

FIRST DIVISION

[G.R. No. 198889, January 20, 2016]

**UFC PHILIPPINES, INC. (NOW MERGED WITH NUTRI-ASIA, INC.,
WITH NUTRI-ASIA, INC. AS THE SURVIVING ENTITY),
PETITIONER, VS. FIESTA BARRIO MANUFACTURING
CORPORATION, RESPONDENT.**

D E C I S I O N

LEONARDO-DE CASTRO, J.:

For our disposition is a petition for review on *certiorari* under Rule 45 seeking to annul and set aside the June 23, 2011 **Decision**^[1] and the October 4, 2011 **Resolution**^[2] of the Court of Appeals in CA-G.R. SP No. 107570, which reversed and set aside the March 26, 2008 **Decision**^[3] of the Bureau of Legal Affairs of the Intellectual Property Office (IPO-BLA) and the January 29, 2009 **Decision**^[4] of the Director General of the IPO.

Petitioner Nutri-Asia, Inc. (petitioner) is a corporation duly organized and existing under Philippine laws.^[5] It is the emergent entity in a merger with UFC Philippines, Inc. that was completed on February 11, 2009.^[6] Respondent Barrio Fiesta Manufacturing Corporation (respondent) is likewise a corporation organized and existing under Philippine laws.

On April 4, 2002, respondent filed Application No. 4-2002-002757 for the mark "PAPA BOY & DEVICE" for goods under Class 30, specifically for "lechon sauce."^[7] The Intellectual Property Office (IPO) published said application for opposition in the IP Phil. e-Gazette released on September 8, 2006. The mark appears as follows:

(Please see image G.R. No. 198889 pg. 2)

On December 11, 2006, petitioner filed with the IPO-BLA a Verified Notice of Opposition to the above-mentioned application and alleged that:

1. The mark "PAPA" for use on banana catsup and other similar goods was first used [in] 1954 by Neri Papa, and thus, was taken from his surname;
2. After using the mark "PAPA" for about twenty-seven (27) years, Neri Papa subsequently assigned the mark "PAPA" to Hernan D. Reyes who, on September 17, 1981, filed an application to register said mark "PAPA" for use on banana catsup, chili sauce, achara,

banana chips, and instant ube powder;

3. On August 14, 1983, Hernan D. Reyes was issued Certificate of Registration No. 32416;
4. [Certificate of] Registration No. 32416 was subsequently assigned to the following in successive fashion: Acres & Acres Food, Inc., Southeast Asia Food, Inc., Heinz-UFC Philippines, Inc., and Opposer UFC Philippines, Inc.;
5. Last October 28, 2005, Heinz-UFC Philippines, Inc. filed Application Serial No. 4-2005-010788 which, in effect, is a re- registration of Registration No. 32416 which expired on August 11, 2003;
6. Hernan D. Reyes also filed on March 04, 1982 an application to register in the Supplemental Register the "PAPA BANANA CATSUP Label";
7. On August 11, 1983, Hernan D. Reyes was issued Certificate of Registration No. SR-6282 which was subsequently assigned to Acres & Acres Food, Inc., Southeast Asia Food, Inc., Heinz-UFC Philippines, Inc.;
8. After its expiration, Opposer filed on November 15, 2006 Trademark Application Serial No. 4-2006-012346 for the re-registration of the "PAPA Label Design";
9. The mark "PAPA KETSARAP" for use on banana sauce falling under Class 30 was also registered in favor of Acres & Acres Food, Inc. under Registration No. 34681 issued on August 23, 1985 and renewed last August 23, 2005 by Heinz-UFC Philippines, Inc. for ten (10) years;
10. On November 07, 2006, Registration No. 34681 was assigned to Opposer;
11. Opposer has not abandoned the use of the mark "PAPA" and the variations thereof as Opposer has continued their use up to the present;
12. The mark "PAPA BOY & DEVICE" is identical to the mark "PAPA" owned by Opposer and duly registered in its favor, particularly the dominant feature thereof;
13. [With the] dominant feature of respondent-applicant's mark "PAPA BOY & DEVICE", which is Opposer's "PAPA" and the variations thereof, confusion and deception is likely to result: The consuming public, particularly the unwary customers, will be deceived, confused, and mistaken into believing that respondent-applicant's goods come from Opposer or are authorized by Opposer to Opposer's prejudice, which is particularly true considering that Opposer's sister company, Southeast Asia Food, Inc., and its

