



DOLBY LABORATORIES LICENSING CORPORATION,

Opposer,

- versus -

DOMINION INTERTRADE CORP.,

Respondent-Applicant.

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IPC No. 14-2010-00214

Opposition to:

Appln. Serial No. 4-2010-003142

(Filing Date: 23 March 2010)

TM: DOLBY & SAILBOAT DEVICE

Decision No. 2012- 55

DECISION

DOLBY LABORATORIES LICENSING CORPORATION ("Opposer")¹, filed on 24 September 2010 an Opposition to Trademark Application No. 4-2010-003142. The application filed by DOMINION INTERTRADE CORP. ("Respondent-Applicant")², covers the mark "**DOLBY & SAILBOAT DEVICE**" for use on mens wear namely, "*t-shirts, sandos, undershirts, shorts, boxer shorts, briefs, boxer briefs, supporters, dress shorts, jackets, polos, pants, socks and trousers*" under Class 25 of the International Classification of Goods³. The Opposer alleges among others, the following:

"12. Opposer is the owner of the mark 'DOLBY' registered in the Philippines under Registration No. 64358 issued on 22 April 1997 and valid for twenty (20) years for the following goods under International Class No. 9:

x x x

"13. Opposer is also the owner of the 'Dolby Digital' and 'Dolby Surround' marks registered in the Philippines under International Class No. 9:

x x x

"14. As shown from the records of this Honorable Office, Petitioner is the sole owner of the 'DOLBY' mark and, in fact, no person other than Petitioner is the owner of all marks containing the 'DOLBY' mark, such as the following variants of the 'DOLBY' marks registered in the Philippines under International Class No. 9:

x x x

¹ A corporation organized and existing under the laws of New York, United States of America (U.S.A.) with address at 100 Potrero Avenue, San Francisco, California, U.S.A.

² A corporation organized and existing under the laws of the Philippines with address at 735 Ricafort Street, Tondo, Manila, Philippines.

³ The Nice Classification is a classification of goods and services for the purpose of registering trademark and services marks, based on the multilateral treaty administered by the World Intellectual Property Organization. The treaty is called the Nice Agreement Concerning the International Classification of Goods and Services for the purpose of the Registration of Marks concluded in 1957.

"15. Apart from the foregoing registration in the Philippines, Opposer's 'DOLBY' mark has been used for more than twenty (20) years in the Philippines and is well-known for its high quality audio and sound system in its use and application in feature films. The 'DOLBY' mark has also been used in promotional items like shirts.

"16. Furthermore, Opposer's 'DOLBY' mark is an internationally-known or well-known mark within the meaning of the Philippine Intellectual Property Code and the Paris Convention. It is a trademark registered throughout the world as evidence by the Affidavit of Lily S. Cheung dated 16 September 2010 and by the Trademark Portfolio report as of 16 August 2010 identified and authenticated by the said witness in the same affidavit. It is registered with the European Union, with the World Intellectual Property Office, and in the following ninety-seven (97) countries:

x x x

"17. Moreover, as evidenced by the abovementioned Exhibits 'F' and 'F-1', Opposer's 'DOLBY' mark is registered throughout the world for various classes of goods. It is a mark registered for goods and services under International Classes 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 14, 15, 16, 17, 18, 19, 20, 21, 24, 25, 28, 35, 37, 38, 39, 41, 42, 101, 102, including class 25, the same class of goods as respondent-Applicant's instant application for registration of the 'DOLBY & Sailboat Device'.

"18. In fact, the 'DOLBY' mark has already been declared by this Honorable Office as an internationally-known mark in a previous case entitled 'Dolby Laboratories Licensing Corporation vs. Dolby Garments Manufacturing, Inc.' docketed as Inter Partes Case No. 4309, where this Honorable Office stated:

x x x

"19. As can be seen from the foregoing, Opposer has clearly established its exclusive right to the 'DOLBY' trademark.

"20. It is in light of the foregoing that Opposer is hereby opposing registration of the mark 'DOLBY & Sailboat Device', which is being registered under Class 25 for men's wear, namely, t-shirts, sandos, undershirts, shorts, boxer shorts, briefs, boxer briefs, supporters, dress shorts, jackets, polos, pants, socks and trousers. Respondent-Applicant's application to register the 'DOLBY & Sailboat Device' should not be allowed by this Honorable Office as it is identical and/or confusingly similar with the well-known mark of the Opposer and its use and registration results in damage to the Opposer.

