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ASIANA AIRLINES,
Complainant,

IPV No. 10-2007-00014
For: Infringement and Unfair
Competition"

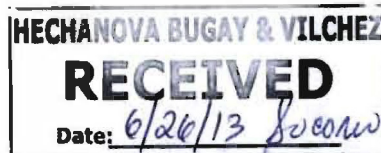
-versus-

ASIANA GREEN VILLE CORP.,
Respondent.

X-----X

NOTICE OF DECISION

✓
HECHANOVA BUGAY & VILCHEZ
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✓
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120 L.P. Leviste Street, Salcedo Village
Makati City



GREETINGS:

Please be informed that Decision No. 2013 - 07 dated June 13, 2013 (copy enclosed) was promulgated in the above entitled case.

Taguig City, June 13, 2013.

For the Director:

ATTY. EDWIN DANILO A. DATING
Director III
Bureau of Legal Affairs



ASIANA AIRLINES, } IPV No. 10-2007-00014
Complainant, }
 }
-versus- } For: Infringement and Unfair Competition
 }
ASIANA GREEN VILLE CORP., }
Respondent. }
x -----x } Decision No. 2013-07

DECISION

Asiana Airlines, Inc. ("Complainant"), a corporation organized and existing under the laws of the Republic of Korea with principal office address at Asiana Town, #47 Osae-Dong, Kangseo-ku, Seoul, Republic of Korea, filed a complaint against Asiana Green Ville Corporation ("Respondent") with principal address at Jose Abad Santos Avenue, Special Economic Zone, Clark Field, Pampanga, Philippines, for Infringement and Unfair Competition.

The Complainant alleges the following:

"6. Complainant is engaged in the business of transportation and allied services. It was established in February 17, 1988, and commenced operations on December 1988. The airline was founded by the KumhoAsiana Group, as part of the South Korean government's policy to create an additional flag carrier. It has a fleet size of 63 aircraft, which domestic flights serve 12 cities on 15 routes, and which international commercial flights serve 17 countries and 62 cities on 75 routes. Complainant's international flights, meanwhile, serve 14 countries and 23 cities on 22 routes.

7. As proof of its world renown and reputation for excellent service, Complainant has garnered numerous awards and commendations over the years. It has been awarded the ISO90002 and 14001 certificates for maintenance and environmentally friendly management of the company. Moreover, Asiana Airlines garnered ATW's (Air Transport World's) prestigious 2001 Passenger Service Award as the world's best passenger service airline. Its service standards have been widely acclaimed, affirming its belief in the value of sincerity and diligence. Asiana Airlines placed third in 2003 Skytrax's survey ranking as the 'Best Cabin Staff' airliner and in 2005 and 2006 was awarded by GT (Global Traveller) as the best airliner for the 'Best Onboard & Flight Attendants Award.' Most recently, in 2006, Complainant was awarded Best Onboard and Flight Attendants Award by the airline magazine 'Global Traveler' for its 2nd consecutive year.

8. Complainant maintains ticketing, reservation and airport offices in numerous countries worldwide, including the U.K., Germany, U.S.A., Japan, and China, among others. In the Philippines, Complainant has established sales offices in the following locations:

- (a) International Departure Level, Mactan-Cebu International Airport, Lapu-Lapu City, Cebu 6016;
- (b) 6F, The Salcedo Tower, 169 Dela Costa Street, Salcedo Village, Makati City, M.M. Philippines;
- (c) Bldg. 2088 Cardinal Santos Ave., Clark Special Economic Zone, Clark Field, Pampanga;
- (d) Clark International Airport Corporation, Diosdado Macapagal International Airport, Clark Special Economic Zone, Clarkfield Pampanga; and
- (e) 4th Floor, Viewdeck, Ninoy Aquino International Airport.

9. Complainant has obtained and continues to obtain registrations for the trademarks 'ASIANA AIRLINES & DEVICE', 'ASIANA CLUB' and 'ASIANA BONUS CLUB' from the intellectual property offices of various countries around the world. Attached hereto as Exhibit 'B' is the Affidavit Direct-Testimony of Kang, Joo-An, President of Complainant, listing the worldwide active registrations and pending applications of its aforementioned well-known trademarks, and identifying the various trademark registrations attached to his affidavit, the originals of which are in his custody. In his Affidavit, Min-Sun Song gives a brief background on Complainant, and also attests to the renown of the company's trademarks.

