

SECOND DIVISION

[G.R. No. 185830. June 5, 2013.]

ECOLE DE CUISINE MANILLE (CORDON BLEU OF THE PHILIPPINES), INC., *petitioner*, vs. RENAUD COINTREAU & CIE and LE CORDON BLEU INT'L., B.V., *respondents*.

DECISION

PERLAS-BERNABE, J :

Assailed in this petition for review on *certiorari* [1] is the December 23, 2008 Decision [2] of the Court of Appeals (CA) in CA-G.R. SP No. 104672 which affirmed *in toto* the Intellectual Property Office (IPO) Director General's April 21, 2008 Decision [3] that declared respondent Renaud Cointreau & Cie (Cointreau) as the true and lawful owner of the mark "LE CORDON BLEU & DEVICE" and thus, is entitled to register the same under its name.

The Facts

On June 21, 1990, Cointreau, a partnership registered under the laws of France, filed before the (now defunct) Bureau of Patents, Trademarks, and Technology Transfer (BPTTT) of the Department of Trade and Industry a trademark application for the mark "LE CORDON BLEU & DEVICE" for goods falling under classes 8, 9, 16, 21, 24, 25, 29, and 30 of the International Classification of Goods and Services for the Purposes of Registrations of Marks ("Nice Classification") (subject mark). The application was filed pursuant to Section 37 of Republic Act No. 166, as amended (R.A. No. 166), on the basis of Home Registration No. 1,390,912, issued on November 25, 1986 in France. Bearing Serial No. 72264, such application was published for opposition in the March-April 1993 issue of the BPTTT Gazette and released for circulation on May 31, 1993. [4]

On July 23, 1993, petitioner Ecole De Cuisine Manille, Inc. (Ecole) filed an opposition to the subject application, averring that: (a) it is the owner of the mark "LE CORDON BLEU, ECOLE DE CUISINE MANILLE," which it has been using since 1948 in cooking and other culinary activities, including in its restaurant business; and (b) it has earned immense and invaluable goodwill such that Cointreau's use of the subject mark will actually create confusion, mistake, and deception to the buying public as to the origin and

sponsorship of the goods, and cause great and irreparable injury and damage to Ecole's business reputation and goodwill as a senior user of the same. [5]

On October 7, 1993, Cointreau filed its answer claiming to be the true and lawful owner of the subject mark. It averred that: (a) it has filed applications for the subject mark's registration in various jurisdictions, including the Philippines; (b) Le Cordon Bleu is a culinary school of worldwide acclaim which was established in Paris, France in 1895; (c) Le Cordon Bleu was the first cooking school to have set the standard for the teaching of classical French cuisine and pastry making; and (d) it has trained students from more than eighty (80) nationalities, including Ecole's directress, Ms. Lourdes L. Dayrit. Thus, Cointreau concluded that Ecole's claim of being the exclusive owner of the subject mark is a fraudulent misrepresentation. [6]

During the pendency of the proceedings, Cointreau was issued Certificates of Registration Nos. 60631 and 54352 for the marks "CORDON BLEU & DEVICE" and "LE CORDON BLEU PARIS 1895 & DEVICE" for goods and services under classes 21 and 41 of the Nice Classification, respectively. [7]

The Ruling of the Bureau of Legal Affairs

In its Decision [8] dated July 31, 2006, the Bureau of Legal Affairs (BLA) of the IPO sustained Ecole's opposition to the subject mark, necessarily resulting in the rejection of Cointreau's application. [9] While noting the certificates of registration obtained from other countries and other pertinent materials showing the use of the subject mark outside the Philippines, the BLA did not find such evidence sufficient to establish Cointreau's claim of prior use of the same in the Philippines. It emphasized that the adoption and use of trademark must be in commerce in the Philippines and not abroad. It then concluded that Cointreau has not established any proprietary right entitled to protection in the Philippine jurisdiction because the law on trademarks rests upon the doctrine of nationality or territoriality. [10]

On the other hand, the BLA found that the subject mark, which was the predecessor of the mark "LE CORDON BLEU MANILLE" has been known and used in the Philippines since 1948 and registered under the name "ECOLE DE CUISINE MANILLE (THE CORDON BLEU OF THE PHILIPPINES), INC." on May 9, 1980. [11]

Aggrieved, Cointreau filed an appeal with the IPO Director General.

