAGUIOA, J.:

This is a Petition for Review on *Certiorari*¹ (Petition) under Rule 45 of the Rules of Court assailing the Decision² dated February 16, 2016 and Resolution³ dated August 11, 2016 of the Court of Appeals (CA) in CA-G.R. SP No. 131918.

The Facts

To contextualize the legal landscape in which this controversy is to be decided, it is important to note that the parties and/or their affiliates here already had previous disputes relating to other marks.

In G.R. No. 228165, entitled *Kolin Electronics Co., Inc. v. Kolin Philippines International, Inc.*⁴ (*en banc Kolin case*), the Court summarized the resolved disputes as follows:

* Designated additional member per Raffle dated July 5, 2021 vice Associate Justice Samuel H. Gaerlan.
 1 *Rollo*, pp. 10-30.
 2 *Id.* at 34-44. Penned by Associate Justice Ma. Luisa C. Quijano-Padilla, with Associate Justices Normandie B. Pizarro and Samuel H. Gaerlan (now a Member of this Court) concurring.
 3 *Id.* at 46-47.
 4 G.R. No. 228165, February 9, 2021.

1. The KECI Ownership Case [*Taiwan Kolin Co., Ltd. v. Kolin Electronics Co., Inc.*, CA-G.R. SP No. 80641, July 31, 2006]

On August 17, 1993, [the predecessor of petitioner Kolin Electronics Co., Inc. (KECI)] 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 [**KOLIN** (Class 9)⁵].

x x x [KECI's predecessor] assigned in favor of KECI all the assets x x including its pending application for registration of the [**KOLIN** (Class 9)] mark. x x x

On February 29, 1996, Taiwan Kolin Co., Ltd. (TKC)[, an affiliate of respondent Kolin Philippines International, Inc. (KPII),] filed with the BPTTT 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".

x x x TKC filed a verified Notice of Opposition on July 22, 1998 against KECI's trademark application for [**KOLIN** (Class 9)]. x x x

x x x x

On July 31, 2006, the CA issued a Decision against TKC and in favor of KECI. The CA clarified that the Trademark Law 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. Accordingly, the CA held that there must be actual use thereof in commerce to acquire ownership of a mark. The CA found as undisputed that x x x the predecessor-in-interest of KECI, had been using the [**KOLIN** (Class 9)] mark in the Philippines since February 17, 1989, prior to the filing of the trademark application for [**KOLIN** (Class 9)] in 1993. x x x On the issue of priority being claimed by TKC, the CA agreed with the decision of [the Office of the Director General of the IPO (ODG)] that, whether under the Trademark Law or the Intellectual Property Code (IP Code), TKC's "claim of x x x priority right is unavailing." Accordingly, the CA dismissed TKC's petition for lack of merit. x x x

x x x [O]n 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 (the *KECI ownership case*).

Thus, by virtue of the KECI ownership case, KECI is the adjudicated owner of the [KOLIN** Class 9)] mark under the Trademark Law as against TKC.**

2. The Taiwan Kolin case [(*Taiwan Kolin Corp., Ltd. v. Kolin Electronics Co., Inc.* G.R. No. 209843, March 25, 2015)⁶]

⁵ N.B.: KECI's mark is hereinafter referred to as **KOLIN** (Class 9) in this Decision to distinguish it from KECI's other registered mark **KOLIN** for Class 35, which is also involved in this controversy.

⁶ 757 Phil. 326 (2015).

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 x x x the Court gave due course to TKC's Trademark Application for **KOLIN**.

To recall, before filing an opposition case against KECI's application for [**KOLIN** (Class 9)], 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."

x x x x

KECI filed an opposition against TKC's application with the [IPO-Bureau of Legal Affairs (BLA)] on July 13, 2006 based on the fact that it is the registered owner of the [**KOLIN** (Class 9)] mark, which it claimed was confusingly similar to TKC's application for **KOLIN**. x x x

x x x TKC filed an Answer to the Opposition, claiming, among others, that its Trademark Application x x x "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."

x x x x

It is important to highlight that there were three (3) marks involved in the *Taiwan Kolin case* (1) KECI's [**KOLIN** (Class 9)] trademark registration No. 4-1993-087497; (2) TKC's trademark application No. 4-1996-106310, which was opposed by KECI; and (3) TKC's trademark application No. 4-2002-011002, which was allegedly the "revived" version of TKC's application.

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

	KECI's mark	TKC's opposed trademark application	TKC's "revived" application
Marks	KOLIN [(Class 9)]	KOLIN	KOLIN
Application No.	4-1993-087497	4-1996-106310	4-2002-011002
Filing Date	August 17, 1993	February 29, 1996	December 27, 2002
Current Status	Registered	Registered	Refused for non-filing of DAU/DNU
Class Covered	9	9	9
Goods Covered	Automatic Voltage Regulator, Converter, Recharger, Stereo Booster,	Television and DVD player	Television Sets, Audio/Video Electronic Equipment and Similar Appliances

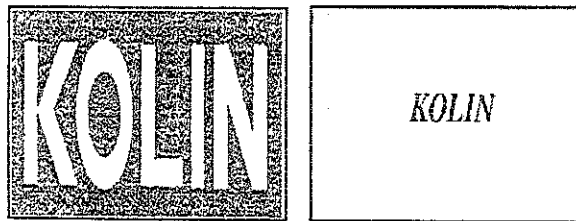
	AC-DC Regulated Power Supply, Step- Down Transformer, PA Amplified AC- DC		
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x x x x

Keeping this in mind, the *Taiwan Kolin case* ruled in favor of TKC.

x x x x

x x x [The Court] 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:



x x x x

x x x [T]he 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. Accordingly, TKC's petition was granted, the CA decision was reversed and set aside, and the [ODG] Decision, which gave due course to TKC's Trademark Application No. 4-1996-106310 for **KOLIN**, was reinstated.⁷ (Additional emphasis supplied; italics and underscoring in the original)

In the recently decided *en banc Kolin case*, the Court also resolved another controversy between Kolin Electronics Co., Inc. (KECI) and Kolin Philippines International, Inc. (KPII) — the same parties in this case — involving the following marks:

KECI's mark		KPII's application
<i>KOLIN</i> (Class 9)		<i>kolin</i>
Automatic Voltage Regulator, Converter, Recharger, Stereo Booster, AC-DC Regulated Power Supply, Step-Down Transformer, PA Amplified AC-DC	vs.	Television and DVD player ⁸

⁷ *Kolin Electronics Co., Inc. v. Kolin Philippines International, Inc.*, supra note 4, at 2-9.

⁸ See *id.* at 10, 25.

The Bureau of Legal Affairs (BLA) and the Office of the Director General (ODG) ruled in favor of KECI and rejected KPII's application for **kolin**. However, the CA reversed the decision in line with the *Taiwan Kolin case*. Eventually, the Court reversed and set aside the CA Decision and rejected the registration of KPII's **kolin** mark because it causes damage to KECI. As will be explained below, the Court's pronouncements in the *en banc Kolin case* heavily impact how the Court resolves the instant dispute.

The present controversy started when KPII filed an application for a mark on December 27, 2002, with the following relevant details:

Mark	KOLIN
Application Serial No.	4-2002-011003
Filing date	December 27, 2002
Class	35
Services covered	For Business of Manufacturing, Importing, Assembling, Selling Products As: Airconditioning Units, Television Sets, Audio/Video Electronic Equipment, Refrigerators, Electric Fans and Other Electronic Equipment or Product of Similar Nature ⁹

KPII's application was opposed by KECI on April 20, 2006 on the allegation that the latter would be damaged by its registration. KECI alleged that it is the owner of the **KOLIN** (Class 9) mark, having been the first user thereof under the Trademark Law,¹⁰ and confusion is inevitable because the marks are similar to each other, KPII's **KOLIN** covers services which are related to the goods covered by **KOLIN** (Class 9), and KECI itself manufactures and distributes electronic products.¹¹ In fact, KECI claims that "some of [its customers] are under the impression that [KPII and KECI] are one and the same company," such that: "[KECI] has received inquiries for products that are manufactured or distributed by [KPII]; [KECI] even received requests for service or maintenance of appliances of [KPII]; [and] x x x to lessen confusion x x x and to protect its reputation, [KECI] was constrained to issue disclaimers to the public."¹² Moreover, KECI claimed that KPII's filing of

⁹ See *rollo*, p. 35. See also 4/2002/11003 – KOLIN entry in Global Brand Database, Intellectual Property Office of the Philippines, accessed at <https://www3.wipo.int/branddb/ph/en/showData.jsp?ID=PHTM.42002011003>.

¹⁰ See *id.* at 140.

