

**HEIRS OF CRISANTA Y. GABRIEL-ALMORADIE, HEREIN
REPRESENTED BY THE SPECIAL ADMINISTRATOR LORENZO B.
ALMORADIE OF THE INTESTATE ESTATE OF THE LATE CRISANTA Y.
GABRIEL-ALMORADIE AN...**

G.R. No. 91385. January 04, 1994

Ponente: NOCON, J.

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NOCON, J.:

Just for the record, the present case, involving the same parties and the same trademark has been twice before the Director of Patents, twice before the trial courts, four times before the Court of Appeals and twice before this Court.

On review before us is the decision of the Court of Appeals in the case entitled "Emilia M. Sumera v. Crisanta Y. Gabriel, CA-G.R. CV No. 12866"[1] which reversed and set aside the order of the Regional Trial Court in Civil Case No. C-8147,[2] dismissing the complaint filed by private respondent, Emilia M. Sumera against Crisanta Y. Gabriel for Infringement of Trademark and Damages with Prayer for Issuance of Writ of Preliminary Injunction.

Historical antecedents of the case at bar relate as far back as 1953 when the late Dr. Jose Perez discovered a beauty soap for bleaching, which whitens or sometimes softens the skin. A certificate of label approval was issued in his name by the Bureau of Health on June 6, 1958 for the said product with the label reading "Dr. Perez' Wonder Beauty Soap." Not surprisingly, he later on developed an improved formula for his soap after continued laboratory experimentation, for which he obtained another certificate of label approval from the Bureau of Health on August 10, 1959, also describing the product as "Dr. Perez Wonder Beauty Soap (Improved Formula)."[3]

Needing a marketing firm for wider distribution of his soap, he entered into an agreement on January, 1959 with a certain company named "Manserco," owned and managed by Mariano S. Yangga, for the distribution of his soap.

This venture, however, did not last long, as the corporation allegedly went bankrupt. He then terminated his agreement with Manserco and forged an "Exclusive Distributorship Agreement" with Crisanta Y. Gabriel, who happened to be the sister of Mariano S. Yangga. What could have been a good business relation turned sour; instead a series of legal battles transpired thereafter between them in the Patent and Trademark Office, the trial court, the Court of Appeals and this Court.

I. On October 3, 1960, Gabriel filed an application with the Patent Office to register the trademark "WONDER." Said application was denied on November 18, 1960 on the ground that Gabriel was not the owner of the trademark sought to be registered and that as shown in the labels submitted, it appeared that Dr. Jose R. Perez is the owner of the said mark. On the other hand, on May 11, 1961, Perez obtained in his name a certificate of registration No. SR-389 covering the same trademark "WONDER" for beauty soap.[4]

II. Thereafter, Perez filed a complaint for Unfair Competition with Injunction and Damages, dated August 8, 1961, docketed as Civil Case No. 2422, against Gabriel. In the said complaint, Perez alleged that Gabriel, without

just cause and in violation of the terms of the distributorship agreement, stopped selling and distributing "WONDER" soap, and instead on October 3, 1960 Gabriel tried to register the trademark "WONDER" in her name.

On September 7, 1961, a writ of preliminary injunction was issued against Gabriel, restraining her "from making, manufacturing and producing 'Wonder Bleaching Beauty Soap' with the same labels and chemical ingredients as those of the plaintiff, and from advertising, selling and distributing the same products." [5] As to what happened to this civil suit, or whether the case was ever terminated remains unknown and is not on record.

III. Meanwhile, on October 19, 1962, Gabriel, in Inter Partes Case No. 280, filed a Petition to Cancel Certificate of Registration No. SR-389 covering the trademark "WONDER" for beauty soap in the name of Dr. Perez. On July 15, 1964, a decision was rendered by Director of Patents Tiburcio S. Evalle denying said petition. Her motion for reconsideration thereof having been denied, Gabriel filed a petition for review before this Court, entitled "Crisanta Y. Gabriel v. Dr. Jose R. Perez and Hon. Tiburcio Evalle as Director of Patents," G.R. No. L-24075. [6]

The above case was decided in favor of Perez since the court found out that:

