

INTERNATIONAL PHARMACEUTICAL INC.,
Complainant,

-versus-

REQUERME H. ABOG doing business under
the name and style of ELLESTREQUE
MARKETING, ELLESTREQUE INDUSTRIES
ELLESTREQUE MANUFACTURING AND
INDUSTRIAL CORPORATION,
Respondent(s),
X-----X

IPV No. 10-2006-00007
For: Violation of Intellectual
Property Code, Damages,
Injunction and with Prayer
for Writ of Preliminary
Injunction

NOTICE OF DECISION

BADUEL * ESPINA & ASSOCIATES
Counsel for the Complainant
Suite 307, GMC Plaza Bldg.
Legaspi Extn. cor. M.J. Cuenco Avenue
Cebu City

A.Q. ANCHETA & PARTNERS
Counsel for the Respondent
Suite 1009 Paragon Plaza Bldg.
EDSA cor. Reliance St.
Mandaluyong City

GREETINGS:

Please be informed that Decision No. 2016 - 04 dated February 19, 2016 (copy enclosed) was promulgated in the above entitled case.

Taguig City, February 19, 2016.

For the Director:

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

**INTERNATIONAL PHARMACEUTICAL
INC,**

IPV NO. 10-2006-00007

Complainant,

- versus -

**REQUERME H. ABOG doing business under
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Respondent.

X -----X

DECISION NO. 2016 - 04

DECISION

INTERNATIONAL PHARMACEUTICAL INC. (“Complainant”)¹, filed a complaint against REQUERME H. ABOG (“Respondent”) doing business under the names ELLESTREQUE MARKETING², ELLESTREQUE ENTERPRISES³ and ELLESTREQUE MANUFACTURING AND INDUSTRIAL CORPORATION⁴, for violation of the Intellectual Property Code with prayer for damages, injunction and writ of preliminary injunction. The Complaint was filed on 15 May 2006 with an Amended Complaint being filed on 5 June 2006.

The Complainant’s allegations⁵ are as follows:

“1.3. Plaintiff IPI [complainant] manufactures and sells Efficascent Oil, a household remedy duly registered with the Bureau of Food and Drugs. It was introduced to the Philippines way back in the 1949.

“1.4. To identify its product and to distinguish Efficascent Oil from other goods. IPI adopted a trademark which due to decades of continuous usage has identified the

¹a corporation organized and existing under Philippine laws with office address at Golam Drive, Mabolo, Cebu

²with address at Yati, National Highway, Liloan Cebu;

³with address at #9 Alaminos-Mayen St. Rolling Hills Subdivision, Bacaca Davao City

⁴with address at #9 Alaminos-Mayen St. Rolling Hills Subdivision, Bacaca Davao City

⁵ Amended Complaint dated 15 May 2006

product in the minds of the public. As such, plaintiff has acquired proprietary right over the said trademark;

"1.5. Moreover, IPI has registered its trademark per Registration No. 42576 and Registration No. 22187 and Registration No. 4-1993-088744 with the then Bureau of Patents, Trademark and Technology Transfer now the Intellectual Property Office.

"1.6. Very recently, plaintiff discovered that defendants are manufacturing and selling Electruscent Oil with appearance, packaging and trademark and other essential features identical with, confusingly similar to Efficascent Oil which acts constitute infringement of the Intellectual Property Rights of and unfair competition to plaintiff.

"1.7. The Electruscent Oil is clearly identical and confusingly similar in appearance with Efficascent Oil as shown but not limited to the following:

- a.) It has identical and/or confusingly similar shape and size of bottles;
- b.) The caps are confusingly identical and/or similar in marking and appearances;
- c.) The shape, color and general appearance including the red trimming at the edge or border of the Electruscent Oil label is confusingly similar to Efficascent Oil;

"1.9. [sic] Moreover, the products are the same as Efficascent Oil and Electruscent Oil have the same composition i.e. Methyl Salicylate Camphor+Menthol.