¹¹ *Id.* at 138-142.

¹² *Id.* at 141.

KOLIN was in bad faith¹³ and even if the services covered by **KOLIN** are not related to the goods covered by *KOLIN* (Class 9), the registration of **KOLIN** is still proscribed because it effectively prevents KECI from expanding its business.¹⁴ While not raised in the opposition itself, KECI would later argue that it would be damaged by the registration of **KOLIN** because it is confusingly similar to its own trade name, as will be discussed below.

In response, KPII filed its Answer on August 20, 2006, arguing that its application is for the use and adoption of **KOLIN** as a trade name, to identify its business¹⁵ and KECI's use of *KOLIN* (Class 9) for its goods does not prevent another's adoption of "KOLIN" as a trade name.¹⁶ KPII emphasized that Taiwan Kolin Corp., Ltd. (TKC) had authorized it to register **KOLIN** in the Philippines in connection with marketing, selling, and distribution of KOLIN-branded products in the Philippines and its filing was not in bad faith because this application was filed on September 14, 1999, re-filed in 2002, and this was only filed to avoid abandonment.¹⁷ Moreover, KPII insisted that the ruling in the *KECI ownership case* is not conclusive here since that case only concerns the application for *KOLIN* (Class 9), not for the use of KOLIN as a trade name and for its use as a mark for other classes, including Class 11, 21, and 35.¹⁸ Also, KPII argued that there is no likelihood of confusion because the buying public is normally cautious and discriminating.¹⁹

In a Reply, KECI essentially denied these allegations and repleaded the allegations in its opposition.²⁰ Among others, KECI pointed out that KPII sought to mislead the IPO by attempting to pass off its application for registration of a mark as an application for registration of a trade name.²¹

Pertinently, the records²² show that on May 29, 2007, KECI filed an application for *KOLIN* (Class 35). This was eventually registered on December 22, 2008, **after the BLA proceedings and right before the case was submitted for decision in the ODG.** The relevant details for *KOLIN* (Class 35) are included below:

Mark	<i>KOLIN</i>
Application No.	4-2007-005421
Class	35
Services covered	For Business of Manufacturing, Importing, Assembling, or

¹³ Id. at 140.

¹⁴ Id. at 141-142.

¹⁵ Id. at 142.

¹⁶ Id.

¹⁷ Id. at 142-144.

¹⁸ Id. at 144.

¹⁹ Id. at 146.

²⁰ Id. at 147-148.

²¹ Id. at 147.

²² Id. at 192-193; Annex "O" of the Petition, Certified True Copy of Certificate of Registration of 4-2007-005421.

	Selling Electronic Equipment or Apparatus ²³
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BLA Decision

On June 29, 2007, BLA Director Estrellita Beltran-Abelardo issued Decision No. 2007-83²⁴ rejecting KPII's application for **KOLIN**. The BLA did not give credence to KPII's explanation that it had applied for a trade name and clarified that a trade name is different from a trademark, *viz.*:

As a legal terminology, a **trade name is defined differently from a trademark**, as provided in [Republic Act No.] 8293²⁵ or the [IP Code]. **However, a trademark is almost always confused with a trade name since a word may be used both as a trademark and a trade name.** In the old case of **US vs Kyburz (GR No. 9458, November 24, 1914)**, the Honorable Supreme Court ruled:

“Trade names have been frequently confused with trademarks and broadly speaking they include names which may constitute trade marks; but accurately speaking trade names are names which are used in trade to designate a particular business of certain individuals considered somewhat as an entity, or the place at which a business is located, or of a class of goods, but which are not technical trademarks either because not applied or affixed to goods sent into the market, or because not capable of exclusive appropriation by anyone as trademarks”.

[KPII's] arguments to effect the denial of this instant Opposition, albeit sound, are scant of justification. It must be noted that the **Bureau of Trademarks of the Intellectual Property Office**, where the subject application was filed, **has the function of search and examination of the applications for the registration of marks, geographic indications and other marks of ownership and the issuance of the certificates of registration. (Section 9, [IP Code])**

The foregoing makes no mention of registration of trade name for business. Verily, **the ratiocination of [KPII] that it applied for registration of trade name for business and not for registration of trademark is inconsistent.** If the intention of [KPII] is to seek registration of trade name for business, application should have been filed with the Department of Trade and Industry. **In this instant case, [KPII] filed its application for trade name with the IPO.**²⁶ (Additional emphasis and underscoring supplied)

As to the marks involved, it is important to note that KECI's **KOLIN** (Class 35) was not yet registered, so the BLA's comparison was only between

²³ Id. at 193.

²⁴ Id. at 138-156.

²⁵ AN ACT PRESCRIBING THE INTELLECTUAL PROPERTY CODE AND ESTABLISHING THE INTELLECTUAL PROPERTY OFFICE, PROVIDING FOR ITS POWERS AND FUNCTIONS, AND FOR OTHER PURPOSES, otherwise known as the “INTELLECTUAL PROPERTY CODE OF THE PHILIPPINES,” approved on June 6, 1997.

²⁶ *Rollo*, pp. 152-153.

KPII's **KOLIN** and KECI's *KOLIN* (Class 9). In this regard, the BLA found that there is a likelihood of confusion — in particular, confusion of business — between these two marks, *viz.*:

The fact is that both parties use exactly the same or identical word "KOLIN". With respect to their goods, this Bureau has to agree to [KPII] that the contending goods belong to different classes. x x x

x x x [I]t is not far from clear that purchasers of [KECI's] electronic products will relate [KPII] as its service provider, and vice versa. Furthermore, the purchasers of [KECI's] home appliance and the consumers who avail service of electronic goods are usually the general public, families and domestics, who are not very discriminative since home appliance and electronic goods [nowadays], are considered common household needs. In fact, almost always, these are interchangeably used. Home appliances are related to electronic appliance[s], in the sense that home appliance[s] are electronically operated and are sometimes operated using electronic gadgets such as converter, voltage regulator and transformers.

Similarly, electronic products are also used at home, making them home products although not exactly as home appliance. As decided in a string of trademark cases that in a contest involving registration of trademark, the determinative factor is not whether the challenged mark would actually cause confusion or deception of the purchasers but whether the use of the mark would *likely* cause confusion or mistake on the part of the buying public. The assumption therefore is that they originate from one manufacturer or service provider.

Thus, while it is also true that the consumers of the goods or service are not those who do not exercise discretion, the likelihood of confusion is still probable because of its identical name or mark and the relatedness of [KECI's] products to [KPII's] products of service.

The element of relatedness is confirmed by the allegation of [KPII] that the products "complement each other." This is the same as saying that one product makes up for the deficiency or supplement the other.²⁷ (Emphasis supplied)

While the BLA did not make any factual finding as to the existence of actual confusion despite KECI's allegations, the BLA decided in favor of KECI in view of its determination that there is likelihood of confusion.

In Resolution No. 2008-15, the BLA denied KPII's motion for reconsideration, so the latter appealed to the ODG.²⁸

In its Appeal Memorandum, KPII alleged, among others, that KECI's right to *KOLIN* (Class 9) does not extend to Class 35; KECI has not shown prior use of *KOLIN* under Class 35; there is no evidence of confusion of business between KECI's *KOLIN* (Class 9) and KPII's **KOLIN**.²⁹

²⁷ Id. at 154-155.

²⁸ Id. at 164.

²⁹ Id.

KECI filed a Comment/Opposition to KPII's Appeal Memorandum. Apart from reiterating its earlier allegations on the likelihood of confusion and actual consumer confusion between its *KOLIN* (Class 9) and KPII's application for **KOLIN**,³⁰ KECI posited **additional** arguments on why **KOLIN** should be rejected. For one, KECI claims that Section 236³¹ of the IP Code prohibits the registration of **KOLIN**.³² Also, KECI claimed that it was the first one to use KOLIN as a trade name and mark in 1989 and it had a clear right to exclusive use of KOLIN.³³ Thus, KECI argued that, even prior to or without registration of KOLIN as trade name, the KOLIN trade name is protected against any unlawful act committed by third parties.³⁴

ODG Decision

In a Decision in Appeal No. 14-08-37³⁵ dated September 12, 2013, Director General Ricardo R. Blancaflor dismissed KPII's appeal.

Notably, the ODG did not examine the peculiar circumstances and other allegations of KECI in this case, such as KECI's alleged first use of the KOLIN trade name, the applicability of Section 236 of the IP Code in the instant controversy, and the actual confusion among consumers based on the evidence presented. To recall, KECI's *KOLIN* (Class 35) was also registered **before** the ODG issued its decision but there was no mention how KECI's *KOLIN* (Class 35) impacts the likelihood of confusion analysis in the opposition proceedings.

