

CHUNG TE, PETITIONER, VS. NG KIAN GIAB AND THE HONORABLE DIRECTOR OF PATENTS, RESPONDENTS.

G. R. No. L-23791. November 23, 1966

Ponente: MAKALINTAL, J.

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MAKALINTAL, J.:

Petitioner Chung Te Interposed this appeal from the decision of the Director of Patents giving due course to the application of respondent Ng Kian Giab for registration of the trademark "Marca Piña" and representation thereof, and rejecting his own application for registration of the same trademark and a similar representation.

Petitioner filed his application on November 25, 1958, alleging therein that since January 8, 1951 he had been using the trademark on undershirts (de hilo), T-shirts, and baby dresses. Because of the confusing similarity between said trademark and that applied for on July 16, 1957 by Ng Kian Giab, an interference was declared as existing between the two applications.[1] Ng Kian Giab stated in his application that he had been using the trademark on undershirts since December 6, 1955. At the hearing both parties presented testimonial as well as documentary evidence to prove their respective claims of priority of adoption and use. Respondent Director of Patents, however, declared that neither of them "satisfactorily adduced definite and conclusive proof of their asserted dates of first use of the trademark "Marca Piña"; and relying on the rule that "in inter partes cases, when neither of the parties have (has) satisfactorily proven the date of first use alleged in their applications, such date shall be confined to the filing date of the said application,"[2] granted the application of senior party applicant Ng Kian Giab. Junior party applicant Chung Te moved for reconsideration of the decision, but the Director declined to reconsider, hence this appeal.

Chung Te avers that respondent Director erred (1) in not giving due weight to his documentary evidence which tends to prove that he has been using the trademark since 1951; (2) in not finding that respondent Ng Kian Giab had admitted he first used the trademark only in 1955; (3) in disregarding petitioner's prior application No. 5544, and thus finding that respondent had filed his application earlier than petitioner; and (4) In declaring respondent as the prior user when there is no substantial evidence in support thereof.

The rule is that the findings of fact by the Director of Patents are conclusive on the Supreme Court provided they are supported by substantial evidence.[3]

Respondent Director disregarded all the evidence submitted by both parties and relied exclusively on the filing dates of the applications in reaching his conclusion as to the dates of first use by the senior party applicant and the junior party applicant, respectively. Even if the evidence for both parties were entirely unreliable - and we do not find it so - we cannot completely disregard the fact that on March 13, 1957 an application for the registration of the same trademark "MARCA PIÑA and Representation" was filed by Chung Te (Application No. 5544), although it was subsequently considered abandoned by reason of his failure to answer[4] the communication of the Principal Trademark Examiner dated September 25, 1957.[5] To be sure, for the purpose of determining who was the junior party applicant in the [6] interference the filing date of said abandoned application may not

properly be considered. But in the peculiar situation obtaining in this case, where the testimonial evidence for both parties has been entirely disregarded, and reliance is placed solely on the filing dates of the applications as proof of the respective dates of first use, then the abandoned application filed by the junior party applicant becomes cogent evidence to show that he first used the trademark as of the date of its filing.[7] Chung Te's petition in said abandoned case was duly submitted in evidence and forms part of the record. (Exhibits X, X-1, to X-3).

The fact, however, is that there is other substantial evidence adduced by petitioner tending to show that he first used the trademark in question as early as February 1952. For a long time petitioner was the purchasing agent for his father-in-law, who owned the Liong Bee Shirt Factory. Afterwards he decided to go into the same business for himself. His father-in-law, who theretofore had been using the trademark "Marca Piña," transferred it to him. In January 1951 he started laying the groundwork for his own factory. Jose Lim,[8] whom he had engaged the previous year, helped him with the preliminary paper work, registered the factory's first books of accounts with the Bureau of Internal Revenue, and when the business was officially launched in 1952, continued therein as bookkeeper. In January 1951 petitioner started producing undershirts labeled "Marca Piña". However, he sold them under the firm name of his father-in-law because he had yet no license in his own name.

