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are inapplicable, that does not preclude other options open to the parties or the court in resolving the matter in consonance with justice and equity.

On the private respondent's request that the award of ₱5,800.00 be increased to ₱13,050.00, because under the petitioner's Health, Welfare and Retirement Plan, any permanent employee who is separated from the service for a cause other than his misconduct or voluntary resignation, is entitled to retirement benefits equivalent to one month salary for every year of service, regardless of length of service (Article IX, Collective Bargaining Agreement), we find the claim for modification of the award meritorious.

WHEREFORE, the petition is DISMISSED for lack of merit and the temporary restraining order issued on September 29, 1980 is hereby lifted. The decision of public respondent in NLRC Case No. RB-IV-21113-78, dated August 22, 1980 is hereby affirmed, with the modification that the award to private respondent Garcia is increased from ₱5,800.00 to ₱13.050.00 No costs. This decision is final and immediately executory.

SO ORDERED.

Melencio-Herrera, Paras, and *Sarmiento, JJ.*, concur.

Padilla, J., took no part in deliberation.

THIRD DIVISION

[G.R. No. 75067. February 26, 1988]

PUMA SPORTSCHUHFABRIKEN RUDOLF DASSLER, K. G., *petitioner, vs.* **THE INTERMEDIATE APPELLATE COURT and MIL-ORO MANUFACTURING CORPO-RATION,** *respondents.*

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SYLLABUS

1. REMEDIAL LAW; CIVIL PROCEDURE; LEGAL CAPACITY TO SUE; A FOREIGN CORPORATION NOT DOING BUSINESS IN THE PHILIPPINES CAN SUE IN PHILIPPINE COURTS FOR INFRINGEMENT.— In the leading case of *La Chemise Lacoste, S.A. v. Fernandez*, we ruled: "But even assuming the truth of the private respondent's allegation that the petitioner failed to allege material facts in its petition relative to capacity to sue, the petitioner may still maintain the present suit against respondent Hemandas. As early as 1927, this Court was, and it still is, of the view that a foreign corporation not doing business in the Philippines needs no license to sue before Philippine courts for infringement of trademark and unfair competition." In the case of *Converse Rubber Corporation v. Universal Rubber Products, Inc.*, (147 SCRA 163), we likewise re-affirmed our adherence to the Paris Convention: "The ruling in the aforecited case is in consonance with the Convention of the Union of Paris for the Protection of Industrial Property to which the Philippines became a party on September 27, 1965. Article 8 thereof provides that 'a trade name [corporation 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 the trademark.*'

2. ID.; ID.; MOTION TO DISMISS; *LIS PENDENS*; PRINCIPLE NOT APPLICABLE IN ADMINISTRATIVE CASES. — Important is the fact that for *lis pendens* to be a valid ground for the dismissal of a case, the other case pending between the same parties and having the same cause must be a court action. Under Section 1(d), Rule 16 (formerly Rule 8) of the Rules of Court, one of the grounds for the dismissal of an action is that 'there is another action pending between the same parties for the same cause.' Note that the Rule uses the phrase 'another action.' This phrase should be construed in line with Section 1 of Rule 2, which defines the word action, thus — "'Action means an ordinary suit in a court of justice, by which one party prosecutes another for the enforcement or protection of a right, or the prevention or redress of a wrong. Every other remedy is a special proceeding.'" "It is, therefore, very clear that the Bureau of Lands is not covered under the aforementioned provisions of the Rules of Court." Thus, the Court of Appeals likewise erred in holding that the requisites of *lis pendens* were present so as to justify the dismissal of the case below.

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3. ID.; PROVISIONAL REMEDIES; PRELIMINARY INJUNCTION; ISSUANCE THEREOF IN INFRINGEMENT CASES, UPHELD. — As regards the propriety of the issuance of the writ of preliminary injunction, the records show that herein private respondent was given the opportunity to present its counter-evidence against the issuance thereof but it intentionally refused to do so to be consistent with its theory that the civil case should be dismissed in the first place. Considering the fact that "PUMA" is an internationally known brand name, it is pertinent to reiterate the directive to lower courts, which equally applies to administrative agencies. Judges all over the country are well advised to remember that court processes should not be used as instruments to, unwittingly or otherwise, aid counterfeiters and intellectual pirates, tie the hands of the law as it seeks to protect the Filipino consuming public and frustrate executive and administrative implementation of solemn commitments pursuant to international conventions and treaties."

