

SWATCH S.A.,
Opposer,

-versus-
SEASIDER”

TRIDENT INTENATIONAL
TRADING,
Respondent-Applicant.

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INTER PARTES CASE NO. 3034
Opposition to:

Serial No. 58552
Filed: March 19, 1986
Trademark: “SWATCH

Use on: Boots, sandals, athletic shoes, leather shoes, t-shirt, polo Shirts, socks, jackets and pants

DECISION NO. 96-2 (TM)

February 29, 1996

DECISION

This pertains to a Notice of Opposition filed on 5 April 1988 by Swatch S.A. (hereinafter referred to as Opposer), a corporation established and existing under the laws of Switzerland and having its business address at Rue Jacob Stamfli, Bienne, Switzerland, to application Serial No. 58552 for the registration of the trademark SWATCH SEASIDER for goods under class 25, namely, boots, sandals, athletic shoes, leather shoes, t-shirt, polo shirts, socks, jackets and pants filed on 19 March 1986 by Trident Trading Corp. (hereinafter referred to as Respondent), a corporation organized and existing under the laws of the Philippines with office address at No. 144 E. Rodriguez Street, Concepcion, Metro Manila.

Opposer advances the following grounds of opposition:

“1. That Swatch S.A. is the legitimate owner trademark “SWATCH QUARTZ’ and ‘SWATCH’ which are registered trademarks in Switzerland for different articles, class 25, included, since June 11, 1982 and December 31, 1984, respectively;

2. The said trademark are also registered in the World Intellectual Property Organization (WIPO) and since September 5, 1985 in the following countries: Algeria, German federal Republic, East, France, Spain, Hongkong, Italy Liechtenstein, Morocco, Monaco, Mongolia, Portugal, North Korea, Romania, Sudan, Czechoslovakia, Tunisia, Soviet Union, Vietnam, Yugoslavia, Norway, Panama, and Taiwan;

3. That applications for registration of the said trademarks are pending in South Africa, Argentina, Brazil, Canada, Chile, Columbia, South Korea, Denmark, Ecuador, Finland, United Kingdom, Japan, Mexico, New Zealand, Singapore, Sweden, USA and Venezuela;

4. That the registration and/ or pending application for registration of the said trademarks are on different articles or classification of goods, class 25 included by which the present petitioner-applicant intends to register the same;

5. That the trademark Swatch Quartz is a registered trademark in the Philippines under class 14, under Registration No. 36406, issued on December 24, 1986;

6. That opposer has used the trademark ‘SWATCH’ in international commerce since 1982 in respect to horological products and since mid-1985 on various goods including but not limited to clothings, shoes, t-shirts, etc., under classification no. 25;

7. That the registration of the trademark ‘SWATCH SEASIDER’ by the present application will cause confusion or mistake on the part of the consumer because of the similarity

of the mark "SWATCH" as to sound, appearance, style, shape, size or format, color, spelling, and pronunciation of the two words used, and upon the goods which the mark is to be applied;

8. That such similarity between the two labels will deceive the purchasers as to the origin or source of the commodity or the likelihood of mistaking "SWATCH SEASIDER" products as being authorized and/or manufactured by Swatch, S.A. of Bienne, Switzerland."

In its Answer, Respondent denied all the allegations in the Notice of Opposition except that the "existence of registration No. 36406 covering the trademark SWATCH QUARTZ for use on watches is admitted." By way of affirmative and/or special defenses, Respondent pleaded the following grounds:

"6. That mark bearing applied for registration by respondent, namely "SWATCH SEASIDER" is neither identical nor confusingly similar to Opposer's alleged marks "SWATCH" and "SWATCH QUARTZ";

7. Further, the goods upon which Respondent-Applicant is using its mark different from the goods upon which Opposer is using its mark "SWATCH" and "SWATCH QUARTZ" and therefore, likelihood of confusion is remote or even nil;

8. Respondent, in promoting and marketing its goods bearing the mark "SWATCH SEASIDER" never made any claim that they come from Opposer or that its business is related to that of the Opposer;