"1.8. [sic] Clearly, with the use of identical or confusingly similar packaging and trademark, defendants intended to mislead the public as to the nature, quality, origin of the products;

First Cause of Action
(Infringement)

x x x

"2.2. Defendnat have infringed on IPI's property right over the trademark in that defendants, without the consent of IPI;

- a.) are using in commerce the colorable copy or imitation of plaintiff's registered mark using the same containers and dominant features thereof in connection with the sale, offering for sale, distribution of Electruscent Oil including other preparatory steps necessary to carry out the sale which use is likely to cause confusion or to cause mistake, or to deceive the buying public.
- b.) defendants have colorably imitated and continues to imitate plaintiff's registered mark and dominant features thereof and apply such copy of colorable imitation to labels, signs, prints, packages, wrappers, or receptacles to be used in commerce upon or in connection with the sale, offering for sale, distribution, of Electruscent Oil and in connection with such use is likely to cause confusion, or to cause mistake or to deceive;

"2.3. It is apparent that defendants have actual intent to mislead the public or defraud plaintiff;

"2.4. As a result of the infringement of plaintiff's registered mark, plaintiff suffered damages in the amount of no less than P200,000.00;

SECOND CAUSE OF ACTION
(Unfair Competition)

x x x

"3.2. Plaintiff IPI has identified in the mind of the public the Efficascent Oil and in fact its trademark is duly registered with the Intellectual Property Office;

"3.3. That sale and distribution of Electruscent giving them the general appearance of plaintiff's product constitutes unfair competition in that:

- a.) Defendant's act of selling Electruscent Oil and giving them the general appearance of plaintiff's Efficascent Oil 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, misleads and would be likely to influence purchasers to believe that the goods offered are those of plaintiff;

b.) The act of clothing the Electruscent Oil with such appearance as Efficascent Oil shall deceive the public and defraud Plaintiff of its legitimate trade;
"3.4. That the unfair competition has caused damage to plaintiff in an amount of no less than P200,000.00;

THIRD CAUSE OF ACTION
(INJUNCTION)

x x x

"4.2. To prevent defendant from further committing acts of infringement against plaintiffs registered trademark and from further committing unfair competition, plaintiff is clearly entitled to remedy of injunction pursuant to Section 156 of the Republic Act No. 8293;

FOURTH CAUSE OF ACTION

x x x

"5.2. In order to protect its interest, plaintiff was constrained to engaged the services of counsel for a fee of P100,000.00 and to pay him an appearance fee of P20,000 per appearance and to incur litigation expenses which shall no less than P100,000.00."

On 14 June 2006, Respondent filed his Answer with Counterclaim denying all the material allegations in the complaint. In addition, the Respondent averred special and affirmative defenses which pertinent portions are quoted as follows⁶:

"13. Certainly, there is no "likelihood of confusion" that could arise in the use of respondent's "Electruscent Oil" vis-à-vis complainant's "Efficascent Oil." There is no similarity in their names other than the word "oil" which was disclaimed in the alleged registration of the said marks by the complainant. Moreover, the targeted consumers of these products are not so called "undiscerningly rash" purchasers as defined in the case of Societe Des Prdooutis (sic) Nestle, S. A. vs. Court of Appeals since the products here are not "inexpensive and common" household items bought off the shelf. These are medicated items which are even sold through pharmacies and "boticas." Hence, a keen and perceptive examination by the consumers of the products bearing the trademarks is more likely with its efficacy in mind, as well.

x x x

"16. It is beyond doubt that respondent has clearly indicated in the label of the company's product that the same was manufactured by Ellestreque Pharmaceutical and Industrial Corporation thereby effectively giving notice to the targeted consumers that the product is different from that of its competitors. Aside from this, the stark dissimilarities in the packaging clearly signifies that there is no passing off (or palming off) and neither is there any intention to do that. Thus, the allegation of the existence of an unfair competition is at best imaginary on the part of complainant.