D E C I S I O N

GUTIERREZ, JR., *J.*:

This is a petition for review by way of *certiorari* of the Court of Appeals' decision which reversed the order of the Regional Trial Court and dismissed the civil case filed by the petitioner on the grounds of *litis pendentia* and lack of legal capacity to sue.

On July 25, 1985, the petitioner, a foreign corporation duly organized and existing under the laws of the Federal Republic of Germany and the manufacturer and producer of "PUMA PRODUCTS," filed a complaint for infringement of patent or trademark with a prayer for the issuance of a writ of preliminary injunction against the private respondent before the Regional Trial Court of Makati.

Prior to the filing of the said civil suit, three cases were pending before the Philippine Patent Office, namely:

"Inter Partes Case No. 1259 entitled '*PUMA SPORTS-CHUHFABRIKEN v. MIL-ORO MANUFACTURING CORPORA-TION*, respondent-applicant,' which is an opposition to the registration of

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petitioner's trademark 'PUMA and DEVICE' in the PRINCIPAL REGISTER;

"Inter Partes Case No. 1675 similarly entitled, '*PUMA SPORTSCHUHFABRIKEN RUDOLF DASSLER, K. G., petitioner, versus MIL-ORO MANUFACTURING CORPORATION, respondent-registrant,*' which is a case for the cancellation of the trademark registration of the petitioner; and

"Inter Partes Case No. 1945 also between the same parties this time the petitioner praying for the cancellation of private respondent's Certificate of Registration No. 26875 (pp. 40-41, 255, *Rollo*)" (pp. 51-52, *Rollo*).

On July 31, 1985, the trial court issued a temporary restraining order, restraining the private respondent and the Director of Patents from using the trademark "PUMA" or any reproduction, counterfeit copy or colorable imitation thereof, and to withdraw from the market all products bearing the same trademark.

On August 9, 1985, the private respondent filed a motion to dismiss on the grounds that the petitioner's complaint states no cause of action, petitioner has no legal personality to sue, and *litis pendentia.*

On August 19, 1985, the trial court denied the motion to dismiss and at the same time granted the petitioner's application for a writ of injunction. The private respondents appealed to the Court of Appeals.

On June 23, 1986, the Court of Appeals reversed the order of the trial court and ordered the respondent judge to dismiss the civil case filed by the petitioner.

In reversing the order of the trial court, the Court of Appeals ruled that the requisites of *lis pendens* as ground for the motion to dismiss have been met. It said:

"Obviously, the parties are identical. They are the same protagonists. As to the second requisite, which is identity of rights and reliefs prayed for, both sides maintain that they are the rightful owners of the trademark 'PUMA' for socks and belts, such that both parties seek the cancellation of the trademark of the other (see prayer in private respondent's complaint, pp. 54-55, *Rollo*, Annex "A" to

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the Petition). Inevitably, in either the lower court or in the Patent Office, there is a need to resolve the issue as to who is the rightful owner of the TRADEMARK 'PUMA' for socks and belts. After all, the right to register a trademark must be based on ownership thereof (*Operators Inc. v. Director of Patents*, L-17910, Oct, 29, 1965, 15 SCRA 147). Ownership of the trademark is an essential requisite to be proved by the applicant either in a cancellation case or in a suit for infringement of trademark. The relief prayed for by the parties in Inter Partes Cases Nos. 1259, 1675 and 1945 and Civil Case No. 11189 before respondent court seek for the cancellation of usurper's trademark, and the right of the legal owner to have exclusive use of said trademark. From the totality of the obtaining circumstances, the rights of the respective parties are dependent upon the resolution of a single issue, that is, the rightful ownership of the trademark in question. The second requisite needed to justify a motion to dismiss based on *lis pendens* is present.

"As to the third requisite, the decisions and orders of administrative agencies rendered pursuant to their quasi-judicial authority have upon their finality the character of *res judicata* (*Brilliantes v. Castro*, 99 Phil. 497). The rule which forbids the re-opening of a matter once judicially determined by competent authority applies as well to judicial acts of public executive and administrative officers and boards acting within their jurisdiction as to the judgments of Courts having general judicial powers (*Brilliantes vs. Castro*, *supra*). It may be recalled that the resolution and determination of the issue on ownership are both within the jurisdiction of the Director of Patents and the Regional Trial Court (Sec. 25, R.A. 166). It would thus be confusing for two (2) different forums to hear the same case and resolve a main and determinative issue with both forums risking the possibility of arriving at different conclusions. In the construction of laws and statutes regarding jurisdiction, one must interpret them in a complementary manner for it is presumed that the legislature does not intend any absurdity in the laws it makes (Statutory Construction, Martin, p. 133). This is precisely the reason why both decisions of the Director of Patents and Regional Trial Court are appealable to the Intermediate Appellate Court (Sec. 9, BP 129), as both are co-equal in rank regarding the cases that may fall within their jurisdiction.

