



Republic of the Philippines  
Supreme Court  
Manila

EN BANC

**GINEBRA SAN MIGUEL, INC.,**  
Petitioner,

**G.R. No. 196372**

- versus -

**DIRECTOR OF THE BUREAU  
OF TRADEMARKS,**  
Respondent.

X-----X

**TANDUAY DISTILLERS, INC.,**  
Petitioner,

**G.R. No. 210224**

- versus -

**GINEBRA SAN MIGUEL, INC.,**  
Respondent.

X-----X

**TANDUAY DISTILLERS, INC.,**  
Petitioner,

**G.R. No. 216104**

- versus -

**GINEBRA SAN MIGUEL, INC.,**  
Respondent.

X-----X

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**TANDUAY DISTILLERS, INC.,**  
Petitioner,

**G.R. No. 219632**

Present:

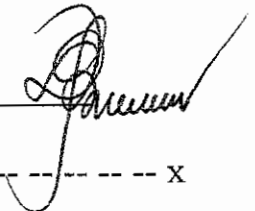
GESMUNDO, *C.J.*,  
LEONEN,  
CAGUIOA,  
HERNANDO,  
LAZARO-JAVIER,  
INTING,  
ZALAMEDA,\*  
LOPEZ, M.,\*\*  
GAERLAN,  
ROSARIO,  
LOPEZ, J.,  
DIMAAMPAO,  
MARQUEZ,  
KHO, JR., and  
SINGH, *JJ.*

- versus -

**GINEBRA SAN MIGUEL, INC.,**  
Respondent.

Promulgated:

August 9, 2022



X ----- X

**DECISION**

**GESMUNDO, C.J.:**

In these consolidated Petitions,<sup>1</sup> the Court undertakes to settle the common issue of whether the term "GINEBRA" is a generic mark, or a distinctive mark that may be registered by Ginebra San Miguel, Inc. (*GSMI*).

The antecedents of each case are as follows:

\* No part due to prior participation in the proceedings before the Court of Appeals.

<sup>1</sup>Rollo (G.R. No. 196372), pp. 12-105; Rollo (G.R. No. 210224), pp. 3-48; Rollo (G.R. No. 216104), pp. 8-46; Rollo (G.R. No. 219632), pp. 8-62.

\*\* On official leave.



**G.R. No. 196372**

On February 21, 2003, GSMI<sup>2</sup> filed with the Intellectual Property Office (*IPO*) an application for the registration of the mark "GINEBRA" for its gin products. The application was docketed as Trademark Application No. 4-2003-0001682,<sup>3</sup> and referred to the Bureau of Trademarks (*BOT*) for examination.<sup>4</sup> The word mark is as follows:<sup>5</sup>

# GINEBRA

On August 1, 2003, the *BOT* examiner issued Paper No. 2<sup>6</sup> which required GSMI to provide, among others, the English equivalent of the mark "GINEBRA." It also informed GSMI that the mark sought to be registered is identical to five (5) other marks, namely, "Ginebra Agila," "Ginebra Grande," "Ginebra Heneral," "Ginebra Pinoy," and "Ginebra Primero," for which reason registration of "GINEBRA" as trademark is proscribed under Section 123.1(d) of Republic Act No. 8293 (R.A. No. 8293), otherwise known as the Intellectual Property Code of the Philippines (*IP Code*).

GSMI filed its response to Paper No. 2, dated September 24, 2003,<sup>7</sup> stating that the word "GINEBRA" is the Spanish term for "gin." However, by itself and through its predecessors, GSMI has continuously been using the term as the dominant feature of its trademarks in the manufacture, distribution, marketing, and sale of its gin products throughout the Philippines since 1834. GSMI recounted the genesis of its use of the mark "GINEBRA," as follows:

The origin of the gin product currently being produced by GSMI is the gin product known as "Ginebra San Miguel de Ayala" which had been manufactured by Destilerias Ayala, Inc. since 1834. In 1924, La Tondeña Incorporada ("LTI") acquired the Ayala distillery and continued producing said gin product under the brand "Ginebra San Miguel." In 1986, LTI was merged with San Miguel Corporation and renamed La Tondeña Distillers, Inc. ("LTDI"). LTDI continued to manufacture and produce the "Ginebra San Miguel" gin product and its other variants. In March 2003, LTDI was

<sup>2</sup> Formerly La Tondeña Distilleries, Inc. In March 2003, the company was renamed Ginebra San Miguel, Inc. See *rollo* (G.R. No. 196372), p. 864.

<sup>3</sup> Also docketed as Application No. 4-2003-001682 in some parts of the *rollo*, (*Rollo*, pp. 23 and 870).

<sup>4</sup> *Rollo* (G.R. No. 196372), p. 80.

<sup>5</sup> World Intellectual Property Organization Global Brand Database <https://branddb.wipo.int/branddb/ph/en/showData.jsp?ID=PHTM.42003001682> [last accessed: May 18, 2022]

<sup>6</sup> *Rollo* (G.R. No. 196372), p. 863.

<sup>7</sup> *Id.* at 864-869.

renamed Ginebra San Miguel, Inc. as a tribute to the "Ginebra San Miguel" gin product, which is the oldest brand of Philippine liquor in existence. The "GINEBRA" word mark therefore has been a constant dominant component of the applicant's gin product brand since 1834 and has long since become distinctive and exclusively associated with applicant.<sup>8</sup>

GSMI claimed that through its extensive, consistent, and continuous use of the word "GINEBRA" as the dominant feature of its trademarks, the term had become distinctive of, and associated by the public exclusively with, its gin products. It also cited an independent survey wherein ninety percent (90%) of the more than 6 million gin drinkers in the Greater Manila Area, North Luzon and South Luzon associated the mark "GINEBRA" with "GINEBRA SAN MIGUEL," "SAN MIGUEL," or "La Tondeña." Such survey result allegedly shows that the public has indeed identified the mark "GINEBRA" with GSMI and its gin products.<sup>9</sup>

In addition, GSMI pointed out that its predecessor used "GINEBRA" as the dominant feature of its gin products since December 1, 1945, whereas the other applicants' earliest filing date was only on October 10, 1988. Hence, all of them are mere imitations of GSMI's "GINEBRA" mark. Furthermore, inasmuch as GSMI is the prior user and registrant of the trademarks which use the word "GINEBRA," and considering further that the term had become distinctive of GSMI's gin products, GSMI enjoys preferential and superior right to use the term as trademark, to the exclusion of others.<sup>10</sup> The registration of the "GINEBRA" mark in GSMI's favor will allegedly not cause confusion to the public. On the contrary, it is the registration of the 5 marks of the other companies that will likely confuse and mislead the public, in view of the said survey results. Hence, it is the registration of those 5 other marks that should be refused or cancelled.<sup>11</sup>

#### *The BOT and IPO Rulings*

On January 3, 2007, the BOT examiner issued Paper No. 6,<sup>12</sup> denominated as Final Rejection, stating that GSMI's application for registration is finally rejected on the ground that the mark "GINEBRA" is a generic term. GSMI appealed to the Director of the BOT, but this recourse proved to be unsuccessful.<sup>13</sup> Its subsequent appeal to the IPO Director General fared no better.

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<sup>8</sup> Id. at 864.

<sup>9</sup> Id. at 867.

<sup>10</sup> Id. at 868.

<sup>11</sup> Id. at 869.

<sup>12</sup> Id. at 870.

<sup>13</sup> Id. at 872.

In his Decision<sup>14</sup> dated December 7, 2009, the IPO Director General dismissed GSMI's appeal. Citing the dictionary, he noted that the word "gin" is the English translation of the Spanish word "GINEBRA."<sup>15</sup> It is a generic term and the common name given to alcoholic spirits distilled from grain and flavored with juniper berries. Correspondingly, generic words may not be registered and are considered to be in the public domain and free for all to use. Since the generic term "gin" cannot be registered, the word "GINEBRA" may not also be registered. Moreover, "GINEBRA" cannot acquire secondary meaning because the doctrine of secondary meaning applies only to descriptive marks under Sec. 123.2 of R.A. No. 8293.<sup>16</sup>

Undeterred, GSMI filed a petition for review with the Court of Appeals (CA) under Rule 43 of the Rules of Court, docketed as CA-G.R. SP No. 112005.

### *The CA Ruling*

In its August 13, 2010 Decision,<sup>17</sup> the CA dismissed the appeal. It held that since the English translation of the Spanish word "GINEBRA" is "gin," its use in gin products would be merely "indicative and descriptive of the merchandise or product designated." "GINEBRA" is a generic term which cannot be appropriated for GSMI's exclusive use because it would unjustly deprive other gin dealers of the right to use the same with reference to their merchandise.<sup>18</sup>

The CA also did not apply the doctrine of secondary meaning under Sec. 123.1 (j) in relation to Sec. 123.2 of the IP Code. It reasoned that even if "GINEBRA" is not the direct Spanish counterpart of the English word "gin" but rather the Spanish equivalent of "genever" or "jenever," the juniper berry-flavored grain spirit which originated in the Netherlands in the 17th century and a kind of gin, it is still not registrable. Such meaning does not change the fact that "GINEBRA" and "gin" refer to the same object. Being exclusively generic, the doctrine of secondary meaning does not apply. Besides, for the doctrine to apply, the use of the mark must have been exclusive. This is not the case here, where other manufacturers of gin had similarly used the mark "GINEBRA" as part of the composite marks for their products. The lack of exclusivity in the use of "GINEBRA" has prevented the word from becoming

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<sup>14</sup> Id. at 871-875; penned by Dir. General Adrian S. Cristobal, Jr.

<sup>15</sup> Id. at 874.

<sup>16</sup> Id. at 873-875.

<sup>17</sup> Id. at 115-120; penned by Associate Justice Estela M. Perlas-Bernabe (now a retired Member of the Court) with Associate Justices Bienvenido B. Reyes (now a retired Member of the Court) and Elihu A. Ybañez, concurring.

<sup>18</sup> Id. at 117.

distinctive or acquiring a secondary meaning that would bar others from using the same mark in their gin or alcoholic beverage products.<sup>19</sup>

Further, according to the CA, it would appear that the public associates "GINEBRA" with gin products in general and distinguish them from one another by the composite marks on their bottle labels. Despite the proliferation of various gin product variants by these manufacturers, the general gin-buying public is not likely to be confused or deceived because they are buying by brand, according to their taste, as opposed to catsup, for example, which is usually picked up from a store shelf.<sup>20</sup>

Finally, the CA agreed that the Doctrine of Foreign Equivalents<sup>21</sup> should be applied, quoting with approval the following ruling of the Director of the BOT:

x x x Thus, a mark that is generic in a foreign language is still unregistrable even if the language is not predominantly spoken in the country where the registration is sought.

Applying the doctrine of foreign equivalents in determining whether a foreign term is entitled to registration, the test is whether, to those buyers familiar with the foreign language, the word would have a descriptive or generic connotation. It is, therefore, irrelevant whether majority of Filipinos do not speak fluent Spanish. It is only necessary that the foreign word is susceptible of a generic translation to a group of buyers even vaguely familiar with the Spanish language. Absolute unanimity is not required.<sup>22</sup>

The dispositive portion of the CA decision states:

**WHEREFORE**, the instant petition is **DISMISSED**. The assailed December 7, 2009 Decision rendered by the IPO Director General in Appeal No. 04-09-01 is hereby **AFFIRMED**.

**SO ORDERED.**<sup>23</sup>

GSMI moved for reconsideration, but the CA denied it through its Resolution<sup>24</sup> dated March 25, 2011. Hence, the present petition.

<sup>19</sup> Id. at 117-118.

<sup>20</sup> Id. at 118.

<sup>21</sup> The CA cited the World Intellectual Property Organization (WIPO) definition of doctrine of foreign equivalents as a rule that requires the translation of foreign words used in trademarks into their common English meaning in usage for purposes of determining whether they are generic or descriptive, or confusingly similar to an English mark (*Rollo* [G.R. No. 196372], p. 118).

<sup>22</sup> *Rollo* (G.R. No. 196372), p. 119.

<sup>23</sup> Id. at 119.

<sup>24</sup> Id. at 122.

The petition was initially denied outright by the Court's Second Division in its Resolution<sup>25</sup> dated June 22, 2011. GSMI filed a Motion for Reconsideration,<sup>26</sup> and subsequently a motion to refer the case to the Court *En Banc*.<sup>27</sup> In the meantime, the case was transferred to the Court's Third Division, which later issued a Resolution<sup>28</sup> dated October 17, 2011 denying both motions.

On December 28, 2011, GSMI filed a Manifestation with Motion for Relief from Judgment,<sup>29</sup> seeking the reconsideration of the Court's June 22, 2011 and October 17, 2011 Resolutions, and the referral of the case to the Court *En Banc* for a decision on the merits. The Court's Third Division later referred the case to the Court *En Banc*. On June 26, 2018, the Court *En Banc* issued a Resolution<sup>30</sup> accepting the case, treating GSMI's motion for relief from judgment as a second motion for reconsideration, and reinstating the petition, among others.

#### **G.R. Nos. 210224 & 219632**

On August 15, 2003, GSMI filed a Complaint<sup>31</sup> (With Application for Temporary Restraining Order and/or Writ of Preliminary Injunction) for unfair competition, infringement, and damages against Tanduary Distillers, Inc. (*TDI*) before the Regional Trial Court (*RTC*) of Mandaluyong City, docketed as IP Case No. MC03-01. GSMI claimed that *TDI* used the mark "GINEBRA" in manufacturing, distributing and marketing its gin product "GINEBRA KAPITAN." The use of the said mark, coupled with the colorable imitation of GSMI's bottle and label designs for "GINEBRA," caused confusion to and deceived the general public, as they are made to believe that "GINEBRA KAPITAN" was being manufactured, distributed, and sold by GSMI.<sup>32</sup>

GSMI cited an independent survey conducted by an internationally-accredited market research firm covering the Greater Manila Area, North, and South Luzon, which found that 90% of the respondents, representing some six (6) million gin drinkers, associated the mark "GINEBRA" with "Ginebra San Miguel," "San Miguel," or "La Tondena." Moreover, eighty-two percent (82%) and sixty-five percent (65%) of those respondents mistakenly identified "GINEBRA KAPITAN" as "GINEBRA," "GINEBRA SAN MIGUEL," "SAN MIGUEL," or "GINEBRA BLUE," when shown the back view and

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<sup>25</sup> Id. at 729-730.

<sup>26</sup> Id. at 732-757.

<sup>27</sup> Id. at 759-773.

<sup>28</sup> Id. at 775-776.

<sup>29</sup> Id. at 777-798.

<sup>30</sup> Id. at 881-882.

<sup>31</sup> *Rollo* (G.R. No. 214104), pp. 1774-1789.

<sup>32</sup> Id. at 1778-1782.

front view, respectively, of "GINEBRA KAPITAN."<sup>33</sup> Thus, GSMI prayed that TDI be restrained from manufacturing, distributing, or using in commerce the mark "GINEBRA," or otherwise prevented from dealing in gin products which have the general appearance of, or are confusingly similar with, GSMI's gin products.<sup>34</sup>

In its presentation of evidence during the hearing for the issuance of a TRO, GSMI established, among others, that it has the following registered trademarks for its gin products under Class 33:

- (i) Mark: GINEBRA SAN MIGUEL (word mark)  
Reg. No.: 7484 (Supplemental Register)  
Reg. Date: 18 September 1986  
Term: Twenty years, or until 18 September 2006  
Date of First Use: 01 December 1945
- (ii) Mark: GINEBRA SAN MIGUEL (word mark)  
Reg. No.: 42568  
Reg. Date: 19 January 1989  
Term: Twenty years, or until 19 January 2009  
Date of First Use: 01 December 1945
- (iii) Mark: GINEBRA S. MIGUEL 65  
Reg. No.: 53668  
Reg. Date: 13 October 1992  
Term: Twenty years, or until 13 October 2012  
Date of First Use: 09 May 1990
- (iv) Mark: GINEBRA SAN MIGUEL  
Reg. No.: 001389  
Reg. Date: 13 October 1993  
Term: Twenty years, or until 13 October 2013  
Date of First Use: 05 April 1949
- (v) Mark: LA TONDEÑA CLIQ! GINEBRA MIX &  
STYLIZED LETTERS LTD. WITH CROWN DEVICE  
Reg. No.: 41996113597  
Reg. Date: 23 July 2001  
Term: Twenty years, or until 23 July 2021  
Date of First Use: 04 September 1996<sup>35</sup>

<sup>33</sup> Id. at 1782.

<sup>34</sup> Id. at 1786.

<sup>35</sup> *Rollo* (G.R. No. 210224), p. 82.



According to GSMI, "GINEBRA" is the dominant feature of these trademarks, and that GSMI, by itself and through its predecessors-in-interest, has been continuously marketing and distributing throughout the Philippines the said trademarks since 1934, as evidenced by the special issue of the Manila Chronicle dated December 31, 1968.<sup>36</sup>

The RTC granted GSMI's prayer for a TRO, and later, a writ of preliminary injunction, on the ground that GSMI had sufficiently established its right of prior use and registration of the mark "Ginebra" as a "dominant feature of its trademark."<sup>37</sup> TDI assailed the injunction order before the CA, and later, with this Court in G.R. No. 164324.<sup>38</sup> On August 14, 2009, the Court rendered a decision declaring the writ of preliminary injunction void on the ground that it disposes of the case on the merits as it effectively enjoined the use of the word "GINEBRA" by TDI without the benefit of a full-blown trial. In addition, GSMI failed to submit proof that it will suffer damage that is irreparable and incapable of pecuniary estimation.<sup>39</sup>

Meanwhile, the case before the RTC proceeded to trial.

#### *The RTC Ruling*

On July 25, 2012, the RTC rendered a Decision<sup>40</sup> dismissing GSMI's complaint. It held that "GINEBRA" is a generic term which cannot be appropriated, and that its use, no matter how long, can never ripen into a secondary meaning under the trademark law. The name can never be descriptive for a gin product for the reason that "GINEBRA" is just the Spanish translation that is synonymous to the word "gin." Basic is the rule that the use of a generic trade name is always conditional, *i.e.*, subject to the limitation that the registrant does not acquire the exclusive right to the descriptive or generic term or word.<sup>41</sup> In addition, the name "GINEBRA" has not acquired a secondary meaning since GSMI did not use it to the exclusion of others. Documentary evidence presented by TDI showed that other companies have used "GINEBRA" as part of their composite trademark,<sup>42</sup> albeit their certificates of registration were later on cancelled by the IPO. For these reasons, the RTC held that TDI may not be held liable for trademark infringement.

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<sup>36</sup> Id. at 84.

<sup>37</sup> Id. at 90.

<sup>38</sup> The case is entitled *Tanduay Distillers Inc. v. Ginebra San Miguel, Inc.*, 612 Phil. 1020 (2009).

<sup>39</sup> Id. at 1041, 1043.

<sup>40</sup> *Rollo* (G.R. No. 210224), pp. 80-117; penned by Presiding Judge Ofelia L. Calo.

<sup>41</sup> Id. at 107-108.

<sup>42</sup> Id. at 108-109.

The RTC also applied both the dominance test and holistic test in ruling that there was no unfair competition. It noted that the dominant feature of GSMI's label is not the word "GINEBRA" but the image of the archangel wielding a sword against a fallen devil which occupies almost 70% of the entire label. The words "GINEBRA S. MIGUEL," on the other hand, were in relatively small and thin fonts using black color on white background and occupy only about 10 to 15% of the entire label. On the other hand, the dominant feature of TDI's label is the composite mark "GINEBRA KAPITAN," which is strategically placed in the middle of the label to emphasize the name of the product, and occupies almost 35% of the entire label.<sup>43</sup> Applying the holistic test, the RTC held that the labels and total packaging of the competing products would not likely cause confusion to the consuming public. While both bottles are transparent, the similarity ends there.<sup>44</sup>

Finally, the RTC declared the survey evidence presented by GSMI as hearsay and self-serving.<sup>45</sup> The dispositive portion of the RTC decision states:

**WHEREFORE**, premises considered, judgment is hereby rendered **DISMISSING** the instant complaint for trademark infringement and unfair competition for lack of merit.

No pronouncement as to cost.

**SO ORDERED.**<sup>46</sup>

GSMI filed a motion for reconsideration but it was denied by the RTC for lack of merit.<sup>47</sup> GSMI consequently filed a notice of appeal, but it was also denied by the RTC in its Order dated October 31, 2012 for being a wrong mode of appeal.<sup>48</sup> However, upon GSMI's motion for reconsideration, the RTC issued an Order dated 14 February 2013 giving due course to GSMI's notice of appeal on the grounds of liberality and substantial justice.<sup>49</sup> Consequently, GSMI's appeal was routinely elevated to the CA and docketed as CA-G.R. CV No. 100332.

Meanwhile, GSMI filed an *Ad Cautelam* Motion for Extension of Time to File Petition for Review Under Rule 43<sup>50</sup> with the CA following the RTC

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<sup>43</sup> Id. at 116.

<sup>44</sup> Id. at 116-117.

<sup>45</sup> Id. at 117.

<sup>46</sup> Id.

<sup>47</sup> Id. at 118-121.

<sup>48</sup> *Rollo* (G.R. No. 219632), p. 88.

<sup>49</sup> Id.

<sup>50</sup> Id.

order denying its notice of appeal. The CA granted the motion, and GSMI eventually filed its petition, docketed as CA-G.R. SP No. 127255.

Later, in CA-G.R. No. 100332, GSMI filed a Manifestation With Motion for Consolidation<sup>51</sup> to consolidate CA-G.R. CV No. 100332 with CA-G.R. SP No. 127255. However, at the time, a decision had already been rendered in CA-G.R. SP No. 127255. Thus, the CA in CA-G.R. No. 100332 continued to adjudicate the ordinary appeal separately.

### ***CA-G.R. SP No. 127255***

In CA-G.R. SP No. 127255, the CA Special Thirteenth Division disposed of the issues of whether GSMI had acquired, by prior adoption and use, the exclusive ownership of the word “GINEBRA,” and whether TDI is guilty of trademark infringement and unfair competition. In its Decision dated August 15, 2013,<sup>52</sup> it ruled in favor of GSMI.

The CA held that GSMI had sufficiently established its claim that it had been using the word “GINEBRA” in its gin products over a long period of time such that, to the public, the word is already associated with GSMI’s gin product.<sup>53</sup> It upheld GSMI’s evidence showing that the name “GINEBRA” is the dominant feature of its trademarks and bottle designs, and that GSMI’s gin products bearing this name have been marketed and distributed by GSMI and its predecessors since 1934. The CA also recognized news articles that spoke of “GINEBRA SAN MIGUEL” and advertising materials of GSMI’s gin products that used the name “GINEBRA.”<sup>54</sup> On the other hand, the CA noted that prior to the introduction of “GINEBRA KAPITAN” to the public by TDI, it was only GSMI that was known to carry the name “GINEBRA” in its gin products.<sup>55</sup> The CA concluded that GSMI has established the “GINEBRA” mark as the brand name of its gin products and not just a generic term for any liquor product, and that the primary significance of “GINEBRA” to the public is not its Spanish translation but GSMI’s gin products.<sup>56</sup>

On the second issue, the CA, applying the dominancy test, held that there was trademark infringement. It observed that there are differences in the general appearance of “GINEBRA SAN MIGUEL” and “GINEBRA KAPITAN,” but it cannot be denied that the dominant feature of both products

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<sup>51</sup> *Rollo* (G.R. No. 210224), pp. 143-148.

<sup>52</sup> *Id.* at 151-171; penned by Associate Justice Isaias P. Dicdican with Associate Justices Nina G. Antonio-Valenzuela and Victoria Isabel A. Paredes, concurring.

<sup>53</sup> *Id.* at 162.

<sup>54</sup> *Id.*

<sup>55</sup> *Id.* at 163.

<sup>56</sup> *Id.*

is the mark "GINEBRA." The consuming public will just rely on the mark and not really take time to examine the differences between the two gin products. Moreover, the label of "GINEBRA KAPITAN" does not indicate that it is a product of TDI. Hence, it is likely that the consuming public will be misled into thinking that it is a gin product of GSMI.<sup>57</sup> The CA also held that it cannot discount the probative value of the survey conducted on behalf of GSMI, which shows that most respondents associated the word "GINEBRA" with "GINEBRA SAN MIGUEL" and perceived the bottle of "GINEBRA KAPITAN" as a product of GSMI or La Tondeña.<sup>58</sup>

The CA finally held that TDI is liable for unfair competition. Having known that GSMI had been using the mark "GINEBRA" in its gin products and that "GINEBRA SAN MIGUEL" had obtained over the years a considerable number of loyal customers, it still chose to use the same mark in launching its gin product. TDI's use of the word "GINEBRA" as part of the trademark of its "GINEBRA KAPITAN" tended to show the intention to pass off their product as that of GSMI and ultimately ride on the popularity and established goodwill of GSMI.<sup>59</sup> The dispositive portion of the CA decision in CA-G.R. SP No. 127255 states:

**WHEREFORE**, in view of the foregoing premises, the instant petition for review is hereby **GRANTED** and the assailed July 25, 2012 Decision as well as the October 5, 2012 Order of the Regional Trial Court, Branch 211 of the National Capital Judicial Region stationed in Mandaluyong City in IP Case No. MC03-01 are hereby **REVERSED** and **SET ASIDE**. Accordingly, respondent Tanduay Distillers, Inc., is hereby ordered to:

1) Remove from the market all its gin products bearing the name/mark "GINEBRA" and all the infringing or unfairly competing goods in the possession of it, its employees, agents, representative, dealers including, all bottles, labels, signs, prints, packages, wrappers, receptacles and advertisements bearing the mark "GINEBRA" and that the same be destroyed or be disposed of outside the channels of commerce.

