



NEW OLYMPIAN RUBBER PRODUCTS CO. INC. }
Petitioner, }

IPC No. 14-2008-00065
Petition for Cancellation:
Reg. No. 4-2003-003510
Date Issued: 21 Jan. 2006
TM: "BATA"

-versus-

BATA LIMITED, }
Respondent- Registrant. }

X-----X

NOTICE OF DECISION

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GREETINGS:

Please be informed that Decision No. 2013 - 214 dated November 06, 2013 (copy enclosed) was promulgated in the above entitled case.

Taguig City, November 06, 2013.

For the Director:

Edwin D. Dating
Atty. EDWIN DANILO A. DATING
Director III
Bureau of Legal Affairs

CERTIFIED TRUE COPY
Marilyn R. ...
MARILYN R. ...
IPRS IV, Bureau of Legal Affairs, IPPHL



**NEW OLYMPIAN RUBBER
PRODUCTS CO., INC.,**

Petitioner,

-versus-

BATA LIMITED,

Respondent-Registrant.

X ----- X

IPC No. 14-2008-00065

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Registration No. 4-2003-003510

Date Issued: 21 January 2006

Trademark: **"BATA"**

Decision No. 2013- 214

DECISION

New Olympian Rubber Products Co, Inc.¹ ("Petitioner") filed on 18 March 2008 a petition to cancel Trademark Reg. No. 4-2003-0003510. The registration, issued on 21 January 2006 to Bata Limited² ("Respondent-Registrant"), covers the mark "BATA" for use on *"clothing namely: sweaters, jackets, skirts and accessories namely: scarves, belt, gloves"* and *"retail store services"* under Classes 25 and 42, respectively, of the International Classification of Goods.³

The Petitioner alleges that the Respondent-Registrant's registration violates Sec. 123.1 (d) of Rep. Act No. 8293, also known as the Intellectual Property Code of the Philippines ("IP Code"). According to the Petitioner, it was the former registrant of the mark "BATA" for goods belonging to classes 18, 24, 25 and 28 under Certificate of Registration ("Reg.", for brevity) No. 29365 issued on 22 May 1981 by the defunct Philippine Patent Office. It used the mark as early as 01 July 1970 and that it last filed a renewal of the registration on 10 August 1996 (for another fifteen years). On 25 April 2002, when it filed another renewal of the registration, the Bureau of Trademarks ("BOT") issued on 14 November 2003 "Paper No. 2", requiring from the Petitioner payment for goods in three additional classes. The Petitioner claims that while it remitted on 04 December 2003 the payment, the BOT issued on 24 April 2004 a "Notice of

¹ A corporation duly organized and existing under and by virtue of the laws of the Philippines with principal office at 9 Lukban Street, Manresa, Quezon City.

² A foreign entity with office address at Bata International Centre, 50 Wynford Drive, Toronto, Ontario, Canada.

³ The Nice Classification is a classification of goods and services for the purpose of registering trademark and services marks, based on the multilateral treaty administered by the World Intellectual Property Organization. The treaty is called the Nice Agreement Concerning the International Classification of Goods and Services for the Purpose of the Registration of Marks concluded in 1957.

Abandoned Application" stating that the application was deemed abandoned as of 14 January 2004 because it failed to comply with "Paper No. 2". This oversight, according to the Petitioner, was corrected through "Paper No. 4", which the Director upheld through "Revival No. A-1261-04", reviving the application without cost. However, the BOT subsequently issued "Paper No. 8", finally rejecting the application on the ground that it was filed beyond the reglementary period. The Petitioner avers, however, that even before the rejection of its application for renewal, it filed on 24 February 2004 a new application for the registration of the same mark, docketed as Serial No. 4-2004-0001695, covering "*bags, towel, socks, shirts, t-shirts, long/short pants, sandals, hat, leather shoes, balls, rackets*" under classes 18, 24, 25 and 28. The application cited Reg. No. 29365 for purposes of the Petitioner's claim of priority, which according to the Petitioner, the BOT favorably considered. On 06 August 2004, the trademark examiner issued an office action requiring the Petitioner to submit a Special Power of Attorney ("SPA") in favor of its then representative Henry Chua, and stating that the mark sought to be registered is identical to the following:

- 1) "BATA" mark with Application No. 4-1978-36277 filed by Bata Limited Industries for "*sporting use*";
- 2) "BATA" mark with Application No. 4-2003-003510 for "*clothing, accessories, retail store services*"; and
- 3) "CHILD" under Reg. No. 22441 filed by Andrew Manufacturing Co. for "*boy's and girl's children underwear*".

