

SWIRE AGRICULTURAL	}	INTER PARTES CASE NO. 3463
PRODUCTS, INC.	}	Petition for Cancellation:
Petitioner,	}	
	}	Regn. No. : 38253
	}	Issued On : February 24, 1988
-versus-	}	Trademark : "SWIRE"
	}	Class : 9 & 12
	}	Used on : Films, video tapes,
	}	etc. on class 9; Aeroplane, ships,
	}	vehicles, etc. on class 12
JOHN SWIRE & SONS (HK) LTD.,	}	
Respondent-Registrant.	}	Decision No. 2003 – 19
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## D E C I S I O N

This is a Verified Petition for Cancellation of the trademark SWIRE under Registration No. 38253 issued in the name of JOHN SWIRE & SONS (HK) LTD., a corporation organized and existing under the laws of Hong Kong with office address at Swire House, 9 Connaught Road Central, Hong Kong.

On September 9, 1989, SWIRE AGRICULTURAL PRODUCTS, INC. a corporation organized and existing under the laws of the Philippines with Principal office at 5<sup>th</sup> Floor, EBC Building, United Nations Avenue, Ermita, Manila filed a petition for cancellation of the trademark SWIRE. Petitioner asserted the following grounds in its bid to cancel the subject trademark;

- "1. The registration of the mark SWIRE in the name of respondent was obtained by it fraudulently and in violation of Section 37, Republic Act No. 166, as amended; and
- "2. That the continuous existence of the registration of the trademark SWIRE in the name of respondent has caused and will cause grave and irreparable injury and damage to the petitioner within the meaning of Section 17, Republic Act No. 166, as amended."

In support of the above grounds, petitioner relied upon the following facts:

- "1. Petitioner is engaged in the manufacture and sale of agricultural products bearing the trademark SWIRE;
- "2. Petitioner first used the trademark SWIRE in the Philippines at on or about January 2, 1986 and continuously up to the present, so much so that it has applied for the registration of the said trademark in the principal register under Application Serial No. 61641 filed on May 13, 1987 which is now the subject of Notice of Opposition filed by respondent and docketed as Inter Partes Case No. 3415;
- "3. The word SWIRE is also the dominant part of petitioner's corporate name/business name/trade name;
- "4. The registration obtained by respondent for the trademark SWIRE under Registration No. 38253 is based not on Philippine use as there is none but on foreign registration specially Taiwanese Registration Nos. 293364, 293413 and 294918;

- “5. That at the time respondent applied for registration in the Philippines of the trademark SWIRE on the basis of its Taiwanese Registrations aforementioned, and up to the present Taiwan has not been a party, member or signatory to the Paris Convention for the Protection of Industrial Property of 1883, as revised in 1900, 1911, 1925, 1934, 1958 and as amended in 1979, to which the Philippines is a party;
- “6. With Taiwan is not being a party of said Paris Convention or Union, Taiwanese registration cannot serve as basis for an application to register in the Philippines pursuant to the provisions of Section 37 of Republic Act No. 166, as amended;
- “7. Thus, it is clear that the registration for the trademark SWIRE in the name of respondent is a complete nullity and void ab initio having been obtained by respondent fraudulently and in breach of existing provisions of law; and
- “8. Petitioner has built an immense valuable goodwill for its trademark SWIRE due mainly to the vastly superior quality of its products and large sum of money that it has spent in promoting its goods bearing the SWIRE trademark and its inability to register the said trademark SWIRE in its name on account of the existing registration of the respondent for the same trademark would damage and injure and continuously damage and injure the petitioner.”

In its Answer filed on October 25, 1989 Respondent-Registrant denied all the material allegations asserted by Petitioner in its opposition except for the preliminary paragraph therein referring particularly to Respondent-Registrant’s Certificate of Registration No. 38253 as well as the circumstances relating to its corporate existence and local representation. Herein Respondent-Registrant interposed its defense by way of SPECIAL AFFIRMATIVE DEFENSES in its Answer as follows:

- “2. Contrary to the allegations of petitioner, the SWIRE trademark of respondent has been in use in the Philippines prior to it being applied for registration. In point of fact, Respondent’s related trademark THE SWIRE GROUP (which features prominently the controverted SWIRE mark) was applied for registration in this jurisdiction on the basis of use with filing date of 14 February 1986 which is earlier than the filing date of Respondent’s registration No. 38253 on March 24, 1986;
- “3. Further, respondent’s affiliated company, SWIRE AND MACLAINE, LTD., a British corporation has been in the operation in the country since 1978, trading in among others “electrical appliances and electronics” on the strength of a Certificate of Authority issued by the Board of Investment on 26 April 1978;
- “4. The Philippine branch of said respondent affiliate company has likewise been issued a Certificate of Registration of business name by the Bureau of Domestic Trade in 3 August 1987;
- “5. Moreover, Cathay Pacific Airways Limited, a company within the Swire Group, and likewise an affiliate company of respondent, operates three flights per day into Manila and the trademark THE