In ruling in favor of KECI, the ODG simply quoted the April 30, 2013 CA Decision (CA-G.R. SP No. 122565; eventually reversed by the Court in the *Taiwan Kolin case*),³⁶ which had ruled that TKC's use of "KOLIN" would result to likelihood of confusion, thus:

The issues in this case are the following:

x x x x

2. Whether the mark KOLIN can be registered in the name of [KPII].

x x x x

³⁰ Id. at 166-167.

³¹ 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.

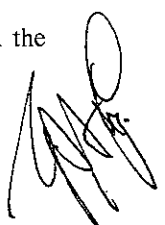
³² See *rollo*, p. 166.

³³ Id.

³⁴ Id.

³⁵ Id. at 158-169; IPC No. 14-2006-00064.

³⁶ *N.B.*: The Court's Decision in the *Taiwan Kolin case* was not yet promulgated at the time and the prevailing CA Decision in CA-G.R. SP No. 122565 was in favor of KECI.



Precisely, the interest of justice and fair play requires the resolution of the issue of whether the mark KOLIN x x x can be registered in the name of [KPII].

On 30 April 2013, the [CA] in a related case between [TKC] and [KECI] held that[:]

x x x x

In this regard, with the decision of the [CA] that the use by [TKC] of KOLIN would lead to confusion in business, [KPII] cannot register this mark. From the words of the [CA], “allowing [TKC’s] registration would only confuse consumers as to the origins of the products they intend to purchase.”

WHEREFORE, premises considered, [KPII’s] appeal is hereby dismissed.³⁷ (Emphasis supplied)

Dissatisfied, KPII filed a Rule 43 Petition for Review with the CA premised on twin grounds: (1) the ODG gravely erred in sustaining KECI’s opposition; and (2) the ODG gravely erred in ruling that the registration of KPII’s **KOLIN** will result in confusion of business.³⁸

CA Decision

On February 16, 2016, the Thirteenth Division of the CA issued a Decision³⁹ in CA-G.R. SP No. 131918, which granted KPII’s petition. When the CA Decision was issued, the *Taiwan Kolin case* had already been promulgated by the Court.

In resolving the issue of whether KPII is entitled to the registration of **KOLIN**, the CA substantially quoted the *Taiwan Kolin case*, viz.:

The primordial issue to be resolved is whether or not petitioner is entitled to its trademark registration of “KOLIN” over its specific [services] under Class 35 x x x.

x x x x

The petition is impressed with merit.

x x x x

Both parties hinge their case on [the CA’s] ruling in CA-G.R. SP No. 122565 x x x wherein the [CA] ruled in favor of [KECI] x x x.

The Supreme Court in the [*Taiwan Kolin case*], settled the issue on the registrability of [TKC’s] trademark “KOLIN” in this wise:

x x x x

³⁷ *Rollo*, pp. 167-169.

³⁸ *Id.* at 37.

³⁹ *Supra* note 2.

Prescinding from the foregoing, we find that [KPII's] Application Serial No. 42002-0011003 for [services] falling under Class 35 of the Nice Classification x x x should be given due course.

We reiterate that whether or not the products covered by the trademark sought to be registered by petitioner on the one hand, and those covered by the prior issued certificate of registration in favor of respondent, on the other, fall under the same Nice Classification categories is not the sole and decisive factor in determining a possible violation of the latter's intellectual property right, should petitioner's application be granted. It is hornbook doctrine 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.

In this case, credence is accorded to petitioner's assertions that:

- a. [KPII's] goods are classified as home appliances as opposed to [KECI's] goods which are power supply and audio equipment accessories;
- b. The home appliances of [KPII] perform [a] distinct function and purpose from [KECI's] power supply and electronic equipment and accessories;
- c. [KPII] sells and distributes its various home appliance products 'on wholesale' and to accredited dealers, x x x [whereas KECI's] goods are sold and flow through electrical and hardware stores.

In fine, the policy granting factual findings of courts, or in this case quasi-judicial agencies, great respect, if not finality, is not binding where they have overlooked, misunderstood, or misapplied some fact or circumstance of weight and substance. So it must be here; the nature of the products involved materially, affects the outcome of the instant case. A reversal of the IPO Decision then, is in order.⁴⁰ (Emphasis supplied)

KECI moved to reconsider the decision, but the CA denied the motion for reconsideration for lack of merit in a Resolution⁴¹ dated August 11, 2016.

Thus, KECI filed the instant Rule 45 Petition based on the following grounds:

- (1) the *Taiwan Kolin case* is not applicable in the present case;⁴²
- (2) KPII cannot register **KOLIN** for services under Class 35 since it is identical to KECI's trade name;⁴³ and

⁴⁰ Id. at 37-43.

⁴¹ Supra note 3.

⁴² Id. at 16-18.

⁴³ Id. at 18-21.

- (3) the Class 35 services covered by KPII's⁴⁴ application for the mark **KOLIN** are closely related to the goods and services covered by KECI's existing registrations for *KOLIN* (Class 9) and *KOLIN* (Class 35) and is likely to mislead the public.⁴⁵

In a Comment⁴⁶ dated April 11, 2017, KPII argued that (1) the CA did not err in applying the *Taiwan Kolin case* in the instant dispute based on the doctrine of *stare decisis*;⁴⁷ (2) the goods to which KPII's application relates are not closely related to KECI's goods in *KOLIN* (Class 9);⁴⁸ and (3) KECI is barred from arguing that KPII's trademark may not be registered on account of its being identical to KECI's trade name.⁴⁹

KECI filed its Reply⁵⁰ dated August 30, 2017, insisting that the principle of *stare decisis* is not applicable and the Class 35 services covered by **KOLIN** are closely related to the services covered by KECI's *KOLIN* (Class 35) registration, thereby making confusion likely.⁵¹

Issues

To determine whether KPII's application for **KOLIN** should be granted registration, the Court must resolve the following issues:

- I. Whether the principle of *stare decisis* finds application here;
- II. If the principle of *stare decisis* is not applicable, whether KECI will be damaged by KPII's registration of **KOLIN**.

The Court's Ruling

The Court finds KECI's Petition meritorious. KPII's application for **KOLIN** is rejected.

I.

STARE DECISIS IS NOT APPLICABLE

To recall, in the BLA proceedings, the evidence and allegations of the parties were considered in determining the existence of likelihood of confusion, which justified the rejection of KPII's application for **KOLIN**. When the case reached the ODG, it no longer considered the other allegations of damage and merely applied the ruling in CA-G.R. SP No. 122565, which ruled in favor of KECI.

⁴⁴ *N.B.*: The Petition erroneously indicated that the instant application was made by TKC (See *rollo*, p. 21)

⁴⁵ *Rollo*, pp. 21-24.

⁴⁶ *Id.* at 221-236.

⁴⁷ *Id.* at 221.

⁴⁸ *Id.* at 228.

⁴⁹ *Id.* at 233.

⁵⁰ *Id.* at 240-250.

⁵¹ *Id.* at 240, 243.



The CA also did not look at the relevant aspects of damage alleged by KECI in support of its opposition. Instead, it quoted and applied the *Taiwan Kolin case* (which reversed CA-G.R. SP No. 122565) in its decision. Moreover, the CA gave credence to KPII's assertions, which are almost similar to the assertions cited in the *Taiwan Kolin case*, notwithstanding that the marks involved here are different:

Findings of the CA	Findings in the <i>Taiwan Kolin case</i>
In this case, credence is accorded to petitioner's assertions that:	x x x In this case, credence is accorded to petitioner's assertions that:
a. [Petitioner's] goods are classified as home appliances as opposed to [respondent's] goods which are power supply and audio equipment accessories;	a. Taiwan Kolin's goods are classified as home appliances as opposed to Kolin Electronics' goods which are power supply and audio equipment accessories;
b. The home appliances of [petitioner] perform [a] distinct function and purpose from [respondent's] power supply and electronic equipment and accessories;	b. Taiwan Kolin's television sets and DVD players perform [a] distinct function and purpose from Kolin Electronics' power supply and audio equipment; and
c. [Petitioner] sells and distributes its various home appliance products 'on wholesale' and to accredited dealers, x x x [whereas respondent's] goods are sold and flow through electrical and hardware stores. ⁵²	c. Taiwan Kolin sells and distributes its various home appliance products on wholesale and to accredited dealers, whereas Kolin Electronics' goods are sold and flow through electrical and hardware stores. ⁵³

For its part, KECI argues that the *Taiwan Kolin case* is inapplicable because the facts therein are different from the facts here.⁵⁴ On the other hand, as mentioned, KPII insists that the *Taiwan Kolin case* should be applied here based on the principle of *stare decisis*.

