

DAYS INNS WORLDWIDE INC.,
Complainant,

-versus-

ORLEY ONG and/or the TRUE OWNER(S)/
PROPRIETOR(S)/MANAGER(S) of the
MO2 DAYS INN; hotel located at
Goldenfield Commercial Complex,
Singcang District, Bacolod City
Respondent/s

X-----X

IPV No. 10-2009-00010

For: Trademark Infringement
under Section 155 and 156
of R.A. 8293, Damages and
Injunction w/ applications for
temporary restraining order
and/or preliminary injunction

NOTICE OF DECISION

VERALAW (Del Rosario Raboca Gonzales Grasparil)

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ORLEY ONG/ DAY INN HOTEL


Respondent
Goldenfield Commercial Complex
Singcang District, Bacolod City

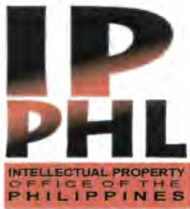
GREETINGS:

Please be informed that Decision No. 2016 - 10 dated August 30, 2016 (copy enclosed) was promulgated in the above entitled case.

Taguig City, August 30, 2016.

For the Director:


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



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Complainant,

-versus-

ORLEY ONG and/or the TRUE OWNER(S)/
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Decision No. 2016- 10

DECISION

DAYS INNS WORLDWIDE, INC.,¹ ("Complainant"), filed a Complaint for Trademark Infringement under Sections 155 and 156 of R.A. 8293, with damages and prayer for issuance of temporary restraining order and/or preliminary injunction against Orley Ong² and/or True Owner(s)/Proprietor(s)/Manager(s) of MO2 DAYS INN, hotel located at Goldenfield Commercial Complex, Singcang District, Bacolod City.

The Complainant alleges the following:

X X X

"II. ALLEGATIONS COMMON TO ALL CAUSES OF ACTION

"2.1. Complainant is not doing business in the Philippines but has capacity to sue under Section 160, in relation to Section 3 of Republic Act No. 8293, known as the Intellectual Property Code of the Philippines. Complainant's home country, the United States of America, extends by treaty, conventions or law to persons or nationals of the Philippines the privilege to bring an action in that country for infringement, unfair competition, or false designation of origin and false description without need of a license to do business in that country.

"2.2. Complainant has its real and effective commercial establishment in the United States of America, which country and the Philippines are member-signatories to the WTO (Uruguay Round) - TRIPS Agreement. Under Article 2.1, in relation to Article 16 and 42 of said Agreement, 'members shall make available

¹ A foreign corporation duly organized and existing under the laws of United States of America, with address at 22 Sylvan Way, Parsippany, New Jersey, United States of America.

² A natural person with address at MO2 DAYS INN, Goldenfield Commercial Complex, Singcang District, Bacolod City.

to right holders civil judicial procedures concerning the enforcement of intellectual property rights' Said Agreement further provides that 'each member shall accord to the nationals of other members treatment no less favorable than it accords to its own nationals with regard to the protection of intellectual property rights, subject to the exceptions already provided in, respectively, the Paris Convention of which the Philippines is a signatory by virtue of Senate Resolution No. 89, dated 10 May 1965.' Under said Convention, each signatory country undertakes at the request of an interested party to prohibit the use of a trademark which constitutes a reproduction, imitation or translation of a mark already belonging to a person entitled to the benefit of the Paris Convention and sued for goods with well-known marks.

"2.3. The aforesaid provisions of the TRIPS Agreement have been carried into effect by Section 3 of Republic Act 8293, as follows: x x x

"2.4. The Complainant is the owner of the marks listed below which are registered with the Intellectual Property Office. x x x

"2.5. Below is a brief background and history of the trademark DAYS INN.

"Days Inn was founded in 1970 on Tybee Island, Georgia by the late Cecil B. Day, a real estate developer who later achieved note as a prominent Christian philanthropist.

"One of the first successful hotel brands, Days Inn of America Inc. began franchising hotels in 1972 and within eight years created a system of more than 300 hotels in the United States and Canada. There are now more than 1900 Days Inn hotels worldwide, serving millions of guests each year.

"Some offshoots of Days Inn include: (1) Days Hotel, the full-service variant (2) Days Business Place, a business-oriented hotel (3) Daystop, a budget chain once common in the 70's and 80's but now rare (4) Days Suites, an all-suite variant (5) Days Lodge, a rare variant found in resort and high-traffic locations.

