

THIRD DIVISION

  
RUMAR D. PASION  
Deputy Division Clerk of Court  
Third Division

FEB 22 2021

G.R. No. 248021 – PROSEL PHARMACEUTICALS & DISTRIBUTORS, INC., *petitioner*, v. TYNOR DRUG HOUSE, INC., *respondent*.

Promulgated:  
September 30, 2020

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DISSENTING OPINION

LEONEN, J.:

With due respect to the analysis in the *ponencia*, the Court of Appeals committed a reversible error when it enjoined petitioner from using the brand name “CEEGEEFER” for allegedly infringing upon respondent’s registered trademark and awarding respondent damages.<sup>1</sup>

Section 155 of Republic Act No. 8293, otherwise known as the Philippine Intellectual Property Code, states what constitutes trademark infringement:

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

<sup>1</sup> *Rollo*, p. 53, the dispositive portion of the Court of Appeals’ Decision stated:

WHEREFORE, premises considered, the Decision dated December 23, 2013 of the Regional Trial Court of Muntinlupa City, Branch 256 in Civil Case No. 07-086 is REVERSED and SET ASIDE. Defendant-appellee Prosel Pharmaceuticals & Distributors, Inc. is found liable for TRADEMARK INFRINGEMENT and is ORDERED to PAY plaintiff-appellant Tynor Drug House, Inc. P500,000.00 as nominal damages and P100,000.00 as attorney’s fees. Defendant-appellee Prosel Pharmaceuticals & Distributors, Inc., its agents, representatives, assigns, distributors, dealers and sellers are hereby ENJOINED from using its CEEGEEFER brand name and the CHERIFER + Logo trademark in connection with the sale, offering for sale, distribution, advertising of any goods including other preparatory steps necessary to carry out the sale of any goods bearing such trademarks in the Philippines, or from otherwise infringing plaintiff-appellant Tynor Drug House, Inc.’s CHERIFER + Logo trademark covered under Registration No. 4-2002-004546.



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.

For there to be a finding of trademark infringement, the following elements must concur: (1) the plaintiff has a valid mark; (2) the plaintiff is the owner of the mark; and (3) the alleged infringer's use of the mark, or its colorable imitation, results in a likelihood of confusion.<sup>2</sup>

A "mark" is defined in the Intellectual Property Code as:

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

121.1. "Mark" means any visible sign capable of distinguishing the goods (trademark) or services (service mark) of an enterprise and shall include a stamped or marked container of goods[.]

Subject to the limitations on registrability enumerated in Section 123,<sup>3</sup>

<sup>2</sup> *McDonald's Corporation v. L.C. Big Mak Burger, Inc.*, 480 Phil. 402, 424–425 (2004) [Per J. Carpio].

<sup>3</sup> INTELLECTUAL PROP. CODE, sec. 123 states:

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

- (a) Consists of immoral, deceptive or scandalous matter, or matter which may disparage or falsely suggest a connection with persons, living or dead, institutions, beliefs, or national symbols, or bring them into contempt or disrepute;
- (b) Consists of the flag or coat of arms or other insignia of the Philippines or any of its political subdivisions, or of any foreign nation, or any simulation thereof;
- (c) Consists of a name, portrait or signature identifying a particular living individual except by his written consent, or the name, signature, or portrait of a deceased President of the Philippines, during the life of his widow, if any, except by written consent of the widow;
- (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;
- (e) Is identical with, or confusingly similar to, or constitutes a translation of a mark which is considered by the competent authority of the Philippines to be well-known internationally and in the Philippines, whether or not it is registered here, as being already the mark of a person other than the applicant for registration, and used for identical or similar goods or services: Provided, That in determining whether a mark is well-known, account shall be taken of the knowledge of the relevant sector of the public, rather than of the public at large, including knowledge in the Philippines which has been obtained as a result of the promotion of the mark;
- (f) Is identical with, or confusingly similar to, or constitutes a translation of a mark considered well-known in accordance with the preceding paragraph, which is registered in the Philippines with respect to goods or services which are not similar to those with respect to which registration is applied for: Provided, That use of the mark in relation to those goods or services would indicate a connection between those goods or services, and the owner of the registered mark: Provided, further, That the interests of the owner of the registered mark are likely to be damaged by such use;
- (g) Is likely to mislead the public, particularly as to the nature, quality, characteristics or geographical origin of the goods or services;
- (h) Consists exclusively of signs that are generic for the goods or services that they seek to identify;
- (i) Consists exclusively of signs or of indications that have become customary or usual to designate the goods or services in everyday language or in bona fide and established trade practice;

the rights to any visible sign capable of distinguishing a particular good or service may be acquired by means of registration<sup>4</sup> with the Philippine Intellectual Property Office. This "visible sign" may be a word, name, symbol, emblem, sign, device, drawing, or figure:

The foregoing unmistakably show that petitioner, through its predecessor-in-interest, had made use of the location of the restaurant where it manufactures and sells its products, but as a trade-mark to indicate the goods it offers for sale to the public. No other conclusion can be drawn. This is the very meaning or essence in which a trade-mark is used. This is not only in accordance with its general acceptance but with our law on the matter.

"Trade-mark' or 'trade-name', distinction being highly technical, is sign, device, or mark by which articles produced are dealt in by particular person or organization are distinguished or distinguishable from those produced or dealt in by others." (Church of God vs. Tomlinson Church of God, 247 SW 2d. 63, 64)

"A 'trade-mark' is a distinctive mark of authenticity through which the merchandise of a particular producer or manufacturer may be distinguished from that of others, and its sole function is to designate distinctively the origin of the products to which it is attached." (Reynolds & Reynolds Co. vs. Norick, et al., 114 F 2d, 278)

"The term 'trade-mark' includes any word, name, symbol, emblem, sign or device or any combination thereof adopted and used by a manufacturer or merchant to identify his goods and distinguished them from those manufactured, sold or dealt in by others". (Section 38, Republic Act No. 166)

Verily, the word "SELECTA" has been chosen by petitioner and has been inscribed on all its products to serve not only as a sign or symbol that may indicate that they are manufactured and sold by it but as a mark of authenticity that may distinguish them from the products manufactured and sold by other merchants or businessmen. The Director of Patents, therefore, erred in holding that petitioner made use of that word merely as a trade-

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(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;

(k) Consists of shapes that may be necessitated by technical factors or by the nature of the goods themselves or factors that affect their intrinsic value;

(l) Consists of color alone, unless defined by a given form; or

(m) Is contrary to public order or morality.

123.2. As regards signs or devices mentioned in paragraphs (j), (k), and (l), nothing shall prevent the registration of any such sign or device which has become distinctive in relation to the goods for which registration is requested as a result of the use that have been made of it in commerce in the Philippines. The Office may accept as prima facie evidence that the mark has become distinctive, as used in connection with the applicant's goods or services in commerce, proof of substantially exclusive and continuous use thereof by the applicant in commerce in the Philippines for five (5) years before the date on which the claim of distinctiveness is made.

<sup>4</sup> INTELLECTUAL PROP. CODE, sec. 122 states:

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.

name and not as trade-mark within the meaning of the law.<sup>5</sup>

Registrable marks may be two- or three-dimensional,<sup>6</sup> in color,<sup>7</sup> or in a form that could require transliteration or translation.<sup>8</sup> They may be what are described in the Philippine Intellectual Property Office Trademark Regulations of 2017<sup>9</sup> as “word marks,” represented in standard characters:

*RULE 402. Reproduction of the Mark.* - One (1) reproduction of the mark shall be submitted upon filing of the application which shall substantially represent the mark as actually used or intended to be used on or in connection with the goods and/or services of the applicant. The reproduction may be added or pasted on the space provided for in the application form or printed on an ordinary bond paper. The reproduction must be clear and legible, printed in black ink or in color, if colors are claimed, and must be capable of being clearly reproduced when published in the IPO eGazette. An electronic copy of the reproduction may likewise be submitted in lieu of the printed reproduction. The electronic reproduction should be in .jpg format and must not exceed one (1) megabyte.

*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.*

The provisions of this Rule shall, however, be construed liberally in determining whether the application shall be considered complete for purposes of granting a filing date. (Emphasis supplied)

There are instances when a person will have registered both a “word mark” and some kind of device or design incorporating this “word mark” as two (2) separate trademarks or service marks. When the “word mark” and the

<sup>5</sup> *Arce Sons and Company v. Selecta Biscuit Company, Inc.*, 110 Phil. 858, 867–868 (1961) [Per J. Bautista Angelo, En Banc].

