

YELLOW CAB FOOD CORP.

Opposer,
- versus -

IPV 10-2005-00025

For: Trademark Infringement; Unfair
Competition & Damages with
Application for Temporary Restraining
Order & Preliminary Injunction.

GREEN CAB PIZZA HAUS and/or

CHRISTOPHER DE LEON BAULA

Respondent-Applicant.

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Decision No. 2007-07

DECISION

YELLOW CAB FOOD CORPORATION (“Complainant”), a domestic corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines with business address at 5484 South Super Highway cor. Gen. Tinio St., Barangay Bangkal, Makati City filed an action for TRADEMARK INFRINGEMENT and UNFAIR COMPETITION against GREEN CAB PIZZA HAUS and/or CHRISTOPHER DE LEON BAULA, (“Respondents”), a sole proprietorship registered with the Department of Trade and Industry (DTI) with business address at Block 15, Lot 14 Flame Tree Street, BF El Grande Homes, Molino, Bacoor, Cavite City due to Respondent’s use of the name and style GREEN CAB PIZZA HAUS for its restaurant business, which apparently is a colourable imitation of Complainant’s registered service mark “YELLOW CAB PIZZA CO. & DEVICE” under TM Registration No. 4-2001-007301, filed with the Intellectual Property Office on 26 September 2001 in the name of the owner, YELLOW CAB FOOD CORPORATION, for use on its local chain of fast-food restaurants.

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

1.”On account of the apparent failure of the respondent to comply with the cease and desist letters, complainant now comes before this Honourable Office to seek redresses for the acts of the respondent in infringing complainant’s intellectual property rights that are duly protected under the IP Code, to wit:

“SEC. 147. Rights Conferred. – 147.1 The owner of a registered mark shall have the exclusive right to prevent all third parties not having the owner’s consent from using in the course of trade identical or similar to those in respect of which the trademark is registered where such use would result in a likelihood of confusion. In case of the use of identical sign for identical goods or services, a likelihood of confusion shall be presumed (emphasis supplied).

2. "Respondent, having infringed the intellectual property rights of the complainant when it and others representing and authorized by it (including but not limited to its franchisees) used the "Green Cab Pizza Haus" service mark without the consent and authority of complainant, the registered owner of the confusingly similar "YELLOW CAB PIZZACO." Mark; and advertised, sold and offered for sale products identical to those of complainant, it should be permanently prevented from repeating its infringing activities.

3. "Due to the considerable losses incurred by the complainant in terms of lost revenue and dilution of the famous "YELLOW CAB PIZZA CO." service mark for respondent's use of a colourable imitation thereof in bad faith, since at least 17 May 2002, or for a period of more than three (3) years, complainant suffered actual damages in the form of lost income, among others, that although incapable of exact pecuniary estimation, may nevertheless be offset by a reasonable amount of damages, aggregating in the amount of at least Four Million Pesos (Php4,000,000.00); and for the respondent's continuous use of the similar "Green Cab Pizza Haus" mark even during the pendency of this case. If preliminary injunction is not issued, complainant will stand to suffer further damages in the form of lost income at the rate of at least One Hundred Thousand Pesos (PhP 100,000.00) per month until the respondent is finally enjoined from using its "Green Cab Pizza Haus" service mark.

4. "Due to the considerable dilution of and the fact complainant's "YELLOW CAB PIZZA CO," service mark has been, and continues to be tarnished, complainant has suffered moral damages that although incapable of exact pecuniary estimation, may nevertheless be offset by a reasonable amount of damages, aggregating in the amount of at least Four Million Pesos (PhP4,000,000.00).

5. "Moreover, respondent's contumacious refusal to desist from his infringing activities, despite due notice and warning from complainant, is causing immense losses and distress to the complainant. Exemplary damages of at least One Million Pesos (PhP1, 000,000.00) must be levied against respondent as a deterrent for similar acts which it and others similarly situated may make.

6. "Finally, as the complainant was compelled to seek the instant administrative relief, thus necessitating the retention of the services of counsel, attorney's fees of at least One Million Pesos (PhP1, 000,000.00) are likewise prayed for.

7. "All the foregoing is pursuant to Section 156 of the 156 of the IP Code which provides that:

The owner of a registered mark may recover damages from any person who infringers his rights, and the measure if the damages suffered shall be either the reasonable profit which the complaining party would have made, had the defendant not infringed his rights or the profit which the defendant actually made out of the infringement, or in the even such measures of damages cannot readily be ascertained with reasonable certainty, then the court may

award as damages a reasonable percentage based on the amount of gross sales of the defendant or the value of the services in connection with which the mark or trade name was used in the infringement of the rights of the complaining party (emphasis supplied).

Complainant relied on the following facts to support its allegations: (1) That sometime in April 2005, Complainant came to know of the existence of Respondents' pizza restaurant under the name and style "Green Cab Pizza Haus" using a colorable imitation of Complainant's registered trademark "Yellow Cab Pizza Co." including Complainant's checkerboard design as can be gleaned from the flyers distributed and advertisements of Respondent to promote its pizza business (see par. 5, Complaint); (2) That the use of "Green Cab Pizza Haus" service mark by Respondents in its pizza business is likely to cause confusion as telephone inquiries were received by Complainant's pizza business (see par. 6&7, Complaint); (3) That the apparent confusion of the public results in dilution of Complainant's already established goodwill (see par. 8, Complaint); (4) To show malicious intent, Respondents misrepresent to the public that Respondent's Green Cab is a sister company of Complainant (see pars. 9& 10, Complaint); (5) That upon knowledge of existence of Respondent's pizza business, Complainant through counsel sent a cease and desist letter on 20 April 2005 to Respondent to refrain from using its mark "Green Cab Pizza Haus". A conference ensued thereafter between the parties which was held on 16 May 2005 at Complainant's office but it failed to forge an amicable settlement, instead it resulted in the filing of this instant suit by the Complainant (see pars. 11-15, Complaint);