"17. It must be underscored that except for the bare and sweeping claim that there is confusing similarity between the marks, the Complaint does not show any basis and supporting evidence of such claim;

"18. The general claim that *"it has identical and/or confusingly similar shape and size of bottles"* and that *"the caps are confusingly identical and/or similar in marking and appearances"* have no place in this Complaint since complaint failed to show that it has a design registration or design patent on the design of its bottle and cap. Thus, the same should be given scant consideration;

"19. Further, the sweeping claim that *"the shape, color and general appearance including the red trimming at the edge or border of the Electruscent Oil label is confusingly similar to Efficascent Oil."* Should be given short shrift considering that

⁶ Answer with Counterclaim dated 14 June 2006

a side-by-side comparison would readily reveal that the colors are completely different with the prevalence of the color green (from light to dark green) in respondent company's mark. Let it be underscored that the respondent company's mark employs a very distinctive long gray scroll box that is enclosed by a round arc or curved device resembling a door which is borderline between the red border and the gray scroll. A holistic appreciation of the said marks should be taken into account and not just the alleged dominant features which apparently does not exist at all.

"20. Moreover, the allegation that "the products are the same as Efficascent Oil and Electruscant Oil have the same composition i.e. Methyl Salicylate Campor+Menthol" does not have any bearing in this Complaint considering again that Complainant does not have any patent on the composition of the medicated products. It should be noted that there are other such product in the market using the same components and yet complainant has not contested the same.

x x x

"25. Likewise, it would be of great injustice and unjust enrichment to the respondent if the complainant is awarded attorney's fees judging from the merits of this case. Hence, if complainant incurred attorney's fees and cost of suit, it has nobody else to blame but itself for instituting a baseless and malicious case and thus, should take responsibility for its own actions and decisions. Thus any claim for legal expenses or attorney's fees must be dismissed;

And by way of –

COUNTERCLAIM

"26. By reason of filing of this complaint, respondent's reputation was damaged for which complainant should be held liable to the respondent in the amount of One Hundred Fifty Thousand Pesos (PhP 150,000.00) as moral damages.

"26. (sic) In order to protect his rights, respondent had to secure the services of the undersigned counsel and for which the complainant should be made liable to pay the amount of One Hundred Seventeen Thousand Six Hundred Pesos (PhP 117,600.00) as attorney's fees; and

"27. (sic) In order to serve as a deterrent and example to others of like mind from filing such a complaint, complainant should be held liable to pay respondent the amount of One Hundred Fifty Thousand Pesos (PhP 150,000.00) as exemplary damages."

During the hearing for Injunction and Temporary Restraining Order, the Complainant presented its Regional Sales Manager, Mr. Artemio D. Verdida, as its lone witness. The Respondent presented as witnesses: Ms. Mayeth P. Gerardo, and Ms. Maria Christina Pia V. Heruela. The Respondent himself also testified.

This Bureau issued Order No. 2006 – 144 denying the application for injunction and/or temporary restraining order. A Motion for Reconsideration was filed by the Complainant which was also denied by this Bureau in its Order No. 2006-179.

On 6 October 2006, Pre-Trial Conference was conducted, followed by, the hearing for reception of evidence on the main case. The Complainant in the hearing of 11 January 2007 manifested that they are adopting the testimony in the Injunction hearing of its lone witness, Mr. Verdida, including the evidence submitted therein.⁷ Thereafter Complainant did not present additional witness and terminated its presentation of evidence.

⁷ TSN 11 January 2007 pp. 3-5

For his part, the Respondent presented his evidence on the main case. He adopted his own testimony and the testimonies of Ms. Gerardo and Ms. Heruela during the hearing on the injunction and/or temporary restraining order and the evidence already submitted therein.⁸ The Respondent was recalled again to testify further on the main case. Then after, Respondent rested its case, and this Bureau issued Order No. 07-142 directing the parties to file their respective memoranda.

The issues to be resolved in the instant case are: a.) whether Respondent is guilty of trademark infringement; b.) whether Respondent is guilty of unfair competition; and c.) whether any of the parties are entitled for their claim of damages.

On the issue of trademark infringement, Republic Act No. 8293, also known as, the Intellectual Property Code of the Philippines (IP Code) enumerates the acts that constitute infringement of trademark, to wit:

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 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 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.

