

CANON KABUSHIKI KAISHA, PETITIONER, VS. COURT OF APPEALS AND NSR RUBBER CORPORATION, RESPONDENTS.

G.R. No. 120900. July 20, 2000

Ponente: GONZAGA-REYES, J.

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GONZAGA-REYES, J.:

Before us is a petition for review that seeks to set aside the Decision[1] dated February 21, 1995 of the Court of Appeals in CA-GR SP No. 30203, entitled "Canon Kabushiki Kaisha vs. NSR Rubber Corporation" and its Resolution dated June 27, 1995 denying the motion for reconsideration of herein petitioner Canon Kabushiki Kaisha (petitioner).

On January 15, 1985, private respondent NSR Rubber Corporation (private respondent) filed an application for registration of the mark CANON for sandals in the Bureau of Patents, Trademarks, and Technology Transfer (BPTTT). A Verified Notice of Opposition was filed by petitioner, a foreign corporation duly organized and existing under the laws of Japan, alleging that it will be damaged by the registration of the trademark CANON in the name of private respondent. The case was docketed as Inter Partes Case No. 3043.

Petitioner moved to declare private respondent in default for its failure to file its answer within the prescribed period. The BPTTT then declared private respondent in default and allowed petitioner to present its evidence ex-parte.

Based on the records, the evidence presented by petitioner consisted of its certificates of registration for the mark CANON in various countries covering goods belonging to class 2 (paints, chemical products, toner, and dye stuff). Petitioner also submitted in evidence its Philippine Trademark Registration No. 39398, showing its ownership over the trademark CANON also under class 2.

On November 10, 1992, the BPTTT issued its decision dismissing the opposition of petitioner and giving due course to private respondent's application for the registration of the trademark CANON. On February 16, 1993, petitioner appealed the decision of the BPTTT with public respondent Court of Appeals that eventually affirmed the decision of BPTTT. Hence, this petition for review.

Petitioner anchors this instant petition on these grounds:

A) PETITIONER IS ENTITLED TO EXCLUSIVE USE OF THE MARK CANON BECAUSE IT IS ITS TRADEMARK AND IS USED ALSO FOR FOOTWEAR.

B) TO ALLOW PRIVATE RESPONDENT TO REGISTER CANON FOR FOOTWEAR IS TO PREVENT PETITIONER FROM USING CANON FOR VARIOUS KINDS OF FOOTWEAR, WHEN IN FACT, PETITIONER HAS EARLIER USED SAID MARK FOR SAID GOODS.

C) PETITIONER IS ALSO ENTITLED TO THE RIGHT TO EXCLUSIVELY USE CANON TO PREVENT CONFUSION OF BUSINESS.

D) PETITIONER IS ALSO ENTITLED TO THE EXCLUSIVE USE OF CANON BECAUSE IT FORMS PART OF ITS CORPORATE NAME, PROTECTED BY THE PARIS CONVENTION.[2]

The BPTTT and the Court of Appeals share the opinion that the trademark "CANON" as used by petitioner for its paints, chemical products, toner, and dyestuff, can be used by private respondent for its sandals because the products of these two parties are dissimilar. Petitioner protests the appropriation of the mark CANON by private respondent on the ground that petitioner has used and continues to use the trademark CANON on its wide range of goods worldwide. Allegedly, the corporate name or tradename of petitioner is also used as its trademark on diverse goods including footwear and other related products like shoe polisher and polishing agents. To lend credence to its claim, petitioner points out that it has branched out in its business based on the various goods carrying its trademark CANON[3], including footwear which petitioner contends covers sandals, the goods for which private respondent sought to register the mark CANON. For petitioner, the fact alone that its trademark CANON is carried by its other products like footwear, shoe polisher and polishing agents should have precluded the BPTTT from giving due course to the application of private respondent.