SWIRE GROUP is being used on various items in relation to its aviation items;

- “6. More importantly, SWIRE is a name of distinction in international trade and commerce having been popularized by THE SWIRE GROUP to which respondent belongs. Accordingly, SWIRE should be extended protection as a trade name in consonance with Article 8 of the Union Convention for the Protection of Industrial Property and as adopted in Section 37 of Republic Act No. 166, as amended; and
- “7. Finally, it should be emphasized that respondent’s trademark application was subjected to a most rigid merit examination by this Honorable Office and was found fit for registration, a circumstance which effectively belie petitioner’s erroneous claim.”

On 24 January 1990, Order No. 90-41 was issued consolidating Inter Partes Case Nos. 3463 and 3415. Subsequently, on 13 February 1995 through Order No. 95-128 the two cases were dismissed declaring Application Serial No. 61641 abandoned while Registration No. 38253 cancelled. Said dismissal was grounded on the failure of Opposer/Respondent-Registrant to prosecute and for lack of interest on the part of Petitioner/Respondent-Applicant to pursue the case and further for failure of both parties to comply with Order No. 93-074.

On March 14 and 21, 1995, respondent and petitioner, respectively move to reconsider the dismissal order which this Bureau granted through Order No. 97-326 at the same time setting the initial presentation of evidence on July 3, 1997. Respondent-Respondent failed to appear on said schedule date. Thereafter, on July 8, 1997 petitioner filed a Motion praying that the opposition proceeding in Inter Partes Case No. 3415 be dismissed pursuant to Order No. 97-326 and that petitioner be allowed to present its evidence ex-parte in Inter Partes Case No. 3463 for the cancellation of Registration No. 38253. Said Motion was granted through Order No. 97-652. Subsequently, the ex-parte presentation of evidence was set on December 15, 1998 through Order no. 98-501.

Petitioner was able to formally offer its evidence on June 29, 2000 consisting of Exhibits “A” to “T” inclusive of sub markings. The same were admitted on 16 January 2001 through Order No. 2001-43 which also directed Petitioner to file its Memorandum within thirty (30) days from the receipt thereof. The Memorandum was filed on April 24, 2001 after a couple of extension.

The issues to be resolved in this case revolved on the following:

1. WHETHER OR NOT CERTIFICATE OF REGISTRATION O. 38253 FOR THE MARK SWIRE IN THE NAME OF HEREIN RESPONDENT WAS FRAUDULENTLY OBTAINED;
2. WHETHER OR NOT PARIS CONVENTION APPLIES AND/OR EXTENDS PROTECTION TO HEREIN RESPONDENT-REGISTRANT RELATIVE TO ITS REGISTERED MARK SWIRE; AND
3. WHETHER OR NOT CONTINUOUS USE OF THE MARK SWIRE BY RESPONDENT WILL CAUSE GREAT AND IRREPARABLE INJURY AND DAMAGE TO HEREIN PETITIONER.

The discussion herein below will focus on Inter Partes Case no. 3463 for the cancellation of the Certificate of Registration No. 38253 for the mark SWIRE considering that Inter Partes Case No. 3415 was dismissed through Order No. 97-652.

The undisputed facts in the case at bar are as follows:

Petitioner SWIRE AGRICULTURAL PRODUCTS, INC., is a corporation organized and existing under the Philippine laws with office address at 5<sup>th</sup> Floor, WBC Building, United Nations Avenue, Ermita, Manila. Respondent-Registrant JOHN SWIRE & SONS (HK) LTD., is a corporation organized and existing under the laws of Hong Kong with business address at Swire House, 9 Connaught Road Central, Hong Kong. Respondent is the registrant of the mark SWIRE under Certificate of Registration no. 38253 as well as Taiwanese Registration Nos. 293364 and 293413 all issued on 1 August 1985, and No. 294918 issued on 16 August 1985.

The evidences presented by petitioner in support of its quest consist of the following:

Affidavit of Numeriano Morfe (Exh. "A"); Certificate of Registration No. 38253 issued on February 2, 1988 (Exh. "C"); S.E.C. Registration No. 1352304 relative to the registration of SWIRE AGRICULTURAL PRODUCTS, INC., in said agency (Exh. "D"); Trademark Application of Opposer for UREA (Exh. "E" & "E1"); Sample of the mark SWIRE and corporate logo (Exhs. "F" to "I"); Financial Statement of Opposer from 1988 to 1995 (Exhs. "J" to "P" inclusive of sub markings); photocopies of pictures which cannot be deciphered (Exhs. "Q" to "S"); and the sample packaging sack (Exhs. "T" and "T-1"). All these exhibits are plain photocopies of the purported originals except the packaging sack which is the object itself.