"21. Section 123 (f) of the Intellectual Property Code (Republic Act No. 8293) provides that the following mark cannot be registered if it:

x x x

"22. All the elements and conditions of Section 123 (f) are present in the instant case.

"23. It is a wonder to the Opposer why of all the words and terms available in the English language, Respondent-Applicant picked the term 'DOLBY' as its trademark. The term 'DOLBY' in fact is not a common English word. Webster Universal Dictionary and Thesaurus defines 'Dolby' as follows:

'Dolby n (trademark) an electronic noise-reduction system used in sound-recording and playback systems.'

while Encarta World English Dictionary defines 'Dolby' as follows:

'Dolby/dawlbee/tdmk. A trademark for an electronic circuit that reduces noise on an audio tape recording.'

"24. Thus, apart from being known as a trademark for electronic noise-reduction systems, the term 'Dolby' actually does not have any other meaning under the English language. Considering that the term 'DOLBY' actually does not have any other meaning in the English language other than as a trademark for electronic noise-reduction systems, there can be no doubt that Respondent-Applicant came up with the idea of using the term 'DOLBY' as its own trademark for men's wear from Opposer's established 'DOLBY' trademark for electronic noise-reduction systems with the intent of taking advantage of the goodwill already generated by Opposer's use of the 'DOLBY' trademark.

"25. It is even of no moment that Opposer's registration in the Philippines is for a different class (electronic products/Class 9) than that of Respondent-Applicant's (men's wear/Class 25). Philippine law recognizes the 'sponsorship theory'. This theory states that the goods although non-competing are related in that the concurrent use of the trademarks thereon would likely suggest that the subsequent trademark proprietor is affiliated with or under the original sponsorship of the original trademark owner entitles the original trademark owner to protection in the use of its trademark.

"26. In the case of Ang vs. Todoro (74 Phil 50 (1942)), the Supreme Court was called upon to determine whether there was infringement in the use of the same trademark on articles which do not belong to the same class of goods which the lawful trademark owner manufactures and sells. x x x

"27. In the case of Sta. Ana vs. Maliwat (24 SCRA 1081 (1968)), the Supreme Court, in holding that the use of the name 'Flormen' with respect to shoes was infringement of the mark 'Flormann' used in men's wear such as shirts, polo shirts and pants, said:

x x x

"28. Thus, while electronic products are of different class of goods to men's wear, confusion to the public may still arise in that the clothes bearing the 'DOLBY' mark may be confused as originating from or being sponsored by Opposer.

"29. Nonetheless, Opposer's evidence clearly shows that the 'DOLBY' mark is in fact used on goods under International Class No. 25 such as jackets, bags, shirts and caps.

"30. In view that the elements and conditions provided under Section 123 (f) of the Intellectual Property Code are present in the instant case, the mark 'DOLBY & sailboat Device' under Serial No. 4-2006-004746 sought by respondent-Applicant to be registered should not be allowed registration.

The Opposer's evidence consists of the following:

1. Exh. "A": A certified true copy of IPO Cert. of Reg. No. 64358 issued on 22 April 1997 for the mark "DOLBY" ;
2. Exh. "B": A certified true copy of IPO Cert. of Reg. No. 4-1998-006318 issued on 24 Aug.

- 2003 for the mark "Dolby Digital";
3. Exh. "C": A certified true copy of IPO Cert. of Reg. No. 4-1995- 100645 issued on 12 July 2000 for the mark "Dolby Surround";
 4. Exh. "D": A certified true copy of IPO Cert. of Reg. No. 4-2008-001643 issued on 21 July 2008 for the mark "Modified DD and Dolby";
 5. Exh. "E": A certified true copy of IPO Cert. of Reg. No. 4-2004-009213 issued on 05 Mar. 2007 for the mark "Dolby within a Rectangular Design";
 6. Exh. "F": Authenticated Affidavit of Lily S. Leung;
 7. Exh. "F-1": Trademark Portfolio Report; and
 8. Exh. "G": A copy of IPO Decision No. 2001-26, dated 11 Dec. 2001, in a previous case entitled "Dolby Laboratories Licensing Corporation v. Dolby Garments Manufacturing, Inc.," docketed as Inter Partes Case No. 4309 wherein the Opposer's "DOLBY" mark was declared as an internationally-known mark.

