



SAN MIGUEL PURE FOODS  
COMPANY, INC.,

*Complainant,*

- versus -

FOODSPHERE, INC.,

*Respondent.*

x-----x

IPV NO. 10-2010-00017

FOR: Trademark Infringement  
and Unfair Competition with  
Prayer for the issuance of  
Preliminary Injunction and/or a  
Temporary Restraining Order

Decision No. 2012- 03

## DECISION

San Miguel Purefoods Company Inc. ("Complainant") filed on 05 November 2010 a Complaint against Foodsphere, Inc. ("Respondent") for trademark infringement and unfair competition with prayer for the issuance of preliminary injunction and/or temporary restraining order. The Complainant alleges that it is:

" x x x a domestic corporation with business address at No. 40 San Miguel Avenue, Mandaluyong City, Metro Manila. A certified copy of the Certificate of Filing of Amended Articles of Incorporation issued by the Securities and Exchange Commission ('SEC') to Complainant is attached as *Annex "A"*.

"2. Complainant is engaged in the business of manufacturing, selling and distribution of food product. As evidenced by Certificate of Registration No. 4-2007-006325 issued on 17 December 2007 by the Intellectual Property Office ('IPO'), San Miguel Corporation ('SMC') owns the trademark 'PUREFOODS FIESTA HAM' for 'ham' in Class 29. A copy of Certificate of Registration No. 4-2007-006325 is attached as *Annex 'B', with sub markings*.

"3. On 30 July 2010, SMC transferred to Complainant its rights and interest to some of its trademarks, which include, among others, 'PUREFOODS FIESTA HAM.' On 20 August 2010, said transfer was recorded by the IPO. A certified copy of the Deed of Assignment between SMC and Complainants, with proof of record, is attached as *Annex 'C', with sub markings*.

"4. Complainant is represented in this case by Bengzon Negre Untalan ("BNU") Intellectual Property Attorneys, its counsel and duly appointed attorney-in-fact, with office address at 2<sup>nd</sup> Floor SEDCCO Building, Rada Cor. Legaspi St., Makati City, where it may be served with summons and other processes. The Power of Attorney issued by Complainant in favor of BNU dated 12 August 2010 is attached as *Annex 'D'*. The Secretary's certificate showing the Signing Authority of Ma. Celeste Legaspi-Ramos on behalf of Complainants is attached as *Annex 'E'*.

"5. Respondent Foodsphere, Inc. ('Foodsphere') is a domestic corporation with business address at 560 West Service Road, Paso de Blas, Valenzuela City, where it may be served with summons and other processes. Certified Copies of the Certificate of Filing of the Amended Articles of Incorporation issued by the SEC to respondent and Respondent's 2010 General Information Sheet, as filed with the SEC, are attached as *Annexes 'F' and 'G'*, respectively.

"6. Respondent is engaged in the manufacturing, selling and distribution of canned and frozen meat products bearing the 'CDO' brand. Respondent's products include, among

others, traditional hams and Christmas hams. The print-outs generated from Respondent's website' are attached as *Annex 'H' and 'I'*, respectively.

"7. This is a complaint for infringement of complainant's registered trademark 'PUREFOODS FIESTA HAM' and unfair competition filed pursuant to sections 155 and 168 of republic Act No. 8293, otherwise known as the *Intellectual Property Code* ('IP Code'), against Respondent for having used and continuously using in commerce a colorable imitation of Complainant's registered trademark in connection with the sale, offering for sale and advertising of goods that are confusingly similar to that of Complainant's registered trademark.

"8. SMC, one of the Philippines' leading business conglomerates, acquired Pure Foods in May 2001. Since then Complainants became a subsidiary of SMC

"9. Being engaged in the manufacturing selling and distribution of food products in the Philippines, one of the most vital aspects of Complainant's business is the goodwill attached to its products by way of its trademarks. One of Complainant's valued trademarks is the 'FIESTA' mark.

"10. Complainant's 'FIESTA' ham was first introduced in 1980 and became more popular during Christmas season as it was commonly patronized by corporations for use as Christmas present to countless employees, clients and patrons. Complainant's 'FIESTA' ham became a regular fixture in the dining tables of countless Filipinos during Noche Buena. It is popularly known as 'the star of the Noche Buena Feast' and is indeed identified with 'Filipino Christmas.'

"11. Complainant's registered 'FIESTA' mark has been consistently associated with great taste, superior quality and food safety of ham products. Complainant's 'FIESTA' mark has acquired goodwill to mean sumptuous ham. Thus, consumers are always looking for 'FIESTA' ham in supermarkets. Complainant's trade dress for its 'FIESTA' ham, which is prominently combined with a figure of a partly sliced ham served on a plate with fruits on the side, has likewise earned goodwill, which the law protects in the same manner as other property rights.

11.1 For thirty (30) years now, complainant's 'FIESTA' ham has been offered for sale and is actually being sold in various markets in the Philippines. To date, Complainant's total estimated sales of the 'FIESTA' ham amounts to Four Billion Five Hundred Fifty-nine Million (PhP 4,559,000,000.00), while its average annual sales amounts to approximately ten Million Seven Hundred Ninety-one Thousand Five Hundred Thirty-Seven Pesos and Twenty-Five Centavos (10,791,537.25). Complainant's considerable sale is proof that it is entitled to the exclusive and continuous adoption of the 'FIESTA' trademark. A copy of the affidavit duly executed by Mr. Celestino De Guzman, Finance Manager of Purefoods Hormel Corporation, attesting to the foregoing facts is attached as *Annex 'J'*.

"12. Complainant's success has significantly contributed to the growth of the ham industry and made it lucrative even for new players and competitors.

"13. Notwithstanding the tremendous goodwill already earned by Complainant's continues to invest considerable amount of resources to promote the 'FIESTA' ham through advertisements and press releases. In all these promotional activities, emphasis is consistently given on the word 'FIESTA'. The DVD copy of the TV commercials, newspaper clippings, newsletter, culinary magazine, pages 15, 16 and 17 of cook book,<sup>2</sup> website print-outs, and photographs of billboards showing the wide and extensive promotion of the 'FIESTA' ham

<sup>1</sup> Citing websites: <http://www.cdo.com.ph/profile/history.html> and <http://www.cdo.com.ph/products>.

<sup>2</sup> Citing *Kusina III In Good Taste*, Doreen G. Fernandez, 2003.

in the country are attached as *Annexes 'K', 'L', 'M', 'N', 'O', 'P', and 'Q' with sub markings*, respectively. A copy of the Affidavit executed by Mr. Jose Gabriel S. Cruz attesting to Complainant's advertising expenditures in promoting the 'FIESTA' ham in the country is attached as *Annex 'R'*.

13.1 from 2003 to 2009, Complainant already spent an amount not less than Three million six Seventy - Eight thousand Four Hundred Seven Pesos and Ninety-Five Centavos (PhP 3,678,407.95) for its Advertisements in various television networks, radio stations and publications.

Campaign Period/Telecast Dates	Media Outlet	Amount (inclusive of Value Added Tax)
23 November 2002-03 January 2003	Associated broadcasting Company	PhP 26,887.95
13-31December2002	Philippine Star Daily Incorporated	337,677.12
23 November 2002 - 03 January 2003	Radio Philippines Network, Inc.	530,888.22
14 December 2002 - 16 December 2002	Ultimate Entertainment, Inc.	368,823.53
07-31December2002	Airtime Marketing Incorporated	368,885.00
28 November 2003 - 03 January 2004	Cable Boss	219,207.24
02 December 2003 - 1 January 2004	Tower Publishing, Inc.	36,480.00
02 December 2003-1 January 2004	Culinary Publications, Inc.	51,727.50
08November2004-08December 2004	ABS-CBN Broadcasting Corp.	36,352.80
08November2004-08December 2004	ABS-CBN Broadcasting Corp.	224,196.39
21November2006-21December 2006	Associated Broadcasting Corp.	40,378.80
21November2006-21December 2006	Carousel Production, Inc.	138,320.00
05 December 2008 - 04 January 2009	TAPE Incorporated - EAT Bulaga	286,748.00
8,12,13,17,20 and 27 December 2008	Television and Production Exponents Inc.	256,564.00
26 October 2009 to 25 November 2009	H.D. Adventures, Inc. (Space Rental) Display of 1 Billboard, Mega Q Market Façade	168,000.00