"The brand is now owned by Days Inns Worldwide Inc. which is a subsidiary of Wyndham Worldwide Corporation, and is in the process of a major upgrade. It is also a member of Wyndham Rewards (formerly TripRewards) the world's largest hotel rewards program.

"2.6. The trademarks DAYS INN, DAYS HOTEL and other marks with the distinct word DAYS are internationally and locally well-known marks.

2.6.1 Complainant has obtained and continues to obtain registration for its well-known trademarks DAYS INN, DAYS HOTEL and other marks with the distinct word DAYS from the Intellectual Property Offices of various countries around the world. The marks DAYS INN, DAYS HOTEL and other similar marks are registered or have pending applications in various countries, territories and international organizations including Angola, Argentina, Australia, Austria, Bahamas, Barbados, Belarus, Benelux, Botswana, Brazil, Brunei Darussalam, Bulgaria, Cambodia, Costa Rica, Croatia, Cuba, Cyprus, Czech Republic, Denmark, Dominican Republic, Egypt, Estonia, European Community, Finland, France, Gaza District, Germany, Greece, Guatemala, Honduras, Hong Kong, Hungary, India, Indonesia, Ireland,

Israel, Italy, Jamaica, Japan, Jordan, Republic of Korea, Latvia, Lesotho, Lithuania, Macau, Malaysia, Mexico, Moldova, Myanmar, Namibia, Nepal, Netherlands Antilles, New Jersey, New Zealand, Nigeria, Norway, Pakistan, Panama, Paraguay, Peru, Philippines, Poland, Portugal, Romania, Russian Federation, Saudi Arabia, Singapore, Slovakia, Slovenia, South Africa, Spain, Sri Lanka, Swaziland, Sweden, Kingdom, United States of America, Uruguay, Venezuela, Viet Nam, West Bank and Zimbabwe. Attached hereto as Exhibit E is a list of applications and registrations of Complainant's marks including DAYS INN and DAYS HOTEL.

"2.6.2 The Complainant spends considerable amounts of money in advertising and marketing its services bearing the DAYS INN and DAYS HOTEL trademarks throughout the world.

"2.6.3 The Complainant maintains the website www.daysinn.com where advertisements, information about the locations of DAYS INN and DAYS HOTEL establishments, promotions and special offers may be found. Bookings may also be made through the website. Attached hereto as Exhibit F1 to F-5 are printouts of some of the web pages of Complainant's website.

"2.6.4 Other forms of advertisements and marketing services are used by the Complainant to promote the trademarks DAYS INN and DAYS HOTEL. Attached herewith are samples of the aforementioned advertising materials, collectively marked as Exhibit G.

"2.6.5 As a result of Complainant's extensive efforts in advertising and promoting its products bearing the marks DAYS INN and DAYS HOTEL and its aggressive marketing strategy, Complainant has captured a substantial market share in the hotel industry.

"2.6.6 In the Philippines, the Complainant uses the trademark DAYS HOTEL for its hotels through its franchisee, Days Hotel Philippines. As of this date, there are DAYS HOTEL in tagaytay, Cebu, Batangas and Iloilo. Information about the DAYS HOTELS in the Philippines may be accessed through the website www.dayshotel.ph.

"2.7. Attached herewith, in support of the allegations herein set forth are the Affidavit-Direct Testimony of Susan L. Crane, Group Vice-president of Days Inn Worldwide, marked as Exhibit H and Oscar P. Munsayac Jr., Assistant Corporate Secretary of Days Inn Philippines, marked as Exhibit I.

"2.8. By reason of the reputation, longstanding use, extensive registration and wide publicity of the marks DAYS INN, DAYS HOTEL and other related marks worldwide, including the Philippines, there is no doubt that these marks are internationally well-known to be exclusively owned by the Complainant.

"2.9. Sometime in January 2007, Complainant received reports that defendant was using the trademark DAYS INN for a hotel in Bacolod City. The location of the reported DAYS INN hotel was visited and it was confirmed that a hotel bearing the trademark DAYS INN was indeed operating in Goldenfield Commercial Complex, Singcang District, Bacolod City. It was also confirmed that the DAYS INN hotel in Bacolod City was being operated by the defendant. Attached hereto as Exhibits J1 to J2 are photographs of defendant's hotel bearing

the trademark DAYS INN, where it appears that the dominant element on defendant's business signage is Complainant's trademark, DAYS INN.

