

ACCORD INTERNATIONAL, INC.  
Complainant,

IPV NO. 10-2003-00009

-versus-

For: Infringement/Unfair  
Competition

A.A. ACCORD CHEMICALS  
CORPORATION,  
Respondent.

x-----x

Decision No. 2006-01

## DECISION

ACCORD INTERNATIONAL, INC., (“Complainant”), a domestic corporation duly organized and existing under and by virtue of the laws of the Philippines with business address at No. 605 Cordillera Street, Mandaluyong City, filed an action for UNFAIR COMPETITION against A.A. ACCORD CHEMICALS CORPORATION (“Respondent”), a domestic corporation duly organized under and by virtue of the Philippine laws with principal office at No. 839-841 Alvarado Street, Binondo, Manila, due to the Respondent’s use of the word ACCORD in its corporate name, which is identical to Complainant’s tradename. Both parties are similarly engaged in the business of supplying and distributing chemical products and are listed members of the Philippine Association of Chemical Suppliers, Inc. (“PACSI”) for more than fifteen (15) years now.

The grounds relied upon by the Complainant in filing the instant suit were based on the provisions of Republic Act No. 8293 and their related provisions under the Rules and Regulations on Administrative Complaints for Violations of Laws Involving Intellectual Property Rights, to wit:

1. “ACC’s act of adopting the word “Accord” as part of its trade name, despite its knowledge of the existence of another corporation which has a similar name and which is engaged in the same business, constitutes Unfair Competition.”
2. “Considering that Complainant has been using the trade name “Accord International, Inc.” from the time it was registered with the SEC on 20 April 1982 in the conduct of its business, it has acquired a property right in the goodwill of the goods, business and services identified under said trade name, to the exclusion of others.”
3. “The similarity between the trade names of the Complainant and Respondent, which are engaged in the same line of business, has created confusion not only in the minds of Complainant’s customers, but also among the other members of PACSI and the public in general.”

Complainant relied on the following facts to support its allegations: (1) The then Bureau of Domestic Trade issued on April 28, 1982 Certificate of Registration in favor of Complainant to use ACCORD INTERNATIONAL, INC. as business name under DTI Registration No. 82-07853 [see par. 3, *Complaint*]; (2) Complainant’s Article of Incorporation were duly registered on April 20, 1982 with the Securities and Exchange Commission under S.E.C. Registration No. 104391 [see par. 3, *Complaint*]; (3) Complainant came to know the existence of another entity with the same corporate name ACCORD and is engaged in the same line of business of supplying and distributing chemical products during one Christmas party sponsored by PACSI [see par. 7, *Complaint*]; (4) Respondent’s use of the name ACCORD is evidence by the company’s stationery, advertisements in the Philippine Long Distance Telephone Co. yellow pages, a list of members of PACSI and the various assessments made by PACSI addressed to Respondent [see par. 8, *Complaint*]; (5) That Respondent’s affiliation with PACSI started in 1983 under the corporate name “Philippine Industrial Laboratories Co.” and when it ceased to exist in 1999, a new entity controlled by the same set of officers emerged with the trade name “ACCORD

CHEMICALS CORPORATION” (see *par. 9, Complaint*); (6) That due to earlier existence and affiliation of Respondent with PACSI, its head officer, Mr. Roberto Ang is deemed to have known the existence of Complainant when it affiliated with PACSI in 1989 using the trade name ACCORD INTERNATIONAL, INC. [see *par. 10, Complaint*]; (7) That Respondent through its President, Mr. Robert Ang, promised, after some members of PACSI intervened, to effect a change in the use of Respondent’s trade name within an agreed period, the insertion of double letter A in Respondent’s corporate name however did not effect significant changes [see *pars. 11, 13, & 14 Complaint*]; (8) That Complainant’s identity is sometimes confused with or mistaken to be those of Respondent’s with the receipt and the taking by Complainant of several purchase orders and telephone calls addressed to the latter [see *par. 22, Complaint*]; (9) That by the reason of the foregoing facts, Complainant has suffered loss in the form of temperate and exemplary damages [see *par. 30, Complaint*].

