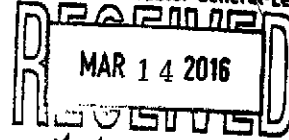


REPUBLIC OF THE PHILIPPINES
COURT OF APPEALS
MANILA

Intellectual Property Office of the Phils.
Office of the Director General-Legal



NEW OLYMPIAN RUBBER
PRODUCTS CO., INC.,
Petitioner,

- versus -

CA-G.R. SP NO. 137586

BY: *Marklyn* TIME: *paper*

THE DIRECTOR GENERAL OF
THE INTELLECTUAL PROPERTY
OFFICE (IPO), ET. AL.,
Respondents.

x-----x

February 29, 2016

NOTICE OF DECISION

Greetings:

Please take notice that on **FEBRUARY 29, 2016**, a **DECISION**, copy hereto attached, was rendered in the above-entitled case by the **EIGHTH DIVISION**, of the Court of Appeals, Manila, the original of which is now on file with this Court.

You are hereby required to inform this Court within **FIVE (5) days** from notice hereof of the date when you received this notice and the attached copy of the decision.

Respectfully yours,

TERESITA R. MARIGOMEN

Clerk of Court

By: *Teresita C. Custodio*

TERESITA C. CUSTODIO

Division Clerk of Court

Copy furnished:

Atty. Teresita Gandionco Oledan—reg
w/rc
Counsel for Petitioner
No. 9 Renowned Lane,
Sanville Subdivision, 1100 Quezon City

A.Q. Ancheta & Partners — reg w/rc
Counsel for Private Respondent
Suite 1008-1010 Paragon Plaza
162 EDSA cor. Reliance St.,
1554 Mandaluyong City

Martinez Vergara Gonzalez & Serrano
— reg w/rc
*Collaborating Counsel for Private
Respondent Bata Brands S.a.r.l.*
Suite 2401, The Oriental Square
F. Ortigas, Jr. Road, Ortigas Center,
1600 Pasig City

The Director General — reg w/rc
Intellectual Property Office
28 Upper McKinley Road,
McKinley Hill Town Center,
Fort Bonifacio, 1630 Taguig City

JRD-CA ISDD-CA ARCHIVES-CA

lmilly



Republic of the Philippines
COURT OF APPEALS
Manila

EIGHTH DIVISION

NEW LYMPIAN RUBBER
PRODUCTS CO., INC.,
Petitioner,

CA-G.R. SP NO. 137586

Members:

DIMAAMPAO, Chairperson
DIAMANTE, and
SALANDANAN-MANAHAN, JJ:

- versus -

THE DIRECTOR GENERAL OF
THE INTELLECTUAL
PROPERTY OFFICE (IPO), and
BATA BRANDS, S.A.R.L.,
Respondents

PROMULGATED:

29 February 2016

Final Case No. 137586

DECISION

DIMAAMPAO, J.:

Impugned in this *Petition for Review*¹ under Rule 43 of the Rules of Court is the *Decision*² dated 16 September 2014 of the Director General of the Intellectual Property Office (IPO), in Appeal No. 14-2013-0044.

The material operative facts follow.

On 15 June 2006, respondent Bata Brands, S.A.R.L. (Bata Brands) filed in the Philippines an application for registration of the trademark "BATA" under Class 25 covering "all footwear other than rubber shoes and casual rubber shoes." However, the said application was rejected as the subject mark was identical with the trademark *BATA* registered under petitioner New Olympian Rubber Products

¹ Rollo, pp. 4-19.

² *Id.*, pp. 27-31.

