



OFFICE OF THE DIRECTOR GENERAL

KOLIN PHILIPPINES
INTERNATIONAL, INC.,
Respondent-Appellant,

-versus-

KOLIN ELECTRONICS CO., INC.,
Opposer-Appellee.

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Appeal No. 14-08-37

IPC No. 14-2006-00064

Opposition to:

Application No. 4-2002-011003

Date Filed: 27 December 2002

Trademark: KOLIN

DECISION

KOLIN PHILIPPINES INTERNATIONAL, INC. ("Appellant") appeals Decision No. 2007-83 dated 29 June 2007 and Resolution No. 2008-15 dated 29 July 2008 issued by the Director of the Bureau of Legal Affairs ("Director"). The Director sustained the opposition of KOLIN ELECTRONICS CO., INC. ("Appellee") to the Appellant's application to register the mark "KOLIN" for use in the business of manufacturing, importing, assembling, and selling products such as air conditioning units, television sets, audio/video electronic equipment, refrigerators, electric fans and other electronic equipment or product of similar nature falling under Class 35 of the Nice Classification.¹

Records show that the Appellant filed on 27 December 2002 Trademark Application No. 4-2002-011003 which was published in the Intellectual Property Office Electronic Gazette for Trademarks on 21 December 2005. On 20 April 2006, the Appellee filed a "VERIFIED NOTICE OF OPPOSITION" alleging that it would be damaged by the registration of KOLIN which is similar to its mark and that the Appellant's use of KOLIN has resulted and will continue to result in irreparable damage and injury to its rights as the registered owner of KOLIN.

The Appellee argued that:

1. The issue of ownership of KOLIN has been finally settled in Inter Partes Case No. 14-1998-00050 when this Office ruled that it is the prior user and adopter of KOLIN in the Philippines and that it was granted Cert. of Reg. No. 4-1993-087497 for the mark KOLIN on 23 November 2003;

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

2. A party in that Inter Partes case was Taiwan Kolin Co., Ltd. ("Taiwan Kolin") which is the majority stockholder of the Appellant;
3. Its use of KOLIN dates back as early as 17 February 1989 and, thus, the Appellant's trademark application was filed in utter bad faith considering that the latter was fully aware of its prior use of this mark;
4. The registration of KOLIN in the name of the Appellant will result in utter violations of the rights of the Appellee as the registered owner of KOLIN and of the provisions of the Intellectual Property Code of the Philippines ("IP Code"); the IP Code explicitly proscribes the registration of a mark if it is identical with a registered mark belonging to a different proprietor in respect of the same goods or services or closely related goods or services or if it nearly resembles such mark as to be likely to deceive or cause confusion;
5. The use of KOLIN by third parties is in derogation of its right as the owner of this mark and that under Sec. 147.1 of the IP Code, it has the exclusive right to prevent all third parties not having the owner's consent from using in the course of trade identical or similar signs or containers for goods or services which are identical or similar to those in respect of which KOLIN is registered where such use would result in a likelihood of confusion;
6. The KOLIN sought to be registered by the Appellant is identical with its registered mark and that the likelihood of confusion is inevitable considering that the Appellant's trademark application covers services that relate to electronic products falling under Class 9 and that the Appellant's filing of the instant trademark application for services under Class 35 was a mere ruse to escape an objection from the Intellectual Property Office on the ground of confusing similarity with its registered mark;
7. The Appellant's business of manufacturing, importing, assembling, and selling electronic products and use of KOLIN definitely causes confusion;
8. It manufactures and distributes electronic products bearing the mark KOLIN while the Appellant is also introducing to the public KOLIN products; the Appellant is offering for sale the KOLIN products in the same channels of trade where the Appellee distributes its own products;

9. As a result of the Appellant's use of KOLIN, some of the customers of the Appellee are under the impression that the Appellee and the Appellant are one and the same company; it received inquiries for products that are manufactured or distributed by the Appellant and has even received requests for service or maintenance of appliances that are manufactured or distributed by the Appellant;
10. In an effort to lessen confusion as to the source of the goods and to protect its reputation, it was constrained to issue disclaimers to the public in several newspapers of general circulation; and
11. Even remotely assuming *arguendo* that the mark KOLIN sought to be registered under Trademark Application No. 4-2002-011003 covers services that are not closely-related to the goods covered by its certificate of registration, the registration of KOLIN in the name of the Appellant is still proscribed because it will effectively prevent it from expanding its business into its natural, potential and logical zone and that it plans to go into the business of selling and distributing more audio and visual equipments and other appliances as a supplement to its existing goods.

