

## THE EAST PACIFIC MERCHANDISING CORPORATION, PETITIONER VS. THE DIRECTOR OF PATENTS AND LUIS P. PELLICER, RESPONDENTS.

*G.R. No. L-14377. December 29, 1960*

Ponente: REYES, J.B.L., J.

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### REYES, J.B.L., J.:

Petition for review of the resolution of the respondent Director of Patents, dated June 24, 1958, insofar as he denied the petitioner's application for registration of a trademark; and of the order of the same respondent dated July 21, 1958, denying petitioner's motion for reconsideration and, at the same time, reinstating respondent Luis P. Pellicer's opposition to the registration.

The records disclose that on June 14, 1947, Marcelo T. Pua filed with the Office of the Director of Commerce an application for the registration under Act 666 of the composite trademark consisting of the word. "Verbena" and the representation of a Spanish lady, more particularly described as follows:

"Against a blue background is the hyst figure of a Spanish Señorita dressed in a typically pink dancer's attire with her upper saw partly covered with a Spanish shawl of green and white. The figure appears with black well groomed hair adorned by red roses. The figure also appears to be wearing two green earrings. At the left of this figure is shown a balcony decked with plants and flowers characteristics of Spanish houses." (p. 10, Records)

The applicant further alleged that the trade-mark applied for has continuously been used by him in commerce since August 15, 1947 on such merchandise as lotion, face powder, hair pomade, brilliantine, and. other allied products.

On or about November 4, 1953, Pua assigned his rights to the trade-mark in question, as well as to the pending application for the registration thereof, to the herein petitioner, East Pacific Merchandising Corporation. The latter renewed the application under the new trade-mark law (R.A. 166) at the Patents Office on November 8, 1957.

The usual proceedings that follow after the filing of applicatipna for registration were had in the office of the respondent' Director of Patents. On March 5, 1957, an examiner of the Patents Office submitted a report to the Director, recommending the allowance of the application, and the latter, acting on the said report, approved petitioner's application for publication in the Official Gazette.

On May 23, 1957 Luis P. Pellicer filed an opposition, to the application on the following grounds: (a) that the picture of a lady is common in trade and the name "Verbena" is the generic name of a flower and, therefore, neither may be exclusively appropriated or registered by the applicant; (b) the applicant should not be allowed to bar from employing this term those who use the genuine verbena essence in the manufacture of their products; and (c) the applicant in the adoption and use of said trade-mark is deceiving the public. In support of his allegation that he would be damaged by the registration. of the trade-mark applied for, PeHteer attached, to the opposition certain labels bearing the trade-mark "Lupel Verbena", which trade-mark,oppositor avers, was

registered in his favor under Certificate of Registration No. 5851, issued by the Patents Office on April 27, 1957, and actually being used by him in commerce to identify his hair pomade.

Petitioner moved to dismiss the opposition, averring, among other things, (a) that the oppositor, respondent Pellicer herein, was ordered by the Court of Appeals in CA-G.R. No. 10698 (Luis P. Pellicer vs. Marcelo T. Pua) to refrain from using the trade-mark "Verbena" in any form in connection with his business; and (b) that its own mark had already acquired a secondary significance as a trade-mark;

After due hearing on the motion to dismiss the opposition, with both parties submitting evidence in support of their respective contentions, the Director of Patents promulgated the appealed resolution of June 24, 1958, wherein said Director opined that the term "Verbena" is "generically descriptive or misdescriptive of the products, namely, lotion, face powder, hair pomade and brilliantine, while the representation of a Spanish lady is not only deceptively misdescriptive of the source or origin, but also common in trade," and, consequently, denied their registration. In dismissing respondent Pellicer's opposition, the respondent director ruled that, since the question of who has the exclusive right to the use of the trade-mark in question has already been finally adjudicated by the courts<sup>[1]</sup> in favor of Marcelo T. Pua, the herein petitioner's predecessor-in-interest, as against Luis P. Pellicer, the latter is now barred from perfecting any opposition to the application.

Upon motions for reconsideration filed by both parties, the Director of Patents issued an order, dated July 21, 1958, reiterating his denial of the registration applied for by petitioner Merchandising Corporation, but, on the other, hand, reinstating Pellicer's opposition upon the ground that a closer study of the court decisions and resolutions already referred to revealed that the same did not actually pass upon the validity of the word "Verbena" as a registerable trade-mark.

