

Philip Morris, Inc. vs. Fortune Tobacco Corporation

Facts

1. **Parties and Trademarks Involved**:

- Petitioners: Philip Morris, Inc. (US-based), Benson & Hedges (Canada) Inc. (Canadian subsidiary), Fabriques de Tabac Reunies, S.A. (Swiss subsidiary).
- Respondent: Fortune Tobacco Corporation (Philippines-based).
- Trademarks: Petitioners claim ownership of "MARK VII" (Philip Morris, Inc.), "MARK TEN" (Benson & Hedges), and "LARK" (Fabriques de Tabac Reunies, S.A.).
- Respondent's trademark: "MARK".

2. **Initial Action**:

- On August 18, 1982, Petitioners filed a Complaint for Infringement of Trademark and Damages with the Regional Trial Court (RTC) of Pasig, Branch 166 (Civil Case No. 47374), alleging Fortune Tobacco's use of "MARK" infringed on their trademarks.

3. **RTC Proceedings**:

- Petitioners claimed:
 - Their trademarks were internationally recognized.
 - Fortune Tobacco's "MARK" was identical or confusingly similar.
- RTC dismissed the complaint, ruling Petitioners had no standing due to lack of reciprocal privilege proof and they were not doing business in accordance with Philippine requirements.
- RTC found no infringement, noting insufficient likelihood of confusion.

4. **Appeal to the Court of Appeals (CA)**:

- Case docketed as CA-G.R. CV No. 66619.
- CA affirmed RTC's decision on the absence of trademark infringement and denied the motion for reconsideration.

5. **Petition to the Supreme Court**:

- Via Rule 45 of the Rules of Court, Petitioners escalated to the Supreme Court.

Issues

1. **Entitlement to Enforce Trademark Rights**:

- Whether Petitioners, as foreign registrants of trademarks, have the standing to enforce

trademark rights in the Philippines.

2. **Trademark Infringement**:

- Whether Fortune Tobacco's use of "MARK" constituted trademark infringement against Petitioners' "MARK VII," "MARK TEN," and "LARK".

Court's Decision

1. **Entitlement to Enforce Trademark Rights**:

- The Supreme Court affirmed Petitioners' standing to sue based on Section 21-A of Republic Act No. 166 and the Paris Convention.
- However, emphasized that Philippine law requires actual use in commerce prior to protection even for registered trademarks.

2. **Trademark Infringement Analysis**:

- **Registration vs. Usage**: Petitioners, despite valid registrations, failed to demonstrate actual use of the trademarks "MARK TEN" and "LARK" in Philippine commerce.
- **Likelihood of Confusion**:
- Applied "holistic test": The comprehensive comparison of "MARK" against "MARK VII," "MARK TEN," and "LARK" showed significant dissimilarities preventing confusion.
- Confirmed absence of confusion due to marking differences and Petitioners' non-use in the Philippine market.

3. **Conclusion**:

- No infringement: The court held there was insufficient evidence of likelihood of confusion or deception among buyers.
- Affirmed CA decision: Petitioners failed to present the necessary proofs for actual use and market presence in the Philippines.

Doctrine

- **Actual Use Requirement**: Trademark rights and protection in the Philippines require actual commercial use in the local market (per Sections 2 and 2-A of Republic Act No. 166).
- **Holistic and Dominancy Test**:
- **Holistic Test**: Examines the entirety of the marks and packaging.
- **Dominancy Test**: Focuses on dominant features causing confusion.
- **International Treaties and Local Laws**: International obligations like the Paris Convention are subordinate to local laws in conflicts regarding registration and use.

Class Notes

- **Trademark Definition**: Distinctive sign identifying products/services origin.
- **Actual Use Rule**: Philippine law requires local commercial use for trademark protection.
- **Holistic vs. Dominancy Test**: Assessment methods determining confusing similarity in trademarks.
- **Paris Convention**: International treaty granting foreign trademark protections equivalent to local laws.
- **Important Sections**: Sections 2, 2-A, 5, 21-A, 22, 37 of Republic Act No. 166.

Historical Background

This case is pivotal in understanding trademark protection dynamics in the Philippines, especially on how local laws integrate international treaties like the Paris Convention. It also underscores the importance of actual use in securing and defending trademarks against infringement, reflecting a balance between global treaty obligations and national legislative requirements.