The Supreme Court has held that elements of the offense of trademark infringement are:

1. The trademark being infringed is registered in the Intellectual Property Office;
2. The trademark is reproduced, counterfeited, copied, or colorably imitated by the infringer;
3. The use or application of the infringing mark is without the consent of the trademark owner or the assignee thereof;
4. The infringing mark is used in connection with the sale, offering for sale, or advertising of any goods, business or services; or the infringing mark 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; and

⁸ TSN 2 August 2007 pp. 2-3



5. The use or application of the infringing mark 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.⁹

Among the above elements, the last one or the element of likelihood of confusion is the gravamen of trademark infringement. Hence to be liable for infringement of one's trademark, the question to be answered is whether the use of the marks is likely to cause confusion or deceive purchasers.

In the instant case, this Bureau finds that there is sufficient distinction between "Efficascent" (the non-disclaimed portion of the Complainant's mark) and "Electruscent" (the non-disclaimed portion word of Respondent's mark). Although both words start with the letter "E" and end with the letters "S", "C", "E", "N" and "T", the middle part of the two marks, namely the letters "F", "F", "I", "C", "A" for Complainant and "L", "E", "C", "T", "R", "U" for Respondent are very different from each other both in composition and in pronunciation. The presentations of the two marks as reflected in the products' label are not similar. The word mark in the Complainant's trademark is written and arranged in a diagonal stylized manner while that of the Respondent is written on a horizontal straight line. Also, in spite of the similarity with the use of red borderline on the label, the glossy silver to white background of the Complainant's label is very much distinguishable from the dominantly green background on the label of the Respondent's product. Therefore, Respondent's Electruscent Oil mark vis – a – vis Complainant's Efficascent Oil trademark will not likely cause confusion nor deceive the purchasers.

With regard to the claim of similarities in the container of the products of the parties, the Complainant did not present any design patent on the bottle and/or the metal cap used on its product. Moreover, the Complainant did not show that its container and its metal caps are distinct and unique from those available in the market such that it already acquired ownership over them and the buying public has already associated the said bottle and metal cap to its product.

Thus, taking in consideration the above distinctions, this Bureau finds that the Respondent did not commit trademark infringement since there are sufficient differences between the two trademarks as reflected on the product labels such that likelihood of confusion would not occur nor the buying public would not be mistaken to associate the product of the Respondent with that of the Complainant. Most especially, the two products in the instant case are admitted by the parties to be household remedies that make the buying consumers to be extra cautious in buying the product.

This Bureau also takes cognizance that during the pendency of the instant proceeding, the registration of the Respondent's trademark was allowed. The Respondent was issued Certificate of Registration No. 4-2006-005855 and Certificate of Registration No. 4-2009-006801 for its trademark. The Complainant did not oppose the registration of the Respondent's mark.

⁹ *Societe Des Produits Nestle, S.A. v. Dy, Jr.*, G.R. No. 172276, August 9, 2010, 627 SCRA 223, 233-234; citing *Prosource International, Inc. v. Horphag Research Management SA*, G.R. No. 180073, November 25, 2009, 605 SCRA 523, 530.

As to the allegation of Unfair Competition, the IP Code provides:

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.

The Supreme Court has defined unfair competition as the passing off (or palming off) or attempting to pass off upon the public of the goods or business of one person as the goods or business of another with the end and probable effect of deceiving the public.¹⁰

In its claim of unfair competition, the Complainant relied on alleged similarity in the general appearance or trade dress of the two competing products. However, this Bureau does not agree.

The presentations in the labels of the competing products as discussed above are distinct from each other. The composition and the manner the trademarks of the two parties were presented on their respective label are not similar. The silvery background of the Complainant's label is recognizably different from the greenish background of the Respondent's label. More significantly, in both competing products the name of the source or the manufacturers are prominently stated.

¹⁰ *Republic Gas Corporation v. Petron Corporation*, G.R. No. 194062, June 17, 2013, 698 SCRA 666, 680-681;

The claim on the purported similarity of the bottle of the two products is equally unavailing. The Complainant failed to show that the bottle and metal caps used by them is unique to their product and different from those found in the market.

