

Republic of the Philippines  
SUPREME COURT  
Manila

EN BANC

G.R. No. L-24802            October 14, 1968

LIM KIAH, petitioner,

vs.

THE KAYNEE COMPANY and THE DIRECTOR OF PATENTS, respondents.

*Dugenia & Associates for petitioner.*

*Picazo & Agcaoili and Roque Recio for private respondent.*

*Office of the Solicitor General for public respondent.*

FERNANDO, J.:

The dispute in this controversy centered around the right to use the trademark KAYNEE. Petitioner Lim Kiah, on April 5, 1957, filed an application with the Philippines Patent Office to register such a trademark allegedly being used by him on undershirts, polo shirts, T-shirts, pants, sporting wear and handkerchiefs, asserting further that the date of its first use went back to January 7, 1957. Such an application was opposed by the Kaynee Company, one of the respondents here, a South Carolina corporation. It was likewise alleged by it that it had used the same in the Philippines as far back as 1951, on goods similar to those being sold by the applicant. Its opposition likewise stressed that such a trademark had by then become exceedingly popular in the Philippines enjoying tremendous amount of goodwill arising from newspaper, radio and television advertising as well as the high and superior quality of its products.

Both testimonial and documentary evidence were introduced before the Philippines Patent Office. Respondent Kaynee Company adduced proof to the effect that late in 1949 or early 1950, the Aguinaldo's Department Store sold therein knitted shirts as well as polo shirts, cotton sports shirts, swimming trunks and cotton pajamas coming from it and so identified. There was also testimony to the effect that KAYNEE products were advertised in the Philippines. The assertion as to such advertisement was confirmed by one official of a public relations and management firm and another from an advertising agency.

The applicant testified on his own behalf asserting that as of 1957 he had started using such trademark on his products, the word in Chinese, according to him, being equivalent to *fast* in English or *mabilis* in Tagalog. He referred to the due investigation he made before filing such application for registration. He ascertained that no one had previously registered such trademark in the Philippines. He spoke of his advertising his products in at least two Manila newspapers and a weekly magazine.

The Director of Patents concluded that from the facts of record and the exhibits presented, the opposition by the Kaynee Company was without merit. Thus: "It is clear from the testimony of the Opposer's witnesses that it had never used the trademark in the Philippines through its own initiative but because of Aguinaldo's importation and retail activities. It does not appear of record that Opposer had a direct hand in the introduction of the goods bearing its trademark into this country. There is no distributorship agreement between The Kaynee Company and Aguinaldo's, or for that matter, any local outlet. Neither has there been shown a license or dealership agreement, an assignment, or any other document to prove that the Opposer had authorized Aguinaldo's to market the KAYNEE goods locally. If ever the word KAYNEE has been known to exist in this country, it is because of Aguinaldo's trade activities and not those of the Opposer. It

is incumbent upon Opposer not only to establish prior use of its mark but prior use thereof for goods related to those of applicant as to be likely to result in purchaser's ascribing to a common origin."<sup>1</sup> As the prior use should exist on the part of the oppositor and as in this case it had not done so, there being no showing either that it authorized the Aguinaldo's Department Store to use its trademark, its opposition was dismissed.

It did not result, however, in petitioner Lim Kiah emerging as the victorious party. As noted in the aforesaid decision of the Director of Patents of February 22, 1965, "sufficient grounds exist for the *ex parte* rejection of [petitioner's] application." The decision explained why: "The Opposer was able to prove that the Respondent-Applicant is not the owner of the trademark KAYNEE. Under Rule 34 of the Revised Rules of Practice in Trademark Cases, only the owner of the trademark may apply for its registration. It has been proven by the evidence for the Opposer that the trademark KAYNEE had been advertised in newspapers as early as the year 1953 ... through Aguinaldo's advertising activities. From that and subsequent years it has been at least known to some segment of the purchasing public that the Aguinaldo's was continuously using the trademark KAYNEE as among those sold in its store. Under Section 4(d) of Republic Act No. 166, a trademark shall not be registrable if it consists of or comprises a *mark or tradename previously used in the Philippines* by another and not abandoned. .... It cannot be denied that in this particular case the word 'another' used by the Statute can refer to Aguinaldo's."<sup>2</sup> As to his authority to reject *ex parte* the application for registration, respondent Director of Patents relied on *Englander v. Continental Distilling Co.*<sup>3</sup> The dispositive portion of the above decision was worded thus: "..., the opposition is dismissed for lack of [merit], but the application of Lim Kiah is rejected *ex parte*."<sup>4</sup>

Then came this petition for the review of the above decision of the Director of Patents, likewise included as respondent. Petitioner Lim Kiah assigned three alleged errors, namely, that he had presented evidence "clearly and fully establishing his ownership" of the trademark, that no evidence existed to support the ruling that the Aguinaldo's Department Store had been using such a trademark, and that the construction fastened on Section 4(d) of Republic Act No. 166 by respondent Director of Patents ignored other relevant sections.