2) Cease and Desist from using the word/mark "GINEBRA" in any of its gin products.

3) Render an accounting of the gross sales of its "GINEBRA KAPITAN" products from the time of the filing of the instant case up to the finality of this judgment and to pay to GSMI an amount equivalent to fifty percent (50%) of the total gross sales.

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<sup>57</sup> Id. at 166.

<sup>58</sup> Id. at 166-167.

<sup>59</sup> Id. at 167-168.

4) Pay to GSMI ₱2,000,000.00 as exemplary damages and ₱500,000.00 as attorney's fees.

The instant case is hereby remanded to the court a quo for the purpose only of the accounting of the gross sales of TDI's "GINEBRA KAPITAN" and for the determination of the amount of actual and compensatory damages to be awarded to GSMI.

**SO ORDERED.**<sup>60</sup>

**CA-G.R. CV No. 100332**

Preliminarily, the CA Special Sixteenth Division held that it had been unaware of the proceedings in CA-G.R. SP No. 127255 and it was only when GSMI's filed a manifestation with motion to consolidate on September 2, 2013 that it learned of the petition and Decision dated August 15, 2013 rendered in that case. Had it been promptly apprised, it would have ordered the mandatory consolidation of the cases. But since a decision has already been rendered in CA-G.R. SP No. 127255 and a motion for reconsideration of the decision denied, there is nothing more to consolidate.<sup>61</sup> In any event, the CA Special Sixteenth Division opted to decide the case on the merits despite the procedural *faux pas*<sup>62</sup> committed by GSMI, in the interest of substantial justice. It observed that neither of the parties moved for the dismissal of the case, and that the issues are of utmost importance. It thus deemed it proper to dwell on the substantive issues, bearing in mind the ruling of the Former Special Thirteenth Division in CA-G.R. SP No. 127255.<sup>63</sup>

In its November 7, 2014 Decision,<sup>64</sup> the CA granted the appeal and reversed and set aside the RTC decision in IP Case No. MC03-01. It held that while it may be true that the word "GINEBRA" is a Spanish word for gin and thus generic, or descriptive of the class of alcoholic drinks called gin, it has acquired a secondary meaning under the trademark law. Since it has been used in the Philippines by GSMI and its predecessors-in-interest since the 1800s, it had become singularly synonymous with GSMI's gin products and GSMI itself as manufacturer, and identifiable not only by the consuming public but also by the general populace. Almost two (2) centuries of usage, effective media promotions and advertisements have bestowed upon "GINEBRA" a secondary meaning exclusively identifiable to GSMI and its gin products.<sup>65</sup> There had been attempts by other entities to register the mark "GINEBRA" or

<sup>60</sup> Id. at 169-170.

<sup>61</sup> *Rollo* (G.R. No. 219632), pp. 90-91.

<sup>62</sup> To recall, CA-G.R. CV No. 100332 is an ordinary appeal and not a petition for review that is sanctioned by the Intellectual Property Code.

<sup>63</sup> *Rollo* (G.R. No. 219632), p. 92.

<sup>64</sup> Id. at 72-118; penned by Associate Justice Rodil V. Zalameda (now a Member of the Court) with Associate Justices Romeo Barza and Maria Elisa Sempio Diy, concurring.

<sup>65</sup> Id. at 99-100.

market their products bearing the said mark, but they have not actively utilized the term, or the consuming public was never saturated with their products containing the mark.<sup>66</sup>

The CA further disagreed with the RTC ruling that the survey results presented by GSMI are inadmissible for being hearsay. It held that the emerging trend in trademark disputes is the admissibility of survey results to determine if there is indeed confusion or dilution of a trademark, or if the mark is generic. In the United States, survey evidence which is historically considered hearsay, is now admissible under the Federal Rules of Evidence.<sup>67</sup> In the Philippines, the equivalent exception refers to the doctrine of independently relevant statements, *i.e.*, if the purpose of placing the statement on record is merely to establish the fact that the statement was made regardless of its truth or falsity, the hearsay rule does not apply.<sup>68</sup>

In this case, GSMI's expert witness, Mercedes Abad (*Abad*) did not testify to prove the truth or falsity of the answers given in the survey, but to establish that those statements were made by the survey respondents and that they constitute the latter's state of mind. Thus, even if the survey respondents were not presented in court, Abad's testimony should not be stricken off the record for being hearsay.<sup>69</sup> The CA observed that TDI tried to discredit the survey, but nonetheless failed to present countervailing evidence.<sup>70</sup>

The CA also held that TDI committed trademark infringement in its use of the mark "GINEBRA," and unfair competition in the way it designed and presented its bottle and label to consumers.<sup>71</sup> It observed the differences in the packaging and presentation of "GINEBRA SAN MIGUEL" and "GINEBRA KAPITAN," but ruled that confusing similarity of the products should not be dependent on these alone. Other factors should be taken into consideration, such as the widespread association of the mark "GINEBRA" with GSMI's gin products.<sup>72</sup> Here, the design of "GINEBRA KAPITAN" conveys the idea that it is a gin product of different type or flavor manufactured by GSMI, and not necessarily produced by TDI. Even discounting the features of the bottles and labels of the competing products and their dominant features, the mere use of "GINEBRA" in "GINEBRA KAPITAN" is sufficient to cause an average

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<sup>66</sup> *Id.* at 100-101.

<sup>67</sup> *Id.* at 101.

<sup>68</sup> *Id.* at 102.

<sup>69</sup> *Id.* at 103.

<sup>70</sup> *Id.* at 104.

<sup>71</sup> *Id.* at 111.

<sup>72</sup> *Id.* at 113.

person to associate it with GSMI's gin product, and is a trademark infringement in itself.<sup>73</sup>

The CA added that the gravamen of the trademark infringement is the element of likelihood of confusion. In confusion of goods, the ordinarily prudent purchaser would be induced to purchase one product in the belief that he was purchasing the other. In this case, the mark "GINEBRA" has been so deeply ingrained in the general psyche of the Filipinos that it is conveniently and exceptionally associated with GSMI's "GINEBRA SAN MIGUEL" gin products. It is not difficult to imagine an ordinary purchaser, even one accustomed to drinking gin, to be confused into buying "GINEBRA KAPITAN" thinking that it is the "GINEBRA" product of GSMI. Hence, TDI should be held liable for trademark infringement and unfair competition.<sup>74</sup>

The dispositive portion of the CA decision in CA-G.R. No. 100332 took notice of, and quoted the dispositive portion of the Decision of the Special Thirteenth Division in CA-G.R. SP No. 127255, thus:

**WHEREFORE**, the foregoing premises considered, the Appeal is hereby **GRANTED**. Accordingly, the Decision dated 05 October 2012 of Branch 211, Regional Trial Court of Mandaluyong City, in IP Case No. MC03-01 is hereby **REVERSED AND SET ASIDE**.

Further, considering that Our findings on defendant-appellee Tanduay Distillers, Inc.'s liability for trademark infringement and unfair competition is consistent with the Decision dated 15 August 2013 previously rendered by the Special Former Thirteenth Division in CA-G.R. SP No. 127255, pursuant to prevailing jurisprudence, so as to prevent the issuance of inconsistent rulings, We merely take NOTICE and quote the dispositive portion thereof, which states:

X X X X

**SO ORDERED.**<sup>75</sup>

Undaunted, TDI filed the present petitions for review, docketed G.R. Nos. 210224 and 219632, respectively.

### **G.R. No. 216104**

On August 9, 2006, TDI filed an application for the registration of the mark "GINEBRA KAPITAN" with the IPO, covering the goods classified as

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<sup>73</sup> Id.

<sup>74</sup> Id. at 114.

<sup>75</sup> Id. at 116-118.

“gin.” The application was docketed as Application No. 4-2006-008715.<sup>76</sup> The word mark is as follows:<sup>77</sup>

## Ginebra Kapitan

On June 29, 2007, GSMI filed its verified opposition to the application, docketed as IPC No. 14-2007-00196, based on the following grounds:

1. [GSMI] was the owner, by prior adoption and substantially exclusive and continuous use, of the mark “GINEBRA”;
2. [GSMI] and its predecessors had extensively, consistently and continuously used the word “GINEBRA” as the dominant feature of their trademarks in the manufacture, distribution, marketing and sale of gin products throughout the Philippines since (sic) the year 1843;
3. The mark “GINEBRA” had become distinctive as used in connection with the goods of [GSMI] and had already acquired a “secondary meaning” pursuant to [S]ection 123.2 of the Intellectual Property Code x x x. It is now exclusively associated with the gin products of [GSMI];
4. The registration of “GINEBRA KAPITAN” for use on the gin product of [TDI] would cause confusion among the public [who] would be led to believe that “GINEBRA KAPITAN” gin products are manufactured by or affiliated with [GSMI]; and
5. [GSMI] would be damaged by the registration of “GINEBRA KAPITAN.”<sup>78</sup>

TDI countered that “GINEBRA” is a generic word that cannot function as a trademark, and therefore is not capable of exclusive appropriation. In the first place, GSMI had disclaimed the word “GINEBRA” in all its trademark registrations. The doctrine of secondary meaning is not applicable to words that have been disclaimed for being generic. Moreover, TDI insisted that GSMI will not be damaged by its registration and use of the mark “GINEBRA KAPITAN” on its gin product since the dominant portion of the mark would be “KAPITAN,” which is not identical to the “SAN MIGUEL” trademark of GSMI. Finally, the trade dresses of the products of both parties differ in that they would not be confused from each other by the public.<sup>79</sup>

<sup>76</sup> *Rollo* (G.R. No. 216104), p. 57.

<sup>77</sup> World Intellectual Property Organization (WIPO) Global Brand Database, <https://branddb.wipo.int/branddb/ph/en/showData.jsp?ID=PHTM.42006008715> [last accessed May 25, 2022]

<sup>78</sup> *Rollo* (G.R. No. 216104), pp. 57-58.

<sup>79</sup> *Id.* at 59.



*The Rulings of the BLA and IPO Director General*

On April 23, 2008, the Bureau of Legal Affairs (*BLA*) rendered a Decision<sup>80</sup> denying GSMI's opposition and giving due course to TDI's registration of the mark "GINEBRA KAPITAN." In essence, it held that the word "GINEBRA" is a generic term, defined in the American Heritage Dictionary of the English language as "a strong colorless alcoholic beverage made by distilling or redistilling rye or other grain spirits and adding juniper berries or aromatics such as anise, caraway seeds or angelica roots as flavoring." In other words, "GINEBRA" describes or refers to the goods itself. The BLA observed that the Court has constantly affirmed the rule that generic words cannot be exclusively appropriated, and concluded that GSMI's claim that "GINEBRA" has become a distinctive part of its mark is untenable. Generic words supposedly can never acquire secondary meaning, and no length of use and no amount of advertising can make it distinctive.<sup>81</sup> Finally, the BLA held that "GINEBRA KAPITAN" is not confusingly similar to "GINEBRA SAN MIGUEL." The only similarity between the contending marks was the inclusion of the term "GINEBRA." The other components of the marks were entirely distinct and different from each other in spelling, pronunciation, and meaning.<sup>82</sup>

GSMI's motion for reconsideration having been denied,<sup>83</sup> it filed an appeal before the Office of the Director General. The latter rendered a Decision<sup>84</sup> on September 24, 2013 upholding the BLA decision and dismissing the appeal. He ruled, among others, that the term "GINEBRA," being generic, is not covered by the doctrine of secondary meaning and accordingly not subject to exclusive appropriation. Thus, even if GSMI had been using "GINEBRA" for a long period of time in its business activities, this will not amount to an exclusive right to use the name. Otherwise, it would prejudice other persons who are also engaged in producing or manufacturing a similar class of gin products and who are using the same generic term in their trade or services.<sup>85</sup> Moreover, GSMI's claim that it had marketed its products bearing the word "GINEBRA" for a long period of time does not automatically translate to a conclusion that TDI's use of "GINEBRA KAPITAN" will deceive the purchasing public. The public will buy "GINEBRA KAPITAN" because it suits their taste and not for the reason that they associate it with GSMI's gin products. Allowing the registration of

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<sup>80</sup> Id. at 242-252; penned by the Director of Bureau of Legal Affairs, Atty. Estrellita Beltran-Abelardo.

<sup>81</sup> Id. at 248-250.

<sup>82</sup> Id. at 251.

<sup>83</sup> Id. at 255-257.

<sup>84</sup> Id. at 311-318; penned by Director General Ricardo R. Blancaflor.

<sup>85</sup> Id. at 316.

“GINEBRA KAPITAN” will also not result to unfair competition, but will instead allow market competition among “Ginebra” or gin products.<sup>86</sup>

Feeling aggrieved, GSMI filed a petition for review before the CA.

### *The CA Ruling*

On July 23, 2014, the CA rendered its Decision<sup>87</sup> in CA-G.R. SP No. 132441, granting GSMI’s petition. It held that even if the term “GINEBRA” may be a Spanish word that means “gin” in English, there is no evidence of this fact because the dictionary from where the supposed definition came from is not in the record. It declared that “GINEBRA” is not a generic word since, to the Filipino gin-drinking public, it does not relate to a class of liquor or alcohol but refers specifically and exclusively to the gin products of GSMI. The point of view of the public is controlling since the test for genericness is the primary significance of the term to the ordinary consumer. Evidence of the relevant public’s understanding of a term may be obtained from any competent source, including direct testimony of consumers, consumer surveys, or publications.<sup>88</sup>

The CA upheld the surveys conducted by GSMI which showed that 90% of gin drinkers surveyed in Luzon gave the top-of-mind responses “GINEBRA SAN MIGUEL,” “SAN MIGUEL,” “GINEBRA BLUE,” and “LA TONDEÑA” when shown a flashcard with the word “GINEBRA,” and at least half of this sample erroneously identified “GINEBRA KAPITAN” to be the product of GSMI. The CA found the testimonial evidence given by GSMI’s survey expert, Abad, and advertising expert, Ma. Elizabeth Gustilo (*Gustilo*), relevant. Abad testified that “GINEBRA” is almost exclusively associated by the relevant consuming public with GSMI’s gin products and not with gin itself, while Gustilo testified that “GINEBRA” has gained the status of an iconic brand.<sup>89</sup>

The CA also agreed with GSMI that the term “GINEBRA” had acquired a secondary meaning under Sec. 123.2 of the Intellectual Property Code. While “GINEBRA” may have originally been a descriptive term for a gin product, it had become distinctive of GSMI’s products through its extensive and substantive use thereof for over 180 years.<sup>90</sup>

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<sup>86</sup> Id. at 317.

<sup>87</sup> Id. at 55-69; penned by Associate Justice Isaias P. Dicedican, with Associate Justices Michael P. Elbinias and Victoria Isabela A. Paredes, concurring.

<sup>88</sup> Id. at 64-66.

<sup>89</sup> Id. at 66.

<sup>90</sup> Id. at 67.

Finally, the CA found “GINEBRA” to have already been associated by the relevant public with GSMI’s products, and that the registration and use of “GINEBRA KAPITAN” in TDI’s gin products would cause confusion among the relevant consuming public as to the source and origin of products bearing the said marks. This, in turn, may cause damage to the goodwill that GSMI had built for decades and defeat the very purpose for which the laws on trademarks were created.<sup>91</sup> The dispositive portion of the CA Decision states:

**WHEREFORE**, in view of the foregoing premises, judgment is hereby rendered by us **GRANTING** the petition filed in this case. The Decision that was rendered by the Office of the Director General of the Intellectual Property Office of the Philippines dated September 24, 2013 in Appeal No. 14-09-28 is hereby **REVERSED** and **SET ASIDE**. Consequently, the trademark application bearing Application No. 4-2006-008715 that was filed by [TDI] on August 9, 2006 for the registration of the mark “GINEBRA KAPITAN” is hereby **DISAPPROVED**.

**SO ORDERED.**<sup>92</sup>

TDI’s motion for reconsideration having been denied,<sup>93</sup> it filed the present petition for review before the Court, docketed as G.R. No. 216104.

On February 13, 2020, GSMI filed a Manifestation<sup>94</sup> informing the Court that on December 27, 2019, the Director General of the IPO rendered a Decision<sup>95</sup> granting GSMI’s opposition to TDI’s application for registration of the marks “Ginebra Lime & Device,” “Ginebra Orange & Device,” “Ginebra Especial & Device,” and “Ginebra Pomelo & Device.” According to the Director General, it has been established that the term “GINEBRA” has attained a secondary meaning in relation to GSMI’s gin products. GSMI’s investments, through its marketing campaigns, have effectively created an unmistakable link among the term “GINEBRA,” the registered trademark “Ginebra San Miguel,” and GSMI, such that even if “SAN MIGUEL” is dropped from GSMI’s trade name and registered marks leaving only the term “GINEBRA,” this singular word is still capable of pointing to the proper origin of the gin products to which it attached, which is GSMI, and distinguishing such products from those of the other manufacturers.<sup>96</sup>

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<sup>91</sup> Id. at 68.

<sup>92</sup> Id. at 68-69.

<sup>93</sup> Id. at 72-73.

<sup>94</sup> Id. at 1054-1061.

<sup>95</sup> Id. at 1064-1083.

<sup>96</sup> Id. at 1055-1058.

In its March 10, 2020 Resolution,<sup>97</sup> the Court consolidated the four petitions in view of the identity of the parties and the similarity of issues raised therein.

On October 27, 2021, GSMI filed another Manifestation<sup>98</sup> stating that on December 16, 2020, the Director General of the IPO rendered a Decision<sup>99</sup> granting the appeal of GSMI to register the mark “GINEBRA S. MIGUEL” for the use on gin under Class 33 of the Nice Classification. The Director General reiterated that the term “GINEBRA” is linked with GSMI’s products and eventually the same generic or descriptive term “GINEBRA” points to GSMI as the origin of the goods. It was further stated therein that as GSMI had already established its ownership of “GINEBRA” as a descriptive term on its gin products, GSMI’s application to register GINEBRA S. MIGUEL for use on gin should be given due course.<sup>100</sup>

### The Issues

The issues raised in the consolidated petitions may be summarized as follows:

#### I

WHETHER “GINEBRA” IS A GENERIC MARK;

#### II

WHETHER “GINEBRA” MAY BECOME A DISTINCTIVE MARK PURSUANT TO THE DOCTRINE OF SECONDARY MEANING; [AND]

#### III

WHETHER TDI COMMITTED TRADEMARK INFRINGEMENT AND UNFAIR COMPETITION FOR UTILIZING “GINEBRA KAPITAN” AS A LABEL FOR ITS GIN PRODUCT[.]

In G.R. No. 196372, GSMI argues that the mark “GINEBRA” is not generic but an iconic one, and that such status was attained through GSMI’s consistent and successful use of emotional branding.<sup>101</sup> Emotional branding, in turn, is the principle that a brand must focus on a position in a consumer’s mind, which must be maintained consistently in all brand activities. In the case of “GINEBRA,” it is the telling and re-telling, for at least the past 25 years,

<sup>97</sup> Id. at 1088-1089.

<sup>98</sup> *Rollo* (G.R. No. 216104), pp. 2464-2468.

<sup>99</sup> Id. at 2470-2473.

<sup>100</sup> Id. at 2465-2466.

<sup>101</sup> *Rollo* (G.R. No. 196372), p. 84.

of stories embodying the concept of the “hardworking,” “never say die,” “principled” Filipino male in all of GSMI’s advertisements for its “GINEBRA” products. This allegedly resulted in a strong following among dignified Filipino workers from all walks of life,<sup>102</sup> and the consumer perception that a product with a “GINEBRA” mark is a GSMI product.<sup>103</sup> GSMI also cited the survey results in Project Bookman and Project Georgia, which allegedly show that the mark “GINEBRA” is exclusively perceived as, and associated by the relevant consuming public with, GSMI’s “GINEBRA” gin products.<sup>104</sup> In this connection, GSMI asserts that it is of no moment that “GINEBRA” is the Spanish translation for “gin,” since non-Spanish speaking Filipinos do not understand the term this way, but rather understand it as GSMI’s brand of gin.<sup>105</sup> Moreover, a generic mark may subsequently become not generic, and hence registrable as a trademark.<sup>106</sup>

In addition, GSMI argues that even if “GINEBRA” is not to be considered iconic, it is at least descriptive. As a descriptive term used by GSMI pervasively for many years in relation to its gin products, it has acquired a secondary meaning and is thus entitled to trademark protection.<sup>107</sup> Further, the doctrine of foreign equivalents does not apply in this case because it is not likely that an ordinary gin-drinking Filipino will stop and translate “GINEBRA” into its English equivalent. The doctrine must moreover yield to the policy of customer perception that the “GINEBRA” mark’s primary signification is GSMI’s gin product.<sup>108</sup> GSMI consequently prays for the reversal of the CA decision in CA-G.R. CV No. 112005, and an order requiring the IPO to give due course to Application No. 4-2003-001682 for the registration of the mark “Ginebra” in the name of GSMI.<sup>109</sup>

In G.R. No. 210224, petitioner TDI raises procedural and substantive issues. It argues that the RTC decision in IP Case No. MC-03-01 had become final and executory on account of GSMI’s improper filing of a motion for reconsideration which is a prohibited pleading under the Rules on Intellectual Property Cases, and its filing of a notice of appeal instead of a petition for review under Rule 43, which is the proper remedy in intellectual property cases. The procedural mishaps allegedly did not toll the running of the 15-day period to file a petition for review with the CA.<sup>110</sup> TDI also faults the CA in not citing GSMI in contempt, and in not dismissing both the petition for

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<sup>102</sup> Id. at 85-86.

<sup>103</sup> Id. at 87.

<sup>104</sup> Id.

<sup>105</sup> Id. at 88.

<sup>106</sup> Id.

<sup>107</sup> Id. at 94.

<sup>108</sup> Id. at 98.

<sup>109</sup> Id. at 104.

<sup>110</sup> *Rollo* (G.R. No. 210224), pp. 10-13.

review and the ordinary appeal then pending before it for obvious forum shopping.<sup>111</sup>

On the substantive issues, TDI insists that the name “GINEBRA” is a generic term that may not be registered as a trademark.<sup>112</sup> “GINEBRA” is the Spanish term for “gin” and thus comprises the genus of the product, the species of which are either GSMI’s or TDI’s products.<sup>113</sup> As a generic term, it cannot acquire secondary meaning.<sup>114</sup> TDI further argues that the CA ruling that “GINEBRA” is associated with GSMI has no leg to stand on in the light of evidence belying GSMI’s claim of exclusive use of the term.<sup>115</sup> Even before TDI introduced “GINEBRA KAPITAN” to the market, TDI and other companies have already been manufacturing and selling gin products under trademarks that use the word “Ginebra.”<sup>116</sup> TDI also attacks the credibility and methodology of the survey evidence presented by GSMI,<sup>117</sup> and denies any liability for trademark infringement and unfair competition.<sup>118</sup> Finally, TDI assails the CA ruling which found it liable for payment of damages, and prays for the Court to set aside the CA decision in CA-G.R. SP No. 127255 and affirm the RTC Decision in IP Case No. MC03-01.<sup>119</sup>

The petition in G.R. No. 219632 was filed by TDI assailing the decision of the CA Special Sixteenth Division in CA-G.R. CV No. 100332, which tackled the ordinary appeal filed by GSMI against the RTC decision in IP Case No. MC03-01. TDI asserts that upon learning of the decision in CA-G.R. SP No. 127255, the CA Special Sixteenth Division should have recognized the existence of forum shopping and dismissed the case outright.<sup>120</sup> Not only that, it should have recognized that the notice of appeal was filed out of time since GSMI initially filed a prohibited pleading, *i.e.*, a motion for reconsideration. In the alternative, the CA should have restrained itself from rendering judgment on the substantive aspects of the appeal, after it acknowledged that its ruling would have to be consistent with the ruling of the CA Special Thirteenth Division.<sup>121</sup> TDI’s arguments on the substantive issues are essentially the same as those it raised in G.R. No. 210224. It similarly prayed for the Court to set aside the CA decision in CA-G.R. CV No. 100332, and affirm the RTC decision in IP Case No. MC03-01.

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<sup>111</sup> Id. at 14-16.

<sup>112</sup> Id. at 16.

<sup>113</sup> Id. at 20.

<sup>114</sup> Id. at 24.

<sup>115</sup> Id. at 26.

<sup>116</sup> Id. at 27.

<sup>117</sup> Id. at 29-30, 35-36.

<sup>118</sup> Id. at 30-43.

<sup>119</sup> Id. at 44-47.

<sup>120</sup> *Rollo* (G.R. No. 219632), p. 21.

<sup>121</sup> Id. at 23.

Finally, TDI's main arguments in G.R. No. 216104 are similar to those it raises in the other petitions, namely: that "GINEBRA" is a generic term which may not be registered; the doctrine of secondary meaning does not apply to a generic word like "GINEBRA;" and there is no confusion between TDI and GSMI's gin products. TDI prays for the Court to set aside the CA Decision in CA-G.R. SP No. 132441, and affirm the findings of the Bureau of Legal Affairs and IPO Director General which gave due course to TDI's registration of the mark "GINEBRA KAPITAN."

### The Court's Ruling

The Court finds that "GINEBRA" is not a generic mark.