Respondent, through counsel, filed its Answer and interposed the following ADMISSIONS and DENIALS:

1. “Respondent denies the allegations pertaining to the corporate existence and circumstances of the Complainant for lack of knowledge and/or information sufficient to form a belief as to the truth or falsity thereof;”
2. “Respondent admits the allegations in paragraph 2 of the Complaint pertaining to its corporate existence and business line;”
3. “Respondent denies the allegations in paragraphs 3, 4, 5 and 6 of the Complaint for lack of knowledge and/or information sufficient to form a belief as to the truth or falsity thereof;”
4. “Respondent partially admits the allegations contained in paragraph 7 of the Complaint. In a party held in December of 2001, Complainant and Respondent both acknowledged use of the corporate name “ACCORD” in a raffle contest. Respondent avers that in the year 2001 was known as ACCORD CHEMICAL CORPORATION and not A.A. ACCORD CHEMICAL CORPORATION. Respondent denies the rest of the allegations in this paragraph for lack of knowledge and/or information sufficient to form a belief as to the truth or falsity thereof;”
5. “Respondent admits the allegations of paragraph 8.1 of the Complaint. Respondent avers that its duly registered corporate name with the Securities and Exchange Commission (SEC) is A.A. ACCORD CHEMICALS CORPORATION. By virtue of this, Respondent freely uses its corporate name in legitimate trade and business;”
6. “Respondent denies the allegations in paragraphs 8.2, 8.3 and 8.4 of the Complaint for lack of knowledge and/or information sufficient to form a belief as to the truth or falsity thereof. The truth of the matter is as alleged in Respondent’s affirmative defenses;”
7. “Respondent denies the allegations in paragraphs 9, 10, 11, 12, 13 and 14 of the Complaint, the truth of the matter is as alleged in Respondent’s affirmative defenses;”
8. “Respondent admits the allegations of paragraphs 15 and 16 of the Complaint;”
9. “Respondent denies the allegations in paragraphs 17, 18 and 19 of the Complaint, the truth of the matter is as alleged in Respondent’s affirmative defenses;”
10. “Respondent neither denies nor admits paragraph 20 of the Complaint as the same is purely a provision of law quoted by the Complainant warranting neither admission nor denial;”

11. "Respondent denies the allegations in paragraphs 21, 22, 23 and 24 of the Complaint for lack of knowledge and/or information sufficient to form a belief as to the truth or falsity thereof;"
12. "Respondent denies the allegations in paragraphs 25 and 26 of the Complaint, the truth of the matter is as alleged in Respondent's affirmative defenses;"
13. "Respondent denies the allegations in paragraphs 27 and 28 of the Complaint, the truth of the matter is as alleged in Respondent's affirmative defenses;"
14. "Respondent denies the allegations in paragraphs 29 and 30 of the Complaint, the truth of the matter is as alleged in Respondent's affirmative defenses;"

And raised in its Answer the following Special and Affirmative Defenses, to wit: (1) Respondent was initially formed and registered with SEC as partnership in 1976 under the business name PHILIPPINE INDUSTRIAL LABORATORIES COMPANY with Mr. Robert Ang, President of Respondent-corporation, Ms. Suan Tan and Mr. Benjamin Ang as partners [see par. 18, Answer]; (2) In 1998, Respondent was duly registered with SEC under a new corporate name ACCORD CHEMICALS CORPORATION with the same incorporator, Mr. Robert Ang, this time he included his six children as new incorporators [see par. 20, Answer]; (3) On December 2001, both parties herein came to know of the existence of each other when PACSI hosted a Christmas party for members [see par. 21, Answer]; (4) Respondent-corporation agreed to amend its corporate name from ACCORD CHEMICALS CORPORATION to A.A. ACCORD CHEMICALS CORPORATION [see par. 23, Answer];

#### Summary of Proceedings

In May 2003, Complainant ACCORD INTERNATIONAL, INC. filed this instant suit for UNFAIR COMPETITION against Respondent corporation, arising from Respondent's use of the corporate name A.A. ACCORD CHEMICALS CORPORATION in the latter's business of supplying and distributing chemical products in the local market similar to Complainant's. Both Complainant and Respondent came to know of the existence of each other during a Christmas party sponsored by the Philippine Association of Chemical Suppliers, Inc. ("PACSI") for its members with the parties herein being members thereof for more than 10 years before this instant suit was filed. Respondent corporation subsequently amended its corporate name from ACCORD CHEMICALS CORPORATION to A.A. ACCORD CHEMICALS CORPORATION Respondent filed its Answer on June 2, 2003. The issues having been joined, pre-trial and subsequently, trial on the merits ensued.