<sup>6</sup> See the definition of a “mark” in INTELLECTUAL PROP. CODE, sec. 121.1, which encompasses “a stamped or marked container of goods” and INTELLECTUAL PROP. CODE, sec. 124, the relevant subsection of which states:

SECTION 124. *Requirements of Application.* — 124.1. The application for the registration of the mark shall be in Filipino or in English and shall contain the following:

....

(h) Where the mark is a three-dimensional mark, a statement to that effect;

<sup>7</sup> See INTELLECTUAL PROP. CODE, sec. 124, the relevant subsection of which states:

SECTION 124. *Requirements of Application.* — 124.1. The application for the registration of the mark shall be in Filipino or in English and shall contain the following:

....

(g) Where the applicant claims color as a distinctive feature of the mark, a statement to that effect as well as the name or names of the color or colors claimed and an indication, in respect of each color, of the principal parts of the mark which are in that color;

<sup>8</sup> See INTELLECTUAL PROP. CODE, sec. 124, the relevant subsection of which states:

SECTION 124. *Requirements of Application.* — 124.1. The application for the registration of the mark shall be in Filipino or in English and shall contain the following:

....

(j) A transliteration or translation of the mark or of some parts of the mark, as prescribed in the Regulations;

<sup>9</sup> IPO Memorandum Circular No. 010-17.

“device mark” are included in one (1) composition—and registered, it may be known as a “composite mark.”<sup>10</sup>

Under the Intellectual Property Code, marks applied for registration must undergo examination and publication,<sup>11</sup> and the application may be opposed by any person who believes that they may be damaged by the registration.<sup>12</sup> Examination, publication, and opposition are integral to the registration process. By having all marks undergoing all these steps, the Philippine Intellectual Property Office ensures the integrity of the Philippine Trademark Database along with the validity of all registered marks in it, protecting the rights of existing trade and service mark registrants, as well as other relevant stakeholders.

In this case, respondent’s mark, with Registration No. 4-2002-004546, is:

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<sup>10</sup> See *The East Pacific Merchandising Corp. v. Director of Patents*, 110 Phil. 443 (1960) [Per J. Reyes, J.B.L., Second Division], concerning the trademark application for a “composite trademark” which consisted of:

[T]he word “Verbena” and the representation of a Spanish lady, more particularly described as follows:

Against a blue background is the bust figure of a Spanish Señorita dressed in a typically pink dancer’s attire with her upper arms partly covered with a Spanish shawl of green and white. The figure appears with black well groomed hair adorned by red roses. The figure also appears to be wearing two green earrings. At the left of this figure is shown a balcony decked with plants and flowers characteristics of Spanish houses. (p. 10, Records)

<sup>11</sup> INTELLECTUAL PROP. CODE, sec. 133 states:

SECTION 133. *Examination and Publication.* — 133.1. Once the application meets the filing requirements of Section 127, the Office shall examine whether the application meets the requirements of Section 124 and the mark as defined in Section 121 is registrable under Section 123.

133.2. Where the Office finds that the conditions referred to in Subsection 133.1 are fulfilled, it shall, upon payment of the prescribed fee, forthwith cause the application, as filed, to be published in the prescribed manner.

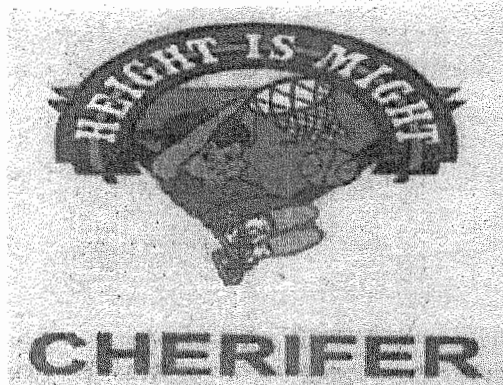
133.3. If after the examination, the applicant is not entitled to registration for any reason, the Office shall advise the applicant thereof and the reasons therefor. The applicant shall have a period of four (4) months in which to reply or amend his application, which shall then be re-examined. The Regulations shall determine the procedure for the re-examination or revival of an application as well as the appeal to the Director of Trademarks from any final action by the Examiner.

133.4. An abandoned application may be revived as a pending application within three (3) months from the date of abandonment, upon good cause shown and the payment of the required fee.

133.5. The final decision of refusal of the Director of Trademarks shall be appealable to the Director General in accordance with the procedure fixed by the Regulations.