The Court finds KECI's argument meritorious.

The salutary doctrine of *stare decisis et non quieta movere*, which means "to adhere to precedents, and not to unsettle things which are established,"⁵⁵ is described in this wise:

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

⁵² Id. at 43.

⁵³ *Taiwan Kolin Corporation, Ltd. v. Kolin Electronics Co., Inc.*, supra note 9, at 340.

⁵⁴ *Rollo*, p. 16.

⁵⁵ *Chinese Young Men's Christian Association of the Philippine Islands v. Remington Steel Corporation*, G.R. No. 159422, March 28, 2008, 550 SCRA 180, 197.

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

“Time and again, the [C]ourt has held that it is a very desirable and necessary judicial practice that when a court has laid down a principle of law as applicable to a certain state of facts, it will adhere to that principle and apply it to all future cases in which the facts are substantially the same. *Stare decisis et non quieta movere*. Stand by the decisions and disturb not what is settled. *Stare decisis* simply means that for the sake of certainty, a conclusion reached in one case should be applied to those that follow if the facts are substantially the same, even though the parties may be different. It proceeds from the first principle of justice that, absent any powerful countervailing considerations, like cases ought to be decided alike. Thus, where the same questions relating to the same event have been put forward by the parties similarly situated as in a previous case litigated and decided by a competent court, the rule of *stare decisis* is a bar to any attempt to relitigate the same issue.”⁵⁶ (Emphasis supplied; italics in the original)

To emphasize, the *Taiwan Kolin case* involved the following marks:

KECI's mark		TKC's opposed trademark application	TKC's "revived" application
<i>KOLIN</i>		KOLIN	KOLIN
Class 9	vs.	Class 9	Class 9
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

In contrast, this controversy involves the following marks:

KECI's mark	KECI's mark		KPII's application
<i>KOLIN</i>	<i>KOLIN</i>		KOLIN
Class 9	Class 35	vs.	Class 35
Automatic Voltage Regulator, Converter, Recharger, Stereo Booster, AC-DC Regulated Power Supply, Step-Down Transformer, PA Amplified AC-DC	For Business of Manufacturing, Importing, Assembling, or Selling Electronic Equipment or Apparatus		For Business of Manufacturing, Importing, Assembling, Selling Products As: Airconditioning Units, Television Sets, Audio/Video Electronic Equipment, Refrigerators, Electric Fans and Other Electronic Equipment or Product of Similar Nature

Indeed, *KOLIN* and **KOLIN** are also involved here. However, the coverage of the marks in this controversy are very different, therefore, it

⁵⁶ Id. at 197-198. Citations omitted.

is error to consider the *Taiwan Kolin case* as *stare decisis* here for all the questions relating to the existence of likelihood of confusion.

For one, in this case, KECI already has a new registration for *KOLIN* (Class 35) with a different coverage, and the likelihood of confusion in relation to this mark was alleged as one distinct aspect of damage. This allegation of damage was neither present nor considered in the *Taiwan Kolin case*.

Moreover, KPPII's application does **not** have an identical coverage to TKC's **KOLIN** covering "Television and DVD player" products. This means that the Court's finding of non-relatedness of marks in *Taiwan Kolin case* cannot be made applicable here. Because the Court's comparison in the *Taiwan Kolin case* was only limited between *KOLIN* (Class 9) goods and **KOLIN**'s "Televisions and DVD players," it is error to apply the discussions therein wholesale in this case.

The doctrine of *stare decisis* is inapplicable because this controversy involves different facts and circumstances compared to the *Taiwan Kolin case*. Thus, the CA clearly erred in applying **in a wholesale manner** the ruling in the *Taiwan Kolin case*, **without considering the peculiar aspects of this controversy**, such as the KECI's *KOLIN* (Class 35) registration or the existence of actual confusion alleged by KECI.

To clarify, the Court is not declaring that *stare decisis* can never apply in trademark disputes, considering that no two cases will share identical circumstances in all aspects. To be sure, if a case contains circumstances identical or highly similar to the circumstances in the current dispute, the principle of *stare decisis* will apply insofar as the similarity is concerned. To illustrate, if the Court finds here that *KOLIN* (Class 9) goods are related to the services in **KOLIN**'s application, the Court's conclusion will surely be applicable to future controversies involving the same goods and services pursuant to the principle of *stare decisis* insofar as the matter of **relatedness** is concerned, and **not the whole conclusion on the existence or non-existence of likelihood of confusion**. Thus, the other factors and circumstances peculiar to those cases will still have to be considered in determining likelihood of confusion.

A more significant point for not considering the *Taiwan Kolin case* as *stare decisis* here is that its manner of determining likelihood of confusion conflicts with the law in force as interpreted by the Court. This exception to the principle of *stare decisis* was aptly discussed in the case of *Tan Chong v. Secretary of Labor*,⁵⁷ viz.:

The principle of *stare decisis* does not mean blind adherence to precedents. The doctrine or rule laid down, which has been followed for years, no matter how sound it may be, if found to be contrary to law, must be abandoned. **The principle of *stare decisis* does not and should not apply**

⁵⁷ 79 Phil. 249 (1947).

when there is conflict between the precedent and the law. The duty of this Court is to forsake and abandon any doctrine or rule found to be in violation of the law in force.⁵⁸ (Emphasis supplied; italics in the original)

As will be elaborated below, the recently decided *en banc Kolin case* made several significant changes on how likelihood of confusion is determined. Since the recent changes made by the Court are in conflict with several points relating to likelihood of confusion in the *Taiwan Kolin case*, the pronouncements and legal principles enunciated in the *Taiwan Kolin case* should not be applied here using the principle of *stare decisis*.

II.

KPII'S APPLICATION IS NOT REGISTRABLE BECAUSE IT CAUSES DAMAGE TO KECI

KECI filed the opposition against KPII's application for **KOLIN** because KECI claims it will be damaged by its registration.

Section 134 of the IP Code describes when someone may file an opposition against an application for a mark, thus:

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) (Emphasis supplied)

The provision broadly uses the word “damage” as a justifiable basis for rejecting an application or as ground for an opposition. Thus, in opposition cases, opposers may allege any and all aspects of damage and these will form the framework for determining whether the application should be rejected. To be sure, any **single aspect of damage**, (*e.g.*, the existence of likelihood of confusion) would already be sufficient basis to reject an application.

As can be gleaned from the records, during the proceedings in the lower court and the IPO, KECI had raised several aspects of damage, which may be summarized as follows:

⁵⁸ Id. at 257.

- i. Likelihood of confusion between KPPI's application for **KOLIN** and KECI's *KOLIN* (Class 9) registration.
- ii. Likelihood of confusion between KPPI's application for **KOLIN** and KECI's *KOLIN* (Class 35) registration.
- iii. KPPI's **KOLIN** is identical to KECI's trade name, KOLIN ELECTRONICS CO., INC.
- iv. Adverse effect of the **KOLIN** registration to KECI's Trademark Law registration for *KOLIN* (Class 9).

In response to these allegations, one of KPPI's arguments in support of its application is that TKC had previously authorized it to use **KOLIN**. Indeed, in the *en banc Kolin case*, the Court found that KPPI was authorized by TKC to use its **KOLIN** mark, viz.:

Thus, even if the CA had found that “[TKC] had authorized KPPI to adopt and use [its] mark “KOLIN” in the Philippines and to register the mark in connection with its business dealings,” the **only consequence of TKC’s authorization is that KPPI 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 KPPI the right to adopt and use its mark under the specific stylization and design of **KOLIN****. x x x⁵⁹ (Emphasis supplied; italics in the original)

In this regard, one important question must be answered: considering that the owner of the registered **KOLIN** mark (covering “Television and DVD player”) has allowed KPPI to use the mark, *does it automatically mean that the registration of **KOLIN** covering a different set of goods/services by KPPI should be allowed regardless of the effect of registration on other entities?*

The Court answers in the negative. While it is true that KPPI possesses the authorization of the owner of **KOLIN** for “Television and DVD player”, this does not mean that KPPI can claim exclusivity over the **KOLIN** mark **for all other goods/services, regardless of damage to other entities.**

⁵⁹ *Kolin Electronics Co., Inc. v. Kolin Philippines International, Inc.*, supra note 4, at 18. Citation omitted.

Thus, the Court still has to determine whether KECI's allegations of damage are meritorious because the authorization given to KPPII does not negate these aspects of damage.

Again, even if only one aspect of damage is deemed to exist, KPPII's **KOLIN** may already be rejected. Nevertheless, for the comprehensive resolution of this dispute, the Court finds it necessary to discuss all of them.

i.

