

Republic of the Philippines  
SUPREME COURT  
Manila  
SECOND DIVISION

G.R. No. L-75420 November 15, 1991

KABUSHI KAISHA ISETAN, also known and trading as ISETAN CO., LTD., petitioner,

vs.

THE INTERMEDIATE APPELLATE COURT, THE DIRECTOR OF PATENTS, and ISETANN DEPARTMENT STORE, INC., respondents.

GUTIERREZ, JR., J.:

This is a petition for review on *certiorari* which seeks to set aside - (1) the decision of the Court of Appeals dated June 2, 1986 in AC-G.R. SP No. 008873 entitled "Kabushi Kaisha Isetan, also known and trading as Isetan Company Limited v. Isetann Department Store, Inc." dismissing the petitioner's appeal from the decision of the Director of Patents; and (2) the Resolution dated July 11, 1986 denying the petitioner's motion for reconsideration.

As gathered from the records, the facts are as follows:

Petitioner Kabushi Kaisha Isetan is a foreign corporation organized and existing under the laws of Japan with business address at 14-1 Shinjuku, 3-Chrome, Shinjuku, Tokyo, Japan. It is the owner of the trademark "Isetan" and the "Young Leaves Design".

The petitioner alleges that it first used the trademark Isetan on November 5, 1936. It states that the trademark is a combination of "Ise" taken from "Iseya" the first name of the rice dealer in Kondo, Tokyo in which the establishment was first located and "Tan" which was taken from "Tanji Kosuge the First". The petitioner claims to have expanded its line of business internationally from 1936 to 1974. The trademark "Isetan" and "Young Leaves Design" were registered in Japan covering more than 34 classes of goods. On October 3, 1983, the petitioner applied for the registration of "Isetan" and "Young Leaves Design" with the Philippine Patent Office under Permanent Serial Nos. 52422 and 52423 respectively. (*Rollo*, p. 43)

Private respondent, Isetann Department Store, on the other hand, is a domestic corporation organized and existing under the laws of the Philippines with business address at 423-430 Rizal Avenue, Sta. Cruz, Manila, Philippines.

It claims that it used the word "Isetann" as part of its corporate name and on its products particularly on shirts in Joymart Department Store sometime in January 1979. The suffix "Tann" means an altar, the place of offering in Chinese and this was adopted to harmonize the corporate name and the corporate logo of two hands in cup that symbolizes the act of offering to the Supreme Being for business blessing.

On May 30, 1980 and May 20, 1980, the private respondent registered "Isetann Department Store, Inc." and Isetann and Flower Design in the Philippine Patent Office under SR. Reg. No. 4701 and 4714, respectively, as well as with the Bureau of Domestic Trade under Certificate of Registration No. 32020. (*Rollo*, pp. 43-44)

On November 28, 1980, the petitioner filed with the Phil. Patent Office two (2) petitions for the cancellation of Certificates of Supplemental Registration Nos. SR-4714 and SR-4701 stating among others that:

. . . except for the additional letter "N" in the word "Isetan", the mark registered by the registrant is exactly the same as the trademark ISETAN owned by the petitioner and that the young leaves registered by the registrant is exactly the same as the young leaves design owned by the petitioner.

The petitioner further alleged that private respondent's act of registering a trademark which is exactly the same as its trademark and adopting a corporate name similar to that of the petitioner were with the illegal and immoral intention of cashing in on the long established goodwill and popularity of the petitioner's reputation, thereby causing great and irreparable injury and damage to it (*Rollo*, p. 521). It argued that both the petitioner's and respondent's goods move in the same channels of trade, and ordinary people will be misled to believe that the products of the private respondent originated or emanated from, are associated with, or are manufactured or sold, or sponsored by the petitioner by reason of the use of the challenged trademark.

The petitioner also invoked the Convention of Paris of March 20, 1883 for the Protection of Industrial Property of which the Philippines and Japan are both members. The petitioner stressed that the Philippines' adherence to the Paris Convention committed to the government to the protection of trademarks belonging not only to Filipino citizens but also to those belonging to nationals of other member countries who may seek protection in the Philippines. (*Rollo*, p. 522)

The petition was docketed as Inter Partes Cases Nos. 1460 and 1461. (*Rollo*, p. 514)

Meanwhile, the petitioner also filed with the Securities and Exchange Commission (SEC) a petition to cancel the mark "ISETAN" as part of the registered corporate name of Isetann Department Store, Inc. which petition was docketed as SEC Case No. 2051 (*Rollo*, p. 524) On May 17, 1985, this petition was denied in a decision rendered by SEC's Hearing Officer, Atty. Joaquin C. Garaygay.

