

OLD NAVY (ITM), INC.,	}	IPC No. 14-2007-00357
Petitioner,	}	Cancellation of:
	}	Reg. No. 4-2003-004595
-versus-	}	Date Issued: 26 February 2006
	}	TM: "BLUE NAVY W/IN A
ROMEO H. CHONG,	}	SQUARE DESIGN"
Respondent,	}	Decision No. 2008-175
x-----x		

DECISION

This pertains to the VERIFIED PETITION FOR CANCELLATION filed by petitioner Old Navy (ITM), Inc. to Registration No. 42003004595 for the mark "BLUE NAVY WITHIN A SQUARE DESIGN" for Class 35 services, namely, "retail store services engaged in the selling of jewelry, handbags and wallets, clothing and accessories" issued in the name of respondent-registrant Romeo H. Chong on February 26, 2006.

Petitioner is a corporation organized under the laws of California, United States of America with principal office at 2 Folsom Street, San Francisco, California, 94105, U.S.A. Respondent-registrant is a natural person with address a No. 5 Greenview Compound, 295 Santolan Road, Quezon City.

The grounds for cancellation are as follows:

1. Petitioner and its parent company, The Gap, Inc., are the registered owners of the marks OLD NAVY and OLD NAVY & OVAL DESIGN, for goods and services in Classes 18, 25, 35 and 42, in the Philippines under Certificates of Registration Nos. 4-1998-000565, 4-2001-000557 and 4-2000-010370 issued by the Intellectual Property Office ("IPO") on May 13, 2006, November 20, 2005 and April 16, 2004, respectively. Further, Petitioner has also filed on December 6, 2004 its Philippine application for the registration of its mark OLD NAVY under Application Serial No. 4-2004-011466 for goods in Class 9.

2. Petitioner is the first user of the mark OLD NAVY for its goods in Classes 25 and 42 in the United States of America since June 30, 1994 and in the Philippines and other countries long before Respondent appropriated the confusingly similar mark BLUE NAVY WITHIN A SQUARE DESIGN for its own goods and services in Classes 25 and 35.

The marks OLD NAVY and OLD NAVY & OVAL DESIGN shall be collectively referred to as the "OLD NAVY Marks".

3. Respondent's BLUE NAVY WITHIN A SQUARE DESIGN mark so resembles Petitioner's OLD NAVY Marks as to be likely, when applied to or used in connection with the services of Respondent, to cause confusion, mistake and deception on the part of the purchasing public by misleading them into thinking that Respondent's services either come from Petitioner or are sponsored or licensed by it.

4. The registration and use by respondent of the BLUE NAVY WITHIN A SQUARE DESIGN mark will diminish the distinctiveness and dilute the goodwill of Petitioner's OLD NAVY Marks, which are arbitrary marks when used in connection with Petitioner's services.

5. Respondent adopted the BLUE NAVY WITHIN A SQUARE DESIGN mark on its own services with the obvious intention of misleading the public into believing that its services bearing the mark originate from, or are licensed or sponsored by Petitioner, which has been identified in the trade and by consumers as a source of services bearing the confusingly similar OLD NAVY Marks.

6. Petitioner is the first user of the marks OLD NAVY and OLD NAVY & OVAL DESIGN in Philippine commerce and elsewhere, having utilized the same extensively for almost 13 years and over 7 years, respectively, in the Philippines. Petitioner's OLD NAVY Marks have come to be associated with several services including retail store services in the field of clothing in Class 35. Respondent's use of a confusingly similar mark as the mark for its own services is likely to cause consumer confusion as to the origin of said services.

7. Respondent's appropriation and use of the BLUE NAVY WITHIN A SQUARE DESIGN mark infringes upon Petitioner's exclusive right to use the OLD NAVY Marks, which are protected under Section 37 of the Trademark Law, Sections 147 and 165 (2) (a) of the Intellectual Property Code ("IP Code"), Articles 6bis and 8 of the Paris Convention and Article 6 of the Agreement on Trade Related Aspects of Intellectual Property Rights to which the Philippines and the United States of America adhere.

8. The Petitioner uses OLD NAVY not only as a trademark and/or service mark but also a trade name – Old Navy (ITM), Inc. Petitioner's OLD NAVY Marks are therefore, protected by Article 8 of Paris Convention which provides that "a trade name shall be protected in all countries of the Union without the obligation of filing or registration, whether or not it forms part of a trademark" as well as by Section 165 of the IP Code which provides that "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 may be put, it is contrary to public order or morals, and if, in particular, it is liable to deceive trade circles or the public order or the name of the enterprise identified by that name." In appropriating BLUE NAVY WITHIN A SQUARE DESIGN as a mark, Respondent betrayed its awareness of Petitioner's existence and the prior use and renown of its OLD NAVY Marks. This Office must implement the provisions of the Paris Convention and the IP Code by confirming Petitioner's rightful ownership of its OLD NAVY Marks and trade name.

9. The registration of the BLUE NAVY WITHIN A SQUARE DESIGN mark in the name of the Respondent is therefore contrary to provisions of the Intellectual Property Code."

To support the Petition, Petitioner will prove and rely upon the following:

"1. Petitioner adopted and has been using the OLD NAVY Marks for its goods and services since June 30, 1994, long before Respondent's unauthorized usage of the confusingly similar BLUE NAVY WITHIN A SQUARE DESIGN mark. Petitioner has been commercially using the marks OLD NAVY and OLD NAVY & OVAL DESIGN in the Philippines for almost 8 years before the filing of the application for the registration of the BLUE NAVY WITHIN A SQUARE DESIGN mark by Respondent.

