

Republic of the Philippines
SUPREME COURT
Manila

EN BANC

G.R. No. L-14086 January 20, 1961

ASARI YOKO CO., LTD., petitioner,

vs.

KEE BOC and CELEDONIO AGRAVA, Director of Patents, respondents.

LABRADOR, J.:

This is a petition for the review of a decision of the Director of Patents finding Kee BOC, respondent herein, the first user of the trade mark "RACE" and design (representation of three men running a race) and therefore the owner of this trade mark, and, dismissing the opposition of Asari Yoko Co., Ltd., petitioner herein, on the ground that it will not be damaged by the registration of said trade mark.

On August 27, 1953, Kee Boc, a Chinese citizen, filed a petition for the registration of the trade mark "RACE" and design to be used in shirts and undershirts manufactured by him. He claims to have first used the trade mark in commerce on May 17, 1952, basing the design on a movie picture (t.s.n., 690) he had seen with Domingo Cabatingan, his employee, who corroborated to this fact (tsn 674).

Opposition was interposed by Asari Yoko Co., Ltd., a Japanese corporation, on the ground that it is the owner of the trademark because the same is registered in Japan and in the Philippines, registration in the latter having been made in August, 1929, under the provisions of Act No. 666 and is valid for 30 years; that the trade mark as been in continuous use in commerce in, and trade with the Philippines since its registration until the early part of 1942, and then again after the liberation of the Philippines up to the present; that the trade mark was ever abandoned by the registrant and that it will be damaged by the registration of the same.

After due hearing, the Director of Patents dismissed the opposition and adjudged applicant Kee Boc. the owner the trade mark. Hence, this petition for review. Petitioner assigns seven errors committed by the Director of Patents, to wit —

1. The Director of Patents erred in holding that the Petitioner has failed to prove registration in the Philippines of the subject trade mark before World War II. .
2. The Director of Patents erred in holding that petitioner "has failed to establish satisfactorily its claim of 'prior' use" of the subject trade mark in the Philippines before World War II.
3. The Director of Patents erred in holding that granting that Petitioner "did have such 'prior use its rights acquired by such prior use were automatically forfeited or lost by it by reason of the war."
4. The Director of Patents erred in holding that there could not have been used by Petitioner of the subject trade mark in trade or 'commerce" after the termination of hostilities in World War II, notwithstanding the existence of a trade arrangement or agreement entered into between the Philippines and Japan through the Supreme Commander for the Allied Powers.

5. The Director of Patents erred in holding that Petitioner "will not be damaged by the registration of the trade mark and design in favor of applicant Kee Boc."

6. The Director of Patents erred in holding that respondent Kee Boc is the "first user" of the subject trade dent Kee Boc mark in the Philippines.

7. The Director of Patents erred in dismissing the petitioner's opposition to the application of respondent Kee Boc for the registration of the trade mark "race" and design.

There is no question that the trade mark "RACE BRAND" applied for is exactly the same as the trade mark "RACE BRAND" registered in Tokyo, Japan on June 11, 1937 by Kojiro Asri (Exhibits "G" and "G-1"). Not only is the trade mark, sought to be registered the actual trade marks for Japanese shirts and undershirts, belonging to Kojiro Asari, but the very names printed on the boxes containing shirts and undershirts sold by petitioner — "Race Brand Gentlemen's Underwear" — are exactly identical to those appearing in the boxes used by underwear he manufactures applicant for the underwear he manufactures.

The original facsimile of the trade mark, Exhibit "10" (5 copies), shows clearly two thin sheets of white paper pasted thereon, to the left side of the design. When these pasted sheets of white paper were removed, in the course of the exhibits (Exhibit "10-b"), it was found that said papers covered the following words, (1) Registered Trade Mark" in big capital letters, and, (2) "Made in Occupied Japan in small capital letters. These finding are conclusive evidence that the trade mark applied for is the very, trade mark on manufactured goods made in Japan and imported into the Philippines. So the issues submitted to the Director of Patents were, (1) whether this trade mark is registered in the Philippines prior to the application of the respondent-applicant, and, (2) whether petitioner-oppositor had actually used this trade mark for Japanese goods in the Philippines prior to that of the applicant.

