

EN BANC

G.R. No. 228165 – KOLIN ELECTRONICS CO. INC., *Petitioner*, v.
KOLIN PHILIPPINES INTERNATIONAL, INC., *Respondent*.

Promulgated:

February 9, 2021

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SEPARATE CONCURRING OPINION

M. LOPEZ, J.:

The present case involves respondent Kolin Philippines International, Inc.'s (KPII) application for registration of the **kolin** mark based on Taiwan Kolin Corporation, Ltd.'s (TKC) (KPII's predecessor in interest) ownership over the **KOLIN** mark. Petitioner Kolin Electronics Co. Inc. (KECI) opposed KPII's application based on its ownership over the **KOLIN** mark.

As discussed in the *ponencia*, the Court's Third Division (Third Division) ruled that **KOLIN** is not confusingly similar to **KOLIN** in *Taiwan Kolin Corporation, Ltd. v. Kolin Electronics Co., Inc. (Taiwan Kolin)*,¹ even if the subject of the trademark (TM) application is the **KOLIN** mark. As a result, the **KOLIN** mark was allowed registration. The Third Division also ruled that KECI and TKC's goods are not related.

I agree with the *ponencia* that the **KOLIN** marks are visually, aurally, and connotatively similar, and the goods that they cover are related. Additionally, this case provides the Court with the opportunity to correct the misconception and use of the phrases "**same descriptive properties**" and "**same class of merchandise,**" which have affected the application of the related goods doctrine, and which may have prejudiced the rights of more than one intellectual property rights holder. With this, the use of the "**same descriptive properties**" and "**same class of merchandise**" as factors in determining the relatedness of goods must be abandoned.

I.

The doctrine of *res judicata* is not applicable in this case.

The *ponencia* sufficiently discussed why there is no identity of causes of action in this case. KECI's cause of action in the case at bar is based on its right as the registered TM owner of **KOLIN** to prevent the registration of TM Application No. 4-2006-010021 covering **kolin** for use on televisions and DVD players. On the other hand, KECI's cause of action in *Taiwan Kolin* is

¹ *Taiwan Kolin Corporation, Ltd. v. Kolin Electronics Co., Inc.*, 757 Phil. 326 (2015); penned by Associate Justice Presbiterio J. Velasco, Jr., with the concurrence of Associate Justices Diosdado M. Peralta (now Chief Justice), Martin S. Villarama, Jr., Bienvenido L. Reyes, and Francis H. Jardeleza (retired Member of this Court).



based on its right as the registered TM owner of *KOLIN* to prevent the registration of TM Application No. 4-1996-106310 covering **KOLIN** for use on televisions and DVD players. Clearly, the first concept of *res judicata* is not applicable.

As regards the second concept of *res judicata*, the Court explained conclusiveness of judgment in *Social Security Commission v. Rizal Poultry and Livestock Association, Inc.*,² thus:

But where there is identity of parties in the first and second cases, but no identity of causes of action, the **first judgment is conclusive only as to those matters actually and directly controverted and determined and not as to matters merely involved therein. This is the concept of *res judicata* known as “conclusiveness of judgment.”** Stated differently, **any right, fact or matter in issue directly adjudicated or necessarily involved in the determination of an action before a competent court in which judgment is rendered on the merits is conclusively settled by the judgment therein and cannot again be litigated between the parties and their privies**, whether or not the claim, demand, purpose, or subject matter of the two actions is the same.

Thus, **if a particular point or question is in issue in the second action, and the judgment will depend on the determination of that particular point or question, a former judgment between the same parties or their privies will be final and conclusive in the second if that same point or question was in issue and adjudicated in the first suit.** Identity of cause of action is not required but merely identity of issue.³ (Emphases supplied; citations omitted.)

The issue of actual confusion was raised in *Taiwan Kolin*, but the Third Division disregarded the evidence of confusion presented by KECI and decided only on the issue of confusing similarity in resolving the issue of ownership of the **KOLIN** mark in favor of TKC. There is no resolution or direct adjudication on whether there is actual confusion.

Here, KECI again raised the issue of actual confusion. Considering that the Third Division did not pass upon this issue in *Taiwan Kolin*, I believe conclusiveness of judgment is not applicable. For this reason, *Taiwan Kolin* may not bar the Court's determination of actual confusion between the KOLIN marks. If there is an evidence of actual confusion in the present case which is not available when *Taiwan Kolin* was filed, then there is more reason for the Court to decide on the issue of actual confusion. Otherwise, the Court will be setting a dangerous precedent where a registered trademark owner can no longer allege and prove actual confusion to oppose the registration of another confusingly similar mark or to cancel the registration of a junior trademark user just because there has been an initial determination of lack of confusing similarity. It bears emphasis that actual confusion is different from confusing

² 665 Phil. 198 (2011).

³ *Id.* at 205-206.

similarity. In my opinion, a finding of lack of confusing similarity cannot preclude the existence of actual confusion later.

II.