On appeal, the Commission reversed the decision of the Hearing Officer on February 25, 1986. It directed the private respondent to amend its Articles of Incorporation within 30 days from finality of the decision.

On April 15, 1986, however, respondent Isetann Department Store filed a motion for reconsideration. (*Rollo*, pp. 325-353). And on September 10, 1987, the Commission reversed its earlier decision dated February 25, 1986 thereby affirming the decision rendered by the Hearing Officer on May 17, 1985. The Commission stated that since the petitioner's trademark and tradename have never been used in commerce on the petitioner's products marketed in the Philippines, the trademark or tradename have not acquired a reputation and goodwill deserving of protection from usurpation by local competitors. (*Rollo*, p. 392).

This SEC decision which denied and dismissed the petition to cancel was submitted to the Director of Patents as part of the evidence for the private respondent.

On January 24, 1986, the Director of Patents after notice and hearing rendered a joint decision in Inter Partes Cases Nos. 1460 and 1461, the dispositive portion of which reads:

WHEREFORE, all the foregoing considered, this Office is constrained to hold that the herein Petitioner has not successfully made out a case of cancellation. Accordingly, Inter Partes Cases Nos. 1460 and 1461 are, as they are hereby, DISMISSED. Hence, Respondent's Certificate of Supplemental Registration No. 4714 issued on May 20, 1980 covering the tradename "ISETANN DEPT. STORE, INC. & FLOWER DESIGN" are, as they are hereby, ordered to remain in full force and effect for the duration of their term unless sooner or later terminated by law.

The corresponding application for registration in the Principal Register of the Trademark and of the tradename aforesaid are hereby given due course.

Let the records of these cases be transmitted to the Trademark Examining Division for appropriate action in accordance with this Decision.

On February 21, 1986, Isetan Company Limited moved for the reconsideration of said decision but the motion was denied on April 2, 1986 (*Rollo*, pp. 355-359).

From this adverse decision of the Director of Patents, the petitioner appealed to the Intermediate Appellate Court (now Court of Appeals).

On June 2, 1986, the IAC dismissed the appeal on the ground that it was filed out of time.

The petitioner's motion for reconsideration was likewise denied in a resolution dated July 11, 1986.

Hence, this petition.

Initially, the Court dismissed the petition in a resolution dated July 8, 1987, on the ground that it was filed fourteen (14) days late. However, on motion for reconsideration, whereby the petitioner appealed to this Court on equitable grounds stating that it has a strong and meritorious case, the petition was given due course in a resolution dated May 19, 1988 to enable us to examine more fully any possible denial of substantive justice. The parties were then required to submit their memoranda. (*Rollo*, pp. 2-28; Resolution, pp. 271; 453)

After carefully considering the records of this case, we reiterate our July 8, 1987 resolution dismissing the petition. There are no compelling equitable considerations which call for the application of the rule enunciated in *Serrano v. Court of Appeals* (139 SCRA 179 [1985]) and *Orata v. Intermediate Appellate Court, et al.* (185 SCRA 148 [1990]) that considerations of substantial justice manifest in the petition may relax the stringent application of technical rules so as not to defeat an exceptionally meritorious petition.

There is no dispute and the petitioner does not question the fact that the appeal was filed out of time.

Not only was the appeal filed late in the Court of Appeals, the petition for review was also filed late with us. In common parlance, the petitioner's case is "twice dead" and may no longer be reviewed.

The Court of Appeals correctly rejected the appeal on the sole ground of late filing when it ruled:

Perfection of an appeal within the time provided by law is jurisdictional, and failure to observe the period is fatal.

The decision sought to be appealed is one rendered by the Philippine Patent Office, a *quasi-judicial* body. Consequently, under Section 23(c) of the Interim Rules of Court, the appeal shall be governed by the provisions of Republic Act No. 5434, which provides in its Section 2;

*Sec. 2. Appeals to Court of Appeals.* - Appeals to the Court of Appeals shall be filed within fifteen (15) days from notice of the ruling, award, order, decision or judgment or from the date of its last publication, if publication is required by law for its effectivity; or in case a motion for reconsideration is filed within that period of fifteen (15) days, then within ten (10) days from notice or publication, when required by law, of the resolution denying the motion for reconsideration. No more than one motion for reconsideration shall be allowed any party. If no appeal is filed within the periods here fixed, the ruling, award, order, decision or judgment shall become final and may be executed as provided by existing law.