The Appellee submitted the following evidence to support its opposition:

1. Articles of Incorporation of the Appellee;²
2. Publication in the Intellectual Property Office e-Gazette;³
3. Copy of Cert. of Reg. No. 4-1993-087497;⁴
4. Articles of Incorporation and General Information Sheet of the Appellant;⁵
5. Reply (to Comment to the Petition for Review);⁶
6. Transcript of Stenographic Notes of the 07 July 1999 hearing in Inter Partes Case No. 14-1998-00050;⁷
7. Decision No. 2002-46, dated 27 December 2002;⁸
8. Decision dated 06 November 2003;⁹
9. Resolution No. 2004-07, dated 01 July 2004;¹⁰
10. Order No. 2004-397, dated 21 July 2004;¹¹
11. Products brochures, fliers and posters;¹²

² Exhibit "A".

³ Exhibit "B".

⁴ Exhibit "C".

⁵ Exhibits "D" and "E".

⁶ Exhibit "F".

⁷ Exhibit "G".

⁸ Exhibit "H".

⁹ Exhibit "I".

¹⁰ Exhibit "J".

¹¹ Exhibit "K".

¹² Exhibits "L" to "L-2".

12. Newspaper publication in the 29 November 2004 issue of the Philippine Daily Inquirer;¹³
13. Secretary's Certificate executed by Julie Tan Co on 19 April 2006.¹⁴
14. Copy of the Court of Appeals Decision dated 31 July 2006;¹⁵
15. Printouts of various e-mails received by the Appellee in its e-mail address;¹⁶

The Appellant filed its "ANSWER" on 30 August 2006 alleging that:

1. Its application for the registration of KOLIN is for use and adoption as a trade name to identify its business and not as a trademark for goods;
2. The fact that the word or symbol KOLIN is used or adopted by the Appellee on goods falling under Class 9 does not prevent the use or adoption thereof by another as a trade name for business as a trade name refers to the business and its goodwill while a trademark refers to the goods and that trade name is not synonymous with trademark;
3. Its application for registration of KOLIN is to identify the business as appearing in letterheads, calling cards, sales documents, envelopes, boxes, etc., and that it is primarily engaged in the marketing, selling and distribution of KOLIN-branded home/household appliances of Taiwan Kolin on wholesale basis in the Philippines;
4. Taiwan Kolin has given its authorization and/or consent to register KOLIN in the Philippines for use in business in connection with the marketing, selling and distribution of KOLIN-branded household/home appliances in the Philippines, specifically: KOLIN television sets, KOLIN air-conditioners (Class 9); KOLIN refrigerators, KOLIN electric fans, KOLIN desk fans, KOLIN dehumidifiers, KOLIN microwave ovens, KOLIN rice cookers, KOLIN flat irons (Class 11) and KOLIN water dispensers (Class 21);
5. Its trademark application was not filed in bad faith as this was originally filed on 14 September 1999 and was re-filed/revived only in 2002 after the handling lawyer delayed the submission of requirements for its application; while its trademark application that was refilled on 27 December 2002 coincides with the date of the

¹³ Exhibit "M".

¹⁴ Exhibit "N".

¹⁵ Exhibit "O".

¹⁶ Exhibits "P" to "P-21" as attachment to the Appellee's Manifestation dated 02 May 2007.

Director's Decision No. 2002-46 in Inter Partes Case No. 14-1998-00050, it was informed and notified of this decision only on 21 January 2003 when it received a copy thereof; the filing of its trademark application was done merely to pursue its application to avoid abandonment;

6. The decision in Inter Partes Case No. 14-1998-00050 is not conclusive upon the instant case and herein parties as that case concerns the Appellee's application for the mark KOLIN for use and adoption on goods, not as a trade name, falling under Class 9; the decision in that case only adjudged the Appellee to be entitled to the registration of KOLIN for goods in Class 9 and not in respect of all other classes of goods or services including Classes 11, 21 and 35;
7. A certificate of registration confers upon the trademark owner an exclusive right to use its own symbol only in relation to those goods specified in the certificate and those related thereto and the owner's right to prevent third parties not having the owner's consent from using in the course of trade identical or similar signs extends only to goods which are identical or similar to those goods in respect of which the trademark is registered;
8. The Appellee's mark is not a well-known mark and only an owner of a well-known mark can claim to have an exclusive right to use its own symbol on goods or services other than those stated in the certificate of registration;
9. It does not carry nor deal with any automatic voltage regulator, converter, recharger stereo booster, ac-dc regulated power supply, step-down transformer and PS amplified AC-DC whether of KOLIN brand or otherwise, because these are not home or household appliances; the Appellee neither carries nor deals with any goods falling under Classes 11 and 21 nor has it embarked or venture upon any goods in these classes;
10. The Appellee has a minute authorized capital stock of P1.0 Million of which only P250,000 has been subscribed and paid-up which inevitably defeats its intention of expanding business to the existing KOLIN-branded home/household appliances from Taiwan Kolin; air conditioners, refrigerators, electric fans, microwave ovens, flat irons and water dispenser are not the zone of potential or natural and logical expansion of audio and electrical equipment or paraphernalia and that dealing in household/home appliances is an entirely new and distinct business venture which is not covered by the Appellant's certificate of registration; and