#### *Procedural Matters*

In G.R. No. 219632, the Court finds that, by initially instituting an ordinary appeal, GSMI resorted to the wrong mode of appeal. When GSMI filed its appeal, Sec. 2, Rule 9 of the Rules of Procedure for Intellectual Property Rights Cases<sup>122</sup> applies, and it provides that:

SECTION 2. How Appeal Taken. — All decisions and final orders shall be appealable to the Court of Appeals through a **petition for review under Rule 43 of the Rules of Court.**

The petition for review shall be taken within fifteen (15) days from notice of the decision or final order of the Regional Trial Court designated by the Supreme Court as Special Commercial Courts. Upon proper motion and the payment of the full amount of the legal fee prescribed in Rule 141, as amended, and before the expiration of the reglementary period, the Court of Appeals may grant an additional period of fifteen (15) days within which to file the petition for review. No further extension shall be granted except for the most compelling reasons, and in no case to exceed fifteen (15) days.<sup>123</sup> (emphasis supplied)

Thus, when the trial court renders a decision in an intellectual rights case, the proper mode of appeal would be a petition for review under Rule 43 of the Rules of Court filed before the CA, pursuant to the Rules of Procedure for Intellectual Property Rights Cases, and not an ordinary appeal under Rule 41 of the Rules of Court.

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<sup>122</sup> A.M. No. 10-3-10-SC, October 18, 2011.

<sup>123</sup> This provision has been retained in 2020 Revised Rules of Procedure for Intellectual Property Rights Cases, A.M. No. 10-3-10-SC, October 6, 2020.

Accordingly, GSMI should have entirely pursued its petition for review under Rule 43 before the CA in CA-G.R. SP No. 127255, which it subsequently filed when the notice of appeal was initially denied by the RTC. Nevertheless, since the RTC, in its Order dated February 14, 2013, gave due course to GSMI's Notice of Appeal on the grounds of liberality and substantial justice, which routinely elevated the case before the CA docketed as CA-G.R. CV No. 100332, it cannot be said that GSMI was completely relieved of its duties. Notably, GSMI filed the manifestation with motion for consolidation to consolidate the petition for review under Rule 43, in CA-G.R. SP No. 127255, and the ordinary appeal, in CA-G.R. CV No. 100332. It just so happened that the CA already rendered its decision in CA-G.R. SP No. 127255, thus, consolidation was no longer possible.

Nevertheless, even if the petition in G.R. No. 210224 is disregarded because of the wrong mode of appeal, it is inconsequential and immaterial because the same issues raised in said petition - whether "GINEBRA" is a generic mark and whether TDI committed trademark infringement and unfair competition - would still be tackled under the consolidated cases of G.R. Nos. 196372, 210224, and 216104.

The Court has allowed some meritorious cases to proceed despite inherent procedural defects and lapses. This is in keeping with the principle that rules of procedure are mere tools designed to facilitate the attainment of justice and that strict and rigid application of rules which would result in technicalities that tend to frustrate rather than promote substantial justice must always be avoided. It is a far better and more prudent cause of action for the court to excuse a technical lapse and afford the parties a review of the case to attain the ends of justice, rather than dispose of the case on technicality and cause grave injustice to the parties, giving a false impression of speedy disposal of cases while actually resulting in more delay, if not a miscarriage of justice.<sup>124</sup>

### *Substantial Matters*

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.<sup>125</sup> It is intellectual property deserving protection by law, 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.<sup>126</sup> In the recent case of *Zuneca*

<sup>124</sup> *Republic of the Phils. v. Heirs of Evaristo Tiotioen*, 589 Phil. 145, 155 (2008).

<sup>125</sup> *Societe Des Produits, Nestle, S.A. v. Puregold Price Club*, 817 Phil. 1030, 1044 (2017).

<sup>126</sup> *Dy v. Court of Appeals*, 807 Phil. 819, 828 (2017).



*Pharmaceutical v. Natrapharm, Inc.*,<sup>127</sup> the Court held that under the present Intellectual Property Code, ownership of a trademark is acquired through registration.

R.A. No. 8293 instructs that a 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.<sup>128</sup> Notably, it does not elaborate how a mark may become capable of distinguishing the goods or services of an enterprise. Instead, Sec. 123 thereof enumerates the marks that are incapable of registration.<sup>129</sup>

In the United States, the landmark case regarding the distinctiveness of a trademark is *Abercrombie & Fitch Co. v. Hunting World, Inc.*<sup>130</sup> In that case, the spectrum of distinctiveness for purposes of trademark protection was introduced. It was explained therein that there are four (4) different categories of marks and the strength of trademark protection accorded to each category varies, to wit:

1. Fanciful or arbitrary;
2. Suggestive;
3. Descriptive; and
4. Generic.

A review of the relevant laws and jurisprudence affirms that the spectrum of distinctiveness is also applicable in our jurisdiction. More recently, *Kolin Electronics Co., Inc. v. Kolin Philippines International, Inc.*,<sup>131</sup> (*Kolin*) discussed the spectrum of distinctiveness.

The strongest trademarks, and those that enjoy the broadest protection, are arbitrary and fanciful marks.<sup>132</sup> Fanciful marks are not found in the dictionary. They are coined letter and/or number combinations whose sole function is to serve as a mark, not as a word in the English language, and are the “strongest and most distinctive” marks.<sup>133</sup> An example of a fanciful mark would be the term “KODAK” for film products as that word is not found in

<sup>127</sup> G.R. No. 211850, September 8, 2020.

<sup>128</sup> R.A. No. 8293, approved June 6, 1997.

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[.]

<sup>129</sup> Id. SEC. 123. Registrability. — 123.1. A mark cannot be registered if it: x x x

<sup>130</sup> 537 F.2d 4 (2nd Cir. 1976).

<sup>131</sup> G.R. No. 228165, February 9, 2021.

<sup>132</sup> 1 Gilson on Trademarks §2.04 (2020).

<sup>133</sup> Id.

the dictionary and it was particularly coined for the sole purpose of distinguishing a mark.<sup>134</sup>

On the other hand, arbitrary marks are terms that have ordinary meaning apart from their connection to the goods and services at issue, but are unrelated to the goods and services on which they are applied.<sup>135</sup> Arbitrary marks are words or phrases used as a mark that appear to be random in the context of its use. They are generally considered to be easily remembered because of their arbitrariness. They are original and unexpected in relation to the products they endorse, thus, becoming themselves distinctive.<sup>136</sup>

An example of an arbitrary mark was discussed in *Romero v. Maiden Form Brassiere Co., Inc.*<sup>137</sup> In that case, the Court held that “ADAGIO,” is a musical term, which means slowly or in an easy manner, but when applied to brassieres, develops to an arbitrary mark, not being a common descriptive name for a particular style of brassieres, thus, it becomes distinct and registrable as a trademark.

The next category of distinctiveness is suggestive marks. These are inherently distinctive and thus protectable as trademarks. They are presumed to be valid and may be registered without the necessity of presenting proof of secondary meaning. These terms merely imply or suggest, but do not explicitly describe the qualities or functions of a particular product or service. Suggestive marks require imagination, thought, or perception to link the trademark with the goods.<sup>138</sup>

In *GSIS Family Bank — Thrift Bank v. BPI Family Bank*,<sup>139</sup> the Court stated that suggestive marks are marks which merely suggest some quality or ingredient of goods. The strength of the suggestive mark lies on how the public perceives the word in relation to the product or service. In said case, the Court held that the “FAMILY BANK” is a suggestive mark, to wit:

The word “family” is defined as “a group consisting of parents and children living together in a household” or “a group of people related to one another by blood or marriage.” Bank, on the other hand, is defined as “a financial establishment that invests money deposited by customers, pays it out when requested, makes loans at interest, and exchanges currency.” By definition, there can be no expected relation between the word “family” and the banking business of respondent. **Rather, the words suggest that**

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<sup>134</sup> Id.

<sup>135</sup> Id.

<sup>136</sup> *GSIS Family Bank — Thrift Bank v. BPI Family Bank*, 770 Phil. 158, 173 (2015).

<sup>137</sup> 119 Phil. 829, 832 (1964).

<sup>138</sup> 1 Gilson on Trademarks §2.04 (2020).

<sup>139</sup> Supra note 136.

**respondent's bank is where family savings should be deposited.** More, as in the [Ang v. Teodoro], the phrase "family bank" cannot be used to define an object.<sup>140</sup> (emphasis supplied)

The next category, which entails a weaker trademark protection, is descriptive terms. Words which are merely descriptive of character, qualities, or composition of article, or of place where it is manufactured or produced, cannot be monopolized as trademark.<sup>141</sup> Sec. 123 of the R.A. 8293 states that descriptive marks are generally not registrable as trademarks, *viz.*:

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

x x x x

(j) Consists exclusively of signs or of indications that may serve in trade to designate the kind, quality, quantity, intended purpose, value, geographical origin, time or production of the goods or rendering of the services, or other characteristics of the goods or services;

(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[.]

In *Asia Brewery, Inc. v. Court of Appeals*,<sup>142</sup> the Court held that "PALE PILSEN" is a descriptive term because it merely describes the color (pale), of a type of beer (pilsen), which is a light bohemian beer with a strong hops flavor that originated in the City of Pilsen in Czechoslovakia. Since it was a descriptive term, it cannot be appropriated as a trademark for exclusive use.

Nevertheless, there is an exception wherein a descriptive mark may become registrable as a trademark based on the doctrine of secondary meaning. Under this doctrine, a word or a phrase that is "originally incapable of exclusive appropriation" may nonetheless be used as a trademark of an enterprise if such word or phrase—by reason of the latter's long and exclusive use thereof with reference to its article—has "come to mean that such article was [its] product."<sup>143</sup> This doctrine of secondary meaning shall be meticulously discussed *infra*.

<sup>140</sup> Id. at 174-175.

<sup>141</sup> 4 Computer Contracts II (2020).

<sup>142</sup> 296 Phil. 298, 314 (1993).

<sup>143</sup> See *Lyceum of the Philippines, Inc. v. Court of Appeals*, 292 Phil. 609, 618 (1993), citing *Philippine Nut Industry Inc. v. Standard Brands, Inc.*, 160 Phil. 581, 592-593 (1975).

The last and weakest mark in the spectrum of distinctiveness is the generic mark. A generic word or term is the name by which a class of products or services is commonly known.<sup>144</sup> These are words or signs that name the species or object to which they apply.<sup>145</sup> For this reason, they are not eligible for protection as marks under the IP Code<sup>146</sup> as the law precisely requires a trademark to be comprised of words or signs that are “capable of distinguishing the goods or services of a [particular] enterprise.”<sup>147</sup>

Generic terms are those which constitute “the common descriptive name of an article or substance,” or comprise the “genus of which the particular product is a species,” or are “commonly used as the name or description of a kind of goods,” or “imply reference to every member of a genus and the exclusion of individuating characters,” or “refer to the basic nature of the wares or services provided rather than to the more idiosyncratic characteristics of a particular product,” and are not legally protectable.<sup>148</sup>

In our jurisdiction, the registration and use of generic words as trademarks are expressly proscribed under RA No. 8293. Thus, Sec. 123.1(h) of the law bars the registration of generic names for such goods or services that they seek to identify, to wit:

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

x x x x

(h) Consists exclusively of signs that are generic for the goods or services that they seek to identify;<sup>149</sup>

In a similar manner, Sec. 151.1(b) of the same law renders cancellable registered trademarks that subsequently develop generic signification for the products or services they represent.<sup>150</sup>

<sup>144</sup> Trademark Manual and Examination Procedures of the United States Patent and Trademark Office (USPTO), October 2017 edition, Chapter 1200, §1209.01(c).

<sup>145</sup> *Kolin Electronics Co., Inc. v. Kolin Philippines International, Inc.*, supra note 131.

<sup>146</sup> Id.

<sup>147</sup> See Sec. 121.1., R.A. No. 8293.

<sup>148</sup> *Societe des Produits Nestle, S.A. v. Court of Appeals*, 408 Phil. 307, 325 (2001).

<sup>149</sup> Sec. 123, R.A. No. 8293.

<sup>150</sup> (b) At any time, if the registered mark becomes the generic name for the goods or services, or a portion thereof, for which it is registered, or has been abandoned, or its registration was obtained fraudulently or contrary to the provisions of this Act, or if the registered mark is being used by, or with the permission of, the registrant so as to misrepresent the source of the goods or services on or in connection with which the mark is used. If the registered mark becomes the generic name for less than all of the goods or services for which it is registered, a petition to cancel the registration for only those goods or services may be filed. A registered mark shall not be deemed to be the generic name of goods or services solely because such mark is also used as a name of or to identify a unique product or service. The primary significance of the registered

An example of a generic mark would be “COFFEE” for a product of coffee.<sup>151</sup> Thus, a generic word alone is not subject to exclusive appropriation because it does not distinguish itself from the genus of which the particular product is a species. Stated differently, a generic term names a “class” of goods or services; rather than any particular feature or exemplification of the class.<sup>152</sup>

In sum, based on the spectrum of distinctiveness, fanciful, arbitrary, and suggestive marks carry strong trademark protection and are registrable. On the other hand, descriptive marks are weak in distinctiveness and are generally not subject to trademark registration. As an exception, descriptive marks may be registrable under the doctrine of secondary meaning, as with the long use of a particular product, it comes to be known by the public as specifically designating that product. Finally, generic marks are the weakest in the spectrum of distinctiveness and do not deserve any protection under the trademark law because these marks simply refer to the genus of the product.

In this case, the mark under dispute is “GINEBRA” for the gin product of GSMI. The Court is tasked to determine which spectrum of distinctiveness “GINEBRA” falls. If this term is either fanciful, arbitrary, or suggestive, then it is a registrable mark because of its distinctiveness. If it is a descriptive mark, then as a rule it is not registrable unless the doctrine of secondary meaning applies. Lastly, if the mark is a generic term, then it is not subject to any protection at all and cannot be appropriated exclusively. To begin the analysis, one question must be answered: how are generic terms determined?

#### *Determination of genericness*

The ultimate factor in determining whether a particular word is generic, is public perception.<sup>153</sup> In the landmark US case of *Bayer v. United Drug*,<sup>154</sup> the basic question underlying this test must be posed:

“[w]hat do the buyers understand by the word for whose use the parties are contending?”<sup>155</sup>

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mark to the relevant public rather than purchaser motivation shall be the test for determining whether the registered mark has become the generic name of goods or services on or in connection with which it has been used.

<sup>151</sup> See *Coffee Partners, Inc. v. San Francisco Coffee & Roastery, Inc.*, 628 Phil. 13, 24 (2010).

<sup>152</sup> *Patent and Trademark Office v. Booking.com B. V.*, 140 S. Ct. 2298, 207 L. Ed. 2d 738 (2020).

<sup>153</sup> See *Bayer v. United Drug*, 272 F. 505 (S.D.N.Y. 1921). Cf. Sec. 151(b) of R.A. No. 8293.

<sup>154</sup> *Id.*

<sup>155</sup> *Id.*

Based on public perception, a word is regarded as generic if the relevant consuming public understands such word as merely referring to the general class of product it purports to represent as a mark.<sup>156</sup> Conversely, if the relevant consuming public understands a word as pertaining to the product of a particular enterprise, then such word is not considered as generic but a distinctive one.<sup>157</sup>

In the United States, courts use the primary significance test, codified in the Lanham Act or 15 U.S.C. §1064(3), to determine whether a term is generic.<sup>158</sup> It provides:

x x x x

(3) At any time if the registered mark becomes the generic name for the goods or services, or a portion thereof, for which it is registered, or is functional, or has been abandoned, or its registration was obtained fraudulently or contrary to the provisions of [S]ection 1054 of this title or of subsection (a), (b), or (c) of [S]ection 1052 of this title for a registration under this chapter, or contrary to similar prohibitory provisions of such prior Acts for a registration under such Acts, or if the registered mark is being used by, or with the permission of, the registrant so as to misrepresent the source of the goods or services on or in connection with which the mark is used. If the registered mark becomes the generic name for less than all of the goods or services for which it is registered, a petition to cancel the registration for only those goods or services may be filed. A registered mark shall not be deemed to be the generic name of goods or services solely because such mark is also used as a name of or to identify a unique product or service. **The primary significance of the registered mark to the relevant public rather than purchaser motivation shall be the test for determining whether the registered mark has become the generic name of goods or services on or in connection with which it has been used.**<sup>159</sup>

Under the primary significance test, a term is not generic when the primary significance of the term in the minds of the consuming public is not the product but the producer.<sup>160</sup> The critical issue in genericness cases is whether members of the relevant public primarily understand the term sought to be protected to refer to the genus of goods or services in question.<sup>161</sup> Accordingly, based on public perception, if the consuming public primarily associates or signifies a particular term to a specific producer with its goods or services, then such term cannot be considered as generic.

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<sup>156</sup> Levy, Marc C., *From Genericism to Trademark Significance: Deconstructing the De Facto Secondary Meaning Doctrine*, Volume 95, No. 6, *The Trademark Reporter* (November-December 2005).

<sup>157</sup> *Id.*

<sup>158</sup> See *Genessee Brewing Co., Inc. v. Stroh Brewing Co.*, 124 F.3d 137, 144 (2d Cir. 1997).

<sup>159</sup> 15 U.S.C. §1064(3).

<sup>160</sup> *Kellogg Co. v. National Biscuit Co.*, 305 U.S. 111, 118 (1938).

<sup>161</sup> *Royal Crown Co. v. Coca-Cola Co.*, 892 F.3d 1358, 1367 (Fed. Cir. 2018).

Both direct and indirect evidence can be used to determine the primary significance of a term to consumers.<sup>162</sup> Purchaser testimony and consumer surveys, which are direct evidence, and listings, dictionaries, newspapers, and other publications, which are indirect evidence, may show primary significance of the term to the general public.<sup>163</sup> In the US, direct evidence of consumers' understanding of a term, such as consumer surveys, are a preferred method of proving genericness.<sup>164</sup> Consumer surveys have become almost *de rigueur* in litigation over genericness. Indirect evidence, such as dictionary definitions, may be considered as well but are not determinative of how a term is understood by the consuming public.<sup>165</sup>

Not coincidentally, in the Philippines, a word or a sign's distinctive capacity is the recognized benchmark of trademark protection:

PART III  
THE LAW ON TRADEMARKS, SERVICE MARKS AND  
TRADE NAMES

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[.] (emphasis supplied)

The use of public perception as the main standard in determining the genericness or distinctiveness of words is implied from the very rationale of trademarks and trademark regulations. As can be derived from its function, trademarks are meant to serve as devices by which the consuming public are able to tell apart the product of one enterprise from another.<sup>166</sup> Consequently, trademark regulations—particularly those that limit trademark protection only to words or signs that have distinctive quality—were put in place, largely, in order to eliminate potential causes of market confusion and thus ensure that trademarks remain reliable source indicators for the consuming public.<sup>167</sup>

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<sup>162</sup> See *Glover v. Ampak, Incorporated*, 74 F.3d 57 (4th Cir. 1996)

<sup>163</sup> *Id.*

<sup>164</sup> *Princeton Vanguard, LLC v. Frito-Lay North America, Inc.*, 786 F.3d 960 (2015).

<sup>165</sup> *Berner Intern. Corp. v. Mars Sales Co.*, 987 F.2d 975 (3d Cir. 1993); cf. *Filipino Yellow Pages, Inc. v. Asian Journal Publ'ns, Inc.*, 198 F.3d 1143, 1148 (9th Cir. 1999).

<sup>166</sup> Mark P. McKenna, *The Normative Foundations of Trademark Law*, 82 Notre Dame L. Rev. 1839 (2013).

<sup>167</sup> *Id.* However, it has also been said that trademark law serves to protect manufacturers' brands against potential misappropriation by other entities. (See Hoopes, Neal, *Reclaiming the Primary Significance Test: Dictionaries, Corpus Linguistics, and Trademark Genericide*, [2016]. [Available at: <https://ssrn.com/abstract=3025850> or <http://dx.doi.org/10.2139/ssrn.3025850>, last accessed on November 30, 2020]).

Notably, the primary significant test, which is used to measure public perception in the United States to determine whether a term is generic or not, is also reflected in our jurisdiction under Sec. 151.1(b) of R.A. No. 8293. The provision reads:

SECTION 151. *Cancellation.* - 151.1: A petition to cancel a registration of a mark under this Act may be filed with the Bureau of Legal Affairs by any person who believes that he is or will be damaged by the registration of a mark under this Act as follows:

(a) x x x x

(b) At any time, if the registered mark becomes the generic name for the goods or services, or a portion thereof, for which it is registered, or has been abandoned, or its registration was obtained fraudulently or contrary to the provisions of this Act, or if the registered mark is being used by, or with the permission of, the registrant so as to misrepresent the source of the goods or services on or in connection with which the mark is used. If the registered mark becomes the generic name for less than all of the goods or services for which it is registered, a petition to cancel the registration for only those goods or services may be filed. A registered mark shall not be deemed to be the generic name of goods or services solely because such mark is also used as a name of or to identify a unique product or service. **The primary significance of the registered mark to the relevant public rather than purchaser motivation shall be the test for determining whether the registered mark has become the generic name of goods or services on or in connection with which it has been used.** (n)

(c) x x x<sup>168</sup> (emphasis supplied)

Under Sec. 151.1(b) of R.A. No. 8293, a registered trademark is made susceptible to cancellation if it subsequently becomes a generic name for the product or service it represents. In determining whether a registered trademark has become generic, the provision categorically adopted as the test therefor—“the primary significance of the registered mark to the relevant public...”<sup>169</sup> This, in franker terms, is an explicit call for the application of public perception under the primary significance test in determining the genericness or distinctiveness of a mark.

Similarly, Sec. 8, Rule 18 of the 2020 Revised Rules of Procedure for Intellectual Property Rights Cases states that the test for determining the genericness of a mark depends on the primary significance of the mark to the public, to wit:

<sup>168</sup> Sec. 151.1, R.A. No. 8293.

<sup>169</sup> Id.



SECTION 8. Generic Marks. — A registered mark shall not be deemed to be the generic name of goods or services solely because such mark is also used as a name of or to identify a unique product or service.

**The test for determining whether the mark is or has become the generic name of goods or services on or in connection with which it has been used shall be the primary significance of the mark to the relevant public rather than purchaser motivation.** (emphasis supplied)

Accordingly, the above-cited provision expressly adopts the primary significance test to determine public perception since this test applies to an inquiry where the genericness of words or marks is at issue. In other words, whether a word is generic or not is a question of the primary significance of the word based on public perception.

Consequently, a generic term a century ago may become a distinctive mark today because of the change in its primary significance based on public perception. In the United States, there have been instances where a generic mark from long ago became a distinctive mark because of the shift in primary significance based on public perception. In *Singer Manufacturing Co. v. June Manufacturing Co.*,<sup>170</sup> it was declared in 1896 that “SINGER” is a generic mark for a type of sewing machine. Subsequently, in *Singer Mfg. Co. v. Redlich*,<sup>171</sup> it was declared that “SINGER” had become a valid trademark because of the decades spent on promoting their product and the investment spent in advertising to keep Singer Manufacturing Co.’s names, trademarks, services and merchandise relevant before the public. Thus, while “SINGER” was initially declared as generic, it nevertheless became a registrable mark decades later due to the change in public perception.

More recently, in *Patent and Trademark Office v. Booking.com B.V.*,<sup>172</sup> the Supreme Court of the United States (SCOTUS) ruled that the primary significance of the registered mark to the relevant public shall be the test for determining whether the registered mark has become the generic name of goods or services. Initially, both “BOOKING” and “.COM” were generic terms that could convey no source-identifying meaning. However, the SCOTUS found that, based on survey evidence to establish the primary significance of the mark utilizing public perception, the consuming public primarily understands that utilizing “BOOKING.COM” does not refer to a genus, rather, it is descriptive of services involving ‘booking’ available at that domain name.<sup>173</sup> SCOTUS, having determined that “Booking.com” is

<sup>170</sup> 163 U.S. 169, 16 S. Ct. 1002 (1896).

<sup>171</sup> 109 F. Supp. 623 (S.D. Cal. 1952).

<sup>172</sup> *Patent and Trademark Office v. Booking.com B.V.*, 140 S. Ct. 2298, (2020).

<sup>173</sup> *Id.*

descriptive, affirmed the findings of the district court that the term had acquired secondary meaning as to hotel-reservation services.<sup>174</sup>

Conversely, a distinctive mark decades ago may become a generic mark today because of the shift in public perception. This is contemplated under Sec. 151.1(b) of R.A. No. 8293 regarding cancellations of trademark that have become generic pursuant to the primary significance of the registered mark to the relevant public. The deterioration of a trademark into a generic name is ordinarily the result of a combination of complex factors, from consumer behavior to the trademark owner's lack of awareness and its inability to act.<sup>175</sup>

For instance, in *Bayer Co. v. United Drug Co.*,<sup>176</sup> the mark "ASPIRIN" originally referred to the acetylsalicylic acid product of Bayer Co. However, as time passed and due to loss of distinctiveness or genericization, the term "ASPIRIN" became the common name for the drug and the term has passed into public domain. From that point, the mark became generic and could not be subject to trademark protection. Again, it was emphasized therein that the determination of genericness lies in the use of the word to the general consuming public.

