

PHILIPPINE NUT INDUSTRY, INC., PETITIONER, VS. STANDARD BRANDS INCORPORATED AND TIBURCIO S. EVALLE, AS DIRECTOR OF PATENTS, RESPONDENTS.

G.R. No. L-23035. July 31, 1975

Ponente: MUÑOZ PALMA, J.

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MUÑOZ PALMA, J.:

Challenged in this petition for review is the decision of respondent Director of Patents which orders the cancellation of Certificate of Registration No. SR-416 issued in favor of herein petitioner Philippine Nut Industry, Inc. (hereinafter called Philippine Nut) for the trademark "PHILIPPINE PLANTERS CORDIAL PEANUTS," upon complaint of Standard Brands Inc. (hereinafter to be called Standard Brands).

The records of the case show the following incidents:

Philippine Nut, a domestic corporation, obtained from the Patent Office on August 10, 1961, Certificate of Registration No. SR-416 covering the trademark "PHILIPPINE PLANTERS CORDIAL PEANUTS," the label used on its product of salted peanuts.

On May 14, 1962, Standard Brands a foreign corporation,[1] filed with the Director of Patents Inter Partes Case No. 268 asking for the cancellation of Philippine Nut's certificate of registration on the ground that "the registrant was not entitled to register the mark at the time of its application for registration thereof for the reason that it (Standard Brands) is the owner of the trademark "PLANTERS COCKTAIL PEANUTS" covered by Certificate of Registration No. SR-172, issued by the Patent Office on July 28, 1958. Standard Brands alleged in its petition that Philippine Nut's trademark "PHILIPPINE PLANTERS CORDIAL PEANUTS" closely resembles and is confusingly similar to its trademark "PLANTERS COCKTAIL PEANUTS" used also on salted peanuts, and that the registration of the former is likely to deceive the buying public and cause damage to it.

On June 1, 1962, Philippine Nut filed its answer invoking the special defense that its registered label is not confusingly similar to that of Standard Brands as the latter alleges.

At the hearing of October 4, 1962, the parties submitted a partial stipulation of facts. On December 12, 1962, an amended partial stipulation of facts was submitted, the pertinent agreements contained in which are: (1) that Standard Brands is the present owner of the trademark "PLANTERS COCKTAIL PEANUTS" covered by Certificate of Registration No. SR-172 issued on July 28, 1958; (2) that Standard Brands trademark was first used in commerce in the Philippines in December, 1938 and (3) that Philippine Nut's trademark "PHILIPPINE PLANTERS CORDIAL PEANUTS" was first used in the Philippines on December 20, 1958 and registered with the Patent Office on August 10, 1961.

On December 10, 1963, after the presentation of oral and documentary evidence and the filing by the parties of their memoranda, respondent Director of Patents rendered Decision No. 281 giving due course to Standard Brand's petition and ordering the cancellation of Philippine Nut's Certificate of Registration No. SR-416. The

Director of Patents found and held that in the labels using the two trademarks in question, the dominant part is the word "Planters" displayed "in a very similar manner" so much so that "as to appearance and general impression" there is "a very confusing similarity," and he concluded that Philippine Nut "was not entitled to register the mark at the time of its filing the application for registration" as Standard Brands will be damaged by the registration of the same. Its motion for reconsideration having been denied, Philippine Nut came up to this Court for a review of said decision.

In seeking a reversal of the decision of respondent Director of Patents, petitioner brings forth eleven assigned errors all of which revolve around one main issue: is the trademark "PHILIPPINE PLANTERS CORDIAL PEANUTS" used by Philippine Nut on its label for salted peanuts confusingly similar to the trademark "PLANTERS COCKTAIL PEANUTS" used by Standard Brands on its product so as to constitute an infringement of the latter's trademark rights and justify its cancellation?[2]

The applicable law to the case is found in Republic Act 166 otherwise known as the Trade-Mark Law from which We quote the following pertinent provisions:

"Chapter 1I-A —

"Sec. 4. Registration of trade-marks, trade-names and service-marks on the principal register. — There is hereby established a register of trade-marks, trade-names and service-marks which shall be known as the principal register. The owner of a trade-mark, trade-name or service-mark used to distinguish his goods, business or services from the goods, business or services of others shall have the right to register the same on the principal register, unless it:

"(d) Consists of or comprises a mark or trade-name which so resembles a mark or trade-name registered in the Philippines or a mark or trade-name previously used in the Philippines by another and not abandoned, as to be likely, when applied to or used in connection with the goods, business or services of the applicant, to cause confusion or mistake or to deceive purchasers; x x x" (*italics Ours*)

"Sec. 17. Grounds for cancellation — Any person, who believes that he is or will be damaged by the registration of a mark or tradename, may, upon the payment of the prescribed fee, apply to cancel said registration upon any of the following grounds:

"(c) That the registration was obtained fraudulently or contrary to the provisions of section four, Chapter II hereof, x x x."

"Sec. 22. Infringement, what constitutes. — Any person who shall use, without the consent of the registrant, any reproduction, counterfeit, copy or colorable imitation of any registered mark or trade-name in connection with the sale, offering for sale, or advertising of any goods, business or services on or in connection with which such use is likely to cause confusion or mistake or to deceive purchasers or others as to the source or origin of such goods or services, or identity of such business; or reproduce, counterfeit, copy or colorably imitate any such mark or trade-name and apply such reproduction, counterfeit, copy, or colorable imitation to labels, signs, prints, packages, wrappers, receptacles or advertisements intended to be used upon or in connection with such goods, business or services, shall be liable to a civil action by the registrant for any or all of the remedies herein provided," (*italics supplied*)

In the cases involving infringement of trademark brought before the Court, it has been consistently held that there is infringement of trademark when the use of the mark involved would be likely to cause confusion or mistake in the mind of the public or to deceive purchasers as to the origin or source of the commodity; that whether or not a trademark causes confusion and is likely to deceive the public is a question of fact which is to be resolved by applying the "test of dominancy," meaning, if the competing trademark contains the main or essential or dominant

features of another by reason of which confusion and deception are likely to result, then infringement takes place; that duplication or imitation is not necessary, a similarity in the dominant features of the trademarks would be sufficient.[3]

1. The first argument advanced by petitioner which We believe goes to the core of the matter in litigation is that the Director of Patents erred in holding that the dominant portion of the label of Standard Brands in its cans of salted peanuts consists of the-word PLANTERS which has been used in the label of Philippine Nut for its own product. According to petitioner. PLANTERS cannot be considered as the dominant feature of the trademarks in question because it is a mere descriptive term, an ordinary word which is defined in Webster International Dictionary as "one who or that which plants or sows, a farmer or an agriculturist." (pp. 10-11, petitioner's brief).

We find the argument without merit. While it is true that PLANTERS is an ordinary word, nevertheless it is used in the labels not to describe the nature of the product, but to project the source or origin of the salted peanuts contained in the cans. The word PLANTERS printed across the upper portion of the label in bold letters easily attracts and catches the eye of the ordinary consumer and it is that word and none other that sticks in his mind when he thinks of salted peanuts.

In cases of this nature there can be no better evidence as to what is the dominant feature of a label and as to whether there is a confusing similarity in the contesting trademarks than the labels themselves. A visual and graphic presentation of the labels will constitute the best argument for one or the other, hence, we are reproducing hereunder a picture of the cans of salted peanuts of the parties to the case.

The picture below is part of the documentary evidence appearing in the original records, and it clearly demonstrates the correctness of the finding of respondent Director that the word PLANTERS is the dominant, striking mark of the labels in question.