2. Petitioner is the first user and rightful owner of the OLD NAVY Marks. Petitioner has also used and registered or applied for the registration of the OLD NAVY Marks in many other countries worldwide.

3. Petitioner's OLD NAVY Marks are arbitrary marks and are entitled to broad legal protection against unauthorized users like respondent who has appropriated the deceptively similar BLUE NAVY WITHIN A SQUARE DESIGN mark for its own services.

4. Petitioner is the first user of the OLD NAVY Marks for the above-mentioned services. Respondent has appropriated the BLUE NAVY WITHIN A SQUARE DESIGN mark for the obvious purpose of capitalizing upon the renown of Petitioner's self-promoting mark by misleading the public into believing that its service originate from, or are licensed or sponsored by Petitioner.

5. The registration and use of a confusingly similar mark by the Respondent will tend to deceive and/or confuse purchasers into believing that Respondent's services emanate from or are under the sponsorship of Petitioner and damage Petitioner's interests for the following reasons:

- i) The marks are confusingly or deceptively similar.
- ii) Respondent's unauthorized appropriation and use of the BLUE NAVY WITHIN A SQUARE DESIGN mark will dilute Petitioner's reputation and goodwill among consumers.
- iii) Respondent used the BLUE NAVY WITHIN A SQUARE DESIGN mark on its own services as a self-promoting mark to gain public acceptability for its services through its association with Petitioner's popular OLD NAVY Marks, which have attained international renown as marks for several products and services.
- iv) The services on which the marks are used are identical and are advertised to consumers through the same channels of trade. Respondent intends to trade, and is trading on, Petitioner's goodwill.

6. Petitioner uses OLD NAVY not only as a trademark and/or service mark but also as trade name – Old Navy (ITM), Inc. – and therefore, Petitioner is protected against the use by others under Article 8 of Paris Convention and Section 165 of the IP Code.

7. The registration and use of confusingly similar mark by Respondent will diminish the distinctiveness and dilute the goodwill of Petitioner's OLD NAVY Marks.”

Petitioner prayed, thus, that the subject Registration No. 4200304595 issued to respondent-registrant be canceled.

On May 05, 2008, respondent-registrant filed a VERIFIED ANSWER opposing the VERIFIED PETITION FOR CANCELLATION by alleging the following grounds:

“I
RESPONDENT'S MARK HAS NO RESEMBLANCE WHATSOEVER TO THE
MARKS COVERED BY REGISTRATION NOS. 4-1998-000565, 4-2010-000557,
AND 4-2000-010370.

1. Petitioner alleges that respondent's use of his registered Blue Navy Mark infringes upon petitioner's exclusive to use its mark Old Navy and Old Navy and Oval Design (hereinafter, the “Old Navy Marks”) covered by registration nos. 4-1998-000565, 4-2001-000557, and 4-2000-010370 issued by the IPO.

Petitioner contends that respondent's Blue Navy Mark and petitioner's Old Navy Marks so resemble each other “as to be likely, when applied to or used in connection with the services of Respondent, to cause confusion, mistake and deception on the part of the purchasing public by misleading them into thinking that Respondent's services either come from Petitioner or are sponsored or licensed by it.”

2. Respondent, however, disagrees. It is a basic tenet of trademark law that the mere fact that there is a similar word between two or more marks *does not*, on its own, give rise to confusion sufficient to disallow the registration of one mark in the light of the other. If the marks or trade names are claimed to be confusingly similar, a number of factors are applied to resolve the problem. Generally, there is a confusion of goods or services when an ordinary or common purchaser would be induced, in view of the similarity of the marks used to purchase one product or service as that of another, or when there is a colorable imitation of the older mark.

3. In order to determine whether there is colorable imitation, or indeed, any likelihood to cause confusion or deception, the following tests, among others, have been employed: (i) the Dominancy Test and the (ii) the Holistic Test.

4. *The word “navy” is not the dominant feature of respondent’s Blue Nave Mark.*

5. Under the Dominancy Test used by the Supreme Court in the case of *American Cyanamid v. Director of Patents*, it was ruled that even if two marks bear a similar word or name, but where the general appearance of the labels bearing their respective trademarks are so distinct from each other, there is NO colorable imitation between the two marks that would prevent the registration of one or the other.

5.1 Petitioner bases its petition to cancel respondent’s mark solely on the fact that respondent’s Blue Navy Mark and petitioner’s mark both contain the word “navy”.

5.2 Although it may be true that both marks contain the word “navy”, it is not correct, and there is absolutely no basis, to maintain that the word “navy” actually constitutes the dominant feature in either petitioner’s mark or respondent-appellant’s mark.

5.3 In fact, mere observation of petitioner’s mark shows that both the words “Old” and “Navy” use the same font, are of the same size and of the same color, neither word appearing more dominant than the other.

5.4 Likewise, an observation of respondent’s mark reveals that the predominant feature of the mark is the phrase “Blue Navy”. Both the words “Blue” and “Navy” use the same font, are of the same size and of the same color. Thus, it cannot reasonably be said that the word “Navy” appears more dominant than the word “Blue”. The reasonable conclusion, rather, would be that the dominant feature of the mark is the entire phrase “Blue Navy” taken as a whole. In fact, considering that the word “Blue” is placed on top of the word “Navy”, if any one word of the entire phrase could be taken to be the dominant feature, then the only reasonable conclusion, all things being equal, is that the word “Blue” is more predominant than the word “Navy”.