Co., Inc. (New Olympian) with registration number 026064 which notably covers closely related goods in the same class, i.e, rubber shoes and casual rubber shoes.³ Eventually, Bata Brands uncovered that in 1978, New Olympian, a company engaged in the manufacture and sale of rubber and casual shoes, was granted a certificate of registration for the trademark "Bata" under the old Trademark Law. In 1998, pursuant to the Intellectual Property Code, said registration was renewed for a term of ten years or until 31 May 2018.⁴

On 21 October 2008, Bata Brands filed a *Petition for Cancellation of New Olympian's Certificate of Renewal Registration No. 026064* with the IPO on the ground that such registration violated Section 123.1 (d)⁵ of Republic Act No. 8293 or the Intellectual Property Code and Article 6 of the Paris Convention.⁶ Bata Brands asserted ownership over the mark "Bata Shoe Organization" and maintained that it has been in the business globally for 84 years. It averred that the mark is registered under its name in over 200 jurisdictions, including the World Intellectual Property Organization (WIPO). Withal, Bata Brands owned the internet domain name—www.bata.com and www.bata.ph. Thus, in view of its established goodwill, Bata Brands claimed that it would be severely damaged by New Olympian's registration.⁷

On the other hand, New Olympian countered that it has been continuously using its mark since the 1970s, and its prior use and adoption thereof was already upheld by the Supreme Court in G.R. No. L-53672.⁸ New Olympian likewise took exception to Bata Brands' claim that it caused the mark to be well-known in the Philippines. Contrariwise, it was New Olympian which spent considerable amount of money to

³ Rollo p. 458.

⁴ *Id.*, p. 29; p. 458.

⁵ Section 123.1(d) provides that a mark cannot be registered if it "identical with, or confusingly similar to, or constitutes a translation of a mark which is considered by the competent authority of the Philippines to be well-known internationally and in the Philippines, whether or not it is registered here, as being already the mark of a person other than the applicant for registration, and used for identical or similar goods. [see Rollo, p. 409]

⁶ This provision states that countries [parties to the agreement] undertake or, at the request of an interested party, to refuse or to cancel the registration, or 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. Rollo, p. 408.

⁷ Rollo, p. 337.

⁸ *Id.*, p. 27, citing *Bata Industries, Ltd. v. Court of Appeals*, 144 SCRA 318 (31 May 1982).

generate goodwill for the mark. Moreover, Bata Brands cannot utilize its ownership of the aforesaid internet domain and international advertisements as basis of its prior use and adoption of the subject mark.⁹

On 31 July 2013, the Bureau of Legal Affairs of the IPO rendered a *Decision*,¹⁰ disposing—

“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.”¹¹

Undaunted, New Olympian appealed the aforequoted *Decision* before the Office of the Director General of the IPO. As it happened, the *Appeal* was dismissed in the challenged *Decision*, viz:

“WHEREFORE, premises considered, the appeal is dismissed.

Let a copy of this Decision be furnished to the Director of Bureau of Legal Affairs and the Director of Bureau of Trademarks for their appropriate action and information. Further, let a copy of this Decision be furnished to the library of the Documentation, Information and Technology Transfer Bureau for records purposes.

SO ORDERED.”¹²

Interestingly, the IPO Director General opined that Registration No. 026064 in the name of New Olympian was obtained contrary to law. As early as 4 April 1975, New Olympian’s corporate existence had expired. There was no showing that its corporate term was thereafter extended such that when the *Certificate of Registration* was issued therefor on 31 May 1978, it no longer possessed corporate juridical personality. In other words, the Director General observed that when the *Certificate of Registration*, and the renewal thereof,

⁹ Rollo, p. 338.

¹⁰ *Id.*, pp. 337-345.

¹¹ *Id.*, p. 345.

¹² *Id.*, p. 31.

were issued, New Olympian ceased to exist in fact and in law as a juridical entity. *Ergo*, it did not have a legal right to claim the subject mark.¹³

Expostulating with the foregoing disposition, New Olympian (now, petitioner) comes before Us propounding the following grounds:

I

THE IPO DIRECTOR GENERAL'S DISREGARD OF THE SUPREME COURT RULING ON THE TRADEMARK BATA IN FAVOR OF PETITIONER CONSTITUTES A SERIOUS AND GRAVE ERROR.