10. In the Philippines, Complainant owns the following registrations for the trademark 'ASIANA AIRLINES & DEVICE', among others:

10.1. Registration No. 4-2001-009068, issued on March 18, 2006, covering services in Class 39, namely 'transportation, particularly, air transportation services; cargo loading and unloading services; cargo forwarding and delivery service; car rental services; and container rental services'; and

10.2. Registration No. 4-2006-00180, issued on January 22, 2007, covering services in Class 39, namely 'transport; arranging of tour; transportation of travelers; passenger transport aircraft leasing; air transport agency; air transport; freight transport; escorting of travelers; travel reservation; booking of seats for travel; cargo forwarding and delivery; car rental transportation of cargo by land and air, cargo loading and unloading services; container rental services.'

Certificates of the above-enumerated Registrations are attached hereto as Annex 'C' to 'C-1'.

11. In keeping up with advances in technology and also to more conveniently provide its services to consumers worldwide, Complainant maintains an official website at <http://www.flyasiana.com>. Attached hereto as Exhibit 'D', consisting of twenty-six (26) pages are printouts of the aforementioned site.

12. Complainant first became aware of Respondent's existence some time in March of 2007, when Mr. Sang Ju Kim, the Regional Manager of Complainant's sales office in Clark Field, Pampanga, was asked by an employee from a nearby establishment whether the Complainant was putting up a resort or facility of a similar nature. It appears that this inquiry was triggered by the fact that the Respondent had begun to do business within the Clark Field area, under the name 'Asiana Green Ville Resort', thus giving the impression that the

said resort was affiliated with the Complainant. Mr. Sang Ju Kim informed the said employee that Complainant had no relation with the aforementioned resort and with the Respondents. The foregoing inquiry prompted Mr. Sang Ju Kim to visit the premises of the Respondent resort to see for himself whether the trademark 'Asiana' had indeed been misappropriated.

13. Upon his visit to the Respondent's establishment, Mr. Sang Ju Kim found that the Respondents' were using the name 'Asiana Green Ville Resort'. He was also able to confirm from some of the resort's employees that the establishment that the establishment was owned by Korean nationals. Mr. Sang Ju Kim reported the matter to the head office in Korea, and on March 21, 2007, Complainant sent Respondent a letter, written in the Korean language, demanding that the Katter immediately cease and desist from using the trade name 'Asiana.'

14. In a letter dated April 10, 2007, Respondent expressed its refusal to accede to Complainant's demands.

15. As proof of the foregoing incidents, attached hereto as Exhibit 'E' is the Affidavit-Direct Testimony executed by Mr. Sang Ju Kim, the Regional Manager of the Complainant's sales office in Clark Field, Pmpanga. In the same Affidavit-Direct Tesimony, Mr. Sang Ju Kim also attests to the growing popularity of the Complainant and its world-class services throughout the Philippines."

Despite due notice, Respondent failed to file its Answer within the reglementary period. As a result, a default order was issued. Complainant thereafter presented the testimonies of the witnesses. On 2 July 2008, it then filed its Formal Offer of Evidence, which consists of the following:

1. Certified true copy of the duly authenticated and notarized Affidavit Direct-testimony of Mr. Joo An Kang, President of the Complainant, including its attachments;
2. Original and duly notarized Affidavit Direct Testimony of Mr. Sang Ju Kim;
3. Signature of Mr. Sang Ju Km;
4. Original certified true copy of SEC Registration No. AF084-053, issued to Asiana Airlines, Inc.;
5. "Jewel of Asia" brochure;
6. Original Asiana Airlines Timetable brochure;
7. Original Asiana Club Membership Application (For Kids);
8. Original Asiana Club Membership Application;
9. Original Asiana Club Membership Guide brochure;
10. Original Asiana Duty-Free (In-Flight Shopping Magazine, May 2008);
11. Pictures taken from the following events held by the Complainant:
 - (1) Fil-Korean Friendship Gold Tournament; and
 - (2) 11th CILA Anniversary Golf Tournament.
12. Articles from the following publications/issues:

- (a) Philippine Star, April 20, 2007;
 - (b) The Sunday Times Magazine, May 27, 2007;
 - (c) Manila Bulletin, May 31, 2007;
 - (d) Manila Bulletin, May 03, 2007;
 - (e) Manila Standard, June 05, 2007;
 - (f) Philippines Star, April 08, 2007;
 - (g) Business Mirror, February 01, 2007;
 - (h) Business World, March 29, 2007;
 - (i) Daily Tribune, January 21, 2007;
 - (j) March 12, 2007; and
 - (k) Business World, March 18, 2008.
- 13. Demand letter sent by Complainant to Respondent, written in Korean;
 - 14. English translation of Complainant's demand letter;
 - 15. Reply of the Respondent, written in Korean;
 - 16. English translation of the Reply of Respondent;
 - 17. Original duly notarized Certification of Translation issued by the GTSP Language School;
 - 18. Original duly notarized Affidavit Direct-Testimony of Atty. Rodinil D. Bugay;
 - 19. Signature of Atty. Rodinil D. Bugay;
 - 20. Respondent's "Membership Information" brochure;
 - 21. English translation of Respondent's "Membership Information" brochure;
 - 22. The words "Asiana airplane ticket reservation service" in Respondent's "Membership Information" brochure, under the heading "Information on benefit of Asiana Green Ville Resort member and application";
 - 23. The phrase "Asiana airport: 5-7 times a week", found in Respondent's "Membership Information" brochure under the heading "Asiana Green Ville Resort Location";
 - 24. Mimosa Golf Tour brochure (color black), in Korean language, obtained from Respondent's resort;
 - 25. English translation of the Mimosa Golf Tour brochure;
 - 26. The phrase "5 Asiana Airlines direct flight per week" found in the Mimosa Golf Tour brochure;
 - 27. Respondent's actual list of room rates entitled "2007 Tariff";
 - 28. Original photographs taken from one of Respondent's resort rooms;
 - 29. Original photographs taken of various signages, banners, documents and other materials found within and around the premises of Respondent bearing the words "Asiana Green Ville Resort";
 - 30. Original photographs of Respondent's shuttle/tour bus;

31. Actual empty containers of the dental kit, soap and cotton buds obtained from Respondent's resort;
32. Original and duly notarized Affidavit-Direct testimony of Mr. Tae Yup Kim;
33. Signature of Mr. Tay-Yup Kim;
34. Power of Attorney conferred by complainant upon Mr. Tae Yup Kim;
35. Original duly notarized Affidavit Direct Testimony of Atty. Christine V. Pangilinan-Canlapan;
36. Printouts of Complainant's official website;
37. Printouts of Respondent's official "Asiana Green Ville Resort" website;
38. English translation of the official "Asiana Green Ville Resort" website;
39. Printouts of Complainant's official website which contain a list of Complainant's "Mileage Partners";
40. Printouts of the official website of All Nippon Airways;
41. Printouts of pages from the IHG All Nippon Airways Hotels website;
42. Original certified true copy of the Certificate of Incorporation of Respondent, which includes its Articles of Incorporation and By Laws;
43. Original certified true copy of Respondent's General Information Sheet (GIS) for the year 2007;
44. Certified true copy of the Certificate of Registration No. 4-2006-000180;
45. Certified true copy of Certificate of No. 4-2001-009068;
46. Original Negative Certification issued by the Department of Trade & Industry (DTI), dated 18 September 2007; and,
47. Original duly notarized Certification executed by Mr. Norberto C. Ingete.

Respondent afterwards filed its Comments/Objection to Complainant's Formal Offer of Evidence but the same was ordered stricken off the records.¹ Complainant thereafter filed its Memorandum and after which, the case was submitted for decision.

The primordial issue of this case is whether Respondent may be held guilty of trademark infringement and/or unfair competition.

Section 155 of R.A. No. 8293 or the Intellectual Property Code ("IP Code") defines what constitutes trademark infringement, as follows:

¹ Order No. 2008-61, August 15, 2008.

51 

"Sec. 155. Remedies; Infringement. – Any person who shall, without the consent of the owner of the registered mark:

155.1. Use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark or the same container or a dominant feature thereof in connection with the sale, offering for sale, distribution, advertising of any goods or services including other preparatory steps necessary to carry out the sale of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive; or

155.2. Reproduce, counterfeit, copy or colorably imitate a registered mark or a dominant feature thereof and apply such reproduction, counterfeit, copy or colorable imitation to labels, signs, prints, packages, wrappers, receptacles or advertisements intended to be used in commerce upon or in connection with the sale, offering for sale, distribution, or advertising of goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive, shall be liable in a civil action for infringement by the registrant for the remedies hereinafter set forth: Provided, That infringement takes place at the moment any of the acts stated in Subsection 155.1 or this subsection are committed regardless of whether there is actual sale of goods or services using the infringing material."