9. Opposer has no valid legal cause of action against Respondent and its Notice of Opposition contains none;

10. Opposer is now barred by the Principles of laches, estoppel and acquiescence in opposing applicant's application."

At the pre-trial conference, the following facts have been stipulated upon:

"1. The opposer's corporate name is SWATCH S.A. and has been in existence since 14 December 1984; it is duly organized under the Laws of Switzerland and doing business, at 94 Rue Jacob Staimfli Bienne Switzerland;

2. The Opposer is not licensed to do business in the Philippines and it is not doing business on its own in the Philippines;

3. The Opposer's trademark SWATCH is not registered in Class 25 but was registered in Class 14 under trademark principal Registration No. 36406 issued on 24 December 1986;

4. The Opposer has no SHOE product marketed in the Philippines."

In the course of the proceedings, Respondent abandoned its claim over the use of trademark SWATCH SEASIDER on other goods except shoes. The following discussion is only as regards the use of the mark SWATCH SEASIDER on shoes.

The main issue in this case is whether the trademark SWATCH SEASIDER is registrable on the principal register in connection with shoes (Class 25) notwithstanding the prior registration in the Philippines under Section 37, Republic Act 166 of Opposer's trademark SWATCH QUARTZ on the principal register on 24 December 1986 in connection with "watches fitted with a quartz oscillator and their parts" (Class 14). To resolve this issue reference is made to Section 4 (d) of Republic Act 166, viz:

SECTION 4. Registration of trademarks, trade names and service marks on the principal register.

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(d) Consists of or comprises a mark or tradename which so resembles a mark or tradename registered in the Philippines or a mark or tradename previously used in the Philippines by another and not abandoned as to be likely, when applied to or used in connection with the goods, business or services of the applicant, to cause confusion or mistake or to deceive purchasers; or

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The question of ownership of the mark SWATCH was however foremost in the minds of the parties in formulating their respective claims and/or defenses.

The focus on the question of ownership of the mark SWATCH, by the parties is based on the assumption that SWATCH and/or SWATCH QUARTZ on one hand, and SWATCH SEASIDER on the other hand are confusingly similar, within the context of Section 4 (d), supra. Whether or not this is a correct assumption will be discussed later. Meanwhile, let us discuss the question of ownership of the mark SWATCH in the Philippines.

Ownership of Marks

It is axiomatic that the actual use in commerce is the touchstone of trademark ownership. Section 2-A of the Trademark Law is very clear on this point. The Supreme Court has been consistent in upholding this provision of the Trademark. In *Kabushiki Kaisha Isetan vs. Intermeiate Appellate Court*, 203 SCRA 583 [1991] it was reaffirmed that:

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

The Trademark Law, Republic Act no. 166, as amended, under which this case was heard and decided provides:

SEC. 2. What are registrable. – Trademarks, tradenames and service marks owned by persons, corporations, partnership or association domiciled in the Philippines and by persons, corporations, partnership 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 service 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 English language, by the government of the foreign country to the Government of the Republic of the Philippines. (As amended by R.A. 865)

Sec. 2-A. Ownership of trademarks, tradenames and service marks; how acquired. --Any one 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 the, 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 those of the others. The ownership or possession of 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. 638)

This provision has been interpreted in *Sterling Products International, Inc. v. Farbenfabriken Bayer Actiengesellschaft* (27 SCRA 121 [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.

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xxx Adoption alone of a trademark would not give exclusive right thereto. Such right grows out of their actual use. Adoption is not used. One may make advertisement, 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.

xxx.

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

We rule in *Pagasa Industrial Corporation v. Court of Appeals* (118 SCRA 5265 [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 was the very 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 back in 1987 show that the zippers sent to the Philippines were to be used as 'samples' and 'of no commercial value'. The evidence for the respondent must be clear, definite and free of 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 'use' contemplated by 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.

