Republic of the Philippines
Supreme Court
Manila

FIRST DIVISION

WILTON DY and/or PHILITES ELECTRONIC & LIGHTING PRODUCTS,
Petitioner,

- versus -

KONINKLIJKE PHILIPS ELECTRONICS, N.V.,
Respondent.

G.R. No. 186088

Present:

SERENO, *CJ*, Chairperson,
LEONARDO-DE CASTRO,
DEL CASTILLO,
PERLAS-BERNABE, and
CAGUIOA, *JJ.*

Promulgated:

MAR 2 2 2017

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DECISION

SERENO, *CJ*:

This Petition for Review on Certiorari[1] filed by petitioner Wilton Dy and/or Philites Electronic & Lighting Products ("PHILITES") assails the Decision[2] and Resolution[3] of the Court of Appeals (CA) in CA-G.R. SP No. 103350. The appellate court reversed and set aside the Decision[4] of the IPP Office of the Director General (IPP-DG), which affirmed the Decision[5] of the Intellectual Property Philippines Bureau of Legal Affairs (IPP-BLA) upholding petitioner's trademark application.

THE ANTECEDENT FACTS

On 12 April 2000, petitioner PHILITES filed a trademark application (Application Serial Number 4-2000-002937) covering its fluorescent bulb, incandescent light, starter and ballast. After publication, respondent Koninklijke Philips Electronics, N.V. ("PHILIPS") filed a Verified Notice of Opposition on 17 March 2006, alleging the following:

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[1] *Rollo,* pp. 16-75.
[2] Id. at 77-103; dated 7 October 2008.
[3] Id. at 105-106; dated 18 December 2008.
[4] Id. at 107-118; dated 16 April 2008.
[5] Id. at 119-131; dated 9 November 2006.

(a) The approval of Application Serial No. 4-2000-002937 is contrary to the following provisions of Republic Act No. [RA] 8293 or the Intellectual Property Code of the Philippines (IP Code): Sections 123.1(d), (i) and (iii), 123.1(e), 147, and 168.

(b) The approval of Application Serial No. 4-2000-002937 will cause grave and irreparable damage and injury to oppose.

(c) The use and registration of the applied for mark by [petitioner] will mislead the public as to the origin, nature, quality, and characteristic of the goods on which it is affixed;

(d) [Petitioner's] application for registration is tantamount to fraud as it seeks to register and obtain legal protection for an identical or confusingly similar mark that clearly infringes upon the established rights of the [respondent] over its registered and internationally well-known mark.

(e) The registration of the trademark PHILITES & LETTER P DEVICE in the name of the [petitioner] will violate the proprietary rights and interests, business reputation and goodwill of the [respondent] over its trademark, considering that the distinctiveness of the trademark PHILIPS will be diluted.

(f) The registration of the applied for mark will not only prejudice the Opposer, but will also cause [petitioner] to unfairly profit commercially from the goodwill, fame and notoriety of Opposer's trademark and reputation.

(g) [Petitioner's] registration and use of the applied for mark in connection with goods under Class 11 will weaken the unique and distinctive significance of mark PHILIPS and will tarnish, degrade or dilute the distinctive quality of Opposer's trademark and will result in the gradual attenuation or whittling away of the value of Opposer's trademark, in violation of Opposer's proprietary rights.[6]

PHILIPS PHILIPS PHILITES

On 8 August 2006, petitioner filed a Verified Answer, stating that its PHILITES & LETTER P DEVICE trademark and respondent's PHILIPS have vast dissimilarities in terms of spelling, sound and meaning.[7]

At the conclusion of the hearing, on 9 November 2006, IPP-BLA Director Estrellita Beltran-Abelardo rendered a Decision[8] denying the Opposition filed by respondent PHILIPS. The dispositive portion of the Decision reads:

> **WHEREFORE,** premises considered the **OPPOSITION** filed by Koninklijke Philips Electronics, N.V. is hereby **DENIED**. Accordingly, Application Serial no. 4-2000-002937 filed by Respondent-Applicant, Wilton Dy and/or Philites Electronic & Lighting Products on 12 April 2000 for the mark "PHILITES & LETTER P DEVICE" used on

[6] Id. at 79.
[7] Id. at 80.
[8] Id. at 119-131.

fluorescent bulb, incandescent light, starter, ballast under class 11, is as it is, hereby **GRANTED**.