We find the arguments of petitioner to be unmeritorious. Ordinarily, the ownership of a trademark or tradename is a property right that the owner is entitled to protect[4] as mandated by the Trademark Law.[5] However, when a trademark is used by a party for a product in which the other party does not deal, the use of the same trademark on the latter's product cannot be validly objected to.[6]

A review of the records shows that with the order of the BPTTT declaring private respondent in default for failure to file its answer, petitioner had every opportunity to present ex-parte all of its evidence to prove that its certificates of registration for the trademark CANON cover footwear. The certificates of registration for the trademark CANON in other countries and in the Philippines as presented by petitioner, clearly showed that said certificates of registration cover goods belonging to class 2 (paints, chemical products, toner, dyestuff). On this basis, the BPTTT correctly ruled that since the certificate of registration of petitioner for the trademark CANON covers class 2 (paints, chemical products, toner, dyestuff), private respondent can use the trademark CANON for its goods classified as class 25 (sandals). Clearly, there is a world of difference between the paints, chemical products, toner, and dyestuff of petitioner and the sandals of private respondent.

Petitioner counters that notwithstanding the dissimilarity of the products of the parties, the trademark owner is entitled to protection when the use of by the junior user "forestalls the normal expansion of his business".[7] Petitioner's opposition to the registration of its trademark CANON by private respondent rests upon petitioner's insistence that it would be precluded from using the mark CANON for various kinds of footwear, when in fact it has earlier used said mark for said goods. Stretching this argument, petitioner claims that it is possible that the public could presume that petitioner would also produce a wide variety of footwear considering the diversity of its products marketed worldwide.

We do not agree. Even in this instant petition, except for its bare assertions, petitioner failed to attach evidence that would convince this Court that petitioner has also embarked in the production of footwear products. We quote with approval the observation of the Court of Appeals that:

"The herein petitioner has not made known that it intends to venture into the business of producing sandals. This is clearly shown in its Trademark Principal Register (Exhibit "U") where the products of the said petitioner had been clearly and specifically described as "Chemical products, dyestuffs, pigments, toner developing preparation, shoe polisher, polishing agent". It would be taxing one's credibility to aver at this point that the production of sandals could be considered as a possible "natural or normal expansion" of its business operation".[8]

In *Faberge, Incorporated vs. Intermediate Appellate Court*,[9] the Director of patents allowed the junior user to

use the trademark of the senior user on the ground that the briefs manufactured by the junior user, the product for which the trademark BRUTE was sought to be registered, was unrelated and non-competing with the products of the senior user consisting of after shave lotion, shaving cream, deodorant, talcum powder, and toilet soap. The senior user vehemently objected and claimed that it was expanding its trademark to briefs and argued that permitting the junior user to register the same trademark would allow the latter to invade the senior user's exclusive domain. In sustaining the Director of Patents, this Court said that since "(the senior user) has not ventured in the production of briefs, an item which is not listed in its certificate of registration, (the senior user), cannot and should not be allowed to feign that (the junior user) had invaded (the senior user's) exclusive domain." [10] We reiterated the principle that the certificate of registration confers upon the trademark owner the exclusive right to use its own symbol only to those goods specified in the certificate, subject to the conditions and limitations stated therein. [11] Thus, the exclusive right of petitioner in this case to use the trademark CANON is limited to the products covered by its certificate of registration.

Petitioner further argues that the alleged diversity of its products all over the world makes it plausible that the public might be misled into thinking that there is some supposed connection between private respondent's goods and petitioner. Petitioner is apprehensive that there could be confusion as to the origin of the goods, as well as confusion of business, if private respondent is allowed to register the mark CANON. In such a case, petitioner would allegedly be immensely prejudiced if private respondent would be permitted to take "a free ride on, and reap the advantages of, the goodwill and reputation of petitioner Canon". [12] In support of the foregoing arguments, petitioner invokes the rulings in *Sta. Ana vs. Maliwat* [13], *Ang vs. Teodoro* [14] and *Converse Rubber Corporation vs. Universal Rubber Products, Inc.* [15].

The likelihood of confusion of goods or business is a relative concept, to be determined only according to the particular, and sometimes peculiar, circumstances of each case. [16] Indeed, in trademark law cases, even more than in other litigation, precedent must be studied in the light of the facts of the particular case. [17] Contrary to petitioner's supposition, the facts of this case will show that the cases of *Sta. Ana vs. Maliwat*, *Ang vs. Teodoro* and *Converse Rubber Corporation vs. Universal Rubber Products, Inc.* are hardly in point. The just cited cases involved goods that were confusingly similar, if not identical, as in the case of *Converse Rubber Corporation vs. Universal Rubber Products, Inc.* Here, the products involved are so unrelated that the public will not be misled that there is the slightest nexus between petitioner and the goods of private respondent.