Hence, this petition for review by the East Pacific Merchandising Corporation.

Petitioner's first proposition relates to a procedural point. It urges that once the publication of the application for registration is approved by the Director of Patents, it becomes his ministerial duty to issue the corresponding certificate of registration upon payment of the required fees. This same contention has already been resolved by this Court in the case of *Ong Ai Gui vs. the Director of Patents*, 96 Phil., 673; 51 Off. Gaz., No. 4, 1848, wherein, among other things, we said:

"\* \* \* It will be noted that there are two steps in the proceedings for the approval of an application for registration; the first is that conducted in the Office of the Director and taking place prior to publication, and the second, that conducted after publication, in which the public is given the opportunity to contest the application. In the first, the application is referred to an examiner, who, after study and investigation makes a report and recommendation to the Director who, upon finding that applicant is entitled to registration, orders publication of the application. (Sec. 7, Rep. Act No. 166) If he finds that applicant is not entitled to registration, he may then and there dismiss the application. In the second, opportunity is offered the public or any interested party to come in and object to the petition. (Sec. 8, *id.*), giving proofs and reasons for the objection, applicant being given opportunity also to submit proofs or arguments in support of the application. (Sec. 9, *Id.*) It is the decision of the Director, given after this hearing, or opportunity to every interested party to be heard, that finally terminates the proceedings and in which the registration is finally approved or disapproved. Thereafter, notice of the issuance of the certificate of registration is published. (Sec. 10, *id.*)

It is evident that the decision of the Director after the first step, ordering publication, can not have any finality. Of what use is the second step in the proceedings, if the Director is bound by his first decision, giving course to the publication? His first decision is merely provisional, in the sense that the application appears to be meritorious and is entitled to be given course leading to the more formal and important second step of hearing and trial, where the public and interested parties are allowed to take part."

Like the petitioner here, Ong Ai Gui questioned in the case cited the propriety of the denial of his application for registration, notwithstanding the previous order of publication and the dismissal of the opposition by the Director of Patents. We did not find any legal inconsistency in the said actions of the Director; and the same conclusion is warranted in this case.

Petitioner, however, argues that it was error for the Director of Patents to have ruled on the registerability of the trade-mark in question, when what was only submitted and heard for his resolution was petitioner's motion to dismiss the opposition of Pellicer. The premise is not accurate. The opposition did put in issue the registerability of the composite trade-mark applied for, thus:

"(a) The picture of a lady is common in trade and the name 'Verbena' is the generic name of a flower and therefore both cannot be exclusively appropriated or registered by the applicant; (b) the applicant should not be allowed to prevent others from using this term who uses the genuine verbena essence in the manufacture of its products: and (c) the applicant in the adoption and use of said trade-mark is deceiving the public."

and petitioner East Pacific Merchandising Corporation impliedly met this issue in its motion to dismiss, with the allegation that "the word mark 'Verbena' has already attained a secondary meaning." When the incident was heard in due course, the parties were expected, and were given the opportunity, to submit arguments and present evidence to sustain their respective contentions. The transcript of stenographic notes taken during- the hearing reveals that the parties actually made use of that opportunity (see p. 13, et seq., t.s.n., hearing of September 11, 1957). Consequently, when the Director of Patents also resolved the question of whether or not the trade-mark applied for was registerable, he cannot be charged with having gone beyond the matters then before him for resolution.

Moreover, the respondent Director based his denial of the registration upon the provisions of Republic Act No. 166 (Sec. 4), on the theory that the questioned trademark is generically descriptive or misdescriptive of the products, and that the representation of a Spanish lady is not only deceptively misdescriptive of the source or origin (the goods covered being produced in the Islands and not in Spain), but likewise common in trade. There seems to be little doubt but that the questioned resolution of the Director could have well been made upon those grounds even prior to the order of publication in view of the statements found in the application and in the supporting documents thereto attached (see Section 7 of Republic Act No. 166). That the Director instead caused the dismissal of the application only after its due publication is not, in our opinion, a procedural error that is reversible on appeal. Neither did such publication divest the Director of, the prerogative to dismiss the application.

The petitioner next questions the legality of the order of the respondent Director of Patents, reinstating Pellicer's opposition. Petitioner argues that there was no valid motion for reconsideration filed by respondent Pellicer as a basis for the reinstatement; that petitioner was deprived of its right to file an answer to the opposition; and, finally, that the fundamental principle of estoppel was erroneously disregarded by the Director.