In the case of Asia Brewery, Inc. vs. The Hon. Court of Appeals and San Miguel Corporation¹¹, the Supreme Court clarified that when the names of the competing products are clearly different and their respective sources are prominently printed on the label and on the other parts of the bottle, mere similarity in the shape and size of the container and label, does not constitute unfair competition. The Court added that most containers are standardized because they are usually made by the same manufacturer: milk is sold in uniform tin cans; ketchup or vinegar are sold in bottle with familiar elongated neck; and other grocery items such as coffee, mayonnaise, pickles and peanut butter are sold in standard glass jars.¹²

In addition to the above, the Complainant did not present any evidence to support its claim that its products or the packaging thereof, has already been identified in the mind of the consuming public. During the hearing, the testimony of the Complainant's lone witness, Mr. Verdida, was based only on his personal opinion without presenting any corroborating evidence in support of its claim. The pertinent records of his testimony are quoted as follows:

ATTY. PEREZ: Would you have any evidence to back up, that claim that it [the efficascent oil product] has been identified in the minds of the public, that your product is already identified as yours [IPI] and can be distinguished as yours?

WITNESS: Yes, sir, because of the number of users of this product.

ATTY. PEREZ: Just by the number of users alone, you were able to conceptualize and formulate in your mind that the same is the conceptualization in the minds of the public then? Are you part of the public?

WITNESS: Yes, I am part of the public.

ATTY. PEREZ: But you are gainfully employed by IPI?

WITNESS: Yes, I am employed in IPI.

ATTY. PEREZ: And of course, you are with sales, I understand?

WITNESS: Yes.

ATTY. PEREZ: And you would always, you would want to prop up your product being with sales, right?

WITNESS: Yes.

x x x

ATTY. PEREZ: OK. Can you honestly say that this particular paragraph 3 is, is this your personal opinion or is this the opinion that you formulated

¹¹ G.R. No. 103543, 5 July 1993

¹² *ibid*

out of certain basis or documents which would state that it was conceptualized as such in the minds of the public?

ATTY. ESPINA: Can we simplify the question, your honor?

HEARING OFFICER: OK. Mr. Witness, you stated in paragraph 3 that the Complainant has adopted a trademark which has been in the mind of the public, the trademark in the mind of the public has been associated with Complainant. Ibig sabihin ho, yung trademark nyo na Efficascent Oil, na-identify yan sa utak ng publiko na inyong produkto yan. Yan ang sinasabi mo? Sige ho, pwede nyo hong sagutin sa Tagalog.

WITNESS: Yes.

HEARING OFFICER: Naiintindihan nyo ho ba? Pwede nyo hong sagutin sa Tagalog.

ATTY. ESPINA: Can we translate, your honor in Bisaya?

HEARING OFFICER: We don't have an interpreter. OK, meron ho kasi kayong trademark na sinsabi ninyong identified sa inyo, sa kompanya nyo, which you said is identified with your company.

WITNESS: Yes

HEARING OFFICER: Paano nyo ho nasabi? Ano yung ebidensya nyo? How can you say? What is your evidence, sa pagsabi na itong Efficascent Oil na ito naa-associate sa inyo, that this Efficascent Oil mark is associated with you? What is your evidence for stating this paragraph 3?

ATTY. ESPINA : Unsa kuno'y ebidensya nga imong sulti nga kanag Efficascent Oil na kini identified sa IPI? Mga simple nga Bisaya sa kwanin, unsa kunoy ebidensya nganong mo ingon ka man sa kining Efficascent Oil produkto ni sa IPI? Unsa man imo basi ba umingon ka man kining Efficascent Oil murag kining produkto ha, produkto ni sa IPI? Munay kwes, mora ay ipasabot, mora nay pangutana sa abogado?

WITNESS: Actually, sir, kaning Efficascent Oil was introduced because of the, it was already used long time ago because it was instill in the mind of the people because this product is Efficascent Oil made, manufactured by International Pharmaceutical Incorporated.

ATTY. PEREZ: That is your only basis?

WITNESS: Yes.

ATTY. PEREZ: Long usage?

WITNESS: Yes.

HEARING OFFICER: Pero Ano ho yung ebidensya nyo? Ano yung, ibig sabihin, meron ho ba kayong dokumento o ibang ebidensya, papel o kung ano mang konkreto na ebidensya? Do you have any document or any concrete evidence para ipakita na itong Efficascent Oil, na pagnakita ng publiko, maisip nila na produkto nyo yun. That when this Efficascent Oil mark, if shown to the public, the public will think that this is your product?