In cases of confusion of business or origin, the question that usually arises is whether the respective goods or services of the senior user and the junior user are so related as to likely cause confusion of business or origin, and thereby render the trademark or tradenames confusingly similar. [18] Goods are related when they belong to the same class or have the same descriptive properties; when they possess the same physical attributes or essential characteristics with reference to their form, composition, texture or quality. [19] They may also be related because they serve the same purpose or are sold in grocery stores. [20]

Thus, in *Esso Standard Eastern, Inc. vs. Court of Appeals*, this Court ruled that the petroleum products on which the petitioner therein used the trademark ESSO, and the product of respondent, cigarettes are "so foreign to each other as to make it unlikely that purchasers would think that petitioner is the manufacturer of respondent's goods" [21]. Moreover, the fact that the goods involved therein flow through different channels of trade highlighted their dissimilarity, a factor explained in this wise:

"The products of each party move along and are disposed through different channels of distribution. The (petitioner's) products are distributed principally through gasoline service and lubrication stations, automotive shops and hardware stores. On the other hand, the (respondent's) cigarettes are sold in sari-sari stores, grocery store, and other small distributor outlets. (Respondent's) cigarettes are even peddled in the streets while

(petitioner's) 'gasul' burners are not. Finally, there is a marked distinction between oil and tobacco, as well as between petroleum and cigarettes. Evidently, in kind and nature the products of (respondent) and of (petitioner) are poles apart." [22]

Undoubtedly, the paints, chemical products, toner and dyestuff of petitioner that carry the trademark CANON are unrelated to sandals, the product of private respondent. We agree with the BPTTT, following the Esso doctrine, when it noted that the two classes of products in this case flow through different trade channels. The products of petitioner are sold through special chemical stores or distributors while the products of private respondent are sold in grocery stores, sari-sari stores and department stores. [23] Thus, the evident disparity of the products of the parties in the case at bar renders unfounded the apprehension of petitioner that confusion of business or origin might occur if private respondent is allowed to use the mark CANON.

In its bid to bar the registration of private respondent of the mark CANON, petitioner invokes the protective mantle of the Paris Convention. Petitioner asserts that it has the exclusive right to the mark CANON because it forms part of its corporate name or tradename, protected by Article 8 of the Paris Convention, to wit:

"A tradename shall be protected in all the countries of the Union without the obligation of filing or registration, whether or not it forms part of a trademark."

Public respondents BPTTT and the Court of Appeals allegedly committed an oversight when they required petitioner to prove that its mark is a well-known mark at the time the application of private respondent was filed. Petitioner questions the applicability of the guidelines embodied in the Memorandum of then Minister of Trade and Industry Roberto Ongpin (Ongpin) dated October 25, 1983 which according to petitioner implements Article 6bis of the Paris Convention, the provision referring to the protection of trademarks. The memorandum reads:

- "a) the mark must be internationally known;
- b) the subject of the right must be a trademark, not a patent or copyright or anything else;
- c) the mark must be for use in the same or similar class of goods;
- d) the person claiming must be the owner of the mark."

According to petitioner, it should not be required to prove that its trademark is well-known and that the products are not similar as required by the quoted memorandum. Petitioner emphasizes that the guidelines in the memorandum of Ongpin implement Article 6bis of the Paris Convention, the provision for the protection of trademarks, not tradenames. Article 6bis of the Paris Convention states:

(1)....The countries of the Union undertake, either administratively if their legislation so permits, or at the request of an interested party, to refuse or to cancel the registration and to prohibit the use of a trademark which constitutes a reproduction, imitation or translation, liable to create confusion, of a mark considered by the competent authority of the country of registration or use to be well-known in that country as being already the mark of a person entitled to the benefits of the present Convention and used for identical or similar goods. These provisions shall also apply when the essential part of the mark constitutes a reproduction of any such well-known mark or an imitation liable to create confusion therewith.

(2)....A period of at least five years from the date of registration shall be allowed for seeking the cancellation of such a mark. The countries of the Union may provide for a period within which the prohibition of use must be sought.

(3)....No time limit shall be fixed for seeking the cancellation or the prohibition of the use of marks or used in bad faith."