II

THE IPO DIRECTOR GENERAL SERIOUSLY ERRED WHEN HE DECLARED THAT THE PETITIONER IS A "DIFFERENT" AND NON-EXISTING CORPORATION WHEN PETITIONER WAS ISSUED ITS CERTIFICATE OF REGISTRATION FOR THE TRADEMARK "BATA" FOR FOOTWEAR.

III

THE IPO DIRECTOR GENERAL SERIOUSLY ERRED WHEN HE CITED THE PROVISIONS OF THE INTELLECTUAL PROPERTY CODE TO JUSTIFY HIS CONCLUSION THAT THE PETITIONER "FRAUDULENTLY" SECURED ITS RENEWED CERTIFICATE OF REGISTRATION.

IV

THE IPO DIRECTOR GENERAL SERIOUSLY ERRED WHEN IT RULED THAT RENEWED PETITIONER'S REGISTRATION ISSUED UNDER R.A. 8293 (IP CODE) BE CANCELLED.

In the main, petitioner asseverates that the *Petition for Cancellation* is barred by the principle of *res judicata* in light of the jurisprudential ruling in **Bata Industries, Ltd. v. Court of Appeals**¹⁴ that it had the right for the registration and protection of its industrial property "BATA."

The asseveration carries no weight and conviction.

Settled is the doctrinal precept that *res judicata* exists when the following elements are present: a) the former

¹³ Rollo, pp. 29-30.

¹⁴ 114 SCRA 318 (31 May 1982).

judgment must be final; b) the court which rendered judgment had jurisdiction over the parties and the subject matter; c) it must be a judgment on the merits; and d) there must be, between the first and second actions, *identity of parties, subject matter, and cause of action.*¹⁵

We find and so rule that while the first three requisites obtain in this case, the records unveil no proof as to the presence of the last requisite.

It bears emphasis that petitioner is a totally different entity. Thence, it has a separate and distinct personality from *New Olympian Rubber Products Co., Inc. in Bata Industries, Ltd. v. Court of Appeals*. The corporate term of the latter, which notably bears SEC Registration No. 5034 issued on 4 April 1950, effectively expired on 4 April 1975, while the petitioner in the instant case was only incorporated on 19 June 1981. Quite palpably, petitioner is not the corporation in *Bata Industries, Ltd. v. Court of Appeals* which the Supreme Court ruled to be entitled to Certificate of Registration No. 026064. On this score, We ingeminate the well-reasoned explication of the IPO Bureau of Legal Affairs, *viz—*

“Res judicata shall not attach as there can be no identity of parties. xxx 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 predecessors, in issuing the trademark registration and the renewals thereof, may not have been informed that the corporate life of the company of 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. x x x”¹⁶

Invariably, the IPO Director General erred not in adjudicating—

¹⁵ See *Social Justice Society Officers v. Lim*, 742 SCRA 1, 86 (25 November 2014).

¹⁶ Rollo, pp. 342-343.

"The appellant did not adduce any evidence indicating that the appellant and the NEW OLYMPIAN RUBBER PRODUCTS CO., INC. to whom the certificate of registration was issued is one and the same entity or juridical person."¹⁷

Anent the absence of identity of causes of action, it must be noted that the principal issue raised in **Bata Industries, Ltd. v. Court of Appeals** was whether or not Bata Brands (now, respondent) had a Philippine goodwill that would be damaged by the registration of the mark in petitioner's favor. Upon this point, the High Court edifyingly ruled—

"We agree with the applicant-appellee that more than substantial evidence supports the findings and conclusions of the Director of Patents. The appellant has no Philippine goodwill that would be damaged by the registration of the mark in the appellee's favor. We agree with the decision of the Director of Patents which sustains, on the basis of clear and convincing evidence, the right of the appellee to the registration and protection of its industrial property, the BATA trademark."¹⁸

