

[G.R. No. 148222. August 15, 2003.]

PEARL & DEAN (PHIL.), INCORPORATED, *petitioner*, vs. SHOEMART, INCORPORATED, and NORTH EDSA MARKETING, INCORPORATED, *respondents*.

DECISION

In the instant petition for review on *certiorari* under Rule 45 of the Rules of Court, petitioner Pearl & Dean (Phil.) Inc. (P & D) assails the May 22, 2001 decision of the Court of Appeals reversing the October 31, 1996 decision of the Regional Trial Court of Makati, Branch 133, in Civil Case No. 92-516 which declared private respondents Shoemart Inc. (SMI) and North Edsa Marketing Inc. (NEMI) liable for infringement of trademark and copyright, and unfair competition.

FACTUAL ANTECEDENTS

The May 22, 2001 decision of the Court of Appeals contained a summary of this dispute:

"Plaintiff-appellant Pearl and Dean (Phil.), Inc. is a corporation engaged in the manufacture of advertising display units simply referred to as light boxes. These units utilize specially printed posters sandwiched between plastic sheets and illuminated with back lights. Pearl and Dean was able to secure a Certificate of Copyright Registration dated January 20, 1981 over these illuminated display units. The advertising light boxes were marketed under the trademark "Poster Ads." The application for registration of the trademark was filed with the Bureau of Patents, Trademarks and Technology Transfer on June 20, 1983, but was approved only on September 12, 1988, per Registration No. 41165. From 1981 to about 1988, Pearl and Dean employed the services of Metro Industrial Services to manufacture its advertising displays.

Sometime in 1985, Pearl, and Dean negotiated with defendant-appellant Shoemart, Inc. (SMI) for the lease and installation of the light boxes in SM City North Edsa. Since SM City North Edsa was under construction at that time, SMI offered as an alternative, SM Makati and SM Cubao, to which Pearl and Dean agreed. On September 11, 1985, Pearl and Dean's General Manager, Rodolfo Vergara, submitted for signature the contacts covering SM Cubao and SM Makati to SMI's Advertising Promotions and Publicity Division Manager, Ramonlito Abano. Only the contract for SM Makati, however, was returned signed. On October 4, 1985, Vergara wrote Abano inquiring about the other contract and reminding him that their agreement for installation of light boxes was not only for its SM Makati branch, but also for SM Cubao. SMI did not bother to reply.

Instead, in a letter dated January 14, 1986, SMI's house counsel informed Pearl and Dean that it was rescinding the contract for SM Makati due to non-performance of the terms thereof. In his reply dated February 17, 1986, Vergara protested the unilateral action of SMI, saying it was without basis. In the same letter, he pushed for the signing of the contract for SM Cubao.

Two years later, Metro Industrial Services, the company formerly contracted by Pearl and Dean to fabricate its display units, offered to

construct light boxes for Shoemart's chain of stores. SMI approved the proposal and ten (10) light boxes were subsequently fabricated by Metro Industrial for SMI. After its contract with Metro Industrial was terminated, SMI engaged the services of EYD Rainbow Advertising Corporation to make the light boxes. Some 300 units were fabricated in 1991. These were delivered on a staggered basis and installed at SM Megamall and SM City.

Sometime in 1989, Pearl and Dean, received reports that exact copies of its light boxes were installed at SM City and in the fastfood section of SM Cubao. Upon investigation, Pearl and Dean found out that aside from the two (2) reported SM branches, light boxes similar to those it manufactures were also installed in two (2) other SM stores. It further discovered that defendant-appellant North Edsa Marketing Inc. (NEMI), through its marketing arm, Prime Spots Marketing Services, was set up primarily to sell advertising space in lighted display units located in SMI's different branches. Pearl and Dean noted that NEMI is a sister company of SMI.

In the light of its discoveries, Pearl and Dean sent a letter dated December 11, 1991 to both SMI and NEMI enjoining them to cease using the subject light boxes and to remove the same from SMI's establishments. It also demanded the discontinued use of the trademark "Poster Ads," and the payment to Pearl and Dean of compensatory damages in the amount of Twenty Million Pesos (P20,000,000.00).