11 November 2009 – 11 December 2009	DZMM	71,482.33
02 December 2009 – 01 January 2010	ABS-CBN broadcasting Corp.	515,789.07
<b>TOTAL</b>		<b>PhP 3,678,407.95</b>

“14. Sometime in 2006, respondent introduced in the market its ‘PISTA’ ham

“15. In 2007, respondent aggressively promoted its ‘PISTA’ ham and claimed that it is the real premium ham. A copy of Respondent’s Promotional material for the year 2007 is attached as *Annex ‘S.’*

“16. In 2008, complainant launched the ‘Dapat ganito ka-espesyal’ campaign and spent a total of Five Hundred Forty-Three Thousand Three Hundred Twelve Pesos (PhP 543,312.00). Complainant’s promotional material showed a picture of a whole meat ham served on a plate with fresh fruits on the side. The ham is being sliced with a knife while the other portion is held in place by a serving fork. A copy of complainant’s promotional material for 2008 is attached as *Annex ‘P.’*

05 December 2008-04 January 2009	TAPE Incorporated – EAT Bulaga	286,748.00
8,12,13,17,20 and 27 December 2008	Television and Production Exponents Inc.	256,564.00
<b>TOTAL</b>		<b>PhP 543,312.00</b>

“17. In that same year, respondent launched its ‘Christmas Ham with Taste’ campaign. Similar to the one depicted by complainant’s promotional material, respondent’s promotional material also contained a picture of a whole meat ham placed on a plate with fresh fruits on the side. The ham is being sliced with a knife while the other portion is held in place by a serving fork. A copy of respondent’s promotional material for 2008 is attached as *Annex ‘U.’*

“18. In 2009, complainant continued to run its ‘Dapat ganito ka-espesyal’ campaign as and by way of copying complainant’s campaign and intended message to the consumers. Respondent’s promotion was posted in its website. The Print out of the screen shots of respondent’s website is attached as *Annexes ‘V’ and ‘V-I.’*

“19. For the very first time, respondent introduced in 2009 its paper ham bag, which looked significantly similar to complainant’s paper ham bag. The side-by-side presentation of complainant’s and respondent’s actual trademarks, as used in their product packages, is contained in paragraphs 31 and 37 hereof. The trade dress and the use of the word ‘PISTA’ in the packages render the same confusingly similar with complainant’s ‘FIESTA’ trademark. The side-by-side presentation of complainant’s and respondent’s trade dresses is contained in paragraph 37 hereof

#### CAUSES OF ACTION

“20. On account of the Striking similarity of the competing marks, Complainant now comes before this Honorable Office to seek redress for the acts of the Respondent infringing Complainant’s intellectual property rights that are duly protected under the IP Code, to wit:

SEC.147 Rights Conferred. – x x x

“21. Section 155 of the IP Code defines and penalizes trademark infringement in this

wise:

x x x

"22. Corollary thereto, the elements of trademark infringement are: (a) the trademark has been registered;<sup>3</sup> (b) the infringer used the mark without the consent of the registered owner of the mark;<sup>4</sup> (c) the infringing mark is a reproduction, counterfeit, copy or colorable imitation of the trademark infringed; (d) the reproduction or colorable imitation of the registered mark or trade name is used in connection with the sale, offering for sale, or advertising of any goods, business or services; and (e) the use or application of the infringing mark or trademark is likely to cause confusion or mistake or deceive purchasers.

"23. In this case, complainant is the owner of the registered 'FIESTA' trademark and respondent does not have the authority from complainant to use 'PISTA' which is Tagalog word for 'FIESTA', for its ham product. Respondent's unauthorized sue of the mark 'PISTA', which is closely related, if not identical, to complainant's registered trademark bearing the word 'FIESTA', is in connection with the sale and/or offering for sale of the same of identical ham product. Finally, respondent's unauthorized use of the 'PISTA' trademark not only results to likelihood of confusion but to actual confusion as will be discussed in the ensuing paragraphs.

"24. In *McDonald's Corporation vs. L.C. Big Mak Burger, Inc.*,<sup>5</sup> the Supreme Court ruled that the gravamen of trademark infringement is *likelihood of confusion*.

"25. In *Societe Des Produits Nestle, S.A. and Nestle Philippines, Inc., vs. C.A.*,<sup>6</sup> the dominance of the term in a composite mark became the basis used by the Supreme Court in resolving the issue of confusing similarity between CFC Corporation's trademark 'Flavor Master' and Nestle's 'Master Roast' and 'Master Blend'. The Supreme Court explained and applied the Test of Dominancy, to wit: x x x

"26. In *Prosource International, Inc. vs. Horphag Researh Management SA*,<sup>7</sup> the Court applied the dominancy test in holding that 'PCO-GENOLS' is confusingly similar to 'PYCNOGENOL'. The Court held: x x x

"27. In the recent case of *Societe Des Produits Nestle, S.A. vs. Martin T. Dy, Jr.*,<sup>8</sup> the Supreme Court again applied the dominancy test in this wise: x x x

"28. The aural effect of the letters contained in the marks is an important consideration in determining the issue of confusing similarity. In *Marvex Commercial Company, Inc. v. Petra Hawpia & Company*,<sup>9</sup> the registration of the trademark 'Lionpas' for medicated plaster was denied for being confusingly similar in sound with 'Salonpas', a registered mark also for medicated plaster, the Court saying: x x x

"29. Along the same line are the rulings denying registration of a mark containing the picture of a fish (bangus), as label for soy sauce, for being similar to another registered brand of soy sauce that bears the picture of the fish carp;<sup>10</sup> or that of the mark bearing the picture of two roosters with the word 'Bantam', as label for food seasoning (vetsin), which would confuse the purchasers of the same article bearing the registered mark 'Hen Brand' that feature the picture of a hen.<sup>11</sup>

<sup>3</sup> Citing Sec. 2 of the Intellectual Property Code.

<sup>4</sup> Citing *Asia Brewery, Inc. vs. Court of Appeals and SMC*, G.R. No. 103543, 05 July 1993.

<sup>5</sup> Citing G.R. No. 143993, 18 Aug. 2004 [citing *A & H Sportswear Co. v. Victoria's Secret Stores, Inc.* 167 F. Supp. 2d 770 (2001)].

<sup>6</sup> Citing G.R. No. 112012, 04 Apr. 2001.

<sup>7</sup> Citing G.R. No. 180073, 25 Nov. 2009.

<sup>8</sup> Citing G.R. No. 172276, 08 Aug. 2010.

<sup>9</sup> Citing 125 Phil. 295(1966).

<sup>10</sup> Citing *Chuanchow Soy & Canning Co. v. Director*, L-138947, 30 June 1960.

<sup>11</sup> Citing *Lim Hoa v. Director of Patents*, 100 Phil. 214.

“30. The facts and circumstances of this case show that there exists confusion between complainant’s and respondent’s ham product owing to the high degree of similarity, if not identity, between the main, prevalent or essential features of complainant’s and respondent’s marks. The dominant feature in complainant’s mark is ‘FIESTA’. The word ‘FIESTA’ is printed word in bold stylized font almost twice the size of the printed word ‘PUREFOODS’ above it. One’s attention is easily attracted to the word ‘FIESTA’ rather than to the other two words forming part of complainant’s registered trademark. Thus, the dominancy test is applicable in the instant case.

“31. Below is a side-by-side presentation of complainant’s and respondent’s actual trademarks, as used in their product packages: x x x

“32. The word ‘PISTA’ in Respondent’s mark means ‘FIESTA’, ‘FEAST’ or ‘FESTIVAL’. This word Element has the same meaning as the Complainant’s ‘FIESTA’, which, again, is the dominant or central feature in its registered trademark. As matter of fact, the word ‘PISTA’ is a direct Tagalog translation of ‘FIESTA’ which connotes the same meaning or commercial impression to the buying public, that is, feast, festivity, or festival. A copy of page 1053 of the Tagalog-English Dictionary printed and distributed by National Bookstore is attached as *Annex ‘W’*. ‘FIESTA’ and ‘PISTA’, therefore, employ the same connotation and commercial impression vis-à-vis ham products. The print-outs generated from the websites<sup>12</sup> disclosing the meaning and/or English translation of the words ‘PISTA’ and/or ‘FIESTA’ are attached as *Annexes ‘X’ and ‘Y’*.

