



Republic of the Philippines
Supreme Court
Manila

SECOND DIVISION

GREAT WHITE SHARK
ENTERPRISES, INC.,

Petitioner,

G.R. No. 192294

Present:

CARPIO, *Chairperson*,
BRION,
DEL CASTILLO,
PEREZ, and
PERLAS-BERNABE, *JJ.*

- versus -

DANILO M. CARALDE, JR.,

Respondent.

Promulgated:

NOV 21 2012 *HW Caralde*

X-----X

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 Decision¹ of the Court of Appeals (CA) in CA-G.R. SP No. 105787, which reversed and set aside the October 6, 2008 Decision² 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).

¹ Penned by Associate Justice Vicente S.E. Veloso, with Associate Justices Andres B. Reyes, Jr. and Marlene Gonzales-Sison, concurring. *Rollo*, pp. 35-52.

² Penned by Director General Adrian S. Cristobal, Jr. *Id.* at 406-413.

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, opposed³ 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.

³ Notice of Opposition. Id. at 57-62.

⁴ Id. at 58.

⁵ Id. at 64-68.

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 Decision⁷ 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.

⁶ Id. at 406.

⁷ Penned by Director Estrellita Beltran-Abelardo. Id. at 295-305.

⁸ Id. at 302-303.

The Ruling of the IPO Director General

On appeal, the IPO Director General affirmed⁹ 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 102¹⁰ of the Rules and Regulations on Trademarks, Service Marks, Trade Names and Marked or Stamped Containers.

⁹ Id. at 406-413.

¹⁰ RULE 102. *Criteria in determining whether a mark is well-known.* – In determining whether a mark is well-known, the following criteria or any combination thereof, may be taken into account:

- (a) the duration, extent and geographical area of any use of the mark, in particular, the duration, extent and geographical area of any promotion of the mark, including advertising or publicity and the presentation, at fairs or exhibitions, of the goods and/or services to which the mark applies;
- (b) the market share, in the Philippines and in other countries, of the goods and/or services to which the mark applies;
- (c) the degree of the inherent or acquired distinction of the mark;
- (d) the quality-image or reputation acquired by the mark;
- (e) the extent by which the mark has been registered in the world;
- (f) the exclusivity of registration attained by the mark in the world;
- (g) the extent to which the mark has been used in the world;
- (h) the exclusivity of use attained by the mark in the world;
- (i) the commercial value attributed to the mark in the world;
- (j) the record of successful protection of the rights in the mark;
- (k) the outcome of litigations dealing with the issue of whether the mark is a well-known mark; and

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. 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 BLA¹²

(1) the presence or absence of identical or similar marks validly registered for or used on identical or similar goods or services owned by persons other than the person claiming that his mark is a well-known mark.

¹¹ *Rollo*, pp. 35-52.

¹² *Id.* at 19.

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

¹³ See *McDonald's Corporation v. L.C. Big Mak Burger, Inc.*, G.R. No. 143993, August 18, 2004, 437 SCRA 10, 26.

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.

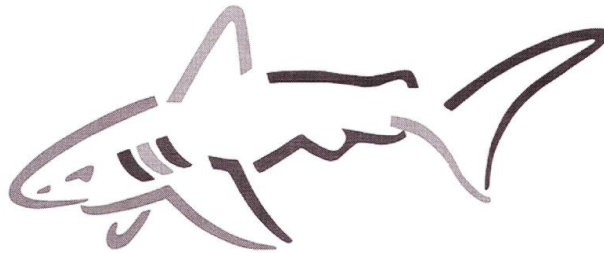
In determining similarity and likelihood of confusion, case law has developed the Dominancy Test and the Holistic or Totality Test. The Dominancy Test focuses on the similarity of the dominant features of the competing trademarks that might cause confusion, mistake, and deception in the mind of the ordinary purchaser, and gives more consideration to the aural and visual impressions created by the marks on the buyers of goods, giving little weight to factors like prices, quality, sales outlets, and market segments. In contrast, the Holistic or Totality Test considers the entirety of the marks as applied to the products, including the labels and packaging, and focuses not only on the predominant words but also on the other features appearing on both labels to determine whether one is confusingly similar to the other¹⁴ as to mislead the ordinary purchaser. The “**ordinary purchaser**” refers to one “accustomed to buy, and therefore *to some extent familiar* with, the goods in question.”¹⁵