6. *The glaring dissimilarities between respondent’s mark and petitioner’s mark as actually used in commerce negate any claim of confusing similarity.*

7. It is well-settled that where two marks contain glaring dissimilarities as they actually used in commerce, no confusing similarity can be inferred. Under the Holistic Test described in the case of *Mead Johnson & Co. v. NVJ Van Dorp, Ltd.*, the Supreme Court ruled that there is NO confusing similarity between two trademarks despite a similarity between two trademarks despite a similarity in a word used when the discerning eye of the observer would focus not only on the predominant words, if any, but also on the features appearing in both labels in order that he could draw his conclusion whether one would be confusingly similar to the other and sufficient differences existed between the two marks, thus:

“It is true that between petitioner’s trademark “ALACTA” and respondent’s “ALASKA” there are similarities in spelling, appearance and sound for both are composed of six letters of three syllables each and each syllable has the same vowel, but in determining if they are confusingly similar a comparison of said words is not the only determining factor. The two marks in their entirety as they appear in the respective labels must also be considered in relation to the goods to which they are attached. The discerning eye of the observer must focus not only on the predominant features appearing in both labels in order that he may draw his conclusion whether one is confusingly similar to the other.”

8. In the case of *Bristol Myers Company v. Director of Patents*, the Supreme Court held that “Bioferin” and “Bufferin” were not confusingly similar, considering that the two marks, taken in their entirety were sufficiently distinct from each other, thus:

“In determining whether two trademarks are confusingly similar, the test is not simply to take their words and compare the spelling and pronunciation of said words. Rather, it is considering the two marks in their entirety, as they appear in the respective labels, in relation to the goods to which they are attached.”

9. In this case, aside from the fact that both respondent’s mark and petitioner’s mark contain the word “navy”, the two marks are glaringly dissimilar as they are used in commerce.

10. First, respondent’s Blue Navy mark is enclosed within a square while petitioner’s mark is enclosed in an oval.

11. Second, casual observation on the two marks would reveal that the two marks employ different lettering styles. Petitioner’s mark used thick block letters, while respondent’s mark employs a slimmer font of letters.

12. Third, with regard to the alleged confusion in the pronunciation of the two marks, respondent submits that by no stretch of the imagination is the pronunciation of “Blue Navy” confusingly similar to the pronunciation of “Old Navy”.

13. Taken as a whole, therefore, the two marks are sufficiently distinct from each other and contain sufficient distinguishing features as to obviate any confusion that might arise by the use of the word “navy”.

14. In conclusion, considering that the two marks are entirely distinct from each other, their only point of commonality being that they both contain the word “navy,” the glaring dissimilarities of one from the other belie any claim of confusing similarity that would tend to deceive ordinary buyers.

II

THE ORDINARY PURCHASER WILL NOT LIKELY BE
CONFUSED OR DECEIVED INTO THINKING THAT
PRODUCTS BEARING RESPONDENT-APPLICANT’S MARK
ARE SPONSORED BY OPPOSER.

15. In determining whether confusion or deception is likely to occur, the general impression of the ordinary purchaser, buying under the normally prevalent conditions in trade and giving the attention such purchasers usually give in buying that class of goods is the touchstone.

16. The term “Ordinary Buyer or Purchaser” was defined in the case of *Dy Buncio v. Tan Tiao Bok* as one “accustomed to buy, and therefore to some extent familiar with, the goods in question. In the case of *Philip Morris, et al. v. Fortune Tobacco Corp.*, the Supreme Court stated that the term “ordinary purchaser” referred not to the “completely unwary customer” but to the “ordinary intelligent buyer” considering the type of product involved.

17. The case of *Del Monte Corporation et al. v. Court of Appeals, et al.*, laid down the factors about the ordinary purchaser and his attitude which should be considered in determining whether there was confusing similarity between two marks:

“We also note that the respondent court failed to take into consideration several factors which should have affected its

conclusion, to wit: age, training and cost of the article, whether the article is bought for immediate consumption and also the conditions under which it is usually purchased. Among these, what essentially determines the attitude of the purchaser, specifically his inclination to be cautious, is the cost of the goods. To be sure, a person who buys a box of candies will not exercise as much care as one who buys an expensive watch. As a general rule, an ordinary buyer does not exercise as much prudence in buying an article for which he pays a few centavos as he does in purchasing a more valuable thing. Expensive and valuable items are normally bought only after deliberate, comparative and analytical investigation. But mass products, low priced articles in wide use, and matters of everyday purchase requiring frequent replacement are bought by the casual consumer without great care. xxx”

18. In the case of *Emerald Garment Mfg. Corp v. Court of Appeals*, the Supreme Court defined “colorable imitation” as such a close or ingenious imitation as to be calculated to deceive ordinary persons, or such a resemblance to the original as to deceive an ordinary purchaser giving such attention as a purchaser usually gives, and to cause him to purchase the one supposing it to be the other, thus:

“Petitioner’s trademark is the whole “STYLISTIC MR. LEE”. Although on its label the word “LEE” is prominent, the trademark should be considered as a whole and not piecemeal. The dissimilarities between the two marks become conspicuous, noticeable and substantial enough to matter especially in the light of the following variables that must be factored in.

