



Republic of the Philippines  
**COURT OF APPEALS**  
MANILA

**SPECIAL SEVENTH DIVISION**

**THE SMILEY COMPANY,**  
*Petitioner,*

**CA – G.R. SP No. 133326**

*Members:*

-versus-

**JOSIE MARIE GAQUIT and  
INTELLECTUAL PROPERTY  
OFFICE OF THE  
PHILIPPINES (IPOP HL),**  
*Respondents.*

**REYES, JR., J.C.,**  
*Chairperson*  
**LOPEZ,** and  
**\*SADANG, JJ.**

**Promulgated:  
December 19, 2014**

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**D E C I S I O N**

**LOPEZ, J.:**

On June 17, 2011, Josie Marie Gaquit applied for the registration of the mark “HAPPY, SINANDOMENG PREMIUM WHITE RICE AND LABEL” for rice under Class 30 of the Nice Classification. The trademark application was published in the Official Gazette on September 26, 2011.<sup>1</sup> After two motions for extension of time,<sup>2</sup> the Smiley Company (Company) filed its Verified Notice of Opposition.<sup>3</sup>

On January 10, 2012, the Bureau of Legal Affairs (BLA) of the Intellectual Property Office of the Philippines (IPOP HL) issued an order requiring the Company to submit its original authenticated Special Power of Attorney and Director's Certificate.<sup>4</sup> After three motions for extension of time alleging

\* Acting Junior Member., per Office Order No. 529-14-ABR dated December 12, 2014.

1 Rollo, p. 46.

2 Id., pp. 47-49, 50, 51-53 and 54. Within the 30-day period to file a notice of opposition, the first Motion for Extension of Time to File Opposition was filed and was granted by the Intellectual Property Office of the Philippines (IPOP HL) in its Order No. 2011-1582 dated November 14, 2011. On November 15, 2011, the Company filed a Motion for Second Extension of Time to File Opposition which the IPOP HL also granted in its Order No. 2011-1635 dated November 29, 2011.

3 Id., pp. 55-66.

4 Id., Order No. 2012-71, p. 329.

that the required documents were in transit from London,<sup>5</sup> the BLA directed the Company to submit proof that the required documents are en route.<sup>6</sup> The Company then filed its Compliance attaching copies of the notarized and legalized Special Power of Attorney and Director's Certificate and stated that “[o]pposer is ready to present the original documents for comparison during the preliminary conference of this case.”<sup>7</sup>

On June 28, 2012, the BLA issued Order No. 2012-114(D) dismissing the Company's Notice of Opposition.<sup>8</sup> The BLA reasoned:

This Bureau noticed that the Opposer failed to comply with the orders of this Bureau. Sec. 8, par. (c) of Rule 2 of the Rules [on *Inter Partes* Proceedings] explicitly states, among other things, that the “*Failure to complete or cure the defect shall cause the dismissal of the case*”. This was emphasized in this Bureau's Order No. 2012-71. The submissions made on 20 February 2012 can hardly be considered as compliance to this Bureau's orders. The documents submitted are merely photocopies. And even if the same were originals, there is still no compliance on the part of the Opposer. The purported notarizations and authentications of the Special Power of Attorney and the Director's Certificate

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5 Id., pp. 329B-330, 331-332, 334-335. The Company submitted the following:

1. Urgent Motion for Extension of Time to Submit Compliance filed on January 24, 2012 which states that: “[t]he original authenticated Special Power of Attorney and Director's Certificate are already in transit from London”;
2. Urgent Motion for Extension of Time to Submit Compliance filed on January 27, 2012 providing that “[a]s much as the Opposer would like to comply with the Order dated January 10, 2012 by the Bureau of Legal Affairs, the undersigned law firm has not yet received the original authenticated Special Power of Attorney and Director's Certificate which are still in transit from London”; and
3. Urgent Motion for Extension of Time to Submit Compliance alleging that “the undersigned law firm has not yet received the original authenticated Special Power of Attorney and Director's Certificate which are still in transit from London.”

6 Id., Order No. 2012-258 dated February 9, 2012, p. 337.

7 Id., pp. 339-341. The Compliance was filed on February 20, 2012.

8 Id., pp. 351-352. The dispositive portion of the Order dated June 28, 2012 states that:

WHEREFORE, premises considered, the instant opposition is hereby DISMISSED. Let the file wrapper of Trademark Application Serial No. 4-2011-0710084 be returned, together with a copy of this Order, to the Bureau of Trademarks for information and appropriate action.

SO ORDERED.

by the Philippine Consular Office in London, United Kingdom of Great Britain and Northern Ireland, show that these were done or issued only on 07 February 2012 and 13 February 2012, respectively. In this regard, Sec. 7, par. (b) of Rule 2 states:

(b) xxx The execution and authentication of these documents must have been done before the filing of the opposition or petition.

This Bureau, in the interest of justice and to the extent allowed by the Rules, has accorded the Opposer ample liberality and opportunity to pursue its opposition. The Opposer was granted two extensions of the period within which to file the Verified Notice of Opposition, which was equivalent to ninety (90) days from the publication of the subject trademark application. In addition, this Bureau also gave several chances for the Opposer to complete or cure the defects in the requirements.