The Petitioner alleges that it submitted the required SPA with a letter-reply on 08 September 2004 informing the examiner of its previous application of renewal with payment for additional three classes of goods. It also wrote a supplemental letter to the BOT Director claiming prior and/or vested rights over the contested mark based on Reg. No. 29365 and Sec. 16 of Rep. Act No. 166. The examiner issued "*Paper No. 09*", mailed on 23 November 2006, stating that Trademark Application Serial No. 4-2004-001695 cannot be given due course due to Respondent-Registrant's Trademark Reg. No. 4-2003-003510. The paper also states that the Petitioner has the option to file a petition for cancellation of the Reg. No. 4-2003-003510.

The Petitioner further contends that it has another pending application filed on 17 December 2007 for the same mark "BATA", under Serial No. 04-2007-013840 for use on "*t-shirts, pants, jeans, polo, towels, bags, hats, leather shoes, socks, balls, rackets, slippers, sandals, rubber shoes, jackets, shorts, dress and polo shirts*", and an existing registration for the same mark (Reg. No. 26064) for "*rubber shoes, casual rubber shoes*" issued on 31 May 1978 and last renewed on 28 March 2003.

In defense of its trademark registration, the Respondent-Registrant maintains that it has adopted and used the contested mark as early as 1894 when Tomas Bata founded a company in Zlin, a town then in Austro-Hungary and now in the Czech Republic, which company grew to be the present Bata Shoe Organization ("BSO"). The Respondent-Registrant is a part of BSO and on 13 September 2007, it assigned its trademarks to another entity which is also part of BSO, that is, BATA BRANDS S.à.r.l. Luxemburg, succursale de Lausanne. A "Request for Recordal of Assignment" was duly filed with the Intellectual Property Office of the Philippines.

According to the Respondent-Registrant, the operating companies in BSO are principally involved in the production and/or sale of footwear and associated products. It claims to operate in more than forty countries with a total of over four thousand retail stores and to sell more than one hundred million pairs of shoes mostly under the mark "BATA". The Respondent-Registrant also alleges that it has acquired registrations in different jurisdictions, spending great amounts of money in advertising and promotion. It prides as one of the sponsors of the 1986 World Cup Soccer Competition and the owner of the websites, www.bata.com and www.bata.ph. Thus, it contends that the Petitioner has acquired neither vested nor prior rights over the mark. The Respondent-Registrant points out that it has been using for more than a century the stylized version of the subject mark which the Petitioner depicts, thus raising the suspicion as to why the latter had to use the same style if not to ride in on the goodwill of its mark. This stylized version is an artistic expression of the surname of the Respondent-Registrant's founder.

With respect to the Petitioner's Reg. No. 26064, the Respondent-Registrant asserts that the Petitioner has no *locus standi* to claim any right under the said registration. It contends that that registrant corporation under Reg. No. 26064 is separate and distinct from the Petitioner, in fact the certificate was issued to a non-existing corporation. According to the Respondent-Registrant, even assuming that the certificate was validly issued, no deed of assignment was executed in favor of the Petitioner. The company "New Olympian Rubber Products Co., Inc." was registered with the Securities and Exchange Commission ("SEC") on 04 April 1950 under SEC Reg. No. 5034, to exist for a period of twenty five years. Based on the SEC certification issued on 14 November 2008, "New Olympian Rubber Products Co., Inc." did not file a renewal of the registration on or before 04 April 1975. Thus, according to the Respondent-Registrant, when Reg. No. 26064 was issued on 31 May 1978, the corporate term of "New Olympian Rubber Products Co., Inc." had already expired. The same situation prevailed during the issuance of Reg. No. 29365 on 22 May 1981. The Petitioner registered with the SEC only on 19 June 1981, under SEC Reg. No. 99525.

