

WOLVERINE WORLDWIDE, INC., PETITIONER, VS. THE HONORABLE COURT OF APPEALS AND LOLITO P. CRUZ, RESPONDENTS.

G.R. No. 78298. January 30, 1989

Ponente: SARMIENTO, J.

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SARMIENTO, J.:

The subject of this petition for review is the resolution of the Court of Appeals[1] granting the private respondent's motion for reconsideration and reviving the decision of the Director of Patents which ordered the dismissal, on the ground of *res judicata*, of *Inter Partes* Case No. 807 instituted by the petitioner herein.

On February 8, 1984, the petitioner, a foreign corporation organized and existing under the laws of the United States, brought a petition before the Philippine Patent Office, docketed as *Inter Partes* Case No. 1807, for the cancellation of Certificate of Registration No. 24986-B of the trademark HUSH PUPPIES and DOG DEVICE issued to the Private respondent, a Filipino citizen.

In support of its petition for cancellation, the petitioner alleged, *inter alia*, that it is the registrant of the internationally known trademark HUSH PUPPIES and the DEVICE of a Dog in the United States and in other countries which are members of the Paris Convention for the Protection of Industrial Property; that the goods sold by the private respondent, on the one hand, and by the petitioner, on the other hand, belong to the same class such that the private respondent's use of the same trademark in the Philippines (which is a member of said Paris Convention) in connection with the goods he sells constitutes an act of unfair competition, as defined in the Paris Convention.

Subsequently, the private respondent moved to dismiss the petition on the ground of *res judicata*, averring that in 1973, or more than ten years before this petition (*Inter Partes* Case No. 1807) was filed, the same petitioner filed two petitions for cancellation (*Inter Partes* Cases Nos. 700 and 701) and was a party to an interference proceeding (*Inter Partes* Case No. 709), all of which involved the trademark HUSH PUPPIES and DEVICE, before the Philippine Patent Office. The Director of Patents had ruled in all three *inter partes* cases in favor of Roman Angeles, the private respondent's predecessor-in-interest, to wit:

WHEREFORE, for all the foregoing considerations,

1. The petitions seeking cancellation of Registration Nos. SR-1099 and SR-1526, respectively, are both denied and accordingly DISMISSED;
2. Respondent-Registrant/Junior Party-Applicant, Roman Angeles, is hereby adjudged as the prior user and adopter of the trademark HUSH PUPPIES & DEVICE, under Appl. Serial No. 17174, and therefore, the same given due course; and
3. Registration No. 14969 of Dexter Sales Company, assignor to Wolverine Worldwide, Inc., covering the trademark HUSH PUPPIES & Representation of a Dogie Head, is hereby CANCELLED.[2]

On June 29, 1979, the Court of Appeals affirmed the above decision, finding the same to be in accordance with law and supported by substantial evidence.[3]

In the present case, after both parties had submitted their respective memoranda, the Director of Patents rendered the questioned decision (in Inter Partes Case No. 1807), the dispositive portion of which states:

WHEREFORE, in view of the foregoing considerations, this Office is constrained to hold that Respondent's Motion to Dismiss be, as it is hereby, GRANTED and that the subject Petition for Cancellation be, as it is hereby DISMISSED.

Accordingly, Certificate of Registration No. 24986-B issued on May 3, 1983 to the herein Respondent-Registrant, Lolito P. Cruz, for the trademark "HUSH PUPPIES" for use on shoes is, as it is hereby, declared valid and subsisting for the duration of its term unless sooner cancelled in accordance with law.[4]

On appeal, the Court of Appeals at first set aside the Director's decision;[5] however, upon reconsideration the latter was revived.[6]

The principal legal question raised in this petition for review is whether or not the present petition for cancellation (Inter Partes Case No. 1807) is barred by res judicata in the light of the final and executory decision in Inter Partes Cases Nos. 700, 701, and 709.

We rule in the affirmative.