Respondent, through Counsel, filed its Answer and interposes the following ADMISSIONS and DENIALS:

1. "That respondent deny the allegations contained in paragraph 1 of the complaint for lack of knowledge sufficient to form a belief as to the truth thereof;"
2. "That respondents admit the allegations contained in paragraph 2 of the complaint;"
3. "That respondents specifically deny the allegations contained in paragraphs 3 and 4 of the complaint for being malicious accusations, false no basis whatsoever. The truth of the matter is that is being illustrated and discussed in respondents' Special and Affirmative Defences."
4. "That respondents specifically deny the allegations contained in paragraphs 5, 6, 7, 8, 9 and 10 of the complaint for being self-serving, false accusations, full of speculations and conjectures and a mere product of complainant's purely imaginary conclusion of facts and also for lack of knowledge sufficient to form a belief as to the truth thereof; The truth of the matter is that what is being illustrated and discussed in respondent's Special and Affirmative Defenses."
5. "That respondents admit the allegations contained in paragraph 11 that it received a letter dated 28 April 2005 but the rest are denied for lack of knowledge sufficient to form a belief as to the truth thereof;"

6. "That respondents admit the allegations contained in paragraph 12 of the 13 of the complaint;"
7. "That respondents deny the allegations contained in paragraphs 14 of the complaint that the respondent has no intention to settle the case amicably. The truth of the matter is that the respondents informed the complainant's counsel of their willingness to settle the matter amicably and in fact, the respondents, up to the present are still very open for possible amicable settlement;"
8. "That respondents admit the allegations contained in paragraph 15 of the complaint that their counsel sent a letter dated 20 June 2005 addressed to the complainant's counsel but the rest are denied for lack of knowledge sufficient to form a belief as to the truth thereof",
9. "That respondents specially deny the allegations contained in paragraphs 16, 17, 18, 19, 20, 21 and 22 of the complaint for being false accusation, self-serving, false accusations, purely imaginary conclusion of facts, no legal basis and for lack of knowledge sufficient to form a belief as to the truth thereof;"
10. "That respondents vehemently and strongly oppose the prayer for the issuance of a temporary restraining order and preliminary injunction as contained in paragraph 23, 24, 25, 26, 27 (with sub-paragraphs a and b), 28, 29 and 30 of the complaint for being no legal basis, false accusations, purely imaginary conclusions of facts and for lack of knowledge sufficient to form a belief as to the truth thereof."

and raised in its Answer the following Special and Affirmative Defenses, to wit: (1) That Respondent started to use the name "Green Cab Pizza Hauz" in the sales, promotion, marketing and distribution of its pizza products after obtaining approval of its business name from the Department of Trade and Industry in May 2002 (see par. 13, Answer); (2) That at the time Respondent's started operation its pizza business in the Cavite area, Yellow Cab was unheard of (see par. 15, Answer); (3) That Respondents have no intention of unfairly competing with Complainant, nor infringed any intellectual property right of the Complainant as Respondents' business name was established way back in May 17, 2002 (see par. 15 & 16, Answer);

Summary of Proceedings

In July 2005, Complainant filed this instant suit for TRADEMARK INFRINGEMENT and UNFAIR COMPETITION against Respondents, arising from Respondent's use of the mark "GREEN CAB PIZZA HAUS" for its pizza restaurant business. Complainant obtained registration for its service mark "YELLOW CAB PIZZ CO" under Class 42 for restaurant service/s but its pizza business started operating in April 2001 with its flagship outlet located along Makati Avenue. On the other hand, Respondents filed for the registration of its business name "GREEN CAB PIZZA HAUZ" with the Department of Trade and Industry on May 2002 but its pizza business allegedly commenced operation on January 2001 with its

first outlet located at Block. 15, Lot 14, Flame Tree Street, BF El Grande Subdivision, Soldiers Hills 4, Bacoor, Cavite. When Complainant came to know of the existence of Respondent's business on April 2005 under the name and style "GREEN CAB PIZZA HAUZ", a demand letter was sent to Respondents requiring the latter to desist from further using the name of mark "GREEN CAB PIZZA HAUZ" under pain of legal action. Sometime May 2005, the contending parties arranged a meeting at Complainant's counsels' office to discuss issues over the use of the subject or question mark; and for having failed to arrive at an amicable settlement, Complainant files this present suit with a prayer for damages and issuance of temporary restraining order and/or a writ of preliminary injunction. Respondents', for its part, filed for the registration of its mark "GREEN CAB PIZZA HAUZ" with the Intellectual Property Philippines on May 19, 2005 under Application No. 42005004625. They alleged prior use of the mark "GREEN CAB" and on this basis, denied having infringed any intellectual property right of the Complainant and counterclaimed likewise for moral, exemplary damages and payment of attorney's fees and litigation expenses. Respondent filed their Answer on August 15, 2005. The issues having been joined pre-trial and subsequently, trial on the merits commenced.

Admitted as documentary evidence for the Complainant are Exhibits "A" to "BB" including their sub-markings, consisting of, among others: Sworn Affidavit of Henry Lee III, Founding Director of Yellow Cab Food Corporation; Certificate of Incorporation of Yellow Cab Food Corporation with the Securities and Exchange Commission; Copy of the Lease Contract for its flagship outlet located at Makati Avenue; Trademark applications and registrations obtained in the Philippines and abroad for the service mark YELLOW CAB PIZZA CO; Several advertising materials including on-line, sponsorship and utilization of the internet and creation of website, yellowcabpizza.com, to advertise and promote Complainant's pizza business; actual questionnaire used in a scooter race;

Complainant also presented its witness, namely: Mr. Henry Lee II, Rodney Bersamina, Albert A. Tan, Daniel Yaptangco Sr. among others.

