

**JOHN MUNRO,**  
Complainant,

**-versus-**

**CUCAMANGAS BORACAY, INC.**  
and/or **ANTONINA C. SUAL,**  
**MAYLYNN A. GRAF, JENNIFER M.**  
**DANAY, LORENA S. SEJANE,**  
and **GLADYS B. CALONIA,**  
Respondents.

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**IPV No. 10-2009-00005**

For: Unfair Competition and  
Trademark Infringement with  
Damages and Application for  
Temporary Restraining Order  
And/Or Writ of Preliminary  
Injunction

X-----X

### **NOTICE OF DECISION**

**ATTY. ENRIQUE S. MADARANG**  
Counsel for the Complainant  
# 43 Mahogany Street, St. Martin Subdivision  
Bagumbayan, Taguig City


**ATTY. GINA C. GARCIA**  
Counsel for the Respondents  
Block 32 Lot 44-A Ozaeta Street  
Vista Grande, BF Resort Village  
Las Pinas City

### **GREETINGS:**

Please be informed that Decision No. 2016 - 13 dated October 07, 2016 (copy enclosed) was promulgated in the above entitled case.

Taguig City, October 07, 2016.

For the Director:

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

**JOHN MUNRO,**  
*Complainant,*

versus-

**CUCAMANGAS BORACAY, INC.**  
**and/or ANTONINA C. SUAL,**  
**MAYLYNN A. GRAF, JENNIFER M.**  
**DANAY, LORENA S. SEJANE,**  
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X ----- X

Decision No. 2016- 13

### DECISION

John Munro ("Complainant")<sup>1</sup> filed on 26 May 2009 a complaint for Unfair Competition and Trademark Infringement with Damages and Application for Temporary Restraining Order and/or Writ of Preliminary Injunction against the respondents CUCAMANGAS BORACAY, INC.<sup>2</sup>, Antonina C. Sual, Maylynn A. Graf, Jennifer M. Danay, Lorena S. Sejane and Gladys B. Calonia.<sup>3</sup>

The Complainant alleges, among other things, the following:

"3. At present, Complainant is engaged in the business of providing bar and restaurant services.

4. He started his business in 1987 when he set up the COCOMANGAS Hotel Beach Resort at the famous Boracay Island of Balabag, Malay, Aklan, Philippines. In 1988, he built and opened a bar in the same place. When he and his former wife parted ways on January 10, 2001, he formally called the bar as Cocomangas Shooter Bar.

5. To attract tourists to his hotel and bar, Complainant came out with a distinctive trademark, using the word "COCOMANGAS" that captures the life of beach fun in Boracay. In 1990, Complainant added a logo to the word "COCOMANGAS" that reflects the color of the place and the vibrant leisure life of sand and palms, thus:

<sup>1</sup> A Canadian Citizen who began residing in the Philippines way back September of 1987, presently married to a Filipina, and with residence and postal address at c/o Cocomangas Shooter Bar, Boracay Island, Balabag, Malay, Aklan, Philippines.


<sup>2</sup> A corporation organized and existing under the laws of the Philippines with business address at Boracay Island, Malay, Aklan, which is registered in the Securities and Exchange Commission ("SEC") under SEC Registration No. CS200819126 issued on December 10, 2008.

<sup>3</sup> All incorporators and/or directors of respondent CUCAMANGAS BORACAY INC. and all residents of Boracay Island, Malay, Aklan.



6. Thus the word "COCOMANGAS" was adopted and used by Complainant commercially in the Philippines as early as 1987, while "COCOMANGAS & LOGO" was adopted and used by Complainant commercially in the Philippines as early as 1990.

7. That only he, and no one else, conceived of this very striking name, is confirmed by the following trademark registration certificate issued by the Intellectual Property Office, in the sole name of Complainant, as follows:

TRADEMARK REG. NO.	DATE ISSUED/ DATE FILED	TRADEMARK / SERVICE MARK	CLASS(ES)	GOODS/SERVICES	STATUS
4-2006-002384	February 26, 2007	 "COCOMANGAS & LOGO"	43	Hotel and restaurant services.	Registered. Existing and enforceable.

8. Soon, this bar became popular among tourists. The goodwill generated came from the attention-capturing offerings at the bar: x x x

9. Because of the increasing success of the bar, Complainant set up a corporation known as the JAVAS RESORT AND RESTAURANT, INC., to operate and manage the business.

10. This company has been registered under SEC Registration No. CS200250654 issued on July 2, 2002. x x x

11. Since July of 2002, JAVAS RESORT AND RESTAURANT, INC. has been lawfully and continuously operating and managing 'COCOMANGAS SHOOTER BAR' at Boracay Island, Balabag, Malay, Aklan. x x x

12. The cited Business Name Registration is in the name of SALVACION MUNRO, the wife of the Complainant and one of the incorporators and directors of JAVAS RESORT AND RESTAURANT, INC.



13. From 2004 to 2008, Complainant's company JAVAS RESORT AND RESTAURANT, INC. has earned the following gross sales per year from the operation of 'COCOMANGAS SHOOTER BAR' and the sale of goods/products bearing 'COCOMANGAS & LOGO' and variations thereof:

2004	-	PHP2,336,343.25
2005	-	PHP3,165,409.29
2006	-	PHP7,442,557.00
2007	-	PHP9,376,198.65
2008	-	PHP8,975,565.19

x x x

14. From 2004 to 2008, Complainant's company JAVAS RESORT AND RESTAURANT, INC. has spent the following expenditures each year in the continuous and extensive promotions and advertisements of the "COCOMANGAS SHOOTER BAR" and its marks "COCOMANGAS & LOGO" and variations thereof:

Advertisement for pizza in boa map	-	P66,000.00
Radio advertisement for pizza	-	P36,000.00
Web hosting website	-	P12,000.00
Menu printing/laminating	-	P30,000.00
Still Standing at 15... menus	-	P30,000.00
Promotional stickers	-	P25,000.00
Pizza box	-	P44,000.00
Website (one time fee)	-	P144,000.00
Still Standing at 15... t shirts	-	P576,000.00
Streamers for events	-	P 24,000.00
Shakers	-	P172,000.00
Jam jars	-	P 14,000.00
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Grand Total	-	P1,173,000.00

x x x

15. Complainant has promoted and advertised the 'COCOMANGAS SHOOTER BAR' and the marks 'COCOMANGAS & LOGO' and variations thereof in the following magazines/newspapers: (1) Boracay Tour Bulletin, Vol. 7 No. 58, January 2008 Issue; (2) Seair Inflight Magazine, October - November 2005 Issue; (3) Roque Magazine, April 2008 Issue (4) Philippine Daily Inquirer, December 18, 2004 Issue; (5) Philippine Star, February 1, 2005 and March 19, 2006 Issue ; and (6) Manila Bulletin, May 18, 2003.

x x x

16. Complainant is a founding member of the 'Boracay Chamber of Commerce & Industry, Inc.' and has contributed a lot to the booming business in Boracay. x x x

17. Moreover, his Cocomangas bar earned public recognition by the Province of Aklan, with him receiving the following certificates of appreciation for the provincial government, thus:

x x x

18. Outside of the province, recognition for Complainant's marks 'COCOMANGAS & LOGO' and variations thereof, and the bar business which carries the mark, are also of unquestionable demonstration, as they are prominently advertised in the following websites, which are accessible in the Philippines, vesting the marks with a well-known status, thus:

[www.cocomangas.com](http://www.cocomangas.com)

<http://travel.aol.com/travel-guide/Cocomangas+Shooter+Bar-Boracay-nightlife--Philippines:407:213149>

<http://www.asiarooms.com/travel-guide/philippines/boracay/things-to-do-in-boracay/nightlife-in-boracay/bars-&-pubs-in-boracay/cocomangas-shooter-bar-boracay.html>

<http://travel.yahoo.com/p-travelguide-2889677-moondog-shooter-bar-boracay-island-i>  
[http://www.tripadvisor.com/Restaurant\\_Review-g294260-d1219280-Reviews-Cocomangas Shooter Bar-Boracay Visayas.html](http://www.tripadvisor.com/Restaurant_Review-g294260-d1219280-Reviews-Cocomangas_Shooter_Bar-Boracay_Visayas.html)

<http://www.facebook.com/pages/Caticlan-Philippines/cocomangas-shooter-bar/39801243888>

[http://ph.88db.com/ph/Services/Post\\_Detail.page/Food and Beverage/Bar Restaurant/?PostID=146876](http://ph.88db.com/ph/Services/Post_Detail.page/Food_and_Beverage/Bar_Restaurant/?PostID=146876)

x x x

19. To protect the popularity of the Cocomangas Shooter Bar, and the 'COCOMANGAS & LOGO' mark, Complainant filed applications for trademark registration covering goods and services that his business is focused on, including those goods and services within the normal expansion of the present business. Thus:

x x x

20. Inevitably, the popularity 'COCOMANGAS SHOOTER BAR', 'COCOMANGAS & LOGO' and variations thereof spawned copycat businesses, seeking to ride on the profitable goodwill of Complainant's business.

21. He learned that another entity was able to secure from the SEC, SEC Registration No. CS200819126 issued on December 10, 2008, for a corporation bearing the name CUCAMANGAS BORACAY, INC., which is the Respondent Corporation herein x x x

22. Not only is this corporate name nearly identical and thus, confusingly similar to the Complainant's mark 'COCOMANGAS & LOGO,' which is already registered as a service mark and also sought to be registered as trademark and service mark covering several classes of goods and services, 'COCOMANGAS SHOOTER BAR' and variations thereof, the nature of the business of this copycat corporation is nearly the same as that of the Complainant.

