

OFFICE OF THE DIRECTOR GENERAL

METRO-GOLDWYN-MAYER
LION CORPORATION,
Opposer-Appellant,

-versus-

GENTRADE INTERNATIONAL
PHILIPPINES,
Respondent-Appellee.

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Appeal No. 14-09-09

Inter Partes Case No. 14-2007-0070

Opposition to:

Application No. 4-2003-009559

Date Filed: 17 October 2003

Trademark: MGM (Stylized) Maker of
Great Motorcycle Parts

DECISION

METRO-GOLDWYN-MAYER LION CORPORATION ("Appellant") appeals Decision No. 2008-41, dated 08 March 2008, and Resolution No. 2008-03 (D), dated 19 September 2008, of the Director of the Bureau of Legal Affairs ("Director"). The Director denied the Appellant's opposition to Trademark Application No. 4-2003-009559 filed by GENT-PA-DE INTERNATIONAL PHILIPPINES ("Appellee").

Records show that on 17 October 2003, the Appellee filed an application FOR THE registration of the mark MGM (Stylized) Maker of Great Motorcycle Parts {"MGM (Stylized)"} for use on bicycles and motorcycle parts falling under Class 12 of the Nice Classification¹. The application was published in the "IPO e-Gazette" for Trademarks on 17 November 2006. On 16 March 2007, the Appellant filed a "VERIFIED NOTICE OF OPPOSITION" alleging the following;

1. It is the owner and the first to adopt, use and register the "NIGNT" trail marks for products and services falling under Classes 9, 38 and 41 and thus enjoys under Sec. 147 of Rep. Act No. 8293, known as the Intellectual Property Code of the Philippines ("IP Code"), the right to exclude others from registering or using an identical or confusingly similar mark such as the Appellee's mark;²
2. Its marks are well-known internationally and in the Philippines and the products carried under its marks had through the years earned international acclaim as well as the distinct reputation of high quality products;
3. It has trademark registrations worldwide and it has used, promoted and advertised its marks for a considerable duration of time and over wide geographical areas; it has invested a tremendous amount of resources in the promotion of the MGM trademarks;
4. There is a likelihood of confusion between MGNI and the Appellee's mark because the latter is identical in appearance of the dominant feature of its trademarks and the Appellee's products are clearly related or associated to its products;
5. The Appellee's use of MGM (Stylized) will dilute the distinctiveness and erode the goodwill of the Appellant's marks;
6. The interests and good reputation of the Appellant are likely to be damaged by the Appellee's use of MGM (Stylized) as this use will indicate a connection between the Appellant's and Appellee's products and will give the impression that the Appellee's products are sponsored by or authorized by the Appellant thereby deceiving the public and defrauding the Appellant of its legitimate trade; the Appellee is, hence, liable for unfair competition;

7. The Appellee by adopting the IVIGM (Stylized) for its products is likely to cause confusion, or to cause mistake, or to deceive as to origin, affiliation, connection or association with the Appellant for which it is liable for false designation of origin, false description or representation; and
8. To allow the Appellee to register MG1\I (Stylized) will constitute a mockery of our laws protecting intellectual property rights and will legitimize the Appellee's unfair and unlawful business practice.

The Appellant submitted the following evidence to support its opposition:

1. Cert. of Reg. No. 4-1996-111306 issued on 24 July 2000;³
2. Cert. of Reg. No. 4-1996-111307 issued on 26 June 2003;⁴
3. Cert. of Reg. No. 4-2000-005155 issued on 30 May 2003;⁵
4. Affidavit of Michael B. Moore executed on 22 February 2007;
5. Copies of the Appellant's trademark applications and registrations for MGM in various countries;⁶
6. Promotional and advertising materials;⁷
7. Copies of decisions in the trademark offices in Brazil and Paraguay;⁸
8. Affidavit of Leslie De Guzman, executed on 15 March 2007;
9. Copy of the identification card of Leslie De Guzman;⁹
10. Letter dated 11 January 2007 designating Viva Video, Inc. as distributor of MGM products;¹⁰ and
11. Labels of MGM products.¹¹

The Appellee filed through registered mail a "VERIFIED ANSWER" dated 07 May 2007 alleging the following:

1. The Appellant has no cause of action against the Appellee;
2. The marks used by the Appellant and the Appellee are being used for different kinds of products and which are entirely unrelated, thus, the probability of confusion cannot even be presumed;
3. The Appellant's MGM mark is an acronym which stands for Metro-Goldwyn-Mayer while the Appellee's mark stands for "Maker of Great Motorcycle Parts";
4. The Appellant's proposition that the Appellee's use of MGM (Stylized) for its products would indicate a connection to the products covered by the Appellant's marks damaging the Appellant's interests are without factual bases and highly speculative;
5. The similarity between the two marks lies only in using as acronym the alphabet letters "M", "G", and "M"- while the design, style of letterings and the presence of well-spelled and highly readable "Maker of Great Motorcycle Parts" on the Appellee's mark, is totally and clearly different from that of the Appellant's registered mark;
6. The presence of the words "Maker of Great Motorcycle Parts" in the Appellee's mark would easily warn the public that it is not the Metro-GoldN-,7,-,n-1Aayer, the maker of motion pictures;
7. The Appellant's registered marks refer only to MGM as shown in the certificates of registration;
8. The Appellee cannot be held liable for infringement and unfair competition for using MGM and that it never attempted to pass off its motorcycle parts products as those of the Appellant; and

9. Its products are patronized by the motorcycle riding public because of the quality and affordability of its products and that it has a reputation of its own.

The Appellee's evidence consists of the labels of its mark.

In deciding in favor of the Appellee, the Director ruled that the goods covered by the competing marks are distinct and different from each other and that there is no confusing similarity between the mark of the Appellant and that of the Appellee. According to the Director, when a trademark is used by a party for a product in which the other party does not deal, the use of the same trademark on the latter's product cannot be validly objected. The Director also held that the evidence presented by the Appellant does not warrant a finding that -MGM is indeed an internationally well-known mark.

The Appellant filed a "MOTION FOR RECONSIDERATION" on 23 May, 2008 which was denied by the Director in Resolution No. 2008-03 (D). Dissatisfied with the decision and resolution of the Director, the Appellant filed on 12 February 2009 a "NOTICE OF APPEAL WITH MEMORANDUM OF APPEAL" alleging the following:

1. The scope of protection afforded to the owner of a registered trademark includes the normal potential expansion of his business, a principle which is the *stare decisis* in determining confusing similarity of trademarks;
2. The dissimilarity of goods will not preclude relief if the union user's goods are not remote from any other product which the first user would be likely to make or sell;
3. The target market of the Appellant and the Appellee is the same, i.e. the ordinary, regular buying public, that the products of the Appellee would cause deception or confusion in view of the identity or intense similarity of the Appellee's mark to the Appellant's mark;
4. The Appellant has already earned tremendous goodwill by the amount of time it has been in the market that a new product that looks similar to its trademarks will undoubtedly be riding on "MGM"'s goodwill;
5. If the Appellee has no intention to utilize the goodwill of the Appellant, it should have used the mark "T~vIG-T%4T- instead of the plain "MG&I";
6. The Appellee deliberately resorted to the use of MGM (Stylized) in a manner that amounts to infringement of the Appellant's MGM;
7. A person who infringes a trade mark does not normally copy out but only ~. makes colorable changes, employing enough points of similarity to confuse the public with enough points of differences to confuse the court;
8. The MGM trademarks have been registered and are well-known in, the Philippines and abroad, have been recognized as belonging to the Appellant and have been identified with its goods and businesses in the mind of the buying public;
9. The international popularity of the Appellant's MGM marks increases the likelihood that the public -will mistakenly associate the Appellant's products and business with those of the Appellee's;
10. The registration and use of an identical or the confusingly similar mark !~IG:NJ (Stylized) is likely to cause confusion, mistake or deception to the consuming public and is prohibited b\ Sec. 123.1 in relation to Sec. 147 of the IP Code;

11. The Memorandum of the then Minister of Trade, Honorable Luis R. Villafuerte dated 20 November 1980 is no longer binding in determining when to consider a mark as internationally well-known-, and
12. The Appellee has no personality to file the instant trademark application because it is not the owner of MG M (Stylized) but is a mere importer and distributor of the goods covered by this mark.

The Appellee tiled its "COI U' IFNY' dated 25 March 2009. In its appeal, the Appellee asserts that the competing marks are not confusingly similar. The Appellee also argues that the Appellant's reliance in the principle of normal expansion of business is misplaced because of the great difference between the products of the contending parties. Also, the Appellee points out that it is the owner of die MGM (Stylized) and while it may be true that it gets its products abroad, the design and creation of the products are being made or manufactured upon the expense, control, initiative, specification, design, and standard it provides and requires.

The issue to be resolved in this appeal is whether the Director was correct in denying the opposition on the ground that the competing marks are not confusingly similar.

