

THIRD DIVISION

[G.R. No. 205409, June 13, 2018]

**CITIGROUP, INC., PETITIONER, VS. CITYSTATE SAVINGS BANK,
INC. RESPONDENT.**

DECISION

LEONEN, J.:

This resolves a Petition for Review on Certiorari^[1] assailing the August 29, 2012 Decision^[2] and the January 15, 2013 Resolution^[3] of the Court of Appeals in CA-G.R. SP No. 109679.

The facts which led to the controversy before this Court, as summarized by the Court of Appeals, are as follows:

Petitioner Citigroup, Inc. is a corporation duly organized under the laws of the State of Delaware engaged in banking and financial services.

In the late 1970s, Citibank N.A., a wholly-owned subsidiary of petitioner, installed its first automated teller machines in over a hundred New York City branches. In 1984, Citibank N.A., Philippine Branch, began the development of its domestic Automated Teller Machine (ATM) network, and started operating ATMs and issuing ATM cards in the Philippines. Citibank N.A., Philippine Branch then joined Bancnet Inc. ("Bancnet") in 1990, the first year Bancnet commenced operations. To date, Citibank N.A., Philippine Branch has six branches and 22 ATMs in the Philippines.

In 2005, Citibank Savings, Inc. became an indirect wholly-owned subsidiary of Citibank, N.A. As a pre-existing thrift bank, it offered ATM services in the Philippines in 1995 and joined Bancnet in 2005. Citibank Savings, Inc. now has 36 branches and 27 ATMs in the Philippines.

Combining the branches and ATMs of Citibank N.A., Philippine Branch and Citibank Savings, Inc., there are a total of 42 branches and 29 ATMs in the Philippines marketed and identified to the public under the CITI family of marks.

The ATM cards issued by Citibank N.A., Philippine Branch and Citibank Savings, Inc. are labelled "CITICARD". The trademark CITICARD is owned by Citibank N.A. and is registered in the [Intellectual Property Office] of the Philippines on 27 September 1995 under Registration Number 34731.

In addition, petitioner or Citibank N.A., a wholly-owned subsidiary of petitioner, owns the following other trademarks currently registered with the Philippine [Intellectual Property Office], to wit: "CITI and arc design",

"CITIBANK", "CITIBANK PAYLINK", "CITIBANK SPEEDCOLLECT", "CITIBANKING", "CITICARD", "CITICORP", "CITIFINANCIAL", "CITIGOLD", "CITIGROUP", "CITIPHONE BANKING", and "CITISERVICE".

On the other hand, sometime in the mid-nineties, a group of Filipinos and Singaporean companies formed a consortium to establish respondent Citystate Savings Bank, Inc. The consortium included established Singaporean companies, specifically Citystate Insurance Group and Citystate Management Group Holdings Pte, Ltd.

Respondent's registered mark has in its name affixed a lion's head, which is likened to the national symbol of Singapore, the Merlion. On 08 August 1997, respondent opened its initial branch in Makati City. From then on, it endeavored to expand its branch network. At present it has 19 branches in key cities and municipalities including 3 branches in the province of Bulacan and 1 in Cebu City. Respondent had also established off site ATMs in key locations in the Philippines as one of its banking products and services.

In line with this, respondent filed an application for registration with the [Intellectual Property Office] on 21 June 2005 of the trademark "CITY CASH WITH GOLDEN LION'S HEAD" for its ATM service, under Application Serial No. 42005005673.^[4]

After respondent Citystate Savings Bank, Inc. (Citystate) applied for registration of its trademark "CITY CASH WITH GOLDEN LION'S HEAD" with the Intellectual Property Office, Citigroup, Inc. (Citigroup) filed an opposition to Citystate's application. Citigroup claimed that the "CITY CASH WITH GOLDEN LION'S HEAD" mark is confusingly similar to its own "CITI" marks.^[5] After an exchange of pleadings, the Director of the Bureau of Legal Affairs of the Intellectual Property Office rendered a Decision^[6] dated November 20, 2008. The Intellectual Property Office concluded that the dominant features of the marks were the words "CITI" and "CITY," which were almost the same in all aspects. It further ratiocinated that Citigroup had the better right over the mark, considering that 'its "CITI" and "CITI"-related marks have been registered with the Intellectual Property Office, as well as with the United States Patent and Trademark Office, covering "financial services" under Class 36 of the International Classification of Goods.^[7] Thus, applying the dominancy test and considering that Citystate's dominant feature of the applicant's mark was identical or confusingly similar to a registered trademark, the Intellectual Property Office ruled that approving it would be contrary to Section 138 of the Intellectual Property Code and Citigroup's exclusive right to use its marks.