Let the filewrapper of "PHILITES & LETTER P DEVICE," subject matter of this case together with this Decision be forwarded to the Bureau of Trademarks (BOT) for appropriate action.

SO ORDERED.

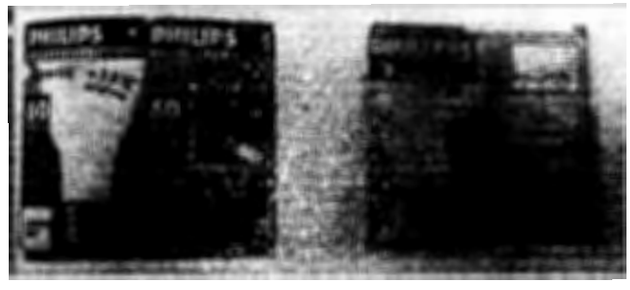
In upholding petitioner's trademark application, the IPP-BLA stated that assuming respondent's mark was well-known in the Philippines, there should have been prior determination of whether or not the mark under application for registration was "identical with, or confusingly similar to, or constitutes a translation of such well-known mark in order that the owner of the well-known mark can prevent its registration."[9] From the evidence presented, the IPP-BLA concluded that the PHILIPS and PHILITES marks were so unlike, both visually and aurally. It held that no confusion was likely to occur, despite their contemporaneous use, based on the following observations:

The Philips shield mark has four stars in different sizes located at the north east and south west portions inside a circle within the shield. There are three wavy lines dissecting the middle of the circle. None of these appear in the respondent's mark.

[Respondent] declares that the word Philips is the surname of the brothers who founded the Philips company engaged in manufacturing and selling lighting products. [Petitioner] on the other hand has testified that the word Philites is coined from the word 'Philippines' and 'lights,' hence 'Philites.' This Bureau finds that there is no dictionary meaning to the [petitioner's] mark. It is a coined and arbitrary word capable of appropriation as a trademark. x x x

Moreover, by mere pronouncing the two marks, the phonetic sounds produced when each mark is uttered are not the same. The last syllable of respondent's mark is uttered in a long vowel sound, while the last vowel of the opposer's mark is not.

x x x. This Bureau believes that opposer has no monopoly over the color or diameter or shape of a light bulb or packaging shape unless registrations were secured to protect the same. The images of the packages are reproduced below for reference.



x x x x

[9] Id.

> x x x. For one, respondent adopts a yellow to light yellow dominant color while the oppose uses an orange yellow hue. The mark "Philites" is printed in yellow with light blue background as compared to the "Philips" mark typed in white against a black background.
>
> It is fundamental in trademark jurisprudence that color alone, unless displayed in an arbitrary design does not function as a trademark.
>
> Secondly, there appears to be other advertising slogans that appear in respondent's package such as the words, "new", "prolong lite life", "E-coat finished" and "with additional 35% more than ordinary". These phrases are absent in opposer's package. These phrases can be considered in the nature of descriptive terms that can be appropriated by anyone.[10]

Upon appeal, the IPP-DG rendered a Decision[11] on 16 April 2008, affirming the ruling of the IPP-BLA as follows:

> **WHEREFORE**, premises considered, that instant appeal is hereby DISMISSED for lack of merit. Accordingly, Decision No. 2006-125 of the Director of the Bureau of Legal Affairs dated 09 November 2006, is hereby AFFIRMED.
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> Let a copy of this Decision as well as the trademark application and records be furnished and returned to the Director of Bureau of Legal Affairs for appropriate action. Further, let also the Directors of the Bureau of Trademarks, the Administrative, Financial and Human Resources Development Services Bureau, and the library of the Documentation, Information and Technology Transfer Bureau be furnished a copy of this Decision for information, guidance and records purposes.
>
> **SO ORDERED**.