The KOLIN marks are visually, aurally, and connotatively identical.

I agree with the *ponència* that KPII's application should not be allowed registration because of KECI's registration of the *KOLIN* mark. Also, KPII's *kolin* mark appropriate the dominant feature of KECI's trade name, *i.e.*, the word "Kolin."

Section 123.1(d) of the IP Code prohibits the registration of marks which:

(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[.] (Emphases supplied.)

Section 165.2 also considers the use of a party's trade name or business name by third parties if such use will likely mislead the public, *viz.*:

SEC. 165. Trade Names or Business Names. — x x x x

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 the 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.** (Emphases supplied.)

To determine likelihood of confusion, Section 4,⁴ Rule 18 of the Rules of Procedure for Intellectual Property Rights (IPR) Cases provides:

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**

⁴ Now Section 5 of Rule 18 of A.M. No. 10-3-10-SC, otherwise known as THE 2020 REVISED RULES OF PROCEDURE FOR INTELLECTUAL PROPERTY RIGHTS CASES; dated October 6, 2020.



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.**



x x x x (Emphasis supplied.)

Applying the foregoing guidelines, a comparison of marks will show that they are visually, aurally, and connotatively identical.

a. *Visual Comparison* — This case involves the following KOLIN marks:

KECI's mark	<i>KOLIN</i>
KPII's marks	kolin

From the above comparison, one can readily observe the dominant feature of the marks, *i.e.*, the word “Kolin.” Replacing the letter “i” with an italicized letter “i,” does not outweigh the glaring similarities between the marks.

Relevantly, in *Dermaline, Inc. v. Myra Pharmaceuticals, Inc.*,⁵ the Court refused the registration of Dermaline, Inc.’s  mark on the ground that it is confusingly similar to Myra Pharmaceuticals, Inc.’s registered  mark. The Court observed that confusing similarity is still apparent even if the marks are presented differently since the marks are almost spelled in the same way.

Here, the marks are also presented differently, but they are spelled in the same way. Hence, there is more reason to rule that the KOLIN marks are identical.

Also, KECI’s registered ***KOLIN*** mark is a plain word mark. Word marks are marks which have no special characteristics, such as design, style of lettering, color, diacritical marks, or unusual forms of punctuations. They are represented in standard characters.⁶ It protects the word itself without limiting the mark to a particular font, style, size or color. Standard marks give trademark applicants a broader

⁵ 642 Phil. 503 (2010).

⁶ IPO Memorandum Circular No. 17-010 (2017) or the RULES AND REGULATIONS ON TRADEMARKS, SERVICE MARKS, TRADE NAMES AND MARKED OR STAMPED CONTAINERS OF 2017; done on July 7, 2017. Rule 402. Reproduction of the Mark— x x x

In the case of word marks or if no special characteristics have to be shown, such as design, style of lettering, color, diacritical marks, or unusual forms of punctuation, the mark must be represented in standard characters x x x.



protection.⁷ Accordingly, KECI's registration covers all forms and style of the word "Kolin," including KPII's **kolin** mark.

b. *Aural Comparison* — In various cases, the aural effects of the marks were considered in determining confusing similarity. The Court denied the registration of "LIONPAS" mark because it is confusingly in sound with the registered "SALONPAS" mark.⁸ In another case, the Court found that "NANNY" and the registered "NAN" mark have the same aural effect.⁹ Likewise, the Court found "Big Mac" and "Big Mak" to be phonetically the same.¹⁰

In this case, KPII does not claim that **kolin** is pronounced differently from KECI's **KOLIN** mark. Considering that the KOLIN marks are spelled in the same way, it reasonably follows that they are aurally identical.

c. *Connotative Comparison* — The similarity between two marks may be caused by a similarity in the concept or meaning of the mark, as understood by the ordinary consumer.¹¹

KECI's **KOLIN** mark has no standard meaning. As such, it is considered as a coined or fanciful mark. A coined or fanciful mark is inherently distinctive,¹² and, therefore, it has a stronger consumer recall. In other words, the distinctiveness of a mark measures its capacity to indicate the source of the goods or services on which it is used.¹³

KECI's **KOLIN** mark has no standard meaning and an ordinary consumer will likely associate it with automatic voltage regulators, converters, rechargers, stereo boosters, amplifiers, power supplies, and other electrical products. Similarly, KPII's **kolin** mark has no standard meaning and an ordinary consumer will likely associate it to televisions, DVD players, and other electrical products. Considering that an ordinary consumer will likely associate the word "Kolin" with electrical products, the consumer might mistakenly believe that all electric products bearing the word "Kolin" emanate from one company.

⁷ United States Patent and Trademark Office, *Protecting Your Trademark ENHANCING YOUR RIGHTS THROUGH FEDERAL REGISTRATION*, p. 17. Accessed on November 16, 2020 at <https://www.uspto.gov/sites/default/files/documents/BasicFacts.pdf>.