To establish its right to SWATCH, Opposer submitted copies of SWATCH registrations it obtained (Exhibits A-6-C to A-6-P) and applications it filed (Exhibits A-8-C to A-8-DDD) in several foreign countries for goods falling under international classification 14 and 25. Reference is made to the above-quoted paragraphs 1, 2, & 3 of the Notice of Opposition. Opposer also stressed that it has obtained the registration in the Philippines of the mark SWATCH QUARTZ on 24 December 1986 for goods under class 14 in accordance with Section 37, Republic Act 166, based on Swiss registration.

In the case at bar, what Opposer presented are evidence of actual use of its mark in the United States in the form of debit notes (Exhibits A-10-B to A-10-S), and advertisements on foreign magazines (A-9 to A-9-NN-a). Opposer did not present evidence to prove actual sales in the Philippines before 15 January 1985, the date Respondent claims first use of the mark in the Philippines. At the pre-trial conference, the parties stipulated that "the Opposer has no shoe product marketed in the Philippines."

Because of its alleged use of mark in commerce in the Philippines starting on 15 January 1985, Respondent-Applicant claims that it owns the mark SWATCH SEASIDER for shoes here. To establish this fact, it submitted receipts (Exhs. 3, 3-a to 3-d) and" affidavit of Yolanda Francisco (Exh. 10 & 10-A).

We therefore rule that Respondent was the first to use in commerce in the Philippines the mark 'SWATCH' as part of the mark SWATCH SEASIDER.

Opposer relies heavily on its Certificate of Registration No. 36406 issued by the Bureau of Patents, Trademarks and Technology Transfer on 24 December 1986 for SWATCH QUARTZ for goods under Class 14 in accordance with the provisions of Section 37 of Republic Act 166. It is stressed that registrations of the Opposer with respect to SWATCH QUARTZ was granted not on the basis of a claim of use of the mark in the Philippines but on the corresponding registration of the mark in Switzerland. Section 20, Republic Act 166, which is reproduced hereunder provides as follows:

SECTION 20. *Certificate of registration prima facie evidence of validity.* - A certificate of registration of a mark or tradename shall be prima facie evidence of the validity of the registration, the registrant's ownership of the mark or tradename, and of the registrant's exclusive right to use the same in connection with the goods, business or services o specified in the certificate, subject to any conditions and limitations stated therein.

It is clear that Registration No. 36406 does not by itself establish conclusively that the Opposer owns SWATCH QUARTZ. In Philip Morris, et al. vs. CA & Fortune Tobacco Corp., G.R. 91332, July 16, 1993, it was held that "albeit petitioners are holders of certificate of registration in the Philippines of their symbols as admitted by Respondents, the fact of exclusive ownership cannot be made solely on these documents since dominion over trademarks is not acquired by mere fact of registration alone and does not perfect a trademark right", at p. 25.

It is clear therefore that Respondent-Applicant, having established prior use of SWATCH in the Philippines in connection with shoes is the owner thereof here, but only with respect to shoes.

IS SWATCH a Well-Known Mark?

The Philippines having adhered to the Lisbon Act of the Paris Convention for the Protection of Industrial Property (Paris Convention) on September 7, 1965, is bound to protect the so-called well-known mark pursuant to the provisions of Article 6bis thereof, the first paragraph of which is hereunder reproduced:

Article 6bis
[Marks: Well-Known Marks]

(1) The countries of the Union undertake, ex officio if their legislation so permits, or at the request of an interested party, to refuse or to cancel the registration, and to prohibit the use, of a trademark which constitutes a reproduction, an imitation, or a translation, liable to create confusion, of a mark considered by the competent authority of the country of registration or use to be well known in that country as being already the mark of a person entitled to the benefits of this Convention and used for identical or similar goods. These provisions shall also apply when the essential part of the mark constitutes a reproduction of any such well-known mark or an imitation liable to create confusion therewith.

