

SECOND DIVISION

[G.R. No. 217781, June 20, 2018]

**SAN MIGUEL PURE FOODS COMPANY, INC., PETITIONER, VS.
FOODSPHERE, INC., RESPONDENT.**

[G.R. No. 217788]

**FOODSPHERE, INC., PETITIONER, VS. SAN MIGUEL PURE FOODS
COMPANY, INC., RESPONDENT.**

D E C I S I O N

PERALTA, J.:

Before the Court are the consolidated cases of G.R. No. 217781 and G.R. No. 217788. On the one hand, San Miguel Pure Foods Company, Inc. (*SMPFCI*), in G.R. No. 217781, filed a Petition for Review on *Certiorari* under Rule 45 of the Rules of Court, questioning the Resolution^[1] dated April 8, 2015 of the Court of Appeals (CA), Former Fourteenth Division, in CA-G.R. SP No. 131945, but only insofar as the same resolved to delete from the body of its Decision^[2] dated September 24, 2014 the award of exemplary damages. On the other hand, in G.R. No. 217788, Foodsphere, Inc., via a Petition for Review on *Certiorari* under Rule 45 of the Rules of Court, seeks to reverse and set aside the same September 24, 2014 Decision and April 8, 2015 Resolution of the CA declaring it guilty of unfair competition and holding it liable for damages.

The antecedent facts are as follows:

The parties herein are both engaged in the business of the manufacture, sale, and distribution of food products, with SMPFCI owning the trademark "PUREFOODS FIESTA HAM" while Foodsphere, Inc. products (*Foodsphere*) bear the "CDO" brand. On November 4, 2010, SMPFCI filed a Complaint^[3] for trademark infringement and unfair competition with prayer for preliminary injunction and temporary restraining order against Foodsphere before the Bureau of Legal Affairs (*BLA*) of the Intellectual Property Office (*IPO*) pursuant to Sections 155 and 168 of Republic Act (*R.A.*) No. 8293, otherwise known as the *Intellectual Property Code (IP Code)*, for using, in commerce, a colorable imitation of its registered trademark in connection with the sale, offering for sale, and advertising of goods that are confusingly similar to that of its registered trademark.^[4]

In its complaint, SMPFCI alleged that its "FIESTA" ham, first introduced in 1980, has been sold in countless supermarkets in the country with an average annual sales of P10,791,537.25 and is, therefore, a popular fixture in dining tables during the Christmas season. Its registered "FIESTA" mark has acquired goodwill to mean sumptuous ham of great taste, superior quality, and food safety, and its trade dress "FIESTA", combined with a figure of a partly sliced ham served on a plate with fruits

on the side had likewise earned goodwill. Notwithstanding such tremendous goodwill already earned by its mark, SMPFCI continues to invest considerable resources to promote the FIESTA ham, amounting to no less than P3,678,407.95.^[5]

Sometime in 2006, however, Foodsphere introduced its "PISTA" ham and aggressively promoted it in 2007, claiming the same to be the real premium ham. In 2008, SMPFCI launched its "Dapat ganito ka-espesyal" campaign, utilizing the promotional material showing a picture of a whole meat ham served on a plate with fresh fruits on the side. The ham is being sliced with a knife and the other portion, held in place by a serving fork. But in the same year, Foodsphere launched its "Christmas Ham with Taste" campaign featuring a similar picture. Moreover, in 2009, Foodsphere launched its "Make Christmas even more special" campaign, directly copying SMPFCI's "Dapat ganito ka-espesyal" campaign. Also in 2009, Foodsphere introduced its paper ham bag which looked significantly similar to SMPFCI's own paper ham bag and its trade dress and its use of the word "PISTA" in its packages were confusingly similar to SMPFCI's "FIESTA" mark.^[6]