In so ruling, the IPP-DG noted that "[t]he dominant feature of the [respondent's] trademark is 'PHILIPS' while that of the [petitioner's] trademark is 'PHILITES.' While the first syllables of the marks are identical – 'PHI' – the second syllables are not. The differences in the last syllable accounted for the variance of the trademarks visually and aurally."[12] Moreover, there were "glaring differences and dissimilarities in the design and general appearance of the Philips shield emblem mark and the letter 'P' of Philites mark."[13] Thus, "even if the [petitioner's] products bearing the trademark PHILIPS are placed side by side with other brands, the purchaser would not be confused to pick up the [petitioner's] product if this is his choice or preference, unless the resemblance in the appearance of the trademarks is so glaring which [it] is not in this case."[14]

As regards the issue of petitioner submitting a trademark drawing different from that used in the packaging, the IPP-DG noted that this case involved an opposition to the registration of a mark, while labels and

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[10] Id. at 128-130.
[11] Id. at 117.
[12] Id. at 114.
[13] Id. at 115.
[14] Id. at 116.

packaging were technically not a part thereof.[15] At best, respondent supposedly had the remedy of filing a case for trademark infringement and/or unfair competition.[16]

Upon intermediate appellate review, the CA rendered a Decision[17] on 7 October 2008. The dispositive portion herein reads:

> **WHEREFORE**, premises considered, the Petition for Review is **GRANTED**. The Decision dated 16 April 2008 of the Director General of the Intellectual Property Office in *Appeal No. 14-06-28; IPC No. 14-2006-00034* is **REVERSED** and **SET ASIDE**. The application for trademark registration (Application Serial Number 4-2000-002937) of respondent Wilton Dy and/or Philites Electronic & Lighting Products is **DISMISSED**. Costs against respondent.
>
> **SO ORDERED**.

In so ruling, the CA reasoned that the "drawing of the trademark submitted by [petitioner] has a different appearance from that of [petitioner's] actual wrapper or packaging that contain the light bulbs, which We find confusingly similar with that of [respondent's] registered trademark and packaging."[18] Moreover, it found to be "self-serving [petitioner's] asseveration that the mark 'PHILITES' is a coined or arbitrary mark from the words 'Philippines' and 'lights.' Of all the marks that [petitioner] could possibly think of for his light bulbs, it is odd that [petitioner] chose a mark with the letters 'PHILI,' which are the same prevalent or dominant five letters found in [respondent's] trademark 'PHILIPS' for the same products, light bulbs."[19] Hence, the appellate court concluded that petitioner had intended to ride on the long-established reputation and goodwill of respondent's trademark.[20]

On 25 October 2008, petitioner filed a Motion for Reconsideration, which was denied in a Resolution[21] issued by the CA on 18 December 2008.

Hence, this petition.

Respondent filed its Comment[22] on 23 June 2009, and petitioner filed its Reply[23] on 10 November 2009.

THE ISSUES

From the foregoing, we reduce the issues to the following:

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[15] Id.
[16] Id.
[17] Id. at 100.
[18] Id. at 97.
[19] Id. at 99.
[20] Id.
[21] Id. at 105-106.
[22] Id. at 151-196.
[23] Id. at 205-218.

1. Whether or not respondent's mark is a registered and well-known mark in the Philippines; and

2. Whether or not the mark applied for by petitioner is identical or confusingly similar with that of respondent.

OUR RULING

The Petition is bereft of merit.

