

Title:

PUMA Sportschuhfabriken Rudolf Dassler, K.G. v. The Intermediate Appellate Court and Mil-Oro Manufacturing Corporation

Facts:

PUMA Sportschuhfabriken Rudolf Dassler, K.G., a corporation organized under the laws of the Federal Republic of Germany and known for manufacturing “PUMA PRODUCTS,” initiated a complaint on July 25, 1985, against Mil-Oro Manufacturing Corporation for infringement of patent or trademark, including a request for a writ of preliminary injunction in the Regional Trial Court of Makati, Philippines. Before this civil suit, three related cases were pending before the Philippine Patent Office concerning the registration and cancellation of the PUMA trademark for particular products. On July 31, the Makati Regional Trial Court issued a temporary order against Mil-Oro Manufacturing Corporation. However, Mil-Oro filed a motion to dismiss on August 9, based on several grounds including *litis pendentia* and lack of legal capacity by PUMA to sue. Despite this, the trial court denied the motion and granted the writ of injunction on August 19. Mil-Oro appealed to the Court of Appeals, which eventually reversed the Makati RTC’s decision on June 23, 1986, citing reasons including *lis pendens* and lack of legal capacity to sue by PUMA, leading to this petition for review to the Supreme Court.

Issues:

1. Whether PUMA has the legal capacity to sue.
2. If *lis pendens* serves as a valid ground to dismiss the case.
3. The propriety of the issuance of the writ of preliminary injunction.

Court’s Decision:

The Supreme Court reversed the decision of the Court of Appeals, reinstating the order of the Regional Trial Court of Makati. The Court determined that PUMA, being a foreign corporation not doing business in the Philippines, had the legal capacity to sue based on international conventions to which the Philippines is a party. Moreover, it clarified that the administrative proceedings before the Patent Office did not constitute “another action pending” that would satisfy the requirement of *lis pendens* to dismiss the case. Regarding the issuance of the writ of preliminary injunction, the Court deemed it proper, noting that Mil-Oro had been given a chance to present counter-evidence but chose not to do so.

Doctrine:

The Supreme Court decision reiterates the principle that a foreign corporation not engaged

in business in the Philippines may still have legal standing to sue for infringement of trademark and unfair competition, anchored on international conventions such as the Paris Convention for the Protection of Industrial Property. Further, administrative cases pending before the Patent Office do not fulfill the criteria for *lis pendens* to merit the dismissal of a civil case on the same issue.

Class Notes:

- **Legal Capacity to Sue of Foreign Corporations:** A foreign corporation not doing business in the Philippines, but whose products are known domestically, may sue for protection of its intellectual property rights without a license to do business in the country, based on international treaties like the Paris Convention.
- **Litis Pendens:** For *lis pendens* to be a ground for dismissal, the pending case must be an “action” as defined under the Rules of Court—meaning, it must be another court action, not an administrative proceeding.
- **Writ of Preliminary Injunction:** Can be issued to protect the rights of a trademark owner from infringement, provided that the respondent is given an opportunity to present their side.

Historical Background:

This case underscores the Philippines’ adherence to international conventions on intellectual property protection and fair competition, recognizing the obligations to provide reciprocal protections for foreign entities similar to those afforded to Philippine entities internationally. It highlights the balance between domestic legal requirements for foreign corporations and the commitments under international treaties the Philippines is a part of.