Admitted as documentary evidence for the Complainant are Exhibits "A" to "AA" including their sub-markings, consisting of, among others:

Secretary's Certificate showing authority granted to Mr. Norberto Mateo to file the instant suit;

Securities and Exchange Commission Certificate of Incorporation of ACCORD INTERNATIONAL, INC.;

Original Certificate of Registration of ACCORD INTERNATIONAL, INC. with the Department of Trade and Industry (DTI);

Certified true copy of Certification of Filing of Amended Articles of Incorporation of Respondent A.A. Accord Chemicals Corporation;

Advertisement in the Philippine Long Distance Yellow Pages of Respondent A.A. ACCORD CHEMICALS CORPORATION;

Philippine Association of Chemical Suppliers, Inc.'s (PACSI) roster of membership, showing the name of PHILIPPINE INDUSTRIAL LABORATORIES CO., its address and the name of Mr. Roberto Ang as well as ACCORD INTERNATIONAL, INC., its address and name of Norberto Mateo;

Company stationery and name card of Respondent showing the corporate name A.A. ACCORD CHEMICALS CORPORATION;

Affidavit and supplemental affidavit of Mr. Norberto Mateo dated 01 September 2003 and 12 September 2003 respectively;

Affidavit of Ms. Maria Estela de Leon;

Affidavit of Mr. Maximo Balajadia;

Complainant also presented its witnesses, namely: Mr. Norberto Mateo, President of ACCORD INTERNATIONAL, INC., Ms. Maria Estela de Leon, Assistant Operations Manager of ACCORD INTERNATIONAL, INC. and Mr. Maximo Balajadia, President of MDLD, another member corporation of PACSI, which is likewise engaged in the supply and distribution of chemical products.

Admitted as documentary evidence for the Respondent are Exhibits "1" to "16" including their sub-markings, consisting of, among others:

Certificate of Incorporation and By-Laws of ACCORD CHEMICALS CORPORATION;

Certificate of Amended Articles of Incorporation of A.A. ACCORD CHEMICALS CORPORATION;

Certified true copy of the Respondent's trademark application for the mark A.A. ACCORD CHEMICALS CORPORATION;

Articles of Partnership of Philippine Industrial Laboratories Co. including its Amended Articles with Entry No. 40397;

PLDT 2003-2004 Metro Manila Telephone Directory; and the direct testimony of Robert Ang;

Respondent presented one (1) witness: Mr. Robert Ang, President of A.A. ACCORD CHEMICALS CORPORATION.

As per Order No. 2004-67 dated 23 April 2004, the parties were given ten (10) days from receipt of the Order to within which file their respective Memorandum. Complainant filed its Memorandum on 06 May 2004 while Respondent filed its Memorandum on 04 May 2004.

#### Issues

1. Whether or not the Bureau of Legal Affairs has jurisdiction over Respondent's use of its corporate name
2. Whether or not Respondent's use or adoption of the corporate name "A.A. ACCORD CHEMICALS CORPORATION" constitutes unfair competition.
3. Whether or not Respondent is liable for temperate and exemplary damages.

## Discussion

Both parties agree and the records support the following facts: That Complainant ACCORD INTERNATIONAL INC. and Respondent A.A. ACCORD CHEMICALS CORPORATION are organized and duly registered under and by virtue of the laws of the Republic of the Philippines [see par. 4, Answer, par. 1, Complaint, pp.9, 11 TSN dated 14 July 2003].