Upon receipt of the demand letter, SMI suspended the leasing of two hundred twenty-four (224) light boxes and NEMI took down its advertisements for "Poster Ads" from the lighted display units in SMI's stores. Claiming that both SMI and NEMI failed to meet all its demands, Pearl and Dean filed this instant case for infringement of trademark and copyright, unfair competition and damages.

In denying the charges hurled against it, SMI maintained that it independently developed its poster panels using commonly known techniques and available technology, without notice of or reference to Pearl and Dean's copyright. SMI noted that the registration of the mark "Poster Ads" was only for stationeries such as letterheads, envelopes, and the like. Besides, according to SMI, the word "Poster Ads" is a generic term which cannot be appropriated as a trademark, and, as such, registration of such mark is invalid. It also stressed that Pearl and Dean is not entitled to the reliefs prayed for in its complaint since its advertising display units contained no copyright notice, in violation of Section 27 of P.D. 49. SMI alleged that Pearl and Dean had no cause of action against it and that the suit was purely intended to malign SMI's good name. On this basis, SMI, aside from praying for the dismissal of the case, also counterclaimed for moral, actual and exemplary damages and for the cancellation of Pearl and Dean's Certification of Copyright Registration No. PD-R-2558 dated January 20, 1981 and Certificate of Trademark Registration No. 4165 dated September 12, 1988.

NEMI, for its part, denied having manufactured, installed or used any advertising display units, nor having engaged in the business of advertising. It repleaded SMI's averments, admissions and denials and prayed for similar reliefs and counterclaims as SMI."

The RTC of Makati City decided in favor of P & D:

Wherefore, defendants SMI and NEMI are found jointly and severally liable for infringement of copyright under Section 2 of PD 49, as amended, and infringement of trademark under Section 22 of RA No. 166, as amended, and are hereby penalized under Section 28 of PD 49, as amended, and Sections 23 and 24 of RA 166, as amended. Accordingly, defendants are hereby directed:

(1) to pay plaintiff the following damages:

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| (a) | actual damages representing profits derived by defendants as a result of infringement of plaintiff's copyright from 1991 to 1992 | — | P16,600,000.00, |
| (b) | moral damages | — | P1,000,000.00 |
| (c) | exemplary damages | — | P1,000,000.00 |
| (d) | attorney's fees plus | — | P1,000,000.00 |
| (e) | costs of suit; | | |

(2) to deliver, under oath, for impounding in the National Library, all light boxes of SMI which were fabricated by Metro Industrial Services and EYD Rainbow Advertising Corporation;

(3) to deliver, under oath, to the National Library, all filler-posters using the trademark "Poster Ads," for destruction; and

(4) to permanently refrain from infringing the copyright on plaintiff's light boxes and its trademark "Poster Ads."

Defendants' counterclaims are hereby ordered dismissed for lack of merit.

SO ORDERED.

On appeal, however, the Court of Appeals reversed the trial court:

Since the light boxes cannot, by any stretch of the imagination, be considered as either prints, pictorial illustrations, advertising copies, labels, tags or box wraps, to be properly classified as a copyrightable class "O" work, we have to agree with SMI when it posited that what was copyrighted were the technical drawings only, and not the light boxes themselves, thus:

42. When a drawing is technical and depicts a utilitarian object, a copyright over the drawings like plaintiff-appellant's will not extend to the actual object. It has so been held under jurisprudence, of which the leading case is *Baker vs. Selden* (101 U.S. 841 [1879]). In that case, Selden had obtained a copyright protection for a book entitled "Selden's Condensed Ledger or Bookkeeping Simplified"

which purported to explain a new system of bookkeeping. Included as part of the book were blank forms and illustrations consisting of ruled lines and headings, specially designed for use in connection with the system explained in the work. These forms showed the entire operation of a day or a week or a month on a single page, or on two pages following each other. The defendant Baker then produced forms which were similar to the forms illustrated in Selden's copyrighted books. The Court held that exclusivity to the actual forms is not extended by a copyright. The reason was that "to grant a monopoly in the underlying art when no examination of its novelty has ever been made would be a surprise and a fraud upon the public; that is the province of letters patent, not of copyright." And that is precisely the point. No doubt aware that its alleged original design would never pass the rigorous examination of a patent application, plaintiff-appellant fought to foist a fraudulent monopoly on the public by conveniently resorting to a copyright registration which merely employs a recordal system without the benefit of an in-depth examination of novelty.

