

## THIRD DIVISION

[ G.R. No. 221717, June 19, 2017 ]

### **MANG INASAL PHILIPPINES, INC., PETITIONER, VS. IFP MANUFACTURING CORPORATION, RESPONDENT.**

#### **DECISION**

##### **VELASCO JR., J.:**

Before us is a Petition for Review on Certiorari under Rule 45 of the Rules of Court of the Resolutions dated June 10, 2015<sup>[1]</sup> and December 2, 2015<sup>[2]</sup> of the Court of Appeals (CA) in CA-G.R. SP No. 139020.

#### **The Facts**

##### **The Trademark Application and the Opposition**

Respondent IFP Manufacturing Corporation is a local manufacturer of snacks and beverages.

On May 26, 2011, respondent filed with the Intellectual Property Office (IPO) an application<sup>[3]</sup> for the registration of the mark "**OK Hotdog Inasal Cheese Hotdog Flavor Mark**" (OK Hotdog Inasal mark) in connection with goods under Class 30 of the Nice Classification.<sup>[4]</sup> The said mark, which respondent intends to use on one of its curl snack products, appears as follows:

(See Image)

The application of respondent was opposed<sup>[5]</sup> by petitioner Mang Inasal Philippines, Inc.

Petitioner is a domestic fast food company and the owner of the mark "**Mang Inasal, Home of Real Pinoy Style Barbeque and Device**" (Mang Inasal mark) for services under Class 43 of the Nice Classification.<sup>[6]</sup> The said mark, which was registered with the IPO in 2006<sup>[7]</sup> and had been used by petitioner for its chain of restaurants since 2003,<sup>[8]</sup> consists of the following insignia:

(See Image)

Petitioner, in its opposition, contended that the registration of respondent's OK Hotdog Inasal mark is prohibited under Section 123.1(d)(iii) of Republic Act No. (RA) 8293.<sup>[9]</sup> Petitioner averred that the OK Hotdog Inasal mark and the Mang Inasal mark share similarities—both as to their appearance and as to the goods or services that they represent—which tend to suggest a false connection or

association between the said marks and, in that regard, would likely cause confusion on the part of the public.<sup>[10]</sup> As petitioner explained:

1. The OK Hotdog Inasal mark is similar to the Mang Inasal mark. Both marks feature the same dominant element—i.e., the word "*INASAL*"—printed and stylized in the exact same manner, viz:
  - a. In both marks, the word "*INASAL*" is spelled using the same font style and red color;
  - b. In both marks, the word "*INASAL*" is placed inside the same black outline and yellow background; and
  - c. In both marks, the word "*INASAL*" is arranged in the same staggered format.
2. The goods that the OK Hotdog Inasal mark is intended to identify (i.e., curl snack products) are also closely related to the services represented by the Mang Inasal mark (i.e., fast food restaurants). Both marks cover *inasal* or *inasal-flavored* food products.

Petitioner's opposition was referred to the Bureau of Legal Affairs (BLA) of the IPO for hearing and disposition.

### **Decisions of the IPO-BLA and the IPO-DG**

On September 19, 2013, after due proceedings, the IPO-BLA issued a Decision<sup>[11]</sup> dismissing petitioner's opposition. The dispositive portion of the Decision reads:

**WHEREFORE**, premises considered, the instant opposition is hereby **DISMISSED**. Let the filewrapper [sic] of Trademark Application Serial No. 4-2011-006098 be returned, together with a copy of this Decision, to the Bureau of Trademarks for further information and appropriate action.

**SO ORDERED.**

Aggrieved, petitioner appealed the Decision of IPO-BLA to the Director General (DG) of the IPO.<sup>[12]</sup>

On December 15, 2014, the IPO-DG rendered a Decision<sup>[13]</sup> dismissing the appeal of petitioner. *The fallo* of the Decision accordingly reads:

Wherefore, premises considered, the appeal is hereby dismissed. Let a copy of this Decision be furnished to the Director of Bureau of Legal Affairs

and the Director of Bureau of Trademarks for their appropriate action and information. Further, let a copy of this Decision be furnished to the library of the Documentation, Information and Technology Transfer Bureau for records purposes.

SO ORDERED.