⁸ *Marvex Commercial Co. Inc. v. Petra Hawpia & Co.*, 125 Phil. 295, 301-302 (1966).

⁹ *Societe Produits Nestle, S.A. v. Dy, Jr.*, 641 Phil. 345, 364 (2010).

¹⁰ *Mcdonald's Corp. v. L.C. Big Mak Burger, Inc.*, 480 Phil. 402, 435 (2004).

¹¹ See 2.2.2.2.3 of the ASEAN Common Guidelines for Substantive Examination of Trademarks.

2.2.2.2.3 Conceptual Comparison

Signs with Semantic Content

Similarity between two marks may be caused by a similarity in the concept or meaning of the signs, as understood by the average consumers in the country concerned.

x x x x

¹² 2.4.2 of the ASEAN Common Guidelines for Substantive Examination of Trademarks.

¹³ *Estee Lauder Inc. v. The Gap Inc.*, 108 F.3d 1503 (2d Cir. 1997).

Taken together, it is more likely that the public will be confused when confronted with identical KOLIN marks because the word “Kolin” leaves the same visual, aural, and commercial impression in the minds of the public. If KPII’s *kolin* mark is allowed registration, the distinctiveness of KECI’s *KOLIN* mark, which is also its trade name, will diminish because the public will likely associate the word “Kolin” with electronic products produced by another company which also uses the word “Kolin” as its trade name.¹⁴

III.

The goods covered by the KOLIN marks are related goods.

A. Abandonment of “same descriptive properties” and “same class of merchandise” as factors in determining the relatedness of goods

Relative to the question of confusion of marks, the Court noted two types of confusion, namely: (1) confusion of goods; and (2) confusion of business. Confusion of goods exists when an ordinary prudent purchaser would be induced to buy a product of a manufacturer under the belief that it is the product of another manufacturer. On the other hand, confusion of business exists when the product of a manufacturer, although different from the other, is such as might reasonably be assumed to originate from the other or when the public would be deceived that there is some connection between the two manufacturers even if such connection does not exist.¹⁵ Simply stated, there is confusion of goods when the goods covered by the subject marks are the same or competing goods. Meanwhile, there is confusion of business when the goods are so related that the public would likely assume that they are produced by the same manufacturer or that there is some connection between the manufacturers.

In *Taiwan Kolin*, the parties’ goods are different. KECI’s goods are power supplies and stereo boosters while TKC’s goods are televisions and DVD players. Thus, there is no confusion of goods. What was left for the Third Division to decide is whether the goods are so related that confusion of source or business might occur. *Taiwan Kolin* cited the following factors enumerated in *Mighty Corporation v. E. & J Gallo Winery*¹⁶ (*Mighty Corporation*) in determining whether the goods are related:

- (a) the business (and its location) to which the goods belong;
- (b) the class of product to which the goods belong;
- (c) the product’s quality, quantity, or size, including the nature of the package, wrapper or container;
- (d) the nature and cost of the articles;

¹⁴ See *Ang v. Teodoro*, 74 Phil. 50 (1942).

¹⁵ *Sterling Products International, Inc. v. Farbenfabriken Bayer Aktiengesellschaft*, 137 Phil. 838, 852 (1969), citing 2 Callmann, op. cit., pp. 1323-1324.

¹⁶ 478 Phil. 615 (2004).

- (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.¹⁷

The Third Division continued by discussing the three cases cited in *Mighty Corporation*. But then, a scrutiny of the Court's decisions in these cases only highlights the fact that the Court did not rely on the descriptive properties or inherent nature of the subject goods in determining their relatedness.

- a. *Acoje Mining Co. Inc. v. Director of Patents*¹⁸ — In allowing the registration of the LOTUS mark for use on soy sauce despite its use on edible oil, the Court dismissed confusing similarity because of the appearance of the LOTUS mark in their respective labels and not because soy sauce and oil have different descriptive properties or physical attributes, thus:

[T]here is no denying that the possibility of confusion is remote considering the difference in the type used, the coloring, the petitioner's trademark being in yellow and red while that of the Philippine Refining Company being in green and yellow, and the much smaller size of petitioner's trademark. When regard is had for the principle that the two trademarks in their entirety as they appear in their respective labels should be considered in relation to the goods advertised before registration could be denied, the conclusion is inescapable that respondent Director ought to have reached a different conclusion. Petitioner has successfully made out a case for registration.¹⁹ (Emphasis supplied; citation omitted.)

- b. *Philippine Refining Co., Inc. v. Ng Sam*²⁰ — The Court held that ham is not related to lard, butter, cooking oil, abrasive detergents, polishing materials and soap such that consumers would not likely mistake one as the source or origin of the product of the other. Although the Court additionally described the inherent properties of the products, it all boils down to the question of whether there is confusion of source. The Court ruled that there will be no confusion of source in this wise:

The observation and conclusion of the Director of Patents are correct. **The particular goods of the parties are so unrelated that consumers would not in any probability mistake one as the source or origin of the product of the other.** "Ham" is not a daily food fare for the average consumer. One purchasing ham would exercise a more cautious

¹⁷ *Id.* at 662-663.