32.1. ‘FIESTA’ and ‘PISTA’ are also pronounced similarly and both have the same number of syllables, sharing common constants and vowels, and share the same general appearance in their respective product packages. Moreover, ‘FIESTA’ and ‘PISTA’ marks are used in the same product which is distributed and marketed in the same channels of trade under similar conditions. ‘FIESTA’ and ‘PISTA’ hams are placed in the same freezer and/or displayed in the same section of supermarkets.

Complainant’s ‘FIESTA’ mark	Respondent’s ‘PISTA’ mark
‘FIESTA’ is pronounced as Fies-ta.	‘PISTA’ is pronounced as Pis-ta
‘FIESTA’ has two (2) syllables.	‘PISTA’ has two (2) syllables.
‘FIESTA’ has three (3) consonant, namely F, S and T.	‘PISTA’ has three (3) consonant, namely P, S and T.
‘FIESTA’ has three (3) vowels, namely I, E and A.	‘PISTA’ has two (3) vowels, namely, I and A.
‘FIESTA’ means festival or feast.	‘PISTA’ means festival or feast.
‘FIESTA’ is used for Christmas ham.	‘PISTA’ is used for Christmas ham.
‘FIESTA’ is printed in white bold stylized font.	‘PISTA’ is printed in white bold stylized font.
‘FIESTA’ is slightly leaning on the right.	‘PISTA’ is slightly leaning on the right.
‘FIESTA’ is located below Complainant’s brand name ‘PUREFOODS’.	‘PISTA’ is positioned below respondent’s brand name “CDO.”
‘FIESTA’ as used in its trade dress, is twenty-seven (27) centimeters in height and sixty-three (63) centimeters in width.	‘PISTA’, as appearing on Respondent’s trade dress, is approximately twenty-three (23) centimeters in height and forty-eight (48) centimeters in width.
‘FIESTA’ as used in	‘PISTA’ as appearing on

<sup>12</sup> Citing the website: <http://translate.google.com.ph/translate>.

Complainant's trade dress, appears above the picture of a partly sliced ham served on a plate with red and green grapes on the side.	Respondent's trade dress, is above the picture of a partly sliced ham served on a plate with red and green grapes on the side.
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"33. There is no iota of doubt that Respondent's 'PISTA' mark is confusingly similar to complainant's 'FIESTA' Mark. The use, therefore, of the 'PISTA' mark by the respondent will mislead the public into believing that its goods originated from, or are licensed or sponsored by complainant or that respondent is associated with or an affiliate of the complainant. As a matter of fact, respondent's unauthorized use of the 'PISTA' trademark not only results to likelihood of confusion but to actual confusion.

"34. Unfair competition is defined in Section 168 of the IP Code, in this manner: x x x

"35. In *Mighty Corporation vs. E&J Gallo Winery*,<sup>13</sup> the Court declared that: x x x

"36. 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.<sup>14</sup> The confusingly 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.<sup>15</sup> Actual fraudulent intent need not be shown.<sup>16</sup>

"37. In the instant case, the first element of unfair competition is present. There is a confusing similarity in the general appearance of complainant's 'PUREFOODS FIESTA HAM' and Respondent's 'PISTA COOKED HAM' as shown below: x x x

37.1. The presentation at the principal display panel of complainant's and respondent's product package of a picture of one (1) partly sliced ham served on a plate with fruits on the side create the same impression on the mind of the public-sumptuous meal. The pictures of the different hams at the back panel of complainant's and respondent's product package present the same idea to the public-variety of meat hams available for the public's consumption.

37.2. 'FIESTA' in complainant's mark, as used in its trade dress, is printed in white bold stylized font. 'PISTA', as appearing on respondent's trade dress, is likewise printed in white bold stylized font. x x x

37.3 Complainant's and respondent's product packages consist of box-typed paper bags made of cardboard materials with cut-out holes on the middle top portion thereof for their handles. The sizes are as follows:

	Complainant's Product Packages	Respondent's Product Package
Depth	250 centimeters	250 centimeters
Length	190 centimeters	190 centimeters
Width	130 centimeters	130 centimeters

37.4. Both complainant's and respondent's product packages are colored red with background design associated with festivities (i.e. Christmas balls, stars, snowflakes

<sup>13</sup> Citing G.R. No. 154342, 14 July 2004.

<sup>14</sup> V. Amador, Trademarks under The Intellectual Property Code, page 260 (1999).

<sup>15</sup> Shell Co. of the Philippines, Ltd. V. Ins Petroleum Refining Co., Ltd., 120 Phil.434 (1964); "La Insular" v. Jao Oge, 42 Phil. 366 (1921).

<sup>16</sup> Alhambra Cigar, etc., Co. v. Mojica, 27 Phil. 266 (1914).

and ornate scroll design).

37.5. With the introduction of its paper ham bag which looked almost the same as complainant's paper ham bag, respondent also launched in 2009 its 'Make Christmas even more special' campaign. This campaign of respondent is closely related to complainant's 'Dapat ganito ka-espesyal' campaign, which, as mentioned in paragraph 18 hereof, was already used by the complainant in 2008. Both complainant's and respondent's campaigns used the striking word 'special/espesyal'. Thus, complainant and respondent communicated the same message to the consuming public in 2009-to make the celebration of Christmas very special by serving ham in the dinner table.

37.6. Moreover, 'FIESTA' and 'PISTA' marks are used in the same product which is distributed and marketed in the same channels of trade under similar conditions. 'FIESTA' and 'PISTA' hams are placed in the same freezer and/or displayed in the same section of supermarkets.

37.7. As previously mentioned, the word 'PISTA' is a direct Tagalog translation of 'FIESTA' which connotes the same meaning or commercial impression to the buying public, that is, feast or festival. 'FIESTA' and 'PISTA' are also pronounced similarly and both have the same number of syllables, sharing common consonants and vowels, and share the same general appearance in their respective product packages.

37.8. These striking similarities will cause immediate confusion to the 'undiscerning rush buyers' in the supermarkets during Christmas season.

"38. The second element of unfair competition (i.e., intent to deceive the public and defraud a competitor) is likewise present in this case. The Supreme Court in *Coca-Cola Bottlers, Inc. vs. Quintin-Gomez*<sup>17</sup> ruled in this wise: x x x

"39. In this case, respondent's continued use of the word 'PISTA' for its ham products and the adoption of packaging with a strong resemblance to complainant's 'FIESTA' ham product packaging is deliberately carried out for the obvious purpose of capitalizing upon or riding on the valuable goodwill and popularity of complainant's 'FIESTA' trademark which the complainant gained through tremendous effort and expenses over a long period of time. Respondent's act is calculated to cause not only confusion of goods but also confusion as to the origin or source of the ham product. This clearly constitutes invasion of complainant's intellectual property rights.

39.1 Complainant repleads the allegations contained in paragraphs 30 and 33, with their subparagraphs, to emphasize Respondent's intent to deceive the public and to disregard and violate herein complainant's intellectual property rights.

39.2 The only logical conclusion that can be drawn from respondent's act of selling, offering for sale or otherwise dealing with product bearing elements confusingly similar to those contained in the complainant's trademark (i.e., the word 'PISTA') and trade dress is that it has the clear intent to pass off the ham product to create the false impression or to confuse the public that the same are produced by the complainant. Respondent should, therefore, be declared guilty of unfair competition.

"40. It is well established rule that it is not important for the perpetrator to copy the entire mark to accomplish his fraudulent purpose and be held liable for unfair competition. The Supreme Court in the case of *Amigo Manufacturing, Inc. v. Cluett Peabody Co., Inc.* (G.R. No. 139300, March 14, 2001) recognized this observation, quoting the Court of

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<sup>17</sup> Citing G.R. No. 154491, 14 Nov. 2008.

Appeals, as follows: x x x

“41. The doctrine of confusion of origin is based on cogent reasons of equity and fair dealing. It has to be realized that there can be unfair dealing by having one’s business reputation confused with another. The owner of a trademark or trade name has a property right in which he is entitled to protection, since there is damage to him from confusion of reputation or goodwill in the mind of the public.<sup>18</sup>

‘Section 156 of the IP Code which provides that: x x x

“43. Having established complainant’s right over the registered ‘FIESTA’ trademark and respondent’s violation thereof, complainant now invokes its right to receive payment for damages under the above cited provision of the IP Code.