It is true that there are other words used such as "Cordial" in petitioner's can and "Cocktail" in Standard Brands,' which are also prominently displayed, but these words are mere adjectives describing the type of peanuts in the labeled containers and are not sufficient to warn the unwary customer that the two products come from distinct sources. As a whole it is the word PLANTERS which draws the attention of the buyer and leads him to conclude that the salted peanuts contained in the two cans originate from one and the same manufacturer. In fact, when a housewife sends her housemaid to the market to buy canned salted peanuts, she will describe the brand she wants by using the word PLANTERS and not "Cordial" nor "Cocktail."

2. The next argument of petitioner is that respondent Director should not have based his decision simply on the use of the term PLANTERS, and that what he should have resolved is whether there is a confusing similarity in the trademarks of the parties.

It is quite obvious from the record, that respondent Director's decision is based not only on the fact that petitioner herein adopted the same dominant mark of Standard Brands, that is, the word PLANTERS, but that it also used in its label the same coloring scheme of gold, blue, and white, and basically the same lay-out of words such as "salted peanuts" and "vacuum packed" with similar type and size of lettering as appearing in Standard Brands' own trademark, all of which result in a confusing similarity between the two labels.[4] Thus, the decision states: "Furthermore, as to appearance and general impression of the two trademarks, I find a very confusing similarity." (Italics supplied)[5]

Referring again to the picture We have reproduced, the striking similarity between the two labels is quite evident not only in the common use of PLANTERS but also in the other words employed. As a matter of fact, the capital letter "C" of petitioner's "Cordial" is alike to the capital "C" of Standard's "Cocktail," with both words ending with

an "l."

Admittedly, no producer or manufacturer may have a monopoly of any color scheme or form of words in a label. But when a competitor adopts a distinctive or dominant mark or feature of another's trademark and with it makes use of the same color ensemble, employs similar words written in a style, type and size of lettering almost identical with those found in the other trademark, the intent to pass to the public his product as that of the other is quite obvious. Hence, there is good reason for Standard Brands' to ask why did petitioner herein use the word PLANTERS, the same coloring scheme, even almost identical size and contour of the cans, the same lay-out of words on its label when there is a myriad of other words, colors, phrases, symbols, and arrangements to choose from to distinguish its product from Standard Brands, if petitioner was not motivated to simulate the label of the latter for its own can of salted peanuts, and thereby deceive the public?

A similar question was asked by this Court in *Clarke vs. Manila Candy Co.*, 36 Phil. 100, when it resolved in favor of plaintiff a case of unfair competition based on an imitation of Clarke's packages and wrappers of its candies the main feature of which was one rooster. The Court queried thus: ". . . why, with all the birds in the air, and all the fishes in the sea, and all the animals on the face of the earth to choose from, the defendant company (Manila Candy Co.) selected two roosters as its trademark, although its directors and managers must have been well aware of the long-continued use of a rooster by the plaintiff with the sale and advertisement of its goods? ... A cat, a dog, a carabao, a shark or an eagle stamped upon the container in which candies are sold would serve as well as a rooster for purposes of identification as the product of defendant's factory. Why did defendant select two roosters as its trademark?" (p. 109, *supra*).

Petitioner contends, however, that there are differences between the two trademarks, such as, the presence of the word "Philippine" above PLANTERS on its label, and other phrases to wit: "For Quality and Price, Its Your Outstanding Buy," the address of the manufacturer in Quezon City, etc., plus a pictorial representation of peanuts overflowing from a tin can, while in the label of Standard Brands it is stated that the product is manufactured in San Francisco, California, and on top of the tin can is printed "Mr. Peanut" and the representation of a "humanized peanut." (pp. 30-33, petitioner's brief)

We have taken note of those alleged differences but We find them insignificant in the sense that they are not sufficient to call the attention of the ordinary buyer that the labeled cans come from distinct and separate sources. The word "Philippine" printed in small type in petitioner's label may simply give to the purchaser the impression that particular can of PLANTERS salted peanuts is locally produced or canned but that what he is buying is still PLANTERS canned salted peanuts and nothing else. As regards "Mr. Peanut" on Standard Brands' label, the same appears on the top cover and is not visible when the cans are displayed on the shelves, aside from the fact that the figure of "Mr. Peanut" is printed on the tin cover which is thrown away after opening the can, leaving no lasting impression on the consumer. It is also for this reason that We do not agree with petitioner that it is "Mr. Peanut and the Humanized Peanut" which is the trademark of Standard Brands salted peanuts, it being a mere descriptive pictorial representation of a peanut not prominently displayed on the very body of the label covering the can, unlike the term PLANTERS which dominates the label.

