TAIWAN KOLIN CO., LTD.,
Respondent-Appellant,

-versus-

KOLIN ELECTRONICS CO.,
Opposer-Appelle.
x----------x

Appeal No. 14-09-27

Inter Partes Case No. 14-2006-00096
Opposition to:
Application No. 4-1996-106310
Date Filed: 29 February 1996
Trademark: KOLIN

DECISION

TAIWAN KOLIN CO., LTD. ("Appellant") appeals Decision No. 2007-118 dated 16 August 2007 and Resolution No. 2009-8(D) dated 26 January 2009 issued by the Director of the Bureau of Legal Affairs ("Director") sustaining the opposition filed by KOLIN ELECTRONICS CO., INC. ("Appellee") to the Appellant's application for the registration of the mark "KOLIN".

Records show that the Appellant filed on 29 February 1996, Trademark Application No. 4-1996-106310 for use on color television, refrigerator, window-type air conditioner, split-type air conditioner, electric fan, and water dispenser. On 10 February 1999, Paper No. 5[1] was issued by the Examiner-in-Charge stating that the goods enumerated by the Appellant fall under three (3) classes namely classes 9, 11 & 21 of the Nice Classification[2] and that the Appellant is required to elect one (1) class of goods for the subject application.

For failure of the Appellant to respond to Paper No. 5, the trademark application was considered abandoned as of 18 April 1999.[3] The Appellant filed on 14 September 1999 a petition seeking to revive the application stating among other things that in response to Paper No. 5, the Appellant is electing Class 9 for its goods (i.e television sets) and request inclusion of the following goods: cassette recorder, VCD, whoofer, amplifiers, camcorders and other audio/video electronic equipment, flat iron, vacuum cleaners, cordless handsets, videophones, facsimile machines, teleprinters, cellular phones, automatic goods vending machines and other electronic equipment belonging to class 9.

The Bureau of Trademarks granted the Appellant's petition in an Order dated 14 March 2001. Consequently, the trademark application was published in the Intellectual Property Office Electronic Gazette for Trademarks on 16 May 2006. The "television sets" was, however, not included in the enumeration of goods of the Appellant's trademark application which was published in the Electronic Gazette.

On 17 July 2006, the Appellee filed a "VERIFIED NOTICE OF OPPOSITION" alleging that it is the registered owner of KOLIN which has the exclusive right to use KOLIN and prevent all third parties from using it on goods which are similar or identical to those in respect of which the mark is registered. The Appellee claimed that the Appellant's mark is identical to its registered mark KOLIN and the Appellant's use of KOLIN definitely causes confusion as the Appellee itself manufactures and distributes similar products in Class 9. The Appellee contended that the Appellant's use of KOLIN has resulted and will continue to result in irreparable damage and injury to its rights.

The Appellee submitted the following evidence to support its opposition:

1. The Appellee's Articles of Incorporation;[5]
2. Publication in the IPO e-Gazette of the mark KOLIN;[6]
3. Paper No. 5, dated 10 February 1999;[7]
4. Unsigned Petition to Revivers;[8]
5. Letter of the Appellant's counsel dated June 24, 1998;[9]
6. Paper No. 3, mailed on 23 September 1997;[10]
7. Memorandum, dated 13 October 2005;[11]
8. Decision No. 2002-46, dated 27 December 2002;[12]

9. Decision, dated 06 November 2003;[13]
10. Resolution No. 2004-07, dated 01 July 2004;[14]
11. Order No. 2004-397, dated 21 July 2004;[15]
12. Cert. of Reg. No. 4-1993-087497 issued on 23 November 2003 ;[16]
13. Verified Notice of Opposition, dated 09 July 1998;[17]
14. Position Paper, dated 17 March 2006;[18]
15. Advertisements and brochures-, [19]
16. Secretary's Certificate executed on 17 July 2006;[20]
17. Trademark Application No. 4-2002-011002;[21]
18. Decision of the Court of Appeals, dated 31 July 2006;[22]
19. Appellee's Certificate of Registration of Business Name ;[23] and
20. Printouts of e-mails received by the Appellee;[24]