Unsuccessful<sup>9</sup> with its appeal,<sup>10</sup> the Company filed this Petition for Review<sup>11</sup> assigning the following errors:

I. THE HONORABLE DIRECTOR-GENERAL OF THE IPOPHL COMMITTED SERIOUS ERROR IN FACT AND LAW IN AFFIRMING THE DECISION OF THE BLA DISMISSING THE NOTICE OF OPPOSITION OF PETITIONER ON A MERE TECHNICALITY.

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<sup>9</sup> Id., pp. 36-40. This is the assailed decision rendered for Appeal No. 14-2012-0051 from IPC No. 14-2011-00484 regarding the Opposition to Trademark Application No. 4-2011-710084, filed on June 17, 2011. The dispositive portion of the Decision dated December 16, 2013 states that:

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

SO ORDERED.

<sup>10</sup> Id., Notice of Appeal with Memorandum of Appeal, pp. 355-374.

<sup>11</sup> Id., pp. 9-32.

- II. THE HONORABLE DIRECTOR-GENERAL OF THE IPOPHL COMMITTED SERIOUS ERROR IN FACT AND LAW IN ALLOWING THE REGISTRATION OF RESPONDENT'S "HAPPY, SINANDOMENG PREMIUM WHITE RICE AND LABEL" MARK UNDER TRADEMARK APPLICATION NO. 4-2011-710084 DESPITE THE OPPOSITION AGAINST IT BY THE PETITIONER FOR BEING CONFUSINGLY SIMILAR TO ITS "SMILEY" TRADEMARKS.
- III. THE HONORABLE DIRECTOR-GENERAL OF THE IPOPHL COMMITTED SERIOUS ERROR IN FACT AND LAW IN FAILING TO RESOLVE THE INSTANT OPPOSITION CASE BASED ON THE SUBSTANTIVE MERITS OF THE CASE.<sup>12</sup>

On the procedural aspect, the Company contends that the rules on *inter partes* proceedings should be liberally applied since it has substantially complied with the BLA's order when it submitted copies of the Director's Certificate and the Special Power of Attorney (SPA). On the substantive side, the Company alleges that Gaquit's mark should not be allowed for being confusingly similar to its well-known "Smiley" trademarks.

On both procedural and substantive facets, We find the petition devoid of merit.

Under Section 8 (c), Rule 2 of the Rules on *Inter Partes* Proceedings (Rules),<sup>13</sup> the opposer is required to attach the original SPA and the proof of authority to execute the SPA to the notice of opposition.<sup>14</sup> Any defect must be rectified within

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<sup>12</sup> Ibid.

<sup>13</sup> As amended by Office Order No. 99, series of 2011.

<sup>14</sup> Section 8 (c) of the Regulations on *Inter Partes* Proceedings provides:

The opposer, including those who file a motion for extension of time to file notice of opposition, or the petitioner shall be given a period of five (5) days from receipt of the order to complete or to cure any of the following defects:

- (1) Non-payment in full or in part of the filing fees and other applicable fees;

five (5) days from receipt of order to complete or cure the defects, otherwise, the case shall be dismissed.<sup>15</sup> Here, what the Company attached to its Notice of Opposition are mere copies of the SPA and the Director's Certificate. The BLA directed the Company to submit the originals of the required documents but despite the order and numerous extensions of time granted, the Company still failed to comply. Thus, as aptly ruled by the BLA and as affirmed by the Director General of the IPOPHL, the Company's non-compliance warrants the outright dismissal of its opposition.

In any case, the substantive grounds presented by the Company likewise fail to persuade Us. Section 123.1 of R.A. No. 8293<sup>16</sup> provides that:

A mark cannot be registered if it:

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(f) Is identical with, or confusingly similar to, or constitutes a translation of a mark considered well-known in accordance with the preceding paragraph, which is registered in the Philippines with respect to goods or services which are not similar to those with respect to which registration is applied for: Provided, That use of the mark in relation to those goods or services would indicate a connection between those goods or services, and the owner of the

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(2) Failure to attach the originals of the following documents:

- (i) Verification;
- (ii) Certification of non-forum shopping;
- (iii) Special Power of Attorney of representative(s) who signed the pleading, the verification, and the certifications of non-forum shopping; the proof of authority to issue or execute the Special Power of Attorney; and
- (iv) Proof of authentication by the appropriate Philippine diplomatic or consular office, of the foregoing documents, if executed abroad.

The 5-day period to complete or cure the defects in the filing may be extended for another 5 days upon motion by the opposer or petitioner based on meritorious grounds which must be explicitly stated in the motion, and upon payment of the applicable fees.

Failure to complete or cure the defect shall cause the dismissal of the case.

<sup>15</sup> Ibid.