A trademark is "any distinctive word, name, symbol, emblem, sign, or device, or any combination thereof, adopted and used by a manufacturer or merchant on his goods to identify and distinguish them from those manufactured, sold, or dealt by others."[24] It is "intellectual property deserving protection by law,"[25] and "susceptible to registration if it is crafted fancifully or arbitrarily and is capable of identifying and distinguishing the goods of one manufacturer or seller from those of another."[26]

Section 122 of the Intellectual Property Code of the Philippines (IPC) provides that rights to a mark shall be acquired through registration validly done in accordance with the provisions of this law.[27] Corollary to that rule, Section 123 provides which marks **cannot** be registered.

Respondent opposes petitioner's application on the ground that PHILITES' registration will mislead the public over an identical or confusingly similar mark of PHILIPS, which is registered and internationally well-known mark. Specifically, respondent invokes the following provisions of Section 123:

> Section 123. Registrability. - 123.1. A mark cannot be registered if it:
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> 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;
>
> (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

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[24] *Dermaline Inc. v. Myra Pharmaceuticals*, 642 Phil. 503 (2010).
[25] *UFC Philippines v. Fiesta Barrio Manufacturing Corp.*, G.R. No. 198889, January 20, 2016.
[26] *Great White Shark Enterprises v. Danilo M. Caralde Jr.*, 699 Phil. 196 (2012).
[27] Republic Act No. 8293 (1997), Sec. 122

> 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.[28]

Respondent's mark is a registered and well-known mark in the Philippines.

There is no question that respondent's mark PHILIPS is already a registered and well-known mark in the Philippines.

As we have said in *Fredco Manufacturing Corporation v. Harvard University*,[29] "[i]ndeed, Section 123.1(e) of R.A. No. 8293 now categorically states that '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,' cannot be registered by another in the Philippines."[30]

Rule 100(a) of the Rules and Regulations on Trademarks, Service Marks, Tradenames and Marked or Stamped Containers defines "competent authority" in the following manner:

> (c) "Competent authority" for purposes of determining whether a mark is well-known, means the Court, the Director General, the Director of the Bureau of Legal Affairs, or any administrative agency or office vested with quasi-judicial or judicial jurisdiction to hear and adjudicate any action to enforce the rights to a mark.

We thus affirm the following findings of the CA, inasmuch as the trademark of PHILIPS is a registered and well-known mark, as held in the Supreme Court Decision in *Philips Export B.V., v. CA:*[31]

> Petitioner (PHILIPS) is the registered owner in the Philippines of the "PHILIPS" and "PHILIPS SHIELD EMBLEM" trademarks, as shown by Certificates of Registration Nos. 42271 and 42270. The Philippine trademark registrations of petitioner's "PHILIPS" and "PHILIPS SHIELD EMBLEM" are also evidenced by Certificates of Registration Nos. R-1651, R-29134, R-1674, and R-28981. The said registered trademarks "PHILIPS" and "PHILIPS SHIELD EMBLEM" cover classes 7, 8, 9, 10, 11, 14, and 16. The assailed Decision itself states that "(T)he Appellant's trademark is already registered and in use in the Philippines". It also appears that worldwide, petitioner has thousands of trademark registrations x x x in various countries. As found by the High Court in *Philips Export B.V. vs Court of Appeals*, PHILIPS is a trademark or trade name which was registered as far back as 1922, and has acquired the status of a well-known mark in the Philippines and internationally as well.[32]

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[28] Id. at Sec. 123
[29] 665 Phil. 374 (2011).
[30] Id.
[31] G.R. No. 96161, February 21, 1992, 206 SCRA 457.
[32] *Rollo*, p. 96.

Petitioner seeks to register a mark nearly resembling that of respondent, which may likely to deceive or cause confusion among consumers.

Despite respondent's diversification to numerous and varied industries,[33] the records show that both parties are engaged in the same line of business: selling identical or similar goods such as fluorescent bulbs, incandescent lights, starters and ballasts.