"x x x the trademark 'WONDER' has long been identified and associated with the product manufactured and produced by the Dr. Jose R. Perez Cosmetic Laboratory. It would thus appear that the decision under review is but in consonance with the sound purposes or objects of a trademark. Indeed, a contrary ruling would have resulted in the cancellation of the trademark in question and in granting the pending application of herein petitioner to register the same trademark in her favor to be used on her bleaching soap, which is of the same class as that of respondent. And the effect on the public as well as on respondent Dr. Jose R. Perez would have been disastrous. Such a situation would sanction a false implication that the product to be sold by her (Gabriel) is still that manufactured by respondent" [7]

x x x

On the claim of Gabriel that the exclusive ownership of the trademark "WONDER" is vested in her by virtue of her agreement with Perez, the court further said:

"The fact that paragraph 6 (Exh. 'F-2') of the (Distributorships) agreement provides that the petitioner 'has the exclusives right of ownership of the packages and that said party is responsible for the costs as well as the design and manner of packaging the same' did not necessarily grant her the right to the exclusive use of the trademark; because the agreement never mentioned transfer of ownership of the trademark. It merely empowers the petitioner as exclusive distributor to own the package and to create a design at her pleasure, but not the right to appropriate unto herself the sole ownership of the trademark so as to entitle her to registration in the Patent Office. x x x (emphasis added)

"The exclusive distributor does not acquire any proprietary interest in the principal's trademark.

"In the absence of any inequitable conduct on the part of the manufacturer, an exclusive distributor who employs the trademark of the manufacturer does not acquire proprietary interest in the mark which will extinguish the rights of the manufacturer, and a registration of the trademark by the distributor as such belongs to the manufacturer, provided the fiduciary relationship does not terminate, before application for registration is filed.' (87 CJS 258-259, citing cases.)" [8]

IV. The issue of ownership of the trademark "WONDER" having been settled as pronounced in the above decision, Emilia M. Sumera, in her capacity as special administratrix of the estate of Dr. Jose R. Perez, who died on October 9, 1971, filed on January 31, 1975, with the Philippine Patent Office an application for registration of the trademark "WONDER" for beauty soap in the Principal Register. The application was later amended to change the name of the applicant to "The Testate Estate of the late Dr. Jose A. Perez, represented by Emilia

Sumera as Special Administratrix." Gabriel opposed anew the application alleging among others that "1) she is the owner of the trademark 'WONDER' used for beauty soap and had been using it prior to the alleged date of first use of applicant (Sumera); 2) that the trademark 'WONDER' which she created and adopted is well known throughout the Philippines and even abroad, that the use thereof by the applicant (Sumera) would result in confusion in her business to her damaged and prejudice.[9]

The Director of Patents dismissed the opposition on the ground of *res judicata*, the issues having been resolved in G.R. No. L-24075. The application was approved and Certificate of Registration No. 25610 in the Principal Register was issued for the trademark "WONDER" in the name of "The Testate Estate of Dr. Jose R. Perez." [10]

The foregoing decision of the Director of Patents was appealed before the Court of Appeals and the appellate court in CA-G.R. SP-07446-R[11] said:

"Appellant Gabriel's insistence that there is no identity of parties between G.R. No. L-24075 and the case at bar is untenable. The fact that Emilia Sumera was not a party in the first case is of no moment, inasmuch as her participation in the case at bar is merely as representative of the estate of the late Dr. Perez, being the Special Administratrix. It should be noted that the application for registration of the trademark filed by Emilia Sumera was amended and the name of the applicant was changed to the Testate Estate of the late Dr. Jose R. Perez, who is deemed the owner of the trademark.

x x x

"It should be noted that appellant Gabriel's petition for cancellation of the trademark in the supplemental register in the name of Dr. Perez was based on her claim of ownership of said trademark. The decision in said case, (G.R. No. L-24075) shows that both parties endeavored to prove their rights of ownership of the trademark "Wonder." In the case at bar, the same parties again assert their rights of ownership of the same trademark. It is clear, therefore, that between the two suits, there is identity of cause of action, i.e., the same parties' claim of ownership of the trademark "Wonder." What is different here only is the form of action. But the employment of two different forms of action does not enable one to escape the operation of the principle that one and the same cause of action shall not be twice litigated. (*Yusingco v. Ong Hing Lian*, G.R. No. L-26523, Dec. 24, 1971, 42 SCRA 589, 605)." [12]