[First aspect of damage]
Likelihood of confusion between KPPII's application for KOLIN and KECI's KOLIN (Class 9) registration.

Section 123.1(d) of the IP Code provides that if the registration of a mark causes likelihood of confusion, it should not be registered, *viz.*:

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**[.] (Emphasis supplied; italics in the original)

In 2011, the Court laid down the criteria for determining the existence of likelihood of confusion in the *Rules of Procedure for Intellectual Property Rights Cases*,⁶⁰ *viz.*:

Rule 18

x x x x

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

⁶⁰ A.M. No. 10-3-10-SC, October 18, 2011.

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

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

x x x x (Emphasis supplied; italics in the original)

The provision was reproduced in the *2020 Revised Rules of Procedure for Intellectual Property Rights Cases*,⁶¹ evincing the Court's intent to make this the **standard method of determining likelihood of confusion**.

In the *en banc Kolin case*, the Court reinforced the use of this standard method, referred to these criteria as the **multifactor test**, and discussed several significant changes relating to them, thus:

⁶¹ A.M. No. 10-3-10-SC, October 6, 2020. Rule 18, Sec. 5 states:

SEC. 5. Likelihood of confusion in other cases. — In determining whether one trademark is confusingly similar to or is a colorable imitation of another, the court must consider the general impression of the ordinary purchaser, buying under the normally prevalent conditions in trade, and giving the attention such purchasers usually give in buying that class of goods. Visual, aural, connotative comparisons and overall impressions engendered by the marks in controversy as they are encountered in the realities of the marketplace must be taken into account. Where there are both similarities and differences in the marks, these must be weighed against one another to determine which predominates.

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- 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.

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

Absolute certainty of confusion or even actual confusion is not required to accord protection to trademarks already registered with the IPO. (Emphasis supplied; italics in the original)

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

These criteria may be collectively referred to as the **multifactor test**. Out of these criteria, there are two which are uniformly deemed significant under the Trademark Law and the IP Code: 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.⁶² (Emphasis in the original)

Being the standard method for determining likelihood of confusion, the multifactor test is also used in this case because KECI alleges that likelihood of confusion will ensue if **KOLIN** is registered.

For ease of reference, the significant changes and pronouncements made relative to the multifactor test criteria in the *en banc Kolin case* are summarized below:

Resemblance of marks (the degree of similarity between the plaintiff’s and the defendant’s marks)	<ul style="list-style-type: none"> - The Court abandoned the Holistic test. Therefore, the prevailing test for determining trademark resemblance is the Dominancy Test, which focuses on the prevalent features of competing marks. The Dominancy Test considers the appearance, sound, meaning, and overall impressions of the competing marks. - The type of marks used (whether word mark, figurative mark, figurative mark with words, 3D mark, and stamped or marked container) affects the determination of resemblance. - For word marks, the words themselves are the subject of protection. The depiction of a word mark
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⁶² *Kolin Electronics Co., Inc. v. Kolin Philippines International, Inc.*, supra note 4, at 19-20. Citations omitted.

	is not limited to any particular style. In comparing marks for resemblance, if one of the marks involved is a plain word mark, the focus of the analysis of trademark resemblance is on the word/s used regardless of stylization.
Relatedness of goods/services (the proximity of products or services)	<ul style="list-style-type: none"> - The Court removed “product or service classification” from the jurisprudential factors used in determining relatedness/non-relatedness. - The factors must be comprehensively examined, as much as possible, to ensure that pronouncements on legal relatedness are not based on skewed factual premises. - Complementarity of the goods/services involved is also another basis in determining relatedness.
Actual Confusion	- 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.
Normal Potential Expansion of Business	- A finding of relatedness of goods/services between the marks necessarily means that the goods/services covered by one mark likely falls within the normal potential expansion of business of the owner of the other mark.
Sophistication of the buyers	- It was emphasized that this factor considers 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.
Strength of the mark	<ul style="list-style-type: none"> - The degree of distinctiveness of marks based on decreasing order of strength are: coined or fanciful marks, arbitrary marks, suggestive marks, descriptive marks, and generic marks. - Likelihood of confusion will result if another entity appropriates an already-existing coined or fanciful mark, which is highly distinctive.
Bad faith	- It was emphasized how jurisprudence provides that, in the context of trademark registrations, fraud or bad faith is intentionally making false claims to take

	<p>advantage of another's goodwill thereby causing damage or prejudice to another.</p> <p>- If the circumstances in a case would lead a reasonable mind to conclude that the applicant knew about the opposer's mark when the trademark application was made, there is bad faith.</p>
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A review of the records in this controversy allows the consideration of the following factors: resemblance of marks, relatedness of goods/services and normal potential expansion of business, sophistication of buyers, strength of the mark, and bad faith. While actual confusion was also alleged by KECI, the evidence showing this was not submitted to the Court, but only to the CA.⁶³ Further, the BLA, ODG, and CA made no factual findings regarding the existence of actual confusion here.

Resemblance of marks

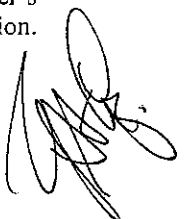
Applying the Dominancy Test between KPII's **KOLIN** and KECI's *KOLIN* (Class 9) registration, the Court finds that the marks resemble each other because they both only feature the word "KOLIN". Visually, phonetically, and connotatively, therefore, **the marks are identical**. Further, as established in the *en banc Kolin case*, *KOLIN* (Class 9) is a word mark, which means that the word "KOLIN" is the subject of its protection. Thus, the fact that KPII's **KOLIN** has stylized lettering is not enough to distinguish it from *KOLIN* (Class 9).

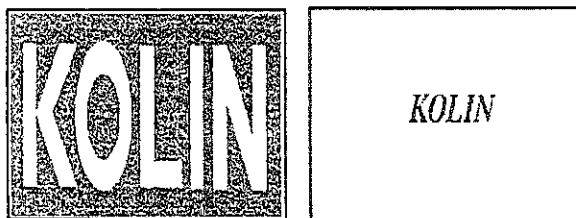
To be sure, the Court is mindful that *KOLIN* (Class 9) and **KOLIN** were also involved in the *Taiwan Kolin case*, and TKC's **KOLIN** was eventually allowed registration for "televisions and DVD players". However, the conclusion of non-resemblance in the *Taiwan Kolin case* **cannot** be applied here pursuant to *stare decisis*.

For one, the finding of non-resemblance in the *Taiwan Kolin case* **did not result from a comparison of *KOLIN* (Class 9) and **KOLIN****. The relevant discussion in the *Taiwan Kolin case* makes it clear that its finding of non-resemblance was arrived at by comparing *KOLIN* (Class 9) and **KOLIN**, the other mark involved in the *Taiwan Kolin case*:

For a clearer perspective and as matter of record, the following image on the left is the trademark applied for by petitioner, while the image juxtaposed to its right is the trademark registered by respondent:

⁶³ *N.B.*: KECI alleges in its Petition (see *rollo*, pp. 23-24) and Reply dated August 30, 2017 that there is evidence of actual confusion (see *id.* at 245-246). This is also reflected in summaries of KECI's arguments as stated in the decisions of the BLA and ODG. However, as indicated in footnotes in the Petition and Reply, these were only submitted to the CA ("Annexes "I and "J" to "J-71" of Petitioner's Comment"). Notably, the BLA, ODG, and the CA did not rule on the existence of actual confusion. KECI did not submit any evidence regarding its allegation of actual confusion to the Court.





While both competing marks refer to the word “KOLIN” written in upper case letters and in bold font, the Court at once notes the distinct visual and aural differences between them: Kolin Electronics’ mark is italicized and colored black while that of Taiwan Kolin is white in pantone red color background. The differing features between the two, though they may appear minimal, are sufficient to distinguish one brand from the other.⁶⁴ (Emphasis and underscoring supplied)

KOLIN and **KOLIN** are not identical marks. Because the finding of non-resemblance in the *Taiwan Kolin case* hinged on a comparison of *KOLIN* (Class 9) and **KOLIN**, this conclusion cannot be applied here pursuant to *stare decisis* because the instant case involves a comparison of *KOLIN* (Class 9) and **KOLIN**. Surely, the comparison of one set of marks will not yield the same conclusion when comparing a different set of marks.

Moreover, as stated in the *en banc Kolin case*, the Holistic Test was used in the *Taiwan Kolin case* and this conflicts with the prevailing method of determining resemblance, viz.:

The inapplicability of the *Taiwan Kolin case* in the case at bar is thus evident. As correctly pointed out by Associate Justice Leonen, 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.⁶⁵ (Emphasis and underscoring supplied; italics in the original)

As mentioned, the principle of *stare decisis* does not and should not apply when there is conflict between the precedent and the law. In view of the foregoing, the conclusion of non-resemblance in the *Taiwan Kolin case* based on the Holistic Test does not constitute *stare decisis* here.

