

ESTRELLA DISTILLERY, INC., PETITIONER, VS. THE DIRECTOR OF PATENTS, CHENG CHIONG, AND FOO U. CHINO & CO., RESPONDENTS.

G.R. No. 11818. July 31, 1959

Ponente: BARRERA, J.

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BARRERA, J.:

La Estrella Distillery, Inc. (hereinafter referred to as La Estrella and Cheng Chiong & Foo U. Ching Company (Cheng Chiong for short) are both holders of Supplemental Registration label trademarks.

Before the Patent Office, proceedings for the cancellation of La Estrella's label covered by trademark registration No. SR-13 were instituted by Cheng Chiong under Section 19-A of Republic Act No. 166. After answer by La Estrella and after trial on the merits, the Director of Patents found that the two label trademarks are distinctly different in appearance and possess different identifying marks which make each satisfy the statutory requirement for registration—the requirement of being capable of distinguishing the particular goods upon which each is used. The Director accordingly held that no damage to Cheng Chiong could possibly result from La Estrella's registration and use of its own label trademark and dismissed the petition for its cancellation.

Despite this favorable decision, La Estrella moved for its reconsideration praying for the elimination of "the findings made therein that the label trademarks of the petitioner and respondents are distinctly different" and "that in lieu thereof a pronouncement be made to the effect that said label trademarks are similar." The reason given for this motion for reconsideration is that the matter of similarity or dissimilarity has not been raised in issue and that in fact the parties have impliedly admitted that the labels are similar.

Its motion for reconsideration having been denied, La Estrella has taken the present appeal and here urges the same contention that the Director of Patents has committed error in making a pronouncement in his decision that the two labels in question are not similar, contrary to the pleadings and evidence presented by the parties.

This appeal is without merit. While appellant attacks the grounds upon which the decision of the Director of Patents is based, it does not question the dispositive part thereof because it is favorable to it. Appellant claims that the Shatter of similarity or dissimilarity of the two labels has never been put in issue. This is not true. The whole theory upon which this case was presented, tried and decided in the Patent Office was predicated mainly on this question.

The pleadings of the parties disclose their respective contentions. The petition for cancellation alleges, among others:

- (1) That La Estrella's label "is not and cannot be a trademark as defined by law" because it is a "common label affixed to rice wine, Chinese wine and similar goods and also to other kinds of goods."
- (2) That "it is also used by petitioner (Cheng Chiong) and other manufacturers of same or similar products."

(3) That therefore petitioners (Cheng Chiong) deem themselves "prejudiced and/or injured or damage by said registration."

The answer of La Estrella avers:

(1) That its trademark "meets all the necessary elements of a valid trademark" in that it is "so disposed as to attract attention, impress the memory, and advertises more effectually the origin of the article to which it is attached."

(2) That it has been long and continuously used by it "for no other purpose than to further distinguish the products of said respondent (La Estrella) from those of its competitors."

(3) "That the trademark in question is the original and exclusive creation of respondent" (La Estrella).

During the trial, Cheng Chiong, in support of their claim that La Estrella's label trademark is "publici juris" and therefore incapable of distinguishing La Estrella's goods, presented over a dozen labels of different merchants including his own. To counteract this, La Estrella exhibited its own label in color and other evidence to prove that its trademark sufficiently identifies and differentiates its merchandise from those of its competitors.

The record discloses similar testimonies of witnesses and statements of counsel of both parties sustaining respectively their opposing stands.

In disposing of and denying the motion for reconsideration of appellant La Estrella, the Director of Patents correctly ruled:

"It is alleged in said motion that the Director of Patents erred (1) in finding that the label trade-mark of the petitioner and of the respondent-registrant are not similar, and (2) in making pronouncements on why they are not similar.

Under Sec. 19-A Rep. Act 166, as amended, a label, used as a trademark, may be registered on the Supplemental Register, provided (1) it is not a mark proscribed or prohibited under paragraphs (a), (6), (c) and (d) of Sec. 4 of the same acts; (2) it is capable of distinguishing the goods upon which it is used; (3) it had been used by the applicants for registration for one year next preceding the filing of the application.

Under the same Sec. 19-A, a person may petition for the cancellation of the registration on the Supplementary Register of a label, used as a trademark, provided (1) the registrant was not entitled to register the mark at the time he filed his application for its registration; and (2) provided the petitioner for cancellation will be damaged by the continuance on the register of the registered mark.

Under the same Sec. 19-A, among the facts that may be established to show that the registrant was not entitled to the registration of the mark sought to be cancelled are (1) the mark was proscribed under paragraphs (a), (6), (c) and (d), of Sec. 4 of the Rep. Act 166, as amended; (2) the mark was and is not capable of distinguishing the registrant's goods; (3) the registrants had never used the mark or had not actually used the mark for one year next preceding the filing of his application for registration; and (4) the registrants had abandoned his mark after registration. But although the petitioner for cancellation may 'succeed in establishing one or all of the above four facts, his petition for cancellation will nevertheless be dismissed, under the same Sec. 19—A unless he is able clearly to establish that he will be damaged by the continuance on the register of the mark he seeks to cancel.

Of the two grounds alleged by the petitioner for cancellation (looser in this case, for cancelling the respondent's mark, the one pertinent to the instant motion of the respondent (winner in this case) for reconsideration, is the following that respondent's label trademark was and is common to the trade, being used not only by the respondent, but by the petitioner and by the New Occidental Distillery as well. If this allegation be true, then the respondent's trademark is not only incapable of distinguishing respondent's goods, but its continuance on the register will damage the petitioner for cancellation.

To determine whether respondent's label trademark was incapable of distinguishing respondent's goods and whether its continuance on the register would damage the petitioner for cancellation, it was necessary for this tribunal to examine the label trademark of the respondent, the petitioner, and the New Occidental Distillery and to make a finding thereon. The finding was that the label trademark were different; that, therefore, respondent's label trademark was capable of distinguishing respondent's goods, the petitioner for cancellation would not be damaged by the continuance on the registers of the respondent's label trademark, and petitioner's petition for cancellation should be dismissed.

* * * * *

It is argued by the respondent's that the similarity of the label trademark having been admitted the only issue to be decided were—

- Whether or not the label trademark of the respondent constitutes a valid trademark as defined by law; and
- Whether or not the registration of respondents trademark in the Supplemental Register had been obtained through fraud and false representation.

and, because these were the only issues, it was an error, for this tribunal to disregard them and to pass on the questions of the similarity or dissimilarity of the label trademark.

These two issues are not important. What if the respondent's label trademark was not valid trademark, not registrable under Sec. 19-A of Rep. Act No. 166? What if the registration of the respondent's label trademark was obtained thru the misrepresentation that respondent had been using the same since 1905? Even if proved, these two facts were not sufficient to warrant the cancellation of the respondent's label trademark. In order that these two facts might produce cancellation, it was necessary that they be coupled with a showing that the maintenance of the respondent's label trademark on the register would damage the petitioner. The continuance of the respondent's label trademark and petitioner's on the register would damage the petitioner for cancellation only if the respondent's mark were similar. Hence the necessity and the importance of this tribunal's making a finding on the similarity or dissimilarity between the two marks.

For the above reasons it is ruled that this tribunal committed no error as alleged in the instant motion for reconsideration. The motion for reconsideration is, therefore, denied."

We find no error either in the reasoning or in the conclusion reached by the Director of Patents.

Wherefore, the present petition for review is hereby dismissed, with costs against the petitioner. It is so ordered.

Paras, C. J., Bengzon, Padilla, Montemayor, Bautista Angelo, Labrador, Concepcion, and Endencia, JJ., concur.

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