



BATA BRANDS S.à.r.l.,
Petitioner

-versus-

**NEW OLYMPIAN RUBBER
PRODUCTS CO., INC.,**
Respondent-Registrant.

X ----- X

IPC No. 14-2008-00253

Petition for Cancellation
Cert. of Renewal Reg. No. 026064
Date Renewed: 22 July 1998

Trademark: "**BATA**"

Decision No. 2013- 153

DECISION

This resolves the petition for cancellation, filed by Bata Brands S. à. R. I.¹ ("Petitioner"), of Certificate of Renewal Registration No. 026064. The registration, renewed on 22 July 1998, in favor of New Olympian Rubber Products Co, Inc.² ("Respondent-Registrant"), covers the mark "BATA" for use on "*rubber shoes, casual rubber shoes*" under Class 25 of the International Classification of Goods.³

According to the Petitioner, the subject registration violates Sec. 123.1 (d) of Republic Act No. 8293, also known as the Intellectual Property Code ("IP Code") and Article 6bis of the Paris Convention. It claims to be the owner of the alleged well-known mark as Bata Shoe Organization ("BSO") and has been in the business globally for eighty four (84) years. It boasts its registrations of the mark in over two hundred (200) jurisdictions including that with the World Intellectual Property Organization (WIPO). Also, it maintains to have a top-level internet domain name, www.bata.com, as well as a Philippine domain name, www.bata.ph. The Petitioner further avers that it successfully expanded production and operations in over fifty (50) countries, was hailed as one of India's iconic brands and was also referenced in Wikipedia. It asserts that considering the enormous goodwill its predecessor-in-interest has established, it will be severely damaged by the Respondent-Registrant's registration.

For its part, Respondent-Registrant maintains that it is a domestic corporation organized and existing since 1950. On 03 December 1971, it applied for registration of the contested mark with the then Philippine Patent Office ("PPO"). Bata Industries Limited, Petitioner's assignor, opposed the said application but the same was denied

¹ A foreign corporation duly organized and existing under the laws of Luxembourg with principal address at 123, Avenue du X Septembre, L-2551, Luxembourg.

² A corporation duly organized and existing under and by virtue of the laws of the Philippines with principal office at 9 Lukban Street, Manresa, Quezon City.

³ The Nice Classification is a classification of goods and services for the purpose of registering trademark and services marks, based on the multilateral treaty administered by the World Intellectual Property Organization. The treaty is called the Nice Agreement Concerning the International Classification of Goods and Services for the Purpose of the Registration of Marks concluded in 1957.

by the Director of PPO. The Respondent-Registrant points out that the decision was affirmed by the Court of Appeals and later by the Supreme Court.⁴ On 31 May 1978, Certificate of Registration No. 26064 was issued. The Respondent-Registrant further said that the certificate was renewed on 22 June 1983, 17 August 1988 and 15 August 1993. On 22 July 1998, the Respondent-Registrant again filed a petition for renewal of registration, which was granted on 28 March 2003. On 24 February 2003, it filed its Affidavit of Use for the 5th Anniversary. Then, on 29 September 2008, Certificate of Renewal Registration No, 026064 was issued, to be effective for ten years starting 31 May 2008.

The Respondent-Registrant debunks Petitioner's assertion of ownership over the contested mark. It contends that the allegations in the instant petition fall under Sec. 151.1 (b) of the IP Code, which allows cancellation only within a period of five (5) years from registration. Further, it insists that the decision in G.R. No. L-53672 constitutes as *res judicata* on the issue of its prior use and adoption of the trademark "BATA". It further denies that the Petitioner caused the mark to be well-known in the Philippines claiming that the Respondent-Registrant itself spent considerable amount of money to generate goodwill for the mark. It likewise refutes Petitioner's claims to internet use and international advertisements as the same cannot be the basis of prior use and adoption of the mark. Finally, the Respondent-Registrant maintains that it has vested property right over the mark under the IP Code and the Civil Code of the Philippines.

Essentially, the issue to be resolved is whether Cert. of Renewal Reg. No. 026064 should be cancelled.