Admitted as documentary evidence for the Respondents are Exhibits "1" to "28" including their sub-markings, consisting of: the Affidavit of Mr. Christopher D. Baula, herein Respondent; Affidavit of Melody Baula, wife of Christopher and Operations Manager of Green Cab Pizza Haus; Photographs of different Green Cab Pizza Stores; Affidavit of Ricardo T. Dalumpines, father-in-law of herein Respondent Christopher Baula and owner of Splits Pizza, among others;

Respondents presented the following witnesses: Mr. Christopher D. Baula, Melody Baula, Ricardo T. Dalumpines and Cristina T. Relcopan, among others.

As per Order No. 2006-214 dated 18 December 2006, the parties were given fifteen (15) days from receipt of the Order to file their respective Memorandum. Complainant files its Memorandum on 09 February 2007. Respondents filed its Memorandum of 20 February 2007 after a motion for extension of time to file the same was granted.

Issues

1. Whether or not there is infringement of Complainant's service mark "YELLOW CAB PIZZA CO & DEVICE".
2. Whether or not Respondents' use of the mark "GREEN CAB PIZZA HAUZ" constitutes unfair competitions.

Discussion

Both parties agree and the records support the following facts: That sometime in April 2005, a demand letter from the Complainant addressed to the Respondent was sent and had in fact been received considering that a reply to the letter was made by Respondent's counsel date 05 May 2005 which confirmed Respondent Christopher Baula's availability for a conference with Complainant through the latter's counsel (see pars. 5 & 6, Answer, pars. 11-13, Complaint); That Complainant received another letter from Respondents' counsel dated 20 June 2005 less than a month before the filing of this instant suit (see par. 8, Answer; par. 15, Complaint).

The rights of both parties have to be examined based upon the law and the relevant facts established in this case.

Before us is a case or a suit for trademark infringement and unfair competition maintained due to the adoption by Respondents of a colourable imitation of Complainant's service mark "YELLOW CAB PIZZA CO. & DEVICE" with the name and style "GREEN CAB PIZZA HAUZ." Respondents earlier claimed prior use and involved other special defenses in its Answer such as DTI registration of the business name GREEN CAB PIZZA HAUS and at the time of the initial operation of their pizza business, that YELLOW CAB PIZZA CO was unheard of, citing Dominoes, Pizza Hut and Shakey's as popularly known service marks for pizza. To make out a case of infringement, the Court in Etepha vs. Director of Patents, (G.R. NO. L-20635, March 31, 1966) believed that among other important factors and consideration, *validity of a cause for infringement should be predicated upon colourable imitation*. The same Court went further by defining or explaining the concept of or what essentially constitutes a colourable imitations, thus, 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 the other". At the core of the issues presented before this forum is the appropriation of the words "GREEN CAB" in Respondents' mark which is considered a colourable imitation of the dominant, essential and distinguishing features of Complainant's service mark, the dominant being the words "YELLOW CAB". "PIZZA CO" forming part of Complainant's service mark and printed at the bottom of the label or just right below the very prominent and dominant YELLOW CAB are generic terms not capable of appropriation, which resulted in having this phrase disclaimed in the process to gain registration (Annex "A", Complainant). The adoption by Respondents of a dominant portion of Complainant's service mark for use on identical goods constitutes an infringement of Complainants trademark rights. Under similar circumstances, the Court ruled in the case of Converse Rubber Corporation vs. Universal Rubber Products, Inc. and Tiburcio S. Evalle (G.R. No. L-27906, Jan. 18, 1987), thus:

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

The choice of the color GREEN and use of a sliced pizza as device at the bottom of the label do not make Respondents’ mark “GREEN CAB PIZZA HAUS” any different, the marked similarities of the two labels are more evident and pronounced. Respondents cannot assert identity, by mere looking at the questioned mark, one can readily see that Respondents have indeed used and appropriated the dominant features of Complainant’s service mark which in this case is the concept of combining a color with the word “cab” to be used for non-descriptive articles of food products consisting of pizza, pasta and chicken. This word-combination becomes the source of confusion because nowhere in Respondents’ label clearly indicates the origin or source of the products, corollary, it presents buyers the striking and illuminating similarities of the two labels as contradistinguished from the circumstances obtaining in the case of Philippine Nut Industry, Inc. vs. Standard Brands Incorporated, G.R. No. L-23035, July 31, 1975, where the petitioner contended, to wit:

There are differences between the two trademarks, such as, the presence of the word “Philippine” above PLANTERS on its label, and other phrases to wit: “For Quality and Price, Its Your Outstanding Buy”, the address of the manufacturer in Quezon City, etc., plus a pictorial representation of peanuts overflowing from a tin can, while in the label of Standard Brands it is stated that the products is manufactured in San Francisco, California, and on top of the tin can is printed “Mr. Peanut” and the representation of a “humanized peanut”

Still the Court ruled otherwise and upheld the rejection of petitioner’s trademark application sustaining and justifying Respondent Director’s decision to cancel the registration certificate obtained by petitioner for the trademark “PHILIPPINE PLANTERS CORDIAL PEANUTS” under Certificate of Registration No. SR – 416. Absent any indication of origin in Respondents’ label to make it appear that YELLOW CAB and GREEN CAB are of different and distinct sources, this Bureau all the more comports with a finding of infringement.

Noticeably, there are variations such as the use of a pictorial representation of a sliced pizza and how the letters GREEN CAB PIZZA HAUS are arranged and designed plainly showed the marked contrast as contended by Respondents but an ordinary purchaser will just ignore these thinking that it may be variations of the same services mark or an offshoot or a derivative of Complainant’s service mark. Quite evident is the confusion that my result for pizza buyers when the two marks are allowed to co-exist. On this point, we take note of the following testimonies.

ATTY. TAMAYO: I refer you to question 12 of your questionnaire. Will you please read to this Honorable Office what question no. 12 is?

MR. WITNESS: What is the telephone no. of the counterpart of Yellow Cab Pizza?

ATTY. TAMAYO: What did your answer?

MR. WITNESS: I answered, Green Cab Pizza, number is 5064746 (TSN, August 08, 2006, p.11).

x x x

Same witness on cross examination stated the following:

ATTY. LAYNO: You are said that you are not familiar with the trademarks or logos of Green Cab. You have not been confused with the trademarks and the logos of Yellow Cab and as well as Green Cab?