¹⁸ 148 Phil. 494 (1971).

¹⁹ *Id.* at 497-498.

²⁰ 201 Phil. 61 (1982).

inspection of what he buys on account of its price. Seldom, if ever, is the purchase of said food product delegated to household helps, except perhaps to those who, like the cooks, are expected to know their business. **Besides, there can be no likelihood for the consumer of respondent's ham to confuse its source as anyone but respondent. The facsimile of the label attached by him on his product, his business name "SAM'S HAM AND BACON FACTORY" written in bold white letters against a reddish orange background, is certain to catch the eye of the class of consumers to which he caters.**

In addition, the goods of petitioners are basically derived from vegetable oil and animal fats, while the product of respondent is processed from pig's legs. **A consumer would not reasonably assume that petitioner has so diversified its business as to include the product of respondent.**²¹ (Emphases supplied; citation omitted.)

- c. *Hickok Manufacturing Co., Inc. v. CA*²² — The Court's primary basis for discounting confusing similarity between the diverse articles of men's wear and shoes is the label of the latter which clearly identifies its source. Again, the Court did not rely on the descriptive properties factor of the goods involved.

Taking into account the facts of record that petitioner, **a foreign corporation registered the trademark for its diverse articles of men's wear such as wallets, belts and men's briefs which are all manufactured here in the Philippines by a licensee Quality House, Inc.** (which pays a royalty of 1-1/2% of the annual net sales) **but are so labelled as to give the misimpression that the said goods are of foreign (stateside) manufacture and that respondent secured its trademark registration exclusively for shoes** (which neither petitioner nor the licensee ever manufactured or traded in) and **which are clearly labelled in block letters as "Made in Marikina, Rizal, Philippines,"** no error can be attributed to the appellate court in upholding respondent's registration of the same trademark for his unrelated and non-competing product of Marikina shoes.²³ (Emphasis supplied; citation omitted.)

Taiwan Kolin emphasized that the similarity of the products, and not their arbitrary classification, must be considered. In the same breath, it sub-categorized the goods in Class 9 to demonstrate the differences in the goods.

It bears to stress at this point that the list of products included in Class 9 can be sub-categorized into five (5) classifications, namely: (1) apparatus and instruments for scientific or research purposes, (2) information technology and audiovisual equipment, (3) apparatus and devices for controlling the distribution and use of electricity, (4) optical apparatus and instruments, and (5) safety equipment. From this sub-classification, it becomes apparent that petitioner's products, i.e., televisions and DVD players, belong to **audiovisual equipment**, while that of respondent, consisting of automatic voltage regulator, converter, recharger, stereo booster, AC-DC regulated power supply, step-down transformer, and

²¹ *Id.* at 67.

²² 201 Phil. 853 (1982).

²³ *Id.* at 856-857.

PA amplified AC-DC, generally fall under devices for **controlling the distribution and use of electricity**.²⁴ (Emphasis supplied; citations omitted.)

Although *Mighty Corporation* cited various factors, it appears that the Third Division mainly considered the absence of similarities in the descriptive properties and physical attributes of the goods in concluding that the goods are unrelated by sub-categorizing Class 9. The goods' **descriptive properties, physical attributes or essential characteristics with reference to their form, composition, texture or quality** (*descriptive properties factor*) is one of the factors enumerated in *Mighty Corporation*; however, it bears stressing that exact similarity, as *Taiwan Kolin* suggests, should not be required for the goods to be considered related. Otherwise, the goods are identical rather than related.

To better understand the *descriptive properties factor*, the Court's basis in *Mighty Corporation* must be discussed. In *ESSO Standard Eastern, Inc. v. Court of Appeals*,²⁵ (*Esso Standard*) the Court adopted the following factors enumerated by Callman in determining the relatedness of goods (Callman's factors):

Goods are related when they belong to the same class or have the same descriptive properties; when they possess the same physical attributes or essential characteristics with reference to their form, composition, texture or quality. They may also be related because they serve the same purpose or are sold in grocery stores.²⁶ (Emphasis and underscoring supplied; citation omitted.)

Interestingly, the phrase "**same descriptive properties**" was used in the United States' old 1905 Federal Trademark Act which provides that the applicant's mark will not be registered if such mark is also used by another on goods of the "**same descriptive properties**" as to be likely to cause confusion. However, the 1946 Lanham Act has done away with the old concept of "goods of the same descriptive properties" and removed such restriction.²⁷ But then, the basis of extending the trademark rights to include the protection of noncompetitive but related goods in the United States is the "Aunt Jemima doctrine" decided by the Second Circuit court in 1917, way before the 1946 Lanham Act.²⁸ The court protected the AUNT JEMIMA mark being used on pancake batter from its use on pancake syrup. The court rejected the "competitive goods" doctrine and ruled that a mark will still be protected if used on any goods which the buyers would likely think to originate from the same source.²⁹

²⁴ *Supra* note 1, at 341.