“First, the products involved in the case at bar are, in the main, various kinds of jeans. These are not your ordinary household items like catsup, soy sauce or soap which are of minimal cost. Maong pants or jeans are not inexpensive. Accordingly, the casual buyer is predisposed to be more cautious and discriminating in and would prefer to mull over his purchase. Confusion and deception, the, is less likely.

“xxx xxx xxx

Second, like his beer, the average Filipino consumer generally buys his jeans by brand. He does not ask the sales clerk for generic jeans but for, say, Levis, Guess, Wrangler, or even an Armani. He is therefore, more or less knowledgeable and familiar with his preference and will not easily be distracted.

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

The definition laid down in *Dy Buncio v. Tan Book 35* is better suited to the present case. There, the “ordinary purchaser” was defined as one “accustomed to buy, and therefore to some extent familiar with, the goods in question. The test of fraudulent simulation is to be found in the likelihood of the deception of some persons in some measure acquainted with an established design

and desirous of purchasing the commodity with which that design has been associated. The test is not found in the deception, or the possibility of deception, of the person who knows nothing about the design which has been counterfeited, and who must be indifferent between that and the other. The simulation, in order to be objectionable must be such as appears likely to mislead the ordinary intelligent buyer who has a need to supply and is familiar with the article that he seeks to purchase.”

“There is no cause for the Court of Appeals apprehension that petitioner’s products might be mistaken as “another variation or line of garments under private respondent’s “LEE trademark”. As one would readily observe, private respondent’s variation follows a standard format “LEERIDERS”, “LEESURES” and “LEELEENS”. It is, therefore, improbable that the public would immediately and naturally conclude that petitioner’s “STYLISTIC MR. LEE” is but another variation under private respondent’s “LEE” mark.

“As we have already intimated the issue of confusing similarity between trademarks is resolved by considering the distinct characteristics of each case. In the present controversy, taking into account these unique factors, we conclude that the similarities in the trademarks in question are not sufficient as to likely to cause deception and confusion tantamount to infringement”

19. In this case, as in the *Emerald Manufacturing case*, my products as well as those of petitioner consist of fairly expensive clothing items.

20. Ordinary buyers would normally take the time to deliberate on other purchases and exercise a modicum of caution and prudence in making their choices.

21. Furthermore, as held in the Emerald Case, it is commonly known that ordinary Filipino purchasers are exceedingly, if not obsessively, brand conscious when it comes to clothing apparel. They do not go into a boutique and ask for a generic shirt or a generic pair of pants. They are familiar and knowledgeable about their preferred brands, and will not easily be swayed by the mere fact that one of the words used in their preferred label is also present in a completely different and unknown label.

22. Finally, as aptly stated in the Emerald Garments case, “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.”

On May 19, 2008, petitioner filed a REPLY (To Respondent’s Verified Answer), alleging the following:

“1. Respondent’s BLUE NAVY WITHIN A SQUARE DESIGN mark is confusingly similar to Petitioner’s prior registered OLD NAVY and OLD NAVY & OVAL DESIGN marks (the “OLD NAVY Marks”).

The IP Code protects registered marks against appropriation, even just of their most dominant elements not only prohibiting the unauthorized use in commerce of any reproduction, counterfeit, copy, or colorable imitation of a registered mark, but expanded the protection by explicitly providing that the reproduction, counterfeit, copy, or colorable imitation of a dominant element of a registered mark already constitutes infringement. (Section 155 of the IP Code).

The expanded protection under the Intellectual Property Code has been acknowledged in recent jurisprudence to include the adoption of the “dominant element” or “dominant feature test” for determining whether rival marks are confusingly similar. In *McDonald's Corporation vs. L.C. Big Mak Burger Inc., et al.* (G.R. No. 143993, August 18, 2004), a case involving confusing similarity of rival trademarks registered under R.A. No. 166, the Supreme Court applied the test of dominancy as it is “now explicitly incorporated into law in Section 155.1 of the IP Code which defines infringement as the “colorable imitation of a registered mark . . . or a dominant feature thereof.” In said case, the Supreme Court categorically made clear that it now relies upon the dominancy test in determining whether rival marks are confusingly similar and rejected the holistic test as contrary to the elementary postulate of the law on trademarks and unfair competition that confusing similarity is to be determined on the basis of visual, aural, connotative comparisons and overall impressions engendered by the marks in controversy:

This Court however, has relied on the dominancy test rather than the holistic test. The dominancy test considers the dominant features in the competing marks in determining whether they are confusingly similar. Under the dominancy test, courts give greater weight to the similarity of the appearance of the product arising from the adoption of the dominant features of the registered mark, disregarding minor differences. Courts will consider more the aural and visual impressions created by the marks in the public mind, giving little weight to factors like prices, quality, sales outlets and market segments.

Thus, in the 1954 case of *Co Tiong Sa v. Director of Patents*, the Court ruled:

. . . It has been consistently held that the question of infringement of a trademark is to be determined by the test of dominancy. Similarity in size, form and color, while relevant, is not conclusive. 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. (*G. Heilman Brewing Co. vs. Independent Brewing Co.*, 191 F., 495, citing *Eagle White Lead Co. vs. Plufgh* (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; . . .) (Emphasis supplied.)