The principle in *Baker vs. Selden* was likewise applied in *Muller vs. Triborough Bridge Authority* [43 F. Supp. 298 (S.D.N.Y. 1942)]. In this case, Muller had obtained a copyright over an unpublished drawing entitled "Bridge Approach — the drawing showed a novel bridge approach to unsnarl traffic congestion." The defendant constructed a bridge approach which was alleged to be an infringement of the new design illustrated in plaintiff's drawings. In this case it was held that protection of the drawing does not extend to the unauthorized duplication of the object drawn because copyright extends only to the description or expression of the object and not to the object itself. It does not prevent one from using the drawings to construct the object portrayed in the drawing.

In two other cases, *Imperial Homes Corp. v. Lamont*, 458 F. 2d 895 and *Scholtz Homes, Inc. v. Maddox*, 379 F. 2d 84, it was held that there is no copyright infringement when one who, without being authorized, uses a copyrighted architectural plan to construct a structure. This is because the copyright does not extend to the structures themselves.

In fine, we cannot find SMI liable for infringing Pearl and Dean's copyright over the technical drawings of the latter's advertising display units.

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The Supreme Court trenchantly held in *Faberge, Incorporated vs. Intermediate Appellate Court* that the protective mantle of the Trademark Law extends only to the goods used by the first user as specified in the certificate of registration, following the clear mandate conveyed by Section 20 of Republic Act 166, as amended, otherwise known as the Trademark Law, which reads:

SEC. 20. *Certification 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 trade-name, 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.*" (italics supplied)

The records show that on June 20, 1983, Pearl and Dean applied for the registration of the trademark "Poster Ads" with the Bureau of Patents, Trademarks, and Technology Transfer. Said trademark was recorded in the Principal Register on September 12, 1988 under Registration No. 41165 covering the following products: stationeries such as letterheads, envelopes and calling cards and newsletters.

With this as factual backdrop, we see no legal basis to the finding of liability on the part of the defendants-appellants for their use of the words "Poster Ads," in the advertising display units in suit. Jurisprudence has interpreted Section 20 of the Trademark Law as "an implicit permission to a manufacturer to venture into the production of goods and allow that producer to appropriate the brand name of the senior registrant on goods other than those stated in the certificate of registration." The Supreme Court further emphasized the restrictive meaning of Section 20 when it stated, through Justice Conrado V. Sanchez, that:

Really, if the certificate of registration were to be deemed as including goods not specified therein, then a situation may arise whereby an applicant may be tempted to register a trademark on any and all goods which his mind may conceive even if he had never intended to use the trademark for the said goods. We believe that such omnibus registration is not contemplated by our Trademark Law.

While we do not discount the striking similarity between Pearl and Dean's registered trademark and defendants-appellants' "Poster Ads" design, as well as the parallel use by which said words were used in the parties' respective advertising copies, we cannot find defendants-appellants liable for infringement of trademark. "Poster Ads" was registered by Pearl and Dean for specific use in its stationeries, in contrast to defendants-appellants who used the same words in their advertising display units. Why Pearl and Dean limited the use of its trademark to stationeries is simply beyond us. But, having already done so, it must stand by the consequence of the registration which it had caused.

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We are constrained to adopt the view of defendants-appellants that the words "Poster Ads" are a simple contraction of the generic term poster advertising. In the absence of any convincing proof that "Poster Ads" has acquired a secondary meaning in this jurisdiction, we find that Pearl and Dean's exclusive right to the use of "Poster Ads" is limited to what is written in its certificate of registration, namely, stationeries.

Defendants-appellants cannot thus be held liable for infringement of the trademark "Poster Ads."

There being no finding of either copyright or trademark infringement on the part of SMI and NEMI, the monetary award granted by the lower court to Pearl and Dean has no leg to stand on.

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WHEREFORE, premises considered, the assailed decision is REVERSED and SET ASIDE, and another is rendered DISMISSING the complaint and counterclaims in the above-entitled case for lack of merit.