The Appellant filed an "ANSWER" on 07 November 2006 alleging that its trademark application includes television sets and that this trademark application later became Trademark Application No. 4-2002-011002 filed on 27 December 2002 when it was re-filed/revived after the handling lawyer delayed the submission of requirements for the first application. The Appellant claimed that its mark should be afforded the benefits accorded a foreign-registered mark pursuant to Sections 131.1 and 3 of the Intellectual Property Code of the Philippines ("IP Code"). The Appellant stated that it has registered KOLIN in the People's Republic of China, Malaysia and Vietnam and its mark should be afforded the benefits accorded to a well-known mark pursuant to Sec. 123 (e) of the IP Code. According to the Appellant, the extent of its promotion and advertisements, marketing, sale and/or distribution of KOLIN have made this mark well-known to the relevant sector of the public.

The Appellant asserted that it has adopted and used KOLIN since 1963 when it started manufacturing the KOLIN-branded goods and products from Taiwan and has become one of the leading manufacturers in Taiwan in 1998. It said that in 1995, it has invested substantially in a domestic corporation, Kolin Philippines International, Inc., to market, sell and/or distribute its KOLIN-branded household/home appliances, including Class 9 goods to the Filipino consumers. According to the Appellant, Kolin Philippines International, Inc. constructed a major plant at the First Cavite Industrial Estate 111 Dasmariñas, Cavite and in 1999 it had 95 dealers in the Luzon area, 25 dealers in the Visayas area and 20 dealers 111 the Mindanao area.

The Appellant maintained that its KOLIN-branded household/home appliances are marketed, sold and/or distributed to the Filipino consumers nationwide and that its household/home appliances under Class 9, specifically television sets and DVD (Digital Video Disc) players, and the Appellee's audio and electrical equipment are not marketed, sold and distributed through the channels of grocery stores or supermarkets or sari-sari stores where confusion as to source or origin is likely to occur, because the consumers are known to be less discerning when buying the products sold thereat. It stressed that its household/home appliances and the Appellee's audio and electrical equipment are costly or expensive items in which case the buyers or consumers will be cautious and discriminating and prefer to study such costly or expensive items before making a purchase, hence, confusion and deception is less likely to occur. The Appellant averred that it does not intend to carry, market, sell and/or distribute goods or products identical or similar or closely related to the Appellee's audio and electrical equipment and that to this day the Appellee does not carry, market, sell and/or distribute in the Philippines television sets and DVD.

The Appellant submitted the following evidence to support its position:

1. Trademark Application No. 4-1996-106310 filed on 29 February 1996;[25]
2. Motion for Reconsideration, dated 24 August 2006;[26]
3. Certificates of registration (foreign) for KOLIN ;[27]
4. Articles of Incorporation of Koala International Philippines International, Inc.;[28]
5. Advertisements, promotions and brochures ;[29]
6. Sworn Statement of Lee Shy Rong executed on 13 September 1999;[30]

7. Sworn Statement of Efren Chua Yap executed on 26 May 1999;[31]
8. Dealer Customer Directory of Kohn Philippines International, Inc.; [32] and
9. Secretary's Certificate executed by Liu Chi-Lei on 17 August 2004.[33]

In sustaining the Appellee's opposition, the Director ruled that the Appellee is the registered owner of KOLIN used on automatic voltage regulator, converter, recharger, stereo booster, AC-DC regulated power supply, step-down transformer, PA amplified AC-DC falling under Class 09 of the Nice Classification. She held that under Sec. 138 of the IP Code, a certificate of registration is a pll'vlaj~67'e evidence of the registrant's ownership of the mark, and of the exclusive right to use the same in connection with the goods or services specified in the certificate and those that are related thereto. According to the Director, the Appellant's mark is identical to the Appellee's registered mark and is used on goods belonging to Class 9 to which the Appellee's goods are also classified and that confusion cannot be avoided since the Appellant's goods will be offered for sale in the same channels of trade where the Appellee also distributes its own products. The Director further ruled that the Appellee has registered KOLIN as its trade name which is entitled to protection.

