Republic of the Philippines
SUPREME COURT
Manila

EN BANC

G.R. No. L-18337 January 30, 1965

CHUA CHE, petitioner,

vs.

PHILIPPINES PATENT OFFICE and SY TUO, respondents.

Chipeco & Alcaraz, Jr. for petitioner.
Perfecto E. de Vera for respondents.

PAREDES, *J.:*

This is a petition to review the decision of the Director of Patents, in Inter Partes Case No. 161, denying the application of petitioner Chua Che for the registration of "T.M. X-7" for use on soap Class 51, being manufactured by said Chua Che, upon the opposition of respondent Sy Tuo.

Under date of October 30, 1958, Chua Che presented with the Philippines Patent Office a petition praying for the registration in his favor the trade name "X-7". The petition, states:

> The undersigned CHUA CHE, a citizen of China, a resident of 2804 Limay St., Tondo, Manila, and doing business at *same address*, has adopted and used the trademark "X-7" shown in the accompanying Drawing.
>
> In accordance with the requirements of law, the undersigned declares that this trademark —
>
> 1. Was first used by him on June 10, 1957.
>
> 2. Was first used by him in commerce in or with the Philippines on June 10, 1957.
>
> 3. Has been continuously used by him in trade in or with the Philippines for more than one year.
>
> 4. Is, on the date of this application, actually used by him on the following goods, classified according to the Official Classification of Goods (Rule 82):

Class 51 — Soap

> 5. Is applied to the goods or to the packages containing the same, by placing thereon a printed label on which the trademark is shown, or by directly impressing the mark to the goods.

The corresponding declaration, which was under oath, contained, among others, the following:

> 3. That he believes himself to be the lawful owner of the trademark sought to be registered.
>
> 4. That the said trademark is in actual use in commerce in or with the Philippines not less than two months before this application is filed.

5. That no other person, partnership, corporation, or association, to the best of his knowledge and belief, has the right to use said trademark in the Philippines, either in the identical form or in any such near resemblance thereto as might be calculated to deceive.

Under date of July 6, 1959, an Examiner of the Department of Commerce and Industry, submitted a report recommending the allowance of the application, which report was approved by the Supervising TM Examiner. After the Notice of allowance was published in the Official Gazette, as required, respondent Sy Tuo presented a "Notice of Opposition," dated October 15, 1959, anchoring said opposition on the following allegations:

1. The registration of the trademark "X-7" as applied for by CHUA CHE will not only violate the rights and interests of the Oppositor over his registered trademark "X-7" covered by Certificate of Registration No. 5,000, issued April 21, 1951, but will also tend to mislead the purchasing public and make it convenient for unscrupulous dealers to pass off the goods of the applicant CHUA CHE, for those of the oppositor SY TUO, to the injury of both the oppositor and the public.

2. The registration of the said trademark "X-7" in the name of CHUA CHE will be in violation of, and will run counter to, Section 4 (d) of Republic Act No. 166, as amended, because it is confusingly similar to the trademark "X-7" covered by Registration No. 5,000 previously registered to, and being used by the oppositor and is not abandoned.

The Oppositor SY TUO, doing business as the Western Cosmetic Laboratory will rely on the following facts:

(a) Oppositor has prior use of the trademark "X-7" as he has been using it extensively and continuously since July 31, 1952, while the applicant, Chua Che, allegedly used his trademark only since June 10, 1957.*1äwphï1.ñët*

(b) Oppositor's mark "X-7" is distinctive and his invented mark and not merely an ordinary, common and weak mark.

(c) The oppositor and the applicant use the trademark "X-7" for allied and closely related products.

(d) The oppositor has spent a huge amount by way of advertising and advertising his "X-7" brand.

(e) The oppositor has spent a big amount in expanding his business for the manufacture of toilet soap and crystal laundry soap with his already popular "X-7" brand.

(f) The trademark applied for by the applicant Chua Che consists of the trademark "X-7" and anyone is likely to be misled as to the source or origin by the close resemblance or identity with the trademark "X-7" of the oppositor.

Attached to the Opposition were labels (samples) being used by oppositor on his products, which clearly show "X-7".

Petitioner herein presented an Answer to Notice of Opposition, claiming among others that the grounds of opposition are not correct, since although it is admitted that "X-7" is registered in the name of oppositor, said trademark is not being used on soap, but purely toilet articles. After the presentation of the Answer the case was heard, wherein the parties presented their respective evidence, both testimonial and documentary. In the memoranda of the contenders, they limited the principal issues, thus —

Oppositor SY TUO —

> The registration of the trademark "X-7" in the name of applicant CHUA CHE will likely mislead the public so as to make them believe that said goods are manufactured or sponsored by or in some way in trade associated with opposer.
>
> *Applicant CHUA CHE —*
>
> In Inter Partes proceedings, the principal issue is "priority of adoption and use." Since opposer has not yet used "X-7" mark on soap, but will still use it, applicant should be entitled to the registration of the same.