WITNESS: Your honor, one of the sign or mark that that is the product of IPI is because of the appearance of the bottle, the cap of the Efficascent Oil and it was advertised before by the company.

HEARING OFFICER: So that is all?

WITNESS: Yes your honor.¹³

In addition, the Complainant did not also prove that the Respondent has been passing off its own goods as Complainant's products. During the cross-examination, the witness testified as follows:

ATTY. PEREZ: In paragraph 8 of your Affidavit, you made an examination of Electruscent Oil vis-à-vis your product, Efficascent Oil?

WITNESS: Yes, sir.

ATTY. PEREZ : This is a personal examination made by you?

WITNESS: Yes, sir.

ATTY. PEREZ: And you were able to compare both products?

WITNESS: Yes, sir.

ATTY. PEREZ: And based on your personal perception that there seem to be similarities between the two products as regards the labeling, packaging and appearances, is that right, Mr. Witness?

WITNESS: Yes, sir.

ATTY. PEREZ: OK, and based on your personal examination and perception after comparison of the products, you said there in your Affidavit, Mr. Witness.

WITNESS: When I compare, sir, we considered that there are similarities because of its label, one is for its label. As I notice that in the label, I found out that there is the borderline, a red color which is the same as our Efficascent Oil.

ATTY. ESPINA: Your honor, can we have, can we show to him?

HEARING OFFICER: OK. So Mr. Witness, this your own examination? This is an examination done by you in paragraph 8, what you have stated in paragraph 8 upon examination? Does this mean upon your personal examination?

WITNESS: Together with my marketing member.

HEARING OFFICER: Who is that?

WITNESS: Mr. Calvin Fuentes, in our office and also our attorney.

ATTY. ESPINA: Can we show this to him for purposes of examination, your honor

HEARING OFFICER: OK. Mr. Witness, why do you say and how do you say that the products are identical or similar based on your own perception?

¹³ TSN dated 5 July 2006

WITNESS: This is, your honor, on the label, your honor, you can see the borderline red and the Electruscent and Efficascent Oil is also found in the Electruscent Oil.

HEARING OFFICER: What is found?

WITNESS: The borderline, your honor, the red color. In our label, we have the red color as our borderline. The Electruscent, there is also a red color as borderline. With regards to the green color, your honor, in Electruscent Oil has a green color, the other also, ours has green color so if you will display this in the display area, I believe that this will mislead the buying public specially that the box (sic) of the Electruscent Oil is also similar to our Efficascent Oil.

HEARING OFFICER: So that's all?

WITNESS: Yes your honor. Also the bottle, your honor, it has the same bottle, the size and the physical appearance.

HEARING OFFICER: Ok. Counsel?

ATTY. PEREZ: Mr. Witness, you mentioned about the green color, the green color on your product, Efficascent Oil, where is it?

WITNESS: *(witness pointing to the green color)*

ATTY. PEREZ: Below the scroll, where the Efficascent Oil word is printed, right?

WITNESS: Yes.

ATTY. PEREZ: Its just a small green color, right?

WITNESS: Yes.

ATTY. PEREZ: How about the green color on the Electruscent Oil, would you find it spreads all throughout the label?

WITNESS: It is under the red color.

ATTY. PEREZ: Going up?

WITNESS: Yes.

ATTY. PEREZ: And it is fading green at the top?

WITNESS: It's fading red.

ATTY. PEREZ: So its entirely different from your, the green one below the scroll which is a small green, right?

WITNESS: Yes, sir.

ATTY. PEREZ: And of course, upon closer scrutiny, you can see the name Efficascent, right?

WITNESS: Yes.

ATTY. PEREZ: And you can see the name Electruscent, right?

WITNESS: Yes, if you can see it in a closer way.

x x x

ATTY. PEREZ: Going back to the label, Efficascent Oil which is written in such a way that it was inside the scroll and it was sort of wavy, right?

WITNESS: Yes.