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Minister of Trade Roberto Ongpin, pursuant to his rule-making authority under Executive Order 913, issued a Memorandum (Ongpin Memorandum) setting the criteria to be applied in resolving the question as to whether or not a trademark is entitled to protection under Article 6bis of the Paris Convention as well-known mark. The memorandum provides:

1. That the trademark under consideration is well-known in the Philippines or is a mark already belonging to a person entitled to the benefits of the Convention, should be established pursuant to Philippine Patent Office procedures in *inter partes* and *ex-parte* cases, according to any of the following criteria or any combination thereof:

- (a) a declaration by the Minister of Trade and Industry that the trademark being considered is already well-known in the Philippines such that permission for its use

by other than its original owner will constitute a reproduction, imitation, translation or other infringement;

- (b) that the trademark is used in commerce internationally, supported by proof that goods bearing the trademark are sold on an international scale, advertisements, the establishment of factories, sales offices, distributorships and the like, in different countries, including volume or other measure of international trade and commerce;
- (c) that the trademark is duly registered in the industrial property office(s) of another country or countries, taking into consideration the dates of such registration;
- (d) that the trademark has been long established and obtained goodwill and general international consumer recognition as belonging to one owner or source;
- (e) that the trademark actually belongs to a party claiming ownership and has the right to registration under the provisions of the aforesated Paris Convention.

On the basis of Article 6bis of the Paris Convention and the Ongpin Memorandum, the Opposer could have cited in its Notice of Opposition as one of the grounds against the registration of the trademark SWATCH SEASIDER that SWATCH is a well-known mark. Notwithstanding the omission by the Opposer to raise this issue, it is imperative that it be taken up and resolved. In Operators Inc. vs. Director of Patents, No. L-17901, October 29, 1965, the court ruled that an Opposition or any case involving an application for trademark registration is not an ordinary litigious controversy between the private parties. Public interest is involved and all questions as to whether or not the law is satisfied may be considered by the Patent Office or by the court even though not specifically raised by the parties.

The Opposer submitted documentary evidence consisting of certificates of registration for SWATCH issued in the following countries:

<u>COUNTRY</u>	<u>MARK</u>	<u>GOODS</u>	<u>DATE ISSUED</u>	<u>EXHIBIT</u>
Switzerland	SWATCH	Class 25	21 Dec. 1984	A-6-C
Hongkong	SWATCH	Class 25	26 Sept. 1985	A-6-K
Austria	SWATCH	Class 25	16 Oct .1985	A-6-J
New Zealand	SWATCH		22 Oct. 1985	A-6-O
Norway	SWATCH		11 Nov. 1986	A-6-M

The Opposer also as Exhibit A-6-G the certificate of registration of SWATCH for several classes of goods, including Class 25 in the International Register of Marks at the World Intellectual Property Organization (WIPO) in accordance with the Madrid Agreement indicating that it was recorded on 12 November 1985 and designating 25 countries where the registration shall be given effect. However, in line with Article 4 of the Madrid Agreement, the date of registration effected at the WIPO is akin to the date of filing of an application for trademark registration in those countries.

The Opposer also submitted in evidence the following application for registration of the mark SWATCH:

<u>COUNTRY</u>	<u>DATE ISSUED</u>	<u>CLASS/GOODS</u>	<u>EXHIBIT</u>
1. South Africa	Sept. 20, 1985	Class 25 (clothing/ footwear	A-8-C
2. Brazil	Feb. 10, 1987	Class 25 (clothing/ footwear & others	A-8-F
3. Canada	Oct. 08, 1985	no classification (clothing/ footwear & others	A-8-J
4. Chile	May 19, 1987	Class 25 & others (clothing/ footwear & others	A-8-P
5. South Korea	June 09, 1987	Class 27 (footwear)	A-8-R
6. South Korea	June 9, 1987	Class 25 & others Clothing)	A-8-W
7. Denmark	Oct. 11, 1985	Class 25 & others (clothing/ footwear & others)	A-8-BB
8. Finland	Oct. 8, 1985	Class 25 & others (clothing/ footwear & others	A-8-GG
9. Japan	Aug. 16, 1985	Class 17 (clothing)	A-8-JJ
10. Japan	Aug. 16, 1985	Class 22 (footwear)	A-8-NN
11. Mexico	Jan. 29, 1985	Class 39 (clothing)	A-8-TT
12. Mexico	Jan. 29, 1985	Class 53 (footwear)	A-8-YY
13. Sweden	Oct. 9, 1985	Class 25 & others (clothing/ footwear & others	A-8-BBB
14. Venezuela	Aug. 6, 1986	Class 39	A-8-DDD