"The record reveals that on March 31, 1986, the Philippine Patent Office rendered a decision in Inter Partes Cases Nos. 1259 and 1675 whereby it concluded that petitioner is the prior and actual adoptor of the trademark 'PUMA and DEVICE' used on sports socks and

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belts, and that MIL-ORO CORPORATION is the rightful owner thereof x x x." (pp. 6-7, CA - decision, pp. 51-52, *Rollo*).

With regard to the petitioner's legal capacity to sue, the Court of Appeals likewise held that it had no such capacity because it failed to allege reciprocity in its complaint:

"As to private respondent's having no legal personality to sue, the record discloses that private respondent was suing under Sec. 21-A of Republic Act No. 166, as amended (p. 50, Annex "A", Petition). This is the exception to the general rule that a foreign corporation doing business in the Philippines must secure a license to do business before said foreign corporation could maintain a court or administrative suit (Sec. 133, Corporation Code, in relation to Sec. 21-A, RA 638, as amended). However, there are some conditions which must be met before that exception could be made to apply, namely: (a) the trademark of the suing corporation must be registered in the Philippines, or that it be the assignee thereof; and (b) that there exists a reciprocal treatment to Philippine Corporations either by law or convention by the country of origin of the foreign corporation (Sec. 21-A, Trademark Law). Petitioner recognizes that private respondent is the holder of several certificates of registration, otherwise, the former would not have instituted cancellation proceedings in the Patent's Office. Petitioner actually zeroes on the second requisite provided by Section 21-A of the Trademark Law which is the private respondent's failure to allege reciprocity in the complaint xxx."

Citing the case of *Leviton Industries v. Salvador* (114 SCRA 420), it further ruled:

"Failure to allege reciprocity, it being an essential fact under the trademark law regarding its capacity to sue before the Philippine courts, is fatal to the foreign corporations' cause. The Concurring Opinion of Chief Justice Aquino on the same case is more emphatic when he said:

> "'Respondent Leviton Manufacturing Co. Inc., alleged in par. 2 of its complaint for unfair competition that its action is being filed under the provisions of Section 21-A of Republic Act No. 166, as amended.' Respondent is bound by the allegation in its complaint. It cannot sue under Section 21-A because it has not complied with the requirements hereof that (1) its trademark 'Leviton' has been registered with the Patent Office

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and (2) that it should show that the State of New York grants to Philippine Corporations the privilege to bring an action for unfair competition in that state. Respondent Leviton has to comply with those requirements before it can be allowed to maintain an action for unfair competition. (p. 9, CA- decision). (p. 55, *Rollo*).

The Court of Appeals further ruled that in issuing the writ of preliminary injunction, the trial court committed grave abuse of discretion because it deprived the private respondent of its day in court as the latter was not given the chance to present its counter-evidence.

In this petition for review, the petitioner contends that the Court of Appeals erred in holding that: (1) it had no legal capacity to sue; (2) the doctrine of *lis pendens* is applicable as a ground for dismissing the case and (3) the writ of injunction was improperly issued.

Petitioner maintains that it has substantially complied with the requirements of Section 21-A of Republic Act (RA) No. 166, as amended. According to the petitioner, its complaint specifically alleged that it is not doing business in the Philippines and is suing under the said Republic Act; that Section 21-A thereof provides that "the country of which the said corporation or juristic person is a citizen, or in which it is domiciled, by treaty, convention or law, grants a similar privilege to corporate or juristic persons of the Philippines" but does not mandatorily require that such reciprocity between the Federal Republic of Germany and the Philippines be pleaded; that such reciprocity arrangement is embodied in and supplied by the Union Convention for the Protection of Industrial Property (Paris Convention) to which both the Philippines and Federal Republic of Germany are signatories and that since the Paris Convention is a treaty which, pursuant to our Constitution, forms part of the law of the land, our courts are bound to take judicial notice of such treaty, and, consequently, this fact need not be averred in the complaint.

We agree.

