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Alonso - HRP - J. Peralta - J. Velasco

**G.R. No. 228165 (*Kolin Electronics Co., Inc. (KECI)*, petitioner
versus *Kolin Philippines International, Inc. (KPII)*, respondent).**

Promulgated:

February 9, 2021

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CONCURRING OPINION

PERALTA, C.J.:

As one of the former members of the Court's Third Division who concurred in the *ponencia* of Mr. Justice Velasco in *Taiwan Kolin Corp., Ltd. (TKC) v. Kolin Electronics, Co., Inc. (KECI)* (*Taiwan Kolin case*),¹ I deem it incumbent upon me to acknowledge the shortcomings of said decision, as eloquently pointed out in the present *ponencia* of Mr. Justice Caguioa, and correct, with the present concurrence, what has been deemed a sore thumb in our jurisprudence on trademarks for the past half-decade.

Admittedly, the *Taiwan Kolin* case failed to apply the Dominancy Test, which I had applied in the prior case of *Skechers, U.S.A., Inc. v. Inter Pacific Industrial Trading Corp.*² and which has been incorporated in the current law on trademarks,³ to determine whether the competing marks are confusingly similar. I agree with the *ponencia* that applying said test, KECI's *KOLIN* mark is clearly confusingly similar in terms of its appearance to TKC's *KOLIN* mark because the work "KOLIN" is the prevalent feature of the former's mark which is reproduced entirely in the latter's mark. Further, while there may be minor visual differences in terms of font, color, and background, they are phonetically or aurally identical.⁴ Indeed, in several cases, the aural similarity of the competing marks was found sufficient to support a finding of confusing similarity. For instance, We applied the dominancy test in holding that "PCO-GENOLS" and "PYCOGENOL,"⁵ "MACJOY" and "MCDONALD'S,"⁶ "DERMALINE DERMALINE INC." and "DERMALIN,"⁷ "BIG MAC" and "BIG MAK,"⁸ and "NANNY" and "NAN"⁹ are confusingly similar.

¹ 757 Phil. 326 (2015).

² 662 Phil. 11 (2011).

³ R.A. No. 8293, § 155.1.

⁴ *Ponencia*, p. 38.

⁵ *Prosource International, Inc. v. Horphag Research Management SA*, 620 Phil. 539 (2009).

⁶ *McDonald's Corporation v. MacJoy Fastfood Corporation*, 543 Phil. 90 (2007).

⁷ *Dermaline, Inc. v. Myra Pharmaceuticals, Inc.*, 642 Phil. 503, 512 (2010).

⁸ *McDonald's Corporation v. L.C. Big Mak Burger, Inc.*, 480 Phil. 402 (2004).

⁹ *Société des Produits Nestlé, S.A. v. Dy, Jr.*, 641 Phil. 345, 361 (2010).

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The *Taiwan Kolin* case also failed to determine confusion of business. As pointed out in *Skechers*, confusion of business (source or origin confusion), where, although the goods of the parties are different, the product, the mark of which registration is applied for by one party, is such as might reasonably be assumed to originate with the registrant of an earlier product, and the public would then be deceived either into that belief or into the belief that there is some connection between the two parties, though inexistent.¹⁰ The mark of which registration is applied for by TKC is such as might reasonably be assumed to originate from KECI, considering that it is not impossible for their respective products to be sold in home goods and appliance stores and, therefore, lead consumers to believe that there is some connection between the two parties, though inexistent, thus, resulting in confusion of business.

In *In Re Shell Oil Co.*,¹¹ the U.S. Court of Appeals for the Federal Circuit¹² held that “even when goods or services are not competitive or intrinsically related, the use of identical marks can lead to the assumption that there is a **common source**.” Citing said case, the Trademark Manual of Examining Procedure (*TMEP*) of the United States Patent and Trademark Office (*USPTO*) states:

1207.01(a) Relatedness of the Goods or Services

In assessing the relatedness of the goods and/or services, the more similar the marks at issue, the less similar the goods or services need to be to support a finding of likelihood of confusion. *In re Shell Oil Co.*, 992 F.2d 1204, 1207, 26 USPQ2d 1687, 1689 (Fed. Cir. 1993); *Gen. Mills, Inc. v. Fage Dairy Processing Indus. S.A.*, 100 USPQ2d 1584, 1597 (TTAB 2011); *In re Iolo Techs., LLC*, 95 USPQ2d 1498, 1499 (TTAB 2010); *In re Opus One Inc.*, 60 USPQ2d 1812, 1815 (TTAB 2001). **If the marks of the respective parties are identical or virtually identical, the relationship between the goods and/or services need not be as close to support a finding of likelihood of confusion as would be required if there were differences between the marks.** *Shell Oil*, 992 F.2d at 1207, 26 USPQ2d at 1689; *In re Davey Prods. Pty Ltd.*, 92 USPQ2d 1198, 1202 (TTAB 2009); *In re Thor Tech, Inc.*, 90 USPQ2d 1634, 1636 (TTAB 2009).

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In the case at bench, applying the Dominancy Test, there is no doubt that the marks of KECI and KPII are confusingly similar since the latter’s mark appropriates the former’s mark in its entirety, thus making origin

¹⁰ *Skechers, U.S.A., Inc. v. Inter Pacific Industrial Trading Corp.*, *supra* note 2, at 20, citing *McDonald’s Corp. v. L.C. Big Mak Burger, Inc.*, *supra* note 8, at 428.

¹¹ *In re Shell Oil Co.*, 992 F.2d 1204, 1207, 26 USPQ2d 1687, 1689 (Fed. Cir. 1993), citing *Philip Morris Inc. v. K2 Corp.*, 555 F.2d 815, 816, 194 USPQ 81, 82 (CCPA 1977). (Emphasis ours)

¹² The Federal Circuit is unique among the courts of appeals in the United States as it is the only court that has its jurisdiction based wholly upon subject matter rather than geographic location. It has exclusive jurisdiction over appeals from the U.S. Trademark Trial and Appeal Board (*TTAB*).

¹³ Emphases supplied.

confusion more likely. Further, applying the factors for determining relatedness of goods in *Mighty Corporation v. E. & J. Gallo Winery*,¹⁴ as comprehensively discussed in the *ponencia*, one can reasonably conclude that KECI's and KPII's goods are related.

At this point, however, I wish to note that in hindsight, the *Taiwan Kolin* case should not have considered Class 9 subcategorization as a factor in determining relatedness, just as the *Mighty Corporation* case should not have considered product classification. While *Mighty Corporation* included "the class of product to which the goods belong" for the first time in the enumeration of factors to be considered in arriving at a sound conclusion on the question of relatedness, a review of the relevant laws, regulations, and related literature would reveal that there was no legal basis therefor.

Section 6 of Republic Act (R.A.) No. 166,¹⁵ one of the precursors of R.A. No. 8293, or the *Intellectual Property Code of the Philippines*, provides:

Section 6. Classification of goods and services. - The Director shall establish a classification of goods and services, **for the convenience of the Patent Office administration, but not to limit or extend the applicant's rights.** x x x.¹⁶

The above provision was reproduced substantially from Section 30 of the Lanham Act, also known as the *Trademark Act of 1946*, which is codified at 15 U.S.C. §1112, as amended, as follows:

§1112. Classification of goods and services; registration in plurality of classes

The Commissioner may establish a classification of goods and services, **for convenience of Patent and Trademark Office administration, but not to limit or extend the applicant's or registrant's rights.** x x x.¹⁷

In *Jean Patou, Inc. v. Theon, Inc.*,¹⁸ the U.S. Court of Appeals for the Federal Circuit had the opportunity to discuss the irrelevance of classification with respect to registrability of marks, to wit:

The benefits of a Principal Register registration apply with respect to the goods named in the registration without regard to the class or classes

¹⁴ 478 Phil. 615 (2004).

¹⁵ *An Act to Provide for the Registration and Protection of Trade-marks, Trade-names and Service-marks, Defining Unfair Competition and False Marking and Providing Remedies Against the Same, and for Other Purposes.*

¹⁶ Emphasis supplied.

¹⁷ Emphasis supplied.