23. Thus, the primary business purpose of the Respondent Corporation is to '*acquire by purchase or lease, or otherwise, land and/or interest in land, and to own, hold, improve, develop, lease and manage any real estate to acquire and to erect or cause to be erected buildings and/or structures on any land owned, held or acquired by the corporation,*' – which



means, that CUCAMANGAS BORACAY, INC. will acquire Boracay properties, and develop them for business in Boracay, which is but business involving bar, restaurants, and hotel.

24. The Respondent's mark when pronounced is almost exactly the same with the Complainant's mark. In this regard, trademarks are designed not only for the consumption of the eyes, but also to appeal to the other sense, particularly, the faculty of hearing.

25. And since 'COCOMANGAS' of Complainant is a registered trademark, on February 24, 2009, Complainant sent Respondent CUCAMANGAS BORACAY INC. and the other Respondents in their capacity as stockholders/incorporators/officers of Respondent Corporation, through counsel, a letter notifying the latter, of the existing intellectual property rights of the Complainant over the marks "COCOMANGAS & LOGO" and variations thereof, and demanding, among others, Respondent Corporation to cease and desist from using the confusingly similar 'CUCAMANGAS'.

26. Despite receipt of said letter, Respondent CUCAMANGAS BORACAY INC. and the other Respondents did not bother to answer. Consequently, Complainant sent another demand letter dated March 20, 2009 via registered mail and courier (LBC) reiterating with finality the mentioned demands. The material portions of the letter are also quoted below for proper stress.

x x x

28. Notwithstanding the valid and reasonable demands of the Complainant, Respondents merely opted to consider them lightly and just sent a token reply dated March 30, 2009 through counsel, Garcia Law Office of Block 32, Lot 44, A. Ozaeta Street, B.F. Resort Village, Las Pinas City, Metro Manila. Evidently, misappreciating and downplaying the value of the existing intellectual property rights of the Complainant over the marks "COCOMANGAS & LOGO" and variations thereof, the Respondents just stated through counsel as follows: x x x"

A Notice to Answer dated 10 June 2009 was thereafter issued requiring the Respondents to submit their Answer within ten days from receipt thereof. The Respondents filed an Entry of Appearance with Motion for Extension of Time, dated 24 June 2009, wherein they acknowledged that they received the summons or Notice to Answer on June 18, 2009 and asked for an additional period of ten days. The motion was granted giving respondents until July 9, 2009 to file their Answer.

On 06 July 2009, the Respondents filed a written Manifestation claiming that:

"(a) As early as June 23, 2009 they have already caused the removal of any and all visible and apparent signages that bear the trademark CUCAMANGAS in Respondents' resort premises; and

(b) They gave notice to their service provider to close down the web site of Respondent Cucamangas Boracay, Inc. as soon as possible."

In the hearing conducted on 22 October 2009 for the provisional remedies, the Respondents, through counsel, manifested in open court that they are in the process of

changing the corporate name of "CUCAMANGAS BORACAY, INC." with the Securities and Exchange Commission ("SEC") and other government agencies.

Subsequently, Complainant filed a Manifestation on 03 November 2009 directing the attention of this Bureau to the existence of a signed Compromise Agreement, whereby the Respondents acknowledged the following:

"(a) Respondents fully and unconditionally recognize Complainant's rights, title and interest to the marks COCOMANGAS & LOGO, COCOMANGAS SHOOTER BAR, KEEP THE SHAKER REFILL DESIGN trademarks ("COCOMANGAS Marks") and variations thereof including any pertinent copyrights existing in the Philippines.

(b) Respondents shall immediately and permanently cease and desist from using, advertising, promoting in whatever form and manner the "CUCAMANGAS" or any other mark identical of confusingly similar to the "COCOMANGAS" marks.

(c) Respondents shall immediately cause the removal of the "CUCAMANGAS" name in all travel agency webpages which promote and accept bookings for CUCAMANGAS HOTEL BEACH RESORT, CUCAMANGAS EAST BAY APARTMENT and/or any other properties of CUCAMANGAS BORACAY, INC.

(d) Respondents undertake never to cause the registration of the COCOMANGAS marks or variations thereof, CUCAMANGAS and any other mark identical or confusingly similar to the COCOMANGAS marks with the Intellectual Property Office."

In the said Manifestation, Complainant prayed for the issuance of an Order declaring Respondents to be bound by the admissions made in the Compromise Agreement and thereby setting the case for pre-trial and trial on the main case for damages.

Consequently, this Bureau issued on 09 November 2009 Order No. 2009-80 declaring as follows:

"Considering the foregoing statements and admissions made by the Respondents, the latter are considered to have effectively agreed to permanent injunction on themselves as to the use of the CUCAMANGAS or any other mark that is identical or confusingly similar to Complainant's COCOMANGAS mark.

WHEREFORE, premises considered, Complainant's application for the issuance of temporary restraining order and/or permanent injunction is hereby considered MOOT AND ACADEMIC. Consequently, the case is hereby set for pre-trial conference and trial on the main case for the determination of damages. Let the pre-trial conference for this case be set on December 2, 2009 at 2 o'clock in the afternoon.

SO ORDERED." (Emphasis supplied.)

On 08 January 2010, this Honorable Office issued a Notice of Preliminary Conference with Invitation to Mediate, which set the instant case for preliminary conference and required both parties to attend the same to explore the possibility of an amicable



settlement, among others. Upon motion of the Respondents, the Bureau of Legal Affairs issued on 22 January 2010 Order No. 2010-13, resetting the pre-trial conference to 04 February 2010 at 2 o'clock in the afternoon.

On Complainant then filed on 08 February 2010 a Motion to Declare Respondents in Default. Thereafter on 17 February 2010, the Respondents Antonina Sual and Cucamangas Boracay Inc. filed their Answer with Compulsory Counterclaim alleging, among other things, the following:

"29. On April 5, 1988, Susan S. Munro lodged an application for the registration of the trade name Cocomangas Beach Resort" with the Bureau of Internal Revenue which application was approved on May 19, 1988. x x x

30. On October 19, 1988, Susan S. Munro doing business under the name 'Cocomangas' paid the Mayor's Permit for the operation of the establishment for 1988. Thereafter, Susan S. Munro continued to operate under the business names 'Cocomangas Beach Resort Hotel,' 'Cocomangas Bar & Restaurant' and 'The Shooter Bar' as shown in the various Mayor's Permits issued by the Municipality of Malay, Aklan every year. Not one of these business permits had been issued in the name of complainant John Richard Munro. x x x

31. Aside from the annual business permits issued by the Municipality of Malay, Aklan to Susan S. Munro, the business name 'Cocomangas Beach Resort' has been registered in the name of Susan S. Munro with the Department of Trade and Industry as early as 1988 and continuously thereafter as shown in the last two (2) Certificates of Business Name Registration dated January 17, 2002 and March 29, 2007. x x x

32. In the Certificate of Registration issued by the Bureau of Internal Revenue in the name of Susan S. Munro, the trade name 'Cocomangas Beach Resort' has been classified as engaged in the business of hotels & motels, restaurants, bars, canteens, eating & drinking place, as well as buying, selling, renting, leasing, and operation of dwellings. x x x

33. On May 8, 2002, complainant John Richard Munro through his Atty. Edgar S. Calizo wrote to Susan S. Munro requesting the latter to sign a Deed of Waiver of rights on Cocomangas Bar and Restaurant to enable him to apply for a Mayor's Permit. x x x

34. The actual use by Susan S. Munro and the registration of the business name 'Cocomangas Beach Resort Hotel,' 'Cocomangas Bar & Restaurant' and 'The Shooter Bar' in her name as early as 1988 establishes her right thereto for having been the first to use the name in commerce.

35. The establishment of Cucamangas Boracay, Inc., being a domestic corporation with 100% of its stocks and interests held and owned by Filipinos, it is allowed to engage in retail business such as the operation of bars and restaurants.

36. Prior to the amendment and change of name of Cucamangas Boracay, Inc, the corporation in its short-lived operation under said name has been primarily engaged in the operation of a modest 16-room resort. It did not operate a bar or a restaurant open to the general public as all that it offered were rooms for rent.



37. The business of complainant is primarily involved in the operation of a bar, a business totally different from then Cucamangas Boracay, Inc. Given that the nature of their businesses and the kind of services each one renders are dissimilar and unrelated, the clientele and target markets of complainant John Richard Munro and respondent Cucamangas Boracay, Inc, are not the same. Hence, the likelihood that confusion might be created in the minds of their potential customers or guests is very unlikely.

38. On July 4, 2009, Cucamangas Boracay, Inc. amended its Articles of Incorporation by changing its name to Niu Ohana Garden Resort, Inc., which was approved by the Securities and Exchange Commission on November 20, 2009. Case law teaches that a temporary restraining order will not issue if the act sought to be enjoined is a *fait accompli*. The issuance of a Temporary Restraining Order or a Writ of Preliminary Injunction would not preserve the status quo between the parties that existed prior to the filing of the instant complaint. x x x"

The Complainant subsequently filed on 23 February 2010 a "Motion To: Expunge Answer; Declare Respondents in Default; and Submit case for Decision" moving that the Answer should be expunged, all the Respondents be declared in default and the case be submitted for decision on the basis of Complainant's evidence, pursuant to Section 9, Rule 2 of the Rules and Regulations Administrative Complaints for Violation of Law of Intellectual Property Rights.<sup>4</sup> The Complainant emphasized that the declaration of Respondents in default "is mandatory and what is more, motu proprio, from the moment of failure to file the answer on time."