Dissatisfied with the above decision, petitioner P & D filed the instant petition assigning the following errors for the Court's consideration:

- A. THE HONORABLE COURT OF APPEALS ERRED IN RULING THAT NO COPYRIGHT INFRINGEMENT WAS COMMITTED BY RESPONDENTS SM AND NEMI;
- B. THE HONORABLE COURT OF APPEALS ERRED IN RULING THAT NO INFRINGEMENT OF PEARL & DEAN'S TRADEMARK "POSTER ADS" WAS COMMITTED BY RESPONDENTS SM AND NEMI;
- C. THE HONORABLE COURT OF APPEALS ERRED IN DISMISSING THE AWARD OF THE TRIAL COURT, DESPITE THE LATTER'S FINDING, NOT DISPUTED BY THE HONORABLE COURT OF APPEALS, THAT SM WAS GUILTY OF BAD FAITH IN ITS NEGOTIATION OF ADVERTISING CONTRACTS WITH PEARL & DEAN.
- D. THE HONORABLE COURT OF APPEALS ERRED IN NOT HOLDING RESPONDENTS SM AND NEMI LIABLE TO PEARL & DEAN FOR ACTUAL, MORAL & EXEMPLARY DAMAGES, ATTORNEY'S FEES AND COSTS OF SUIT.

ISSUES

In resolving this very interesting case, we are challenged once again to put into proper perspective four main concerns of intellectual property law — patents, copyrights, trademarks and unfair competition arising from infringement of any of the first three. We shall focus then on the following issues:

(1) if the engineering or technical drawings of an advertising display unit (light box) are granted copyright protection (copyright certificate of registration) by the National Library, is the light box depicted in such engineering drawings *ipso facto* also protected by such copyright?

(2) or should the light box be registered separately and protected by a patent issued by the Bureau of Patents Trademarks and Technology Transfer (now Intellectual Property Office) — in addition to the copyright of the engineering drawings?

(3) can the owner of a registered trademark legally prevent others from using such trademark if it is a mere abbreviation of a term descriptive of his goods, services or business?

ON THE ISSUE OF COPYRIGHT INFRINGEMENT

Petitioner P & D's complaint was that SMI infringed on its copyright over the light boxes when SMI had the units manufactured by Metro and EYD Rainbow Advertising for its own account. Obviously, petitioner's position was premised on its belief that its copyright over the engineering drawings extended *ipso facto* to the light boxes depicted or illustrated in said drawings. In ruling that there was no copyright infringement, the Court of Appeals held that the copyright was limited to the drawings alone and not to the light box itself. We agree with the appellate court.

First, petitioner's application for a copyright certificate — as well as Copyright Certificate No. PD-R2588 issued by the National Library on January 20, 1981 — clearly stated that it was for a class "O" work under Section 2 (O) of PD 49 (The Intellectual Property Decree) which was the statute then prevailing. Said Section 2 expressly enumerated the works subject to copyright:

SEC. 2. The rights granted by this Decree shall, from the moment of creation, subsist with respect to any of the following works:

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(O) Prints, pictorial illustrations, advertising copies, labels, tags, and box wraps;

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Although petitioner's copyright certificate was entitled "Advertising Display Units" (which depicted the box-type electrical devices), its claim of copyright infringement cannot be sustained.

Copyright, in the strict sense of the term, is purely a statutory right. Being a mere statutory grant, the rights are limited to what the statute confers. It may be obtained and enjoyed only with respect to the subjects and by the persons, and on terms and conditions specified in the statute. *Accordingly, it can cover only the works falling within the statutory enumeration or description.*

P & D secured its copyright under the classification *class "O" work*. This being so, petitioner's copyright protection extended only to the technical drawings and not to the light box itself because the latter was not at all in the category of "prints, pictorial illustrations, advertising copies, labels, tags and box wraps." Stated otherwise, even as we find that P & D indeed owned a valid copyright, the same could have referred only to the technical drawings within the category of "pictorial illustrations." It could not have possibly stretched out to include the underlying light box. The strict application of the law's enumeration in Section 2 prevents us from giving petitioner even a little leeway, that is, even if its copyright certificate was entitled "Advertising Display Units." What the law does not include, it excludes, and for the good reason: the light box was not a literary or artistic piece which could be copyrighted under the copyright law. And no less clearly, neither could the lack of statutory authority to make the light box copyrightable be remedied by the simplistic act of entitling the copyright certificate issued by the National Library as "Advertising Display Units."