Thus, according to SMPFCI, the striking similarities between the marks and products of Foodsphere with those of SMPFCI warrant its claim of trademark infringement on the ground of likelihood of confusion as to origin, and being the owner of "FIESTA," it has the right to prevent Foodsphere from the unauthorized use of a deceptively similar mark. The word "PISTA" in Foodsphere's mark means "fiesta," "feast," or "festival" and connotes the same meaning or commercial impression to the buying public of SMPFCI's "FIESTA" trademark. Moreover, "FIESTA" and "PISTA" are similarly pronounced, have the same number of syllables, share common consonants and vowels, and have the same general appearance in their respective product packages. In addition, the "FIESTA" and "PISTA" marks are used in the same product which are distributed and marketed in the same channels of trade under similar conditions, and even placed in the same freezer and/or displayed in the same section of supermarkets. Foodsphere's use, therefore, of the "PISTA" mark will mislead the public into believing that its goods originated from, or are licensed or sponsored by SMPFCI, or that Foodsphere is associated with SMPFCI, or its affiliate. The use of the "PISTA" trademark would not only result in likelihood of confusion, but in actual confusion.^[7]

Apart from trademark infringement, SMPFCI further alleged that Foodsphere is likewise guilty of unfair competition. This is because there is confusing similarity in the general appearance of the goods of the parties and intent on the part of Foodsphere, to deceive the public and defraud SMPFCL According to SMPFCI, there is confusing similarity because the display panel of both products have a picture of a partly sliced ham served on a plate of fruits, while the back panel features other ham varieties offered, both "FIESTA" and "PISTA" are printed in white bold stylized font, and the product packaging for both "FIESTA" and "PISTA" consists of box-typed paper bags made of cardboard materials with cut-out holes on the middle top portion for use as handles and predominantly red in color with a background design of Christmas balls, stars, snowflakes, and ornate scroll. Moreover, Foodsphere's intent to deceive the public is seen from its continued use of the word "PISTA" for its ham products and its adoption of packaging with a strong resemblance of SMPFCI's "FIESTA" ham packaging. For SMPFCI, this is deliberately carried out for the purpose of capitalizing on the valuable goodwill of its trademark and causing not only confusion of goods but also confusion as to the source of the ham product.

Consequently, SMPFCI claimed to have failed to realize income of at least P27,668,538.38 and P899,294.77 per month in estimated actual damages representing foregone income in sales. Thus, it is entitled to actual damages and attorney's fees.^[8]

For its part, Foodsphere denied the charges of trademark infringement and countered that the marks "PISTA" and "PUREFOODS FIESTA HAM" are not confusingly similar and are, in fact, visually and aurally distinct from each other. This is because PISTA is always used in conjunction with its house mark "CDO" and that "PUREFOODS FIESTA HAM" bears the housemark "PUREFOODS," rendering confusion impossible. Moreover, Foodsphere maintained that SMPFCI does not have a monopoly on the mark "FIESTA" for the IPO database shows that there are two (2) other registrations for "FIESTA," namely "FIESTA TROPICALE" and "HAPPY FIESTA." Also, there are other products in supermarkets that bear the mark "FIESTA" such as "ARO FIESTA HAM," "ROYAL FIESTA," and "PUREGOLD FIESTA HAM," but SMPFCI has done nothing against those manufacturers, making it guilty of *estoppel in pais*, and is, therefore, estopped from claiming that the use of other manufacturers of the mark "FIESTA" will result in confusion and/or damage to itself. Even assuming that the marks are confusingly similar, Foodsphere asserted that it is SMPFCI who is guilty of infringement *vis-a-vis* its registered trademark "HOLIDAY," a translation and word bearing the same meaning as "FIESTA." Foodsphere has been using its "HOLIDAY" trademark since 1970 and had registered the same in 1986, while SMPFCI registered its "FIESTA" trademark only in 2007. In fact, Foodsphere noted that it has been using "PISTA" since 2006 which is earlier than SMPFCI's filing for registration of "FIESTA" in 2007. In addition, Foodsphere asseverated that SMPFCI cannot appropriate for itself images of traditional utensils and garnishing of ham in its advertisements. Confusion between the marks, moreover, is rendered impossible because the products are sold in booths manned by different "promodisers." Also, hams are expensive products and their purchasers are well-informed not only as to their features but also as to the manufacturers thereof.^[9]