The Ruling of the IPO Director General

In his Decision dated April 21, 2008, the IPO Director General reversed and set aside the BLA's decision, thus, granting Cointreau's appeal and allowing the registration of the subject mark. [12] He held that while Section 2 of R.A. No. 166 requires actual use of

the subject mark in commerce in the Philippines for at least two (2) months before the filing date of the application, only the owner thereof has the right to register the same, explaining that the user of a mark in the Philippines is not *ipso facto* its owner. Moreover, Section 2-A of the same law does not require actual use in the Philippines to be able to acquire ownership of a mark. [13]

In resolving the issue of ownership and right to register the subject mark in favor of Cointreau, he considered Cointreau's undisputed use of such mark since 1895 for its culinary school in Paris, France (in which petitioner's own directress, Ms. Lourdes L. Dayrit, had trained in 1977). Contrarily, he found that while Ecole may have prior use of the subject mark in the Philippines since 1948, it failed to explain how it came up with such name and mark. The IPO Director General therefore concluded that Ecole has unjustly appropriated the subject mark, rendering it beyond the mantle of protection of Section 4 (d) [14] of R.A. No. 166. [15]

Finding the IPO Director General's reversal of the BLA's Decision unacceptable, Ecole filed a Petition for Review [16] dated June 7, 2008 with the CA.

Ruling of the CA

In its Decision dated December 23, 2008, the CA affirmed the IPO Director General's Decision *in toto*. [17] It declared Cointreau as the true and actual owner of the subject mark with a right to register the same in the Philippines under Section 37 of R.A. No. 166, having registered such mark in its country of origin on November 25, 1986. [18]

The CA likewise held that Cointreau's right to register the subject mark cannot be barred by Ecole's prior use thereof as early as 1948 for its culinary school "LE CORDON BLEU MANILLE" in the Philippines because its appropriation of the mark was done in bad faith. Further, Ecole had no certificate of registration that would put Cointreau on notice that the former had appropriated or has been using the subject mark. In fact, its application for trademark registration for the same which was just filed on February 24, 1992 is still pending with the IPO. [19]

Hence, this petition.

Issues Before the Court

The sole issue raised for the Court's resolution is whether the CA was correct in upholding the IPO Director General's ruling that Cointreau is the true and lawful owner of the subject mark and thus, entitled to have the same registered under its name.

At this point, it should be noted that the instant case shall be resolved under the provisions of the old Trademark Law, R.A. No. 166, which was the law in force at the time of Cointreau's application for registration of the subject mark.

The Court's Ruling

The petition is without merit.

In the petition, Ecole argues that it is the rightful owner of the subject mark, considering that it was the first entity that used the same in the Philippines. Hence, it is the one entitled to its registration and not Cointreau.

Petitioner's argument is untenable.

Under Section 2 ^[20] of R.A. No. 166, in order to register a trademark, one must be the owner thereof and must have actually used the mark in commerce in the Philippines for two (2) months prior to the application for registration. Section 2-A ^[21] of the same law sets out to define how one goes about acquiring ownership thereof. Under Section 2-A, it is clear that actual use in commerce is also the test of ownership but the provision went further by saying that the mark must not have been so appropriated by another. Additionally, it is significant to note that Section 2-A does not require that the actual use of a trademark must be within the Philippines. Thus, as correctly mentioned by the CA, under R.A. No. 166, one may be an owner of a mark due to its actual use but may not yet have the right to register such ownership here due to the owner's failure to use the same in the Philippines for two (2) months prior to registration. ^[22]

Nevertheless, foreign marks which are not registered are still accorded protection against infringement and/or unfair competition. At this point, it is worthy to emphasize that the Philippines and France, Cointreau's country of origin, are both signatories to the Paris Convention for the Protection of Industrial Property (Paris Convention). ^[23] Articles *6bis* and 8 of the Paris Convention state:

ARTICLE *6bis*

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

ARTICLE 8

A trade name shall be protected in all the countries of the Union **without the obligation of filing or registration**, whether or not it forms part of a trademark. (Emphasis and underscoring supplied)

In this regard, Section 37 of R.A. No. 166 incorporated Article 8 of the Paris Convention, *to wit*:

Section 37. *Rights of foreign registrants.* — Persons who are nationals of, domiciled in, or have a *bona fide* or effective business or commercial establishment in any foreign country, which is a party to any international convention or treaty relating to marks or trade-names, or the repression of unfair competition to which the Philippines may be a party, shall be entitled to the benefits and subject to the provisions of this Act to the extent and under the conditions essential to give effect to any such convention and treaties so long as the Philippines shall continue to be a party thereto, except as provided in the following paragraphs of this section.

xxx xxx xxx

Trade-names of persons described in the first paragraph of this section shall be protected without the obligation of filing or registration whether or not they form parts of marks.

xxx xxx xxx

In view of the foregoing obligations under the Paris Convention, the Philippines is obligated to assure nationals of the signatory-countries that they are afforded an effective protection against violation of their intellectual property rights in the Philippines in the same way that their own countries are obligated to accord similar protection to Philippine nationals. [24] "Thus, under Philippine law, a trade name of a national of a State that is a party to the Paris Convention, whether or not the trade name forms part of a trademark, is protected 'without the obligation of filing or registration.'" [25]

In the instant case, it is undisputed that Cointreau has been using the subject mark in France since 1895, prior to Ecole's averred first use of the same in the Philippines in 1948, of which the latter was fully aware thereof. In fact, Ecole's present directress, Ms. Lourdes L. Dayrit (and even its foundress, Pat Limjuco Dayrit), had trained in Cointreau's Le Cordon Bleu culinary school in Paris, France. Cointreau was likewise the first registrant of the said mark under various classes, both abroad and in the Philippines, having secured Home Registration No. 1,390,912 dated November 25, 1986 from its country of origin, as well as several trademark registrations in the Philippines. [26]

On the other hand, Ecole has no certificate of registration over the subject mark but only a pending application covering services limited to Class 41 of the Nice Classification, referring to the operation of a culinary school. Its application was filed only on February 24, 1992, or after Cointreau filed its trademark application for goods and services falling under different classes in 1990. Under the foregoing circumstances, even if Ecole was the first to use the mark in the Philippines, it cannot be said to have validly appropriated the same.

It is thus clear that at the time Ecole started using the subject mark, the same was already being used by Cointreau, albeit abroad, of which Ecole's directress was fully aware, being an alumna of the latter's culinary school in Paris, France. Hence, Ecole cannot claim any tinge of ownership whatsoever over the subject mark as Cointreau is the true and lawful owner thereof. As such, the IPO Director General and the CA were correct in declaring Cointreau as the true and lawful owner of the subject mark and as such, is entitled to have the same registered under its name.

In any case, the present law on trademarks, Republic Act No. 8293, otherwise known as the Intellectual Property Code of the Philippines, as amended, has already dispensed with the requirement of prior actual use at the time of registration. [27] Thus, there is more reason to allow the registration of the subject mark under the name of Cointreau as its true and lawful owner.

As a final note, "the function of a trademark is to point out distinctly the origin or ownership of the goods (or services) 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." [28] As such, courts will protect trade names or marks, although not registered or properly selected as trademarks, on the broad ground of enforcing justice and protecting one in the fruits of his toil. [29]

WHEREFORE, the petition is **DENIED**. Accordingly, the December 23, 2008 Decision of the Court of Appeals in CA-G.R. SP No. 104672 is hereby **AFFIRMED in toto**.

SO ORDERED.

Sereno, [] C.J., Brion, [**] Perez and Leonen, [***] JJ., concur.*

Footnotes

*Designated Additional Member in lieu of Justice Mariano C. Del Castillo per Raffle dated February 18, 2013.

**Designated Acting Chairperson in lieu of Justice Antonio T. Carpio per Special Order No. 1460 dated May 29, 2013.

***Designated Acting Member per Special Order No. 1461 dated May 29, 2013.

1. *Rollo*, pp. 10-33.