"2.10. On February 6, 2007, Complainant through counsel sent defendant a cease and desist letter informing him that his act of operating a hotel in Bacolod City using the Complainant's well-known and registered mark DAYS INN constitutes infringement. Attached hereto as Exhibit K is a copy of the demand letter.

"2.11. Receiving no response from the defendant, Complainant sent on July 3, 2007 its final demand letter. Attached hereto as Exhibit L is a copy of the final demand letter.

"2.12. On June 19 and 20, 2009, defendant's establishment was again visited to confirm if it is still using the mark DAYS INN.

"2.13. During the visit it was confirmed that defendant is still operating the said hotel and is continuously using the mark 'Days Inn'. Attached herewith as Exhibit M is the Affidavit of Phillip John F. Yap confirming that defendant is still operating said establishment and is using the mark "Days Inn" not only on defendant's hotel signage, but also on its business cards, flyers and complimentary soaps, as well as in its room menu, telephone and key. Attached herewith are photographs of the hotel, the hotel's business card, flyer and complimentary soap, as well as its room menu, telephone and key, marked as Exhibits N1 to N7 respectively.

"2.14. Not only is the Defendant/s using the mark 'Days Inn' without the permission of Complainant, but is doing so to the great damage to Complainant's reputation, as shown by the following:

"2.14.1 The Defendant/s' MO2 Days Inn Hotel is being operated below Complainant's standards, the establishment itself is poorly maintained and the services are lacking to almost non-existent;

"2.14.2 Defendant/s' MO2 Days Inn Hotel has acquired a reputation of being a 'cheap motel'; and

"2.14.2. Defendant/s' MO2 Days Inn Hotel offers a 'massage service' they referred to as the 'Blade' and offers 'extra service' referring to prostitution.

"III. FIRST CAUSE OF ACTION

"3.1. Complainant pleads by reference all the foregoing allegations.

"3.2. The DAYS INN trademark being used by defendant is a reproduction of Complainant's registered trademark DAYS INN. It is likewise a colorable imitation of Complainant's registered trademark DAYS HOTEL. As such, defendant's use of the DAYS INN trademark for its hotel constitutes trademark infringement.

"3.3. Section 155 of the Intellectual Property Code defines infringement as follows: x x x

"3.4. Based on Section 155 of the Intellectual Property Code, the elements of trademark infringement are:

- (a) a trademark registered in the Intellectual Property Office;
- (b) is used by another person 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 such trademark is reproduced, counterfeited, copied or colorably imitated by another person and such reproduction, counterfeit, copy or colorable imitation is applied 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 purchasers;
- (c) the trademark is used for identical or similar goods or services, and
- (d) such act is done without the consent of the trademark registrant or assignee

"3.5. All the elements constituting trademark infringement are all present in the instant case as will be demonstrated below:

"3.5.1 The trademark DAYS INN and DAYS HOTEL are registered in the name of the Complainant with the Intellectual Property Office of the Philippines.

"3.5.2 The trademark DAYS INN is being used by the defendant in connection with the sale, offering for sale and advertising of its hotel services. The use of the trademark DAYS INN by the defendant is likely to cause confusion, or to cause mistake, or to deceive such that the visitors of the defendant's hotel may believe that the hotel is owned, managed or licensed by the Complainant. The signs used by the defendant are reproductions or colorable imitation of Complainant's marks DAYS INN and DAYS HOTEL. The signs used by the defendant are also colorable imitations of the Complainant's mark DAYS HOTEL because they include the distinct word DAYS which is the dominant element of Complainant's mark DAYS HOTEL. The word HOTEL in Complainant's mark DAYS HOTEL is merely a nominal element because it is generic or merely descriptive of the service to which the mark DAYS HOTEL is being used. The dominant element in Complainant's mark DAYS HOTEL is the word DAYS because it is the element which makes the mark distinctive.

"3.5.3 Similar to the service to which Complainant's marks DAYS INN and DAYS HOTEL are being used, the defendant also uses the mark DAYS INN for hotel service. Considering that the defendant used a mark which is identical to Complainant's mark DAYS INN for services which are identical to Complainant's services, the presumption on likelihood of confusion under the Intellectual Property Code applies.

"3.5.4 Defendant's act of using the mark DAYS INN is without the consent of the Complainant.