Relatedness of goods/services and normal potential expansion of business

As mentioned, in the *en banc Kolin case*, the list of factors has been amended to remove one factor. Thus, as it stands, the jurisprudential factors in determining relatedness of goods/services are as follows:

- (a) the business (and its location) to which the goods belong[;]
- (b) the class of product to which the goods belong[;]

⁶⁴ *Taiwan Kolin Corp., Ltd. v. Kolin Electronics Co., Inc.*, supra note 9, at 342. Citations omitted.

⁶⁵ *Kolin Electronics Co., Inc. v. Kolin Philippines International, Inc.*, supra note 4, at 23. Citation omitted.

- (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.⁶⁶

From an examination of the factors above, it can be gleaned that the essential question sought to be answered in analyzing relatedness is whether there is any logical connection between the goods/services involved such that it can reasonably be assumed by consumers to originate from a common source (confusion of business) or that consumers might mistake one for the other (confusion of goods/services), especially if identical/similar marks are used in relation to the goods and services.

Here, KECI's *KOLIN* (Class 9) registration and KPII's **KOLIN** cover the following goods and services:

<i>KOLIN</i> (Class 9)	vs.	KOLIN
Automatic Voltage Regulator, Converter, Recharger, Stereo Booster, AC-DC Regulated Power Supply, Step-Down Transformer, PA Amplified AC-DC		For Business of Manufacturing, Importing, Assembling, Selling Products As: Airconditioning Units, Television Sets, Audio/Video Electronic Equipment, Refrigerators, Electric Fans and Other Electronic Equipment or Product of Similar Nature

As the owner of the *KOLIN* (Class 9) registration, it is readily apparent that KECI has the right to sell *KOLIN*-branded products such as "Automatic Voltage Regulator, Converter, Recharger, Stereo Booster, AC-DC Regulated Power Supply, Step-Down Transformer, PA Amplified AC-DC".

Based on KPII's application, on the other hand, it is apparent that KPII wants to claim exclusivity to use **KOLIN** for several services. Noteworthy is the fact that these **services explicitly pertain to goods**, such as the "service" of selling various products, namely "Airconditioning Units, Television Sets,

⁶⁶ Id. at 26.

Audio/Video Electronic Equipment, Refrigerators, Electric Fans and Other Electronic Equipment or Product of Similar Nature.”

In this regard, the legal relatedness of the goods covered by *KOLIN* (Class 9) and the goods involved in or associated with **KOLIN**'s covered services is especially significant. If there is a logical connection between *KOLIN*-branded goods and the goods involved in or associated with the **KOLIN**-branded services, consumers will likely assume that *KOLIN*-branded goods and **KOLIN**-branded services originate from the same source.

This phenomenon is illustrated in the case of *Mang Inasal Philippines, Inc. v. IFP Manufacturing Corporation*.⁶⁷ In that case, the Court found that the *inasal*-flavored “curl snack **products**” (covered by the OK Hotdog Inasal mark) are closely related to the restaurant **services** (covered by the Mang Inasal mark), *viz.*:

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

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

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

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

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

⁶⁷ G.R. No. 221717, June 19, 2017, 827 SCRA 461.

the reputation of petitioner would be taken advantage of and placed at the mercy of respondent.

All in all, we find that the goods for which the registration of the OK Hotdog Inasal mark is sought are related to the services being represented by the Mang Inasal mark.⁶⁸

It is important to emphasize that this is not the first time the Court will determine the relatedness of *KOLIN* (Class 9) goods (“Automatic Voltage Regulator, Converter, Recharger, Stereo Booster, AC-DC Regulated Power Supply, Step-Down Transformer, PA Amplified AC-DC”) and “Television Sets,” which is a good involved in or associated with **KOLIN**-branded services being claimed by KPIL.

In the *en banc Kolin case*, the goods involved were “Automatic Voltage Regulator, Converter, Recharger, Stereo Booster, AC-DC Regulated Power Supply, Step-Down Transformer, PA Amplified AC-DC” and “Television and DVD player”. In finding relatedness between these goods, the Court discussed the applicable jurisprudential factors and the complementarity between them as follows:

(d) the nature and cost of the articles	[The g]oods covered x x x 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.
(e) the descriptive properties, physical attributes or essential characteristics with reference to their form, composition, texture or quality	Considering that they are electronic goods, [they] 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.
(f) the purpose of the goods	x x x [A] Television and DVD players x x x and stereo booster x x x can be used for entertainment purposes.
(g) whether the article is bought for immediate consumption, that is, day-to-day household items	[The goods] x x x are not bought for immediate consumption.
(i) the conditions under which the article is usually purchased, and	Because they are relatively expensive and they last for a long time, [the] goods x x x are rarely bought. They are non-essential goods.
(j) the channels of trade through which the goods flow, how they are distributed, marketed, displayed and sold.	The goods x x x will likely be offered in “the same channels of trade such as department stores or appliance stores”.

⁶⁸ Id. at 478-479. Citations omitted.

Clearly, the goods x x x 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.

x x x x

x x x [I]t is clear that the goods covered by KECI's *KOLIN* are complementary to the goods covered by KPII's [mark] 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.⁶⁹ (Emphasis and italics in in the original)

The Court finds that the above discussion in the *en banc Kolin case* is applicable here insofar as the relatedness between “Automatic Voltage Regulator, Converter, Recharger, Stereo Booster, AC-DC Regulated Power Supply, Step-Down Transformer, PA Amplified AC-DC” and “Television Sets” is concerned. Stated differently, *KOLIN*-branded goods are legally related to at least one good involved or associated in the *KOLIN*-branded services.

Because of this legal relatedness, it is not farfetched to imagine that consumers may assume that *KOLIN*-branded goods and *KOLIN*-branded services originate from the same source.

Moreover, to add to the discussion of the jurisprudential factors above, factor (a) — *i.e.*, “the business (and its location) to which the goods belong” — is also applicable here. As seen above, KPII aims to use *KOLIN* on the following service, among others: “**business of x x x selling products [such] as x x x audio/video electronic equipment x x x and other electronic equipment or product of similar nature.**” To be sure, an entity offering this service may reasonably be assumed to also engage in the selling of “Automatic Voltage Regulator, Converter, Recharger, Stereo Booster, AC-DC Regulated Power Supply, Step-Down Transformer, PA Amplified AC-DC” — the goods covered by *KOLIN* (Class 9).

In light of the foregoing examination of the applicable jurisprudential factors, the Court agrees with the observation of the BLA “that purchasers of [KECI’s] electronic products will relate [to KPII] as [the] service provider, and vice versa.”⁷⁰

Pertinently, as admitted by KPII itself in its Answer, the goods “being carried for marketing, sale and distribution in the Philippines by [KPII], and [KECI’s] audio and electrical equipment do not actually compete with, but **they complement** each other.”⁷¹ Since complementarity is another basis for

⁶⁹ *Kolin Electronics Co., Inc. v. Kolin Philippines International, Inc.*, supra note 4, at 28-29.

⁷⁰ *Rollo*, p. 154.

⁷¹ *Id* at 146. Emphasis supplied.

finding legal relatedness, it cannot be denied that *KOLIN* (Class 9) and **KOLIN** cover related goods and services, thereby making confusion likely.

The indubitable relatedness of the goods and services covered by the marks in this dispute thus makes it unnecessary to further discuss how the registration of **KOLIN** curtails the normal potential expansion of KECI's business. Since the goods and services are so clearly related, there is no question that the services covered by **KOLIN** fall within the normal expansion of KECI's business since the former is already included in the latter.

Sophistication of buyers

Being a factor concerned with the consumer's attitudes and impressions while purchasing goods or availing services, the sophistication of buyers would depend on the normally prevalent conditions in trade and the attention that purchasers usually give in buying/availing that class of goods/services.

As mentioned above, in the *en banc Kolin case*, the goods involved were "Automatic Voltage Regulator, Converter, Recharger, Stereo Booster, AC-DC Regulated Power Supply, Step-Down Transformer, PA Amplified AC-DC" and "Television and DVD player".

"Normally prevalent conditions in trade" and "the attention that purchasers usually give" are not different here just because KPII now seeks to register **KOLIN** for the "service" of selling "Television Sets" in addition to other electronic equipment. Thus, the Court finds that the disquisition in the *en banc Kolin case* on the sophistication of the buyers is also applicable here:

As stated in *Philip Morris, Inc. v. Fortune Tobacco Corporation*, "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."