The Court has repeatedly held that for a judgment to be a bar to a subsequent case, the following requisites must concur: (1) it must be a final judgment; (2) the court which rendered it had jurisdiction over the subject matter and the parties; (3) it must be a judgment on the merits; and (4) there must be identity between the two cases, as to parties, subject matter, and cause of action.[7]

Contrary to the petitioner's assertion, the judgment in Inter Partes Cases Nos. 700, 701, and 709 had long since become final and executory. That Sec. 17 of Republic Act 166, also known as the Trademark Law, allows the cancellation of a registered trademark is not a valid premise for the petitioner's proposition that a decision granting registration of a trademark cannot be imbued with the character of absolute finality as is required in res judicata. A judgment or order is final, as to give it the authority of res judicata, if it can no longer be modified by the court issuing it or by any other court.[8] In the case at bar, the decision of the Court of Appeals affirming that of the Director of Patents, in the cancellation cases filed in 1973, was never appealed to us. Consequently, when the period to appeal from the Court of Appeals to this Court lapsed, with no appeal having been perfected, the foregoing judgment denying cancellation of registration in the name of private respondent's predecessor-in-interest but ordering cancellation of registration in the name of the petitioner's predecessor-in-interest, became the settled law in the case. In the words of the Court of Appeals:

The subsequent failure of appellant-oppositor to elevate the decision of the Court of Appeals, which affirmed the ruling of the Director of Patents, to the Supreme Court, sounded the death knell of appellant-oppositor's instant case. Having become final and executory, the decision in Case No. 967 now bars the prosecution of the present action under the principle of res judicata.[9]

It must be stressed anew that, generally, the fundamental principle of res judicata applies to all cases and proceedings in whatever form they may be.[10] We now expressly affirm that this principle applies, in the appropriate cases, to proceedings for cancellation of trademarks before the Philippine Patent Office (now Bureau of Patents, Trademarks and Technology Transfer). In *Ipekjan Merchandising Co., Inc. vs. Court of Tax Appeals*, we said:

To say that the doctrine applies exclusively to decisions rendered by what are usually as courts would be to unreasonably circumscribe the scope thereof. The more equitable attitude is to allow extension of the defense to decisions of bodies upon whom judicial powers have been conferred.[11]

Undoubtedly, final decisions, orders, and resolutions of the Director of Patents are clothed with a judicial character as they are, in fact, reviewable by the Court of Appeals and by us.

The subject judgment is undeniably on the merits of the case, rendered after both parties had actually submitted their evidence.

Between the earlier petitions and the present one, there is substantial identity of parties, subject matter, and cause of action.

The petitioner in all of these cases is Wolverine Worldwide, Inc. The respondent-registrant in this case is the assignee of Randelson Agro-Industrial Development, Inc. (formerly known as Randelson Shoes, Inc.) which, in turn, acquired its right from Roman Angeles, the original respondent-registrant.

As regards the subject matter, all of these cases refer to the cancellation of registration of the trademark HUSH PUPPIES and DEVICE of a Dog.

Finally, there is identity of cause of action, which is the alleged wrongful or erroneous registration of the subject trademark.

It is argued, however, that *res judicata* does not apply in this particular instance because when the May 9, 1977 decision was handed down by the Director of Patents, Executive Order No. 913 dated October 7, 1983 and the resulting memorandum of Minister Roberto Ongpin dated October 25, 1983 had not yet been issued. (The validity of this memorandum was later upheld by this Court in *La Chemise Lacoste, S.A. vs. Fernandez and Sujanani vs. Ongpin*).[12] The petitioner underscores the following specific directive contained in the abovementioned memorandum of Minister Ongpin for the Director of Patents:

5. All pending applications for Philippine registration of signature and other world famous trademarks filed by applicants other than their original owners or users shall be rejected forthwith. Where such applicants have already obtained registration contrary to the abovementioned PARIS CONVENTION and/or Philippine Law, they shall be directed to surrender their Certificates of Registration to the Philippine Patent Office for immediate cancellation proceedings.[13]

It is thus contended that despite the previous grant of registration to the private respondent, the present petition for cancellation could still be brought, and the same should be granted by the Director of Patents, pursuant to the abovequoted clause. Stated otherwise, the petitioner suggests that the petition is not barred by *res judicata* because while the former petitions were filed under Republic Act 166, the present one was brought pursuant to the cited memorandum which expressly sanctions the cancellation of registration of a trademark granted even prior to the same memorandum.