²⁵ 201 Phil. 803 (1982).

²⁶ *Id.* at 808.

²⁷ J. Thomas McCarthy (1984), *Trademarks and Unfair Competition*, 2nd ed., Clark Boardman Callaghan, pp. 163-164.

²⁸ *Aunt Jemima Mills Co. v. Rigney & Co.*, 247 F 407 (2d Cir., 1917).

²⁹ J. Thomas McCarthy (1984), *Trademarks and Unfair Competition*, 2nd ed., Clark Boardman Callaghan, p. 164.

In the Philippines, Section 13 of the Protection and Registration of Trade-Marks and Trade-Names (Act No. 666)³⁰ provides that “no alleged trade-mark or trade-name shall be registered which x x x is identical with a registered or known trade-mark owned by another and appropriate to the **same class of merchandise** x x x as to be likely to cause confusion or mistake in the mind of the public, or to deceive purchasers.” Act No. 666 used the phrase “**same class of merchandise**” instead of “**same descriptive properties.**” A plain reading of Act No. 666 indicates that trademark protection only extends to goods or merchandise of the same class. The phrase “**same class of merchandise**” was also omitted in RA No. 166.³¹ Nevertheless, the Court has recognized the confusion of business or source doctrine in *Kalaw Ng Khe v. Lever Brothers Co.*³² (*Ng Khe*) and *Ang v. Teodoro*,³³ (*Teodoro*) decided in 1941 and 1942, respectively, or before the approval of RA No. 166 in 1947. In *Ng Khe*, the Court held that while hair pomade and soap are noncompetitive, they are similar or belong to the same class of toiletries. As such, the marks “LUX” and “LIFEBUOY” may not be used on hair pomade. In *Teodoro*, the Court considered shoes and shirts as related goods because the trademark and trade name “Ang Tibay” has come to indicate the origin and ownership of the goods.

To reconcile the seeming conflict between the aforementioned laws and relevant jurisprudence on related goods, a review of the US and Philippine jurisprudence reveals that the phrases “**same descriptive properties**” and “**same class of merchandise**” should not be taken literally because they have no connection with the inherent nature of the goods.

The phrases “**same descriptive properties**” and “**same class of merchandise**” are not determinative of the relatedness of goods as suggested by Callman. Rather, it is the result of the relatedness of goods. Goods are considered to have the “**same descriptive properties**” and to be of the “**same class of merchandise**” when they are so related that the public will likely assume that they come from the same source. In *Ng Khe*, the Court quoted the Court of Appeals’ ruling that pomade and soap are goods of similar kind, *viz.*:

The next point to be determined is whether pomade and soap are goods of similar kind. **We are of the opinion that they are. Both are toilet articles.**

**“The owner of a trade-mark which is arbitrary, strange,
and fanciful is entitled to a monopoly of use for his mark**

³⁰ AN ACT DEFINING PROPERTY IN TRADE-MARKS AND IN TRADE-NAMES AND PROVIDING FOR THE PROTECTION OF THE SAME, DEFINING UNFAIR COMPETITION AND PROVIDING REMEDIES AGAINST THE SAME, PROVIDING REGISTRATION FOR TRADE-MARKS AND TRADE-NAMES, AND DEFINING THE EFFECT TO BE GIVEN TO REGISTRATION UNDER THE SPANISH ROYAL DECREE OF EIGHTEEN HUNDRED AND EIGHTY-EIGHT RELATING TO THE REGISTRATION OF TRADE-MARKS, AND THE EFFECT TO BE GIVEN TO REGISTRATION UNDER THIS ACT; enacted on March 6, 1903.

³¹ See Section 4(d).

³² 83 Phil. 947 (1941).

³³ 74 Phil. 50 (1942).

in a wider field than is he who employs a mark not of that character. Also, the **nature of the business in which the trade-mark is used is, in some measure, determinative of whether certain goods are within the general class. It has been said that classification depends more on commercial custom than the inherent nature of the products.**" (63 CJ, 318-319.)

"The phrase 'same descriptive properties' must be construed to effectuate the dominant purpose of a section to prevent confusion and deception, as indicated by the first paragraph authorizing registration of a mark by which the goods of the owner may be distinguished from other goods of the same class, so that, whenever it appears that confusion might result, the goods have the same descriptive properties. California Packing Corporation vs. Price Booker Mfg. Co. (1923) 285 F. 993, 52 App. D. C. 259, holding that **pickles and condiments are goods of the same descriptive properties as canned fruits and vegetables, since they are sold in the same stores, put out in similar containers, and used in connection with each other, and a person seeing a trade-mark on a container of pickles would be likely to assume they were produced by the same concern as that which produced canned fruit or vegetables bearing a similar mark.**

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"If the use of the marks by the contending parties would be likely to lead the public to believe that the goods to which they are applied were produced by the same concern or person, the goods possess the 'same descriptive properties.' Application of BF Goodrich Co., (1923) 285 F. 995, 52 App. D. C., 261, holding that pneumatic tires for automobiles and rubber hose and belting have the same descriptive properties.³⁴ (Emphases and underscoring supplied.)

