

THIRD DIVISION

[G.R. No. 139300. March 14, 2001]

AMIGO MANUFACTURING, Inc., *petitioner*, vs. CLUETT PEABODY CO., INC., *respondent*.

D E C I S I O N

PANGANIBAN, J.:

The findings of the Bureau of Patents that two trademarks are confusingly and deceptively similar to each other are binding upon the courts, absent any sufficient evidence to the contrary. In the present case, the Bureau considered the totality of the similarities between the two sets of marks and found that they were of such degree, number and quality as to give the overall impression that the two products are confusingly if not deceptively the same.

STATEMENT OF THE CASE

Petitioner Amigo Manufacturing Inc. challenges, under Rule 45 of the Rules of Court, the January 14, 1999 Resolution^[1] of the Court of Appeals (CA) in CA-GR SP No. 22792, which reversed, on reconsideration, its own September 29, 1998 Decision.^[2] The dispositive portion of the assailed Resolution reads as follows:

“WHEREFORE, the Motion for Reconsideration is GRANTED, and the Decision dated September 29, 1998 REVERSED. Consequently, the decision rendered by the Director of Patents dated September 3, 1990 is hereby AFFIRMED.”

The Decision of the Director of Patents, referred to by the CA, disposed as follows:

“WHEREFORE, the Petition is GRANTED. Consequently, Certificate of Registration No. SR-2206 issued to Respondent-Registrant [herein petitioner] is hereby cancelled.

“Let the records of this case be remanded to the Patent/Trademark Registry and EDP Division for appropriate action in accordance with this Decision.”

Petitioner also seeks the reversal of the June 30, 1999 CA Resolution ^[3] denying its own Motion for Reconsideration.

THE FACTS

The facts, which are undisputed, are summarized by the Court of Appeals in its original Decision, as follows:

“The source of the controversy that precipitated the filing by [herein Respondent] Cluett Peabody Co., Inc. (a New York corporation) of the present case against [herein Petitioner] Amigo Manufacturing Inc. (a Philippine corporation) for cancellation of trademark is [respondent’s] claim of exclusive ownership (as successor in interest of Great American Knitting Mills, Inc.) of the following trademark and devices, as used on men’s socks:

- a) GOLD TOE, under Certificate of Registration No. 6797 dated September 22, 1958;
- b) DEVICE, representation of a sock and magnifying glass on the toe of a sock, under Certificate of Registration No. 13465 dated January 25, 1968;
- c) DEVICE, consisting of a ‘plurality of gold colored lines arranged in parallel relation within a triangular area of toe of the stocking and spread from each other by lines of

contrasting color of the major part of the stocking' under Certificate of Registration No. 13887 dated May 9, 1968; and

d) LINENIZED, under Certificate of Registration No. 15440 dated April 13, 1970.

On the other hand, [petitioner's] trademark and device 'GOLD TOP, Linenized for Extra Wear' has the dominant color 'white' at the center and a 'blackish brown' background with a magnified design of the sock's garter, and is labeled 'Amigo Manufacturing Inc., Mandaluyong, Metro Manila, Made in the Philippines'.

In the Patent Office, this case was heard by no less than six Hearing Officers: Attys. Rodolfo Gilbang, Rustico Casia, M. Yadao, Fabian Rufina, Neptali Bulilan and Pausi Sapak. The last named officer drafted the decision under appeal which was in due court signed and issued by the Director of Patents (who never presided over any hearing) adversely against the respondent Amigo Manufacturing, Inc. as heretofore mentioned (supra, p.1).