Petitioner in its bid to cancel Registration Certificate No. 38253 for the mark SWIRE issued in the name of the herein Respondent-Registrant relied heavily on its allegation that the acquisition of said registration was fraudulent and in violation of Section 37 of Republic Act No. 166, as amended. That the foreign registration to which the Philippine application was based was issued by the Taiwan government who in turn is not a member of international convention or treaty relating to marks or trade names or unfair competition to which the Philippines is a member. Thus, said registration in the name of Respondent-Registrant is a complete nullity and *void ab initio* having been obtained in breach of the existing provisions of law.

The contention of the petitioner is without merit.

Under the old law, Republic Act 166, as amended, initiatory acquisition of a right to a mark comprises of two (2) modes, namely (1) based on use as provided under Sections 2 and 2-A thereof and (2) based on home or foreign registration provided under Section 37 of the same law. The latter provision governs the registration of the mark of herein respondent-registrant.

Notably, the registration of the mark SWIRE of respondent-registrant was sought and granted under Section 37 of Republic Act No. 166, as amended upon the expressed request in the application as hereunder quoted:

"TO THE DIRECTOR OF PATENTS:

Re: JOHN SWIRE & SONS (H.K.) LIMITED  
Trademark "SWIRE", Classes 9 and 12  
Application for registration under  
Section 37 of Republic Act No. 166"

We have enclosed the above trademark application for registration consisting of:

- (a) Legalized combined Petition, Statement, Declaration and Power of Attorney, and a duplicate;
- (b) Drawing in duplicate;
- (c) Ten facsimiles of the drawings;
- (d) Certified copies of corresponding Taiwan Registration Nos. 293364, dated 1 August 1985  
293413, dated 1 August 1985  
294818, dated 16 August 1985, and  
Application No. (77) 54775 filed on November 9, 1984

	With their English Translation;	
(e)	Our check for Php. 555.50 in payment of your filing	
	Application for:	
	Registration on Principal Register	Php. 250.00
	Research and Examination Fee	Php. 200.00
	Additional one (1) class	Php. 100.00
	Legal and Research Fund	Php. <u>5.50</u>
	Total -----	Php. 555.50

And request that the above-mentioned trademark be registered in accordance with Section 37 of Republic Act no. 166, as amended.

Respectfully Submitted,

POBLADOR AZADA & ASSOCIATES

BY:

(Sgd.) MA. LOURDES VELASQUEZ  
(Reg. No. 1082)”

The governing provision of R.A. 166, as amended, states that:

“Section 37. *Rights of foreign nationals.* – Persons who are nationals of, domiciled in, or have a bona fide or effective business or commercial establishments in any foreign country, which is a party to any international convention or treaty relating to marks or trade name or repression or unfair competition to which the Philippine may be a party, shall be entitled to the benefits and subject to the provision of this Act to the extent and under the conditions essential to give effect to any such convention and treaties so long as the Philippines shall continue to be a party thereto, except as provided in the following paragraphs of this section.

No registration of a mark or trade name in the Philippine by a person described in the preceding paragraph of this section shall be granted until such mark or trade name has been registered in the country of origin of the applicant, unless the applicant alleges use in commerce.

For the purpose of this section, the country of origin of applicant is the country in which he has a bona fide or effective industrial or commercial establishment, or if he has no such an establishment in the country in which he is domiciled, or if he has not a domicile in any of the countries described in the first paragraph of this section, the country of which he is a national.

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Trade names of a person described in the first paragraph of this section shall be protected without the obligation of filing or registration whether or not they forms part of marks.

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Any person designed in the first paragraph of his section as entitled to the benefits and subject to the provisions of this Act shall be entitled to effective protection against unfair competition, and the remedies provided herein for

infringement of marks and trade name shall be available so far as they be appropriated in repressing acts of unfair competition.” (Underscoring provided)

Registration under this section is based on home or foreign registration not on use but use is indispensable to maintain the validity of the registration. Respondent-Registrant submitted as basis for its application for registration of the mark SWIRE several registration certificates as above mentioned issued by Taiwan government. It is noted that the law provides as a requirement for the application of the provision that the country of origin as a requirement for the application of the provision that the country of origin of applicant is either the country to which he has a *bonafide* or effective industrial or commercial establishment, or in country in which he is a domicile or the country in which he is a national. Following the domiciliary test, the nationality of herein Respondent-Registrant Corporation is Hong Kong. Being a domicile at the same time a national of Hong Kong then a colony of the United Kingdom at the time a national of the submission of its application for registration of the mark SWIRE, Respondent-registrant is therefore qualified under the first paragraph of Section 37 of the Trademark Law to register mark in the Philippines. Thus, the registration of the mark SWIRE under the name of Respondent-registrant based on home or foreign registration is proper.

