

****Title:**** *La Chemise Lacoste, S.A. v. Hon. Oscar C. Fernandez, et al.*

****Facts:**** La Chemise Lacoste, S.A., a French company known for its clothing and sporting apparels with trademarks “LACOSTE,” “CHEMISE LACOSTE,” and “CROCODILE DEVICE,” petitioned the Philippine Supreme Court to nullify the Regional Trial Court’s (RTC) order. This order had quashed the search warrants against Gobindram Hemandas for trademark infringement and ordered the return of the seized counterfeit goods. The petitioner, not doing business in the Philippines, facilitated its trademarked products’ distribution through Rustan Commercial Corporation, an independent entity. Hemandas, under Hemandas & Co., registered “CHEMISE LACOSTE & CROCODILE DEVICE” in the Philippine Supplemental Register in 1975 and subsequently applied for registration in the Principal Register.

La Chemise Lacoste filed an application for the registration of its trademarks in 1980, opposed by Games and Garments in IPC No. 1658, and in 1982, it filed a Petition for the Cancellation of Hemandas’ registration (IPC No. 1689). Following a complaint to the National Bureau of Investigation (NBI) by Lacoste about unfair competition by Hemandas, search warrants were issued and executed, leading to the seizure of counterfeit items. However, the RTC later quashed these warrants, prompting Lacoste to escalate the matter to the Supreme Court.

****Issues:****

1. Whether the RTC acted with grave abuse of discretion in quashing the search warrants issued against Hemandas.
2. Whether Lacoste, a foreign corporation not doing business in the Philippines, has the capacity to sue before Philippine courts.
3. The application and relevance of international treaties, specifically the Paris Convention for the Protection of Industrial Property, in determining the rights of foreign trademark owners in the Philippines.
4. The validity of Hemandas’ claim of ownership over the trademark based on prior registration in the Supplemental Register.

****Court’s Decision:****

1. The Supreme Court ruled that the RTC erred and acted with grave abuse of discretion by quashing the search warrants based on defenses that should be properly ventilated during trial. The initial finding of probable cause by the RTC was reversed without justifiable grounds.
2. La Chemise Lacoste was recognized as having legal standing to sue for trademark

infringement and unfair competition in Philippine courts despite being a foreign corporation not doing business in the Philippines. This recognition aligns with principles of international law, particularly the Paris Convention, and the Supreme Court's jurisprudence on protecting trademarks beyond territorial boundaries.

3. The Supreme Court emphasized the obligation of the Philippines under the Paris Convention to protect well-known trademarks, irrespective of the holder's nationality, against infringement and unfair competition.

4. The Court held that Hemandas' prior registration in the Supplemental Register does not confer ownership or superior rights over the trademark to him, especially considering the international recognition and prior use of the trademark by Lacoste. The registration in the Supplemental Register was deemed not to be prima facie evidence of ownership or the exclusive right to use the mark.

****Doctrine:**** Foreign trademark owners have a right to protect their trademarks in the Philippines against infringement and unfair competition, under the principles of international law and treaties such as the Paris Convention for the Protection of Industrial Property, even if they are not doing business in the Philippines.

****Class Notes:****

- A foreign corporation not doing business in the Philippines can sue for trademark infringement and unfair competition, guided by international treaties and local laws on trademark protection.
- Trademarks registered in the Philippine Supplemental Register do not confer the same rights as those registered in the Principal Register, specifically, they do not serve as prima facie evidence of ownership or exclusive use rights.
- The Paris Convention mandates member countries, including the Philippines, to protect internationally known trademarks from infringement and ensure effective protection against unfair competition.
- The determination of "doing business" involves considering whether the foreign entity's presence and activities in the Philippines are direct or through independent entities like distributors.

****Historical Background:**** This case highlights the Philippines' commitment to international treaties and the evolving jurisprudence in protecting international trademarks. The ruling underscores the balance between upholding national laws and respecting international obligations, specifically in the context of globalization and the increasing cross-border trade of goods and services.