The decision pivots on two point: the application of the rule of idem sonans and the existence of a confusing similarity in appearance between two trademarks (Rollo, p. 33)."^[4]

RULING OF THE COURT OF APPEALS

In its assailed Resolution, the CA held as follows:

"After a careful consideration of [respondent's] arguments and a re-appreciation of the records of this case. [w]e find [respondent's] motion for reconsideration meritorious. As shown by the records, and as correctly held by the Director of Patents, there is hardly any variance in the appearance of the marks 'GOLD TOP' and 'GOLD TOE' since both show a representation of a man's foot wearing a sock, and the marks are printed in identical lettering. Section 4(d) of R.A. No. 166 declares to be unregistrable, 'a mark which consists o[r] comprises a mark or trademark which so resembles a mark or tradename registered in the Philippines of tradename previously used in the Philippines by another and not abandoned, as to be likely, when applied to or used in connection with the goods, business or services of the applicant, to cause confusion or mistake or to deceive the purchasers. [Petitioner]'s mark is a combination of the different registered marks owned by [respondent]. As held in *Del Monte Corporation v. Court of Appeals*, 181 SCRA 410 (1990), the question is not whether the two articles are distinguishable by their label when set aside but whether the general confusion made by the article upon the eye of the casual purchaser who is unsuspecting and off his guard, is such as to likely result in confounding it with the original. As held by the Court in the same decision[,] 'The most successful form of copying is to employ enough points of similarity to confuse the public with enough points of difference to confuse the courts.' Furthermore, [petitioner]'s mark is only registered with the Supplemental Registry which gives no right of exclusivity to the owner and cannot overturn the presumption of validity and exclusiv[ity] given to a registered mark.

"Finally, the Philippines and the United States are parties to the Union Convention for the Protection of Industrial Property adopted in Paris on March 20, 1883, otherwise known as the Paris Convention. (*Puma Sportschuhfabriken Rudolf Dassler K.G. v. Intermediate Appellate Court*, 158 SCRA 233). [Respondent] is domiciled in the United States of America and is the lawful owner of several trademark registrations in the United States for the mark 'GOLD TOE'.

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By virtue of the Philippines' membership to the Paris Union, trademark rights in favor of the [respondent] were created. The object of the Convention is to accord a national of a member nation extensive protection against infringement and other types of unfair competition. (*Puma Sportschuhfabriken Rudolf Dassler K.G. v. Intermediate Appellate Court*, 158 SCRA 233; *La Chemise Lacoste, S.A. v. Fernandez*, 129 SCRA 373)"^[5]

Hence, this Petition.^[6]

ISSUES

In its Memorandum,^[7] petitioner raises the following issues for the consideration of this Court:

I

Whether or not the Court of Appeals overlooked that petitioner's trademark was used in commerce in the Philippines earlier than respondent's actual use of its trademarks, hence the Court of Appeals erred in affirming the Decision of the Director of Patents dated September 3, 1990.

II

Since the petitioner's actual use of its trademark was ahead of the respondent, whether or not the Court of Appeals erred in canceling the registration of petitioner's trademark instead of canceling the trademark of the respondent.

III

Whether or not the Court of Appeals erred in affirming the findings of the Director of Patents that petitioner's trademark [was] confusingly similar to respondent's trademarks.

IV

Whether or not the Court of Appeals erred in applying the Paris Convention in holding that respondent ha[d] an exclusive right to the trademark 'gold toe' without taking into consideration the absence of actual use in the Philippines."^[8]

In the main, the Court will resolve three issues: (1) the date of actual use of the two trademarks; (2) their confusing similarities, and (3) the applicability of the Paris Convention.

COURT'S RULING

The Petition has no merit.

First Issue:

Dates of First Use of Trademark and Devices

Petitioner claims that it started the actual use of the trademark "Gold Top and Device" in September 1956, while respondent began using the trademark "Gold Toe" only on May 15, 1962. It contends that the claim of respondent that it had been using the "Gold Toe" trademark at an earlier date was not substantiated. The latter's witnesses supposedly contradicted themselves as to the date of first actual use of their trademark, coming up with different dates such as 1952, 1947 and 1938.

We do not agree. Based on the evidence presented, this Court concurs in the findings of the Bureau of Patents that respondent had actually used the trademark and the devices in question prior to petitioner's use of its own. During the hearing at the Bureau of Patents, respondent presented Bureau registrations indicating the dates of first use in the Philippines of the trademark and the devices as follows: a) March 16, 1954, Gold Toe; b) February 1, 1952, the Representation of a Sock and a Magnifying Glass; c) January 30, 1932, the Gold Toe Representation; and d) February 28, 1952, "Linenized."