1st WITNESS: Sometime confusing because it says here, Yellow Cab and this one is Green Cab.

ATTY. LAYNO: Sometimes confusing, is that correct?

1st WITNESS: Well, because if you...

ATTY. LAYNO: Is that your answer?

1st WITNESS: It is confusing.

ATTY. LAYNO: But you said you are not familiar with the trademarks and logos of Green Cab?

1st WITNESS: But the name.

ATTY. LAYNO: Only the name?

1st WITNESS: The name itself is confusing (TSN, August 17, 2006, pp. 41-42).

x x x

In the same vein, confusion as to source or identity of business could arise with the use or adoption of the same mark or its colourable imitation, just like what happened in this case, thus:

ATTY. LAYNO: And you also said in this affidavit particularly stated here in paragraph 8 and 9 of your affidavit. You also stated here that somebody inquired about the franchise cost?

MR. WITNESS: Yes.

ATTY. LAYNO: And you said that 8 to 10 Million depending on the size and configuration.

MR. WITNESS: Total investment.

ATTY. LAYNO: Total investment. And the first call was March 2004 and the second call was on June 2004. Did you get the names of those callers, Mr. Witness?

MR. WITNESS: Some callers left their names, some callers did not. They were just inquired but I don't have the record of those names?

ATTY. LAYNO: Aside from inquiring what did they say to you Mr. Witness?

MR. WITNESS: They said, how much is the cost of Yellow Cab Pizza branch and I said well, it cost somewhere between 8 to 10 Million and they're immediate response was, what? How come, a lot of people having telling me or some people having telling me that it only cost Twenty Five Thousand (Php 25,000.00), franchise fee. Well, franchise fee is about One Million (Php. 1,000,000.00) and the total investment is 8 to 10 Million (TSN, August 26, 2005, pp. 50-51)

x x x

ATTY. TAMAYO: Mr. Witness, in paragraph 9 to 10 you mentioned that you received various calls, couple of calls at least from callers asking about franchise fees and then you mentioned that you strongly believe that these callers were referring to Green Cab. After this happened, what did you do?

WITNESS: Well, I called the lawyers and tell them about the situation. (TSN, August 17, 2005 p.51).

x x x

Or all time, confusion of affiliation exists based on a witness" testimony to the effect that:

ATTY. TERCERO: So when you saw the Green Cab Pizza outlet in that area, can you tell us now what do you mean by confusing similarity between the name Green Cab Pizza and a Yellow Cab Pizza?

WITNESS: Well the names are not confusing. The names are there, I just asked my wife if it's an affiliate. So I just wanted to find out it

was an affiliate between the two companies (TSN, 08 June 2006, p.23).

X X X

In its Memorandum (page 21) filed on 20 February 2007, Respondents contended in this wise: “These consumers, who can easily afford a pricey pizza or a costly chicken and pasta, are quite choosy on what they eat with utmost consideration as to the taste and their peculiar preferences. As it is, any variation or deviation from what they usually and regularly consume will not likely change or affect their choice.” But the court resolved this issue in the recent case of McDonald’s Corporation and McGeorge Food Industries, Inc. vs. L.C. Big Mark Burgers, Inc. et. al. G.R. No. 143993, August 18, 2004, of which herein Respondent’s utilized in citing elements to establish trademark infringement. Presented with a similar problem and situation, the Supreme Court held:

Respondents assert that their “Big Mak” hamburgers cater mainly to the low-income group while petitioners’ “Big Mac” hamburgers cater to the middle and upper income groups. Even if this is true, the likelihood of confusion of business remains, since the low-income grip might be led to believe that the “Big Mak” hamburgers are the low-end hamburgers marketed by petitioners.

In the same Memorandum (page 17), Respondent counter-argued that “as regards these two words, it must be added that no one has a monopoly for the use of the generic words “cab” and “pizza”. It went on further to state that “Yellow cannot be green and green cannot simply be yellow”. But the word-combination or associating a color with a cab is Complainant’s original concept or creation which entitles the latter to prevent Respondents from using the same word combination. The words YELLOW CAB as sued by Complainant is not a descriptive trademark, it is arbitrary. It is descriptive if it describes the nature or identity of the goods or services for which it is used. The words “YELLOW CAB” may be appropriated by Complainant as its own when used on goods not descriptive of the label or mark and provided he has acquired prior use thereof, by way of illustration, we take the world “APPLE” which is a very distinctive trademark for a computer. The following popularly known marks demonstrate how marks are declared fanciful and arbitrary, for being non-descriptive of the articles to which it pertained:

One-word marks:

GUESS	-	for wearing apparels, accessories
ARROW	-	for clothing apparels
COACH	-	for bags
CITIZEN	-	for watches
FRIDAYS	-	for restaurant

The Court in Etepha vs. Director of Patents, (G.R. No. L-20635, March 31, 1966) had this to say in word-combination:

“Tussin” is merely descriptive; it is generic; it furnishes to the buyer no indication of the origin of the goods; it is open for appropriation by anyone... xxx ... While “tussin” by itself cannot be used exclusively to identify one’s goods, it may properly become the subject of a trademark “by combination with another word or phrase”

Example of two-word marks:

OLD NAVY	-	for wearing apparels, bags
NINE WEST	-	for shoes and bags
COOL WATER	-	for perfumery
HUSH PUPPIES-		for shoes

The case likewise of (G.R. No. L-18289. March 31, 1964.) ANDRES ROMERO, petitioner, vs. MAIDEN FORM BRASSIERE CO., INC. and THE DIRECTOR OF PATENTS, respondents, is one case relevant to and decisive of this particular point when the court ruled:

“The trademark “Adagio” is a musical term, which means slowly or in an easy manner, and when applied to brassieres is used in an arbitrary (fanciful) sense, not being a common descriptive name of particular style of brassieres, and its therefore registrable”.