In its Order No. 2010-44 issued on April 22, 2010, this Bureau denied the Complainant's motion thus:

"While the Rules require the Respondents to file their answer within ten (10) days from receipt of the notice and while it is true that Respondents were given an extension of ten (10) days to file their answer, a relaxation of the Rules is warranted considering the attendant circumstances in this case. It will be noted that in the course of the hearing on the provisional remedies, this Bureau, upon the request of both parties, had given them the opportunity to explore the possibility of settlement and the Respondents duly participated and demonstrated good faith in pursuing a compromise agreement. In fact, in their efforts to reach a settlement, the Respondents executed a Compromise Agreement which rendered the application for issuance of temporary restraining order and/or permanent injunction moot and academic and this Bureau immediately set the case for pre-trial conference and trial on the main case for the determination of damages. Such fact only shows that

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<sup>4</sup> Section 9. Answer - (a) The summons shall require respondent to answer the complaint within ten (10) days from receipt thereof. The respondent shall answer the complaint in writing, by either specifically denying the material allegations of the complaint or alleging any affirmative defense.

If the respondent fails to answer within the time allowed therefor, the Hearing Officer shall, *motu proprio* or upon motion of the complainant with notice to the respondent, and proof of such failure, declare the respondent in default. Thereupon, the Hearing Officer shall proceed to render judgment granting the complainant such relief as his pleading may warrant, unless the Hearing Officer in his discretion requires the complainant to submit evidence. All such decisions or orders shall comply with Rule 11 of these Regulations.

Respondents have not been remiss in participating in the proceedings of this case and that the belated filing of the answer was made in good faith given the circumstances that the parties are in a serious discussion of settlement of the case.

x x x

x x x

x x x

WHEREFORE, premises considered, Complainant's Motion is hereby DENIED. Consequently, Respondent's Answer filed on February 17, 2010 is hereby GIVEN DUE COURSE. Let this case be set for pre-trial conference on May 13, 2010 at 2 o'clock in the afternoon.

SO ORDERED."

Both the Complainant and Respondents, through their respective counsel, attended these conferences. However, no amicable settlement was agreed upon so that Complainant was allowed to present his evidences.

16. Thereafter, the Complainant submitted on December 1, 2010 his written Formal Offer of Evidence, wherein the exhibits identified below were formally offered in evidence.

Exhibit	Description	Purpose/s
"A"	Affidavit of John Munro consisting of thirty-five (35) paragraphs, and annexes marked as Annexes "A" to "Q", including sub-markings.	<ol style="list-style-type: none"> <li>1. Plaintiff is the registered and true owner of the COCOMANGAS trademark and logo.</li> <li>2. The COCOMANGAS trademark and logo are well-known and popular, here and abroad.</li> <li>3. The COCOMANGAS trademark and logo have, through continuous, extensive and popular use and promotion, acquired substantial goodwill and tremendous value.</li> <li>4. Plaintiff solely promoted and advertised the COCOMANGAS trademark and logo.</li> <li>5. Respondents copied without Plaintiff's consent, and therefore infringed and unfairly competed with, the COCOMANGAS trademark and logo by producing a confusingly similar name, specifically, CUCAMANGAS BORACAY, INC. for use in the same line of business and goods.</li> <li>6. Customers actually confused</li> </ol>



		<p>COCOMANGAS with CUCAMANGAS.</p> <p>7. Respondents are therefore guilty of trademark infringement and unfair competition in coming out with CUCAMANGAS BORACAY, INC.</p>
"B"	<p>Certificate of Incorporation of CUCAMANGAS BORACAY, INC., which is Annex "B" of the Affidavit of John Munro, including the Articles of Incorporation (Annex "B-1") showing the names of the individual Respondents as incorporators; and By-Laws (Annexes "B-2" and "B-3").</p>	<p>1. CUCAMANGAS BORACAY, INC. is actually an existing corporation under such a name.</p> <p>2. Respondents are the persons who are behind the incorporation of such corporation.</p> <p>3. Respondents are therefore guilty of trademark infringement and unfair competition by infringing on the COCOMANGAS trademark and logo through the use of CUCAMANGAS in CUCAMANGAS BORACAY, INC. corporate name.</p>
"C"	<p>Certification as a true Copy the Certificate of Registration No. 4-2006-002384 for the trademark COCOMANGAS &amp; LOGO issued on February 26, 2007 in the name of Plaintiff. This is Annex "C" of the Affidavit of John Munro.</p>	<p>1. Plaintiff is the registered and true owner of the COCOMANGAS trademark and logo.</p> <p>2. Respondents are therefore guilty of trademark infringement and unfair competition by infringing on the COCOMANGAS trademark and logo through the use of CUCAMANGAS in CUCAMANGAS BORACAY, INC. corporate name.</p>
"C-1"	<p>Certificate of Registration No. 4-2006-002384 for the trademark COCOMANGAS &amp; LOGO issued on February 26, 2007 in the name of Plaintiff.</p>	<p>Same as above.</p>

Exhibit	Description	Purpose/s
"D"	<p>Certificate of Incorporation of JAVAS RESORT AND RESTAURANT, INC. This is Annex "D" of the Affidavit of John Munro, which includes the Cover Sheet showing John Munro as the President</p>	<p>1. Plaintiff, as the registered owner of the trademark COCOMANGAS &amp; LOGO, allowed the use of the trademark through JAVAS of which he is the President, whereby JAVAS run and managed the businesses in Boracay, such the COCOMANGAS HOTEL AND BEACH REPORT and COCOMANGAS SHOOTER BAR.</p>

		2. The existence and use by Respondents of CUCAMANGAS BORACAY, INC., results in CUCAMANGAS BORACAY, INC. being confused and associated with the COCOMANGAS HOTEL AND BEACH RESORT and COCOMANGAS SHOOTER BAR, and thus, Respondents committed infringement and unfair competition.
"E"	Department of Trade and Industry Certificate of Business Name Registration for JAVAS, attached as Annex "E" of the Affidavit.	<ol style="list-style-type: none"> <li>1. JAVAS is a legitimate business entity.</li> <li>2. JAVAS is engaged in actual business in the Philippines, specifically, in Balabag, Boracay, Malay, Aklan.</li> <li>3. It runs and operates the COCOMANGAS HOTEL AND BEACH RESORT and COCOMANGAS SHOOTER BAR.</li> <li>4. Plaintiff's COCOMANGAS trademark is thus used in actual, commercial activities through JAVAS.</li> </ol>
"F"	Sales Invoices/Sales Receipts in the name of JAVAS attached as Annexes "F" to "F-28" of the Affidavit.	Same as above.
"G" to "G-8"	Samples of print advertisements and promotional flyers promoting the COCOMANGAS SHOOTER BAR and the activities carried out by the bar, attached as Annexes "G" to "G-8" of the Affidavit.	<ol style="list-style-type: none"> <li>1. Same as in Exhibit above.</li> <li>2. COCOMANGAS is an extensively promoted trademark of Plaintiff.</li> <li>3. COCOMANGAS has tremendous value and goodwill.</li> </ol>
"H" to "H-12"	Financial Statements, Auditor's Report, and Revenue Official Receipts of JAVAS for the years indicated therein, attached as Annexes "H" and sub-markings of the Affidavit.	<ol style="list-style-type: none"> <li>1. Same as in Exhibit "E".</li> <li>2. The business run by JAVAS which uses the COCOMANGAS trademark, generates income.</li> <li>3. COCOMANGAS has tremendous value and goodwill.</li> </ol>
"I" to "I-7"	Newspaper clippings publicizing and featuring activities and events of Plaintiff's COCOMANGAS SHOOTER BAR, and featuring the Plaintiff himself with his pictures, attached as Annexes "I" to "I-7" of the Affidavit.	<ol style="list-style-type: none"> <li>1. Plaintiff's COCOMANGAS SHOOTER BAR is a popular and landmark business in Boracay.</li> <li>2. Plaintiff himself is well-known as the proprietor of the bar.</li> <li>3. COCOMANGAS has tremendous value and goodwill.</li> </ol>



"J"	Certificate of Membership of Plaintiff to the Boracay Chamber of Commerce & Industry, as a founding member, attached as Annex "J" of the Affidavit.	1. Same as above.
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Exhibit	Description	Purpose/s
"K" to "K-1"	Certificates of Appreciation presented to COCOMANGAS, and COCOMANGAS SHOOTER BAR, attached as Annexes "K" to "K-1" of the Affidavit.	1. Same as above. 2. COCOMANGAS SHOOTER BAR is also known as COCOMANGAS only.
"L" to "L-6"	Print-out of the COCOMANGAS website, and other websites featuring COCOMANGAS SHOOTER BAR and referring to COCOMANGAS, attached as Annexes "L" to "L-6" to the Affidavit.	1. Same as above. 2. COCOMANGAS is a well-known trademark of Plaintiff, abroad and in the Philippines.
"M" to "M-4"	Applications for trademark registration of COCOMANGAS, INC. & LOGO, COCOMANGAS & LOGO, and COCOMANGAS SHOOTER BAR KEEP THE SHAKER REFILL & LOGO, filed in the name of Plaintiff, attached as Annexes "M" to "M-4" to the Affidavit.	1. Plaintiff is the true owner of the COCOMANGAS trademark.
"N" to "N-2"	Demand Letter dated February 24, 2009 filed by Plaintiff against Respondents, attached as Annex "N" to the Affidavit.	1. Plaintiff did not give his consent to the use of CUCAMANGAS by the Respondents, which is confusingly similar to his registered COCOMANGAS trademark. 2. Respondents are therefore guilty of trademark infringement and unfair competition by infringing on the COCOMANGAS trademark and logo through the use of CUCAMANGAS in CUCAMANGAS BORACAY, INC. corporate name.
"O" to "O-2"	Demand Letter dated March 20, 2009 sent by Plaintiff against Respondents, attached as Annex "O" to "O-2" to the Affidavit.	Same as above.
"P"	Print-out of the entire pages of the website of COCOMANGAS,	Same as in Exhibit "L".

	attached as Annex "P" to the Affidavit.	
"Q"	Print-out of the entire pages of the website of Respondents' CUCAMANGAS website, attached as Annex "Q" to the Affidavit.	<ol style="list-style-type: none"> <li>1. Respondents not only copied the COCOMANGAS name in the form of the confusingly similar CUCAMANGAS in their CUCMANGAS website, they also copied the design and appearance of the COCOMANGAS name it appears in the COCOMANGAS website.</li> <li>2. Respondents are therefore guilty of trademark infringement and unfair competition by infringing on the COCOMANGAS trademark and logo through the use of their own website showing CUCAMANGAS which is depicted in the same design, style and appearance as the COCOMANGAS appearing in Plaintiff's COCOMANGAS website.</li> </ol>

Exhibit	Description	Purpose/s
"S" to "S-I"	Affidavit of Caesar J. Poblador. The marked copy is part of the records of the case.	1. Complainant incurred expenses for attorney's fees and costs of suit.