<sup>12</sup> INTELLECTUAL PROP. CODE, sec. 134 states:

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.



The mark is described as:

**CHERIFER + LOGO**

(THE MARK CONSISTS OF THE WORD CHERIFER WITH A LOGO OF A YOUNG BOY DUNKING AND TOUCHING THE BASKETBALL GOAL. THE YOUNG BOY IS WEARING A RED BASKETBALL UNIFORM WITH A WHITE STRIPE, AND RUBBER SHOES. THE BASKETBALL SHIRT HAS A "C" PRINT ON IT IN BLUE INK. ABOVE THE HEAD IS A SLOGAN THAT READS "HEIGHT IS MIGHT" PRINTED ON BLUE & PINK ARK. BEHIND THE BOY IS A GREEN TRIANGULAR BACKGROUND WITH SHADOW)<sup>13</sup>

Clearly, the mark is a composite mark: one which contains both a distinct word—namely "CHERIFER"—and a device comprising several other elements, including the words "HEIGHT IS MIGHT."

The composition of the mark being sought protection from infringement is important because the Intellectual Property Code confers the owner of a registered mark the right to prevent the use in trade by unauthorized parties of a sign identical or similar to the registered mark, where the use would result in a likelihood of confusion:

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.

Not every word, symbol, logo, device, or figure that shares similarities with the allegedly-infringed mark will be barred from use in commerce. Section 155 of the Intellectual Property Code points specifically to a registered mark's "colorable imitation" or "dominant feature."

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<sup>13</sup> Ponencia, p. 3.

A “colorable imitation”:

[D]enotes 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, and to cause him to purchase the one supposing it to be the other.”<sup>14</sup>

What constitutes a mark’s “dominant feature” can also be highly subjective. As explained in *Prosource International, Inc. v. Horphag Research Management SA*.<sup>15</sup>

The Dominancy Test focuses on the similarity of the prevalent features of the competing trademarks that might cause confusion and deception, thus constituting infringement. If the competing trademark contains the main, essential and 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 to deceive purchasers. 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.<sup>16</sup> (Citations omitted)

The determination of a mark’s dominant feature is independent even of its owner’s intent or judgment of the “main, essential and dominant” features of the mark they own or use, as demonstrated in *UFC Philippines, Inc. v. Barrio Fiesta Manufacturing Corp.*:<sup>17</sup>

A scrutiny of petitioner's and respondent's respective marks would show that the IPO-BLA and the IPO Director General correctly found the word "PAPA" as the dominant feature of petitioner's mark "PAPA KETSARAP." Contrary to respondent's contention, "KETSARAP" cannot be the dominant feature of the mark as it is merely descriptive of the product. Furthermore, it is the "PAPA" mark that has been in commercial use for decades and has established awareness and goodwill among consumers.

We likewise agree with the IPO-BLA that the word "PAPA" is also the dominant feature of respondent's "PAPA BOY & DEVICE" mark subject of the application, such that "the word 'PAPA' is written on top of and before the other words such that it is the first word/figure that catches the eyes." Furthermore, as the IPO Director General put it, the part of respondent's mark which appears prominently to the eyes and ears is the phrase "PAPA BOY" and that is what a purchaser of respondent's product would immediately recall, not the smiling hog.<sup>18</sup> (Citation omitted)

<sup>14</sup> *Etepha v. Director of Patents*, 123 Phil. 329, 333 (1966) [Per J. Sanchez, En Banc].

<sup>15</sup> 620 Phil. 539 (2009) [Per J. Nachura, Third Division].

<sup>16</sup> *Id.* at 550.

<sup>17</sup> 778 Phil. 763 (2016) [Per J. Leonardo-De Castro, First Division].

<sup>18</sup> *Id.* at 803.

Here, the *ponencia* adopts the findings of the Court of Appeals: (1) that “CEEGERFER” and “CHERIFER” are aurally similar under *idem sonans*; and (2) that the “healthy & mighty” drawing used in petitioner’s packaging is visually similar to the “HEIGHT IS MIGHT” device that is a part of respondent’s registered mark.