V. Despite the foregoing, Gabriel continued distributing and selling beauty soap products using the mark "Wonder." Thus, on December 18, 1979, Sumera filed an action against Gabriel for Infringement of Trademark with Damages and a Prayer for a Writ of Preliminary Injunction before the Regional Trial Court (Civil Case No. C-8147, case at bar under our review). The trial court granted a temporary restraining order and in the Order of February 28, 1980, Gabriel was enjoined from using the trademark "Wonder." [13] Subsequently, Gabriel filed a motion to quash the temporary restraining order invoking as a ground *res judicata*, alleging the pendency of Civil Case No. 2422, filed before the Court of First Instance of Bulacan, Branch III, involving the same parties and trademark. Perhaps unaware of the events prior to the filing of the present complaint, [14] or so we would like to think, the court, on March 17, 1980, ordered the lifting of the temporary restraining order issued on February 28, 1980.

As a consequence, on March 28, 1980, Sumera filed a motion to reinstate the restraining order issued on February 28, 1980, while Gabriel filed a reply to the opposition on April 15, 1980 and on April 25, 1980, she filed her answer with counterclaim and a prayer for the issuance of a writ of preliminary injunction. In her answer, she again alleged that 1) the registrations of the trademark "WONDER" (SR-2138 and Reg. No. 25610) in the name of Dr. Perez were unlawfully, wrongfully, irregularly and fraudulently procured; 2) that the trademark "WONDER" has been registered with the Patents Office in the name of a certain Go Hay as early as 1959, which registration was assigned to her and as successor-in-interest, her right to the trademark dates back from 1959; 3)

and that she created and developed the package bearing the trademark "WONDER" and is the true and lawful owner thereof.

In an order dated September 15, 1980, the trial court issued a writ of preliminary injunction against Sumera and the estate of Dr. Jose Perez.[15] This prompted Sumera to elevate the matter to the Court of Appeals in a petition for certiorari questioning the court's order. Initially, the appellate court sustained the order of the trial court. Nevertheless, upon motion for reconsideration of Sumera, the appellate court on September 8, 1981[16] modified its earlier decision of February 24, 1981 and said:

"While it is true that it is not Our role in this present posture of the case to decide who of the parties is entitled (to) the use of the trademark 'Wonder' for that has to be decided by respondent Court on the merits of the case before it, the fact remains that the Patent Office had issued in favor of petitioner a certificate of registration for the use of the trademark "Wonder" for the manufacture, sale, etc. of bleaching and beauty soap in the same way that the Patent Office had also issued a certificate of registration in favor of Go Hay, private respondents' assignor, for the use of the trademark 'Wonder' in the manufacture, sale, etc. of laundry soap in bars and cakes. Private respondents, however, claimed that they are entitled to the use of said trademark not only on laundry soap in cakes and bars but to all goods falling under Classification No. 3 which includes 'bleaching preparations and other substances for laundry use; cleaning, polishing, scouring abrasive preparations; soap, perfumery, essential oils, cosmetics, hair lotions, dentifrices' which, according to private respondents, includes bleaching and beauty soap and, therefore, under the patent which was issued on June 30, 1959 prior to the one issued to Dr. Perez on May 11, 1961, private respondents were entitled to the exclusive use of said trademark and to restrain petitioner from the use of said trademark even on bleaching beauty soap. (underscoring ours)

"On the other hand, petitioner claimed that the right of the Estate of Dr. Perez to the use of said trademark, especially as against private respondents, had been sustained by the Supreme Court in its decision in *Gabriel vs. Perez*, 55 SCRA 406.

"While We maintain Our original position that We should not decide in the case before Us who is better entitled to the use of said trademark, We are bound to accord prima facie validity to the certificates of registration issued to both petitioner and private respondents until the certificates of registration issued by the Patent Office in favor of petitioner or to private respondents as assignee of Go Hay are annulled or set aside in a proper proceedings. Accordingly, We find it necessary to reconsider Our decision sustaining the order of respondent Court issuing a preliminary injunction against petitioner, for an injunction against petitioner preventing her to avail of the right to the use of the trademark "Wonder" under the certificate of registration issued by the Patent Office in favor of Dr. Perez which until now remained valid as it had not been set aside by competent authority, would be clearly iniquitous and unjust. In the same manner, private respondents should not be restrained from availing of their rights to the use of the trademark "Wonder." The end result would be, during the pendency of the case before the lower Court, both petitioner and private respondents should be permitted to manufacture and distribute articles which are covered by their respective trademarks.