“44. Complainant failed to realize income in the amount of at least Twenty-Seven Million Six Hundred Sixty-Eight Thousand Five Hundred Thirty-Eight Pesos and Thirty-Eight Centavos (PhP 27,668,538.38) and the amount of at least Eight Hundred Ninety-Nine Thousand Two Hundred Ninety-Four Pesos and Seventy-Seven Centavos (PhP899,294.77) per month in estimated actual damages, representing foregone income in sales for the continuous use of the ‘PISTA’ mark in connection with the selling, offering for sale and distribution of its ham product during the pendency of this case, or until the respondent is finally enjoined from using its ‘PISTA’ mark in connection with the selling, offering for sale and distribution of its ham product.

“45. Article 2208 of the Civil Code enumerates the instances when attorney’s fees may properly be awarded in favor of a party litigant, to wit: x x x

45.1 Complainant was compelled to seek the instant administrative relief, thus necessitating the retention of the services of counsel. Hence, complainant likewise prays for attorney’s fees amounting to at least Three Hundred Thousand Pesos (PhP 300,000.00).

“46. Complainant prays for the issuance of a preliminary injunction and/or temporary restraining order against the respondent in order to prevent it from further using the ‘PISTA’ mark and effectively infringing the intellectual property rights of complainant, to its damage and prejudice. Complainant suffered tremendous losses due to the unauthorized use of the ‘PISTA’ mark, which is a continuous infringement of complainant’s intellectual property rights.

46.1. As proof of respondent’s continuous use of the ‘PISTA’ mark for the sale of its Christmas ham, and in utter disregard of complainant’s intellectual property rights, a copy of Sales Invoice No. 0000486358 issued by SM Supermarket-Ortigas Branch located at SM Bldg. B, J. Vargas St., Wack Wack, Mandaluyong City is attached as Annex ‘Z’.

“47. In view of respondent’s continuing violation of complainant’s intellectual property rights as protected under Republic Act No. 8293, it must therefore, be enjoined from using the ‘PISTA’ mark. This Honorable Office must, perforce, issue a preliminary injunction to protect the rights of herein complainant and preserve the status quo which preceded the dispute.

“48. In seeking for an injunctive relief from this Honorable Office, complainant relies on the following grounds:

a. As the owner of the ‘FIESTA’ trademark, complainant is entitled to the relief

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<sup>18</sup> Citing *Ang vs. Teodoro*, 74 Phil 50.

demanded, and the whole or part of such relief consist in restraining the commission or continuance of the act or acts complained of. Under Section 156.4 of the IP Code, complainant is entitled to injunction: 'the complainant, upon proper showing, may also be granted injunction.' Corollary thereto, Rule 6, Section 2 of the Rules and Regulations on Administrative Complaints for Violations of laws Involving Intellectual Property Rights ('IPV Rules') provides the grounds for the issuance of preliminary injunction: x x x

b. In *Del Rosario vs. Court of Appeals*,<sup>19</sup> the Supreme Court discussed the requisites for injunction: x x x

c. In this case, there is absolutely no question regarding complainant's intellectual property rights over its 'FIESTA' mark. There is no dispute over complainant's ownership over the Trademark Certificate No. 4-2007-006325 issued by the IPO. It is presumed to be valid and subsisting registration for ten (10) years from 17 December 2007, or until 17 December 2017. Section 138 of the IP Code provides that: x x x

d. There is thus no question that complainant's exclusive right for its mark to be protected has been duly established in this case. As for the second requisite, the facts established through the pieces of evidence show without a doubt the use by the respondent of the 'PISTA' mark in connection with the sale of its Christmas ham product is violative of complainant's rights, being, at the very least, confusingly similar. It is this act of respondent in using the 'PISTA' trademark that is sought to be enjoined by the complainant.

e. Complainant reiterates and adopts the arguments under paragraphs 20 to 41 hereof, showing that respondent is guilty of both trademark infringement and unfair competition, and is thus entitled to the relief demanded. If respondent is not enjoined by this Honorable Office, complainant will suffer not only pecuniary damages in the form of lost revenue, but more importantly, it will suffer irreparable damage in the form of dilution of the goodwill generated by its mark and the gradual whittling away of the distinctiveness and impact of its well-known mark.

f. It bears stressing that pending trial, complainant will lose control of its reputation because it rest upon the quality of respondent's activities as a result of a likelihood of confusion among the consuming public. There is a high probability that confused purchasers will think that respondent's goods are manufactured and produced by complainant. An injury resulting there from is real but is incapable of exact pecuniary estimation. Complainant should not be made to sit by and watch the respondent continue to violate the law and infringe upon complainant's rights until such time complainant recovers money damages as compensation for the past injury incurred. As discussed by J. Thomas McCarthy<sup>20</sup>, x x x

g. Complainant's trademark in the instant case has a unique function of representing the company's intangible assets, which includes, among others, its reputation and goodwill. Its reputation and goodwill are certainly incapable of exact pecuniary estimation. Considering the same and the high probability of confusion, as established in the foregoing paragraphs, complainant stands to suffer irreparable injury from the continued use in commerce of the 'PISTA' mark by the respondent.

h. Corollary to the foregoing, complainant undertakes to file the necessary bond in

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<sup>19</sup> Citing G.R. No. 115106, 15 March 1996

<sup>20</sup> Citing *Trademarks and Unfair Competition*, Second Edition, page 489, [citing *Omega Importing Corp. vs. Petri-Kine Camera Co.*, (1971, CA2 NY) 451 F2d 1190, 171 USPQ 769 (Reversed order denying preliminary injunction), *Accord: P. Daussa Corp. vs. Sutton Cosmetics (P.R.), Inc.* (1972, CA2 NY) 462 F2d 134, 175 USPQ 193, *American Home Products Corp. vs. Johnson Chemical Co.* (1978, CA2 NY) 589 F2d 103, 200 USPQ 417.]

the amount as may be required by this Honorable Office.”

The hearing on the application for preliminary injunction was held on 22 November 2010 wherein the Complainant presented and/or submitted the following pieces of evidence:

1. affidavit of Atty. Maria Celeste Legaspi Ramos dated 11 November 2010;
2. certified true copies Cert. Reg. No. 4-2007-006325 and of the Deed of Assignment between San Miguel Corp. and San Miguel Purefoods Company Inc. with proof of recordal with the IPOPHL;
3. original affidavit of Gilbert Patrick R. Bautista dated 22 November 2010;
4. compact discs (“CD”) of the television and radio commercials for FIESTA Ham;
5. original of page “U-4” of the 28 November 2008 issue of the Philippine Star showing advertisement for the FIESTA ham;
6. original copy of page J-3 of the 20 December 2009 issue of the Philippine Daily Inquirer;
7. pages 1 and 2 colored print shop of Foodsphere website;
8. paper bag given to purchasers of Fiesta Ham;
9. paper bag given to purchasers of Pista Ham in 2009;
10. photocopy of page 1,053 of the Tagalog-English Dictionary printed and distributed by National Book Store containing English translations of the word Pista, original print out of the website <http://translate.google.com/phtranslate>, original print-out of the website <http://tagaloglang.com/tagalog/english-dictionary/english-translation-of-tagalog-word/pista.html>;
11. copy of Sales Invoice No. 0000486358 issued by SM Supermarket Ortigas Branch located at SM Building B, J. Vargas Street Wack Wack, Mandaluyong City; and
12. original copy of photograph of the parties’ respective standees in Shopwise Commonwealth, in SM Megamall Supermarket, in SM Cubao Supermarket, in Puregold St. Francis, in Rustan’s Supermarket in Gateway Mall of Asia Araneta Center, and in Shopwise Cubao.<sup>21</sup>

On 07 December 2010, the Respondent filed its Answer, alleging, among other things, the following:

“25. The present case should be dismissed outright for being procedurally defective. Specifically, the person who signed the Verification and Certification of Forum Shopping thereof, Atty. Jonathan Q. Perez does not appear to be a person who has personal knowledge of the allegations in the Complaint, considering that he was only given the authority by the plaintiff to file the present Complaint. In *Gabriel vs. Court of Appeals* (535 SCRA 569, October 11, 2007) the Supreme Court made it clear that: x x x

“26. In any event, the Complaint states no cause of action against the respondent.

“27. Contrary to the claims made by Complainant, the marks ‘PISTA’ and ‘PUREFOODS FIESTA HAM’ are NOT confusingly similar.

“28. A perusal of the competing marks would reveal, all too clearly, that they are visually and aurally distinct and different from each other. While Complainant makes a lot of fuss about the presence of the word ‘PISTA’ and ‘FIESTA’, it should be noted, however, that the competing marks are ‘PUREFOODS FIESTA HAM’ and ‘PISTA’.