The Court reiterated the dominancy test in *Lim Hoa v. Director of Patents, Philippine Nut Industry, Inc. v. Standard Brands Inc.*, *Converse Rubber Corporation v. Universal Rubber Products, Inc.*, and *Asia Brewery, Inc. v. Court of Appeals*, the Court explicitly rejected the holistic test in this wise:

[T]he totality or holistic test is contrary to the elementary postulate of the law on trademarks and unfair competition that confusing similarity is to be determined on the basis of visual, aural, connotative comparisons and overall impressions engendered by the marks in controversy as they are encountered in the realities of the marketplace. (Emphasis supplied)

The test of dominancy is now explicitly incorporated into law in Section 155.1 of the Intellectual Property Code which defines infringement as the “colorable imitation of a registered mark . . . or a dominant feature thereof.”

The following random list of confusingly similar sound in the matter of trademarks, culled from Nims, Unfair Competition and Trade Marks, 1947, Vol. 1, will reinforce our view that “SALONPAS” and “LIONPAS” are confusingly similar in sound: “Gold Dust” and “Gold Drop”; “Jantzen” and “Jass-Sea”; “Silver Flash” and “Supper Flash”; “Cascarete” and “Celborite”; “Celluloid” and “Cellonite”; “Chartreuse” and “Charseurs”; “Cutex” and “Cuticlean”; “Hebe” and “Meje”; “Kotex” and “Femetex”; “Zuso” and “Hoo Hoo”. Leon Amdur, in his book “Trade-Mark Law and Practice”, pp. 419-421, cites, as coming within the purview of the idem sonans rule, “Yusea” and “U-C-A”, “Steinway Pianos” and “Steinberg Pianos”, and “Seven-Up” and “Lemon-Up”. In *Co Tiong vs. Director of Patents*, this Court unequivocally said that “Celdura” and “Cordura” are confusingly similar in sound; this Court held in *Sapolin Co. vs. Balmaceda*, 67 Phil. 795 that the name “Lusolin” is an infringement of the trademark “Sapolin” as the sound of the two names is almost the same. (*Emphasis supplied*)

Comparing the parties’ respective marks below, Respondent’s attempt to imitate the Petitioner’s OLD NAVY Marks, specifically its OLD NAVY & OVAL DESIGN mark, is obvious, resulting in confusing similarity between the marks.

Petitioner’s Mark



Respondent’s Mark



As correctly observed by no less than this Honorable Office (in its Decision No. 2008-27 in IPC No. 14-2007-00042):

By observation, both marks adopt a simple block type lettering for their marks but the letters are of almost the same sizes. Opposer

(referring to herein Petitioner) uses an oval device to encapsule its mark OLD NAVY while respondent-applicant (referring to herein Respondent) uses a square as a geometric shape to encase the words BLUE NAVY. However, the words NAVY, which is the dominant feature of the opposer's mark is almost in the same style of lettering such that the appropriation by the respondent-applicant of the word NAVY combined with another word would lead to a likelihood of confusion that the goods are under the sponsorship of or originate from the opposer. The word NAVY is the main or essential feature of opposer's as well as the Respondent-applicant's mark[s]. There is confusion when the words BLUE NAVY and OLD NAVY are pronounced. Moreover, the connotation of the phrase BLUE NAVY and OLD NAVY are almost the same especially when they are being used on closely related goods.

In the present case, it is undeniable that Petitioner is the originator, first user and registered owner of the OLD NAVY Marks in respect of goods in Classes 18, 25, 35 and 42. Petitioner has used the OLD NAVY Marks since 1994 and since 2000 in the Philippines, or long before Respondent filed its Application No. 4-2003-004595 (which eventually ripened into the subject registration) in 2003. On the other hand, Respondent, in its Answer, claims to have registered his business name Blue Navy Jeans Co., Inc. in 2004. Therefore, prior to Respondent's use of, and application for, the mark BLUE NAVY WITHIN A SQUARE DESIGN, Petitioner was already widely using its OLD NAVY Marks worldwide, including the Philippines, on similar and/or related goods/services.

Respondent's subsequent appropriation and use of the confusingly similar BLUE NAVY WITHIN A SQUARE DESIGN mark indicates its knowledge of the existence and fame of Petitioner's OLD NAVY Marks.

Respondent's use of Petitioner's OLD NAVY Marks on similar or closely related goods would lead many consumers mistakenly to assume that said products are authorized by, are sponsored by, or emanate from Petitioner, or the goods bearing the BLUE NAVY WITHIN A SQUARE DESIGN mark were produced under license from Petitioner.

As held by the Supreme Court in *Philippine Nut Industry vs. Standard Brands, Inc.* (65 SCRA 575), "[i]t is not necessary, to constitute trademark 'infringement', that every word of a trade-mark should be appropriated, but it is sufficient that enough be taken to deceive the public in the purchase of a protected article. (citing *Bunte Bros. v. Standard Chocolates*, D.C. Mass, 45 F. supp. 478,481)

Further, "[w]here a trade-mark contains a dominating or distinguishing word, and purchasing public has come to know and designate the article by such dominating word, the use of such word by another in marking similar goods may constitute infringement though the marks aside from such dominating word may be dissimilar. (*Ibid.*, citing *Queen Mfg. Co. v. Isaac Ginsberg & Bros.*, C.C.A. Mon., 25 F. 2d 284, 287; See *Co Tiong Sa vs. Director of Patents*, G.R. No. L-5278, May 24, 1954.)