The elements of infringement under the IP Code are as follows:

(1) The trademark being infringed is registered in the Intellectual Property Office; however, in infringement of trade name, the same need not be registered;

(2) The trademark or trade name is reproduced, counterfeited, copied, or colorably imitated by the infringer;

(3) The infringing mark or trade name is used in connection with the sale, offering for sale, or advertising of any goods, business or services; or the infringing mark or trade name is applied to labels, signs, prints, packages, wrappers, receptacles or advertisements intended to be used upon or in connection with such goods, business or services;

(4) The use or application of the infringing mark or trade name is likely to cause confusion or mistake or to deceive purchasers or others as to the goods or services themselves or as to the source

or origin of such goods or services or the identity of such business; and

(5) It is without the consent of the trademark or trade name owner or the assignee thereof.²

It is undisputed that Complainant has valid and existing registrations for its trademark "Asiana Airlines & Device" issued on 18 March 18 2006 and 22 January 2007. It is also sufficiently supported by evidence that Respondent has an existing registration for the trademark "Asiana Green Ville" issued on 1 December 2007 for the use on "tourist restaurants, restaurants, buffet restaurants, self-service restaurants, restaurant chain services, cafeterias, bar services, resting area, tourist homes, accommodation bureaux (hotels, boarding houses), condominiums, hotels, hotel reservations, membership accommodation facility operation services, holiday camp services (lodging), rental of meeting rooms, rest home management, resort management, golf club management" under Class 43 of the International Classification of Goods.

In the case of Canon Kabushiki Kaisha vs. Court of Appeals³, the Supreme Court made the following pronouncement:

"In Faberge, Incorporated vs. Intermediate Appellate Court, the Director of patents allowed the junior user to use the trademark of the senior user on the ground that the briefs manufactured by the junior user, the product for which the trademark BRUTE was sought to be registered, was unrelated and non-competing with the products of the senior user consisting of after shave lotion, shaving cream, deodorant, talcum powder, and toilet soap. The senior user vehemently objected and claimed that it was expanding its trademark to briefs and argued that permitting the junior user to register the same trademark would allow the latter to invade the senior user's exclusive domain. In sustaining the Director of Patents, this Court said that since "(the senior user) has not ventured in the production of briefs, an item which is not listed in its certificate of registration, (the senior user), cannot and should not be allowed to feign that (the junior user) had invaded (the senior user's) exclusive domain." We reiterated the principle that the certificate of registration confers upon the trademark owner the exclusive right to use its own symbol only to those goods specified in the certificate, subject to the conditions and limitations stated therein." (Emphasis supplied.)

² Prosource International, Inc. vs. Horphag Research Management SA, G.R. No. 180073, November 23, 2009.

³ G.R. No. 120900, 20 July 2000.

Based on these well-entrenched principles, Respondent cannot be held liable for trademark infringement. Not all elements of infringement are present in this case. Respondent's mark is not merely a reproduction or counterfeit of that of Complainant's. Its registration for its trademark remains valid and existing. Thus, as rightful owner thereof, it has the right to use the same. Further upon perusal of the evidence presented, this Bureau notes that Respondent has been applying the mark religiously only for the services it sought registration. It has been appropriating the mark "Asiana Green Ville" for its resort, which is according and proper for its registration.

Be as it may, the fact remains that there are indications that Respondent attempted to pass off its resort as an affiliate or partner of Complainant's airline. Section 168 of the IP Code provides that:

"Section 168. Unfair Competition, Rights, Regulation and Remedies.

- 168.1. A person who has identified in the mind of the public the goods he manufactures or deals in, his business or services from those of others, whether or not a registered mark is employed, has a property right in the goodwill of the said goods, business or services so identified, which will be protected in the same manner as other property rights.

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 therefor.

168.3. In particular, and 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 of such goods or any agent of any vendor engaged in selling such goods with a like purpose;

(b) Any person who by any 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; or

(c) Any person who shall make any false statement in the course of trade or who shall commit any other act contrary to good faith of a nature calculated to discredit the goods, business or services of another.