Both the IPO-BLA and the IPO-DG were not convinced that the OK Hotdog Inasal mark is confusingly similar to the Mang Inasal mark. They rebuffed petitioner's contention, thusly:

1. The OK Hotdog Inasal mark is not similar to the Mang Inasal mark. In terms of appearance, the only similarity between the two marks is the word "*INASAL*." However, there are other words like "*OK*," "*HOTDOG*," and "*CHEESE*" and images like that of curls and cheese that are found in the OK Hotdog Inasal mark but are not present in the Mang Inasal mark.<sup>[14]</sup>

In addition, petitioner cannot prevent the application of the word "*INASAL*" in the OK Hotdog Inasal mark. No person or entity can claim exclusive right to use the word "*INASAL*" because it is merely a generic or descriptive word that means barbeque or barbeque products.<sup>[15]</sup>

2. Neither can the underlying goods and services of the two marks be considered as closely related. The products represented by the two marks are not competitive and are sold in different channels of trade. The curl snack products of the OK Hotdog Inasal mark are sold in *sari-sari* stores, grocery stores and other small distributor outlets, whereas the food products associated with the Mang Inasal mark are sold in petitioner's restaurants.<sup>[16]</sup>

Undeterred, petitioner appealed to the CA.

### **Resolutions of the CA and the Instant Appeal**

On June 10, 2015, the CA issued a Resolution<sup>[17]</sup> denying the appeal of petitioner. Petitioner filed a motion for reconsideration, but this too was denied by the CA through its Resolution<sup>[18]</sup> dated December 2, 2015. The CA, in its Resolutions, simply agreed with the ratiocinations of the IPO-BLA and IPO-DG.

Hence, the instant appeal.

Here, petitioner prays for the reversal of the CA Resolutions. Petitioner maintains that the OK Hotdog Inasal mark is confusingly similar to the Mang Inasal mark and insists that the trademark application of respondent ought to be denied for that reason.

### **Our Ruling**

We have examined the OK Hotdog Inasal and Mang Inasal marks under the lens of pertinent law and jurisprudence. And, through it, we have determined the justness of petitioner's claim. By our legal and jurisprudential standards, the respondent's OK Hotdog Inasal mark is, indeed, likely to cause deception or confusion on the part of the public. Hence, contrary to what the IPO-BLA, IPO-DG, and the CA had ruled, the respondent's application should have been denied.

We, therefore, grant the appeal.

## I

### **The Proscription: Sec. 123.1 (d)(iii) of RA 8293**

A mark that is similar to a registered mark or a mark with an earlier filing or priority date (earlier mark) and which is likely to cause confusion on the part of the public cannot be registered with the IPO. Such is the import of Sec. 123.1(d)(iii) of RA 8293:

#### **SECTION 123. Registrability. -**

123. 1. A mark cannot be registered if it:

x x x x

d. x x x:

i. x x x

ii. x x x

iii. ...nearly resembles [a registered mark belonging to a different proprietor or a mark with an earlier filing or priority date] as to be likely to deceive or cause confusion.

The concept of confusion, which is at the heart of the proscription, could either refer to *confusion of goods* or *confusion of business*. In *Skechers U.S.A., Inc. v. Trendworks International Corporation*,<sup>[19]</sup> we discussed and differentiated both types of confusion, as follows:

Relative to the question on confusion of marks and trade names, jurisprudence has noted two (2) types of confusion, viz.: (1) confusion of goods (product confusion), where the ordinarily prudent purchaser would be induced to purchase one product in the belief that he was purchasing the other; and (2) confusion of business (source or origin confusion), where, although the goods of the parties are different, the product, the mark of which registration is applied for by one party, is such as might

reasonably be assumed to originate with the registrant of an earlier product, and the public would then be deceived either into that belief or into the belief that there is some connection between the two parties, though inexistent.

Confusion, in either of its forms, is, thus, only possible when the goods or services covered by allegedly similar marks are identical, similar or related in some manner.  
[20]

Verily, to fall under the ambit of Sec. 123.1(d)(iii) and be regarded as likely to deceive or cause confusion upon the purchasing public, a prospective mark must be shown to meet two (2) minimum conditions:

1. The prospective mark must nearly resemble or be similar to an earlier mark;  
*and*
2. The prospective mark must pertain to goods or services that are either identical, similar or related to the goods or services represented by the earlier mark.

The rulings of the IPO-BLA, IPO-DG, and the CA all rest on the notion that the OK Hotdog Inasal mark does *not* fulfill both conditions and so may be granted registration.

We disagree.

## II

### The OK Hotdog Inasal Mark Is Similar to the Mang Inasal Mark

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.<sup>[21]</sup> To be regarded as similar to an earlier mark, it is enough that a prospective mark be a colorable imitation of the former.<sup>[22]</sup> 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>[23]</sup>

In determining whether there is similarity or colorable imitation between two marks, authorities employ either the *dominancy test* or the *holistic test*.<sup>[24]</sup> In *Mighty Corporation v. E. & J. Gallo Winery*,<sup>[25]</sup> we distinguished between the two tests as follows:

The **Dominancy Test** focuses on the similarity of the prevalent features of the competing trademarks which might cause confusion or deception,