Respondent started its arguments and discussion by questioning the jurisdiction of this Office to hear and decide on the aforementioned issues this present suit has maintained stating in its caption that it is the SEC, not the IPO, that has jurisdiction over corporate names. (*Par. 47, Respondent's Memorandum*).

The answer should be in affirmative.

Sec. 165 of R.A. 8293 otherwise known as the Intellectual Property Code of the Philippines provides that –

“SEC. 165. Trade name or Business Names. – 165.1 A name or designation may not be used as a trade name if by its nature or the use to which such name or designation, maybe part, it is contrary to public order or morals and if, in particular, it is, liable to deceive trade circles or the public as to the nature of the enterprise identified by that name.

“165.2 (a) Notwithstanding any laws or regulations providing for any obligation to register trade names, such names shall be protected, even prior to or without registration, against any unlawful act committed by third parties.

“(b) In particular, any subsequent use of the trade name by the third party, whether as a trade name or a mark or collective mark, or any such use of a similar trade name or mark, likely to mislead the public, shall be deemed unlawful.

“165.3 The remedies provided for in Sections 153 to 156 and Sections 166 and 167 shall apply mutatis mutandis.”

Since provisions of R.A. 8293 were alleged by the Complainant to have been violated by herein Respondent, the Bureau of Legal Affairs, under Sec. 10 & 10.2 of the same law has jurisdiction to hear and decide such complaints. Sec. 10.2 provides as follows:

“Sec. 10. The Bureau of Legal Affairs. – The Bureau of Legal Affairs shall have the following functions:

“x x x

10.2. (a) Exercise original jurisdiction in the administrative complaints for violation of laws involving intellectual property rights: Provided, That its jurisdiction is limited to complaints where the total damages claimed are not less than Two hundred thousand pesos (P200,000.00): Provided, further, That avilment of the provisional remedies may be granted in accordance with the Rules of Court. The Director of Legal Affairs shall have the power to hold and punish for contempt all those who disregard orders or writs issued in the course of the proceedings. xxx”

From the foregoing, it is clear that this Bureau has jurisdiction to hear and decide intellectual property violations as in the present case which is a case or a suit maintained due to the adoption of the word ACCORD in both corporate names of the parties herein involved. The confusion stems or springs from Respondent's appropriation of the word “ACCORD”, which is the same in sound and spelling and is considered the dominant, essential and distinguishing feature

of Complainant's corporate or trade name, ACCORD INTERNATIONAL, INC. At the core of the issues set forth in the case at bar is the adoption of the word ACCORD in Respondent's corporate name. Respondent is not precluded from using its corporate name, it is the use of the word ACCORD that forms an integral or essential part of Respondent's corporate name that is being put to question for determination and for this Office to consider whether Complainant has a priority right over the word ACCORD. Bolstering this observation is the pronouncement of the court in the case of Converse Rubber Corporation vs. Universal Rubber Products, Inc. and Tiburcio S. Evalle (G.R. No. L-27906, Jan. 18, 1987) where it held that:

*"From a cursory appreciation of the petitioner's corporate name"CONVERSE RUBBER CORPORATION", it is evident that the word "CONVERSE" is the dominant word which identifies petitioner from other corporations engaged in similar business x x x. Knowing, therefore, that the word "CONVERSE" belongs to and is being used by petitioner, and is in fact the dominant word in petitioner's corporate name, respondent has no right to appropriate the same for use on its products which are similar to those being produced by petitioner."*

One essential factor which led this Office to tilt the scales of justice in favor of Complainant is its prior adoption and use of the word ACCORD in its corporate name. Records will show that Complainant adopted and used the word "ACCORD" as part of its corporate name ACCORD INTERNATIONAL, INC, as early as 1982. If anyone files a suit and can prove priority of adoption, he can assert his right to the exclusive use of a corporate name with freedom from infringement by similarity (Philips Export B.V. et al vs. CA, G.R. No. 96161).