IN VIEW OF THE FOREGOING, Our decision of February 24, 1981 is hereby MODIFIED in the sense that the order of respondent Court of September 15, 1980 to the extent that it granted the issuance of a preliminary injunction restraining petitioner from using the trademark "Wonder" in the manufacture, advertisement, packing, marketing, distribution and sale of beauty soap is hereby SET ASIDE and the preliminary injunction issued pursuant to said order declared NULL and VOID." [17]

VI. While Civil Case No. C-8147 was still pending, Luis M. Duka, Jr., Assistant to the Director, Philippine Patent Office, in an order dated November 16, 1984, cancelled Certificate of Registration No. SR-2138 in the Supplemental Registrar and No. 25610 in the Principal Registrar, of the trademark "WONDER" both in the name of the "Testate Estate of Dr. Jose R. Perez," for failure to file the required Fifth Anniversary Affidavit of Use/Non Use.[18] Gabriel then, alleging the above cancellation, filed an "Omnibus Motion" on December 19, 1984, for the

issuance of a restraining order,[19] which was granted by the trial court on January 4, 1985.[20]

However, on June 5, 1985, upon motion for reconsideration of Sumera, the court lifted its order of January 4, 1985 and ordered the Sheriff to return to respondent the equipment, machineries and products seized.[21] Nevertheless, on July 17, 1985, the trial court, upon motion for reconsideration of Gabriel and despite the opposition of Sumera to said motion, lifted its Order of June 5, 1985, reinstated its Order of January 4, 1985, and ordered anew the seizing of respondent's equipment, machineries and products.[22]

Hence, Sumera sought again the intervention of the Court of Appeals and filed a petition for review on certiorari. On July 25, 1986, the appellate court in AC-G.R. SP No. 06915[23] granted the petition of Sumera and said:

"The only issue this Court has to resolve is whether or not the respondent Judge acted with grave abuse of discretion amounting to want or absence of jurisdiction in issuing the questioned order dated January 4, 1985, ordering the confiscation of the equipments of the petitioners and the Order dated July 17, 1985, ordering the reinstatement of his Order of January 4, 1985, after it was recalled in his Order of June 5, 1985,

"In fact, the issue raised in the instant case, appears to be the same as the issue raised in the above quoted decision of the Court of Appeals in CA-G.R. SP-07446-R, where the trademark already registered in the name of Dr. Jose R. Perez was also cancelled for failure to file an affidavit of use within one year following the fifth anniversary of the date of issue of the certificate of registration, as required under Section 12 of Republic Act No. 166. The petition for registration of Emilia M. Sumera, in her capacity as special administratrix of the estate of Dr. Jose R. Perez, was also opposed by Crisanta Y. Gabriel. And in said case, the Court of Appeals decided against the opposition of Crisanta Gabriel of the registration of the application filed by Emilia Sumera, in representation of the testate estate of Dr. Jose R. Perez, for the registration of the trademark 'WONDER' for beauty soap, granted by the Director of Patents. The Court of Appeals, and as already above quoted, held that the question of ownership of the trademark 'WONDER' having been decided in G.R. No. L-24075, the employment of two different forms of action shall not be twice litigated.

"Furthermore, the Former Third Division of the Appellate Court (in CA-G.R. No. SP-1167-R[24] [sic]) in its decision dated February 4, 1981, as amended by its Resolution dated September 8, 1981, declared null and void the Order of the same respondent Judge ordering a preliminary injunction, restraining Sumera from using the trademark 'WONDER' in the manufacture, advertisements, packaging, marketing, distribution and sale of beauty soap." [25]