<sup>16</sup> Otherwise known as the Intellectual Property of the Philippines.

registered mark: Provided further, That the interests of the owner of the registered mark are likely to be damaged by such use;

A well-known mark cannot be used for goods and services, although not similar or unrelated to those of the owner of the well-known mark, if the following requisites<sup>17</sup> are present: *first*, the mark is well known internationally and in the Philippines;<sup>18</sup> *second*, use of the mark would indicate a connection between the unrelated goods or services and the goods or services of the owner of the well-known mark; *and*, the interests of the owner of the well-known mark are likely to be damaged. Thus, protection accorded to a well-known mark admits of exceptions.

Anent the Company's allegation of confusing similarity between the marks, jurisprudence has developed two tests – the Dominancy Test and the Holistic or Totality Test.<sup>19</sup> The test of dominancy focuses on the similarity of the prevalent features of the competing trademarks which might cause confusion or deception. On the other hand, the holistic or totality test mandates that the entirety of the marks must be considered in determining confusing similarity.<sup>20</sup> In using these tests to ascertain whether one mark is confusingly similar to another, there are no set rules because each case must be decided on its merits.<sup>21</sup>

In this case, the mark of the Company is well-known and it has proven to be such.<sup>22</sup> However, applying the holistic test

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17 See 246 Corporation, doing business under the name and style of Rolex Music Lounge v. Hon. Reynaldo B. Daway, et al., G.R. No. 157216, November 20, 2003.

18 See Rule 102 of the Rules and Regulations on Trademarks, Service Marks, Trade Names and Marked or Stamped Containers.

19 Barris Agricultural Co., Inc. v. Norvy Abyadang, G.R. No. 183404, October 13, 2010; Prosource International Inc. v. Horphag Research Management SA, G.R. No. 180073, November 25, 2009.

20 Emerald Garment Manufacturing Corporation v. Court of Appeals, G.R. No. 100098, December 29, 1995.

21 See Societe Des Produits Nestle, S.A. v. Dy, G.R. No. 172276, August 8, 2010.

22 Ibid; and Rollo, pp. 84-128, 129-168, 172-202, 169-171. The Company attached to its Verified Notice of Opposition the following:

1. Protection List of the Company's registrations and applications for registration of its "SMILEY" trademarks;
2. Copies of the Certificates of Registration of the Company's "SMILEY" trademarks in various countries;

dictates that the marks should be considered as a whole and not by piecemeal.<sup>23</sup> Focus must not only be given on the predominant features of the marks, but also on the other features appearing on both labels. Indeed, the distinguishing features, shapes and colors of the parties' marks readily differentiate one from the other. The Company's mark is used plainly as a yellow circle with the drawing of a smiling face. In contrast, Gaquit's mark consists of a red rectangle containing the following: (1) the word "HAPPY" in capital letters; (2) the smiley emoticon; and (3) the words "SINANDOMENG PREMIUM WHITE RICE." Although the marks share the dominant feature of a yellow circle with a smiling face depicted in it, placing the two marks together would show that the similarity ends there.

Clearly, there is no likelihood of confusion between the marks because of the notable disparity between the parties' goods. The Company does not conduct business in the Philippines but only licenses manufacturers and distributors to use its mark for their own goods.<sup>24</sup> The goods bearing the Company's marks are limited to cake toppers,<sup>25</sup> boxed tissues, paper handkerchiefs, facial cotton pads, and cotton buds,<sup>26</sup> while the mark of Gaquit is confined to a single product – sinandomeng premium white rice. Also, the products are sold in different channels of trade. Thus, there is no probability that a purchaser could mistake one as the source or origin of the product of the other.

All told, We find no error on the part of the Director General of the IPOPHL in dismissing the opposition made by

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3. The Company's License Agreement with A.S. Watson Group (HK) Limited which sold products in Watson's stores in the Philippines; and

4. Certificate of Registration of the "SMILEY" trademark (word) under Trademark Registration No. 4-1999-007822 issued on September 30, 2002 showing registration for goods and services under Class 28.

23 Emerald Garment Manufacturing Corporation v. Court of Appeals, *supra*.

24 Rollo, pp. 172-202. The Company, through its Master Licensee Smileyworld Ltd., has a License Agreement with A.S. Watson Group (HK) Limited relating to the smiley name and logo for use in (1) boxed tissues; (2) paper handkerchiefs; (3) facial cotton pads; and (4) cotton buds to be distributed in Watson's stores only.

25 *Id.*, p. 314. The licensed cake toppers are used by and available only in Goldilocks.

26 *Id.*, pp. 315-318 and p. 173. The toiletries bearing the smiley marks are sold exclusively in Watson's stores.

The Smiley Company.

**FOR THESE REASONS,** the instant petition is **DENIED.**

**SO ORDERED.**

**MARIO V. LOPEZ**  
*Associate Justice*

**WE CONCUR:**

**JOSE C. REYES, JR.**  
*Associate Justice*

**MELCHOR Q. SADANG**  
*Associate Justice*

### **CERTIFICATION**

*Pursuant to Article VIII, Section 13 of the Constitution, it is hereby certified that the conclusions in the above decision were reached in consultation before the case was assigned to the writer of the opinion of the Court.*

**JOSE C. REYES, JR.**  
*Chairperson, Special Seventh Division*