In this regard, the essence of trademark registration is to give protection to the owners of trademarks. The function of a trademark is to point out distinctly the origin or ownership of the goods to which it is affixed-, to secure to him, who has been instrumental in bringing into the market a superior article of merchandise, the fruit of his industry and skill; to assure the public that the, are procuring the genuine article; to prevent fraud and imposition; and to protect the manufacturer against substitution and sale of an inferior and different article as his product.¹² Thus, Sec. 123.1 (d) of the IP Code, states that a mark cannot be registered if it:

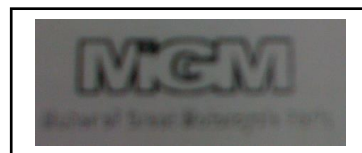
- (d) Is identical with a registered mark belonging to a different proprietor or a mark with an earlier filing or priority date, in respect of:
- (i) The same goods or services, or
 - (ii) Closely related goods or services, or
 - (iii) If it nearly resembles such a mark as to be likely to deceive or cause confusion;

There is no dispute that the Appellant had registered in the Philippines the mark MGM prior to the filing of the Appellee's trademark application. But, are the competing marks identical? Are they used on closely related goods or services?

The competing marks are illustrated below for comparison:



Appellant's mark



Appellee's mark

The competing marks are similar in respect of the presence and the arrangement of the letters "NP, "G" and "M". However, this Office agrees with the Director that the –Appellee's goods are neither identical nor similar, not even closely related, to the Appellant's goods.

In determining the existence of confusing similarity, there are two types of confusion. The first is "confusion of goods" when an otherwise prudent purchaser is induced to purchase one product in the belief that he is purchasing another, in which case defendant's goods are then bought as the plaintiffs and its poor quality reflects badly on the plaintiffs reputation. The other is "confusion of business" wherein the goods of the parties are different but the d6nid-ant's product can reasonably (though mistakenly) be assumed to originate from the plaintiff, thus deceiving the

public into believing that there is some connection between the plaintiff and defendant which, in fact, does not exist.¹³

In cases of confusion of business or origin, the question that usually arises is whether the respective goods or services of the senior user and the junior user are so related as to Likely cause confusion of business or origin, and thereby render the trademark or tradenames confusingly similar.¹⁴ Goods are closely related when they belong to the same class or have the same descriptive properties or when they possess the same physical attributes or essential characteristics - ,6th reference to their form, composition, texture or quality. In determining whether goods are closely related, the purposes they serve and the channels of commerce through which they are sold should also be considered.¹⁵

Jurisprudence has thus held the following goods to be closely related: shoes and slippers vis-a-vis pants and shirts¹⁶; soap vis-a-vis hair pomade¹⁷; perfume, lipstick and nail polish vis-a-vis laundry soap¹⁸; and haberdashery, goods vis-a-vis shoes¹⁹.

On the other hand, the following goods were held as not closely related: medicines vis-a-vis chemicals²⁰; edible oil vis-a-vis soy sauce²¹; lard, butter, cooking oil, abrasive detergents, polishing materials and soaps vis-a-vis ham²², handkerchiefs, briefs, belts and wallets vis-a-vis shoes²³; gasoline and other petroleum products vis-a-vis cigarettes²⁴; and paints, chemical products, toner and dyestuff vis-a-vis sandals²⁵.

Confusion of goods is evident where the litigants are actually in competition- but confusion of business may arise between non-competing interests as well. Non-competing goods may be those which, though they are not in actual competition, are so related to each other that it can reasonably be assumed that they originate from one manufacturer, in which case, confusion of business can arise out of the use of similar marks. They may also be those which, being entirely unrelated, cannot be assumed to have a common source; hence, there is no confusion of business, even though similar marks are used.²⁶ Thus, there is no trademark infringement if the public does not expect the plaintiff to make or sell the same class of goods as those made or sold by the defendant.²⁷

Applying the foregoing to the present case, this Office notes that the Appellant's marks are used on motion pictures, films, and video recordings while the Appellee's mark is used, on motorcycle parts. A certificate of trademark registration confers upon the trademark owner the exclusive right to use the same in connection with the goods or services and those that are related thereto specified in the certificate.²⁸ Hence, the protection given to the Appellant's registered mark MGM is limited to the goods and services and those related thereto as specified in the corresponding certificates of registration. The Appellant's certificates of registration only show protection for motion pictures, films, video recording, among others, which are not in any way related to motorcycle parts. The protection given to the Appellant's products bearing the 'mark MGM cannot extend to the entirely different goods of the Appellee's products.