Furthermore, Foodsphere similarly denied the allegation that it is guilty of unfair competition or passing off its product as that of SMPFCI. As mentioned, the "PISTA" and "FIESTA" labels are substantially different in the manner of presentation, carrying their respective house marks. Moreover, its paper ham bags are labeled with their respective house marks and are given to consumers only after purchase, hence, they do not factor in when the choice of ham is being made. Also, Foodsphere claims to have been using the red color for its boxes and it was SMPFCI, by its own admission, that switched colors from green to red in 2009 for its own ham bags.^[10]

On July 17, 2012, the BLA, through its Director, rendered its Decision^[11] dismissing SMPFCI's complaint for lack of merit. *First*, the BLA held that there could be no trademark infringement because Foodsphere began using the "PISTA" mark in 2006 and even filed a trademark application therefor in the same year, while SMPFCI's application for trademark registration for "FIESTA" was filed and approved only in 2007. SMPFCI, thus, had no cause of action. *Second*, SMPFCI's complaint was filed beyond the four (4)-year prescriptive period prescribed under the Rules and Regulation on Administrative Complaints for Violation of Law Involving Intellectual Property Rights. *Third*, the BLA found the testimonies and surveys adduced in evidence by SMPFCI to be self-serving. *Fourth*, comparing the competing marks

would not lead to confusion, much less deception of the public. *Finally*, the BLA ruled that SMPFCI failed to convincingly prove the presence of the elements of unfair competition.^[12]

On September 10, 2013, however, the Office of the Director General partially granted SMPFCI's appeal, affirming the BLA's ruling on the absence of trademark infringement but finding Foodsphere liable for unfair competition.^[13] The Director General held that one can see the obvious differences in the marks of the parties. SMPFCI's mark is a composite mark where its house mark, namely "PURE FOODS," is clearly indicated and is followed by the phrase "FIESTA HAM" written in stylized font whereas Foodsphere's mark is the word "PISTA" written also in stylized font. Applying the 'Dominancy Test' and the 'Holistic Test' show that Foodsphere cannot be held liable for trademark infringement due to the fact that the marks are not visually or aurally similar and that the glaring differences in the presentation of these marks will prevent any likely confusion, mistake, or deception to the purchasing public. Moreover, "PISTA" was duly registered in the IPO, strengthening the position that "PISTA" is not an infringement of "PURE FOODS FIESTA HAM" for a certificate of registration of a mark is *prima facie* evidence of the validity of the registration, the registrant's ownership of the mark, and of the registrant's exclusive right to use the same.^[14] On the other hand, the Director General found Foodsphere to be guilty of unfair competition for it gave its "PISTA" ham the general appearance that would likely influence purchasers to believe that it is similar with SMPFCI's "FIESTA" ham. Moreover, its intention to deceive is inferred from the similarity of the goods as packed and offered for sale. Thus, the Director General ordered Foodsphere to pay nominal damages in the amount of P100,000.00 and attorney's fees in the amount of P300,000.00 and to cease and desist from using the labels, signs, prints, packages, wrappers, receptacles, and materials used in committing unfair competition, as well as the seizure and disposal thereof.^[15]

Both SMPFCI and Foodsphere filed their appeals before the CA via Petitions for Review dated October 8, 2013^[16] and October 29, 2013,^[17] respectively. SMPFCI sought a reconsideration of the Director General's finding that Foodsphere is not guilty of trademark infringement while Foodsphere faulted said Director General for declaring it guilty of unfair competition.