The registration of the above marks in favor of respondent constitutes *prima facie* evidence, which petitioner failed to overturn satisfactorily, of respondent's ownership of those marks, the dates of appropriation and the validity of other pertinent facts stated therein. Indeed, Section 20 of Republic Act 166 provides as follows:

"Sec. 20. Certificate of registration prima facie evidence of validity. - A certificate of registration of a mark or trade-name shall be prima facie evidence of the validity of the registration, the registrant's ownership of the mark or trade-name, and of the registrant's exclusive right to use the same in connection with the goods, business or services specified in the certificate, subject to any conditions and limitations stated therein."^[9]

Moreover, the validity of the Certificates of Registration was not questioned. Neither did petitioner present any evidence to indicate that they were fraudulently issued. Consequently, the claimed dates of respondent's first use of the marks are presumed valid. Clearly, they were ahead of petitioner's claimed date of first use of "Gold Top and Device" in 1958.

Section 5-A of Republic Act No. 166^[10] states that an applicant for a trademark or trade name shall, among others, state the date of first use. The fact that the marks were indeed registered by respondent shows that it did use them on the date indicated in the Certificate of Registration.

On the other hand, petitioner failed to present proof of the date of alleged first use of the trademark "Gold Top and Device". Thus, even assuming that respondent started using it only on May 15, 1962, we can make no finding that petitioner had started using it ahead of respondent.

Furthermore, petitioner registered its trademark only with the supplemental register. In *La Chemise Lacoste v. Fernandez*,^[11] the Court held that registration with the supplemental register gives no presumption of ownership of the trademark. Said the Court:

"The registration of a mark upon the supplemental register is not, as in the case of the principal register, prima facie evidence of (1) the validity of registration; (2) registrant's ownership of the mark; and (3) registrant's exclusive right to use the mark. It is not subject to opposition, although it may be cancelled after its issuance. Neither may it be the subject of interference proceedings. Registration [i]n the supplemental register is not constructive notice of registrant's claim of ownership. A supplemental register is provided for the registration because of some defects (conversely, defects which make a mark unregistrable on the principal register, yet do not bar them from the supplemental register.)' (Agbayani, II Commercial Laws of the Philippines, 1978, p. 514, citing *Uy Hong Mo v. Titay & Co., et al.*, Dec. No. 254 of Director of Patents, Apr. 30, 1968."

As to the actual date of first use by respondent of the four marks it registered, the seeming confusion may have stemmed from the fact that the marks have different dates of first use. Clearly, however, these dates are indicated in the Certificates of Registration.

In any case, absent any clear showing to the contrary, this Court accepts the finding of the Bureau of Patents that it was respondent which had prior use of its trademark, as shown in the various Certificates of Registration issued in its favor. Verily, administrative agencies' findings of fact in matters falling under their jurisdiction are generally accorded great respect, if not finality. Thus, the Court has held:

"x x x. By reason of the special knowledge and expertise of said administrative agencies over matters falling under their jurisdiction, they are in a better position to pass judgment thereon; thus, their findings of fact in that regard are generally accorded great respect, if not finality, by the courts. The findings of fact of an administrative agency must be respected as long as they are supported by substantial evidence, even if such evidence might not be overwhelming or even preponderant. It is not the task of an appellate court to weigh once more the evidence submitted

before the administrative body and to substitute its own judgment for that of the administrative agency in respect of sufficiency of evidence.”^[12]

Second Issue:
Similarity of Trademarks

Citing various differences between the two sets of marks, petitioner assails the finding of the director of patents that its trademark is confusingly similar to that of respondent. Petitioner points out that the director of patents erred in its application of the *idem sonans* rule, claiming that the two trademarks “Gold Toe” and “Gold Top” do not sound alike and are pronounced differently. It avers that since the words *gold* and *toe* are generic, respondent has no right to their exclusive use.

The arguments of petitioner are incorrect. True, it would not be guilty of infringement on the basis alone of the similarity in the sound of petitioner’s “Gold Top” with that of respondent’s “Gold Toe.” Admittedly, the pronunciations of the two do not, by themselves, create confusion.