Petitioner, in this case, basically raises the issue of ownership. It imputes fraud and bad faith on Respondent-Registrant in procuring registration over the mark "BATA" claiming that it is the lawful and rightful owner thereof. Succinctly, Section 151.1 of the IP Code provides in part that:

Section 151. Cancellation. - 151.1. A petition to cancel a registration of a mark under this Act may be filed with the Bureau of Legal Affairs by any person who believes that he is or will be damaged by the registration of a mark under this Act as follows:

xxx

(b) At any time, if the registered mark becomes the generic name for the goods or services, or a portion thereof, for which it is registered, or has been abandoned, or its registration was obtained fraudulently or contrary to the provisions of this Act, or if the registered mark is being

⁴ Bata Industries, Ltd. vs. The Honorable Court of Appeals; Tiburcio S. Evalle, Director of Patents, New Olympin Rubber Products Co., Inc., G.R. No. L-53672, 31 May 1982.

used by, or with the permission of, the registrant so as to misrepresent the source of the goods or services on or in connection with which the mark is used. If the registered mark becomes the generic name for less than all of the goods or services for which it is registered, a petition to cancel the registration for only those goods or services may be filed. A registered mark shall not be deemed to be the generic name of goods or services solely because such mark is also used as a name of or to identify a unique product or service. The primary significance of the registered mark to the relevant public rather than purchaser motivation shall be the test for determining whether the registered mark has become the generic name of goods or services on or in connection with which it has been used." (Emphasis supplied.)

This provision allows any person to file a petition to cancel a trademark registration at any time if that person believes that he will be damaged by the registration. Once filed, the cancellation proceeding becomes, basically, a review of the trademark registration in question to see if the legal requirements for registration have been satisfied and if the maintenance or continuance of Respondent-Registrant's trademark in the principal register would damage the Petitioner.⁵

Corollarily, it is provided in Sec. 138 of the IP Code:

Sec. 138. *Certificates of Registration.* - A certificate of registration of a mark shall be prima facie evidence of the validity of the registration, the registrant's ownership of the mark, and of the registrant's exclusive right to use the same in connection with the goods or services and those that are related thereto specified in the certificate.

It is emphasized that the essence of trademark registration is to give protection to the owners of trademarks. The function of a trademark is to point out distinctly the origin or ownership of the goods to which it is affixed; to secure to him who has been instrumental in bringing into the market a superior article of merchandise, the fruit of his industry and skill; to assure the public that they are procuring the genuine article; to prevent fraud and imposition; and to protect the manufacturer against substitution and sale of an inferior and different article as his product.⁶

⁵ Section 154 of the IP Code provides:

"Section 154. *Cancellation of Registration.* - If the Bureau of Legal Affairs finds that a case of cancellation has been made out, it shall order the cancellation of registration. When the order or judgment becomes final, any right conferred upon the registrant or any person in interest of record shall terminate. Notice of cancellation shall be published in the IPO Gazette. (Section 19, R.A. No. 166a)

⁶ Pribhdas J. Mirpuri vs. Court of Appeals, G.R. No. 114508, 19 November, 1999.

Clearly, it is not the registration that confers ownership of the mark but it is ownership that gives rise to a right to register the same. Registration, without more, does not confer upon the registrant an absolute right to the registered mark. The certificate of registration is merely a prima facie proof that the registrant is the owner of the registered mark or trade name. Evidence of prior and continuous use of the mark or trade name by another can overcome the presumptive ownership of the registrant and may very well entitle the former to be declared owner in an appropriate case.⁷ The registration system shall not be used in committing or perpetrating an unjust and unfair claim. As all presumptions, the presumptive ownership conferred by registration may be questioned, attacked and proven otherwise by evidence to the contrary.

Verily, the pronouncement by the Supreme Court in *Berris Agricultural Company, Inc. vs. Norvy Abyadang*⁸ is enlightening on this point, thus:

"The ownership of a trademark is acquired by its registration and its actual use by the manufacturer or distributor of the goods made available to the purchasing public. Section 122 of R.A. No. 8293 provides that the rights in a mark shall be acquired by means of its valid registration with the IPO. A certificate of registration of a mark, once issued, constitutes prima facie evidence of the validity of the registration, of the registrant's ownership of the mark, and of the registrant's exclusive right to use the same in connection with the goods or services and those that are related thereto specified in the certificate. R.A. No. 8293, however, requires the applicant for registration or the registrant to file a declaration of actual use (DAU) of the mark, with evidence to that effect, within three (3) years from the filing of the application for registration; otherwise, the application shall be refused or the mark shall be removed from the register. In other words, the prima facie presumption brought about by the registration of a mark may be challenged and overcome, in an appropriate action, by proof of the nullity of the registration or of non-use of the mark, except when excused. Moreover, the presumption may likewise be defeated by evidence of prior use by another person, i.e., it will controvert a claim of legal appropriation or of ownership based on registration by a subsequent user. This is because a trademark is a creation of use and belongs to one who first used it in trade or commerce." (Emphasis supplied.)

In this regard, the Petitioner established by evidence that the roots of the subject trademark "BATA" can be traced from the surname of its founder, Tomas

⁷ *Shangri-la International Hotel Management Ltd. Vs. Developers Group of Companies, Inc.* G.R. No. 159938, 31 March 2006.

