

THIRD DIVISION

[G.R. No. 180073, November 25, 2009]

**PROSOURCE INTERNATIONAL, INC., PETITIONER, VS. HORPHAG
RESEARCH MANAGEMENT SA, RESPONDENT.**

D E C I S I O N

NACHURA, J.:

This is a petition for review on *certiorari* under Rule 45 of the Rules of Court seeking to reverse and set aside the Court of Appeals (CA) Decision^[1] dated July 27, 2007 and Resolution^[2] dated October 15, 2007 in CA-G.R. CV No. 87556. The assailed decision affirmed the Regional Trial Court (RTC)^[3] Decision^[4] dated January 16, 2006 and Order^[5] dated May 3, 2006 in Civil Case No. 68048; while the assailed resolution denied petitioner's motion for reconsideration.

The facts are as follows:

Respondent Horphag Research Management SA is a corporation duly organized and existing under the laws of Switzerland and the owner^[6] of trademark PYCNOGENOL, a food supplement sold and distributed by Zuellig Pharma Corporation. Respondent later discovered that petitioner Prosource International, Inc. was also distributing a similar food supplement using the mark PCO-GENOLS since 1996.^[7] This prompted respondent to demand that petitioner cease and desist from using the aforesaid mark.^[8]

Without notifying respondent, petitioner discontinued the use of, and withdrew from the market, the products under the name PCO-GENOLS as of June 19, 2000. It, likewise, changed its mark from PCO-GENOLS to PCO-PLUS.^[9]

On August 22, 2000, respondent filed a Complaint^[10] for Infringement of Trademark with Prayer for Preliminary Injunction against petitioner, praying that the latter cease and desist from using the brand PCO-GENOLS for being confusingly similar with respondent's trademark PYCNOGENOL. It, likewise, prayed for actual and nominal damages, as well as attorney's fees.^[11]

In its Answer,^[12] petitioner contended that respondent could not file the infringement case considering that the latter is not the registered owner of the trademark PYCNOGENOL, but one Horphag Research Limited. It, likewise, claimed that the two marks were not confusingly similar. Finally, it denied liability, since it discontinued the use of the mark prior to the institution of the infringement case. Petitioner thus prayed for the dismissal of the complaint. By way of counterclaim, petitioner prayed that respondent be directed to pay exemplary damages and attorney's fees.^[13]

During the pre-trial, the parties admitted the following:

1. Defendant [petitioner] is a corporation duly organized and existing under the laws of the Republic of the Philippines with business address at No. 7 Annapolis Street, Greenhills, San Juan, Metro Manila;
2. The trademark PYCNOGENOL of the plaintiff is duly registered with the Intellectual Property Office but not with the Bureau of Food and Drug (BFAD).
3. The defendant's product PCO-GENOLS is duly registered with the BFAD but not with the Intellectual Property Office (IPO).
4. The defendant corporation discontinued the use of and had withdrawn from the market the products under the name of PCO-GENOLS as of June 19, 2000, with its trademark changed from PCO-GENOLS to PCO-PLUS.
5. Plaintiff corporation sent a demand letter to the defendant dated 02 June 2000.^[14]

On January 16, 2006, the RTC decided in favor of respondent. It observed that PYCNOGENOL and PCO-GENOLS have the same suffix "GENOL" which appears to be merely descriptive and thus open for trademark registration by combining it with other words. The trial court, likewise, concluded that the marks, when read, sound similar, and thus confusingly similar especially since they both refer to food supplements. The court added that petitioner's liability was not negated by its act of pulling out of the market the products bearing the questioned mark since the fact remains that from 1996 until June 2000, petitioner had infringed respondent's product by using the trademark PCO-GENOLS. As respondent manifested that it was no longer interested in recovering actual damages, petitioner was made to answer only for attorney's fees amounting to P50,000.00.^[15] For lack of sufficient factual and legal basis, the court dismissed petitioner's counterclaim. Petitioner's motion for reconsideration was likewise denied.

On appeal to the CA, petitioner failed to obtain a favorable decision. The appellate court explained that under the Dominancy or the Holistic Test, PCO-GENOLS is deceptively similar to PYCNOGENOL. It also found just and equitable the award of attorney's fees especially since respondent was compelled to litigate.^[16]

Hence, this petition, assigning the following errors:

I. THAT THE COURT OF APPEALS ERRED IN AFFIRMING THE RULING OF THE LOWER [COURT] THAT RESPONDENT'S TRADEMARK P[YC]NOGENOLS (SIC) WAS INFRINGED BY PETITIONER'S PCO-GENOLS.

II. THAT THE COURT OF APPEALS ERRED IN AFFIRMING THE AWARD OF ATTORNEY'S FEES IN FAVOR OF RESPONDENT HORPHAG RESEARCH MANAGEMENT S.A. IN THE AMOUNT OF Php50,000.00.

^[17]

The petition is without merit.

It must be recalled that respondent filed a complaint for trademark infringement against petitioner for the latter's use of the mark PCO-GENOLS which the former claimed to be confusingly similar to its trademark PYCNOGENOL. Petitioner's use of the questioned mark started in 1996 and ended in June 2000. The instant case should thus be decided in light of the provisions of Republic Act (R.A.) No. 166^[18] for the acts committed until December 31, 1997, and R.A. No. 8293^[19] for those committed from January 1, 1998 until June 19, 2000.

A trademark is any distinctive word, name, symbol, emblem, sign, or device, or any combination thereof, adopted and used by a manufacturer or merchant on his goods to identify and distinguish them from those manufactured, sold, or dealt by others. Inarguably, a trademark deserves protection.^[20]

Section 22 of R.A. No. 166, as amended, and Section 155 of R.A. No. 8293 define what constitutes trademark infringement, as follows:

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 tradename 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 tradename 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.

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.

In accordance with Section 22 of R.A. No. 166, as well as Sections 2, 2-A, 9-A, and 20 thereof, the following constitute the elements of trademark infringement:

(a) A trademark actually used in commerce in the Philippines and registered in the principal register of the Philippine Patent Office[;]

(b) [It] is used by another person in connection with the sale, offering for sale, or advertising of any goods, business or services 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 such trademark is reproduced, counterfeited, copied or colorably imitated by another person and such reproduction, counterfeit, copy or colorable imitation is applied to labels, signs, prints, packages, wrappers, receptacles or advertisements intended to be used upon or in connection with such goods, business or services as to likely cause confusion or mistake or to deceive purchasers[;]

(c) [T]he trademark is used for identical or similar goods[;] and

(d) [S]uch act is done without the consent of the trademark registrant or assignee.^[21]

On the other hand, the elements of infringement under R.A. No. 8293 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.^[22]