As brilliantly expounded by Justice Caguioa, "a generic term may evolve into a descriptive term and it is only when it has already become descriptive that it may be capable of acquiring distinctiveness based on Sec. 123.2 of the R.A. No. 8293. In other words, under the doctrine of secondary meaning, a term cannot jump from being generic to being distinctive at once. It must first evolve into a descriptive term and thereafter acquire distinctiveness."<sup>177</sup>

However, it must be emphasized that if the generic mark does not evolve in the spectrum of distinctiveness, based on the primary significance test, and remains generic despite the passage of time and shift in public perception, then such generic mark still remains unregistrable under Sec. 123.1 of the R.A. No. 8293.

The next inquiry to be addressed is: how is the primary significance of the mark based on public perception determined to resolve the issue of genericness? In this case, since the term "GINEBRA" is alleged to be a foreign

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<sup>174</sup> Id. at 2304.

<sup>175</sup> 1 Gilson on Trademarks §2.02 (2020).

<sup>176</sup> 272 F. 505 (1921).

<sup>177</sup> Concurring and Dissenting Opinion of Justice Caguioa, pp. 25-26.

word, the doctrine of foreign equivalents may be explored to decide whether such mark is generic.

### *Doctrine of foreign equivalents*

The doctrine of foreign equivalents is a legal principle that advocates resort to dictionary translations in order to ascertain whether a foreign word is generic or not. It stipulates that a foreign word ought to be considered generic with respect to a certain product if the English translation thereof likewise concedes a generic meaning in relation to such product.<sup>178</sup>

The general idea behind the doctrine of foreign equivalents is fairly simple. A common term from another country used to describe an item from that same country should not be given trademark protection in this country.<sup>179</sup> Words that are foreign equivalents of generic or merely descriptive terms may not merit legal protection where consumers would recognize the generic or descriptive meaning of the foreign terms.<sup>180</sup>

Marks consisting of or including foreign words or terms from common, modern languages are translated into English to determine genericness, descriptiveness, likelihood of confusion, and other similar issues. With respect to likelihood of confusion, it is well-established that foreign words or terms are not entitled to be registered if the English language equivalent has been previously used on or registered for products which might reasonably be assumed to come from the same source.<sup>181</sup>

Following this doctrine, a tribunal may, under certain circumstances, translate foreign words into their English-equivalent in order to determine their genericness and descriptiveness. Generic or descriptive names for a product, in whatever language, belong in the public domain if the typical consumer would recognize those names as generic or descriptive. The foreign equivalent of a generic term is unregistrable where the typical consumer would translate the term into English. No merchant may obtain the exclusive right over a trademark designation if that exclusivity would prevent competitors from designating a product as what it is in the foreign language their customers know best.<sup>182</sup>

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<sup>178</sup> Trademark Manual and Examination Procedures of the United States Patent and Trademark Office (USPTO), supra note 144, §1209.03(g), citing *In re N. Paper Mills*, 64 F.2d 998, 1002, 17 USPQ 492, 493 (C.C.P.A. 1933).

<sup>179</sup> The Foreign Equivalents Doctrine ... In English?, 28 Tex. Intell. Prop. L.J. 129, 134.

<sup>180</sup> 1 Gilson on Trademarks §2.02 (2020).

<sup>181</sup> 6 Gilson on Trademarks Examination Guide 1-08 (2020).

<sup>182</sup> 1 Gilson on Trademarks §2.02 (2020).

Several cases in the United States have applied the doctrine of foreign equivalent to determine whether a foreign word is a generic mark. In *In re Northern Paper Mills*,<sup>183</sup> the court therein denied the registration of the foreign Spanish word “GASA” for toilet paper, which translated to English is “Gauze,” because it merely describes the product as a thin, slight, and transparent fabric. Similarly, in *Weiss Noodle Co. v. Golden Cracknel & Specialty Co.*,<sup>184</sup> the court denied the registration of the foreign Hungarian word “HA-LUSH-KA” or “GALUSKA” for egg noodles, which translated to English was “Noodles,” hence, a generic mark. Further, in *In Hyuk Suh v. Choon Sik Yang*,<sup>185</sup> the Korean word “KUK SOOL,” which translated to English as “National Martial Arts,” was found generic and cannot be protected under trademarks laws, particularly, for trademark infringement.

In our jurisdiction, the concept of the doctrine of foreign equivalents, while not expressly mentioned in R.A. 8293, has been fundamentally applied in some court cases. In *Lyceum of the Philippines, Inc. v. Court of Appeals*,<sup>186</sup> the Court found the Latin word “LYCEUM,” which in English translates to “University,” a generic mark, hence, not subject to the protection of trademark. Neither was the doctrine of secondary meaning applied therein because the petitioner failed to prove the exclusive use of the word for a long period of time considering that there are numerous other institutions that use “LYCEUM” and, in fact, one of those institutions even predated the petitioner in the usage of the word “LYCEUM.”

In contrast, in *Kensonic, Inc. v. Uni-Line Multi-Resources, Inc. (Phil.)*,<sup>187</sup> the Court declared as foreign the word “SAKURA” which, when translated to English, refers to a “Japanese flowering cherry.” At first glance, it may be considered as generic in nature. However, since the said mark was used in an arbitrary manner to identify products of DVD and VCD players, which were totally not associated with cherry blossoms, the “SAKURA” mark was allowed to be appropriated as a valid trademark.

Hence, as a general rule, when there is a foreign term, the English translation evidence is a considerable factor for the courts in determining whether to apply the doctrine of foreign equivalents. If the translation evidence shows that the English translation is unambiguously literal and direct, with no other relevant connotations or variations in meaning, the doctrine has generally been applied.<sup>188</sup>

<sup>183</sup> 64 F.2d 998, (C.C.P.A. 1933).

<sup>184</sup> 290 F.2d 845, (C.C.P.A. 1961), 129 U.S.P.Q. (BNA) 411.

<sup>185</sup> 987 F. Supp. 783, (N.D. Cal. 1997).

<sup>186</sup> Supra note 143 at 617-620.

<sup>187</sup> 832 Phil. 495, 507 (2018).

<sup>188</sup> 8 Trademark Manual of Examining Procedure 1207 (2019).

Dictionary definitions are typically good gauges of how the public understands a word or term. Under ordinary circumstances, a dictionary entry defining a word as a generic name of a class of products is reasonable evidence that the public perceives such word as such.<sup>189</sup> However, as stated above, while dictionary definitions are indirect evidence to establish primary significance, it may not be determinative or conclusive of how a term is understood by the consuming public.<sup>190</sup>

*Exceptions to the doctrine of  
foreign equivalents*

Nevertheless, there are limitations to the applicability of the doctrine of foreign equivalents when a foreign word is not translated to its English or dictionary definition. In those exceptions, the foreign word will not be translated for the purpose of trademark registration.

The first limitation was discussed in the leading US case of *Palm Bay Imps., Inc. v. Veuve Clicquot Ponsardin Maison Fondée En 1772*.<sup>191</sup> The applicant therein wanted to register the French term “VEUVE ROYALE,” which refers to “Royal Widow” when translated to English, for its sparkling wine products. An oppositor contested the application because it is confusingly similar with its registered trademark “THE WIDOW” for its wine products. The federal court held that:

Although words from modern languages are generally translated into English, **the doctrine of foreign equivalents is not an absolute rule and should be viewed merely as a guideline. The doctrine should be applied only when it is likely that the ordinary American purchaser would “stop and translate [the word] into its English equivalent.”** x x x  
(emphasis supplied)

Indeed, the doctrine of foreign equivalents is not an absolute rule and should only be considered as a guideline. In addition, the doctrine should only be applied when an ordinary purchaser would “stop and translate the foreign word into its English equivalent.” If an ordinary purchaser would not likely “stop and translate the foreign word” because the said word already signifies a different meaning based on public perception, then the doctrine of foreign equivalents is inapplicable. In that case, since an appreciable number of purchasers are unlikely to be aware that VEUVE means “widow” and are

<sup>189</sup> See Hoopes, Neal, *Reclaiming the Primary Significance Test: Dictionaries, Corpus Linguistics, and Trademark Genericide* (2016). (Available at: <https://ssrn.com/abstract=3025850> or <http://dx.doi.org/10.2139/ssrn.3025850>, last accessed on November 30, 2020).

<sup>190</sup> *Id. cf. Filipino Yellow Pages, Inc. v. Asian Journal Publ'ns, Inc.*, 198 F.3d 1143, 1148 (9th Cir. 1999).

<sup>191</sup> 396 F.3d 1369 (Fed. Cir. 2005).

unlikely to translate the “VEUVE ROYALE” into English, then the doctrine of foreign equivalents was not applied.

Subsequently, in the case of *In re Spirits Int'l, N.V.*,<sup>192</sup> a federal court held that the “ordinary American purchaser” is not limited to only those consumers unfamiliar with non-English languages; rather, the term includes all American purchasers, including those proficient in a non-English language who would ordinarily be expected to translate words into English.

In that case, the applicant wanted to register the Russian term “MOSKOVSKAYA,” which translates “from Moscow” in English, for its vodka products. The court held that it must be determined whether the ordinary purchasers, which include the consuming public whether or not fluent in the foreign language, would stop and translate the foreign word into English. If in the affirmative, then it is generic; otherwise, it is registrable. Hence, the general consuming public, not merely those purchasers familiar with the foreign language, is considered for the test of public perception with respect to the distinctiveness of a mark.

The second limitation of the doctrine of foreign equivalents is with respect to highly obscure and dead languages. If evidence shows that the language at issue is highly obscure or a dead language, the doctrine will not be applied. The determination of whether a language is “dead” is made on a case-to-case basis, based upon the meaning the word or term would have to the relevant purchasing public. For example, Latin is generally considered a dead language. However, if evidence shows that a Latin term is still in use by the relevant purchasing public (*i.e.*, if the term appears in current dictionaries or news articles), then this Latin term would not be considered dead. The same analysis is applied to other words or terms from uncommon or obscure languages.<sup>193</sup> Notably, the primordial consideration of this limitation again is the understanding of the relevant purchasing public of the foreign term.

The third limitation of the doctrine of foreign equivalents is the alternate meaning of mark and marketplace circumstances or the commercial setting in which the mark is used.<sup>194</sup> The said doctrine shall not be applied when the foreign word has a meaning in the relevant marketplace that differs from the translated meaning in English; or that the foreign expression will not be translated by purchasers because of the manner in which the term is

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<sup>192</sup> 563 F.3d 1347 (Fed. Cir. 2009).

<sup>193</sup> 8 Trademark Manual of Examining Procedure 1207 (2019).

<sup>194</sup> 6 Gilson on Trademarks Examination Guide 1-08 (2020).

encountered in the marketing environment as used in connection with the goods and/or services.

In other words, the doctrine will not be applied where the foreign word has developed an alternate meaning in the relevant marketplace that is different from the translated meaning in English, and the evidence shows that the alternate meaning would be understood by the relevant purchasing public.<sup>195</sup>

This exception was observed in *Cont'l Nut Co. v. Le Cordon Bleu*,<sup>196</sup> where the applicant sought the registration of the French term "CORDON BLEU," for its edible shelled nuts. An oppositor disputed the registration because it was confusingly similar with its mark "LE CORDON BLEU" for culinary education services. The applicant countered that "CORDON BLEU" cannot exclusively be appropriated by the oppositor because it is a generic mark for "Blue Ribbon." The court upheld the opposition and denied the application because "CORDON BLEU" was a pre-existing mark in favor of the oppositor, which is a well-known school of French cooking to the public. Its literal translation to "Blue Ribbon" does not have the same significance to the American public which creates a different commercial impression. The application of the doctrine of foreign equivalents was therefore precluded because the mark developed an alternate meaning in the relevant marketplace.

The doctrine also typically will not be applied where the record indicates that it is unlikely purchasers would translate the mark because of "marketplace circumstances or the commercial setting in which the mark is used."<sup>197</sup> This was applied in *In re Pan Tex Hotel Corp.*,<sup>198</sup> where it was found that the Spanish language mark "LA POSADA" for lodging and restaurant services, which translates to "the inn," would not likely be translated by American purchasers. It was therein held that the manner of use of the mark on the applicant's specimens, in which the applicant used the mark in advertising brochures and on a sign mounted in front of its motor hotel with the words "motor hotel" appearing directly under the notation LA POSADA, is completely different from the typical inn.

The Court finds that the limitations or exceptions to the doctrine of foreign equivalents are applicable in our jurisdiction. Again, the ultimate test to determine whether a mark is generic is its primary significance based on public perception.<sup>199</sup> To determine public perception and whether the doctrine

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<sup>195</sup> Id.

<sup>196</sup> 494 F.2d 1395, (C.C.P.A. 1974).

<sup>197</sup> 6 Gilson on Trademarks Examination Guide 1-08 (2020).

<sup>198</sup> 190 USPQ 109, 110 (TTAB 1976).

<sup>199</sup> Sec. 151.1(b) of R.A. No. 8293.

of foreign equivalents shall be applied, an analysis of the evidence of record, including translation evidence, the nature of the foreign and English combined-wording, and any other relevant facts and evidence should be considered in these cases.<sup>200</sup>

Indeed, the doctrine of foreign equivalents is not an absolute rule. It is merely a guideline to determine the registrability of a mark. The doctrine of foreign equivalents will not apply when, based on the test of primary significance pursuant to public perception, the relevant public has placed a different or alternate meaning or assessment to a foreign word.

The cases at bench present a novel backdrop because GSMI presented, among others, two (2) consumer survey evidence, to prove that the relevant consuming public does not consider "GINEBRA" as a generic mark.

#### *Survey evidence*

As a preliminary matter, it must be underscored that the Court is not a trier of facts and a review is not a matter of right but of sound judicial discretion. It will be granted only when there are special and important reasons therefor.<sup>201</sup> The rule however, admits of exceptions, including when the factual findings of the lower courts are conflicting.<sup>202</sup> Since the factual findings of the lower courts and tribunals are conflicting in this case, the Court finds that a factual review is proper.

Evidence is admissible when it is relevant to the issue and is not excluded by the law or the rules on evidence.<sup>203</sup> Admissibility of evidence should not be confused with its probative value. Admissibility refers to the question of whether certain pieces of evidence are to be considered at all, while probative value refers to the question of whether the admitted evidence proves an issue. Thus, a particular evidence may be admissible, but its evidentiary weight depends on judicial evaluation within the guidelines provided by the rules of evidence.<sup>204</sup>

The Court has recognized that American law is where most of our intellectual property laws were patterned from.<sup>205</sup> Since the Court is articulating a rather novel principle in our jurisdiction, it is not unreasonable

<sup>200</sup> See 8 Trademark Manual of Examining Procedure 1207 (2019).

<sup>201</sup> *Central Bank of the Philippines v. Castro*, 514 Phil. 425, 436 (2005).

<sup>202</sup> *Cathay Pacific Steel Corp. v. Uy, Jr.*, G.R. No. 219317, June 28, 2021.

<sup>203</sup> RULES OF COURT, Rule 128, Sec. 3 states:

Section 3. *Admissibility of evidence.* — Evidence is admissible when it is relevant to the issue and is not excluded by the law or these rules. (3a)

<sup>204</sup> *Disini v. Republic of the Philippines*, G.R. No. 205172, June 15, 2021.

<sup>205</sup> *W Land Holding, Inc. v. Starwood Hotels and Resorts Worldwide, Inc.*, 822 Phil. 23, 46-47 (2017).



to consider the enunciated parameters as a guiding light in measuring the probative value of GSMI's survey evidence.

In the United States, consumer opinion is vital to several of the most critical questions in trademark law: Are consumers likely to be confused as to the source of a certain product or service? Do consumers associate a certain term or design with a single source? Do a substantial number of consumers find a particular mark to be famous? Has a name become so widely used it no longer refers to a specific brand? Are consumers misled by a certain advertising claim? It is not surprising that consumer surveys are commonly conducted in trademark cases and properly-conducted surveys are considered the most probative evidence available on many issues, particularly likelihood of confusion, secondary meaning and misleading advertising.<sup>206</sup>

Consumer survey evidence was recently cited by the SCOTUS in *Patent and Trademark Office v. Booking.com B.V.*,<sup>207</sup> where based on the survey evidence to establish public perception, the consuming public primarily understood "BOOKING.COM" not to refer to a genus, but is descriptive of services involving 'booking' available at that domain name.<sup>208</sup> Consumer surveys have long been used in trademark matters to establish consumer perception of trademarks. These surveys have been used to aid the likelihood of confusion, secondary meaning, and tacking analyses, among others.<sup>209</sup>

Nevertheless, consumer survey evidence is challenging. The right questions need to be asked of the right number of people from the right population in the right manner and designed and analyzed by the right expert using the right methodology. And all of this can be very expensive. However, it must be emphasized that survey evidence in trademark cases is not mandatory<sup>210</sup> since it is only one of the pieces of evidence that can be presented to determine the primary significance test.

Initially, survey evidence was deemed inadmissible in court proceedings because it was treated as hearsay since the respondents who answered the survey are not presented during trial; it is only the survey-supervisor who testifies as an expert witness during trial.<sup>211</sup>

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<sup>206</sup> 3 Gilson on Trademarks §8.03 (2020).

<sup>207</sup> Supra note 172.

<sup>208</sup> Id.

<sup>209</sup> *Exxon Corp. v. Texas Motor Exch. of Houston, Inc.*, 628 F.2d 500, 506 (5th Cir. 1980).

<sup>210</sup> 3 Gilson on Trademarks §8.03 (2020).

<sup>211</sup> See *Du Pont Cellophane Co. v. Waxed Prods. Co.*, 6 F. Supp. 859, 885 (E.D.N.Y. 1934), modified, 85 F.2d 75 (2 Cir.), cert. denied, *E. I. Du Pont De Nemours & Co. v. Waxed Products Co.*, 299 U.S. 601, 57 S. Ct. 194, 81 L. Ed. 443 (1936); *Elgin Nat'l Watch Co. v. Elgin Clock Co.*, 26 F.2d 376 (D.Del.1928).

Nevertheless, in the leading US case of *Zippo Mfg. Co. v. Rogers Imps., Inc.*,<sup>212</sup> a trademark infringement case, survey evidence was finally and conclusively considered as a valid exception to the hearsay rule, to wit:

x x x The weight of case authority, the consensus of legal writers, and reasoned policy considerations all indicate that the hearsay rule should not bar the admission of properly conducted public surveys. Although courts were at first reluctant to accept survey evidence or to give it weight, the more recent trend is clearly contrary. Surveys are now admitted over the hearsay objection on two technically distinct bases. Some cases hold that surveys are not hearsay at all; other cases hold that surveys are hearsay but are admissible because they are within the recognized exception to the hearsay rule for statements of present state of mind, attitude, or belief. Still other cases admit surveys without stating the ground on which they are admitted.

The cases holding that surveys are not hearsay do so on the basis that the surveys are not offered to prove the truth of what respondents said and, therefore, do not fall within the classic definition of hearsay. This approach has been criticized because, it is said, the answers to questions in a survey designed to prove the existence of a specific idea in the public mind are offered to prove the truth of the matter contained in these answers. Under this argument, when a respondent is asked to identify the brand of an unmarked lighter, the answer of each respondent who thinks the lighter is a Zippo is regarded as if he said, 'I believe that this unmarked lighter is a Zippo.' Since the matter to be proved in a secondary meaning case is respondent's belief that the lighter shown him is a Zippo lighter, a respondent's answer is hearsay in the classic sense. Others have criticized the non-hearsay characterization, regardless of whether surveys are offered to prove the truth of what respondents said, because the answers in a survey depend for their probative value on the sincerity of respondents. One of the purposes of the hearsay rule is to subject to cross-examination statements which depend on the declarant's narrative sincerity. See Morgan, *Hearsay Dangers and the Application of the Hearsay Concept*, 62 Harv.L.Rev. 177 (1948). The answer of a respondent that he thinks an unmarked lighter is a Zippo is relevant to the issue of secondary meaning only if, in fact, the respondent really does believe that the unmarked lighter is a Zippo. Under this view, therefore, answers in a survey should be regarded as hearsay.

**Regardless of whether the surveys in this case could be admitted under the non-hearsay approach, they are admissible because the answers of respondents are expressions of presently existing state of mind, attitude, or belief. There is a recognized exception to the hearsay rule for such statements, and under it the statements are admissible to prove the truth of the matter contained therein.**<sup>213</sup> (emphasis supplied)

Guidance may be obtained from the *Zippo* case which mentioned "two technically distinct bases" that would justify the admissibility of survey evidence, to wit: necessity and trustworthiness. In other words, there must be

<sup>212</sup> 216 F. Supp. 670 (1963).

<sup>213</sup> Id. at 682-683.

a further examination of the necessity for the statements in the survey evidence at trial and the circumstantial guaranty of trustworthiness surrounding the making of the statements in the survey evidence. *Zippo* explained the requirement of necessity in this wise:

Necessity x x x requires a comparison of the probative value of the survey with the evidence, if any, which as a practical matter could be used if the survey were excluded. If the survey is more valuable, then necessity exists for the survey, i.e., it is the inability to get 'evidence of the same value' which makes the hearsay statement necessary. When, as here, the state of mind of a smoking population (115,000,000 people) is the issue, a scientifically conducted survey is necessary because the practical alternatives do not produce equally probative evidence. With such a survey, the results are probably approximately the same as would be obtained if each of the 115,000,000 people were interviewed. The alternative of having 115,000,000 people testify in court is obviously impractical. The alternatives of having a much smaller section of the public testify (such as eighty witnesses) or using expert witnesses to testify to the state of the public mind are clearly not as valuable because the inferences which can be drawn from such testimony to the public state of mind are not as strong or as direct as the justifiable inferences from a scientific survey.<sup>214</sup>

Statistical methods can often estimate, to specified levels of accuracy, the characteristics of a "population" or "universe" of events, transactions, attitudes, or opinions by observing those characteristics in a relatively small segment, or sample, of the population. Acceptable sampling techniques, in lieu of discovery and presentation of voluminous data from the entire population, can save substantial time and expense, and in some cases provide the only practicable means to collect and present relevant data.<sup>215</sup> As regards the element of trustworthiness, *Zippo* held:

The second element involved in this approach is the guaranty of trustworthiness supplied by the circumstances under which the out-of-court statements were made. A logical step in this inquiry is to see which of the hearsay dangers are present. With regard to these surveys: there is no danger of faulty memory; the danger of faulty perception is negligible because respondents need only examine two or three cigarette lighters at most; the danger of faulty narration is equally negligible since the answers called for are simple. The only appreciable danger is that the respondent is insincere. But this danger is minimized by the circumstances of this or any public opinion poll in which scientific sampling is employed, because members of the public who are asked questions about things in which they have no interest have no reason to falsify their feelings. While sampling procedure substantially guarantees trustworthiness insofar as the respondent's sincerity is concerned, other survey techniques substantially insure trustworthiness in other respects. If questions are unfairly worded to suggest

<sup>214</sup> *Zippo Manufacturing Company v. Rogers Imports, Inc.*, 216 F. Supp. 670 (1963).

<sup>215</sup> Manual for Complex Litigation, §11.493., p. 102 (Federal Judicial Center 4th ed. 2004).

answers favorable to the party sponsoring the survey, the element of trustworthiness in the poll would be lacking. The same result would follow if the interviewers asked fair questions in a leading manner. Thus, the methodology of the survey bears directly on trustworthiness, as it does on necessity.

Following these guidelines, survey evidence is a necessity in this case, as survey results of the representative sample of the universe may show how the relevant consuming public perceives the name "GINEBRA." Further, as long as the party would be able to establish that the conduct survey has a guarantee of trustworthiness, such as in this case, then such survey can be admitted in evidence. As discussed, public perception is pertinent to the determination of whether the doctrine of foreign equivalents applies.

In the U.S., under Rule 803(3) of the Federal Rules of Evidence, survey evidence is admissible as an exception to the hearsay rule because the statements of the survey respondents express their present existing state of mind, attitude, or belief, *viz.*:

#### Rule 803. Exceptions to the Rule Against Hearsay

The following are not excluded by the rule against hearsay, regardless of whether the declarant is available as a witness:

x x x x

(3) *Then-Existing Mental, Emotional, or Physical Condition.* A statement of the declarant's then-existing state of mind (such as motive, intent, or plan) or emotional, sensory, or physical condition (such as mental feeling, pain, or bodily health), but not including a statement of memory or belief to prove the fact remembered or believed unless it relates to the validity or terms of the declarant's will.<sup>216</sup>

Laying the foundation for survey evidence will ordinarily involve expert testimony and, along with disclosure of the underlying data and documentation, should be taken up by the court well in advance of trial. Even if the court finds deficiencies in the proponent's showing, the court may receive the evidence subject to argument going to its weight and probative value.<sup>217</sup> When the purpose of a survey is to show what people believe—but not the truth of what they believe—the results are not hearsay.<sup>218</sup>

<sup>216</sup> Rule 803 of the Federal Rules of Evidence, as amended.

<sup>217</sup> Manual for Complex Litigation, §11.493., p. 103 (Federal Judicial Center 4th ed. 2004).

<sup>218</sup> *Id.* at 104.