x x x

"We find merit in the petition. Considering the previous decisions not only of the former Court of Appeals but of the Supreme Court, the questioned Order in effect pre-judged the very issues raised in the pleadings of the parties, without the benefit of a full blown trial or hearing as required by the Rules. The sole justification of the respondent Judge in issuing the Order of July 17, 1985 reinstating its Order of January 4, 1985 is the alleged cancellation of the trademark of petitioner by the Bureau of Patents on November 16, 1984. Such, however, is without legal basis, as the cancellation Order was not yet final, considering the filing of a motion to set aside the order of cancellation based on the ground that the period for filing of the affidavit of use had not yet expired. Until such time that the motion to set aside the order of cancellation is final, the trademark of petitioners was prematurely deemed non-existent. The only effect of said cancellation, assuming it to be valid, is that it would deprive the registrant of the protection afforded him by law, which is the protection from infringement of trademark, and it was erroneous and a grave abuse of discretion for the respondent Judge to assume that when the registration of petitioner was cancelled, private respondent became exclusive owner to the exclusion of plaintiff Sumera, of the trademark 'WONDER' and thus, plaintiff Sumera in pending case Civil Case No. C-8147 should, during the pendency of said case, be preliminarily enjoined, as provided in the questioned order of July 17, 1985 in relation to the Order of January 4, 1985.

"Private respondents (sic) claim that, '(p)etitioner's invocation of the decision in G.R. No.L-24075 (Crisanta Y. Gabriel vs. Dr. Jose R. Perez, et al) wherein she alleged that the ownership of the trademark 'WONDER' for beauty soap in favor of petitioner was upheld,' as well as the decision of the then Court of Appeals in CA-G.R. No. SP No. 07446-R is now of no moment because after the promulgation of the decisions in said cases the circumstances between the parties (petitioner and private respondents herein) have changed materially with the private respondent Gabriel's acquisition of Go Hay's prior trademark "Wonder." Thus under existing jurisprudence, the said decisions could not be enforced or made applicable as this would produce inequity and injustice to private respondent Gabriel.' x x x is without merit, considering that she merely stepped into the shoes of Go Hay, and thus, could have no better right than Go Hay as against Emilia Sumera (in her capacity as Special Administratrix of the Estate of the late Dr. Jose R. Perez).[26]

VII. Unfortunately, even before the foregoing decision was rendered, petitioner Gabriel on August 13, 1985, filed with the trial court a Manifestation and Motion to Dismiss Plaintiffs Complaint for having been Rendered Moot and Academic.[27] In the said motion, petitioner reiterated that since Certificate No. SR-2138 and Certificate No. 25610 both for the registration of the trademark "WONDER" in the name of the Estate of Dr. Jose Perez, had been cancelled in Cancellation Order No. 143, dated November 16, 1984, respondent Sumera's cause of action had become non-existent as she no longer had rights to protect and interest to pursue. Thus, finally, on December 24, 1985, the court without waiting for the resolution of the Court of Appeals in AC-G.R. SP No. 06915, resolved to dismiss the case.[28]

Once more respondent Sumera pleaded before the Court of Appeals to review and set aside the order of the trial court dismissing Civil Case No. C-8147. The Court of Appeals granted the petition and in its considered opinion, said:

"The court a quo in dismissing the complaint for 'Infringement of Trademark, Damages and with a prayer for Issuance of a Writ of Preliminary Injunction,' only considered the injunctive relief which was issued to protect the present right of the defendants confining as basis for dismissal the second paragraph of Section 23 of RA 166, as amended, providing that 'the complaining party upon proper showing may also be granted injunction,' but it failed to consider the main paragraph of Section 23, supra, providing that any person entitled to the exclusive use of a trademark 'may recover damages in a civil action from any person who infringes his rights x x x.' This section is clear. It allows a party to file 'actions; and damages and injunction for infringement.'[29]

x x x

"The order is half-baked because the court a quo failed to make a definite ruling on the pivotal question of whether or not plaintiff is entitled to damages as a consequence of the infringement of the trademark which she claims to be the registered owner at the very least from the time the (trademark) was registered in her (predecessor's) name up to the time that it was cancelled on November 19, 1984.

"Indeed, this Court already interdicted to the same presiding judge in Emilia M. Sumera, etc. vs. Hon. Alfredo M. Gorgonio etc., Et Al., AC-G.R. SP No. 06915, July 25, 1986, of the necessity of a 'full blown trial' or hearing of the issues raised in the pleadings as required by the Rules to avoid any conception of judgment without hearing of full examination.[30]

Petitioner now comes to us arguing that our decision in the case of Gabriel v. Perez, supra, has become functus officio on account of the prior registration of the trademark "WONDER" by Go Hay and its subsequent assignment to petitioner's predecessors; and that the Cancellation No. 143, dated November 16, 1984 involving private respondent's trademark rendered the Civil Case No. C-8147 moot and academic.