On 17 January 2011, the Complainant submitted his Supplemental Formal Offer of Evidence, wherein the additional exhibits identified below were formally offered as evidence:

Exhibit	Description	Purpose/s
"R"	Letter dated January 4, 2010 addressed to Mr. Ricardo J. Osorio, OIC, Revenue District Officer. Bureau of Internal Revenue, Kalibo, Aklan.	<ol style="list-style-type: none"> <li>1. Respondents copied without Plaintiff's consent, and therefore infringed and unfairly competed with, the COCOMANGAS trademark and logo by doing business under a confusingly similar name, specifically, CUCAMANGAS BORACAY, INC. for use in the same line of business and goods.</li> <li>2. Respondents are therefore guilty of trademark infringement and unfair</li> </ol>



		<p>competition in coming out with CUCAMANGAS BORACAY, INC.</p> <p>3. Under Sec. 156 of the IP Code, Respondents are therefore liable for damages to the trademark owner, in this case Complainant herein.</p>
"R-1"	<p>Monthly Value Added Tax Declaration of Cucamangas Boracay Inc. for the month of January 2009 showing vatable sales for January 2009 as Php 183,258.93.</p>	<p>1. Under Sec. 156 of the Code, the measure of damages to be awarded to the trademark owner by the infringer, shall "be either the reasonable profit which the complaining party would have made x x x or the profit which defendant actually made out of the infringement x x x or in the event such x x x cannot be readily ascertained x x x, a reasonable percentage based upon the amount of gross sales of the defendant x x x."</p> <p>2. In the <u>MacJoy</u> case, the Supreme Court declared that 11.9% is a reasonable percentage.</p>
"R-2"	<p>Monthly Value Added Tax Declaration of Cucamangas Boracay Inc. for the month of February 2009 showing vatable sales for February 2009 in the amount of Php 174,250.00</p>	<p>1. Same as purposes 1 to 3 above.</p> <p>2. Respondent earned Php 174,250.00 in gross sales for the month of February 2009 while doing business using CUCAMANGAS.</p> <p>3. Hence, this Exhibit is offered to prove the profit which Respondents made as a result of running its business using the CUCAMANGAS name, or the amount of the gross sale for purposes of computing the percentage of the damages.</p>

Exhibit	Description	Purpose/s
		<p>3. Hence, this Exhibit is offered to prove the profit which Respondents made as a result of running its business using the CUCAMANGAS name, or the amount of the gross sale for purposes of computing the</p>

		percentage of the damages. 4. Respondent earned Php 183,258.93 in gross sales for the month of January 2009 while doing business using CUCAMANGAS.
"R-3"	Quarterly Income Tax Return of Cucamangas Boracay Inc. for the first quarter of 2009 showing total sales for the first quarter of 2009 as Php 547,205.36	1. Same as purposes 1 to 3 under Exhibit "R-1". 2. Respondent earned Php 547,203.36 gross sales for the first quarter of 2009 while doing business using CUCAMANGAS.
"R-4"	Monthly Value Added Tax Declaration of Cucamangas Boracay Inc. for the month of April 2009 showing vatable sales for April 2009 in the amount of Php 326,308.17	1. Same as purposes 1 to 3 under Exhibit "R-1". 2. Respondent earned Php 326,308.17 gross sales for the month of April 2009 while doing business using CUCAMANGAS.
"R-5"	Quarterly Value Added Tax Return for the third quarter of 2009 showing vatable sales for the third quarter as Php 299,436.65	1. Same as purposes 1 to 3 under Exhibit "R-1". 2. Respondent earned Php 299,436.65 in gross sales for the third quarter of 2009 while doing business using CUCAMANGAS.
"R-6"	Monthly Value Added Tax Declaration for the month of October 2009 showing sales in the amount of Php 107,469.11	1. Same as purposes 1 to 3 under Exhibit "R-1". 2. Respondent earned Php 107,469.11 in gross sales for the month of October 2009 while doing business using CUCAMANGAS.
"R-7"	Monthly Value-Added Tax Declaration for the month of November 2009 showing sales in the amount of Php 105,790.36	1. Same as purposes 1 to 3 under Exhibit "R-1". 2. Respondent earned Php 105,790.36 in gross sales for the month of November 2009.

This Bureau issued its Order No. 2011-09 dated 16 February 2011 admitting Complainant's Exhibit "R", inclusive of sub-markings, with the Respondent's comments thereto forming part of the records to be considered in the final adjudication of the case.

Thereafter, in the hearing of 10 January 2012, the Respondents presented their documentary evidences marked as Exhibits "1" to "13." On 21 February 2012, the Respondents submitted a Formal Offer of Evidence, consisting of Exhibits "1" to "13," inclusive of sub-markings, to wit:



Exhibit	Description	Purpose/s
"1"	Judicial Affidavit of Mary Geraldine P. Asis	Disproving the allegations in the complaint as well as the testimony pf complainant John Richard Munro.
"1-a"	Signature of Mary Geraldine P. Asis	
"2"	Certificate of Filing of Amended Articles of Niu Ohana Garden Resort, Inc. dated November 20, 2009	Establishing that immediately after the filing of the instant suit, Cucamangas Boracay, Inc. caused the amendment of its corporate name with the Securities and Exchange Commission (SEC) which application was approved on November 20, 2009.
"3"	Mayor's Permit of Cucamangas Boracay Resort Hotel issued by the Office of the Mayor, Malay, Aklan with validity until December 31, 2009	Establishing that Cucamangas Boracay, Inc. obtained a Mayor's Permit for the operation of its business under the name "Cucamangas Boracay Resort Hotel" on February 20, 2009 with validity until December 31, 2009.
"4"	Letter addressed to Mr. Ricardo J. Osorio, OIC-Revenue District Officer, Bureau of Internal Revenue, Kalibo, Aklan, Revenue District No. 71 with stamp received on January 8, 2010	Disproving the allegations in the complaint as well as the testimony pf complainant John Richard Munro.
"5"	Mayor's Permit issued by the Municipality of Malay, Aklan to Niu Ohana Garden Resort with validity until December 31, 2011	
"6"	Book Cover of Pacific Rims by Rafe Bartholomew	Establishing that contrary to the assertion of complainant John Ricardo Munro, the reputation of "Cocomangas" as a bar is nothing to rave about as it had "turned increasingly seedy" over the years.
"6-a"	Page 184 of Pacific Rims	
"7"	Bank Certification issued by Allied Banking Corporation, Boracay Island, Malay, Aklan in regard to the bank account of Cucamangas Boracay, Inc., opened on March 10, 2009 and closed on February 26, 2010	Establishing that the bank account of Cucamangas Boracay, Inc. was closed on February 26, 2010
"8"	Bank Certification issued by Allied Banking Corporation, Boracay	Establishing that a new account under the name of Niu Ohana Garden Resort,

	Island, Malay, Aklan in regard to the bank account of Niu Ohana Garden Resort, Inc., opened on February 19, 2010	Inc., opened on February 19, 2010
"9"	Letter dated March 22, 2010 sent by email	Establishing that after the change in the corporate name of Cucamangas Boracay, Inc. to Niu Ohana Garden Resort, Inc. respondents notified all travel agents and travel sites in the internet to henceforth address all inquiries to Niu Ohana Garden Resort, Inc.
"10"	Letter dated March 22, 2010 dated March 23, 2010 from Glade P. Goding of TravelOnline sent by e-mail	Establishing that after the change in the corporate name of Cucamangas Boracay, Inc. to Niu Ohana Garden Resort, Inc. respondents notified all travel agents and

Exhibit	Description	Purpose/s
		travel sites in the internet to henceforth address all inquiries to Niu Ohana Garden Resort, Inc.
"11"	Letter dated July 5, 2010 sent to various sites through email	Establishing that after the change in the corporate name of Cucamangas Boracay, Inc. to Niu Ohana Garden Resort, Inc. respondents notified all travel agents and travel sites in the internet to henceforth address all inquiries to Niu Ohana Garden Resort, Inc.
"12"	Letter dated July 5, 2010 sent to TravelIPH through email	Establishing that after the change in the corporate name of Cucamangas Boracay, Inc. to Niu Ohana Garden Resort, Inc. respondents notified all travel agents and travel sites in the internet to henceforth address all inquiries to Niu Ohana Garden Resort, Inc.
"13"	Computer print-out of various notices sent to various sites through email	Establishing that after the change in the corporate name of Cucamangas Boracay, Inc. to Niu Ohana Garden Resort, Inc. respondents notified all travel agents and travel sites in the internet to henceforth address all inquiries to Niu Ohana Garden Resort, Inc.