As properly explained by the CA in G.R. No. 219632, in the Philippines, the equivalent exception under the hearsay rule, as in the situation above, refers to the doctrine of independently relevant statement. Ordinarily, a witness can only testify to those facts which he or she knows of his or her personal knowledge, save for certain exceptions.<sup>219</sup> One of these exceptions refers to the doctrine of independently relevant statement:

While the testimony of a witness regarding a statement made by another person given for the purpose of establishing the truth of the fact asserted in the statement is clearly hearsay evidence, it is otherwise if the purpose of placing the statement on the record is merely to establish the fact that the statement, or the tenor of such statement, was made. Regardless of the truth or falsity of a statement, when what is relevant is the fact that such statement has been made, the hearsay rule does not apply and the statement may be shown. As a matter of fact, evidence as to the making of the statement is not secondary but primary, for the statement itself may constitute a fact in issue or is circumstantially relevant as to the existence of such a fact. This is the doctrine of independently relevant statements.<sup>220</sup>

Thus, when the person who supervised the conduct of the survey testifies on the survey results, that person does not technically testify to prove the truth or falsity of the statements or answers made by the survey respondents or interviewees. Rather, the survey-supervisor, as an expert witness, testifies to the fact that such statements or answers were indeed made by the survey respondents and that those statements constitute their state of mind. The survey-supervisor merely collated the results of the survey and presented the trends, so to speak, culled from the survey respondents' answers. Hence, even if the survey respondents themselves were not presented on the stand to testify on their answers, a person's testimony, who supervised the survey, as to the fact that such responses were made by the said respondents should not be stricken off the record as being hearsay.<sup>221</sup>

Notably, the 2020 Revised Rules of Procedure for Intellectual Property Rights Cases,<sup>222</sup> allow market surveys to be presented in court to prove the primary significance of the mark to the public and/or the likelihood of confusion, to wit:

**SECTION 9. *Market Survey.*** — A market survey is a scientific market or consumer survey which a party may offer in evidence to prove **(a) the primary significance of a mark to the relevant public, including its**

<sup>219</sup> *Rollo* (G.R. No. 219632), p. 102.

<sup>220</sup> *Arriola v. People*, G.R. No. 199975, February 24, 2020.

<sup>221</sup> *Rollo* (G.R. No. 219632), p. 103.

<sup>222</sup> A.M. No. 10-3-10-SC, October 6, 2020.

**distinctiveness, its descriptive or generic status, its strength or well-known status and/or (b) likelihood of confusion.** (emphasis supplied)

Accordingly, the RTC in G.R. Nos. 210224 and 219632 erred in declaring survey evidence as inadmissible under the hearsay rule. The procedural rules allow the offer of survey evidence under the doctrine of independently relevant statement and the 2020 Revised Rules of Procedure for Intellectual Property Rights Cases. Verily, the admissibility of survey evidence is now settled. While not compulsorily required in every intellectual property litigation, survey evidence may be crucial to establish the significance of a mark to the public and/or the likelihood of confusion.<sup>223</sup>

With the matter of admissibility now settled, the credibility or probative weight of evidence that a court or tribunal places on survey evidence must be addressed.

The Manual for Complex Litigation<sup>224</sup> of the Federal Judicial Center,<sup>225</sup> provides that the following factors should be considered in determining the reliability of survey evidence presented by the parties, which affects its probative value:

1. The universe was properly defined;
2. A representative sample of that universe was selected;
3. The questions to be asked of interviewees were framed in a clear, precise and non-leading manner;
4. Sound interview procedures were followed by competent interviewers who had no knowledge of the litigation or the purpose for which the survey was conducted;
5. The data gathered was accurately reported;
6. The data was analyzed in accordance with accepted statistical principles; and
7. Objectivity of the entire process was assured.<sup>226 227</sup>

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<sup>223</sup> Id., Rule 18, Sec. 9.

<sup>224</sup> Manual for Complex Litigation, §11.493., p. 103 (Federal Judicial Center 4th ed. 2004).

<sup>225</sup> The Federal Judicial Center is the research and education agency of the judicial branch of the U.S. government. See Federal Judicial Center <https://www.fjc.gov/> [last accessed: May 26, 2022].

<sup>226</sup> See McCarthy, Trademarks and Unfair Competition §32:53 (1973), 4 Louisell and Mueller, Federal Evidence §472 at 957 (1979), Manual for Complex Litigation, 116 (5th Ed.1981), and 3 Gilson on Trademarks §8.03 (2020), citing Manual for Complex Litigation, Fourth (2004) §11.493.

<sup>227</sup> In other cases, they add an eight factor that "the sample and the interviews were conducted independently of the attorneys in the case." See *G. Heileman Brewing Co. v. Anheuser-Busch, Inc.*, 873 F.2d 985 (7th Cir. 1989).

The above-stated factors have been adopted by the US courts in determining the reliability of survey evidence in trademark cases.<sup>228</sup> The closer the survey question resembles the precise legal question before the court and mirrors the experience of consumers in the marketplace, the more weight the survey will have.<sup>229</sup> A court may place such weight on survey evidence as it deems appropriate.<sup>230</sup>

If the factors are not sufficiently established, then it will affect the evidentiary weight of the survey evidence. The flaws in the universe, design and interpretation of defendants' study undermine its probative value and it deserves no weight in measuring actual confusion over source of goods or services.<sup>231</sup>

The US Trademark Manual of Examining Procedure also states that survey evidence, market research, and consumer reaction studies are relevant in establishing acquired distinctiveness and secondary meaning.<sup>232</sup> A survey should reveal that the consuming public associates the proposed mark with a single source, and not that the applicant is the first among many parties associated with the designation.<sup>233</sup> Information regarding how a survey was conducted, the number of participants surveyed, and the geographic scope of the survey may assist in determining the probative weight of such evidence.<sup>234</sup>

Accordingly, whenever survey evidence is presented by the parties, the court must be circumspect to determine the reliability of the survey, by taking into account the different factors that affect its probative value and evidentiary weight.

### *Projects Bookman and Georgia*

In this case, GSMI presented two (2) consumer survey evidence: Project Bookman and Project Georgia. Project Bookman was presented in G.R. Nos. 196372, 210224, 216104 & 219632. On the other hand, Project Georgia was presented in G.R. Nos. 210224, 216104 and 219632. These

<sup>228</sup> *Toys R US, Inc. v. Canarsie Kiddie Shop, Inc.*, 559 F. Supp. 1189 (E.D.N.Y. 1983), *Nestle Co., Inc. v. Chester's Market, Inc.*, 571 F. Supp. 763 (D. Conn. 1983), *Consumers Union of US, Inc. v. New Regina Corp.*, 664 F. Supp. 753 (S.D.N.Y. 1987), *Weight Watchers Intern., Inc. v. Stouffer Corp.*, 744 F. Supp. 1259 (S.D.N.Y. 1990), *Gillette Co. v. Norelco Consumer Products Co.*, 69 F. Supp. 2d 246 (D. Mass. 1999), *National Distillers Products v. Refreshment Brands*, 198 F. Supp. 2d 474 (S.D.N.Y. 2002).

<sup>229</sup> 3 Gilson on Trademarks §8.03 (2020), citing Manual for Complex Litigation, Fourth (2004) §11.493.

<sup>230</sup> *Weight Watchers Intern., Inc. v. Stouffer Corp.*, 744 F. Supp. 1259 (S.D.N.Y. 1990).

<sup>231</sup> See *Weight Watchers Intern., Inc. v. Stouffer Corp.*, 744 F. Supp. 1259, 1276 (S.D.N.Y. 1990).

<sup>232</sup> 1212.06(d) Survey Evidence, Market Research and Consumer Reaction Studies, Trademark Manual of Examining Procedure.

<sup>233</sup> *Id.* See *Am. Flange & Mfg. Co. v. Rieke Corp.*, 80 USPQ2d 1397, 1415 (TTAB 2006).

<sup>234</sup> *Id.*

surveys were administered by NFO Trends, Inc., an agency engaged in market research and consumer behavior research.

The objectives of the survey Project Bookman were to test whether the term "GINEBRA" had acquired a strong association with certain brands among gin drinkers, and to check for possible confusion in the market arising from the project launch of TDI's "GINEBRA KAPITAN." The survey was conducted from June 13 to July 6, 2003, covering the Greater Manila Area (GMA), North Luzon, and South Luzon.<sup>235</sup>

The survey "Project Georgia," on the other hand, had for its objective the determination of the extent to which "Ginebra San Miguel Red" is being identified with "Ginebra Kapitan" and "Gin Kapitan" in terms of packaging. The survey was conducted between March 17-21, 2005 in the 16 cities of Metro Manila and Taytay, Rizal.<sup>236</sup>

Following a review of the report on these surveys detailing their purpose, methodology, and results, the Court is of the considered view that they are necessary and trustworthy, and that both have significant probative value.

#### *A. Project Bookman*

As regards Project Bookman, the record evinces its reliability:

*First*, the universe where the sample and respondents were taken was properly defined. According to the technical details, the universe consisted of a population of 6,203,643 gin drinkers in GMA, North Central Luzon and South Luzon.<sup>237</sup> The sample tested appears to be representative of the relevant consuming public. Respondents consisted of male individuals aged 18-55 years old from Classes D and E urban and rural households. They are *bona fide* gin drinkers who drank gin in the past 4 weeks and who drink gin regularly at an average frequency of twice a week. Majority of those surveyed in North and South Luzon had elementary or high school education, while those surveyed in GMA were mostly high school graduates or have had some or completed college education.<sup>238</sup> This profile is consistent with GSMI's

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<sup>235</sup> *Rollo* (G.R. No. 196372), p. 501.

<sup>236</sup> *Id.* at 523.

<sup>237</sup> *Id.* at 503.

<sup>238</sup> *Id.* at 513.



target market: fishermen, farmers, loggers, workers, and the like, and even working students.<sup>239</sup>

*Second*, the record indicates that the sample is numerically relevant. There was a sample of 100 gin drinkers per area, from GMA, North Luzon, and South Luzon,<sup>240</sup> or a total of 300 respondents. The sampling design consisted of two stages:

Stage 1: Selection of sample areas

In GMA, areas were drawn from a list of electoral precincts. The number of precincts per city/municipality was proportionate to the population of the area.

In North and South Luzon, the latest list of barangays was used from which sample barangays were randomly chosen, with equal probabilities assigned to each barangay. The number of areas drawn was based on the estimated incidence of gin drinkers, given that only five (5) households were to be sampled per barangay.

Stage 2: Selection of households

In each sample area, five (5) qualified households were chosen following a random start. In each household, all males meeting the age requirement were given a chance to be chosen.<sup>241</sup>

On the other hand, the sample size was explained as follows:

The sample was disproportionately distributed so as to read each area independently at an acceptable confidence level. In aggregating results from the three areas, weights were subsequently applied to reflect the corresponding proportion of gin drinkers in these areas.

	Total interviewed	Sample size of gin drinkers	Population of gin drinkers	Weighted base
Greater Manila Area	155	100	1,373,004	137
North Central Luzon	116	100	2,566,164	257
South Luzon	<u>108</u>	<u>100</u>	<u>2,264,475</u>	<u>226</u>
[Total]	379	300	6,203,643	620

<sup>239</sup> Id. at 539.

<sup>240</sup> Id. at 503.

<sup>241</sup> Id. at 502.

Note: The magnitude of possible random error at 95% confidence level is as follows:

- $300 \pm 5.6$
- $100 \pm 9.8$
- $50 \pm 13.9$ <sup>242</sup>

In the affidavit that she identified in court during trial as an expert witness, Abad, who is the President and Managing Director of NFO Trends, explained that this is scientifically representative of “Ginebra’s” target market. Thus:

Q17: After so determining the target market, what other factors, if any, were determined and why:

A17: We determined, and used, a representative sample of 100 respondents per test area, or a total of 300 respondents for the three areas tested, namely, Greater Manila Area, North Central Luzon, and South Luzon. A representative sample is defined as a number of people randomly selected following accepted scientific sampling procedures. **The size of the sample used for Project Bookman (100 per area) is sufficiently large to contain a wide spectrum of personal attributes and behavior within the universe. A sample size of 100 per area is therefore scientifically representative of the target market-universe subject of the survey.**<sup>243</sup>

x x x x

Q19: What are taken into account in determining the representative sample of respondents for a survey, if any?

A19: Basically, the purpose and expectations of the survey, as well as intended marketing applications, determine sample size. The size of the sample, in turn, determines a range of margin of error—otherwise called a probability of correctness. For purposes of the survey project of [GSMI], the sample of 100 respondents per area is a respectable base. This ensured the independence of each area.<sup>244</sup> (emphasis supplied)

Notably, the survey had a meticulously determined sample size. Considering that there were 300 respondents in the survey, the margin of error at 95% confidence level was acceptable at  $\pm 5.6$ .

*Third*, the questions asked to the survey respondents were framed in a clear, precise and non-leading manner. There were also measures placed to ensure the objectivity of the entire process. In other words, the questions were posed to avoid bias. Three questions were asked from the respondents:

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<sup>242</sup> Id. at 503.

<sup>243</sup> Id. at 396.

<sup>244</sup> Id.

1. What brand comes to your mind when you see this (Showcard with the word "GINEBRA")?<sup>245</sup>
2. What is the brand of the product we showed you? (Showed back of the product "GINEBRA KAPITAN")<sup>246</sup>
3. Who is the manufacturer of the product you saw? (Showed front view of the product "GINEBRA KAPITAN")<sup>247</sup>

Abad testified that she personally formulated the questions, and that she particularly ensured that the questions were open-ended, not leading, and did not suggest the desired answers:

Q22: What were taken into account in formulating these questions?

A22: **Of foremost consideration in surveys is the integrity thereof. This begins with ensuring that the questions to be asked of respondents are properly phrased and sequenced. Thus, the questions were open-ended, not leading, and did not suggest the desired answers.** For example, instead of just asking "Does (brand) come to your mind when you see this (showcard with the word "Ginebra")?", we asked "What brand comes to mind when you see this (showcard with the word "Ginebra")? x x x."<sup>248</sup> (emphasis supplied)

Further, Abad explained that the respondents of the survey were not allowed to read questionnaires, so as to prevent them from anticipating questions asked, thereby unconsciously and unnaturally structuring their responses.<sup>249</sup>

Likewise, in order to ensure confidentiality of the project, the respondents were screened to ensure that neither they nor others in their household work in advertising, market research, or in any company involved in the manufacturing, distribution, marketing or sale of any kind of beverages.<sup>250</sup>

*Fourth*, the methodology was adequately explained and developed from long years of experience by an organization that has established a reputation in market research. NFO Trends is a reputable market research firm that has been in the industry since 1980 and whose clients composed of various large and well-known companies.<sup>251</sup>

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<sup>245</sup> Id. at 508.

<sup>246</sup> Id. at 511.

<sup>247</sup> Id. at 512.

<sup>248</sup> Id. at 397.

<sup>249</sup> Id. at 398.

<sup>250</sup> Id. at 502.

<sup>251</sup> Id. at 393 and 395.

As regards methodology, the Project Bookman report states that face-to-face interviews were conducted with the aid of a structured questionnaire. Respondents were asked what brand comes to mind when they see a showcard with the word "GINEBRA." Then, they were screened for regularity of gin consumption. Finally, respondents were tested for packaging association. Even-numbered respondents were shown the "GINEBRA KAPITAN" bottle for about 5 seconds, with the back of the product facing respondents at a distance of 4-5 feet, and asked the question: "What is the brand of the product we showed you? On the other hand, odd-numbered respondents were shown the "GINEBRA KAPITAN" bottle for about 5 seconds with the front label facing respondents at a distance of 4-5 feet and asked the question: "Who is the manufacturer of the product you saw?"<sup>252</sup> Abad's affidavit indicates that this method was borne from experience: "x x x this time and distance by which an ordinary person may view and have a clear and full impression of a gin bottle is reasonable and may occur in and most closely approximates actual market conditions."<sup>253</sup>

*Fifth*, the data gathered was accurately reported and analyzed in accordance with acceptable statistical principles. For the field control of the survey, the field manager oversaw the proper implementation of the study. She was assisted by two field coordinators who trained and supervised the interviewers. Following the quality standards promised, at least 10% of the interviews were supervised and 20% of the balance were back-checked.<sup>254</sup>

Regarding the first question, 90% of the respondents associated the word "GINEBRA" with GSMI as top-of-mind mention, which consists of Ginebra San Miguel, San Miguel, La Tondena, or Ginebra Blue.<sup>255</sup> This figure further increases to 92% when it includes total brand mentions.<sup>256</sup> Notably, only 1% of the respondents associated "GINEBRA" with Tanduay.<sup>257</sup> The word "GINEBRA" is practically exclusively associated with GINEBRA SAN MIGUEL. The association of the word "GINEBRA" with other brands is rather small and cannot be seriously taken because they are within the range of sampling error.<sup>258</sup>

With the second question, the survey shows that 82% of the respondents stated the products of GSMI, which consists of Ginebra San Miguel, San Miguel, La Tondena, or Ginebra Blue,<sup>259</sup> when shown with the back view of the product of GINEBRA KAPITAN. Only 16% of the respondents correctly

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<sup>252</sup> Id. at 504.

<sup>253</sup> Id. at 398.

<sup>254</sup> Id. at 505.

<sup>255</sup> Id. at 508.

<sup>256</sup> Id. at 509.

<sup>257</sup> Id. at 508.

<sup>258</sup> Id. at 507.

<sup>259</sup> Id. at 511.

named the product as "GIN KAPITAN."<sup>260</sup> The back view of the GINEBRA KAPITAN bottle gives the impression that it is GINEBRA SAN MIGUEL, the product of GSMI.<sup>261</sup>

With the third question, the survey results indicate that 69% of the respondents associated it with GSMI, when the respondents were shown the front view of the product of GINEBRA KAPITAN, particularly, 86% and 83% of the respondents from GMA and South-Luzon, respectively.<sup>262</sup> Only 6% of the respondents stated that the product was from Tanduay.<sup>263</sup> Notably, 25% of the respondents did not know the origin of the product.<sup>264</sup>

*Sixth*, the interviewers who asked the survey respondents were unaware of the ongoing litigation. Abad stated in her affidavit that the field interviewers, checkers, editor and encoders were not informed who the client was, nor that the survey was to be used in litigation. The use of a code name for the survey also prevents these persons from becoming biased. Project Bookman was run like any of the 300 or so surveys that NFO conducts every year.<sup>265</sup>

Abad likewise added that "[t]o ensure integrity, [NFO] also does not allow the client and its attorneys to participate in any aspect of the survey. [GSMI] and its counsel were intentionally not informed of the interview schedules and venues."<sup>266</sup> It was added that "[NFO] was paid only for conducting the survey and our fees were not conditioned upon the results thereof. [NFO] would have been paid even if the results were unfavorable to the client."<sup>267</sup>

*Finally*, the survey is supported at trial by expert testimony. At the time she testified in court about Project Bookman and Project Georgia, Abad had been in the field of market research for over 40 years. She designed market research studies for Proctor and Gamble, and was the project director for operations of Consumer Pulse, Inc., an independent company engaged in market research. In 1980, she founded Total Research Needs-MBL, Inc., which was renamed as NFO Trends, and subsequently renamed as TNS Trends. She was a fellow and founder of the Social Weather Stations, Inc., and a member of various professional associations such as the Marketing and Opinion Research Society of the Philippines (of which she had also been

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<sup>260</sup> Id.

<sup>261</sup> Id. at 510.

<sup>262</sup> Id. at 512.

<sup>263</sup> Id.

<sup>264</sup> Id.

<sup>265</sup> Id. at 398.

<sup>266</sup> Id.

<sup>267</sup> Id.

president), British Market Research Society, and European Society for Opinion and Marketing Research.<sup>268</sup>

Accordingly, the Court finds that, due to its reliability, Project Bookman has substantial probative value in determining the distinctiveness of the word "GINEBRA," which the consumer associates with GSMI and its gin product. It also established that there was likelihood of confusion with GSMI and the product "GINEBRA KAPITAN" of TDI.

### *B. Project Georgia*

The manner in which the survey codenamed Project Georgia was conducted is similar to that of Project Bookman. The Court finds that Project Georgia is also reliable and has probative value in the present case.

*First*, the sample tested was representative of the relevant consuming public. 65% of respondents were between 18 to 34 years old, about half are single, and about one third have completed high school, with very few possessed of college degrees. 72-77% were gainfully employed, mostly as service workers, craftsmen and unskilled workers. Respondents likewise consisted of male gin drinkers aged 18-55 years old from the same D-E Class. The sample profile is consistent with GSMI's target market.<sup>269</sup> The objective of the survey was to determine the extent to which Ginerba San Miguel Red is being identified with Ginebra Kapitan and Gin...Kapitan in terms of packaging.<sup>270</sup>

*Second*, 300 respondents were interviewed, and open-ended questions were asked to avoid bias. Ten (10) areas within Metro Manila were randomly selected. In each area, 2 central location sites were set up. Exactly 15 respondents (5 for each version) were interviewed in each central location.<sup>271</sup>

A central location is a home or office where an interviewing area is set up so that conversation is confined between the interviewer and the respondent. Controls were implemented to ensure that each audio-visual presentation (*AVP*) would be seen by an equal number of respondents with comparable socio-demographic characteristics.<sup>272</sup>

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<sup>268</sup> Id. at 394.

<sup>269</sup> Id. at 523, 537.

<sup>270</sup> Id. at 523.

<sup>271</sup> Id. at 526.

<sup>272</sup> Id.

*Third*, the methodology adopted in Project Georgia was a face-to-face interview of respondents with the aid of a structured questionnaire. Aside from the questionnaire, respondents were asked to view an audio-visual presentation on a 29-inch colored television from 1-meter distance, of an actual drinking session from the perspective of a passer-by for at least 6 seconds. The drinking session consists of 5 friends drinking gin in front of a sari-sari store with two bottles of gin on the table in front of them. One bottle displays the front part, while the other, the back part. A glass is handed to one of the men who was urged by the rest of the group to finish up the drink. The last two seconds of the AVP showed the man finishing up his drink in one swig, for which he received a pat on the back from his friends as a sign of approval. The AVP was prepared in three versions which showed the same drinking situation and the same characters, the only difference being the brand of gin on the table. One AVP showed bottles of "GINEBRA SAN MIGUEL RED," a product of GSMI, and the other two showed bottles of "Ginebra Kapitan" and "Gin Kapitan," products of TDI, respectively. Each respondent viewed only one version of the randomly-assigned AVP.<sup>273</sup>

*Fourth*, after respondents had viewed the AVP, they were asked questions pertaining to the packaging of the gin product and their awareness of the gin brands. As regards packaging, respondents were asked the following questions: "Starting from the beginning, would you please relate to me everything that you have seen or heard in the video?" "What is the brand of the product being drunk in the video?" "Who do you think is the manufacturer of the product you saw in the video?"<sup>274</sup> Respondents were also asked about their awareness of other gin brands, as well as the last gin brand they drank, and the gin brand they drink most often.<sup>275</sup> Similar to Project Bookman, the questions were open-ended to avoid leading questions that would suggest the answer to the respondents.

*Fifth*, the data gathered from the survey was accurately reported and thoroughly analyzed. After viewing the audio-visual presentation that shows GSMI's product, respondents were asked what brand was the product shown in the video. The results showed that 80% of the respondents correctly identified the brand of GINEBRA SAN MIGUEL.<sup>276</sup> If the other pet names of GINEBRA SAN MIGUEL are considered, such as SAN MIGUEL, GINEBRA, BILOG, the figures rise to 94% as correct answers.<sup>277</sup>

On the other hand, when the product of GINEBRA KAPITAN was shown in the audio-visual presentation, a significant majority of the

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<sup>273</sup> Id. at 524.

<sup>274</sup> Id. at 525.

<sup>275</sup> Id.

<sup>276</sup> Id. at 528.

<sup>277</sup> Id. at 529.

respondents mistakenly thought it was GINEBRA SAN MIGUEL.<sup>278</sup> The confusion was more likely if pet names given to GINEBRA SAN MIGUEL by consumers is considered. Thus, 70% of those respondents confused the product of "GINEBRA KAPITAN" with GSMI's "Ginebra," "Gin Bilog," or simply "Bilog." Only 10% of the respondents correctly identified the product of "GINEBRA KAPITAN" with its brand name in the AVP.<sup>279</sup>

The respondents in the survey shared the reasons why they identified GINEBRA SAN MIGUEL as the brand shown in the AVP. The label design (in particular, the archangel, *demonyo*, angel, etc.), and bottle shape are the key packaging elements that confused gin drinkers to say that GINEBRA KAPITAN was GINEBRA SAN MIGUEL.<sup>280</sup> When shown GINEBRA KAPITAN, its round bottle shape (45%), the predominant features in its label design (32%), and logo (13%) are the key specific elements that lead consumers into thinking that the group was drinking GINEBRA SAN MIGUEL.<sup>281</sup> On the other hand, 40% of the respondents relied on its label design features, 40% refer to the round bottle shape, and 26% referred to its logo in correctly identifying the product when the GINEBRA SAN MIGUEL product was shown in the AVP.<sup>282</sup>

As to the brand identification and awareness, the following results were shown by the survey:

3. Awareness of GSM Red (99%-99%) and GSM Blue (92%-94%) are both at saturation. Awareness of both Ginebra Kapitan (71%-76%) and Gin...Kapitan (55%-62%) are still far from saturation.

Majority of those aware of Ginebra Kapitan mis-identify the brand shown in the audiovisual presentation where the group was drinking Ginebra Kapitan as Ginebra San Miguel (63 incorrect brand identification out of 73 people aware of Ginebra Kapitan).<sup>283</sup>

When the respondents were asked to name the manufacturer of the brand shown on the AVP, more than three-fourths, or 84% of the respondents, incorrectly named either SAN MIGUEL CORPORATION or GINEBRA SAN MIGUEL or LA TONDEÑA as the manufacturer of GINEBRA KAPITAN.<sup>284</sup> On the other hand, a majority (86%) correctly named GSMI,

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<sup>278</sup> Id. at 528.