In fine, if SMI and NEMI reprinted P & D's technical drawings for sale to the public without license from P & D, then no doubt they would have been guilty of copyright infringement. But this was not the case. SMI's and NEMI's acts complained of by P & D were to have units similar or identical to the light box illustrated in the technical drawings manufactured by Metro and EYD Rainbow Advertising, for leasing out to different advertisers. Was this an infringement of petitioner's copyright over the technical drawings? We do not think so.

During the trial, the president of P & D himself admitted that the light box was neither a literary nor an artistic work but an "engineering or marketing invention." Obviously, there appeared to be some confusion regarding what ought or ought not to be the proper subjects of copyrights, patents and trademarks. In the leading case of *Kho vs. Court of Appeals*, we ruled that these three legal rights are completely distinct and separate from one another, and the protection afforded by one cannot be used interchangeably to cover items or works that exclusively pertain to the others:

Trademark, copyright and patents are different intellectual property rights that cannot be interchanged with one another. *A trademark is any visible sign capable of distinguishing the goods (trademark) or services (service mark) of an enterprise and shall include a stamped or marked container of goods.* In relation thereto, a trade name means the name or designation identifying or distinguishing an enterprise. Meanwhile, *the scope of a copyright is confined to literary and artistic works* which are original intellectual creations in the literary and artistic domain protected from the moment of their creation. *Patentable inventions, on the other hand, refer to any technical solution of a problem in any field of human activity which is new, involves an inventive step and is industrially applicable.*

ON THE ISSUE OF PATENT INFRINGEMENT

This brings us to the next point: if, despite its manufacture and commercial use of the *light boxes* without license from petitioner, private respondents cannot be held legally liable for infringement of P & D's copyright over its *technical drawings of the said light boxes*, should they be liable instead for infringement of patent? We do not think so either.

For some reason or another, petitioner never secured a patent for the light boxes. It therefore acquired no patent rights which could have protected its invention, if in fact it really was. And because it had no patent, petitioner could not legally prevent anyone from manufacturing or commercially using the contraption. In *Creaser Precision Systems, Inc. vs. Court of Appeals*, we held that "there can be no infringement of a patent until a patent has been issued, since whatever right one has to the invention covered by the patent *arises alone from the grant of patent*. . . . (A)n inventor has no common law right to a monopoly of his invention. He has the right to make use of and vend his invention, but if he voluntarily discloses it, such as by offering it for sale, the world is free to copy and use it with impunity. A patent, however, gives the inventor the right to exclude all others. As a patentee, he has the exclusive right of making, selling or using the invention. On the assumption that petitioner's advertising units were patentable inventions, petitioner revealed them fully to the public by submitting the engineering drawings thereof to the National Library.

To be able to effectively and legally preclude others from copying and profiting from the invention, a patent is a primordial requirement. No patent, no protection. The ultimate goal of a patent system is to bring new designs and technologies into the public domain through disclosure. Ideas, once disclosed to the public without the protection of a valid patent, are subject to appropriation without significant restraint.

On one side of the coin is the public which will benefit from new ideas; on the other are the inventors who must be protected. As held in *Bauer & Cie vs. O'Donnell*, "The act secured to the inventor the exclusive right to make use, and vend the thing patented, and consequently to prevent others from exercising like privileges without the consent of the patentee. It was passed for the purpose of encouraging useful invention and promoting new and useful inventions by the protection and stimulation new and useful inventions by the protection and stimulation given to inventive genius, and was intended to secure to the public, after the lapse of the exclusive privileges granted the benefit of such inventions and improvements."

The law attempts to strike an ideal balance between the two interests:

"(The p)atent system thus embodies a carefully crafted bargain for encouraging the creation and disclosure of new useful and non-obvious advances in technology and design, in return for the exclusive right to practice the invention for a number of years. The inventor may keep his invention secret and reap its fruits indefinitely. In consideration of its disclosure and the

consequent benefit to the community, the patent is granted. An exclusive enjoyment is guaranteed him for 17 years, but upon the expiration of that period, the knowledge of the invention inures to the people, who are thus enabled to practice it and profit by its use."

The patent law has a three-fold purpose: "first, patent law seeks to foster and reward invention; second, it promotes disclosures of inventions to stimulate further innovation and to permit the public to practice the invention once the patent expires; third, the stringent requirements for patent protection seek to ensure that ideas in the public domain remain there for the free use of the public."