Respectfully, it is highly irregular to divide the elements of a composite mark and separately determine the confusing similarity of these elements with two (2) different allegedly-infringing marks. To emphasize, the registered mark which is the basis for respondent’s cause of action is not merely a word mark, but a composite mark. The mark covered by Registration No. 4-2002-004546 is not only the word “CHERIFER,” but also the “HEIGHT IS MIGHT” device above it. The absurdity of cherry-picking the elements of respondent’s registered mark for comparison is highlighted, should one try to compare “CEEGERFER” with respondent’s “HEIGHT IS MIGHT” device, or petitioner’s “healthy & mighty” drawing with the word “CHERIFER” using either a visual or aural test.

To permit the injunction of petitioner’s “CEEGERFER” because of the mark covered by Registration No. 4-2002-004546 defeats the purpose of registration of this mark as a composite mark. The protection that has been granted to respondent is beyond the bounds of the mark it has registered. The *ponencia* has, in essence, permitted respondent to claim a monopoly for every component of its composite mark, when the Intellectual Property Office had only granted it exclusivity based on the mark as a whole. This bypasses and undermines the procedures of examination, publication, and opposition required by the Intellectual Property Code.

Notably, a close examination of the specimen of respondent’s packaging, provided by respondent,<sup>19</sup> reveals that the word “CHERIFER” has an ® symbol appended to it, separate from the ® symbol appending the depicted “HEIGHT IS MIGHT” device:

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<sup>19</sup> *Rollo*, p. 239.





Section 158 of the Intellectual Property Code provides that the ® symbol is notice that the mark is registered:

SECTION 158. *Damages; Requirement of Notice.* — In any suit for infringement, the owner of the registered mark shall not be entitled to recover profits or damages unless the acts have been committed with knowledge that such imitation is likely to cause confusion, or to cause mistake, or to deceive. Such knowledge is presumed if the registrant gives notice that his mark is registered by displaying with the mark the words "Registered Mark" or the letter R within a circle or if the defendant had otherwise actual notice of the registration.

Evidently, at the time its cause of action for infringement accrued against petitioner, the word mark "CHERIFER" had not been registered by respondent. Otherwise, it would have invoked its registration of the word mark "CHERIFER" to defeat petitioner's "CEEGERFER." Instead, respondent attempted to prevent petitioner's use in commerce, not only of petitioner's "healthy & mighty" drawing, but also of the word "CEEGERFER," with a registered composite mark. Respondent's use of a composite mark to prematurely invoke exclusivity for a later registered word mark should not be countenanced by this Court.

Moreover, in all instances of trademark infringement, there must be a "likelihood of confusion" between the registered mark and the allegedly-infringing mark:

A crucial issue in any trademark infringement case is the likelihood of confusion, mistake or deceit as to the identity, source or origin of the goods or identity of the business as a consequence of using a certain mark. Likelihood of confusion is admittedly a relative term, to be determined rigidly according to the particular (and sometimes peculiar) circumstances of each case. Thus, in trademark cases, more than in other kinds of litigation, precedents must be studied in the light of each particular case.

There are two types of confusion in trademark infringement. 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.

In determining the likelihood of confusion, the Court must consider: [a] the resemblance between the trademarks; [b] the similarity of the goods to which the trademarks are attached; [c] the likely effect on the purchaser and [d] the registrant's express or implied consent and other fair and equitable considerations.<sup>20</sup> (Citations omitted)

Evidence-based standards for determining "likelihood of confusion" are imperative, lest courts and administrative agencies succumb to *ad hoc* reasoning and this Court promulgate essentially *pro hac vice* decisions without coherent and consistent precedents to guide the bench and bar:

My discomfort with the prevailing doctrine is that determining whether goods or services are related is left solely to the subjective evaluation of the Philippine Intellectual Property Office or the judgment of the court. It is based on ad hoc inferences of similarity in class, physical attributes or descriptive properties, purpose, or points of sale of the goods or services. Here, the Bureau of Legal Affairs of the Intellectual Property Office, as affirmed by the Director-General, found that respondent committed unfair competition based on a simplistic conclusion that "[b]oth Complainant APRIL and Respondent's main business product is paper[;] both offer papers for sale to the public." We should improve on the standard by which likelihood of confusion is measured, considering the advances in the study of competition and economics in general.