Should Reg. No. 4-2003-003510 be cancelled?

Sec. 151.1 of the IP Code provides in part that:

Section 151. Cancellation. - 151.1. A petition to cancel a registration of a mark under this Act may be filed with the Bureau of Legal Affairs by any person who believes that he is or will be damaged by the registration of a mark under this Act as follows:

xxx

(b) At any time, if the registered mark becomes the generic name for the goods or services, or a portion thereof, for which it is registered, or has been abandoned, or its registration was obtained fraudulently or contrary to the provisions of this Act, or if the registered mark is being used by, or with the permission of, the registrant so as to misrepresent the source of the goods or services on or in connection with which the mark is used. If the registered mark becomes the generic name for less than all of the goods or services for which it is registered, a petition to cancel the registration for only those goods or services may be filed. A registered mark shall not be deemed to be the generic name of goods or services solely because such mark is also used as a name of or to identify a unique product or service. The primary significance of the registered mark to the relevant public rather than purchaser motivation shall be the test for determining whether the registered mark has become the generic name of goods or services on or in connection with which it has been used.

Corollarily, Sec. 138 of the IP Code reads:

Sec. 138. *Certificates of Registration.* - A certificate of registration of a mark shall be prima facie evidence of the validity of the registration, the registrant's ownership of the mark, and of the registrant's exclusive right to use the same in connection with the goods or services and those that are related thereto specified in the certificate.

The Petitioner therefore, has the burden of proof to overcome the presumption of the validity of Reg. No. 4-2003-003510, the Respondent-Registrant's ownership of the mark and exclusive right to use the same in connection with the goods or services and those that are related thereto specified in the registration.

In this regard, the Petition for cancellation is anchored on the following:

1. Trademark Reg. No. 29365;
2. Trademark Application Serial No. 4-2004-0001695;
3. Renewal Reg. No. 026064; and
4. Trademark Application Serial No. 04-2007-013840.

Trademark Reg. No. 29365 had a term of twenty years from its issuance on 22 May 1981. Hence, the registration expired on 21 May 2001. The Petitioner, however, filed the application for renewal only on 25 April 2002, more than

eleven months after the expiration of the term of the registration. The BOT declared the Petitioner's application or petition to renew the registration abandoned with finality as of 14 January 2004⁴ on the ground of non-compliance or non-response to an official action issued by the Trademark Examiner. While the abandonment appeared to have been withdrawn per "ORDER OF REVIVAL WITHOUT COST" by the BOT Director, dated 07 October 2004, a "FINAL REJECTION" was issued by the BOT on 29 August 2006, to wit:

"The petition for renewal was filed beyond six (6) months after expiration of the period for which the registration was issued..."

The "FINAL REJECTION" highlighted the fact that no timely application for the renewal of the registration was filed. Thus, there was no more Trademark Reg. No. 29365 to speak of at the time Trademark Reg. No. 4-2003-003510 was issued on 21 January 2006.

On the other hand, the Petitioner's trademark applications - Serial No. 4-2004-0001695⁵ and Serial No. 04-2007-013840 - did not bar the registration of the Respondent-Registrant's trademark⁶. These applications were filed after the Respondent-Registrant's filing of the trademark application which ripened to Trademark Reg. No. 4-2003-003510. The Petitioner's allegation that its "claim of priority" - citing Reg. No. 29365 - was favorably considered by the BOT Director is not true. What the BOT Director granted is a priority examination of the renewal application as allowed by the Trademark Regulations. A "claim of priority" as regards the filing date is based on an earlier foreign application, that is, an application filed in another country.⁷

With respect to Trademark Reg. 026064, this Bureau ordered it canceled in its Decision No. 2013-153, dated 31 July 2013, in Inter Partes Case No. 14-2008-00253, entitled BATA BRAND S.a.r.l. v. NEW OLYMPIAN RUBBERPRODUCTS CO., INC.