<sup>279</sup> Id.

<sup>280</sup> Id. at 530.

<sup>281</sup> Id.

<sup>282</sup> Id.

<sup>283</sup> Id. at 533.

<sup>284</sup> Id. at 535.



which consists of San Miguel or Ginebra San Miguel or La Tondeña, as the manufacturer of GINEBRA SAN MIGUEL.<sup>285</sup>

*Finally*, NFO Trends employed a field manager who ensured the proper implementation of the survey, a field coordinator who trained and supervised the interviewers, as well as trained female interviewers. All interviews were conducted in the presence of the supervisor.<sup>286</sup> That the interviewers were not informed who the client was, or that the survey will be used in litigation may be inferred from the general manner in which safeguards on the integrity of the survey were put in place.<sup>287</sup> Similar to Project Bookman, the survey under Project Georgia was supported by the expert testimony of Abad, who is an expert in market research.

The foregoing indubitably shows that both surveys, Project Bookman and Project Georgia, complied with the parameters set forth to establish their credibility. The selection of the target market and sample size, the open-ended questions that ensured responses would not be skewed in favor of GSMI's products, the methods by which data was collected and verified, were all adequately explained. Abad, who may be considered an expert in the field of market research, attests to the integrity of the empirical results.

The Court gives weight to the surveys since they are shown to have reliably established the true state of mind of gin drinkers and addressed the precise legal question before the Court, *i.e.*, how the appropriate group of consumers, in this case gin-drinkers, perceive GSMI's "Ginebra" gin product. The survey results reveal that an overwhelming majority of the gin-consuming public primarily identified the word "GINEBRA" with GSMI's brand of gin products.

In essence, Project Bookman showed 90% of the respondents associated the word "GINEBRA" with GSMI as top-of-mind mention. On the other hand, the association of the word with the other brands is rather insignificant since it is within the range of sampling error.<sup>288</sup> In Project Georgia, the survey showed that 84% of the respondents, incorrectly named either SAN MIGUEL CORPORATION or GINEBRA SAN MIGUEL or LA TONDEÑA as the manufacturer of GINEBRA KAPITAN.<sup>289</sup> The label design, bottle shape, and product logo were the significant elements that

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<sup>285</sup> Id.

<sup>286</sup> Id. at 526.

<sup>287</sup> Id. at 398.

<sup>288</sup> Id. at 507.

<sup>289</sup> Id. at 535.

actually confused gin drinkers to say that GINEBRA KAPITAN was the same as GINEBRA SAN MIGUEL.<sup>290</sup>

Throughout the course of these consolidated cases, these survey evidence have been scrutinized by several tribunals and courts, which have the authority to adjudicate questions of facts and appreciate the weight of evidence. Upon review of the assailed decisions, the Court agrees with the findings of the CA in G.R. Nos. 210224, 216104, and 219632 that these consumer surveys are reliable, credible, and significant; and that the survey methodology and sampling size undertaken, and the resulting empirical data, were sufficient to establish the state of public perception with respect to the term "GINEBRA." The entire survey projects—from the crafting of the questions, the selection and sizing of the target market, the methods by which the data were collected in the field, up to the analysis of the results—were conducted in accordance with accepted standards of market research so as to ensure and maintain the accuracy, reliability and freedom from bias of the results. In her affidavit and testimony, Abad meticulously enumerated the safeguards applied in the conduct of the surveys to ensure the integrity and veracity of the empirical results.<sup>291</sup>

Conspicuously, Projects Bookman and Georgia remain uncontroverted. While TDI tried to discredit the surveys by arguing that the number of the respondents did not constitute enough sample of the consuming public to reach a conclusion about the strength of the "GINEBRA" brand, no evidence was provided to establish its counter-hypothesis. TDI simply made unsubstantiated allegations to dispute the empirical and scientific surveys presented by GSMI. In the same manner, TDI had the opportunity to cross-examine Abad and scrutinize the reliability of the results of the survey. However, TDI was utterly unsuccessful in discrediting her, and the survey data, figures, and outcome presented by GSMI.

To reiterate, NFO Trends which conducted the survey has been in the market research for a long enough time as to gain the trust of well-established corporations. Certainly, TDI cannot just claim that the research and survey methodologies of NFO Trends are wrong without substantiating it. And even if GSMI has the burden to show that the surveys are admissible as competent proof of their contents, as explained earlier, these were sufficiently established based on the utmost detail and specificity of the said surveys, the representative samples, the methodology employed, and the careful safeguards adopted to ensure the surveys' integrity. TDI could have commissioned their own independent survey if it truly wanted to scientifically

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<sup>290</sup> Id.

<sup>291</sup> Id. at 392-401.

discredit and disprove the results of NFO Trends' surveys as countervailing evidence. But for reasons unknown, it did not. In any event, the methodology utilized by NFO Trends is well-documented in Projects Bookman's and Georgia's reports and findings.

Verily, the Court finds that Projects Bookman and Georgia stand as credible proof that an overwhelming majority of the Filipino gin-consuming public primarily identified the word "GINEBRA," not as an ordinary term for gin, but specifically as GSMI's brand of gin products.

#### *Other supporting evidence*

Under the US Trademark Manual of Examining Procedure, large-scale expenditures in promoting and advertising goods and services under a particular mark are significant to indicate the extent to which a mark has been used. However, proof of an expensive and successful advertising campaign is not in itself enough to prove secondary meaning.<sup>292</sup> The ultimate test in determining whether a designation has acquired distinctiveness is the applicant's success, rather than its efforts, in educating the public to associate the proposed mark with a single source. There may be an examination of the advertising material to determine how the term is being used, the commercial impression created by such use, and what the use would mean to purchasers.<sup>293</sup> The applicant may indicate the types of media through which the goods and services have been advertised (*e.g.*, national television) and how frequently the advertisements have appeared.<sup>294</sup>

Aside from survey evidence, GSMI also presented other evidence before the RTC to prove the distinctiveness of "GINEBRA" as its gin brand. Among them was the testimony of expert witness Ma. Elizabeth Gustilo, President and Chief Executive Officer of Lowe, Inc., an advertising agency belonging to a multi-national advertising network and who has been engaged in the field of advertising for about 25 years. Gustilo explained how the kind of advertisements employed by GSMI and its predecessors-in-interest helped cultivate a deep connection between Filipino gin drinkers, particularly those in target classes C, D and E, and GSMI's gin products.<sup>295</sup>

GSMI also submitted advertising materials it had used across decades, showing the use of the word "GINEBRA" in its gin products. The earliest documented print advertisement for "Ginebra San Miguel" appeared in the April 12, 1948 issue of *The Manila Times* (see below first photo on the left). The December 14, 1960 issue of *The Weekly Graphic Magazine* featured the

<sup>292</sup> 1<sup>st</sup> par., 1212.06(b). Advertising Expenditures, Trademark Manual of Examining Procedure.

<sup>293</sup> 2<sup>nd</sup> par., 1212.06(b). Advertising Expenditures, Trademark Manual of Examining Procedure.

<sup>294</sup> 3<sup>rd</sup> par., 1212.06(b). Advertising Expenditures, Trademark Manual of Examining Procedure.

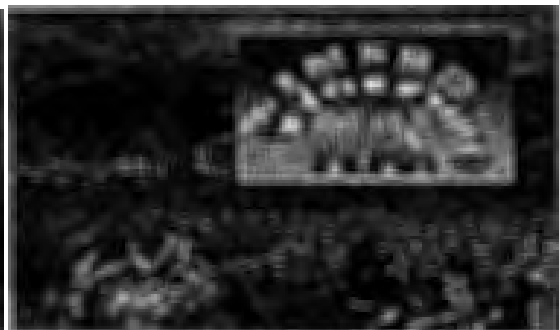
<sup>295</sup> *Rollo* (G.R. No. 219632), pp. 289-298.



story "The La Tondena Story," where "Ginebra San Miguel" was showcased and photos of the plant where it was manufactured were shown<sup>296</sup> (see below photo on the right).



On December 31, 1968, *The Manila Chronicle* published a special issue entitled "The Don Carlos Palanca Story," about the founder and creator of "Ginebra San Miguel," which was described as the "oldest brand of local alcoholic drink" produced in the Philippines.<sup>297</sup> GSMI's evidence shows that in the course of time, "Ginebra San Miguel" was featured in numerous print and television advertisements. The following are sample advertisements that appeared in the 1990s:



<sup>296</sup> *Rollo* (G.R. No. 196372), pp. 24-26.

<sup>297</sup> *Id.* at 26-27.

The advertising materials submitted by GSMI contribute to the latter's long and consistent use of the word "GINEBRA" in marketing its brand of gin over the years. GSMI's lengthy and consistent use of the word "GINEBRA" in its advertisements, along with the fact that GSMI is the only gin manufacturer in the Philippines to ever viably do so,<sup>298</sup> as well as the inevitable decline of the Spanish language in public discourse, constituted the perfect storm of circumstances that allowed the word "GINEBRA" to undergo semantic shift and acquire a distinctive signification insofar as the Filipino public is concerned. The change in meaning of the word "GINEBRA" has already been empirically confirmed by Projects Bookman and Georgia.

While the survey evidence attests to the popularity and reputation of "GINEBRA" as the product of GSMI in the current market, it was the continuous marketing and advertisement of "GINEBRA," for more than 180 years, to the general populace that solidified public perception that such distinctive mark refers to the gin products of GSMI and its predecessors.

*Distinctiveness of GINEBRA;  
non-applicability of the doctrine  
of foreign equivalents*

Based on the totality of evidence, GSMI presented overwhelming proof, through empirical survey evidence, more than a century of advertisement, and documentary and testimonial evidence, that public perception views "GINEBRA" not as a generic English term for gin; rather, "GINEBRA," through its long usage in the Philippines, now refers to the gin products of GSMI to the public.

It is lamentable in G.R. No. 196372 that the CA, IPO Director General and BTO simply discarded all the evidence of GSMI after it opened a page of the dictionary as to the translation of "GINEBRA." Again, the doctrine of foreign equivalents is not an absolute rule and should only be considered as a guideline. Generally, a dictionary entry defining a word as a generic name of a class of products is reasonable evidence that the public perceives said word as such.<sup>299</sup> However, if any of the exceptions to the doctrine of foreign equivalents exists, such as the alternate meaning of mark and marketplace circumstances or the commercial setting in which the mark is used to demonstrate a different meaning, then said doctrine shall not be applied.

<sup>298</sup> Rollo (G.R. No. 210224), p. 162.

<sup>299</sup> See Hoopes, Neal, *Reclaiming the Primary Significance Test: Dictionaries, Corpus Linguistics, and Trademark Genericide* (2016). (Available at: <https://ssrn.com/abstract=3025850> or <http://dx.doi.org/10.2139/ssrn.3025850>, last accessed on November 30, 2020).

Ultimately, public perception based on the primary significance test shall determine whether a term is generic. Reference to a dictionary is only one of the various benchmarks to determine public perception based on the peculiar circumstances of each case. Dictionary definitions, though relevant and sometimes persuasive to the genericness inquiry based on the assumption that such definitions generally reflect the public's perception of a word's meaning, are not necessarily dispositive or controlling.<sup>300</sup> Further, there is likely to be a delay between a word's acceptance into common usage and its entry in a dictionary. Dictionary entries also reflect lexicographical judgment and editing which may distort a word's meaning or importance. A court accepting a dictionary entry at face value is in effect adopting the lexicographical judgment as its own, even though such a judgment might be based on printed matter which, if offered in evidence, would not be controlling.<sup>301</sup>

Direct consumer evidence, such as consumer surveys and testimony, is preferable to indirect forms of evidence, such as dictionaries, trade journals, and other publications.<sup>302</sup> If the doctrine of foreign equivalents is to be applied, an analysis of the evidence of record, including translation evidence, the nature of the foreign and English combined-wording, and any other relevant facts and evidence should be considered.<sup>303</sup>

Here, the entirety of the evidence presented by GSMI shows the public perception with respect to the term, "GINEBRA" and it cannot be gainsaid that an ordinary Filipino purchaser would "stop and translate the foreign word into its English equivalent." As stated by Project Bookman, which is a direct consumer survey, 90% of the respondents readily associated the word "GINEBRA" with the gin product of GSMI. Evidently, the doctrine of foreign equivalents is not applicable. Almost the entire consuming public will not stop and translate the Spanish word "GINEBRA" to its English equivalent based on the dictionary. Instead, the consuming public immediately associates "GINEBRA" with the gin product of GSMI because of the primary significance the public associate with the mark.

On the other hand, TDI merely presented Rosales, the Vice-President of J. Salcedo and Associates, Inc., who coined "GINEBRA KAPITAN," to testify that based on the opinion of five people, without any substantial, empirical, and supporting evidence, the word "GINEBRA" is a generic term because its English-translation is "gin," to wit:

<sup>300</sup> *Booking.Com B.V. v. U.S. Patent & Trademark Office*, 915 F.3d 171 (4th Cir. 2019).

<sup>301</sup> *Berner Intern. Corp. v. Mars Sales Co.*, 987 F.2d 975 (3d Cir. 1993), citing *Gilson*, §2.02 at 2-35.

<sup>302</sup> *Booking.com. B.V. v. Matal*, 278 F. Supp. 3d 891 (E.D. Va. 2017), citing *Berner Intern. Corp. v. Mars Sales Co.*, 987 F.2d 975 (3d Cir. 1993).

<sup>303</sup> See 8 Trademark Manual of Examining Procedure 1207 (2019).

x x x x

Atty. Da Costa: Who said that the word GINEBRA is used to identify the product itself that is GIN, who among the five of you?

Mr. Rosales: Actually, the five of us agreed GINEBRA because we believe that Ginebra is a common name that is generic.

Q: What is your basis for saying that Mr. Witness?

A: It's just like Ginebra is a Spanish name, equivalent to Gin.

Q: Do you speak Spanish, Mr. Witness?

A: No [h]abla espanol.<sup>304</sup>

As aptly opined by the CA in G.R. No. 219632, mere reference to the dictionary meaning of a contested mark, to determine whether or not "GINEBRA" is a generic term to ultimately solve the issue of trademark infringement is too simplistic. To resolve an issue, which is likely to go down in the annals of trademark history and legal jurisprudence, by just glancing at a dictionary will not suffice. Neither should the resolution of such a monumental issue be left to the whims of a five-person discussion between Rosales and TDI executives to subjectively decide that the term "GINEBRA" is generic.<sup>305</sup>

Further, as keenly elucidated by Justice Caguioa, "Spanish may be common in the Philippines several years ago, but it no longer is now. In fact, it is no longer considered as one of the Philippines' official languages. That some may still speak and understand Spanish is not enough to disallow GSMI's application. It must also be proven that the relevant consumers, specifically the gin buyers and drinkers nowadays, identify "GINEBRA" as a Spanish word for gin. Again, no evidence was presented to prove this. On the other hand, GSMI presented overwhelming evidence to prove that the relevant consumers now already associate the word GINEBRA to GSMI's gin product."<sup>306</sup>

The Court finds that "GINEBRA," based on public perception under the primary significance test, is not a generic term. Rather, it is considered a descriptive mark because it characterizes the gin product of GSMI, which may be registerable under the doctrine of secondary meaning due to the long usage of "GINEBRA" and it coming to be known by the consuming public as specifically and particularly designating the gin product of GSMI.

<sup>304</sup> *Rollo* (G.R. No. 219632), p. 98. (CA Decision dated November 7, 2014 in CA-G.R. CV No. 100332).

<sup>305</sup> *Id.*

<sup>306</sup> Concurring and Dissenting Opinion of Justice Caguioa, p. 20.

*Doctrine of secondary meaning*

Under the doctrine of secondary meaning, a word or a phrase that is “originally incapable of exclusive appropriation” may nonetheless be used as a trademark of an enterprise if such word or phrase—by reason of the latter’s long and exclusive use thereof with reference to its article—has “come to mean that such article was [its] product.”<sup>307</sup> The doctrine was articulated in our jurisdiction in the case of *Philippine Nut Industry Inc. v. Standard Brands, Inc.*:<sup>308</sup>

This Court held that the doctrine is to the effect that a word or phrase originally incapable of exclusive appropriation with reference to an article on the market, because geographically or otherwise descriptive, might nevertheless have been used so long and so exclusively by one producer with reference to his article that, in that trade and to that branch of the purchasing public, the word or phrase has come to mean that the article was his product.

By way of illustration, is the word “Selects” which according to this Court is a common ordinary term in the sense that it may be used or employed by any one in promoting his business or enterprise, but which once adopted or coined in connection with one’s business as an emblem, sign or device to characterize its products, or as a badge of authenticity, may acquire a secondary meaning as to be exclusively associated with its products and business, so that its use by another may lead to confusion in trade and cause damage to its business.

The applicability of the doctrine of secondary meaning to the situation now before Us is appropriate because there is oral and documentary evidence showing that the word PLANTERS has been used by and closely associated with Standard Brands for its canned salted peanuts since 1938 in this country. Not only is that fact admitted by petitioner in the amended stipulation of facts, but the matter has been established by testimonial and documentary evidence consisting of invoices covering the sale of “PLANTERS cocktail peanuts”. In other words, there is evidence to show that the term PLANTERS has become a distinctive mark or symbol insofar as salted peanuts are concerned, and by priority of use dating as far back as 1938, respondent Standard Brands has acquired a preferential right to its adoption as its trademark warranting protection against its usurpation by another. *Ubi jus ibi remedium*. Where there is a right there is a remedy. Standard Brands has shown the existence of a property right and respondent Director has afforded the remedy.<sup>309</sup>

<sup>307</sup> See *Lyceum of the Philippines v. Court of Appeals*, citing *Philippine Nut Industry Inc. v. Standard Brands, Inc.*, supra note 143 at 618.

<sup>308</sup> Supra note 143.

<sup>309</sup> Id. at 592-594.



On the other hand, in *Lyceum of the Philippines, Inc. v. Court of Appeals*,<sup>310</sup> the Court explained that under the doctrine of secondary meaning, a word or phrase originally incapable of exclusive appropriation with reference to an article in the market, because geographical or otherwise descriptive, might nevertheless have been used so long and so exclusively by one producer with reference to this article that, in that trade and to that group of the purchasing public, the word or phrase has come to mean that the article was his produce. This circumstance has been referred to as the distinctiveness into which the name or phrase has evolved through the substantial and exclusive use of the same for a considerable period of time. Consequently, the same doctrine or principle cannot be made to apply where the evidence did not prove that the business has continued for so long a time that it has become of consequence and acquired a good will of considerable value such that its articles and produce have acquired a well-known reputation, and confusion will result by the use of the disputed name.<sup>311</sup>

To repeat, Sec. 123 of R.A. No. 8293 states that descriptive marks are generally not registrable as trademarks, *viz.*:

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

x x x x

(j) Consists exclusively of signs or of indications that may serve in trade to designate the kind, quality, quantity, intended purpose, value, geographical origin, time or production of the goods or rendering of the services, or other characteristics of the goods or services;

(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;

Nevertheless, Sec. 123.2 of R.A. No. 8293 embodies the doctrine of secondary meaning, to wit:

**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

<sup>310</sup> *Supra* note 143.

<sup>311</sup> *Id.* at 619.

Philippines for five (5) years before the date on which the claim of distinctiveness is made. (emphasis supplied)

In *Shang Properties Realty Corp. v. St. Francis Development Corp.*,<sup>312</sup> the Court enumerated the specific requirements that have to be met in order to conclude that a geographically-descriptive mark has acquired secondary meaning, to wit: (a) the secondary meaning must have arisen as a result of substantial commercial use of a mark in the Philippines; (b) such use must result in the distinctiveness of the mark insofar as the goods or the products are concerned; and (c) proof of substantially exclusive and continuous commercial use in the Philippines for five (5) years before the date on which the claim of distinctiveness is made. Unless secondary meaning has been established, a geographically-descriptive mark, due to its general public domain classification, is perceptibly disqualified from trademark registration.<sup>313</sup>

In this case, "GINEBRA" may be considered a descriptive mark because the term is more accurately translated to "Genever" or "Jenever," the juniper berry-flavored grain spirit which originated from the Netherlands in the 17th century, a specific kind of gin.<sup>314</sup>

There are different kinds of gin. Juniper-flavored spirit drink is a type of gin produced by flavoring ethyl alcohol of agricultural origin and or grain spirit and/or grain distillate with juniper. Traditional gin is produced by flavoring organoleptically suitable ethyl alcohol of agricultural origin with juniper berries. Distilled gin is another type of gin produced exclusively by redistilling organoleptically suitable ethyl alcohol of agricultural origin of an appropriate quality. Finally, London gin is style of gin obtained exclusively from ethyl alcohol of agricultural origin, whose flavor is introduced exclusively through redistillation.<sup>315</sup>

The styles of gin may further be classified based on its country of origin. Juniper-flavored spirit drinks originating from the Netherlands, Belgium, France, or Germany, are called Genièvre/Jenever/Genever. If the country of origin is the United Kingdom, the Juniper-flavored spirit drink is called Plymouth Gin.<sup>316</sup>

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<sup>312</sup> 739 Phil. 244 (2014).

<sup>313</sup> Id. at 258.

<sup>314</sup> *Rollo* (G.R. No. 196372), p. 117 (CA Decision dated August 13, 2010 in CA-G.R. SP No. 112005).

<sup>315</sup> Official Journal of the European Union. Definitions of Categories of Alcoholic Beverages 110/2008, M(b), 2008, pp. 38-39. <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ:L:2008:039:FULL&from=EN> [last accessed November 30, 2020]

<sup>316</sup> Id. at 39-51.

Indeed, when a mark describes the kind of gin, it may be subject to trademark protection under the doctrine of secondary meaning. In the US case of *United States v. Thirty-Six Bottles of London Dry Gin*,<sup>317</sup> the term "LONDON DRY GIN" was considered as a descriptive and distinct kind of gin. It was held therein that the term describes a well-known liquor, having certain characteristics that identify it wherever it may be made.<sup>318</sup>

Here, the term "GINEBRA" describes a particular kind of gin, "Genever" or "Jenever," the juniper berry-flavored grain spirit which originated in the Netherlands. Verily, it describes the kind of gin product of GSMI. Accordingly, this satisfies one of the requisites of the doctrine of secondary meaning.

Further, according to the US Trademark Manual of Examining Procedure, survey evidence, market research, and consumer reaction studies are relevant in establishing acquired distinctiveness and secondary meaning.<sup>319</sup> Although survey evidence is not required, it is a valuable method of showing secondary meaning.<sup>320</sup> To show secondary meaning, the survey must show that the consuming public views the proposed mark as an indication of the source of the product or service.<sup>321</sup> Evidence of secondary meaning may be sufficient if it shows that a substantial portion of the consuming public associates the proposed mark with a single source.<sup>322</sup> Although all evidence must be reviewed on a case-by-case basis, generally, survey results showing less than 10% consumer recognition are insufficient to establish secondary meaning, and results over 50% may be sufficient to establish secondary meaning.<sup>323</sup> However, the probative value of a survey is significantly weakened, despite consumer recognition rates greater than 50%, if there are flaws in the way the survey is conducted.<sup>324</sup>

As stated above, the survey evidence, along with the other documentary and testimonial evidence presented by GSMI, established that, while the term "GINEBRA" is a descriptive term for a gin product, said word had already become distinctive of the products of GSMI in view of the latter's extensive and substantive use of the term "GINEBRA" on its gin products for over one hundred eighty (180) years. To reiterate Project Bookman showed 90% of the respondents associated the word "GINEBRA" with GSMI as top-of-mind

<sup>317</sup> 205 F. 111, 1913 U.S. Dist. LEXIS 1533.

<sup>318</sup> Id.

<sup>319</sup> 1212.06(d) Survey Evidence, Market Research and Consumer Reaction Studies, Trademark Manual of Examining Procedure.

<sup>320</sup> Id.; *I.P. Lund Trading ApS v. Kohler Co.*, 163 F.3d 27, 42, 49 (1st Cir. 1998).

<sup>321</sup> Id.; See *Nextel Commc'ns, Inc. v. Motorola, Inc.*, 91 USPQ2d 1393, 1402-03 (TTAB 2009).

<sup>322</sup> Id.; See *Perini Corp. v. Perini Constr., Inc.*, 915 F.2d 121, 125 (4th Cir. 1990).

<sup>323</sup> Id.; citing *In re Owens-Corning Fiberglas Corp.*, 774 F.2d at 1127-28.

<sup>324</sup> Id.; See *Stuart Spector Designs Ltd. v. Fender Musical Instruments Corp.*, 94 USPQ2d 1549, 1569-71 (TTAB 2009).

mention.<sup>325</sup> In Project Georgia, the survey showed that 86% of the respondents correctly named GSMI as the manufacturer of the GINEBRA SAN MIGUEL product.<sup>326</sup> This demonstrates that the prolonged use of the descriptive mark in commerce satisfied another requisite of the doctrine of secondary meaning.