Petitioner insists that what it seeks is the protection of Article 8 of the Paris Convention, the provision that pertains to the protection of tradenames. Petitioner believes that the appropriate memorandum to consider is that issued by the then Minister of Trade and Industry, Luis Villafuerte, directing the Director of patents to:

"reject all pending applications for Philippine registration of signature and other world famous trademarks by applicants other than the original owners or users."

As far as petitioner is concerned, the fact that its tradename is at risk would call for the protection granted by Article 8 of the Paris Convention. Petitioner calls attention to the fact that Article 8, even as embodied in par. 6, sec. 37 of RA 166, mentions no requirement of similarity of goods. Petitioner claims that the reason there is no mention of such a requirement, is "because there is a difference between the referent of the name and that of the mark"[24] and that "since Art. 8 protects the tradename in the countries of the Union, such as Japan and the Philippines, Petitioner's tradename should be protected here." [25]

We cannot uphold petitioner's position.

The term "trademark" is defined by RA 166, the Trademark Law, as including "any word, name, symbol, emblem, sign or device or any combination thereof adopted and used by a manufacturer or merchant to identify his goods and distinguish them for those manufactured, sold or dealt in by others." [26] Tradename is defined by the same law as including "individual names and surnames, firm names, tradenames, devices or words used by manufacturers, industrialists, merchants, agriculturists, and others to identify their business, vocations, or occupations; the names or titles lawfully adopted and used by natural or juridical persons, unions, and any manufacturing, industrial, commercial, agricultural or other organizations engaged in trade or commerce." [27] Simply put, a trade name refers to the business and its goodwill; a trademark refers to the goods. [28]

The Convention of Paris for the Protection of Industrial Property, otherwise known as the Paris Convention, of which both the Philippines and Japan, the country of petitioner, are signatories [29], is a multilateral treaty that seeks to protect industrial property consisting of patents, utility models, industrial designs, trademarks, service marks, trade names and indications of source or appellations of origin, and at the same time aims to repress unfair competition. [30] We agree with public respondents that the controlling doctrine with respect to the applicability of Article 8 of the Paris Convention is that established in *Kabushi Kaisha Isetan vs. Intermediate Appellate Court*. [31] As pointed out by the BPTTT:

"Regarding the applicability of Article 8 of the Paris Convention, this Office believes that there is no automatic protection afforded an entity whose tradename is alleged to have been infringed through the use of that name as a trademark by a local entity.

In *Kabushiki Kaisha Isetan vs. The Intermediate Appellate Court, et. al.*, G.R. No. 75420, 15 November 1991, the Honorable Supreme Court held that:

"The Paris Convention for the Protection of Industrial Property does not automatically exclude all countries of the world which have signed it from using a tradename which happens to be used in one country. To illustrate - if a taxicab or bus company in a town in the United Kingdom or India happens to use the tradename "Rapid Transportation", it does not necessarily follow that "Rapid" can no longer be registered in Uganda, Fiji, or the Philippines.

This office is not unmindful that in the Treaty of Paris for the Protection of Intellectual Property regarding well-known marks and possible application thereof in this case. Petitioner, as this office sees it, is trying to seek refuge under its protective mantle, claiming that the subject mark is well known in this country at the time the then application of NSR Rubber was filed.

However, the then Minister of Trade and Industry, the Hon. Roberto V. Ongpin, issued a memorandum dated 25

October 1983 to the Director of Patents, a set of guidelines in the implementation of Article 6bis (sic) of the Treaty of Paris. These conditions are:

- a) the mark must be internationally known;
- b) the subject of the right must be a trademark, not a patent or copyright or anything else;
- c) the mark must be for use in the same or similar kinds of goods; and
- d) the person claiming must be the owner of the mark (The Parties Convention Commentary on the Paris Convention. Article by Dr. Bogsch, Director General of the World Intellectual Property Organization, Geneva, Switzerland, 1985)'

From the set of facts found in the records, it is ruled that the Petitioner failed to comply with the third requirement of the said memorandum that is the mark must be for use in the same or similar kinds of goods. The Petitioner is using the mark "CANON" for products belonging to class 2 (paints, chemical products) while the Respondent is using the same mark for sandals (class 25). Hence, Petitioner's contention that its mark is well-known at the time the Respondent filed its application for the same mark should fail. "[32]