"Essentially, the issue to be resolved is whether Cert. of Renewal Reg. No. 026064 should be cancelled.

Petitioner, in this case, basically raises the issue of ownership. It imputes fraud and bad faith on Respondent-Registrant in procuring registration over the mark "BATA" claiming that it is the lawful and rightful owner thereof. Succinctly, Section 151.1 of the IP Code provides in part that:

x x x

⁴ Exhibit I.

⁵ Exhibit O.

⁶ Exhibit Q.

⁷ See Sec.31 of the IP Code.

This provision allows any person to file a petition to cancel a trademark registration at any time if that person believes that he will be damaged by the registration. Once filed, the cancellation proceeding becomes, basically, a review of the trademark registration in question to see if the legal requirements for registration have been satisfied and if the maintenance or continuance of Respondent-Registrant's trademark in the principal register would damage the Petitioner.

Corollarily, it is provided in Sec. 138 of the IP Code:

X X X

It is emphasized that the essence of trademark registration is to give protection to the owners of trademarks. The function of a trademark is to point out distinctly the origin or ownership of the goods to which it is affixed; to secure to him who has been instrumental in bringing into the market a superior article of merchandise, the fruit of his industry and skill; to assure the public that they are procuring the genuine article; to prevent fraud and imposition; and to protect the manufacturer against substitution and sale of an inferior and different article as his product.

Clearly, it is not the registration that confers ownership of the mark but it is ownership that gives rise to a right to register the same. Registration, without more, does not confer upon the registrant an absolute right to the registered mark. The certificate of registration is merely a prima facie proof that the registrant is the owner of the registered mark or trade name. Evidence of prior and continuous use of the mark or trade name by another can overcome the presumptive ownership of the registrant and may very well entitle the former to be declared owner in an appropriate case. The registration system shall not be used in committing or perpetrating an unjust and unfair claim. As all presumptions, the presumptive ownership conferred by registration may be questioned, attacked and proven otherwise by evidence to the contrary.

Verily, the pronouncement by the Supreme Court in *Berris Agricultural Company, Inc. vs. Norvy Abvadanq*" is enlightening on this point, thus:

"The ownership of a trademark is acquired by its registration and its actual use by the manufacturer or distributor of the goods made available to the purchasing public. Section 122 of R.A. No. 8293 provides that the rights in a mark shall be acquired by means of its valid registration with the IPG. A certificate of registration of a mark, once issued, constitutes prima facie evidence of the validity of the registration, of the registrant's ownership of the mark, and of the registrant's exclusive right to use the same in connection with the goods or services and those that are related thereto specified in the certificate. R.A. No. 8293, however, requires the applicant for registration or the registrant to file a declaration of actual use (DAU) of the mark, with evidence to that effect, within three (3) years from the filing of the application for registration; otherwise, the application shall be refused or the mark shall be removed from the register. In other words, the prima facie presumption brought about by the registration of a mark may be challenged and overcome, in an appropriate action, by proof of the nullity of the registration or of non-use of the mark, except when excused. Moreover, the presumption may likewise be defeated by

evidence of prior use by another person, i.e., it will controvert a claim of legal appropriation or of ownership based on registration by a subsequent user. This is because a trademark is a creation of use and belongs to one who first used it in trade or commerce. "(Emphasis supplied.)

In this regard, the Petitioner established by evidence that the roots of the subject trademark "BATA" can be traced from the surname of its founder, Tomas Bata. In 1894, Tomas Bata, a Czechoslovakian shoemaker founded in a town called Zlin, the present-day Czech Republic, what is now known as the Bata Shoe Corporation C'BSO"). The trademark "BATA" was assigned to Petitioner by Bata Limited, another entity of the BSO.

The Respondent-Registrant, however, argues that the aforementioned Supreme Court decision constitutes *res judicata* over the controversy at hand. In this regard, a perusal of the records reveal that on 31 May 1978, certificate of Registration was issued in favor of a New Olympian Rubber Products Co., Inc., the same corporate name which Respondent-Registrant now bears. Likewise appearing on the records is the fact that this company has been granted a corporate term of twenty five (25) years from 04 April 1950. But, is the said company still existed as of 31 May 1978?