Attention is invited to that portion of Section 2 which states that in case a motion for reconsideration is filed, an appeal should be filed within ten (10) days from notice of the resolution denying the motion for reconsideration.

The petitioner received a copy of the Court of Appeals' resolution denying and received by us on August 8, 1986, its motion for reconsideration on July 17, 1986. It had only up to August 1, 1986 to file a petition for review with us. The present petition was posted on August 2, 1986. There is no question that it was, again, filed late because the petitioner filed an ex-parte motion for admission explaining the delay.

The decision of the Patent Office has long become final and executory. So has the Court of Appeal decision.

Regarding the petitioner's claims of substantial justice which led us to give due course, we decline to disturb the rulings of the Patent Office and the Court of Appeals.

A fundamental principle of Philippine Trademark Law is that actual use in commerce in the Philippines is a pre-requisite to the acquisition of ownership over a trademark or a tradename.

The trademark Law, Republic Act No. 166, as amended, under which this case heard and decided provides:

SEC. 2. *What are registrable.*- Trademark, tradenames and service marks owned by persons, corporation, partnerships or associations domiciled in the Philippines and by persons, corporations, partnerships or associations domiciled in any foreign country may be registered in accordance with the provisions of this Act: Provided, That said trademarks, tradenames, or service marks are actually in use in commerce and services not less than two months in the Philippines before the time the applications for registration are filed: And provided, further, That the country of which the applicant for registration is a citizen grants by law substantially similar privileges to citizens of the Philippines, and such fact is officially certified, with a certified true copy of the foreign law translated into the English language, by the government of the foreign country to the Government of the Republic of the Philippines. (As amended by R.A. No. 865).

SEC. 2-A. *Ownership of trademarks, tradenames and service marks; how acquired.* - Anyone who lawfully produces or deals in merchandise of any kind or who engages in any lawful business, or who renders any lawful service in commerce, by actual use thereof in manufacture or trade, in business, and in the service rendered, may appropriate to his exclusive use a trademark, a tradename, or a service mark not so appropriated by another, to distinguish his merchandise, business or service from the merchandise, business or service of others. The ownership or possession of a trademark, tradename, service mark, heretofore or hereafter appropriated, as in this section provided, shall be recognized and protected in the same manner and to the same extent as are other property rights known to the law. (As amended by R.A. No. 638)"

These provisions have been interpreted in *Sterling Products International, Inc. v. Farbenfabriken Bayer Actiengesellschaft* (27 SCRA 1214 [1969]) in this way:

A rule widely accepted and firmly entrenched because it has come down through the years is that actual use in commerce or business is a prerequisite to the acquisition of the right of ownership over a trademark.

... Adoption alone of a trademark would not give exclusive right thereto. Such right grows out of their actual use. Adoption is not use. One way make advertisements, issue circulars, give out price lists on certain goods; but these alone would not give exclusive right of use. For trademark is a creation of use. The underlying reason for all these is that purchasers have come to understand the mark as indicating the origin of the wares. Flowing from this is the trader's right to protection in the trade he has built up and the goodwill he has accumulated from use of the trademark. ...

In fact, a prior registrant cannot claim exclusive use of the trademark unless it uses it in commerce.

We ruled in *Pagasa Industrial Corporation v. Court of Appeals* (118 SCRA 526 [1982]):

3. *The Trademark Law is very clear. It requires actual commercial use of the mark prior to its registration.* - There is no dispute that respondent corporation was the first registrant, yet it failed to fully substantiate its claim that it used in trade or business in the Philippines the subject mark; it did not present proof to invest it with exclusive, continuous adoption of the trademark which should consist among others, of considerable sales since its first use. The invoices (Exhibits 7, 7-a, and 8-b) submitted by respondent which were dated way back in 1957 show that the zippers sent to the Philippines were to be used as "samples" and "of no commercial value". The evidence for respondent must be clear, definite and free from inconsistencies. (*Sy Ching v. Gaw Lui*. 44 SCRA 148-149) "Samples" are not for sale and therefore, the fact of exporting them to the Philippines cannot be considered to be equivalent to the "use" contemplated by the law. Respondent did not expect income from such "samples". "There were no receipts to establish sale, and no proof were presented to show that they were subsequently sold in the Philippines." (*Pagasa Industrial Corp. v. Court of Appeals*, 118 SCRA 526 [1982]; Emphasis Supplied)

The records show that the petitioner has never conducted any business in the Philippines. It has never promoted its tradename or trademark in the Philippines. It has absolutely no business goodwill in the Philippines. It is unknown to Filipinos except the very few who may have noticed it while travelling abroad. It has never paid a single centavo of tax to the Philippine government. Under the law, it has no right to the remedy it seeks.