But would the resemblance between the competing marks cause confusion or deception? This Office does not think so. Because the parties use their respective marks on different and unrelated goods and services, confusion, mistake or deception is unlikely.

Moreover, a very important circumstance to consider is whether there exists a likelihood that an appreciable number of ordinarily prudent purchasers will be misled, or Simply confused, as to the source of the goods in question.²⁹ The "purchaser" is not the "completely unwary consumer" but is the "ordinarily intelligent buyer" considering the type of product involved.³⁰ He is "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.³¹ As succinctly pointed out by the Appellee:

“Incidentally, the appellant's registered trademarks, with Certificates of Registration Nos. 4-1996-111306 and 4-1996-111307 refer only to `6MGM95 as shown in the certificates of registration under Class 9, with goods pertaining to motion pictures with or without sound component, and the other under class 41, referring to entertainment services namely, the presentation of vocal, musical and choreographic shows, motion pictures and professional jai alai exhibitions.

Applicant-appellee's application for trademark registration is for "MGM (Stylized) Maker of Great Motorcycle Parts" which falls under Class 12. There is thus improbability that the mark applied for by applicant-appellee will create confusion to the public given the fact that they are totally different, and the goods n represent have no relation at all to the goods being represented by the registered mark of the appellant. There is not even a slight possibility that a buyer, or patron or ever-a mere window shopper would be mistaken as to the origin of the goods represented by the two contending marks.”³²

Furthermore, there are features in the Appellee's mark that distinguish it from the Appellant's. Below the letters M, G, M, are the words "Maker of Great Motorcycle Parts". This feature on the Appellee's mark alerts the consumers of the products that are covered by the mark. It can also be easily gleaned that the style and font of "MGM" in the trademarks of the Appellant and Appellee are also different.

This Office finds untenable the Appellant's contention that the principle of normal expansion of business applies. Aside from the fact of the great disparity the parses' respective businesses, goods and services, the Appellant has not explained as to why dealing with motorcycle parts can be considered a normal expansion of its entertainment business. In addition, the ordinary purchaser must be thought of, as having, and credited with, at least a modicum of intelligence.³³

With the finding that the competing marks are not confusingly similar, there is no need to dwell on the Appellant's argument that its mark is a well-known mark. Under Section IZ23.1 (e) and (f) of the IP Code, the protection given to well-known marks applies only when the marks are confusingly similar, used on identical or similar goods or services, or if not similar would indicate a connection between the parties and the goods or services, and where the owner of the well-known mark will be damaged. The evidence of the Appellant failed to establish that the Appellee's mark- MGM (Stylized) is confusingly similar to its MGM marks. Neither was there any proof of connection or damage to the Appellant's marks arising from the Appellee's use of MGM (Stylized).

WHEREFORE, premises considered, the instant appeal is hereby DISMISSED Let a copy of this Decision as well as the trademark application and records be furnished and returned to the Director of the Bureau of Legal Affairs for appropriate action. Further, let also the Director of the Bureau of Trademarks and the library of the Documentation, Information and Technology Transfer Bureau be furnished a copy of this Decision for information, guidance, and records purposes.

SO ORDERED.

April 28, 2010, Makati City

RICARDO R. BLACAFLO
Director General

¹ The Nice Classification is a classification of goods and services for the purpose of registering trademarks and service marks, based on a multilateral treaty administered by the World Intellectual Property Organization. This treaty is called the Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks concluded in 1957.

² The Appellant owns the following certificates of registration: Cert. of Reg. No. 4-1996-11306 issued on 24 July 2000 for MGM covering motion pictures with or without sound components; Cert. of Reg. No. 4-1996-111307 issued on 26 June 2003 for -MGM for entertainment services, namely, the presentation of vocal, musical and choreographic shows, motion pictures and professional jai alai exhibition; and Cert. of Reg. No. 4-2000-005155 issued on 30 May 2003 for "MGM MEANS GREAT MOVIES" for motion picture films-, pre-recorded video cassettes; pre-recorded audio and video tapes and pre-recorded videodiscs and dvds; sound recordings and other audio-Visual materials; computer software programs and cd-roms; computer games and computer game cartridge,; cassettes, programs, tapes and cd-roms; video and computer game cassettes and cartridges adapted for use with television receivers; video output machines; computer hardware and software for multimedia and interactive computer games. Entertainment services, namely, production and distribution of theatrical motion pictures, television programs and other audio, visual and audiovisual and multimedia works in and on film, tape, video cassettes, video discs, audio tapes, compact discs, dvds and recorded and on-line software and other entertainment media in classes 9 & 41. The Appellant's Cert. of Reg. No. 4-2000-005155 for "MGM MEANS GREAT MOVIES" is deemed cancelled due to the non-filing of the required declaration of actual use.