Complainant was incorporated in April 1982 by virtue of SEC Registration No. 104391 (*Exhibit B, Complainant*) and was registered in the same year as business name with the then Bureau of Domestic Trade under DTI Registration No. 82-07583 (*Exhibit C, Complainant*). Complainant presented evidence of its early use of the word ACCORD in its corporate or trade name with the presentation of the above-cited registrations. To support this declaration is the testimony under oath of Mr. Maximo Balajadia, President of MDLD, a member of PACSI (Philippine Association of Chemical Suppliers, Inc.) who confirmed existence of Complainant's business in 1983, to the effect that:

“ATTY. MADULID: You stated in your affidavit that you have been familiar with Accord International, Inc. since 1983, is that correct?”

WITNESS: Yes.

ATTY. MADULID: In a few sentences, will you please inform use of the circumstances of your first encounter with Accord International, Inc.?

WITNESS: We are both member of PACSI (Philippine Association of Chemical Suppliers Incorporated) and I know Accord International since 1983". [TSN, 15 October 2003, p.5].

x x x

From the aforesaid evidence, Complainant has sufficiently corroborated its claim that it has been in the business and is using the word ACCORD as part of its corporate or trade name since 1982. As held in the case of Unno Commercial Enterprises, Inc. vs. General Milling Corporation "*prior use by one will controvert a claim of legal appropriation by subsequent users*". It may be concluded inevitably that Respondent's use of the dominant word ACCORD in Complainant's corporate name is an unlawful appropriation. A subsequent user is unjustified in appropriating prior user's trade or business name where the latter has painstakingly built a reputation and good name over the years only to be jeopardized by a later user by unfair methods of some sort.

On the other hand, this fact or earlier use of the trade name ACCORD by Complainant was not disputed by the Respondent. The records will show that Respondent-corporation filed and was duly registered with SEC under Reg. No. A199807006 using the corporate or trade name ACCORD CHEMICALS CORPORATION in 1998 or more than fifteen (15) years (*Exhibit "1", Respondent*), later than Complainant's incorporation, with the primary purposes of engaging in the business of trading of goods such as industrial chemicals and general merchandise on wholesale/retail basis (*Exhibit 2-a, Respondent*). Respondent explained (*Par. 34, Respondent's Memorandum*) the reason behind the establishment of Respondent-corporation, to wit:

*"For the purpose of giving a stable business structure to Robert Ang's family business, on May 7, 1998, the Ang family decided to incorporate and register ACCORD CHEMICALS CORPORATION with the SEC."*

Respondent came to know of the existence of another corporation in 2001 appropriating the word ACCORD in its corporate name. This happened in one of the parties sponsored by PACSI for its members. Respondent's President, Mr. Robert Ang, testified, to wit:

“ATTY. ASSIDAO: What prompted you to meet with Mr. Mateo?

WITNESS: Well, that was Christmas party in 2001 then that's the time I know there an existence of Accord International.” [*TSN, 20 February 2004, p.25*].

x x x

A meeting thereafter ensued between Complainant and Respondent-corporation to put an end to the issue of confusion of the herein parties' corporate names. There is culled from the records the statement of the lone witness for the Respondent, the President of A.A. ACCORD CHEMICALS CORPORATION where he said under oath:

“ATTY. ASSIDAO: Mr. Witness, I am showing you a letter which you sent to Mr. Norberto Mateo on January 09, 2003 with regard to the change of corporate name wherein you said that you have changed the name of your corporation from Accord Chemicals Corporation to A.A. Accord Chemicals Corporation.

WITNESS: Yes, ma'am.

ATTY. ASSIDAO: In Exhibit “6” of your evidence and Annex “F” of your affidavit in the third paragraph thereof you said that we are hoping to put an end to the issue of confusion of corporate names. This means that after you changed the name Accord Chemicals Corporation to A.A. Accord Chemicals Corporation the reason was that there was an issue of confusion of corporate names that was why the action was made? Do you confirm this letter?

WITNESS: Yes, I sent the letter.” [*TSN, 20 February 2004, pp.32-33*].

x x x

Respondent likewise acknowledged that there was actual confusion of the trade name.