¹⁸ 9 F.3d 971 (Fed. Cir. 1993).

named in the registration. The statute authorizing the establishment of a classification is 15 U.S.C. § 1112 which provides:

The Commissioner may establish a classification of goods and services, **for the convenience of the Patent and Trademark Office administration, but not to limit or extend the applicant's or registrant's rights.**

It is elementary that a registrant has rights under the statute only with respect to goods on which the trademark has been used. Trademark ownership results only from use, not from registration. **Classification is to facilitate searching for registered marks which is primarily what is meant by "the convenience of the" PTO.** See also 37 CFR Sec. 2.85(g) ("Classification schedules shall not limit or extend the applicant's rights.").

In our view, all of the TTAB's reasoning with respect to what it viewed as the Class 3 goods applies with equal force to registration in Class 5 and leads to the same result, namely, likelihood of confusion and sustaining of the opposition. The result reached by the TTAB with respect to registration in class 5 is incongruous. With respect to applicant's single product the decision was that the mark DERMAJOY is both registrable and not registrable, depending on the classification designated. **However, classification is wholly irrelevant to the issue of registrability under section 1052(d), which makes no reference to classification.** x x x.¹⁹

Notably, the TMEP has, likewise, cited the above case in determining the import of classification in trademark evaluations, viz.:

1207.01(d)(v) Classification of Goods/Services

The classification of goods and services has no bearing on the question of likelihood of confusion. See *Jean Patou, Inc. v. Theon Inc.*, 9 F.3d 971, 975, 29 USPQ2d 1771, 1774 (Fed. Cir. 1993). **Rather, it is the manner in which the applicant and/or registrant have identified their goods or services that is controlling.** See *Nat'l Football League v. Jasper Alliance Corp.*, 16 USPQ2d 1212, 1216 & n.5 (TTAB 1990).²⁰

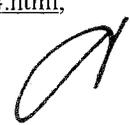
Even prior to *Jean Patou*, the U.S. Trademark Trial and Appeal Board (TTAB) in *INB National Bank v. Metrohost, Inc.*²¹ had already held that "it is well recognized that the system of dividing goods [and services] into classes is purely a manner of convenience and that a determination on the question of likelihood of confusion cannot be restricted by the artificial boundary created by classification."

With the enactment of R.A. No. 8293, Section 6 of R.A. No. 166 became what is now Section 144 of the Intellectual Property Code:

¹⁹ Section 123 (d) of R.A. No. 8293, which was patterned after 15 U.S.C. §1052 (d), likewise makes no reference to classification. (Emphases and underscoring supplied.)

²⁰ Available at https://tmep.uspto.gov/RDMS/TMEP/Oct2016#/Oct2016/TMEP-1200d1e_5044.html, last accessed on November 23, 2020. (Emphases and underscoring supplied.)

²¹ 22 USPQ2d 1585, 1586 (TTAB 1992).



Section 144. Classification of Goods and Services. - xxx

144.2. Goods or services may not be considered as being similar or dissimilar to each other on the ground that, in any registration or publication by the Office, they appear in different classes of the Nice Classification. (Sec. 6, R.A. No. 166a)²²

In turn, Section 144.2 of R.A. No. 8293 was patterned after Rule 2(4) of *Commission Regulation (EC) No. 2868/95 implementing Council Regulation No 40/94 on the Community trade mark*,²³ as amended, which states as follows:

(4) The classification of goods and services shall serve **exclusively administrative purposes**. Therefore, **goods and services may not be regarded as being similar to each other on the ground that they appear in the same class under the Nice Classification, and goods and services may not be regarded as being dissimilar from each other on the ground that they appear in different classes under the Nice Classification.**²⁴

In fine, the fact that goods or services are listed in the same or different classes of the NCL, or same or different subcategories thereof for that matter, is not, **in itself**, an indication of similarity or dissimilarity. For instance, *live animals* and *flowers* both belong to Class 31, yet are dissimilar. *Advertising* and *office functions* are found in Class 35, yet are also dissimilar. On the other hand, *meat extracts* (Class 29) and *spices* (Class 30) belong to different classes, yet are similar. *Travel arrangement* (Class 39) and *providing temporary accommodation* (Class 43) are likewise found in different classes, yet are also similar.²⁵

Fundamentally, the NCL serves **purely** administrative purposes, *i.e.*, the harmonization of national classification practices, and does not, in itself, provide a basis for drawing conclusions as to the similarity of goods and services.²⁶ It is merely a way for trademark offices to organize the thousands of applications that are filed each year. Use of the NCL by national offices has the advantage that trademark applications are coordinated with reference to a single classification system. Filing is thereby greatly simplified, as the

²² Emphasis supplied.