The determination of the issue regarding the extent of the corporate term of a corporation is beyond the jurisdiction of this Bureau or the Intellectual Property Office altogether. As provided by Section 10 of the IP Code, the jurisdiction of the Bureau of Legal Affairs is confined to:

x x x

Thus, with respect to this matter, this Bureau is constrained to rely and thus, gives value to the Certificate of Corporate Filing/Information issued by the Securities and Exchange Commission ("SEC"). This document, presented as evidence, was not attacked nor invalidated. In the certificate, which was issued on 8 December 2008, the SEC stated that:

"THIS IS TO CERTIFY that a verification made on the available records on file with this Commission shows that the NEW OLYMPIAN RUBBER PRODUCTS COMPANY INC with SEC No. 5034 was registered on 04 April 1950 with a term of existence of twenty five (25) years which **expired in April 4 1975**. No Amended Articles of Incorporation extending its corporate term was filed.

"On June 19, 1981, **another corporation** in the name of NEW OLYMPIAN RUBBER PRODUCTS Co., INC was registered under SEC No. 99525 with a term of existence of fifty (50) years. To date, no amended Articles of Incorporation dissolving the corporation appears to have been filed." (Emphasis supplied.)

Moreover, another documentary evidence, captioned "Minutes of the Special Meeting of Stockholders of New Olympian Rubber Products Company, Inc. held In Its Principal Office In Quezon City on August 15, 1980", submitted by Respondent

Registrant itself, betrays its assertion that it had renewed its registration with the SEC In the said Minutes, it was stated that:

"There being a quorum, the Chairman called the meeting to order. He informed the stockholders present that due to over-sight, the term of the company **expired in April 4, 1975 without its term being extended** prior to its expiry date. It was, therefore, necessary for the company to be able to continue in business to reincorporate. xxx".
(Emphasis supplied)

In this regard, the inevitable conclusion is that, the principle of res judicata is not applicable in the instant case. A case is barred by prior judgment or res judicata when the following elements are present:

1. The former judgment is final;
2. It is rendered by a court having jurisdiction over the subject matter and the parties;
3. It is a judgment or an order on the merits; and
4. There is between the first and the second action identity of parties, identity of subject matter, and identity of causes of action.

Res judicata shall not attach as there can be no identity of parties. From the above findings, the Respondent-Registrant is a distinct corporation from the one whose corporate life ended on 04 April 1975, which was the party in G.R. No. L53672. Its claim that the assets of the defunct corporation was assigned to it deserves scant consideration for lack of supporting evidence. The continuous grant of renewal of registration in favor of the herein Respondent-Registrant does not give it prior vested rights over the mark. The Intellectual Property Office and its predecessors, in issuing the trademark registration and the renewals thereof, may not have been informed that the corporate life of the company the PPO dealt with in 1971 already expired on 04 April 1975. All these years, the Respondent-Registrant filed for renewals of registration without intimating that it was a newly incorporated corporation. Nor did it cause the recording of any assignment of rights over the mark from the defunct corporation to itself. This constitutes fraud, which cannot give birth to any prior property rights that the Respondent-Registrant claims to have.

Moreover, relevant is the Supreme Court's ruling in Pribhdas J. Mirpuri vs. Court of Appeals on the issue of res judicata, viz:

"IPC No. 2049 raised the issue of ownership of the trademark, the first registration and use of the trademark in the United States and other countries, and the international recognition and reputation of the trademark established by extensive use and advertisement of private respondent's products for over forty years here and abroad These are different from the issues of confusing similarity and damage in IPC No. 686. The issue of prior use may have been raised in IPC No. 686 but this claim was limited to prior use in the Philippines only. Prior use in IPC No. 2049 stems from private respondent's claim as originator of the word and symbol "Barbizon" as the first and registered user of the mark attached to its products which have been sold and advertised worldwide for a considerable number of years prior to petitioner's first application for registration of her trademark in the Philippines. Indeed, these are

substantial allegations that raised new issues and necessarily gave private respondent a new cause of action. Res judicata does not apply to rights, claims or demands, although growing out of the same subject matter, which constitute separate or distinct causes of action and were not put in issue in the former action.