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<sup>21</sup> Marked as Exhibits “A” to “U”.

"29. It should also be noted, that Complainant does not have a monopoly on the mark FIESTA. A perusal of the IPO database reveals that there are at least two other registrations for 'FIESTA' for goods under Class 29, namely FIESTA TROPICALE under TM Registrations No. 4-2006-003241, FIESTA F and LOGO under TM Registration No. 4-2001-008663, FIESTA under TM Registration No. 4-1993-086551 and HAPPY FIESTA under TM Registration No. 4-2003004601. The existence of the aforementioned marks clearly show that Complainant does not have an exclusive right of appropriation over the word 'FIESTA', much less to what it believes to be a translation of said mark. In fact, Complainant does not have registration for the mark 'FIESTA', hence is not entitled to claim exclusivity for the said term.

"30. Likewise, it cannot appropriate for itself the images of traditional utensils and garnishing for ham in its advertisements. Verily, its campaign ads are totally distinct and different from the ads of Respondent.

"31. Furthermore, it should be pointed out that there are several products found in supermarkets which bear the mark 'FIESTA'. In fact, there are at least three (3) other ham brands which bear the mark 'FIESTA', namely 'ARO FIESTA HAM', 'ROYAL FIESTA' and 'PUREGOLD FIESTA HAM'. The fact that there are other hams in the market designated 'FIESTA' and that complainant has done nothing against these manufacturers shows that Complainant does not believe their claim that the use by other manufacturers of the mark 'FIESTA' will result in confusion and/or cause damage to Purefoods. Copies of the pertinent labels are hereto attached as Annexes '8', '9' and '10'.

"32. Verily, in doing absolutely nothing against the use of 'FIESTA' by other ham manufacturers, Complainant is guilty of estoppel in pais, and thus estopped from asserting that the usage of 'FIESTA' by other ham manufacturers will result in confusion and/or damage to it. x x x

"33. This doctrine rest on the principle that if one maintains silence, when in conscience he ought to speak, equity will debar him from speaking when in conscience he ought to remain silent. He who remains silent when he ought to speak cannot be heard to speak when he should be silent (Philippine Bank of Communication v. Court of Appeals, 344 Phil. 90. 99 (1997) citing Santiago Syjuco, Inc. v. Castro. 175 SCRA 171 (1989).

"34. It is however, understandable that Complainant would focus itself on the translation of the word 'FIESTA', and shift it away from the entirety of the competing marks, knowing full well that if attention is given to the entirety of the competing marks, the absurdity of its claim of confusing similarity becomes apparent and undeniable.

"35. Said attempt, however, is as futile as it is transparent and desperate. No amount of imagination would justify a finding that the marks 'PUREFOODS FIESTA ham' and 'PISTA' are similar, much less one that would rise to a degree sufficient to confuse.

"36. It should be pointed out that Respondent's 'PISTA' mark is always used in conjunction with its house mark CDO, and that 'PUREFOODS FIESTA HAM', as is apparent, bears Complainant's house mark PUREFOODS, rendering confusion impossible

"37. Manifestly, the competing marks are substantially different and distinct from each other, aurally and visually, as well as in the idea or impression it leaves in the mind of the consuming public, thus rendering the possibility of confusion impossible.

"38. In *Bristol Myers vs. The director of Patents and United American Pharmaceuticals*, quoting *mead Johnson vs. N.V.J. Van Dorp, Ltd.*, the Honorable Supreme Court held that marks should be taken in their entirety to determine confusing similarity, to wit: x x x

"39. In the case at bar, Complainant's and Respondents marks, are clearly distinct and distinguishable from each other. The competing marks, it should be noted, are substantially distinct and different from each other, aurally and visually, rendering the possibility of confusion, both as to the goods and as to the origin or source of the goods, remote.

"40. Furthermore, the possibility of confusion is rendered impossible by the fact that both the Complainant's and respondent's products are being sold in booths manned by promodisers.

"41. It should also be emphasized that this case involves hams, items which are considerably expensive. The purchasers of said products are, therefore, well-informed, not only of the features of the products but also its source and or manufacturer, as this is usually a concern to consumers, especially those buying high priced food items.

"42. In *Emerald Garment Manufacturing Corporation vs. Court of appeals*, (G.R. No. 100098, December 29, 1995), the Honorable supreme Court held that confusion is remote if the purchasers of a product are discerning and meticulous, to wit: x x x

"43. therefore, if buyers of jeans are considered meticulous enough not to be confused between jeans using 'Stylistic Mr. Lee' and 'Lee Jeans', buyers of expensive food items, such as hams, would not also be confused between CDO's PISTA ham and 'PUREFOODS FIESTA HAM', especially considering that the two marks are visually and aurally distinct from each other.

"44. From the above premises, it is beyond doubt that the marks 'PUREFOODS FIESTA HAM' and 'PISTA' are not confusingly similar.

"45. Assuming arguendo, without conceding, that 'PUREFOODS FIESTA HAM' and CDO 'PISTA' ham are confusingly similar because the translation of FIESTA is PISTA, then it necessarily follows that 'PUREFOODS FIESTA HAM' is confusingly similar to the mark 'HOLIDAY HAM', HOLIDAY being the translation of FIESTA as well, by Complainant's own arguments and submissions.

"46. It should be pointed out that the mark HOLIDAY is owned by Respondent, having first used said mark in the 1970's and first obtained registration for said mark in 1986 under TM Registration No. 7805. To date, Respondent still owns the registration for said mark under Registration No. 2001-008574.

"47. Following, therefore the arguments of Complainant, it would appear that it is the one guilty of Trademark Infringement and Unfair Competition for infringing and copying Respondent's registered mark 'HOLIDAY'. Accordingly, Complainant's registration for 'PUREFOODS FIESTA HAM' is VOID.

"48. Again, assuming arguendo, without conceding, that 'PUREFOODS FIESTA HAM' and 'CDO PISTA HAM' are confusingly similar, then Complainant's Trademark Registration No. 4-2007-006325 is void.

"49. At the onset, it should be pointed out that Complainant's Trademark Registration No. 4-2007-006325 for its mark **PUREFOODS FIESTA HAM**, which is the basis for the Complainant was only filed in June 19, 2007.

"50. However, as admitted by the Complainant, Respondent has been using the mark 'PISTA' in at least the year 2006 which is earlier than Complainant's filing of its Application for its **PUREFOODS FIESTA HAM** mark.

"51. Clearly, Respondent is the owner of the marks PISTA and FIESTA, under the assumption that PISTA and FIESTA are confusingly similar and based on the fact that Respondent is the prior user of the former term.

"52. Consequently, Complainant, not being the owner of the mark FIESTA does not have the right to appropriate said mark and/or apply for its registration, and the subsequent registration, obtained fraudulently, is void in accordance with the IP Code, existing rules and jurisprudence and basic sense of justice and fair play.

"53. At this time it is apt to quote the Honorable Supreme Court when it said in the case of SHANGRI-LA INTERNATIONAL HOTEL MANAGEMENT, LT., SHANGRI-LA PROPERTIES, INC., MAKATI SHANGRI-LA HOTEL & RESORT, INC., AND KUOK PHILIPPINES PROPERTIES, INC. vs. DEVELOPERS GROUP OF COMPANIES, INC., (G.R. No. 159938. March 31, 2006) that: x x x

"54. As has been established and admitted by Complainant, Respondent had been using the 'CDO PISTA HAM' mark even prior to Complainant's registration and hence the Respondent's fraudulently obtained registration should be cancelled.

"55. Also, it should be noted that the Intellectual Property Office through the Office of the Director General has already settled this issue in another landmark case, that, of **Shen Dar Electricity Machinery Co. Ltd., vs. E.Y. Industrial Sales, Inc.**, decided in May 25, 2007, to wit: x x x

"56. The same groundbreaking decision also provides that: x x x

"57. Considering, therefore that Respondent has already appropriated the mark 'PISTA' prior to Complainant's adoption of the mark 'FIESTA', and assuming, without conceding that FIESTA and PISTA are confusingly similar, then Complainant's registration for its 'PUREFOODS FIESTA HAM' should be cancelled.

#### Respondent is not guilty of Unfair Competition

"58. Contrary to the claims of Complainant, Respondent is not guilty of Unfair Competition. Neither did it attempt to pass off its goods as its own.