It is correctly observed by respondent Director that the merchandize or goods being sold by the parties herein are very ordinary commodities purchased by the average person and many times by the ignorant and unlettered^[6] and these are the persons who will not as a rule examine the printed small tellerings on the container but will simply be guided by the presence of the striking mark PLANTERS on the label. Differences there will always be, but whatever differences exist, these pale into insignificance in the face of an evident similarity in the dominant feature and overall appearance of the labels of the parties.

"It is not necessary, to constitute trademark 'infringement', that every word of a trade-mark should be

appropriated, but it is sufficient that enough be taken to deceive the public in the purchase of a protected article." (Bunle Bros, v. Standard Chocolates, D.C. Mass., 45 F. Supp.478,481).

"A trade-name in order to be an 'infringement' upon another need not be exactly like it in form and sound, but it is enough if the one so resembles another as to deceive or mislead persons of ordinary caution into the belief that they are dealing with the one concern when in fact they are dealing with the other." (Foss v. Culbertson, 136 P. 2d 711,718, 3 7 Wash. 2d 610).

"Where a trade-mark contains a dominating or distinguishing word, and purchasing public has come to know and designate the article by such dominating word, the use of such word by another in marking similar goods may constitute Infringement though the marks aside from such dominating word may be dissimilar." (Queen Mfg. Co. v. Isaac Ginsberg & Bros., CCA. Mom, 25 F. 2d 284, 287).

"'Infringement' of trade-mark does not depend on the use of identical words, nor on the question whether they are so similar that a person looking at one would be deceived into the belief that it was the other, it being sufficient if one mark is so like another in form, spelling, or sound that one with not a very definite or clear recollection as to the real mark is likely to be confused or misled." (Northam Warren Corporation v. Universal Cosmetic C, C. C. A III., 18F.2d714,775).

3. What is next submitted by petitioner is that it was error for respondent Director to have enjoined it from using PLANTERS in the absence of evidence showing that the term has acquired secondary meaning. Petitioner, invoking American jurisprudence, asserts that the first user of a tradename composed of common words is given no special preference unless it is shown that such words have acquired secondary meaning, and this, respondent Standard Brands failed to do when no evidence was presented to establish that. fact. (pp. 14-16, petitioner's brief).

The doctrine of secondary meaning is found in Sec. 4 (f), Chapter II-A of the Trade-Mark Law, viz:

"Except as expressly excluded in paragraphs (a), (b), (c) and (d) of this section, nothing herein shall prevent the registration of a mark or trade-name used by the applicant which has become distinctive of the applicant's goods, business or services. The Director may accept as prima facie evidence that the mark or trade-name has become distinctive, as applied to or used in connection with the applicant's goods, business or services, proof of substantially exclusive and continuous use thereof as a mark or trade-name by the applicant in connection with the sale of goods, business or services for the five years next preceding the date of the filing of the application for its registration." (As amended by Sec. 3, Rep. Act No. 638.)

This Court held that the doctrine is to the effect that a word or phrase originally incapable of exclusive appropriation with reference to an article on the market, because geographically or otherwise descriptive, might nevertheless have been used so long and so exclusively by one producer with reference to his article that, in that trade and to that branch of the purchasing public, the word or phrase has come to mean that the article was his product.[7]

By way of illustration, is the word "Selecta" which according to this Court is a common ordinary term in the sense that it may be used or employed by any one in promoting his business or enterprise, but which once adopted or coined in connection with one's business as an emblem, sign or device to characterize its products, or as a badge of authenticity, may acquire a secondary meaning as to be exclusively associated with its products and business, so that its use by another may lead to confusion in trade and cause damage to its business.[8]