It is only after an exhaustive examination by the patent office that a patent is issued. Such an in-depth investigation is required because "in rewarding a useful invention, the rights and welfare of the community must be fairly dealt with and effectively guarded. To that end, the prerequisites to obtaining a patent are strictly observed and when a patent is issued, the limitations on its exercise are equally strictly enforced. To begin with, a genuine invention or discovery must be demonstrated lest in the constant demand for new appliances, the heavy hand of tribute be laid on each slight technological advance in art."

There is no such scrutiny in the case of copyrights nor any notice published before its grant to the effect that a person is claiming the creation of a work. The law confers the copyright from the moment of creation and the copyright certificate is issued upon registration with the National Library of a sworn *ex-parte* claim of creation.

Therefore, not having gone through the arduous examination for patents, the petitioner cannot exclude others from the manufacture, sale or commercial use of the light boxes on the sole basis of its copyright certificate over the technical drawings.

Stated otherwise, what petitioner seeks is exclusivity without any opportunity for the patent office (IPO) to scrutinize the light box's eligibility as a patentable invention. The irony here is that, had petitioner secured a patent instead, its exclusivity would have been for 17 years only. But through the simplified procedure of copyright-registration with the National Library — without undergoing the rigor of defending the patentability of its invention before the IPO and the public — the petitioner would be protected for 50 years. This situation could not have been the intention of the law.

In the oft-cited case of *Baker vs. Selden*,²¹ the United States Supreme Court held that *only the expression of an idea is protected by copyright, not the idea itself*. In that case, the plaintiff held the copyright of a book which expounded on a new accounting system he had developed. The publication illustrated blank forms of ledgers utilized in such a system. The defendant reproduced forms similar to those illustrated in the plaintiff's copyrighted book. The US Supreme Court ruled that:

"There is no doubt that a work on the subject of book-keeping, though only explanatory of well known systems, may be the subject of a copyright; but, then, it is claimed only as a book. . . . But there is a clear distinction between the books, as such, and the art, which it is, intended to illustrate. The mere statement of the proposition is so evident that it requires hardly any argument to support it. The same distinction may be predicated of every other art as well as that of bookkeeping. A treatise on the composition and use of medicines, be they old or new; on the construction and use of ploughs or watches or churns; or on the mixture and application of colors for painting or dyeing; or on the mode of drawing lines to produce the effect of perspective, would be the subject of copyright; but no one would contend that the copyright of the treatise would give the exclusive right to the art or manufacture

described therein. The copyright of the book, if not pirated from other works, would be valid without regard to the novelty or want of novelty of its subject matter. The novelty of the art or thing described or explained has nothing to do with the validity of the copyright. *To give to the author of the book an exclusive property in the art described therein, when no examination of its novelty has ever been officially made, would be a surprise and a fraud upon the public. That is the province of letters patent, not of copyright. The claim to an invention of discovery of an art or manufacture must be subjected to the examination of the Patent Office before an exclusive right therein can be obtained; and a patent from the government can only secure it.*

The difference between the two things, letters patent and copyright, may be illustrated by reference to the subjects just enumerated. Take the case of medicines. Certain mixtures are found to be of great value in the healing art. *If the discoverer writes and publishes a book on the subject (as regular physicians generally do), he gains no exclusive right to the manufacture and sale of the medicine; he gives that to the public. If he desires to acquire such exclusive right, he must obtain a patent for the mixture as a new art, manufacture or composition of matter. He may copyright his book, if he pleases; but that only secures to him the exclusive right of printing and publishing his book. So of all other inventions or discoveries.*

The copyright of a book on perspective, no matter how many drawings and illustrations it may contain, gives no exclusive right to the modes of drawing described, though they may never have been known or used before. By publishing the book without getting a patent for the art, the latter is given to the public.

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Now, whilst no one has a right to print or publish his book, or any material part thereof, as a book intended to convey instruction in the art, any person may practice and use the art itself which he has described and illustrated therein. *The use of the art is a totally different thing from a publication of the book explaining it.* The copyright of a book on bookkeeping cannot secure the exclusive right to make, sell and use account books prepared upon the plan set forth in such book. Whether the art might or might not have been patented, is a question, which is not before us. It was not patented, and is open and free to the use of the public. And, of course, in using the art, the ruled lines and headings of accounts must necessarily be used as incident to it.