We are not convinced. Suffice it to say that these issues herein raised have been squarely met in the decisions (CA-G.R. SP-07446-R; CA-G.R. No. SP-11670-R; AC-G.R. SP No. 06915 and CA-GR.R. CV No. 12866)

rendered by the appellate court, all of which we agree with. We find that the trial court erred in dismissing the complaint of private respondent, Sumera, without determining whether there was indeed infringement. Because, contrary to the presumption of the trial court, the complaint in Civil Case No. C-8147 is not merely for preliminary injunction, but for infringement of trademark and for damages.

In the interest of the public and for the expeditious administration of justice the issue on infringement shall be resolved by the court considering that this case has dragged on for years and has gone from one forum to another.

It is a rule of procedure for the Supreme Court to strive to settle the entire controversy in a single proceeding leaving no root or branch to bear the seeds of future litigation. No useful purpose will be served if a case or the determination of an issue in a case is remanded to the trial court only to have its decision raised again to the Court of Appeals and from there to the Supreme Court.[31]

We have laid down the rule that the remand of the case or of an issue to the lower court for further reception of evidence is not necessary where the Court is in position to resolve the dispute based on the records before it and particularly where the ends of justice would not be subserved by the remand thereof.[32] Moreover, the Supreme Court is clothed with ample authority to review matters, even those not raised on appeal if it finds that their consideration is necessary in arriving at a just disposition of the case.[33]

R.A. 166 describes what constitutes infringement:

"Sec. 22. Infringement, what constitutes - Any person who shall use, without the consent of the registrant, any reproduction, counterfeit, copy or colorable imitation of any registered mark or trade-name in connection with the sale, offering for sale or advertising of any goods, business or services on or in connection with which such use is likely to cause confusion or mistake or to deceive purchasers or others as to the source or origin of such goods or services, or identity of such business; or reproduce, counterfeit, copy or colorably imitate any such mark or trade name and apply such reproduction, counterfeit, copy or colorable imitation to labels, signs, prints, packages, wrappers, receptacles or advertisements intended to be used upon for in connection with such goods, business or services, shall be liable to a civil action by the registrant for any or all of the remedies herein provided.

The law also provides that any person whose trademark or trade name is infringed may recover damages in a civil action, and upon proper showing, may also be granted injunction.[34]

We cannot help but note Gabriel's propensity to infringe Dr. Perez' trademark, an act which she has been doing since 1960. Assuming arguendo that she was able to obtain a valid assignment of the trademark "Wonder GH" from Go Hay, still there is reason to believe that Gabriel, or her assigns, has been infringing respondent's trademark since 1960, when she violated the distributorship agreement and appropriated the mark as her own and went on, even when the trademark "Wonder GH" was allegedly assigned to her.

The records at hand, show the two marks as registered in the Patents Office as follows:

Mark registered in the name of Mark registered in the name of Go Hay

Dr. Jose R. Perez assigned to C.Y. Gabriel

see image see image

In the actual market, however, what is presented to the consumers are the following:

Label used by Dr. Perez against green background Label used by C.Y. Gabriel against green background

see image see image

Glaring is the fact that the only difference in the above figures is the "supposed origin" of the product ("Dr. Perez" as against "C.Y. Gabriel") which are not even as eye catching as the word "WONDER" itself. Apparently, Gabriel never used or adopted the trademark of Go Hay in her products, instead she has all along been using the trademark registered in the name of Perez.

Petitioner's continued use of respondent's trademark on her product, instead of the assigned mark "WONDER GH" is a clear act of abandonment due to non-use, which is in fact a ground for cancellation of registration under Sec. 17(b) of R.A. 166. What is worse is that there is obvious bad faith on the part of Gabriel in acquiring the mark "Wonder GH." Undoubtedly her intent in having the mark assigned to her is merely to give color to the use of the mark "WONDER" on her products. Particularly so since the Director of Patents in October 1960, denied the registration to Gabriel of the trademark "WONDER" because it was found that the mark was already in use and is owned by Dr. Jose Perez. And then again in 1978, petitioner failed to convince the Director of Patents and the Court of Appeals that she has a right over the same trademark.