168.4. The remedies provided by Sections 156, 157 and 161 shall apply mutatis mutandis."

The essential elements of an action for unfair competition are (1) confusing similarity in the general appearance of the goods and (2) intent to deceive the public and defraud a competitor. The confusing similarity may or may not result from similarity in the marks, but may result from other external factors in the packaging or presentation of the goods. The intent to deceive and defraud may be inferred from the similarity of the appearance of the goods as offered for sale to the public. Actual fraudulent intent need not be shown.⁴

Jurisprudence also formulated the following "true test" of unfair competition: whether the acts of the defendant have the intent of deceiving or are calculated to deceive the ordinary buyer making his purchases under the ordinary conditions of the particular trade to which the controversy relates. One of the essential requisites in an action to restrain unfair competition is proof of fraud; the intent to deceive, actual or probable must be shown before the right to recover can exist.⁵

Upon perusal of available evidence, it is found that Respondent is guilty of unfair competition. Aside from using "Asiana" in its trademark, there are other indicators that Respondent attempted to deceive the public that its establishment is affiliated to the airline. Respondent made it appear that it has, in one way or another, connection with Complainant by using the following phrases in its brochure:

⁴ In-N-Out Burger, Inc. vs. Sehwani, Inc., G.R. No. 179127, December 24, 2008.

⁵ Superior Commercial Enterprise, Inc. vs. Kunnan Enterprise Ltd., .R. No. 169974, April 20, 2010.

1. "Asiana airplane ticket reservation office"⁶;
2. "Asiana airport: 5-7 times a week";⁷ and,
3. "5 Asiana Airlines direct flight per week".⁸

Further, the more glaring sign that Respondent falsely associates its company with that of the Complainant is its exploitation on its shuttle bus the same color scheme as that of the latter's airplanes. Complainant adorns its airplanes with the colors red, yellow and blue, in that order. Curiously, Respondent adopted exactly the same color scheme on its shuttle bus. The inevitable conclusion that can be drawn from this conspicuous similarity is that the latter is enjoying the goodwill of the Complainant.

Noteworthy, both party-litigants cater to similar target consumers – tourists and vacationers. As these consumers have limited information on their places of destination, they are vulnerable to these schemes of deception applied by Respondent. In fact, Respondent succeeded in creating this confusion as evidenced by the inquiries received by Complainant from the clients whether the two companies have an existing tie-up or partnership. Verily, the protection of trademarks as intellectual property is intended not only to preserve the goodwill and reputation of the business established on the goods bearing the mark through actual use over a period of time, but also to safeguard the public as consumers against confusion on these goods.⁹

Respondent cannot feign ignorance or innocence owing to the fact that majority of Respondent's board and incorporators are Koreans by nationality.¹⁰ Surely, they are well aware of the existence of Complainant and the latter's signature logos. These facts, taken together with the acts of Respondent in taking liberty of making reference to Complainant in its brochures and shuttle bus, clearly indicates bad faith and design to mislead the public.

Following the findings that Respondent's acts constitutes unfair competition under the IPC, Complainant is entitled to recover damages. However, there is no sufficient basis to measure actual damages. Instead, Complainants are entitled to moderate damages. Taking into account the deliberate intent of respondents to engage in unfair competition, it is only proper that petitioner be awarded exemplary damages. Article 2229 of the Civil Code provides that such damages may be imposed by way of example or correction for the public good, such as the enhancement of the protection

⁶ Exhibit "S-3a".

⁷ Exhibit "S-5a".

⁸ Exhibit "U-4".

⁹ Berris Agricultural, Co., Inc. vs. Norvy Abyadang, G.R. No. 183404, October 13, 2010.

¹⁰ Exhibit "II".

accorded to intellectual property and the prevention of similar acts of unfair competition. However, exemplary damages are not meant to enrich one party or to impoverish another, but to serve as a deterrent against or as a negative incentive to curb socially deleterious action.¹¹ Likewise, as Complainant was compelled to institute this case to protect its rights, under Article 2208(1) of the Civil Code, attorney's fees may likewise be awarded to it.

WHEREFORE, premises considered, this Bureau finds that Respondent is liable for unfair competition and is hereby ordered to:

1. Immediately cease and desist from making references to Complainant in its brochures, signage, website and any other materials, whether electronic or printed;
2. Immediately cease and desist from using the red-yellow-blue color scheme in its shuttle buses; and,
3. To pay Complainant as follows:
 - a. Temperate damages in the amount of One Hundred Thousand Pesos (Php100,000.00);
 - b. Exemplary damages in the amount of Two Hundred Thousand Pesos (Php200,000.00); and,
 - c. Attorney's fees and cost of litigation in the amount of Two Hundred Thousand Pesos (Php200,000.00).

All signage, brochures and other materials used by Respondent in committing unfair competition are hereby ordered condemned.

SO ORDERED.

Taguig City, 13 June 2013.


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

¹¹ In-n-Out Burger, Inc. vs. Sehwan, Inc., G.R. No. 179127, 24 December 2008.