Finally, the exclusive use of the descriptive mark was likewise established. As correctly observed by the CA in G.R. No. 219632, viz.:

Moreover, even if it may be true that there had been attempts by other entities to register the mark "GINEBRA" or market their products bearing the said mark, as [TDI] pointed out in the testimony of their witnesses, **these entities have not actively utilized the term or that the consuming public was never saturated with products containing the mark "GINEBRA."** In fine, one may make advertisements, issue circulars, distribute price list on certain goods, but these alone will not inure to the claim of ownership of the mark until the goods bearing the mark are sold to the public in the market. Against these pieces of evidence, [TDI] was unable to present countervailing evidence. [TDI] also failed to demonstrate by providing studies or any authority to discount GSMI's claim as to how effective its brand management and promotions were particularly on the aspect of the so called "emotional branding," or that "GINEBRA" has been "culturally branded" to demonstrate the Filipino spirit of resilience and never-say-die attitude.<sup>327</sup> (emphasis supplied)

Aptly, GSMI's product was the only well-known "GINEBRA" brand in the market based on public perception under the primary significance test. While the competitors of GSMI contemplated to use the word "GINEBRA" in their products, nearly all of their attempts never materialized. It was only Webengton Distillery, which actually utilized "GINEBRA PINOY" but currently no longer available, and TDI, with "GINEBRA KAPITAN," which attempted to introduce their product in the market. To defend its interests, GSMI immediately instituted legal actions for infringement against both Webengton Distillery and, currently, TDI to protect its rights under the distinct mark of "GINEBRA."<sup>328</sup>

As GSMI satisfied all the requisites of the doctrine of secondary meaning with respect to descriptiveness, prolonged commercial use, and exclusivity in the market, the descriptive mark "GINEBRA" can still be protected under the trademark laws and may be registered in favor of GSMI, to the exclusion of others. Indeed, even assuming that "GINEBRA" may be the descriptive term for a class of alcoholic drink, it does not detract from the

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<sup>325</sup> *Rollo* (G.R. No. 196372), p. 508.

<sup>326</sup> *Id.* at 535.

<sup>327</sup> *Rollo* (G.R. No. 219632), pp. 100-101.

<sup>328</sup> *Id.* at 83.

fact that “GINEBRA,” through its long usage in the Philippines, now commonly refers to the gin products of GSMI, in particular, to “GINEBRA SAN MIGUEL,” a registered trademark of GSMI, which has already acquired a secondary meaning.<sup>329</sup>

Notably, in the subsequent Decisions of the Director General of the IPO dated December 27, 2019<sup>330</sup> and December 16, 2020,<sup>331</sup> said Director General changed its earlier position and ruled that GSMI may use the word “GINEBRA” exclusively under the doctrine of secondary meaning, to wit:

This Office sees no cogent reason to overturn the finding of the Director of Legal Affairs and of this Office in earlier cases that GINEBRA is generic or descriptive.

However, the discussion should not stop there. As GINEBRA is likewise descriptive, the doctrine of secondary meaning under Sec. 123.2 may still apply, so long as [GSMI] is able to present “proof of substantially exclusive and continuous use [of the mark] in commerce in the Philippines for five (5) years before the date on which the claim of distinctiveness is made.”<sup>332</sup>

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In addition to proof of the exclusive and continuous use of the term GINEBRA, [GSMI] was also able to provide evidence that such term has become distinctive and that the consuming public has associated GINEBRA with [GSMI] and its products. The July 2003 consumer survey Project Bookman presented by [GSMI] showed that 92% of the respondents associated the word GINEBRA with “Ginebra San Miguel” (the registered mark affixed to the gin products of its manufacturer, [GSMI], whose corporate name is also GINEBRA SAN MIGUEL), “San Miguel” (part of the names of the registered mark and the manufacturer), “La Tondeña” (the name of the predecessor of [GSMI]) or “Ginebra Blue” (another product of [GSMI]). From the survey, it is clear that the term GINEBRA is linked with [GSMI]’s gin products to which the registered marks are affixed, and eventually the same generic or descriptive term GINEBRA points to GINEBRA SAN MIGUEL, INC. as the origin of the goods.

All told, the use of the registered mark GINEBRA SAN MIGUEL already indicates that the gin product to which it is affixed comes from [GSMI]. However, by reason of the repeated implied association between the generic or descriptive term GINEBRA and the registered mark GINEBRA SAN MIGUEL in relation to the gin products, the use of such term eventually and inevitably performs the same function as the registered mark. GINEBRA SAN MIGUEL, therefore, has come to be equated to

<sup>329</sup> Id. at 100.

<sup>330</sup> *Rollo* (G.R. No. 216104), pp. 2444-2463.

<sup>331</sup> Id. at 2469-2473.

<sup>332</sup> Id. at 2456.

GINEBRA. The reverse is also true: GINEBRA to GINEBRA SAN MIGUEL.<sup>333</sup>

*Dissecting Sec. 123.2 of  
R.A. No. 8293 and the doctrine  
of secondary meaning*

Assuming even further that “GINEBRA” was originally generic more than a century ago and does not have any protection under the trademark law, it does not forestall the possibility that the such mark evolved in the spectrum of distinctiveness, particularly, to a descriptive mark, that may be registrable based on the doctrine of secondary meaning under the primary significance test. Only when a term evolves into a higher rank in the spectrum of distinctiveness, such as a suggestive mark or even a descriptive mark, under the doctrine of secondary meaning, shall such term become registrable. Otherwise, if the term remains generic, despite the passage of time, under the primary significance test, then the generic mark remains unregistrable. To repeat, public perception is the ultimate factor to be considered in determining whether a particular word is generic or not.<sup>334</sup>

Examining Sec. 123.2 of R.A. No. 8293, which is the statutory basis of the doctrine of secondary meaning, it can be discerned that the same is made up of two (2) clauses:

1. The **first clause**, which reads: “[a]s 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.”
2. The **second clause**, which reads: “[t]he 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.”

The first clause of the provision, though mentioning only descriptive terms and geographical names (*i.e.*, those terms and names under paragraphs

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<sup>333</sup> Id. at 2459.

<sup>334</sup> See *Bayer v. United Drug*, 272 F. 505 (S.D.N.Y 1921). *Cf.* Sec. 151(b) of R.A. No. 8293.

[j], [k] and [l] of Sec. 123.1 of R.A. No. 8293), is not a categorical statement that “only” such terms have the capacity to acquire secondary or distinctive meaning. The second clause of Sec. 123.2 of R.A. No. 8293, on the other hand, only allows the IPO to draw a *prima facie* presumption of distinctive meaning in favor of a prospective “mark” whenever it is proven that such mark had been used by an applicant in the specific manner and for a specific length of time as stated in the provision. Neither clause, however, explicitly precludes words with generic connotations from subsequently evolving after an extensive passage of time, and acquiring distinctive signification based on public perception.

At best, Sec. 123.2 of R.A. No. 8293 only authorizes the IPO to consider “proof of substantially exclusive and continuous use [of a descriptive term or geographical name] in commerce in the Philippines for five (5) years,” as “prima facie evidence” that such descriptive term or geographical name has already become distinctive. The provision, however, neither explicitly precludes words with originally generic connotations a long time ago from subsequently evolving into a distinctive term, nor prevents the BOT or the IPO from admitting and appreciating evidence to that effect.

The absence of a categorical statement that “only” descriptive terms and geographical names may be registrable under Sec. 123.2 of R.A. No. 8293 shows that the provision does not foreclose the possibility that a generic term a century ago can change and evolve its meaning to the consuming public based on the primary significant test. However, it must be stressed that if the generic mark remains generic in the eyes of the consuming public despite the passage of time and wide-ranged marketing, such generic mark shall not benefit from the doctrine of secondary meaning and shall remain unregistrable because it is not distinctive.

**Indeed, the law gives preferential treatment to those marks under paragraphs [j], [k] and [l] of Sec. 123.1 to receive *prima facie* evidence of distinctiveness. Nevertheless, marks may likewise evolve, transform, develop, and eventually becoming distinctive marks under the primary significance test.<sup>335</sup> Only when these marks are distinctive may these be registered under R.A. No. 8293.**

Again, the determination of the genericness of a mark depends on public perception based on the primary significance test. Under Sec. 151.1(b) of R.A. No. 8293, in determining whether a registered trademark has become

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<sup>335</sup> The primary significance test under Sec. 151.1(b) of R.A. No. 8293 states that the primary significance of the registered mark to the relevant public rather than purchaser motivation shall be the test for determining whether the registered mark has become the generic name of goods or services on or in connection with which it has been used.

generic, “the primary significance of the registered mark to the relevant public” is considered.<sup>336</sup> As extensively discussed earlier, a generic term 100 years ago may evolve and become a distinctive mark today based on the shift of public perception based on the primary significance attributed to the term. Conversely, a distinctive mark 100 years ago, which could even be registered as a trademark back then, may devolve as a generic mark today based on the change of public perception. Accordingly, to determine whether a mark has altered its rank in the spectrum of distinctiveness, the applicant is allowed to present evidence to establish the distinctiveness of a mark, even if not originally covered by paragraphs [j], [k] and [l] of Sec. 123.1 of R.A. No. 8293.

In other words, there is nothing in R.A. No. 8293 that prevents a previous generic term a long time ago from evolving into a descriptive term and becoming registrable under the doctrine of secondary meaning. Genericness is not a perpetual determination in an unalterable and static market; it may change over time based on the primary significance attributed by the consuming public on the term. At the same time, if a term remains generic based on public perception under the primary significance test, despite the passage of time and change in public perception, then such term shall definitely not evolve as a descriptive term and shall not be registrable under the doctrine of secondary meaning.

Here, GSMI presented extensive evidence, consisting of empirical survey evidence, long periods of advertisement materials, and other documentary and testimonial evidence, and proved that “GINEBRA” has become a distinctive mark based on public perception under the primary significance test. An ordinary Filipino purchaser will not stop and translate the Spanish term “GINEBRA” to its English equivalent; rather, when the term “GINEBRA” is mentioned, the ordinary consumer immediately associates it with the gin product of GSMI. Indeed, based on the primary significance test, the term “GINEBRA” has now become a descriptive term, which is registrable under the doctrine of secondary meaning.

#### *Trademark infringement*

In G.R. Nos. 210224 and 219632, one of the issues raised is whether TDI committed trademark infringement against GSMI when it named its gin product “GINEBRA KAPITAN.” In its August 15, 2003 Complaint,<sup>337</sup> GSMI claimed that TDI used the mark “GINEBRA” in manufacturing, distributing and marketing its gin product “GINEBRA KAPITAN.” The use of the said mark, coupled with the colorable imitation of GSMI’s bottle and label designs

<sup>336</sup> Sec. 151.1(b) of R.A. No. 8293.

<sup>337</sup> *Rollo* (G.R. No. 216104), pp. 1774-1789.



for “Ginebra,” caused confusion to, and deceived, the general public as they were made to believe that “Ginebra Kapitan” was being manufactured, distributed and sold by GSMI.<sup>338</sup>

According to GSMI, it has registered several trademarks, such as “GINEBRA SAN MIGUEL” and “GINEBRA S. MIGUEL 65,” and that “GINEBRA” is the dominant feature of these trademarks; and GSMI, by itself and through its predecessors-in-interest, have been continuously marketing and distributing throughout the Philippines the said trademarks since 1834, as evidenced by the special issue of the Manila Chronicle dated December 31, 1968.<sup>339</sup> Thus, GSMI claims that TDI committed trademark infringement when it used “GINEBRA KAPITAN” in its gin products because the dominant feature “GINEBRA” was already being exclusively used by GSMI in its registered trademarks. Notably, even the term “GINEBRA” is included in the tradename of GSMI itself.

Trademark infringement is defined under R.A. No. 8293 as follows:

SECTION 155. Remedies; Infringement. — Any person who shall, without the consent of the owner of the registered mark:

155.1. Use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark or the same container or a **dominant feature** thereof in connection with the sale, offering for sale, distribution, advertising of any goods or services including other preparatory steps necessary to carry out the sale of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive; or

155.2. Reproduce, counterfeit, copy or colorably imitate a registered mark or a **dominant feature** thereof and apply such reproduction, counterfeit, copy or colorable imitation to labels, signs, prints, packages, wrappers, receptacles or advertisements intended to be used in commerce upon or in connection with the sale, offering for sale, distribution, or advertising of goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive, shall be liable in a civil action for infringement by the registrant for the remedies hereinafter set forth: Provided, That the infringement takes place at the moment any of the acts stated in Subsection 155.1 or this subsection are committed regardless of whether there is actual sale of goods or services using the infringing material.<sup>340</sup> (emphasis supplied)

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<sup>338</sup> Id. at 1778-1782.

<sup>339</sup> Id. at 75-80.

<sup>340</sup> Intellectual Property Code of the Philippines, R.A. No. 8293, June 6, 1997, Sec. 155 (155.1-155.2).

In *Societe des Produits Nestle, S.A. v. Dy, Jr.*,<sup>341</sup> the Court held that the elements of infringement under the IP Code are:

1. The trademark being infringed is registered in the Intellectual Property Office; however, in infringement of trade name, the same need not be registered;
2. The trademark or trade name is reproduced, counterfeited, copied, or colorably imitated by the infringer;
3. The infringing mark or trade name is used in connection with the sale, offering for sale, or advertising of any goods, business or services; or the infringing mark or trade name is applied to labels, signs, prints, packages, wrappers, receptacles or advertisements intended to be used upon or in connection with such goods, business or services;
4. The use or application of the infringing mark or trade name is likely to cause confusion or mistake or to deceive purchasers or others as to the goods or services themselves or as to the source or origin of such goods or services or the identity of such business; and
5. It is without the consent of the trademark or trade name owner or the assignee thereof.

In *Superior Commercial Enterprises, Inc. v. Kunnan Enterprises Ltd.*,<sup>342</sup> the Court stated that to establish trademark infringement, the following elements must be proven: (1) the validity of plaintiff's mark; (2) the plaintiff's ownership of the mark; and (3) the use of the mark or its colorable imitation by the alleged infringer results in likelihood of confusion.

In *Mang Inasal Philippines, Inc. v. IFP Manufacturing Corp.*, it was stated that the first condition of the proscription requires resemblance or similarity between a prospective mark and an earlier mark. Similarity does not mean absolute identity of marks. To be regarded as similar to an earlier mark, it is enough that a prospective mark be a colorable imitation of the former. Colorable imitation denotes such likeness in form, content, words, sound, meaning, special arrangement or general appearance of one mark with respect to another as would likely mislead an average buyer in the ordinary course of purchase.<sup>343</sup>

Here, GSMI has several registered trademarks that contain the word "GINEBRA." Its own trade name is GINEBRA SAN MIGUEL, INC. On the other hand, TDI, subsequently also applied for trademark registration using the words "GINEBRA KAPITAN," and has also distributed its gin products

<sup>341</sup> 641 Phil. 345, 357-358 (2010).

<sup>342</sup> 632 Phil. 546, 569 (2010).

<sup>343</sup> 811 Phil. 261, 272 (2017).

to the market labelled as “GINEBRA KAPITAN.” The Court is tasked to determine whether trademark infringement exists such that “GINEBRA” is the dominant feature in the registered trademarks of GSMI, and thus, cannot be appropriated by TDI.

In *ABS-CBN Publishing, Inc. v. Director of the Bureau of Trademarks*,<sup>344</sup> the Court declared that in determining whether a mark is to be considered as “identical” or that which is confusingly similar with that of another, the Court has developed two (2) tests: the dominance and holistic tests. While the Court has time and again ruled that the application of the tests is on a case-to-case basis, upon the passage of the R.A. No. 8293, the trend has been to veer away from the usage of the holistic test and to focus more on the usage of the dominance test.<sup>345</sup> As stated by the Court in the case of *McDonald’s Corporation v. L.C. Big Mak Burger, Inc.*,<sup>346</sup> the test of dominance is now explicitly incorporated into law in Sec. 155.1 of the IPC, which defines infringement as the colorable imitation of a registered mark or a dominant feature thereof.<sup>347</sup>

In the recent case of *Kolin*,<sup>348</sup> the Court conclusively ruled that the dominance test is the prevailing rule; while the holistic test has been abandoned, to wit:

Considering the adoption of the Dominance Test and the abandonment of the Holistic Test, as confirmed by the provisions of the IP Code and the legislative deliberations, the Court hereby makes it crystal clear that the use of the Holistic Test in determining the resemblance of marks has been abandoned.<sup>349</sup>

Under the dominance test, in committing the infringing act, the infringer merely introduces negligible changes in an already registered mark, and then banks on these slight differences to state that there was no identity or confusing similarity, thus resulting in no infringement. This kind of act, which leads to confusion in the eyes of the public, is exactly the evil that the dominance test refuses to accept. The small deviations from a registered mark are insufficient to remove the applicant mark from the ambit of infringement.<sup>350</sup>

In this case, the RTC applied both the dominance test and the holistic tests. It held that the dominant mark of “GINEBRA KAPITAN” is the

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<sup>344</sup> 833 Phil. 791 (2018).

<sup>345</sup> Id. at 802-803.

<sup>346</sup> 480 Phil. 402 (2004).

<sup>347</sup> Id. at 435.

<sup>348</sup> Supra note 131.

<sup>349</sup> Id.

<sup>350</sup> *ABS-CBN Publishing, Inc. v. Director of the Bureau of Trademarks*, supra note 344 at 804.

composite mark, which is strategically placed in the middle of the label to emphasize the name of the product. On the other hand, the dominant feature of GSMI's "GINEBRA S. MIGUEL" is the image of an angel wielding a sword against a fallen devil, and not the word, "GINEBRA."<sup>351</sup>

The RTC also ruled that employing the holistic test, it was evident that the labels and packaging of the competing products were not to likely cause confusion to the consuming public. The similarity between "GINEBRA KAPITAN" and "GINEBRA S. MIGUEL" pertained only to the transparent bottles of both products. According to the trial court, the labels and the bottle caps, on the other hand, were different from each other.<sup>352</sup>

The Court finds that the RTC erred in applying the holistic test. As stated in *Kolin*, the holistic test has been conclusively abandoned in Our jurisdiction. Nevertheless, the Court likewise rules that the RTC erred in appreciating the dominancy test in declaring that there was no trademark infringement.

In *National Federation of Hog Farmers, Inc. v. Board of Investments*,<sup>353</sup> the Court held that:

**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>354</sup> (emphases supplied)

Indeed, with respect to the requisite of likelihood of confusion in trademark infringement, it is not sufficient that a court applies a subjective analysis on whether there is likelihood of confusion among competing goods. There should be objective, scientific, and economic standards to determine

<sup>351</sup> *Rollo* (G.R. No. 219632), p. 110. (CA Decision dated November 7, 2014 in CA-G.R. CV No. 100332).

<sup>352</sup> *Id.* at 111.

<sup>353</sup> G.R. No. 205835, June 23, 2020, citing J. Leonen, Concurring Opinion in *Asia Pacific Resources International Holdings, Ltd. v. Paperone, Inc.*, 845 Phil. 85 (2018).

<sup>354</sup> *Id.*

whether goods or services offered by two parties are so related that there is a likelihood of confusion.<sup>355</sup> As stated above, 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>356</sup>

The applicable test herein is the dominancy test based on Sec. 155 of R.A. No. 8293. The pictures of the competing products are reproduced below:<sup>357 358</sup>



On the surface, based merely on the visuals of the labels, the striking feature for “GINEBRA KAPITAN” seems to be the name and the label; while the prevalent feature for “GINEBRA S. MIGUEL” is the drawing on the label. On the other hand, the colors of the bottle caps are different. The labels depict attacking or charging scenes – the archangel Michael wielding a sword against

<sup>355</sup> Id.

<sup>356</sup> Id.

<sup>357</sup> *Rollo* (G.R. No. 210224), p. 681.

<sup>358</sup> Id. at 1090.

A handwritten signature or mark in the bottom right corner of the page, consisting of a stylized, cursive-like scribble.

the fallen devil for “GINEBRA S. MIGUEL” and a *kapitan* mounted on a horse leading his troops and pointing his bolo for “GINEBRA KAPITAN.”<sup>359</sup> Notably, in both marks, the central figure appears to be on the offensive, using a bladed weapon. Nevertheless, to achieve a more objective and empirical examination, it must be determined how an ordinary purchaser would react to such marks and whether there would be confusing similarity between the two products in the light of public perception.

Survey evidence is meaningful to establish the likelihood of confusion.<sup>360</sup> A consumer survey that measures consumer confusion is an effective way to ensure that trademark infringement cases are decided based on empirical facts about likely consumer confusion instead of on judicial assumptions about how consumers are likely to respond.<sup>361</sup> Indeed, survey evidence can measure whether an appreciable number of relevant consumers are likely to be confused by a mark that may or may not already be in the marketplace, and offers an economical and systematic way to gather information and draw inferences about a large number of individuals.<sup>362</sup>

In the recent case of *Levi Strauss & Co. v. Sevilla*,<sup>363</sup> the Court considered the survey evidence presented, Project Cherokee 5, to support the finding that there was actual confusion between the goods branded as LEVI’S and LIVE’S, which resulted to the cancellation of the subsequent registration of LIVE’S, to wit:

Here, there is evidence on record showing that there were already numerous instances of actual confusion between petitioner’s and respondents’ goods brought about by the similarity of their marks, labels, and products. As may be gleaned from the Final Report on Project Cherokee 5, 86% of the survey participants associated the “LIVE’S” mark with “LEVI’S;” and 90% of same participants read the stylized “LIVE’S” mark, as “LEVI’S.”<sup>364</sup>

In Project Bookman, 90% of the respondent gin-drinkers associate the word “GINEBRA” with GSMI’s products.<sup>365</sup> The same survey results showed that even when shown the front view of the bottle of “GINEBRA KAPITAN”, majority of these respondents (86% in the GMA and 83% in South Luzon) perceived it as a product of San Miguel or Ginebra San Miguel/Ginebra or La

<sup>359</sup> *Rollo* (G.R. No. 219632), p. 112. (CA Decision dated November 7, 2004 in CA-G.R. CV No. 100332).

<sup>360</sup> *Quality Inns International, Inc. v. McDonald’s Corp.*, 695 F. Supp. 198 (D. Md. 1988).

<sup>361</sup> David Franklyn and Shari Seidman Diamond, *Trademark Surveys: An Undulating Path*, 92 *Tex. L. Rev.* 2029 (2014).

<sup>362</sup> *Id.* at 2037, citing Shari Seidman Diamond, *Reference Guide on Survey Research*, in *REFERENCE MANUAL ON SCIENTIFIC EVIDENCE* 359, 364 (3d ed. 2011).

<sup>363</sup> G.R. No. 219744, March 1, 2021.

<sup>364</sup> *Id.*

<sup>365</sup> *Rollo* (G.R. No. 196372), p. 508.

Tondeña.<sup>366</sup> The empirical results of the consumer surveys provide an objective analysis whether there is a likelihood of confusion between the two products.

In Project Georgia, it was demonstrated that by merely showing the “GINEBRA KAPITAN” product, 84% of the respondents stated that its manufacturer is GSMI.<sup>367</sup> Evidently, the dominant mark of TDI’s product is the “GINEBRA” term, which causes confusion among the survey respondents as to the origin of the product. “GINEBRA” is also the dominant mark of “GINEBRA S. MIGUEL” because an overwhelming majority of respondents of the survey immediately associated GSMI’s gin products with the distinctive mark “GINEBRA.”<sup>368</sup> As such, the consuming public would just rely on the said dominant mark and not really take time to examine the difference between the two gin products. A consumer is less likely to notice the differences in the label and packaging of the two gins and would just look for the word “GINEBRA” as a product of GSMI without anymore examining whether the same was “SAN MIGUEL” or “KAPITAN.”

Also, unlike in the label of “GINEBRA SAN MIGUEL” where the consumer can immediately identify the same as a product of GSMI, it is not immediately apparent from the label or bottle design of “GINEBRA KAPITAN” because it does not readily or promptly indicate it as a product of TDI. Hence, considering that “GINEBRA SAN MIGUEL” and “GINEBRA KAPITAN” are both gin products, it is very likely that the consuming public would be misled into thinking that “GINEBRA KAPITAN” is also a gin product of GSMI since it is the latter which is known to carry the distinctive mark of “GINEBRA.” This is supported by the survey evidence, which showed that more than 80% of the respondents associated “GINEBRA KAPITAN” being a product of GSMI.<sup>369</sup>

Further, in Project Georgia, the respondents explained why they were actually confused that GINEBRA KAPITAN was a product of GSMI. When shown the product of GINEBRA KAPITAN, its round bottle shape (45%), the predominant features in its label design (32%), and logo (13%) were the key specific elements that lead consumers into thinking that the group was drinking GINEBRA SAN MIGUEL.<sup>370</sup> On the other hand, 40% of the respondents relied on its label design features, 40% on the round bottle shape, and 26% on the logo in correctly identifying the product when the GINEBRA SAN MIGUEL product was shown in the AVP.<sup>371</sup> Evidently, the dominant

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<sup>366</sup> Id. at 512.

<sup>367</sup> Id. at 535.

<sup>368</sup> Id. at 508.

<sup>369</sup> Id. at 535.

<sup>370</sup> Id. at 530.

<sup>371</sup> Id.

features in the products of GSMI and TDI, particularly, the label design, logo, and bottle shape led the respondents to believe that GINEBRA KAPITAN was a product of GSMI. This is undoubtedly strong evidence of actual confusion, where the consumers are misled to believe that GINEBRA KAPITAN originated from GSMI. As shown in *Levi Strauss & Co. v. Sevilla*,<sup>372</sup> survey evidence, which indicate actual or even only likelihood of confusion between competing goods, shall result in the cancellation or denial of the trademark registration of the infringer.