The Complainant then filed on 06 March 2012 his "COMMENTS AND OBJECTIONS (To the Respondents' Formal Offer of Evidence) AND FORMAL OFFER OF COMPLAINANT'S REBUTTAL EVIDENCE." The Complainant's rebuttal evidence formally offered are identified below:

DESCRIPTION	EXHIBIT	PURPOSE	REMARKS
Print-out of the Niu Ohana website with indicated date of September 9, 2011 showing that Cucamangas Boracay Inc., is still indicated in the website.	"T"	To prove the bad faith on the part of Respondents since the name Cucamangas Boracay Inc. is still indicated in the website. This document was printed out on September 9, 2011 and checked out to be still the same on November 29, 2011.	Pages 12 and 13, November 29, 2011 TSN.
Booking Policies	"T-1"	Same purpose.	Pages 12 and 13, November 29, 2011 TSN.
The date indicated in the Booking Policies.	"T-2"	Same purpose.	Pages 12 and 13, November 29, 2011 TSN.
Print-out from the My Boracay Guide Website showing Niu Ohana Boracay Garden, with description of the	"U"	To prove the bad faith on the part of Respondents since this contradicts the answer of the affiant/declarant (Respondents' witness)	Pages 13 to 15, November 29, 2011 TSN.

DESCRIPTION	EXHIBIT	PURPOSE	REMARKS
facilities indicating as bar and restaurant		to Question 19 (page 5 of Judicial Affidavit) that Niu Ohana is basically operating rooms for rent to tourists in general and is not operating as a bar or restaurant. This document was	

		printed out on September 9, 2011 and checked out to be still the same on November 29, 2011.	
Portion of My Boracay Guide Website referring to the facilities marked as Exhibit "U-1" of Complainant.	"U-1"	Same purpose.	Pages 13 to 15, November 29, 2011 TSN.
Print-out from <u>Traveltipid.com</u> website with a picture of Cucamangas Beach Resort.	"V"	Same purpose.	Pages 13 to 15, November 29, 2011 TSN.
Date of the print-out from Traveltipid.com website.	"V-1"	Same purpose.	Pages 13 to 15, November 29, 2011 TSN.
First page of screen shot of the google webpage showing the page and reference to the googled word Cucamangas marked as Exhibit "WWW" of Complainant	"WWW"	To prove the bad faith on the part of Respondents and their continuing infringing acts.	Page 13, January 10, 2012 TSN.
Second page of screen shot of the google webpage showing the page and reference to the googled word Cucamangas.	"WWW-1"	To prove the bad faith on the part of Respondents and their continuing infringing acts.	Page 13, January 10, 2012 TSN.

In its Order dated 20 March 2012, this Bureau admitted all of the Respondents' Exhibits "1" to 13," and declared that the comments and objections of Complainant shall form part of the records of the case to be considered in the final adjudication of the case.



This Bureau also directed the parties to submit their respective Memorandum. Both parties complied.

The issues to be resolved in this case, as determined during the Pre-Trial Conference-are the following:

1. Whether the Respondents acts of using, appropriating and advertising the name "CUCAMANGAS" as part of corporate name "CUCAMANGAS BORACAY, INC." without the Complainant's consent constitute trademark infringement and/or unfair competition constitutes trademark infringement under the provisions of the Intellectual Property Code of the Philippines; and
2. Whether or not Complainant is entitled to his claims for damages, attorney's fees, litigation expenses and costs of suit.

It must be emphasized that the Complainant's prayer for provisional remedies has already been dealt with effectively by this Bureau's Order No. 2009-80 issued on November 9, 2009, wherein it has pronounced that with the statements and admissions made by the Respondents in the hearing conducted on October 22, 2009 for the provisional remedies, and the Compromise Agreement signed by Respondents, which was attached to the Complainant's Manifestation filed on November 3, 2009, the Respondents are considered to have effectively agreed to permanent injunction on themselves as to the use of the CUCAMANGAS or any other mark that is identical or confusingly similar to Complainant's COCOMANGAS mark.

Anent the issue of trademark infringement, Section 155 of R.A. No. 8293 or the Intellectual Property Code ("IP Code") defines what constitutes trademark infringement, as follows:

"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 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 elements of infringement under the IP Code are as follows:

- (1) The trademark being infringed is registered in the Intellectual Property Office; however, in infringement of trade name, the same need not be registered;
- (2) The trademark or trade name is reproduced, counterfeited, copied, or colorably imitated by the infringer;
- (3) The infringing mark or trade name is used in connection with the sale, offering for sale, or advertising of any goods, business or services; or the infringing mark or trade name 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;
- (4) The use or application of the infringing mark or trade name 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; and
- (5) It is without the consent of the trademark or trade name owner or the assignee thereof.<sup>2</sup>

As to the first element, records show that "COCOMANGAS & LOGO" was registered in favor of the Complainant registered under Trademark Registration No. 4-2006-002384 on 26 February 2007 covering "hotel and restaurant services" under Class 43.<sup>3</sup> This Bureau also takes judicial notice of the Complainant's Trademark Registration No. 4-2006-002384 ("COCOMANGAS & LOGO" in Class 43) remains enforceable and that the former Trademark Application Nos. 4-2009-001909 ("COCOMANGAS, INC. & LOGO" in Class 35), 4-2008-012340 ("COCOMANGAS & LOGO" in Class 25), 4-2009-002879 ("COCOMANGAS & LOGO" in Classes 3, 7, 8, 9, 11, 14, 16, 18, 20, 21, 26, 27 and 28), 4-2009-002878 ("COCOMANGAS & LOGO" in Classes 35, 36, 37, 38, 39, 41, 42 and 44) and 4-2009-00832 ("COCOMANGAS SHOOTER BAR, KEEP THE SHAKER REFILL & DESIGN" in Classes 21, 25 and 33), which have matured into registration. Subjects found in the Trademark Registry including the list of registered trademarks as well as pending applications and statuses are matters that the Office of the Director General of the Intellectual Property Office Philippines can and should take cognizance of even if not raised as an issue by the parties.<sup>4</sup>

Going now to the second element, this Bureau finds that the name "CUCAMANGAS" is a colorable imitation of the Complainant's mark. The two words may have differed only with respect to the second and fourth letters but they still appear and sound the same. In

<sup>2</sup> Prosource International, Inc. vs. Horphag Research Management SA, G.R. No. 180073, November 23, 2009.

<sup>3</sup> Exhibits "A", "C" and "C-1".

<sup>4</sup> ODG Appeal No. 14-08-31, Inter Partes Case No. 14-2007-00025 (Saint-Gobain Abrasives, Inc. versus Kayamanan Products, Inc.), Opposition to Trademark Application No. 4-2004-000513 for "NORTON PREMIUM AND DESIGN," Decision dated 01 June 2009



determining confusing similarity, the Supreme Court has ruled that it is not necessary that the trademark be literally copied or that every word be appropriated in order that confusing similarity can arise, as what is essential is that it is the substantial and distinctive part of the trademark that is copied or imitated.<sup>5</sup> Moreover, in *McDonald's Corporation vs. L.C. Big Mak Burger, Inc.*<sup>6</sup>, the Supreme Court, citing *Marvex Commercial Co. Inc. v. Petra Hawpia & Milling Co.*<sup>7</sup>, ruled thus:

"x x x [t]hat 'SALONPAS' and 'LIONPAS' are confusingly similar in sound: 'Gold Dust' and 'Gold Drop'; 'Jantzen' and 'Jass-Sea'; 'Silver Flash' and 'Supper Flash'; 'Cascarete' and 'Celborite'; 'Celluloid' and 'Cellonite'; 'Chartreuse' and 'Charseurs'; 'Cutex' and 'Cuticlean'; 'Hebe' and 'Meje'; 'Kotex' and 'Femetex'; 'Zuso' and 'Hoo Hoo'. Leon Amdur, in his book 'Trade-Mark Law and Practice', pp. 419-421, cites, as coming *within* the purview of the *idem sonans* rule, 'Yusea' and 'U-C-A', 'Steinway Pianos' and 'Steinberg Pianos', and 'Seven-Up' and 'Lemon-Up'. In *Co Tiong vs. Director of Patents*, this Court unequivocally said that 'Celdura' and 'Cordura' are confusingly similar in sound; this Court held in *Sapolin Co. vs. Balmaceda*, 67 Phil. 795 that the name 'Lusolin' is an infringement of the trademark 'Sapolin', as the sound of the two names is almost the same."

With respect to the third element, the Respondents' registration with the SEC of the name "CUCAMANGAS" shows that they will use the same in connection with their business or services. The Respondents also used the same in their website.<sup>8</sup>

As to the fourth element, notwithstanding the Respondents' argument that there is no likelihood of confusion as they do not offer bar and restaurant services but that they applied the "CUCAMANGAS" to operate a resort, this Bureau finds that confusion, mistake and/or deception are still likely to exist. Section 138 of the IP Code provides:

"Sec. 138. Certificates of Registration. – A certificate of registration of a mark shall be prima facie evidence of the validity of the registration, the registrant's ownership of the mark, and the registrant's exclusive right to use the same in connection with the goods or services and those that are related thereto specified in the certificate." (Emphasis supplied)

The bar and restaurant services of the Complainant and the hotel services of the Respondents are considered closely related. Moreover, the parties' businesses are in the same location - Boracay, a popular tourist destination. Therefore, the target customers are the same. Tourists are not expected to be aware of the owners of the respective hotels, bars and restaurants in the locality. Hence, it is likely that one who sees "CUCAMANGAS" will believe that the same is affiliated to, sponsored by, or in any way connected with "CUCAMANGAS", and vice-versa. Aptly, the Supreme Court ruled that:<sup>9</sup>

<sup>5</sup> *Co Tiong Sa v. Director of Patents*, G.R. No. L-5378, 24 May 1958.

