

SECOND DIVISION

[G.R. No. 192294, November 21, 2012]

**GREAT WHITE SHARK ENTERPRISES, INC., PETITIONER, VS.
DANILO M. CARALDE, JR., RESPONDENT.**

DECISION

PERLAS-BERNABE, J.:

Assailed in this Petition for Review on *Certiorari* under Rule 45 of the Rules of Court is the December 14, 2009 Decision^[1] of the Court of Appeals (CA) in CA-G.R. SP No. 105787, which reversed and set aside the October 6, 2008 Decision^[2] of the Director General of the Intellectual Property Office (IPO), and directed him to grant the application for the mark "SHARK & LOGO" filed by respondent Danilo M. Caralde, Jr. (Caralde).

The Factual Antecedents

On July 31, 2002, Caralde filed before the Bureau of Legal Affairs (BLA), IPO a trademark application seeking to register the mark "SHARK & LOGO" for his manufactured goods under Class 25, such as slippers, shoes and sandals. Petitioner Great White Shark Enterprises, Inc. (Great White Shark), a foreign corporation domiciled in Florida, USA, opposed^[3] the application claiming to be the owner of the mark consisting of a representation of a shark in color, known as "GREG NORMAN LOGO" (associated with apparel worn and promoted by Australian golfer Greg Norman). It alleged that, being a world famous mark which is pending registration before the BLA since February 19, 2002,^[4] the confusing similarity between the two (2) marks is likely to deceive or confuse the purchasing public into believing that Caralde's goods are produced by or originated from it, or are under its sponsorship, to its damage and prejudice.

In his Answer,^[5] Caralde explained that the subject marks are distinctively different from one another and easily distinguishable. When compared, the only similarity in the marks is in the word "shark" alone, differing in other factors such as appearance, style, shape, size, format, color, ideas counted by marks, and even in the goods carried by the parties.

Pending the *inter partes* proceedings, Great White Shark's trademark application was granted and it was issued Certificate of Registration No. 4-2002-001478 on October 23, 2006 for clothing, headgear and footwear, including socks, shoes and its components.^[6]

The Ruling of the BLA Director

On June 14, 2007, the BLA Director rendered a Decision^[7] rejecting Caralde's

application, ratiocinating, as follows:

Prominent in both competing marks is the illustration of a shark. The dominant feature in opposer's mark is the illustration of a shark drawn plainly. On the other hand, the dominant feature in respondent's mark is a depiction of shark shaded darkly, with its body designed in a way to contain the letters "A" and "R" with the tail suggestive of the letter "K." Admittedly, there are some differences between the competing marks. Respondent's mark contains additional features which are absent in opposer's mark. Their dominant features, i.e., that of an illustration of a shark, however, are of such degree that the overall impression it create [*sic*] is that the two competing marks are at least strikingly similar to each another [*sic*], hence, the likelihood of confusion of goods is likely to occur. x x x x

Moreover, the goods of the competing marks falls [*sic*] under the same Class 25. Opposer's mark GREG NORMAN LOGO, which was applied for registration on February 19, 2002, pertains to clothing apparel particularly hats, shirts and pants. Respondent, on the other hand, later applied for the registration of the mark SHARK & LOGO on July 3, 2002 (*should be July 31, 2002*) for footwear products particularly slippers, shoes, sandals. Clearly, the goods to which the parties use their marks belong to the same class and are related to each other."^[8] (Italics ours)

The BLA Director, however, found no merit in Great White Shark's claim that its mark was famous and well-known for insufficiency of evidence.

The Ruling of the IPO Director General

On appeal, the IPO Director General affirmed^[9] the final rejection of Caralde's application, ruling that the competing marks are indeed confusingly similar. Great White Shark's mark is used in clothing and footwear, among others, while Caralde's mark is used on similar goods like shoes and slippers. Moreover, Great White Shark was first in applying for registration of the mark on February 19, 2002, followed by Caralde on July 31, 2002. Furthermore, Great White Shark's mark consisted of an illustration of a shark while Caralde's mark had a composite figure forming a silhouette of a shark. Thus, as to content, word, sound and meaning, both marks are similar, barring the registration of Caralde's mark under Section 123.1(d) of Republic Act No. 8293, otherwise known as the Intellectual Property Code (IP Code). Nonetheless, while Great White Shark submitted evidence of the registration of its mark in several other countries, the IPO Director General considered its mark as not well-known for failing to meet the other criteria laid down under Rule 102^[10] of the Rules and Regulations on Trademarks, Service Marks, Trade Names and Marked or Stamped Containers.

The Ruling of the Court of Appeals

However, on petition for review, the CA reversed and set aside the foregoing Decision and directed the IPO to grant Caralde's application for registration of the mark "SHARK & LOGO." The CA found no confusing similarity between the subject

marks notwithstanding that both contained the shape of a shark as their dominant feature. It observed that Caralde's mark is more fanciful and colorful, and contains several elements which are easily distinguishable from that of the Great White Shark's mark. It further opined that considering their price disparity, there is no likelihood of confusion as they travel in different channels of trade.^[11]

Issues Before The Court

THE COURT OF APPEALS ERRED IN RULING THAT THE RESPONDENT'S MARK SUBJECT OF THE APPLICATION BEING OPPOSED BY THE PETITIONER IS NOT CONFUSINGLY SIMILAR TO PETITIONER'S REGISTERED MARK.

THE COURT OF APPEALS ERRED IN RULING THAT THE COST OF GOODS COULD NEGATE LIKELIHOOD OF CON[F]USION.

THE COURT OF APPEALS ERRED IN REVERSING THE PREVIOUS RESOLUTIONS OF THE DIRECTOR GENERAL AND THE BLA.^[12]

The Court's Ruling

In the instant petition for review on *certiorari*, Great White Shark maintains that the two (2) competing marks are confusingly similar in appearance, shape and color scheme because of the dominant feature of a shark which is likely to deceive or cause confusion to the purchasing public, suggesting an intention on Caralde's part to pass-off his goods as that of Great White Shark and to ride on its goodwill. This, notwithstanding the price difference, targets market and channels of trade between the competing products. Hence, the CA erred in reversing the rulings of the IPO Director General and the BLA Director who are the experts in the implementation of the IP Code.

The petition lacks merit.

A trademark device is susceptible to registration if it is crafted fancifully or arbitrarily and is capable of identifying and distinguishing the goods of one manufacturer or seller from those of another. Apart from its commercial utility, the benchmark of trademark registrability is distinctiveness.^[13] Thus, a generic figure, as that of a shark in this case, if employed and designed in a distinctive manner, can be a registrable trademark device, subject to the provisions of the IP Code.

Corollarily, Section 123.1(d) of the IP Code provides that a mark cannot be registered if it is identical with a registered mark belonging to a different proprietor with an earlier filing or priority date, with respect to the same or closely related goods or services, or has a near resemblance to such mark as to likely deceive or cause confusion.

In determining similarity and likelihood of confusion, case law has developed the Dominancy Test and the Holistic or Totality Test. The Dominancy Test focuses on the similarity of the dominant features of the competing trademarks that might cause confusion, mistake, and deception in the mind of the ordinary purchaser, and gives