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

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

It is not difficult to imagine that ordinary purchasers looking to buy a home entertainment set for their homes would likely not know that the "XYZ"-branded stereo boosters and the "XYZ"-branded televisions they encounter in the store are offered by different companies. If the consumer

happens to like the “XYZ” brand for the stereo boosters after seeing it for the first time, said consumer will most likely associate it with the “XYZ” brand for television set and vice versa, especially since these goods are complementary to each other.

Even if sophisticated consumers are making a repeat purchase years after they first bought a “KOLIN” product, confusion is still possible because of the degree of similarity of the subject marks. As mentioned above, KECI’s *KOLIN* mark is a word mark. Stated simply, the goodwill over the products will likely be associated with the “KOLIN” word among consumers’ minds, regardless of their sophistication. Thus, these consumers who prefer KECI’s products will likely go into stores asking and looking for the “KOLIN” brand, regardless of its stylization or additional figurative features. If they happen to see 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.⁷² (Emphasis and underscoring in the original)

Verily, the likelihood of confusion is thus not negated by the sophistication of the buyers in this case. Put simply, even assuming that these sophisticated consumers spend more time examining the goods and the services, the possibility of confusion as to which entity provides these goods and services cannot be gainsaid because of the resemblance of the marks and the relatedness of the goods and services.

Strength of the plaintiff’s mark

The Court has already decided on the strength of *KOLIN* (Class 9) in the *en banc Kolin case* and this conclusion is applicable here since the analysis involves the same mark, *viz.*:

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.⁷³

Bad faith

Bad faith or fraud is intentionally making false claims to take advantage of another’s goodwill thereby causing damage or prejudice to another.⁷⁴ As explained in *Zuneca Pharmaceutical v. Natrapharm, Inc.*,⁷⁵ “one can have a registration in bad faith only if he applied for the registration of the mark

⁷² *Kolin Electronics Co., Inc. v. Kolin Philippines International, Inc.*, supra note 4, at 31-32. Citations omitted.

⁷³ Id. at 33.

⁷⁴ *Zuneca Pharmaceutical v. Natrapharm, Inc.*, G.R. No. 211850, September 8, 2020, p. 29.

⁷⁵ Id.



despite knowing that someone else has created, used, or registered that mark.”⁷⁶

In the *en banc Kolin case*, KECI had alleged the issue of KP II’s bad faith but there was no explicit ruling on this issue in the decisions of the BLA, ODG, and the CA. Nevertheless, the Court found that the circumstances present therein would lead a reasonable mind to conclude that KP II was in bad faith, *viz.*:

While KECI had squarely alleged the issue of KP II’s bad faith, there was no explicit finding of bad faith on the part of KP II in the decisions of the [BLA], [ODG], 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 KP II knew about KECI’s *KOLIN* registration when it made a trademark application x x x.

First, there was a factual finding by the [BLA] that KP II is an instrumentality of TKC and TKC directly participates in the management, supervision, and control of KP II, *viz.*:

x x x x

Second, as found by the CA, KP II was authorized by TKC to use the “KOLIN” mark.

Third, KP II filed a trademark application x x x barely two months after KECI was declared as the owner of the *KOLIN* mark.

Fourth, KECI and KP II may be considered as being in the same line of business and it would have been highly improbable that KP II 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.*, the Court agreed with the IPO’s finding that the party was in bad faith because it was in the same line of business and it was highly improbable for it to not know of the existence of BIRKENSTOCK before it appropriated and registered this “highly distinct” mark.

Thus, there exists relevant evidence and factual findings that a reasonable mind might accept as adequate to support the conclusion that KP II was in bad faith.⁷⁷

The Court likewise concludes in this case that there exists relevant evidence on the records and factual findings that a reasonable mind might accept as adequate to support the conclusion that KP II filed the instant application in bad faith.

First, it has been factually established in the *en banc Kolin case* that KP II is an instrumentality of TKC and TKC directly participates in the management, supervision, and control of KP II.

⁷⁶ Id. at 32.

⁷⁷ *Kolin Electronics Co., Inc. v. Kolin Philippines International, Inc.*, supra note 4, at 34-35. Citations omitted.

Second, as alleged by KPII, TKC has authorized it to register the “KOLIN” mark:

[TKC] has given its authorization and/or consent to [KPII] to register “KOLIN” in the Philippines for use in business in connection with the marketing, selling and distribution of “all” KOLIN-branded household/home appliances in the Philippines, specifically: Class “9”: television sets, air-conditioners; Class “11”: refrigerators, electric fans, desk fans, dehumidifiers, microwave ovens, rice cookers, flat irons; and Class “21”: water dispensers x x x. Relative to [TKC’s] trademark protection in the Philippines for the mark “KOLIN” on its goods or products, they are subject of [TKC’s] trademark applications.⁷⁸

Third, the records clearly show that **KOLIN** was filed by KPII on December 27, 2002, the same day that TKC filed its trademark application for **KOLIN** covering Class 11 goods.⁷⁹ As correctly pointed out by KECI, this was also the day the BLA denied TKC’s opposition against KECI’s application for *KOLIN* (Class 9).

Fourth, as stated, KPII seeks to register **KOLIN** for services related to *KOLIN* (Class 9), and it is highly improbable based on the attendant circumstances that KPII did not know that KECI was using *KOLIN* for its own business and goods.

All told, using the multifactor test in this dispute strongly indicates that the registration of **KOLIN** would cause likelihood of confusion with respect to *KOLIN* (Class 9). Factors such as the resemblance of the parties’ marks, relatedness of the goods/services and normal potential expansion of business, sophistication of buyers, strength of KECI’s mark, and KPII’s bad faith all indicate the existence of likelihood of confusion if KPII’s **KOLIN** is registered.

ii.

[Second aspect of damage]

*Likelihood of confusion between KPII’s application for **KOLIN** and KECI’s *KOLIN* (Class 35) registration.*

As discussed above, the determination of likelihood of confusion necessitates the use of the multifactor test. However, as provided in the *2020 Revised Rules of Procedure for Intellectual Property Rights Cases*, the existence of likelihood of confusion may be presumed in certain situations:

Rule 18

x x x x

⁷⁸ *Rollo*, pp. 142-143.

⁷⁹ Trademark Application No. 4-2002-011001, see *id.* at 143.

SECTION 4. *Presumption of likelihood of confusion.* – Likelihood of confusion shall be presumed in case an **identical sign or mark** is used for **identical goods or services**. (Emphasis supplied)

For ease of reference, the relevant details of the marks being compared in this section are:

<i>KOLIN</i> (Class 35)	vs.	KOLIN
For Business of Manufacturing, Importing, Assembling, or Selling Electronic Equipment or Apparatus		For Business of Manufacturing, Importing, Assembling, Selling Products As: Airconditioning Units, Television Sets, Audio/Video Electronic Equipment, Refrigerators, Electric Fans and Other Electronic Equipment or Product of Similar Nature

KOLIN (Class 35) is the same mark as *KOLIN* (Class 9). To recall, in discussing the resemblance between *KOLIN* and **KOLIN** above, the Court finds that, using the Dominancy Test, **the marks are identical** visually, phonetically, and connotatively.

Moreover, a perusal of the coverage of *KOLIN* (Class 35) and **KOLIN** would reveal that they contain an identical service. In particular, both marks cover the “Business of Manufacturing, Importing, Assembling, or Selling x x x Electronic Equipment.”

Because an identical mark is being used for identical services here, likelihood of confusion is therefore presumed to exist between *KOLIN* (Class 35) and **KOLIN**.

iii.

[Third aspect of damage]
*KPII's **KOLIN** is identical to KECI's trade name,*
KOLIN ELECTRONICS CO., INC.

KECI argues in its petition that KPII cannot register **KOLIN** since it is identical to KECI's trade name, KOLIN ELECTRONICS CO., INC.

On the other hand, KPII insists that, based on the doctrine of *stare decisis*, KECI is barred from arguing that KPII's **KOLIN** may not be registered based on similarity to KECI's trade name because the following matters have allegedly been ruled with finality in the *Taiwan Kolin case*:

- a) KOLIN-branded Home Appliances consisting of television sets and DVD players are not closely related to KECI's power supply and audio accessories;
- b) [TKC's **KOLIN**] mark is not confusingly similar to KECI's mark;

[c)] The registration of [TKC's] trademark [**KOLIN**] will not create confusion to the public; and

[d)] KECI's trademark registration in Class 9 is not a bar to the registration of TKC's mark [**KOLIN**] for unrelated goods.⁸⁰

The Court agrees with KECI's arguments.