ATTY. PEREZ: And then Electruscent Oil is just in a straight line and not in a scroll right?

WITNESS: Yes.

ATTY. PEREZ: And further, you mentioned about similarity in packaging so I assume you would know certain things about packaging, right?

WITNESS: Yes.

ATTY. PEREZ: Do you have a patent on the bottle?

HEARING OFFICER: Ang tanong ho nyan is meron kayong patent. Parang trademark, parang registration din ng trademark. Yung design ng bottle. Ibig sabihin, yung desenyong ng bottle, yung pagkakagawa ng bote, nerehistro ba yan? Ibig sabihin, yung eksaktong disenyo nyan, pag-aari nyo? Kasi pagnarehistro yan sa patent, ibig sabihin, kayo ang may-ari ng design na yon kaya hindi pwedeng gayahin ng iba ng walang pahintulot ninyo.

WITNESS: Wala kami.

HEARING OFFICER: (translation) We have no patent for that bottle.

ATTY. PEREZ: You said that there are similarities as regards the caps. Do you have a patent on the cap?

WITNESS: No, sir.

ATTY. PEREZ: You have no patent, ok. Any other similarities which you can point at?

WITNESS: No more sir. Only the color, bottle¹⁴

Finally, the Complainant was not able to establish the Respondent's malice or bad faith, which was an essential element of unfair competition. The Supreme Court held in *Coca Cola Bottlers, Phils., Inc. vs. Quintin Gomez et. al.*¹⁵ that the law does not thereby cover *every unfair act committed in the course of business*; it covers only acts characterized by "*deception or any other means contrary to good faith*" in the *passing off* of goods and services as those of another who has established goodwill in relation with these goods or services, or any other act calculated to produce the same result.

The Supreme Court has clarified that the law on unfair competition does not prohibit or enjoin every similarity. The similarity must be such that the ordinary purchaser will be deceived into the belief that the goods are those of another. It must

¹⁴ ¹⁴ TSN dated 5 July 2006

¹⁵ G.R. No. 154491, 14 November 2008


be a "similarity in the general appearance," or in the goods "taken as a whole."¹⁶ The Court explained that it frequently happens that goods of a particular class are labeled by all manufacturers in a common manner. In cases of that sort, no manufacturer may appropriate to himself the method of labeling or packing his merchandise and then enjoin other merchants from using it. They are generally put up in packages or boxes of like shape, size, and form. A manufacturer of any one of these articles may put up his particular brand of goods in the common form, without running the risk of being enjoined by another manufacturer.¹⁷ This is more appropriate in the present case where the labels and packaging of the subject goods being household remedies are regulated by the government.

As to issue on whether the Respondent will be entitled for damages, this bureau rules in the negative. As aptly held by the Supreme Court, a person's right to litigate should not be penalized by holding him liable for damages. This is especially true when the filing of the case is to enforce what he believes to be his rightful claim against another although found to be erroneous.¹⁸ Further, it is not a sound public policy to place a premium on the right to litigate.¹⁹ No damages can be charged on those who may exercise such precious right in good faith, even if done erroneously.²⁰ In this case, this bureau finds that the filing of the instant complaint was not done maliciously or in bad faith.

WHEREFORE, premises considered, the instant Complaint for Trademark Infringement and/or Unfair Competition is hereby **DISMISSED**.

SO ORDERED.

Taguig City, 19 February 2016


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

¹⁶ Alhambra Cigar, etc., Co. vs. Mojica, 27 Phil. Rep., 566; Coats vs. Merrick Thread Company, 149 U. S., 562; Enoch Morgan's Sons Company vs. Peper, 86 Fed. Rep., 956

¹⁷ The Alhambra Cigar and Cigarette Manufacturing Co. vs. Compana General de Tabacos de Filipinas, G.R. No. L-11490, 14 October 1916.

¹⁸ "J" Marketing Corporation represented by Hector L. Caludac vs. Felicidad Sia et. al., G.R. No. 127823, 29 January 1998

¹⁹ Arenas v. CA, 169 SCRA 558; Mirasol v. Dela Cruz, 84 SCRA 337

²⁰ Barreto v. Arevalo, 99 Phil. 771