As meaningfully discussed by Justice Mario Lopez, “applying the Dominancy Test, the word ‘GINEBRA’ is the dominant feature of these marks. This reveals TDI’s intention to use ‘GINEBRA’ as a distinctive term—not merely as a generic or descriptive term. This observation is consistent with the survey evidence showing that 90% of more than 6 million gin drinkers in Greater Manila Area, North Luzon, and South Luzon associated ‘GINEBRA’ with GINEBRA SAN MIGUEL, SAN MIGUEL, or LA TONDEÑA. Thus, ‘GINEBRA’ is a distinctive mark that distinguishes GSMI’s gin products from other manufacturers.”<sup>373</sup>

To reiterate, the term “GINEBRA” has been so deeply ingrained in the general psyche of the Filipinos that it is conveniently and exceptionally associated with GSMI’s “GINEBRA SAN MIGUEL” gin products, more particularly, “GINEBRA S. MIGUEL.” Thus, an ordinary purchaser, even one accustomed to drinking gin, may likely be confused into buying a “GINEBRA KAPITAN” thinking it is a “GINEBRA” product of GSMI. The element of likelihood of confusion, which is the gravamen of trademark infringement,<sup>374</sup> between the two products, since “GINEBRA KAPITAN” used the distinct mark “GINEBRA,” has been fulfilled in this case.

Further, the Court disagrees with the view of the IPO Director General in G.R. No. 216104 that the public would buy GINEBRA KAPITAN, not because they associate this product as that of GSMI, but because they find this gin product suitable to their taste.<sup>375</sup> The target market of these gin products was the class D and E consumers.<sup>376</sup> When going to the store, there is no existing or objective evidence presented that an ordinary consumer from the said classes would conduct a taste-test before purchasing the gin product from the store to determine the product’s taste. The subjective deduction of the IPO

<sup>372</sup> Supra note 363.

<sup>373</sup> Concurring and Dissenting Opinion of Justice M. Lopez, p. 9.

<sup>374</sup> *Societe Des Produits Nestle, S.A. v. Dy, Jr.*, supra note 343 at 358.

<sup>375</sup> *Rollo* (G.R. No. 216104), p. 317.

<sup>376</sup> *Rollo* (G.R. No. 196372), pp. 501 and 523.



Director General regarding consumer preference for the competing products is out of touch.

Instead, it is more likely and highly probable that, when an ordinary purchaser from the target class buys a gin product in a store, that person would simply mention or look for the word "GINEBRA" without specifying whether he or she is buying a "GINEBRA SAN MIGUEL" or "GINEBRA KAPITAN". This was confirmed by the results of Project Georgia where more than 80% of the respondents were confused and believed that TDI's product was that of GSMI because of the distinctive mark of "GINEBRA."

The simple use of the word, "GINEBRA" in "GINEBRA KAPITAN" is sufficient to incite an average person, even a gin-drinker, to associate it with GSMI's gin product, in particular, "GINEBRA SAN MIGUEL" and/or "GINEBRA S. MIGUEL."<sup>377</sup> Verily, TDI committed trademark infringement against GSMI.

#### *Unfair competition*

The claim of unfair competition is primarily factual in nature.<sup>378</sup> The purpose of prosecuting unfair competition is to prohibit and restrict deception of the consuming public whenever persons or firms attempt to pass off their goods or services for another's. The underlying prohibition against unfair competition is that business competitors cannot do acts which deceive, or which are designed to deceive the public into buying their goods or availing their services instead.<sup>379</sup> The relevant provisions of R.A. No. 8293 regarding unfair competition state:

#### SECTION 168. Unfair Competition, Rights, Regulation and Remedies. —

168.1. A person who has identified in the mind of the public the goods he manufactures or deals in, his business or services from those of others, whether or not a registered mark is employed, has a property right in the goodwill of the said goods, business or services so identified, which will be protected in the same manner as other property rights.

168.2. Any person who shall employ deception or any other means contrary to good faith by which he shall pass off the goods manufactured by him or in which he deals, or his business, or services for those of the one having established such goodwill, or who shall commit any acts calculated to produce said result, shall be guilty of unfair competition, and shall be subject to an action therefor.

<sup>377</sup> *Rollo* (G.R. No. 219632), p. 113 (CA Decision dated November 7, 2014 in CA-G.R. No. 100332).

<sup>378</sup> *National Federation of Hog Farmers, Inc. v. Board of Investments*, supra note 353.

<sup>379</sup> *Id.*

168.3. In particular, and without in any way limiting the scope of protection against unfair competition, the following shall be deemed guilty of unfair competition:

(a) Any person, who is selling his goods and gives them the general appearance of goods of another manufacturer or dealer, either as to the goods themselves or in the wrapping of the packages in which they are contained, or the devices or words thereon, or in any other feature of their appearance, which would be likely to influence purchasers to believe that the goods offered are those of a manufacturer or dealer, other than the actual manufacturer or dealer, or who, otherwise, clothes the goods with such appearance as shall deceive the public and defraud another of his legitimate trade, or any subsequent vendor of such goods or any agent of any vendor engaged in selling such goods with a like purpose.

x x x x

The essential elements of an action for unfair competition are: (1) confusing similarity in the general appearance of the goods, and (2) intent to deceive the public and defraud a competitor. Unfair competition is always a question of fact.<sup>380</sup>

Here, the first element of unfair competition has been established. There is confusing similarity between the "GINEBRA KAPITAN" of TDI and "GINEBRA SAN MIGUEL" of GSMI because both of them bear the distinctive mark "GINEBRA." An ordinary purchaser would be confused when confronted with the products bearing the distinct mark of "GINEBRA," which has been established to be associated with GSMI products by the consuming public.

As to the second element of unfair competition, there must be intent to deceive the public and defraud a competitor. The element of intent to deceive and to defraud may be inferred from the similarity of the appearance of the goods as offered for sale to the public. Actual fraudulent intent need not be shown;<sup>381</sup> probable intent to deceive the consuming public is sufficient.

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

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<sup>380</sup> *Asia Pacific Resources International Holdings, Ltd. v. Paperone, Inc.*, 845 Phil. 85, 94 (2018).

<sup>381</sup> *Id.* at 101.

deception and confusion on the part of customers by reason of defendant's practices must always appear.<sup>382</sup>

The Court finds that the second element of unfair competition was also satisfied. As in all other cases of colorable imitations, the unanswered riddle is why, of the millions of terms and combinations of letters available, TDI had to choose those so closely similar to another's trademark if there was no intent to take advantage of the goodwill generated by the other mark.<sup>383</sup> During trial, TDI's witness, Rosales, admitted that they knew that GSMI has products with the label "GINEBRA,"<sup>384</sup> which is obvious because of the popularity and iconic status of the "GINEBRA" brand of GSMI. Nevertheless, TDI still took the risk and continued to use the said term in its "GINEBRA KAPITAN" product, banking on the flawed argument that "GINEBRA" is a generic term.<sup>385</sup>

Verily, TDI erred in its marketing decision to use the word "GINEBRA" in its products and caused confusion to the consuming public regarding their products with those of GSMI. The evidence of GSMI showed that an overwhelming number of respondents have mistakenly believed that "GINEBRA KAPITAN" was the product of GSMI because of the improper use of the distinctive and dominant mark "GINEBRA." For that, TDI committed unfair competition against GSMI. The Court adopts with approval the cogent observation of the CA on the matter in G.R. No. 210224, thus:

In the case at bench, it cannot be denied that TDI knew fully well that GSMI has been using the mark/word "GINEBRA" in its gin products and that GSMI's "GINEBRA SAN MIGUEL" had already obtained, over the years, a considerable number of loyal consumers who associate the mark "GINEBRA" with San Miguel. Yet, it chose to use the same mark/word in launching the same gin product. TDI's choice of the word "GINEBRA" as part of the trademark of its "GINEBRA KAPITAN" gin tended to show their intention to pass off their gin as that of GSMI and ultimately to ride on the popularity and established goodwill of "Ginebra San Miguel." Such act clearly constitutes unfair competition.<sup>386</sup>

As persuasively articulated by Justice Caguioa, "intent to pass off should be presumed in the instant case. If there was no intent to palm off TDI's gin products as those of GSMI, it is uncanny that aside from the use of the same word "GINEBRA", the general appearance of the two competing products are also strikingly similar, as established above. Therefore, TDI should be held liable for unfair competition. If TDI had really wanted to make

<sup>382</sup> *National Federation of Hog Farmers, Inc. v. Board of Investments*, supra note 353.

<sup>383</sup> *American Wire & Cable Co. v. Director of Patents*, 142 Phil. 523, 530-531 (1970).

<sup>384</sup> *Rollo* (G.R. No. 219632), p. 193.

<sup>385</sup> *Id.* at 423-424.

<sup>386</sup> *Rollo* (G.R. No. 210224), pp. 70-71 (CA Decision dated August 15, 2013 in CA-G.R. SP No. 127255).

its products distinctive, TDI could have employed a totally different trade dress to set its products apart from GSMI's products."<sup>387</sup>

### *Remedies and Damages*

The following are the statutory provisions for damages whenever trademark infringement and unfair competition are committed:

#### SECTION 156. *Actions, and Damages and Injunction for Infringement.* —

156.1. The owner of a registered mark may recover damages from any person who infringes his rights, and the measure of the damages suffered shall be either the reasonable profit which the complaining party would have made, had the defendant not infringed his rights, or the profit which the defendant actually made out of the infringement, or in the event such measure of damages cannot be readily ascertained with reasonable certainty, then the court may award as damages a reasonable percentage based upon the amount of gross sales of the defendant or the value of the services in connection with which the mark or trade name was used in the infringement of the rights of the complaining party.

156.2. On application of the complainant, the court may impound during the pendency of the action, sales invoices and other documents evidencing sales.

156.3. In cases where actual intent to mislead the public or to defraud the complainant is shown, in the discretion of the court, the damages may be doubled.

156.4. The complainant, upon proper showing, may also be granted injunction.

#### SECTION 157. *Power of Court to Order Infringing Material Destroyed.* —

157.1 In any action arising under this Act, in which a violation of any right of the owner of the registered mark is established, the court may order that goods found to be infringing be, without compensation of any sort, disposed of outside the channels of commerce in such a manner as to avoid any harm caused to the right holder, or destroyed; and all labels, signs, prints, packages, wrappers, receptacles and advertisements in the possession of the defendant, bearing the registered mark or trade name or any reproduction, counterfeit, copy or colorable imitation thereof, all plates, molds, matrices and other means of making the same, shall be delivered up and destroyed.

157.2. In regard to counterfeit goods, the simple removal of the trademark affixed shall not be sufficient other than in exceptional cases which shall be

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<sup>387</sup> Concurring and Dissenting Opinion of Justice Caguioa, p. 19.

determined by the Regulations, to permit the release of the goods into the channels of commerce.

Based on the foregoing, the owner of a registered mark may recover damages from the infringer either: (1) the reasonable profit which the complaining party would have made, had the defendant not infringed his rights, or (2) the profit which the defendant actually made out of the infringement, or (3) in the event such measure of damages cannot be readily ascertained with reasonable certainty, the court may award as damages a reasonable percentage based upon the amount of gross sales or the value of the services in connection with the infringement.<sup>388</sup> Nevertheless, it must be emphasized that the award of damages is subject to the discretion and findings of the court.

Here, in G.R. No. 210224, the CA ordered TDI: (1) to render an accounting of the gross sales of its GINEBRA KAPITAN products from the time of the filing of the instant case up to the finality of this judgment and to pay GSMI an amount equivalent to fifty percent (50%) of the total gross sales; and (2) to pay to GSMI ₱2,000,000.00 as exemplary damages and ₱500,000.00 as attorney's fees.<sup>389</sup>

The Court finds that awards of damages should be tempered because of the peculiar circumstances in this case. The crux of these consolidated cases is whether "GINEBRA" is a generic mark. These cases underwent different tribunals and courts for several years, and the outcome of each decision varies. Indeed, the determination of distinctiveness of "GINEBRA" involves contentious and complex questions of facts and laws. Only the Court could once and for all settle the controversy by meticulously dissecting and resolving the issue. In the perspective of TDI, it was not immediately apparent that they were committing trademark infringement because of the difficulty in determining whether "GINEBRA" is a distinctive mark in favor of GSMI, to the exclusion of others.

In addition, the records are bereft of credible evidence presented by GSMI to establish that it has suffered calculable or tangible damages, foregone profit, or loss of sales due to the actions of TDI. Neither was there evidence presented that TDI took any considerable market share from GSMI by riding on its goodwill. Absent evidence to the contrary, the actual damage caused by TDI for utilizing "GINEBRA" against GSMI's business is doubtful.

<sup>388</sup> Sec. 156, R.A. No. 8293.

<sup>389</sup> *Rollo* (G.R. No. 210224), p. 73 (CA Decision dated August 15, 2013 in CA-G.R. SP No. 127255).

In *San Miguel Pure Foods Company, Inc. v. Foodsphere, Inc.*,<sup>390</sup> which involves trademark infringement and unfair competition, the registered owner failed to present evidence to prove its claim of foregone income or sales, or to present evidence to show loss of profit or reduced sales. The Court held that since the claim for lost profit or unrealized income was not properly substantiated, there is no basis to award the same. Nevertheless, nominal damages in the amount of ₱100,000.00 were awarded therein in order to vindicate or recognize the rights of the registered owner which had been violated or invaded by the infringer.

On the other hand, in *Sambar v. Levi Strauss & Co.*,<sup>391</sup> which involves trademark infringement, the Court awarded temperate damages in the amount of ₱50,000.00, instead of nominal damages to the affected party. It was explained that:

However, we agree with petitioner that it was error for the Court of Appeals to affirm the award of nominal damages combined with temperate damages by the Regional Trial Court of Makati. What respondents are entitled to is an award for temperate damages, not nominal damages. **For although the exact amount of damage or loss can not be determined with reasonable certainty, the fact that there was infringement means they suffered losses for which they are entitled to moderate damages.** We find that the award of P50,000.00 as temperate damages fair and reasonable, considering the circumstances herein as well as the global coverage and reputation of private respondents Levi Strauss & Company and Levi Strauss (Phil.), Inc.<sup>392</sup> (citations omitted, emphasis supplied)

Similarly, in *Co v. Spouses Yeung*,<sup>393</sup> the Court found that the petitioner committed unfair competition. It was explained that, although there was an indeed a pecuniary loss from the unfair competition committed, the actual damages suffered by the respondent was not established with certainty. Hence, the award of ₱300,000.00 as temperate damages was affirmed, to wit:

Unfair competition is defined as the passing off (or palming off) or attempting to pass off upon the public of the goods or business of one person as the goods or business of another with the end and probable effect of deceiving the public. This takes place where the defendant gives his goods the general appearance of the goods of his competitor with the intention of deceiving the public that the goods are those of his competitor.

Here, it has been established that Co conspired with the Laus in the sale/distribution of counterfeit Greenstone products to the public, which

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<sup>390</sup> 833 Phil. 771 (2018).

<sup>391</sup> 428 Phil. 425 (2002).

<sup>392</sup> Id. at 436-437.

<sup>393</sup> 742 Phil. 803 (2014).

were even packaged in bottles identical to that of the original, thereby giving rise to the presumption of fraudulent intent. In light of the foregoing definition, it is thus clear that Co, together with the Laus, committed unfair competition, and should, consequently, be held liable therefor. To this end, the Court finds the award of ₱300,000.00 as temperate damages to be appropriate in recognition of the pecuniary loss suffered by Sps. Yeung, albeit its actual amount cannot, from the nature of the case, as it involves damage to goodwill, be proved with certainty. x x x<sup>394</sup> (citations omitted)

The Court finds that the GSMI should be awarded temperate damages. Temperate or moderate damages, which are more than nominal but less than compensatory damages, may be recovered where the court finds that some pecuniary loss has been suffered but its amount cannot, from the nature of the case, be proved with certainty.<sup>395</sup>

In view of the failure of GSMI to substantiate its claim of loss of profit or sales due to the actions of TDI, the award of actual or compensatory damages must be deleted. Instead, temperate damages are awarded due to the loss suffered even if the exact amount thereof cannot be ascertained with reasonable certainty.<sup>396</sup> TDI undoubtedly used "GINEBRA" in its products, which caused actual or likelihood of confusion among the consumers and caused prejudice to GSMI as the proprietor of such registrable mark. Nevertheless, GSMI failed to substantiate and prove the exact amount of loss of profit or sales it sustained due to the actions of TDI.<sup>397</sup> Consequently, temperate damages should instead be awarded as the amount lost by GSMI cannot be ascertained from the trademark infringement committed by TDI. Based on the prevailing rates on the award of temperate damages involving trademark infringement and unfair competition, the Court determines that the award of ₱300,000.00 in favor of GSMI by way of temperate damages is just and appropriate.

Likewise, the award of exemplary damages must be deleted. Art. 2233 of the Civil Code provides that exemplary damages cannot be recovered as a matter of right; the court will decide whether or not they should be adjudicated while Art. 2234 thereof provides that while the amount of the exemplary damages need not be proven, the plaintiff must show that he is entitled to moral, temperate or compensatory damages before the court may consider the question of whether or not exemplary damages should be awarded.<sup>398</sup>

Time and again, the Court held that exemplary damages may be awarded for as long as the following requisites are present: (1) they may be

<sup>394</sup> Id. at 808-809.

<sup>395</sup> CIVIL CODE, Art. 2224.

<sup>396</sup> *Barbosa v. People*, 814 Phil. 16, 23 (2017).

<sup>397</sup> See note 386.

<sup>398</sup> *San Miguel Pure Foods Co., Inc. v. Foodsphere, Inc.*, 833 Phil. 771, 786 (2018).

imposed, by way of example, only in addition, among others, to compensatory damages, only after the claimant's right to them has been established, and cannot be recovered as a matter of right, their determination depending upon the amount of compensatory damages that may be awarded to the claimant; (2) the claimant must first establish his right to moral, temperate, liquidated or compensatory damages; and (3) the act must be accompanied by bad faith or done in a wanton, fraudulent, oppressive or malevolent manner.<sup>399</sup>

It bears stressing that the award of temperate damages does not *ipso facto* warrant the grant of exemplary damages. The Court finds that GSMI failed to establish by clear, convincing, and credible evidence that the infringement committed by TDI was done in a wanton, fraudulent, oppressive or malevolent manner. In *San Miguel Pure Foods Co., Inc. v. Foodsphere, Inc.*,<sup>400</sup> the Court similarly did not grant exemplary damages for failure to establish the requisites for such award. Accordingly, the award of exemplary damages herein must be deleted.

Also, the Court deems it proper to modify the award for attorney's fees. As a rule, an award of attorney's fees should be deleted where the award of moral and exemplary damages are not granted. Nonetheless, attorney's fees may be awarded where the court deems it just and equitable even if moral and exemplary damages are unavailing.<sup>401</sup> In this case, the Court finds that the award of attorney's fees should be sustained but reasonably decreased to an amount of ₱200,000.00, in the light of the foregoing discussions.

In addition, the Court affirms the application of Sec. 157.1 of R.A. No. 8293. It provides that the court may order goods found to be infringing be disposed of outside the channels of commerce in such a manner as to avoid any harm caused to the right holder, or be destroyed, without compensation of any sort.<sup>402</sup>

Consequently, to protect the trademark of GSMI for the distinctive mark "GINEBRA," TDI should remove from the market all its gin products bearing the name/mark "GINEBRA" and all the infringing or unfairly competing goods in the possession of its employees, agents, representatives, dealers including, all bottles, labels, signs, prints, packages, wrappers, receptacles and advertisements bearing the mark "GINEBRA" and that the same be destroyed or be disposed of outside the channels of commerce. TDI

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<sup>399</sup> Id.

<sup>400</sup> Id. at 786-787.

<sup>401</sup> *Prosource International, Inc. v. Horphag Research Management SA*, 620 Phil. 539, 553 (2009).

<sup>402</sup> Sec. 157.1, R.A. No. 8293.



must also cease-and-desist from using the word or mark "GINEBRA" in any of its gin products.

While TDI is still free to produce and promote any of its gin products, it is prohibited from adapting and utilizing the distinct mark "GINEBRA," which rightfully belongs to GSMI, in any part of its labels, signs, products, goods, or services.

*Final Note*

It is fervently desired that this decision shall shed light on the difficult questions regarding trademark law, particularly, on the issues of spectrum of distinctiveness, genericness, primary significance test, doctrine of foreign equivalence, consumer survey evidence, doctrine of secondary meaning, trademark infringement, and unfair competition. It is high time for the courts to develop and enrich the field of trademark and, in the broader sense, intellectual property law. Adjudication regarding intellectual property must shift to the objective, scientific, and economic standards; rather, than the subjective and inconsistent beliefs of the few.

In the robust and ever-changing arena of commerce, globalization, digitalization, and online transactions, the field of intellectual property must be safeguarded and, at the same time, promoted. Legitimate intellectual creations must be protected against scrupulous infringers, and illegitimate marks which sow confusion, create monopolies, and destroy market competition should be struck down. Let this serve as a reminder and a challenge to the courts and the legal profession that the branch of intellectual property law is a continuing and growing field that must be stimulated, expanded, and protected.

**WHEREFORE**, the Court resolves as follows:

1. In G.R. No. 196372, the petition is **GRANTED**. The Decision dated August 13, 2010 and Resolution dated March 25, 2011 of the Court of Appeals in CA-G.R. SP No. 112005 are **REVERSED** and **SET ASIDE**. The Director of the Bureau of Trademarks is **DIRECTED** to:
  - a. **REINSTATE** Ginebra San Miguel Inc.'s Trademark Application No. 4-2003-0001682;


- b. **CAUSE THE PUBLICATION** of Ginebra San Miguel Inc.'s Trademark Application No. 4-2003-0001682 pursuant to Section 133.2 of Republic Act No. 8293; and, thereafter,
- c. **ACCORD DUE COURSE** to Ginebra San Miguel Inc.'s Trademark Application No. 4-2003-0001682.
2. In G.R. Nos. 210224 and 219632, the petitions are **DENIED**. The Decision dated August 15, 2013 and Resolution dated November 22, 2013, in CA-G.R. SP No. 127255, and the Decision dated November 7, 2014 and Resolution dated July 28, 2015, in CA-G.R. CV No. 100332, of the Court of Appeals are **AFFIRMED with the following MODIFICATIONS**:
- a. Tanduay Distillers, Inc. shall **PAY** Ginebra San Miguel, Inc.:
- i. Temperate damages in the amount of ₱300,000.00;
  - ii. Attorney's fees in the amount of ₱200,000.00;
- b. The other awards of damages against Tanduay Distillers, Inc. are **DELETED**.
3. In G.R. No. 216104, the petition is **DENIED**. The Decision dated July 23, 2014, and Resolution dated November 13, 2014 of the Court of Appeals, in CA-G.R. SP No. 132441 are **AFFIRMED in toto**.

**SO ORDERED.**

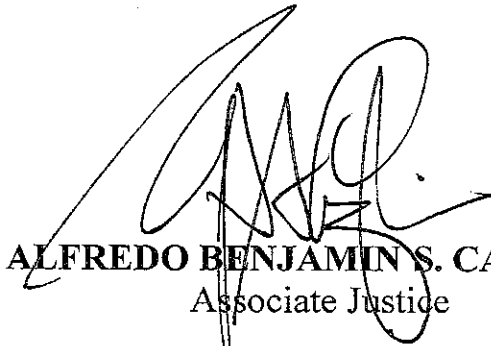
  
ALEXANDER G. GESMUNDO  
Chief Justice

WE CONCUR:


*See Concurring  
& Dissenting*


*I dissent. See separate opinion*  


**MARVIC M.V.F. LEONEN**  
Senior Associate Justice



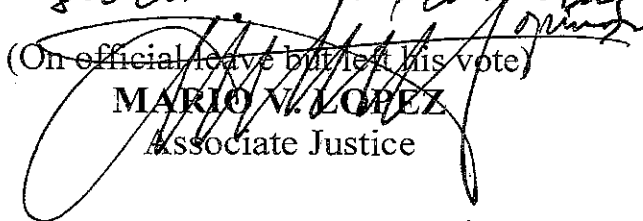
**ALFREDO BENJAMIN S. CAGUIOA**  
Associate Justice


  
**RAMON PAUL L. HERNANDO**  
Associate Justice

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

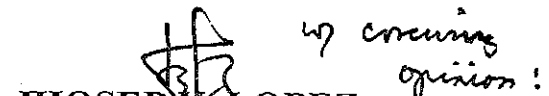
  
**HENRI JEAN PAUL B. INTING**  
Associate Justice


(no part)  
**RODIL V. ZALAMEDA**  
Associate Justice


*see concurring and dissenting*  
*(On official leave but left his vote)*  
  
**MARIO V. LOPEZ**  
Associate Justice

  
**SAMUEL H. GAERLAN**  
Associate Justice

  
**RICARDO R. ROSARIO**  
Associate Justice

*up concurring opinion!*  
  
**JHOSEP V. LOPEZ**  
Associate Justice

  
**JAPAR B. DIMAAMPAO**  
Associate Justice

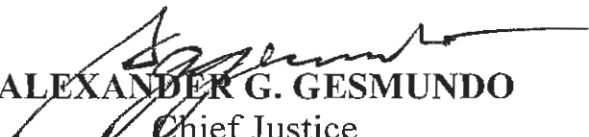
  
**JOSE MIDAS P. MARQUEZ**  
Associate Justice

  
**ANTONIO T. KHO, JR.**  
Associate Justice

  
**MARIA FILOMENA D. SINGH**  
Associate Justice

**CERTIFICATION**

Pursuant to Section 13, Article VIII of the Constitution, I hereby 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.

  
**ALEXANDER G. GESMUNDO**  
Chief Justice