3 Exhibit "A". See also Exhibit "D" of the affidavit of Leslie De Guzman.

4 Exhibit "B". See also Exhibit "E" of the affidavit of Leslie De Guzman.

5 Exhibit "C". See also Exhibit "F" of the affidavit of Leslie De Guzman.

6 Annexes "1" to "5" of the affidavit. Michael B. Moore

7 Annexes "6" to "11" of the affidavit of Michael B. Moore and Exhibits "G" and "G-1" of the affidavit of Leslie De Guzman.

8 Annexes "12" and "13" of the affidavit of Michael B. Moore.

9 Exhibit "A" of the affidavit of Leslie De Guzman.

10 Exhibit "B" of the affidavit of Leslie De Guzman.

11 Exhibits "C" to "C-23".

12 *Pribhdas J. Mirpuri v. Court of Appeals*, G.R. No. 114508, 19 Nov. 1999.

13 *Mighty Corporation vs. E & J Gallo Winery*, G.R. No. 154342, 14 July 2004; *Sterling Products, International, Inc. vs. Farbenfabriken Bayer Aktiengesellschaft*, 27 SCRA 1214, 1227 [1969] citing 2 *Callman, Unfair Competition and Trademarks*, 1945 ed., p. 1006.

14 *Canon Kabushiki Kaisha vs. Court of Appeals*, G.R. No. 120900, 20 July 2000.

15 *Esso Standard Easterns, Inc. vs. Court of Appeals*, G.R. No. L-29971, 31 August 1982; *Canon Kabushiki Kaisha. vs. Court of Appeals*, *supra*

16 *Ang vs. Teodoro*, G.R. No. 48226, 14 December 1942.

17 *Ng Khe vs. Lever Brothers Company*, G. R. No. 46817, 18 April 1941.

18 *Chuaa Che vs. Philippine Patent Office*, G.R. No. L-18337, 30 January 1965.

19 *Sta. Ana vs. Malawit*, G.R. No. L-23023, 31 August 1968.

20 *Sterling Products International, Inc. vs. Farbenfabriken Bayer Aktiengesellschaft*, G.R. No. L-19906, 30 April 1969.

21 *Acoje Aiming Co., Inc. vs. Director of Patents*, G.R. No. L-28744, 29 April 1971.

22 *Philippine Refining Co., Inc. vs. Ng Sam*, G.R. No. L-26676, 30 July 1982.

23 *Hickok Manufacturing Co., Inc. vs. Court of Appeals*, G.R. No. L-44707, 31 August 1982.

24 *Shell Company of the Philippines vs. Court of Appeals*, G.R. No. L-49145, 21 May 1979, and *Esso Standard Eastern, Inc. vs. Court of Appeals*, *supra*.

25 *Canon Kabushiki Kaisha vs. Court of Appeals*, *supra*.

26 *Mighty Corporation vs. E & J Gallo Winery*, *supra*, citing, *Esso Standard Eastern, Inc. vs. Court of Appeals*, G.R. No. L-29971, 31 August 1982

27 *Mighty Corporation vs. E & J Gallo Winery*, *supra*, citing *CALLMAN* 1121 cited in *Philippine Refining Co., Inc. vs. Ng Sam*, G.R. No. L-26676, 30 July 1982.

28 See Sec. 138 of the IP Code.

29 *Mighty Corporation vs. E & J Gallo Winery*, *supra*, citing *Mushroom Makers, Inc. vs. R.G. Barry Corp.*, 580 F. 2d 44, 47 (2d Cir. 1978), cert. denied, 439 U.S. 1116, 99 s. Ct. 1022, 59 L. Ed. 2d 75 [1979].

30 *Mighty Corporation vs. E&J Gallo Winery*, *supra*, citing *Emerald Garment Manufacturing Corporation vs. Court of Appeals*, 251 SCR. 600 [1995].

31 *Mighty Corporation vs. E&J Gallo Winery*, *supra*, citing by *Buncio vs. Tan Tiao Bok*, 42 Phil. 190 [1921].

32 COMMENT, dated 25 Mar 2009, pp. 8-9.

33 *Fruit of the Loom, Inc. v. Court of Appeals and General Garments Corporation*, G.R. No. L-32747, 29 Nov. 1984.p