The plausibility of the claim put forward by the complainant in this case arises from a confusion of ideas produced by the peculiar nature of the art described in the books, which have been made the subject of copyright. In describing the art, the illustrations and diagrams employed happened to correspond more closely than usual with the actual work performed by the operator who uses the art. . . . *The description of the art in a book, though entitled to the benefit of copyright, lays no foundation for an exclusive claim to the art itself. The object of the one is explanation; the object of the other is use. The former may be secured by copyright. The latter can only be secured, if it can be secured at all, by letters patent.*" (italics supplied)

ON THE ISSUE OF TRADEMARK INFRINGEMENT

This issue concerns the use by respondents of the mark "Poster Ads" which petitioner's president said was a contraction of "poster advertising." P & D was able to secure a trademark certificate for it, but one where the goods specified were "stationeries such as letterheads, envelopes, calling cards and newsletters." Petitioner admitted it did not commercially engage in or market these goods. On the contrary, it dealt in electrically operated backlit advertising units and the sale of advertising spaces thereon, which, however, were not at all specified in the trademark certificate.

Under the circumstances, the Court of Appeals correctly cited *Faberge Inc. vs. Intermediate Appellate Court*, where we, invoking Section 20 of the old Trademark Law, ruled that "the certificate of registration issued by the Director of Patents can confer (upon petitioner) the exclusive right to use its own symbol *only to those goods specified in the certificate*, subject to any conditions and limitations specified in the certificate. . . . One who has adopted and used a trademark on his goods *does not prevent the adoption and use of the same trademark by others for products which are of a different description*." *Faberge, Inc.* was correct and was in fact recently reiterated in Canon *Kabushiki Kaisha vs. Court of Appeals*.

Assuming *arguendo* that "Poster Ads" could validly qualify as a trademark, the failure of P & D to secure a trademark registration for specific use on the light boxes meant that there could not have been any trademark infringement since registration was an essential element thereof.

ON THE ISSUE OF UNFAIR COMPETITION

If at all, the cause of action should have been for unfair competition, a situation which was possible even if P & D had no registration. However, while the petitioner's complaint in the RTC also cited unfair competition, the trial court did not find private respondents liable therefor. Petitioner did *not* appeal this particular point; hence, it cannot now revive its claim of unfair competition.

But even disregarding procedural issues, we nevertheless cannot hold respondents guilty of unfair competition.

By the nature of things, there can be no unfair competition under the law on copyrights although it is applicable to disputes over the use of trademarks. Even a name or phrase incapable of appropriation as a trademark or tradename may, by long and exclusive use by a business (such that the name or phrase becomes associated with the business or product in the mind of the purchasing public), be entitled to protection against unfair competition. In this case, there was no evidence that P & D's use of "Poster Ads" was distinctive or well-known. As noted by the Court of Appeals, petitioner's expert witnesses himself had testified that "'Poster Ads' was too generic a name. So it was difficult to identify it with any company, honestly speaking." This crucial admission by its own expert witness that "Poster Ads" could not be associated with P & D showed that, in the mind of the public, the goods and services carrying the trademark "Poster Ads" could not be distinguished from the goods and services of other entities.

This fact also prevented the application of the doctrine of secondary meaning. "Poster Ads" was generic and incapable of being used as a trademark because it was used in the field of poster advertising, the very business engaged in by petitioner. "Secondary meaning" means that a word or phrase originally incapable of exclusive appropriation with reference to an article in the market (because it is geographically or otherwise descriptive) might nevertheless have been used for so long and so exclusively by one producer with reference to his article that, in the trade and to that branch of the purchasing public, the word or phrase has come to mean

that the article was his property. The admission by petitioner's own expert witness that he himself could not associate "Poster Ads" with petitioner P & D because it was "too generic" definitely precluded the application of this exception.

Having discussed the most important and critical issues, we see no need to belabor the rest.

All told, the Court finds no reversible error committed by the Court of Appeals when it reversed the Regional Trial Court of Makati City.\

WHEREFORE, the petition is hereby DENIED and the decision of the Court of Appeals dated May 22, 2001 is AFFIRMED *in toto*.

SO ORDERED.