⁸ G.R. No. 183404, 13 October 2010.

Bata. In 1894, Tomas Bata, a Czechoslovakian shoemaker founded in a town called Zlin, the present-day Czech Republic, what is now known as the Bata Shoe Corporation ("BSO"). The trademark "BATA" was assigned to Petitioner by Bata Limited, another entity of the BSO.

The Respondent-Registrant, however, argues that the aforementioned Supreme Court decision constitutes *res judicata* over the controversy at hand. In this regard, a perusal of the records reveal that on 31 May 1978, Certificate of Registration was issued in favor of a New Olympian Rubber Products Co., Inc., the same corporate name which Respondent-Registrant now bears. Likewise appearing on the records is the fact that this company has been granted a corporate term of twenty five (25) years from 04 April 1950. But, is the said company still existed as of 31 May 1978?

The determination of the issue regarding the extent of the corporate term of a corporation is beyond the jurisdiction of this Bureau or the Intellectual Property Office altogether. As provided by Section 10 of the IP Code, the jurisdiction of the Bureau of Legal Affairs is confined to:

10.1. Hear and decide opposition to the application for registration of marks; cancellation of trademarks; subject to the provisions of Section 64, cancellation of patents, utility models, and industrial designs; and petitions for compulsory licensing of patents;

10.2. (a) Exercise original jurisdiction in administrative complaints for violations of laws involving intellectual property rights: Provided, That its jurisdiction is limited to complaints where the total damages claimed are not less than Two hundred thousand pesos (P200,000): Provided, further, That avilment of the provisional remedies may be granted in accordance with the Rules of Court. The Director of Legal Affairs shall have the power to hold and punish for contempt all those who disregard orders or writs issued in the course of the proceedings. (n)

(b) After formal investigation, the Director for Legal Affairs may impose one (1) or more of the following administrative penalties: XXX.

Thus, with respect to this matter, this Bureau is constrained to rely and thus, gives value to the Certificate of Corporate Filing/Information issued by the Securities and Exchange Commission ("SEC"). This document, presented as evidence, was not attacked nor invalidated. In the certificate, which was issued on 8 December 2008, the SEC stated that:

"THIS IS TO CERTIFY that a verification made on the available records on file with this Commission shows that the NEW OLYMPIAN



RUBBER PRODUCTS COMPANY INC. with SEC No. 5034 was registered on 04 April 1950 with a term of existence of twenty five (25) years which **expired in April 4 1975**. No Amended Articles of Incorporation extending its corporate term was filed.

On June 19, 1981, **another corporation** in the name of NEW OLYMPIAN RUBBER PRODUCTS Co., INC. was registered under SEC No. 99525 with a term of existence of fifty (50) years. To date, no amended Articles of Incorporation dissolving the corporation appears to have been filed." (Emphasis supplied.)

Moreover, another documentary evidence, captioned "Minutes of the Special Meeting of Stockholders of New Olympian Rubber Products Company, Inc. held In Its Principal Office In Quezon City on August 15, 1980", submitted by Respondent-Registrant itself, betrays its assertion that it had renewed its registration with the SEC. In the said Minutes, it was stated that:

"There being a quorum, the Chairman called the meeting to order. He informed the stockholders present that due to over-sight, the term of the company **expired in April 4, 1975 without its term being extended** prior to its expiry date. It was, therefore, necessary for the company to be able to continue in business to reincorporate. xxx". (Emphasis supplied)

In this regard, the inevitable conclusion is that, the principle of *res judicata* is not applicable in the instant case. A case is barred by prior judgment or *res judicata* when the following elements are present:

1. The former judgment is final;
2. It is rendered by a court having jurisdiction over the subject matter and the parties;
3. It is a judgment or an order on the merits; and
4. There is between the first and the second action identity of parties, identity of subject matter, and identity of causes of action.⁹

Res judicata shall not attach as there can be no identity of parties. From the above findings, the Respondent-Registrant is a distinct corporation from the one whose corporate life ended on 04 April 1975, which was the party in G.R. No. L-53672. Its claim that the assets of the defunct corporation was assigned to it deserves scant consideration for lack of supporting evidence. The continuous grant of renewal of registration in favor of the herein Respondent-Registrant does not give it prior vested rights over the mark. The Intellectual Property Office and its

⁹ Maria Jumamil Balanay vs. Atty. Jorge Paderanga, G.R. No. 136963, 28 August 2006.

predecessors, in issuing the trademark registration and the renewals thereof, may not have been informed that the corporate life of the company the PPO dealt with in 1971 already expired on 04 April 1975. All these years, the Respondent-Registrant filed for renewals of registration without intimating that it was a newly incorporated corporation. Nor did it cause the recording of any assignment of rights over the mark from the defunct corporation to itself. This constitutes fraud, which cannot give birth to any prior property rights that the Respondent-Registrant claims to have.