As owner and prior user of the subject trade name, Complainant has proprietary rights thereto, which include among others, the right to exclude third parties such as the Respondent herein from the unauthorized adoption and use of the word “ACCORD” in its trade or corporate name. To permit Respondent to continue using the same or identical trade name to be used on the same business would result in confusion as to source of goods and diversion of sales to

Respondent. To support this observation, the records shows instances of confusion of business where purchase orders were inadvertently delivered to the offices of Complainant ACCORD INTERNATIONAL, INC. (*Exhibits "N", "N-1", "N-2", "N-3", Complainant*) and the testimony of Complainant's witness, Mr. Norberto Mateo has given credence to this fact when he testified that:

“ATTY. MADULID: The third question on page 6, it reads: “aside from these, were there any other instances which showed that the public was confused with the trade names and identities of the parties.” And you answered: “Yes, purchase orders addressed to Respondent A.A. ACCORD were also delivered to the offices of the Plaintiff ACCORD.” Is that correct?

WITNESS: Yes, your Honor.

ATTY. MADULID: OK. And the corporations that send this order, they enumerated them to be Rogemson Company, J.M. Tolmmmann Laboratories, Himmel Industries, Inc. and Meyers Pharmaceuticals Inc., is that correct?

WITNESS: Yes, your Honor.” [TSN, 25 September 2003, p. 10].

x x x

Respondent argued that there was abandonment by Complainant of the word “ACCORD” and of its engagement in the chemical business to warrant or justify Respondent's later appropriation of the word ACCORD to form part of its corporate or trade name. However, it did not present clear proof of such abandonment. In fact, the records show that the Complainant in its incorporation has indicated, among its primary purposes, to wit:

*“To buy, sell, trade, deal in and dispose of all kinds of goods, wares, and commodities such as but not limited to furniture, machinery, agricultural tools, automotive parts, chemicals, pharmaceutical raw materials, supplies and products xxx.”*

Moreover, there is no inaction on the part of the Complainant amounting to abandonment. Quite the contrary, it has continuously and openly engaged in the sale of industrial chemicals, if it has ceased for a while, it has its reasons for that matter and in fact, Mr. Norberto Mateo, Complainant's witness, testified to the effect that:

“ATTY. ASIDDAO: You also mentioned the names of chemicals which you have not sold for the past year or years. What is the reason if any, why you do not sell these chemicals anymore?

MR. WITNESS: Ma'am its either, its profitable to do that business anymore. Secondly, we are not getting any order.

ATTY. ASIDDAO: Would you sell or would you still sell this chemical if there are orders?

MR. WITNESS: Yes, Ma'am. We will serve to the satisfaction of our client.

ATTY. ASIDDAO: So, you offer and sell all chemicals?

MR. WITNESS: Yes, Ma'am.

ATTY. MADULID: What particular chemicals? What particular kind of chemicals?

MR. WITNESS: We sell all kinds of chemicals for pharmaceuticals, chemicals for food, chemicals for cosmetic, industrial chemicals and in fact, that is indicated on our primary purpose of Article of Incorporation to sell industrial chemical.

x x x

ATTY. ASIDDAO: Mr. Witness, if ever what industrial chemicals are you currently selling at this moment or are you offering for sell at this moment?

MR. WITNESS: One (1) item we are offering now is activated carbon for Pepsi Cola, Coke and Vegetable or Refineries.”[TSN, 02 October 2003, pp.6-7].

x x x

Moreover, there is nothing on the record to show clear and absolute intention on the part of the Complainant to discontinue the business of supplying and distributing industrial chemicals to its customers, more so the adoption of the dominant name ACCORD in its corporate name. Worth mentioning at this point is the jurisprudence pronounced in the case of PAGASA INDUSTRIAL CORPORATION vs. COURT OF APPEALS, ET AL. 204 Phil 162, where the court said:

*“Respondent in its comment, argued that the mark applied for by petitioner not only resembles the mark which it previously registered but is exactly the same or is identical to respondent’s trademark; that petitioner should have presented clear, positive proof that Kaisha abandoned the trademark; because there exists already a prima facie evidence of continuing use by the latter by virtue of its registration; that it was incumbent upon petitioner which raised the defense of laches, to establish by clear evidence that either respondent was aware of the use of its trademark by petitioner or that respondent has performed an act which misled petitioner into believing that respondent was abandoning its rights over the trademark; and that respondent since its organization in 1948 has endeavoured to popularize its trademark and spent tremendous sum of money for this purpose, thus, it is unbelievable that it will just abandon its product after spending so many years in developing the same.”*

Corollary, being prior user of the word “ACCORD” for use on its chemical business, Complainant’s act of preventing another to use or adopt the dominant word ACCORD in Respondent’s corporate name for use in its business of supplying and distributing chemical products, is valid.