The CA's basis that the goods are related if the use of the marks will likely mislead the public as to its source is supported by US jurisprudence. The courts do not regard goods as related because of their inherent common quality. What is paramount is the confusion of source or the assumed connection between the parties.³⁵

As regards the use of the phrase "**same class of merchandise**" in Act No. 666, the Court's ruling in *Teodoro* is enlightening:

We have underlined the key words used in the statute: "goods of a similar kind," "general class of merchandise," "**same class of merchandise.**" "classes of merchandise," and "class of articles," because it is upon their

³⁴ *Supra* note 32, at 956-957.

³⁵ J. Thomas McCarthy (1984), Trademarks and Unfair Competition, 2nd ed., Clark Boardman Callaghan, p. 183.

implications that the result of the case hinges. **These phrases, which refer to the same thing, have the same meaning as the phrase “merchandise of the same descriptive properties” used in the statutes and jurisprudence of other jurisdictions.**

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In the present state of development of the law on Trade-Marks, Unfair Competition, and Unfair Trading, **the test employed by the courts to determine whether noncompeting goods are or are not of the same class is confusion as to the origin of the goods of the second user. Although two noncompeting articles may be classified under two different classes by the Patent Office because they are deemed not to possess the same descriptive properties, they would, nevertheless, be held by the courts to belong to the same class if the simultaneous use on them of identical or closely similar trade-marks would be likely to cause confusion as to the origin, or personal source, of the second user’s goods.** They would be considered as **not falling under the same class only if they are so dissimilar or so foreign to each other as to make it unlikely that the purchaser would think the first user made the second user’s goods.**³⁶ (Emphases and underscoring supplied).

In *Ng Khe*, the CA’s review of US jurisprudence demonstrates that the phrase **“same descriptive properties”** does not pertain to the inherent nature of the goods. To determine whether the goods have the **“same descriptive properties,”** the courts consider the prevalent commercial custom. In *Teodoro*, to determine whether the goods are of the **“same class of merchandise,”** the courts consider confusion as to the origin of the goods of the second user. If the present concept of **“same descriptive properties”** is applied in *Ng Khe* and *Teodoro*, hair pomade and soap and shoes and shirts do not have the **“same descriptive properties”** because their physical attributes or essential characteristics with reference to their form, composition, texture or quality are indubitably different.

Contrary to Callman’s factors, goods are not considered related because they belong to the same class or have the same properties. **Instead, goods are considered related if the parties’ use of the marks will likely lead the public to believe that the goods covered by the marks come from the same source. Simply put, the relatedness of goods depends on whether there is confusion of source or of business. If there is confusion of source, then the goods are considered to have the “same descriptive properties” and to be of the “same class of merchandise.”**

It appears that *Esso Standard’s* citation of Callman’s factors in determining the relatedness of goods paved the way for the interpretation that the phrase **“same descriptive properties”** pertains to the inherent nature of the goods and the phrase **“same class of merchandise”** pertains to the Nice Classification of goods. Notably, some of the Court’s rulings since *Ng Khe* and *Teodoro* applied the phrases **“same descriptive properties”** and **“same**

³⁶ *Supra* note 33, at 54.

class of merchandise” literally. The Court, in *Mighty Corporation*, showed the difference of the subject goods by describing their properties as follows:

Wines are bottled and consumed by drinking while cigarettes are packed in cartons or packages and smoked. There is a whale of a difference between their descriptive properties, physical attributes or essential characteristics like form, composition, texture and quality.³⁷ (Emphasis supplied.)

The Court likewise considered the inherent nature and properties of milk products and its classification under the Nice Classification System in *Societe des Produits Nestle, S.A. v. Dy, Jr.*,³⁸ thus:

NANNY and NAN have the **same classification, descriptive properties and physical attributes.** Both are classified under **Class 6**, both are **milk products, and both are in powder form.** x x x.³⁹ (Emphasis supplied.)

The present use of the phrases **“same descriptive properties”** and **“same class of merchandise”** are no longer the result of the relatedness of goods. These phrases have now become factors in determining whether the goods are related. Particularly, if the phrase **“same descriptive properties”** is to be applied literally, then only identical or competing goods will be considered as related. **This interpretation is restrictive and inconsistent with the doctrine of confusion of business which presupposes that the goods, although different, are so related that the public will likely assume that they come from the same source.**

In sum, I believe the literal application of **“same descriptive properties”** and **“same class of merchandise”** should be abandoned because they limit the application of the related goods doctrine and adversely affect the findings of relatedness of goods and confusion of source or business as demonstrated in *Taiwan Kolin*. In *Ng Khe* and *Teodoro*, the Court interpreted **“same class of merchandise”** and **“same descriptive properties”** as the result of the relatedness of goods and not as factors in determining relatedness of goods. The phrase **“same class of merchandise”** does not pertain to the Nice Classification of goods since the Nice Agreement, which established the international classification of goods, was only concluded in 1957,⁴⁰ or before the promulgation of *Ng Khe* and *Teodoro*. On the other hand, the phrase **“same descriptive properties”** does not pertain to the inherent nature of goods. Clearly, **“same class of merchandise”** and **“same descriptive properties”** should not be used as factors in determining the relatedness of goods.