The applicability of the doctrine of secondary meaning to the situation now before Us is appropriate because there is oral and documentary evidence showing that the word PLANTERS has been used by and closely associated with Standard Brands for its canned salted peanuts since 1938 in this country. Not only is that fact admitted by petitioner in the amended stipulation of facts (see p. 2 of this Decision), but the matter has been established by testimonial (tsn October 4, 1962, pp. 2-8) and documentary evidence consisting of invoices covering the sale of

"PLANTERS cocktail peanuts." (Exhibits C to C-4; D to D-10; E to E-10; F to F-2) In other words, there is evidence to show that the term PLANTERS has become a distinctive mark or symbol insofar as salted peanuts are concerned, and by priority of use dating as far back as 1938, respondent Standard Brands has acquired a preferential right to its adoption as its trademark warranting protection against its usurpation by another. Ubijus ibi remedium. Where there is a right there is a remedy. Standard Brands has shown the existence of a property right (*Arce Sons & Co. vs. Selecta Biscuit Co., Inc.*, supra, pp. 262-263) and respondent Director has afforded the remedy.

Still on this point, petitioner contends that Standard Brands' use of the trademark PLANTERS was interrupted during the Japanese occupation and in fact was discontinued when the importation of peanuts was prohibited by Central Bank regulations effective July 1, 1953, hence it cannot be presumed that it has acquired a secondary meaning. We hold otherwise. Respondent Director correctly applied the rule that non-use of a trademark on an article of merchandise due to legal restrictions or circumstances beyond one's control is not to be considered as an abandonment.

In the case of *Andres Romero vs. Maiden Form Brassiere Co., Inc.*, L-18289, March 31, 1964, 10 SCRA 556, the same question was raised by petitioner Romero when he filed with the Bureau of Patents a petition to cancel the registration of the trademark "Adagio" for brassieres manufactured by Maiden Form Brassiere Co., Inc. His petition having been dismissed by the Director of Patents, Romero appealed to this Court and one of the issues posed by him was that when the Government imposed restrictions on importations of brassieres bearing that particular trademark, there was abandonment of the same by respondent company which entitled petitioner to adopt it for his own use and which in fact he had been using for a number of years. That argument was met by the Court in the words of Justice Jesus Barrera thus:

"x x x The evidence on record shows, on the otherhand, that the trademark 'Adagio' was first used exclusively in the Philippines by appellee in the year 1932. There being no evidence of use of the mark by others before 1932, or that appellee abandoned use thereof, the registration of the mark was made in accordance with the Trademark Law. Granting that appellant used the mark when appellee stopped using it during the period of time that the Government imposed restrictions on importation of respondent's brassiere being the trademark, such temporary non-use did not affect the rights of appellee because it was occasioned by government restrictions and was not permanent, intentional, and voluntary.

'To work an abandonment, the disuse must be permanent and not ephemeral; it must be intentional and voluntary, and not involuntary or even compulsory. There must be a thoroughgoing discontinuance of any trade-mark use of the mark in question' (*Callman, Unfair Competition and Trademark*, 2nd Ed., p. 1341).

The use of the trademark by other manufacturers did not indicate an intention on the part of appellee to abandon it.

'The instances of the use by others of the term Budweiser, cited by the defendant, fail, even when liberally construed, to indicate an intention upon the part of the complainant to abandon its rights to that name. "To establish the defense of abandonment, it is necessary to show not only acts indicating a practical abandonment, but an actual intention to abandon.' *Saxlehner v. Eisner & Mendelson Co.*, 179 U.S. 19, 21 S. Ct. 7 (45' L. Ed. 60).' (*Anheuser-Busch, Inc. v. Budweiser Malt Products Corp.*, 287 F. 245.)