Respondent, in its effort to give distinctiveness and variation to its corporate name has amended its Article of Incorporation (*Exhibit F5, Complainant*) by inserting the letters “A.A.” before the corporate name ACCORD CHEMICALS CORPORATION. The insertion of these letter however, does not give substantial changes to the corporate name as it has maintained the dominant word ACCORD which is crucial to the issues and why these material facts were ventilated in this forum for determination and evaluation. Other than the word ACCORD, Respondent’s other words, A.A. CHEMICALS and CORPORATION in its corporate name are descriptive and generic, therefore, not distinctive, to refute what has been averred that Respondent’s corporate name contains three (3) distinctive words from Complainant’s corporate name (*Par. 55, Respondent’s Memorandum*)

Unfair competition provisions of the Intellectual Property Code state that “any subsequent use of the trade name by a third party, whether as a trade name or mark or collective mark, or any such use of a similar trade name or mark, likely to mislead the public, shall be deemed unlawful” [*see Secs. 165.2 R.A. 166(a) and (b), R.A. 8293*].

Respondent's acts are clear acts of unfair competition, prohibited under Sections 168.2 and 168.3 of R.A. 8293 which provide:

"168.2 Any person who shall employ deception or any other means contrary to the good faith 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 therefore.

"168.3 In particular, 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 engaged in selling such goods with a like purpose;

(b) Any person who by any artifice, or device, or who employs any other means calculated to induce the false belief that such person is offering the services of another who has identified such services in the mind of the public; xxx"

Applying the above provisions to evaluate material facts ventilated before us in the case at bar, this Office concludes that Complainant has a right to assert and thereby upholds Complainant's posture to protect its corporate name, reputation and goodwill from subsequent user of the same or similar trade name. This Office does not find any evidence on record that would legally justify the Respondent's unauthorized use of the disputed trade name A.A. ACCORD CHEMICALS CORPORATION. The Complainant is the prior user of the mark or word "ACCORD", has been established, through Complainant's consistent use of the subject trade name in connection with its chemical business. It is clear from the records of the case that Complainant ACCORD INTERNATIONAL, INC. has been existing as a corporation since 1982 and has engaged in the business of supplying and distributing chemical products, through the active management of its President, Mr. Norberto Mateo. With such evidence on record, this Office sustains Complainant's right to file an action for unfair competition against Respondent ACCORD CHEMICALS CORPORATION.

All the products of Complainant were sold and advertised under the tradename "ACCORD INTERNATIONAL, INC.", it was inevitable that the business of the Complainant will be identified only as such. There was no other name by which Complainant's products could have been identified, insofar as the public is concerned. Undoubtedly, the subject tradename served as the source identifier. The tradename "ACCORD INTERNATIONAL, INC." has come to symbolize the goodwill of Complainant's chemical business. It has therefore acquired goodwill of considerable value through long and continued use.

Taking into account that hundreds of words may be appropriated by Respondent without causing even the slightest hint of confusion, why would it pick the word "ACCORD" which is the dominant feature of Complainant's trade name if it has no intention of benefiting from the goodwill already established tradename. Noteworthy to mention are Supreme Court decisions on the matter. The Supreme Court in a long line of cases ruled:

"Those who desire to distinguish their goods from the goods of another have a broad field from which to select a trademark for their wares and there is no such poverty in the English language or paucity of signs, symbols, numerals etc. as to justify one who really wishes to distinguish his product from the other entering the twilight zone of or field

already appropriated by another” (Weco Products Co., Milton Ray Co., 143 F. 2d. 985, 32 C.C.P.A. Patents 1214).

“why of the millions of terms and combinations of letters and designs available, the appellee 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” (American Wire & Cable Co., vs. Dir. of Patents 321 SCRA 544).