"59. As has been clearly established above, the competing labels are substantially different from each other. One is PISTA (which is always used in conjunction with Respondent's house mark, CDO) and the other is PUREFOODS FIESTA HAM. Copy of the side by side comparison of the competing labels is hereto attached as Annex '11'.

"60. A perusal of the competing labels show undeniably that Respondent did not attempt to pass off its ham as that of Complainant.

60.1 First, the competing labels are substantially different from each other, in the manner of presentation;

60.2 Second, both labels carry the house marks of the manufacturers, PUREFOODS in the case of the Complainant and CDO in the case of the Respondent. Clearly, the presence of the house marks renders the possibility of confusion impossible.

"61. Also, the hams are being sold in separate booths individually manned by the parties' respective promodisers negating any possibility of confusion. These booths prominently display the respective house marks, which are clearly visible even from a distance.

"62. As to the supposed adoption of the bags which is the basis for the argument that Respondent is attempting to pass off its ham as that of Complainant's, the same is belied by the very submissions made by the Complainant.

"63. First, the bags are clearly labeled with the house marks of both the Complainant and the Respondent on all four sides.

"64. Second, the bags are given to consumers only after purchase has been made, consequently, they do not factor in to the choice of which hams to buy, much less contribute to confusion.

"65. Third, and contrary to the allegations made by Complainant, it was Complainant that adopted the color red in its bags only in 2009, copying the color that had been consistently used by Respondent. Prior to that, particularly in 2007 and 2008, Complainant used green-colored ham bags (Annex '1' to '1-c').

"66. On the other hand, from 2006 until 2009, Respondent had been using boxes or bags which are dominantly red in color.

"67. For 2010, Respondent has adopted a red and green colored bag, whereas Complainant maintained its dominantly red bag. Clearly, there was no intent to copy or imitate Complainant's bag.

"68. On the facts, there is no doubt that Respondent did not commit Trademark Infringement and/or Unfair Competition.

"69. The rule is well-settled that an injunctive writ may be issued when the following requisites are established: (1) the invasion of the right is material and substantial; (2) the right of the complainant is clear and unmistakable; and (3) there is an urgent and permanent necessity for the writ to prevent serious damage (*Verzosa vs. Court of Appeals*, 299 SCRA 100).

"70. Hence, the existence of a right violated, is a prerequisite to the granting of an injunction. x x x

"71. In the present case, as discussed above, Complainant failed to establish a clear and unmistakable right, to prevent Respondent's lawful use of PISTA.

"72. Complainant has also failed to establish urgency. Despite its knowledge of Respondent's use of PISTA for the past four (4) years, it has done nothing to protect its supposed rights.

"73. Likewise, it is the Respondent that will suffer grave and irreparable injury and damage, if its legitimate sales especially during the holiday season are unduly disrupted as a result of the TRO and/or preliminary injunction being sought for.

"74. In *Manila International Airport Authority vs. Court of Appeals* (G.R. No. 118249, February 14, 2003), the Supreme Court held: x x x

"75. The Complainant instituted the present complaint with malice and bad faith. Indeed, by instituting the Complainant only now, at the onset of the holiday season where Respondent's sales will be at its peak. Complainant is clearly in bad faith. The present case is a crafty ploy to disrupt the lawful business operations of the Respondent especially as against its widely popular PISTA mark.

"76. Because of the baseless claims and accusations made by Complainant, Respondent has been needlessly harassed and its resources drained because Respondent had to devote time and effort in defending itself from its baseless complaint.

"77. Respondent's good name and reputation, which it has painstakingly nurtured and protected over the years has been seriously damaged by reason of the present suit.

"78. Furthermore, Respondent was compelled to secure the services of counsel to protect and vindicate its rights and interests."

The Respondent also claims that it is entitled to actual damages and exemplary damages, both in the amount of Php10,000,000, as well as attorney's fees in the amount of Php300,000. It likewise prays for the cancellation of the Complainant's Trademark Reg. No. 4-2007-006325.

On 15 December 2010, this Bureau issued Order No. 2010-14 granting the Complainant's application for TRO insofar as to "*the sale and distribution of ham wrapped in plastic and placed in red paper bag with the PISTA mark on it*" and directing the Complainant to file the cash bond of Php400,000 within seven days from receipt of the Order. The Complainant filed on 17 December 2010 its compliance to Order No. 2010-14 and also a "REPLY" to the Respondent's Answer. Subsequently, on 04 January 2011, the Respondent filed a "Motion (To Set Case for Hearing On the Special and Affirmative Defense)" to which the Complainant filed a "Comment" on 19 January 2011. The Respondent, meanwhile, filed a "Rejoinder" on 28 January 2011.

The Hearing Officer issued on 01 March 2011 Order No. 2011-11 denying the Respondent's Motion (To Set Case for Hearing On the Special and Affirmative Defense). Thence after, the case was referred to mediation pursuant to Office Order No. 154, s. 2010 ("Rules of Procedure for IPO Mediation Proceedings") and Office Order No. 197 ("Mechanics for IPO Mediation and Settlement Period") through Order No. 2011-148 issued by the Hearing Officer on 15 March 2011. The mediation, however, failed and the case was returned to the Hearing Officer for the resumption of the proceedings.

Accordingly, the pre-trial proceeded and was terminated on 02 June 2011. Then after, the trial proper followed. The Complainant presented the testimonies of Ma. Celeste Legaspi-Ramos, Glenda D. Sy, Celestino De Guzman, and Jose Gabriel S. Cruz, and adopted the testimonial and documentary evidence presented during the hearings on its application for the issuance of a TRO as part of its evidence in the main case. These testimonial and evidence were included in the Complainant's Formal Offer of Evidence together with the following:

1. Judicial Affidavit of Glenda D. Sy to prove that under a survey, majority of the respondents are not aware of the "PISTA" mark;
2. a report dated 21 June 2011 noted by Fatima R. Ravalto to prove that under a survey commissioned by complainant, most of the respondents were not aware of the "PISTA" marks;
3. Judicial affidavit of Atty. Ma. Celeste Legaspi-Ramos;
4. Certificate of Filing of the Amended Articles of Incorporation of SMPFC issued by the

- SEC;
5. a print-out of application details with the IPO for the PISTA "marks";
  6. Certificate of the filing of Amended Articles of Incorporation issued by the SEC to Foodsphere Inc.;
  7. 2011 General Information Sheet of Foodsphere, Special Power of Attorney executed by AMPFC in favor of BNU;
  8. Secretary's Certificate executed by Alexandra Bengzon-Trillana;
  9. Judicial Affidavit of Celestino de Guzman;
  10. Certificate of the filing of Amended Articles of Incorporation of PHC issued by the SEC;
  11. Judicial Affidavit of Jose Gabriel S. Cruz;
  12. page K-1 of the Philippine Star advertisement;
  13. Page J-3 of the 25 November 2007 issue of the Manila Bulletin showing advertisement for "FIESTA" ham;
  14. page D-4 of the 29 December 2009 issue of the Philippine Star for FIESTA ham;
  15. page 1 of 17 December 2009 issue of the Commuter Express showing advertisement of the "FIESTA" ham;
  16. front page of the 30 December 2009 issue of Business Mirror advertisement for FIESTA;
  17. pages 4,5,7 and 12 of the October to December issue of San Miguel Great Food Club newsletter;
  18. cover pages 24, 25, 82 and 83 of the December 2009 to 2010 issue of Food Magazine;
  19. endsheet and pages 15 & 16 of Doreen G Fernandez' Kusina III;
  20. Billing Notice Nos. 1709700 from Starcom Phils. dated 6 January 2010 and 22 February 2010, respectively;
  21. Sales invoice No. 600024 from Ultrasonic Broadcasting System, Inc. dated 18 January 2010;
  22. Invoice Nos. MLA300107 and MLA301112 from ABS-CBN Broadcasting Corp. both dated 06 January 2010; and
  23. photographs of 40 ft by 60 ft. billboard advertising 'FIESTA HAM'.<sup>22</sup>

The Hearing Officer issued Order No. 2011-55 admitting the documentary evidence presented and offered by the Complainant.

For its part, the Respondent presented the testimonies of Jonathan Bendicion and Jane Kristel Nolasco. The Hearing Officer issued Order No. 2011-63 sustaining the Complainant's objections to the pieces of evidence making reference to other ham brands owned by other manufacturers or producers which bear the mark "Fiesta" for being irrelevant or immaterial. The Hearing Officer, however, overruled the objections to the inclusion of the trademark "Holiday" mark as part of the Respondent's defense. On this, the Respondent filed a "Partial Motion for Reconsideration" to which the Complainant submitted comment on 15 November 2011<sup>23</sup>.