There can be no question from the records that the petitioner has never used its tradename or trademark in the Philippines.

The petitioner's witnesses, Mr. Mayumi Takayama and Mr. Hieoya Murakami, admitted that:

- 1) The petitioner's company is not licensed to do business in the Philippines;
- 2) The petitioner's trademark is not registered under Philippine law; and
- 3) The petitioner's trademark is not being used on products in trade, manufacture, or business in the Philippines.

It was also established from the testimony of Atty. Villasanta, petitioner's witness, that the petitioner has never engaged in promotional activities in the Philippines to popularize its trademark because not being engaged in business in the Philippines, there is no need for advertising. The claim of the petitioner that millions of dollars have been spent in advertising the petitioner's products, refers to advertising *in Japan* or other foreign places. No promotional activities have been undertaken in the Philippines, by the petitioner's own admission.

Any goodwill, reputation, or knowledge regarding the name Isetann is purely the work of the private respondent. Evidence was introduced on the extensive promotional activities of the private respondent.

It might be pertinent at this point to stress that what is involved in this case is not so much a trademark as a tradename. Isetann Department Store, Inc. is the name of a store and not of product sold in various parts of the country. This case must be differentiated from cases involving products bearing such familiar names as "colgate", "Singer", "Toyota", or "Sony" where the products are marketed widely in the Philippines. There is not product with the name "Isetann" popularized with that brand name in the Philippines. Unless one goes to the store called Isetann in Manila, he would never know what the name means. Similarly, until a Filipino buyer steps inside a store called "Isetan" in Tokyo or Hongkong, that name would be completely alien to him. The records show that among Filipinos, the name cannot claim to be internationally well-known.

The rule is that the findings of facts of the Director of Patents are conclusive on the Supreme Court, provided they are supported by substantial evidence. (Chua Che v. Phil. Patent Office, 13 SCRA 67 [1965]; Chung Te v. Ng Kian Giab, 18 SCRA 747 [1966]; Marvex Commercial Co., Inc. v. Petra Hawpia & Co., 18 SCRA 1178 [1966]; Lim Kiah v. Kaynee, Co. 25 SCRA 485 [1968]; Kee Boc v. Dir. of Patents, 34 SCRA 570 [1970]).

The conclusions of the Director of Patents are likewise based on applicable law and jurisprudence:

*What is to be secured from unfair competition in a given territory is the trade which one has in that particular territory. There is where his business is carried on where the goodwill symbolized by the trademark has immediate value; where the infringer may profit by infringement.*

There is nothing new in what we now say. Plaintiff itself concedes (Brief for Plaintiff-Appellant, p. 88) that *the principle of territoriality of the Trademark Law has been recognized in the Philippines*, citing *Ingenohl v. Walter E. Olsen*, 71 L. ed. 762. As Callmann puts it, the law of trademarks "rests upon the doctrine of nationality or territoriality." (2 Callmann, *Unfair Competition and Trademarks*, 1945 ed., p. 1006) (*Sterling Products International, Inc. v. Farbenfabriken Bayer Aktiengesellschaft*, 27 SCRA 1214 [1969]; Emphasis supplied)

The mere origination or adoption of a particular tradename without actual use thereof in the market is insufficient to give any exclusive right to its use (*Johnson Mfg. Co. v. Leader Filling Stations Corp.* 196 N.E. 852, 291 Mass. 394), even though such adoption is publicly declared, such as by use of the name in advertisements, circulars, price lists, and on signs and stationery. (*Consumers Petroleum Co. v. Consumers Co. of ILL.* 169 F 2d 153)

The Paris Convention for the Protection of Industrial Property does not automatically exclude all countries of the world which have signed it from using a tradename which happens to be used in one country. To illustrate - If a taxicab or bus company in a town in the United Kingdom or India happens to use the tradename "Rapid Transportation", it does not necessarily follow that "Rapid" can no longer be registered in Uganda, Fiji, or the Philippines.