The Appellant filed a (MOTION FOR RECONSIDERATION) on 17 September 2007 which was denied by the Director in Resolution No. 2009-8(D). Dissatisfied, the Appellant filed an "APPEAL MEMORANDUM" on 27 March 2009 alleging that the Director erred in denying its trademark application without any allowance for use limitation or restriction on television and DVD player. The Appellant claims that it has property rights over the goods of television andDVD player bearing the mark KOLIN and that the Appellee's certificate of registration for KOLIN in goods under Class 9 do not include nor relate to television or DVD player. According to the Appellant, television sets and DVD players were erroneously deleted in the enumeration of goods in its trademark application. The Appellant asserts that the Appellee showed no proof that it dealt with, nor is engaged in the trade or business of manufacturing, selling and/or distributing any television or DVD player which are neither audio equipment nor power supplies and, thus, unrelated to the registered goods of the Appellee. The Appellant maintains that it has submitted proof of actual use, marketing, promotions, advertisements, distribution, sale and development of television and DVD player and that in the Philippines, the KOLIN branded television and DVD player have become identified in the mind of the public or consumers as manufactured and/or supplied by the Appellant. The Appellant posits that television and DVD player are not similar or identical nor related to the Appellee’s goods and that there is insubstantial evidence of confusion or damage to the business of the Appellee.

The Appellee filed its "COMMENT (To the Appeal Memorandum dated 18 March 2009)" asserting that it is die registered owner of KOLIN for goods under Classes 9 and 35 of the Nice Classification and that to allow the Appellant to register KOLIN under Class 9 will violate the exclusive right of the Appellee to use KOLIN in connection with the goods specified 11-1 its certificates of registration and those which are related thereto, especially those belonging to the same class. The Appellee contends that the Appellant does not have a property right over television sets and DVD players bearing the mark KOLIN for to allow the Appellant to claim a property right over something that it used in contravention of another's right is not to sanction the violation of die law but to actually reward the same. The Appellee maintains that television sets and DVD players are related to its goods under Class 9 and that a mere likelihood of confusion shall prevent the use or registration of a confusingly similar mark.

Pursuant to Office Order No. 197, Series of 2010, Mechanics for IPO-Mediation and Settlement Period, this case was referred to mediation. The parties were ordered to appear in the IPOPHL Mediation Office on 21 February 2011 to consider the possibility of settling the dispute.[34] On 11 March 2011, this Office received from the IPOPHL Arbitration and Mediation Center a copy of the "MEDIATOR'S REPORT" stating the refusal of the parties to mediate.

This Office noted that what the Appellant is appealing in this case is that its trademark application should be given due course subject to the use limitation or restriction for television and DVD player. The Appellant, therefore, is not appealing the decision of the Director sustaining

the Appellee's opposition regarding the other goods enumerated in the Appellant's trademark application.

Thus, the main issue to be resolved in this case is whether the mark, KOLIN can be registered in favor of the Appellant for use on television sets and DVD players.

It is emphasized that 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 they 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.[35]

Thus, Sec. 123.1 (d) of the IP Code provides that a mark cannot be registered if it:

(d) Is identical with a registered mark belonging to a different proprietor or a mark with art 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:

In this instance, there is no dispute as to the similarity of the mark KOLIN being used by the parties. The relevant question, therefore, is whether the Appellee's products and the Appellant's television sets and DVD players are closely related that the Appellant's use of KOLIN on its television and DVD player products would likely deceive or cause confusion.

The Appellee's products are automatic voltage regulator, converter, recharges, stereo booster, AC-DC regulated power supply, step-down transformer and PA amplified AC-DC which fall under Class 9. In this regard, the products of the Appellee as compared to die television and DVD players of the Appellant cannot be considered closely related and will not deceive or cause confusion to the public. Hence, the Appellant's mark can be allowed registration for television sets and DVD players.

When a person used a trademark on products that the other party does not deal, the use thereof cannot be validly objected to.[36] The mere fact that one person has adopted and used a trademark on a particular kind of goods does not prevent the adoption and use of the same trademark by others on unrelated articles of a different kind. 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.[37]

While the goods of the parties belong to the same class, the nature of their respective products would not in any probability mistake one as the source or origin of the product of the other. The Appellant's television sets and DVD players are considered home appliances which belong to a different field of manufacture and with different nature and costs as compared to the goods of the Appellee.