Petitioner's argument that the word "Wonder" could not be appropriated exclusively as a trademark by private respondent has no leg to stand on. The matter restricting the exclusive use of a trademark is only true over unrelated goods. The law requires that in the adoption of a mark there should not be any likelihood of confusion, mistake or deception to the consumer.[35] Records show that the trademark Gabriel claims to own, through assignment from Go Hay, with certificate of registration no. 33957 in the Principal Register and registration no. SR-4217 in the Supplemental Register is principally for laundry soap in bars and cakes.[36] On the other hand, the mark "WONDER" registered to the testate estate of Jose R. Perez was registered principally for beauty soap.[37] This fact would not have been relevant if no confusion results thereby. In the case at bar, although the presentation of the marks as registered appears to be different, still confusion is bound to result, since the marks are used on related goods (bleaching beauty soap as against laundry soap).

There is likewise no merit in petitioner's assertion that Cancellation Order No. 143, dated November 16, 1984, rendered Civil Case No. C-8147 moot and academic. We reiterate the findings of the Court of Appeals in AC G.R. Sp. 06915, *supra*. The cancellation order was issued allegedly due to respondent's failure to file the affidavit of use as required by Sec. 12 of R.A. 166. It is not, however, clear whether such order has become final as respondent filed a motion to set aside the order, alleging that it was issued prematurely.

Even assuming that the order has become final, still petitioner could not have acquired an exclusive right over the mark "WONDER" as a matter of course. The only effect of cancellation is that it would deprive the registrant protection from infringement. Sec. 22 of R.A. 166, states that only a registrant of a mark can file a case for infringement. On the other hand, Sec. 19 states that any right conferred upon the registrant under the provisions of R.A. 166 terminates only when judgment or order of cancellation has become final. The present complaint was filed sometime in December 1979, almost 5 years prior to the alleged cancellation order. Thus, until the time that the right is finally terminated, respondent still has a cause of action against petitioners.

Ultimately, what draws the axe against petitioners is the principle of "first to use" on which our Trademark Law is based. We have said and reiterated in the case of *La Chemise Lacoste v. Fernandez*, that:

"The purpose of the law protecting a trademark cannot be overemphasized. They are to point out distinctly the origin or ownership of the article to which it is affixed, to secure to him, who has been instrumental in bringing into market a superior article of merchandise, the fruit of his industry and skill, and to prevent fraud and imposition." [38] (underscoring ours)

Sec. 2 of R.A. 166 states that as a condition precedent to registration the trademark, trade name or service marks should have been in actual use in commerce in the Philippines before the time of the filing of the application. A careful perusal of the record shows that although Go Hay, assignor of Gabriel, first registered the trademark "Wonder GH" on October 17, 1958^[39] while the registration of the trademark "WONDER" in the name of Dr. Perez was registered in the Supplemental Register on May 11, 1961 and then the Principal Register on January 3, 1978, the certificate of registration issued to Go Hay showed that the mark "Wonder GH" was first used on July 1, 1958,^[40] while that of the mark "WONDER" in favor of Dr. Perez was recorded to have been in use since March 3, 1953,^[41] or five (5) years prior to Go Hay's use. Thus, all things being equal, it is then safe to conclude that Dr. Perez had a better right to the mark "WONDER." The registration of the mark "Wonder GH" should have been cancelled in the first place because its use in commerce was much later and its existence would likely cause confusion to the consumer being attached on a product of the same class as that of the mark "WONDER."

Considering the foregoing, we find that petitioners have been infringing the trademark "WONDER" which rightfully belongs to respondent. However since the original complaint calls for a determination of damages as a result of the infringement, the trial court is ordered to receive evidence to ascertain the amount thereof. As an incident thereto, the trial court will also have to find out whether the cancellation order has become final and if it did, when it became final. On the other hand the registration of the trademark "Wonder G.H." assigned to C.Y. Gabriel should be and is hereby ordered cancelled since we found that: a) its procurement was tainted with bad faith; b) its continued existence would cause confusion to the consumers; and c) it is not being used by the assignees^[42]

WHEREFORE, the petition is hereby DISMISSED for lack of merit. Petitioners, having been found to be infringing the mark "WONDER," are permanently enjoined from using the mark. This case is hereby REMANDED to the trial court only for the purpose of determining the amount of damages due to the respondent. Finally, the registration of the trademark "Wonder G.H." is hereby ORDERED cancelled. Let a certification of this case be issued to the Director of Patents for appropriate action. SO ORDERED.