11. Its household/home appliance and the Appellee's audio and electrical equipment or paraphernalia 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 and where consumers are less discerning when buying the products sold thereat; household/home appliances and audio and electrical equipment are costly or expensive items and that the buying public or consumers are normally cautious and discriminating and prefer to study the costly or expensive items before making a purchase, hence, confusion and deception is less likely to occur; its household/home appliances and the Appellee's audio and electrical equipment do not actually compete but complement each other.

The Appellant's evidence consists of the following:

1. Copy of Trademark Application No. 4-1999-06889 filed on 14 September 1999;¹⁷
2. Copies of the DAU, proof of actual use, letter dated 21 June 2004, two Secretary's Certificate executed by Liu Chi-Lei on 04 June 2004, a copy of the Certificate of Filing of Amended Articles of Incorporation by the Appellant and drawings and facsimiles of KOLIN;¹⁸
3. Copies of advertisements, affidavits of publication, sales invoices, letterhead, catalogs, photographs, and directory of Appellant's dealers/customer;¹⁹
4. Copy of the letter of the Appellant's counsel, dated 27 December 2004, addressed to the Director of the Bureau of Trademarks with attached labels, manual, product warranty certificate and invoices;²⁰
5. Appellant's envelope with the word KOLIN;²¹ and
6. Secretary's Certificate executed by Efrenilo M. Cayanga on 11 August 2006;²²
7. Printout of the Appellant's website;²³

In sustaining the opposition, the Director ruled that the parties are using exactly the same or identical word "KOLIN" and, thus, the likelihood of confusion. According to the Director, the dissimilarity of classes do not determine the non-confusion to the general public and that purchasers of the Appellee's electronic products will relate the Appellant as its service provider and vice versa.

¹⁷ Exhibit "1".

¹⁸ Exhibits "2" to "2-b".

¹⁹ Exhibit "3".

²⁰ Exhibit "4".

²¹ Exhibit "4-a".

²² Exhibit "5".

²³ Exhibit "6" as attachment to the Appellant's COUNTER-MANIFESTATION, dated 08 May 2007.

The Appellant filed a "MOTION FOR RECONSIDERATION" on 18 July 2007 which was denied by the Director in Resolution No. 2008-15. On 15 August 2008, the Appellant filed an "APPEAL MEMORANDUM" alleging the following:

1. The denial of the Motion for Reconsideration for lack of notice of hearing is not absolutely warranted by the obtaining circumstances;
2. Office Order No. 79, Series of 2005, which amended the Regulations on Inter Partes Proceedings ("Regulations") had already prescribed for summary rules in Inter Partes proceedings and shall not be bound by strict technical rules of procedure and evidence;
3. What the law prohibits is the absolute absence and lack of opportunity to be heard and it had personally served a copy of the Motion for Reconsideration with the Appellee which filed a Comment/Opposition to the Motion for Reconsideration;
4. The requirement of notice in regular court proceedings is not without exceptions and the test is the presence of the opportunity to be heard as well as to have time to study the motion and oppose or controvert it;
5. The Appellee's right to the mark KOLIN does not extend to Class 35 and Cert. of Reg. No. 4-1993-087497 pertains to goods in Class 9 and did not include other classes of goods like Class 35;
6. The instant case involves the mark KOLIN for Class 35 while Inter Partes Case No. 14-1998-00050 involves Class 9 and that there is no identity of rights asserted considering that the goods covered by these two (2) cases are different and belong to different classes;
7. The Court of Appeals made a final clarification in its decision regarding the scope of the Appellee's right to the mark KOLIN as limited in connection with the goods or services and those that are related thereto as specified in the certificate of registration;
8. The Appellee failed to show prior use of the mark KOLIN for Class 35;
9. There is no substantial evidence to support a likely confusion of business or of origin between it and the Appellee on the part of the public or consumer;