Having thoroughly discussed the issues and having found the acts of Respondent as constitutive of unfair competition, this Office now turns its attention on the issue of infringement.

Before an action for infringement prospers, there must be shown at the outset clear legal right of the Complainant or dominion over the word ACCORD acquired through registration. A cursory reading of the complaint would show that the instant case is not solely confined to tradename infringement as cause of action where the registration in this Office would be an issue but also on other violations of intellectual property rights/law specifically Unfair Competition (Sec. 168) and unlawful use of tradename. More telling are the allegations in the present suit which show reasons why Complainant filed this action against Respondent for unfair competition. Hence, we cannot sustain in action for infringement in this respect.

Regarding damages for acts of unfair competition, Sec. 168.4 is the law in point. It provides that the remedies provided for in Sections 156 and 157 of R.A. 8293 in cases of infringement of registered mark shall apply *mutatis mutandis* in cases of unfair competition.

In this case, Complainant has not presented to this Office sufficient basis to measure actual damages. Complainant, however, is entitled to temperate and exemplary damages for the specific acts of unfair competition as thoroughly discussed and passed upon in the foregoing.

Under Section 10.2(b) of R.A. 8293, the Bureau of Legal Affairs has also been authorized to impose one or more of the following administrative penalties, in cases where a party has been found to violate intellectual property right laws, to wit:

“10.2 (b) After formal investigation, the Director of Legal Affairs may impose one (1) or more of the following administrative penalties:

- (i) The issuance of a cease and desist order which shall specify the acts which the respondent shall cease and desist from and shall require him to submit a compliance report within the reasonable time which shall fixed in the order;
- (ii) The acceptance of a voluntary assurance of compliance or discontinuance as may be imposed. Such voluntary assurance may be include one or more of the following:
  - (1) An assurance to comply with the provisions of the intellectual property law violated;
  - (2) An assurance to refrain from engaging in unlawful and unfair acts and practices subject of the formal investigation;
  - (3) An assurance to recall, replace, repair or refund the money value of defective goods distributed in commerce;
  - (4) An assurance to reimburse the Complainant the expenses and costs incurred in prosecuting the case in the Bureau of Legal Affairs.
- (iii) The condemnation or seizure of products which are subject if the offense. The goods seize hereunder shall be disposed of in such a manner as

may be deemed appropriate by the Director of Legal Affairs, such as by sale, donation to distressed local governments or to charitable or relief institutions, exportation, recycling into other goods, or any combination thereof, under such guidelines as he may provide;

- (iv) The forfeiture of paraphernalia and all real and personal properties which have been used in the commission of the offense;
- (v) The imposition of administrative fines in such amounts as deemed reasonable by the Director of Legal Affairs, which shall in no case be less than Five Thousand Pesos (P5,000) nor more than One Hundred Fifty Thousand Pesos (P150,000). In addition, an additional fine of not more than One Thousand Pesos (P1,000) shall be imposed for each day of continuing violation;
- (vi) The cancellation of any permit, license, authority or registration which may have been granted by the Office or the suspension of the validity thereof for such a period of time as the Director of Legal Affairs may deem reasonable which shall not exceed one (1) year;
- (vii) The withholding of any permit, license, authority, or registration which is being secured by the Respondent from the Office;
- (viii) The assessment of damages;
- (ix) Censure; and
- (x) Other analogous penalties or sanctions.”

WHEREFORE, in view of the foregoing, this Office finds that Respondent's acts of using the dominant word "ACCORD" of the same business as Complainant's to be acts of unfair competition. Consequently, Respondent is hereby permanently enjoined to cease and desist from using the word ACCORD in its corporate name or adopting any substantial variations thereof in its chemical business. Respondent is likewise, ordered to pay Complainant:

1. The amount of P100,000.00 as temperate damages; and
2. The amount of P100, 000.00 as exemplary damages.

SO ORDERED.

Makati City, 31 March 2006.

ESTRELLITA BELTRAN-ABELARDO  
Director, Bureau of Legal Affairs  
Intellectual Property Office