On the other hand, the issue in the *Petition for Cancellation*, delves into the propriety of petitioner's claim over the subject mark in view of the expiration on 4 April 1975 of the corporate life of petitioner. Perceivably, this issue or cause of action is rather new and was never raised in **Bata Industries, Ltd. v. Court of Appeals**. Indeed, the crux of the assailed *Decision* is the cancellation of the *Certificate of Registration* anchored on the fraudulent issuance thereof, a fact which evidently did not exist or was not known at the time the *Decision* in **Bata Industries, Ltd. v. Court of Appeals** was rendered. On this account, We hew to the relevant disquisition of the said *Decision*—

"x x x Registration No. 026064 for BATA was issued to NEW OLYMPIAN RUBBER PRODUCTS CO., INC. a corporation different from the Appellant, which, however, ceased to exist on 04 April 1975. On the other hand, the Appellant is not disputing that it was incorporated only in 1981 and there is nothing in the records that show that the NEW OLYMPIAN RUBBER PRODUCTS CO., INC. which ceased to exist on 04 April 1975 assigned or transfer to the Appellant the rights and interests over BATA. x x x"¹⁹

¹⁷ Rollo, p. 29.

¹⁸ *Bata Industries, Ltd. v. Court of Appeals*, 114 SCRA 318, 321-322 (31 May 1982).

¹⁹ Rollo, p. 30.

It is primal that *res judicata* only extends to facts and conditions as they existed at the time judgment was rendered. Consequently, 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 same, and the former judgment cannot be pleaded as a bar to the subsequent action.²⁰

Given the foregoing discourse, the fourth element of *res judicata* is indeed wanting. There is obviously, in both cases, no identity of parties and causes of action.

Petitioner postulates that it still had an existing corporate identity when the *Certificate of Registration* was issued in 1978. Poking holes in the findings of the IPO Director General, it contends that the corporate life which expired on 4 April 1975 was extended by virtue of Section 122²¹ of the Corporation Code.²²

We are not persuaded.

A judicious examination of the cited provision reveals that the scope of the three-year extension referred to therein is limited only to matters affecting the liquidation or winding up of the corporation's business, like prosecuting and defending suits, disposing of and conveyance of properties, and not for the purpose of continuing the business for which it was established. Plain as a pikestaff, the issuance of the contentious *Certificate of Registration* necessarily entails the operation of the company's business. This being so, it is beyond the prism of the three-year extension period.

One final note. It appearing that (the old) New Olympian Rubber Products Co., Inc. had ceased to exist on 4 April 1975, and petitioner is, by all intents and purposes, a new corporation organized only 19 June 1981. *A fortiori*, it could

²⁰ See *Mirpuri v. Court of Appeals*, 318 SCRA 516, 551-552 (19 November 1999).

²¹ Sec. 122. Corporate liquidation. - Every corporation whose charter expires by its own limitation or is annulled by forfeiture or otherwise, or whose corporate existence for other purposes is terminated in any other manner, shall nevertheless be continued as a body corporate for three (3) years after the time when it would have been so dissolved, for the purpose of prosecuting and defending suits by or against it and enabling it to settle and close its affairs, to dispose of and convey its property and to distribute its assets, but not for the purpose of continuing the business for which it was established.

x x x

x x x

²² Rollo, p. 13.

not have possibly applied for and be issued with the registration for the "BATA" trademark.

WHEREFORE, the *Petition for Review* is hereby **DENIED**.

SO ORDERED.

(ORIGINAL SIGNED)
JAPAR B. DIMAAMPAO
Associate Justice

WE CONCUR:

(ORIGINAL SIGNED)
FRANCHITO N. DIAMANTE
Associate Justice

(ORIGINAL SIGNED)
CARMELITA SALANDANAN-MANAHAN
Associate Justice

C E R T I F I C A T I O N

Pursuant to Article VIII, Section 13 of the Constitution, it is hereby certified that the conclusions in the above Decision were reached in consultation before the case was assigned to the writer of the opinion of the Court.

(ORIGINAL SIGNED)
JAPAR B. DIMAAMPAO
Associate Justice
Chairperson, Eighth Division