"3.6. Defendant has a boundless choice of words to distinguish his hotel from other hotels in the country. There is no reason why he has to use the DAYS INN mark which is identical to Complainant's mark DAYS INN and a colorable imitation of Complainant's other mark DAYS HOTEL for hotel services which is also identical to the service being rendered by the Complainant. The only logical reason is that the defendant intends to ride on the goodwill associated with the trademark DAYS INN which has long been established by Complainant. Defendant has obviously clear intentions to have a free ride and to trade upon the popularity of the Complainant's services and the goodwill associated thereto.

"3.7. The defendant should be required to account for any and all profits derived by it from its unauthorized acts. As a result of its actual intent to defraud Complainant and mislead the public, the defendant should be made to pay double the profits it has earned.

"IV. SECOND CAUSE OF ACTION

"4.1. Complainant repleads by reference all the foregoing allegations.

"4.2. Defendant's acts were deliberate, malicious, fraudulent and were calculated to deceive the public into believing that the hotel operated by him are owned, managed or licensed by Complainant.

"4.3. By way of example or correction for the public good, defendant should be made to pay exemplary damages of not less than Php 200,000.00.

"IV. THIRD CAUSE OF ACTION

"5.1. Complainant repleads by reference all the foregoing allegations.

"5.2. As a consequence of defendant's use of the Complainant's mark DAYS INN for a hotel which is below Complainant's standards, the Complainant's reputation and goodwill have been damaged and prejudiced, thus, entitling it to the payment of moral damages in the amount of not less than Php200,000.00.

"IV. FOURTH CAUSE OF ACTION

"6.1. Complainant repleads by reference all the foregoing allegations.

"6.2. Defendant acted with evident bad faith and has compelled Complainant to institute the present action to protect its rights and interest thereby incurring attorney's fees and expenses of litigation in the sum of not less than Php200,000.00 for which it is only just and equitable that Complainant recovers the same from the defendant.

"IV. APPLICATION FOR TEMPORARY RESTRAINING ORDER AND PRELIMINARY INJUNCTION

"7.1. Complainant repleads by reference all the foregoing allegations.

"7.2. As the registrant of the trademarks DAYS INN and DAYS HOTEL which are registered with the Intellectual Property Office, the Complainant is entitled to the relief of enjoining the defendant from using the mark DAYS INN.

"7.3. To reiterate, defendant is still operating a hotel bearing Complainant's mark DAYS INN. The hotel's facilities and its operations are below the quality standards imposed by the Complainant on all its hotels. As a result, visitors of defendant's hotel bearing the mark DAYS INN will have the impression that Complainant's hotels bearing the mark DAYS INN or DAYS HOTEL have facilities or are being operated similar to defendant's hotel when in truth, Complainant's DAYS INN and DAYS HOTEL accommodation facilities are being operated and maintained using the utmost standards they have been well-known for.

"7.4. Furthermore, the fact that 'additional services' meaning sex for fee, are being offered by the Defendant's 'BLADE Therapist', the hotel acquires a reputation for being a cheap dirty model, to the great damage and disrepute of Complainant's name and mark.

"7.5. Unless the Honorable Bureau of Legal Affairs immediately restrains the defendant from using the mark DAYS INN or any mark confusingly similar thereto on its hotel, Complainant will continue to suffer grave and irreparable injury before the matter can be heard on notice. Hence, the defendant should be immediately restrained from using the mark DAYS INN or any mark confusingly similar thereto.

"7.6. Complainant is willing to post a bond, if so required, in an amount to be fixed by this Honorable Bureau, to the effect that the Complainant will pay to the defendant all damages which he may sustain of the injunction or temporary restraining order if this Honorable Bureau should finally decided that the Complainant was not entitled thereto.

The Opposer's evidence consists of the Special Power of Attorney executed by Days Inn Worldwide, Inc. in favor of Del Rosario Bagamasbad & Raboca Law Office; copy of Certificate of Registration No. 1,160,430 issued by the US Patent Office for the mark "DAYS INN"; schedule of the active registered marks and currently pending application for the mark "Days Inn", the Sunburst Design, "Days Inn Design" and other variations of Complainant's mark; the affidavit of Atty. Phillip John F. Yap, an Associate at Del Rosario Bagamasbad & Raboca Law Office, ; copy of Certificate of Registration No. 4-2007-002549 issued by the IPOPHL for the mark "Days Inn and Design" covering goods under Class 43; copy of the Certificate of Registration No. 4-2007-002550 issued by IPOPHL for the mark "Days Inn Suite and Design" covering goods under Class 43; demand letters to Respondent dated February 05, 2009 and July 03, 2007; pictures of respondent's hotel, specifically showing its signage with the mark "Days Inn";