<sup>6</sup> G.R. No. 143993, 18 August 2004.

<sup>7</sup> G.R. No. L-19297, 22 December 1966.

<sup>8</sup> Exhibits "B" and "Q".

<sup>9</sup> *Skechers, USA, Inc. vs. Inter Pacific Industrial Trading Corp.*, G.R. No. 164321, 23 March 2011.

"Modern law recognizes that the protection to which the owner of a trademark is entitled is not limited to guarding his goods or business from actual market competition with identical or similar products of the parties, but extends to all cases in which the use by a junior appropriator of a trade-mark or trade-name is likely to lead to a confusion of source, as where prospective purchasers would be misled into thinking that the complaining party has extended his business into the field (see 148 ALR 56 et seq; 53 Am. Jur. 576) or is in any way connected with the activities of the infringer; or when it forestalls the normal potential expansion of his business x x x"

On the last element, the Complainant presented evidence that the Respondent's use of "CUCAMANGAS" is without their consent. Evidence shows that as early as 24 February 2009, Complainant has sent a letter notifying the existing intellectual property rights of the Complainant over the marks "COCOMANGAS & LOGO" and variations thereof. In the letter, the Complainant demanded, among others, that Respondent Corporation cease and desist from using the confusingly similar "CUCAMANGAS".<sup>10</sup> When the Respondents did not answer, the Complainant sent another demand letter dated 20 March 20, 2009 via registered mail and courier service reiterating with finality its demands.<sup>11</sup>

Hence, all the elements of trademark infringement concur in this case.

With respect to the Complainant's allegation of unfair competition, Section 168 of the IP Code provides that:

"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

<sup>10</sup> Exhibits "A" and Exhibits "N" to "N-2".

<sup>11</sup> Exhibit "A" and Exhibits "O" to "O-2".



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.

168.4. The remedies provided by Sections 156, 157 and 161 shall apply mutatis mutandis."

The essential elements of unfair competition are (1) confusing similarity in the general appearance of the goods; and, (2) intent to deceive the public and defraud a competitor. The confusing similarity may or may not result from similarity in the marks, but may result from other external factors in the packaging or presentation of the goods. The intent to deceive and defraud may be inferred from the similarity of the appearance of the goods as offered for sale to the public. Actual fraudulent intent need not be shown.<sup>12</sup>

Jurisprudence also formulated the "true test" of unfair competition; that is whether the acts of the defendant have the intent of deceiving or are calculated to deceive the ordinary buyer making his purchases under the ordinary conditions of the particular trade to which the controversy relates. One of the essential requisites in an action to restrain unfair competition is proof of fraud, the intent to deceive, actual or probable must be shown before the right to recover can exist.<sup>13</sup>

Unfair competition is not only the passing off of goods, but of business as well, for those of the one having established goodwill in the business. The Complainant has established his goodwill over the business through the use of his marks "COCOMANGAS & LOGO" and variations thereof and has identified in the minds of the public and relevant consumers the services he has been rendering. The Respondents, on the other hand, belatedly used the mark "CUCAMANGAS BORACAY, INC.", which is a colorable imitation of the Complainant's mark. The Respondents have clothed their services with the general appearance of the Complainant's services obviously to get a free ride on the goodwill associated with the Complainant's marks "COCOMANGAS & LOGO" and variations thereof and his established business thereby saving the Respondents from the expenses in creating market recognition of their services.

The Respondents have not presented any evidence to dispute the established fact that prior to the SEC registration of Respondent's corporate name CUCAMANGAS BORACAY INC. in 2008, the registered "COCOMANGAS" mark of the Complainant has already enjoyed

<sup>12</sup> In-N-Out Burger, Inc. vs. Sehwan, Inc., G.R. No. 179127, December 24, 2008.

<sup>13</sup> Superior Commercial Enterprise, Inc. vs. Kunnan Enterprise Ltd., .R. No. 169974, 20 April 2010.

goodwill around the world and in the Philippines, primarily through the Complainant's Cocomangas Shooter Bar, which opened as early as 2001. Further, the Complainant's Cocomangas Shooter Bar has been extensively promoted and marketed throughout the world. In addition to the local marketing and promotion undertaken by Complainant and his JAVAS RESORT AND RESTAURANT, INC., the bar is prominently advertised in the worldwide net.<sup>14</sup>

The Respondents explained and justified their use of "CUCAMANGAS" by pointing out that Respondent Antonina C. Sual is the former mother-in-law of the Complainant and asserting that it was Susan C. Sual-Munro, daughter of Respondent Antonina C. Sual and former wife of Complainant, who first used in commerce of the business names "Cocomangas Beach Resort Hotel," "Cocomangas Bar & Restaurant" and "The Shooter Bar" in her name as early as 1988.<sup>15</sup> Susan C. Sual Munro, however, is not a party to this case. Interestingly, the Respondents did not present any evidence that rights over the business name have been transferred by Susan C. Sual-Munro to the incorporators of "CUCAMANGAS BORACAY, INC." Moreover, Susan C. Sual-Munro did not file any opposition against the Complainant's trademark applications. Neither did she institute any cancellation action against Complainant's Trademark Registration No. 4-2006-002384 for "COCOMANGAS & LOGO" issued on 26 February 2007<sup>16</sup>

The Respondents relied heavily for their defense the testimony of their lone witness, Ms. Mary Geraldine P. Asis. In her testimony, however, Asis admitted that several statements in the Judicial Affidavit she executed are not correct. During the Hearing of 29 November 2011, she claimed that the change of name of "CUCAMANGAS" to Niu Ohana occurred after March 2009<sup>17</sup> and that the putting down the signage and changing all letterheads<sup>18</sup> took place right after she came in sometime in March 2009. With respect to Questions Nos. 4, 8 and 9 on pages 2 and 3 of the Judicial Affidavit, among others, she stated that she joined Niu Ohana Garden Resort, Inc. in March 2009 and that after she joined the company she was instructed to put down the signage bearing the name "CUCAMANGAS" at the entrance of the resort as well as to withdraw all marketing materials bearing the word "CUCAMANGAS." She also averred that together with the other staff she did all these things immediately after the company learned of the complaint filed against Cucamangas.<sup>19</sup> Noteworthy, the Complaint was filed only on 26 May 2009, which is more or less two months after March 2009.<sup>20</sup> The unreliability of her testimony became more apparent after she was asked when her company learned that the complaint was filed.

<sup>14</sup> Exhibits "A," "F," "G" to "G-8," "H" to "H-12," "I" to "I-7," "J," "K" to "K-1," "L" to "L-6" and "P".

<sup>15</sup> Paragraphs 29 to 34 of Answer with Compulsory Counterclaim submitted on February 17, 2010.

<sup>16</sup> Exhibits "C" and "C-1".

<sup>17</sup> Page 4 of the TSN, Hearing of 29 November 2011.

<sup>18</sup> Page 5 of the TSN, Hearing of 29 November 2011.

<sup>19</sup> Pages 6 to 7 of the TSN, Hearing of 29 November 2011.

<sup>20</sup> Pages 6 to 7 of the TSN, Hearing of 29 November 2011.



Quoted below are the answers of witness to the questions posed by Complainant's previous counsel:<sup>21</sup>

"ATTY. POBLADOR : When did your company learned that this Complaint was filed against you?

WITNESS : I cannot recall.

ATTY. POBLADOR : Was it soon after you joined in March 2009?

WITNESS : I cannot recall."

Moreover, printouts obtained from Niu Ohana website on 09 September 2011, which were confirmed immediately before the hearing of 29 November 2011, showed that Cucamangas Boracay Inc. is still reflected in the Respondents' website.<sup>22</sup> Clearly, the Respondents still used "CUCAMANGAS" even after the filing of the complaint, contrary to the assertion of Asis.

The witness Asis further claimed that in Niu Ohana is basically operating rooms for rent to tourists in general and does not operate as "bar and restaurant." At the same time, she affirmed the existence of My Boracay Guide Website.<sup>23</sup> However, printouts obtained from My Boracay Guide Website on 09 September 2011 showed the description and operations of Niu Ohana as indicating "Bar and restaurant."<sup>24</sup> In addition, printouts obtained from traveltipid.com website showed with a picture of the Cucamangas Beach Resort.<sup>25</sup> The witness also testified as follows:<sup>26</sup>

"ATTY. POBLADOR : I was able to come across a website, would you be familiar with this?

WITNESS : Yes Sir.

ATTY. POBLADOR : That is the website of Niu Ohana?

WITNESS : Yes Sir.

ATTY. POBLADOR : This is still the same website?

<sup>21</sup> Page 7 of the TSN, Hearing of 29 November 2011.

<sup>22</sup> Exhibits "T" and "T-1" to "T-2"; Page 12 of the TSN, Hearing of 29 November 2011; and Page 4 of "COMMENTS AND OBJECTIONS (To the Respondents' Formal Offer of Evidence) AND FORMAL OFFER OF COMPLAINANT'S REBUTTAL EVIDENCE."

<sup>23</sup> Page 13 of the TSN, Hearing of 29 November 2011.

<sup>24</sup> Exhibits "U" and "U-1"; Pages 13 and 14 of the TSN; and Page 4 of "COMMENTS AND OBJECTIONS (To the Respondents' Formal Offer of Evidence) AND FORMAL OFFER OF COMPLAINANT'S REBUTTAL EVIDENCE."

<sup>25</sup> Exhibits "V" and "V-1"; Pages 14 and 15 of the TSN, Hearing of November 29, 2011; and Page 4 of "COMMENTS AND OBJECTIONS (To the Respondents' Formal Offer of Evidence) AND FORMAL OFFER OF COMPLAINANT'S REBUTTAL EVIDENCE."