Similarly, in Philippine Nut Industry, Inc. vs. Standards Brands Incorporated as aforesaid, G.R. No. L-23035, July 31, 1975, the Court ruled that:

While it is true that PLANTERS is an ordinary word, nevertheless it is used in the labels not to describe the nature of the product, but to project the source of origin of the salted peanuts in the cans.

Respondents are not precluded from operating or continuing with its pizza business contrary to what was obtaining in Respondents’ arguments. Mr. Ricardo T. Dalumpines, a witness for the Respondents testified to the effect that:

“ATTY. TAMAYO: What about preliminary injunction? Ano po ang ibig sabihin ninyo sabihin noong ginamit nyo po ang word na preliminary injunction?

WITNESS: Ang pagkakaalam ko dyan eh pinacloclose nyo muna. Eh hindi naman dapat yon.

x x x

ATTY. TAMAYO: So you understand that the TRO and or preliminary injunction will be issued respondent’s pizza business will not continue? Pagnaisue ang TRO, sinasabi ninyo, hihinto na yung business ng son-in-law ninyo, yung respondent’s business Green Cab?

WITNESS: Yun naman talaga ang ibig sabihin non." (TSN, 21 September 2005, pp. 28, 31).

X X X

it is basically the use of the mark "GREEN CAB" that forms an essential part of Respondent's mark that is being put to issued in this suit for determination and for this Bureau to consider whether. Complainant has a priority or preferential right/s over the words or mark "YELLOW CAB". The combination of a color and a cab or vehicle presents a very unique and distinctive choice of word-combination to arrive at a registrable trademark for a pizza business, this concept of associating a color with a cab becomes Complainant's source identifier. Respondents' union of the color GREEN with the word CAB for a pizza business is identical or closely resembles Complainant's word-combination that the use or adoption thereof has continued to create confusion between the competing marks. Anyone is likely to be misled by the adoption of the same word-combination. Hence, Respondents' mark GREEN CAN PIZZA HAUS lacks the element of originality to be sufficiently distinctive. Such word-combination as Complainant's mark is not one that would naturally occur to Respondents or any other trader for that matter to use and/or conceptualize. The court observed in Philippine Refining Co, Inc., vs. Dir. of Patents and Sparkets Corp. vs. Walter Kidde Sales Co., 104 F. 2d 396, that "a trademark is designed to identify the user. But it should be so distinctive and sufficiently original as to enable those who come into contact with it to recognise instantly the identity of the user. It must be affirmative and definite, significant and distinctive, capable to indicate the origin." Likewise, our trademark law does not require identity, confusion is likely if the resemblance is so close between two trademarks. Bolstering this observation is the pronouncement by the court in the case of Forbes, Munn & Co. (Ltd.) vs. Ang San To, 40 Phil 272, 275 where it stated that the test was similarity or "resemblance between the two (trademarks) such as would be likely to cause the one mark to be mistaken for the other.... (But) this is not such similitude as amounts to identity."

What added to the confusion is the use of these competing marks in identical of similar goods: pizza, pasta and chicken. Such an occurrence or circumstance has decisive effect in determining whether or not there is infringement of Complainant's service mark. In several landmark cases involving violation of intellectual property rights, the Supreme Court recognized and/or held that even in unrelated or non-competing interests or goods, there is confusion of business, what more if the goods or subject merchandise are the same? Again citing confusion theory either of business or goods as echoed in McDonald's Corporation and McGeorge Food Industries, Inc. vs. L.C. Big Mark Burgers, Inc. et. al. G.R. No. 143993, August 18, 2004, this Bureau is convinced that confusion is likely or is bound to result with identical goods, thus:

Since respondent used the "Big Mak" mark on the same goods. i.e. hamburger sandwiches, that petitioner's "Big Mac" mark is used, trademark infringement through confusion of goods is a proper issued in this case.

One essential factor that led this Office to till the scales of justice in favour of Complainant is the latter's establishment of prior adoption of the mark or label. Priority in sue and registration of a service mark is material in an action for infringement of trademark.

An examination of the documentary evidence confirms Complainant's claim of prior use. Complainant was incorporated on January 18, 2000 by virtue of SEC registration No. A200000240 (Exhibit B, Complainant) and on the same year, Complainant applied for the registration of YELLOW CAB PIZZA CO & DEVICE as service mark with the Intellectual Property Office under Application Serial No. 4-2001-007301 and matured into Certificate of Registration No. 4-2001-007301 on May 24, 2004 (Annex "A", Complainant). Complainant presentation of the abovesited registration and incorporation. On its part, Respondent Christopher D. Baula, owner and operator of GREEN CAB PIZZA HAUS asserted prior use as well it testified:

“ATTY. PINEDA: Can you read paragraph 2.

WITNESS: “That sometimes January 2001 I formally stated my own business under the name and style of Green Cab Pizza. Initially, I was the one who prepared my own pizza product and deliver it to the customer. When my own pizza business improved, I open branches and/or outlet in different places and we offered the business for franchise”.

WITNESS: “Sa house kasi nagstart yan.”

ATTY. PINEDA: In?

WITNESS: “Block 15 Lot 14. Nagstart yan sa bahay, ang wife ko ang gumagawa ng pizza. Ako yung mga ra-rider.”

ATTY. PINEDA: So did you have any sign?

WITNESS: “Wala, mga box. Green Cab ang nakapangalan.”

ATTY. PINEDA: On Boxes?

WITNESS: “Atsaka flyers”

ATTY. PINEDA: That you prepared?

WITNESS: “Hindi”

ATTY. PINEDA: That you had...

WITNESS: “Ano, binibili kasi naming sa Divisoria lang yun eh, yung box tapos tinatatakan lang naming stamp pad na Green Cab Pizza. Tapos ang flyers na ginagamit naming may Green Cab Pizza din.”

ATTY PINEDA: When was this?