Being a holder of the Certificate of Registration of the mark SWIRE, Respondent-registrant has in its favor the [presumption of validity of its registration. In the case of *Del Monte vs. Court of Appeals*, 1818 SCRA 410 cited with approval the case *Lorenzana vs. Macagbag*, 154 SCRA 723, the Supreme Court ruled that “we have declared that registration in the Principal Register give rise to presumption of validity of the registration and of the registrant’s ownership and right to the exclusive use of the mark.”

This presumption was embodied in Section 20 of Republic Act No. 166, as amended, which provides;

“A certificate of registration of a mark or trade name shall be prima facie evidence of the validity of the registration, the registrant’s ownership of the mark of trade name, and the registrant’s exclusive right to use the same in connection with the goods, business or services specified in the certificate, subject to any conditions and limitations stated therein.”

To overcome this presumption, substantial evidence must be presented. In this connection the Supreme Court stated that -

“It must be stressed that mere allegations of fraud are not enough. International acts to deceive and deprive another of his right, or in some manner injure him, must be specifically alleged and proved”, *Brusas vs. Court of Appeals*, 313 SCRA 176.

The prima facie presumption provided under Section 20 of the Trademark Law was further strengthened by another presumption that every public official is entitled to the presumption of regularity and good faith in the discharge of official duties. Petitioner scarcely wrestled the validity of Respondent-registrant’s registration by presenting Exhibits “A” to “T” inclusive of its sub-markings, which are all plain photocopies; however, the same are not enough to substantiate its allegations.

Article 8 of Treaty of Paris provides that “A trade name shall be protected in all the countries of the Union without the obligation of filing or registration, whether or not it forms part of the trademark”. {italics supplied}

The object of the Convention is to accord protection to a national of a Union member against infringement and other types of unfair competition. The mandate of the Paris Convention finds implementation in Section 37 of the Trademark Law. An international covenant is not a mere moral obligation with an option to be enforced or not at the whims of an incumbent head of

a member nation. It creates a legally binding obligations on the parties found on the generally accepted principle of international law of *pacta sunt servanda* which has been adopted as part of the law of the land under the doctrine of incorporation (Constitution Article II, Section 2). We are therefore obliged to assure citizens of member nations of the Union an effective protection against unfair competition in the same way that they obliged to similarity protect Filipino citizens and firms in their respective jurisdiction.

Moreover, Respondent-registrant is a national of Hong Kong which is a colony of the United Kingdom, a member of the Paris Convention at the time of the registration of the mark SWIRE and is covered by the protective mantle provided therein. To rule otherwise would contravene the spirit of the Treaty and would hamper the economic relations of the Philippines with other members.

Petitioner likewise interposed as another ground for cancellation of Respondent-registrant's mark that the "continuous existence of the registration of the trademark SWIRE in the name of Respondent has caused and will cause grave irreparable injury and damage to the petitioner within the meaning of Section 17, Republic Act No. 166, as amended."

To this end, Petitioner's witness testified that from the submission of his Affidavit its business using the mark SWIRE co-existed with that of Respondent-registrant for almost thirteen (13) years, yet no evidence was ever presented that indeed, it suffered damages during such crucial period nor presented evidence to prove the same. "Damages cannot be presumed, the award thereof must be based on the evidence presented, not in the personal knowledge of the court; and certainly not on flimsy, remote, speculative and non-substantial proof." (Ong vs Court of Appeals, 301 SCRA 387).

From all the foregoing, the instant Petition for Cancellation of the mark SWIRE necessarily fails.

WHEREFORE, premises considered, the Office finds the Petition for Cancellation in the case at bar unmeritorious hence, the same is hereby DENIED.

Let the file wrapper of the mark SWIRE subject matter of this case be forwarded to the Administrative, Financial Human Resource Development Service Bureau (AFHRDSB) for appropriate action in accordance with this DECISION, with a copy to be furnished the Bureau of Trademarks for information and update of its records.

SO ORDERED.

Makati City, 18 March 2004.

ESTRELLITA BELTRAN-ABELARDO  
Director, Bureau of Legal Affairs  
Intellectual Property Office