This was appealed to the Office of the Director General of the Intellectual Property Office. In a Decision^[8] dated July 3, 2009, Director General Adrian S. Cristobal, Jr. (Director General Cristobal) reversed the November 20, 2008 Decision of the Director of the Bureau of Legal Affairs and gave due course to Citystate's trademark application. He made a visual comparison of the parties' respective marks and considered the golden lion head device to be the prominent or dominant feature of Citystate's mark, and not the word "CITY." Thus, Citystate's mark did not resemble Citigroup's mark such that deception or confusion was likely. Director General Cristobal found plausible Citystate's explanation for choosing "CITYSTATE," i.e., that

its name was based on the country of Singapore, which was referred to as "city-state," and that the golden lion head device was similar to the national symbol of Singapore, the *merlion*.^[9] He appreciated that availing of the products and services related to the parties' marks would entail very detailed procedures, like sales representatives explaining the products and clients filling up and submitting application forms, such that customers would necessarily be well informed and not confused.^[10]

Thus, Citigroup filed a Petition for Review^[11] before the Court of Appeals, which dismissed the petition. The Court of Appeals found that Director General Cristobal did not act with grave abuse of discretion in ruling that the parties' trademarks were not confusingly similar, and in giving due course to Citystate's trademark application.^[12] It found that Citystate's mark was not confusingly or deceptively similar to Citigroup's marks:

[Citystate's] trademark is the entire "CITY CASH WITH GOLDEN LION'S HEAD". Although the words "CITY CASH" are prominent, the entirety of the trademark must be considered, and focus should not be made solely on the phonetic similarity of the words "CITY" and "CITI".

The dissimilarities between the two marks are noticeable and substantial. [Citystate's] mark, "CITY CASH WITH GOLDEN LION'S HEAD", has an insignia of a golden lion's head at the left side of the words "CITY CASH", while [Citigroup's] "CITI" mark usually has an arc between the two I's. A further scrutiny of the other "CITI" marks of [Citigroup] would show that their font type, font size, and color schemes of the said "CITI" marks vary for each product or service. Most of the time, [Citigroup's] "CITI" mark is joined with another term to form a single word, with each product or service having different font types and color schemes. On the contrary, the trademark of [Citystate] consists of the words "CITY CASH", with a golden lion's head emblem on the left side. It is, therefore, improbable that the public would immediately and naturally conclude that [Citystate's] "CITY CASH WITH GOLDEN LION'S HEAD" is but another variation under [Citigroup's] "CITI" marks.

Verily, the variations in the appearance of the "CITI" marks by [Citigroup], when conjoined with other words, would dissolve the alleged similarity between them and the trademark of [Citystate]. These dissimilarities, and the insignia of a golden lion's head before the words "CITY CASH" in the mark of [Citystate] would sufficiently acquaint and apprise the public that [Citystate's] trademark "CITY CASH WITH GOLDEN LION'S HEAD" is not connected with the "CITI" marks of [Citigroup].

Moreover, more credit should be given to the "ordinary purchaser." Cast in this particular controversy, the ordinary purchaser is not the "completely unwary consumer" but is the "ordinarily intelligent buyer" considering the type of product involved. It bears to emphasize that the mark "CITY CASH WITH GOLDEN LION'S HEAD" is a mark of [Citystate] for its ATM services which it offers to the public. It cannot be gainsaid that an ATM service is not an ordinary product which could be obtained at

any store without the public noticing its association with the banking institution that provides said service. Naturally, the customer must first open an account with a bank before it could avail of its ATM service. Moreover, the name of the banking institution is written and posted either inside or outside the ATM booth, not to mention the fact that the name of the bank that operates the ATM is constantly flashed at the screen of the ATM itself. With this, the public would accordingly be apprised that [Citystate's] "CITY CASH" is an ATM service of [Citystate], and not that of [Citigroup's].^[13] (Citation omitted)

Thus, the Court of Appeals quoted Director General Cristobal:

In evaluating the relevance of the prefix "CITI", due attention should be given not only to the other features of the competing marks but also to the attendant circumstances of the case. Otherwise, a blind adherence to [Citigroup's] claim over the prefix CITI is tantamount to handing it a monopoly of all marks with such prefix or with a prefix that sounds alike but with a different spelling like the word "city". Accordingly, the kind of products and services involved should likewise be scrutinized.