Narvasa, (Chairman), C.J., Padilla, Regalado, and Puno, JJ., concur.

[1] Artemon D. Luna, J., ponente, Manuel C. Herrera, J., and Eduardo R. Bengzon, J., concurring, promulgated on November 29, 1989.

[2] entitled "Emilia M. Sumera, in her capacity as Special Administratrix of the Estate of the late Dr. Jose R Perez v. Crisanta Y. Gabriel, and her husband," December 24, 1985, Caloocan City, Branch XXXV.

[3] Gabriel v. Perez, G.R. No. L-24075, 55 SCRA 406.

[4] Original Records, pp. 11-12.

[5] Ibid, at p. 409.

[6] 55 SCRA 406.

[7] Ibid at p. 417-418.

[8] Ibid, at p. 416-417.

[9] Inter Panes Case No. 968, decided on August 30, 1977, as discussed in CA G.R.-SP-07446--R, pp. 2-3.

[10] Original Records, pp. 13-14.

- [11] "Crisanta Y. Gabriel v. Emilia M. Sumera, the Director of Patents," Justice Nestor B. Alampay, ponente, Justices Luis B. Reyes and Jorge R. Coquia, concurring, June 21, 1979.
- [12] Original Record, p. 35-36; C.A. G.R. SP-07446-R Decision, p. 5-6.
- [13] Original Record, p. 47.
- [14] refer to paragraph II, supra.
- [15] Original Record, p. 193.
- [16] Emilia Sumera in her capacity as Special Administratrix of the Estate of the late Dr. Jose R. Perez v. Hon. Alfredo M Gorgonio, Presiding Judge, Court of First Instance of Rizal, and Crisanta Y. Gabriel and her husband, CA-G.R. No. SP-11670-R; Justice Lino M. Patajo, ponente, Justices Emilio Gancayco and Milagros A. German, concurring, September 8, 1981.
- [17] Original Records, pp. 263-264; C.A. G.R No. S.P. 11670-R, dated September 8, 1991, pp. 3-4.
- [18] as required in R.A.
- [19] Original Records, pp. 286-287.
- [20] Original Records, p. 292.
- [21] Original Records, pp. 331-332.
- [22] Original Records, p. 362.
- [23] Justice Jorge S. Imperial, ponente; Justices Carolina Griño-Aquino, Jose Racela, Jr. and Fidel Purisima, concurring; July 25, 1986.
- [24] should be CA-G.R. No, SP-11670-R.
- [25] Original Records, pp. 398-399.
- [26] Original Records, pp. 400-401.
- [27] Original Records, p. 365-367.
- [28] Original Records, pp. 377-378.
- [29] Decision, pp. 4-5, Rollo, pp. 146-147.
- [30] Id. at 147.
- [31] Board of Commissioners v. Judge Joselito de la Rosa and Judge Capulong, G.R. No, 95122-23.
- [32] Escudero v. Dulay, 158 SCRA 69 (1988); Roman Catholic Archbishop of Manila v. Court of Appeals, 198 SCRA 300 (1991).
- [33] Roman Catholic, ibid.
- [34] Sec. 23, R.A. 166.
- [35] Philippine Refining Co., Inc. v, Ng Sam, 115 SCRA 472.
- [36] Original Records, p. 339-342. In a sworn statement given by Go Hay to the Philippine Patent Office, accompanying his application for registration, he specifically alleged that the mark sought to be registered is

impressed in laundry soap in bars and cakes, (p. 314, Original Record).

[37] Original Records, pp. 153-156.

[38] G.R. No. L-63796-97, 129 SCRA 373 (1984), citing the case of *Etepha v. Dir. of Patents*, 16 SCRA 495.

[39] Original Record, p. 148.

[40] Original Record, p. 150.

[41] Original Record, p. 12.

[42] Section 25, R.A. 166.

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