2. *Id.* at 127-137. Penned by Associate Justice Myrna Dimaranan Vidal, with Associate Justices Jose L. Sabio, Jr. () and Jose C. Reyes Jr., concurring.

3. *Id.* at 48-55. Penned by Director General Adrian S. Cristobal, Jr.

4. *Id.* at 128.

5. *Id.* at 37-38, 42.

6. *Id.* at 38-39.

7. *Id.* at 133.

8. *Id.* at 36-46. Penned by Director Estrellita Beltran-Abelardo.

9. *Id.* at 46.

10. *Id.* at 43-46.

11. *Id.* at 42.

12. *Id.* at 55.

13. *Id.* at 52.

14. Section 4 (d) of R.A. 166 provides:

Section 4. *Registration of trademarks, trade names and service marks on the principal register.*

— There is hereby established a register of trademarks, trade names and service marks, which shall be known as the principal register. The owner of a trademark, a trade name or service mark used to distinguish his goods, business or services from the goods, business or services of others shall have the right to register the same on the principal register, unless it:

(d) Consists of or comprises a mark or trade-name which so resembles a mark or trade name registered in the Philippines or a mark or trade name registered in previously used in the Philippines by another and not abandoned, as to be likely, when applied to or used in connection with the goods, business or services of the applicant, to cause confusion or mistake or to deceive purchasers.

15. *Rollo*, pp. 52-55.

16. *Id.* at 56-76.

17. *Id.* at 136.

18. *Id.* at 134-135.

19. *Id.* at 133-136.

20. Section 2 of R.A. No. 166 provides:

Section 2. *What are registrable.* — Trademarks, trade names and service marks owned by persons, corporations, partnerships or associations domiciled in the Philippines and by persons, corporations, partnerships or associations domiciled in any foreign country may be registered in accordance with the provisions of this Act: Provided, That said trademarks, trade names, or service marks are actually in use in commerce and services not less than two months in the Philippines before the time the applications for registration are filed; And provided, further, That the country of which the applicant for registration is a citizen grants by law substantially similar privileges to citizens of the Philippines, and such fact is officially certified, with a certified true copy of the foreign law translated into the English language, by the government of the foreign country to the Government of the Republic of the Philippines.

21. Section 2-A, which was added by R.A. No. 638 to R.A. No. 166, provides:

Section 2-A. *Ownership of trademarks, trade names and service marks; how acquired.* — Anyone who lawfully produces or deals in merchandise of any kind or who engages in any lawful business, or who renders any lawful service in commerce, by actual use thereof in manufacture or trade, in business, and in the service rendered, may appropriate to his exclusive use a trademark, a trade name, or a service mark from the merchandise, business, or service of others. The ownership or possession of a trademark, trade name or service mark not so appropriated by another, to distinguish his merchandise, business or service from the merchandise, business or services of others. The ownership or possession of a trademark, trade name, service mark, heretofore or hereafter appropriated, as in this section provided, shall be recognized and protected in the same manner and to the same extent as are other property rights known to this law.

22. *Shangri-La International Hotel Management, Ltd. v. Developers Group of Companies, Inc.*, 520 Phil. 935, 936 (2006).

23. See <http://www.wipo.int/treaties/en/ShowResults.jsp?treaty_id=2> (last visited May 9, 2013).
24. *Fredco Manufacturing Corporation v. President and Fellows of Harvard College (Harvard University)*, G.R. No. 185917, June 1, 2011, 650 SCRA 232, 247, citing *La Chemise Lacoste, S.A. v. Hon. Fernandez*, G.R. Nos. L-63796-97, May 21, 1984, 129 SCRA 373, 389.
25. *Id.* at 248.
26. *Rollo*, p. 176.
27. See *Shangri-la Int'l. Hotel Management, Ltd. v. Developers Group of Companies*, *supra* note 22, at 954.
28. *Mirpuri v. CA*, G.R. No. 114508, November 19, 1999, 318 SCRA 516, 532.
29. Harry D. Nims, *The Law of Unfair Competition and Trademarks* 28 (1917), citing *Sartor v. Schaden*, 125 Iowa 696 at p. 700, 1904; 101 N.W. 511.