³⁷ *Supra* note 16, at 667.

³⁸ 641 Phil. 345 (2010).

³⁹ *Id.* at 366.

⁴⁰ World Intellectual Property Office, *Summary of the Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks (1957)*. Accessed on December 7, 2020 at https://www.wipo.int/treaties/en/classification/nice/summary_nice.html.

B. The Present Case

KECI's *KOLIN* mark is registered for use on automatic voltage regulator, converter, recharger, stereo booster, AC-DC regulated power supply, step-down transformer, and PA amplified AC-DC. Meanwhile, KPII proposes the use of *kolin* on television and DVD players. Evidently, KECI and KPII's goods are not in competition. This, however, does not preclude confusing similarity since the parties' goods are so related that an ordinary consumer would likely be confused as to their source or would likely assume a connection between the two companies, when actually there is none. The IPO-BLA's observation on this matter deserves credence.

In the instant case, the foregoing are deemed related goods. Home appliance is no far different from any electronic equipment. The terms, in fact are used interchangeably as most of the home appliance[s] are electronically operated, or home appliances are operated with electrical equipment or power supplies. Buyers of these goods go to the same channels of trade such as department stores or appliance stores where both goods are available for sale. The apparent conclusion is public confusion that opposer's and respondent's respective goods are variation of each other and also the assumption that the goods originated from one manufacturer or source, when in fact, they did not.

More so, opposer's evidence consisting of various e-mails (Exhibit "Q" and its sub-markings) it received from public consumers reflecting their complaints, concerns and other information about respondent's applicant's goods as televisions, air-conditioning units and DVD players, are obvious showing of actual confusion of goods as well as to origin or source of goods. These reveal factual confusion of the buying public between the marks in controversy.⁴¹ (Emphases supplied.)

The relatedness of the parties' goods in this case and the resulting confusion of source or business are clearly supported by evidence on record. The various emails received by KECI pertaining to televisions and DVD players proved that the public was actually confused by the use of a mark bearing the word "Kolin" manufactured by another company. **Hence, KECI's automatic voltage regulator, converter, recharger, stereo booster, AC-DC regulated power supply, step-down transformer, and PA amplified AC-DC and KPII's television and DVD players are deemed to have the same descriptive properties and to belong to the same class of merchandise pursuant to the Court's ruling in *Ng Khe and Teodoro*.**

⁴¹ *Kolin Electronics Co. Inc. v. Kolin Philippines Int'l Inc.*, IPC No. 14-2007-00167, Decision No. 2009-109, pp. 13-14.



IV.

The application of intelligent buyer doctrine will not reduce confusing similarity.

In determining confusing similarity, another important factor is the “ordinary purchaser” who will likely be deceived or confused with the goods or its source. The Court attempted to describe an “ordinary purchaser” in various cases. In *Fruit of the Loom, Inc. v. CA*,⁴² the Court, citing US cases,⁴³ thought of an “ordinary purchaser” as one who must be credited with at least a modicum of intelligence to be able to perceive the obvious differences between the marks.⁴⁴ Meanwhile, in *Dy Buncio v. Tan Tiao Bok*,⁴⁵ the Court supposed that an “ordinary purchaser” is one who is accustomed to buy the subject goods and is somehow familiar with it.⁴⁶ Likewise, the Court, in *Emerald Garment Manufacturing Corp. v. CA*,⁴⁷ (*Emerald Garment*) regarded an “ordinary purchaser” as one who is not the completely unwary consumer but an ordinarily intelligent buyer considering the type of product involved.⁴⁸

In *Taiwan Kolin*, the Third Division relied on the ordinary intelligent buyer concept in *Emerald Garment* and considered electronic products as luxury items to conclude that an ordinary purchaser is predisposed to be more cautious and discriminating in making a purchase. The relevant portions of the decision are as follows:

It cannot be stressed enough that the products involved in the case at bar are, generally speaking, various kinds of electronic products. These are not ordinary consumable household items, like catsup, soy sauce or soap which are of minimal cost. The products of the contending parties are relatively luxury items not easily considered affordable. Accordingly, the casual buyer is predisposed to be more cautious and discriminating in and would prefer to mull over his purchase. Confusion and deception, then, is less likely. As further elucidated in *Del Monte Corporation v. Court of Appeals*:

x x x Among these, what essentially determines the attitudes of the purchaser, specifically his inclination to be cautious, is the cost of the goods. To be sure, a person who buys a box of candies will not exercise as much care as one who buys an expensive watch. As a general rule, an ordinary buyer does not exercise as much prudence in buying an article for which he pays a few centavos as he does in purchasing a more valuable thing. Expensive and valuable items are normally bought only after deliberate, comparative and analytical investigation. But mass products, low priced articles in wide use, and matters of everyday purchase

⁴² 218 Phil. 375 (1984).