The Director of Patents rendered judgment on January 18, 1961, the pertinent portions of which read:

> Based on those facts there is no question that opposer's first use of the trademark X-7 on July 31, 1953, is prior to applicant's first use of the mark on June 10, 1957. The only question then in this case is whether or not purchasers of X-7 perfume, lipstick and nail polish would likely upon seeing X-7 laundry soap, attribute common origin to the products or assume that there existed some kind of trade connection between applicant and opposer.
>
> Opposer's record shows that he has been using since July 31, 1953 the trademark X-7 on perfume, lipstick and nail polish; that he has spent substantial amounts of money in building upon the goodwill of this trademark through advertisements in all kinds of media — through newspapers of general circulation, by means of billboards in various places in the Philippines, and also over the radio and television. In these advertisements opposer has spent about P120,000.00. There is no question that opposer enjoys a valuable goodwill in the trademark X-7.
>
> The products of the parties, while specifically different, are products intended for use in the home and usually have common purchasers. Furthermore, the use of X-7 for laundry soap is but a natural expansion of business of the opposer. In fact, herein opposer in 1956, prior to the alleged date of first use by respondent-applicant of the trademark X-7 for laundry soap on June 10, 1957, had made steps in expanding the use of this trademark to granulated soap. Under these circumstances, it is concluded that the average purchasers are likely to associate X-7 laundry soap with X-7 perfume, lipstick and nail polish or to think that the products have common origin or sponsorship.
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> IN VIEW OF THE ABOVE FINDINGS, the opposition in this case should be as it is hereby sustained and consequently Application Serial No. 6941, of Chua Che, is also hereby rejected.
>
> OPPOSITION SUSTAINED

The above judgment is now before Us, applicant-appellant claiming that it was error for the Director to conclude that opposer SY TUO had priority to use the trademark in question, and that the use by appellant of the trademark "X-7" on granulated soap to be manufactured and sold by him, would likely mislead purchasers.

At the very outset, we would like to state that in cases of the nature of the one at bar, only questions of law should be raised, and the only exception to this rule, meaning that findings of facts may be reviewed, is when such findings are not supported by substantial evidence (Sec. 2, Rule 44, Revised Rules). The finding of the Director of Patents Office to the effect that opposer-appellee Sy Tuo had priority of use and adoption of the trademark "X-7", is for all intents and purposes, one of fact. This being the case, such finding becomes conclusive to this Court. Even on this sole issue alone, the petition for review must fall.

However, there are other matters which must be clarified. For instance, the fact that appellee has not yet used the trademark "X-7" on granulated soap, the product on which appellant wants to use the said trademark. The circumstance of non-actual use of the mark on granulated soap by appellee, does not detract from the fact that he has already a right to such a trademark and should, therefore, be protected. The observation of the Director of Patents to the effect that "the average purchasers are likely to associate X-7 laundry soap with X-7 perfume, lipstick and nail polish or to think that the products have common origin or sponsorship," is indeed well taken. It has been pointed out by appellant that the product upon which the trademark X-7 will be used (laundry soap) is different from those of appellee's, and therefore no infringement and/or confusion may result. We find no merit in the above contention, for it has been held that while it is no longer necessary to establish that the goods of the parties possess the same descriptive properties, as previously required under the Trade Mark Act of 1905, registration of a trademark should be refused in cases where there is a likelihood of confusion, mistake, or deception, even though the goods fall into different categories. (Application of Sylvan Sweets Co., 205 F. 2nd, 207.) The products of appellee are common household items nowadays, in the same manner as laundry soap. The likelihood of purchasers to associate those products to a common origin is not far-fetched. Both from the standpoint of priority of use and for the protection of the buying public and, of course, appellee's rights to the trademark "X-7", it becomes manifest that the registration of said trademark in favor of applicant-appellant should be denied.

PREMISES CONSIDERED, the decision sought to be reviewed should be, as it is hereby affirmed in all respects, with costs against appellant CHUA CHE in both instances.

Bengzon, C.J., Bautista Angelo, Reyes, J.B.L., Barrera, Dizon, Regala, Makalintal, Bengzon, J.P., and Zaldivar, JJ., concur.
Concepcion, J., took no part.