The Bureau of Patents, however, did not rely on the *idem sonans* test alone in arriving at its conclusion. This fact is shown in the following portion of its Decision:

“As shown by the drawings and labels on file, the mark registered by Respondent-Registrant under Registration No. SR-2206 is a combination of the abovementioned trademarks registered separately by the petitioner in the Philippines and the United States.

“With respect to the issue of confusing similarity between the marks of the petitioner and that of the respondent-registrant applying the tests of *idem sonans*, the mark ‘GOLD TOP & DEVICE’ is confusingly similar with the mark ‘GOLD TOE’. The difference in sound occurs only in the final letter at the end of the marks. For the same reason, hardly is there any variance in their appearance. ‘GOLD TOE’ and ‘GOLD TOP’ are printed in identical lettering. Both show [a] representation of a man’s foot wearing a sock. ‘GOLD TOP’ blatantly incorporates petitioner’s ‘LINENIZED’ which by itself is a registered mark.”^[13]

The Bureau considered the drawings and the labels, the appearance of the labels, the lettering, and the representation of a man’s foot wearing a sock. Obviously, its conclusion is based on the *totality* of the similarities between the parties’ trademarks and not on their sounds alone.

In *Emerald Garment Manufacturing Corporation v. Court of Appeals*,^[14] this Court stated that in determining whether trademarks are confusingly similar, jurisprudence has developed two kinds of tests, the Dominancy Test^[15] and the Holistic Test.^[16] In its words:

“In determining whether colorable imitation exists, jurisprudence has developed two kinds of tests – the Dominancy Test applied in *Asia Brewery, Inc. v. Court of Appeals* and other cases and the Holistic Test developed in *Del Monte Corporation v. Court of Appeals* and its proponent cases.

As its title implies, the test of dominancy focuses on the similarity of the prevalent features of the competing trademarks which might cause confusion or deception and thus constitutes infringement.

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. . . . If the competing trademark contains the main or essential or dominant features of another, and confusion and deception is likely to result, infringement takes place. Duplication or imitation is not necessary; nor is it necessary that the infringing label should suggest an effort to imitate. [*C. Neilman Brewing Co. v. Independent Brewing Co.*, 191 F., 489, 495, citing *Eagle White Lead Co., vs. Pflugh* (CC) 180 Fed. 579]. The question at issue in cases of infringement of trademarks is whether the use of the marks involved would be likely to cause confusion or

mistakes in the mind of the public or deceive purchasers. (Auburn Rubber Corporation vs. Hanover Rubber Co., 107 F. 2d 588; x x x.)

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On the other side of the spectrum, the holistic test mandates that the entirety of the marks in question must be considered in determining confusing similarity.”

In the present case, a resort to either the Dominancy Test or the Holistic Test shows that colorable imitation exists between respondent’s “Gold Toe” and petitioner’s “Gold Top.” A glance at petitioner’s mark shows that it definitely has a lot of similarities and in fact looks like a combination of the trademark and devices that respondent has already registered; namely, “Gold Toe,” the representation of a sock with a magnifying glass, the “Gold Toe” representation and “linenized.”

Admittedly, there are some minor differences between the two sets of marks. The similarities, however, are of such degree, number and quality that the overall impression given is that the two brands of socks are deceptively the same, or at least very similar to each another. An examination of the products in question shows that their dominant features are gold checkered lines against a predominantly black background and a representation of a sock with a magnifying glass. In addition, both products use the same type of lettering. Both also include a representation of a man’s foot wearing a sock and the word “linenized” with arrows printed on the label. Lastly, the names of the brands are similar -- “Gold Top” and “Gold Toe.” Moreover, it must also be considered that petitioner and respondent are engaged in the same line of business.

Petitioner cannot therefore ignore the fact that, when compared, most of the features of its trademark are strikingly similar to those of respondent. In addition, these representations are at the same location, either in the sock itself or on the label. Petitioner presents no explanation why it chose those representations, considering that these were the exact symbols used in respondent’s marks. Thus, the overall impression created is that the two products are deceptively and confusingly similar to each other. Clearly, petitioner violated the applicable trademark provisions during that time.