Julietta Francisco testified that she started working with petitioner in 1951. Her job was to sew skippers and "sandos" and to affix the trademark "Marca Piña" (Exhibit B-1) and "Pineapple" on the nape of the neck of each finished undershirt. The trademark, (Exhibit B-2), she added, as well as the legend indicating the size of the undershirt (Exhibit B-3) were pressed on the lower portion of the garment (Exhibits E and E-1). The undershirts were then placed inside cellophane wrappers (Exhibit C), put together in half dozens by means of paper labels (Exhibits F and F-1), and then placed in box containers (Exhibit D). All these exhibits (Exhibits C, F, F-1 and D) bear the trademark in question.

On November 20, 1951 the factory became a member of the Philippine Chinese Underwear Manufacturers Association (certificate of membership, Exhibit N). According to Juanito Vitug, secretary of the association, before a firm was admitted as member it was required to inform the association of the trademark it was using to identify its products; and he found that among the files of the association the sample labels "Marca Piña" (Exhibit O) submitted by petitioner when he applied for membership were included.

On January 31, 1952 the City of Manila granted petitioner a permit to operate a shirt factory (Exhibit T). On February 1, 1952 he paid the corresponding business taxes (Exhibits U, U-1 to U-3). On February 5, 1952 the Bureau of Commerce issued to him a certificate of registration as private merchant (Exhibit V) and two days later a certificate of registration of the business name "Liong Sun Shirt Factory" (Exhibit W). It appears from his application that he had commenced business on February 1, 1952.

He obtained the labels he was using from the Asiatic Press. On February 7, 1952 he bought 5000 pieces of "Marca Piña" box labels (Exhibit Q). On December 29, 1952 he purchased 100,000 "Marca Piña" shirt labels and 10,000 "Marca Piña" cover labels (Exhibit Q-1). And on July 21, 1954 he bought 100,000 sheets of "Pineapple Brand" shirt labels (Exhibit Q-2). The box labels were delivered by him to the Avenue Paper Box Factory, which used them in covering the cardboard boxes (a sample is Exhibit D) which petitioner had ordered from it (Exhibit S, dated March 17, 1952; Exhibits S-1 to S-7). Petitioner also ordered boxes from the De Luxe Cardboard Box Factory (Exhibits AA and AA-1). Co In, manager of the Asiatic Printing Press, affirmed that petitioner had purchased "Marca Piña" labels from him, while Tan Dy, manager of the Avenue Paper Box Factory, attested that he used the "Marca Piña" box covers in covering the boxes which petitioner had ordered from him.[9]

On November 19, 1952 petitioner ordered from the Victory Printing Company 500 calendars (Exhibit Z), one of

which (Exhibit Z-1) was submitted in evidence. Written thereon are the words: "LIONG SUN Shirt Factory, Manufacturer of the well known brand 'Pineapple and Piña" the best cotton and De Hilo Skippers."

Petitioner first sold skippers under his firm name "Liong Sun Shirt Factory" on February 1, 1952 to Tay Liong Kian (Receipt No. 1, Exhibit L) and Yap Suy Yu (Receipt No. 2, Exhibit R). Both of these customers regularly bought skippers and undershirts by the dozens as shown by receipts dated from that time up to July 14, 1952 (Exhibits L-1 to L-9, R-1 to R-10). Although the receipts do not state that the merchandise purchased bore the trademark "Marca Piña", both customers testified that what they bought had that label. At the time of the hearing Tay Liong Kian^[10] had a store in Yangco Market. On the otherhand, at the time he bought undershirts, Yap Suy Yu had a store at Tabora Market.

According to the statement (Exhibit G-1) attached to the application (Exhibit G) of respondent Ng Klan Giab he first used the trademark on December 6, 1955. At the hearing he sought to prove that his family had been using it since 1946. Where an applicant for registration of a trademark states under oath the date of his earliest use, and later on he wishes to carry back his first date of use to an earlier date he then takes on the greater burden of presenting "clear and convincing evidence" of adoption and use as of that earlier date.^[11]