Irrespective of both tests, the Court finds no confusing similarity between the subject marks. While both marks use the shape of a shark, the Court noted *distinct* visual and aural differences between them. In Great White Shark's “GREG NORMAN LOGO,” there is an outline of a shark formed with the use of green, yellow, blue and red¹⁶ lines/strokes, to wit:

¹⁴ *Berris Agricultural Co., Inc. v. Abyadang*, G.R. No. 183404, October 13, 2010, 633 SCRA 196, 209-210.

¹⁵ *Dermaline, Inc. v. Myra Pharmaceuticals, Inc.*, G.R. No. 190065, August 16, 2010, 628 SCRA 356, 365, citing *Philip Morris, Inc. v. Fortune Tobacco Corporation*, 493 SCRA 333, 359 (2006).

¹⁶ *Rollo*, p. 49.



In contrast, the shark in Caralde's "SHARK & LOGO" mark¹⁷ is illustrated in *letters* outlined in the form of a shark with the letter "S" forming the head, the letter "H" forming the fins, the letters "A" and "R" forming the body, and the letter "K" forming the tail. In addition, the latter mark includes several more elements such as the word "SHARK" in a different font underneath the shark outline, layers of waves, and a tree on the right side, and liberally used the color blue with some parts in red, yellow, green and white.¹⁸ The whole design is enclosed in an elliptical shape with two linings, thus:



¹⁷ Id. at 187.

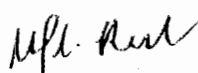
¹⁸ Id. at 49.

As may be gleaned from the foregoing, the *visual* dissimilarities between the two (2) marks are evident and significant, negating the possibility of confusion in the minds of the ordinary purchaser, especially considering the distinct *aural* difference between the marks.

Finally, there being no confusing similarity between the subject marks, the matter of whether Great White Shark's mark has gained recognition and acquired goodwill becomes unnecessary.¹⁹ Besides, both the BLA Director and the IPO Director General have ruled that Great White Shark failed to meet the criteria under Rule 102 of the Rules and Regulations on Trademarks, Service Marks, Trade Names and Marked or Stamped Containers to establish that its mark is well-known, and the latter failed to show otherwise.

WHEREFORE, the Court resolves to **DENY** the instant petition and **AFFIRM** the assailed December 14, 2009 Decision of the Court of Appeals (CA) for failure to show that the CA committed reversible error in setting aside the Decision of the IPO Director General and allowing the registration of the mark "SHARK & LOGO" by respondent Danilo M. Caralde, Jr.

SO ORDERED.


ESTELA M. PERLAS-BERNABE
Associate Justice

¹⁹ Under Section 131.3 of the IP Code, the owner of a well-known mark may oppose the registration, petition the cancellation of registration or sue for unfair competition against an *identical or confusingly similar mark*, without prejudice to availing himself of other remedies provided for under the law. (Italics supplied)

WE CONCUR:



ANTONIO T. CARPIO

Associate Justice

Chairperson



ARTURO D. BRION

Associate Justice



MARIANO C. DEL CASTILLO

Associate Justice

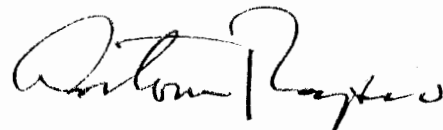


JOSE PORTUGAL PEREZ

Associate Justice

ATTESTATION

I attest that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.




ANTONIO T. CARPIO

Associate Justice

Chairperson, Second Division

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution, and the Division Chairperson's Attestation, I certify that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.


MARIA LOURDES P. A. SERENO
Chief Justice