10. Its goods are different, non-competing, unrelated and serve distinct functions from those of the Appellee;
11. The goods or products carried by it and by the Appellee do not flow or end up at the same channels of trade and that its dealers or outlets are not the dealers or outlets for the Appellee's goods or products;
12. The Bureau of Legal Affairs has no sufficient basis to conclude that the consumers who avail of home appliances and audio or electrical equipment and power supplies will not be likely discriminative in their purchases;
13. Ordinary purchasers are not the completely unwary consumer but is the ordinarily intelligent buyer when it comes to expensive items;
14. The Appellee's mark KOLIN is not well-known which militates against confusion of business or of origin in the minds of the public; and
15. The mark, name or symbol of KOLIN is identified in the mind of the public or consumer to be the goods, business and services of the Appellant and its associates as validated by its various awards and recognitions.

The Appellee filed on 22 September 2008 its "COMMENT/OPPOSITION [To The Appeal Memorandum dated 08 August 2008]" alleging the following:

1. The Appellant's Motion for Reconsideration was pro forma and a mere scrap of paper for not containing a proper notice of hearing;
2. The Rules of Court applies suppletorily to the Regulations and it is rudimentary that every written motion must be set for hearing, and must be served to the other party at least three (3) days before the date of hearing;
3. The motion must contain a notice of hearing addressed to all parties concerned, specifying the time and date of the hearing which must not be later than ten (10) days after the filing of the motion;
4. The Appellant was solely negligent in failing to insert a notice of hearing in its Motion for Reconsideration and it had only itself to blame as it was its clear responsibility to ensure that the pleading it filed is in order;

5. It squarely raised in its Comment/Opposition the lack of notice of hearing in the Appellant's Motion for Reconsideration;
6. It was the first one to use KOLIN as a trade name and mark and has a clear right to the exclusive use of KOLIN being its owner;
7. The Court of Appeals upheld its prior use of the mark KOLIN and this decision has since become final and executory and is now considered the law of the case;
8. The registration of the trade name KOLIN in its favor is not necessary as trade names shall be protected even prior to or without registration against any unlawful act committed by third parties;
9. Its first use of the trade name and the mark KOLIN was in 1989 and, hence, its right to the subject mark in Class 35 was vested as early as 1989;
10. Sec. 236 of the IP Code provides that nothing in the IP Code shall adversely affect the enforcement of rights in marks acquired in good faith prior to the effective date of this Code;
11. There is a likelihood of confusion of business or of origin of the goods arising from the Appellant's use of an identical mark for related goods and services;
12. The relatedness of its goods and the services which the Appellant seeks to register is made evident by the fact that Class 35 involves the business of manufacturing, importing, assembling and selling of goods belonging to Class 9 and those related thereto;
13. The dissimilarity of classes alone does not determine the non-confusion to the general public;
14. It was able to prove actual confusion among the public when it submitted customer complaints meant for the Appellant but were nevertheless sent to its e-mail address;
15. It is common knowledge that products similar to the Appellant's home appliances and its audio and electrical equipment are sold at department stores and these products are even found in the same appliance section as well, thus, there is a great probability that confusion as to the origin of the goods might arise;
16. Whether KOLIN is well-known is not relevant in this case as it has established that its use of its mark predates the Appellant's

use thereof and that it has already established its business in the Philippines and developed business relationships not only with its customers but its suppliers as well;

17. It is the registered owner of the mark KOLIN with an earlier filing date of 17 August 1993 and the IP Code explicitly proscribe the registration of a mark if it is identical with a registered mark belonging to a different proprietor in respect of the same goods or services or closely related goods or services or if it nearly resembles such a mark as to be likely to deceive or cause confusion; and
18. The two competing marks are both composed of a single word "KOLIN", hence, they are identical which more than satisfies the requirement of Sec. 123.1 (d) of the IP Code.

The issues in this case are the following:

1. Whether the Motion for Reconsideration is pro forma and is a scrap of paper;
2. Whether the mark KOLIN can be registered in the name of the Appellant.

On the first issue, records reveal that the Appellee was duly served a copy of the Motion for Reconsideration. The Appellee in fact filed its comment/opposition thereto. Hence, the serving of a copy of the Motion for Reconsideration with the Appellee and the Appellee's subsequent filing of its comment/opposition thereto substantially comply with the purpose and objective of giving the parties the opportunity to be heard.