There was no pronouncement concerning trade names laid down in the *Taiwan Kolin case*; thus, the doctrine of *stare decisis* cannot bar KECI from raising this issue in the current dispute.

*Coffee Partners, Inc. v. San Francisco Coffee & Roastery, Inc.*⁸¹ discusses the protection given to trade names and how they are infringed, viz.:

Coming now to the main issue, in *Prosource International, Inc. v. Horphag Research Management SA*, this Court laid down what constitutes infringement of an unregistered trade name, thus:

(1) The trademark being infringed is registered in the [IPO]; however, **in infringement of trade name, the same need not be registered;**

(2) The trademark or **trade name is reproduced, counterfeited, copied, or colorably imitated by the infringer;**

(3) The infringing mark or **trade name is used in connection with the sale, offering for sale, or advertising of any goods, business or services; or the infringing mark or trade name is applied to labels, signs, prints, packages, wrappers, receptacles, or advertisements intended to be used upon or in connection with such goods, business, or services;**

(4) **The use or application of the infringing mark or trade name is likely to cause confusion or mistake or to deceive purchasers or others as to the goods or services themselves or as to the source or origin of such goods or services or the identity of such business; and**

(5) It is **without the consent of the trademark or trade name owner** or the assignee thereof. x x x

Clearly, **a trade name need not be registered with the IPO before an infringement suit may be filed by its owner against the owner of an infringing trademark. All that is required is that the trade name is previously used in trade or commerce in the Philippines.**

Section 22 of [the Trademark Law], as amended, required registration of a trade name as a condition for the institution of an infringement suit, to wit:

⁸⁰ *Rollo*, p. 233.

⁸¹ G.R. No. 169504, March 3, 2010, 614 SCRA 113.

“Sec. 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.” x x x

However, [the IP Code], which took effect on 1 January 1998, has dispensed with the registration requirement. Section 165.2 of [the IP Code] categorically states that trade names shall be protected, even prior to or without registration with the IPO, against any unlawful act including any subsequent use of the trade name by a third party, whether as a trade name or a trademark likely to mislead the public. Thus:

“SEC. 165.2 (a) Notwithstanding any laws or regulations providing for any obligation to register trade names, such names shall be protected, even prior to or without registration, against any unlawful act committed by third parties.

(b) In particular, any subsequent use of a trade name by a third party, whether as a trade name or a mark or collective mark, or any such use of a similar trade name or mark, likely to mislead the public, shall be deemed unlawful.” x x x⁸² (Additional emphasis supplied; italics in the original)

Unlike trademarks or service marks which require registration in good faith to acquire ownership under the IP Code,⁸³ trade names need not be registered to be protected. Here, based on the records showing the CA’s pronouncements in the *KECI ownership case*, it appears that KECI — or at least its predecessor, Kolin Electronics Industrial Supply⁸⁴ — was the first user of “KOLIN” not only as part of its trade name but also as a mark, *viz.*:

Undeniably, [KECI’s] predecessor Kolin Electronics [Industrial Supply] was then issued by the Department of Trade & Industry with **certificates of registration of business name** using the subject mark [“KOLIN”] in its business operations in the Philippines since it started using the same in February, 1989. x x x⁸⁵ (Emphasis supplied)

⁸² Id. at 122-123. Citations omitted.

⁸³ See *Zuneca Pharmaceutical v. Natrapharm, Inc.*, supra note 81.

⁸⁴ See *Kolin Electronics Co., Inc. v. Kolin Philippines International, Inc.*, supra note 4, at 2 and 4.

⁸⁵ *Rollo*, p. 93. Citation omitted.

Clearly, KECI has the right to oppose any application based on the likely “damage” it will suffer in relation to its trade name if the opposed mark is registered. Since KPII’s **KOLIN** features the first word in KECI’s trade name, confusion is likely among consumers.

iv.

[Fourth aspect of damage]
Adverse effect of KOLIN registration to KECI’s Trademark
Law registration for KOLIN (Class 9)

Section 236 of the IP Code protects the rights acquired in good faith prior to the effective date of the said law, viz.:

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)

Thus, if an application for a mark under the IP Code adversely affects existing rights, it cannot be registered pursuant to Section 122 of the IP Code, which reads:

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) (Emphasis supplied)

In the *en banc Kolin case*, the Court discussed the applicability of Section 236 of the IP Code in relation to KECI’s **KOLIN** (Class 9) mark, which was registered under the Trademark Law. Since this is one of the marks involved in this controversy, the Court finds that the following disquisition therein is likewise applicable here:

It must also be stressed that KECI was already declared as the owner of the **KOLIN** [(Class 9)] mark under the Trademark Law. Section 236 of the IP Code states that nothing in the IP Code — which, as mentioned, logically includes registrations made pursuant thereto — shall adversely affect the rights of the enforcement of marks acquired in good faith prior to the effective date of said law.

As seen above, the existence of likelihood of confusion is already considered as damage that would be sufficient to sustain the opposition and rejection of 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 x x x for a range of goods/services x x x. 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 vis-à-vis



Section 236 of the IP Code, the Court cannot give due course to KPII's trademark application x x x.⁸⁶ (Additional emphasis supplied)

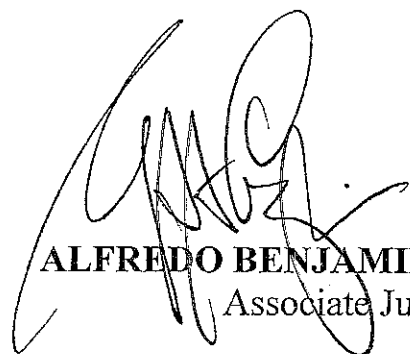
To reiterate, opposers may allege and prove any and all aspects of damage in an opposition. If any single aspect of damage is deemed to be meritorious, this is already sufficient basis to reject an application. In the case at bar, KECI is alleging several aspects of damage that will be caused by the registration of **KOLIN**. As explained above, the Court finds that the following aspects of damage alleged by KECI are all meritorious:

- i. Likelihood of confusion between KPII's application for **KOLIN** and KECI's *KOLIN* (Class 9) registration.
- ii. Likelihood of confusion between KPII's application for **KOLIN** and KECI's *KOLIN* (Class 35) registration.
- iii. KPII's **KOLIN** is identical to KECI's trade name, KOLIN ELECTRONICS CO., INC.
- iv. Adverse effect of the **KOLIN** registration to KECI's Trademark Law registration for *KOLIN* (Class 9).

WHEREFORE, the Petition is **GRANTED**. The assailed Decision dated February 16, 2016 and Resolution dated August 11, 2016 of the Court of Appeals is **REVERSED** and **SET ASIDE**. The Decision in Appeal No. 14-08-37 dated September 12, 2013 of the Office of the Director General of the Intellectual Property Office is **REINSTATED** and **AFFIRMED**.

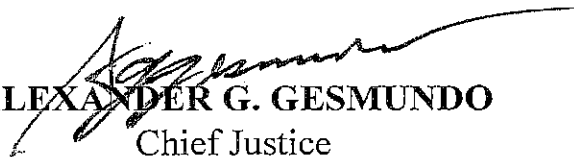
Accordingly, Trademark Application Serial No. 4-2002-011003 for **KOLIN** filed by Kolin Philippines International, Inc. under Class 35 for the "Business of Manufacturing, Importing, Assembling, Selling Products As: Airconditioning Units, Television Sets, Audio/Video Electronic Equipment, Refrigerators, Electric Fans and Other Electronic Equipment or Product of Similar Nature" is **REJECTED**.


SO ORDERED.



ALFREDO BENJAMIN S. CAGUIOA
Associate Justice

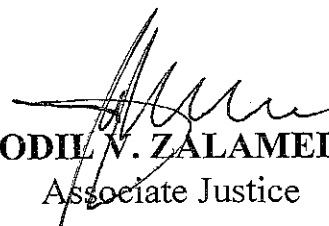
⁸⁶ *Kolin Electronics Co., Inc. v. Kolin Philippines International, Inc.*, supra note 4, at 35-36.

WE CONCUR:


ALEXANDER G. GESMUNDO
Chief Justice
Chairperson

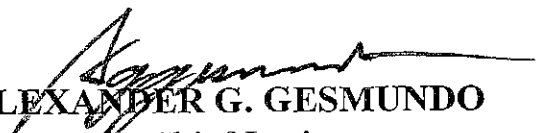

RAMON PAUL L. HERNANDO
Associate Justice


ROSMARIE D. CARANDANG
Associate Justice


RODIL V. ZALAMEDA
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's Division.


ALEXANDER G. GESMUNDO
Chief Justice