"xxx xxx xxx

Non-use because of legal restrictions is not evidence of an intent to abandon. Non-use of their ancient trade-mark and the adoption of new marks by the Carthusian Monks .after they had been compelled to leave France was consistent with an intention to retain their right to use their old mark. Abandonment will not be inferred from a disuse over a period of years occasioned by statutory restrictions on the name of liquor.' (*Nims,*

Unfair Competition and Trade-Mark, p. 1269.)" (pp. 562-564, *supra*) (*italics Ours*)

Applying the words of Justice Roman Ozaeta in the "Ang Tibay" case (*Ang vs. Toribio Teodoro*, p. 56, *supra*) to the case now before Us, petitioner herein must not be allowed to get a free ride on the reputation and selling power of Standard Brands PLANTERS salted peanuts, for a self-respecting person, or a reputable business concern as is the case here, does not remain in the shelter of another's popularity and goodwill but builds one of his own.

4. Findings of fact by the Director of Patents are conclusive and binding on this Court provided they are supported by substantial evidence.[9] The testimonial and documentary evidence in addition to the stipulation of facts submitted by the parties fully support the findings of respondent Director that (3) there is a confusing similarity between the labels or trademarks of Philippine Nut and Standard Brands used in their respective canned salted peanuts; (2) respondent Standard Brands has priority of adoption and use of the label with PLANTERS as the dominant feature and the same has acquired secondary meaning in relation to salted peanuts; and (3) there has been no abandonment or non-use of said trademark by Standard Brands which would justify its adoption by petitioner or any other competitor for the sale of salted peanuts in the market.

PREMISES CONSIDERED, We AFFIRM the decision of respondent Director of Patents with costs against petitioner.

So Ordered.

Castro (Chairman), Makasiar, Esguerra, and Martin, JJ., concur.

Teehankee, J., is on leave.

[1] Standard Brands Incorporated is a corporation organized and existing under the laws of the State of Delaware, United States of America, with its principal business offices at 625 Madison Avenue, New York, New York, United States of America. (Amended Partial Stipulation of Facts, par. (a), page 34 original record).

[2] See p. 581 for a reproduction of the pictures of the cans for salted peanuts with respective labels of the parties.

[3] *Co Tiong Sa vs. Director of Patents*, 1954, 95 Phil. 1, citing American Jurisprudence and Philippine cases, viz, *Clarke vs. Manila Candy Co.*, 36 Phil. 100; *Alhambra Cigar & Cigarette Co. vs. Mojica*, 27 Phil. 266; *Sapolin Co. vs. Balmaceda. et al*, 67 Phil. 705; *La Insular vs. Jao Oge*, 47 Phil. 75.

See also *Forbes, Munn & Co. vs. Ang San To*, 40 Phil. 272; *Lim Hoa vs. Director of Patents*, 100 Phil. 214; *Operators. Incorporated vs. The Director of Patents, et al.*, No. L-17901, October 29, 1965, 15 SCRA, 147; *Etepha, A.G. vs. Director of Patents and Westmont Pharmaceuticals, Inc.*, No. L-20635, March 31, 1966, 16 SCRA, 495; *Crisanta Y. Gabriel vs. Dr. Jose R. Perez and Honorable Tiburcio Evalle as Director of Patents*. No. L-24075, January 31, 1974, 55 SCRA: 406.

[4] See p. 3 for sample of Philippine Nut's label.

[5] Page 4 decision, DP, at page 86 of original record.

[6] p. 4, decision DP, *supra*.

[7] *Ana Ang vs. Toribio Teodoro*, 74 Phil. 50, 53, per Roman Ozaeta, J., citing *G. & C. Merriam Co.. vs. Saalfeld*, 198 F., 369, 373.

[8] *Arce Sons & Co. vs. Selecta Biscuit Co., Inc.*, L-17981; L-1476K January 28, 1961, per Bautista Angelo, J., 1

SCRA 253.

[9] Chua Che vs. Philippines Patent Office, et al, L-1 8337, January 30, 1965. 13 SCRA 67: Bagano vs. The Director of Patents, et al, L-20170, August 10, 1965, 14 SCRA 883.

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