Meanwhile, the Complainant filed on 11 November 2011 an "Application for the Writ of Preliminary Injunction" reasoning out that the Christmas season was drawing near and the Respondent has yet to conclude the presentation of its evidence. In a Resolution No. 2011-2, dated 15 December 2011, the Hearing Officer granted the Respondent's "Partial Motion for Reconsideration" and ordered the Respondent to file within three days from receipt thereof its comment to the "Application for the Writ of

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<sup>22</sup> Marked as Exhibits "V" to "YY".

<sup>23</sup> Submissions made in open court.

Preliminary Injunction". On 16 January 2012, however, the Complainant filed a "Manifestation" withdrawing its "Application for the Issuance of the Writ of Preliminary Injunction" on the ground that the application has become moot and academic upon the lapse of the Christmas season which is the period during which the parties' products are marketed, advertised and sold.

Subsequently, the Hearing Officer issued on 24 January 2012 Order No. 2012-005 declaring that there is no more reason to resolve the Respondent's "Partial Motion for Reconsideration" and at the same time directing the Respondent to inform this Bureau whether it intends to present another witness or otherwise file its formal offer of evidence. On 07 February 2012, the Respondent filed its "Manifestation and Compliance with its Formal Offer of Evidence", submitting the following:

1. 1989 and 2007 certificates of trademark registration for the Respondent's "Holiday" mark;
2. 2006 invoices reflecting the sales of "CDO Pista" ham;
3. printout of sales of Christmas ham from November to December 2009;
4. affidavits of Alex Coralde, Jane Kristel Olasco, Jonathan Bendicion, and Josephine Abad;
5. compact discs containing soft copy of invoices and of radio advertisement of the Respondent's ham products;
6. 2006 to 2008 "Pista Ham" bag, and 2010 "Pista Ham" bag;
7. 2008 "Purefoods Fiesta Ham" bag;
8. 2006 application for the registration of "Pista" mark;
9. product test on Christmas Ham;
10. official receipt of the purchase of "Purefoods Fiesta Ham" in 2008;
11. packaging and official receipts on the purchases of "Puregold Fiesta Especial Ham", "Royale Fiesta Royale Smoked Ham", "ARO Fiesta Ham", "King Sue" ham products, "Mekeni American Ham";
12. official receipts on purchases of various products bearing the "Fiesta" mark;
13. various trademark registrations of the "Fiesta" mark, under Class 29;
14. photographs of the separate booths of complainant and respondent, and of the Outstanding Manufacturer of Christmas Ham excerpt of the newspaper article of the granting of the said award, and of outdoor media and print advertisements;
15. table/summary of packaging of the subject competing marks, from 2007 to 2010; and
16. various statements of accounts and cost estimates.<sup>24</sup>

On the Respondent's offer of evidence, the Complainant filed its comment and objections on 13 February 2012. Thereafter, the case was deemed submitted for decision the Complainant and the Respondent having filed their memoranda on 29 March 2012 and 30 March 2012, respectively.

Records show that the parties are competitors in the meat products or processing business. Both manufacture, market and sell ham products bearing their respective brands or trademarks - "Purefoods Fiesta Ham Label Design" for the Complainant as against the Respondent's mark "Pista".

The Complainant, however, accuses the Respondent of trademark infringement

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<sup>24</sup> Marked as Exhibits "1" to "105", inclusive.

claiming that the trademark "Pista" is confusingly similar to the mark "Purefoods Fiesta Ham Label Design". The Complainant also charges the Respondent of committing unfair competition in using the "Pista" trademark and a red bag, which product packaging according to the Complainant, is similar to the one bearing the trademark "Purefoods Fiesta Ham Label Design".

Can the Respondent be held liable for trademark infringement and unfair competition?

Sec. 155 of Rep. Act No. 8293, also known as the Intellectual Property Code of the Philippines ("IP Code") defines, among other things, trademark infringement, to wit:

SEC.155. Remedies; infringement. - Any person who shall, without the consent of the owner of the registered mark:

155.1. Use in commerce of 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. x x x Provided, that the 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. (Emphasis supplied)

Under the above-quoted provision of law, there is trademark infringement if the Respondent uses a mark alleged to be a reproduction, counterfeit, copy or a colorable imitation of a registered mark or a dominant feature of a registered mark belonging to the Complainant. This means that it is an essential or indispensable element of trademark infringement that the Complainant's mark is already registered at the time the Respondent committed any of the acts mentioned in Sec. 155 of the IP Code. Corollarily, Sec. 159 (Limitations to Actions for Infringement) of the IP Code is explicit, to wit:

159.1. Notwithstanding the provisions of Section 155 hereof, a registered mark shall have no effect against any person who, in good faith, before the filing date or the priority date, was using the mark for the purpose of his business of enterprise; Provided, That his right may only be transferred or assigned together with his enterprise or business or with that part of his enterprise or business in which the mark is used. (Emphasis supplied)

In this regard, the records and evidence show that the Complainant's predecessor-in-interest filed a trademark application for "Purefoods Fiesta Ham Label Design" on 19 June 2007 and was issued Cert. of Trademark Reg. No. 4-2007-006325 on 17 December of the same year.<sup>25</sup> But the records and evidence also show that the Respondent has been using the mark "Pista" since 2006, even filing a trademark application there for on 06 October 2006.<sup>26</sup> These facts are not disputed by the Complainant; it even conceded it as one the facts established by evidence.<sup>27</sup>

<sup>25</sup> Exhibit "B".

<sup>26</sup> Exhibits "2" to "70", and "77".

<sup>27</sup> See Complaint, par. 15, Complainant's Memorandum, par. 36, and page 4 of the Transcript of Stenographic Notes (TSN) of 07 Dec. 2010.

Considering therefore that at the time the Respondent used the mark "Pista" there is no trademark application much less a trademark registration yet for "Purefoods Fiesta Ham", the Complainant has no cause of action or enforceable right against the Respondent pertaining to a trademark rights holder.

On the basis of this factual finding and application of Sections 155 and 159 of the IP Code alone, the instant complaint must be dismissed.

Moreover, this Bureau noticed that the Complainant filed this case only on 05 November 2010. Rule 2, Sec. 1 of the Rules and Regulations on Administrative Complaints for Violation of Law Involving Intellectual Property Rights, provides that "*All administrative complaints for violation of the IP Code or IP Laws shall be commenced by filing a verified complaint with the Bureau within four (4) years from the date of commission of the violation, or if the date be unknown, from the date of discovery of the violation.*" It appears, therefore, that the four (4) year prescriptive period to file this case had already lapsed.

Furthermore, under Sec. 155 of the IP Code, it is not sufficient that one's mark resembles a registered mark belonging to other person. To be liable for trademark infringement, the Respondent's use of the mark must likely to cause confusion, mistake or to deceive.

This Bureau cannot give weight or credence to the substance of the evidence or testimony regarding the surveys and/or the results thereof commissioned by or conducted at the behest of the parties<sup>28</sup>. These surveys are self-serving and negate each other. Considering that what the surveys want to impress upon this Bureau is the actual or absence of confusion - or the likelihood or unlikelihood thereof - from the point of view of a consumer, such response from a particular consumer is to be treated as testimonial evidence. Thus, without the respondents to the surveys being presented as witnesses and subjected to cross-examination or clarificatory questioning, the responses therefore are mere hearsay. Moreover, this Bureau noticed that with respect to the survey subject of the judicial affidavit of the Complainant's witness Glenda D. Sy, the survey was done from 13 November 2010 to 10 December 2010<sup>29</sup>. The survey therefore was conducted after the Complainant already filed the complaint on 05 November 2010 and was not yet finished even after the Respondent had already filed its Answer on 07 December 2010. In other words, the survey - which the Complainant's is presenting as evidence to prove its cause of action - was still being conducted at the time when there was already a "joinder of issues" upon the filing by the Respondent's of its Answer.

Succinctly, the determination of whether the Respondent's use of the mark "Pista" is likely to cause confusion, mistake or to deceive has to rely on a comparison of the competing marks.

From a comparison of the competing marks a conclusion is drawn that it is unlikely for the public to commit mistake or be confused much less deceived in this

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<sup>28</sup> Exhibit "V" and Exhibit "79".