Let it be remembered that duly registered trademarks are protected by law as intellectual properties and cannot be appropriated by others without violating the due process clause. An infringement of intellectual rights is no less vicious and condemnable as theft of material property, whether personal or real.

Third Issue:
The Paris Convention

Petitioner claims that the Court of Appeals erred in applying the Paris Convention. Although respondent registered its trademark ahead, petitioner argues that the actual use of the said mark is necessary in order to be entitled to the protection of the rights acquired through registration.

As already discussed, respondent registered its trademarks under the principal register, which means that the requirement of prior use had already been fulfilled. To emphasize, Section 5-A of Republic Act 166 requires the date of first use to be specified in the application for registration. Since the trademark was successfully registered, there exists a *prima facie* presumption of the correctness of the contents thereof, including the date of first use. Petitioner has failed to rebut this presumption.

Thus, applicable is the Union Convention for the Protection of Industrial Property adopted in Paris on March 20, 1883, otherwise known as the Paris Convention, of which the Philippines and the United States are members. Respondent is domiciled in the United States and is the registered owner of the “Gold Toe” trademark. Hence, it is entitled to the protection of the

Convention. A foreign-based trademark owner, whose country of domicile is a party to an international convention relating to protection of trademarks,^[17] is accorded protection against infringement or any unfair competition as provided in Section 37 of Republic Act 166, the Trademark Law which was the law in force at the time this case was instituted.

In sum, petitioner has failed to show any reversible error on the part of the Court of Appeals. Hence, its Petition must fail.

WHEREFORE, the Petition is hereby *DENIED* and the assailed Resolution *AFFIRMED*. Costs against petitioner.

SO ORDERED.

Melo (Chairman), Vitug, Gonzaga-Reyes, and Sandoval-Gutierrez JJ., concur.

^[1] *Rollo*, pp. 17-22; written by Justice Demetrio G. Demetria, with the concurrence of Justices Ramon A. Barcelona and Renato C. Dacudao.

^[2] *Rollo*, pp. 11-15; written by Justice Emeterio C. Cui, with the concurrence of Justices Ramon A. Barcelona and Demetrio G. Demetria.

^[3] *Rollo*, p. 36.

^[4] CA Decision, pp. 2-3; *rollo*, pp. 12-13.

^[5] Assailed Resolution, pp. 4-6; *rollo*, pp. 20-22.

^[6] This case was deemed submitted for resolution on April 17, 2000, upon receipt by this Court of respondent's Memorandum, signed by Attys. Editha R. Hechanova and Daphne Ruby B. Grasparil. Petitioner's Memorandum, signed by Atty. Arturo S. Santos, was received by the Court on February 24, 2000.

^[7] *Rollo*, pp. 273-298.

^[8] Petitioner's Memorandum, pp. 4-5; *rollo*, pp. 276-277.

^[9] This provision is substantially reproduced in Section 138 of RA 8293, otherwise known as "Intellectual Property Code of the Philippines."

^[10] "Sec. 5. Requirements of the application. - The application for the registration of a mark or trade-name shall be in English or Spanish, or in the national language, with its corresponding English translation, and signed by the applicant, and shall include: (a) Sworn statement of the applicant's domicile and citizenship, the date of the applicant's first use of the mark or trade-name, the date of the applicant's first use of the mark or trade-name in commerce or business, the goods, business or services in connection with which the mark or trade-name is used and the mode or manner in which the mark is used in connection with such goods, business or services, and that the person making the application believes himself, or the firm, corporation or association on whose behalf he makes the verification, to be the owner of the mark or trade-name sought to be registered, that the mark or trade-name is in use in commerce or business, and that to the best of his knowledge, no person, firm, corporation or association has the right to use such mark or trade-name in commerce or business either in the identical form thereof or in such near resemblance thereto as might be calculated to deceive. x x x."