Petitioner assails the application of the case of *Kabushi Kaisha Isetan vs. Intermediate Appellate Court* to this case. Petitioner points out that in the case of *Kabushi Kaisha Isetan vs. Intermediate Appellate Court*, petitioner therein was found to have never at all conducted its business in the Philippines unlike herein petitioner who has extensively conducted its business here and also had its trademark registered in this country. Hence, petitioner submits that this factual difference renders inapplicable our ruling in the case of *Kabushi Kaisha Isetan vs. Intermediate Appellate Court* that Article 8 of the Paris Convention does not automatically extend protection to a tradename that is in danger of being infringed in a country that is also a signatory to said treaty. This contention deserves scant consideration. Suffice it to say that the just quoted pronouncement in the case of *Kabushi Kaisha Isetan vs. Intermediate Appellate Court*, was made independent of the factual finding that petitioner in said case had not conducted its business in this country.

WHEREFORE, in view of the foregoing, the instant petition for review on certiorari is DENIED for lack of merit.

SO ORDERED.

Melo, (Chairman), Vitug, Panganiban, and Pursima, JJ., concur.

[1] Penned by Justice Serafin V.C. Guingona and concurred in by Justices Corona Ibay-Somera and Bennie Adefuin-De la Cruz of the former Special Eighth Division.

[2] Rollo, p. 14.

[3] Petitioner Canon claims that its trademark CANON has been used and continues to be used in the Philippines and in other parts of the world in its business over a wide range of goods such as, chemical products, photographic and cinematographic instruments and parts and electrical instruments like electric motors and switches; lenses and electrical exposure meters; lighting apparatus, flash gun and flash bulbs; electric and magnetic measuring instruments, household electric appliances, electric communication machinery and apparatus; industrial machinery and implements, prime movers and implements (excluding motors), pneumatic and hydraulic machinery and implements, office machines and equipment (excluding those belonging to applied electronic machinery and apparatus), other machinery and equipment not belonging to any other class; bags, pouches; footwear, umbrellas and parasols, canes, their parts and accessories (excluding shoe brushes and similar goods

thereof); toys, dolls, recreation equipment, sporting goods, fishing tackles, musical instruments, gramophone (excluding electric photograph), records, their parts and accessories, smoker's articles; tobaccos and matches as well as dyestuffs, pigments, toner developing preparation, shoe polisher and polishing agents (Petitioner's Memorandum, pp. 9-10)

[4] Converse Rubber Corporation vs. Universal Rubber Products, Inc. 147 SCRA 154, (1987),p. 160.

[5] RA 166, § 20. Certificate of registration prima facie evidence of validity.--A certificate of registration of a mark or trade-name shall be prima facie evidence of the validity of the registration, the registrant's ownership of the mark or tradename, and of the registrant's exclusive right to use the same in connection with the goods, business or services specified in the certificate, subject to any conditions and limitations stated therein.

[6] Esso Standard Eastern, Inc. vs. Court of Appeals, 116 SCRA 336, (1982), p. 345.

[7] Rollo, p. 18, citing Sta. Ana vs. Maliwat, 24 SCRA 1018 (1968), p. 1025.

[8] Ibid., p. 38.

[9] Faberge, Incorporated vs. Intermediate Appellate Court, 215 SCRA 326 (1992)

[10] Ibid., p. 325.

[11] Ibid., p. 326.

[12] Rollo, p. 23.

[13] Supra.

[14] 74 Phil 50 (1942)

[15] Supra..

[16] Esso Standard Eastern, Inc. vs. Court of Appeals, 116 SCRA 336 (1982), p, 341.

[17] Ibid.

[18] RUBEN E. AGPALO, TRADEMARK LAW AND PRACTICE IN THE PHILIPPINES, (1990), p. 54.

[19] Esso Standard Eastern, Inc. vs. Court of Appeals, supra, p, 342.

[20] Ibid.

[21] Ibid., p. 344.

[22] Ibid., p. 345.

[23] Records, p. 20.

[24] Rollo, p. 28.

[25] Ibid., p.29.

[26] § 38.

[27] Ibid.

[28] AGPALO, supra, p. 5.

[29] Kabushi Kaisha Isetan vs. Intermediate Appellate Court, 203 SCRA 583, p. 586.

[30] *Mirpuri vs. Court of Appeals*, G. R. No. 114508, November 19, 1999.

[31] *Supra*.

[32] *Records*, pp. 21-22.

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