Moreover, relevant is the Supreme Court's ruling in Pribhdas J. Mirpuri vs. Court of Appeals¹⁰ on the issue of res judicata, viz:

"IPC No. 2049 raised the issue of ownership of the trademark, the first registration and use of the trademark in the United States and other countries, and the international recognition and reputation of the trademark established by extensive use and advertisement of private respondent's products for over forty years here and abroad. These are different from the issues of confusing similarity and damage in IPC No. 686. The issue of prior use may have been raised in IPC No. 686 but this claim was limited to prior use in the Philippines only. Prior use in IPC No. 2049 stems from private respondent's claim as originator of the word and symbol "Barbizon," as the first and registered user of the mark attached to its products which have been sold and advertised worldwide for a considerable number of years prior to petitioner's first application for registration of her trademark in the Philippines. Indeed, these are substantial allegations that raised new issues and necessarily gave private respondent a new cause of action. Res judicata does not apply to rights, claims or demands, although growing out of the same subject matter, which constitute separate or distinct causes of action and were not put in issue in the former action.

Respondent corporation also introduced in the second case a fact that did not exist at the time the first case was filed and terminated. The cancellation of petitioner's certificate of registration for failure to file the affidavit of use arose only after IPC No. 686. It did not and could not have occurred in the first case, and this gave respondent another cause to oppose the second application. Res judicata extends only to facts and conditions as they existed at the time judgment was rendered and to the legal rights and relations of the parties fixed by the facts so determined. When new facts or conditions intervene before the second suit, furnishing a new basis for the claims and defenses of the parties, the issues are no longer the

¹⁰ G.R. No. 114508, 19 November 1999.

same, and the former judgment cannot be pleaded as a bar to the subsequent action.

It is also noted that the oppositions in the first and second cases are based on different laws. The opposition in IPC No. 686 was based on specific provisions of the Trademark Law, i.e., Section 4 (d) on confusing similarity of trademarks and Section 8 on the requisite damage to file an opposition to a petition for registration. The opposition in IPC No. 2049 invoked the Paris Convention, particularly Article 6bis thereof, E.O. No. 913 and the two Memoranda of the Minister of Trade and Industry. This opposition also invoked Article 189 of the Revised Penal Code which is a statute totally different from the Trademark Law. Causes of action which are distinct and independent from each other, although arising out of the same contract, transaction, or state of facts, may be sued on separately, recovery on one being no bar to subsequent actions on others. The mere fact that the same relief is sought in the subsequent action will not render the judgment in the prior action operative as res judicata, such as where the two actions are based on different statutes. Res judicata therefore does not apply to the instant case and respondent Court of Appeals did not err in so ruling."(Emphasis supplied.)

Guided by this jurisprudential rule, this Bureau reiterates that *res judicata* does not apply in this case. Firstly, G.R. No. L-53672 was decided when the prevailing law was Rep. Act No. 166 (the old "Law on Trademarks"). Secondly, the Petitioner invites this Bureau to look at the trademark registrations it acquired in other jurisdictions and the extent of their use. More importantly, the Petitioner cites fraud, a ground to cancel a registration of a trademark under the IP Code. There is now the issue as to whether the Respondent-Registrant can claim to be the owner or rightful registrant of the mark "BATA" in spite of the fact that it no longer existed at the time the registration was issued. Moreover, the Petitioner has shown to be the originator and real owner thereof.

To conclude, the Petitioner successfully overcame the presumption arising out of the issuance of Certificate of Renewal Registration No. 026064. The evidence presented shows that the Respondent-Registrant has no right whatsoever over the renewal of the said trademark registration. Certificate of Registration No. 026064 was issued on 31 May 1978, more than three (3) years before the existence or incorporation of the Respondent-Registrant on 19 June 1981. As the certificate was granted to a non-existing corporation, no entity can claim rights there from absent any sufficient proof of assignment or transfer of assets. Lastly, the Petitioner proved that it is the originator and the real owner of the contested mark.

WHEREFORE, premises considered, the instant petition for cancellation is hereby **GRANTED**. Let the filewrapper of Certificate of Renewal Registration No. 026064 be returned, together with a copy of this Decision, to the Bureau of Trademarks for information and appropriate action.

SO ORDERED.

Taguig City, 31 July 2013.



ATTY. NATHANIEL S. AREVALO
Director IV
Bureau of Legal Affairs