On March 6, 2014, the CA, Eleventh Division, denied SMPFCI's petition and affirmed the ruling of the Director General on the absence of trademark infringement. According to the appellate court, Foodsphere was merely exercising, in good faith, its right to use its duly registered trademark "PISTA" in the lawful pursuit of its business.^[18] Thereafter, in a Decision dated September 24, 2014, the CA Fourteenth Division likewise denied Foodsphere's petition, affirming the Director General's finding that Foodsphere was guilty of unfair competition. The CA held that the elements thereof are present herein. Consequently, it ordered Foodsphere to pay SMPFCI nominal and exemplary damages as well as attorney' fees.^[19] In a Resolution dated April 8, 2015, however, the CA clarified its September 24, 2014 Decision and resolved to delete the award of exemplary damages for SMPFCI never prayed for the same.^[20]

In a Resolution^[21] dated June 13, 2016, the Court, in G.R. No. 215475, denied SMPFCI's Petition for Review on *Certiorari* for failure to sufficiently show that the CA,

in its Decision and Resolution, dated March 6, 2014 and November 13, 2014, respectively, finding that Foodsphere is not liable for trademark infringement, and committed any reversible error in the challenged decision and resolution as to warrant the exercise of the Court's discretionary appellate jurisdiction. The Court also found that the issues raised by SMPFCI are factual in nature.

Meanwhile, on June 8, 2015, both SMPFCI and Foodsphere filed the instant Petitions for Review on *Certiorari* docketed as G.R. No. 217781 and 217788, respectively. In G.R. No. 217781, SMPFCI invoked the following argument:

I.

THE HONORABLE COURT OF APPEALS ERRED IN RESOLVING THAT THE AWARD OF EXEMPLARY DAMAGES BE DELETED FROM THE BODY OF ITS DECISION DATED 24 SEPTEMBER 2014 WHEN SMPFCI'S ENTITLEMENT THERETO IS CLEARLY SUPPORTED NOT ONLY BY PLEADINGS AND EVIDENCE ON RECORD, BUT ALSO BY THE HONORABLE COURT OF APPEALS' OWN RATIOCINATIONS FOUND IN THE BODY OF ITS DECISION.

Conversely, G.R. No. 217788, Foodsphere raised the following argument:

I.

THE COURT OF APPEALS COMMITTED GRAVE ABUSE OF DISCRETION IN EXCESS OF OR AMOUNTING TO LACK OF JURISDICTION WHEN IT ISSUED THE ASSAILED DECISION AND RESOLUTION BEING NOT IN ACCORDANCE WITH LAW OR WITH APPLICABLE DECISIONS OF THE HONORABLE COURT WHEN IT DECLARED THAT FOODSPHERE WAS GUILTY OF UNFAIR COMPETITION.

In G.R. No. 217781, SMPFCI clarifies that it assails the April 8, 2015 Resolution of the CA, not on its finding that Foodsphere was guilty of unfair competition, but only insofar as it deleted its award of exemplary damages in its September 24, 2014 Decision. According to SMPFCI, it was a mere mistake that the said Decision failed to state the amount of exemplary damages and that its dispositive portion failed to award said exemplary damages, merely stating that "the petition is DENIED, and the Decision x x x of the Director General is AFFIRMED."^[22] SMPFCI asserts that where there is a conflict between the dispositive portion and the body of the decision, the dispositive portion controls. But where the inevitable conclusion from the body of the decision is so clear as to show that there was a mistake in the dispositive portion, the body of the decision will prevail.^[23] Here, when the CA held that "as for exemplary damages, the award thereof was warranted," it is beyond cavil that SMPFCI is entitled thereto.

Moreover, SMPFCI maintains that the CA ruling that it never prayed for exemplary damages in the proceedings, its prayer for damages being limited only to actual damages and attorney's fees, is utterly false for it specifically prayed for the same in several pleadings it filed before the BLA and the Office of the Director General. Even assuming that it indeed failed to pray for exemplary damages, SMPFCI alleges that it was still erroneous for the CA to delete the award of the same. It is well settled that a court may grant relief to a party, even if said party did not pray for it in his pleadings for a prayer for "other remedies just and equitable under the premises" is