(clothing/ footwear)

Several debit notes were also submitted by the Opposer (Exhibits A-10-B to A-10-S) to prove sale in the United States of SWATCH for accessories: bags, T-shirts, shirts, etc. (but none for shoes) from mid-1985 to mid-1987.

Lastly, the Opposer, to show that SWATCH is advertised and promoted in several countries, presented in evidence press clippings and advertisements in various international publications and magazines. A summary of these exhibits is stated in Exhibit A-9-B contents of which are reproduced hereunder:

Press Clipping	Jeweller Watchmaker	/Dec 1982	Australia	A-9-C
Press Clipping	Modern Jeweller	/Oct. 1984	USA	A-9-D,E,F
Press Clipping	The Goldsmith	/Jan. 1985	USA	A-9-G,H,I
Press Clipping	Euproa Star	/Feb. 1985	Europe	A-9-J
Press Clipping	Fortune	/Feb. 1985	USA	A-9-K,L,M
Press Clipping	Jewellery	/May-June 1985	Hong Kong	A-9-N,O
Press Clipping	Fortune	/Aug. 1985	USA	A-9-P
Advertising	Cleveland	/Sept. 1985	USA	A-9-Q
Press Clipping	Canadian Jeweller	/Sept. 1985	Canada	A-9-R
Advertising	F.L.Y.E.R.S	/Oct. 1985	USA	A-9-S,T
Press Clipping	Newsweek	/Nov. 1985	International	A-9-U,V,W,X
Advertising	Orlando Sentinel	/Dec. 1985	USA	A-9-Y
Press Clipping	Forbes	/January 1986	USA	A-9-CC,DD
Press Clipping	La Clessidra	/Feb. 1986	Italia	A-9-CC,DD
Press Clipping	Watch & Clock Rev.	/Feb. 1986	USA	A-9-EE,FF,GG
Advertising	Express-News	/June 1986	USA	A-9-HH
Press Clipping	Jewellers News Asia	/July 1986	Hong Kong	A-9-II, JJ
Press Clipping	La Suisse	/Aug. 1986	Switzerland	A-9-KK

Advertising	Los Angeles Times	/Oct. 1986	USA	A-9-LL
Advertising	The New York Times	/Aug. 1987	USA	A-9-MM, NN, NN-a

In Exhibit.A-9-P, which consists of page 9 of the 5 August 1985 issue of Fortune, we quote, "Now, the company is opening 300 SWATCH shops in U.S. Department Stores sell SWATCH-brand items such as sweat shirts, sunglasses, and funwear - funky shirts, pants and hats- in addition to watches. Retail sales from SWATCH products are expected to top \$140 million in 1985 versus \$32 million last year.

In Exhibit A-9-AA, page; 86 of Forbes, 27 January 1986 issue, it is stated that the retail sales of SWATCH, U.S.A. of watches climbed from \$ 3 million in 1983 to over \$ 150 million last year (1985). It states, that SWATCH, U.S.A. in 1986 is putting its brand name on sweat shirts, T-shirts, umbrellas and sunglasses in hopes of adding another \$100 million in sales.

In Exhibit A-9-II, page 31 of a magazine named Jewellery News Asia, July 1986 issue, states:

Although SWATCH has been selling quietly, in Hong Kong through a variety of outlets for about two years, the official launch will be in July or August this year when SWATCH opens its own shop in Causeway Bay. A second SWATCH shop is planned later for Kowloon.