business card, flyer type pricelist, being distributed by respondent in its hotel; photographs of the room menu, room telephone, room key of the respondent's hotel; sample complimentary soap collected from respondent's hotel; sales receipt issued covering witness' overnight stay at respondent's hotel; affidavit of Oscar Munsayac, Assistant Corporate Secretary of Days Inn Philippines; master franchise agreement between Days Inn Philippines and complainant; sales kit of Days Hotel Philippines together with enclosures; and personal fortune magazine February 2008 issue, stop-over magazine, jet set magazine, computer world magazine, enterprise magazine, business world, and village boys tabloid where advertisements of complainant's mark appeared.³

This Bureau issued a Notice to Answer and served a copy thereof upon Respondent on 22 November 2009. Said Respondent, however, did not file an Answer.

Issues

1. Whether or not there is infringement of Complainant's trademarks DAYS INN & SUITES & DESIGN and/or DAYS INN & DESIGN registered with the Intellectual Property Office with Registration Numbers 4-2007-002550 and 4-2007-002549 respectively.
2. Whether or not Complainant is entitled to an award for damages.

Discussion

The rights of both parties have to be examined based upon the law and the relevant facts established in this case. It behooves upon this Bureau to examine thoroughly whether Respondent's circumstances comports with a finding of trademark infringement.

Before this Bureau is an administrative case or a suit for infringement of trademark with damages and prayer for Temporary Restraining Order (TRO) and/or Writ of Preliminary Injunction maintained due to the unauthorized use by Respondent Orley Ong and/or the True Owner(s)/Proprietor(s)/ Manager(s) of the MO2 DAYS INN located in Bacolod City of the mark DAYS INN. As earlier noted, Complainant filed this suit for trademark infringement upon learning that Respondent was indeed operating MO2 DAYS INN, a hotel located in Goldenfield Commercial Complex, Singcang District, Bacolod City using the trademark DAYS INN, which is identical to Complainant's registered

³Marked as Exhibits "A" to "BB", inclusive.

trademarks DAYS INN & SUITES & DESIGN and DAYS INN & DESIGN, thus, constituting infringement of Complainant's registered trademarks.

What constitutes trademark infringement? To determine the nature and extent of rights and obligations of the parties in this case, the applicable law in this case should first be determined. Under R.A. 8293, Section 155 defines trademark infringement to be:

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

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

155.2. Reproduce, counterfeit, copy or colorably imitate a registered mark or a dominant feature thereof and apply such reproduction, counterfeit, copy or colorable imitation to labels, signs, prints, packages, wrappers, receptacles or advertisements intended to be used in commerce upon or in connection with the sale, offering for sale, distribution, or advertising of goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive, shall be liable in a civil action for infringement by the registrant for the remedies hereinafter set forth: *Provided*, That 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.

To constitute trademark infringement, several elements must be shown: (1) a registered trademark issued to the injured party; (2) the reproduction, counterfeit, copy or colorable imitation of the registered trademark or a dominant feature thereof by the offending party without knowledge or authority from the trademark owner; (3) the use of said trademark for the purpose of trade or industry by the offending party and; (4) the use of the mark involved would be likely to cause confusion or mistake in the mind of the public or to deceive purchasers as to the origin or source of the commodity.⁴

At the core of the issues presented before this Bureau is the unauthorized use of the mark DAYS INN by Respondent which is the main, essential or

⁴ Philippine Nut Industry, Inc. vs Standard Brands Incorporated et al, 65 SCRA 575

dominant feature/element of Complainant's registered trademarks DAYS INN & DESIGN and DAYS INN & SUITES & DESIGN, in clear violation and/or infringement of Complainant's trademarks. The dominant feature of Complainant's trademarks are the words DAYS INN. Complainant assailed the copying and/or colorable imitation of DAYS INN mark used by Respondent as signage or service mark for its MO2 DAYS INN, a hotel operated by Respondent with specific location at Goldenfield Commercial Complex, Singcang District, Bacolod City.

