

HDN DEVELOPMENT CORPORATION,
Petitioner,

-versus-

**COLUMBIA INTERNATIONAL FOOD
PRODUCTS, INC.,**
Respondent-Registrant.

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IPC No. 14-2011-00419
Cancellation of:
Reg. No. 4-2008-011871
Date Issued: 04 May 2009
TM: "KRISPY KNUT"

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NOTICE OF DECISION

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GREETINGS:

Please be informed that Decision No. 2016 - 28 dated January 25, 2016 (copy enclosed) was promulgated in the above entitled case.

Taguig City, January 25, 2016.

For the Director:

Edwin Q. Dating
Atty. EDWIN DANILO A. DATING
Director III
Bureau of Legal Affairs

HDN DEVELOPMENT CORPORATION,
Petitioner,

- versus -

**COLUMBIA INTERNATIONAL FOOD
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Respondent-Registrant.

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IPC No. 14-2011-00419

Cancellation of:
Reg. No. 4-2008-011871
Date Issued: 04 May 2009
Trademark: "KRISPY KNUT"

Decision No. 2016 - 8

DECISION

HDN DEVELOPMENT CORPORATION ("Petitioner")¹ filed a petition for cancellation of Trademark Registration No. 4-2008-011871. The registration, issued to COLUMBIA INTERNATIONAL FOOD PRODUCTS, INC. (Respondent-Registrant)², covers the mark "KRISPY KNUT" for use on goods under class 30³, namely: *candies*.

The Petitioner alleges the following grounds for this instant petition:

"1. Under Section 123.1 (d) of R.A. 8293 otherwise known as the Intellectual Property Code (hereinafter 'the Code'), the trademark KRISPY KNUT cannot be registered.

- a. The trademark KRISPY KNUT nearly resembles petitioner's registered trademark KRISPY KREME as to be likely to deceive or to cause confusion.
- b. For one, KRISPY KNUT shares the same first word - 'KRISPY' - with petitioner's world-famous KRISPY KREME trademark.
- c. Furthermore, KRISPY KNUT, just like petitioner's KRISPY KREME, makes use of the same first letter, the letter 'K', in both words that comprise the trademark, i.e., 'Krispy' and 'Knut'.
- d. KRISPY KNUT further resembles KISPY KREME in that it is also composed of two (2) words, and the second word is likewise monosyllabic. Thus, when pronounced, 'KRIS-PY KNUT' has three (3) syllables just as 'KRIS-PY KREME' does.
- e. In addition, KRISPY KNUT and KRISPY KREME have exactly the same first seven (7) letters, rendering the trademarks very similar aurally and visually.
- f. Significantly, since 'krispy' is the first word in KRISPY KREME and it is a coined word as may be inferred from its fanciful spelling, it is the dominant element of

¹ A corporation duly organized under and by virtue of the laws of the United States of America, with principal place of business at 370 Knollwood Street, Suite 500, Winston-Salem, North Carolina 27103 U.S.A.

² A corporation duly organized under and by virtue of the laws of the Philippines, with principal place of business at Navotas, Manila.

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

KRISPY KREME, along with the use of the letter 'k' in both 'KRISPY' and 'KREME'. This being the case, KRISPY KNUT is, without a doubt, confusingly similar to KRISPY KREME as it adopts the same dominant features of the latter.

x x x

"2. Petitioner as registrant of the trademark KRISPY KREME has an exclusive right to use the said trademark in connection with various goods and services in classes 30 and 43 covered by Certificate of Registration No. 4-2004-010019.

x x x

"3. Section 123.1 (e) of the Code provides that a trademark which is confusingly similar to an internationally well-known mark and which is used for identical or similar goods cannot be registered.

x x x

"4. Petitioner is likewise invoking and relying on Article 6bis of the Paris Convention.

x x x

"5. Out of the infinite array of words, symbols, and concepts from which to choose, respondent deliberately adopted the trademark KRISPY KNUT to designate its goods, thereby betraying its manifest intent to ride on the popularity of petitioner's registered and internationally well-known KRISPY KREME trademark and to capitalize on the goodwill associated therewith.

x x x

"6. Respondent's of the trademark KRISPY KNUT for candies in class 30 is not authorized or consented to by petitioner. Such use, therefore, constitutes trademark infringement and/or unfair competition, acts that are prohibited and punishable by law.