Outlets selling SWATCH in Hong Kong will be reviewed and increased to about 20, mostly through, the Shop-within-a-shop concept in department stores and, large retail shops. SWATCH accessories will also be sold in the SWATCH shops in Hong Kong.

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Although in -Asia SWATCH has presence only in Japan and Hong Kong, the company is currently looking at other Asian countries and holding discussions. Controlled growth, step by step, is the company's plan for Asia.

On the use of SWATCH for shoes, Exhibit A-9-MM, (page 20 of the New York Times Sunday, 16, August 1987), merely states that SWATCH, U.S.A. is planning to introduce SWATCH shoes next year. In Exhibit A-90-NN-a, which relates to a portion of the New York Times, 16 August 1987, it is stated that an executive of SWATCH, U.S.A. has stocked unlabeled shoes in a store to see which styles appeal to SWATCH shoppers. On that basis, he will decide what shoes will carry the SWATCH designs. It adds that a SWATCH store is planned for New York next year (1988).

The relevant question we should resolve is whether or not SWATCH is well-known internationally, including in the Philippines, as a trademark belonging to the Opposer on 15 January 1985 or thereabout, the date which the Respondent-Applicant claimed it first used SWATCH SEASIDER in commerce in the Philippines.

Considering the number of countries where the Opposer has obtained the registration of SWATCH in 1984 to 1986; the pendency of SWATCH trademark applications in more than thirty countries which were filed during that period; and the large volume of SWATCH products sold in the United States starting in 1985, there is adequate factual basis to conclude that the Opposer has established, by preponderance, of evidence, that SWATCH for watches is well-known internationally and in the Philippines in 1985 as a mark belonging to the Opposer.

It may be argued that the Opposer has not presented any evidence to prove that in 1985, SWATCH products were already advertised, promoted, and sold in the Philippines. It cannot be denied, however that even in February 1985 (please see Exhibit A-9-K), Fortune, a bi-weekly business magazine which is widely read by local businessmen; contained an article regarding the

outstanding success of the newly launched. SWATCH watches in the American market. Likewise, the big number of Filipinos travelling to the United States every year, and the equally large number of Americans that come to the Philippines, are circumstances that indicate that as early as 1985, Filipinos have heard or known about SWATCH: an attractive, modish, and relatively cheap watch.

On the basis therefore of Article 6bis of the Paris Convention and the Ongpin Memorandum, the Philippines is bound to protect SWATCH for watches in its territory.

Are watches and shoes related or similar goods?

Goods are related when they belong to the same class or have the same descriptive properties, when they possess the same physical attributes or essential characteristics with reference to their form, composition, texture or quality. They may also be related because they serve the same purpose or as are sold in grocery stores. Thus, biscuits were held related to milk, because they are both food products. Soap and perfume, lipstick and nail polish are similarly related because they are common household items' nowadays. The trademark ANG TIBAY for shoes and slippers and pants was disallowed to be used for shirts and pants because they belong to the same class of goods. Soap and pomade, although non-competitive, were held to be similar or to belong to the same class, since both are toilet articles. But no confusing or deception can possibly result or arise when, the name WELLINGTON which is the trademark for shirts, pants, drawers and other articles of wear for men, women and children is used as a name of a department store. The trademark ESSO which the petitioner uses for its various petroleum products may also be used as a trademark for cigarettes by another, the two products not being related and the public cannot be deceived as to which product they are buying. (Esso Standard Eastern, Inc. v. Court of Appeals, L-29981, August 31, 1983; 116 SCRA 336)

The Supreme Court, however, has not consistently applied these criteria in subsequent cases:

- In *Philippines Refining Company, Inc., v. Ng Sam*, the Supreme Court held that lard and ham were unrelated goods, although they are both food products.
- In *Hickock Manufacturing Co., Inc. v Court of Appeals*, wallets, belts and men's briefs, on the one, hand, and shoes, on the other hand,- were held to be unrelated goods, although they are both articles of clothing..
- In *Acoje Mining Co., Inc. v. Director of Patents*, the Supreme Court held that soy sauce and edible oil were unrelated goods, although they are both food ingredients.