In the first place, the subject memorandum never amended, nor was it meant to amend, the Trademark Law. It did not indicate a new policy with respect to the registration in the Philippines of world-famous trademarks. The protection against unfair competition, and other benefits, accorded to owners of internationally known marks, as mandated by the Paris Convention, is already guaranteed under the Trademark Law.[14] Thus, the subject memorandum, as well as Executive Order No. 913, merely reiterated the policy already existing at the time of its issuance. As accurately enunciated by the Court of Appeals:

Such being the case, appellant-oppositor could have properly ventilated the issue of whether or not it fell within

the protective ambit of the Paris Convention in the previous proceedings which culminated in the registration of the Hush Puppies trademark in appellee-movant's name, i.e., in Case No. 967 before the Philippine Patent Office. The Director of Patents in that case, after hearing both parties and thereafter, deciding that appellee-movant was entitled to the registration of the trademark in its name, must have concluded that appellant-oppositor had not established the fact that it was entitled to the application of the favorable provisions of the Paris Convention.[15]

Furthermore, we agree with the conclusion of the Court of Appeals that the memorandum discussed here is subject to the doctrine of res judicata. The same memorandum has, in the words of the Court of Appeals:

x x x no room for application where the oppositor previously availed of the same remedy to contest and cancel the registration of subject trademark but did not prevail, against the same registrant regarding the same subject matter (the trademark in question) and for the same cause of action. This is the more so when, as in this present controversy, the certificate of registration, cancellation of which is sought anew, was issued by the Patent Office after due hearing in the prior appropriate inter partes case, pursuant to a decision of the Director of Patents which was affirmed on appeal by the Court of Appeals, and has become final and executory.[16]

In the same light, the repeated filing of petitions for cancellation founded on substantially the same ground as provided in Sec. 17 of the Trademark Law, we rule, is not permissible. For to allow without any limitation whatsoever such a practice would be clearly violative of the time-honored doctrine of res judicata. The present petition for cancellation raises basically the same issue of ownership of the trademark HUSH PUPPIES, which issue was already discussed and settled in Inter Partes Cases Nos. 700, 701, and 709. As pointed out by the private respondent, the petitioner itself expressly recognized the issue of ownership when in the brief it filed in the Court of Appeals it included the following in the assignment of errors:

That the Philippine Patent Office erred in holding that respondent-appellee has established prior use and adoption of the trademark HUSH PUPPIES and is the true and lawful owner thereof, instead of petitioner-appellant herein. (Emphasis supplied).[17]

The aforesaid cases, involving as they were the registration of a trademark, necessarily litigated the issue of ownership of such trademark because ownership is, indeed, the basis of registration of a trademark.[18] Thus, Section 4 of R.A. 166 provides: ". . . The owner of a trademark, trade name or service-mark used to distinguish his goods, business or services from the goods, business or services of others shall have the right to register the same on the principal register . . ." Res judicata now bars the petitioner from reopening, by way of another petition for cancellation (the present Inter Partes Case No. 1807), the issue of ownership of the trademark HUSH PUPPIES. Otherwise, there will never be an end to litigation.

WHEREFORE, the petition for review is DENIED. No costs.

SO ORDERED.

Paras, Padilla, and Regalado, JJ., concur. Melencio-Herrera, (Chairman), J., no part in the deliberations.

[1] Purisima, Fidel P., J., ponente; Nocon, Rodolfo A. and Ramirez, Pedro A., JJ., concurring.

[2] Decision, 4; Rollo, 31.

[3] Ibid.

[4] Ibid., 1; 28.

[5] Ibid., 10; 37.

- [6] Resolution, 7; Rollo, 27.
- [7] Deang vs. Intermediate Appellate Court, No. L-71313, Sept. 24, 1987, 154 SCRA 254.
- [8] 2 Moran, Comments on the Rules of Court, 351-352 (1979).
- [9] Resolution, 3; Rollo, 23.
- [10] Republic vs. Director of Lands, No. L-35376, Sept. 11, 1980, 99 SCRA 657.
- [11] No. L-15430, Sept. 30, 1963, 9 SCRA 75.
- [12] Nos. L-63796-97, May 21, 1984 and No. L-65659, May 21, 1984, respectively, 129 SCRA 373.
- [13] Ibid., 402.
- [14] Sec. 37, Republic Act 166.
- [15] Resolution, 3; Rollo, 23.
- [16] Ibid., 6; 26.
- [17] Memorandum of the Private Respondent, 8; Rollo, 138.
- [18] Operators, Inc. vs. Director of Patents, No. L-17901, Oct. 29, 1965, 15 SCRA 148.

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