There is clearly no merit on petitioner's first ground. The Director of Patents could have reinstated Pellicer's opposition even *motu proprio*, with or without a valid motion for reconsideration, provided, of course, the same was done by him in due time or while he still had jurisdiction over the case (and the contrary has not been shown in this case). Granting, therefore, that the motion for reconsideration filed by Pellicer was, as petitioner had put it, "a mere scrap of paper", such fact does not, by itself alone, invalidate the order which was otherwise regularly issued.

Also without merit is the petitioner's contention that it should have been allowed by the respondent director to answer the opposition when it was reinstated. It does not appear that the petitioner had reasons other than those alleged by it in the rejected application and motion of reconsideration of July 30, 1958; nor that petitioner asked

for an opportunity to reply to Pellicer's opposition after the same was reinstated.

As its third ground, petitioner urges that respondent Pellicer is now in estoppel to claim any damage on account of the registration prayed for (a condition precedent before one may validly file an opposition), or deny the validity of the trade-mark in question. In support of this contention, petitioner calls our attention to the decision of the Court of Appeals in CA G.R. No. 10698-R, promulgated May 30, 1955 (entitled Luis P. Pellicer vs. Marcelo Pua), which affirmed that of the Court of First Instance of Manila (Civil Case No. 6262), dismissing plaintiff Luis P. Pellicer's "complaint"[1] to enjoin Marcelo T. Pua, his representatives or assigns—

"\* \* \* from manufacturing and selling, or causing to be manufactured or sold, articles and products with 'Verbena' and/or 'Povil' labels and from manufacturing, using and selling, or causing to be manufactured, used or sold, jars and bottles closely resembling his patented jars and bottles; to seek the payment of damages by the defendant to the plaintiff as a result of the acts done by the said defendant sought to be restrained by the said plaintiff; and to order the defendant to surrender to the court all articles and products used, or intended to be used, by the said defendant in violation of plaintiff's trademark and patent rights, so that the Court may order the destruction of said articles and products, in accordance with law."

Perusal of the decisions relied upon by petitioner reveals that Pellicer had sought to enjoin Marcelo Pua (petitioner's predecessor in interest) from using the "Verbena" trademark on the ground that Pua's purchase thereof from the Alien Property Administrator had been declared void in a prior suit to which Pua was not a party; naturally, the Court of Appeals refused to issue the injunction because it felt that the validity of Pua's acquisition "must first be overcome in a proper action where he is accorded full opportunity to defend it". Neither the registrability of the "Verbena" trademark, nor the possible confusion with respondent Pellicer's own "Lupel Verbena" trademark, was in issue in the preceding litigation; wherefore, the decision of the Court of Appeals does not work an estoppel on respondent Pellicer, barring him from contesting the registration of petitioner's trademark.

At any rate, even if Pellicer were so estopped, the Director of Patents would not be foreclosed thereby from inquiring into the registrability of the trademark applied for, since he can do so whether or not there is opposition by private parties (sec. 7, R.A. 166).

Petitioner urges that it was entitled to the registration for the reason that—

"firstly, that the composite trademark 'Verbena' and the figure of a lady, considered as a whole, is not generic in nature or descriptive or deceptively misdescriptive of the products to which it is associated: secondly, that the trademark has acquired a secondary meaning before the public; and, thirdly, that appropriation of the trademark having occurred under the former law (Commonwealth Act 666), the right thereto cannot be taken away under the subsequent law."

The term "Verbena" being descriptive of a whole genus of garden plants with fragrant flowers (Verbenaceae), its use in connection with cosmetic products, wherein fragrance is of substantial import, evokes the idea that the products are perfumed with the extract of verbena flowers, or of some oil of similar aroma; and, regardless of other connotations of the word, the use of the term can not be denied to other traders using such extract or oils in their own products. It follows that the Director of Patents correctly held the term to be non-registerable in the sense that petitioner company would be entitled to appropriate its use to the exclusion of others legitimately entitled, such as oppositor Pellicer. The denial of registration is further strengthened by the Director's express findings that petitioner does not use verbena essences in his products.