There should be objective, scientific, and economic standards to determine whether goods or services offered by two parties are so related that there is a likelihood of confusion. In a market, the relatedness of goods or services may be determined by consumer preferences. When two goods are proved to be perfect substitutes, where the marginal rate of substitution, or the "consumer's willingness to substitute one good for another while maintaining the same level of satisfaction" is constant, then it may be concluded that the goods are related for the purposes of determining likelihood of confusion. Even goods or services, which superficially appear unrelated, may be proved related if evidence is presented showing that these have significant cross-elasticity of demand, such that changes of price in one party's goods or services change the price of the other party's goods and services. Should it be proved that goods or services belong to the same relevant market, they may be found related even if their classes, physical attributes, or purposes are different.<sup>21</sup>

<sup>20</sup> *Mighty Corporation v. E&J Gallo Winery*, 478 Phil. 615, 655-656 (2004) [Per J. Corona, Third Division].

<sup>21</sup> Separate Opinion of Justice Leonen, *Asia Pacific Resources International Holdings, Ltd. v. Paperone, Inc.*, G.R. Nos. 213365-66, December 10, 2018, <<https://elibrary.judiciary.gov.ph/thebookshelf/showdocs/1/64829>> [Per J. Gesmundo, Third Division].

In this case, there is insufficient factual basis to justify the conclusion that a likelihood of confusion had arisen, such that the relevant market for petitioner and respondent's goods have been misled into buying the other's products due to the packaging or marks used.

According to respondent, it had discovered that petitioner's CEEGEEFER products were sold alongside its own CHERIFER products beside or near each other in drugstores in Metro Manila and Valenzuela.<sup>22</sup> However, it does not appear to have proffered evidence in the trial court that the alleged target market for CEEGEEFER—"mothers, fathers and people with small children"<sup>23</sup>—had actually or likely mistaken one product from another.

Thus, respondent had not shown that the introduction of CEEGEEFER products in the brand name and packaging complained of had adversely affected the sales of CHERIFER products. It has not even shown that goodwill had been built up on the CHERIFER brand—which it claims to have been "ahead in the market for more than 10 years"<sup>24</sup>—to such an extent that CEEGEEFER would have consciously emulated the brand name and packaging to benefit from it.

The purpose of trademarks and service marks are: (1) to indicate a good or service's origin and ownership; (2) to ensure that the maker of a superior good or provider of superior service could be identified; and (3) to prevent fraud in commerce.<sup>25</sup> Trademarks and service marks are not intended to unduly restrict free trade, foster monopolistic practices, or remove competitors from the market:

Courts should take care not to interfere in a free and fair market, or to foster monopolistic practices. Instead, they should confine themselves to prevent fraud and misrepresentation on the public. In *Alhambra Cigar, etc., Co. v. Mojica*:

Protection against unfair competition is not intended to create or foster a monopoly and the court should always be careful not to interfere with free and fair competition, but should confine itself, rather, to preventing fraud and imposition resulting from some real resemblance in name or dress of goods. Nothing less than conduct tending to pass off one man's goods or business as that of another will constitute unfair competition. Actual or probable deception and confusion on the part of customers by reason of

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<sup>22</sup> *Rollo*, p. 241.

<sup>23</sup> *Id.*


<sup>24</sup> *Id.*

<sup>25</sup> See *Etepha v. Director of Patents*, 123 Phil. 329-338 (1966) [Per J. Sanchez, En Banc].

defendant's practices must always appear.<sup>26</sup> (Citations omitted)


The *ponencia* places great emphasis on the same “star ingredient,” relevant market, and over-the-counter point of sale in arriving at its conclusion.<sup>27</sup> With due respect, these are markers of two competitors, especially absent sufficient factual basis of petitioner committing fraud or misrepresentation on the market. The result of this case unduly represses competition in the marketplace, to the detriment of the consuming public.

Accordingly, I vote to **GRANT** the Petition for Review. The Court of Appeals’ January 29, 2018 Decision and June 21, 2019 Resolution in CA-G.R. CV No. 102569 are **REVERSED** and **SET ASIDE**. The December 23, 2013 Decision of the Regional Trial Court is **REINSTATED**.



MARVIC M.V.F. LEONEN  
Associate Justice

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RUMAR D. PASION  
Deputy Division Clerk of Court  
Third Division

FEB 22 2021

<sup>26</sup> Separate Opinion of Justice Leonen, *Asia Pacific Resources International Holdings, Ltd. v. Paperone, Inc.*, G.R. Nos. 213365-66, December 10, 2018, <<https://elibrary.judiciary.gov.ph/thebookshelf/showdocs/1/64829>> [Per J. Gesmundo, Third Division].

<sup>27</sup> *Ponencia*, pp. 14–15.