To prove such earlier date respondent relies purely on testimonial evidence consisting of the declarations of his father Ng Kian Soy, his brother Ng Kian Kee, their supposed seamstress Genoveva Santos, and two customers Diego Magpantay and Cleto Sarmiento. The substance of their testimony is as follows: since 1946 Ng Kian Soy operated a general merchandise store, the Sin Kian Ning Store, ^[12]in Batangas, Batangas, where he sold polo shirts bearing the trademark. After the fire in 1953 the family rebuilt their store and expanded the business by including the undershirts with the same trademark. The name of the store was changed to Hongkong bazaar. From 1946 to 1955 they merely bought ready made polo shirts and undershirts to each of which they then sewed the label "Marca Piña" before resale to the public. In 1955 the father transferred the business to Ng Kian Kee, who put up a factory the Hongkong T-Shirt Manufacturer and started producing undershirts bearing the trademark. When he decided to continue his studies in 1957, he, in turn, transferred the business to the respondent.

Such testimonial evidence falls short of the kind of proof required of respondent. It is doubtful that respondent's would pay Genoveva Santos as high as P0.02 per label (which did not even bear his name) on polo shirts which he had purchased ready-made, and which he could very well have sold without any label. Santos testified that the stamped label used was only "Marca Pinña" without any representation or name of the owner (Exhibit 1-D), while Magpantay said there was representation of a pineapple on the labels used by respondent's family. To explain the discrepancy, Sarmiento, who testified later, declared that there three kinds of labels used (Exhibits 1-A, 1-B and 1-C), two of which bore the representation of of a pineapple, and these were attached to goods of better quality.

While Ng Kian Kee declared that they rebuilt their store several months after the fire in 1953, Sarmiento, who was supposed to be a regular customer, said they had no store in 1954, and they resumed selling garments only in 1955. Santos declared that from 1954 up to the time the business moved to Manila (in 1958) her job was to sew labels on ready made polo shirts. In answer to a leading question, she added "undershirts" . But in 1955 the factory was already in operation and producing undershirts to which labels were attached in the process of production, rendering her services unnecessary.

The documentary evidence show clearly that respondent's use began only in 1955. The business tax receipt in the name of Ng Kian Kee is dated October 18, 1955 (Exhibit 6). In his application for original registration of the business name "Hongkong T-Shirt Manufacturer," Ng Kian Kee stated that his business was that of the Manufacturing T-shirts, and that as of that date, October 25, 1955, the same was not yet in operation. It seems that

it actually started operation on December 3, 1955, the date of its Receipt No. 1 (Exhibit 4-A). It sold its first half dozen undershirts bearing the trademark on December 5, 1955 (Receipt No. 7, Exhibit 4-G). Noteworthy is the fact that in his statement attached to the application respondent alleged that he first used the trademark “on or about December 6, 1955,” which statement appears to be truth.

From all the foregoing we are convinced that petitioner has established prior use and adoption of the questioned trademark, for which reason he and not respondent Ng Giab is the one entitled to registration thereof.

WHEREFORE, the decision of the Director of Patents is reversed. Petitioner is adjudged prior user of the trademark MARCA PIÑA and representation thereof, and its registration in his name is hereby ordered; and the resolution of this Court dated December 24, 1965, enjoining petitioner to comply with the decision appealed from is set aside. Costs against respondent Ng Kian Giab.

Concepcion, C. J., Reyes, J. B. L., Barrera, Dizon, Regala, Bengzon, J. P., Zaldivar, Sanchez and Ruiz Castro, JJ., concur.

[1] An interference is a proceeding instituted for the purpose of determining the question of priority of adoption and use of a trademark, tradename, or servicemark between two or more parties claiming ownership of the same or substantially similar trademark, tradename, or servicemark.

Whenever application is made for the registration of a trademark, tradename or servicemark which so resembles a mark or tradename previously registered by another, or for the registration of which another had previously made application, as to be likely when applied to the goods or when used in connection with the business or services of the applicant to cause confusion or mistake or to deceive purchasers, the director may declare that an interference exists. Section 10-A, Republic Act No. 166, as amended.

An interference will not be declared between two applications or between an application and a registration, unless the junior party alleges in his application a date of use prior to the filing date of the senior party. Rule 180, Revised Rules of Practice before the Philippines Patent Office in Trademark Cases.