Some employees of the former Bureau of Commerce testified that they had seen similar trade marks in the office of the said bureau before the war but they could not definitely that a registered certificate therefor was issued by the Director of patents. We therefore agree with the latter that the evidence of prior registration of the trade mark in the Philippines has not been established by sufficient evidence.

But as to the Prior use of the trade mark by the oppositor, we find the evidence to be conclusive in favor of the petitioner. The very facsimile of the trade mark filed by the applicant before the director in connection with his petition for registration, was taken from a mark actually used on goods imported from Japan to the Philippines, except that the former does not contain the inscriptions "REGISTERED TRADE MARK" and "Made in Occupied Japan", because the inscriptions are covered by a thin piece of paper pasted on the inscriptions. The trade mark sought to be registered already belongs to Kojiro Asari, as shown by the certificate of registration thereof in Tokyo, Japan on February 27, 1937 and June 11, 1937 (Exhibits "G" and 'G-1' respectively). The trade mark sought to be registered is actually used as boxes of shirts and undershirts imported to the Philippines from Japan see (Exhibits "F", "F-1" up to "F-5"). Shirts and undershirts bearing said trade mark appear to have been imported to the Philippines as early as 1949 (see Exhibits "E-4" UP to "E-11"). Shirts and undershirts bearing said trade mark were also imported by Wan Lian Trading of Manila subsequently, as evidenced by shipping documents, Exhibits "C", "C-4" dated October 27, 1953, and shipping documents Exhibits "D", "D-1" up to "D-4" dated September 11, 1953.

We are therefore satisfied that the trade marks sought to be registered are registered in Tokyo, Japan on February, 1937 and June, 1937, and the same have been used on shirts and undershirts imported into the Philippines as early as the year 1949, and continuously up to the date of the trial. We therefore find that the Director of Patents committed the second and sixth assignments of error.

The third assignment of error is also well taken. There is no evidence that the trade mark in question was confiscated by the United States in conformity with the Trading With The Enemy Act. Furthermore, as it was not found that the trade mark was registered in the Philippines by a Japanese before the war, it could not have been confiscated under the Trading With The Enemy Act. How can a non-existent property or trade mark be confiscated?

We also find merit in the fourth assignment of error. It appears that even prior to the trade agreement between the Supreme Commander for the Allied Powers (SCAP) and the Republic of the Philippines, the first of which was entered into on March 3, 1951, goods bearing the trade mark in question have already come into the Philippines as evidenced by Exhibits "E-4" to "E-11" inclusive, all of which bear date 1949. During that year the agreement between Occupied Japan and the Philippines had not yet been entered into. But Japan was occupied by the United States since 1945 and was therefore under its lawful control; and since this country has always had commercial relations with the United State, it cannot be said that the entry of goods from Occupied Japan to the Philippines is illegal, or is not legitimate trade or commerce which can give rise to any rights to trade marks. The view of this subject by the Director of Patents, that the trade relations between Japan and the Philippines is not lawful or legal, is so narrow to be justified by the relations existing between the United States and the Philippines. Since 1949 up to the present time, commercial relations with Japan had existed and continued, and the importations of commodities bearing the trade mark in question into the Philippines had taken place. The lawful entry into the Philippines of goods bearing the trade mark since 1949 should entitle the owner of the trade mark to the right to use the same to the exclusion of others. Modern trade and commerce demands that depredations on legitimate trademarks of non-nationals should not be countenanced. The strict condition imposed in the decision of the Director of Patents that a formal commercial agreement between two nations must, exist before the trade mark of one may be recognized in the other, is inconsistent with the freedom of trade recognized in modern times. We therefore find that the fourth assignment of error is meritorious.

The fifth assignment of error is also sustained. It follows from all the above that as petitioner-oppositor was the first user of the trade mark in question in the Philippines, it will be damaged by the registration of the trade mark in the name of applicant-respondent.

WHEREFORE, the decision sought to be reviewed is hereby reversed, and the application for registration of the trade mark by Kee Boc is hereby dismissed, with costs against the respondent-applicant Kee Boc.

Paras, C.J., Bengzon, Padilla, Bautista Angelo, Concepcion, Reyes, J.B.L., Barrera, Gutierrez David, Paredes and Dizon, JJ., concur.