WITNESS: January 2001. (TSN, 02 October 2006, pp. 37-39).

x x x

apparently to lend credence to this declaration and tending to establish the fact of prior use by Respondents is the subsequent testimony under oath of Respondent's wife, Melody Baula, who confirmed likewise the existence of Respondents' business in January 2011, to the effect that:

"ATTY. PINEDA: Nag-agree ka sa akin. Nung nagsimula kayo nung 2001, saan mo nilalagay... nagdidine-in ka doon...! Withdraw my question. Saan kayo unang nagsimula ng business nyo?

MS. WITNESS: Sa bahay po.

ATTY. PINEDA: Sa'n ang address non?

MS. WITNESS: Sa may Molino?

ATTY. PINEDA: Ano'ng address?

MS. WITNESS: Block 15, Lot 14, Flame Tree Steeet, BF El Grande Subdivision, Soldiers Hills 4, Bacoor, Cavite." (TSN, 06 October 2006, pp. 80-81).

To present proof thereof, Mrs. Baula, presented pictures (Exhibits "14-D", "14-E" and "14-F", Respondents) of the house:

ATTY. PINEDA: At present is there an advertising or promotional materials during the period, the 2001 where you alleged you started the business, from 2001 to 2004, or 2005?

WITNESS: Wala ho. 2001 ho kase, so nag-start kami ng asawa ko sa bahay, so may picture ho diyan na talagang sa bahay lang. tapos, 2002 ho nag-adertise kami...ah nag-start ho ang franchising naming...pero pre-franchise ho iyo, wala kaming hinihingi sa kanila. (TSN, 06 October 2006, p. 52).

x x x

ATTY. LAYNO: For identification purpose, your Honor, we respectfully request that the pictures, your Honor, be marked as our Exhibit "13" and "13-A" as well as the picture at the back, your Honor, be marked as our Exhibit "13-B" ...(markings)...You also handed to this representation, Madam Witness, several pictures of the store. What does these tells us about, Madam Witness?

MS. WITNESS: So, ito po yung nagpapatunay na nung nag-start ho kami noong 2001, as in sa bahay, tapos nag-start ho akong magpa-franchise year 2002, so hindi pa ganoon ka-developed iyong Green Cab. Kung baga, unti-unti po naming dineveloped na mag-asawa. So, nagsimula ho sya sa bahay, hanggang nakapag-ano kami ng franchise sa labas, paunti-unti hanggang sa na-developed ho naming yung ayos ng store na iyon.

ATTY. LAYNO: For identification purpose, your Honor, we respectfully request that the pictures be marked as our Exhibits "14", "14-A", "14-B", "14-C", "14-D", "14-E", "14-F", "14-G", "14-H, and "14-I".... (TSN, 06 October 2006, p. 24).

x x x

From the records, it appears that one of the pictures (Exhibit "14-E") bore the address of the house in a streamer with a GREEN CAB PIZZA signage at the rooftop. The printed letters in the streamer showed the name GREEN CAB PIZZA (first line), NOW OPEN (2nd line) and the address indicated on third line as "No. 7 Don Posadas Ave. Don Juan Bayview" in complete contrast to the address as declared to be so, which in this case, is "Block 15, Lot 14, Flame Tree Street, BF El Grande Subdivision, Soldiers Hills 4, Bacoor, Cavite" This fact aroused suspicion of Respondents' spouses' Christopher and Melody, direct testimonies as regards prior use on January 2001 of the mark GREEN CAB PIZZA. This Bureau now turns its attention to the other documentary evidence pertinent to show prior use but these are just bare assertions and self-serving:

"ATTY. LAYNO: Also your Honor a certification issued by... In this certification marked as Exhibit "2" for the main case Mr. Witness, can you tell us what does this tells us about?

WITNESS: "Sir eto po yung nagpapatunay na ang MLM Foods ay nagiging supplier naming as early as 2001 January."

ATTY. LAYNO: And what products they are supplying you Mr. Witness?

WITNESS: "Ang MLM Foods ang supplier naming nung 2001 ng crust and ham."

ATTY. LAYNO: For your pizza business?

WITNESS: Yes. (TSN, 02 October 2006, p. 14).

x x x

“ATTY. LAYNO: Also your Honor a certification issued by... In this certification marked as Exhibit “2” for the main case Mr. Witness, can you tell us what does this tells us about?

WITNESS: “Sir eto po yung nagpapatunay na ang MLM Foods ay naging supplier naming as early as 2001 January.”

ATTY. LAYNO: And what products they are supplying you Mr. Witness?

WITNESS: “Ang MLM Foods and supplier naming nung 2001 ng crust and ham.”

ATTY. LAYNO: For your pizza business?

WITNESS: Yes. (TSN, 02 October 2006, p.14).

x x x

“ATTY. LAYNO: Likewise Mr. Witness the certification which we mark previously as Exhibit “3” for the main case is a certification issued by JAKA Foods Corporation; can you tell us what does this tell us about Ms. Witness?

WITNESS: “Ito yung nagpapatunay na yung JAKA Foods Corporation ay supplier po naming ng meat simula January 2003 up to the present.”

ATTY. LAYNO: Meat for your pizza business?

WITNESS: Pizza business.” (TSN, 02 October 2006, pp. 17-18).

x x x

Nowhere in all the aforementioned certifications (Exhibits “3” and “4” including their submarkings, Respondents) as issued by the two suppliers of GREEN CAB PIZZA HAUS showed concrete evidence of prior use or use of the name GREEN CAB PIZZA on January 2001. The suppliers therein only certified to the fact of their being suppliers of Respondents, nothing else. Not even one of the two suppliers was presented and appeared as witness for the Respondent or had been subjected to cross examination in order to test the credibility of their statement/s, if there is any, as regards prior use by Respondents to the mark GREEN CAB. This Bureau therefore concludes that Respondents failed miserably to show prior use. Notably, the use that this Bureau can reckon is the date of registration of Respondent’s business name on May 17, 2002 with the Department of Trade and Industry (Exhibit “2”, Respondents), more than two (2) years from date of incorporation of YELLOW CAB FOOD CORPORATION on January 18, 2000.