As stated by the Director of Patents -

Indeed, the Philippines is a signatory to this Treaty and, hence, we must honor our obligation thereunder on matters concerning internationally known or well known marks. However, this Treaty provision clearly indicated the conditions which must exist before any trademark owner can claim and be afforded rights such as the Petitioner herein seeks and those conditions are that:

a) the mark must be internationally known or well known;

b) the subject of the right must be a trademark, not a patent or copyright or anything else;

c) the mark must be for use in the same or similar kinds of goods; and

d) the person claiming must be the owner of the mark (The Parties Convention Commentary on the Paris Convention. Article by Dr. Bogach, Director General of the World Intellectual Property Organization, Geneva, Switzerland, 1985)

The respondent registered its trademark in 1979. It has continuously used that name in commerce. It has established a goodwill through extensive advertising. The people who buy at Isetann Store do so because of Isetann's efforts. There is no showing that the Japanese firm's registration in Japan or Hongkong has any influence whatsoever on the Filipino buying public.

WHEREFORE, premises considered, the petition is hereby DISMISSED.

SO ORDERED.

*Fernan, C.J., Paras and Bidin, JJ., concur.*

Separate Opinions

PADILLA, J., separate opinion:

It appears that on 28 November 1980, petitioner filed with the Philippines Patent Office two (2) petitions for cancellation of Certificates of Supplemental Registration Nos. SR-4717 and SR-4701, docketed therein as inter Partes Cases Nos. 1460 and 1461.

On 24 January 1986, the Director of Patents rendered a joint decision dismissing the petitions in the aforesaid cases.

Petitioner moved for reconsideration on 21 February 1986 but the motion was denied on 2 April 1986.

Petitioner appealed to the Intermediate Appellate Court (now Court of Appeals), the appeal docketed therein as AC-G.R. SP NO. 08873. On 2 June 1986, the appellate court rendered a decision dismissing the appeal for having been filed out of time. It held:

In the case at bar, appellant admits that it received on April 11, 1986, a copy of the Resolution dated April 2, 1986, denying its motion for reconsideration. Under the law, therefore, appellant had only up to April 21, 1986 within which to file its notice of appeal to this Court. Upon these premises, it becomes all but too obvious that the notice of appeal which was filed only on May 5, 1986, was filed when the decision sought to be appealed had already become final. The notice of appeal was in fact filed 24 days after receipt of the Resolution denying appellant's motion for reconsideration, which period is beyond the original period of 15 days provided for under Section 2 of Republic Act No. 5434 and, of course, also of the 15 days provided under Batas Pambansa Bilang 129.

Petitioner moved for reconsideration but its motion was denied in the resolution of the Court of Appeals dated 11 July 1986.

Hence, the present petition for review on certiorari.

In *Bello vs. Fernando*, G.R. No. L-16970, 30 January 1962, 4 SCRA 135, the Court speaking thru Mr. Justice J.B.L. Reyes held:

The right to appeal is not a natural right nor a part of due process; it is merely a statutory privilege, and may be exercised only in the manner and in accordance with the provisions of the law (Aguila v. Navarro, 55 Phil, 898; Santiago v. Valenzuela, 78 Phil. 397) ...; and compliance with the (this) period for appeal is considered absolutely indispensable for the prevention of needless delays and to the orderly and speedy discharge of judicial business (Altavas Conlu v. C.A., L-14027, January 29, 1960), so that if said period is not complied with, the judgment becomes final and executory and the appellate court does not acquire jurisdiction over the appeal (Layda v. Legaspi, 38 Phil. 83; Pampolina v. Suiza, 12 Phil. 99; Caisip v. Cabangon, L-14684, Aug. 26, 1960).

"Indeed, this Court had ruled, time and again, that compliance with the reglementary period for perfecting an appeal is not merely mandatory, but jurisdictional." (Aguilar vs. Blanco, G.R. No. L-32392, 31 August 1988, 165 SCRA 180).

The perfection of an appeal within the reglementary period is not, therefore, a mere technicality but mandatory and jurisdictional. Since petitioner's appeal to the Court of Appeals from the decision of the Director of Patents was admittedly filed out of time, and there was no compelling reason given as to why the appeal was filed out of time, the appellate court acquired no jurisdiction over said appeal and the decision of the Director of Patents had become final and executory. I see, therefore, no need or reason to go into the merits of the abortive appeal.

The decision of the Court of Appeals dismissing the petitioner's appeal should, therefore, be **AFFIRMED** and the present petition should be **DISMISSED**.