In the leading case of *La Chemise Lacoste, S.A. v. Fernandez*, (129 SCRA 373), we ruled:

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"But even assuming the truth of the private respondent's allegation that the petitioner failed to allege material facts in its petition relative to capacity to sue, the petitioner may still maintain the present suit against respondent Hemandas. As early as 1927, this Court was, and it still is, of the view that a foreign corporation not doing business in the Philippines needs no license to sue before Philippine courts for infringement of trademark and unfair competition. Thus, in *Western Equipment and Supply Co. v. Reyes* (51 Phil. 115), this Court held that a foreign corporation which has never done any business in the Philippines and which is unlicensed and unregistered to do business here, but is widely and favorably known in the Philippines through the use therein of its products bearing its corporate and trade name, has a legal right to maintain an action in the Philippines to restrain the residents and inhabitants thereof from organizing a corporation therein bearing the same name as the foreign corporation, when it appears that they have personal knowledge of the existence of such a foreign corporation, and it is apparent that the purpose of the proposed domestic corporation is to deal and trade in the same goods as those of the foreign corporation."

Quoting the Paris Convention and the case of *Vanity Fair Mills, Inc. v. T. Eaton, Co.* (234 F.2d 633), this Court further said:

"By the same token, the petitioner should be given the same treatment in the Philippines as we make available to our own citizens. We are obligated to assure to nationals of countries of the Union' an effective protection against unfair competition in the same way that they are obligated to similarly protect Filipino citizens and firms.

"Pursuant to this obligation, the Ministry of Trade on November 20, 1980 issued a memorandum addressed to the Director of the Patents Office directing the latter —

x x x x x x x x x

"x x x [T]o reject all pending applications for Philippine registration of signature and other world famous trademarks by applicants other than its original owners or users.

"The conflicting claims over internationally known trademarks involve such name brands as Lacoste, Jordache, Gloria Vanderbilt, Sasson, Fila, Pierre Cardin, Gucci, Christian Dior, Oscar de la Renta, Calvin Klein, Givenchy, Ralph Lauren, Geoffrey Beene, Lanvin and Ted Lapidus.

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"It is further directed that, in cases where warranted, Philippine registrants of such trademarks should be asked to surrender their certificates of registration, if any, to avoid suits for damages and other legal action by the trademarks' foreign or local owners or original users.

"The memorandum is a clear manifestation of our avowed adherence to a policy of cooperation and amity with all nations. It is not, as wrongly alleged by the private respondent, a personal policy of Minister Luis Villafuerte which expires once he leaves the Ministry of Trade. For a treaty or convention is not a mere moral obligation to be enforced or not at the whims of an incumbent head of a Ministry. It creates a legally binding obligation on the parties founded on the generally accepted principle of international law of *pacta sunt servanda* which has been adopted as part of the law of our land. (Constitution, Art. II, Sec. 3). The memorandum reminds the Director of Patents of his legal duty to obey both law and treaty. It must also be obeyed." (at pp. 389-390, *La Chemise Lacoste, S.A. v. Fernandez, supra*).

In the case of *Converse Rubber Corporation v. Universal Rubber Products, Inc.* (147 SCRA 165), we likewise re-affirmed our adherence to the Paris Convention:

"The ruling in the aforecited case is in consonance with the Convention of the Union of Paris for the Protection of Industrial Property to which the Philippines became a party on September 27, 1965. Article 8 thereof provides that 'a trade name [corporation 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 the trademark.*'

"The object of the Convention is to accord a national of a member nation extensive protection against infringement and other types of unfair competition' [*Vanity Fair Mills, Inc. v. T. Eaton Co.*, 234 F..2d 633]." (at p. 165)

"The mandate of the aforementioned Convention finds implementation in Section 37 of RA No. 166, otherwise known as the Trademark Law:

"*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 an international convention or treaty relating to marks or tradenames

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on the repression of unfair competition to which the Philippines may be party, shall be entitled to the benefits and subject to the provisions of this Act. xxx.

"Tradenames 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 part of marks."

We, therefore, hold that the petitioner had the legal capacity to file the action below.

Anent the issue of *lis pendens* as a ground for a motion to dismiss, the petitioner submits that the relief prayed for in its civil action is different from the relief sought in the Inter Partes cases. More important, however, is the fact that for *lis pendens* to be a valid ground for the dismissal of a case, the other case pending between the same parties and having the same cause must be a court action. As we have held in *Solancho v. Ramos* (19 SCRA 848):

"As noted above, the defendants contend that the pendency of an administrative between themselves and the plaintiff before the Bureau of Lands is a sufficient ground to dismiss the action. On the other hand, the plaintiff, believing that this ground as interposed by the defendants is a sufficient ground for the dismissal of his complaint, filed a motion to withdraw his free patent application No. 16649.