In determining similarity and likelihood of confusion, jurisprudence has developed two tests: the dominancy test, and the holistic or totality test.[34]

On one hand, the dominancy test focuses on "the similarity of the prevalent or dominant features of the competing trademarks that might cause confusion, mistake, and deception in the mind of the purchasing public. Duplication or imitation is not necessary; neither is it required that the mark sought to be registered suggests an effort to imitate. Given more consideration are the aural and visual impressions created by the marks on the buyers of goods, giving little weight to factors like prices, quality, sales outlets, and market segments."[35]

On the other hand, the holistic or totality test necessitates a "consideration of the entirety of the marks as applied to the products, including the labels and packaging, in determining confusing similarity. The discerning eye of the observer must focus not only on the predominant words, but also on the other features appearing on both labels so that the observer may draw conclusion on whether one is confusingly similar to the other."[36]

Applying the dominancy test to this case requires us to look only at the mark submitted by petitioner in its application, while we give importance to the aural and visual impressions the mark is likely to create in the minds of the buyers. We agree with the findings of the CA that the mark "PHILITES" bears an uncanny resemblance or confusing similarity with respondent's mark "PHILIPS," to wit:

> Applying the dominancy test in the instant case, it shows the uncanny resemblance or confusing similarity between the trademark applied for by respondent with that of petitioner's registered trademark. An examination of the trademarks shows that their dominant or prevalent feature is the five-letter "PHILI", "PHILIPS" for petitioner, and "PHILITES" for respondent. The marks are confusingly similar with each

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[33] Id. pp. 83-84
[34] *Skechers USA v. Inter Pacific Industrial Trading* Corp., 662 Phil. 11 (2011).
[35] Id., see also *Prosource International Inc. v. Horphag Research Management*, 620 Phil. 539 (2009).
[36] Id., see also *Philip Morris Inc v. Fortune Tobacco Corporation*, 526 Phil. 300 (2006).

> other such that an ordinary purchaser can conclude an association or relation between the marks. The consuming public does not have the luxury of time to ruminate the phonetic sounds of the trademarks, to find out which one has a short or long vowel sound. At bottom, the letters "PHILI" visually catch the attention of the consuming public and the use of respondent's trademark will likely deceive or cause confusion. Most importantly, both trademarks are used in the sale of the same goods, which are light bulbs.[37]

The confusing similarity becomes even more prominent when we examine the entirety of the marks used by petitioner and respondent, including the way the products are packaged. In using the holistic test, we find that there is a confusing similarity between the registered marks PHILIPS and PHILITES, and note that the mark petitioner seeks to register is vastly different from that which it actually uses in the packaging of its products. We quote with approval the findings of the CA as follows:

> Applying the holistic test, entails a consideration of the entirety of the marks as applied to the products, including the labels and packaging, in determining confusing similarity. A comparison between petitioner's registered trademark "PHILIPS" as used in the wrapper or packaging of its light bulbs and that of respondent's applied for trademark "PHILITES" as depicted in the container or actual wrapper/packaging of the latter's light bulbs will readily show that there is a strong similitude and likeness between the two trademarks that will likely cause deception or confusion to the purchasing public. The fact that the parties' wrapper or packaging reflects negligible differences considering the use of a slightly different font and hue of the yellow is of no moment because taken in their entirety, respondent's trademark "PHILITES" will likely cause confusion or deception to the ordinary purchaser with a modicum of intelligence.[38]

WHEREFORE, in view of the foregoing, the Petition for Review on Certiorari is hereby **DENIED**. The 7 October 2008 Decision and 18 December 2008 Resolution of the Court of Appeals in CA-G.R. SP No. 103350 are hereby **AFFIRMED.**

SO ORDERED.

MARIA LOURDES P. A. SERENO
Chief Justice

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[37] *Rollo*, p. 98.
[38] Id. at 98-99.

WE CONCUR:

TERESITA J. LEONARDO-DE CASTRO
Associate Justice

MARIANO C. DEL CASTILLO
Associate Justice

ESTELA M. PERLAS-BERNABE
Associate Justice

ALFREDO BENJAMIN S. CAGUIOA
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.

MARIA LOURDES P. A. SERENO
Chief Justice