This Bureau issued on 27 October 2010 a Notice to Answer, a copy of which was served upon the Respondent-Applicant on 18 November 2010. The Respondent-Applicant, however, did not file an Answer.

Should the Respondent-Applicant be allowed to register the mark DOLBY & Sailboat Device?

There is no dispute that the feature of the Respondent-Applicant's mark that would likely be remembered by the consumers is the word "DOLBY", not the "sail boat" device. In this regard, the records show that at the time the Respondent-Applicant filed its application on 23 March 2010, the Opposer already has existing trademark registrations in the Philippines, namely, Reg. No. 64358 for the mark DOLBY issued on 22 April 1997, Reg. No. 4-1998-006318 for the mark DOLBY DIGITAL issued on 24 August 2003, Reg. No. 4-1995-100645 for the mark DOLBY SURROUND issued on 12 July 2000, Reg. No. 4-2008-001643 for the mark MODIFIED DD DESIGN AND DOLBY issued on 21 July 2008, and Reg. No. 4-2004-009213 for the mark DOLBY WITHIN A RECTANGULAR DESIGN issued on 05 March 2007. These registrations cover goods under Class 9, and which are not similar to those indicated in the Respondent-Applicant's application.

The Opposer, however, anchors its opposition on Sec. 123.1 (f) of Rep. Act No. 8293, also known as the Intellectual Property Code of the Philippines ("IP Code"), which provides that a mark cannot be registered if it:

(f) Is identical with, or confusingly similar to, or constitutes a translation of a mark considered well-known in accordance with the preceding paragraph⁴, which is registered in the Philippines with respect to goods or services which are not similar to those with respect to which registration is applied for: *Provided*, That use of the mark in relation to those goods or services

⁴ Sec. 123.1 (e) provides that a mark shall not be registered if it: *"Is identical with, or confusingly similar to, or constitutes a translation of a mark which is considered by the competent authority of the Philippines to be well-known internationally and in the Philippines, whether or not it is registered here, as being already the mark of a person other than the applicant for registration, and used for identical or similar goods or services x x x"*

would indicate a connection between those goods or services, and the owner of the registered mark: *Provided further*, That the interests of the owner of the registered mark are likely to be damaged by such use.

Corollarily, Sec. 147.2 of the IP Code states:

Section 147.2. The exclusive right of the owner of a well-known mark defined in Subsection 123.1 (e) which is registered in the Philippines, shall extend to goods and services which are not similar to those in respect of which the mark is registered: *Provided*, That use of that mark in relation to those goods or services would indicate a connection between those goods or services and the owner and the owner of the registered mark. *Provided further*, That the interests of the owner of the registered mark are likely to be damaged by such use.

These provisions of the IP Code are consistent with Art. 16(3) of the World Trade Organization Agreement on Trade-Related Aspects of Intellectual Property Rights ("TRIPS Agreement"), to wit:

3. Art 6bis of the Paris Convention shall apply, *mutatis mutandis*, to goods or services which are not similar to those in respect of which a trademark is registered, provided that use of that trademark in relation to those goods or services would indicate a connection between those goods or services and the owner of the registered trademark and provided that the interests of the owner of the registered mark are likely to be damaged by such use.

This Bureau takes judicial notice of its Decision No. 2001-26 in Inter Parets Case No. 4309 entitled Dolby Laboratories Licensing Corporation v. Dolby Garments Manufacturing Inc., promulgated on 11 December 2001. In said decision, this Bureau declared the mark DOLBY as a well-known mark, to wit:

"Likewise, on the basis of the evidence presented and as the record eloquently shows, Opposer's mark is well-known. The mark, DOLBY, has registrations and pending applications in the name of the Opposer in almost all the countries in the world and has enjoyed international reputation and goodwill for the quality of products they sell bearing the trademark. Over the years, Opposer's principal products like audio and sound systems bearing the DOLBY trademark have been sold by the Company, Dolby Laboratories Licensing Corporation, Opposer herein, in the United States and in at least sixty (83) [sic] countries worldwide, including the Philippines. In fact, Opposer has registrations in Germany, Italy and Japan for the trademark DOLBY which is used on goods belonging to Class 25 shown in the attached Trademark Property Status Report or Exhibit 'A-1'. To enhance its international reputation for quality goods and to further promote goodwill over its name, marks, and products, the Company has extensively advertised its products including goods under Class 25 (Exhibit 'B-1'), trademarks and name in various publications, which are circulated in the United States and many countries around the world, including the Philippines."