Our old trademark law requires prior and actual use of the mark before registration. Rights over trademark accrue from its use. This view finds support in the case of Sterling Products International, Inc. v. Farbenfabriken Bayer Actiengesellschaft (27 SCRA 1214 (1969)) where the court ruled: "... Adoption alone of a trademark would not give exclusive right thereto. Such right grows out of their actual use..." This Bureau, indeed, finds more weights to prior use, being the most essential condition to establish trademark infringement, the evidence presented by Complainant when it offered its articles of incorporation (Exhibit "B", Complainant) showing the date of incorporation on January 18, 2000. This fact of earlier use was not successfully disputed and overcome by evidence of the Respondents. Withal, between January 18, 2000 and May 17, 2002, this Bureau concludes that Complainant, indeed, is the prior user. Corollary, being the prior user of the service mark "YELLOW CAB PIZZA CO. & DEVICE" for use on restaurant services, Complainant's act of preventing Respondents to use or adopt the same mark on identical goods or services, as it is in this case, is valid.

The mere fact that Complainant has adopted and used a service mark does not prevent others from using the same mark on goods or articles of different description. Thus, this Office finds existence of same mark "YELLOW CAB" on other goods such as YELLOW CAB on articles of clothing and footwear (t-shirts, jackets, shorts, caps, socks, sport shoes, sandals, slippers) which obtained Philippine registration on 04 November 1998 under reg. No. 066333 and YELLOW CAB SERVICE on transportation under Application Serial No. 42007001173. Our trademark law disfavors or abhors the use of a mark which is exactly or closely resembles another trademark which is active, unabandoned and subsisting and applied on identical or similar goods.

It is basic doctrine in trademark law that goodwill of a business and its symbols, a trademark, are inseparable. Trademarks have no existence independent of the article or service in connection with which the mark is used. There is no such thing as property in a trademark except as a right appurtenant to an established business or trade in connection with which the mark is employed. (see *McCarthy Co. v. Theodore Rectanus Co.*, 248 U.S. 90, 63 L. Ed. 141, 39 S. Ct. 48 (1918); *American Steel Foundries v. Robertson*, 269 U.S. 372, 70 L. Ed. 317, 46 S. Ct. 160 (1926))

Under the Intellectual Property Code, trademarks are protected, even prior to or without registration, against any unlawful acts committed by third parties. Unfair competition provisions of the Intellectual Property Code state that "any subsequent use of the trade name by a third party, whether as trade name or mark or collective mark, or any such use of a similar trade name or mark, likely to mislead the public, shall be deemed unlawful" (see Sec. 165.2(a) and (b), R.A. 8293).

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

"168.2 Any person who shall employ deception or any other means contrary to good faith by which he shall pass off the goods manufactured by him or in which he deals, or his business, or services for those of the one having established such

goodwill, or who shall commit any acts calculated to produce said result, shall be guilty of unfair competition, and shall be subject to an action therefore.

“168.3 In particular, without in any way limiting the scope of protection against unfair competition, the following shall be deemed guilty of unfair competition:

(a) Any person who is selling his goods and gives them the general appearance of goods of another manufacturer or dealer, either as to the goods themselves or in the wrapping of the packages in which they are contained, or the devices or words thereon, or in any other feature of their appearance, which would be likely to influence purchasers to believe that the goods offered are those of a manufacturer or dealer, other than the actual manufacturer or dealer, or who otherwise clothes the goods with such appearance as shall deceive the public and defraud another of his legitimate trade, or any subsequent vendor engaged in selling such goods with a like purpose;

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

The records do not find any evidence that would legally justify Respondent’s unauthorized use of the disputed service mark. That Complainant is the prior user of the mark “YELLOW CAB PIZZA CO. & DEVICE”, has been established from the foregoing. There was no other name by which Complainant’s products could have been identified, insofar as the public is concerned. Undoubtedly, the subject trademark served as the source identifier. The service mark “YELLOW CAB PIZZA CO. & DEVICE” has come to symbolize the goodwill of Complainant’s pizza business. It has therefore acquired goodwill of considerable value through continued use.

As owner and prior user of the subject mark, Complainant has proprietary rights thereto, which include, among others, the right to exclude third parties such as Respondents herein from the unauthorized use of said mark. To permit Respondents to continue using a colorable imitation of the same service mark for use on similar goods or services would result in confusion as to source of goods and diversion of sales to Respondents.

Thus, the facts of the instant case so closely resemble the circumstances obtaining in the case of Philippine Nut Industry, Inc. vs. Standards Brands Incorporated, G.R. No. L-23035, July 31, 1979, that the application of the ruling in said case to the one at bar becomes unavoidable and compelling. The Supreme Court rules, thus:

Admittedly, no producer or manufacturer may have a monopoly of any color scheme or form of words in a label. But when a competitor adopts a distinctive or dominant mark or feature of another’s trademark and with it makes use of the same color ensemble, employs similar words written in a style, type and size of lettering almost

identical with those found in the other trademark, the intent to pass to the public his products as that of the other is quite obvious.

Quite obvious is unmistakable similarity of method of designs and/or incorporation of other material features in both marks, more specifically, the use by Respondents of the checkered design that has come to identify Complainant's pizza business. Several pictures (Exhibit 14, Respondent) showed use of the checkered design especially in Respondents' initial operation. Albeit the fact remains that this particular design was not part of Complainant's trademark registration, the prior adoption by Complainant and the impression that the public has come to associate YELLOW CAB with this checkered design prevents Respondents from using the same design or pattern. This, to this Bureau, is precisely a clear case of passing off one's goods as that of another. Passing off is defined in the case of Alhambra Cigar and Cigarette Manufacturing Co. vs. Pedro Mojica, G.R. No. 8973, March 21, 1914 to be in this wise:

Unfair competition consist in passing off or attempting to pass off upon the public the goods or business of one person as and for upon the public the goods or business of one person as and for the goods or business of another. Any conduct the end and probable effect of which is to deceive the public or pass off the goods or business of one person as and for that of another constitutes actionable unfair competition.