²³ Available at https://euipo.europa.eu/tunnel-web/secure/webdav/guest/document_library/contentPdfs/law_and_practice/ctm_legal_basis/2868_codified_en.pdf, last accessed on November 23, 2020.

²⁴ Emphases and underscoring supplied.

²⁵ Guidelines for Examination in the Office for Harmonization in the Internal Market (Trade Marks and Designs) on Community Trade Marks ("EUIPO Guidelines"), Part C, § 2, Ch. 2, p. 6, available at https://euipo.europa.eu/tunnel-web/secure/webdav/guest/document_library/contentPdfs/trade_marks/Guidelines/09_part_c_opposition_section_2_identity_and_likelihood_of_confusion_chapter_2_comparison_of_goods_and_services_en.pdf.

²⁶ *Id.*



goods and services to which a given mark applies will be classified the same in all countries that have adopted the system.²⁷

Despite the purely administrative purpose of the NCL, the Court, in *Mighty Corporation* and in subsequent cases, saw fit to use the classification therein as one of the factors in determining relatedness, perhaps due to the convenience and expediency that such a system provides. After all, the NCL does not randomly categorize goods or services together. By the fact that goods are organized by class instead of alphabetically, it is not unreasonable to infer that there is some unifying theme among goods of the same class that makes them similar in a certain respect. However, as discussed, that does not mean that all goods in a particular class are legally related, and that goods belonging to different classes are legally unrelated.

Indeed, ours is the only jurisdiction that considers international classification as a factor in determining relatedness. In the United Kingdom, the following factors are taken into account in assessing the similarity of goods and services:

- a) the uses of the respective goods or services;
- b) the users of the respective goods or services;
- c) the physical nature of the goods or acts of service;
- d) the trade channels through which the goods or services reach the market;
- e) in the case of self-serve consumer items, where in practice they are respectively found or likely to be found in supermarkets and in particular whether they are, or are likely to be, found on the same or different shelves;
- f) the extent to which the respective goods or services are in competition with each other.²⁸

The French Government likewise considers that, in assessing the similarity of goods and services, the factors to be taken into account should include the nature of the goods or service, their intended destination and clientele, their normal use, and the usual manner of their distribution.²⁹

The EUIPO Guidelines, Part C, Section 2, Chapter 2,³⁰ have adopted and summarized the above factors as follows:

²⁷ Frequently Asked Questions: Nice Classification, WIPO website, available at <https://www.wipo.int/classifications/nice/en/faq.html>, last accessed on November 23, 2020.

²⁸ *Canon Kabushiki Kaisha v. Metro-Goldwyn-Mayer, Inc., formerly Pathé Communications Corp.*, Case C-39/97 [1998] ECR I-5507, [1999] ETMR 1, Opinion of Advocate General Jacobs citing *British Sugar PLC v. James Robertson and Sons* [1996] EWHC 387 (Ch) (February 7, 1996).

²⁹ *Id.*

³⁰ *Supra* note 25, at 19.

Canon factors

- nature,
- intended purpose,
- method of use,
- complementarity,
- in competition.

Additional factors

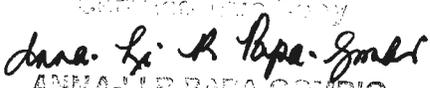
- distribution channels,
- relevant public,
- the usual origin of the goods/services.

The ASEAN Common Guidelines for the Substantive Examination of Trademarks³¹ have likewise adopted the above factors and state that they “**should** be taken into account to establish similarity of goods and services.”

What is clear is that none of the foregoing laws, jurisprudence, and guidelines make reference to international classification of goods as a factor in determining relatedness. Given the foregoing discussion, it would be more in keeping with the purpose of the NCL for the Court to abandon product classification as a factor in determining relatedness. The rest of the factors enumerated in *Mighty Corporation* are sufficient for that purpose.



DIOSDADO M. PERALTA
Chief Justice

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Deputy Clerk of Court En Banc
OCC En Banc, Supreme Court

³¹ Available at <https://asean.org/storage/2017/12/35.-November-2017-Common-Guidelines-for-the-Substantive-Examination-of-Trademarks.pdf>, last accessed on November 23, 2020.