The appeal cannot prosper. The decision of the Director of Patents must be sustained. The errors assigned do not call for its reversal.

The first two of the above errors are factual in character. It is well-settled that we are precluded from making such an inquiry as the finding of facts of the Director of Patents in the absence of any showing that there was a grave abuse of discretion is binding on us. As set forth by Justice Makalintal in *Chung Te v. Ng Kian Giab*:<sup>5</sup> "The rule is that the findings of fact by the Director of Patents are conclusive on the Supreme Court provided they are supported by substantial evidence."

That leaves only the third assigned error, petitioner maintaining the view that when the Director of Patents relied on the explicit and literal language of the appropriate section,<sup>6</sup> to the effect that a trademark shall not be registrable if it "consists of or comprises mark or trade-name ... previously used in the Philippines by another and not abandoned," it ignored other relevant provision which could have called for a different conclusion. Such an assertion flies in the face of the explicit and categorical terminology of the act. It is unequivocal in character and does not call for any interpretation that may result in modifying or changing its meaning.

As early as 1913, in *Lizarraga Hermanos v. Yap Tico*,<sup>7</sup> it was stressed that our first and fundamental duty is to apply the law. Construction and interpretation come only "after it has been demonstrated that application is impossible and inadequate without them." Such a principle has since then commended itself for acceptance and has been invariably followed, especially so in not a few of our recent decisions.<sup>8</sup>

It is apparent, therefore, why, as above noted, the appeal is doomed to failure. The decision of the Director of Patents is not only sound in law but also commendable for its consonance with

the appropriate ethical standard which by no means should be excluded from the business world as an alien, if not a hostile, force. While in the fierce, competitive jungle which at times constitutes the arena of commercial transactions, shrewdness and ingenuity are at a premium, the law is by no means called upon to yield invariably its nod of approval to schemes frowned upon by the concept of fairness. Here, petitioner engaged in manufacturing and selling the same kind of products would rely on a trademark, which undeniably was previously registered abroad and which theretofore had been used and advertised extensively by one of the leading department stores in the Philippines.

Petitioner would have the Director of Patents believe reliance on what KAYNEE stands for as understood in the language of his land, possibly even as a mark of ancestral piety, caused him to make use of it. Such a solemn avowal did not inevitably call for assent, considering that such a trademark had long stood for similar products which undoubtedly were well-known and patronized locally. It did not improve his standing at all. As a matter of fact, without his so intending it, the legitimate suspicion did arise that such a plea while perhaps a tribute to his ingenuity hardly seemed to betray fidelity to fact. He ought to have been aware then that both the administrative agencies and the judiciary can be trusted to possess enough discernment not to be taken in by so transparent a verbal ploy.

WHEREFORE, the decision is affirmed, with costs against petitioner Lim Kiah.

*Concepcion, C.J., Reyes, J.B.L., Dizon, Makalintal, Sanchez, Angeles and Capistrano, JJ., concur.*

*Castro, J., concurs in the result.*

*Zaldivar, J., is on leave.*

**Footnotes:**

<sup>1</sup> Decision of Philippines Patent Office, February 22, 1965.

<sup>2</sup> *Ibid.*

<sup>3</sup> 95 Fed. 2d, 230 (1938).

<sup>4</sup> Decision of Philippines Patent Office, February 22, 1965.

<sup>5</sup> L-23791, November 23, 1966. See also *Chua Chee v. Philippines Patent Office*, L-18337, January 30, 1965.

<sup>6</sup> Republic Act No. 166, Section 4(d).

<sup>7</sup> 24 Phil. 504.

<sup>8</sup> *People v. Mapa*, L-22301, August 30, 1967; *Pacific Oxygen & Acetylene Co. v. Central Bank*, L-21881, March 1, 1968; *Dequito v. Lopez*, L-27757, March 28, 1968 and *Padilla v. City of Pasay*, L-24039, June 29, 1968.