It is well-settled that rules of procedure are, as a matter of course, construed liberally in proceedings before administrative bodies.²⁴ Accordingly, then Rule 2 Section 5 of the Regulations on Inter Partes Proceedings, as amended, ("Regulations") provides that:

Section 5. Rules of Procedure to be followed in the conduct of hearing of Inter Partes cases.- The rules of procedure herein contained primarily apply in the conduct of hearing of Inter Partes cases. The Rules of Court may be applied suppletorily. The Bureau shall not be bound by strict technical rules of procedure and evidence but may adopt, in the absence of any applicable rule herein, such mode of proceedings which is consistent with the requirements of fair play and conducive to the just, speedy and inexpensive disposition of cases, and which will give the Bureau the greatest possibility to focus on the contentious issues before it.²⁵

²⁴ *The Police Commission, represented by its Chairman, Crispino M. De Castro v. Hon. Judge Guardson R. Lood and Simplicio Ibea*, G. R. No. L-34637, 24 February 1984.

²⁵ The Regulations was further amended by Office Order No. 99 Series of 2011.

In this case, the interest of substantial justice requires that this appeal be heard and decided on the merits. In upholding the filing of this appeal, this Office is adopting a mode of proceedings that would promote the interest of substantial justice and which is consistent with the requirements of fair play and conducive to the just, speedy and inexpensive disposition of cases which will enable this Office to focus on the contentious issues before it.

Precisely, the interest of justice and fair play requires the resolution of the issue of whether the mark KOLIN for use on the business of manufacturing, importing, assembling, selling products as air conditioning units, television sets, audio/video electronic equipment, refrigerators, electric fans and other electronic equipment or products of similar nature can be registered in the name of the Appellant.

On 30 April 2013, the Court of Appeals, in a related case between Taiwan Kolin Corp. Ltd. and the Appellee, held that

“Confusion of business is not limited to competing goods as espoused by Taiwan Kolin in its arguments. In *Mighty Corporation v. E. & J. Gallo Winery*, the Supreme Court held that “non-competing goods may be those which, though they are not in actual competition, are so related to each other that it can reasonably be assumed that they originate from one manufacturer, in which case, confusion of business can arise out of the use of similar marks.” The Supreme Court also enumerated factors in determining whether goods are related, to wit: (1) classification of the goods; (2) nature of the goods; (3) descriptive properties, physical attributes or essential characteristics of the goods, with reference to their form, composition, texture or quality; and (4) style of distribution and marketing of the goods, including how the goods are displayed and sold.

Significantly, Kolin Electronics’s goods (automatic voltage regulator; converter; recharger; stereo booster; AC-DC regulated power supply; step-down transformer; and PA amplified AC-DC) and Taiwan Kolin’s television sets and DVD players are both classified under class 9 of the NICE Agreement. At first glance, it is also evident that all these goods are generally describe as electrical devices. As aptly put by the BLA-IPO in its August 16, 2007 Decision, the goods of both Kolin Electronics and Taiwan Kolin will inevitably be introduced to the public as “KOLIN” products and will be offered for sale in the same channels of trade. Contrary to Taiwan Kolin’s claim, power supply as well as audio and stereo equipment like booster and amplifier are not only sold in hardware and electrical shops. These products are commonly found in appliance stores alongside television sets and DVD players. With the present trend in today’s entertainment of having a home theater system it is not unlikely to see a stereo booster, amplifier and automatic voltage regulator displayed together with the television sets and DVD players. With the intertwined use of these products bearing the identical “KOLIN” mark, the ordinary intelligent consumer would likely assume that they are produced by the same manufacturer.

In sum, the intertwined use, the same classification of the products as class 9 under the NICE Agreement, and the fact that they generally flow through the same channel of trade clearly establish that Taiwan Kolin’s television sets and DVD players are closely related to Kolin Electronic goods. As correctly pointed out by the BLA-IPO, allowing Taiwan Kolin’s registration would only confuse consumers as to the origin of the products they intend to purchase. Accordingly, protection

should be afforded to Kolin Electronics, as the registered owner of the "KOLIN" trademark."²⁶

In this regard, with the decision of the Court of Appeals that the use by Taiwan Kolin Corp., Ltd. of KOLIN would lead to confusion in business, the Appellant cannot register this mark. From the words of the Court of Appeals, "allowing Taiwan Kolin's registration would only confuse consumers as to the origins of the products they intend to purchase."

WHEREFORE, premises considered, the appeal is hereby dismissed.

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

SO ORDERED.

SEP 12 2013 Taguig City


RICARDO R. BLANCAFLOR
Director General

²⁶ Kolin Electronics Co., Inc. v. Taiwan Kolin Corp., Ltd., C. A. G. R. SP No. 122565, 30 April 2013.