"Respondent corporation also introduced in the second case a fact that did not exist at the time the first case was filed and terminated. The cancellation of petitioner's certificate of registration for failure to file the affidavit of use arose only after IPC No. 686. It did not and could not have occurred in the first case, and this gave respondent another cause to oppose the second application. Res judicata extends only to facts and conditions as they existed at the time judgment was rendered and to the legal rights and relations of the parties fixed by the facts so determined. When new facts or conditions intervene before the second suit furnishing a new basis for the claims and defenses of the parties, the issues are no longer the same, and the former judgment cannot be pleaded as a bar to the subsequent action.

"It is also noted that the oppositions in the first and second cases are based on different laws. The opposition in IPC No. 686 was based on specific provisions of the Trademark Law, i.e., Section 4 (d) on confusing similarity of trademarks and Section 8 on the requisite damage to file an opposition to a petition for registration. The opposition in IPC No. 2049 invoked the Paris Convention, particularly Article 6bis thereof, EO. No. 913 and the two Memoranda of the Minister of Trade and Industry. This opposition also invoked Article 189 of the Revised Penal Code which is a statute totally different from the Trademark Law. Causes of action which are distinct and independent from each other, although arising out of the same contract, transaction, or state of facts, may be sued on separately, recovery on one being no bar to subsequent actions on others. The mere fact that the same relief is sought in the subsequent action will not render the judgment in the prior action operative as res judicata, such as where the two actions are based on different statutes. Res judicata therefore does not apply to the instant case and respondent Court of Appeals did not err in so ruling."(Emphasis supplied.)

Guided by this jurisprudential rule, this Bureau reiterates that res judicata does not apply in this case. Firstly, G.R. No. L-53672 was decided when the prevailing law was Rep. Act No. 166 (the old "Law on Trademarks"). Secondly, the Petitioner invites this Bureau to look at the trademark registrations it acquired in other jurisdictions and the extent of their use. More importantly, the Petitioner cites fraud, a ground to cancel a registration of a trademark under the IP Code. There is now the issue as to whether the Respondent-Registrant can claim to be the owner or rightful registrant of the mark "BATA" in spite of the fact that it no longer existed at the time the registration was issued. Moreover, the Petitioner has shown to be the originator and real owner thereof.

To conclude, the Petitioner successfully overcame the presumption arising out of the issuance of Certificate of Renewal Registration No. 026064. The evidence presented shows that the Respondent-Registrant has no right whatsoever over the renewal of the said trademark registration. Certificate of Registration No. 026064

was issued on 31 May 1978, more than three (3) years before the existence or incorporation of the Respondent-Registrant on 19 June 1981. As the certificate was granted to a non-existing corporation, no entity can claim rights there from absent any sufficient proof of assignment or transfer of assets. Lastly, the Petitioner proved that it is the originator and the real owner of the contested mark.

Succinctly, this Bureau is constrained from canceling Trademark Reg. No. 4-2003-003510 on the basis of a trademark registration which this Bureau has already found to have been obtained in bad faith. The Petitioner should not have been allowed to renew Trademark Reg. No. 26064 in its favor. Trademark Reg. No. 26064 was issued on 31 May 1978 to a different corporate entity which term of existence already ended three years earlier. In fact, the Petitioner was incorporated only in 1981. In effect, the renewals of Trademark Reg. 26064 issued to the Petitioner are void. As such, no right can be derived there from, much less to uphold.

WHEREFORE, premises considered, the instant petition for cancellation is hereby **DISMISSED**. Let the filewrapper of Trademark Registration No. 4-2003-003510 be returned, together with a copy of this Decision, to the Bureau of Trademarks for information and appropriate action.

SO ORDERED.

Taguig City, 06 November 2013.


ATTY. NATHANIEL S. AREVALO
Director IV, Bureau of Legal Affairs