[2] In all inter partes proceedings, the allegations of date of use in the application for registration of the applicant or of the registrant cannot be used as evidence in behalf of the party making the same. In case no testimony is taken as to the date of use, the party will be limited to the filing date of the application as to the date of his first use. Rule 73, id.

[3] A finding of the Director of Patents, in connection with an application to cancel a registered trademark, that the registrant was not the first user and is therefore not the owner of the trademark, and that the petitioner for cancellation was the first user and is the rightful owner of the trademark is a finding of fact which cannot be overturned upon review unless it is shown that the Director overlooked some matter of substance in evaluating the evidence, *Anchor Trading Co. vs. director of Patents*. May 30, 1956, L-8004.

[4] The applicant has three months, from the date of the mailing of any action of the Principal Examiner, to respond thereto. (Rule 93, id.).

If an applicant fails to respond or to respond completely within three months, the application shall be deemed to have been abandoned. (Rule 97, id.)

[5] In his communication, the Principal Trademark Examiner stated that examination ex parte of the application

disclosed the following defects: (1) the word “Marca” being commonly used in the trade to indicate mark, must be duly disclaimed in the “Statement”; (2) the application would be declared in interference with the application of Ng Kian Giab (Serial No. 4765) filed on July 16, 1957; and (3) for verification purposes of trademark use, the applicant or his duly authorized representatives was required to submit a sample of the goods bearing “Marca Piña and Representation” within ten days from receipt of the communication.

[6] The party whose application or registration involved in the interference has the latest filing date is the junior party and will be regarded as having the burden of proof. (Rule 184, id.)

[7] While the Patent Office file on the abandoned claim is not relied on as a prior publication, it is competent and cogent evidence to determine the nature and date of the invention which the inventor claims to have embodied in working form. *Smith vs. Hall*, 81 L. ed. 1049.

[8] Actually petitioner engaged the services of Lim and his nephew Jose Tantioco, although he paid the salary of only one employee. The two alternated in keeping the books of the factory.

[9] The Director found that the mere purchase of labels and boxes, without more, cannot be regarded as trademark use. Such purchase of labels together with proof of sale of garments produced by petitioner, reasonably gives rise to the presumption of the use of the labels on the products sold.

[10] Respondent Director did not believe this witness on the ground that since he was only 23 years old at the time he testified on August 7, 1962, then he was only 10 years old in 1949 when he first became a merchant, and he was only 13 years old in 1952 when he started purchasing undershirts from petitioner, which facts naturally render his testimony suspect. It is apparent, however, that the stenographer who took down his testimony had misheard his age when he stated it. He was 33 years old when he testified. He could not have been less than 18 years old when he made the purchases in 1952, because some of the receipts show that he already a residence certificate then. The same thing happened with respect to Julieta Francisco, who, according to the stenographic notes was only 24 years old when she testified on June 16, 1961, thus leading respondent Ng Kian Giab to brand her testimony as unworthy of credence because she was only 14 years old when she first started working for petitioner in 1951. During the course of her testimony she, however, clearly stated that she was then almost 34 years old.

[11] Where one has under oath stated his earliest use and then amends his oath and by proof attempts to show an earlier date, he is then under a heavy burden, and his proof must be “clear and convincing” *B.R. Baker Co. vs. Lebow Bros.* 150 F2d 580.

Mr. McKay, who had been a member of the firm for many years, verified the application for registration No. 168, 074, which was filed in the Patent Office on January 24, 1922, by Hall, Hartwell & Co., and in the application stated that the mark had been used since about October 1, 1921. It will be seen that this application was made within a few months of the date set out in the application as the first date of use, and was made by a member of the firm who certainly should have knowledge of the date of first use far greater than any of the witnesses produced. When such an affidavit has been made at about the time of the event, a greater burden of proof should be, and is required in order to carry the date of use back to a prior date. *Elder Mfg. Co vs. International Shoe Co.* 194 F2d 114.

[12] Respondent presented a certificate to the effect that on April 15, 1948 Ng Kian Soy was granted a municipal license for his general merchandise store (Exhibit 16), which certificate does not in any way prove use of the trademark as of the time. Note also that at the hearing Ng Kian Soy emphasized that he sold only polo shirts in his store.

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