Moreover, it should be emphasized that "the 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 courts. What is undeniable is the fact that when a manufacturer prepares to package his product, he has before him a boundless choice of words, phrases, colors and symbols sufficient to distinguish his product from the others."

When an individual, without any reasonable explanation, uses the same elements which are the dominant feature in another person's mark, though the field of his/her selection was so

broad, the inevitable conclusion is that it was done deliberately to deceive. (*Del Monte corporation vs. Court of Appeals*, 181 SCRA 410)

It must be emphasized “that the ultimate ratio in cases of grave doubt is the rule that as between a newcomer who by the confusion has nothing to lose and everything to gain and one who by honest dealing has already achieved favor with the public, any doubt should be resolved against the newcomer inasmuch as the field from which he can select a desirable trademark to indicate the origin of his product is obviously a large one.” (*Ibid.*, citing *William Waltke & Co. v. Geo H. Schaefer & Co.*, 49 App. D.C. 294; *Standard Oil v. Michie*, 34 F 2d 802)

Hence, when Respondent, without reasonable explanation, appropriated for himself a mark that is confusingly similar to Petitioner’s OLD NAVY Marks, though the field of Respondent’s selection was broad, the inevitable conclusion is that it was done to deliberately deceive purchasers.

Finally, considering that the goods covered by both marks are similar and/or closely related, and flow through the same channels of trade, the concurrent use by the Respondent of the BLUE NAVY WITHIN A SQUARE DESIGN mark and the marketing of its products are likely to mislead the buying from, or are under the sponsorship of Petitioner.

Respondent is not a prior user in good faith and is therefore not entitled to any for of legal protection under the IP Code.

The Petitioner’s OLD NAVY Marks have been in lawful use in commerce in the Philippines since 2000 and Petitioner was the first to register them here. In other words, the OLD NAVY Marks have been registered in the Philippines and have been in lawful use in commerce for a considerable period of time at the time when Respondent created its own copy of the mark, i.e., BLUE NAVY WITHIN A SQUARE DESIGN. Since these are public records openly accessible to respondent, it is inconceivable that he had been unaware of the OLD NAVY Marks (without even considering the doctrine of constructive notice at the time it appropriated and used its copy of Petitioner’s mark on identical products.

Additionally, Petitioner has prior and superior rights to the well-known OLD NAVY Marks on goods/services under classes 18, 25, 35 and 42 in the Philippines and in other countries worldwide, which rights it acquired through exclusive and legitimate prior international use and local use and promotion. Respondent is seeking local registration of its mark BLUE NAVY WITHIN A SQUARE DESIGN on the fraudulent representation that it is the owner and originator of said mark. The truth, however, is that Respondent’s BLUE NAVY WITHIN A SQUARE DESIGN has been clearly copied from Petitioner’s OLD NAVY Marks.

Respondent in this case make no claim, as it honestly cannot, that it is the “prior user” in good faith of the trademark BLUE NAVY WITHIN A SQUARE DESIGN n the Philippines within the meaning of Section 236 of the IP Code. Given the fact that the OLD NAVY Marks have been registered in the Philippines and the provision of Section 155 of the IP Code that the use of the “dominant feature” of a registered mark is trademark infringement and that of Section 168.2 that “passing off” one’s goods “for those of the one having established . . . goodwill” is unfair competition, Respondent cannot claim to have lawfully used the trademark BLUE NAVY WITHIN A SQUARE DESIGN in commerce and consequently cannot claim to be its owner, any more than a thief can claim lawful ownership of a physical property that he has stolen from another.

The Supreme Court has shown sense and logic can be very useful analytical tools in reaching a just, sensible and fair decision in any trademark case when it declared in *Clarke vs. Manila Candy*, 36 Phil. 100:

“The question then which presents itself is whether in the absence of proof of these allegations, the other evidence of record is sufficient to sustain a finding that there has been either a

technical infringement of plaintiff's unregistered trade-mark, or unfair competition by the defendant corporation by the use on the containers of their goods and otherwise of the design set forth in Exhibit H.

We think that the bare statement of the undisputed facts disclosed by the record leaves no room for reasonable doubt as to the guilt of the defendant corporation of unfair competition as defined in Act No. 666.

The plaintiff, a candy manufacturer, had for many years made use of a pictorial representation of a rooster upon the packages and wrappers in connection with his business, and in advertising his goods had made continuous use of a rooster as his trade-mark. Two of his workmen left his employ and organized a corporation which engaged adopted as its trade-mark a pictorial representation of two roosters, and it has made extensive use of this trade-mark upon the packages and containers in which it put its candy on the market.

No reason has been suggested for the use of this particular design with its predominant display of two roosters as the trade-mark of the defendant corporation other than that alleged by the plaintiff; that is to say, that the new manufacturer, well-knowing that the plaintiff has used a rooster as his trade-mark, hoped to secure an unfair advantage by misleading the public, and inducing it to believe that its candies bearing a representation of two roosters were made in the plaintiff's factory, which had always marked its goods with one or more pictures of a single rooster, and at the same time had made extensive use of this design in connection with its advertising campaigns.

xxx xxx xxx

We ask, however, why, with all the birds in the air, and all the fishes in the sea, and all the animals on the face of the earth to choose from, the defendant company selected two roosters as its trade-mark, although its directors and managers must have been well aware of the long-continued use of a rooster by the plaintiff in connection with the sale and advertisement of his goods?