predecessors-in-interest have been major manufacturers and distributors of lechon sauce and other table sauces since 1965 under its registered mark "Mang Tomas";

14. Respondent-applicant's mark "PAPA BOY & DEVICE" which nearly resembles Opposer's mark "PAPA" and the variations thereof will impress upon the gullible or unsuspecting public that it is the same or related to Opposer as to source because its dominant part is the same as Opposer's mark and, thus, will likely be mistaken to be the mark, or related to, or a derivative or variation of, Opposer's mark;
15. The goods covered by respondent-applicant's application fall under Class 30, the same Class under which Opposer's goods enumerated in its earlier issued registrations;
16. The test of dominancy is now explicitly incorporated into law in Section 155.1 of the IP Code which defines infringement as the colorable imitation of a registered mark or a dominant feature thereof, and is provided for by jurisprudence;
17. As a corporation also engaged in the food business, Respondent-applicant knew and/or ought to know that Opposer and its predecessors-in-interest have been using the mark "PAPA" and the variations thereof for the last fifty-two (52) years while its sister company is engaged in the business of manufacturing and distributing "lechon sauce" and other table sauces for the last forty-one (41) years;
18. The approval of the subject application will violate Opposer's right to the exclusive use of its registered mark "PAPA" and the variations thereof per Section 13 8 of the IP Code;
19. The approval of the subject application has caused and will continue to cause great and irreparable damage and injury to Opposer;
20. Respondent-applicant filed the subject application fraudulently and in bad faith; and
21. Respondent-applicant is not entitled to register the subject mark in its favor.^[8]

In its verified opposition before the IPO, petitioner contended that "PAPA BOY & DEVICE" is confusingly similar with its "PAPA" marks inasmuch as the former incorporates the term "PAPA," which is the dominant feature of petitioner's "PAPA" marks. Petitioner averred that respondent's use of "PAPA BOY & DEVICE" mark for its lechon sauce product, if allowed, would likely lead the consuming public to believe that said lechon sauce product originates from or is authorized by petitioner, and that the "PAPA BOY & DEVICE" mark is a variation or derivative of petitioner's "PAPA" marks. Petitioner argued that this was especially true considering that petitioner's ketchup product and respondent's lechon sauce product are related

articles that fall under the same Class 30.^[9]

Petitioner alleged that the registration of respondent's challenged mark was also likely to damage the petitioner, considering that its former sister company, Southeast Asia Food, Inc., and the latter's predecessors-in-interest, had been major manufacturers and distributors of lechon and other table sauces since 1965, such as products employing the registered "Mang Tomas" mark.

In its Verified Answer, respondent argued that there is no likelihood of confusion between petitioner's family of "PAPA" trademarks and respondent's "PAPA BOY & DEVICE" trademark. Respondent raised affirmative defenses and we quote the relevant ones below:

3. Opposer cites several of its following marks in support of its opposition to the application but an examination of said marks [reveals] that these have already expired and/or that no confusing similarity exists x xx;

4. Assuming that the mark "PAPA KETSARAP" had been timely renewed on August 23, 2005 for "banana sauce" under Class 30, the same is not a hindrance to the successful registration of the mark "PAPA BOY & DEVICE": Jurisprudence provides that a certificate of registration confers upon the trademark owner the exclusive right to use its own symbol only to those goods specified in the certificate subject to the conditions and limitations stated therein;

5. As a result, Opposer's right to use the mark "PAPAKETSARAP" is limited to the products covered by its certificate of registration which is Class 30 for banana sauce;