Taking into account that hundreds of words may be appropriated by Respondent without causing even the slightest hint of confusion, why would it pick a similar word-combination without indicating its source if it has no intention of benefiting from the goodwill already established by Complainant's service mark. Noteworthy to mention are Supreme Court decisions on the matter. The Supreme Court in a long line of cases ruled:

"Those who desire to distinguish their goods from the goods of another have a broad field from which to select a trademark for their wares and there is no such poverty in the English language or paucity of signs, symbols, numerals etc. as to justify one who really wishes to distinguish his product from the other entering the twilight zone of or filed already appropriated by another" (Weco Products Co., Milton ray Co., 143 F. 2d. 985, 32 C.C.P.A. Patents 1214).

"why of the millions of terms and combinations of letters and design available, the appellee had to choose those so closely similar to another's trademark if there was no intent to take advantage of the goodwill generated by the other mark" (American wire & cable Co., vs. dir. of Patents 321 SCRA 544).

Having thoroughly discussed the issues and having found the acts of Respondents as constitutive of trademark infringement and unfair competition, this Bureau now turns its attention on the other reliefs sought by Complainant, the determination of damages that may have been suffered as a consequence of Respondent's acts of unfairly competing and infringing Complainant's service mark. Regarding damages for trademark infringement and acts of unfair competition, sections 156, 157 and 198.4 of R.A 8293 are the points in law and this Bureau's basis for the award

Section 156.1 of R.A. 8293 provides:

“Sec. 156. Actions and Damages and Injunction for Infringement-156.1. The owner of a registered mark may recover damages from any person who infringes his rights, and the measure of the damages suffered shall be either the reasonable profit which the complaining party would have made, had the defendant not infringed his rights, or the profit the defendant actually made out of the infringement, or in the even such measure of damages cannot readily be ascertained with reasonable certainty, then the court may award as damages a reasonable percentage based on the amount of gross sales of the defendant of the value of services in connection with which the mark or trade name was used in the infringement of the rights of the complaining party.”

Section 157.1 provides:

“Sec. 157. Power of the Court to Order Infringing Material Destroyed. In Any Action arising under this Act, in which a violation of any right of the owner of the registered mark is established, the court may order that the goods found to be infringing be, without compensation of any sort, disposed of outside the channels of commerce in such a manner as to avoid any harm caused to the right holder, or destroyed; all labels, signs, prints, packages, wrappers, receptacles, and advertisements in the possession of the defendant, bearing the registered mark or trade name or any reproduction, counterfeit or colourable imitation thereof, all plates, molds, matrices and other means of making the same, shall be delivered up and destroyed.

In this case, Complainant has not presented to this Office sufficient basis to measure actual damages. There was no evidence to show that Complainant suffered losses during the period of Respondent’s actual operation of GREEN CAB pizza business. Complainant, however, is entitled to temperate damages for the specific acts of infringement and unfair competition as thoroughly discusses and passed upon in the foregoing. Respondent, being an artificial person and having existence only in legal contemplation, is not entitled to moral damages. Regarding attorney’s fees, as this is supported by evidence during trial, the same may be recovered.

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

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

(i) The issuance of a cease and desist order which shall specify the acts which the respondent shall cease and desist from and shall require him to submit a compliance report within a reasonable time which shall be fixed in the order;

(ii) The acceptance of a voluntary assurance of compliance or discontinuance as may be imposed. Such voluntary assurance may include one or more of the following:

(1) An assurance to comply with the provisions of the intellectual property law violated;

(2) An assurance to refrain from engaging in unlawful and unfair acts and practices subject of the formal investigation;

(3) An assurance to recall, replace, repair or refund the money value of defective goods distributed in commerce; and

(4) An assurance to reimburse the complainant the expenses and costs incurred in prosecuting the case in the Bureau of Legal Affairs.

The Director of the Bureau of Legal Affairs may also require the respondent to submit periodic compliance reports and file a bond to guarantee compliance of his undertaking.

(iii) The condemnation or seizure of products which are subjects of the offense. The goods seized hereunder shall be disposed of in such a manner as may be deemed appropriate by the Director of Legal Affairs, such as by sales, donation to distressed local governments or to charitable or relief institutions, exportation, recycling into other goods, or any combination thereof, under such guidelines as he may provide;

(iv) The forfeiture of paraphernalia and all real personal properties which have been used in the commission of the offense;

(v) The imposition of administrative fines in such amounts as deemed reasonable by the Director of Legal Affairs, which shall in no case be less than Five Thousand Pesos (P5,000) nor more One Hundred Fifty Thousand Pesos (P150,000). In addition, a fine of not more than One Thousand Pesos (P1, 000) shall be imposed for each day of continuing violation;

(vi) The cancellation of any permit, license, authority or registration which may have been granted by the Office, or the suspension of the validity thereof for such a period of time as the Director of Legal Affairs may deem reasonable which shall not exceed one (1) year;

(vii) The withholding of any permit, license, authority, or registration which is being secured by the respondent from the Office;

(viii) The assessment of damages;

(ix) Censure; and

(x) Other analogous penalties or sanctions".

WHEREFORE, in view of the foregoing, this Bureau finds that Respondents' acts of using mark constitutes a colorable imitation of Complainant's service mark for use on the same pizza business to be acts of infringement and unfair competition against Complainant. Respondents are hereby permanently enjoined to cease and desist from using the subject mark "GREEN CAB" or any variations thereof in its pizza business. Respondents are likewise, ordered to deliver to this Bureau for destruction any and all labels, signs, prints, packages, wrappers, receptacles, and advertisement in the possession of the Respondents, bearing the aforesaid mark "GREEN CAB" within fifteen (15) days from receipt of this Decision and ordering Respondents to pay Complainant:

1. the amount of P 300,000.00 as temperate damages; and
2. the amount of P 100,000.00 as attorney's fees.

SO ORDERED.

Makati City, May 25, 2007.

ESTRELLITA BELTRAN-ABELARDO
Director, Bureau of Legal Affairs