There is nothing in the picture of one or more roosters which in itself is descriptive of the goods sold by the plaintiff or by the defendant corporation, or suggestive of the quality of these goods. A cat, a dog, a carabao, a shark, or an eagle stamped upon the container in which candies are sold would serve as well as a rooster for purposes of identification as the product of defendant's factory. Why did defendant select two roosters as its trade-mark? We cannot doubt that it was because that plaintiff's candies had acquired a certain reputation under the trade-mark of a rooster, and the defendant corporation hoped to profit unjustly by that reputation. Defendant knew that the use of a single rooster would be prohibited as a technical infringement of plaintiff's trade-mark, but it hoped that it could avoid that danger by the use of two roosters; and at the same time get such advantage as it must have believed it would secure from the use of a design on the

containers of its goods, not absolutely identical with that by the plaintiff, but so similar in the dominant idea as to confuse or mislead the purchasers. Children, and for that matter the average purchasers of candies, might as well be expected to recall that packages containing Clark's candies, which they had been accustomed to buy and for which they had acquired a taste, had pictures of a rooster on the outside, and to accept candies made by the defendant company as candy of the same mark, although the design used displayed two roosters in each instance instead of the single rooster used by the plaintiff."

The kindest way to describe respondent's unauthorized appropriation of Petitioner's trademarks is that he is a user in bad faith. That respondent did in fact start using its mark on competing products and has continued to do so makes him a willful infringer. It cannot pretend to be a "prior user in good faith" under Section 236 of the IP Code, or under the decision of the *Supreme Court in Clarke vs. Manila Candy and Philippine Nut Industry vs. Standard Brands*. The framers of the IP Code wisely ensured that trademark users in bad faith are not entitled to any form of protection under its provisions."

Preliminary conference was originally set on June 03, 2008 but was reset on August 05, 2008 which was terminated on the same date. Order No. 2008-1205 was issued directing the parties to file within a non-extendible period of ten (10) days from receipt of a copy of said Order their respective position papers. Petitioner received its copy of said Order on August 28, 2008 and filed its position paper on September 08, 2008 which was within the reglementary period. Respondent-registrant received a copy of said Order on September 3, 2008 and filed his position paper on September 15, 2008 through registered mail which was within the reglementary period.

The issues to be resolved herein are as follows:

1. Whether the mark registered in favor of respondent-registrant "BLUE NAVY WITHIN A SQUARE DESIGN" under Registration No. 42003004595 is confusingly similar to petitioner's marks "Old Navy" and "Old Navy & Oval Design"; and
2. Whether Registration No. 42003004595 issued in favor of respondent-registrant for the mark "BLUE NAVY WITHIN A SQUARE DESIGN" should be canceled.

Below are petitioner's marks "Old Navy" which are registered:

OLD NAVY

Registration No. 41998000565 issued on May 13, 2006 for goods under Classes 18, 25 and 42

OLD NAVY

Registration No. 42001000557 issued on November 20, 2005, for goods under Classes 35 and 42



OLD NAVY

Registration No. 42004005179 issued on April 16, 2007 for goods under Class 9

Meanwhile, below is petitioner's mark "Old Navy" that is being applied for registration under Application No. 42004011466 filed on December 6, 2004 for goods under Class 9:



OLD NAVY

Below is petitioner's mark "Old Navy & Oval Design" for which Registration No. 42000010370 was issued on April 16, 2004 for goods under Classes 25, 35 and 42:



OLD NAVY

On the other hand, respondent-registrant's mark "BLUE NAVY WITHIN A SQUARE DESIGN" for which Registration No. 42003004595 was issued on February 26, 2006 for goods under Class 35 is depicted below:



BLUE
NAVY

A careful perusal of the subject mark "BLUE NAVY WITHIN A SQUARE DESIGN" shows that it is confusingly similar to petitioner's marks "Old Navy" and "Old Navy & Oval Design".

Evidently, the dominant feature of the parties' respective marks is the word "Navy", a noun that essentially connotes and captures visual images of things, ideas, and concepts related to the "Navy". Upon reading the marks, what plainly comes to mind is the word "Navy" both as a concept and a tangible entity. This Bureau is inclined to believe that such word is the dominant word in the respective marks of the parties as it is the word that essentially defines and captures the concept of the respective marks of the parties, contrary to respondent-registrant's allegation that the entire phrase "Blue Navy" is the dominant feature of the subject mark or the word "Blue" is more predominant than the word "Navy".

For the aforesaid reasons, thus, it is not necessarily true as respondent-registrant alleges that the entire phrase "Blue Navy" is the dominant feature of the subject mark as both words "Blue" and "Navy" use the same font and are of the same size and color, or that the word "Blue" is more predominant than the word "Navy" as the word "Blue" is placed on top of the word "Navy". The words "Blue" and "Old" are simply descriptive words the connotations of which are weak compared to the word "Navy", and do not detract or overcome the dominance of the word "Navy" which connotes and captures a specific, concrete entity and ideas/concepts/images peculiar to it.