As shown below, the Respondent's service mark is practically identical to the Complainant's registered mark:



Complainant's trademark



Respondent's service mark

The dominant feature/s of Complainant's trademarks are the words DAYS INN. Evident and dominant in Respondent's service mark MO2 DAYS INN as shown above are the words DAYS INN. The mark DAYS INN for hotel business is for the exclusive use of Complainant, meaning, Respondent can not appropriate the mark DAYS INN for his hotel business in Bacolod City. The use by Respondent of a trademark identical with and/or a colorable imitation of a registered trademark belonging to and owned by Complainant constitutes an infringement. Similarity is the test of infringement of trade-mark, but this is not such similitude as amounts to identity.⁵ If an exact reproduction, counterfeit, copy or imitation, of the genuine trade-mark be required, it would make the remedy available in very few cases, since most traders desirous of filching the trade of others in this way will use colorable imitations, or suggestive reproductions of the trade-mark which they intend to appropriate rather than exact counterfeits.⁶

⁵ Forbes, Munn & Co. vs. Ang San To, 40 Phil., 272, 274, 275.

⁶ La Insular vs. Jao Oge

Complainant is the first user of the trademark DAYS INN and held registrations in many parts of the world. Priority in use and registration of a trademark is material in a suit for infringement. A review of documentary evidence confirms Complainant's claim of prior use and registration of the trademark DAYS INN including its variants. The trademarks DAYS INN and DAYS HOTEL are registered on 08 October 2007 in the name of the Complainant with the Intellectual Property Office of the Philippines. Complainant proved that it is the originator and owner of the trademark DAYS INN. Days Inn was founded in 1970 on Tybee Island, Georgia by the late Cecil B. Day, a real estate developer in America. The trademark DAYS INN and variants/offshoots of it namely DAYS INN & DESIGN, DAYS INN & SUITES & DESIGN, DAYS HOTEL, DAYS BUSINESS PLACE, DAYSTOP and DAYS LODGE are now owned by Complainant Days Inns Worldwide Inc., a subsidiary of Wyndham Worldwide Corporation.

In contrast, the Respondent despite the opportunity given, did not file an Answer to defend his use of the trademark DAYS INN for a hotel in Bacolod City and to explain how he arrived at using the mark MO2 DAYS INN which is exactly the same and/or a colorable imitation as the Complainant's. The trademark DAYS INN and its variants, all bearing the distinct word DAYS are unique and distinctive with respect to hotel operation. It is incredible for the Respondent to have come up with exactly the same mark DAYS INN for use on similar services by pure coincidence.

Respondent's acts are clear acts of trademark infringement, prohibited under Section 155 and 156 of R.A. 8293.

Having thoroughly discussed the issues and having found the acts of Respondent as constitutive of trademark infringement, this Bureau now turns its attention on the other reliefs sought by Complainant, the determination of damages that may have been suffered as a consequence of Respondent's acts of infringing Complainant's trademarks DAYS INN & DESIGN and/or DAYS INN & SUITES & DESIGN. Regarding damages for trademark infringement, section 156 of R.A. 8293 is this Bureau's basis for the award.

Section 156 of R.A. 8293 provides:

"Sec. 156. Actions, and Damages and Injunction for Infringement. - 156.1
The owner of a registered mark may recover damages from any person who infringes his rights, and the measure of the damages suffered shall be either the reasonable profit which the complaining party would have made, had the defendant not infringed his rights, or the profit which the defendant actually made out of the infringement, or in the event such measure of damages cannot be readily ascertained with reasonable

certainty, then the court may award as damages a reasonable percentage based upon the amount of gross sales of the defendant or the value of the services in connection with which the mark or trade name was used in the infringement of the rights of the complaining party.

In this regard, Complainant has presented to this Office computation for opportunity loss but this has not been fully substantiated by concrete evidence and is therefore self-serving. Complainant, however, is entitled to temperate damages for the specific acts of infringement as thoroughly discussed and passed upon in the foregoing. Under Arts. 2224-2225 of the Civil Code, temperate damages may be granted, to wit:

Art. 2224. Temperate or moderate damages, which are more than nominal but less than compensatory damages, may be recovered when the court finds that some pecuniary loss has been suffered but its amount can not, from the nature of the case, be provided with certainty.

Art. 2225. Temperate damages must be reasonable under the circumstances.