In a leading case, *Caswell vs. Davis*, 17 Am. Rep. 233, 241, 242, the court, on a similar issue, said:

"There is no principle more firmly settled in the law of trademarks, than that words or phrases which have been

in common use and which indicate the character, kind, quality and composition of the thing, may not be appropriated by any one to his exclusive use. In the exclusive use of them the law will not protect. \* \* \* Nor does it matter that the form of the words or phrases adopted also indicate the origin and maker of the article. The combination of words must express only the latter. It is the result of all the decisions, that known words and phrases indicative of quality and composition are the common property of all mankind. They may not be appropriated by one to mark an article of his manufacture, when they may be used truthfully by another to inform the public of the ingredients which make up an article made by him. Even when the sole purpose of the one who first uses them is to form of them a trademark for himself expressing only of origin with himself, if they do in fact show forth the quality and composition of the article sold by him, he may not be protected in the exclusive use of them. Still less, then, when joined to the fact that they do thus show forth the quality and composition, there is a purpose that they should do so. It is a right which everyone has, and from the exercise of which he may not be debarred, to make an article of the same ingredients, of the same composition and of as good quality as that made by another, when that other has no exclusive privilege of manufacture conferred by law. Having this right to make, he has also the right to indicate the ingredients; the composition and quality of that which he has made, by any usual words or phrases apt therefor. Hence, when he adopts usual phrases which do no more than this, he but takes from a stock common to all mankind, and does not infringe upon any exclusive right of another, who has, before that, used the same, or like words or phrases. \* \* \* (cited with approval in 52 Am. Jur., Sec. 58, pp. 644-545)

The result would not change even if the Director erred in ruling that the figure of a lady, as previously described, is likewise not registrable as a trademark. The figure, it may be granted, was drawn on arbitrary and whimsical lines and styled in a peculiarly distinctive manner; but that fact will not qualify the word "Verbena" for registration, since the combination of the two marks would still be inadequate to guard against the misleading effects that flow from the use of the term by petitioner.

The claim that the petitioner is entitled to registration because, the term "Verbena" has already acquired a secondary significance is without merit. The provisions of law (Rep. Act No. 166, sec. 4) require that the trademark applied for must have "become distinctive of the applicant's goods", and that a prima facie proof of this fact exists when the applicant has been in the "substantially exclusive and continuous use thereof as a mark or tradename \* \* \* for the five years next preceding the date of the filing of the application for its registration". Here it appears not only that applicant and his assignor (Pija) only began use of the alleged mark in the year 1947, the same year when the application was filed; but that such trademarks as "Verbena Poyil" and "Lupel Verbena" had long been in use by respondent Pellicer on his own cosmetic products, and that, as a matter of fact, he is, the holder of a certificate of registration from the Patents Office for the trademark "Lupel Verbena". Said facts preclude us from concluding that the trademark in question has become distinctive of applicant's goods within the meaning of the law.

Finally, petitioner corporation argues that for the Director of Patents to deny registration of his trademark under Republic Act 166 would violate the rule against ex post facto laws, because when the trademark was sold to its predecessor Marcelo Pua, it was already registered. The question of trademark registrability being without any penal aspect, the prohibition against ex post facto legislation evidently does not apply. But considering the argument as one against infringement of vested rights (which is what petitioner probably meant), it should be recalled that Pua applied in 1947 for a new registration under the old law (Act 666) while petitioner corporation reiterated the application in 1957 under Republic Act No. 166. Neither applied for a renewal of registration under section 41 of the new Act, nor did petitioner surrender the original certificate of registration of the trademark for revalidation as the Act requires. This conduct of petitioner shows that either the trademark had not been validly registered under the old trademark laws or else that such registration, if any, had already expired when the new application was filed. The Director of Patents, therefore, did not err in deciding the application as a new one under

the new trademark law, Republic Act No. 166.

Conformably to the foregoing, unless the petitioner makes a disclaimer of the word "Verbena", the application should be held as properly denied by the Director of Patents. The orders reinstating respondent Pellicer's opposition are affirmed.

The case is ordered remanded to the Director of Patents for further proceedings in accordance with this opinion. Without special pronouncement as to costs.

Bengzon, Bautista Angelo, Labrador, Concepcion, Gutierrez David, Paredes, and Dizon, JJ., concur.

Case remanded for further proceedings.

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[1] Civil Case No. 6262 of the Court of First Instance of Manila July 31 1952, CA G.R. No. 10898, May 30, 1955; and SC-G.R. No. L-9S68, September 8, 1955.

[1] Construed by the Court of Appeals as, in reality, a petition for injunction.

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