"7. Considering the foregoing, the interests of the petitioner, as the owner of the registered and internationally well-known KRISPY KREME trademark an trade name, will be damage and prejudiced by the continued use and adoption as well as registration by respondent of the trademark KRISPY KNUT."

The Petitioner's evidence consists of the following:

1. Affidavit executed by Darryl R. Marsch;
2. Trademark registrations for the KRISPY KREME and variants;
3. Affidavit executed by Atty. Eduardo B. Ungco Jr.

On 17 January 2012, Respondent-Registrant filed its Answer containing among other the following Special/Affirmative Defenses:

"5. Petitioner has no cause of action against the respondent-registrant and has no valid and justifiable ground to pray for the cancellation of the trademark registration for KRISPY KNUT;

"6. Respondent-registrant is not using the corporate name of the petitioner to identify its products. Neither is it using it as an indication of the source of respondent-registrant's products.

"7. Respondent-registrant has every right to register the trademark KRISPY KNUT in the Philippines because it is the true and rightful owner of the said trademark and it is the senior-

registrant and the first to file for the registration of the same in the Philippines for candies in International Class 30;

"8. Respondent-registrant adopted and started the use of the KRISPY KNUT in good faith.

"9. Petitioner is barred by equitable principles of acquiescence, laches and estopped from petitioning for the cancellation of the registration for the trademark KRISPY KNUT."

Thereafter, the preliminary conference was conducted and terminated on 08 May 2012. The Respondent-Registrant is deemed to have waived its right to submit position paper considering its failure to appear in the said conference. Hence, this decision.

Should Respondent-Registrant's trademark KRISPY KNUT be cancelled?

It is emphasized that the essence of trademark registration is to give protection to the owners of trademarks. The function of a trademark is to point out distinctly the origin or ownership of the goods to which it is affixed; to secure to him, who has been instrumental in bringing out into the market a superior 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.⁴

Section 151.1 of R.A. No. 8293, also known as the Intellectual Property Code of the Philippines ("IP Code") provides:

x x x A petition to cancel a registration of a mark under this Act may be filed with the Bureau of Legal Affairs by any person who believes that he is or will be damaged by the registration of a mark under this Act as follows:

x x x

(b) At any time, if the registered mark becomes generic name for these goods or services, or a portion thereof, for which it is registered, or has been abandoned, or its registration was obtained fraudulently or contrary to the provisions of this Act, or if the registered mark is being used by, or with the permission of, the registrant so as to misrepresent the source of the goods or services on or in connection with which the mark is used. x x x

In relation, Sec. 123.1 (d) of the IP Code provides:

A mark cannot be registered if it:

x x x

(d) Is identical with a registered mark belonging to a different proprietor or a mark with an earlier filing or priority date, in respect of:

- (i) The same goods or services, or
- (ii) Closely related goods or services, or
- (iii) If it nearly resembles such a mark as to be likely to deceive or cause confusion;

⁴ Pribhdas J. Mirpuri v. Court of Appeals, G.R. No. 114508, 19 Nov. 1999. See also Article 15, par. (1), Art. 16, par. 91 of the Trade-related Aspect of Intellectual Property (TRIPS Agreement).

The following marks are hereby reproduced for comparison:

KRISPY KREME



KRISPY KREME

Petitioner's Trademarks

KRISPY KNUT

Respondent-Registrant's Trademark

A practical approach to the problem of similarity or dissimilarity is to go into the whole of the two trademarks pictured in their manner of display. Inspection should be undertaken from the viewpoint of a prospective buyer. The trademark complained of should be compared and contrasted with the purchaser's memory (not in juxtaposition) of the trademark said to be infringed. Some such factors as "sound; appearance; form, style, shape, size or format; color; ideas connoted by marks; the meaning, spelling, and pronunciation, of words used; and the setting in which the words appear" may be considered.⁵ Thus, confusion is likely between marks only if their over-all presentation, as to sound, appearance, or meaning, would make it possible for the consumers to believe that the goods or products, to which the marks are attached, emanate from the same source or are connected or associated with each other.

The eyes can easily see that the marks are different. The similarity between the marks manifests only in the word mark KRISPY. Such resemblance, however, is not sufficient to conclude that confusion is likely to occur.