In a case⁷, the Court allows the grant of temperate damages in lieu of the actual damages and held that:

Actual damages cannot be awarded based merely on a list of expenses presented by the prosecution, as such claim must be adequately supported by receipts. However, in lieu thereof, temperate damages under Article 2224 of the Civil Code may be recovered as it has been shown that the family of the deceased suffered some pecuniary loss, but the amount thereof cannot be proved with certainty. An award of P15,000 should suffice.

The photographs of respondents' hotel, specifically showing its signage with the mark "DAYS INN", the room menu, room telephone, room key of the respondents' hotel, business card, flyer type pricelist, sample of complimentary soap collected from respondent's hotel, sales receipt issued by respondent, all with the mark DAYS INN, the length of time that has passed from receipt of the demand letter by respondent Orly Ong in 2007 directing him to cease and desist from using Complainant's registered mark "DAYS INN" up to the filing of this complaint in 2009, which the complainant presented as evidence show the extent of the damage done to complainant's name and reputation in connection with the operation of its hotel business. Hence, from the attendant circumstances and given the misappropriation of Complainant's registered mark "DAYS INN", this

⁷ People of the Phils. Vs. Cirilo O. Magalona, G.R. No. 143294, July 17, 2003.

Bureau finds the amount of ₱500,000.00 as a fair and sufficient award by way of temperate damages.

Regarding attorney's fees, the same may be recovered.

Corollarily, Section 10.2 (b) of R.A. 8293 provides:

"10.2 (b) After formal investigation, the Director of Legal Affairs may impose one (1) or more of the following administrative penalties:

(i) The issuance of a cease and desist order which shall specify the acts which the respondent shall cease and desist from and shall require him to submit a compliance report within a reasonable time which shall be fixed in the order;

(ii) The acceptance of a voluntary assurance of compliance or discontinuance as may be imposed. Such voluntary assurance may include one or more of the following:

(1) An assurance to comply with the provisions of the intellectual property law violated;

(2) An assurance to refrain from engaging in unlawful and unfair acts and practices subject of the formal investigation;

(3) An assurance to recall, replace, repair or refund the money value of defective goods distributed in commerce; and

(4) An assurance to reimburse the complainant the expenses and costs incurred in prosecuting the case in the Bureau of Legal Affairs.

The Director of the Bureau of Legal Affairs may also require the respondent to submit periodic compliance reports and file a bond to guarantee compliance of his undertaking.

(iii) The condemnation or seizure of products which are subjects of the offense. The goods seized hereunder shall be disposed of in such a manner as may be deemed appropriate by the Director of Legal Affairs, such as by sale, donation to distressed local governments or to charitable or relief institutions, exportation, recycling into other goods, or any combination thereof, under such guidelines as he may provide;

(iv) The forfeiture of paraphernalia and all real and personal properties which have been used in the commission of the offense;

(v) The imposition of administrative fines in such amounts as deemed reasonable by the Director of Legal Affairs, which shall in no case be less than

Five Thousand Pesos (P5,000) nor more than One Hundred Fifty Thousand Pesos (P150,000). In addition, an additional fine of not more than One Thousand Pesos (P1,000) shall be imposed for each day of continuing violation;

(vi) The cancellation of any permit, license, authority or registration which may have been granted by the Office, or the suspension of the validity thereof for such a period of time as the Director of Legal Affairs may deem reasonable which shall not exceed one (1) year;

(vii) The withholding of any permit, license, authority, or registration which is being secured by the respondent from the Office;

(viii) The assessment of damages;

(ix) Censure; and

(x) Other analogous penalties or sanctions."

Since it is clear that Complainant was compelled to hire the services of Del Rosario Bagamasbad & Raboca Law Office to institute the present action and protect its interest by reason of respondent's unjustified acts, Complainant is entitled to recover attorney's fees in the amount of ₱ 200,000.00 as litigation expenses.

WHEREFORE, premises considered, this Bureau finds that Respondent is guilty of trademark infringement. Accordingly, the Respondent is hereby permanently enjoined to cease and desist from using the mark DAYS INN for its hotel business. Respondent is likewise, ordered to deliver to this Bureau for destruction any and all DAYS INN marks that are still in possession of Respondent within fifteen (15) days from receipt of this Decision, and to pay the Complainant :

1. the amount of ₱ 500,000.00 as temperate damages; and
2. the amount of ₱ 200,000.00 as attorney's fees.

SO ORDERED.

Taguig City, 30 August 2016.


NATHANIEL S. AREVALO
Director, Bureau of Legal Affairs