

Title: Mighty Corporation and La Campana Fabrica de Tabaco, Inc. vs. E. & J. Gallo Winery and The Andresons Group, Inc.

Facts:

1. **Parties:** Mighty Corporation and La Campana Fabrica de Tabaco, Inc. are Philippine companies engaged in the cigarette business. E. & J. Gallo Winery, based in the U.S., produces wines and brandy. Gallo Winery distributes these products in the Philippines through The Andresons Group, Inc.

2. **Trademark Registration and Usage:**

- **Gallo Winery's Trademarks:**

- Registered GALLO wine trademark in the Philippines on November 16, 1971.

- Applied for ERNEST & JULIO GALLO trademark on October 11, 1990 (status unclear).

- **Tobacco Industries/Mighty Corporation's Trademarks:**

- Used GALLO trademark for cigarettes from 1973.

- Application for a cigarette trademark was initiated in 1974 but abandoned.

- Other approvals and registrations followed through the 1980s.

3. **Discovery of Trademark Conflict:** In the latter part of 1992, Andresons discovered GALLO cigarettes being sold with GALLO wines and sent a demand letter to the petitioners who did not comply.

4. **Legal Action Initiated:** In 1993, Gallo Winery and Andresons filed a complaint for trademark infringement and unfair competition in the Makati RTC, citing violations under the Paris Convention and Philippine law.

Procedural History:

- **Makati RTC Decision (1998):** Held for respondents, ordering permanent injunction and damages against petitioners.

- **Partial Reconsideration (1999):** Increased damages awarded.

- **Court of Appeals Decision (2001):** Affirmed RTC's decision.

- **Motion for Reconsideration (2002):** Denied by the CA.

- **Petition for Review on Certiorari** filed by petitioners with the Supreme Court under Rule 45.

Issues:

1. **Applicability of the Law:** Whether the Intellectual Property Code (RA 8293) should

apply instead of the Trademark Law (RA 166) and Paris Convention, considering the filing date of the complaint.

2. **Similarity of Goods:** Whether GALLO cigarettes and GALLO wines are identical, similar, or related goods likely to cause consumer confusion.

3. **Trademark Infringement and Unfair Competition:** Whether petitioners' use of the GALLO trademark constituted trademark infringement and unfair competition under RA 166 and the Paris Convention.

Court's Decision:

1. Applicability of Trademark Law and Paris Convention:

- **Held:** RA 166 and the Paris Convention apply as the complaint was filed in 1993, before the IP Code (RA 8293) took effect in 1998. Retroactive application of the IP Code was incorrect.

2. Actual Commercial Use Preceding Registration:

- **Held:** Evidence showed petitioners used the GALLO trademark for cigarettes before respondents used it for wines commercially in the Philippines.

3. Limited Trademark Registration Scope:

- **Held:** The trademark registration for GALLO wines did not preclude use for unrelated goods like cigarettes.

4. Non-Existence of Confusion:

- **Held:** No likelihood of confusion since cigarettes and wines are unrelated goods. The products are sold in separate trade channels to different consumer classes, with clear branding differences.

5. No Bad Faith or Intent to Deceive:

- **Held:** Petitioners acted in good faith without intent to trade on respondents' reputation.

6. Equitable Considerations:

- **Held:** Respondents' significant delay in taking action (almost 20 years) suggests laches and acquiescence, favoring petitioners.

Doctrine:

1. **Non-Retroactivity of New Laws:** New legislation (such as RA 8293) cannot apply

retroactively unless explicitly stated or fitting certain exceptions.

2. **Prerequisite of Actual Use:** Trademark rights derive from actual use in commercial trade, not from registration alone.
3. **Related Goods Test:** Establishes the need to evaluate relatedness of goods in determining the likelihood of confusion, employing a meticulous case-by-case analysis.
4. **Laches and Acquiescence:** Delayed enforcement can bar claims of infringement due to implied consent or negligence.

Class Notes:

1. **Elements of Trademark Infringement (RA 166):**
 - Actual use in commerce.
 - Similarity causing confusion.
 - Unauthorized use or imitation.
2. **Unfair Competition (RA 166, Sec. 29):**
 - Deception causing market confusion.
 - Necessary bad faith or fraudulent intent.
3. **Paris Convention Applicability:**
 - Protection under identical or similar goods context.
4. **Defenses Against Trademark Claims:**
 - Prior use in commerce.
 - Laches or acquiescence of the plaintiff.

Historical Background:

This case is pivotal in understanding the evolution of intellectual property jurisprudence in the Philippines, reinforcing pre-RA 8293 tenets while harmonizing local statutes with international conventions like the Paris Convention through a detailed analysis of trademark laws and practical application to non-identical goods.

The decision marked a significant stance on applying jurisprudence to evolving intellectual property landscapes, highlighting the judiciary's role in safeguarding equitable principles amidst legislative changes.