> "This is not what is contemplated under the law because under Section l(d), Rule 16 (formerly Rule 8) of the Rules of Court, one of the grounds for the dismissal of an action is that 'there is another action pending between the same parties for the same cause.' Note that the Rule uses the phrase 'another action.' This phrase should be construed in line with Section 1 of Rule 2, which defines the word action, thus —
>
> "'Action means an ordinary suit in a court of justice, by which one party prosecutes another for the enforcement or protection of a right, or the prevention or redress of a wrong. Every other remedy is a special proceeding.'"

"It is, therefore, very clear that the Bureau of Lands is not covered under the aforementioned provisions of the Rules of Court." (at p. 851)

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Thus, the Court of Appeals likewise erred in holding that the requisites of *lis pendens* were present so as to justify the dismissal of the case below.

As regards the propriety of the issuance of the writ of preliminary injunction, the records show that herein private respondent was given the opportunity to present its counter-evidence against the issuance thereof but it intentionally refused to do so to be consistent with its theory that the civil case should be dismissed in the first place.

Considering the fact that "PUMA" is an internationally known brand name, it is pertinent to reiterate the directive to lower courts, which equally applies to administrative agencies, found in *La Chemise Lacoste, S.A. v. Fernandez, supra*:

"One final point. It is essential that we stress our concerns at the seeming inability of law enforcement officials to stem the tide of fake and counterfeit consumer items flooding the Philippine market or exported abroad from our country. The greater victim is not so much the manufacturer whose product is being faked but the Filipino consuming public and in the case of exportations, our image abroad. No less than the President, in issuing Executive Order No. 913 dated October 7, 1983 to strengthen the powers of the Minister of Trade and Industry for the protection of consumers, stated that, among other acts, the dumping of substandard, imitated, hazardous, and cheap goods, the infringement of internationally known tradenames and trademarks, and the unfair trade practices of business firms have reached such proportions as to constitute economic sabotage. We buy a kitchen appliance, a household tool, perfume, face powder, other toilet articles, watches, brandy or whisky, and items of clothing like jeans, T-shirts, neckties, *etc.* — the list is quite lengthy — and pay good money relying on the brand name as guarantee of its quality and genuine nature only to explode in bitter frustration and helpless anger because the purchased item turns out to be a shoddy imitation, albeit a clever looking counterfeit, of the quality product. Judges all over the country are well advised to remember that court processes should not be used as instruments to, unwittingly or otherwise, aid counterfeiters and intellectual pirates, tie the hands of the law as it seeks to protect the Filipino consuming public and frustrate executive and administrative implementation of solemn commitments pursuant to international conventions and treaties." (at p. 403).

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WHEREFORE, the appealed decision of the Court of Appeals dated June 23, 1986 is REVERSED and SET ASIDE and the order of the Regional Trial Court of Makati is hereby REINSTATED.

SO ORDERED.

Fernan (*Chairman*), *Feliciano, Bidin,* and *Cortes, JJ.*, concur.

THIRD DIVISION

[G.R. No. 76597. February 26, 1988]

TOMAS LAO, *petitioner, vs.* **LETICIA ABIANDA TO-CHIP, RAMON TO-CHIP and COURT OF APPEALS,** *respondents.*

SYLLABUS

REMEDIAL LAW; COURT OF APPEALS; RESIGNATION OF JUSTICES; EFFECT ON THE JUDGMENT RENDERED AFTER THE RESIGNATION.— It is clear that when the decision in question was promulgated at 11:45 A.M. on August 1, 1986, Justices Gaviola and Quetulio-Losa had both ceased to be members of the Court of Appeals since at that time, they had been informed that their resignations had been accepted by the President. It is, therefore, immaterial that the newly appointed and re-appointed justices took their oath of office at 2:00 o'clock in the afternoon of August 1, 1986. What is crucial is that when the questioned decision was promulgated, two of the three justices necessary to constitute a quorum in a division had lost their authority to act as justices by reason of the presidential acceptance of their resignations. To endorse the opinion of the Court of Appeals that the justices who were not re-appointed were acting in a hold-over capacity until their replacements shall have taken their oath of office, will abet, rather than avoid,