The question now is: is the use of the Respondent-Applicant's mark indicate a connection between those goods or services and the Opposer's?

The universal test in the determination of confusing similarity is whether the public is likely to be deceived. Actual deception is not required. If the competing trademark

the main or essential or dominant features of another, and confusion and deception is likely to result, infringement takes place.⁵

In this regard, DOLBY is not a common English word. It was derived from the surname of the American engineer and inventor Ray Dolby. Dolby founded the "Dolby Laboratories" in 1965.⁶ As such, DOLBY is a very unique mark. It is highly improbable therefore for the Respondent-Applicant to come up with an identical or nearly identical mark purely by coincidence. The Respondent-Applicant passed upon the chance given in this proceeding to explain how it arrived at adopting and using the mark or name DOLBY.

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 choosing without a reasonable explanation, to use the same colors and letters as those used by another though the field of its selection was so broad, the inevitable conclusion is that it was done deliberately to deceive.⁷ Stressing this point, the field from which a person may select a trademark is practically unlimited. As in all cases of colorable imitation, the answered riddle is why, of the millions of terms and combination of letters and available, the Respondent-Applicant had come up with a mark identical or so clearly similar to another's mark if there was no intent to take advantage of the goodwill generated by the other mark⁸.

Aptly, considering the DOLBY's uniqueness and having been declared a well-known mark, consumers therefore are likely to believe, to the prejudice of the Opposer, that the Respondent-Applicant's goods bearing the mark or word DOLBY originated from the Opposer itself, or from persons or entities connected or associated with the said party, such as in a licensing agreement. The likelihood of confusion would subsist not only on the purchaser's perception of goods but on the origins thereof as held by the Supreme Court:⁹

Callman notes two types of confusion. The first is the confusion of goods in which event the ordinarily prudent purchaser would be induced to purchase one product in the belief that he was purchasing the other. In which case, defendant's goods are then bought as the plaintiff's and the poorer quality of the former reflects adversely on the plaintiff's reputation. The other is the confusion of business. Here, though the goods of the parties are different, the defendant's product is such as might reasonably be assumed to originate with the plaintiff and the public would then be deceived either into that belief or into belief that there is some connection between the plaintiff and defendant which, in fact does not exist.

Moreover, goods under Class 5 are within the normal or zone of potential business

⁵ *Co Tiong v. Director of Patents*, 95 Phil. 14.

⁶ Ray Dolby founded the "Dolby Labs" in Britain in 1965. He moved the company to the San Francisco, California, U.S.A. in 1976. (source/reference: http://en.wikipedia.org/wiki/Dolby_Laboratories).

⁷ *Del Monte Corporation and Philippine Packaging Corporation vs. Court of Appeals and Sunshine Sauce Manufacturing Industries*, G.R. No. 78325, 25 Jan. 1990.

⁸ *American Wire and Cable Co. v. Director of Patents et. al* (SCRA 544), G.R. No. L-26557, 18 Feb. 1970.

⁹ See *Converse Rubber Corporation v. Universal Rubber Products, Inc., et al.*, G.R. No. L-27906, 08 Jan. 1987.

expansion of the Opposer especially for purposes of advertising and promotional activities. The Opposer submitted evidence that it has existing registrations in different countries for various classes of goods including Class 25¹⁰ for use on jackets, bags, shirts and caps. To allow therefore the Respondent-Applicant to register the mark in its favor would curtail the Opposer's prerogative to expand its business using the DOLBY mark in the Philippines.

Accordingly, this Bureau holds that Respondent-Applicant's application is proscribed by Section 123.1 (f) of the IP Code.

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.¹¹

WHEREFORE, premises considered, the instant Opposition is hereby **SUSTAINED**. Let the filewrapper of Trademark Application Serial No. 4-2010-003142 be returned, together with a copy of this Decision, to the Bureau of Trademarks (BOT) for information and appropriate action.

SO ORDERED.

Taguig City, 21 March 2012.


ATTY. NATHANIEL S. AREVALO
Director IV
Bureau of Legal Affairs

¹⁰ See Exhibits "F", "F-1".

¹¹ *Pribhdas J. Mirpuri v. Court of Appeals*, G.R. No. 114508, 19 Nov. 1999, citing *Etepha vs. Dir. of Patents*, supra, *Gabriel v. Perez*, 55 SCRA 406 (1974). See also Art. 15, par. (1), art. 16, par. (91), of TRIPS Agreement.