Under Section 124.2 of RA 8293, the applicant is now required to "file a declaration of actual use of the mark with evidence to that effect, as prescribed by the Regulations within three (3) years from the filing date of the application. x x x."

^[11] 129 SCRA 373, 393, May 21, 1984, per Gutierrez, *J.*

^[12] *Villaflores v. CA*, 280 SCRA 297, 329-330, October 9, 1997, per Panganiban, *J.* See also *Bulilan v. Commission on Audit*, 300 SCRA 445, December 22, 1998; *Government Service Insurance System v. Court of Appeals*, 296 SCRA 514, September 25, 1998; *Prime Marine Services, Inc. v. National Labor Relations Commission*, 297 SCRA 394, October 8, 1998.

^[13] Decision of the Bureau of Patents, p. 3; *rollo*, p. 85.

^[14] 251 SCRA 600, 615-616, December 29, 1995, per Kapunan, *J.*

^[15] See *Asia Brewery, Inc. v. Court of Appeals*, 224 SCRA 437, July 5, 1993; *Converse Rubber Corporation v. Universal Rubber Products, Inc.*, 147 SCRA 154, January 8, 1987.

^[16] See *Del Monte Corporation v. Court of Appeals*, 181 SCRA 410, January 25, 1990; *Fruit of the Loom, Inc. v. Court of Appeals*, 133 SCRA 405, November 29, 1984.

^[17] §37 of RA 166 reads:

"Rights Sec. 37. Rights of foreign registrants. - Persons who are nationals of, domiciled in, or have a bona fide or effective business or commercial establishment in any foreign country, which is a party to any international convention or treaty relating to marks or trade-names, or the repression of unfair competition to which the Philippines may be a party, shall be entitled to the benefits and subject to the provisions of this Act to the extent and under the conditions essential to give effect to any such convention and treaties so long as the Philippines shall continue to be a party thereto, except as provided in the following paragraphs of this section.

No registration of a mark or trade-name in the Philippines by a person described in the preceding paragraph of this section shall be granted until such mark or trade-name has been registered in the country of origin of the applicant, unless the applicant alleges use in commerce.

For the purposes of this section, the country of origin of the applicant is the country in which he has bona fide and effective industrial or commercial establishment, or if he has not such an establishment in the country in which he is domiciled, or if he has not a domicile in any of the countries described in the first paragraph of this section, the country of which he is a national. An application for registration of a mark or trade-name under the provisions of this Act filed by a person described in the first paragraph of this section who has previously duly filed an application for registration of the same mark or trade-name in one of the countries described in said paragraph shall be accorded the same force and effect as would be accorded to the same application if filed in the Philippines on the same date on which the application was first filed in such foreign country: Provided, That -

(a) The application in the Philippines is filed within six months from the date on which the applica[tion] was first filed in the foreign country; and within three months from the date of filing or within such time as the Director shall in his discretion grant, the applicant shall furnish a certified copy of the application for or registration in the country of origin of the applicant, together with a translation thereof into English, if not in the English language;

(b) The application conforms as nearly as practicable to the requirements of this Act, but use in commerce need not be alleged:

(c) The rights acquired by third parties before the date of the filing of the first application in the foreign country shall in no way be affected by a registration obtained [for] an application filed under this paragraph; and

(d) Nothing in this paragraph shall entitle the owner of a registration granted under this section to sue for acts committed prior to the date on which his mark or trade-name was registered in this country unless the registration is based on use in commerce.

The registration of a mark under the provisions of this section shall be independent of the registration in the country of origin and the duration, validity or transfer in the Philippines of such registration shall be governed by the provisions of this Act.

Trade-names of persons described in the first paragraph of this section shall be protected without the obligation of filing or registration whether or not they form parts of marks.

Any person designated in the first paragraph of this section as entitled to the benefits and subject to the provisions of this Act shall be entitled to effective protection against unfair competition, and the remedies provided herein for infringement of marks and trade-names shall be available so far as they may be appropriate in repressing acts of unfair competition.

Citizens or residents of the Philippines shall have the same benefits as are granted by this section to persons described in the first paragraph hereof."