Per the Dominancy Test which considers the dominant features of the competing marks, or which gives greater weight to the similarity of the appearance of the product arising from the dominant features of the mark attached to said product in determining whether such mark is confusingly similar while another mark, the word "Navy" gives the same visual and aural impressions to the public's mind in the light of the goods and/or services to which they are used respectively by petitioner and respondent-registrant (*McDonald's Corporation v. MacJoy Fastfood corporation*, G.R. No. 166115, February 2, 2007; *McDonald Corporation v. L.C. Big Mak Inc.*, G.R. No. 143993, August 18, 2004). Similarity in size, form and color, while relevant, is not conclusive. Neither duplication/imitation, nor the fact that the infringing label suggests an effort to emulate, is necessary. The competing marks need only contain the main, essential or dominant features of another, and that confusion and deception are likely (*Sterling Products International, Inc. v. Farbenfabriken Bayer Aktiengesellschaft*, G.R. No. L-19906, April 30, 1969; *Lim Hoa v. Director of Patents*, G.R. No. L-8072, October 31, 1956; *Co Tong Sa v. Director of Patents, et al.*, G.R. No. L-5378, May 24, 1954).

In the instant case, thus, the differences in the fonts of petitioner's mark "Old Navy" and that of the subject mark "BLUE NAVY WITHIN A SQUARE DESIGN", and the black oval and square background designs in the parties' respective marks "Old Navy" and "Old Navy & Oval Design", and "BLUE NAVY WITHIN A SQUARE DESIGN" are minor details that do not detract the likelihood of confusion that may arise with the simultaneous use of such marks. It is to be noted, moreover, that the Arial-like fonts of the subject mark and petitioner's mark "Old Navy & Oval Design" are almost identical.

Thus, in the mind of the public, because of the confusingly similar mark "BLUE NAVY WITHIN A SQUARE DESIGN" on the one hand and the marks "Old Navy" and "Old Navy & Oval Design" per the Dominancy Test, there is likelihood that purchasers may be induced to believe that the business of one party originate from, or is licensed or sponsored by the other, and/or that there is some connection between petitioner and respondent-registrant which, fact, does not exist. There is confusion of business (*Sterling Products International, Inc. v. Farbenfabriken Bayer Aktiengesellschaft, supra.*). This is especially true considering that some of petitioner's services fall under the same class as that under which respondent-registrant's services fall: Class 35.

As to the first issue of whether the mark registered in favor of respondent-registrant "BLUE NAVY WITHIN A SQUARE DESIGN" under Registration No. 42003004595 is confusingly similar to petitioner's marks "Old Navy" and "Old Navy & Oval Design", this Bureau holds in the affirmative.

Petitioner's mark "Old Navy" was registered, among others, for Class 35 services under Registration No. 42001000557 issued on November 20, 2005. Meanwhile, petitioner's mark "Old Navy & Oval Design" was registered also for Class 35 services under Registration No. 42000010370 issued on April 16, 2004. Petitioner's applications and registrations for these marks for services under Class 35, thus, precede the application and registration of the subject mark herein "BLUE NAVY WITHIN A SQUARE DESIGN" (Underscoring supplied.). Moreover, petitioner filed an application on January 27, 1998 of the now registered mark "Old Navy" for goods under Class 18, which application was earlier than the application for registration of the subject mark herein. Such goods covered by Class 18 which include bars are some of the items of the services covered by Class 35 for which respondent-registrant was issued a registration.

The goods covered by Class 18 for which petitioner's mark "Old Navy" was registered are, thus, related to the services covered by Class 35 for which respondent-registrant was issued a registration for the mark "BLUE NAVY WITHIN A SQUARE DESIGN".

Section 123.1 (d) of the IP Code provides:

"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
- (ii) Closely related goods . . . or
- (iii) if it nearly resembles such a mark as to be likely to deceive or to cause confusion . . ." (Underscoring supplied.)

Pursuant to said provision, the cancellation of the registration of the subject mark is in order: Respondent-registrant's mark "BLUE NAVY WITHIN A SQUARE DESIGN" is confusingly similar to opposer's marks "Old Navy" and "Old Navy & Oval Design" and is applied to services that are related to opposer's goods and/or services, and opposer's marks "Old Navy" and "Old Navy & Oval Design" were applied for registration and/or registered before or ahead of the application for and registration of the mark "BLUE NAVY WITHIN A SQUARE DESIGN" for services under applied for registration and/or registered before respondent-registrant's subject mark was applied for registration and/or registered, which latter mark nearly resembles the former marks as to likely deceive or cause confusion as to origin, and which subject mark is applied to services to which petitioner's goods and/or services are closely related.

As to the second issue of whether Registration No. 42003004595 issued in favor of respondent-registrant of the mark "BLUE NAVY WITHIN A SQUARE DESIGN" should be canceled, this Bureau rules in the affirmative.

WHEREFORE, the VERIFIED PETITION FOR CANCELLATION is, as it is, hereby SUSTAINED. Consequently, Registration No. 42002004595 for the mark "BLUE NAVY WITHIN A SQUARE DESIGN" for Class 35 services, namely, "retail stores services engaged in the selling of jewelry, handbags and wallets, clothing and accessories" issued in the name of respondent-registrant Romeo H. Chong on February 26, 2006 is, as it is hereby, ordered CANCELLED.

Let the filewrapper of this case forwarded to the Bureau of Trademarks (BOT) for appropriate action in accordance with this Decision.

SO ORDERED.

Makati City, September 30, 2008.

ESTRELLITA BELTRAN-ABELARDO
Director, Bureau of Legal Affairs