<sup>26</sup> TSN, Hearing of 29 November 2011.

WITNESS : Yes Sir.

ATTY. POBLADOR : When I click a link here it led me to the booking policies. Would you know if the website would lead you to a material showing the booking policies?

WITNESS : Yes Sir.

ATTY. POBLADOR : Is this the booking policies that can be accessed from the website of Niu Ohana?

WITNESS : Yes Sir.

ATTY. POBLADOR : Will you read No. 8 under the heading Bookings and Reservations. Read it for the record.

WITNESS : **All payment should be remitted to the Cucamangas Boracay Inc.** That's a mistake. That should have been changed way back because the webmaster just copied and paste, and so they forgot to change the name.

x x x

ATTY. POBLADOR : So, by that time you already knew that there was something wrong?

WITNESS : The website was made after we received the instruction to change the name.

ATTY. POBLADOR : Yes, but apparently, you did not change the account?

WITNESS : Yes, it was just a mistake on the part of...

ATTY. POBLADOR : Isn't that kind of a mistake costly, because it refers to the account, meaning it refers an item where money is involved in the mistake?

WITNESS : No, but there's no Account Number indicated in that policy. It was just the Account Name. So that was just a mistake in changing the name.

ATTY. POBLADOR : Was there an account in the name of Cucamangas Boracay Inc. even before the case was filed?

WITNESS : Yes.

ATTY. POBLADOR : And Cucamangas Boracay Inc., receive money through that account?



WITNESS : I think so, Yes.

ATTY. POBLADOR : So that account before the filing of the case was a live account, was receiving moneys?

WITNESS : Yes, because when we got all the change in names that when we change also the accounts.

x x x

ATTY. POBLADOR : So would you read the phrase below the word facilities.

WITNESS : **Bar and restaurant.** This is supposed to be a coffee shop.

HEARING OFFICER : Yes, according to what is appearing there.

WITNESS : Well, probably the My Boracay Guide...

ATTY. POBLADOR : **Is another mistake?**

WITNESS : **Yes.**

ATTY. POBLADOR : **So we have two (2) mistakes now already.** So we respectfully request that x x x." (Emphases supplied.)

Noteworthy, during the hearing of 10 January 2012, the witness Asis could not even recall the number of times that she sent out notices to websites to stop using "CUCAMANGAS BORACAY, INC."<sup>27</sup> Also, she candidly admitted that Mr. Barera, the web master, was not informed of the reason for the need to change the website and deletion of the name "CUCAMANGAS".<sup>28</sup> She further averred that the website for Niu Ohana was posted only after four months after the request to change the websites were sent. When confronted with the question whether when the Niu Ohana website was first posted, the word "CUCAMANGAS" was still retained, the witness answered in the affirmative. When asked what steps were undertaken after she discovered that Mr. Barera merely lifted and pasted from the old website featuring Cucamangas Boracay, Inc. to the supposed new website for Niu Ohana, she answered that she tried to get the password so she could fix the website.<sup>29</sup>

Clearly, through the admissions of the witness, it appears that the Respondents were not really serious in their undertaking to remove "CUCAMANGAS" from the websites. As a matter of fact the booking policies of Niu Ohana still indicated "All payment should be

<sup>27</sup> Page 12 of TSN, Hearing of 10 January 2012.

<sup>28</sup> Page 15 of TSN, Hearing of 10 January 2012.

<sup>29</sup> Pages 18 to 20 of TSN, Hearing of 10 January 2012.

remitted to the Cucamangas Boracay Inc." The witness gave a flimsy excuse that it was just a mistake on the part of Mr. Barrera.<sup>30</sup>

The Respondents have already implicitly, if not expressly, admitted Complainant has superior rights over the COCOMANGAS trademarks and that Respondents have indeed an establishment using the infringing trademark "CUCAMANGAS" based on the following:

1. Exhibit "2", consisting of the Certificate of Filing of Amended Articles of Incorporation of Niu Ohana Garden Resort, Inc. dated 20 November 2009;
2. Exhibit "3", which is a Mayor's Permit issued by the Office of the Mayor, Malay Aklan with validity until 31 December 2009 for Cucamangas Boracay Resort Hotel;
3. Exhibit "4", which is a LETTER addressed to the OIC Revenue District Officer, Bureau of Internal Revenue (Revenue District No. 71) of Kalibo, Aklan, indicating January 8, 2010 as the stamped date of receipt; and
4. Exhibit "5", which is a Mayor's Permit of issued by the Office of the Mayor, Malay Aklan with validity until December 31, 2011 for Niu Ohana Garden Resort.

The following documents have effectively established that the Respondents have received money through the bank account in the name of Cucamangas Boracay Inc. before the Complaint was filed on 26 May 2009:

1. Exhibit "7," a Bank Certification issued by Allied Banking Corporation, Boracay Island, Malay, Aklan pertaining to the bank account of Cucamangas Boracay, Inc., opened on 10 March 2009 and closed on 26 February 2010; and
2. Exhibit "8," a Bank Certification issued by Allied Banking Corporation, Boracay Island, Malay, Aklan pertaining to the bank account of Niu Ohana Garden Resort, Inc., opened on 19 February 2010.

As regards Respondents' Exhibits "9," "10," "11," "12" and "13" presented as evidence of Respondents, this Bureau finds them not reliable evidence to establish that Respondents have ceased their infringing and unfairly competing activities. It has been established by Complainant that these notices/letters have not been complied with by the respective addressees.

Besides, the infringing and unfairly competing acts of Respondents have already been consummated even before 24 February 2009, the date when Complainant sent his initial demand letter and before Respondents sent their reply dated 30 March 2009 through their counsel. The legal consequences of the consummated infringing and unfairly competing acts of Respondents could not be eliminated by the subsequent acts of the Respondents of notifying the service providers that the word "CUCAMANGAS" has to be

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<sup>30</sup> Pages 22 to 23 of TSN, Hearing of 10 January 2012.



deleted from the websites, even if such notices have been immediately and effectively complied with.

This Bureau holds therefore that the Complainant is entitled to all his claims, particularly the award of the indicated amounts of damages. This Bureau confirms that Complainant is entitled as owner of a registered mark to the following remedies under Sections 156 and 168.4 of the IP Code:

- “(a) Recovery of damages;
- (b) Having sales invoices and other documents evidencing sales and other infringing and unfairly competing materials and documents impounded during the pendency of the action;
- (c) Recovery of double damages;
- (d) Grant of an injunction; and
- (e) Having infringing and unfairly competing materials disposed of outside the channels of commerce without compensation of any sort.
- (f) Having infringing and unfairly competing materials destroyed without compensation of any sort.” [Underscoring supplied]

As regards the amount of damages claimed by the Complainant, this Bureau has carefully considered Complainant’s evidence Exhibits “R,” “R-1,” “R-2,” “R-3,” “R-4,” “R-5,” “R-6,” “R-7,” “S,” “S-I,” “T,” “T-I,” “T-2,” “U,” “U-I,” “V,” “V-1,” “WWW” and “WWW-1”] and Respondents’ evidences, including the Respondents’ Memorandum dated April 23, 2012, in view of the applicable jurisprudence and provisions of the law.

The Respondents assailed the amount of damages claimed by the Complainant and pointed out that “Cucamangas Boracay, Inc.” was incorporated under the same name effectively of less than a year in 2009.” This Bureau is not persuaded by, and does not agree with, the Respondents’ positions. It finds that the Complainant has established by sufficient substantial evidence that the Respondents has committed infringing and unfairly competing acts stated in the complaint.

The websites on 29 November 2011, particularly the Niu Ohana website, it reflected that “ALL PAYMENT SHOULD BE REMITTED TO THE CUCAMANGAS BORACAY, INC.”<sup>31</sup> In fact, printouts obtained from My Boracay Guide Website showed the description and operations of Niu Ohana as indicating “Bar and restaurant.”<sup>32</sup> Moreover, printouts obtained

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<sup>31</sup> Exhibits “T” and “T-1” to “T-2”; Page 12 of the TSN, Hearing of November 29, 2011; and Page 4 of “COMMENTS AND OBJECTIONS (To the Respondents’ Formal Offer of Evidence) AND FORMAL OFFER OF COMPLAINANT’S REBUTTAL EVIDENCE.”

<sup>32</sup> Exhibits “U” and “U-1”; Pages 13 and 14 of the TSN; and Page 4 of “COMMENTS AND OBJECTIONS (To the Respondents’ Formal Offer of Evidence) AND FORMAL OFFER OF COMPLAINANT’S REBUTTAL EVIDENCE.”

from traveltipid.com website showed a picture of the Cucamangas Beach Resort<sup>33</sup>, and screen shot of Google webpage referred to the word "CUCAMANGAS."<sup>34</sup> Thus, the continuing bad faith on the part of Respondents is evident.