The Court of Appeals in Bally v. Mil-Oro Mfg. Corp., CA-G.R. No.-SP-10265, January 26, 1988 also ruled that Art. 6bis and the Ongpin Memorandum would apply only to fake users of famous trademarks, and not to famous trademarks which are validly owned by the original registrants through adoption and actual use. In this case, the court rides that the appellee us not a fake user of the trademark "Bally" for socks but a legitimate owner thereof. This is because the appellant, a German corporation had obtained a registration of "Bally" only for shoes in the Philippines and never owned "Bally" for socks as it never adopted or used it there.

Given the absence in our jurisprudence of clear and consistent criteria resolving the question of whether goods that are not the same are related in the determination of the registrability of marks, it would be appropriate to adopt an interpretation that would be more in line with the underlying or fundamental principle of the trademark law that ownership of a trademark is acquired through use in commerce in the Philippines (Section 2-A of Republic Act 166).

It is therefore ruled that watches and shoes are neither related nor similar goods. Consequently, the trademark SWATCH and SWATCH QUARTZ for goods under Class 14

owned by Opposer can co-exist with SWATCH SEASIDER for shoes owned by Respondent-Applicant.

We have earlier resolved in the affirmative the question whether the Respondent-Applicant's claim that it is the prior user of SWATCH in the Philippines is valid: Therefore, we concluded that it should be considered the owner of the mark: On the other hand, based on the provisions of Art. 6bis of the Paris Convention, we have resolved that the Opposer is entitled to the protection of Trademark SWATCH in relation to watches because it was able to establish that it is a well-known mark with respect to watches.

With respect to the use of SWATCH with shoes, there is no evidence to prove that fact. In Exhibit A-9-NN-a, as late as 1987, SWATCH, U.S.A. has not started selling SWATCH shoes in the United States. At the time, it was still considering plans of introducing SWATCH shoes in the American market. No evidence was ever presented that it has sold SWATCH shoes in the Philippines even in the '90s. In fact in the pre-trial conference, the partes stipulated that "the opposer has no shoe product marketed in the Philippines".

At this stage, it is appropriate to quote the ruling of the court in Philip Morris, et. al. v. The Court of Appeals, et.al., G.R. No. 91332, July 16, 1993:

On the economic repercussion of this case, we are extremely bothered by the thought of having to participate in throwing into the streets Filipino workers engaged in the manufacture and sale of private respondent's "MARK" cigarettes who might be retrenched and forced to join the ranks of the many unemployed and unproductive as a result of the issuance of a simple writ of ,preliminary injunction and this, during the pendency of the case before the trial court, not to mention the diminution of tax revenues represented to be close to a quarter million pesos annually. On the other hand, if the status quo is maintained, there will be no damage that would be suffered by petitioners inasmuch as they are not doing business in the Philippines.

A finding that the watches and shoes are similar would bring about the same result as it would require the Respondent-Applicant to start virtually from scratch again. It would eliminate the goodwill that Respondent-Applicant has built up through the years by continuous commercial use of SWATCH SEASIDER causing the loss of the market for its shoes.

On the other hand, a ruling that watches and shoes are not similar or related goods finds justification and support in the decisions of the Court in Philippine Refining Co., Inc. vs. Ng Sam, Hickock v. Court of Appeals and Acoje Mining v. Director of Patents which have been earlier cited. This interpretation likewise allows us to avoid invoking a much stronger stance of the court in Philip Morris v. Court of Appeals, supra, when it ruled that "following universal acquiescence and comity, our -municipal law on trademarks regarding the requirement of actual use in the Philippines must subordinate an international agreement inasmuch as the apparent clash is being decided by a municipal tribunal."

WHEREFORE, this Notice of Opposition is hereby DENIED. Application Serial No. 58552 for SWATCH SEASIDER is hereby GIVEN DUE COURSE.

Let the records of this case be forwarded to the Application, Issuance and Publication Division for proper disposal.

IGNACIO S. SAPALO
Director