6. Contrary to Opposer's belief, the dominant features of Respondent-applicant's mark "PAPA BOY & DEVICE" are the words "PAPA BOY" and the representation of a smiling hog-like character gesturing the thumbs-up sign and wearing a traditional Filipino hat and scarf while the dominant feature of Opposer's mark "PAPA KETSARAP" are the words "Papa" and "Ketsarap", not the word "Papa"; and the word "Ketsarap" is more prominently printed and displayed in the foreground than the word "Papa" for which reasons opposer's reference to the Dominancy Test fails;

7. Opposer's allegation that the registration of Respondent-applicant's mark "PAPA BOY & DEVICE" will damage and prejudice the mark "MANG TOMAS" is irrelevant considering that Opposer's basis for filing this opposition is the alleged confusing similarity between Respondent-applicant's mark and Opposer's mark "PAPA KETSARAP", not the mark "MANG TOMAS";

8. Respondent-applicant's mark "PAPA BOY & DEVICE" is neither identical nor confusingly similar to Opposer's mark "PAPA KETSARAP": Respondent-applicant's mark "PAPABOY & DEVICE" is an arbitrary mark which differs in overall sound, spelling, meaning, style, configuration, presentation, and appearance from Opposer's mark "PAPA KETSARAP";

9. The dissimilarities between the marks are so distinct, thus, confusion is very unlikely: While Opposer's mark is a plain word mark, Respondent-applicant's mark "PAPA BOY & DEVICE" is much more intricate and distinctive such as Opposer's mark not having the words "Lechon Sauce" printed inside a blue ribbon-like device which is illustrated below the words "PAPA BOY", Opposer's mark not having a prominent smiling hog-like character gesturing a thumbs-up sign and wearing a Filipino hat and scarf stands beside the words "PAPA BOY", and Opposer's mark not having the words "Barrio Fiesta" albeit conspicuously displayed above the mark, all which leave no doubt in the consumer's mind on the product that he is purchasing;

10. Aside from the fact that Respondent-applicant's mark "PAPA BOY & DEVICE" is distinct and different in appearance, spelling, sound, meaning, and style from Opposer's mark "PAPA KETSARAP", the difference in the goods covered by both marks is obvious: Since the goods covered by Respondent-applicant's mark is unrelated and non-competing to those covered by Opposer's mark, the doctrine allowing the registrations of marks covering unrelated and non-competing goods as enunciated by the Supreme Court is therefore applicable in this case;

11. Respondent-applicant's mark cannot be confusingly similar to Opposer's mark considering that the products covered by these marks are different: While Respondent-applicant's mark "PAPA BOY & DEVICE" covers lechon sauce under Class 30, Opposer's mark "PAPA KETSARAP" covers banana sauce;

12. If a consumer is in the market for banana sauce, he will not buy lechon sauce and vice-versa and as a result, the margin of error in the acquisition of one from the other is simply remote;

13. Respondent-applicant is the exclusive owner of the mark "PAPA BOY & DEVICE" for lechon sauce under Class 30: The words "PAPA BOY" is a combination of the nickname of Bonifacio Ongpauco who is one of Respondent-applicant's incorporators and founders- "BOY"- and the word "PAPA" as Bonifacio Ongpauco's mother, Sixta P. Evangelista, had been fondly known as "Mama Chit", making Respondent-applicant the prior adopter, user, and applicant of the mark "PAPA BOY & DEVICE" in the Philippines;

14. To protect its ownership over the mark "PAPA BOY & DEVICE" considering that it is the first to adopt and use said mark, Respondent-applicant applied for its registration under Application Serial No. 4-2002-002757 for Class 30, and said application was found registrable by the Examiner as a consequence of which the same was recommended for allowance after undergoing a thorough process of examination, which recommendation was then approved by the Director of the Bureau of Trademarks (BOT);

15. Respondent-applicant's mark "PAPA BOY & DEVICE" has been commercially used in the Philippines;