The word "KRISPY" is a common word usually used in relation to food. The word is widely used as a trademark or part thereof. In fact, the Trademark Registry, the contents of which this Bureau can take cognizance of via judicial notice, shows registered marks that consist of the word "KRISPY" for goods covering the same or related class, such as: **KRISPY THINS** (*Reg. No. 42008011224*); **KRISPY FOODS** (*Reg. Nos. 42004006760 and 42004006761*); and, **JACK n' JILL KRISPY LIEMPO NI MANG JUAN** (*Reg. No. 42013503172*).⁶ These marks are owned by entities other than the Petitioner.

In fact, there are various trademark pending applications, abandoned, or removed from registry which all contain the word KRISPY in its trademark, such as: KRISPY KRUMBS, KRISPY PUFFS,

⁵ Etepha A.G. vs. Director of Patents, G.R. No. L-20635, 31 March 1966.

⁶ IPOPHL Trademarks Database, available at <http://www.wipo.int/branddb/ph/en/> (last access 25 January 2016).

KRISPY JUNIORS, KRISPY NIBBLES, etc. This only shows that the word "KRISPY" as a mark is not anymore distinctive as far as goods under classes 29, 30 and other related class are concerned.

The Petitioner's mark include the word KREME, with some variants of which in distinctive font and logo.⁷ On the other hand, the Respondent-Registrant's mark includes the word KNUT in simple font sans logo. The presence of these words added to the word KRISPY makes the competing marks distinct in its appearance and individuality.

Moreover, confusion or mistake, much less deception, is unlikely in this instance because the goods or service covered by Petitioner's trademark registration are different from that of the Respondent-Registrant's. The Petitioner's marks cover doughnuts, doughnut holes, pies, cakes, buns, bagels, pastries of all types, doughnuts mixes, glaze flavors, coffee, tea, cocoa and artificial coffee. It also includes services providing for food and drink, or restaurants specializing in the provision of the mentioned goods.⁸ Respondent-Registrant, on the other hand, covers candy. In addition, Petitioner's restaurant or food shop and the goods it offer to the public are only made available in specialty shops which carry its brand; while, Respondent-Registrant's candies do not appear to be catered on the same manner. A consumer could easily discern that there is no connection between the two marks because of the mentioned stark differences of the marks and goods it cover.

Corollarily, the enunciation of the Supreme Court in the case of Mighty Corporation vs. E. & J. Gallo Winery⁹ aptly states that:

"A very important circumstance though is whether there exists likelihood that an appreciable number of ordinarily prudent purchasers will be misled, or simply confused, as to the source of the goods in question. The 'purchaser' is not the 'completely unwary consumer' but is the 'ordinarily intelligent buyer' considering the type of product involved. he is 'accustomed to buy, and therefore to some extent familiar with, the goods in question. The test of fraudulent simulation is to be found in the likelihood of the deception of some persons in some measure acquainted with an established design and desirous of purchasing the commodity with which that design has been associated. The test is not found in the deception, or the possibility of deception, of the person who knows nothing about the design which has been counterfeited, and who must be indifferent between that and the other. The situation, in order to be objectionable, must be such as appears likely to mislead the ordinary intelligent buyer who has a need to supply and is familiar with the article that he seeks to purchase."

Finally, it is emphasized that the essence of trademark registration is to give protection to the owners of trademarks. The function of a trademark is to point out distinctly the origin or ownership of the goods to which it is affixed; to secure to him who has been instrumental in bringing into the market a superior article of merchandise, the fruit of his industry and skill; to assure the public that they are procuring the genuine article; to prevent fraud and imposition; and to protect the manufacturer against substitution and sale of an inferior and different article as his product.¹⁰ This Bureau finds that the Respondent-Applicant's mark meets this function.

⁷ Exhibits "A" and sub-markings of Opposer.

⁸ Id. at 7.

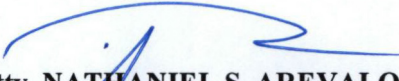
⁹ G.R. No. 154342, 14 July 2004.

¹⁰ Pribhdas J. Mirpuri vs. Court of Appeals, G.R. No. 114508, 19 November 1999.

WHEREFORE, premises considered, the instant petition is hereby **DENIED**. Let the filewrapper of the subject trademark application be returned, together with a copy of this Decision, to the Bureau of Trademarks for information and appropriate action.

SO ORDERED.

Taguig City, 25 January 2016.



Atty. NATHANIEL S. AREVALO
Director IV, Bureau of Legal Affairs