⁴³ *Carnation Co. v. California Growers Wineries*, 97 F. 2d 80; *Hiram Walke and Sons vs. Penn-Maryland Corp.*, 79 F. 2d 836.

⁴⁴ *Supra* note 42, at 382.

⁴⁵ 42 Phil. 190 (1921).

⁴⁶ *Id.* at 196-197.

⁴⁷ 321 Phil. 1001 (1995).

⁴⁸ *Id.* at 1018.

requiring frequent replacement are bought by the casual consumer without great care x x x. (Emphasis supplied.)


Respondent has made much reliance on *Arce & Sons, Chua Che, Ang, and Khe*, oblivious that they involved common household items — i.e., biscuits and milk, cosmetics, clothes, and toilet articles, respectively — whereas the extant case involves luxury items not regularly and inexpensively purchased by the consuming public. In accord with common empirical experience, the useful lives of televisions and DVD players last for about five (5) years, minimum, making replacement purchases very infrequent. The same goes true with converters and regulators that are seldom replaced despite the acquisition of new equipment to be plugged onto it. **In addition, the amount the buyer would be parting with cannot be deemed minimal considering that the price of televisions or DVD players can exceed today's monthly minimum wage. In light of these circumstances, it is then expected that the ordinary intelligent buyer would be more discerning when it comes to deciding which electronic product they are going to purchase, and it is this standard which this Court applies herein in determining the likelihood of confusion should petitioner's application be granted.**

To be sure, the extant case is **reminiscent of *Emerald Garment Manufacturing Corporation v. Court of Appeals***, wherein the opposing trademarks are that of Emerald Garment Manufacturing Corporation's "Stylistic Mr. Lee" and H.D. Lee's "LEE." In the said case, the appellate court affirmed the decision of the Director of Patents denying Emerald Garment's application for registration due to confusing similarity with H.D. Lee's trademark. **This Court, however, was of a different beat and ruled that there is no confusing similarity between the marks, given that the products covered by the trademark, i.e., jeans, were, at that time, considered pricey, typically purchased by intelligent buyers familiar with the products and are more circumspect, and, therefore, would not easily be deceived.** x x x.⁴⁹ (Emphases supplied; citations omitted.)

In my opinion, *Taiwan Kolin* again failed to consider the particular circumstances of the case in concluding that there is no confusing similarity pursuant to the ordinary intelligent buyer doctrine. Granting that various electronic products are expensive enough to make an ordinary buyer more cautious and discerning of his or her purchase, the unanswered question is whether a further examination of the goods will reduce confusing similarity. Obviously, the various emails received by KECI requesting for information or service and complaints about TKC's goods answer this question in the negative.

Even if ordinary consumers of electronic products are cautious and discerning enough to further investigate about the goods and their source, they will be confronted with two companies which both use the word "Kolin" as their trade names. Instead of concluding that the electronic products came from different companies, human nature and experience dictate that ordinary consumers will only assume a reasonable connection between Taiwan Kolin

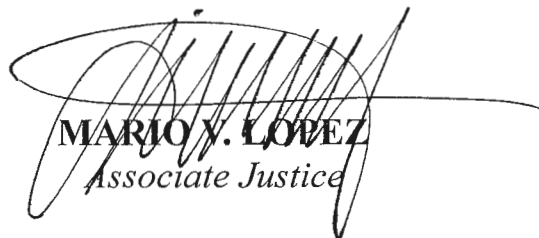
⁴⁹ *Supra* note 1, at 342-344.




Corporation, LTD. and Kolin Electronics Co., Inc. especially since they both produce electronic goods under the KOLIN marks and trade names.

It must be stressed that the determination of confusing similarity should not end in identifying whether ordinary purchasers are cautious enough to investigate and examine the differences between the marks and the goods that they cover. I believe the courts must also consider whether a careful examination of goods will reduce or increase confusing similarity. To reiterate, each case of determining confusing similarity must be decided based on its particular circumstances which include the ordinary purchaser's attitude. After all, it would be unfair to place the burden of distinguishing the goods of one manufacturer from the other on ordinary consumers. The law on trademarks does not only protect the rights of trademark owners to use their marks on their goods. More importantly, it seeks to protect the welfare of the consuming public by eliminating confusion of goods and of business even before they occur.

Accordingly, I vote to **GRANT** the petition.



MARIO V. LOPEZ
Associate Justice



ANNA-LI R. PAPA-GONZALES
Deputy Clerk of Court En Banc
CCC En Banc, Supreme Court