In the case of IN-N-OUT BURGER, INC. versus SEHWANI, INCORPORATED AND/OR BENITA'S FRITES, INC.<sup>35</sup>, the Supreme Court has enunciated that:

**"Administrative proceedings are governed by the "substantial evidence rule." A finding of guilt in an administrative case would have to be sustained for as long as it is supported by substantial evidence that the respondent has committed acts stated in the complaint or formal charge. As defined, substantial evidence is such relevant evidence as a reasonable mind may accept as adequate to support a conclusion. [Office of the Ombudsman v. Santos, G.R. No. 166116, 31 March 2006, 486 SCRA 463, 470] As recounted by the IPO Director General in his decision, there is more than enough substantial evidence to support his finding that respondents are guilty of unfair competition.**

With such finding, the award of damages in favor of petitioner is but proper. This is in accordance with Section 168.4 of the Intellectual Property Code, which provides that the remedies under Sections 156, 157 and 161 for infringement shall apply mutatis mutandis to unfair competition. The remedies provided under Section 156 include the right to damages, to be computed in the following manner:

Section 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 the present case, the Court deems it just and fair that the IPO Director General computed the damages due to petitioner by applying the reasonable percentage of 30% to the respondents' gross sales, and then doubling the amount thereof on account of respondents' actual intent to mislead the public or defraud the petitioner [Section 156.3 of the Intellectual Property Code states that:**

*156.3 In cases where actual intent to mislead the public or defraud the complainant is shown, in the discretion of the court, the damages may be doubled.] thus, arriving at the amount of actual damages of P212,574.28.*

Taking into account the deliberate intent of respondents to engage in unfair competition, it is only proper that petitioner be awarded exemplary damages. Article 2229 of

<sup>33</sup> Exhibits "V" and "V-1"; Pages 14 and 15 of the TSN, Hearing of November 29, 2011; and Page 4 of "COMMENTS AND OBJECTIONS (To the Respondents' Formal Offer of Evidence) AND FORMAL OFFER OF COMPLAINANT'S REBUTTAL EVIDENCE."

<sup>34</sup> Exhibits "WWW" and "WWW-1".

<sup>35</sup> G.R. No. 179127, 24 December 2008.



the Civil Code provides that such damages may be imposed by way of example or correction for the public good, such as the enhancement of the protection accorded to intellectual property and the prevention of similar acts of unfair competition. However, exemplary damages are not meant to enrich one party or to impoverish another, but to serve as a deterrent against or as a negative incentive to curb socially deleterious action. [*Lamis v. Ong*, G.R. No. 148923, 11 August 2005, 466 SCRA 510, 519-520 and *Cebu Country Club, Inc. v. Elizagaque*, G.R. No. 160273, 18 January 2008, 542 SCRA 65, 75-76] **While there is no hard and fast rule in determining the fair amount of exemplary damages, the award of exemplary damages should be commensurate with the actual loss or injury suffered.** [*Del Rosario v. Court of Appeals*, 334 Phil. 812, 827-829 (1997)] Thus, exemplary damages of P500,000.00 should be reduced to P250,000.00 which more closely approximates the actual damages awarded.

In accordance with Article 2208(1) of the Civil Code, attorney's fees may likewise be awarded to petitioner since exemplary damages are awarded to it. Petitioner was compelled to protect its rights over the disputed mark. The amount of P500,000.00 is more than reasonable, given the fact that the case has dragged on for more than seven years, despite the respondent's failure to present countervailing evidence." (Emphasis supplied.)

Guided by the cited decision of the Supreme Court, this Bureau decides to award the Complainant actual damages by applying the reasonable percentage of 30% to the respondents' gross sales and projected gross sales from January 2009 up to 29 November 29 and doubling the damages pursuant to Section 156.3 of the Intellectual Property Code, but not more than the amount of damages claimed by the Complainant. Accordingly, this Bureau finds and so holds as follows:

1. Because of the clearly unauthorized, infringing and unfairly competing activities of the Respondents, Complainant has suffered actual damages, reasonably estimated to be in the amount of PHP600,000.00, and must be compensated for such actual damages pursuant to Article 2199<sup>36</sup> of the New Civil Code of the Philippines, plus legal interest in accordance with Article 2212<sup>37</sup> of the New Civil Code of the Philippines.
2. Complainant has suffered mental anguish, sleepless nights, besmirched reputation, wounded feelings and social humiliation considering that the goodwill and reputation that he has carefully built for his marks are being damaged by the use of the infringing and unfairly competing mark CUCAMANGAS BORACAY INC. of the Respondents. Complainant is thus entitled to the recovery of moral damages in the amount of PHP300,000.00 pursuant to Articles 2217 and 2219 of the New Civil Code of the Philippines.
3. Respondents having acted in wanton, fraudulent, reckless, oppressive and malevolent manner in a way not in accord with fair dealing and good faith, they should be made to pay exemplary damages to the Complainant in the amount of

<sup>36</sup> Art. 2199. Except as provided by law or by stipulation, one is entitled to an adequate compensation only for such pecuniary loss suffered by him as he has duly proved. Such compensation is referred to as actual or compensatory damages.

<sup>37</sup> Art. 2212. Interest due shall earn legal interest from the time it is judicially demanded, although the obligation may be silent upon this point. (1109a)

PHP200,000.00, by way of example or correction for the public good, in view of Article 2229<sup>38</sup> of the New Civil Code of the Philippines.

4. The Complainant, having been compelled to file the present case and engage the services of previous counsel and his new counsel, who filed his Formal Entry of Appearance on 08 February 2012 with the attached Retainer Agreement dated 02 February, 2012, to protect his rights and interests, the Respondents are obligated to pay him jointly and severally the amount of PHP180,000.00 as attorney's fees in the light of Art. 2208<sup>39</sup> of the New Civil Code of the Philippines, plus litigation expenses in the amount of PHP250,000, which this Bureau finds just and equitable under Art. 2208 of the (11) New Civil Code of the Philippines.

5. The Respondents are jointly and severally liable for all the damages resulting from the violation of the intellectual property rights of the Complainant discussed and described above in accordance with Section 31<sup>40</sup> of the Corporation Code of the Philippines.

Pursuant to Sections 156<sup>41</sup> and 168.4<sup>42</sup> of the IP Code, the Complainant may recover damages, which shall be either the reasonable profit which he would have made, had the

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<sup>38</sup> Art. 2229. Exemplary or corrective damages are imposed, by way of example or correction for the public good, in addition to the moral, temperate, liquidated or compensatory damages.

<sup>39</sup> Art. 2208. In the absence of stipulation, attorney's fees and expenses of litigation, other than judicial costs, cannot be recovered, except:

- (1) When exemplary damages are awarded;
- (2) When the defendant's act or omission has compelled the plaintiff to litigate with third persons or to incur expenses to protect his interest;
- (3) In criminal cases of malicious prosecution against the plaintiff;
- (4) In case of a clearly unfounded civil action or proceeding against the plaintiff;
- (5) Where the defendant acted in gross and evident bad faith in refusing to satisfy the plaintiff's plainly valid, just and demandable claim;
- (6) In actions for legal support;
- (7) In actions for the recovery of wages of household helpers, laborers and skilled workers;
- (8) In actions for indemnity under workmen's compensation and employer's liability laws;
- (9) In a separate civil action to recover civil liability arising from a crime;
- (10) When at least double judicial costs are awarded;
- (11) In any other case where the court deems it just and equitable that attorney's fees and expenses of litigation should be recovered.

In all cases, the attorney's fees and expenses of litigation must be reasonable.

<sup>40</sup> Section 31. Liability of directors, trustees or officers. - Directors or trustees who willfully and knowingly vote for or assent to patently unlawful acts of the corporation or who are guilty of gross negligence or bad faith in directing the affairs of the corporation or acquire any personal or pecuniary interest in conflict with their duty as such directors or trustees shall be liable jointly and severally for all damages resulting therefrom suffered by the corporation, its stockholders or members and other persons.

When a director, trustee or officer attempts to acquire or acquires, in violation of his duty, any interest adverse to the corporation in respect of any matter which has been reposed in him in confidence, as to which equity imposes a disability upon him to deal in his own behalf, he shall be liable as a trustee for the corporation and must account for the profits which otherwise would have accrued to the corporation.

<sup>41</sup> Sec. 156. Actions, and Damages and Injunction for Infringement. -



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 regard to the moral damages, this Bureau recognizes that no proof of pecuniary loss is necessary and that the amount of indemnity being left to the discretion of the court.<sup>43</sup> This Bureau is also aware that moral damages are not punitive in nature and were never intended to enrich the claimant at the expense of the defendant. There is no hard-and-fast rule in determining what would be a fair and reasonable amount of moral damages, since each case must be governed by its own peculiar facts. Trial courts are given discretion in determining the amount, with the limitation that it "should not be palpably and scandalously excessive." Indeed, it must be commensurate to the loss or injury suffered.<sup>44</sup> Nevertheless, the Complainant has satisfactorily testified upon the existence of the factual basis thereof and its causal connection to Respondents' acts.<sup>45</sup>

**WHEREFORE**, premises considered, this Bureau finds the Respondents liable for infringement of trademark and unfair competition. Accordingly, the Respondents are hereby ordered to jointly and severally pay the Complainant the following:

1. PHP600,000.00 by way of actual damages;
2. PHP300,000.00 by way of moral damages;
3. PHP200,000.00 as exemplary damages;
4. PHP180,000.00 as attorney's fees; and
5. Litigation expenses and costs in the amount of PHP250,000.00.

The permanent injunction voluntarily imposed by Respondents upon themselves to refrain from using the word "CUCAMANGAS" as part of the company name and in its

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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. (Sec. 23, First Par., R. A. No. 166a)

<sup>42</sup> 168.4. The remedies provided by Sections 156, 157 and 161 shall apply mutatis mutandis. (Sec. 29, R. A. No. 166a)

<sup>43</sup> Keirulf vs. Court of Appeals, 269 SCRA 433 (1997)

<sup>44</sup> Allan C. Go vs. Mortimer F. Cordero, G.R. No. 164703/G.R. No. 164747.04 May 2010.

<sup>45</sup> Paragraphs 30 to 34 of Exhibit "A" and TSN, Hearing of 29 June 2009.

business transactions/operations directly or indirectly, as confirmed in the Bureau's Order No. 2009-80 issued on 09 November 2009, is hereby **AFFIRMED**.

**SO ORDERED.**

Taguig City, 07 OCT 2016.

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