....

Thus, this Court finds no cogent reason to believe [Citigroup's] contention that consumers may confuse the products and services covered by the competing trademarks as coming from the same source of origin. The fear that the consumer may mistake the products as to the source or origin, or that the consumers seeking its products and services will be redirected or diverted to [Citystate], is unfounded. The products or services involved are not the ordinary everyday products that one can just pick up in a supermarket or grocery stores (sic). These products generally require sales representatives explaining to their prospective customers the features of and entitlements thereto. Availing the products and services involved follows certain procedures that ordinarily and routinely gives the prospective customers or clients opportunity to know exactly with whom they are dealing with (sic). The procedures usually include the clients filling-up and submitting a *pro-forma* application form and other documentary requirements, which means that the person is wel[l]informed and thus, cannot be misled into believing that the product or service is that of [Citystate] when in fact it is different from [Citigroup's].

The likelihood of confusion between two marks should be taken from the viewpoint of the prospective buyer. In *Emerald Garment Manufacturing Corp. vs. Court of Appeals, et al.*, the Supreme Court ruled that:

"Finally, in line with the foregoing discussions, more credit should be given to the 'ordinary purchaser.' Cast in this particular controversy, the ordinary purchaser is not the 'completely unwary consumer' but is the 'ordinarily intelligent buyer' considering the type of product involved.

The definition laid down in *Dy Buncio v. Tan Tiao Bok* is better

suited to the present case. There, the 'ordinary purchaser' was defined as one 'accustomed to buy, and therefore to some extent familiar with, the goods in question. The test of fraudulent simulation is to be found in the likelihood of the deception of some persons in some measure acquainted with an established design and desirous of purchasing the commodity with which that design has been associated. The test is not found in the deception, or the possibility of deception, of the person who knows nothing about the design which has been counterfeited, and who must be indifferent between that and the other. The simulation, in order to be objectionable, must be such as appears likely to mislead the ordinary intelligent buyer who has a need to supply and is familiar with the article that he seeks to purchase."^[14]

Citigroup filed a Motion for Reconsideration,^[15] which the Court of Appeals denied in its January 15, 2013 Resolution.^[16]

Thus, Citigroup filed a Petition for Review^[17] against Citystate before this Court. After respondent filed its Comment/Opposition^[18] and petitioner filed its Reply,^[19] respondent filed its Memorandum.^[20]

Petitioner claims that the Court of Appeals erred in finding that there was no confusing similarity between the trademark that respondent applied for and petitioner's own trademarks.^[21] It avers that *Emerald Manufacturing Company v. Court of Appeals*^[22] is not applicable to this case.^[23] Contrary to the Court of Appeals' finding, the arc design is not an integral part of petitioner's "CITI" family of marks.^[24]

Petitioner asserts that when the dominance test is applied to the Court of Appeals' findings of fact, the necessary result is a finding of confusing similarity.^[25] It points out that the Court of Appeals found that "CITY CASH" is the dominant feature of respondent's applied trademark. However, because the word "CASH" was disclaimed in respondent's trademark application, only "CITY" may be considered the dominant part of the mark. "'CITY' ... appears nearly identical to 'CITI'."^[26]

Further, petitioner argues that the Court of Appeals did not understand the services offered in relation to respondent's mark when it said that the mark is to be applied only in relation to respondent's ATMs and within the bank premises. It insists that in actuality, the mark could be used outside the bank premises, such as in radio, newspapers, and the internet, where there would not necessarily be a "GOLDEN LION'S HEAD" symbol to disambiguate the mark from any of petitioner's marks. It argues that the Court of Appeals should have appreciated the difference between basic financial services on one hand, which include ATM services, and sophisticated financial services on the other hand. It avers that customers do not select ATM services after cautious evaluation, and that ATM services are marketed to ordinary consumers. Thus, petitioner claims that the Court of Appeals erred when it concluded that customers are intelligent purchasers, and failed to consider ordinary purchasers who have not yet used the financial services of petitioner and respondent.^[27]