<sup>29</sup> Exhibit "V", page 5.

instance. The Respondent's mark is not a reproduction or a counterfeit or a copy of the Complainant's mark. Neither can "Pista" be considered a colorable imitation of the mark "Purefoods Fiesta Ham Label Design". Colorable imitation has been defined as such a close or ingenious imitation as to be calculated to deceive ordinary purchasers, or such resemblance of the infringing mark 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 be the other<sup>30</sup>.

This Bureau does not subscribe to the idea that the issue of whether the competing marks are confusingly similar involves only the comparison between the words "Pista" and "Fiesta". The Complainant's mark is composite and is entitled "Purefoods Fiesta Ham Label Design". It is described as "THE MARK CONSISTS OF THE HOUSE MARK AND LOGO OF "PUREFOODS" FOLLOWED BY THE WORDS "FIESTA HAM" IN THE MIDDLE IN STYLIZED FONT". Said party did not even claim color.

The Complainant argues that the word "Fiesta" is the dominant feature of its mark which, according to the Complainant, the Respondent's witness Jonathan Bendicion admitted.<sup>31</sup> A review, however, of the part of the records cited by the Complainant shows that the said witnesses never said that "Fiesta" is the dominant feature of the Complainant's mark. The witness merely agrees to the fact that the words "Fiesta Ham" are printed bigger than "PUREFOODS". The witness even said that as to the words "Fiesta Ham", "*It's not very conspicuous to me.*"

Aptly, while the words "Fiesta Ham" may have been printed in bigger font than "PUREFOODS" it does not necessarily mean that the word "Fiesta" is now the dominant feature of the mark. The size of a word is not the sole basis in determining which feature or part of a trademark is the prominent or dominant feature. Other factors like color, style, configuration and familiarity to the consumers affect one's appreciation as to which feature of the trademark is the most prominent or dominates. Thus, even small white or yellow dot in the middle of a black or dark colored paper or surface is the feature that would catch the eyes. In the same manner, a single small red, orange or yellow flower would stand out amidst broad green leaves.

In the Complainant's trademark, the house mark and logo of "PUREFOODS" with its distinctive colors, block capital letters, and position, rivals the other feature on the issue of prominence. On the other hand, there is no sense in arguing that "Pista" is the dominant feature of the Respondent's mark because the word composes the entire trademark of the Respondent.

Thus, there is no way that in looking at these competing marks, even if placed side by side, the eyes would be deceived or be confused as to the origin or manufacturer of these hams, to wit:

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<sup>30</sup> *Emerald v. Court of Appeals*, G.R. No. 100098, 29 Dec. 1995.

<sup>31</sup> See Complainant's Memorandum, par. 67 citing TSN, pp. 109-117 (01 Dec. 2010)

The logo for 'Pista' is written in a stylized, cursive font with a thick, black outline. The letter 'P' is particularly large and prominent.

It is unlikely for a consumer to be swayed to buy the Respondent's ham thinking that it was manufactured by or originated from the Complainant. The public is more discerning and more likely familiar with food products that are not cheap, especially those that are laid down on the table on special occasions and celebrations. The parties' respective ham products are for Christmas season sales during which the parties put their own "booths" or "standees" with assigned sales clerks to cater to the needs of their customers.

Aptly, 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.<sup>32</sup> The Respondent's mark satisfies this function test.

That the competing marks are not confusingly similar is highlighted by the fact that the registration of the Respondent's mark was allowed. The Respondent was issued Cert. of Reg. No. 4-2010-002433. Apparently, no party, including the Complainant, filed an opposition to the registration of the Respondent's mark. It is emphasized that this Bureau, as an integral part of the Intellectual Property Office of the Philippines, can take cognizance of the entries and contents in the Trademark Registry via judicial notice. And, the records show that the word "Fiesta" as a mark or as a feature of a mark is not unique and highly distinctive in relation to hams and other food products.<sup>33</sup>

With the finding that the competing marks are not confusingly similar, it follows therefore that the Respondent is also not guilty of unfair competition, the IP Code defines unfair competition as follows:

SEC. 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,

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<sup>32</sup> *Pribhdas J. Mirpuri v. Court of Appeals*, G. R. No. 114508, 19 November 1999, citing *Etepha v. Director of Patents, supra*, *Gabriel v. Perez*, 55 SCRA 406 (1974). See also Article 15, par. (1), Art. 16, par. (1), of the Trade Related Aspects of Intellectual Property (TRIPS Agreement).

<sup>33</sup> See Exhibit "92", inclusive.

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, 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 other subsequent vendor of such goods or any agent of any vendor engaged in selling such goods with a like purpose. *(Emphasis supplied)*

The essential elements of an action for unfair competition are confusing similarity in the general appearance of the goods and intent to deceive the public and defraud a competitor. None of the elements of unfair competition is present in this case. Not only the competing marks not confusingly similar, the general appearance of the goods through their labels and packaging are also unlikely to cause confusion much less deception as to the origin or manufacturer of these hams. The respective labels or packaging of the parties clearly shows that one came from "Purefoods" and the other from "CDO". Moreover, the distinctive and fanciful configuration or presentation, including the color, of the words "CDO" and "Pista" assure that the public would not confuse it with "Purefoods Fiesta Ham". The marked differences or distinction between the packaging and appearances of the parties' respective goods or products are maintained as they evolved from the time "Pista" appeared in the market, as shown below:

**Complainant's Product Packaging  
And Appearance**

Up to 2008  
*(Bag)*



*Front*

**Respondent's Product Packaging  
And Appearance**

Up to 2008  
*(Box)*



*Sides*



*Backside*

2009 and 2010  
*(Bag)*

2009 and 2010  
*(Bag)*



*Front*



*Front*



*Backside*



*Backside*

2010  
(Bag)



*Front*



*Backside*

Without a doubt, at any given time the parties' respective product packaging differs. One can clearly distinguish the "CDO" ham product from the "PUREFOODS" product. Before 2009, the Respondent used a box with predominantly red coloring as against the Complainant's green colored-bag. Even for the years 2009 and 2010 when the Respondent used a bag and the Complainant shifted to red colored bag, there are pronounced and glaring differences between their respective packaging. The Respondent hams cannot be mistaken for the Complainant's because the bag not only contain the word "CDO" and "Pista" but also the registered mark "Holiday".

In fact, evidence shows that it is the Respondent who first used the color red in its packaging. The Complainant has been using green colored bags for its ham products and shifted to red bags only in 2009, at the time the Respondent favored a bag over the box. Clearly, no intent to deceive or defraud can be inferred from the Respondent's use of the

A handwritten signature or mark in the bottom right corner of the page, appearing to be a stylized 'R' or similar character.

color red in its packaging when in fact as between the parties, it is the Respondent who first used the color red in its trade dress, label or packaging. As regards the depiction of a ham and fruits in the packaging, these are representative of the product itself and of the occasion or season for which the Complainant has no monopoly of.

Likewise, the manner of selling the Respondent's products or conveying it to the public, including commercials, advertisement and actual point of sale, prove that the Respondent does not have any intention to pass off its ham products as that of the Complainant's.

This Bureau finds that the Respondent's choice of the word "Pista" as a mark was in good faith. The Respondent has a registered trademark - "Holiday" - which it also uses on ham products. While the Complainant may have been correct in its argument that the vernacular "*pista*" is a translation of the Spanish word "*fiesta*", the Respondent is equally accurate in its representation that "*pista*" is also a translation of the English word "*holiday*". As mentioned above, the word "Fiesta" as a mark or as a part of a trademark as used on food products is very common and thus, not unique. But in spite of the proliferation of the "Fiesta" marks in the Trademark Registry belonging to entities other than the Complainant, the Respondent chose not to join the "bandwagon" so to speak and instead adopted a mark that is not only clearly distinct from the "Fiesta" marks but the origin of which can be traced from its registered mark "Holiday".

Accordingly, there being no trademark infringement and unfair competition on the part of the Respondent, there is no basis for an award of the damages in favor of the Complainant.

Neither is there factual or legal basis to award the Respondent damages. The Complainant filed the instant case because it believed that its registered mark is being infringed. Lastly, with the conclusion and finding that the competing marks are not confusingly there is no reason to cancel the Complainant's mark.

**WHEREFORE**, premises considered, the instant complaint for trademark infringement and unfair competition is hereby **DISMISSED** for lack of merit.

**SO ORDERED.**

Taguig City, 17 July 2012.

  
NATHANIEL S. AREVALO  
Director IV, Bureau of Legal Affairs