The Appellant correctly pointed out that:

> 73. Confusion is further unlikely when the goods involved herein are expensive items — "television and DVD player". As it had been emphasized that if a P1000 bill has become a common denomination nowadays, Taiwan Kolin’s KOLIN-branded "television and DVD player" are not priced at P1000 and below. Said "television and DVD player" vs. Kolin Electronics' goods are a breed apart from the common household needs of "soap" vs. "toilet articles", or basic commodities of "rubber shoes" vs. "rubber slippers", or food product of "hamburgers" in the eyes of the consumer in the market, not to mention that

under these latter cases, it involved goods that were indeed confusingly similar, if not identical.[38]

In one case, the Supreme Court has stated that product classification alone cannot serve as the decisive factor in the resolution of whether or not the goods are related. Emphasis should be on the similarity of the products involved and not on the arbitrary classification or general description of their properties or characteristics. The mere fact that one person has adopted and used a particular trademark for his goods does not prevent the adoption and use of the same trademark by others on articles of a different description.[39]

In addition, the purchasing public must be thought of, as having, and credited with, at least a modicum of intelligence. [40] It does not defy common sense to assert that a purchaser would be cognizant of the product he is buying. [41] 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.[42] In the present case, the Appellant's and Appellee's are not the ordinary everyday goods die public buy and consume. These products are not inexpensive items that a person purchasing them would examine first carefully the features and characteristics of the product. Such would, thus, prevent any likelihood that the products of the Appellant would be mistaken as those of the Appellee or vice versa.

Wherefore, premises considered, the appeal is hereby GRANTED. The Appellant's Trademark Application No. 4-1996-106310 is hereby GIVEN DUE COURSE subject to the use limitation or restriction for the goods "television and DVD player". Let a copy of this Decision as well as die 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

November 23, 2011, Taguig City

RICARDO R. BLANCAFLOR
Director General

FOOTNOTES:

1 Mailed to the Appellant on 17 February 1999.
2The 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.
3 Paper No. 6 mailed to the Appellant on 25 June 1999.
4 Revival No. 4-123-01.
5 Exhibit "A".
6 Exhibit "B".
7 Exb_ibit "C".
8 Exhibit "D".
9 Exhibit "E".
10 Exhibit “F".
11 Exhibit "G".
12 Exhibit "H".
13 Exhibit "I".
14 Exhibit "J".
15 Exhibit "K".
16 Exhibit 'L'.
17 Exhibits "M", "M-1” and "M-2".
18 Exhibits "N" and "N-1".
19 Exhibits "0" to "0-2".
20 Exhibit 'T".

21 Exhibit "Q".
22 Exhibit "R".
23 Exhibit "S".
24 Exhibits "T" to "T-21".
25 Exhibits "1" and "1-a".
26 Exhibit "T'.
27 Exhibits "3" to "8", inclusive of sub-markings.
28 Exhibit "3-b".
29 Exhibits "3-d", "3-e", and "9" to "14", inclusive of sub-markings.
30 Exhibits "3-f' and "3-f-1".
31 Exhibit "3-g".
32 Exhibit "15".
33 Exhibit "16".
34 0rder dated 01 February 2011.
35 *Pribhdas Mirpuri vs. Court of Appeals,* G.R. No. 114508, 19 November 1999,
36 *Esso Standard Eastern, Inc. us. Court of Appeals*, 116 SCRIM 336 (1982).
37 See Section 138 of the IP Code.
38 APPEAL MEMORANDUM, dated 18 March 2009, pp. 29-30.
39 See *Mighty Corp., et al. vs. E & J. Gallo Winery, et al.,* G. R. No. 154342, 14 July 2004.
40 *Fruit of the Loom, Inc. vs. Court of Appeals and General Garments Corporation*, G.R. No. L-32747, 29 November 1984.
41 Acoje Mining Co., Inc. vs. Director of Patents, 38 SCRA 480 (1971).
42 *Del Monte Corporation and Philippine Packing Corporation vs. Court of Appeals and Sunshine Sauce Manufacturing Industries*, G.R. No. 78325, 25 January 1990.